



SUBCOMMITTEE ON GENERAL GOVERNMENT

Department of the Treasury
Interim Meeting

CHAIRMAN
REPRESENTATIVE BRETT GEYMANN



AGENDA

Department of the Treasury

- **Department of Treasury**
- **FY 08-09 Operating Budget**
- **Statutory Dedications**
- **Salaries and Positions**
- **Travel Expenditures**
- **Unclaimed Property**
- **Student Tuition Assistance Revenue Trust Program**



TREASURY

- The Department of Treasury is responsible for the receipt, custody, investment, and disbursement of public funds for the state. The State Treasurer is an elected official. The department has four (4) programs: Administrative, Fiscal Accountability and Control, Debt Management and Investment Management. Listed below is the mission for each program:
- Administrative - the mission of the program is to provide the leadership, support, and oversight necessary to be responsible for managing, directing, and ensuring the effective and efficient operation of the programs within the State Treasurer.
- Fiscal Accountability and Control - the mission of the program is to provide the highest quality accounting and fiscal reporting controls of all monies in the Treasury.
- Debt Management - the mission of the program is to provide staff to assist the State Bond Commission in carrying out its constitutional and statutory mandates. The State Bond Commission was created pursuant to Article VII, Section 8 of the Louisiana Constitution of 1974.
- Investment Management - the mission of the program (organizationally expressed as the Office of State Depository Control and Investments) is to invest the funds deposited in the State Treasury in a prudent manner, consistent with the cash needs of the state and the directives of the constitution and statutes and within the guidelines and requirements of various funds under management.



TREASURY BUDGET

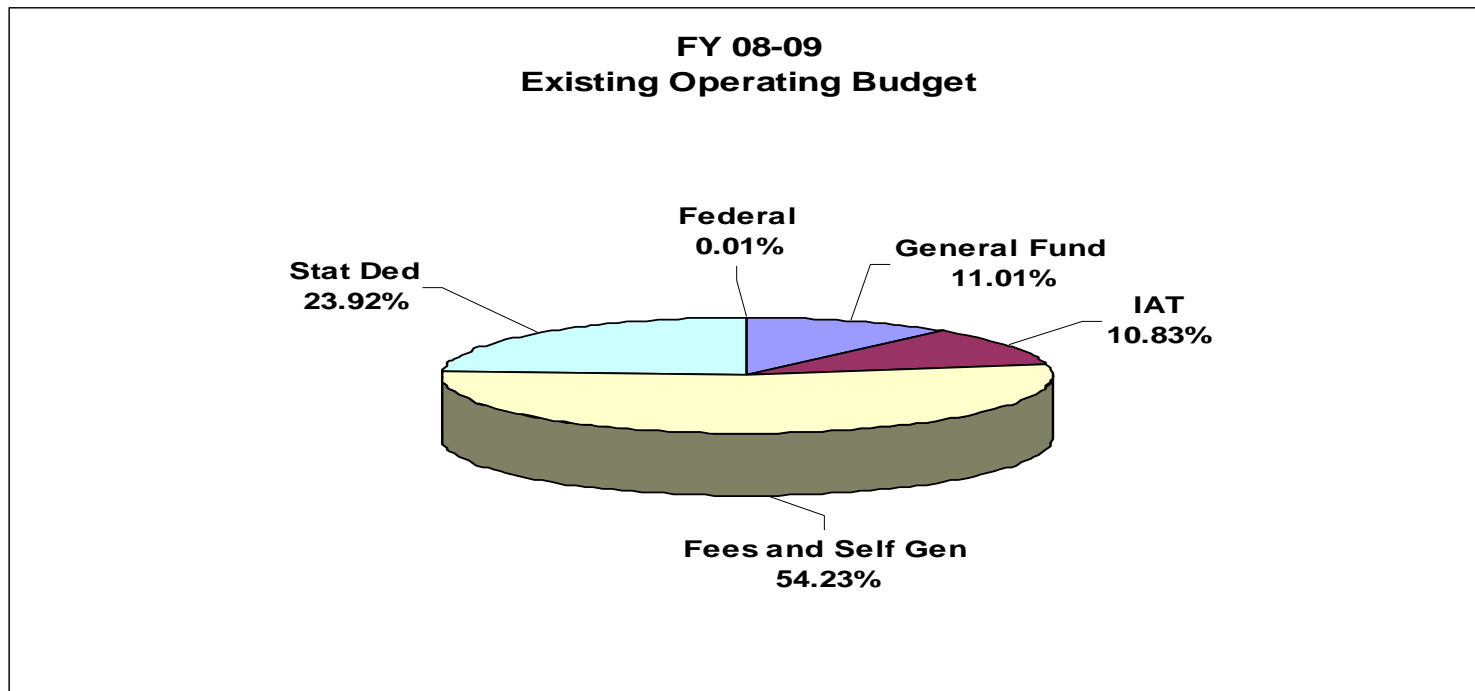
Treasury Budget Comparison					
Means of Finance	FY 07-08 Actual Budget	FY 08-09 Existing Operating Budget	FY 09-10 Requested	Change from FY 08-09 to FY 09-10	Percent Change
State General Fund	\$1,659,969	\$1,459,843	\$1,754,640	\$294,797	20.2%
Interagency Transfers	\$1,320,628	\$1,436,120	\$1,436,120	\$0	0.0%
Fees and Self-Gen Rev	\$6,154,697	\$7,191,041	\$8,784,409	\$1,593,368	22.2%
Statutory Dedications	\$484,105	\$3,171,417	\$3,221,417	\$50,000	1.6%
IEB	\$0	\$0	\$0	\$0	0.0%
Federal Funds	\$0	\$1,000	\$1,000	\$0	0.0%
TOTAL	\$9,619,399	\$13,259,421	\$15,197,586	\$1,938,165	14.6%



