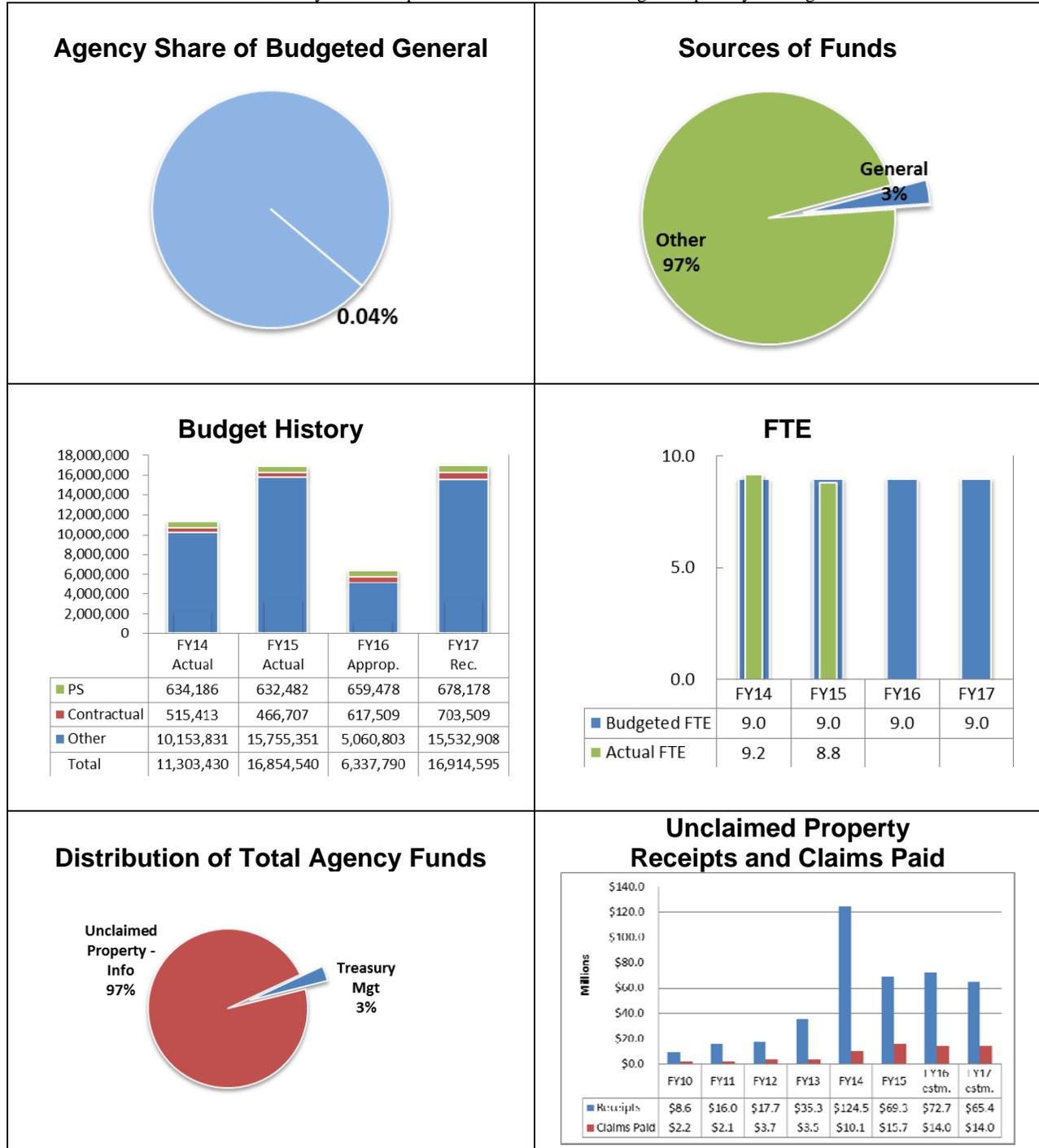


FY17 Budget Briefing

State Treasurer

Excluding Investment Council

Information contained in this document is based on the Governor's original recommended FY17 budget.
This document may not correspond with the final FY17 budget adopted by the Legislature.



