

**COLORADO**

**DEPARTMENT OF THE TREASURY**

**State Treasurer Dave Young**

**Performance Evaluation FY 23/24**



# ABOUT THE TREASURY

## MISSION STATEMENT

The Colorado Department of the Treasury is the constitutional custodian of the public’s funds. It is the Treasury’s duty to manage and account for tax dollars from the time they are received until the time they are disbursed. Treasury staff is committed to safeguarding and managing the people’s monies with the same diligence and care as they do their own.

## VISION STATEMENT

The Colorado Department of the Treasury staff will continually strive to better serve the residents of Colorado. Central to this goal is the continued introduction and use of new technologies to provide improved access to services for both taxpayers and other Governmental agencies.

# COLORADO REVISED STATUTES

### General

§ 24-22-101, C.R.S., *et seq.*  
 § 24-36-101, C.R.S., *et seq.*

### State Funds and Accounts

§ 24-22-107, C.R.S., *et seq.*  
 § 24-75-101, C.R.S., *et seq.*

### Accounting

§ 24-36-101, C.R.S., *et seq.*

### Banking

§ 24-36-101, C.R.S., *et seq.*

### Investments

§ 24-36-101, C.R.S., *et seq.*

### CLIMBER

§ 24-36-201, C.R.S., *et seq.*

### Debt Management

§ 24-36-121, C.R.S., *et seq.*

### Household Financial Recovery Pilot Program

§ 24-36-301, C.R.S., *et seq.*

### SecureSavings

§ 24-54.3-101, C.R.S., *et seq.*

### Unclaimed Property

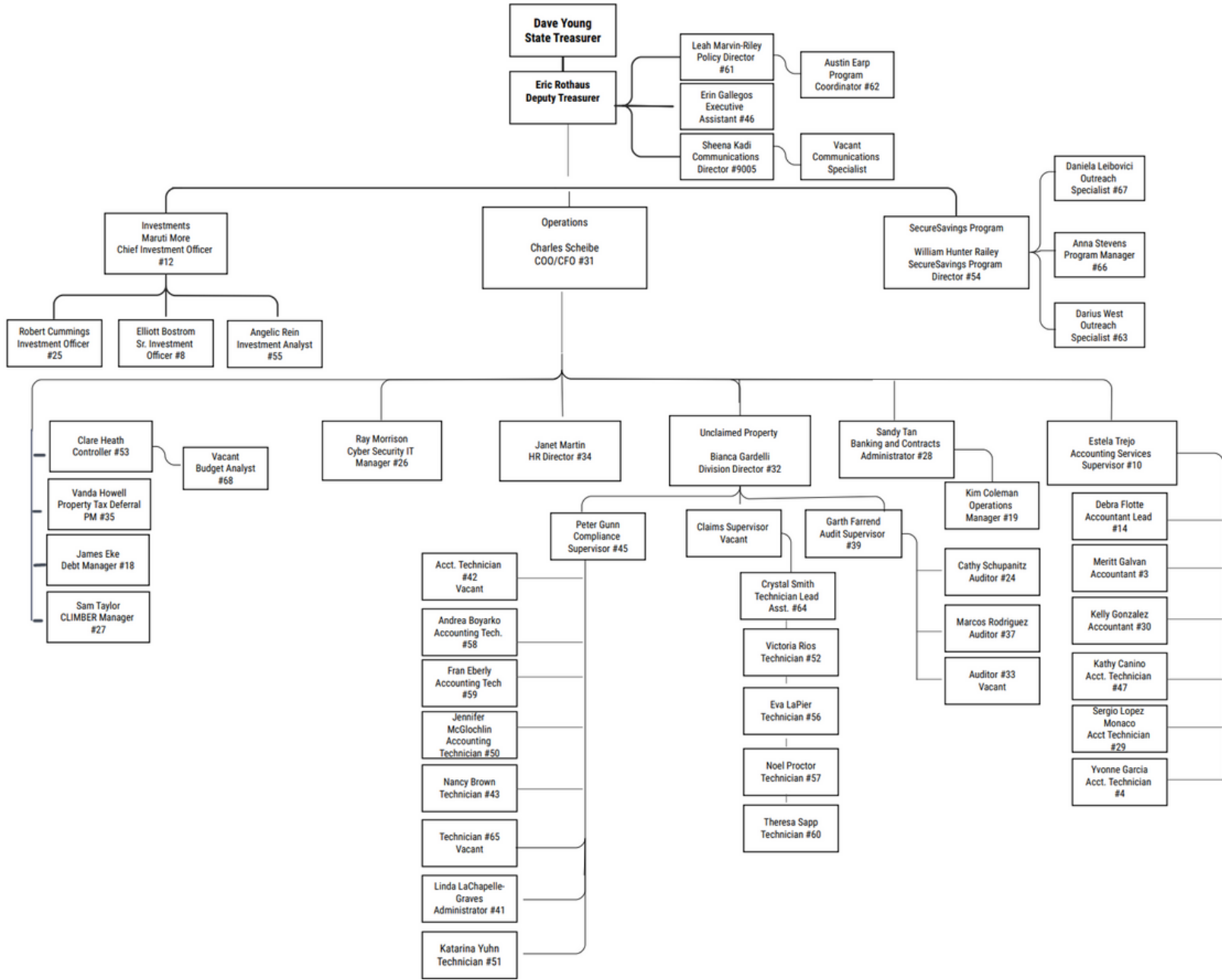
§ 38-13-101, C.R.S., *et seq.*

### Property Tax Deferral Program

§ 39-3.5-101, C.R.S., *et seq.*



# DEPARTMENT STRUCTURE



✓ COMPLETED

✓ IN PROGRESS

✓ NOT STARTED

# PERFORMANCE EVALUATION AND PROGRESS TO GOALS

## ACCOUNTING UNIT

The mission of the Accounting Unit is to serve as the custodian of the State’s general ledger and related accounting transactions; to provide timely, comprehensive, and accurate financial reports and analysis, and to maintain an effective system of internal controls to safeguard State assets and ensure financial data integrity.

The Accounting Unit is committed to fulfilling our mission in an ethical, courteous, cost effective, and efficient manner, striving for continuous process improvement by maximizing the use of our technology resources, continuing education, and collaboration. State agencies, with limited exceptions, are required by state statute to deposit all revenues with the Colorado Department of the Treasury. The Treasury accepts all deposits from state agencies and makes payments as required to fulfill the agency's mission. The unit also provides information on cash receipts and disbursements to individual agencies and works closely with the State's banking services provider to ensure that the State's cash flows are reconciled to the penny on a daily basis.

**Performance Goal: Mitigate risk of losing institutional knowledge by creating a knowledge base of procedure documents and establishing a succession planning framework by 2024.**

### Performance Indicators:

- Identify key positions and processes. ✓
