



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

House Ways & Means Subcommittee Budget Hearing Document Requests

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THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

House Ways & Means Subcommittee Budget Hearing – January 22, 2019

1) Key Official Attendees

Curtis M. Loftis, Jr. - S.C. State Treasurer - Treasurer@sto.sc.gov

Clarissa Adams - Chief of Staff - Clarissa.Adams@sto.sc.gov

Tonia Morris - Deputy State Treasurer - Tonia.Morris@sto.sc.gov

Cynthia Dannels - Deputy State Treasurer - Cynthia.Dannels@sto.sc.gov

Alicia Sharpe - Administration Division Director - Alicia.Sharpe@sto.sc.gov

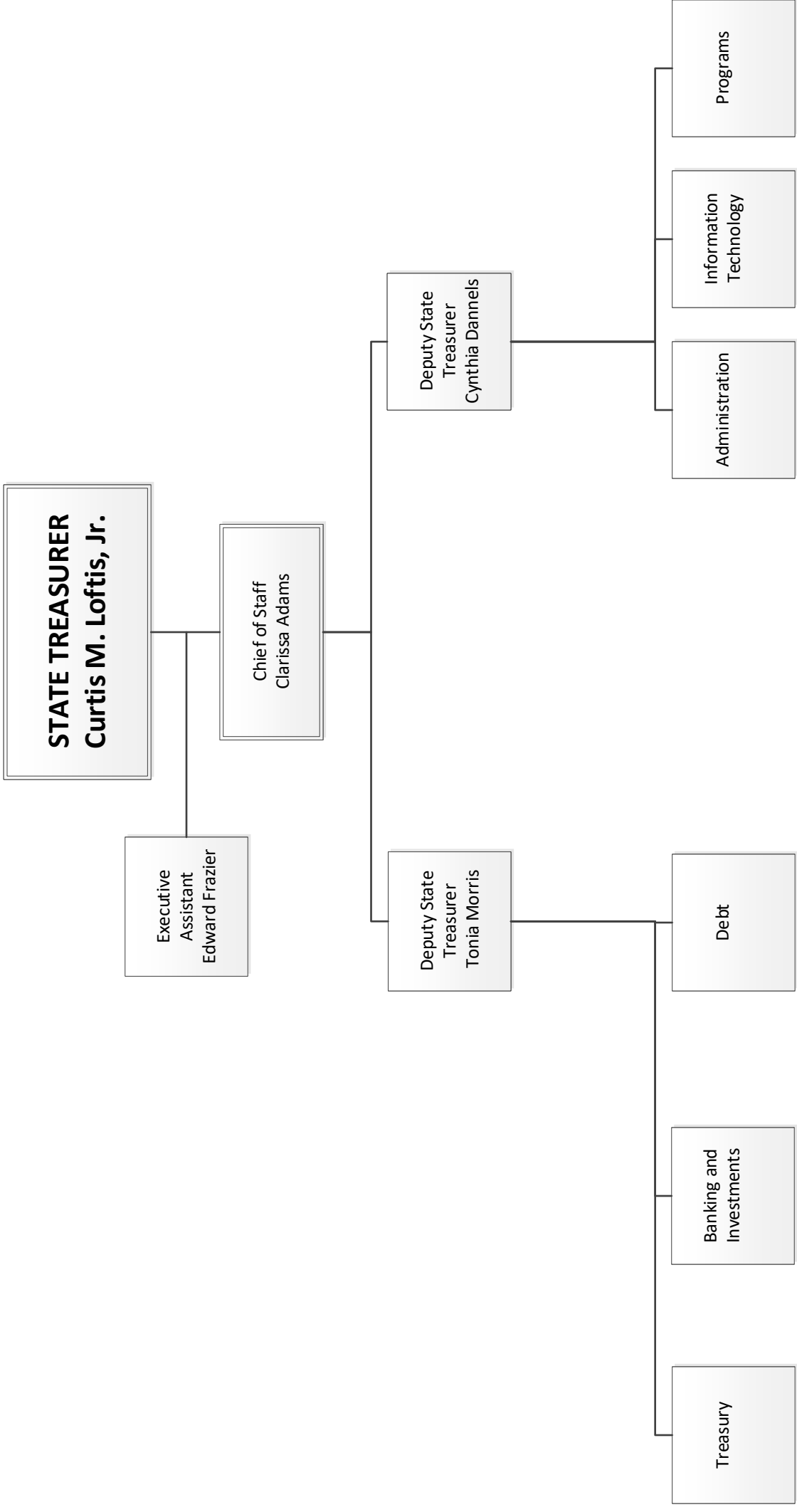
Edward Frazier - Executive Assistant - Edward.Frazier@sto.sc.gov



