



Louisiana Senate Finance Committee



FY21 Proposed Budget

04-147 Treasury

June 2020

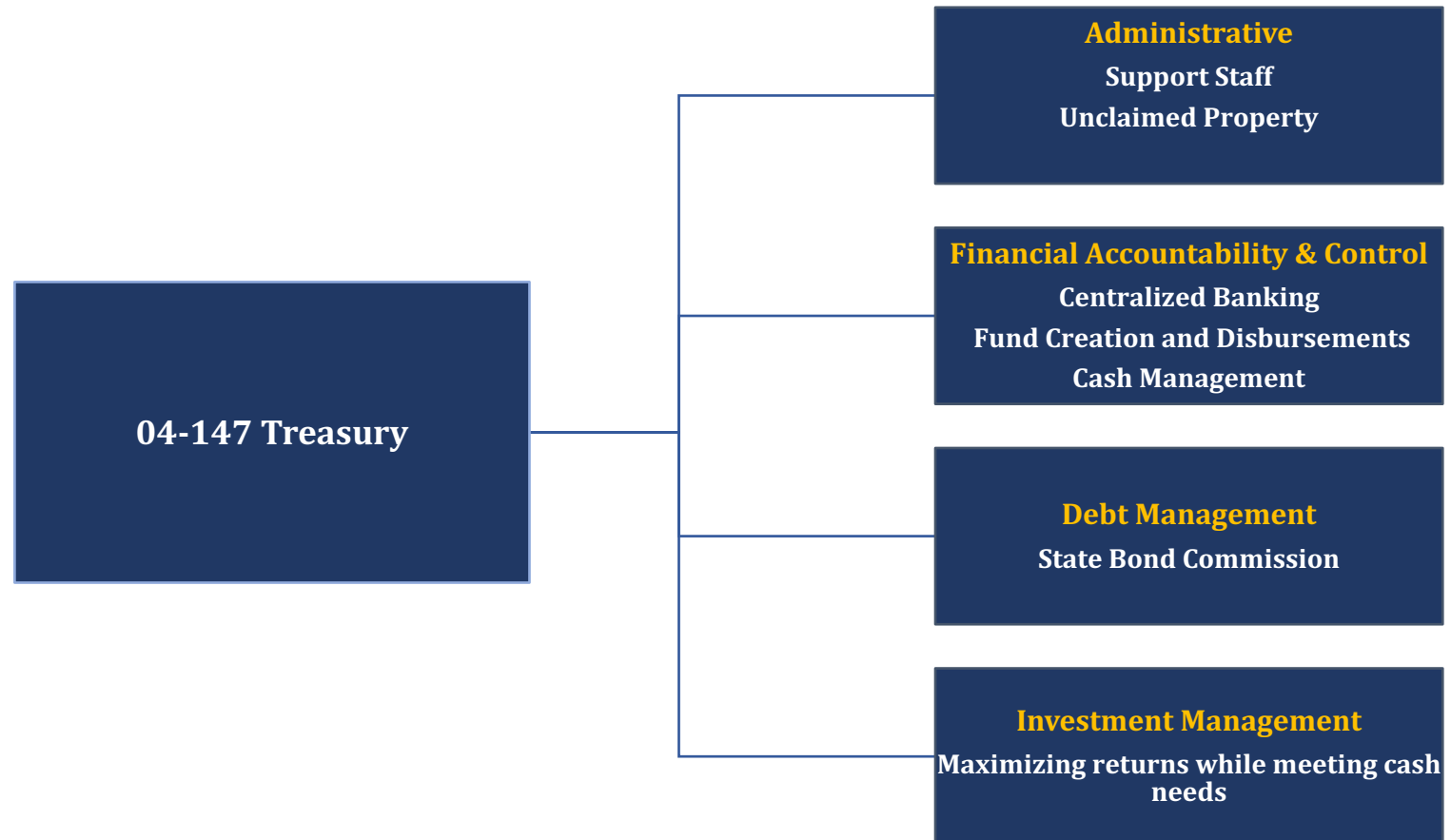
*Senator Patrick Page Cortez, President
Senator Bodi White, Chairman*



FY21 Proposed Budget

Schedule 04-147 — Department of the Treasury

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





FY21 Proposed Budget

Schedule 04-147 — Department of the Treasury

STATE BOND COMMISSION (SBC)

Treasury provides staff support for the SBC

- Receives and analyzes applications from parishes, municipalities, special taxing districts, and other political subdivisions of the State requesting authority to issue debt or levy taxes
- Centralizes and administers the incurring of state debt
- Continually monitors the State's debt position for economic opportunities and manages outstanding debt
- Reports the Net State Tax Supported Debt Limit and ensures that the State remains within the constraints
- Serves as a depository for all official bond documentation

