Final

STAFF SUMMARY OF MEETING

COMMITTEE ON JOINT FINANCE

Date: 12/11/2015

Time: **09:06 AM** to **12:33 PM**

Place: HCR 0112

This Meeting was called to order by
Senator Neville T.

This Report was prepared by
Kori Donaldson

ATTENDANCE

Becker K.	X
Conti	X
Foote	E
Garnett	X
Hill	E
Holbert	X
Johnston	*
Kagan	*
Kerr	*
Pabon	*
Priola	X
Roupe	*
Van Winkle	X
Wilson	A
Neville T.	X
Court	X

X = Present, E = Excused, A = Absent, * = Present after roll call

Bills Addressed:	Action Taken:
Department of the Treasury	Witness Testimony and/or Committee Discussion Only
Public Employees' Retirement Association	Witness Testimony and/or Committee Discussion Only
Department of Revenue	Witness Testimony and/or Committee Discussion Only

09:07 AM -- Department of the Treasury

The committee was called to order. Mr. Jon Forbes, Deputy State Treasurer, presented to the committee about the Department of Treasury budget and the state's investment portfolio. He discussed some pending changes regarding the department. In response to a question about department goals for the next year, he said the department will be installing a new software management system for its Unclaimed Property division. He also mentioned goals related to growing returns on investments. Mr. Forbes discussed benchmarks met in last year's performance plan. He also responded to a question about the Unclaimed Property Trust Fund. The committee members received a copy of the department's FY 2015-16 Performance Plan (Attachment A).

09:21 AM

Discussion returned to the anticipated return on investments for the state for the current budget year. Mr. Forbes clarified that the strategies that guide the department's investments differ than those strategies that guide the Public Employees' Retirement Association (PERA).

09:23 AM -- Public Employees' Retirement Association

Mr. Greg Smith, Executive Director, PERA, presented about PERA's financial health and agency goals. Mr. Smith walked the committee through the information included in a packet of information provided to the committee (available upon request to Legislative Council Staff). He discussed the annual audit of PERA and said no concerns were raised in the audit. Committee members received a copy of Mr. Smith's presentation (Attachment B). He spoke to recent studies completed either by or about PERA, including studies required under Senate Bill 14-214 and published by the Office of the State Auditor.

09:37 AM

Mr. Smith continued to present from Attachment B. He provided a legislative update regarding bills passed during the 2015 legislative session that impacted PERA. Mr. Smith addressed a question about the number of inactive members listed in a graph in page 8 of Attachment B. He also responded to a question about whether the Denver Public Schools division will be rolled into the public school division. Discussion continued on the topic of the Denver Public Schools division. Mr. Smith next addressed a question about reporting obligations related to new Governmental Accounting Standards Board (GASB) standards.

09:55 AM

Discussion turned to the ratio of active to retired members and how this ratio affects PERA's solvency. Mr. Smith continued to present from Attachment B.

10:11 AM

Mr. Smith addressed a question about reporting associated with private equity fees. Discussion ensued on the fees paid by PERA and how this information is disclosed to PERA members. Mr. Smith spoke about the returns for individual investment asset categories. Discussion ensued on the assumed rate of return on PERA's investments and the long term expectations for solvency. In response to a question for the committee, Mr. Smith said that if the expectation for the return on investment is changed, it will likely have an immediate impact on employee and employer contributions.

10:32 AM

Mr. Smith addressed questions about short term investments made by PERA. He also answered a question about the PERA policy regarding investing in companies active in Iran. Mr. Smith continued to present from Attachment B. Mr. Smith explained the difference between the various types of retirement plans available to members. He addressed a question about the target date for fund solvency.

10:54 AM

Mr Smith continued to present from Attachment B. In response to a question from the committee, Mr. Smith said that based on the results of the Senate Bill 10-001 study, the PERA Board does not think any changes are needed to its current approach to managing its investments.

11:06 AM -- Department of Revenue

The committee took a brief recess.

11:09 AM

The committee returned to order. Executive Director Barbara Brohl and Ms. Heidi Humphries, Deputy Executive Director, both representing the Department of Revenue (DOR) presented about the state of the department. Committee members received a copy of the the department's presentation (Attachment C) and a handout illustrating the design of the new Colorado Driver's License (Attachment D) and temporary registration tags (Attachment E).

Mr. Mike Dixon, representing the DOR, came to the table to discuss the Division of Motor Vehicles within DOR. He discussed the Colorado DRIVES program. In response to committee questions, Mr. Dixon stated that DOR does not have a marketing campaign for the program, but the division is working on a process to create more demographic outreach. He also discussed the move to the new driver's license and identification card vendor. In addition he discussed the wait-list program.

11:33 AM

Mr. Dixon responded to a question about international driver's licenses. Director Brohl addressed a question about whether there are sufficient resources to renew licenses for those that are not lawfully present in the country on a three-year cycle. Discussion continued on the implementation and roll out of the DRIVES program.

11:38 AM

Director Brohl continued to present from Attachment C. She spoke about the implementation of outstanding audit recommendations. Ms. Laura Solano, Lottery Director, DOR, discussed the current status of the Colorado Lottery. Mr. Ron Kammerzell, Deputy Senior Director of Enforcement, DOR, discussed the number of licenses issued for and revenue collected from the sale of medical and retail marijuana. He responded to questions about where licenses are issued and the testing of marijuana products.

11:53 AM

Mr. Paul Northrop, Deputy Director of Taxation, DOR, discussed tax fraud detection. He presented from Attachment C. Director Brohl discussed the four budget decision items DOR requested for FY 2016-17. She also discussed legislation the department plans to pursue during the 2016 legislative session. Mr. Northrup discussed his division's goals related to the timely processing of calls to the Tax Call Center, the electronic filing of tax returns,

12:10 PM

Director Brohl and Mr. Northrup addressed questions about the use of electronic tax filing and wait times associated with processing tax calls and returns. Mr. Dixon returned to the table to talk about his division's goals related to the timely processing of calls to the Title and Registration Call Center and Drivers Services Call Center. He also discussed goals associated with timely service for walk-in customers at Driver License offices and online renewal and payment of driver's licenses.

12:22 PM

Ms. Solano returned to the table to discuss the FY 2015-16 goals for the Colorado Lottery. Mr. Kammerzell presented the FY 2015-16 goals for the Enforcement Division. He responded to a question about home brewers. Ms. Humphries presented the FY 2015-16 goals for the Executive Director's Office.

12:33 PM

The committee adjourned.

Department of Treasury
Performance Plan
2015-2016

Introduction:

The State Treasurer and his staff serve the citizens of Colorado by providing banking, investment, and accounting services for all funds and assets deposited in the Treasury. By continually optimizing cash flows and maximizing yield on the state's investments, Treasurer Stapleton plays an important role in minimizing the tax burden on Coloradans.

The Department of the Treasury is organized into a number of different operating sections: Investment Management, Accounting and Cash Management and Administration. The Treasurer is also responsible for managing the state's unclaimed property division – The Great Colorado Payback.

Also known as the S.M.A.R.T Act, House Bill 13-1299 revised the strategic and performance planning efforts of state agencies. HB 13-1299 requires the Treasurer's office to post instructions to itself as to how it will develop its own performance plan, and sets annual requirements for Performance Plan and a Regulatory Agenda. As required by HB 13-1299, these instructions as well as the office's Performance Plan and Regulatory Agenda are posted on the website.

Mission Statement:

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

The mission of the Unclaimed Property Section is to reunite all owners (or heirs) with their unclaimed property.

Vision Statement:

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

Statutory Authority:

General:	CRS 24-22-101
Banking, Investments:	CRS 24-36-101
State Funds and Accounts:	CRS 24-75-101
Unclaimed Property:	CRS 38-13-101
Issuing Manager Authority (SB 12-150):	CRS 24-36-121

Core Objectives and Performance Measures

The Treasurer's Office aims to achieve our vision and accomplish our mission through identifying objectives for the following four major functions within the office:

- Public Finance Management
- Investment Management
- Accounting and Cash Management
- Unclaimed Property (The Great Colorado Payback)

Each major function listed above will be described in detail below, while discussing strategies to meet identified goals to meet the Department's mission.

Public Finance Management

In 2012, the Treasurer's Office helped pass Senate Bill (SB) 12-150, which consolidates the management of the State's financial obligations within the Treasurer's Office. This includes Certificates of Participation (COPs), capital leases, short term notes, and any other form of financial obligation issued by the State.

SB 12-150 transforms the way Colorado issues financial obligations, streamlines the State's financial structure and allows the state to use one voice to interact with credit rating agencies and financial markets as a whole. It also serves as an opportunity to provide efficiency and savings to Colorado taxpayers by providing greater expertise with respect to the issuance and maintenance of the State's outstanding and future financial obligations.

Since the adoption of SB 12-150, the Treasurer's Office has realized several successes with respect to its new management duties of the State's finances:

- *Developing a State Public Financing Policy:* The Treasurer's office has promulgated the State's first State Public Financing Policy. Colorado was an outlier compared to other states without a formal debt or financial management policy. The newly promulgated State Public Financial Policy outlines procedures with respect to the State's management of issuance or incurrence of financial obligations. This initiative has been viewed favorably by financial markets as well as credit ratings agencies who have been focusing more attention on public issuer's procedures and debt management policies.

- *Post-Issuance Compliance:* Any public financial obligation has certain annual post-issuance activities required by the IRS and SEC. Based on analysis by the Treasurer's office, the State was severely deficient in its annual disclosure requirements, and has managed an organizational overhaul of these compliance procedures. The Department has hired DAC Bond, a company that helps facilitate transparency of financial issuance and post-compliance activities – and under the Treasurer's office's leadership, the State is now in 100% compliance of these IRS and SEC requirements.

- *Identifying Savings opportunities:* It was difficult for the State to take advantage of certain refinancing opportunities under a decentralized financial management system. SB 12-150 allowed the Treasurer's office to analyze the State's entire portfolio, helping identify a refinancing for present value and cash flow savings for the Colorado Bureau of Investigation, savings the taxpayer's of the State over $1.1 million.

As the Treasurer's Office continues the process of managing the State's financial obligations, the objective is to create a process in which financial obligations are conducted with more efficiency and financial expertise. This will include the following strategies:

Develop a State Public Financing Policy: While the Treasurer's office has already accomplished the adoption of Colorado's first State Public Financing Policy, it should be viewed as a document that can always be honed and improved. The Department will continue working with the Governor's Office of State Planning and Budget, Attorney General's office, office of the State Controller, and outside professionals to identify opportunities for improvement of this document.

Identify opportunities for efficiency: Prior to the adoption of SB 12-150, transactions such as COPs and capital leases were conducted on a case-by-case basis, with little structure to provide efficiency or standardization. The Treasurer's Office has identified the following opportunities to make the financial management process more efficient:

- Standardized financial documents: The Treasurer's Office looks to develop a working group with the Attorney General's office and the Office of the Controller to develop more standardized documents where appropriate.
- Qualified pools for financial institutions and other vendors: Transactions such as capital leases could be streamlined with the establishment of qualified pools of financial institutions who already agree to the State's contract requirements. This will help streamline the contract process for agencies with authorization for such transactions.

Investment Management

The objective of investment management within the Treasurer's Office is to set an investment policy stressing, in order of importance, safety, liquidity, and yield as the key goals for all of the taxpayers' funds entrusted to him. The mission of the Investment Section is to provide investment programs that are safe, prudent, and appropriate for the public purpose of each fund.

Strategy: The department has developed fund-specific benchmarks for specific funds and looks to continue outperforming these performance measures. The benchmarks are measured against Treasury notes and securities with a similar term, dated back over two decades. The Treasurer's Office has historically outperformed its benchmarks. The following chart shows the historical performance of these benchmarks:

Performance	Outcome	FY 10-11	FY 11-12	FY 12-13	FY 13-14

Measure		Actual	Actual	Actual	Actual
Income earned on all funds *	Benchmark	Meet Benchmark	Meet Benchmark	Meet Benchmark	Meet Benchmark
	Actual	Exceeded Benchmark by 180 basis Points	Exceeded Benchmark by 147 basis Points	Exceeded Benchmark by 114 basis points	Exceeded Benchmark by 120 basis Points

** This is a weighted average calculation for the five Treasury-managed funds: Treasury Pool, Major Medical Insurance Fund, Public School Permanent Fund, State Education Fund, and Unclaimed Property Tourism Fund.*

Investment performance charts are also posted on the Treasurer's website on a quarterly basis. In an effort to continue accountability and transparency, we will continue to post these quarterly results.

