

Louisiana Senate Finance Committee



FY22 Recommended Budget

04-147 Treasury

March 2021

*Senator Patrick Page Cortez, President
Senator Bodi White, Chairman*

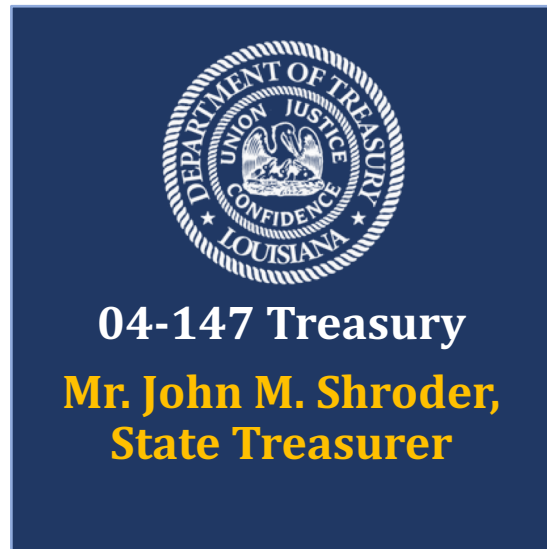




04-147 — Department of the Treasury

Schedule 04D

The Department of the Treasury acts as the financial authority of the state by managing state funds through cash management, investment strategies, monitoring, regulating, coordinating state and local debt obligations and providing banking services to state agencies.



Administrative

Support Staff
Unclaimed Property

Financial Accountability & Control

Centralized Banking
Fund Creation and Disbursements
Cash Management

Debt Management

State Bond Commission

Investment Management

Maximizing returns while meeting
cash needs



04-147 — Department of the Treasury

Divisions



Administration

- Office functions including scheduling, communications, human resources, outreach, IT and legislative affairs
- Unclaimed Property Program - returns unclaimed cash, stocks, bonds, securities and insurance proceeds back to citizens



Financial Accountability and Control

- Provides and manages centralized banking services for state agencies
- Provides an accounting of all state receipts and controls fund disbursements out of the state treasury
- Oversees the cash management function of the state
- Administers Social Security and Medicare coverage program for public employers throughout the state



Debt Management

- Provides the staff for the State Bond Commission which:
 - Receives and reviews applications to incur debt or levy taxes from parishes, municipalities, special taxing districts and other political subdivisions of the state
 - Incurs and manages state debt
 - Reports the state debt capacity and provides advice to the Commission on various debt strategies and issues



Investment Management

- Invests deposits into the State Treasury to maximize returns while navigating the state's cash flow needs
- Manages over \$9 billion in about 25 portfolios
- The state funds include the state's general fund and various trust funds for healthcare, education and transportation
- Manages investments in the START college savings program