Recent Bond Sales

March 11, 2020

General Obligation Bonds

New Money	\$263.2M
Refunding	\$98.6M

Upcoming Bond Sales

Fixed Rate Refunding

Gas & Fuels	\$1.6B
General Obligation	\$1.3B

Variable Rate Refunding

Gas & Fuels Refunding	\$424M
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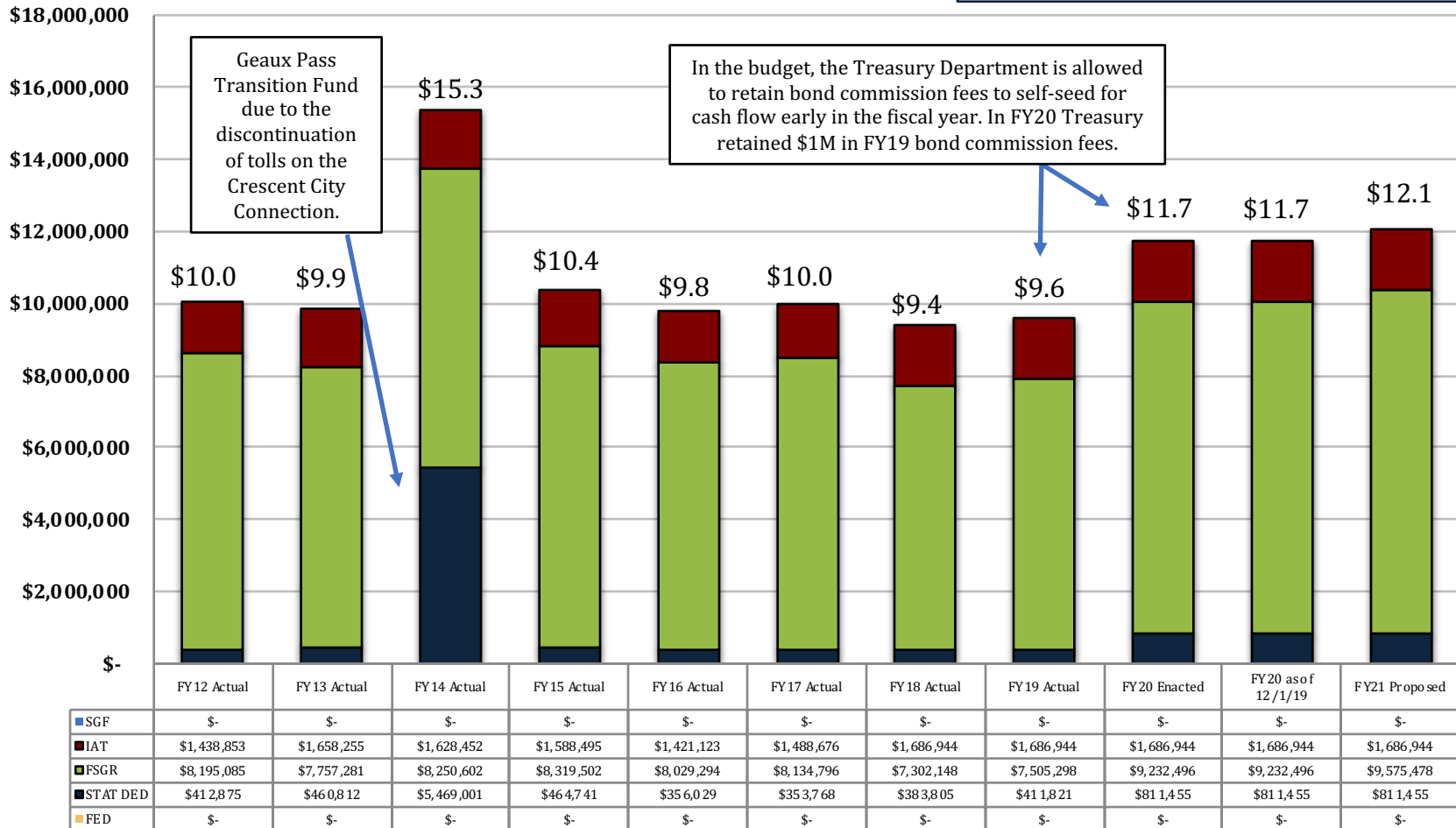


Treasury

Changes in Funding since FY12

Total Budget by Fiscal Year and Means of Finance

Change from FY12 to FY21 is +20.2%.





