



# Colorado Department Of The Treasury

Cary Kennedy- State Treasurer

# Treasury Notes

January 15, 2008

[www.colorado.gov/treasury/](http://www.colorado.gov/treasury/)

## 2008: A Year for Progress

Welcome to **Treasury Notes** – a periodic email that I will send to update you about our work at Treasury. It's been a busy first year in office. We have focused on protecting taxpayer money, bringing greater transparency to state government, providing access to funding for K-12 school building construction, addressing transportation concerns and increasing the state's reserves.

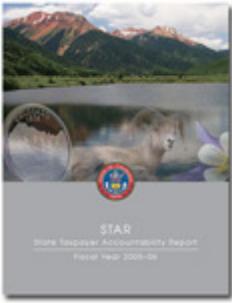
### Protecting Your Tax Dollars

As Colorado State Treasurer, my highest priority is protecting Colorado taxpayers' money. Turbulence in the housing and credit markets has raised concerns throughout the country about the safety and security of public investments. I am pleased to report that the state of Colorado is not invested in subprime-backed investments, nor has it been previously. Additionally, the state of Colorado does not invest in structured investment vehicles (SIVs). **Over the past six months the state's total portfolios beat expected benchmark return rates.**

**My goal is to provide investment programs that are safe, prudent, and appropriate for public purpose investing, with rates of return consistently at or above performance benchmarks.**

### Transparency Brings Accountability

I have made efforts this year to provide you with greater information than ever before about the state's investment portfolio and finances. We worked with the Governor and the State Controller to release the new **State Taxpayer Accountability Report (STAR)**. The report is a snapshot of the state's finances, presented from the perspective of the taxpayer. The goal is to make the state's financial information accessible and understandable.



[http://www.colorado.gov/cs/Satellite?c=Document\\_C&cid=1193910322270&pagename=Treasury%2FDocument\\_C%2FTRAddLink](http://www.colorado.gov/cs/Satellite?c=Document_C&cid=1193910322270&pagename=Treasury%2FDocument_C%2FTRAddLink)

I'm also pleased to announce we have redesigned our website to provide more information about how state funds are used and invested. A complete list of the state's investment holdings is now available on our website along with quarterly investment performance. You will also now find a daily balance sheet, monthly cash flow statements and a link to the STAR. All of this information can be found on our website at <http://www.colorado.gov/treasury>.

## A Plan to Build New Schools

In November, House Speaker Andrew Romanoff, Senate President Peter Groff and I proposed a new solution to repair and replace aging school buildings throughout our state. Called the “**Building Excellent Schools Today** - or B.E.S.T. – Plan”, the proposal will allow the state to leverage income from the [School Trust Lands](#), property the federal government granted to Colorado upon statehood for the benefit of its schoolchildren. The School Trust Lands are dedicated to the support of K-12 public education.

**Every day across Colorado, parents send their children to unsafe schools, particularly in rural areas of our state.** Many school buildings are close to 100 years old and replacing buildings is often cheaper for taxpayers than paying for costly ongoing repairs.



Adams City High School, photo courtesy of Great Education Colorado



Gateway School, Mesa School District, photo courtesy of Great Education Colorado

**This is a statewide problem and cannot be solved by local school districts alone.** Almost half of Colorado's school districts (more than 80 of 178) do not have the tax base to build a single new school and poor, rural districts have the greatest need.

**BEST is a \$1 billion plan to repair and rebuild Colorado's crumbling schools.** By putting state assets to their highest and best use we can address this problem without raising taxes. The BEST Plan will dedicate \$30-\$40 million annually from school trust land revenues to leverage about \$500 million. With a matching portion from school districts, the BEST Program would put the total investment in schools at nearly \$1 billion, enough to build scores of new schools or repair hundreds of existing ones.

The response to this plan has been extremely positive. The Denver Post, The Rocky Mountain News, The Colorado Springs Gazette, and The Pueblo Chieftain all wrote **editorials supporting the BEST Plan**.

If you'd like to contact me regarding the BEST Plan, please e-mail me at [treasurer.kennedy@state.co.us](mailto:treasurer.kennedy@state.co.us) and put BEST Plan in the subject line.