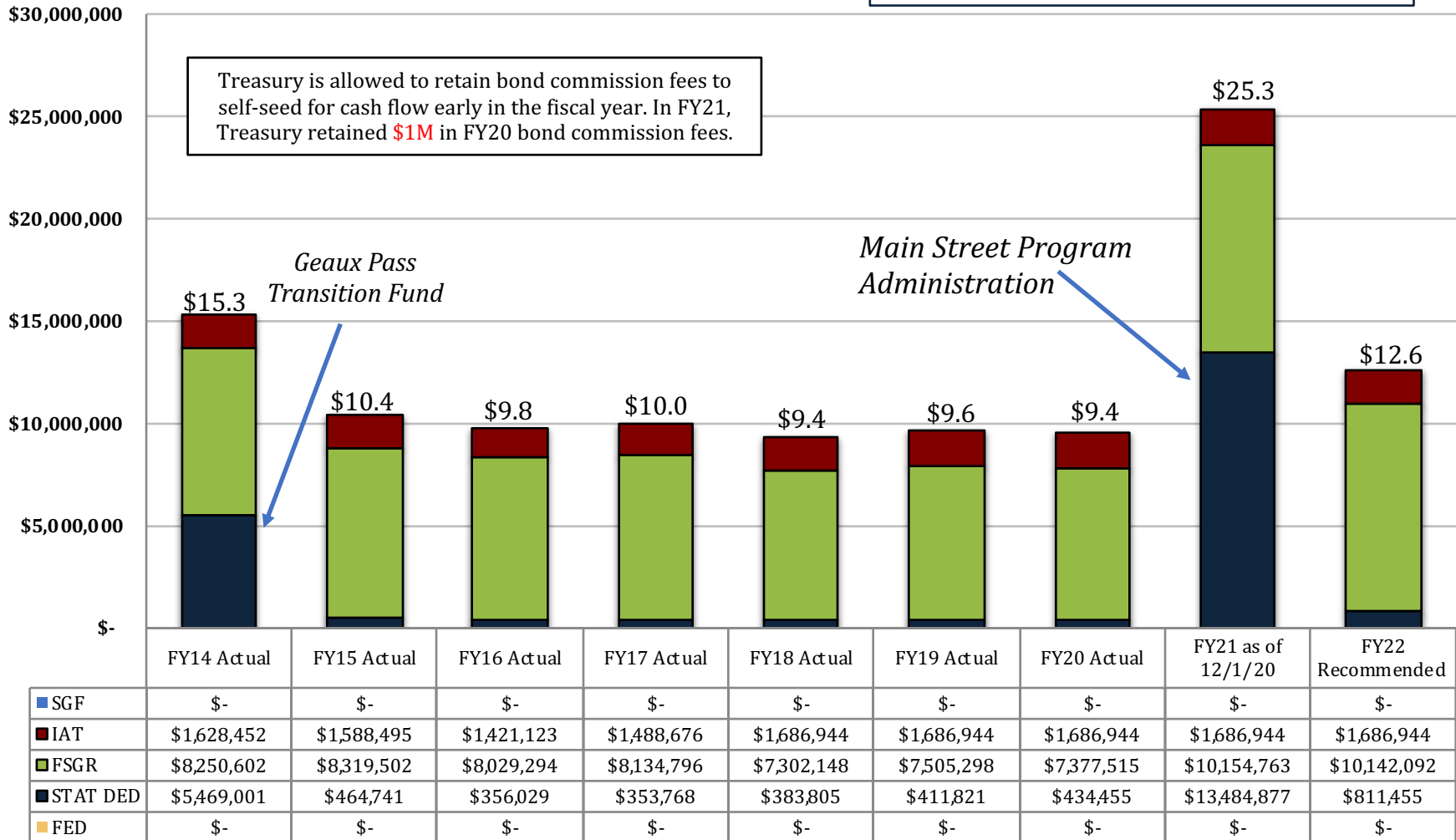


04-147 — Department of the Treasury

Changes in Funding since FY14

Total Budget by Fiscal Year and Means of Finance

Change from FY14 to FY22 is -18%.





04-147 — Department of the Treasury

FY22 Statewide and Agency Specific Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$1,686,944	\$10,021,540	\$13,484,877	\$0	\$25,193,361	61	FY21 Existing Operating Budget as of 12-1-20
\$0	\$0	\$96,671	\$0	\$0	\$96,671	0	Market Rate Classified
\$0	\$0	\$4,765	\$0	\$0	\$4,765	0	Civil Service Training Series
\$0	\$0	(\$41,461)	\$0	\$0	(\$41,461)	0	Related Benefits Base Adjustment
\$0	\$0	(\$24,451)	\$0	\$0	(\$24,451)	0	Retirement Rate Adjustment
\$0	\$0	\$16,331	\$0	\$0	\$16,331	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$4,800	\$0	\$0	\$4,800	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	\$33,083	\$0	\$0	\$33,083	0	Salary Base Adjustment
\$0	\$0	(\$97,206)	\$0	\$0	(\$97,206)	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	\$0	(\$12,673,422)	\$0	(\$12,673,422)	0	Coronavirus Relief Fund (Section 5001 of the CARES Act)
\$0	\$0	\$22,762	\$0	\$0	\$22,762	0	Risk Management
\$0	\$0	\$9,179	\$0	\$0	\$9,179	0	Legislative Auditor Fees
\$0	\$0	\$3,367	\$0	\$0	\$3,367	0	Maintenance in State-owned Buildings
\$0	\$0	\$4,029	\$0	\$0	\$4,029	0	Capitol Park Security
\$0	\$0	(\$402)	\$0	\$0	(\$402)	0	USPS Fees
\$0	\$0	\$1,535	\$0	\$0	\$1,535	0	Civil Service Fees
\$0	\$0	\$7,984	\$0	\$0	\$7,984	0	Office of Technology Services (OTS)
\$0	\$0	(\$3,434)	\$0	\$0	(\$3,434)	0	Office of State Procurement
\$0	\$0	\$37,552	(\$12,673,422)	\$0	(\$12,635,870)	0	Total Statewide Adjustments
\$0	\$0	\$83,000	\$0	\$0	\$83,000	1	Total Other Adjustments
\$0	\$1,686,944	\$10,142,092	\$811,455	\$0	\$12,640,491	62	Total FY22 Recommended Budget
\$0	\$0	\$120,552	(\$12,673,422)	\$0	(\$12,552,870)	0	<i>Total Adjustments (Statewide and Agency-specific)</i>

Other Adjustments

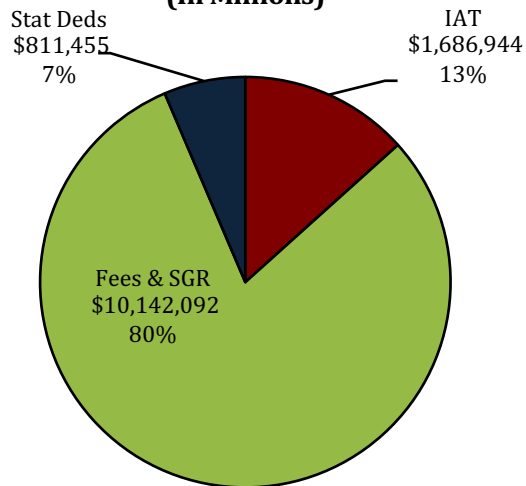
State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$83,000	\$0	\$0	\$83,000	1	Debt Management - Provides for an increase in Fees and Self-Generated Revenue for a Debt Analyst position. This position is needed to review election and debt applications from political subdivisions of the State of Louisiana and other duties related to managing the state's debt.
\$0	\$0	\$83,000	\$0	\$0	\$83,000	1	Total Non-recurring Other Adjustments