Statewide Budget Adjustments Proposed for FY21

Treasury

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	IEB	Federal Funds	Total	T.O.	Adjustment
\$0	\$1,686,944	\$9,232,496	\$811,455		\$0	\$11,730,895	54	FY20 Existing Operating Budget as of 12-1-19
\$0	\$0	\$104,981	\$0	\$0	\$0	\$104,981	0	Market Rate Classified
\$0	\$0	\$10,279	\$0	\$0	\$0	\$10,279	0	Related Benefits Base Adjustment
\$0	\$0	(\$13,450)	\$0	\$0	\$0	(\$13,450)	0	Retirement Rate Adjustment
\$0	\$0	\$11,064	\$0	\$0	\$0	\$11,064	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$9,000	\$0	\$0	\$0	\$9,000	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	\$56,062	\$0	\$0	\$0	\$56,062	0	Salary Base Adjustment
\$0	\$0	(\$57,131)	\$0	\$0	\$0	(\$57,131)	0	Attrition Adjustment
\$0	\$0	\$92,815	\$0	\$0	\$0	\$92,815	0	Acquisitions & Major Repairs
\$0	\$0	(\$92,815)	\$0	\$0	\$0	(\$92,815)	0	Non-recurring Acquisitions & Major Repairs
\$0	\$0	(\$991)	\$0	\$0	\$0	(\$991)	0	Risk Management
\$0	\$0	\$384	\$0	\$0	\$0	\$384	0	Legislative Auditor Fees
\$0	\$0	\$472	\$0	\$0	\$0	\$472	0	Maintenance in State-Owned Buildings
\$0	\$0	\$722	\$0	\$0	\$0	\$722	0	Capitol Park Security
\$0	\$0	(\$503)	\$0	\$0	\$0	(\$503)	0	USPS Fees
\$0	\$0	(\$1,059)	\$0	\$0	\$0	(\$1,059)	0	Civil Service Fees
\$0	\$0	(\$325)	\$0	\$0	\$0	(\$325)	0	Office of Technology Services (OTS)
\$0	\$0	(\$1,523)	\$0	\$0	\$0	(\$1,523)	0	Office of State Procurement
\$0	\$0	\$117,982	\$0	\$0	\$0	\$117,982	0	Total Statewide Adjustments
\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	Total Means of Financing Substitution Adjustments
\$0	\$0	\$175,000	\$0	\$0	\$0	\$175,000	0	Total Non-recurring Other Adjustments
\$0	\$0	\$50,000	\$0	\$0	\$0	\$50,000	0	Total Other Adjustments
\$0	\$1,686,944	\$9,575,478	\$811,455	\$0	\$0	\$12,073,877	54	Total FY21 Proposed Budget
\$0	\$0	\$342,982	\$0	\$0	\$0	\$342,982	0	Total Adjustments (Statewide and Agency-specific)



Non-Statewide Budget Adjustments Proposed for FY21

Adjustments to the Department of Treasury Budget

Non-recurring Other Adjustments

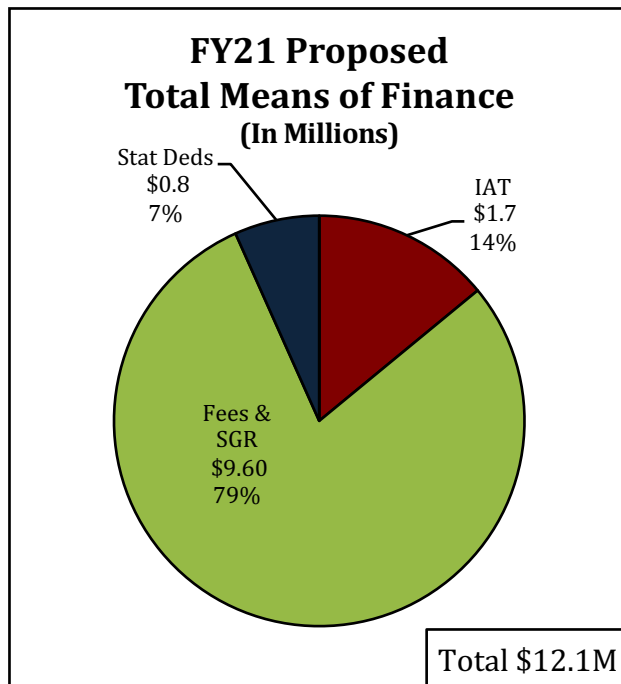
State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$175,000	\$0	\$0	\$175,000	0	Administrative — Allows for converting images into the KAPS/Onbase system to allow access to documents for prior unclaimed property claims and holder reports. These images will be housed within KAPS and stored at the Kelmar secure data center, reducing data stored on Treasury servers.
\$0	\$0	\$50,000	\$0	\$0	\$50,000	0	Administrative — For the image system that integrates directly with KAPS/Onbase to allow conversion to a paperless system for Unclaimed Property. Claimants will upload documents through a secure portal.
\$0	\$0	\$225,000	\$0	\$0	\$225,000	0	Total Non-recurring Other Adjustments



Department of Treasury

FY21 Proposed Means of Finance by Agency

Total Funding	FY19 Actual	FY20 Enacted	FY20 EOB as of 12-1-19	FY21 Proposed as of 2-7-20	Difference FY20 EOB to FY21 Proposed
Interagency Transfers	\$1,686,944	\$1,686,944	\$1,686,944	\$1,686,944	\$0
Fees and Self-generated Revenue	\$7,505,298	\$9,232,496	\$9,232,496	\$9,575,478	\$342,982
Statutory Dedications					\$0
Education Excellence Fund	\$38,249	\$97,573	\$97,573	\$114,240	\$16,667
Health Excellence Fund	\$38,251	\$97,575	\$97,575	\$114,242	\$16,667
TOPS Fund	\$224,736	\$499,093	\$499,093	\$449,093	(\$50,000)
Louisiana Education Quality Support Fund	\$72,335	\$19,640	\$19,640	\$19,640	\$0
Medicaid Trust Fund for the Elderly	\$38,250	\$97,574	\$97,574	\$114,240	\$16,666
TREASURY TOTAL	\$9,604,063	\$11,730,895	\$11,730,895	\$12,073,877	\$342,982



Interagency Transfers

Fees for central depository banking services provided by the Treasury to most agencies in the State

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
- \$4.7M - Securities Lending Program fees received from protected short-term lending of securities held by Treasury
- \$2.9M - 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, and the Medicaid Trust Fund for the Elderly and the Louisiana Education Quality Support Fund