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House Ways & Means Subcommittee Budget Hearing – January 22, 2019

2) Organizational Chart





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House Ways & Means Subcommittee Budget Hearing – January 22, 2019

- 3) **Additional Copy of One-Pager**



Ways and Means Constitutional Subcommittee Budget Hearing

State Treasurer's Office Overview

The mission of the State Treasurer's Office is to serve the citizens of South Carolina by providing transparent, accountable and efficient banking, investment and financial management services for South Carolina State Government. Our commitment is to safeguard our State's financial resources and to maximize return on our State's investments.

The State Treasurer's Office serves as the State's bank and is responsible for the investment, cash management and safekeeping of funds for the State and participating Local Governments. In addition to receiving, disbursing and managing funds from all sources, the State Treasurer's Office coordinates various banking services with Qualified Public Depositories, such as merchant-card services, collateralization of public deposits and FDIC insurance coverage. The Agency also administers the State's debt offerings and repayments as well as manages the Local Government Investment Pool.

Through its Programs Division, the State Treasurer's Office administers three consumer-oriented programs - Unclaimed Property, College Savings, and SC ABLE Savings Programs designed to benefit the citizens of South Carolina.

Summary of FY20 Budget Requests

- **Investment Management Services:** \$205,000 (recurring other funds authorization) for Bloomberg/AIM Investment Management system enhancements related to licensing, workflows and business continuity/disaster recovery practices.
- **Identity Validation Services:** \$45,000 (recurring other funds authorization) for Unclaimed Property Program identity validation services enhancements to ensure claims are paid to the rightful owner. This software enhances compliance, risk decisioning and fraud detection.
- **Employer Health, Dental and Retirement Contribution Increases:** \$146,000 (recurring other funds authorization) for the increase in employer insurance and retirement contributions.
- **SC ABLE Savings Program Administration:** \$25,000 (recurring state funds appropriation) for SC ABLE Savings Program core operational and administrative costs including: salaries, fringe, operational, and administrative expenses.
- **Proviso 98.13 CHANGE** (TREAS: Investment Earnings and Interest) Recommending added language to clarify that STO is to remit investment earnings from the investments of general deposit funds (net of fees, expenses and losses) to the General Fund as required by Section 11-13-125 unless otherwise statutorily committed, as follows:
 - **Proviso 98.13** (TREAS: Investment Earnings and Interest) In accordance with the requirements of Section 11-13-125 of the 1976 Code, the State Treasurer shall remit earnings and interest from investments of general deposit funds into the General Fund of the State. Nothing in this provision shall be construed to limit the State Treasurer from incurring and paying fees, expenses, losses, statutory commitments, salaries, and other costs associated with the routine investment of funds pursuant to Section 11-9-660 of the 1976 Code.



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4) Accountability Report Summary



South Carolina Office of
the State Treasurer

FY18 Accountability Report Highlights

- The Treasury Management Division received and disbursed approximately \$31 billion in funds. There were approximately 4.4 million disbursements consisting of approximately 1.1 million paper checks and approximately 3.2 million electronic payments and made 205,087 deposits on behalf of the state.
- The Investment Management Division managed approximately \$18 - \$20 billion in assets for both the State of South Carolina and local governments (LGIP), and its gross earnings on General Deposit Accounts' investments and LGIP totaled approximately \$304.6 million.
- The Banking Division managed relationships with the qualified public depository banks that provide banking services to the State of South Carolina's state agencies and universities to support the receipt and disbursement of funds, including specialized services for merchant payment cards and merchant card processing. Banking continued to increase fraud protection services with banking partners for all state bank accounts.
- The Debt Management Division issued \$504.2 million in general obligation and revenue debt, of which the State will achieve \$38.2 million in refinancing savings from the refunded issues, and maintained the State's excellent credit ratings with Moody's, S&P, and Fitch as Aaa, AA+, and AAA respectively.
- The Unclaimed Property Program Division continued its commitment to returning unclaimed property to its rightful owners by returning over \$36.8 million for 61,676 properties.
- The Future Scholar College Savings Program is South Carolina's tax advantaged 529 college savings program. Its assets under management totaled approximately \$3.54 billion with almost 157,710 accounts.
- The South Carolina ABLE Savings Program initiative started in July 2015. SC ABLE Savings Accounts assist individuals with disabilities to save money without jeopardizing other government benefits, such as Medicaid and Supplemental Security Income (SSI). As of December 31, 2018 more than 557 accounts have been opened.