04-147 — Department of the Treasury

Total Funding	FY20 Actual	FY21 Enacted	FY21 EOB as of 12-1-20	FY22 Recommended	Difference FY21 EOB to FY22 Recommended
Interagency Transfers	\$1,686,944	\$1,686,944	\$1,686,944	\$1,686,944	\$0
Fees and Self-generated Revenue	\$7,377,515	\$10,021,540	\$10,021,540	\$10,142,092	\$120,552
Statutory Dedications					
Main Street Recovery Fund	\$0	\$15,000,000	\$12,673,422	\$0	(\$12,673,422)
Education Excellence Fund	\$57,054	\$114,240	\$114,240	\$114,240	\$0
Health Excellence Fund	\$57,065	\$114,242	\$114,242	\$114,242	\$0
TOPS Fund	\$57,064	\$114,240	\$114,240	\$114,240	\$0
Louisiana Education Quality Support Fund	\$243,911	\$449,093	\$449,093	\$449,093	\$0
Medicaid Trust Fund for the Elderly	\$19,361	\$19,640	\$19,640	\$19,640	\$0
TREASURY TOTAL	\$9,498,914	\$27,519,939	\$25,193,361	\$12,640,491	(\$12,552,870)
Total Positions	54	61	61	62	1

FY22 Recommended Means of Finance (In Millions)



Total \$12.6M

\$12,552,870 Budget Adjustments = non-recur Main Street Administrative expenses (\$-12.7M) with other statewide adjustments and add a debt analyst position (+\$83,000).

Interagency Transfers = fees from most agencies in the State for central depository banking services provided by the Treasury

Fees and Self-generated Revenue

- **\$2.0M** - State Bond Commission (SBC) fees are an application fee and a percentage of debt at closing paid by public entities and by private companies issuing debt requiring SBC approval
- **\$4.8M** - Securities Lending Program fees received from protected short-term lending of securities held by Treasury
- **\$3.3M** - Unclaimed property fees as a percentage of collections as determined by program needs up to 7%

Statutory Dedications = fees for investment services for the Millennium Trust Fund, the Medicaid Trust Fund for the Elderly and the Louisiana Education Quality Support Fund



Department of Treasury

FY21 Enacted vs. FY22 Recommended Comparison by Agency

FY21 Enacted Means of Finance by Program	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$5,824,263	\$15,000,000	\$0	\$20,824,263
Financial Accountability & Control	\$0	\$1,686,944	\$2,043,110	\$0	\$0	\$3,730,054
Debt Management	\$0	\$0	\$1,364,189	\$0	\$0	\$1,364,189
Investment Management	\$0	\$0	\$789,978	\$811,455	\$0	\$1,601,433
Treasury TOTAL	\$0	\$1,686,944	\$10,021,540	\$15,811,455	\$0	\$27,519,939

FY22 Recommended Means of Finance by Program	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$5,775,829	\$0	\$0	\$5,775,829
Financial Accountability & Control	\$0	\$1,686,944	\$2,099,049	\$0	\$0	\$3,785,993
Debt Management	\$0	\$0	\$1,476,924	\$0	\$0	\$1,476,924
Investment Management	\$0	\$0	\$790,290	\$811,455	\$0	\$1,601,745
Treasury TOTAL	\$0	\$1,686,944	\$10,142,092	\$811,455	\$0	\$12,640,491

Change from FY21 Enacted to FY22 Rec. by Program	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	(\$48,434)	(\$15,000,000)	\$0	(\$15,048,434)
Financial Accountability & Control	\$0	\$0	\$55,939	\$0	\$0	\$55,939
Debt Management	\$0	\$0	\$112,735	\$0	\$0	\$112,735
Investment Management	\$0	\$0	\$312	\$0	\$0	\$312
Treasury TOTAL	\$0	\$0	\$120,552	(\$15,000,000)	\$0	(\$14,879,448)

Main Street Admin.

New Debt Analyst Position

- The Department's total FY22 Recommended Budget decreased by \$14.9M, primarily due to the one-time Main Street Program administrative fees in the Administrative Program (-\$15M) in FY21 and an added debt analyst position in the Debt Management Program (\$83,000) in FY22.
- All other changes from FY21 Enacted to FY22 Recommended are due to statewide adjustments.