Accounting and Cash Management

The objective of the Accounting and Cash Management staff is to provide efficient management of state receipts and disbursements, ensure effective banking services to state departments, and offer cash management assistance to state departments and local governments.

Strategy: The Accounting and Cash Management staff will attain 100% accuracy and maintain full statutory compliance with the disbursement of Special Purpose and programmatic funds on an annual basis. These Special Purpose funds include the following:

- Highway Users Tax Fund
- Colorado Property Tax Deferral Program
- Senior Citizen and Disabled Veteran Property Tax Exemption
- Tobacco Master Settlement Agreement Funds
- Amendment 35 Tobacco Tax Funds
- Payment In Lieu of Taxes (PILT)

Many of these funds are audited on a regular basis. The Department of Treasury expects to continue to maintain 100% accuracy with these fund disbursements.

Unclaimed Property (The Great Colorado Payback)

The Great Colorado Payback is responsible for reuniting Coloradans with their lost or forgotten assets. Every U.S. state, District of Columbia, Puerto Rico, the U.S. Virgin Islands - and Quebec, British Columbia and Alberta in Canada have unclaimed property programs that actively find owners of lost and forgotten assets. The Unclaimed Property Act/Law was passed into law by the Colorado Legislature to protect the

property of owners whose whereabouts are unknown and return it to its rightful owner(s) or their heirs. The Treasurer acts only as a custodian of the property for which there is no time limit for claiming.

The Treasurer is responsible for collecting property that was identified by companies, banks and financial institutions, insurance companies, etc. that has become inactive or abandoned and holding it in safekeeping at the Colorado Department of the Treasury for the rightful owners or their heirs.

Objective: Through the acquisition of new software programs, the Great Colorado Payback will provide greater security, scalability and efficiency of processing claims through the acquisition of resources or programs that can help streamline the current process without the addition of new FTE's.

- *Increase in Workload:* The Great Colorado Payback has seen a dramatic increase in inquiries over the last five years. Inquiries have doubled from about 77,000 prior to 2008, increasing to over 135,000 inquiries per year in 2009-2012. As a consequence, the average time required to process each claim has doubled – from about 10 weeks to about 20 weeks per claim. It has almost doubled the cost of postage associated with the claims process as well, increasing from about $26,000 in 2007 to an average of over $45,000 over the last five fiscal years.

- *Labor-Intensive Claims Processes:* Currently, the Division's claims process is a paper-based, labor intensive process. Staff members spend much of their time contacting claimants multiple times via letters, telephone calls, or emails in order to obtain all the necessary information to determine that the claimant is the "rightful owner" of the property in question. Often these exchanges between the Division and the claimant can take several weeks to complete.

- *Outdated Software and Security Issues:* There are additional challenges with efficiency as well as security related to the Division's outdated software program that manages Payback claims. The current platform, supported by Xerox, is 20 years old. Along with efficiency issues, there are also security-related concerns with such an old program.

Strategy: Unclaimed property is in the process of negotiating a contract with an outside vendor to implement new unclaimed property software. An appropriation has already been secured to fund this project.

Future Additional Budgetary Needs to Reach Objectives and Strategies

In order to meet the objectives listed above, there is one key areawhere additional resources would be welcomed in order to accomplish our mission:

Ongoing education, Enrichment and Training Opportunities: As this strategic plan outlines many ways to improve efficiency and performance, including investment benchmarks, cash management strategies, and unclaimed property processes, one way to enhance these programs is to offer outside training and enrichment opportunities. The Treasurer's office currently has little to no financial ability to provide such resources.

HB13-1299 states that "A performance management system should include elements to ensure that a department's employees are appropriately trained to implement its various components." While the staff within the Treasurer's Office manages integral operations for the State, there are currently no resources or funds available to provide enrichment opportunities. Many positions of the Treasurer's Office require unique and specialized skill sets that would benefit from outside training and enrichment opportunities that would promote growth and education.

PERA SMART HEARING

GREGORY W. SMITH, EXECUTIVE DIRECTOR

DECEMBER 11, 2015

COLORADO PERA.

Attachment B

PERA Annual Update

- KPMG performed the State Auditor's Office 2014 annual audit of PERA
  - No findings or recommendations for best practices or improvements
  - No material weaknesses in internal controls or accounting policies and practices
- Audited financial statements showed a 5.7 percent investment return for 2014
- Total Pension Fund Market Value of Assets Funded Ratio
  - 2014 = 64.2 percent
  - 2013 = 65.2 percent
- 2014 *CAFR* reflects full implementation of GASB 67, *Financial Reporting for Pension Plans*
  - Assisted PERA employers regarding implementation of GASB 68, *Accounting and Financial Reporting for Pensions*
  - PERA Board updated Pension Funding Policy in March of 2015

COLORADO PERA

PERA Annual Update
(continued)

- PERA Board performed asset/liability study in 2014 and 2015
  - Objective was to determine optimal strategic asset allocation that align investment market risks with the need to meet distributions
  - Resulted in minor reductions in Global Equity and Fixed Income and increases in Private Equity and Real Estate
- PERA Board hired independent actuarial firm to perform actuarial audit
  - Audit confirmed that the retained actuary's assumptions and December 31, 2013, actuarial valuation results are reasonable
- SB 14-214 Legislated Studies were performed during 2015
  - Total Compensation Study
  - Plan Design Study
  - Sensitivity Study
- C.R.S. § 24-51-220—Report on Progress of SB 10-001 Reforms
  - Conducted by PERA and delivered to the General Assembly and Governor on December 11, 2015

COLORADO PERA

What is Colorado PERA?

As of December 2014

- Instrumentality of the State, founded on August 1, 1931
- Hybrid defined benefit retirement plan qualified under IRC 401(a)
- Substitute for Social Security
  - Members contribute 8.0 percent or more
- Administers:
  - Defined benefit plan, including disability and survivor benefit programs
  - One of the country's largest public 401(k), 457, and DC Choice Plans (combined assets of $3.5 billion)
  - Health care, dental, and vision plans for largest coverage group in the state (over 155,000 lives)
  - Life insurance plan
- Largest pension fund in Colorado
  - 22nd largest public plan in United States

COLORADO PERA

PERA is Transparent

- All board meetings are public and include time for public comment
- PERA reports annually to the Governor and to the General Assembly through the
  - Legislative Audit Committee (July)
  - Joint Finance Committee (December SMART Hearing)
  - Joint Budget Committee (December)
- PERA is audited annually by a firm selected by the State Auditor whose findings are reported to the Legislative Audit Committee
- PERA's *Comprehensive Annual Financial Report (CAFR)* is used as a model for other public pension plans, winning the GFOA financial reporting excellence award for 30 consecutive years
- PERA's website is an excellent resource for plan and financial information

COLORADO PERA

PERA Board Authority

- Limited to implementing statutes adopted by the General Assembly
- PERA Board oversight includes
  - Investment of assets
  - Administration of benefits
  - Collection of contributions
  - Selection and monitoring of actuarial assumptions
  - Rulemaking
- Benefit provisions and contribution structures are
  - Set by General Assembly
  - Not subject to change via collective bargaining arrangements or employer and labor union negotiations
  - Consistently applied to all employers within a PERA Division

COLORADO PERA

2015 Legislative Update

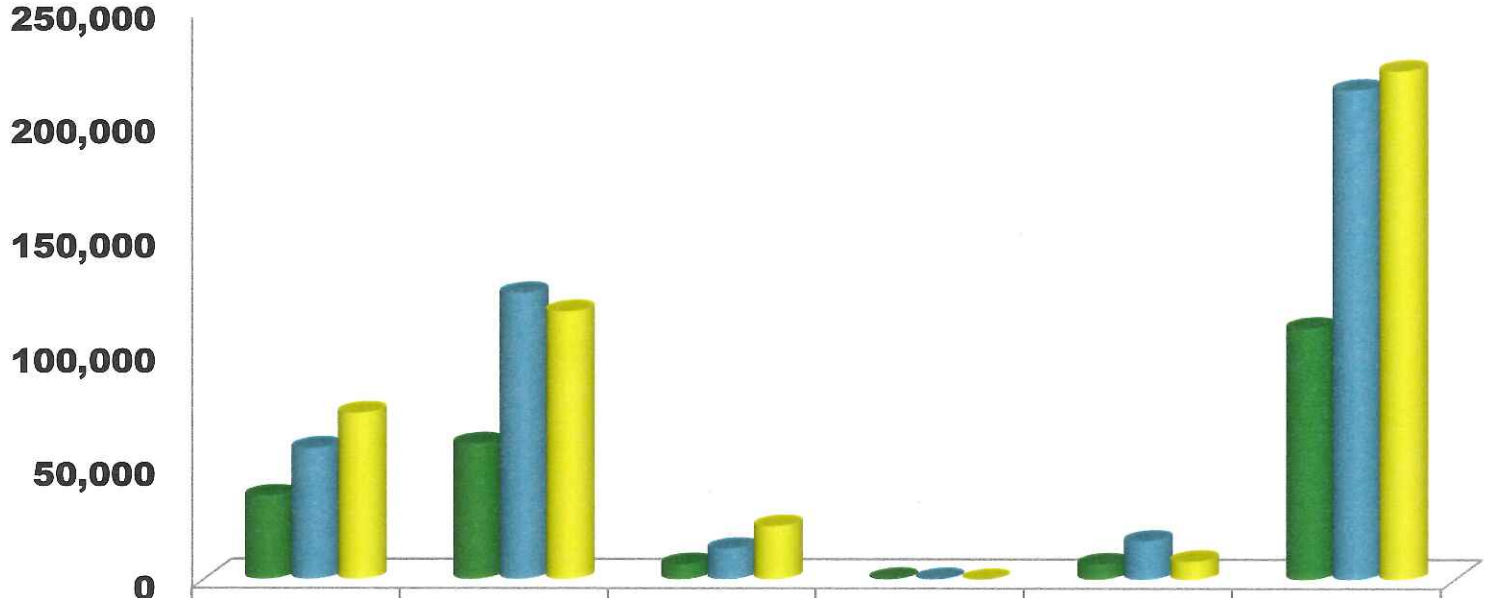
- 2015 Legislative session
  - Senate Bill 15-097: Supplemental Needs Trust For Certain PERA Benefits
    - Signed by Governor on April 16, 2015
  - House Bill 15-1391: Denver Public Schools Division 5-Year True-Up
    - Signed by Governor on June 3, 2015

COLORADO PERA

PERA Membership

October 31, 2015

Total: 547,357



	State	School	Local Gov't	Judicial	DPS	Total
Benefit Recipients	36,776	59,883	6,714	345	6,833	110,551
Active Members	57,949	125,484	13,470	332	16,921	214,156
Inactive Members	73,339	117,684	23,520	15	8,092	222,650

COLORADO PERA

PERA Financial Recap

$44,122,457 net assets as of December 31, 2013

(in thousands of dollars; does not include defined contribution plans)

December 2014

Contributions $2,313,846		Investments $2,474,349		Benefits Paid ($4,337,188)	
Employer – Pension – Regular	$694,261	Net Change in Fair Value	$1,563,843	Pension Benefits	($3,883,781)
Employer – Pension – AED	$277,878	Interest	$312,640	Health Care Benefits	($211,059)
Employer – Pension – SAED	$252,823	Dividends	$541,692	Disability/Life Insurance	($7,143)
Employer – Health Care	$81,634	Real Estate/Opportunity Fund/ Alternative Investments	$205,078	Refunds	($170,882)
Member	$640,531	Securities Lending	$11,019	Other	($12,275)
Purchased Service	$53,040	Investment Expense	($159,923)	Administrative Expense	($52,048)
Retiree Health Care Premiums	$109,901				
Employer Disaffiliation	$190,000				
Other Additions	$13,778				

