

Louisiana Senate Finance Committee



FY20 Executive Budget

04-147 - Treasury

May 2019

Sen. John A. Alario, President
Sen. Eric LaFleur, Chairman

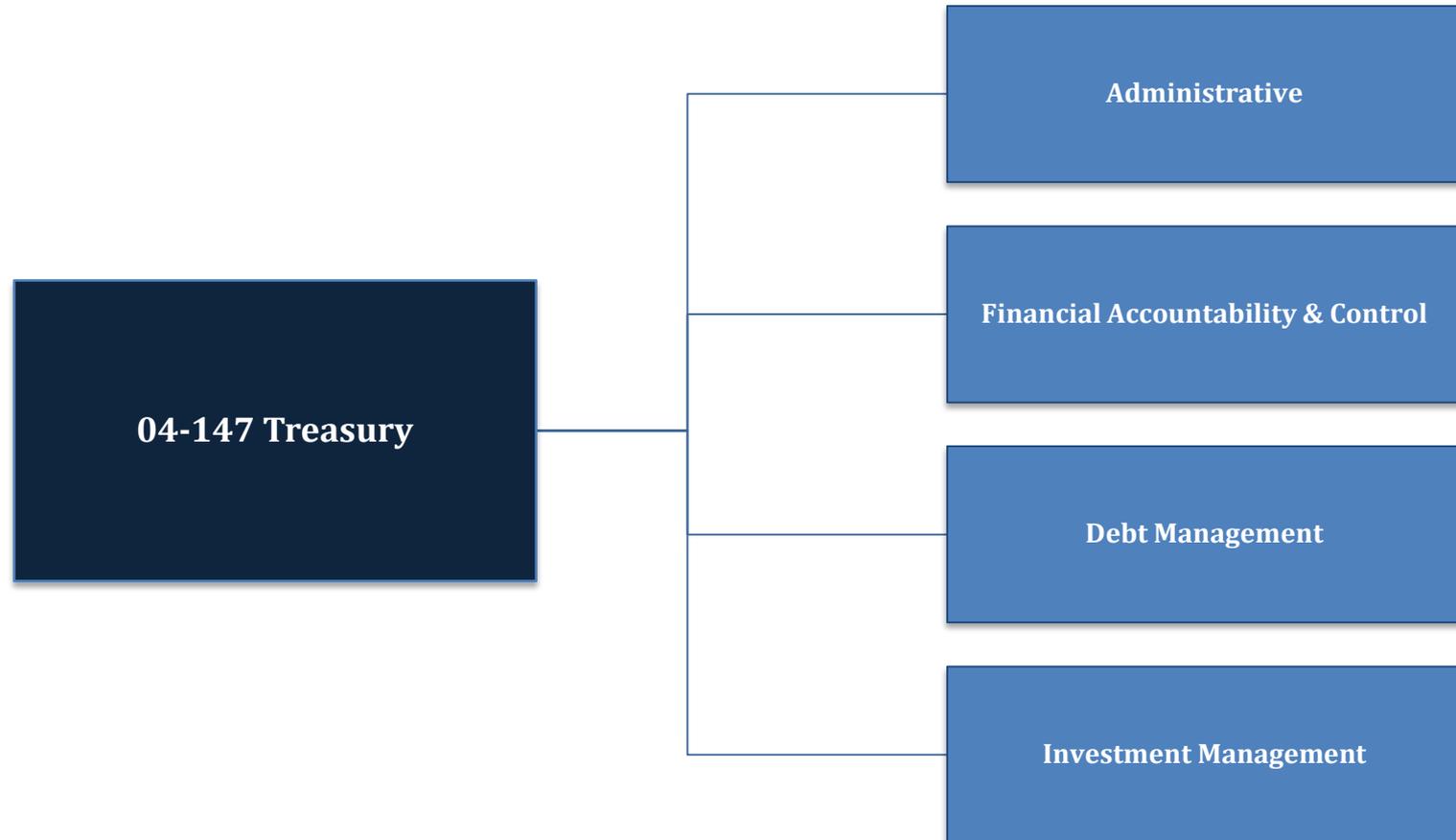




FY20 Proposed Budget

Schedule 04-147 — Department of the Treasury

Departmental mission — The mission of the Department of Treasury is to manage state funds by promoting prudent cash management and investment strategies as well as monitoring, regulating, and coordinating state and local debt obligations as mandated by the Constitution and the laws of the State of Louisiana.





