OFFICE OF THE GENERAL TREASURER

FY 2014 Revised and FY 2015 Budgets

Staff Presentation
March 5, 2014

<table>
<thead>
<tr>
<th>Summary by Program</th>
<th>FY 2014</th>
<th>FY 2014</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enacted</td>
<td>Gov. Rev.</td>
<td>Governor</td>
</tr>
<tr>
<td>General Treasury</td>
<td>$3.0</td>
<td>$2.9</td>
<td>$2.8</td>
</tr>
<tr>
<td>Unclaimed Property</td>
<td>18.6</td>
<td>23.2</td>
<td>19.5</td>
</tr>
<tr>
<td>Retirement System</td>
<td>11.7</td>
<td>11.1</td>
<td>10.8</td>
</tr>
<tr>
<td>Crime Victim Comp.</td>
<td>2.1</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>$35.4</td>
<td>$39.3</td>
<td>$35.2</td>
</tr>
</tbody>
</table>
### SUMMARY BY PROGRAM

<table>
<thead>
<tr>
<th>Change to Enacted</th>
<th>FY 2014Gov. Rev.</th>
<th>FY 2015Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Treasury</td>
<td>($92,245)</td>
<td>($197,629)</td>
</tr>
<tr>
<td>Unclaimed Property</td>
<td>4,688,073</td>
<td>965,139</td>
</tr>
<tr>
<td>Retirement System</td>
<td>(525,305)</td>
<td>(829,020)</td>
</tr>
<tr>
<td>Crime Victim Comp.</td>
<td>(217,878)</td>
<td>(192,024)</td>
</tr>
<tr>
<td>Total</td>
<td>$3,852,645</td>
<td>($253,534)</td>
</tr>
</tbody>
</table>

### FY 2015 SUMMARY BY SOURCE

- **Restricted Receipts**: 89.7%
- **Federal Revenue**: 2.5%
- **General Revenue**: 7.2%
- **Other**: 0.6%
TARGET BUDGET
• Budget Office provided a general revenue target of $2.5 million
  • Current service adjustments of $19,453
  • 7% reduction of $187,190
• Request $51,315 above target
  • reduced several non-discretionary expenses
    • Bank fees, fees on bonds and notes
    • Unanticipated activity could reduce savings

SALARIES AND BENEFITS
Governor recommends $8.6 million for 83.0 FTEs
• $0.2 million less than enacted
• $37,433 more from general revenues
• Statewide benefit savings
  • $8,800 for FY 2014
  • $11,165 for FY 2015
Salaries and Benefits

*Full-Time Equivalent Positions*

<table>
<thead>
<tr>
<th>Full-Time Positions</th>
<th>FTEs</th>
<th>Chg. To Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted Authorized</td>
<td>83.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2015 Request</td>
<td>83.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2015 Governor</td>
<td>83.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2013 Average Filled</td>
<td>74.7</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Filled as of February 9</td>
<td>78.5</td>
<td>(4.5)</td>
</tr>
</tbody>
</table>

**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
  • $10.9 million for FY 2014
  • $10.1 million for FY 2015
• Claims Payments
  • $10.2 million for FY 2014
  • $9.5 million for FY 2015
• Same as November revenue estimates
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
### CRIME VICTIMS CLAIMS

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Court Fines</th>
<th>Federal Fines</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<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>$0.8</td>
<td>$0.8</td>
<td>$1.7</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$0.8</td>
<td>$0.8</td>
<td>$1.6</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$0.9</td>
<td>$0.6</td>
<td>$1.5</td>
</tr>
<tr>
<td>FY 2015</td>
<td>$0.9</td>
<td>$0.6</td>
<td>$1.5</td>
</tr>
</tbody>
</table>

### RETIREMENT SYSTEM

- Administrative costs are funded from 0.175% of average total investments
- Supports 47.0 positions
- Governor recommends $10.8 million
  - $0.8 million less than enacted
RETIREMENT SYSTEM – ACTUARIAL EXPENSES

- Removes $0.2 million in enacted budget 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 SYSTEM – MUNICIPAL PAYROLL AUDIT

- $140,000 to audit payroll contributions from municipal plans
  - State is administrative agent for these plans but has no funding responsibility
  - Separate actuarial valuations are performed for each plan
RETIREMENT SYSTEM – LEGAL EXPENSES

• $400,000 for legal expenses based on current legal challenge to the changes made by the 2009 and 2011 Assemblies
  • $0.2 million less than enacted
  • Reflects anticipated wind-down
  • $0.5 million spent since 7/1/10

RETIREMENT – COMPUTER SYSTEM

• $3.8 million for major overhaul of membership database for FY 2014 & FY 2015
  • Final vendor contract agreed to in June 2013
  • Total cost - $21.4 million over 12 years
  • DOA has until 6/30/14 to decide if it wants to link retiree health system
    • Cost $5.0 million - $6.0 million not included in total
TRANSITION COSTS

- Rhode Island General Law entitles all newly elected general officers to space and funds
  - Transition staff, office supplies, equipment
- FY 2015 budget includes $25,000 from general revenues

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 14 reports
- Currently submitting all
  - 1 appears to be obsolete
OFFICE OF THE GENERAL TREASURER

FY 2014 Revised and FY 2015 Budgets

Staff Presentation
March 5, 2014