Dept. of Treasury Categorical Expenditures

FY19, FY20, and FY21

Expenditure Category	FY19 Actual	FY20 EOB (as of 12-01-19)	FY21		Difference FY20 to FY21
			Proposed Budget	Category as Percent of Total	
Personal Services:	\$6,474,684	\$6,908,803	\$7,029,608	58%	\$120,805
Salaries	\$3,899,642	\$4,025,357	\$4,117,901	34%	\$92,544
Other Compensation	\$459,331	\$562,917	\$562,917	5%	\$0
Related Benefits	\$2,115,711	\$2,320,529	\$2,348,790	19%	\$28,261
Operating Expenses:	\$1,070,506	\$1,510,520	\$1,735,520	14%	\$225,000
Travel	\$19,884	\$103,389	\$103,389	1%	\$0
Operating Services	\$1,009,034	\$1,349,759	\$1,574,759	13%	\$225,000
Supplies	\$41,588	\$57,372	\$57,372	0%	\$0
Professional Services	\$180,452	\$263,147	\$263,147	2%	\$0
Other Charges:	\$1,871,997	\$2,955,610	\$2,952,787	24%	(\$2,823)
Other Charges	\$1,389,553	\$2,189,873	\$2,189,873	18%	\$0
Debt Service	\$0	\$0	\$0	0%	\$0
Interagency Transfers	\$482,444	\$765,737	\$762,914	6%	(\$2,823)
Acquisitions & Major Repairs:	\$6,424	\$92,815	\$92,815	1%	\$0
Acquisitions	\$6,424	\$92,815	\$92,815	1%	\$0
Major Repairs	\$0	\$0	\$0	0%	\$0
Total Expenditures	\$9,604,063	\$11,730,895	\$12,073,877	100%	\$342,982

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



Department of Treasury

FY20 Enacted vs. FY21 Proposed Comparison by Agency

FY20 Enacted Means of Finance by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$5,288,364	\$0	\$0	\$5,288,364
Financial Accountability & 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
Treasury TOTAL	\$0	\$1,686,944	\$9,232,496	\$811,455	\$0	\$11,730,895

FY21 Proposed Means of Finance by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$5,378,201	\$0	\$0	\$5,378,201
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	\$9,575,478	\$811,455	\$0	\$12,073,877
<i>Change FY 20 Enacted to FY 21 Proposed</i>	<i>\$0</i>	<i>\$0</i>	<i>\$342,982</i>	<i>\$0</i>	<i>\$0</i>	<i>\$342,982</i>

- The Department's total FY21 Proposed Budget increased by \$342,982 or 2.9%, all due to fees and self-generated revenue.
- The Administrative program increased by about \$90,000 or 1.7%.
- The Financial Accountability & Control program increased by about \$210,000 or 6%.
- The Debt Management program increased by about \$30,000 or 2.2%.
- The Investment Management program increased by about \$13,000 or 0.8%.