Department of Treasury

FY20 Proposed Means of Finance by Agency

04-147 — Department of Treasury FY20 Proposed Means of Financing by Agency

| Total MOF by Agency | SGF | IAT | FSGR | Stat Deds | Federal | Total |
|-------------------------------------|------------|--------------------|--------------------|------------------|------------|---------------------|
| Administrative | \$0 | \$0 | \$5,288,364 | \$0 | \$0 | \$5,288,364 |
| Financial Accountabilty and Control | \$0 | \$1,686,944 | \$1,833,379 | \$0 | \$0 | \$3,520,323 |
| Debt Management | \$0 | \$0 | \$1,334,182 | \$0 | \$0 | \$1,334,182 |
| Investment Management | \$0 | \$0 | \$776,571 | \$811,455 | \$0 | \$1,588,026 |
| Dept. of Treasury | \$0 | \$1,686,944 | \$9,232,496 | \$811,455 | \$0 | \$11,730,895 |

| Agency | Program Description |
|--------------------------------------|--|
| Administrative | Provides the leadership, support, and oversight necessary to manage, direct, and ensure the effective and efficient operation of programs within the Department of the Treasury to the benefit of the public's interest, including administration of the Unclaimed Property activity. |
| Financial Accountability and Control | Provides accounting and fiscal controls of all monies deposited in the Treasury and to assure that monies on deposit in the Treasury are disbursed in accordance with constitutional and statutory law for the benefit of the citizens of the State of Louisiana and to provide for the internal management and finance functions of the Treasury. |
| Debt Management | Provides staff to assist the State Bond Commission in carrying out its constitutional and statutory mandates. |
| Investment Management | Invests state funds deposited in the State Treasury in a prudent manner consistent with the cash needs of the state, the directives of the Louisiana Constitution and statutes, and within the guidelines and requirements of the various managed funds. |



Treasury

FY18, FY19, and FY20 Comparison

Total Funding — All Means of Finance

| Total Funding | FY18 Actual | FY19 Enacted | FY19 EOB as of 12-1-18 | FY20 Proposed | <i>Difference FY19 EOB HB1 vs. FY20 Proposed</i> |
|--|---------------------|----------------------|------------------------|----------------------|--|
| Administrative | \$ 4,332,627 | \$ 5,149,747 | \$ 5,149,747 | \$ 5,288,364 | \$ 138,617 |
| Financial Accountability & Control | \$ 3,058,680 | \$ 3,679,468 | \$ 3,679,468 | \$ 3,520,323 | \$ (159,145) |
| Debt Management | \$ 1,033,895 | \$ 1,249,798 | \$ 1,249,798 | \$ 1,334,182 | \$ 84,384 |
| Investment Management | \$ 947,695 | \$ 1,560,355 | \$ 1,560,355 | \$ 1,588,026 | \$ 27,671 |
| TOTAL | \$ 9,372,897 | \$ 11,639,368 | \$ 11,639,368 | \$ 11,730,895 | \$ 91,527 |
| Total Authorized FTEs | 54 | 54 | 54 | 54 | 0 |