Key Personnel

- Richard Sattgast, State Treasurer
- Lee DeJabet, Administrator
Unclaimed Property
- Rik Drewes, Deputy Treasurer

Department Total – Excludes State Investment Council

The State Treasurer is responsible for the management of the state's treasury. Duties include accounting, support of other state agencies, banking, bond management, data processing, supervision and regulation of public funds insurance, coordination with the State Auditor for payment of warrants, and unclaimed property management. The State Treasurer also is a member of the State Investment Council, monitoring the investment of public funds.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	485,489	490,438	509,799	525,799	525,799	16,000	3.1%
Employee Benefits	148,697	142,044	149,679	152,379	152,379	2,700	1.8%
FTE	9.2	8.8	9.0	9.0	9.0	0.0	0.0%
Funding Types							
General	368,482	373,796	386,957	386,957	386,957	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	265,704	258,686	272,521	291,221	291,221	18,700	6.9%
Total PS	634,186	632,482	659,478	678,178	678,178	18,700	2.8%
Operating Expenses							
Travel	16,666	16,265	29,007	29,007	29,007	0	0.0%
Contractual Services	515,413	466,707	617,509	705,509	703,509	86,000	13.9%
Supplies & Materials	25,700	26,366	26,796	32,296	32,296	5,500	20.5%
Capital Outlay	12,574	5,730	5,000	6,800	4,500	(500)	(10.0%)
Other	10,098,890	15,706,992	5,000,000	20,000,000	16,000,000	11,000,000	220.0%
Funding Types							
General	130,968	119,224	145,938	148,238	145,938	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	10,538,275	16,102,835	5,532,374	20,625,374	16,623,374	11,091,000	200.5%
Total OE	10,669,243	16,222,059	5,678,312	20,773,612	16,769,312	11,091,000	195.3%
Totals							
Funding Types							
General	499,451	493,019	532,895	535,195	532,895	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	10,803,979	16,361,521	5,804,895	20,916,595	16,914,595	11,109,700	191.4%
Total	11,303,430	16,854,540	6,337,790	21,451,790	17,447,490	11,109,700	175.3%

Department Object Detail

Item	Actual FY2014	Actual FY2015	Budgeted FY2016	Governor Rec FY2017	Inc/Dec Over FY2016	% Change Over FY2016
PERSONAL SERVICES						
General	368,485	373,796	386,957	386,957	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	265,704	258,686	272,521	291,221	18,700	6.9%
Total Personal Services	634,189	632,482	659,478	678,178	18,700	2.8%
FTE	9.2	8.8	9.0	9.0	0.0	0.0
TRAVEL						
General	8,475	3,940	12,507	12,507	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	8,191	12,325	16,500	16,500	0	0.0%
Total Travel	16,666	16,265	29,007	29,007	0	0.0%
CONTRACTUAL SERVICES						
General	109,651	110,320	125,335	125,335	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	405,762	356,387	492,174	578,174	86,000	17.5%
Total Contractual Services	515,413		617,509	703,509	86,000	13.9%
SUPPLIES AND MATERIALS						
General	5,697	3,508	5,996	5,996	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	20,003	22,858	20,800	26,300	5,500	26.4%
Total Supplies and Materials	25,700	26,366	26,796	32,296	5,500	20.5%
CAPITAL OUTLAY						
General	7,145	1,457	2,100	2,100	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	5,428	4,273	2,900	2,400	(500)	(17.2%)
Total Capital Outlay	12,573	5,730	5,000	4,500	(500)	(10.0%)
OTHER						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	10,098,890	15,706,992	5,000,000	16,000,000	11,000,000	220.0%
Total Other	10,098,890	15,706,992	5,000,000	16,000,000	11,000,000	220.0%
TOTAL						
General	499,453	493,021	532,895	532,895	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	10,803,978	16,361,521	5,804,895	16,914,595	11,109,700	191.4%
Total All Funds	11,303,431	16,854,542	6,337,790	17,447,490	11,109,700	175.3%