$44,573,464 net assets as of December 31, 2014

COLORADO PERA

25-Year History of Assets and Distributions

In billions

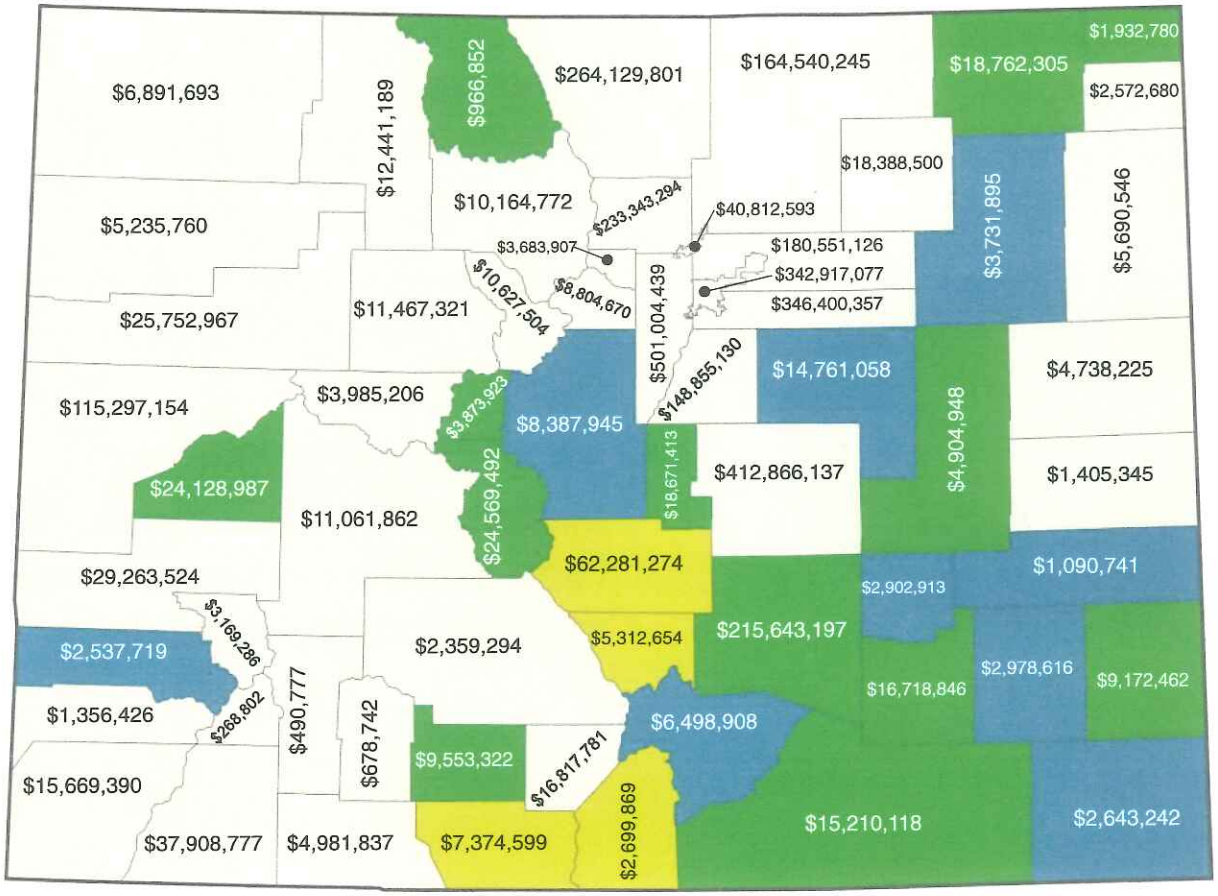
Beginning Balance January 1, 1990	$9.4
Employer Contributions	14.7
Member and Other Contributions	13.4
Investment Income	50.2
Denver Public Schools' Plan Transfer	2.8
Benefit and Refund Payments	(45.8)
Administrative Expenses	(0.5)
Ending Balance December 31, 2014	**$44.2**

COLORADO PERA

PERA Benefit Distributions and Distributions Relative to Payroll by County

Total Distributions = $3,506,760,242

- **$5.2 billion economic output**
- **29,000 jobs statewide**
- **$267 million state and local tax revenue**



Over 25 percent of Payroll

15-25 percent of Payroll

10-15 percent of Payroll

Less than 10 percent of Payroll

Percentage of payroll data from 2014 County Business Patterns and U.S. Census Bureau, calculation from Pacey & McNulty

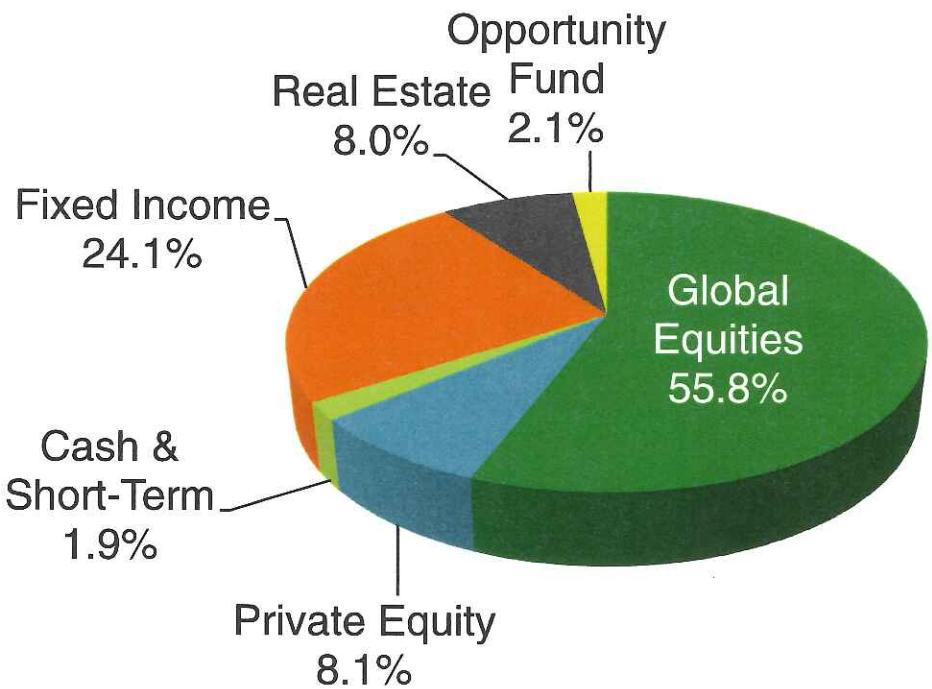
Annual benefit payments as of December 31, 2014 (unaudited)

COLORADO PERA

Investment Asset Allocation

October 31, 2015

$43.6 Billion Market Value

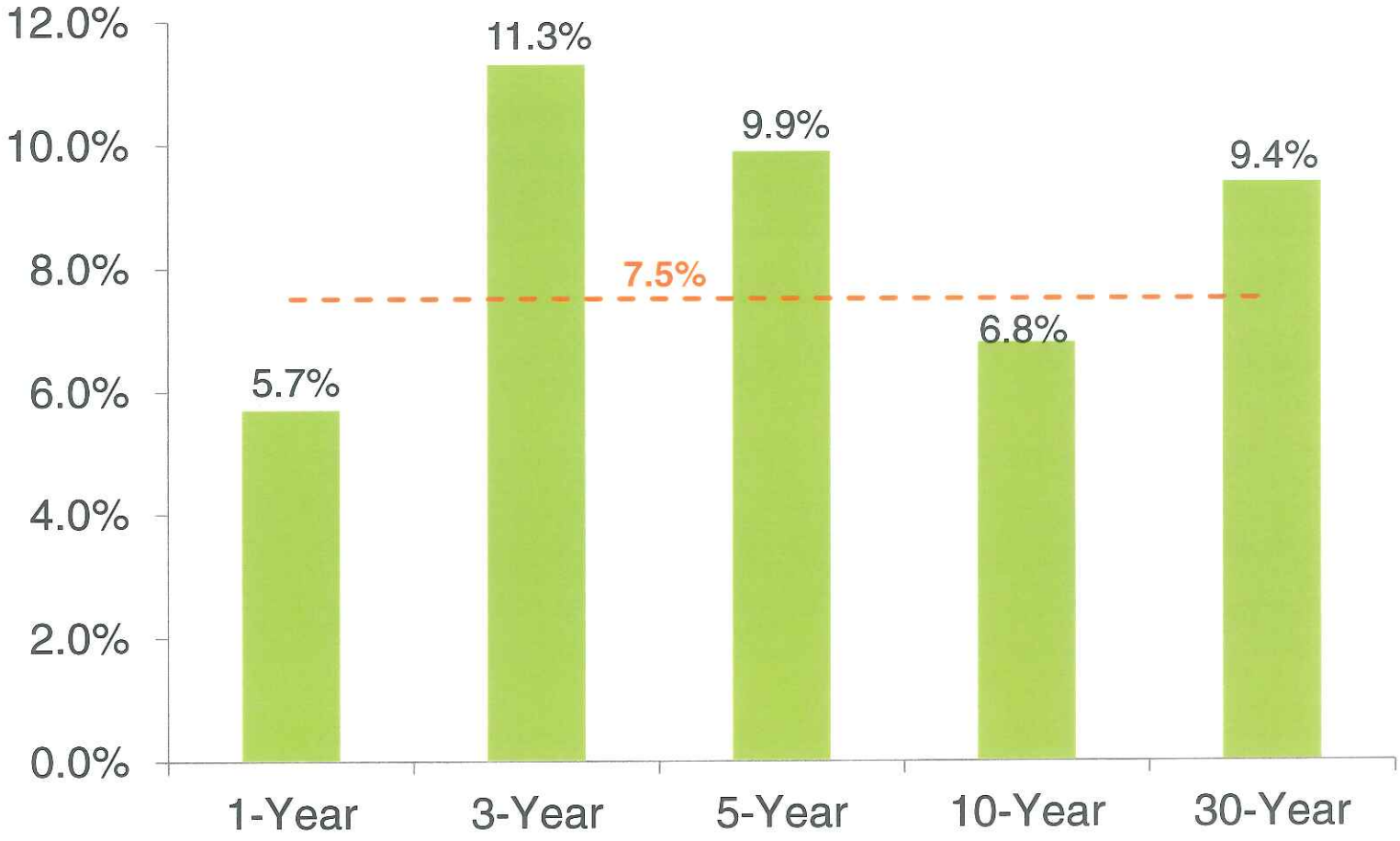


- Over $585 million invested in companies and properties domiciled in the State
- More than 60 percent of assets managed directly by PERA staff
- An additional $50 million is allocated to the Colorado Mile High Fund for private equity investments in the state

COLORADO PERA

Investing for Long Term

Annualized investment returns for periods ending December 31, 2014



COLORADO PERA

Funded Status

Market Value of Assets Basis

Division	December 31	
	2013	2014
State	61.0%	59.6%
School	64.0%	62.8%
Local Government	77.6%	81.0%
Judicial	77.4%	75.1%
DPS	86.3%	85.3%

COLORADO PERA

Colorado General Assembly Senate Bill 14-214 Studies

Study	Contracted By	Conducted By
Total Compensation Study	Department of Personnel and Administration	Milliman, Inc.
Plan Design Study	Office of the State Auditor	Gabriel, Roeder, Smith and Company (GRS)
Sensitivity Study	Office of the State Auditor	Pension Trustee Advisors (PTA)

COLORADO PERA

Review of SB 14-214 Studies
Total Compensation Study

- The 2015 analysis included a comparison of the value of benefits for Colorado State employees to the value of benefits offered to employees in similar workforce structures
- Milliman's analysis included employee compensation and employer-provided retirement and retiree health benefits
- The benefits, valued separately, resulted in a value above the prevailing market
- Based on the findings of Milliman Inc.:
  - "When the total compensation package is valued, the State is just slightly below the prevailing market (0.2%)."
  - "In order for the State to continue to align its total compensation package with the prevailing market, adjustments to individual employee compensation and the overall salary structure should be considered."
  - "Changes to benefits are not recommended at this time."

COLORADO PERA

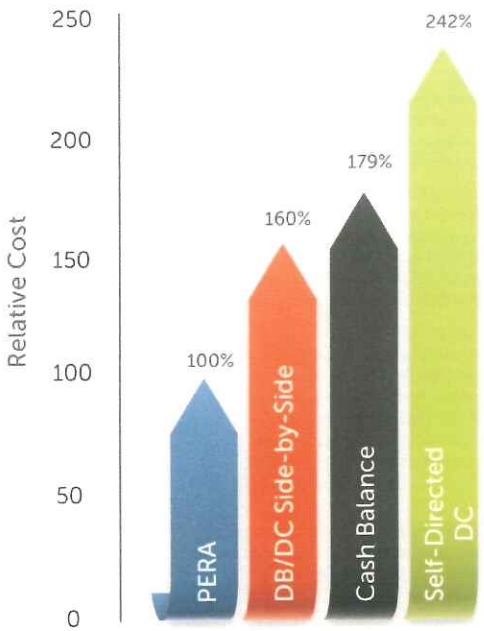
Review of SB 14-214 Studies
Plan Design Study

- Study compares cost and effectiveness of the design of the Colorado PERA Hybrid Defined Benefit Plan to alternative plan designs in the public and private sector
- The results show the reforms to the benefit provisions of Colorado PERA, contained in SB 1, created a plan design that "*is more efficient and uses dollars more effectively than the other types of plans in use today.*"[1]
- The next most efficient retirement plan structure was **60 percent more costly**

[1] *GRS Plan Design Study Report*, June 2015, page 2.