- Update, revise, or create technical procedures. ✓
- Drive efficiencies through continuous process improvement. ✓
- Align training and development opportunities to operational goals. ✓
- Create succession planning action plans. ✓



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## CLIMBER PROGRAM

The mission of the Colorado Loans to Increase Mainstreet Business Economic Recovery (CLIMBER) Loan Fund is to provide up to \$250 million in working capital to Colorado small businesses, promoting small businesses recovery, saving jobs, and helping support the Colorado economy.

The program is designed to catalyze loans that are unlikely to otherwise happen. Below-market interest rates and favorable terms enable the program to be a secure recovery option for small businesses. Special consideration is given to small businesses that are underserved and in rural areas; are in low- and moderate-income areas; and are in economically-distressed and underserved areas. CLIMBER is a partnership between the State of Colorado, including the Colorado Department of the Treasury and the Office of Economic Development and International Trade (OEDIT), the Colorado Housing and Finance Authority (CHFA), and CLIMBER’s private investors.

**Performance Goal: Keep CLIMBER operational beyond 2024 as a regular state program, in partnership with OEDIT.**

### Performance Indicators:

- Identify continued sources of funding. 
- Identify continued banking support. 
- Modify legislation or adopt a new policy to continue strengthening the Colorado small business environment. 




## DEBT MANAGEMENT

The mission of the Debt Management Unit is to fund state borrowing needs at the lowest and most efficient cost to taxpayers over time, subject to global financial conditions, through the design and implementation of public debt management.

The State utilizes public financing to undertake large capital projects - e.g., building schools or repairing roads and infrastructure. The State then makes regular payments for the asset over the term of the financing, which includes the principal amount, plus interest cost. Although the State pays interest, financed capital projects can be cost-effective if expenses associated with waiting to build, such as loss of opportunity, increased operating expenses from facility demands, or anticipated increased construction costs exceed the interest rate. In addition, financed capital assets can promote tax burden equity as the asset is being paid for over the period during which the benefits of the asset are being enjoyed, and not all-at-once by taxpayers in any given year.

**Performance Goal: Include more smart investing disclosure and reporting as it relates to public financing as part of department policy and procedures.**

### Performance Indicators:

- Research smart investing frameworks. 
- Modify official statements. 
- Calculate what is impacted by each financing. 






