

# Office of the General Treasurer

FY 2017 Revised and FY 2018  
Budgets

Staff Presentation  
April 5, 2017

# Summary by Program

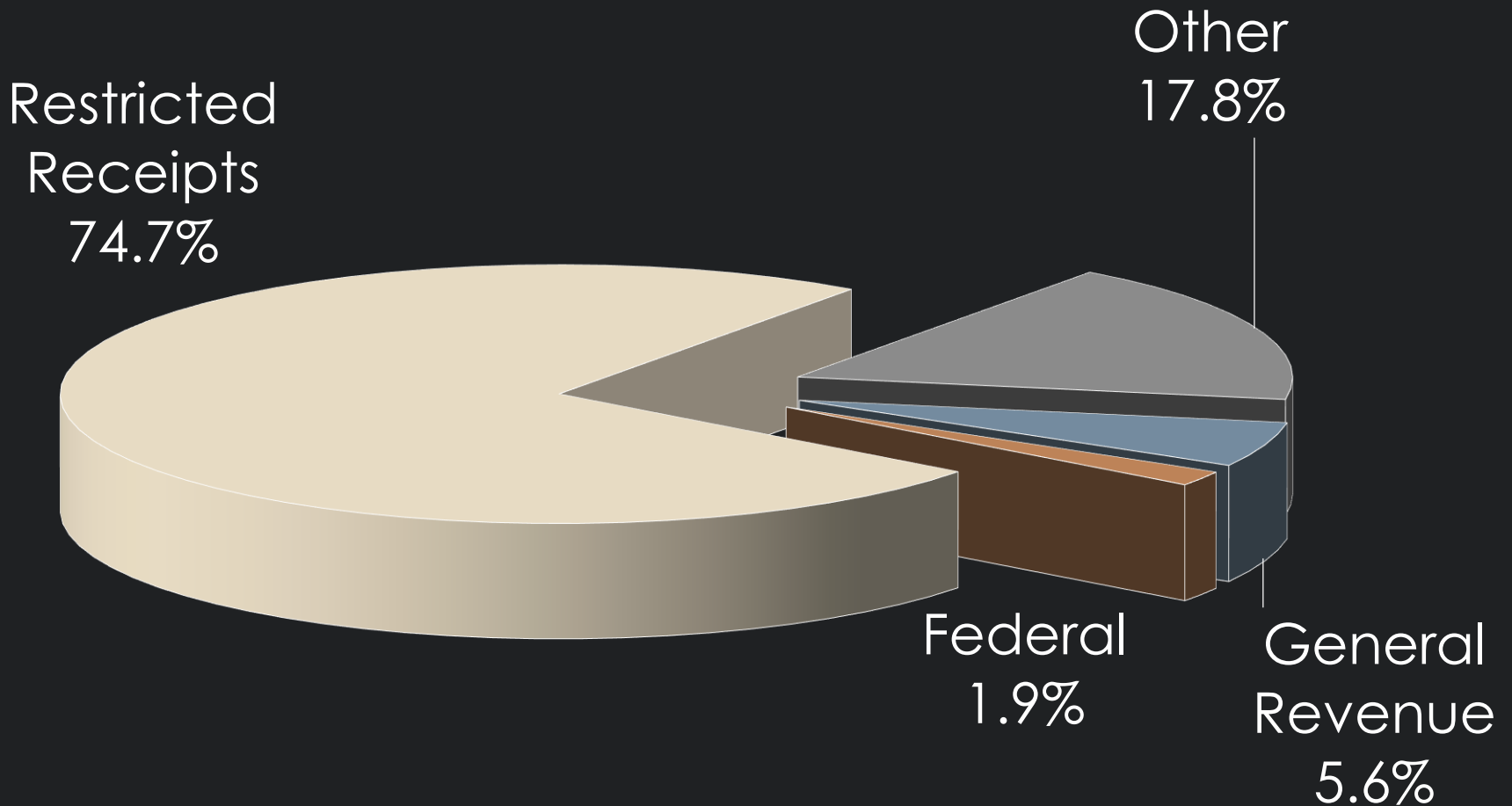
(in millions)	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2018 Governor
General Treasury	\$3.4	\$11.4	\$11.3
Unclaimed Property	22.3	24.4	23.9
Retirement System	9.8	11.3	10.9
Crime Victim Comp.	2.0	2.0	2.0
<b>Total</b>	<b>\$37.6</b>	<b>\$49.1</b>	<b>\$48.0</b>