Major Expansions and Reductions

Governor's Recommendation					
	General	Federal	Other Funds	TOTAL Funds	FTE
	Funds	Funds			
Unclaimed Property Program					
Unclaimed Property Claims			11,000,000	11,000,000	-
Other Budget Adjustments			109,700	109,700	-
TOTAL	-	-	11,109,700	11,109,700	-

Budget Notes

Unclaimed Property Payments – Increase of **\$11,000,000** in other fund expenditure authority to align the budget with anticipated unclaimed property payments in FY17. In FY15, the total amount of claims paid was \$15,712,105. This recommended increase will bring the total budget for claims paid up to \$16,000,000 in FY17.

Other Budget Adjustments – The Governor recommends an increase of **\$109,700** in other fund expenditure authority for various budget adjustments. The adjustments are as follows:

- Increase of \$18,700 due to staff changes and additional support for marketing, outreach, media, and public relations;
- Increase of \$70,000 for support of fast track claims and identity verification;
- Increase of \$10,000 for the purchase of items for outreach;
- Increase of \$4,000 to hire individuals to work outreach booths;
- Increase of \$2,000 for additional web hosting expenses;
- Increase of \$5,500 for office supplies due to increased claims and inquiries; and
- Decrease of \$500 due to few computer hardware purchases

TREASURY MANAGEMENT

The mission of the Division of Treasury Management is to have charge of and keep all public monies paid into the state treasury, and pay out the same as directed by law; to account for the receipts and disbursements of all monies due the State Treasurer and remitted to the treasury by state officers and employees; to receipt federal payments for rent, or in lieu of taxes, and remit the same to county treasurers as directed by law; to allocate available monies entitled to various entities and agencies of state government and to political subdivisions for purposes specified by statute; and to perform all other duties legally required of the State Treasurer.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	282,942	290,867	299,894	299,894	299,894	0	0.0%
Employee Benefits	85,540	82,929	87,063	87,063	87,063	0	0.0%
FTE	5.1	5.1	5.2	5.2	5.2	0.0	0.0%
Funding Types							
General	368,482	373,796	386,957	386,957	386,957	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	368,482	373,796	386,957	386,957	386,957	0	0.0%
Operating Expenses							
Travel	8,475	3,940	12,507	12,507	12,507	0	0.0%
Contractual Services	109,651	110,320	125,335	125,335	125,335	0	0.0%
Supplies & Materials	5,697	3,508	5,996	5,996	5,996	0	0.0%
Capital Outlay	7,145	1,457	2,100	4,400	2,100	0	0.0%
Funding Types							
General	130,968	119,224	145,938	148,238	145,938	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total OE	130,968	119,224	145,938	148,238	145,938	0	0.0%
Totals							
Funding Types							
General	499,451	493,019	532,895	535,195	532,895	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total	499,451	493,019	532,895	535,195	532,895	0	0.0%

UNCLAIMED PROPERTY - INFORMATIONAL

The mission of the Division of Unclaimed Property is to carry out the duties and responsibilities of the South Dakota Uniform Unclaimed Property Act; to have charge of and custodial responsibility for all property and monies received under this chapter; to maintain unclaimed property monies in a separate trust fund, and to pay rightful owners as directed by law; to keep an accurate record of the unclaimed property accounts and disbursements of the funds; and to reimburse various entities, holders, and service providers as directed by statute.

