



Executive Subcommittee of SC House
Legislative Oversight –
Staff Study Presentation

Curtis M. Loftis, Jr.
State Treasurer

March 17, 2016



South Carolina Office of
the State Treasurer

Mission Statement

“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.”



South Carolina Office of
the State Treasurer

Vision Statement

The vision of the Treasurer's Office is “to be the most transparent, accountable and reliable steward of public money in the country.”



South Carolina Office of
the State Treasurer

Agency History

1721 Office of Public Treasurer created

1775 Provincial Assembly appointed 3 Commissioners
of Treasury

1776 Commissioners became constitutional officers

1778 Number of Commissioners reduced to two

1791 Dual treasury System Created (Upper Division &
Lower Division)

1865 Statewide Office of State Treasurer created;
William Hood First Treasurer

1868 Public first began electing State Treasurer



South Carolina Office of
the State Treasurer

Constitutional Officer

The Treasurer is an elected Constitutional Officer. This position is overseen by, and serves at the pleasure of, the citizens of South Carolina. Treasurer is responsible for approving the agency's strategic plan and for ensuring the agency as a whole is working towards its mission and vision.

In addition to serving as Agency Head of the Office of State Treasurer, the Treasurer also serves as the Chairman of the Board of Financial Institutions, Custodian of State Retirement Funds and a member of the Retirement System Investment Commission and is a member of the State Fiscal Accountability Authority.

Article VI, Section 7 of the State of SC Constitution states that the Treasurer shall be elected by the qualified voters of the State and shall hold his respective office for a term of four years, coterminous with that of the Governor.



South Carolina Office of
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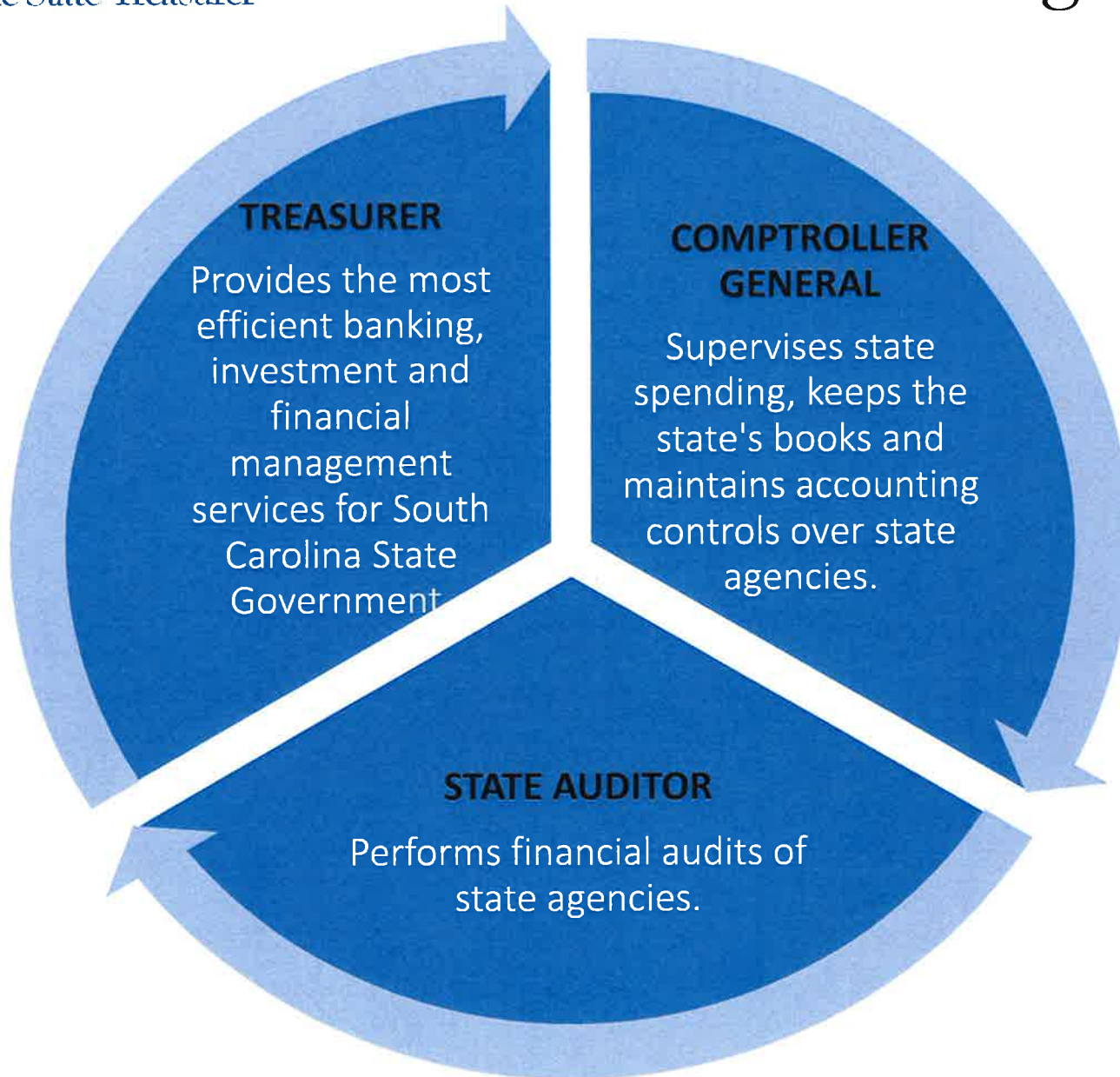
List of Treasurers