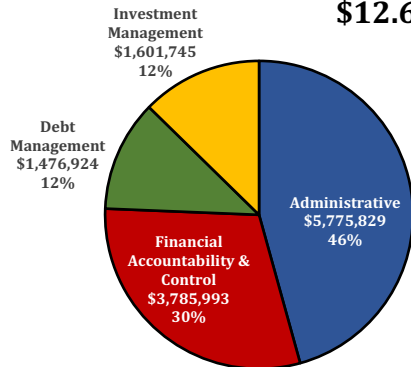


Department of Treasury

FY20, FY21 and FY22 Funding and Positions by Program

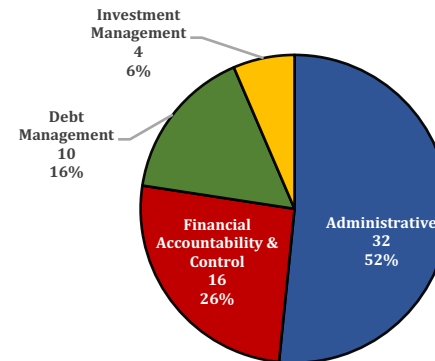
	FY20 Actual	FY21 Enacted	FY21 EOB as of 12-1-20	FY22 Recommended	Difference FY21 EOB vs. FY22 Recommended
Administrative	\$4,266,943	\$20,824,263	\$18,497,685	\$5,775,829	(\$12,721,856)
Financial Accountability & Control	\$3,026,050	\$3,730,054	\$3,730,054	\$3,785,993	\$55,939
Debt Management	\$1,194,424	\$1,364,189	\$1,364,189	\$1,476,924	\$112,735
Investment Management	\$1,011,497	\$1,601,433	\$1,601,433	\$1,601,745	\$312
TOTAL FUNDING	\$9,498,914	\$27,519,939	\$25,193,361	\$12,640,491	(\$12,552,870)
Administrative	25	32	32	32	0
Financial Accountability & Control	16	16	16	16	0
Debt Management	9	9	9	10	1
Investment Management	4	4	4	4	0
TOTAL AUTHORIZED POSITIONS	54	61	61	62	1

FY22 Recommended Budget
\$12.6M



FY22 Recommended Authorized Positions

62





04-147 Treasury - Categorical Expenditures FY20, FY21, and FY22

Expenditure Category	FY20 Actual	FY21 EOB (as of 12-01-20)	FY22		Difference FY21 to FY22
			Proposed Budget	Category as Percent of Total	
Personal Services:	\$6,374,432	\$7,475,670	\$7,551,202	60%	\$75,532
Salaries	\$3,765,014	\$4,436,517	\$4,521,981	36%	\$85,464
Other Compensation	\$434,570	\$562,917	\$562,917	4%	\$0
Related Benefits	\$2,174,848	\$2,476,236	\$2,466,304	20%	(\$9,932)
Operating Expenses:	\$1,071,462	\$1,735,520	\$1,735,520	14%	\$0
Travel	\$16,477	\$103,389	\$103,389	1%	\$0
Operating Services	\$1,026,212	\$1,574,759	\$1,574,759	12%	\$0
Supplies	\$28,773	\$57,372	\$57,372	0%	\$0
Professional Services	\$194,787	\$263,147	\$263,147	2%	\$0
Other Charges:	\$1,802,034	\$15,626,209	\$2,997,807	24%	(\$12,628,402)
Other Charges	\$1,387,196	\$12,363,295	\$2,189,873	17%	(\$10,173,422)
Debt Service	\$0	\$0	\$0	0%	\$0
Interagency Transfers	\$414,838	\$3,262,914	\$807,934	6%	(\$2,454,980)
Acquisitions & Major Repairs:	\$56,199	\$92,815	\$92,815	1%	\$0
Acquisitions	\$26,199	\$92,815	\$92,815	1%	\$0
Major Repairs	\$0	\$0	\$0	0%	\$0
Total Expenditures	\$9,498,914	\$25,193,361	\$12,640,491	100%	(\$12,552,870)

Operating Services under Operating Expenses include software licensing and maintenance, dues & subscriptions, data processing equipment rentals, etc.; Professional Services include contracts for Financial Advisors; Other Charges include Main Street Program administrative expenses, trust fund hosting costs, central banking fees, and other data services.



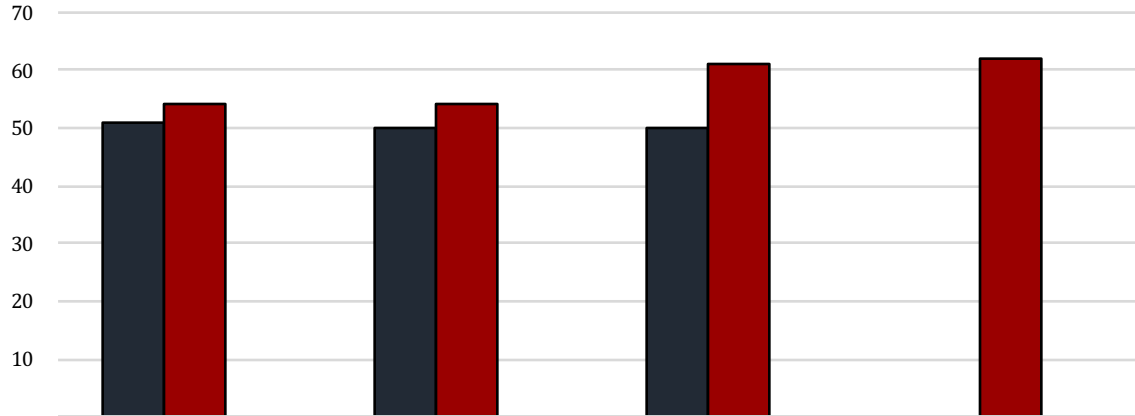
04-147 State Treasurer

FTEs, Authorized, and Other Charges Positions and Related Employment Information

This Department Represents 0.2% Percent of Total State Positions of 34,081.