	<u>Actual</u> <u>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	202,547	199,571	209,905	225,905	225,905	16,000	7.6%
Employee Benefits	63,157	59,115	62,616	65,316	65,316	2,700	4.3%
FTE	4.0	3.7	3.8	3.8	3.8	0.0	0.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	265,704	258,686	272,521	291,221	291,221	18,700	6.9%
Total PS	265,704	258,686	272,521	291,221	291,221	18,700	6.9%
Operating Expenses							
Travel	8,191	12,325	16,500	16,500	16,500	0	0.0%
Contractual Services	405,762	356,387	492,174	580,174	578,174	86,000	17.5%
Supplies & Materials	20,003	22,858	20,800	26,300	26,300	5,500	26.4%
Capital Outlay	5,428	4,273	2,900	2,400	2,400	(500)	(17.2%)
Other	10,098,890	15,706,992	5,000,000	20,000,000	16,000,000	11,000,000	220.0%
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	10,538,275	16,102,835	5,532,374	20,625,374	16,623,374	11,091,000	200.5%
Total OE	10,538,275	16,102,835	5,532,374	20,625,374	16,623,374	11,091,000	200.5%
Totals							
Funding Types							
General	0	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	10,803,979	16,361,521	5,804,895	20,916,595	16,914,595	11,109,700	191.4%
Total	10,803,979	16,361,521	5,804,895	20,916,595	16,914,595	11,109,700	191.4%

Budget Notes

Unclaimed Property Payments – Increase of **\$11,000,000** in other fund expenditure authority to align the budget with anticipated unclaimed property payments in FY17. In FY15, the total amount of claims paid was \$15,712,105. This recommended increase will bring the total budget for claims paid up to \$16,000,000 in FY17.

Other Budget Adjustments – The Governor recommends an increase of **\$109,700** in other fund expenditure authority for various budget adjustments. The adjustments are as follows:

- Increase of \$18,700 due to staff changes and additional support for marketing, outreach, media, and public relations;
- Increase of \$70,000 for support of fast track claims and identity verification;
- Increase of \$10,000 for the purchase of items for outreach;
- Increase of \$4,000 to hire individuals to work outreach booths;
- Increase of \$2,000 for additional web hosting expenses;
- Increase of \$5,500 for office supplies due to increased claims and inquiries; and
- Decrease of \$500 due to few computer hardware purchases

Governor's Recommended Employee Compensation and Billings Pool
 (from page 21 of the Governor's FY17 budget book)

For FY17, the Governor recommended the funding for the state employee compensation plan and bureau billings be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or the decrease for health insurance.*

Below are the estimated distributions for employee compensation for FY17. BFM will distribute dollars from the Pool after calculating the increase for salary policy and the decrease for employee health insurance. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

FY17 Salary Policy Component	Object	General	Federal	Other	Total
Health Insurance	PS	(\$1,412)	\$0	(\$1,063)	(\$2,475)
Market Adjustment	PS	\$9,210	\$0	\$6,938	\$16,148
Movement Towards Market Value	PS	\$0	\$0	\$0	\$0
Health Insurance	OE	(\$64)	\$0	(\$76)	(\$140)
Market Adjustment	OE	\$545	\$0	\$590	\$1,135
Movement Towards Market Value	OE	\$218	\$0	\$394	\$612
	Total	\$8,497	\$0	\$6,783	\$15,280

- Recommended FY17 - 2.7% market adjustment for all permanent employees (except Career Bands); 0%-2.7% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; decrease of \$275 per benefitted employee for the employer-paid portion of the health insurance plan.
- Recommended FY16 – 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
- FY15 – 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.

- FY14 – 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.

Below are the estimated increases to the bureau billings for FY17. The amount distributed from the BFM pool to the agency will be in addition to the agency's appropriated contractual services budget.