1865 – 1867	William Hood
1867	S. L. Leaphart
1868-1872	Niles G. Parker
1873-1876	Francis L. Cardozo
1877-1880	S.L. Leaphart
1881-1886	J. P. Richardson
1887-1888	I. S. Bamberg
1889-1890	E. R. McIver
1891-1896	W. T. C. Bates
1897-1900	W. H. Timmerman
1901-1912	R. H. Jennings
1913-1925	S. T. Carter
1926-1933	J. H. Scarborough
1934-1939	E. P. Miller
1940-1966	Jeff B. Bates
1967-1994	Grady L. Patterson, Jr.
1995-1998	Richard Eckstrom
1999-2006	Grady L. Patterson, Jr.
1/10/2007-6/20/2007	Thomas Ravenel
6/20/2007-8/3/2007	Kenneth B. Wingate
2007-2011	Converse A. Chellis III
2011 – present	Curtis M. Loftis, Jr.



South Carolina Office of
the State Treasurer

Related Agencies





South Carolina Office of
the State Treasurer

Strategic Plan

Description	Legal Responsibility
<p>Goal 1 Treasury Management: Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.</p>	<p>S.C. Code of Laws Title 11, Chapters 3, 5 and 13; Title 14, Chapter 1 Require that Treasurer provide banking services on behalf of State, its agencies and institutions through the receipt and distribution of funds from all sources, reconciliation of account balances and bank account balances, financial reporting, management of court revenue and by providing input on budgetary and legislative matters related to statewide banking and accounting issues.</p>
<p>Goal 2 Investments: Manage all investment programs in accordance with State law as applicable, in an effective manner while preserving capital, maintaining liquidity and obtaining the best return within the appropriate risk parameters.</p>	<p>S.C. Const. Art. X, § 11; S.C. Code of Laws §§ 11-9-660 and 11-13-30; S.C. Code of Laws Title 6, Chapter 6; 2015-16 Appropriations Act, Part 1B, §§ 98.3, 98.4 and 98.5 Grant Treasurer exclusive authority over investment of State and other public funds as well as authority to provide statewide investment services to state agencies and institutions through investment of all state funds, management of cash liquidity, cash flow, and collateral. Also grants Treasurer authority to establish S.C. Pooled Investment Fund in which political subdivisions may deposit public funds in excess of current needs to be invested by Treasurer. Pursuant to Appropriations Act, Treasurer is authorized to pool funds from various accounts for investment purposes and to charge a fee no greater than actual operating and management costs associated with various investment funds and services.</p>
<p>Goal 3 Debt: Manage the debt for the State, its agencies, institutions and authorities, optimizing the debt structure and ensuring timely repayment of debt when it is due.</p>	<p>S.C. Code of Laws Title 11, Chapters 5, 9, 15, 27, 29, 31, 37, 38, 41, 43, 51; Title 57, Chapters 5 and 11; Title 59, Chapters 53, 107, and 119 to 147; 2015-16 Appropriations Act, Proviso 1B, § 98.6 Grant Treasurer authority to provide statewide debt management services for the State, its agencies and institutions by management of debt issues including debt structure and payments, communication with and furnishing of data to rating agencies, and by ensuring compliance with legal requirements including Arbitrage Rebate and Constitutional Debt Limit.</p>
<p>Goal 4 Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.</p>	<p>S.C. Code of Laws Title 27, Chapter 18 Establishes Treasurer as Administrator of State's Unclaimed Property Program which provides a statewide service to the citizens of South Carolina by locating and obtaining custody of lost or abandoned intangible property and then returning it to the rightful owners.</p>
<p>Goal 5 Future Scholar: Manage the Future Scholar 529 Program to promote the importance of saving for college utilizing the Future Scholar 529 Plan to South Carolina residents.</p>	<p>S.C. Code of Laws Title 59, Chapters 2 and 4 Makes Treasurer responsible for administration and supervision of South Carolina Tuition Prepayment Program (SCTPP) / South Carolina College Investment Program (Future Scholar) which are college savings plans that allow families the option of saving now at great advantage for their children's college education.</p>



