

**FY22 Budget Performance Review  
Oklahoma State Treasurer - 74000**

Lead Administrator: Hounarable Randy McDaniel

Lead Financial Officer: Kiranmaye Nallayahgari

**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 and STABLE program**

Oklahoma's qualified tuition savings program under Section 529 of the federal tax code. The STABLE program provides a savings vehicle for people with disabilities to save for quality of life expenses protected from assets limits for government benefit programs.

**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'21 Budgeted Department Funding By Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
4002001	Banking Fees			450,000			\$450,000
4002006	Banking & Treasury Services	610,036					\$610,036
4004001	General Administration	508,552					\$508,552
4004003	Public Information	132,044					\$132,044
4005003	Investment Office			167,034			\$167,034
4005004	Link Deposit (dormant program)	2,549					\$2,549
4005005	Portfolio Accounting and Reporting	772,719					\$772,719
5005001	Bond Advisory Services			437,259			\$437,259
6000001	Unclaimed Property			63,283,123			\$63,283,123
6000002	UP - Audit & Publication			4,865,000			\$4,865,000
8800060	UP - Data Processing			667,854			\$667,854
8801040	Data Processing	621,751		2,085,844			\$2,707,595
9200007	College Savings Plan			29,900			\$29,900
3000001	State Land Reimbursement	95,000					\$95,000
9300000	Statewide Circuit Engineering			5,120,000			\$5,120,000
<b>Total</b>		<b>\$2,742,651</b>	<b>\$0</b>	<b>\$77,106,014</b>	<b>\$0</b>	<b>\$0</b>	<b>\$79,848,665</b>

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'20 Carryover by Funding Source**

Carryover	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
	\$1,704,368	#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:

**What changes did the agency make between FY'20 and FY'21?**

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

No services were discontinued between FY20 and FY21 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 \$1,000 (from FY20 to FY21)

**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'22 Requested Funding By Department and Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change
4002001	Banking Fees	\$0	\$0	\$450,000	\$0	\$450,000	0.00%
4002006	Banking & Treasury Services	\$610,036	\$0	\$0	\$0	\$610,036	0.00%
4004001	General Administration	\$508,552	\$0	\$0	\$0	\$508,552	0.00%
4004003	Public Information	\$132,044	\$0	\$0	\$0	\$132,044	0.00%

4005003	Investment Office	\$0	\$0	\$167,034	\$0	\$167,034	0.00%
4005004	Link Deposit (dormant program)	\$2,549	\$0	\$0	\$0	\$2,549	0.00%
4005005	Portfolio Accounting and Reporting	\$772,719	\$0	\$0	\$0	\$772,719	0.00%
5005001	Bond Advisory Services	\$0	\$0	\$437,259	\$0	\$437,259	0.00%
6000001	Unclaimed Property	\$0	\$0	\$63,283,123	\$0	\$63,283,123	0.00%
6000002	UP - Audit & Publication	\$0	\$0	\$4,865,000	\$0	\$4,865,000	0.00%
8800060	UP - Data Processing	\$0	\$0	\$667,854	\$0	\$667,854	0.00%
8801040	Data Processing	\$621,751	\$0	\$2,085,844	\$0	\$2,707,595	0.00%
9200007	College Savings Plan	\$0	\$0	\$29,900	\$0	\$29,900	0.00%
3000001	State Land Reimbursement	\$95,000	\$0	\$0	\$0	\$95,000	0.00%
9300000	Statewide Circuit Engineering	\$0	\$0	\$5,120,000	\$0	\$5,120,000	0.00%
<b>Total</b>		<b>\$2,742,651</b>	<b>\$0</b>	<b>\$77,106,014</b>	<b>\$0</b>	<b>\$79,848,665</b>	<b>0.00%</b>

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

Request by Priority		Request Description	Appropriation Request Amount (\$)
Request 1:	Increased IT Support costs		\$132,383
Request 2:			
Request 3:			
Request 4:			
Request 5:			
<b>Top Five Request Subtotal:</b>			<b>\$132,383</b>
<b>Total Increase above FY-21 Budget (including all requests)</b>			<b>\$ 132,383</b>
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 '22 as was received in FY '21? (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 '22?
The Treasurer's Office has already initiated numerous cost-cutting measures which have allowed the agency to absorb a 25% 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

Is the agency seeking any fee increases for FY '22?		
	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1		
Increase 2		
Increase 3		

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 21 budgeted	FY 20	FY 19	FY 18	FY 17

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'21 Budgeted FTE							
Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
40	General Operations	6		21.5	2	14	5.5
50	Bond Advisory Services	0.8		5.3	1	3.5	0.8
60	Unclaimed Property	5.2		29.2	5.5	20	3.7
<b>Total</b>		<b>12</b>	<b>0</b>	<b>56</b>	<b>8.5</b>	<b>37.5</b>	<b>10</b>

FTE History
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Division #	Division Name	2021 Budgeted	2020	2019	2017	2012
40	General Operations	21.5	21.7	19.00	22.0	41.0
50	Bond Advisory Services	5.3	2.5	2.50		
60	Unclaimed Property	29.2	28.9	30.00	19.0	19.0
88	Data Processing					
<b>Total</b>		<b>56.0</b>	<b>53.1</b>	<b>51.5</b>	<b>41.0</b>	<b>60.0</b>

Performance Measure Review					
	FY 20	FY 19	FY 18	FY 17	FY 16
<b>Banking Services</b>					
Warrants Processed	13%	12%	12%	12%	12%
<b>Portfolio Accounting/Investments</b>					
Earnings (Goal within 10% of projection)	98.33	112	110	99	96
ROI v. Benchmark (95% goal)	77	89	214	390	248
% Investments (CD and Repo) Collateralized	100	100	100	100	100
Transactions Audited (within 90 days)	100	100	100	100	95
Certificates of Deposit Issued: Total (in millions)	341	160	210	232	207
<b>Unclaimed Property</b>					
Amount of Claims Paid	\$33,600,000	\$51,685,045	\$42,769,653	\$34,550,861	\$31,144,764
# of Claims Paid	10,330	13,452	15,222	12,458	12,925

Revolving Funds (200 Series Funds)			
<i>Please provide fund number, fund name, description, and revenue source</i>	FY'18-20 Avg. Revenues	FY'18-20 Avg. Expenditures	June '20 Balance
<b>State Treasurer's Revolving Fund (200)</b>			
This fund receives payments from state agencies for managing investments, processing stop payments, returned check collection and fines for late payment records.	\$918,016	\$199,324	\$4,450,064
<b>Securities Lending &amp; Custodian Fee Revolving Fund (215)</b>			
This fund receives securities lending revenue and is restricted to paying banking fees.	\$127,236	\$161,502	\$614,103
<b>Unclaimed Property Administrative Revolving Fund (260)</b>			
This fund receives 4% of amounts deposited to the Unclaimed Property Fund and is restricted to program administration.	\$4,083,889	\$3,328,535	\$7,613,880
<b>Unclaimed Property Clearinghouse Fund (265)</b>			
This fund pays for contract property location services, publication, auction and custodial services from the Unclaimed Property Fund (This is a clearing account, any ending balance is due to timing of payments).	\$1,770,240	\$1,754,695	\$53,073
<b>Bond Oversight Revolving Fund (285)</b>			
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. (2018 totals are for a partial year. This function transferred to OST in Nov'17)	\$434,885	\$192,420	\$169,085