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5) Budget Request Summary

FY 19-20 Budget Priorities Summary

State Treasurer's Office

Budget Priorities		Funding							FTEs				
		Priority type (non-recurring/ recurring /other funds adjustment/ federal funds adjustment)	Priority Title	Priority Description	Non - Recurring	Recurring	Other	Federal	Total	State	Other	Federal	Total
1	Recurring	Investments	Investment Management Financial Software (Bloomberg\AIM)			205,000			205,000				
2	Recurring	Unclaimed Property	Identity Validation Services			45,000			45,000				
3	Recurring	Health Insurance	Health Insurance 2019 Plan Increases in employer contributions and 1% Retirement Rate Increase			146,000			146,000				
4	Recurring	Programs	SC ABLE Savings Program Administration				25,000		25,000				



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State Treasurer

House Ways & Means Subcommittee Budget Hearing – January 22, 2019

6) Official Budget Request

AGENCY NAME:	State Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98



**Fiscal Year 2019-20
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS
(FORM B1)**

For FY 2019-20, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
<input type="checkbox"/>	Not requesting any changes.

**NON-RECURRING
REQUESTS
(FORM B2)**

For FY 2019-20, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
<input checked="" type="checkbox"/>	Not requesting any changes.

**CAPITAL
REQUESTS
(FORM C)**

For FY 2019-20, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

**PROVISOS
(FORM D)**

For FY 2019-20, my agency is (mark "X"):	
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Alicia Sharpe	(803) 727-9871	alicia.sharpe@sto.sc.gov
SECONDARY CONTACT:	Patrick Jarvis	(803) 734-0690	Patrick.jarvis@sto.sc.gov

I have reviewed and approved the enclosed FY 2019-20 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE:	 <i>Curtis M. Loftis, Jr.</i>	Board or Commission Chair
TYPE/PRINT NAME:	The Honorable Curtis M. Loftis, Jr.	

This form must be signed by the agency head – not a delegate.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Investment Management Financial Software (BloombergAIM)
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$205,000 Total:
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority # _____	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

ACCOUNTABILITY OF FUNDS	<p>This increase in Other Funds will allow the Agency to fulfill its goals, strategies and objectives as defined in its fiscal year 2018 Accountability Report, specifically to effectively manage all investment programs while preserving capital, maintaining liquidity and obtaining optimal returns within the appropriate risk parameters.</p>
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	Existing Vendor (Bloomberg/AIM)
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>The STO utilizes the Bloomberg/AIM system to invest approximately \$20 billion in state and local government funds, with the priorities of preserving capital, maintaining liquidity and obtaining the best return within appropriate risk parameters. In spite of historically low interest rates and increased demand for securities on the short end of the yield curve, gross earning on General Deposit accounts' investments and Local Government Investment Pool (LGIP) accounts totaled approximately \$304.6 million in the 17-18 fiscal year. The requested funds will continue enhancements related to investment management functionality within the Bloomberg/AIM system specifically relating to reconciliation, licensing, workflows and business continuity/disaster recovery practices. Bloomberg/AIM is the industry's most widely used source for financial information. Bloomberg Anywhere service offers use access to the application online and through mobile devices.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Identity Validation Services
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$45,000 Total:
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority # _____	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