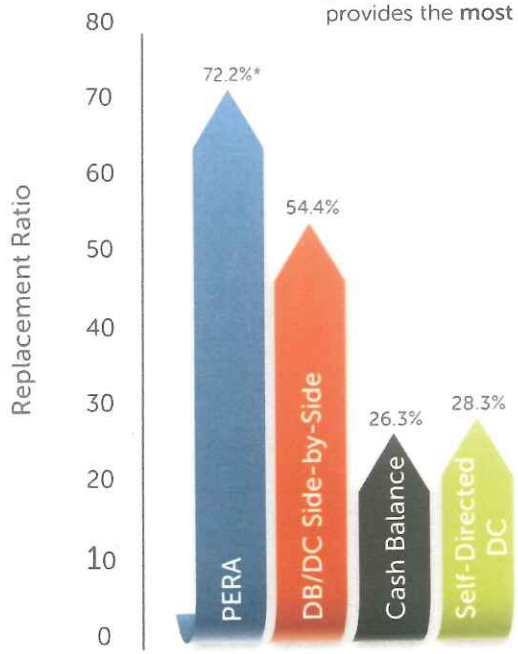
Benefit Costs

When holding benefits constant, PERA's current plan provides **benefits at a lower cost.**



Income Replacement

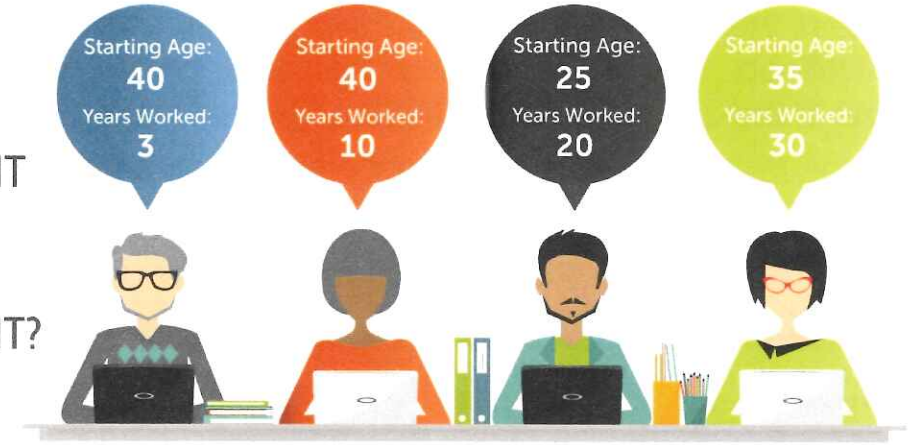
When holding costs constant, PERA's Hybrid DB Plan provides the **most income replacement.**



*Assumes age 35 at hire with 30 years of service and retiring at age 65.

Review of SB 14-214 Studies
Plan Design Study

WHAT PERCENT OF INCOME WILL I GET AT RETIREMENT?



- PERA provides better income replacement considering:
  - All other plan designs in use
  - All starting ages and career lengths

	Starting Age: 40 Years Worked: 3	Starting Age: 40 Years Worked: 10	Starting Age: 25 Years Worked: 20	Starting Age: 35 Years Worked: 30
PERA	4.4%	13.0%	20.6%	72.2%
DB/DC Side-by-Side	0.8%	11.7%	20.1%	54.4%
Cash Balance	2.7%	9.1%	17.1%	26.3%
Self-Directed DC	3.0%	10.0%	19.7%	28.3%

PERA Hybrid Defined Benefit Plan
This type of plan blends the defined benefit structure (uses a formula which creates the promised benefit at retirement) and defined contribution features (employer match on a member's account balance, payable at termination or retirement).

Defined Benefit (DB) and Defined Contribution (DC) Side-by-Side Plan
This type of plan provides a smaller defined benefit and defined contribution benefit with the goal that both benefits combined will provide adequate retirement resources.

Cash Balance Plan
This type of plan functions like a defined contribution plan, building a member's account balance year- by-year through the addition of mandated employer and employee contributions as well as the addition of a guaranteed rate of return.

Self-Directed Defined Contribution (DC) Plan
This type of plan builds a member's account balance year-by-year through the addition of employee contributions with an employer match and grows with actual investment returns.

COLORADO PERA

Source: A Comprehensive Study Comparing the Cost and Effectiveness to Alternative Plan Designs Authorized by Senate Bill 14-214.

Review of SB 14-214 Studies
Plan Design Study

- *"The study finds that the existing PERA Hybrid Plan provides a higher level of benefits at the current cost than all alternative plans."*[2]
- *"…the retirement benefits provided by the PERA Hybrid Plan are neither too generous nor too low when compared to other similarly situated public sector employers."*[3]
- *"When comparing the PERA Hybrid Plan to the private sector, those private sector plans that combine Social Security with a defined contribution plan do not replace as much income as PERA."*[4]
- *"The State cannot eliminate the unfunded liability by moving new hires to an alternative plan,…"*[5]
- SB 1 reforms reduced the cost of providing benefits for employees hired on or after January 1, 2011—where the majority of the cost of the accruing benefit is funded by the member, while maintaining the highest retirement replacement income of any plan design in use.

[2] *GRS Plan Design Study Report*, June 2015, page 59.
[3] *GRS Plan Design Study Report*, June 2015, page 65.
[4] *GRS Plan Design Study Report*, June 2015, page 65.
[5] *GRS Plan Design Study Report*, June 2015, page 83.

COLORADO PERA

Review of SB 14-214 Studies
Sensitivity Study

- Principal objective is **to develop an early warning mechanism** to identify and communicate whether model actuarial assumptions used by PERA are meeting targets and achieving sustainability
- PTA confirmed
  - "*The PERA Hybrid Defined Benefit Plan* ***is currently on track to be fully funded****…Prior to the changes in Senate Bill 10-001, the PERA Plan was projected to become insolvent.*"[1] [emphasis added]
  - The reasonableness of PERA's actuarial assumptions including the 7.5 percent long-term rate of return
  - The assumed long-term investment rate is by far the most significant variable in determining when PERA will achieve full-funded status
- PTA's **report encompassed three recommendations** related to enhanced disclosure and use of the proposed mechanism, each of **which PERA agreed to implement**

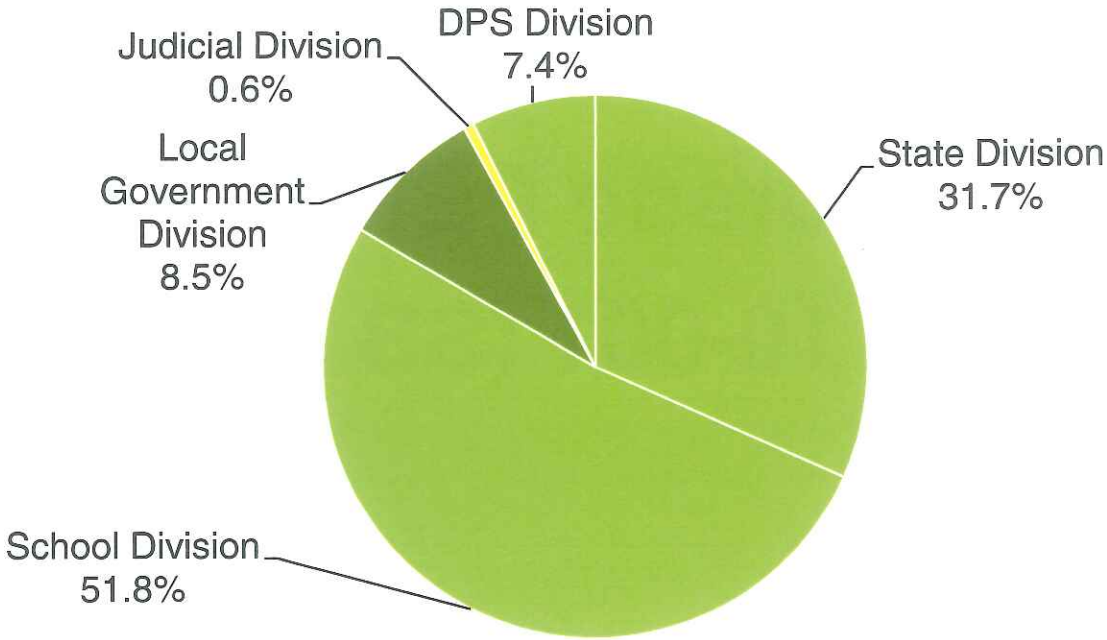
[1] *Sensitivity Analysis of Colorado PERA Hybrid Defined Benefit Plan Actuarial Assumptions*, October 2015, page 98.

COLORADO PERA

Review of SB 14-214 Studies
Sensitivity Study

Signal Light Indicator

Weighted by Market Value of Assets as of December 31, 2014



» As of December 31, 2014, for each PERA division, reflecting the SB 1 reforms and applying PERA's current set of actuarial assumptions, all result in positive (green) indicators with the exception of the Judicial Division which shows a warning (yellow) indicator

COLORADO PERA

Colorado PERA
Senate Bill 10-001 (SB 1) Report

COLORADO PERA

SB 1 Study Report Objectives

- Main objectives [C.R.S. § 24-51-220]
  - To report to the General Assembly regarding:
    - The economic impact of the 2010 legislative changes to the annual increase provisions on retirees and benefit recipients as compared to the actual rate of inflation, and
    - The progress made toward eliminating the unfunded liabilities of each division of the association
  - Timing requirement
    - To be performed every five years
    - First report due to the General Assembly by January 1, 2016

COLORADO PERA

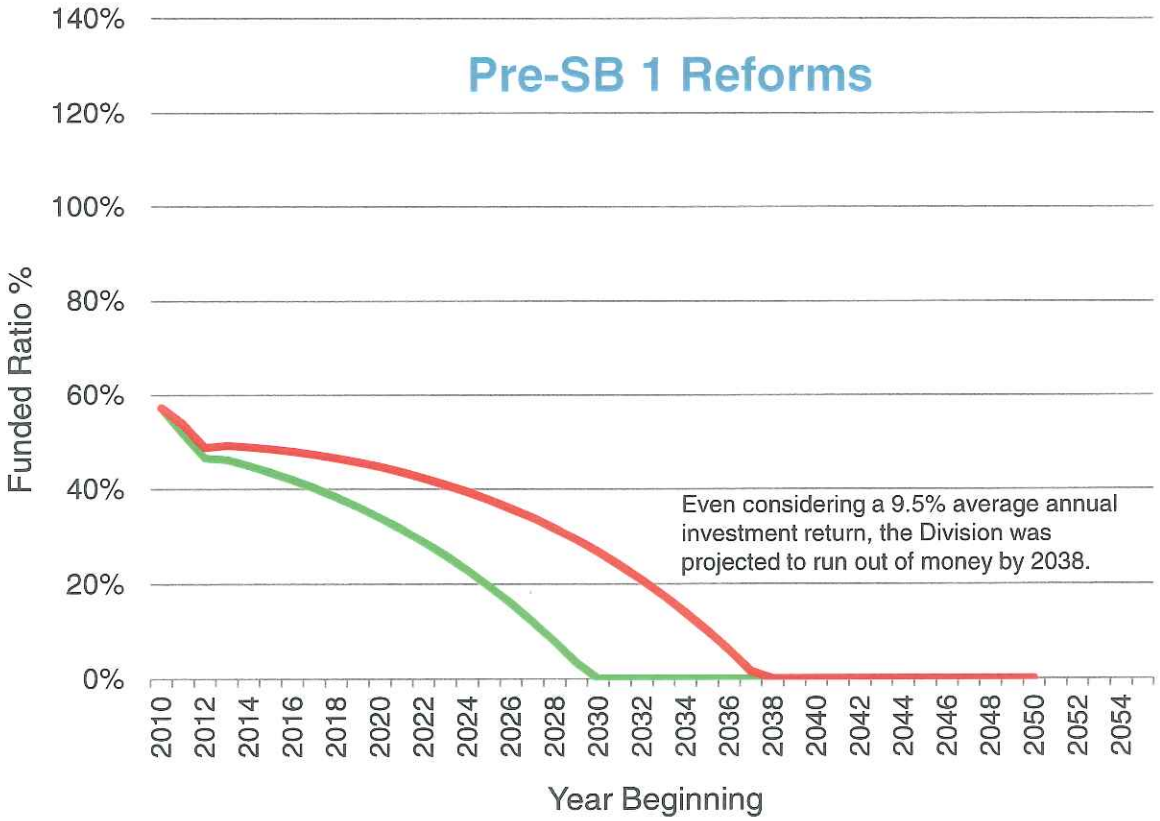
SB 1 Study Report
Key Findings

Item	Message
1	PERA is sustainable into the foreseeable future
2	SB 1 reforms significantly reversed PERA's predicted course from running out of money within 20 to 25 years to projections of full funding in approximately 30 to 36 years
3	SB 1 reforms reduced benefits for all active and retired members; consequently PERA employers and taxpayers are saving money by providing a more affordable benefit
4	Over the past five years, SB 1 reforms saved PERA approximately $15 billion in unfunded actuarial accrued liability (UAAL)
5	Over the last five years, the reduction in the Annual Increase (AI) provisions had the most significant impact on the UAAL—accounting for 90 percent of the $15 billion in savings
6	Even recognizing the AI reforms, PERA retirees retained their purchasing power over the last five-year period.

