



Senate Finance Committee Budget Presentation

January 17, 2023

West Virginia State Treasurer's Office
Riley Moore, State Treasurer



Cash Management

The Cash Management Division manages the state's operating fund and processes all state receipts and disbursements. The collection and distribution methods include electronic commerce and paper-based transactions.

Highlights

- Expanded the newly implemented statewide merchant services program for credit card processing to local governments.
 - Low competitive rates for transaction processing
 - Additional options to meet entity business needs
 - Enhanced security for online and in-person payments
 - More payment options for WV citizens
- Implementing the WV Security for Public Deposits Act passed during the 2022 legislative session.
 - Designated state depositories are authorized to secure public deposits through an additional pooled method
 - Must be operational by March 2024
 - Anticipated benefits:
 - Lowering the overall cost of securing public deposits
 - State banking contracts will be more desirable to financial institutions.



Debt Management

The Debt Management Department serves as a central information source concerning the incurrence, recording and reporting of debt issued by the state, its agencies, boards, commissions and authorities.

Highlights

- \$2.90 billion net tax supported debt outstanding
 - Approximately \$1.69 billion consists of General Obligation (GO) bonds (Examples: Roads to Prosperity Bonds, State Road Bonds and Infrastructure Bonds)
 - Approximately \$710 million consists of revenue bonds (Examples: Lottery Revenue Bonds issued by School Building Authority, Economic Development Authority and Higher Education)
- \$816.3 billion non-tax supported debt outstanding (Examples: Projects related to housing, hospitals, economic development, universities, highways, etc.)

The annual Debt Position Report and Debt Capacity Report are available online at:

<https://www.wvsto.com/Banking-Services/Debt-Management>



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

The West Virginia Board of Treasury Investments (BTI) manages approximately \$9.2 billion in short-term, fixed income investments. It provides investment opportunities to state agencies, local governments and other political entities.

Highlights

- Assets under Management for the BTI are the largest in state history at \$9.2B as of June 30, 2022—an increase of \$3 billion since I took office
- State agency investments with the BTI increased \$1.1B year-over-year, while investments from local governments increased \$48.4M
- Maintained Standard and Poor's AAAM rating for the WV Money Market and WV Government Money Market pools
- Certificate of Achievement for Excellence in Financial Reporting by the GFOA for 15th consecutive year
- The WV Money Market Pool ranked first out of 241 peer groups (\$468B) for the 1-, 3- and 5-year periods



SMART529[®]

West Virginia's Education Savings Solution

The SMART529 savings program provides options for individuals to save for the cost of higher education and private K-12 tuition. SMART529 is a college savings plan offered by the Board of Trustees of the West Virginia College and Jumpstart Savings Programs and administered by Hartford Funds Management Company, LLC ("HFMC").

Highlights

- SMART529 is celebrating its 20-year anniversary
- SMART529 WV Direct continues to receive national ranking recognition
- Nearly \$3.0 billion in assets*
- 38,112 West Virginians invested in program
- 115,080 total accounts*
- Program grew with 6,328 new accounts; 3,083 of those new accounts are West Virginia residents

*Assets and account numbers reported quarter ending June 30, 2022



WVABLE (Achieving a Better Life Experience)

Allows individuals with disabilities to save and invest up to \$16,000 annually (\$517,000 lifetime limit) without jeopardizing federal benefits such as Medicaid or Supplemental Security Income (SSI)* (Must have developed the disability prior to age 26)

Highlights

- Earnings grow tax-free
- Contributions qualify for West Virginia state income tax deduction
- For employed beneficiaries, an additional \$12,880 of employment earnings may be contributed - increasing the total annual contribution limit to \$28,880.
- Funds can be spent on qualified disability expenses at any time
- 517 active accounts
- \$3,659,428 in assets
- Average account balance of \$7,078
- The ABLE Age Adjustment Act passed Congress on December 23, 2022, increasing the age of qualifying disability from 26 to 46.

*WVABLE account balances over \$100,000 are considered a resource for individuals receiving SSI; see WVABLE.com for complete plan details



The West Virginia Retirement Plus Plan is a 457 supplemental retirement opportunity for state, county, city and other political subdivision employees.

Highlights

- More than \$325 million in total assets
- Membership of 315 political subdivisions including 54 county commissions and 111 municipalities
- 19,543 participants



UNCLAIMED PROPERTY

Pursuant to the West Virginia Uniform Unclaimed Property Act, the State Treasurer's Office is responsible for preserving and protecting the property rights of owners of unclaimed property in the state.

Highlights

- \$18.6 million returned to rightful owners in FY2022
- \$43.2 million holder remittances in FY2022
- Transferred more than \$167 million to various funds since 1997
- The Unclaimed Property Fund has \$355 million in long-term liability



JUMPSTART

SAVINGS PROGRAM

The West Virginia Jumpstart Savings Program is a state-administered program to help West Virginians save money to help cover the costs of pursuing a career in skilled trades and vocations.

Highlights

- Program launched July 1, 2022
- Key Program Features Include:
 - Certain state tax benefits for account owners for contributions and for distributions used for the Designated Beneficiary's qualified expenses.
 - Employers may qualify for non-refundable state tax credits of up to \$5,000 per taxable year, per employee, against either personal income tax or corporate next income tax, for direct contributions into a Jumpstart Savings Account for which their employee is named Designated Beneficiary.
 - With the Ignite Incentive, the State Treasurer will deposit \$100 into a Jumpstart Savings Account if the Designated Beneficiary is a WV resident and is either under the age of 18 or has enrolled in a qualified education program within 180 days of opening the Jumpstart Savings Account.