## INVESTMENT UNIT

The Investment Unit’s mission is to provide investment programs that are safe, prudent, and appropriate for the public purpose of each fund, with rates of return consistently above performance benchmarks over time. The Colorado Department of the Treasury’s investment policy stresses, in order of importance, safety, liquidity, and return as the key goals for all of the taxpayers’ funds entrusted to the Colorado State Treasurer. To meet these goals, and in compliance with state constitutional requirements, all funds under the Treasury’s management are in fixed-income portfolios.

The Investment Unit is responsible for managing all investments in the Colorado Department of the Treasury, which includes operating and trust funds with total assets currently exceeding \$20.5 billion. In managing the Treasury operating fund (TPOOL), the Unclaimed Property Tourism Promotion Trust Fund (UPTPTF), and a portion of the Public School Permanent Bond Fund (PSPF), the unit earns and distributes steady cash flows from interest income and realized capital gains by neutralizing realized gains and losses.

**Performance Goal: Develop and propose an equitable compensation plan to continue to attract and retain qualified investment professionals to work for the Colorado Department of the Treasury.**

### Performance Indicators:

- Identify and survey 10-15 state treasuries managing more than \$10 billion in fixed income assets. 
- Develop data and complete the survey by working with National Association of State Treasurers (NAST) and Sovereign Wealth Funds (SWF). 
- Summarize pay plans for Chief Investment Officer (CIO), research analysts, traders, operations analysts. 
- Propose recommendations presenting competitive, equitable compensation plans for investment professionals based on peer review. 

*The Investment Unit is working with leadership to identify the next set of performance indicators to meet their performance goal.*



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## PROPERTY TAX DEFERRAL PROGRAM

The mission of the Colorado Property Tax Deferral Program is to provide loan assistance to Coloradans with the payment of real property taxes.

The program particularly benefits homeowners who either live on a fixed income or would otherwise struggle to afford living in their homes. For years, the program has aided senior citizens and active military personnel. In 2023, program participation was broadened, opening it to additional homeowners impacted by increases in property tax.

The Property Tax Deferral (PTD) Program is administered through the Colorado Department of the Treasury, and in cooperation with all Colorado County Treasurer’s offices. In previous years counties carried more of the administrative burden.

**Performance Goal: Continue to develop and create a more efficient, user-friendly, and well-run operating program for 2024 and beyond.**

### Performance Indicators:

- Develop new outreach/marketing strategies for the upcoming tax year to those who are in need of property tax deferral, given recent property tax increases. ✔
- Update and streamline the current online website portal user application process, as well as the manual paper application process for those without computer access. ✔
- Implement a cost effective electronic recording system for the PTD program, to maximize efficiency at the State level and minimize recording and re-recording problems and timelines at the county level. ✔
- Work on statutory amendments to update how recording fees are currently interpreted, handled, and charged between the Treasury and Colorado county clerks and recorders. ✔
- Consider additional internal staff support to help with the internal administrative and/or accounting support functions of the DPT Program with anticipated increases in the volume of applicants for the coming years. ✔



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## SECURESAVINGS PROGRAM

The mission of the Colorado SecureSavings Program (CSSP) is to increase retirement savings in Colorado to ensure a dignified and sustainable retirement for everyone.

CSSP alleviates the retirement savings crisis in Colorado by providing over 930,000 workers with access to a State-facilitated, work-based, retirement savings option. Analysis from the Colorado SecureSavings Plan Board, which predates the Colorado SecureSavings Program Board, estimated that over 40% of workers attached to a firm with five or more employees, who had been in business for two or more years, and did not have access to a workplace retirement plan. The enacted legislation requires all employers meeting those minimum qualifications to either enroll in CSSP at no cost, or provide a private retirement plan to their employees.

**Performance Goal: Build the Colorado SecureSavings Program into one of the most successful retirement systems in the United States.**

### Performance Indicators:

- Number of enrollees in funded accounts. 
- Additional state partnerships. 
- Marketing and Outreach Strategy implementation. 
- Direct engagement with 1099 and self-employed populations. 
- Enforcement with Colorado Department of Labor and Employment (CDLE). 







## UNCLAIMED PROPERTY - THE GREAT COLORADO PAYBACK

The mission of Unclaimed Property is to reunite owners or heirs with their unclaimed or abandoned property.

Unclaimed Property laws began in the United States as a consumer protection program and have evolved to protect not only property owners, but also their heirs and estates. Unclaimed property is tangible or intangible property that has had no activity for a specific period of time. It includes, but is not limited to, abandoned financial assets such as stocks and dividends, mutual funds, checking and savings accounts, unpaid wages, securities, life insurance payouts, uncashed checks that are without activity for a certain period of time, as well as the contents of safe deposit boxes for which the rent has been past due for at least five years. It does not include real estate or vehicles.

