FY18-19 Executive Budget Review

STATE TREASURY

House Committee on Appropriations
Prepared by the House Fiscal Division

March 20, 2018
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Unclaimed Property Program

- Manages the state’s database of unclaimed cash, stocks, bonds, securities, insurance benefits, or other assets.

- Operates an online system for users to search for property in their name and claim it.

- Advertises and promotes the program through outreach events held around the state.

Fiscal Control

- Provides and manages centralized bank account for the deposit of public monies.

- Administers constitutional and statutory funds created within the Treasury.

- Distributes state funds to various local governments.

- Oversees the Cash Management function to provide the opportunity for the greatest investment earnings.

- Administers the Social Security and Medicare coverage program for all public state and local governmental employers throughout the state.
**State Bond Commission**

- Provides staff to assist the State Bond Commission.
- Administers the incurring of public debt.
- Reviews applications from state entities seeking to incur debt or levy taxes.
- Manages and services outstanding bond issues with debt service payments.

**Investment Management**

- Invests the monies deposited in the State Treasury to earn a reasonable rate of return while maintaining safety of principal and liquidity to meet the state’s cash flow needs.
- As part of the cash management program, maintains several investment portfolios each with differing characteristics.
- Manages over $7.2 billion in investment securities including the state trust funds.
$5M increase from the Geaux Pass Transition Fund.

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17
**Governor’s Executive Budget Recommendation
## Major Sources of Revenue

### Self Generated Revenue
**$8.84 Million**
- **$2.0 Million**
  State Bond Commission fees collected for review of the issuance of debt by private and public entities.
- **$4.4 Million**
  Securities Lending Program fees received from investment income on certain debt obligations of the Federal Government.
- **$2.4 Million**
  Unclaimed Property fees collected pursuant to that function.

### Statutory Dedications
**$811,000**
- Louisiana Quality Education Support Fund
- Health Excellence Fund
- Education Excellence Fund
- TOPS Fund
- Medicaid Trust Fund for the Elderly

Statutory Dedication funds are used in accordance to statute to administer the investment programs for the trust funds managed by the State Treasury.

### Interagency Transfers
**$1.7 Million**
Fees collected from agencies that receive central depository banking services provided by the Treasury.
# Funding Overview

<table>
<thead>
<tr>
<th>Means of Financing</th>
<th>FY 16-17 Prior Year Actual Expenditures</th>
<th>FY 17-18 Existing Operating Budget</th>
<th>FY 18-19 Executive Budget Recommendation</th>
<th>$ Change from Existing</th>
<th>% Change from Existing</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Interagency Transfers</td>
<td>$1,488,676</td>
<td>$1,686,944</td>
<td>$1,686,944</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Fees and Self-Gen Rev.</td>
<td>$8,134,796</td>
<td>$8,900,948</td>
<td>$8,840,969</td>
<td>($59,979)</td>
<td>(0.7%)</td>
</tr>
<tr>
<td>Statutory Dedications</td>
<td>$353,768</td>
<td>$811,455</td>
<td>$811,455</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Means of Finance</strong></td>
<td><strong>$9,977,240</strong></td>
<td><strong>$11,399,347</strong></td>
<td><strong>$11,339,368</strong></td>
<td><strong>($59,979)</strong></td>
<td><strong>(0.5%)</strong></td>
</tr>
<tr>
<td>State Effort</td>
<td>$8,488,564</td>
<td>$9,712,403</td>
<td>$9,652,424</td>
<td>($59,979)</td>
<td>(0.6%)</td>
</tr>
</tbody>
</table>

**$59,979 Fees and Self Generated Revenue**

Net reduction primarily due to a 5% reduction. REC forecasts $16.3M in projected collections for FY19.

*Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17*
Historical Fees and Self Generated Revenue (in Thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Securities Lending</th>
<th>Unclaimed Property</th>
<th>SBC Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$1,151</td>
<td>$1,029</td>
<td>$1,375</td>
<td>$3,626</td>
</tr>
<tr>
<td>2002-03</td>
<td>$3,255</td>
<td>$4,808</td>
<td>$5,493</td>
<td>$13,556</td>
</tr>
<tr>
<td>2003-04</td>
<td>$4,808</td>
<td>$8,772</td>
<td>$9,516</td>
<td>$23,196</td>
</tr>
<tr>
<td>2004-05</td>
<td>$9,516</td>
<td>$6,976</td>
<td>$5,820</td>
<td>$22,282</td>
</tr>
<tr>
<td>2005-06</td>
<td>$5,820</td>
<td>$6,118</td>
<td>$8,595</td>
<td>$20,553</td>
</tr>
<tr>
<td>2006-07</td>
<td>$6,118</td>
<td>$11,230</td>
<td>$8,595</td>
<td>$26,955</td>
</tr>
<tr>
<td>2007-08</td>
<td>$8,595</td>
<td>$10,492</td>
<td>$13,041</td>
<td>$32,138</td>
</tr>
<tr>
<td>2008-09</td>
<td>$4,579</td>
<td>$5,820</td>
<td>$8,595</td>
<td>$19,084</td>
</tr>
</tbody>
</table>