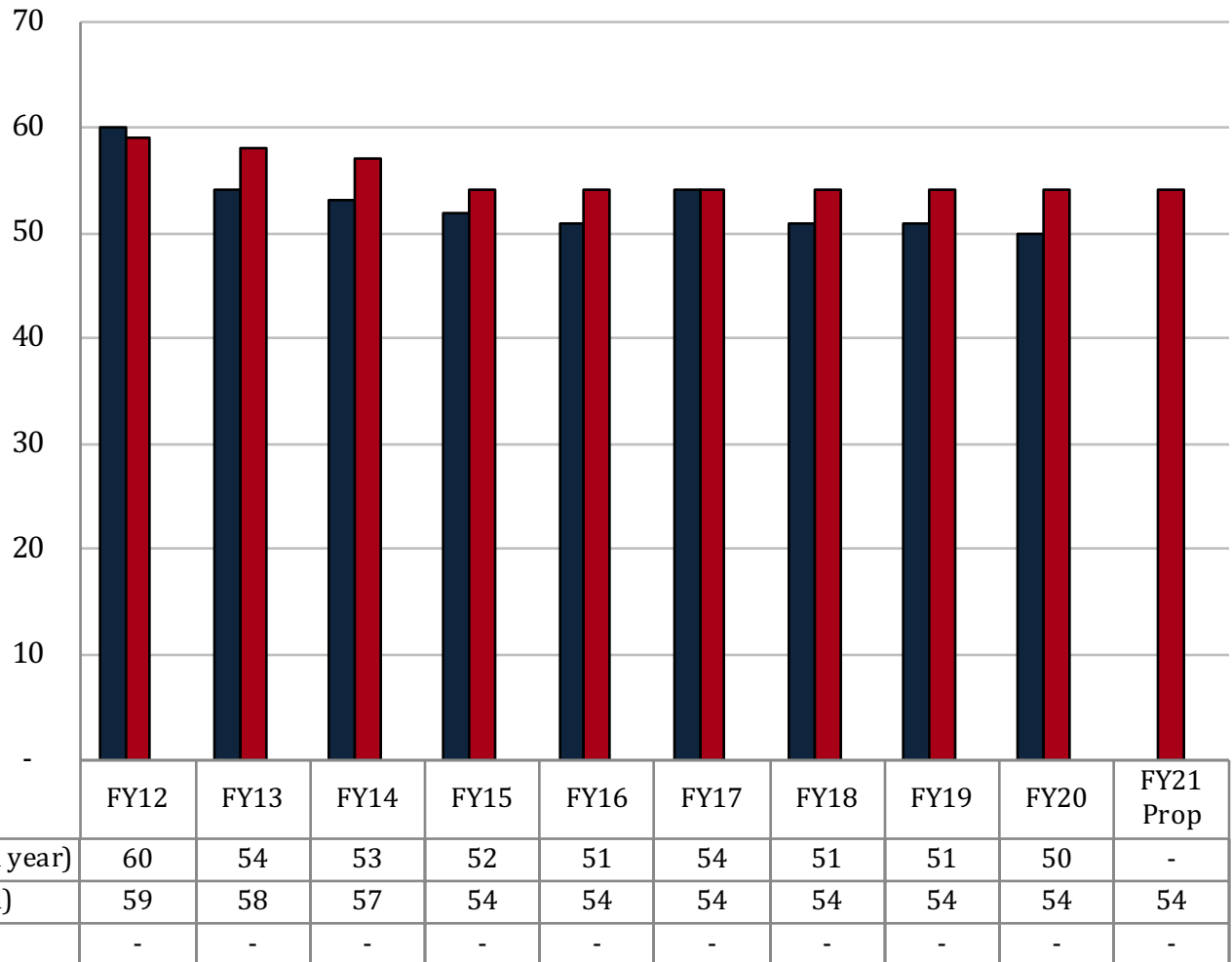
Department of Treasury

FTEs, Authorized Positions, and Other Charges Positions

Total FY21 Proposed Authorized Positions of 54 are 0.16 % of Total State FY21 Proposed Authorized Positions of 33,999.

FY21 Proposed Budget includes funding for related benefits of all positions in the amount of \$2.3 m.

Out of the \$2.3 m, \$1.4 m. are for UAL payments; \$0.3 m. are for retirees' health benefits; and the remaining amount of \$0.7 m. are the employer contributions to the benefits of active employees, of which 0% are SGF.



■ Total FTEs (as of July 1 of each fiscal year)	60	54	53	52	51	54	51	51	50	-
■ Total Authorized Positions (Enacted)	59	58	57	54	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 FY21 Proposed.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



FY21 Proposed Budget

Schedule 04-147 — Staff Demographic Data

The following table shows a breakdown of departmental staff by demographic data.

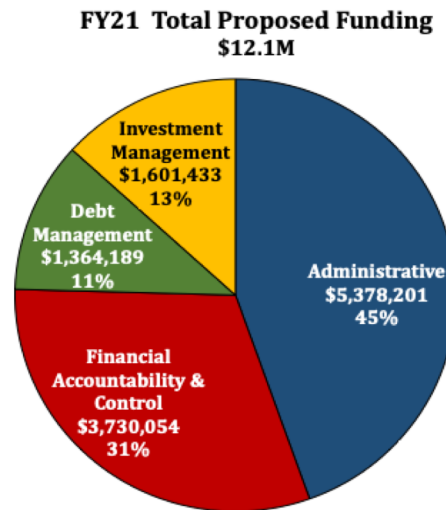
Gender	
Female	76%
Male	24%
Race	
Black	30%
White	63%
Other	7%
Retirement Eligible Within 1 Year	
	7%



