

FY21 Budget Performance Review

State Treasurer

Lead Administrator: Randy McDaniel

Lead Financial Officer: Charles Hover

Agency Mission

The mission of the Office of State Treasurer is to serve the people of Oklahoma by providing sound banking and investment services, reuniting individuals and businesses with their unclaimed property, and promoting economic opportunities in a fiscally responsible and efficient manner while adhering to the highest professional and ethical standards.

Division and Program Descriptions

Note: Please define any acronyms used in program descriptions.

40 - Banking and Treasury Services

Warrant printing, clearing and imaging, electronic receipt and disbursement processing including ACH transactions, wire transfers and credit and debit card processing, depository bank services including return item processing, lockbox, image cash letter and remote deposit capture, cashier services including deposit processing, check cashing, and change order processing, stop payment services, agency activity statements, manage earnings credits and banking fees

40 - Portfolio Accounting & Reporting/ - Investment Services

Bank account reconciliation, correction processing, cash management including daily cash position, initiate, settle, record and reconcile investment transactions, monitor and record investment income, manage relationships with master custody bank, securities lending agent and authorized financial institutions, issue and redeem CDs, manage investment portfolio, record bond sinking fund transactions, monitor collateralization of state funds on deposit, investment performance reporting, prepare annual financial statements

50 - Bond Advisor

The Debt Management Division of the Office of the State Treasurer is headed by the statutory position of State Bond Advisor which serves at the pleasure of the State Treasurer. The division serves as administrative staff to the Council of Bond Oversight and is responsible for the oversight and management of state debt issuance.

60 - Unclaimed Property

The objective of this program is to secure and return unclaimed property to its rightful owner. Activities include: importing and entering owner, property and holder information, publishing owner names and last known addresses, initiating, reviewing and approving documentation provided in support of claims, processing payments and promoting public awareness of the program

30 - State Land Reimbursement

This program passes funds to counties based on state owned land.

88 -Data Processing

OST contracts with OMES ISD for information technology services including desktop, network and application support. Application support includes both server and mainframe processes and both internal applications used exclusively by OST and hosted applications used statewide such as for disbursements and deposits processing.

92 - College Savings

Oklahoma's qualified tuition savings program under Section 529 of the federal tax code.

93 - Statewide Circuit Engineering

By statute, the State Treasurer serves as chair of the Oklahoma College Savings Plan Board of Trustees, which offers tax-deductible investment savings options for post-secondary educational expenses under Section 529 of the federal tax code.

99 - Bonds and Coupons

Pass through program

FY'20 Budgeted Department Funding By Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
4002001	Banking Fees			450,000			\$450,000
4002006	Banking & Treasury Services	598,182					\$598,182
4004001	General Administration	529,918		2,288			\$532,206
4004003	Public Information	155,538					\$155,538
4005003	Investment Office			166,757			\$166,757
4005004	Link Deposit (dormant program)	2,549					\$2,549
4005005	Portfolio Accounting and Reporting	775,581					\$775,581
5005001	Bond Advisory Services			334,072			\$334,072
6000001	Unclaimed Property			2,958,475			\$2,958,475
6000002	UP - Audit & Publication			5,165,000			\$5,165,000
8800060	UP - Data Processing			539,210			\$539,210
8801040	Data Processing	700,160		1,945,920			\$2,646,080
9200007	College Savings Plan			35,850			\$35,850
3000001	State Land Reimbursement	95,000					\$95,000
Total		\$2,856,928	\$0	\$11,597,572	\$0	\$0	\$14,454,500

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable for each department:

FY'19 Carryover by Funding Source

Carryover	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
	\$1,546,000	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
	\$0					\$0

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable:

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What changes did the agency make between FY'19 and FY'20?

1.) Are there any services no longer provided because of budget cuts?

No services were discontinued between FY19 and FY20 due to budget cuts.

2.) What services are provided at a higher cost to the user?

The costs of services provided to TSET pursuant to Title 74 O.S. Section 581 increased by \$500 (from FY19 to FY20)

3.) What services are still provided but with a slower response rate?

Due to continuing turnover and the associated training of new employees, the agency struggled to meet administrative deadlines

4.) Did the agency provide any pay raises that were not legislatively/statutorily required?

Yes

FY'21 Requested Funding By Department and Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
4002001	Banking Fees	\$0	\$0	\$450,000	\$0	\$450,000	0.00%
4002006	Banking & Treasury Services	\$598,182	\$0	\$0	\$0	\$598,182	0.00%
4004001	General Administration	\$529,918	\$0	\$2,288	\$0	\$532,206	0.00%
4004003	Public Information	\$155,538	\$0	\$0	\$0	\$155,538	0.00%
4005003	Investment Office	\$0	\$0	\$166,757	\$0	\$166,757	0.00%
4005004	Link Deposit (dormant program)	\$2,549	\$0	\$0	\$0	\$2,549	0.00%
4005005	Portfolio Accounting and Reporting	\$775,581	\$0	\$0	\$0	\$775,581	0.00%
5005001	Bond Advisory Services	\$0	\$0	\$334,072	\$0	\$334,072	0.00%
6000001	Unclaimed Property	\$0	\$0	\$2,958,475	\$0	\$2,958,475	0.00%
6000002	UP - Audit & Publication	\$0	\$0	\$5,165,000	\$0	\$5,165,000	0.00%
8800060	UP - Data Processing	\$0	\$0	\$539,210	\$0	\$539,210	0.00%
8801040	Data Processing	\$700,160	\$0	\$1,945,920	\$0	\$2,646,080	0.00%
9200007	College Savings Plan	\$0	\$0	\$35,850	\$0	\$35,850	0.00%
3000001	State Land Reimbursement	\$95,000	\$0	\$0	\$0	\$95,000	0.00%
		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
Total		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!