HOPE SCHOLARSHIP WEST VIRGINIA

Hope Scholarship is the state's education savings account program that gives parents an opportunity to build an individual learning experience that works best for their child. The scholarship allows K-12 students to receive financial assistance that can be used for tuition, fees, and other expenses.

- Applications opened on March 1, 2022.
 - The Office approved over 3,000 eligible students
- Funds were scheduled for disbursement on August 15, 2022.
 - The injunction issued on July 6, 2022, placed the program on hold and delayed disbursement.
 - Despite the delay, the State Treasurer's Office was able to disburse full-year or prorated payments to approximately 1,800 students.



The State's Bank

Summary

- Cash Management: approximately \$20.7 billion in state cash receipts processed annually
- Assets Under Management:
 - Board of Treasury Investments: \$9.2 billion
 - SMART529: \$3.0 billion
 - Retirement Plus: \$325 million
 - Safekeeping: \$134 million
- Unclaimed Property: \$355 million in long-term liability
- State Treasury General Revenue Budget: \$3.5 million



Current Level Impact Statement

The State Treasurer's Office respectfully requests reappropriation language for any unexpended balances remaining in the appropriation of Current Expenses (Fund 0126, Appropriation 13000) at the close of FY2023 be reappropriated for expenditure during FY2024.

Operating FY2024 at 100% base FY 2023 level should pose no problem for the State Treasurer's Office.



Budget Appropriations

Summary Request

General Revenue Funds

<u>Fund #-Approp.</u>	<u>Fund Name</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24-Proposed</u>
0126-00100	Personal Services	\$2,570,242	\$2,570,242	\$2,649,270	\$2,649,270
0126-09900	Unclassified	\$31,463	\$31,463	\$31,463	\$31,463
0126-13000	Current Expenses	\$772,684	\$572,684	\$572,684	\$572,684
0126-69000	Other Assets	\$10,000	\$10,000	\$10,000	\$10,000
0126-11800	Abandoned Property Program	\$41,794	\$41,794	\$41,794	\$41,794
0126-69201	ABLE Program	\$150,000	\$150,000	\$150,000	\$150,000
<u>0126-91300</u>	<u>BRIM Premium</u>	<u>\$59,169</u>	<u>\$59,169</u>	<u>\$59,169</u>	<u>\$59,169</u>
	Total General Revenue	\$3,635,352	\$3,435,352	\$3,514,380	\$3,514,380



General Revenue 5-Year Trend

Fiscal Years 2019 - 2023

Fund/Appropriation	FY23	FY22	FY21	FY20	FY19
0126-001 (Pay/Benefits/Increment)	2,649,270	2,570,242	2,570,242	2,561,063	2,480,419
0126-118 (Unclaimed Property)	41,794	41,794	41,794	41,794	41,794
0126-69201 (ABLE)	150,000	150,000	150,000	150,000	150,000
0126-913 (BRIM)	59,169	59,169	59,169	59,169	59,169
0126-099 (Current Expenses/others)	614,147	614,147	814,147	823,326	515,515
Total	3,514,380	3,435,352	3,635,352	3,635,352	3,246,897



Unfilled FTE's

The State Treasurer's Office currently has the following vacancies:

- LGS – 1.00 FTE (1324)
- Retirement Plus – 1.00 FTE (1350)
 - Not expected to be refilled, workload being absorbed
- Courier Specialist – 1.00 FTE (1324)
 - Not expected to be refilled, workload being absorbed
- Executive Office – 1.00 FTE (0126)
 - Posted since 1/04/23
- Administration – 0.40 FTE (0126)
- Administrative Assistant – 0.25 FTE (1324)
- Maintenance Engineer – 0.50 FTE (1322), 0.25 FTE (1301), & 0.25 FTE (1324)
 - Posted since 10/19/22

	Fund	Budgeted	Filled	Vacant
General Revenue	0126	26.14	24.74	1.40
SMART529	1301	8.05	7.80	0.25
Cash Management	1322	48.54	48.04	0.50
Unclaimed Property	1324	44.84	42.34	2.50
Hope Scholarship	1327	1.00	1.00	-
E-Government	1345	5.00	5.00	-
Retirement Plus	1350	3.23	2.23	1.00
WV ABLE	1362	1.00	1.00	-
		137.80	132.15	5.65



Federal Funds

- The State Treasurer's Office has not received or expended any federal funds during FY2023.
- However, the State Treasurer's Office did receive a reimbursement in the amount of \$12,045.30 from the federal government during FY2021 as a result of COVID-19 expenses incurred.
- There are no remaining federal fund balances or additional federal funds expected to be paid out.



Improvement Requests

- No improvement requests for FY2024



Treasurer's Office Efficiencies

Since taking office, we have:

- Returned approximately \$15 million to General Revenue due to the closure of the Prepaid College Savings Program.
- Reduced field staff operations by 50% saving just over \$300,000 annually.
- Reduced our General Revenue Budget by over 3%.
- Consolidated the 529 Savings and Jumpstart Savings Boards saving the state millions of dollars in administrative costs.



Future Financial Costs

- The State Treasurer's Office is required to perform a "technology infrastructure refresh" approximately every five years.
- The next refresh is anticipated during calendar year 2025-2026 which, along with other technology costs of maintaining Payment Card Industry (PCI) standards, could be an expense of approximately \$1 million within the next two years.



Thank you!

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