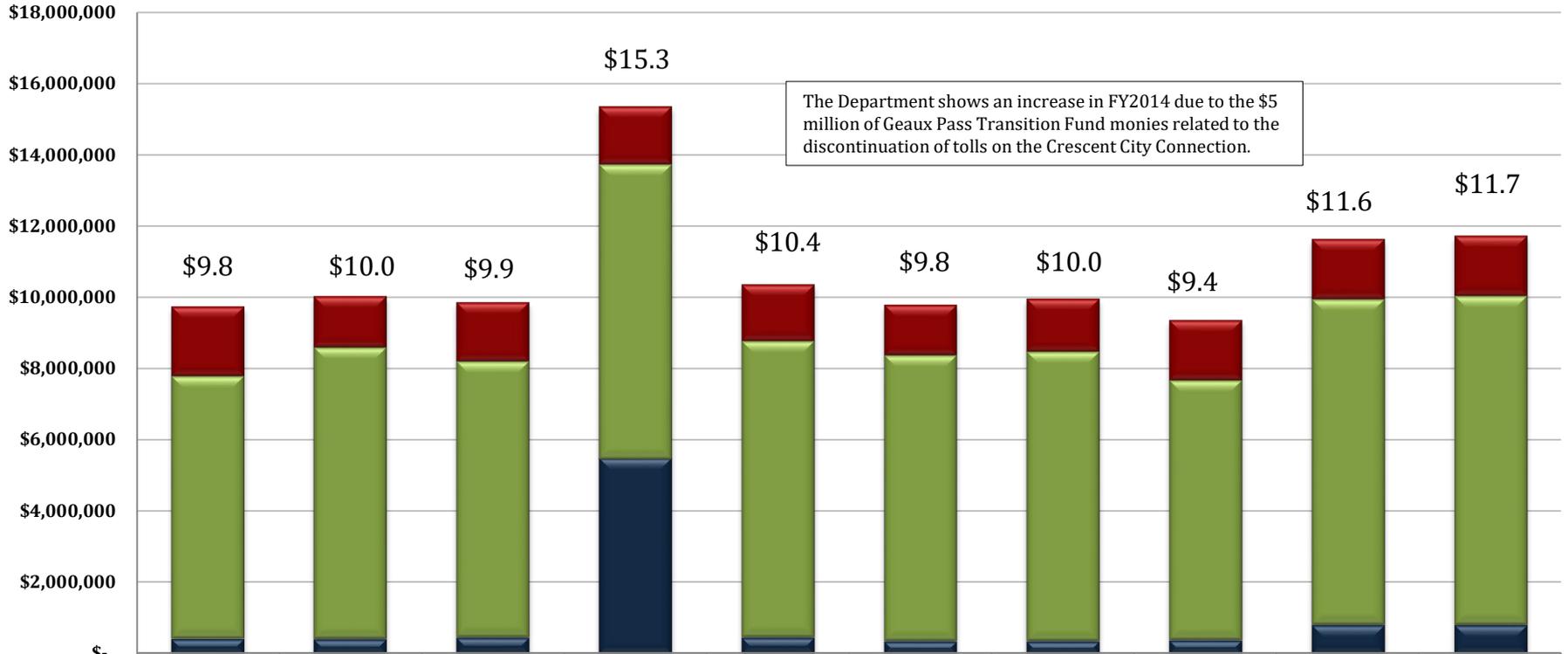


Treasury

Changes in Funding since FY11

**Total Budget by Fiscal Year and Means of Finance
(in \$ millions)**

Change from FY11 to FY20 is +19.4%.



| | FY11 Actual | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actual | FY16 Actual | FY17 Actual | FY18 Actual | FY19 as of 12/1/18 | FY20 Proposed |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|---------------|
| ■ SGF | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| ■ IAT | \$1,952,235 | \$1,438,853 | \$1,658,255 | \$1,628,452 | \$1,588,495 | \$1,421,123 | \$1,488,676 | \$1,686,944 | \$1,686,944 | \$1,686,944 |
| ■ FSGR | \$7,383,132 | \$8,195,085 | \$7,757,281 | \$8,250,602 | \$8,319,502 | \$8,029,294 | \$8,134,796 | \$7,302,148 | \$9,140,969 | \$9,232,496 |
| ■ STAT DED | \$420,094 | \$412,875 | \$460,812 | \$5,469,001 | \$464,741 | \$356,029 | \$353,768 | \$383,805 | \$811,455 | \$811,455 |
| ■ FED | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |



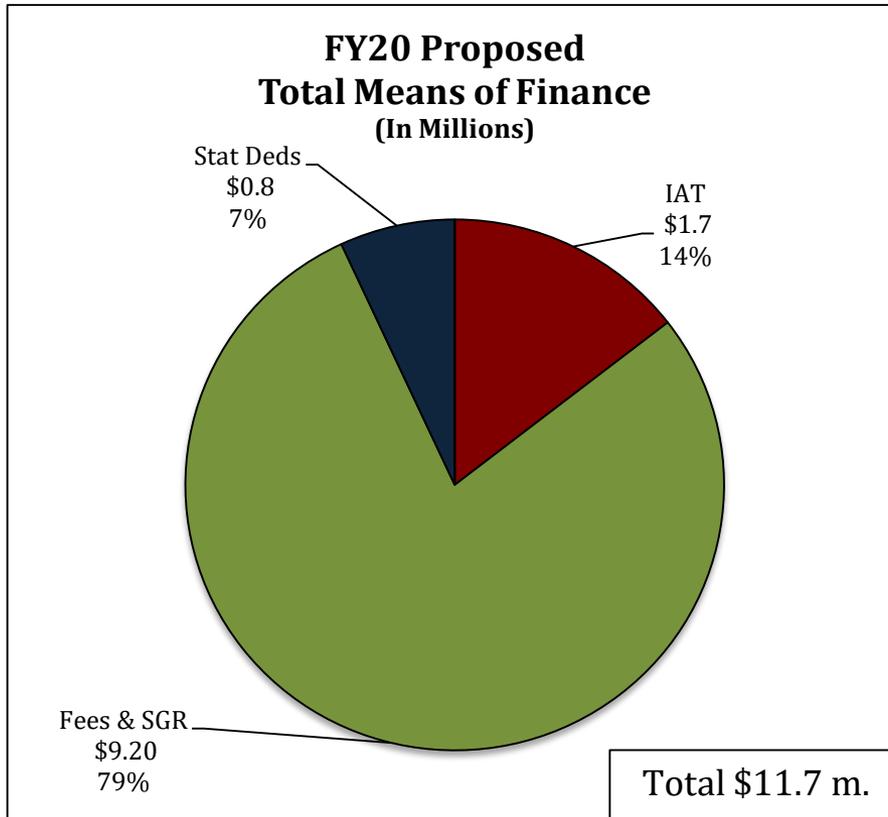
Treasury Changes in Funding since FY11

Treasury's Budget as a Portion of the Total State Budget





FY20 Proposed Means of Finance



Non-SGF Sources of Funding:

Non-SGF means of finance include **Statutory Dedications, Interagency Transfers, and Fees & Self-generated Revenues.**

Interagency Transfers are funded by fees collected from agencies that receive central depository banking services provided by the Treasury.

Fees and Self-generated Revenues are funded by State Bond Commission fees collected for review of the issuance of debt by private and public entities; Securities Lending Program fees received from investment income on certain debt obligations of the Federal Government; and Unclaimed Property fees collected pursuant to that function.

Statutory Dedications are funded by the Louisiana Education Quality Support Fund (C) to administer the equity investment program, the Millennium Trust Fund (C) to administer the investment program, and the Medicaid Trust Fund for the Elderly (C).



Treasury Dedicated Funds FY18, FY19, and FY20

| Dedicated Funds | Source of Funding | FY18 Actual | FY19 EOB | FY20 Proposed |
|--|---|------------------|------------------|------------------|
| Education Excellence Fund | Tobacco Settlement proceeds. | \$38,249 | \$38,249 | \$97,573 |
| Health Excellence Fund | Tobacco Settlement proceeds. | \$38,251 | \$38,251 | \$97,575 |
| Louisiana Quality Education Support Fund | Settlement with the federal government regarding offshore mineral production and leasing. | \$186,515 | \$614,165 | \$499,093 |
| Medicaid Trust Fund for the Elderly | Intergovernmental transfers of fees paid by health care providers. | \$82,539 | \$82,540 | \$19,640 |
| TOPS Fund | Tobacco Settlement proceeds. | \$38,251 | \$38,250 | \$97,574 |
| TOTALS | | \$383,805 | \$811,455 | \$811,455 |