Department of Treasury

FY19, FY20 and FY21 Funding and FTEs by Program

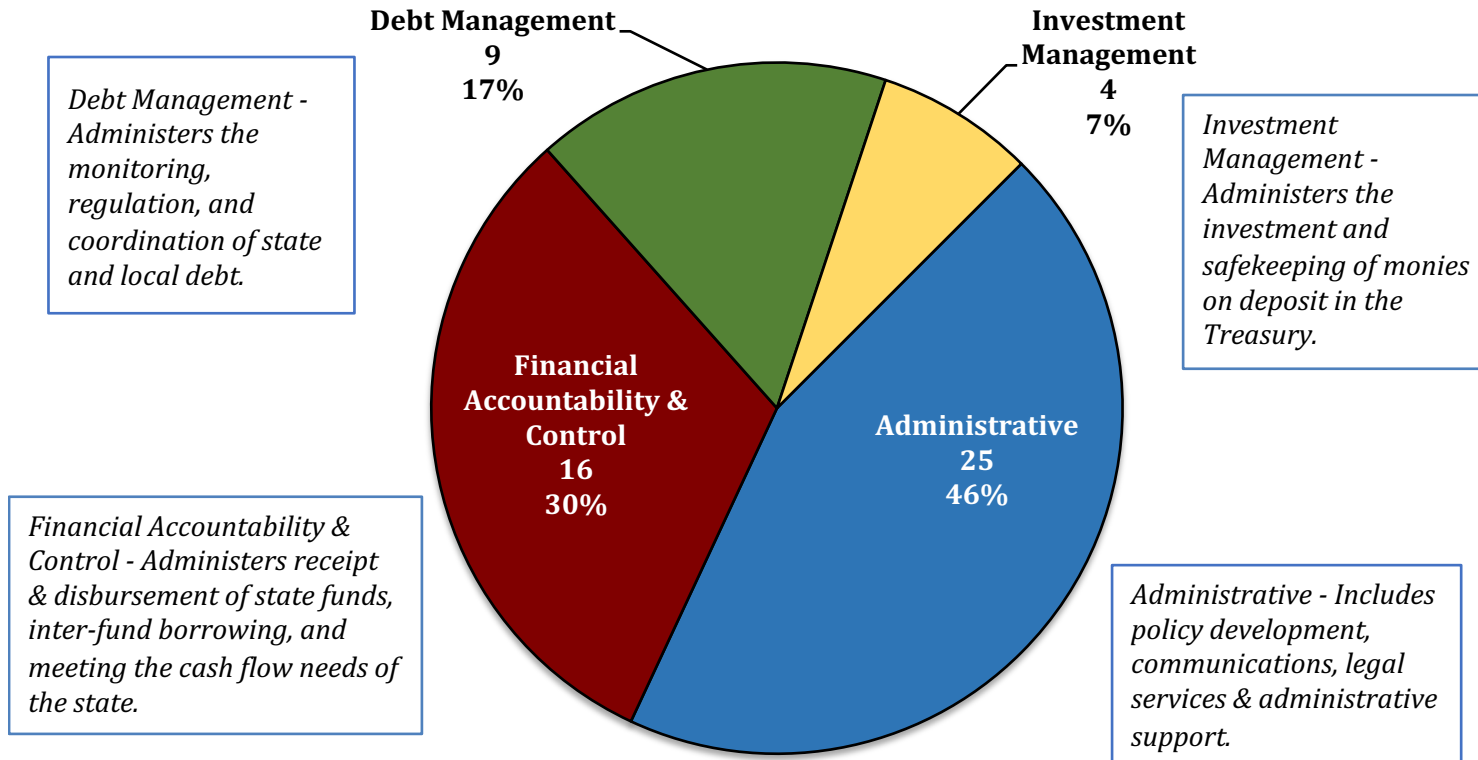
TOTAL FUNDING	FY19 Actual	FY20 Enacted	FY20 EOB as of 12-1-19	FY21 Proposed	Difference FY20 EOB vs. FY21 Proposed
Administrative	\$4,578,307	\$5,288,364	\$5,288,364	\$5,378,201	\$89,837
Control	\$2,974,238	\$3,520,323	\$3,520,323	\$3,730,054	\$209,731
Debt Management	\$1,078,247	\$1,334,182	\$1,334,182	\$1,364,189	\$30,007
Investment Management	\$973,271	\$1,588,026	\$1,588,026	\$1,601,433	\$13,407
Treasury TOTAL	\$9,604,063	\$11,730,895	\$11,730,895	\$12,073,877	\$342,982
Total Authorized FTEs	54	54	54	54	0





Department of Treasury

FY21 Proposed Total Authorized Positions by Agency



TREASURY	
Administrative	25
Financial Accountability & Control	16
Debt Management	9
Investment Management	4
TOTAL	54



Department of Treasury

Unclaimed Property

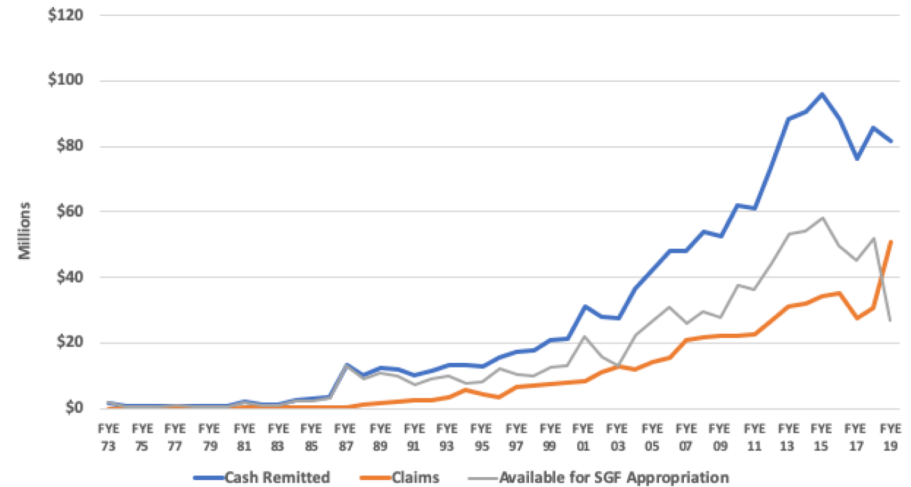
Unclaimed Property

(LRS 9:151 et seq.)