TREASURY

BUDGET

- FY 08-09 Existing Operating Budget for the Treasury Department is \$13.3 million in total means of finance and 65 (sixty-five) authorized positions.
- The Treasury Department is appropriated \$3.2 million or 24% of the total budget from statutory dedications in FY 08-09.





TREASURY

STATUTORY DEDICATIONS

The Department of the Treasury has four (4) statutorily dedicated funds in the FY 08-09 budget:

- Incentive Fund
- Louisiana Education Quality Trust Fund (LEQTF)
- Medicaid Trust Fund for the Elderly
- Millennium Trust



STATUTORY DEDICATIONS

INCENTIVE FUND

- Created by Act 1091 of the 2001 Regular Session
- Source of revenue is State General Fund.
- The Treasury Department is appropriated \$1.0 million for expenditures in FY 08-09.
- All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.
- The annual deposit into the fund ceases when the balance in the fund reaches a total of \$4.0 million. The deposits will recommence when the balance in the fund falls below \$3.2 million.
- The current fund balance is \$1.0 million. The Treasury Department will deposit monies into the fund to bring it to \$4.0 million in FY 09-10.



STATUTORY DEDICATIONS

LOUISIANA EDUCATION QUALITY TRUST FUND

- The Department of the Treasury is appropriated \$670,415 for expenditures in FY 08-09 for the expenses attributed to the state treasurer to administer the equity investment program for the investment of the Louisiana Education Quality Trust Fund (LEQTF). Funds are appropriated to the Treasury Department to pay for the costs of a contract for the management of investments of the trust. The department must receive approval from the State Bond Commission to enter into a contract. The Treasury Department is contracting with UBS Prime Consulting. This contract was awarded using the state purchasing bidding guidelines. The proposals are graded for the evaluation criteria set forth in the request for proposals (RFP) document. A recommendation is made to the State Treasurer based on this evaluation. Contracts are awarded based on the State Treasurer's approval. By state law contracts are limited to a period not to exceed three (3) years.
- LEQTF was created by an Act of the Louisiana Legislature in 1986 and an amendment to the Louisiana Constitution passed by the citizens of Louisiana. The act created two (2) special funds within the LEQTF. These funds are the Louisiana Quality Education Support Fund (LQESF) and the Permanent Trust Fund.
- Source of revenue is investment income and is dedicated to the sole purpose of providing educational enrichment programs by the Board of Elementary and Secondary Education (BESE) and the Board of Regents.



STATUTORY DEDICATIONS

LOUISIANA EDUCATION QUALITY TRUST FUND

- LEQTF was established with \$541 million; the fund has grown to more than \$1.1 billion; and the fund has paid out more than \$1.15 billion in earnings to BESE and the Board of Regents. The Louisiana Quality Education Support Fund balance is \$75.9 million and the Permanent Trust Fund balance is \$991 million.
- All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the special funds.



STATUTORY DEDICATIONS

MEDICAID TRUST FUND FOR THE ELDERLY

- The Department of the Treasury is appropriated \$818,458 for expenditures in FY 08-09 to administer the investment and custodial services for the fund. Funds are appropriated to the Treasury Department to pay for the costs of a contract for the management of investments of the trust. The Treasury Department is contracting with UBS Prime Consulting. This contract was awarded using the state purchasing bidding guidelines. The proposals are graded for the evaluation criteria set forth in the request for proposals (RFP) document. A recommendation is made to the State Treasurer based on this evaluation. Contracts are awarded based on the State Treasurer's approval. By state law contracts are limited to a period not to exceed three (3) years.

- Created by Act 143 of the First Extraordinary Legislative Session of 2000.

- Source of revenue is from all income on investment of monies in the fund. Funds may be used as the source of state matching funds for Medicaid to make enhanced payments to local government-owned health care facilities. Only earnings on investments from the fund may be appropriated each fiscal year for services of the state Medicaid Program in the priority as provided by the Act.

- The balance of the Medicaid Trust Fund for the Elderly exceeds \$800 million.

- All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.