Strategies & Objectives

Goal 1

- Treasury Management: Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.

Strategy 1.1

- Increase the number of payments Treasury Management processes electronically.

Objective 1.1.1

- Reduce banking costs by offering multiple electronic payment options to payees/vendors and increase target percentage of electronic payments to checks from 72% to 75% over the previous fiscal year.

Potential Negative Impacts:

- Higher bank fees could ultimately impact the State and taxpayer.



Strategies & Objectives

Goal 1

- Treasury Management: Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.

Strategy 1.2

- Complete the conversion of all General Deposit accounts to South Carolina Enterprise Information System (SCEIS)

Objective 1.2.1

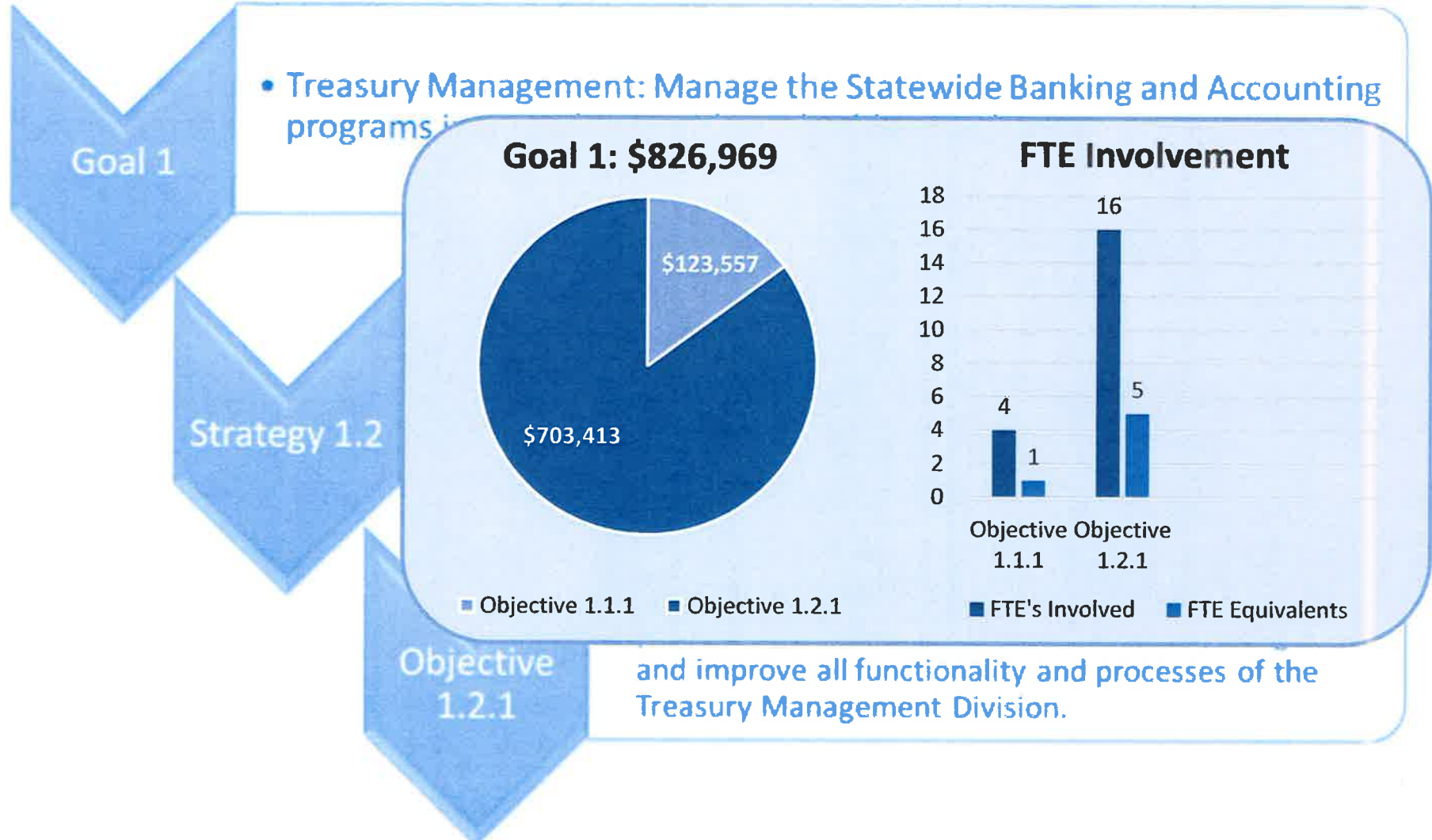
- Work with internal State Treasurer Office (STO) staff, South Carolina Enterprise Information System (SCEIS) personnel and SAP consultants to convert, integrate and improve all functionality and processes of the Treasury Management Division.