ACCOUNTABILITY OF FUNDS	<p>This increase in Other Funds will allow the Agency to fulfill its goals, strategies and objectives as defined in its fiscal year 2018 Accountability Report, specifically to increase awareness of the Unclaimed Property Program and maximize funds returned to rightful owners. Identity validation is critical to ensure claims are paid to the rightful owner. This software enhances compliance, risk decisioning and fraud detection.</p>
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>Vendor through competitive bid process</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>The Unclaimed Property Program utilizes identity validation providers to ensure claims are paid to the rightful owner. Unclaimed Property Programs across the country are reporting an increase in the number of fraudulent claims. The requested funds will be used to add information to incoming properties to assist with validation of ownership when claims are presented for payment. Identity validation is critical to ensure claims are paid to the rightful owner. This software enhances compliance, risk decisioning and fraud detection.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	3
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Health Insurance 2019 Plan Increases in employer contributions and 1% Retirement Rate Increase
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Provide a brief, descriptive title for this request.

AMOUNT	General: Federal: Other: \$146,000 Total:
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority # _____	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

ACCOUNTABILITY OF FUNDS	<p>This increase in Other Funds will allow the Agency to fulfill all goals, strategies and objectives as defined in its fiscal year 2018 Accountability Report.</p>
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>State Treasurer's Office employees (Other Funded) who were eligible for health insurance, employees participating in the SCRS retirement plan and the related employer.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>To allocate Other Funds for the increase in the <u>employer</u> insurance costs associated with the State's Health Plan for 2019. This includes annualized amounts from calendar year 2018's health and dental insurance increases.</p> <p>Also included in this Fund increase is the associated costs for the SCRS and PORS 1.0% rate increase.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	4
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	SC ABLE Savings Program Administration
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$25,000 Federal: Other: Total:
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority # _____	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

ACCOUNTABILITY OF FUNDS	<p>This increase in General Funds will allow the Agency to fulfill its goals, strategies and objectives as defined in its fiscal year 2018 Accountability Report, specifically to effectively manage and promote the SC ABLE Savings Program to the disability community.</p>
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>State Treasurer's Office will utilize funds for core operational and administrative costs to administer the SC ABLE Savings Program.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	<p>The SC General Assembly passed an initial proviso during the 2015 legislative session establishing the SC ABLE Savings Program. There was no funding provided when the proviso passed. The SC Code of Laws was amended during the 2016 legislative session by adding Article 3 to Chapter 5, Title 11 establishing the South Carolina ABLE Savings Program, with a General Fund appropriation of \$100,000, to allow individuals with a disability and their families to save private funds to support the individual with a disability.</p> <p>The successful program, opened to the public in November 2017, is rapidly growing. The requested funds will cover core operational and administrative costs associated with the SC ABLE Savings Program, as the initial allocation is not enough to cover core and required expenses including: salaries, fringe, operational, and administrative expenses.</p> <p>There is potential for the program to generate a limited funding source from fees charges to customers. However, a General Fund appropriation would enable the STO to cover core and required expenses associated with administration of the SC ABLE Savings Program, to ensure individuals with disabilities and their families who care for them have access to savings tools at no additional cost to the account owners.</p>
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	N/A
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Provide a brief, descriptive title for this request.

AMOUNT	N/A
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What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:
	<input type="checkbox"/> Change in cost of providing current services to existing program audience
	<input type="checkbox"/> Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/> Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/> Non-mandated program change in service levels or areas
	<input type="checkbox"/> Proposed establishment of a new program or initiative
	<input type="checkbox"/> Loss of federal or other external financial support for existing program
	<input type="checkbox"/> Exhaustion of fund balances previously used to support program
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Request for Non-Recurring Appropriations
	<input type="checkbox"/> Request for Federal/Other Authorization to spend existing funding
<input type="checkbox"/> Related to a Recurring request – If so, Priority # _____	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:
	<input type="checkbox"/> Education, Training, and Human Development
	<input type="checkbox"/> Healthy and Safe Families
	<input type="checkbox"/> Maintaining Safety, Integrity, and Security
	<input type="checkbox"/> Public Infrastructure and Economic Development
<input type="checkbox"/> Government and Citizens	

ACCOUNTABILITY OF FUNDS	
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What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

RECIPIENTS OF FUNDS	
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	
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Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. Does this non-recurring appropriation request create an annualization or need for recurring funds?

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	N/A
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Provide a brief, descriptive title for this request.