FY21 number of funded, but not filled, positions as of March 1 = 10

Number and Types of Positions



* Remaining Benefits include employer contribution to authorized positions' retirement, health, Medicare, FICA, Emoluments etc. The authorized positions include authorized T.O. positions and authorized other charges positions, both filled and vacant.

■ Total FTEs (1st July Report)
■ Authorized Positions
■ Other Charges Positions

Personal Services	2019 Actual	2020 Actual	2021 Enacted	2022 Recommended
Salaries	\$3,899,642	\$3,765,014	\$4,436,5171	\$4,521,981
Other Compensation	\$459,331	\$434,570	\$562,917	\$562,917
Related Benefits	\$2,115,711	\$2,174,848	\$2,476,236	\$2,466,304
Total Personal Services	\$6,474,684	\$6,374,432	\$7,475,670	\$7,551,202

Examples of Other Compensation include pay for WAE employees, part-time employees, student workers, etc.

Other Charges Benefits
\$0

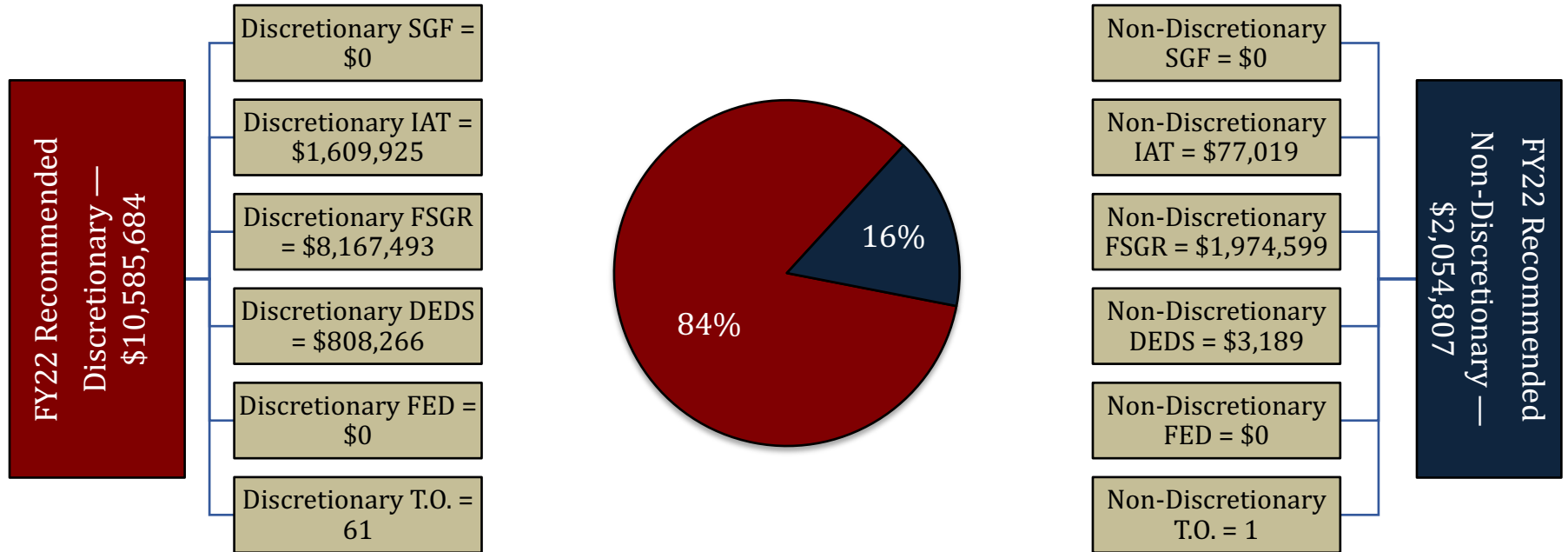
Related Benefits FY22 Recommended	Total Funding	%
Total Related Benefits	\$2,466,304	
UAL payments	\$1,397,276	57%
Retiree Health Benefits	\$324,450	
Remaining Benefits*	\$744,578	
Means of Finance	General Fund = 0%	Other = 100%

Average Salary = \$72,935



04-147 State Treasurer

FY22 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Administrative	\$ 4,800,410	45%
Financial Accountability and Control	\$ 3,217,062	30%
Debt Management	\$ 1,127,956	11%
Investment Management	\$ 1,440,256	14%
Total Discretionary	\$ 10,585,684	100%

Total Non-Discretionary Funding by Type		
Salary/Rel Benefits of Treasurer	\$ 163,597	8%
UAL Obligation	\$ 1,397,276	68%
Legislative Auditor Fees	\$ 30,955	2%
Maintenance in State-owned Buildings	\$ 138,529	7%
Retirees Group Insurance	\$ 324,450	16%
Total Non-Discretionary	\$ 2,054,807	100%