1. Please describe source(s) and % of total of "Other" funding for each department:

FY'21 Top Five Operational Appropriation Funding Requests

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Increased IT Support costs	\$494,221
Top Five Request Subtotal:		\$494,221
Total Increase above FY-20 Budget (including all requests)		\$ 494,221
Difference between Top Five requests and total requests:		\$0

Does the agency have any costs associated with the Pathfinder retirement system and federal employees?

Yes

How would the agency be affected by receiving the same appropriation for FY '21 as was received in FY '20? (Flat/ 0% change)

Critical system's replacement projects would be adversely affected since budgeted funds would have to be redirected to pay increased IT support costs.

How would the agency handle a 2% appropriation reduction in FY '21?

The Treasurer's Office has already initiated numerous cost-cutting measures which have allowed the agency to absorb a 26% cumulative reduction over the last 10 years. To absorb an additional 2% reduction the agency would have to cut important services, utilize earnings credits to offset banking fees as economic conditions permit, and consider increasing the charge for services rendered

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Is the agency seeking any fee increases for FY '21?

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
N/A		

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCPC? (Yes/No)
Priority 1 Replacement of COBOL based mainframe applications using carryover and revolving funds. These outdated and unsupported banking and treasury applications place state financial transactions at continued risk of failure.	\$0	
Priority 2 Updated outdated investment trading platform	\$0	
Priority 3		

Federal Funds

CFDA	Federal Program Name	Agency Dept. #	FY 20 budgeted	FY 19	FY 18	FY 17	FY 16

Federal Government Impact

- 1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**
N/A
- 2.) Are any of those funds inadequate to pay for the federal mandate?**
N/A
- 3.) What would the consequences be of ending all of the federal funded programs for your agency?**
N/A
- 4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**
N/A
- 5.) Has the agency requested any additional federal earmarks or increases?**
N/A

FY'20 Budgeted FTE

Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
40	General Operations	5.45		21.65	2	16	7
50	Bond Advisory Services	1		2.5		1.5	1
60	Unclaimed Property	4.55		28.85	8.5	15	2
Total		11	0	53	10.5	32.5	10

FTE History

Division #	Division Name	2020 Budgeted	2019	2018	2016	2011
40	General Operations	21.65	19.00	24.00	25.00	33.00
50	Bond Advisory Services	2.50	2.50			
60	Unclaimed Property	28.85	30.00	25.00	23.00	17.00
88	Data Processing					7.0
Total		53.0	51.5	49.0	48.0	57.0

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Performance Measure Review

	FY 19	FY 18	FY 17	FY 16	FY 15
Banking Services					
Warrants Processed	12%	12%	12%	14%	16%
Portfolio Accounting/Investments					
Earnings (Goal within 10% of projection)	112	110	99	96	101.87
ROI v. Benchmark (95% goal)	89	214	390	248	440
% Investments (CD and Repo) Collateralized	100	100	100	100	100
Transactions Audited (within 90 days)	100	100	100	95	98.5
Certificates of Deposit Issued: Total (in millions)	160	210	232	207	
Unclaimed Property					
Amount of Claims Paid	\$51,685,045	\$42,769,653	\$34,550,861	\$31,144,764	\$38,596,000
# of Claims Paid	13,452	15,222	12,458	12,925	16,680

Revolving Funds (200 Series Funds)

<i>Please provide fund number, fund name, description, and revenue source</i>	FY'17-19 Avg. Revenues	FY'17-19 Avg. Expenditures	June '19 Balance
State Treasurer's Revolving Fund (200)			
This fund receives payments from state agencies for managing investments, processing stop payments, returned check collection and fines for late payment records.	\$692,714	\$158,848	\$3,522,105
Securities Lending & Custodian Fee Revolving Fund (215)			
This fund receives securities lending revenue and is restricted to paying banking fees.	\$70,350	\$160,726	\$626,220
Unclaimed Property Administrative Revolving Fund (260)			
This fund receives 4% of amounts deposited to the Unclaimed Property Fund and is restricted to program administration.	\$3,991,056	\$3,474,793	\$6,355,379
Unclaimed Property Clearinghouse Fund (265)			
This fund pays for contract property location services, publication, auction and custodial services from the Unclaimed Property Fund	\$2,027,102	\$2,023,914	\$31,365
Bond Oversight Revolving Fund (285)			
This fund is authorized to charge and collect a fee, in accordance with the rules of the Council, derived from proceeds of bond issues approved by the Council and any other monies provided for by law.	The bond advisor's function was absorbed by OST in Nov'17, averages are unavailable	The bond advisor's function was absorbed by OST in Nov'17, averages are unavailable	\$256,463