COLORADO PERA

SB 1 Study Report
Key Findings

State Division



— A1 [Pre-SB 1, Projections as performed in 2010 at an 8.0% discount rate and assumed LTROR, Run at 12/31/2009]

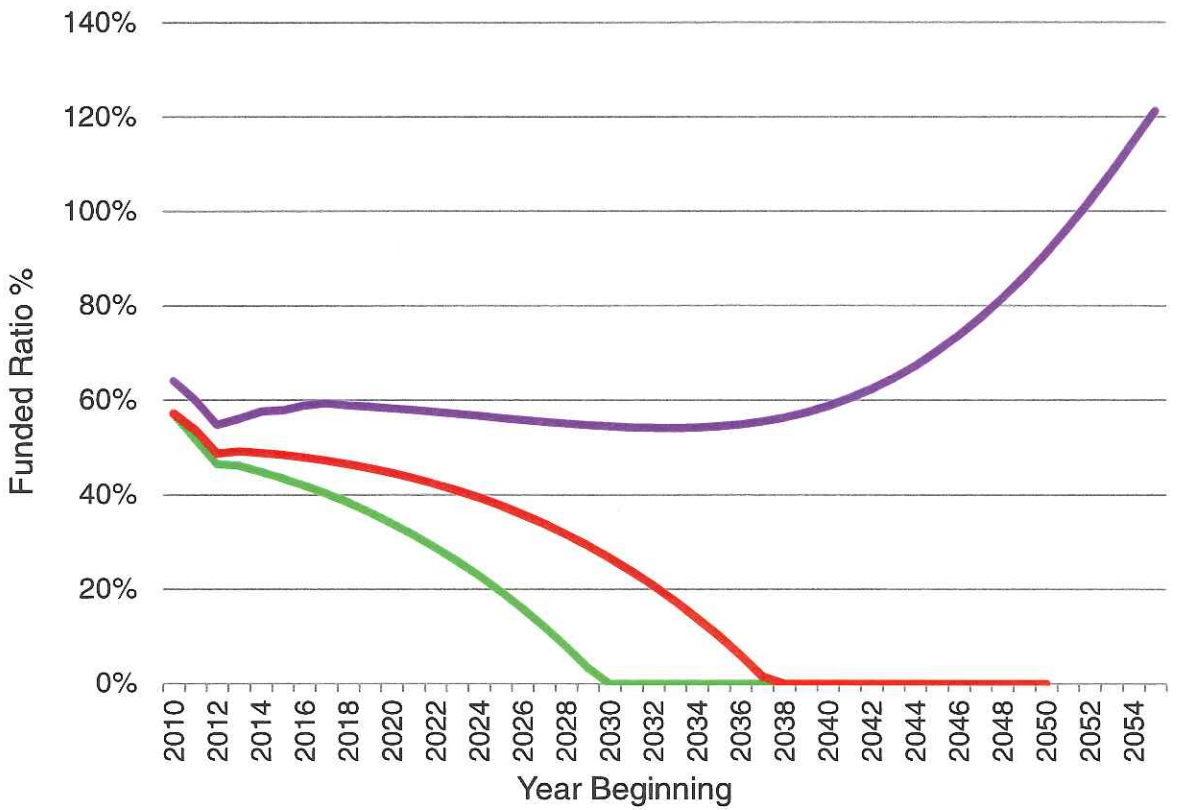
— A2 [Pre-SB 1, Projections as performed in 2010 at an 8.0% discount rate and 9.5% assumed LTROR, Run at 12/31/2009]

» Funded ratio projection graphs originally illustrated that PERA was not going to solve sustainability issues by simply relying on investment performance—evident, particularly for the two largest divisions—the State and the School Divisions, which represent approximately 84 percent of PERA's pension asset base

COLORADO PERA

SB 1 Study Report
Key Findings

State Division



- A1 [Pre-SB 1, Projections as performed in 2010 at an 8.0% discount rate and assumed LTROR, Run at 12/31/2009]
- A2 [Pre-SB 1, Projections as performed in 2010 at an 8.0% discount rate and 9.5% assumed LTROR, Run at 12/31/2009]
- D [Post-SB 1, Projections using current asset values and data at a 7.5% discount rate and assumed LTROR, Run at 12/31/2014]

COLORADO PERA

SB 1 Study Report
Key Findings

	As of December 31, 2014	
Division	Estimated Funding Period at the Board's 7.5% Assumed Rate of Return	Estimated Funding Period at an 8.0% Assumed Rate of Return
State	37 years	30 years
School	38 years	29 years
Local Government	25 years	15 years
Judicial	48 years	30 years
DPS*	33 years	26 years

* SB 09-282: Set provisions that the DPS Division Funded Ratio equal the School Division Funded Ratio in 2040

COLORADO PERA

SB 1 Study Report
Key Findings

» Current Funded Ratios are slightly ahead of predictions from five years ago

Division	Post-SB 1 Projected Funded Ratio as of December 31, 2014 (AVA* Basis)	Actual Funded Ratio as of December 31, 2014 (AVA* Basis)
State	57.6%	57.8%
School	60.7%	60.9%
Local Government	73.1%	78.7%
Judicial	67.7%	73.0%
DPS*	76.6%	82.6%

* Funded ratios are typically presented with regard to the Actuarial Value of Assets (AVA) or "smoothed" asset values, as is shown here, unless otherwise indicated.

COLORADO PERA

SB 1 Study Report
Key Findings

» Even recognizing the AI reforms, PERA retirees retained their purchasing power over the last five-year period

Summary of Annual Increase (AI) Provision Increases Compared to National Inflation

	Increase for 2010		Increase for 2011		Increase for 2012		Increase for 2013		Increase for 2014	
	PERA	CPI-W*	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W	PERA	CPI-W
Applicable Annual Increase	0.0%	-0.7%	2.0%	2.1%	2.0%	3.6%	2.0%	2.1%	2.0%	1.4%
Cumulative Increase	0.0%	-0.7%	2.0%	1.4%	4.0%	5.0%	6.1%	7.2%	8.2%	8.7%
Average Increase	0.0%	-0.7%	1.0%	0.7%	1.3%	1.7%	1.5%	1.8%	1.6%	1.7%

* For purposes of determining purchasing power, CPI-W was allowed to reflect a negative value in these calculations even though PERA would never apply a reduction to benefits if/when in an indexing scenario

COLORADO PERA

SB 1 Study Report
Key Findings

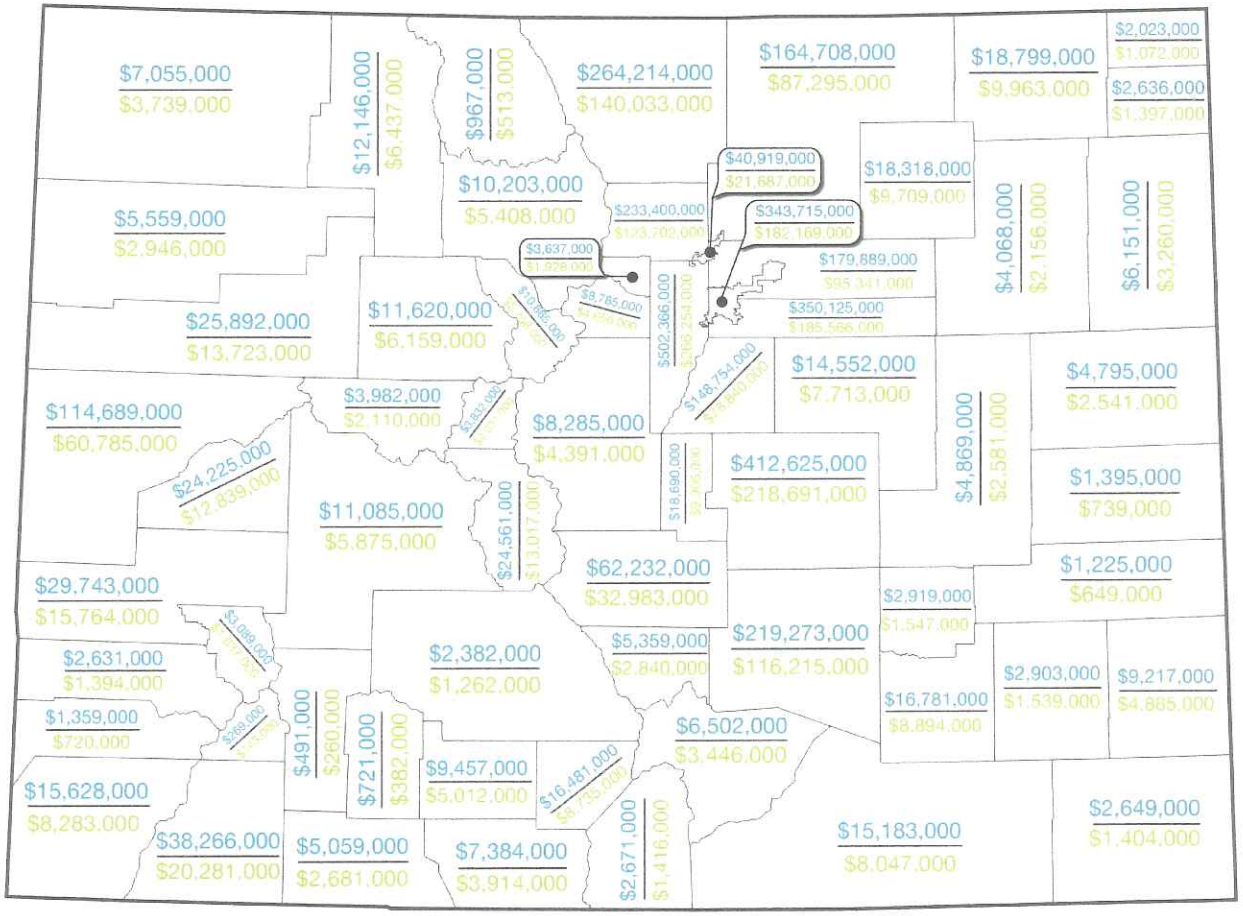
- The PERA membership embraced considerable sacrifice through benefit provision changes to ensure the plan's sustainability, representing approximately 90 percent of the burden
  - A typical retiree receiving a $3,000 monthly benefit as of January 1, 2010, will sacrifice the equivalent of about seven years of retirement payments over a 25-year retirement
  - A typical new hire with a membership date on or after January 1, 2011, generally will work longer, pay more, and receive less over a shorter period of time in retirement than an individual with a prior membership date

COLORADO PERA

SB 1 Study Report
Key Findings

PERA Benefit Distributions by County

- PERA Hybrid DB Plan Distributions*
- Self-Directed DC Plan Distributions† (had it been implemented in 1984)



» Historical simulation if, in 1984, PERA had been converted to a self-directed DC plan

» PERA distributions by county vs. distributions under a self-directed DC plan

* *Colorado PERA Economic and Fiscal Impacts,* Pacey Economics, Inc., April 2015. Reflects PERA distributions as of September 2014.

† Information provided by Pacey Economics, Inc., using scaling factor of 53.0%.