04-147 State Treasurer

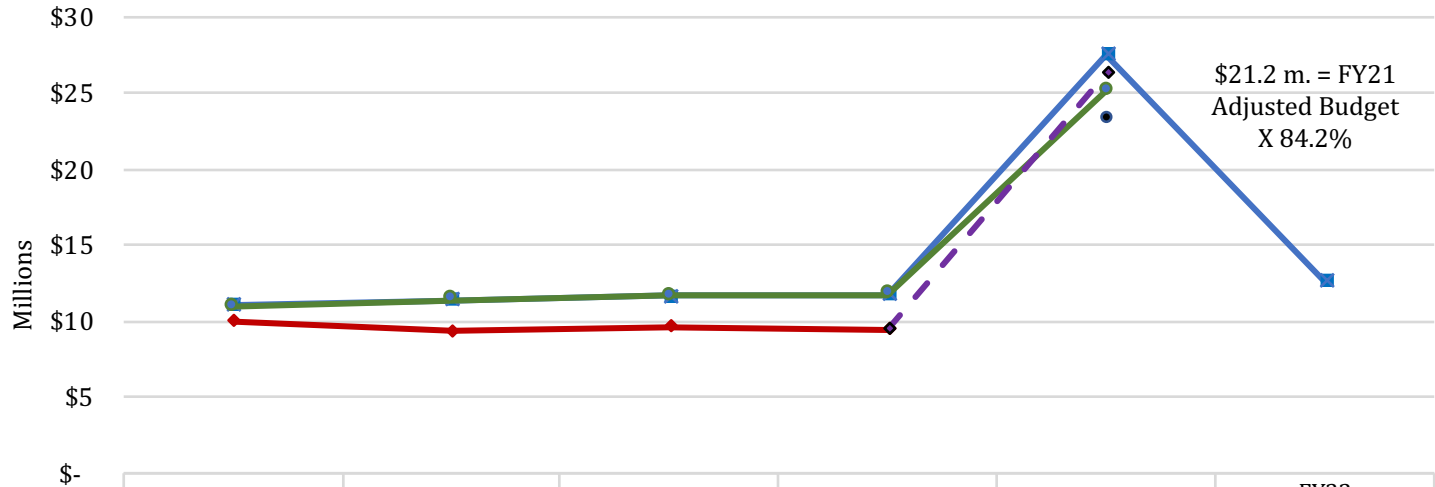
Enacted & FYE Budget vs. Actual Expenditures FY17 to FY20

FYE Budget = "Fiscal Year End" Budget includes all in-house and regular BA-7s through June 30 of the fiscal year. For FY21, it is as of February.

**FY21 Known
Supplemental Needs:
\$90,000**

Deputy Sheriff Supplemental Pay
Automation

**FY20 General Fund
Reversions:
\$166,730**



	FY17	FY18	FY19	FY20	FY21 thru Feb.	FY22 Recommended
Enacted Budget	\$11,062,897	\$11,395,728	\$11,639,368	\$11,730,895	\$27,519,939	\$12,640,491
FYE Budget	\$10,964,477	\$11,399,347	\$11,639,368	\$11,730,895	\$25,193,361	
Actual Expenditures	\$9,977,244	\$9,372,897	\$9,604,065	\$9,498,914		
FY21 Expenditure Trend				\$9,498,914	\$26,332,306	

Monthly Budget Activity				
	FY21 Adjusted Budget	FY21 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
Jul-20	\$ 27,519,939	\$ 801,026	\$ 26,718,913	2.9%
Aug-20	\$ 27,519,939	\$ 1,563,535	\$ 25,956,404	5.7%
Sep-20	\$ 27,519,939	\$ 4,877,216	\$ 22,642,723	17.7%
Oct-20	\$ 27,519,939	\$ 7,126,695	\$ 20,393,244	25.9%
Nov-20	\$ 25,193,361	\$ 11,316,842	\$ 13,876,519	44.9%
Dec-20	\$ 25,193,361	\$ 14,836,169	\$ 10,357,192	58.9%
Jan-21	\$ 25,193,361	\$ 16,045,357	\$ 9,148,004	63.7%

Monthly Budget Activity				
	FY21 Adjusted Budget	FY21 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
Feb-21	\$ 25,193,361	\$ 17,048,204	\$ 8,145,157	67.7%
<i>(Trend based on average monthly expenditures to date)</i>				
Mar-21	\$ 25,193,361	\$ 19,369,229	\$ 5,824,132	76.9%
Apr-21	\$ 25,193,361	\$ 21,690,255	\$ 3,503,106	86.1%
May-21	\$ 25,193,361	\$ 24,011,280	\$ 1,182,081	95.3%
Jun-21	\$ 25,193,361	\$ 26,332,306	\$ (1,138,945)	104.5%
Historical Year End Average				84.2%



Department of Treasury

Main Street Recovery Program

PROGRAM FUNDS DISBURSED

	Amount
Initial Allocation	\$275,000,000
Allowed Administrative Cost (5%)	\$15,000,000
Actual Administrative Cost	\$12,673,422
Returned to Program	\$2,326,578
Total Program Disbursement	\$277,326,578
% actual administrative costs	4.6%