Source: Department of the Treasury

House Fiscal Division

Department of the Treasury

Pg 9

Chris Henry 225.342.1394
## Expenditure Change Overview

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>FY 16-17 Prior Year Actual Expenditures</th>
<th>FY 17-18 Existing Operating Budget*</th>
<th>FY 18-19 Executive Budget Recommendation</th>
<th>$ Change from Existing</th>
<th>% Change from Existing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$3,877,888</td>
<td>$3,813,218</td>
<td>$4,029,119</td>
<td>$215,901</td>
<td>5.7%</td>
</tr>
<tr>
<td>Other Compensation</td>
<td>$588,663</td>
<td>$562,917</td>
<td>$562,917</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Related Benefits</td>
<td>$1,904,617</td>
<td>$2,091,655</td>
<td>$2,235,288</td>
<td>$143,633</td>
<td>6.9%</td>
</tr>
<tr>
<td>Travel</td>
<td>$52,742</td>
<td>$112,013</td>
<td>$112,013</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Operating Services</td>
<td>$968,331</td>
<td>$1,259,759</td>
<td>$794,450</td>
<td>($465,309)</td>
<td>(36.9%)</td>
</tr>
<tr>
<td>Supplies</td>
<td>$44,029</td>
<td>$57,372</td>
<td>$57,372</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$173,333</td>
<td>$263,147</td>
<td>$263,147</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Charges</td>
<td>$2,347,304</td>
<td>$3,100,216</td>
<td>$3,145,562</td>
<td>$45,346</td>
<td>1.5%</td>
</tr>
<tr>
<td>Acq/Major Repairs</td>
<td>$20,333</td>
<td>$139,050</td>
<td>$139,500</td>
<td>$450</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$9,977,240</strong></td>
<td><strong>$11,399,347</strong></td>
<td><strong>$11,339,368</strong></td>
<td><strong>($59,979)</strong></td>
<td><strong>(0.5%)</strong></td>
</tr>
<tr>
<td>Authorized Positions</td>
<td>54</td>
<td>54</td>
<td>54</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

**Source:** Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17*
$359,000 - Personal Services

Increased funding to annualize 2% general increase for employees, market rate increase for classified employees, standard salary base adjustment, and related benefits increases.

($465,309) - Operating Services

5% reduction to the Treasury’s budget included during the budget development process. The agency is working on a plan to limit the impacts on the office’s constitutional and statutory responsibilities.
Expenditure History (In Millions)


Other Charges: $3.1
Personnel Services: $6.8
Professional Services: $0.3
Operating Expenses: $1.0
Acquisitions & Major Repairs: $0.1

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17
**Governor's Executive Budget Recommendation

House Fiscal Division
Department of the Treasury
Chris Henry 225.342.1394
## Other Charges

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,686,944</td>
<td>Central Banking Services</td>
</tr>
<tr>
<td>$775,689</td>
<td>Interagency Transfers for statewide services</td>
</tr>
<tr>
<td>$529,669</td>
<td>Trust Fund Investment Management (Millennium Trust, LEQTF, Medicaid Trust for the Elderly)</td>
</tr>
<tr>
<td>$150,000</td>
<td>Population Estimates performed by LSU Ag Center</td>
</tr>
<tr>
<td>$3,260</td>
<td>LaCap Federal Credit Union for Unclaimed Property</td>
</tr>
<tr>
<td>$3,145,562</td>
<td>Total Other Charges</td>
</tr>
</tbody>
</table>

**Source:** Executive Budget Supporting Documents/Dept. of Treasury
TOTAL BUDGET
$11.3 Million

$1.7 Million IAT Double Count

State General Fund
$0

Federal Funds
$0

Statutory Dedications
$812,000

Self Generated Revenue
$8.8 Million

$9.6 Million Remaining

Non Discretionary
$499,000

Discretionary
$8.3 Million

Retiree’s Group Insurance
$221,000

Maintenance
$129,000

Administrative
$127,000

Legislative Auditor Fees
$22,000

Administrative
$4.4 Million

Financial Accountability
$2.1 Million

Debt Management
$1.1 Million

Investment Management
$749,000
### Personnel/Budget Ratio

- **$4.6 M** Salaries and Other Comp.
- **$2.2 M** Related Benefits
- **$6.8 M** Total Personnel Services

**83% of budget expenditures** (excluding Other Charges)

### Authorized Positions

- **54** (44 classified and 10 unclassified)
- State Treasury had 3 vacancies as of 12/25/17
- No Other Charges Positions
- **5** Non-T.O. FTE positions

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*Existing Operating Budget 12/1/17*

**Source:** Dept. of Civil Service and Executive Budget Supporting Documents
State Treasurer
John Schroder
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First Assistant State Treasurer
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