# Summary by Program

Change to Enacted	FY 2017 Gov. Rev.	FY 2018 Governor
General Treasury*	\$8,045,846	\$7,910,463
Unclaimed Property	2,095,225	1,554,772
Retirement System	1,440,277	1,008,706
Crime Victim Comp.	5,116	(8,928)
Total	\$11,586,464	\$10,465,013

*\*Includes \$8.0 million based on audit finding to show tuition savings fees used for state scholarships in Office of Postsecondary Commissioner's budget as operating transfer*

# FY 2018 Summary by Source



# Target Budget

- Budget Office provided a general revenue target of \$2.5 million
  - Current service adjustments of \$18,271
  - 8.0% reduction of \$220,360
- Request \$174,197 above target
  - No constrained budget submitted

# Salaries and Benefits

## *Full-Time Equivalent Positions*

Full-Time Positions	FTEs	Chg. To Enacted
Enacted Authorized	88.0	-
FY 2018 Request	87.0	(1.0)
FY 2018 Governor	87.0	(1.0)
FY 2016 Average Filled	76.0	(12.0)
Filled as of April 1	83.5	(4.5)

# CollegeBoundSaver

- 2015 Assembly transferred administrative responsibility for state's tuition savings program from HEAA
- Investments managed by Fund manager
  - New manager as of July 12, 2016
  - Name change from *CollegeBoundfund*
- State Investment Commission responsible for oversight & plan selection
- Fees support program & state scholarship programs

# CollegeBoundSaver

- \$0.1 million for one-time costs related to transition to new plan manager in FY 2017
- FY 2018 - \$0.3 million; \$23,363 more than enacted
  - Fully funds 1.8 positions
    - Enacted budget authorized 2.0 positions and funded 1.0
  - Partially offset by reductions to computers, software, dues, fees
  - Consistent with FY 2017 recommendation



# CollegeBoundSaver

- \$8.0 million to show state grant programs funded from tuition savings fees
- Based on Auditor General's advice that GASB standards require revenue transferred to be matched by expenditure in Office's budget
- Showing transfer double counts expenditure
  - Also appears in OPC's budget

# Office of Debt Management

- \$0.4 million from general revenues
  - \$47,565 less than enacted
- 2016 Assembly funded a new Office responsible for monitoring & managing the process by which governmental units issue & manage public debt
  - 1.9 positions
  - Contracted services
  - Technology upgrades
    - public web portal to track public debt
    - Enhancements to debt management system