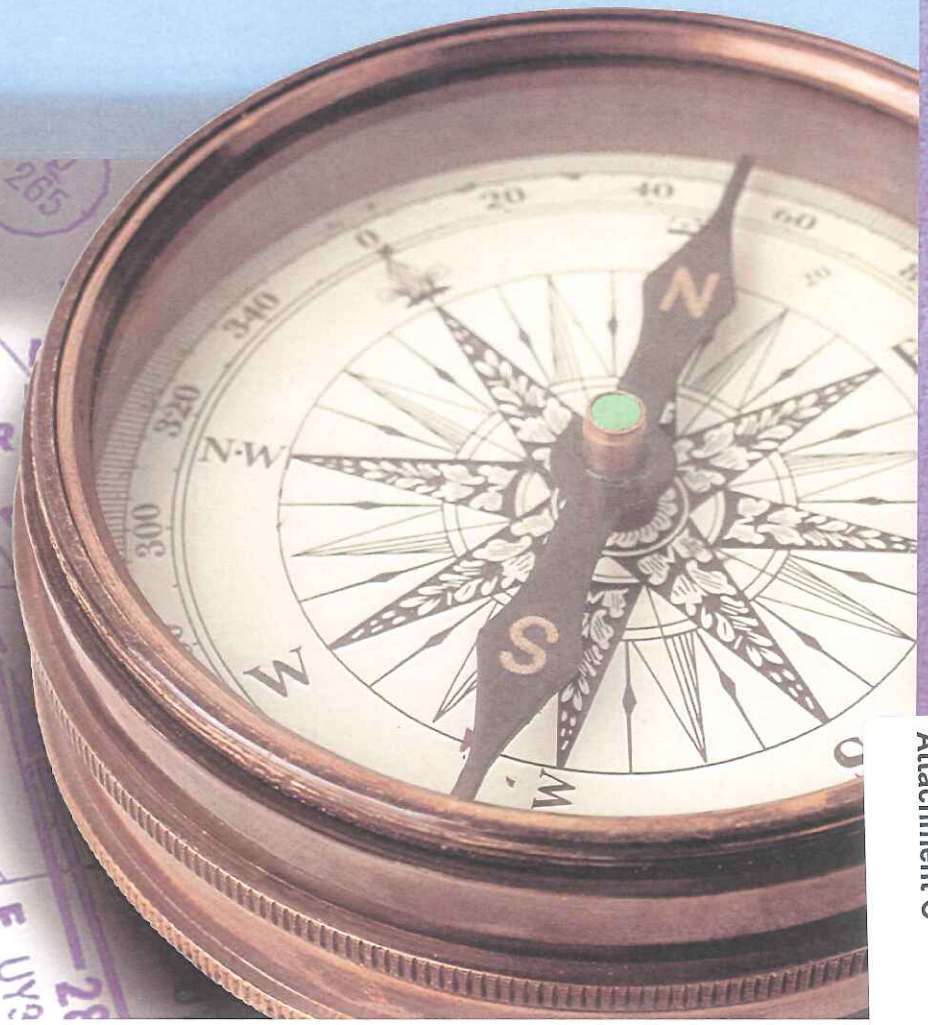
COLORADO PERA

Contact Us

- Web address
  - www.copera.org
- Social media
  - PERA on the Issues, www.peraontheissues.com
  - The Dime, www.thedimecolorado.com
  - Twitter, @ColoradoPERA and @thedimeCO
  - Facebook, www.facebook.com/thedimecolorado
- Office locations
  - 1301 Pennsylvania Street, Denver
  - 1120 West 122nd Avenue, Westminster
- Phone number
  - 1-800-759-PERA (7372)

COLORADO PERA

Colorado Department of Revenue
Joint Finance Committee Hearing
2015 - 2016



COLORADO
Department of Revenue

Attachment C

Agenda

- Overview of the Department
- Organization Chart
- Overview of Major Initiatives in DMV
- Updates on Other Divisions in the Department
- FY2016-17 Decision Items
- FY2015-16 Legislative Initiatives
- DOR Performance Plan
- Regulatory Agenda

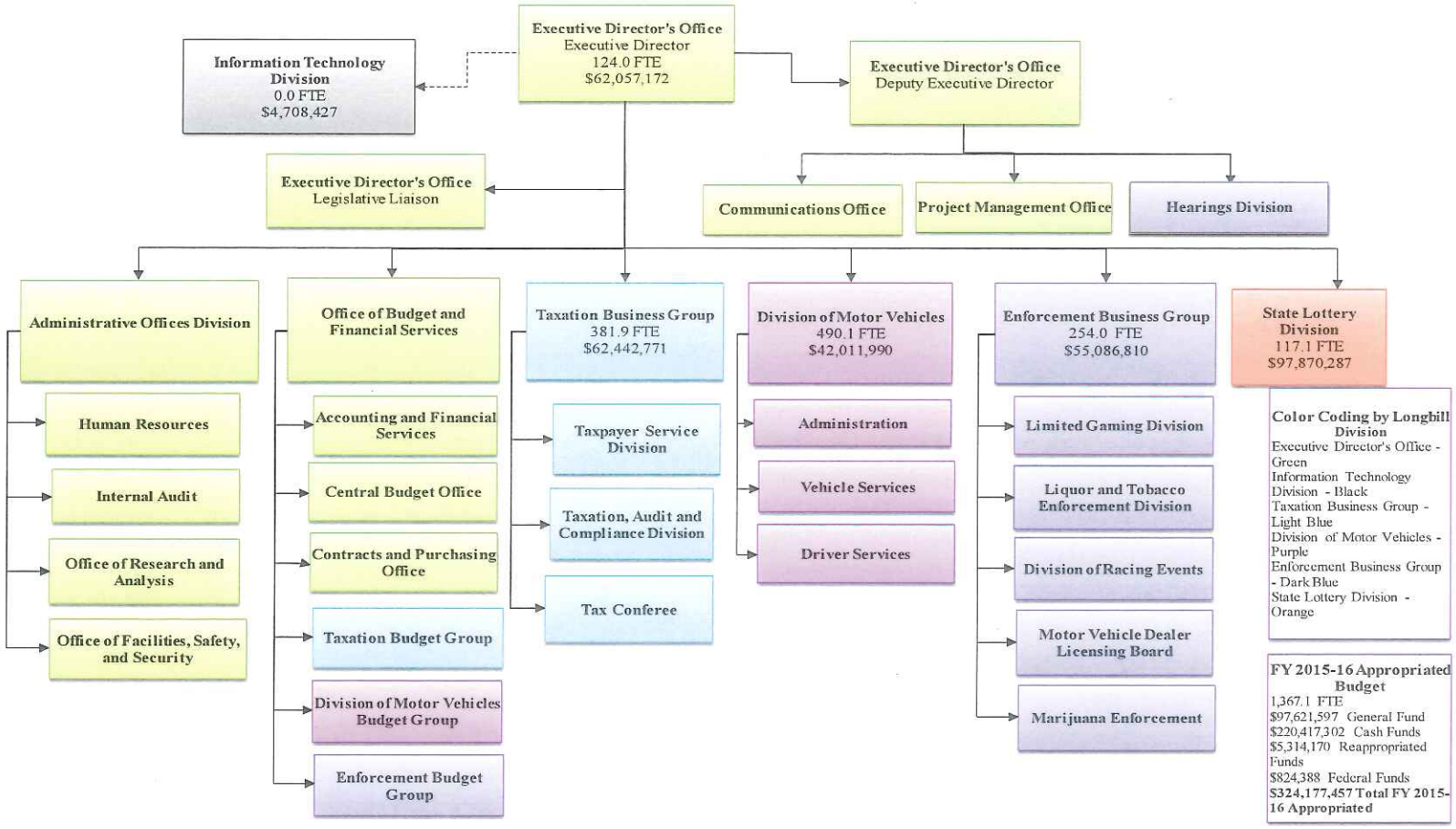
Overview of the Department

- DOR created by the General Assembly in 1941
  - Taxation and Revenue
  - Enforcement

- DOR has four Divisions
  - DMV
  - Enforcement
  - Lottery
  - Taxation

- Recent changes made:
  - 2010 added Medical Marijuana
  - 2012 Ports of Entry moved to Department of Public Safety
  - 2013 added Retail Marijuana

Organization Chart



*Budget amounts include long bill plus special bill appropriation

This year (FY 2015-16) Year of Division of Motor Vehicles (again)

- Colorado DRIVES
  - The Colorado Department of Revenue and Governor's Office of Information Technology received funding during the 2014 and 2015 legislative sessions to replace the outdated Driver's License System (DLS installed in 1995) and Colorado State Titling and Registration System (CSTARS – installed between 1983 and 1988)
  - This project is called the Colorado Driver License, Record, Identification and Vehicle Enterprise Solution (Colorado DRIVES)
  - The Department of Revenue was appropriated $93,372,000 for the project
    - Capital construction of $41,021,167 for FY 2014-15
    - Capital construction of $52,350,833 for FY 2015-16

Colorado DRIVES (cont'd)

- This project is the cornerstone of the DMV Strategic Plan initiative to improve customer service and meet the Governor's goal of reducing wait times in state driver license offices to an average of 15 minutes
- When implemented, Colorado DRIVES will provide:
  - State and county DMV employees a modern and user-friendly system that reduces customer service time
  - Increased system reliability that significantly reduces outages and downtime in driver license offices across the State
  - Citizens access to information to better prepare them for their office visit as well as improved online services
- The Colorado DRIVES project will be completed in two 18-month periods, with the Driver License System being replaced first followed by Colorado State Title and Registration System
  - Phase I – DLS replacement began in August 2015
  - Phase II – CSTARS replacement is expected to begin in March 2017

Driver License and Identification Card System Replacement

- The Colorado DMV will begin issuing driver licenses, instruction permits and identification cards with new designs and enhanced features
- The card design includes an entirely new format and enhanced features, including grayscale laser engraved information and new card material
- Current cards will remain valid until their expiration date
- The contract for this project was signed in October 2014 and full implementation is expected in early 2016

Wait-Less expansion project

- The Wait-Less system allows for queuing, appointment scheduling and wait time tracking in driver license offices.
- This technology is currently being utilized in 15 offices in the front range, including Pueblo, and Grand Junction
  - The 15 existing offices are: Denver Central, Aurora, Boulder, Colorado Springs, Denver Northeast, Ft. Collins, Golden, Grand Junction, Greeley, Littleton, Longmont, Northglenn, Parker, Pueblo and Lakewood
- The Colorado Legislature approved a funding continuance to expand the Wait-Less system to 16 additional driver license offices statewide in 2015
  - The 16 new offices are: Alamosa, La Junta, Loveland, Durango, Glenwood Springs, Canon City, Montrose, Steamboat Springs, Frisco, Fort Morgan, Sterling, Lamar, Gunnison, Cortez, Trinidad and Craig
- A contract has been signed and full implementation is expected by June 2016

Temporary registration permit project

- SB15-090 enacted legislation requiring the Department of Revenue (DOR) to issue temporary motor vehicle registration permits that meet the same statutory requirements as permanent plates regarding attachment, visibility, readability and ability to access to the data
- Exception is that temporary plates must only be affixed to the rear of the vehicle
- Bill required a donation to cover the cost of the project
- Donation has been received from E470 and contract has been awarded
- Issuance of the new temporary tags will begin on July 1, 2016

S.B.13-251 – Colorado Road and Community Safety Act - (CO-RCSA)Update

- Authorizes the issuance of a Colorado Driver license, instruction permit, or identification card to individuals who cannot provide proof of legal presence.

- Those that can demonstrate temporary lawful presence
  - May go to any Driver License office - appointments are not required except for drive tests

- Those that are unable to demonstrate lawful presence
  - Services available in 3 offices statewide – up to 31 appointments per day per office
  - Can show documents, take written test, and drive test in one appointment

  - Between July 1, 2014 through June 30, 2015:
    - Driver Licenses Issued based on SB13-251 requirements: 11,461
    - Driver Permits Issued: 11,534
    - Identification Cards Issued: 1,942

Outstanding Performance Audit Recommendations

- Financial
  - The one financial recommendation is related to the 2010 Statewide Single Audit Rec No. 38 part c;
  - Recommendation
    - The Department of Revenue should work with the Governor's Office of Information Technology to improve GenTax's general computer controls by documenting a disaster recovery plan that incorporates all components listed in State Cyber Security Policies and testing the plan on a regular basis.
  - A disaster recovery plan was developed and approved by both the Governor's Office of Information Technology and the Department of Revenue in January 2015. This recommendation was listed as partially implemented during the Office of the State Auditor's review while awaiting testing of the plan. The Governor's Office of Information Technology successfully tested the plan in August 2015, and the finding is now considered to be fully implemented.
- Performance
  - The one performance recommendation is related to the 2011 Tax Processing Performance Audit Rec No. 2;
  - Recommendation
    - The Department of Revenue should maximize its use of Central Services for outgoing mail processing and warrant printing, and reallocate or eliminate staff who are currently performing this work.
  - This recommendation is documented as phase 4 of the Department of Personnel and Administration and the Department of Revenue Pipeline Lean project. To date the agencies have evaluated the cost benefit calculations and business requirements. The evaluation continues with rates, timing, and resource considerations being discussed and scheduled to be completed by January 31, 2016. After evaluation, if the direction is to move forward, implementation would be October 31, 2016.

