State Treasury
FY 2022 – 2023
Agency Budget Presentation
November 20, 2020

State Treasury
Fiscal Years 2022 and 2023
Agency Budget Presentation
Overview Outline
November 20, 2020

1. Structure of Treasury Organization
    - i. Treasury Operations – 12 positions (2 Vacant)
    - ii. Abandoned Property – 10 positions (2 Vacant)
    - iii. UNIQUE and Governor's Scholarship Programs – 1 Position (Vacant)

2. Structure of Treasury Budget
    - a. Core Treasury Operations, including the Abandoned Property Program, constitute 2% of total budgeted dollars. See attached spreadsheet for explanatory notes.
    - b. Debt Service represents approximately 45% of Treasury's Budget
        - i. General Funded and USNH capital projects – General and Federal Funds – represent approximately 40% of the total budget.
            - a) Assumed $60 million in capital appropriations and $10 million for USNH.
        - ii. Debt Service for CCSNH capital projects is reimbursed by CCSNH
        - iii. Debt Service for School Building Aid is funded from restricted portion of Meals and Rooms tax
    - c. General Fund Distributions to Municipalities – General Fund
        - i. Meals and Rooms tax distribution (RSA 78-A:26)
        - ii. Reinstatement of State Revenue Sharing with cities & towns (RSA 31-A)
    - d. UNIQUE Scholarship Programs – Other Funds
    - e. Governor's Scholarship Fund – General Funds – Non-lapsing dedicated fund
    - f. LCHIP Program and Community Development Block Grant are pass-thru grants

3. Unrestricted Revenue Estimates
    - a. Abandoned Property General Fund escheatment
        - i. FY 2022: $16.8 million and FY 2023: $18.4 million
    - b. Interest on Surplus Funds
        - i. Although robust earnings were generated in FY20 (approximately $21 million, $5.6 million credited to this account), Interest on Surplus Funds was budgeted at zero for the 2022-2023 biennium
            - a) Zero interest rate environment is expected to prevail into at least FY23 and excess pooled cash levels depend on revenue performance.
            - b) Portion of pooled cash used in compensating balance arrangements with select banks to cover cost of institutional services
        - ii. Net earnings from pooled cash will be allocated to dedicated funds identified in statute to receive earnings allocation.

State of New Hampshire
State Treasury
Fiscal Year 2022 - 2023
Agency Budget Presentation
Summary of Agency Request by Organization

			Adjusted Authorized				State Treasury Efficiency Request / Prioritized Needs Change Request							
			FY 2021				FY 2022				FY 2023			
	Description	Organization from Agency Budget Request	General Fund	Other Funds	Total Funds	% of total	General Fund	Other Funds	Total Funds	% of total	General Fund	Other Funds	Total Funds	% of total
1	Treasury Operations **NOTE 1**	1050TRE	1,265,375	188,460	1,453,835	1%	1,310,109	177,607	1,487,716	1%	1,381,368	191,512	1,572,880	1%
2	Debt Service **NOTE 2**	2076DEB	69,685,244	1,729,089	71,414,333	36%	74,277,799	1,443,639	75,721,438	33%	73,711,428	1,256,748	74,968,176	33%
3	Debt Service USNH	2109DSU	18,060,348	0	18,060,348	9%	16,261,184	0	16,261,184	7%	14,330,923	0	14,330,923	6%
4	Debt Service School Building **NOTE 3**	5972DSS	0	8,311,872	8,311,872	4%	0	8,070,192	8,070,192	4%	0	7,028,512	7,028,512	3%
5	Gen Fund Dist to Municipality **NOTE 4**	8023SFG	68,805,057	0	68,805,057	35%	99,021,111	0	99,021,111	43%	104,021,111	0	104,021,111	45%
6	CCSNH Debt Service Fund	8713CCS	0	3,398,701	3,398,701	2%	0	1,773,491	1,773,491	1%	0	1,712,459	1,712,459	1%
7	Abandoned Property **NOTE 5**	8021ABP	0	2,854,401	2,854,401	1%	0	2,867,530	2,867,530	1%	0	2,938,709	2,938,709	1%
8	Unique Program **NOTE 6**	1047UPR	0	16,891,118	16,891,118	8%	0	15,931,124	15,931,124	7%	0	15,992,571	15,992,571	7%
9	Governor's Scholarship Program **NOTE 7**	1066GSF	3,000,000	0	3,000,000	2%	3,000,000	0	3,000,000	1%	3,000,000	0	3,000,000	1%
10	Ben Thompson Trust Fund	8024TRF	0	31,888	31,888	0%	0	31,962	31,962	0%	0	31,962	31,962	0%
11	LCHIP	1390LCP	0	5,000,000	5,000,000	3%	0	3,500,000	3,500,000	2%	0	3,500,000	3,500,000	2%
12	Community Development Block Grant **NOTE 8**	2169DBG	196,000	0	196,000	0%	200,000	0	200,000	0%	200,000	0	200,000	0%
	Total		161,012,024	38,405,529	199,417,553	100%	194,070,203	33,795,545	227,865,748	100%	196,644,830	32,652,473	229,297,303	100%

NOTES:

1 Transfer to DAS General Services of $21,187 and $23,951 in FY22 and FY23, respectively, were budgeted as prioritized need.
Transfer to DoIT of $5 and $4 in FY22 and FY23, respectively, were budgeted as prioritized need.