Dept. of Treasury Categorical Expenditures

FY18, FY19, and FY20

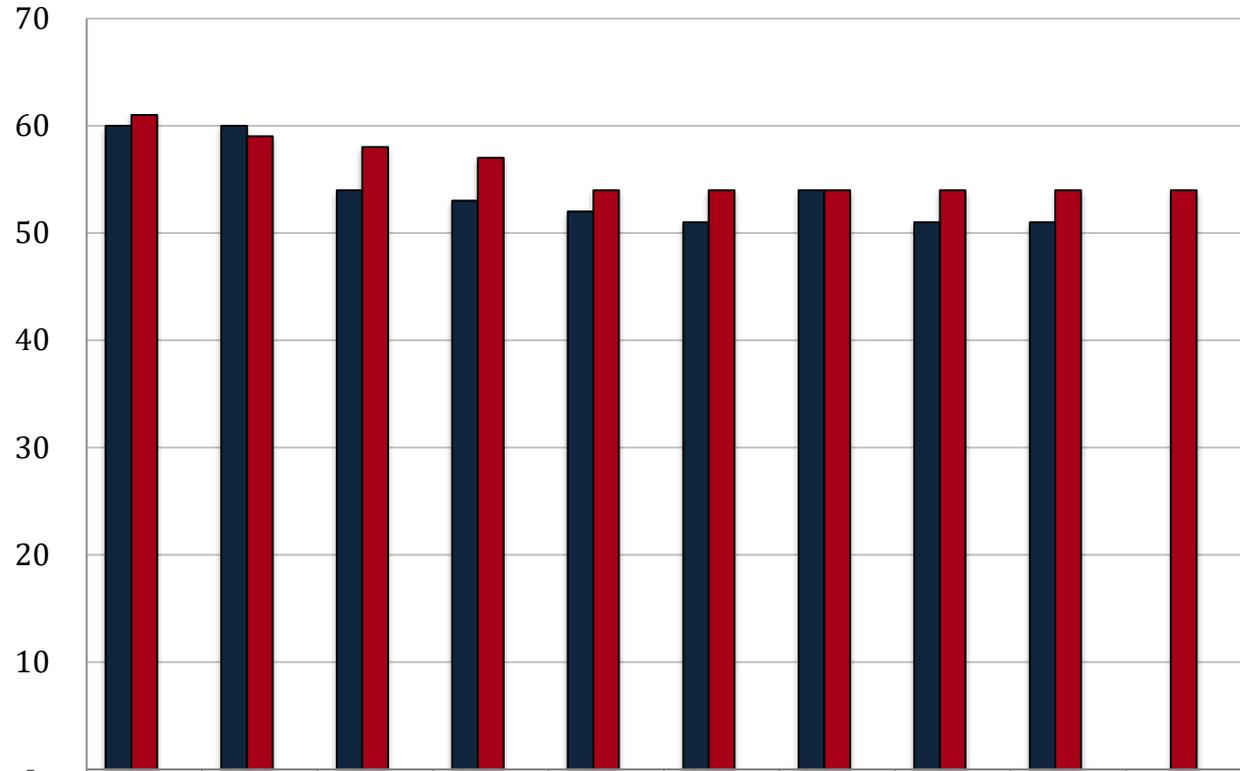
| Expenditure Category | FY18 Actual | FY19 EOB <i>(as of 12-01-18)</i> | FY20 | | Difference FY19 to FY20 |
|--|--------------------|-------------------------------------|---------------------|---------------------------------|----------------------------|
| | | | Proposed Budget | Category as Percent of Total | |
| Personal Services: | \$5,378,652 | \$6,807,324 | \$6,908,803 | 58.89% | \$101,479 |
| Salaries | \$3,385,686 | \$4,009,119 | \$4,025,357 | 34.31% | \$16,238 |
| Other Compensation | \$194,439 | \$562,917 | \$562,917 | 4.80% | \$0 |
| Related Benefits | \$1,798,527 | \$2,235,288 | \$2,320,529 | 19.78% | \$85,241 |
| Operating Expenses: | \$426,896 | \$1,510,520 | \$1,510,520 | 12.88% | \$0 |
| Travel | \$44,822 | \$103,389 | \$103,389 | 0.88% | \$0 |
| Operating Services | \$353,796 | \$1,349,759 | \$1,349,759 | 11.51% | \$0 |
| Supplies | \$28,278 | \$57,372 | \$57,372 | 0.49% | \$0 |
| Professional Services | \$10,684 | \$263,147 | \$263,147 | 2.24% | \$0 |
| Other Charges: | \$3,535,640 | \$2,965,562 | \$2,955,610 | 25.20% | (\$9,952) |
| Other Charges | \$3,156,640 | \$2,189,873 | \$2,189,873 | 18.67% | \$0 |
| Debt Service | \$0 | \$0 | \$0 | 0.00% | \$0 |
| Interagency Transfers | \$379,000 | \$775,689 | \$765,737 | 6.53% | (\$9,952) |
| Acquisitions & Major Repairs: | \$21,025 | \$92,815 | \$92,815 | 0.79% | \$0 |
| Acquisitions | \$21,025 | \$92,815 | \$92,815 | 0.79% | \$0 |
| Major Repairs | \$0 | \$0 | \$0 | 0.00% | \$0 |
| Total Expenditures | \$9,372,897 | \$11,639,368 | \$11,730,895 | 100.00% | \$91,527 |