ADMINISTRATIVE COSTS

Function	Vendor	Amount	Percent of Total Cost
Web App Technologies	OpenGov	\$246,811	2%
Call Center Operations, Review, Outreach, Marketing Oversight, Quality Assurance, Hosting, Internal Audit	P&N	\$8,020,311	63%
Digital & Traditional Marketing/Advertising	MLCworks	\$1,004,046	8%
Treasury internal costs (travel, check printing, certified letter postage, salaries, MSRP program director, assistant program director, etc.)	Internal Costs to Treasury (apportioned)	\$461,898	4%
Interagency cost with LLA to conduct pre and post audit functions	Louisiana Legislative Auditor	\$1,800,000	14%
Interagency cost to verify number of employees required by Act 311	Louisiana Workforce Commission (Database Sharing)	\$2,087	0%
Interagency cost to verify tax filing status required by Act 311	Louisiana Department of Revenue	\$175,620	1%
SUBTOTAL		\$11,710,773	
demand letter costs, staffing, audit expenses	Pending Charges	\$962,649	8%
TOTAL ANTICIPATED COST		\$12,673,422	100%

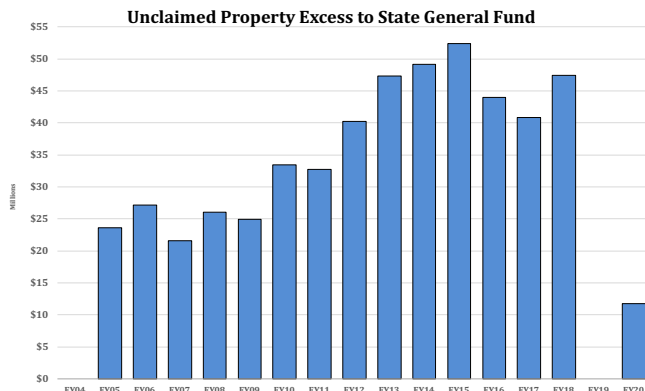


Department of Treasury

Unclaimed Property (UCP)

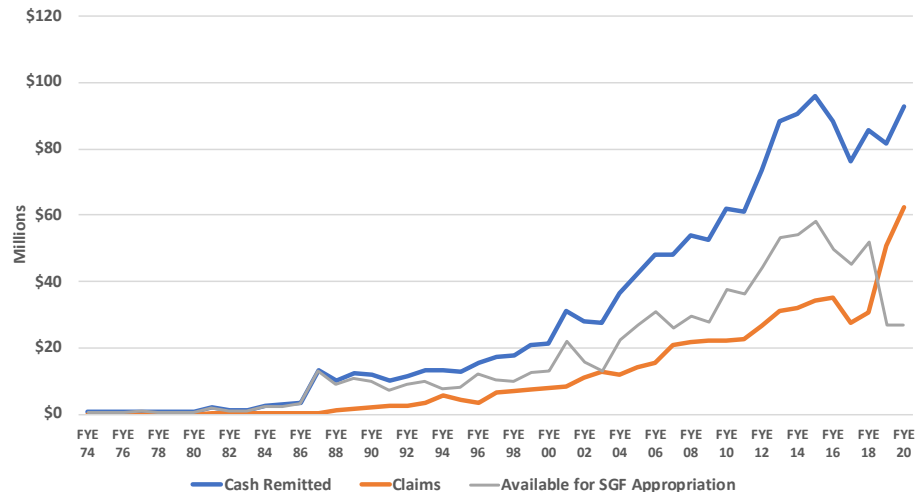
(LRS 9:151 et seq.)

- Treasury is authorized to withhold 7% of UCP proceeds as an administrative fee to fund efforts to contact property owners. In FY 20, Treasury withheld 3.0% for this purpose.
- Unclaimed Property funds in excess of claims was transferred to the state general fund (SGF) at the end of each fiscal year through FY20, with the exception of FY19. The estimated SGF contribution in FY21 is \$54.1M, including \$15M pledge to I-49 bonds*.
- Per the Constitutional Amendment (Act 38 of 2020 ES1) approved by voters on 11/30/20, all excess unclaimed property except the pledge for bonds and administrative costs will be transferred to the UCP Permanent Trust Fund beginning in FY22. Investment earnings will be transferred to the state general fund net of investment fees.

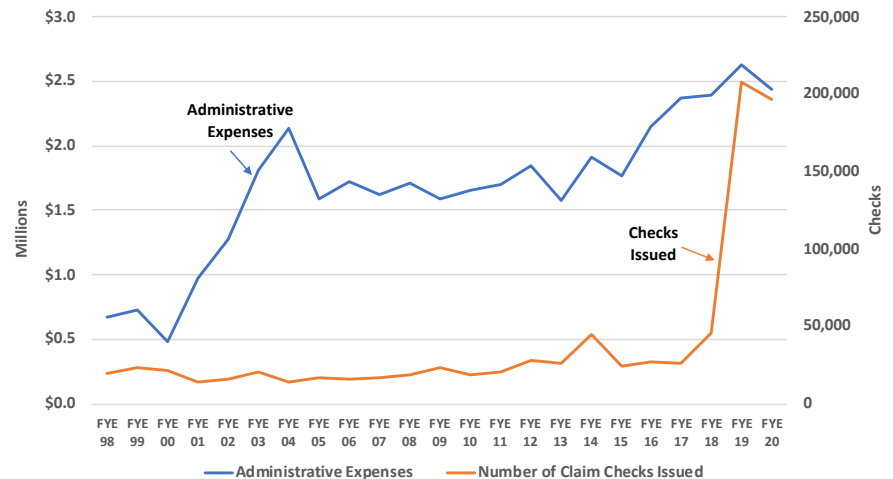


* \$15M of the excess unclaimed property is deposited to the Unclaimed Property Leverage Fund to pay debt service for bonds to expand I-49.