2 Other funds represent the federal Build America Bonds (BAB) subsidy, which offsets general fund debt service.

3 Pursuant to RSA 198:15-a debt service for school building aid is paid from meals and rooms tax revenue.

4 General Fund Distribution to Municipality includes Meals and Rooms Distribution and Revenue Sharing. Meals and Rooms budget includes a maximum of $5,000,000 annual increase per the calculation as a prioritized need. Revenue Sharing was suspended for the 20-21 biennium and is identified as a priority need in the 22-23 budget at $25,216,054 annually.

5 Transfer to DAS General Services of $5,002 and $5,655 in FY22 and FY23, respectively, were budgeted as prioritized need.

6 The Unique Program represents two scholarship programs benefitting financially-qualified NH students attending participating NH post-secondary institutions. The funding is derived from an investment management assessment charged to participants in the College Savings Plan (529 Plan), collected by Fidelity, approximately half of which is remitted to the State as sponsor of the Plan.
The State Treasury provides administrative support to the College Tuition Savings Advisory Commission (Advisory Commission), responsible for the oversight of these programs.

7 The administration and oversight of the Governor's Scholarship Program was transferred from the Office of Strategic Initiatives to the Advisory Commission, pursuant to Chapter 346:436, Laws of 2019.
This scholarship program was included as prioritized need for fiscal years 22 and 23.

8 The appropriation for the Community Development Finance Authority was included in Treasury's Budget beginning with the 20-21 biennium.

State Treasury
Budget Issues, Challenges, Efficiency Initiatives, and Ongoing Projects
November 20, 2020

Thank you for the opportunity to provide an overview of the State Treasury budget as well as information relating to current Treasury efficiency initiatives and challenges. Please do not hesitate to contact me directly at 271-2624 or mmezzapelle@treasury.state.nh.us if I can be of assistance or if you have additional questions.

- Immediate budget issues
    - Determination of whether to authorize items included in the “Prioritized Needs” section of the budget.
- Issues, Challenges facing Treasury
    - Vacancies have created additional challenges during the COVID-19 pandemic. Two waivers have been authorized, which have allowed to continue Treasury’s mission.
    - There is a need to fully equip Treasury staff to continue providing a remote work environment. Employees are currently remoting in to a desktop in the Treasury’s office utilizing an existing utility, a component of Treasury’ firewall appliance. However, if the remote equipment fails and the employee is unable to work on-site, Treasury’s mission could be jeopardized as a result limited options. Treasury is acquiring computers, mobile devices, and expanding broadband access in order to maintain and support remote capabilities.
- Major Ongoing Projects and Efficiency Initiatives
    - The Abandoned Property Division will be implementing the last of a series of planned system enhancements to add functionality, licensing, and utilization of the enhanced KAPS LexisNexis® Instant Verify® and LexID® identification authentication services to allow the verification of automated fast track, paperless claims through the KAPS system, as well as to assist in minimizing exposure to fraudulent claims.
    - Treasury will continue to leverage compensating balance arrangements with its banks. Treasury consistently refines its analytical efforts to optimize operating cash balances in order to generate sufficient earnings credits to pay for institutional banking services, while deploying any remaining cash to generate “hard dollar” interest earnings.
    - Treasury continues to explore and leverage automation and LEAN process enhancements whenever possible within the overarching objectives of maintaining strong internal controls and appropriate segregation of duties in order to minimize fraud risk.
    - Treasury maintains a very active and thorough fraud risk assessment program, with semi-annual assessments of progress made in strengthening areas of exposure.

- Once the COVID -19 pandemic is under control, the Abandoned Property Division will resume its plan to strengthen its mission by expanding educational opportunities for institutional holders regarding compliance with reporting requirements and increasing outreach to reunite NH citizens with their unclaimed property.

- Treasury will continue to collaborate with other department commissioners and administrators on specific initiatives designed to produce efficiencies related to agency disbursements. One such focus is to reduce the number of vendor checks produced through various initiatives including the following, which are currently in progress or under consideration:

  - Consider alternative payment methods (i.e. gift cards) for one-time vendor payments which typically consist of refunds, reimbursements and claims payments.
  - Consider changing the schedule of vendor payments from daily to weekly in order to increase the aggregation of checks and save time spent by all personnel involved in daily vendor check production.