OFFICE OF THE GENERAL TREASURER

FY 2013 Revised and FY 2014 Budgets

Staff Presentation
March 13, 2013
### SUMMARY BY PROGRAM

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2014</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enacted</td>
<td>Gov. Rev.</td>
<td>Governor</td>
</tr>
<tr>
<td>General Treasury</td>
<td>$2.7</td>
<td>$2.6</td>
<td>$2.7</td>
</tr>
<tr>
<td>Unclaimed Property</td>
<td>20.7</td>
<td>30.4</td>
<td>18.6</td>
</tr>
<tr>
<td>Retirement System</td>
<td>12.0</td>
<td>10.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Crime Victim Comp.</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$37.6</strong></td>
<td><strong>$45.2</strong></td>
<td><strong>$35.1</strong></td>
</tr>
<tr>
<td>Change to Enacted</td>
<td>FY 2013</td>
<td>FY 2014</td>
<td></td>
</tr>
<tr>
<td>--------------------</td>
<td>------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>General Treasury</td>
<td>($23,929)</td>
<td>$29,161</td>
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<tr>
<td>Unclaimed Property</td>
<td>9,671,116</td>
<td>(2,181,814)</td>
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<tr>
<td>Retirement System</td>
<td>(2,049,895)</td>
<td>(357,986)</td>
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<tr>
<td>Crime Victim Comp.</td>
<td>(17,734)</td>
<td>(436)</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$7,579,558</strong></td>
<td><strong>($2,511,075)</strong></td>
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</tbody>
</table>
FY 2014 SUMMARY BY SOURCE

- Restricted Receipts: 89.4%
- Federal Revenue: 3.2%
- General Revenue: 6.7%
- Other: 0.7%
TARGET BUDGET

• Budget Office provided a general revenue target of $2.5 million
  • Current service adjustments of $105,829
  • 7% reduction of $185,356
• Request met target by recognizing availability and use of restricted receipts to fund administration of DC plan and removed $0.3 million from general revenues
SALARIES AND BENEFITS

Governor recommends $8.8 million for 83.0 FTEs

- $0.4 million more than enacted
- $0.2 million less from general revenues

- Statewide benefit savings
  - $6,614 for FY 2013
  - $11,244 for FY 2014
## Salaries and Benefits

### Full-Time Equivalent Positions

<table>
<thead>
<tr>
<th>Full-Time Positions</th>
<th>FTEs</th>
<th>Chg. To Enacted</th>
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</thead>
<tbody>
<tr>
<td>Enacted Authorized</td>
<td>82.0</td>
<td>-</td>
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<tr>
<td>FY 2014 Request</td>
<td>85.0</td>
<td>3.0</td>
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<tr>
<td>FY 2014 Governor</td>
<td>83.0</td>
<td>1.0</td>
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<tr>
<td>FY 2012 Average Filled</td>
<td>71.6</td>
<td>(10.4)</td>
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<tr>
<td>Filled as of February 9</td>
<td>75.7</td>
<td>(6.3)</td>
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</table>
RETIREMENT SYSTEM POSITIONS

• Requests 3.0 new FTEs and $0.4 million for 4.0 new positions
  • Includes transfer of 1.0 position from treasury operations to the Retirement System
  • New operations manager, junior counselor and 2 staff accountants
• Governor recommends 1.0 new position and funding – intends other new positions be filled within existing authorization based on current vacancies
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
  • $6.3 million for FY 2013
  • $9.6 million for FY 2014

• Claims Payments
  • $24.7 million for FY 2013
  • $8.5 million for FY 2014

• Same as November revenue estimates
UNCLAIMED PROPERTY – AUDITORS

• Program contracts with audit firms to recover unclaimed property from insurance companies, banks, etc.
• Increase in FY 2013 related to one-time revenue from a multi-state examination of large life insurance companies
• $0.4 million for FY 2013
• $0.1 million for FY 2014
UNCLAIMED PROPERTY – IMAGING SYSTEM

- FY 2013 revised budget includes $75,000 to purchase an imaging system
- Program required to maintain all records
- Physical records are deteriorating because of their age
- Provide better customer service as staff will be able to immediately retrieve files
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
  - 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 reg. claims since
  • $0.5 million for Station Fire in FY 2005
<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Court Fines</th>
<th>Federal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008</td>
<td>$1.1</td>
<td>$0.5</td>
<td>$1.6</td>
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<tr>
<td>FY 2009</td>
<td>$0.9</td>
<td>$0.5</td>
<td>$1.4</td>
</tr>
<tr>
<td>FY 2010</td>
<td>$0.4</td>
<td>$0.8</td>
<td>$1.2</td>
</tr>
<tr>
<td>FY 2011</td>
<td>$0.6</td>
<td>$0.8</td>
<td>$1.4</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$0.9</td>
<td>$0.8</td>
<td>$1.7</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$0.9</td>
<td>$0.8</td>
<td>$1.7</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$0.9</td>
<td>$0.8</td>
<td>$1.7</td>
</tr>
</tbody>
</table>
RETIREMENT SYSTEM

• Administrative costs are funded from 0.175% of average total investments
• Supports 47.9 positions
• Governor recommends $11.7 million
  • $0.4 million less than enacted
$0.5 million, $0.2 million more than enacted for experience study as part of the 6/30/13 valuation

- System conducts experience study every 3 years to evaluate assumptions
- Assumption changes are incorporated in future valuations that determine rate required to support the defined benefit portion of system
RETIREMENT - COMPUTER SYSTEM

- $2.0 million for major overhaul of membership database for FY 2013
  - $2.0 million less than enacted
- $3.0 million for FY 2014
- Budget also includes $130,000 for additional IT support for current system
  - As existing system ages, cost of maintaining it increases
RETIREMENT SYSTEM

• Removes $154,500 for fiduciary insurance for board members from FY 2013 and FY 2014

• Adds $140,000 for FY 2013 for legal expenses based on current legal challenge to the changes made by the 2009 and 2011 Assemblies

• Adds $0.1 million to audit payroll contributions from municipal plans
RETIREMENT – DC PLAN ADMINISTRATION

• Major component of new system is a defined contribution plan for all non-public safety state employees, teachers and municipal general employees

• New restricted receipt account to pay expenses related to state’s administration of the new defined contribution plan – exempts from state’s 10% indirect cost recovery
RETIREMENT – DC PLAN ADMINISTRATION

State’s admin costs are part of fee structure for plan participants

- $0.2 million for FY 2014 for costs of administering new plan

FY 2013 budget includes $0.3 million from general revenues

- Assembly committed general revenues for FY 2012 and FY 2013 until fees were able to generate enough revenue to support admin costs