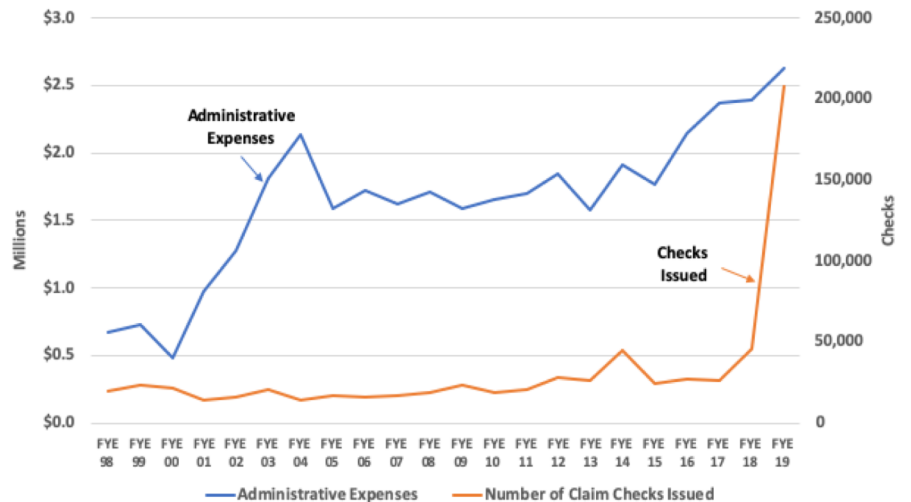
- Treasury receives cash and other property if the owner cannot be identified for a certain period of time.
- Through FY19, about \$4M in cash funds were held in escrow each year to cover any claims. Any cash in excess of claims was transferred to the state general fund at the end of the fiscal year. Beginning in FY 19, the Treasurer chose to retain all excess* Unclaimed Property funds in escrow, reducing state general fund by \$12M in FY 19 and about \$25M in each of FY 20 and FY 21 (all FY 20 funds are currently recognized as SGF in the official forecast).
- On February 7, 2020, the State filed suit in District Court against the Treasurer to compel the transfer of unclaimed property excess proceeds to the general fund. The first hearing in the case was Monday March 2, 2020, with a ruling in favor of the State.
- Treasury is authorized to withhold 7% as an administrative fee to fund efforts to contact property owners. In FY 19, Treasury withheld 3.2% for this purpose.

** In excess of claims and \$15M in Unclaimed Property funds pledged for bonds to expand I-49 which is always transferred for debt service.*