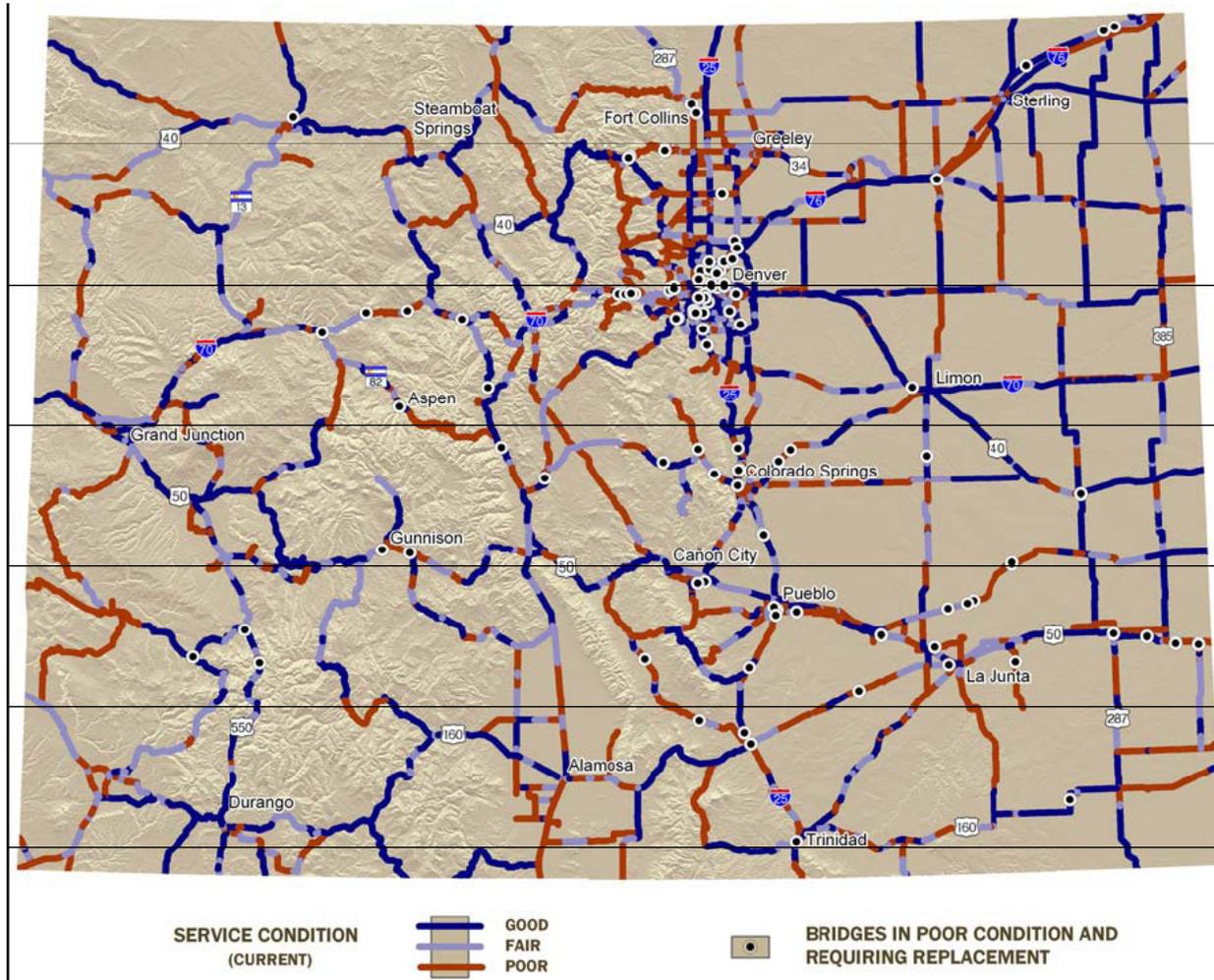
## Transportation: A Quiet Crisis

Over the past eight months I had the great privilege to serve as co-chair of Governor Ritter's bipartisan Transportation Finance Panel along with CDOT Commissioner Doug Aden and Greeley businessman Bob Tointon. As our transportation network ages and carries an ever-increasing number of vehicles, we must look for new options that meet the demands of a 21<sup>st</sup> century economy and address new realities confronting our state's environment.

Today 21% of our state's highway infrastructure is so old that it exceeds its design life and over 115 bridges are rated structurally deficient and in need of replacement. As traditional funding sources for transportation decline due to constitutional limits on taxes and greater fuel efficiency of vehicles, this liability continues to grow.

## Condition of State Highways State Bridges Requiring Replacement

Source: Colorado Department of Transportation



The panel will submit its final report later this month. For more information and the panel's final recommendations please click here: <http://www.colorado.gov/governor/blue-ribbon-transportation-panel.html>.

Please feel free to provide your comments regarding transportation finance by emailing me at [treasurer.kennedy@state.co.us](mailto:treasurer.kennedy@state.co.us).

# Increasing Reserves – Saving for Tomorrow

Last year I worked with state leaders to increase the level of state savings (reserves) Colorado holds in a rainy day fund. Currently, Colorado caps its reserve level at only 1.6% of the total state budget. This is low by any standard and insufficient to protect the state from having to make significant cuts in services during an economic downturn.

I have worked with state leaders and interested parties throughout the summer and expect legislation will be introduced this session to strengthen the state's savings. It is critical that we address this issue now with meaningful action.

## **Would You Like the Treasurer to Speak to Your Organization?**

If you would like the Treasurer to attend or speak at an event, please send an email to [treasurer.kennedy@state.co.us](mailto:treasurer.kennedy@state.co.us) and put "Scheduling" in the Subject Line, or you can call at 303-866-2441.