AMOUNT	N/A
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How much is requested for this project in FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY	
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Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS	
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What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY	
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What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

AGENCY NAME:	South Carolina Treasurer's Office		
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SUMMARY

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM D – PROVISO REVISION REQUEST

NUMBER **98.13**

Cite the proviso according to the renumbered list for FY 2019-20 (or mark "NEW").

TITLE **TREAS: Investment Earnings and Interest**

Provide the title from the FY 2018-19 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM **Programs and Services**

Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST N/A

Is this request associated with a budget request you have submitted for FY 2019-20? If so, cite it here.

REQUESTED ACTION **Amend**

Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED

Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION

Current Proviso 98.13:
 (TREAS: Investment Earnings and Interest) In accordance with the requirements of Section 11-13-125 of the 1976 Code, the State Treasurer shall remit earnings and interest from investments of general deposit funds into the General Fund of the State. Nothing in this provision shall be construed to limit the State Treasurer from incurring and paying fees, expenses, losses, salaries, and other costs associated with the routine investment of funds pursuant to Section 11-9-660 of the 1976 Code.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FISCAL IMPACT	<p>The addition of the clarifying language should not result in a fiscal impact unless otherwise statutorily committed.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISIO TEXT	<p>Proposed Proviso 98.13: (TREAS: Investment Earnings and Interest) In accordance with the requirements of Section 11-13-125 of the 1976 Code, the State Treasurer shall remit earnings and interest from investments of general deposit funds into the General Fund of the State. Nothing in this provision shall be construed to limit the State Treasurer from incurring and paying fees, expenses, losses, <u>statutory commitments</u>, salaries, and other costs associated with the routine investment of funds pursuant to Section 11-9-660 of the 1976 Code.</p>
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Paste FY 2018-19 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	SC State Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	<p>\$60,774</p> <p><i>What is the General Fund 3% reduction amount (minimum based on the FY 2018-19 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i></p>
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ASSOCIATED FTE REDUCTIONS	<p><i>How many FTEs would be reduced in association with this General Fund reduction?</i></p>
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PROGRAM/ACTIVITY IMPACT	<p>The State Treasurer's Office General Funds provide the Agency with the ability to support statewide treasury management and banking services and administration of the SC ABLE Savings Program. These funds also provide support services for the Treasury Management, Banking, Investment Management, Debt Management, Unclaimed Property, College Savings and SC ABLE Savings programs. Therefore, all state government agencies, colleges and universities, local governments, and the citizens of South Carolina are served by the use of these funds.</p> <p><i>What programs or activities are supported by the General Funds identified?</i></p>
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AGENCY NAME:	SC State Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

SUMMARY	<p>Any reduction in General Funds to the State Treasurer's Office would negatively impact the Agency's ability to administer the SC ABLE Savings Program and provide essential treasury management and banking services to state government agencies, college and universities, local governments, and the citizens of South Carolina. A General Fund reduction would also negatively affect the ability to deliver essential support services that the Agency provides for its six major program areas: Treasury Management, Banking, Investment Management, Debt Management, Unclaimed Property, College Savings Plans and SC ABLE Savings Program.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS	N/A
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What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	N/A
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <input type="checkbox"/> Repeal or revision of regulations. <input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens. <input type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden. <input type="checkbox"/> Other
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METHOD OF CALCULATION	
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

AGENCY NAME:	South Carolina Treasurer's Office		
AGENCY CODE:	E160	SECTION:	98

SUMMARY

*Provide an explanation of the proposal and its positive results on businesses or citizens.
How will the request affect agency operations?*