Unclaimed Property Program History



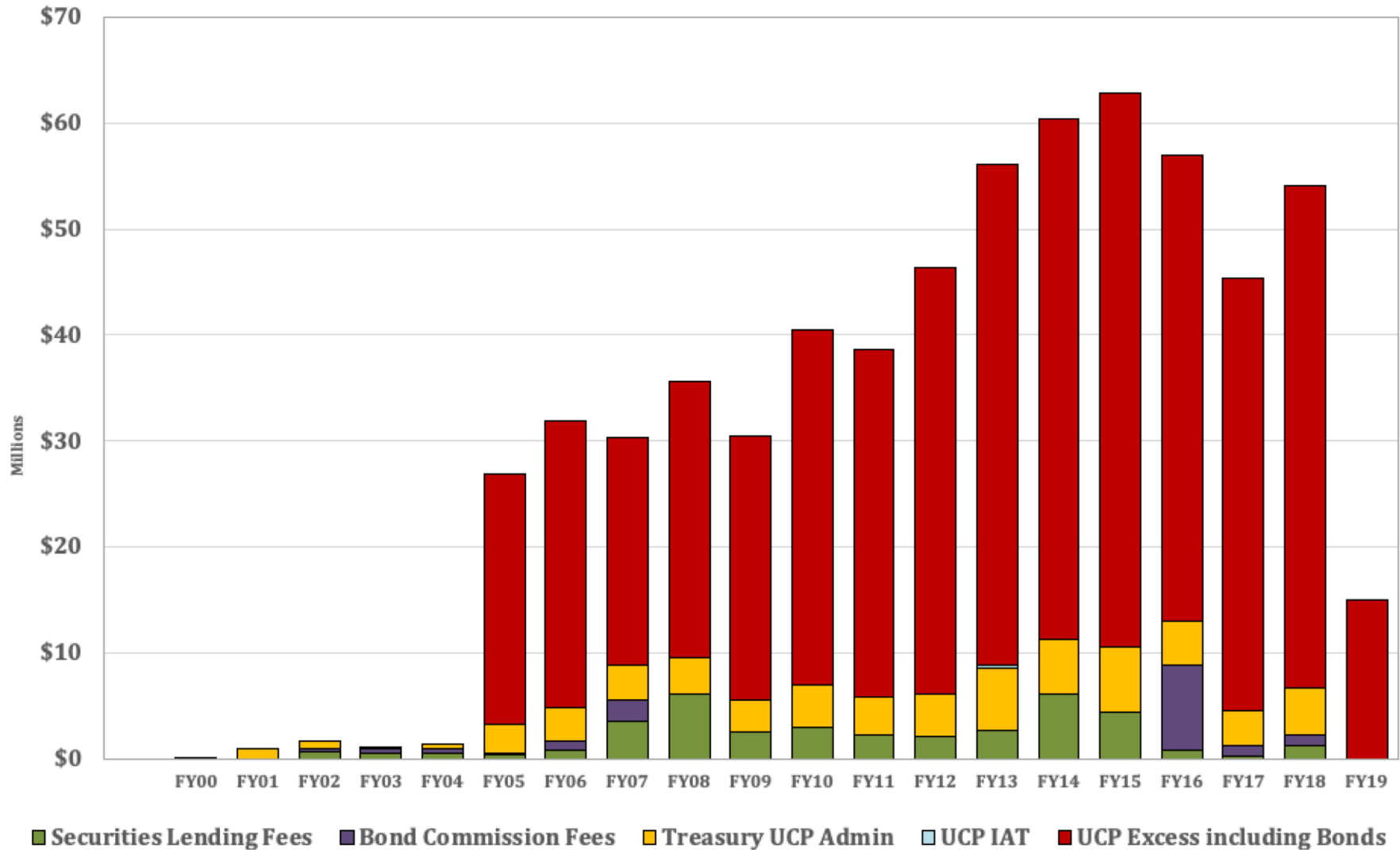
Unclaimed Property Program History





Department of Treasury

Historical Reversions



UCP = Unclaimed Property



Department of Treasury

Enacted Appropriation vs. Actual Expenditure Analysis — FY17 to FY19

The following charts show Enacted vs. Actual budget comparisons for the specified fiscal years. Rarely are these totals exactly the same. The differences can be attributed to a number of reasons: revenue that was not collected, and therefore, expenditures that could not be made; unanticipated revenue shortfalls that may require a supplemental appropriation; expenditure authority that was anticipated to be needed but the expense never materialized; etc.

Treasury	FY17 Enacted	FY17 Actual	FY17 Difference
State General Fund	\$0	\$0	\$0
Interagency Transfers	\$1,488,674	\$1,488,676	\$2
Fees and Self-generated Revenues	\$8,762,768	\$8,134,796	(\$627,972)
Statutory Dedications	\$811,455	\$353,768	(\$457,687)
Federal	\$0	\$0	\$0
TOTAL	\$11,062,897	\$9,977,240	(\$1,085,657)

Note 1 – Negative Difference numbers show excess budget authority or less revenue than anticipated.

Treasury	FY18 Enacted	FY18 Actual	FY18 Difference
State General Fund	\$0	\$0	\$0
Interagency Transfers	\$1,686,944	\$1,686,944	\$0
Fees and Self-generated Revenues	\$8,897,329	\$7,302,148	(\$1,595,181)
Statutory Dedications	\$811,455	\$383,805	(\$427,650)
Federal	\$0	\$0	\$0
TOTAL	\$11,395,728	\$9,372,897	(\$2,022,831)

Note 2 — Cells highlighted in yellow mean more funding was needed or that a funding source was underbudgeted.

Treasury	FY19 Enacted	FY19 Actual	FY19 Difference
State General Fund	\$ -	\$ -	\$0
Interagency Transfers	\$ 1,686,944	\$ 1,686,944	\$0
Fees and Self-generated Revenues	\$ 9,140,969	\$ 7,505,298	(\$1,635,671)
Statutory Dedications	\$ 811,455	\$ 411,821	(\$399,634)
Federal	\$ -	\$ -	\$0
TOTAL	\$ 11,639,368	\$ 9,604,063	(\$2,035,305)

In any given year, the Treasury Department tends to be overbudgeted in fees and self-generated revenue and statutory dedications



Impacts from COVID-19

Department of Treasury

The Department will receive no direct revenue from the Federal relief package.

Operational Impacts

- Redirected personnel to develop and implement remote banking and statewide accounting procedures and statewide, assist in guidance on federal relief measures, and identify potential budget relief alternatives
- Instituted numerous online State Bond Commission meetings with public access allowing for business continuity

Financial Impacts

- The delay of bond refundings may push some fees that were anticipated to arrive in FY 20 into FY 21. New fees in FY 21 are dependent upon lending activity, which will become more certain with time.
- Treasury has identified about \$42,000 in estimated COVID related spending, including payroll redirection, sanitation efforts and remote access for employees and SBC meetings. These expenses will be absorbed in the current year budget. At this time, there is no anticipated increase in appropriation required for these expenses in FY 21.



State Treasurer

House Appropriations Amendments to HB 105

House Amendments to HB105						
HB 105	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Original	\$0	\$1,686,944	\$9,575,478	\$811,455	\$0	\$12,073,877
Appropriations Amendments:	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Administrative	\$0	\$0	\$446,062	\$0	\$0	\$446,062
Fiscal Accountability & Control	\$0	\$0	\$0	\$0	\$0	\$0
Debt Management	\$0	\$0	\$0	\$0	\$0	\$0
Investment Management	\$0	\$0	\$0	\$0	\$0	\$0
Engrossed	\$0	\$1,686,944	\$10,021,540	\$811,455	\$0	\$12,519,939
<i>Difference HB105 Original to HB105 Engrossed</i>	\$0	\$0	\$446,062	\$0	\$0	\$446,062
<i>FY21 Proposed</i>	\$0	\$1,686,944	\$9,575,478	\$811,455	\$0	\$12,073,877
<i>Difference HB105 Original to FY21 Proposed</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Difference HB105 Engrossed to FY21 Proposed</i>	\$0	\$0	\$446,062	\$0	\$0	\$446,062

House Appropriations Committee increased fees and self-generated revenue to fund 7 additional positions including related expenses in the Unclaimed Property activity. The Treasurer is authorized to retain up to 7% of unclaimed property cash transfers, which is where these fees will be sourced. At May 11 REC, Unclaimed Property transfers were removed from the FY 21 forecast.

There were no additional House amendments to Treasury for the FY21 budget.

HB1 Original funding is the same as HB 105 Re-engrossed at \$12,519,939.