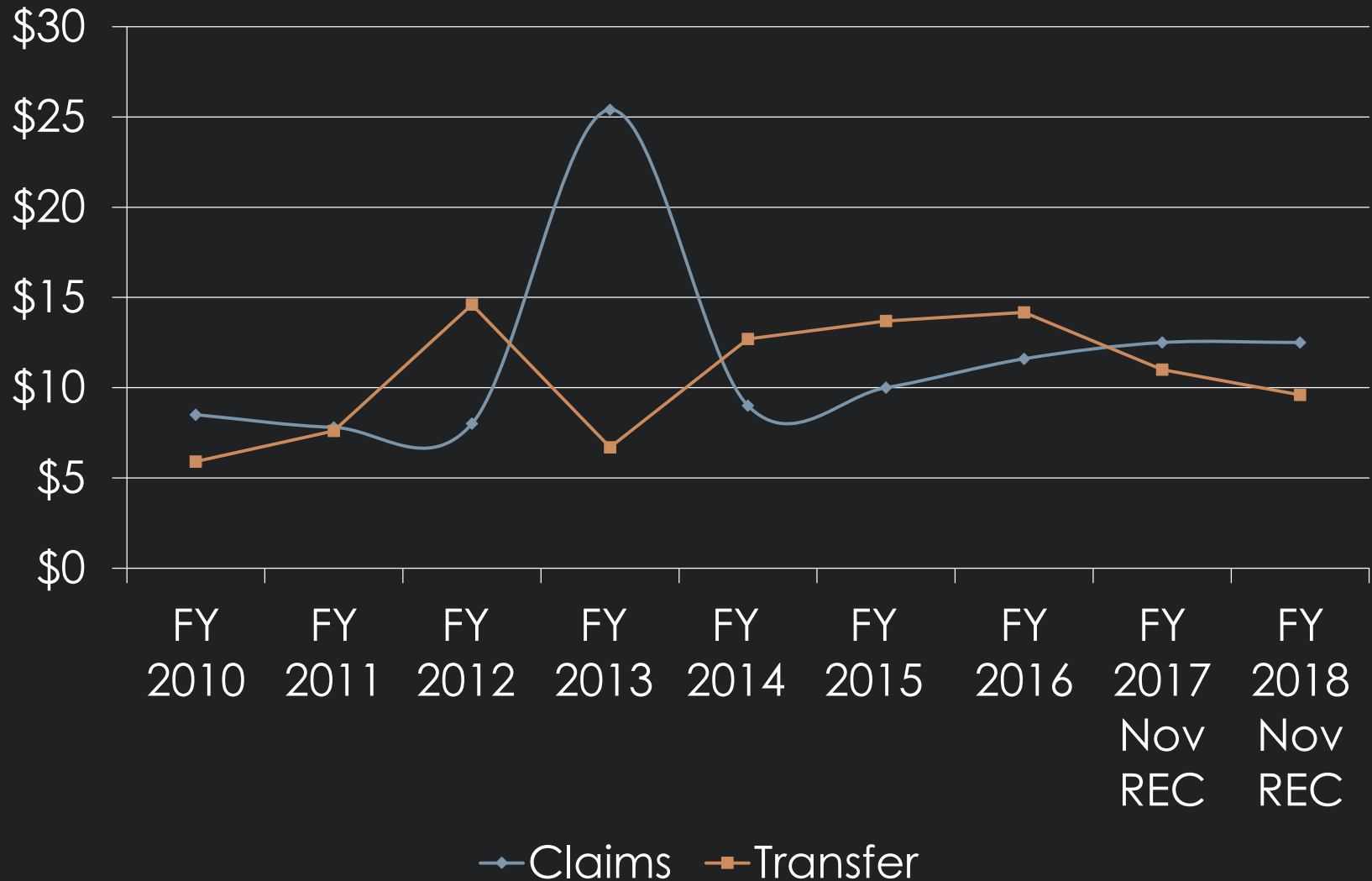
# Unclaimed Property

- Holders of unclaimed property file it with the Treasurer, who attempts to find owners
- Amount remaining after expenses and returns to owners are transferred to state general revenues
  - A portion is set aside in case people claim money before the new revenues come in

# Unclaimed Property

- Transfer to the General Fund
  - \$11.0 million for FY 2017
  - \$9.6 million for FY 2018
  - Same as November estimate
- Claims Payments
  - \$12.5 million for FY 2017
  - \$12.5 million for FY 2018
  - Same as November estimate
- Will be updated in May

# Unclaimed Property



# Unclaimed Property

- Audits - \$0.4 million for FY 2017 & FY 2018
  - Based on previous years' activity
  - Auditors identify accumulated property which is then remitted as revenues
- IT System
  - Existing system is 16 years old
    - On obsolete platform & limited vendor support
  - New system will have on-line holder reporting, imaging platform, on-line claims filing, real time status updates
  - \$85,000 for FY 2017; \$170,000 for FY 2018

# Crime Victim Compensation

- Criminal Injuries Compensation Act of 1996 enables state to compensate innocent victims of violent crimes for certain expenses
  - Medical, dental and hospital expenses
  - Mental health counseling expenses
  - Funeral and burial expenses
  - Relocation expenses
  - Loss of earnings (victim only)
  - Loss of support (dependents of homicide victim)

# Crime Victim Funding

- Restricted Receipts
  - Court fees
- Federal Funds
  - 60% match of claims paid by state
- General Revenues
  - \$2.2 million in FY 2000 through FY 2002
  - \$0.5 million in FY 2003; None for regular claims since
  - \$0.5 million for Station Fire in FY 2005