Other Items of Interest

Current Lottery Status

- Implementation of new Jackpot system one year ago – November 9, 2014
  - New machines rolled out to more than 3,000 retailers
  - Ticket checkers have been installed at many retail outlets to make it easier for players to see if they have a winning ticket

- Sales and Proceeds FY 2014-15
  - Sales: $538,025,144
  - Proceeds: $127,980,868
  - Prize Expenses: $331,498,987
  - Operating Budget appropriated per Long Bill: $97,747,093 (Personal Services and Operating)
  - Met Great Outdoor Colorado (GOCO) Cap of $61,992,978 with spillover to BEST of $1,997,456

- Scratch Prize Payout Strategy
  - Evaluate overall Scratch prize payout percentage
  - August 2015, the Lottery Commission approved continuation of this prize payout strategy for FY16.

Current Status of Medical Marijuana

- Licenses Issued and Revenue Remitted as of 9/30/15

	MEDICAL
ACTIVE LICENSES ISSUED AS OF 9/30/15	
• Cultivation	763
• Retail Stores	515
• Product Manufacturers	194
• Testing Facilities	0
• Occupational – includes both Medical and Retail	24,092
REVENUE REMITTED FROM 1/1/14 to 9/30/15	
• Sales Tax (2.9%)	$19.5 M
• Fees	$16.3 M

Current Status of Retail Marijuana

- Licenses Issued and Revenue Remitted as of 9/30/15

	RETAIL
ACTIVE LICENSES ISSUED AS OF 9/30/15	
• Cultivation	511
• Retail Stores	394
• Product Manufacturers	147
• Testing Facilities	17
REVENUE REMITTED FROM 1/1/14 to 9/30/15	
• Excise Tax (15%)	$33.3 M
• Sales Tax (2.9%)	$16.5 M
• Special Sales Tax (10%)	$58.1 M
• Fees	$ 6.3 M*

*Retail marijuana fee revenue was remitted from October 1, 2013 – December 31, 2013 in the amount of $1.7 M and is not included in the above table.

Current Status of Tax Fraud Detection

- Identity-theft based refund fraud is becoming more sophisticated, is on the rise, and the dollar value per refund claim is increasing due to:
  - Electronic filing
  - Electronic refunds
  - Identity-theft nature

- Currently:
  - DOR has a custom-developed anti-fraud software platform that has been utilized for 15 years
  - Temporarily delaying and reviewing potentially fraudulent returns based on certain criteria
  - Following up directly with taxpayers to confirm their identity and their intent to file the specific return in question
  - Converting some high risk refunds from direct deposit to paper check in order to minimize risk to the state

- Moving Forward:
  - DOR is exploring the possibility of further system enhancements and identifying the resources needed for this program.

FY 2016-17 Decision Items

- DMV Funding Deficit
  - $3.2 million Off-the-Top HUTF spending authority for DMV Personal Services
    - With an offsetting reduction of $3.2 million in Personal Services spending authority in the LSCF and;
    - An increase in spending authority of $836,501 to the Driver's License Document line item in the LSCF
  - Recommended by the Governor's Office of State Planning and Budgeting in support of their statewide fiscal balancing strategy.
- Earned Income Tax Credit (EITC)
  - Department requests $1,304,530 General Fund and 16.7 FTE in FY 2016-17, and $1,646,329 and 23.4 FTE ongoing to support the cost of implementing and managing the EITC.
- Postage Fund Mix Adjustment
  - The Department requests a fund mix adjustment in FY 2016-17 and ongoing in the amount of $23,813 from the General Fund to cash funds to align the Postage appropriation with utilization.
- Long Bill Alignment
  - The Department requests a budget neutral alignment of the Long Bill in FY 2016-17 and ongoing for a clearer and more visible representation of the Department's organizational structure. The alignment changes are implemented over two years, FY 2016-17 and FY 2017-18.

FY 2015-16 Legislative Initiatives

- Allow individuals who hold a Colorado driver license expired less than one year to convert their Colorado driver license to a Colorado identification card on-line (via the on-line application).

- Add a new liquor license to allow on-premises consumption of malt, vinous and spirituous liquor that does not mandate its primary business be the sale of alcohol, which is a requirement for both Tavern and Hotel and Restaurant liquor licenses.

- Create in statute two new business license types in both the Retail and Medical Marijuana Codes: Operator and Transportation licenses.

- Allows local governments with sales tax deficits to apply to the state to allow the deficit to be paid over time while still receiving partial sales tax distributions that fund local services. Deficits can accrue due to businesses filing amended sales tax returns or audit adjustments.

- Legislative changes to the Licensing Services Cash Fund (LSCF) and Highway Users Tax Fund (HUTF) related to funding the Division of Motor Vehicles.

QUESTIONS

Before Performance Plan Presentation?

Performance Plan

Vision and Mission

Vision

To become a premier Department of Revenue known for its outstanding customer service, innovation, and dedicated employees.

Mission

The Department of Revenue will provide quality service to our customers in fulfillment of our fiduciary and statutory responsibilities while instilling public confidence through professional and responsive employees.

Goals

The Department's FY 2015-16 Strategic Plan focuses on five main goals:

Customer Service - Be respectful to our customers by providing processes that are clear, simple, timely, and convenient.

Fiduciary Responsibility - Provide responsible financial, resource, and project management that builds a sustainable foundation utilizing a high standard of care.

Statutory Responsibility - Promote fairness and consistency in the application of the law.

Employees - Recruit, develop, retain, and value a high-quality, diverse workforce in an environment that promotes collaboration, professional development, and employee innovation.

Public Confidence - Maximize public trust through responsible stewardship and transparent processes.

Major Program Areas

- Taxation Division
- Motor Vehicle Division
- Lottery Division
- Enforcement Division
- Executive Director's Office and Administration

Taxation Division

Tax Call Center

The Tax Call Center will answer calls within an average of 9:30 minutes of entering the queue for FY 2015, with a reduction annually.

	FY13	FY14	FY15*	FY16	FY17	FY18
Objective	0:10:00	0:09:30	0:09:30	0:09:25	0:09:20	0:09:15
Actual	0:09:34	0:09:08	0:12:18			
Difference	0:00:26	0:00:22	0:02:48			

The Tax Call Center will block less than 23% of calls in FY 2015 and ongoing.

	FY13	FY14	FY15*	FY16	FY17	FY18
Objective	25.00%	24.00%	23.00%	23.00%	23.00%	23.00%
Actual	23.75%	23.24%	40.01%			
Difference	1.25%	0.76%	17.01%			

*The Department did not achieve its performance goals for either call center objective this fiscal year. In response to an increase in fraudulent tax filing activity, the Department stopped issuing refunds for several weeks in February and early March. As a result, a significant number of taxpayers attempted to contact the call center. In February and March of 2015, approximately 167,000 taxpayers contacted the call center, while over the same period in 2014 approximately 106,000 taxpayers contacted the call center. This increase in call volume is attributable to the delay in refund issuance while the Department updated its fraud detection capabilities in its accounting system.

Electronic Filing of Tax Returns

Increase e-filed individual income tax returns as a percentage of total income tax returns filed to 82.80% in FY 2015 and increase annually.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	84.00%	82.00%*	82.80%	83.60%	84.50%	85.00%
Actual	80.40%	81.00%	82.36%			
Difference	3.60%	1.00%	0.44%			

* Objective lowered for FY14 due to a lower participation rate of late filers in FY13.

Increase e-filed sales tax returns as a percentage of total sales tax returns filed to 60.70% in FY 2015 and increase annually.

	FY13	FY14	FY15	FY16*	FY17*	FY18
Objective	42.00%	55.20%	60.70%	75.00%	77.00%	80.00%
Actual	48.00%	60.80%	70.22%			
Difference	6.00%	5.60%	9.52%			

*This objective has been consistently met and therefore the objectives for FY16 and FY17 were re-evaluated in April 2015. Original objectives for FY16 was 66.70% and FY17 was 73.50%

Motor Vehicle Division

Call Centers

Title and Registration

Title and Registration Call Center will answer 100% of calls within an average of 1:30 minutes of entering the queue on an annual basis and maintain this percentage each year going forward.

	FY13	FY14	FY15**	FY16	FY17	FY18
Objective	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Actual	63.68%*	100.00%	94.65%			
Difference	36.32%	0.00%	5.35%			

* In January 2014 an error was discovered that was inaccurately reporting the customer wait times.

**This objective was not be met this fiscal year due to high turnover rate in the call center. The training time for replacement employees is lengthy due to the complexity of CSTARS.

Call Centers

Driver Services

The Driver Services Call Center will have an average call wait time of 9:00 minutes on an annual basis beginning in FY 2015.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	0:08:30	0:08:30	0:09:00	0:10:00*	0:10:00	0:10:00
Actual	0:08:27	0:07:48	0:08:12			
Difference	0:00:03	0:00:42	0:00:48			

*This increase is related to the anticipation of increased phone calls due to legislative changes related to HB13-1240 and assigning experienced staff to the DRIVES project.

The Driver Services Call Center will block less than 5% of calls on an annual basis.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Actual	4.10%	5.50%	4.88%			
Difference	0.90%	0.50%	0.12%			

Walk-in Customer Service in Driver License Offices

Driver License customer transactions will be completed within an average of 60 minutes 65% of the time on an annual basis in Driver License offices where Wait-Less is deployed.*

	FY13*	FY14	FY15	FY16**	FY17
Objective	65.00%	65.00%	65.00%		
Actual	64.99%	74.99%	67.39%		
Difference	0.01%	9.99%	2.39%		

* This objective is being replaced with the objective below to better represent the implementation of the DMV strategic plan, expansion of Wait-Less queuing, the addition of more staff and the continuation of the DRIVES project.

Driver License customer transactions will be completed within an average of 15 minutes 50% of the time for FY 2016-17.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	N/A	N/A	N/A	50.00%	65.00%	80.00%
Actual	N/A	N/A	N/A			
Difference	N/A	N/A	N/A			

Walk-in Customer Service in Driver License Offices (cont'd)

Driver License customers with pre-scheduled appointments will be called to the counter within 15 minutes of their scheduled appointment time 90% of the time on an annual basis in Driver License offices where Wait-Less is deployed.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Actual	91.89%	95.36%	87.01%			
Difference	1.89%	5.36%	2.99%			

Online Renewal and Payment

Increase the number of driver license renewals processed online by 5% over the previous year on an annual basis.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	194,513	186,928	148,621	142,224	149,335	156,802
Actual	178,027	141,550	135,451			
Difference	16,486	45,378	13,170			

International Registration Plan (IRP) Electronic Registration

The percentage of International Registration Plan (IRP) registrations completed through electronic filing will increase to 35% in FY15.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	25.00%	30.00%	35.00%	30.00%*	35.00%	40.00%
Actual	26.43%	29.46%	27.06%			
Difference	1.43%	0.54%	7.94%			

*A survey is being conducted to determine why this service is not more utilized by the trucking industry. Objective will be evaluated based on survey results.

Commercial Driver Training and Testing

3rd Party Commercial Driving Schools

Complete required audits of 3rd party Commercial Driving Schools on an annual basis 100% of the time.

	FY13	FY14	FY15*
Objective	100.00%	100.00%	100.00%
Actual	100.00%	100.00%	100.00%
Difference	0.00%	0.00%	0.00%

* This objective has consistently been met and therefore the measure will be discontinued at the end of FY15.

Commercial Driver License Testing Units

Complete required audits* of Commercial Driver License Testing Units on an annual basis 100% of the time.

	FY13	FY14	FY15*
Objective	100.00%	100.00%	100.00%
Actual	100.00%	100.00%	100.00%
Difference	0.00%	0.00%	0.00%

* This objective has consistently been met and therefore the measure will be discontinued at the end of FY15.

Emissions Testing Facilities

Complete number of statutorily required audits of Emissions Testing Facilities on an annual basis 100% of the time.