Fiscal Year 2019-20 Budget Request Executive Summary

Agency Code: E160
 Agency Name: State Treasurer's Office
 Section: 98

Priority	Request Type	Request Title	BUDGET REQUESTS				FUNDING				FTES				
			State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total			
1	B1 - Recurring	Investment Management Financial Software (Bloomberg\AIM)			205,000					205,000					0.00
2	B1 - Recurring	Identity Validation Services			45,000					45,000					0.00
3	B1 - Recurring	Health Insurance 2019 Plan Increases in employer contributions and 1% Retirement Rate Increase			146,000					146,000					0.00
4	B1 - Recurring	SC ABLE Savings Program Administration	25,000							25,000					0.00
5					0					0					0.00
6					0					0					0.00
7					0					0					0.00
8					0					0					0.00
9					0					0					0.00
10					0					0					0.00
11					0					0					0.00
12					0					0					0.00
13					0					0					0.00
14					0					0					0.00
15					0					0					0.00
16					0					0					0.00
17					0					0					0.00
18					0					0					0.00
19					0					0					0.00
20					0					0					0.00
21					0					0					0.00
22					0					0					0.00
23					0					0					0.00
24					0					0					0.00
25					0					0					0.00
26					0					0					0.00
27					0					0					0.00
28					0					0					0.00
29					0					0					0.00
30					0					0					0.00
TOTAL BUDGET REQUESTS			25,000	0	396,000	0	0	421,000	0	0.00	0.00	0.00	0.00	0.00	



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7) Proviso Request Summary

Constitutional Subcommittee Proviso Request Summary FY 2019/20

Proviso # in FY 18-19 Act	Renumbered FY 19-20 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
98.13	98.13	TREAS: Investment Earnings and Interest	<p>Proviso 98.13 CHANGE (TREAS: Investment Earnings and Interest) Recommending added language to clarify that STO is to remit investment earnings from the investments of general deposit funds (net of fees, expenses and losses) to the General Fund as required by Section 11-13-125 unless otherwise statutorily committed, as follows:</p> <ul style="list-style-type: none"> ○ Proviso 98.13 In accordance with the requirements of Section 11-13-125 of the 1976 Code, the State Treasurer shall remit earnings and interest from investments of general deposit funds into the General Fund of the State. Nothing in this provision shall be construed to limit the State Treasurer from incurring and paying fees, expenses, losses, <u>statutory commitments</u>, salaries, and other costs associated with the routine investment of funds pursuant to Section 11-9-660 of the 1976 Code. 	CHANGE



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8) Agency Provisos

Office of the State Treasurer

Agency Provisos

98.1. (TREAS: Nat'l. Forest Fund - Local Govt. Compliance) In order to conform to federal requirements local governments receiving distributions of National Forest Fund revenues are required to report annually to the State Treasurer indicating compliance with authorized purposes.

98.2. (TREAS: STARS Approval) Decisions relating to the Statewide Accounting and Reporting System (STARS) and the South Carolina Enterprise Information System (SCEIS) which involve the State Treasurer's Banking Operations and other functions of the State Treasurer's Office shall require the approval of the State Treasurer.

98.3. (TREAS: Investments) The State Treasurer may pool funds from accounts for investment purposes and may invest all monies in the same types of investments as set forth in Section 11-9-660.

98.4. (TREAS: Management Fees) The State Treasurer is authorized to charge a fee for the operating and management costs associated with the Local Government Investment Pool, the Deferred Compensation Program, the Tuition Prepayment Program, and the College Investment Program and is further authorized to retain and expend the fees to provide these services. The fees assessed may not exceed the cost of the provision of such services.

98.5. (TREAS: Investment Management Fees) Unless otherwise prohibited by law, the State Treasurer may charge a fee for the operating and management costs associated with the investment management and support operations of various state funds and programs, and further, may retain and expend the fees to provide these services. The fees assessed may not exceed the actual cost of the provision of these services or the earnings on these investments.

98.6. (TREAS: Debt Management Cost Allocation) Unless otherwise prohibited by law, the State Treasurer may charge actual costs associated with the administration and management of the indebtedness of the State, its agencies and institutions, and further, may retain and expend any amounts so allocated to provide these services. Costs associated with the original issuance of bonds and other indebtedness must be assessed on an hourly basis, must be taken from the costs of issuance of any bond issue or other indebtedness, and must not exceed the actual cost of providing these services. Ongoing costs of administration and maintenance must be assessed against expenses of debt service, and must not exceed the actual costs of providing these services.

98.7. (TREAS: Withheld Accommodations Tax Revenues) Before noncompliant expenditures and penalties withheld pursuant to Sections 6-4-35(B)(1)(a) and (b) are reallocated, the Tourism Expenditure Review Committee must certify to the Office of State Treasurer that the time period for an appeal of the committee's action to the Administrative Law Court has expired or that the action of the committee has been upheld or overturned by the Administrative Law Court. Noncompliant expenditures and penalties withheld must be reallocated annually after August first. Allocations withheld must be reallocated proportionately based on the most recent

completed fiscal year's total statewide collections of the accommodations tax revenue according to the Office of State Treasurer records. Each annual reallocation of withheld funds to non-offending counties and municipalities must be calculated separately then combined if necessary. Each reallocation to a county or municipality calculated less than a dollar must be transferred to the General Fund of the State.