**Performance Goal: To return 70,000 claimants' funds representing \$90 million over the next two fiscal years.**

### Performance Indicators:

- Review all claims within the 90-day statute requirement, processing a monthly average of 85% (or greater) of calls that come into the division's claim hotline. 
- Deposit unclaimed property holder checks within two weeks of receipt. 
- Reconcile at least 50% of new holder reports within three months of receipt. 
- Send out documentation for 40 desk audits. Complete the review of reporting for these holders to confirm compliance of unclaimed property. 
- Authorize 40 third party audits. 
- Manage and collaborate with contractors for successful reporting, maintenance, and return of Unclaimed Property. 



The Colorado Department of the Treasury recently added FTE. These new team members provide core internal support functions to the Treasury as whole.

The Budgeting Unit's mission is to aid in formulating and implementing the Treasury's budget, providing guidance and recommendations to ensure sound policy and budget decisions.

The Contracting Unit's mission is to ensure that contracts and purchasing is legally compliant. The unit assists other Treasury staff with drafting, preparing, and evaluating contract proposals, while ensuring compliance with federal and state requirements.

The mission of the Human Resources Unit is to connect employees and their work with the Treasury's values. It focuses on the selection, recruitment, retention, and recognition of a high-performing workforce. These efforts help to increase employee engagement, promote workplace equity and diversity, career development and learning opportunities, and optimize mutual trust and growth.

## REGULATORY AGENDA

Unlike many other agencies, the Colorado Department of the Treasury has a minimum number of rules. Currently, rules registered with the Colorado Secretary of State provide guidance regarding Public Finance (8 CCR 1508-2), enforcement of the Revised Uniform Unclaimed Property Act (RUUPA) (8 CCR 1508-1), and direction for the Colorado SecureSavings Program (8 CCR 1508-3).

The Treasury is in the initial process of working with stakeholders to prepare for an update to the rules regarding public finance, anticipating a rules hearing prior to the end of FY 23-24.

The Treasury will work with the Colorado Office of the Attorney General, the Colorado Department of Regulatory Affairs, and the Colorado Office of the Secretary of State, as well as stakeholders to successfully adopt and implement rules.



# LEGISLATIVE AGENDA

The Department is implementing bills from the 2023 legislative session.

## **HB23-1305: Continue Health Benefits In Work-related Death**

- In 2018, the General Assembly created the police law enforcement officers' and firefighters' Continuation of Benefits Board (CBB) in the Colorado Department of the Treasury.
- CCB is responsible for facilitating the continuation of medical and dental benefits for one year for the dependents of first responders who die in a work-related death.
- Currently, an employer may make voluntary contributions to the police law enforcement officers' and firefighters' continuation of benefits fund (fund) on behalf of each person it employs whose duties are directly involved with the provision of police or fire protection. An employer must contribute to the fund to be eligible to have the continuation of benefits for the dependents of an employee who died in a work-related death paid for from the fund.
- The bill eliminates the requirement that an employer must contribute to the fund to be eligible to have the continuation of benefits for dependents of an employee who died in a work-related death paid for from the fund and makes any employee eligible to have the continuation of benefits paid for from the fund. To provide for the costs of ongoing claims, the bill directs the Colorado State Treasurer to transfer \$150,000 from the General Fund to the fund on July 1, 2023, and on July 1 each year thereafter through July 1, 2025.

## **HB23-1284: Modifications to the Property Tax Deferral Program**

- For all three categories of taxpayers who are eligible to defer the payment of real property taxes, current law specifies that the property for which the deferral is claimed cannot be income-producing. Beginning in the 2023 property tax year, the bill specifies that the prohibition against the property being income-producing does not apply if the taxpayer claiming the deferral is at least 65 years old, is a person called into military service, or is the surviving spouse of such a taxpayer.
- For a property owner called into military service or a property owner who is not called into military service and is not at least 65 years old but is otherwise eligible to claim a property tax deferral, current law specifies that to be eligible for the property tax deferral, the total value of all liens of mortgages and deeds of trust on the property must be less than or equal to 90 percent of the actual value of the property (90 percent requirement). For property tax years commencing on or after January 1, 2023, the bill specifies that the 90 percent requirement does not apply if the owner of the property is a person called into military service and has a home loan guaranteed by the U.S. Veterans Administration.

## **Looking towards 2024 Legislative Session**

The Treasury plans to work with the sponsors of **SB22-025** to pursue legislation that will allow the Colorado State Treasurer to use security token offerings for state capital financing if it is determined to be in the best interest of the State.

The Colorado State Treasurer is interested in infrastructure projects across the state and looking for creative funding options to assist with the development of such projects.