Department of Treasury

FTEs, Authorized Positions, and Other Charges Positions

Total FY20 Proposed Authorized Positions of 54 are 0.16 % of Total State FY20 Proposed Authorized Positions of 33,675.



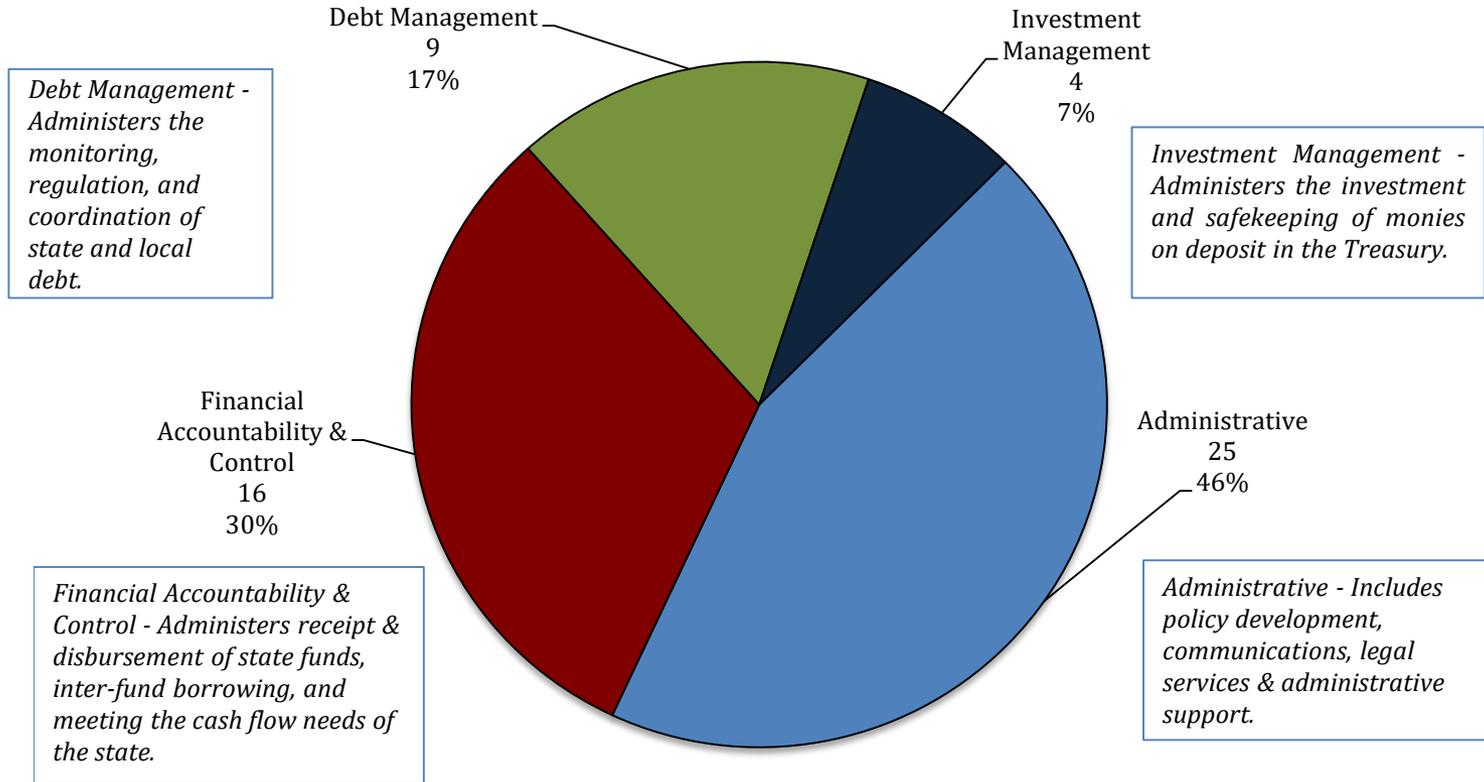
| | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 Prop |
|---|------|------|------|------|------|------|------|------|------|-----------|
| ■ Total FTEs (as of July 1 of each fiscal year) | 60 | 60 | 54 | 53 | 52 | 51 | 54 | 51 | 51 | - |
| ■ Total Authorized Positions (Enacted) | 61 | 59 | 58 | 57 | 54 | 54 | 54 | 54 | 54 | 54 |
| ■ Authorized Other Charges Positions | - | - | - | - | - | - | - | - | - | - |