Estimated FY17	General	Federal	Other	Total
Bureau Billing Adjustments	439	-	497	936

Unclaimed Property Receipts and Claims Paid

	Receipts	Claims Paid	Net Claims
FY10	8,640,965	2,152,101	6,488,864
FY11	15,961,434	2,068,686	13,892,748
FY12	17,734,247	3,669,205	14,065,042
FY13	35,292,333	3,481,325	31,811,008
FY14	124,549,086	10,098,890	114,450,196
FY15	69,275,794	15,712,105	53,563,689
FY16 estm.	72,660,000	14,000,000	58,660,000
FY17 estm.	65,431,127	14,000,000	51,431,127

Revenues as reported in the Governor's Budget Book

	FY 2014 Actual	FY2015 Actual	FY 2016 Estimated	FY 2017 Estimated
Cash Receipts	124,549,086	69,275,794	72,660,000	65,431,127

Statistics as reported in the Governor's Budget Book

	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Estimated
Claims Submitted	26,950	12,625	12,000	12,000
Properties Received	314,511	142,928	145,000	140,000
Properties Paid	22,035	81,322	30,000	30,000
Avg. # of Days to Initial Processing of Claim	1.4	1.1	1.1	1.1
-----	-----	-----	-----	-----
Amount of Claims Paid	\$10,098,890	\$15,712,105	\$14,000,000	\$14,000,000
Claims Paid	10,024	4,500	4,500	4,500
Records in Unclaimed Property Database	796,741	939,669	1,100,000	1,300,000
Stock Portfolio Valuation	\$8,562,604	\$10,803,195	\$10,000,000	\$10,000,000

Selected Statutes Governing Unclaimed Property Trust Fund

43-41B-24. Deposit of funds. (a) Except as otherwise provided by this section, the administrator shall promptly deposit in the general fund of this state all funds received under this chapter, including the proceeds from the sale of abandoned property under § 43-41B-23. The administrator shall retain in a separate trust fund an amount not more than fifty thousand dollars from which prompt payment of claims duly allowed must be made by him. Before making the deposit, the administrator shall record the name and last known address of each person appearing from the holders' reports to be entitled to the property and the name and last known address of each insured person or annuitant and beneficiary and with respect to each policy or

contract listed in the report of an insurance company its number, the name of the company, and the amount due. The record must be available for public inspection at all reasonable business hours.

(b) The administrator may pay from the unclaimed property trust fund:

- (1) Any costs in connection with the sale of abandoned property;
- (2) Costs of mailing and publication in connection with any abandoned property;
- (3) Reasonable service charges; and
- (4) Costs incurred in examining records of holders of property and in collecting the property from those holders.

Source: SL 1992, ch 312, § 23; SL 1993, ch 327, § 1.

43-41B-24.1. Continuous appropriation of fund--Report--Approval of certain expenditures . Money in the unclaimed property trust fund for payment of costs and expenses authorized under § 43-41B-24 is continuously appropriated for those purposes. Any expenditures shall be paid upon warrants drawn by the state auditor pursuant to vouchers authorized by the state treasurer. All funds paid out by the state treasurer under chapter 43-41B shall be set forth in an informational budget as described in § 4-7-7.2 and be annually reviewed by the Legislature. Any expenditure other than unclaimed property claims that exceeds the informational budget shall be approved by the Board of Finance pursuant to chapter 4-1.

Source: SL 1993, ch 327, §§ 2, 3; SL 2012, ch 210, § 1.

Interagency Billings

Below are the sources of funds used in FY15 to pay for services provided by central governmental bureaus (Bureau of Finance and Management, Bureau of Information and Telecommunications, Bureau of Administration, and the Bureau of Human Resources).

Bureau Name	General	Federal	Other	Total
Bureau of Finance and Management			9,256	9,256
Bureau of Administration	19,365	-	41,659	61,024
Bureau of Information and Telecommunication	10,233	-	65,449	75,682
Bureau of Human Resources	-	-	-	-
Total FY15 Interagency Payments	29,598	-	116,365	145,963

Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance June 30		60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Years	
		FY2014	FY2015		Amount	Month
Company 3062 - Teen Court Grant Program Fund	307	34,359	10,331	50,279	6,170	July 2010
Company 8000 - Agency Fund	308	682,959	740,196	N/A	N/A	N/A
Company 8324 - Unclaimed Property Trust Fund	309	49,863	50,000	3,151,028	(1,179,776)	September 2014