Unclaimed Property Program History



Unclaimed Property Program History

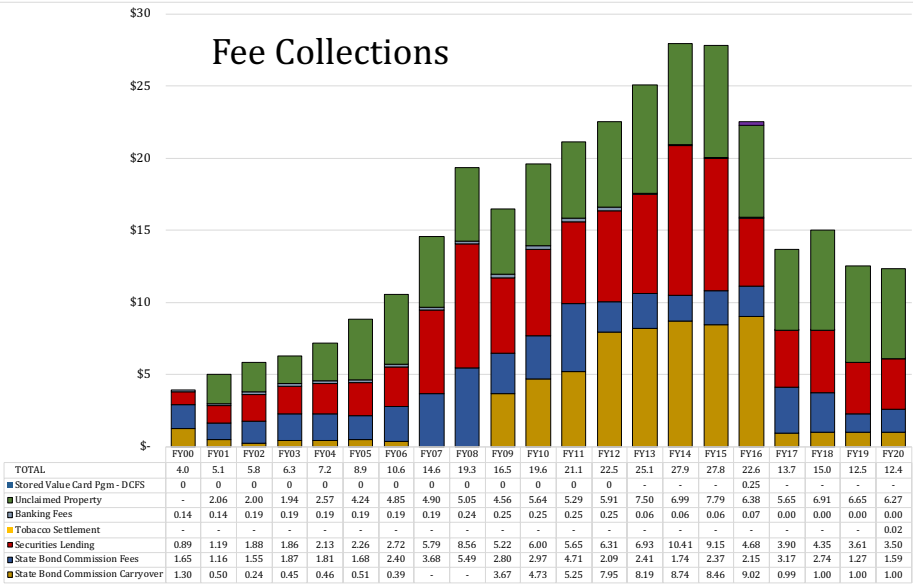




Department of Treasury

Historical Fees and Reversions to the State General Fund

Fee Collections



Treasury is self-funded using fees from services it provides.

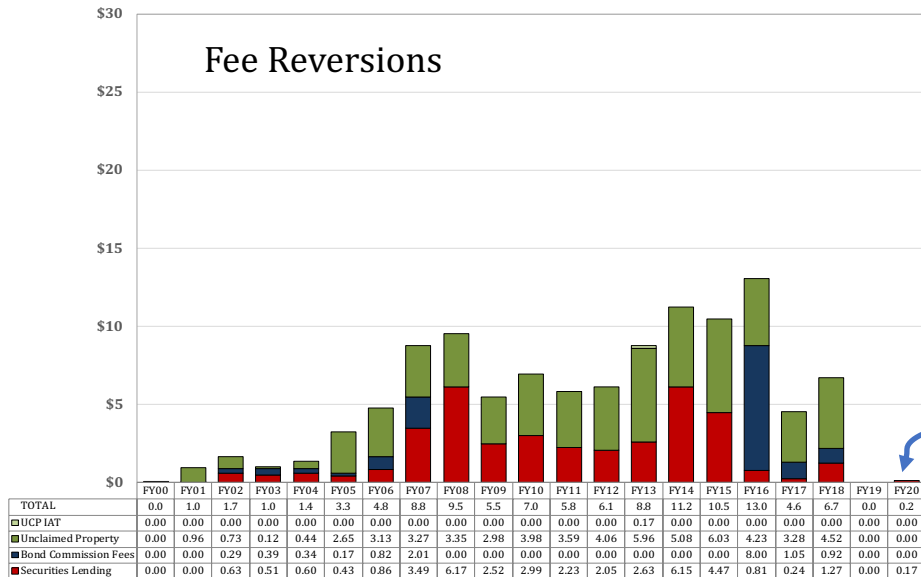
Historically, Treasury reverted to the state general fund any fees in excess of those needed to fund the agency, with the exception of State Bond Commission fees, which provided liquidity as fees were collected throughout the year.

Since FY16, all but about \$1M in State Bond Commission fees were reverted to the SGF. Since FY19, the agency has required the use of most fees to fund the agency.

Though Treasury has the authority to retain 7% of Unclaimed Property fees, only the amount necessary to fund the program is retained (about 3.0% in FY20.)

Treasury is requesting that Securities Lending fees also be retained by the agency for use in funding its operations. For magnitude, in FY21, this request would reduce state general fund by \$166,730, the amount of Treasury's reversion.

Fee Reversions



Requested to be retained in agency budget. HB1 language will include fees from prior and current year.