# Crime Victims Claims

(in millions)	Court Fines	Federal	Total
FY 2010	\$0.4	\$0.8	\$1.2
FY 2011	\$0.6	\$0.8	\$1.4
FY 2012	\$0.8	\$0.8	\$1.7
FY 2013	\$0.8	\$0.8	\$1.5
FY 2014	\$1.0	\$0.6	\$1.6
FY 2015	\$0.9	\$0.3	\$1.2
FY 2016	\$0.8	\$0.4	\$1.2
FY 2017 Gov.	\$0.9	\$0.6	\$1.5
FY 2018 Gov.	\$0.9	\$0.6	\$1.5

# Retirement System

- Administrative costs are funded from 0.175% of average total investments
- \$10.9 million for FY 2018; \$11.3 million for FY 2017
  - \$1.0 million more than enacted for FY 2018
  - \$1.4 million more than enacted for FY 2017
    - Personnel
    - Experience Study
    - Computer Upgrades
    - E-Board Books
    - Governance Study

# Retirement System Personnel

- \$5.8 million for 35.0 positions for FY 2018
  - \$0.3 million more than enacted
    - \$0.2 million to upgrade several positions
      - Includes \$0.1 million for chief investment officer based on compensation analysis
  - \$0.1 million more for FY 2017
    - Funds 2.0 vacant positions for part of the year
      - Account manager & legal counsel filled in Q2 of FY 2017
    - 2016 Assembly increased authorization by 2.0 as requested but did not include funding
      - Junior accountant & customer experience manager both filled during FY 2016

# Retirement Experience Study

- \$0.1 million for FY 2017 only
  - System conducts study every 3 years
  - Evaluates appropriateness of assumptions
    - Based on system's own experience
    - Population or general economic data such as inflation
  - Assumption changes incorporated in future annual valuations that determine rate required to support defined benefit portion of pension system

# Retirement Computer System

- Major overhaul of membership database
  - Additional \$1.3 million for FY 2017
    - Revisions to original contract based on pension settlement changes
    - Hold back payment until full implementation
- \$2.8 million for FY 2018
  - \$0.9 million more than enacted
    - Data conversion & enhancements to allow members to perform more “self-service” functions
  - New system will go live by end of 2017

# Retirement E-Board Books

- Implementation of electronic board for Retirement Board
- \$17,500 for FY 2017; \$55,000 for FY 2018
  - Will provide additional security of confidential financial and medical information on active & retired members
  - Based on recommendation from consultant reviewing Board governance procedures

# Retirement Governance Study

- \$119,000 for FY 2017 to review Board governance
  - Goal is to improve effectiveness of Board and its committees
    - Review Board structure
    - Identify key policy & process issues
    - Conduct workshops with Board members & staff
    - Developed draft policies for Board review
  - Began in late 2016

# Salaries and Benefits

- \$3.7 million for the remaining 48.3 positions for FY 2018
  - \$25,792 less than enacted; \$35,333 more from general revenues
    - Current service adjustments
    - Position upgrades
    - Revisions to cost allocations
    - Turnover savings equal to a 0.6 vacant position
    - Statewide benefit savings



# Statewide Savings

- Assessment to salaries that funds workers' comp., unemployment & unused leave
  - Lowered from enacted based on experience
    - Savings of \$1.2 million in FY 2017
    - Savings of \$1.5 million in FY 2018
- Medical benefit cost growth
  - Lower than initial estimates
    - Savings of \$2.6 million in FY 2018
- Total impact to Office
  - \$3,187 in FY 2017; \$9,647 in FY 2018

# FY 2017 Issues

- Business Processing Performance Analysis
  - \$15,000 from general revenues for analysis of business processing & investment units
    - Streamline cash management & reconciliation functions to be fraud resistant & meet GASB standards
- DC Plan Administration Rebid
  - \$30,000 from general revenues for consultant to assist in RFP for new plan administrator
  - TIAA's 5 year contract ends on June 30, 2017
    - Plan's administrator since inception

# Annual Reporting Requirements

- 2013 Assembly enacted legislation requiring OMB to prepare, review and inventory all reports filed with Assembly
  - Report to be presented to Assembly as part of budget submission annually
- Office is required to submit 15 reports
- Currently submitting 14
  - 1 appears to be obsolete
    - No data to file since 1987

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