Potential Negative Impacts:

- Continued reliance on legacy systems could put the agency statewide banking functions at risk.



Strategies & Objectives





Strategies & Objectives

Goal 2

- Investments: Manage all investment programs in accordance with State law as applicable, in an effective manner while preserving capital, maintaining liquidity and obtaining the best return within the appropriate risk parameters.

Strategy 2.1

- Utilize the capital markets and existing relationships with the broker/dealers to facilitate the proper management of all investment funds for the State and its agencies, as well as the Local Government Investment Pool.

Objective 2.1.1

- Provide professional investment services for all funds under management to obtain the best return possible within the prescribed parameters on a portfolio basis, while maintaining liquidity and meeting or exceeding the applicable benchmarks, all while preserving capital.

Potential Negative Impacts:

- Would result in lower returns impacting funds generated to the General Fund.



Strategies & Objectives

Goal 2

- Investments: Manage all investment programs in accordance with State law as applicable, in an effective manner while preserving capital, maintaining liquidity and obtaining the best return within the appropriate risk parameters.

Strategy 2.2

- Complete conversion from the legacy Investment Management System to South Carolina Enterprise Information System (SCEIS).

Objective 2.2.1

- Work with internal State Treasurer Office (STO) staff, South Carolina Enterprise Information System (SCEIS) personnel to convert, integrate and improve all functionality and processes of the Investment Management Division.

Potential Negative Impacts:

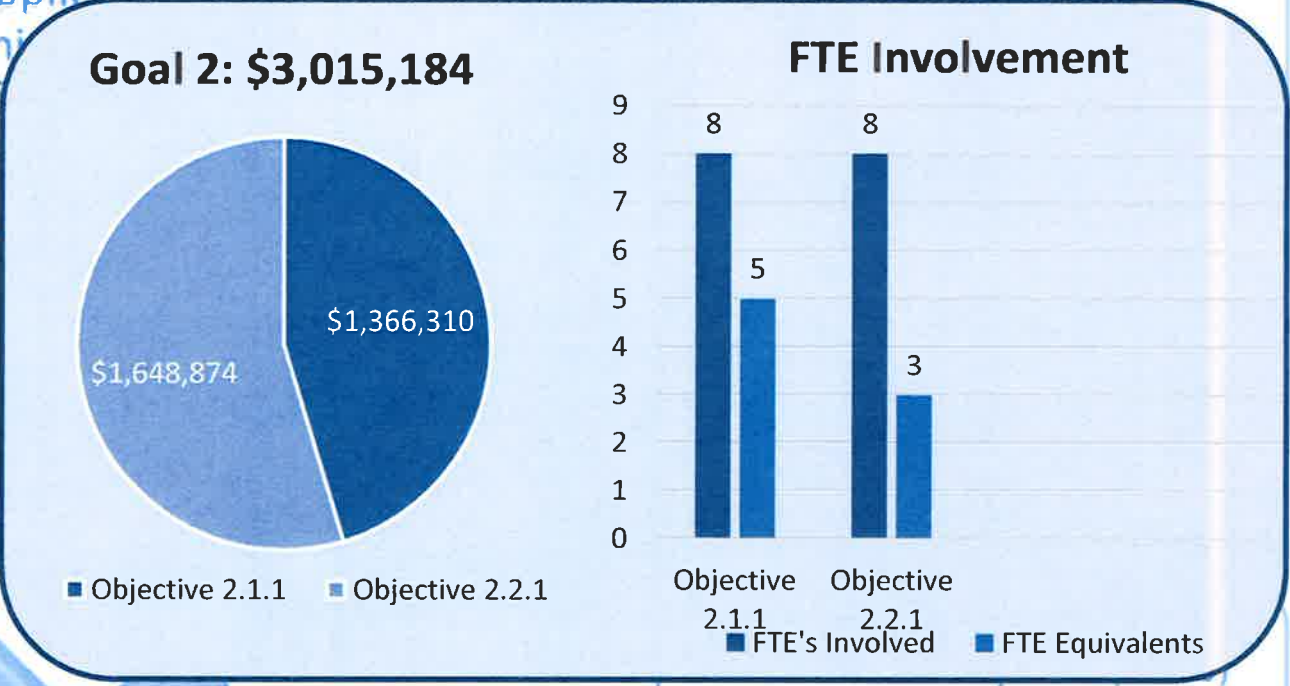
- Would result in lower returns impacting funds generated to the General Fund.



Strategies & Objectives



- Investments: Manage all investment programs in accordance with State law as applicable, in an effective manner while preserving capital and maintaining appropriate risk.



personnel to convert, integrate and improve all functionality and processes of the Investment Management Division.



Strategies & Objectives

Goal 3

- Debt: Manage the debt for the State, its agencies, institutions and authorities, optimizing the debt structure and ensuring timely repayment of debt when it is due.

Strategy 3.1

- Analyze the capital markets to ensure the lowest borrowing cost is achieved under circumstances prevailing at the time funds are needed and optimize the debt structure to ensure timely repayment of debt.

Objective 3.1.1

- Provide guidance to the State and its agencies, institutions and authorities for the management and structure of debt issuances and programs to ensure the lowest borrowing cost market exposure is maximized for each debt issuance.

Potential Negative Impacts:

- An increase in borrowing costs would result in a greater financial need from the public or a reduction in capital items sought by issuers.



Strategies & Objectives

Goal 3

- Debt: Manage the debt for the State, its agencies, institutions and authorities, optimizing the debt structure and ensuring timely repayment of debt when it is due.

Strategy 3.2

- Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

Objectives

- 3.2.1 Maintain regular contact and communication with the rating services through monthly reporting of revenue collections, and periodic reporting of budgetary and legislative developments.
- 3.2.2 Provide advice and guidance as well as conduct an annual State review.

Potential Negative Impacts:

- An increase in borrowing costs would either result in a greater financial need from the public or in a reduction in the capital items sought by issuers.



Strategies & Objectives

Goal 3

- Debt: Manage the debt for the State, its agencies, institutions and authorities, optimizing the debt structure and ensuring timely repayment of debt when it is due.

Strategy 3.3

- Complete conversion from the legacy management systems to South Carolina Enterprise Information System (SCEIS).

Objective 3.3.1

- Work with internal STO staff, SCEIS personnel and SAP consultants to convert, integrate and improve all functionality and processes of the Debt Division.