STATUTORY DEDICATONS

MILLENNIUM TRUST

- The Department of the Treasury is appropriated \$732,544 for expenditures in FY 08-09 to administer the investment and custodial services for the trust. Funds are appropriated to the Treasury Department to pay for the costs of a contract for the management of investments of the trust. The department must receive approval from the State Bond Commission to enter into a contract. The Treasury Department is contracting with UBS Prime Consulting. This contract was awarded using the state purchasing bidding guidelines. The proposals are graded for the evaluation criteria set forth in the request for proposals (RFP) document. A recommendation is made to the State Treasurer based on this evaluation. Contracts are awarded based on the State Treasurer's approval. By state law contracts are limited to a period not to exceed three (3) years.
- Created by Act 1295 of the 1999 Regular Legislative Session. Act 1295 created three special funds within the Millennium Trust. These funds are the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund.
- Source of revenue is from tobacco settlement proceeds as prescribed by the Master Settlement Agreement executed on November 23, 1998.
- The Millennium Trust balance exceeds \$1.3 billion.
- All unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the special funds.



TREASURY

SALARIES/ POSITIONS

FY 08-09

- \$4.4 million in salaries and \$1.2 million in related benefits
Total Salaries and Related Benefits = \$5.6 million or 41% of the total budget
- Average Salary for the Department = \$68,795
- 65 positions (57 classified and 8 unclassified)
- As of 1/1/09, the department had 3 vacancies
5 yr historical vacancy rate = 5 positions



TREASURY

TRAVEL

The Department of the Treasury has \$112,407 budgeted for travel in FY 08-09. This is 0.8% of their total budget.

Type of Travel	FY 08-09 Budget
In-State Adm/Conferences	\$47,283
In-State Travel Board Members	\$8,947
<u>In-State IT/Training</u>	<u>\$15,732</u>
Total In-State Travel	\$71,962
Out-of-State Conferences	\$37,945
<u>Out-of-State IT/Training</u>	<u>\$2,500</u>
Total Out-of State Travel	\$40,445
TOTAL TRAVEL	\$112,407



TREASURY ISSUES

- Unclaimed Property
- Student Tuition Assistance Revenue Trust Program (START)



UNCLAIMED PROPERTY

- Unclaimed property refers to property being held by an organization that has not had contact with the owner for an extended period of time. Property is usually considered unclaimed after three years when it is turned over to the state. Banks, retailers, credit unions, utilities, corporations, insurance companies, and governmental entities are some of the many sources of unclaimed property.
- It was created by Act 809 of the 1997 Regular Legislative Session in the Department of Revenue. Act 135 of the First Extraordinary Session of 2000 transferred Unclaimed Property to the Department of Treasury from the Department of Revenue.
- The Revenue Estimating Conference (REC) recognizes the net unclaimed property as a revenue source for the State General Fund. The collections are appropriated and expended as State General Fund - direct among the agencies in the general appropriations bill. The REC recognized \$32.0 million to be appropriated for FY 08-09.



TREASURY

UNCLAIMED PROPERTY

UNCLAIMED PROPERTY				
	FY 05-06	FY 06-07	FY 07-08	TOTAL
Claims Processed	16,308	16,963	18,822	52,093
Collections (in millions)	\$48	\$48	\$53	\$149
Refunds (in millions)	\$16	\$21	\$22	\$59
<p>As of December 31, 2008, the number of claims processed is 11,836; the total of cash collections is \$47.8 million; and the total amount refunded is \$10.6 million.</p>				



STUDENT TUITION ASSISTANCE REVENUE TRUST PROGRAM

- The Student Tuition Assistance Revenue Trust Program (START) is an innovative college savings plan designed to help families meet the future high cost of their children's post-secondary education. An education savings account may be opened for a future college student at any age. The savings plan can be tailor made for the student depending upon where and when the student will enroll in college.
- The program is administered by the Louisiana Office of Student Financial Assistance (OFSA), under the direction of the Louisiana Tuition Trust Authority, or LATTA. State Treasurer John Kennedy and a member of the House of Representatives and the State Senate serves on the LATTA Board.
- The department has a contract with Vanguard Investments which invests equities for the state. Investments may be made on behalf of a named beneficiary by anyone, including legal entities, provided that the account owner of the beneficiary is a resident of Louisiana. The investments have declined from \$100 million to \$75 million because of the market conditions. Vanguard was down approximately 32.7% last year.
- As an incentive to save, the State of Louisiana will annually match a percentage of deposits made to an account during the calendar year, depending upon the category into which the account has been classified and the federal adjusted gross income reported by the account owner the previous year. This match is called an Earnings Enhancement. In addition to fixed income investments, START now offers stock market options managed by the Vanguard Group.

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TREASURY

STUDENT TUITION ASSISTANCE REVENUE TRUST PROGRAM

STUDENT TUITION ASSISTANCE REVENUE TRUST			
	2006	2007	2008
Participants	22,570	27,217	32,006
Investment (in millions)	\$128.1	\$169.9	\$179.2

START data is provided by calendar year.