98.8. (TREAS: Tuition Prepayment Program) The South Carolina Tuition Prepayment Program shall not accept any new enrollment in the current fiscal year. The annual increase in tuition for the purposes of the Tuition Prepayment Program, for an institution cannot exceed seven percent per year from the 2006-07 level. To the extent that actual tuition for an institution exceeds an annual growth of seven percent per year since Fiscal Year 2006-07, colleges and universities must grant a waiver of the difference to the designated beneficiary and shall not pass along this difference to any student.

98.9. (TREAS: Penalties for Non-reporting) If a municipality fails to submit the audited financial statements required under Section 14-1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.51 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

98.10. (TREAS: Signature Authorization) The State Treasurer is hereby authorized to designate certain employees to sign payments for the current fiscal year in accordance with Section 11-5-140 of the 1976 Code to meet the ordinary expenses of the State. This provision shall in no way relieve the State Treasurer of responsibility.

98.11. (TREAS: Unclaimed Property) The State Treasurer may not expend funds to retain a third party, private sector auditor, or auditing firms to fulfill his duties pursuant to the South Carolina Uniform Unclaimed Property Act on a contingency basis or any basis other than an hourly basis, with the exception that the State Treasurer may join other state(s) in multi-state contingent fee auditors' examinations, not to include companies whose parent company is headquartered or incorporated in South Carolina, when there is a reason to believe that those companies being audited are holding funds belonging to South Carolina citizens. The Office of State Treasurer shall retain \$200,000 from the Unclaimed Property Program for the sole purpose of employing internal compliance auditors to enforce the Unclaimed Property Act.

98.12. (TREAS: Municipality Accommodations Tax Withholdings) If the State Treasurer is withholding accommodations tax revenue distributions to a municipality due to an expenditure the Tourism Expenditure Review Committee determined to be in noncompliance, then the municipality may refund an amount equivalent to the amount determined to be in noncompliance to the municipality's accommodations tax fund from the municipality's general fund. If the municipality certifies to the Tourism Expenditure Review Committee that the amount has been refunded, the State Treasurer shall refund the withheld funds to the municipality's general fund. The expenditure of funds refunded to the municipality's accommodations tax fund and any subsequent expenditures are subject to review by the Tourism Expenditure Review Committee. Prior to notification to the State Treasurer of noncompliance by a municipality, the Tourism Expenditure Review Committee must notify the municipality if an expenditure is found to be in noncompliance. If the committee informs the municipality of an expenditure determined to be in noncompliance and the municipality does not refund the noncompliant amount, the committee shall certify the noncompliance to the State Treasurer. If the committee determines an expenditure of any refunded amount to be in noncompliance, the municipality may not refund an equivalent amount in order to avoid future withholdings.

98.13. CHANGE (TREAS: Investment Earnings and Interest) In accordance with the requirements of Section 11-13-125 of the 1976 Code, the State Treasurer shall remit earnings and interest from investments of general deposit funds into the General Fund of the State. Nothing in this provision shall be construed to limit the State Treasurer from incurring and paying fees, expenses, losses, statutory commitments, salaries, and other costs associated with the routine investment of funds pursuant to Section 11-9-660 of the 1976 Code.













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9) Carry Forward Information

Carry Forward Information From SCEIS

Account Number	1000000000	CASH DUE TO/FROM		
to	1199999999			
Company Code	SC01	State of South Carolina		
Fiscal Year	2019			
 Display More Chars				
All Documents in Currency	*	Display Currency USD Company co		
        				
Period	Debit	Credit	Balance	Cumulative balance
Bal. Carryfor...				102,769.53



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10) FTE Breakdown



South Carolina Office of
the State Treasurer

FTEs

Authorized FTEs	FY18	FY19
State	41.00	41.00
Other	39.07	39.07
Federal	0.00	0.00
Total	80.07	80.07



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11) Any Additional Information