	FY13	FY14	FY15**
Objective	100.00%	100.00%	100.00%
Actual	100.78%*	100.00%	100.00%
Difference	0.78%	0.00%	0.00%

*The transition effective July 1, 2012 to the new requirements of SB12-012 caused some facilities to be audited more than the pre-SB12-012 quarterly requirement in FY13.

** This objective has consistently been met and therefore the measure will be discontinued at the end of FY15.

Lottery Division

Lottery Sales and Profits

Grow Colorado Lottery sales and profits to maximize proceeds for recipients that are receiving funding at levels defined by the state and achieve a profitability percentage of 24.5% by FY 2017-18.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	23.13%	24.00%	23.50%	22.20%	24.00%	24.50%
Actual	23.83%	23.87%	23.79%			
Difference	0.70%	0.13%	0.29%			

Enforcement Division

Liquor License Processing

By the end of each fiscal year, the Liquor Enforcement Division will reach the objective of initiating final agency action of licenses within 60 days of receipt of local approval 90% of the time.

	FY13	FY14	FY15	FY16*	FY17
Objective	90.00%	90.00%	90.00%		
Actual	92.03%	94.40%	92.40%		
Difference	2.03%	4.40%	2.40%		

* The process to issue a new license and the process to renew a license vary and therefore it has been determined to be beneficial to measure those objectives separately in the two following measures.

By the end of the fiscal year, the Liquor Enforcement Division will reach the objective of initiating final agency action of renewal license applications within 60 days of receipt 95% of the time.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	N/A	N/A	N/A	95.00%	95.00%	95.00%
Actual	N/A	N/A	N/A			
Difference	N/A	N/A	N/A			

By the end of the fiscal year, the Liquor Enforcement Division will reach the objective of initiating final agency action of new license applications within 90 days of receipt 75% of the time.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	N/A	N/A	N/A	75.00%	75.00%	75.00%
Actual	N/A	N/A	N/A			
Difference	N/A	N/A	N/A			

Hiring Personnel

The average number of days it takes the Department to fill 100% of vacant positions from the submittal of the personnel request form to Human Resources to the job offer will be reduced each year.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	54.0	49.0	44.0	44.0	44.0	44.0
Actual	51.4	43.0	47.7			
Difference	2.6	6.0	3.7			

Employee Satisfaction

Improve employee satisfaction by a rate of 5% points on an annual basis for each of the three categories.

Capacity to act on innovative ideas.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	31.00%	39.00%	34.00%	37.00%	40.00%	43.00%
Actual	34.00%	31.00%	N/A			
Difference	3.00%	8.00%	N/A			

Satisfied with opportunities for career growth and advancement.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	39.00%	42.00%	36.00%	38.00%	40.00%	42.00%
Actual	37.00%	34.00%	N/A			
Difference	2.00%	6.00%	N/A			

Leaders give a clear picture of direction.

	FY13	FY14	FY15	FY16	FY17	FY18
Objective	33.00%	39.00%	40.00%	42.00%	44.00%	46.00%
Actual	34.00%	34.00%	N/A			
Difference	1.00%	5.00%	N/A			

Data will be collected upon completion of the DPA Employee Engagement survey.

Regulatory Agenda

Rule and Regulation Review

The Department will review 20% of its rules and regulations each year to ensure compliance with Executive Order 11-5, Executive Order 12-2, and House Bill 12-1008.

	CY13	CY14	CY15	CY16	CY17	CY18
Objective	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Actual	20.00%	21.00%	N/A			
Difference	0.00%	1.00%	N/A			

*This data is reported every six months and will be updated upon the close of the calendar year.

Questions
on the
Performance Plan

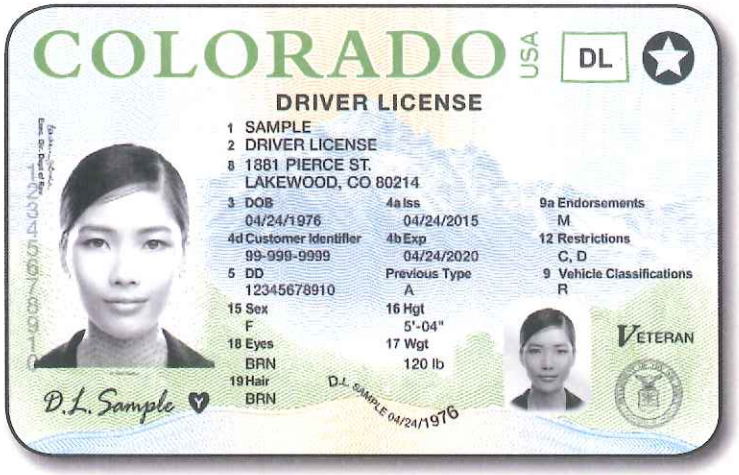
Attachment D

NEW COLORADO DESIGN

Driver License | Instruction Permit | Identification Card

The Colorado DMV will begin issuing driver licenses, instruction permits and identification cards with new designs and enhanced features starting in early 2016. The card design includes an entirely new format and enhanced features, including laser-engraved information in grayscale, as well as new card material.

CURRENT CARDS WILL REMAIN VALID UNTIL THEIR EXPIRATION DATE



FRONT

- Background design features Mt. Sneffels, one of Colorado's peaks over 14,000 feet, and blue, yellow and green coloring
- Large "Colorado" across the top of the card coupled with "USA" and the Colorado border in the color that corresponds with the card type:
  - Green - Driver License and Instruction Permit
  - Red - Identification Card
- Layout of the design corresponds to card holder's age:
  - Horizontal - Adult
  - Vertical - Minor (Under 21 Years of Age)
- Primary photo, document type and customer information (name, date of birth, etc.) laser engraved in grayscale
- Raised print of specific customer and license information
- Semitransparent window with the customer's photo

BACK

- Primary design featuring the Colorado State Capital, with a snowflake-like design, in blue and green coloring
- Standard and 2D barcodes
- Metallic "C" from the Colorado state flag
- State of Colorado and Department of Revenue logos

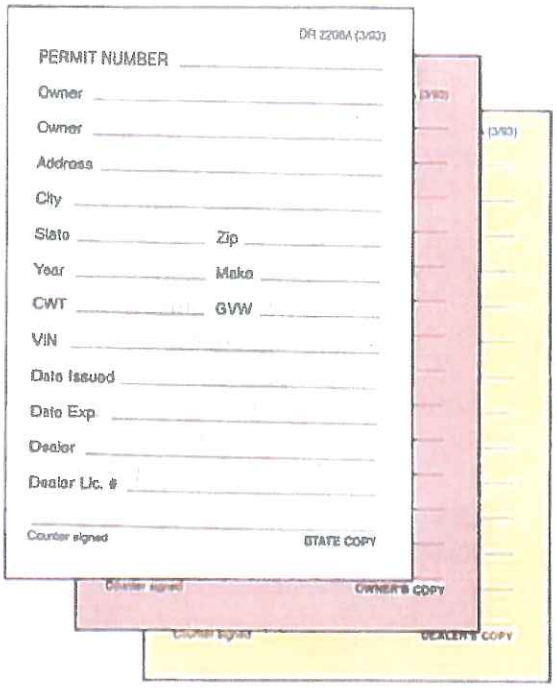
COLORADO
Department of Revenue
Division of Motor Vehicles

MORE INFORMATION AT
WWW.COLORADO.GOV/DMV/NEW-LOOK

card size increased to show detail

RENEW ONLINE @ COLORADO.GOV/DMV

STATE OF COLORADO DEALER STUBS


DR 2208A (3/93)

PERMIT NUMBER _____

Owner _____

Owner _____

Address _____

City _____

State _____ Zip _____

Year _____ Make _____

CWT _____ GVW _____

VIN _____

Date Issued _____

Date Exp. _____

Dealer _____

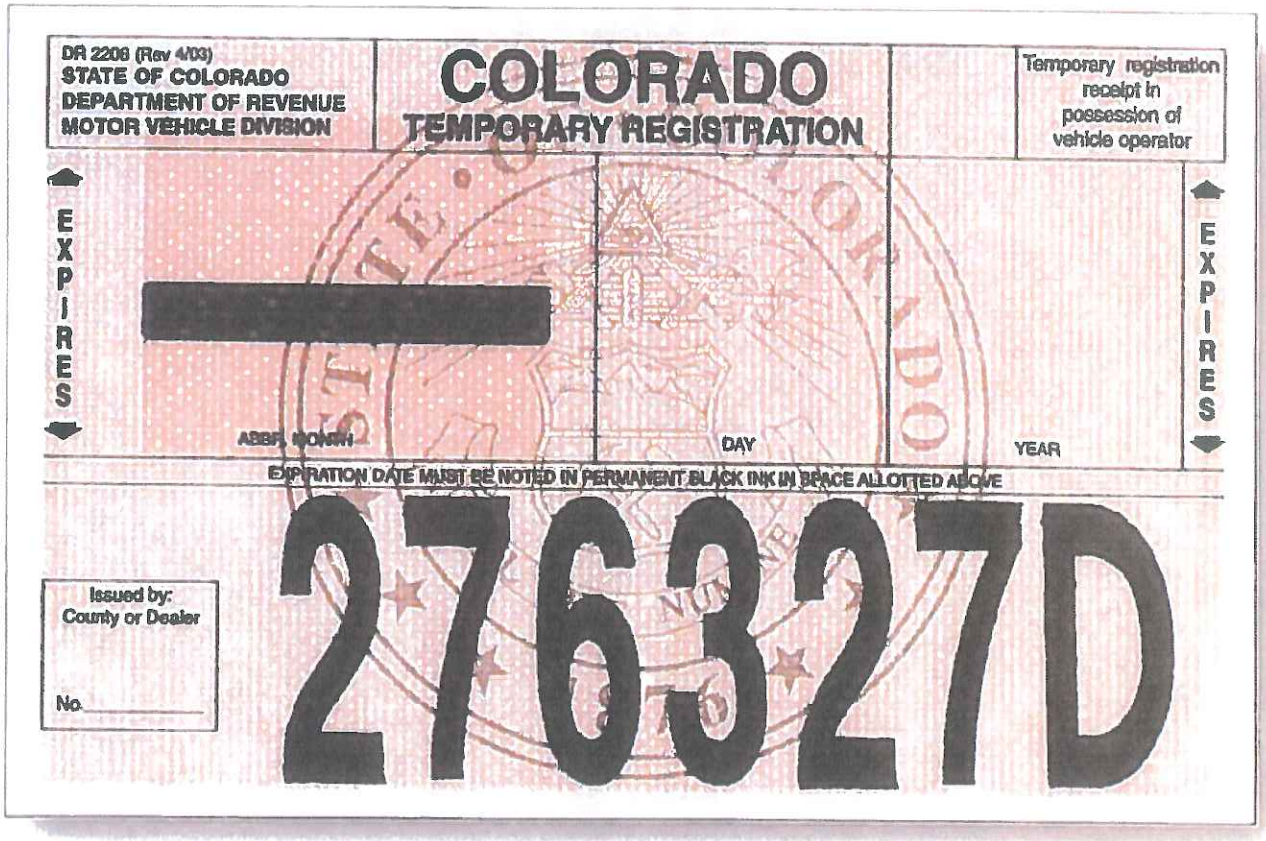
Dealer Lic. # _____

Counter signed STATE COPY

Counter signed OWNER'S COPY

Counter signed DEALER'S COPY

STATE OF COLORADO TEMPORARY REGISTRATION PERMIT


DR 2208 (Rev 4/03)
STATE OF COLORADO
DEPARTMENT OF REVENUE
MOTOR VEHICLE DIVISION

COLORADO
TEMPORARY REGISTRATION

Temporary registration receipt in possession of vehicle operator

EXPIRES

[redacted]

ASSR. MONTH DAY YEAR

EXPIRES

EXPIRATION DATE MUST BE NOTED IN PERMANENT BLACK INK IN SPACE ALLOTTED ABOVE

Issued by:
County or Dealer

No.

276327D

FUTURE - NO BACK BOARD

FUTURE

Laminating Instructions

Mounting Board
- A Base Board
- B Registration / Title Form
- C First Half of Laminate
- D Second Half of Laminate

1. Position Registration B on Mounting Board
   - Peel C Backing Off

2. Apply First Half of Laminate to Mounting Board
   - Lay Laminate Down and Press Over Registration

3. Peel D Backing Off
   - Apply Second Half of Laminate to Mounting Board

4. Lay Laminate Down and Press Over Registration

- Finished New Temporary Permit