Notes:
 Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.
 Data for Total Authorized Positions uses fiscal year enacted levels, except for FY20 Proposed.
 Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Treasury

FY20 Proposed Total Authorized Positions by Agency



| Dept. of Treasury | |
|------------------------------------|-----------|
| Administrative | 25 |
| Financial Accountability & Control | 16 |
| Debt Management | 9 |
| Investment Management | 4 |
| Total | 54 |



Significant Budget Adjustments Proposed for FY20

Statewide Adjustments to the Department of Treasury Budget

| State General Fund (Direct) | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal Funds | Total | T.O. | Adjustment |
|-----------------------------|-----------------------|----------------------------------|-----------------------|---------------|-----------------|----------|--|
| \$0 | \$0 | \$104,253 | \$0 | \$0 | \$104,253 | 0 | Market Rate Classified |
| \$0 | \$0 | (\$32,121) | \$0 | \$0 | (\$32,121) | 0 | Related Benefits Base Adjustment |
| \$0 | \$0 | \$105,934 | \$0 | \$0 | \$105,934 | 0 | Retirement Rate Adjustment |
| \$0 | \$0 | \$10,508 | \$0 | \$0 | \$10,508 | 0 | Group Insurance Rate Adjustment for Active Employees |
| \$0 | \$0 | \$8,250 | \$0 | \$0 | \$8,250 | 0 | Group Insurance Rate Adjustment for Retirees |
| \$0 | \$0 | \$13,826 | \$0 | \$0 | \$13,826 | 0 | Salary Base Adjustment |
| \$0 | \$0 | (\$109,171) | \$0 | \$0 | (\$109,171) | 0 | Attrition Adjustment |
| \$0 | \$0 | \$92,815 | \$0 | \$0 | \$92,815 | 0 | Acquisitions & Major Repairs |
| \$0 | \$0 | (\$92,815) | \$0 | \$0 | (\$92,815) | 0 | Non-recurring Acquisitions & Major Repairs |
| \$0 | \$0 | \$1,584 | \$0 | \$0 | \$1,584 | 0 | Risk Management |
| \$0 | \$0 | (\$291) | \$0 | \$0 | (\$291) | 0 | Legislative Auditor Fees |
| \$0 | \$0 | \$5,242 | \$0 | \$0 | \$5,242 | 0 | Maintenance in State-Owned Buildings |
| \$0 | \$0 | (\$6) | \$0 | \$0 | (\$6) | 0 | Capitol Park Security |
| \$0 | \$0 | \$160 | \$0 | \$0 | \$160 | 0 | USPS Fees |
| \$0 | \$0 | (\$708) | \$0 | \$0 | (\$708) | 0 | Civil Service Fees |
| \$0 | \$0 | \$3,920 | \$0 | \$0 | \$3,920 | 0 | Office of Technology Services (OTS) |
| \$0 | \$0 | (\$19,853) | \$0 | \$0 | (\$19,853) | 0 | Office of State Procurement |
| \$0 | \$0 | \$91,527 | \$0 | \$0 | \$91,527 | 0 | Total Statewide Adjustments |



Comparison Adjustments to the State General Fund in the FY20 Continuation, Standstill and Proposed Budgets

| TREASURY | FY19 EOB | FY20 Proposed Budget | FY 20 Continuation Budget | FY20 Standstill Budget | DIFFERENCE | | | | | |
|--------------------|----------|----------------------|---------------------------|------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|----------------------------------|--------------------------------|
| | | | | | CONTINUATION OVER/(UNDER) FY19 EOB | STANDSTILL OVER/(UNDER) FY19 EOB | CONTINUATION OVER/(UNDER) STANDSTILL | PROPOSED OVER/(UNDER) CONTINUATION | PROPOSED OVER/(UNDER) STANDSTILL | PROPOSED OVER/(UNDER) FY19 EOB |
| STATE GENERAL FUND | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Continuation Budget, Standstill Budget, and Proposed Budget

The Treasury receives no state general fund.

Difference between the Governor's Proposed Budget (HB 103 by Rep. Leger) and House Bill No. 105 by Rep. Henry
For this agency, there is no difference between the FY20 budget proposed by the governor and the amount contained in HB 105.

| DEPARTMENT | EOB AS OF 12/01/2018 | HB 103 REP. LEGER | HB 105 REP. HENRY | HB 105 OVER/(UNDER) HB 103 |
|------------|----------------------|-------------------|-------------------|----------------------------|
| Treasury | \$0 | \$0 | \$0 | \$0 |



HAC Changes to HB105 and Comparison to the Proposed FY20 Budget

House Amendments to HB105 - Department of Treasury

| HB 105 | State General Fund | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal | TOTAL |
|---|---------------------------|------------------------------|---|------------------------------|----------------|---------------------|
| Original | \$0 | \$1,686,944 | \$9,232,496 | \$811,455 | \$0 | \$11,730,895 |
| Appropriations Amendments: | State General Fund | Interagency Transfers | Fees and Self-generated Revenues | Statutory Dedications | Federal | TOTAL |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Engrossed | \$0 | \$1,686,944 | \$9,232,496 | \$811,455 | \$0 | \$11,730,895 |
| <i>Difference HB105 Original to HB105 Engrossed</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> |
| FY20 Proposed | \$0 | \$1,686,944 | \$9,232,496 | \$811,455 | \$0 | \$11,730,895 |
| <i>Difference HB105 Original to FY20 Proposed</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> |
| <i>Difference HB105 Engrossed to FY20 Proposed</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> | <i>\$0</i> |



Department of Treasury

Major Initiatives: Unclaimed Property

- The Louisiana Unclaimed Property Act can be found at LRS 9:151 *et seq.*
- Under the provisions of the Unclaimed Property Act, any business holding intangible personal property owed to a person or another business must report and transfer that property to the state if it has not been claimed by the rightful owner for a certain period of time (holding period).
- Individuals can search for unclaimed property in their name by searching the Treasury's unclaimed property page. To claim property, positive proof of ownership must be provided. This is done by providing the Social Security Number (SSN) in Treasury records, verifying a current and/or previous address, or proving an association with the holder. Processing time may take up to 90 days depending on the volume of claims.
- The Treasury publishes only dollar ranges to protect the privacy of owners. If the value of a claim is more than \$1,000, the individual claiming ownership must provide a notarized claim form.
- Legal heirs of an owner can claim property ownership by presenting court recognized documents.
- Since Fiscal Year 1973, Unclaimed Property has received \$1.3 billion in cash remittances. Disbursements have totaled \$499.5 million during that same period. The net amount held in the Treasury is \$839.5 million.
- Below are the disbursement amounts for each of the past 5 years. The FY19 number is as of April 5, 2019.

| FY15 | FY16 | FY17 | FY18 | FY19 |
|--------------|--------------|--------------|--------------|--------------|
| \$34,136,225 | \$35,222,162 | \$27,638,047 | \$30,562,913 | \$39,783,376 |