Potential Negative Impacts:

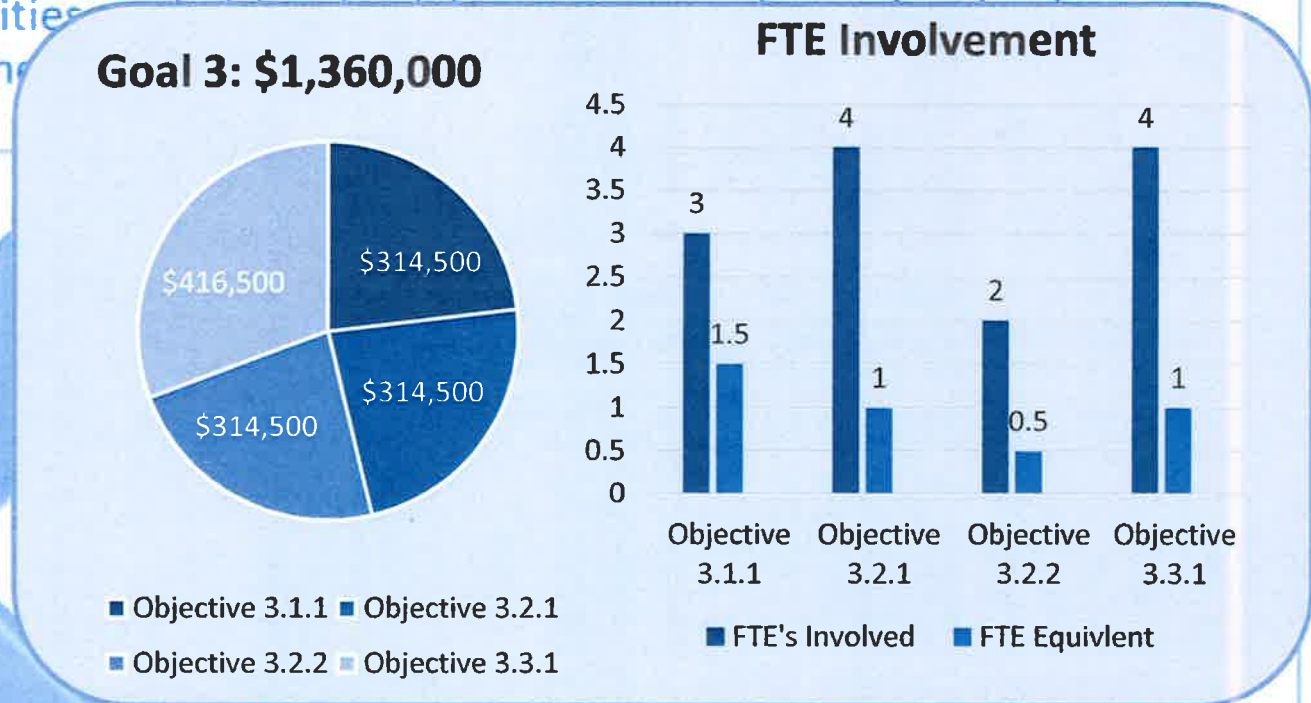
- An increase in borrowing costs would either result in a greater financial need from the public or in a reduction in the capital items sought by issuers.



Strategies & Objectives



- Debt: Manage the debt for the State, its agencies, institutions and authorities and their debt repayments



improve all functionality and processes of the Debt Division.



Strategies & Objectives

Goal 4

- Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.

Strategy 4.1

- Increase holder companies' compliance with reporting by providing them with more informational and educational opportunities.

Objective 4.1.1

- Provide and develop holder reporting training and outreach efforts to include: direct contact with holders, webinars, speaking to associates and improving reporting software and instructions for holders.

Potential Negative Impacts:

- A decrease in company compliance with the SC Uniform Unclaimed Property Act would result in a decrease of funds being returned to the rightful owner and a decrease in annual General Funds returned to the State.



Strategies & Objectives

Goal 4

- Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.

Strategy 4.2

- Increase citizens' awareness of the Unclaimed Property Program through promotion in various media outlets.

Objective 4.2.1

- Work with media outlets and organizations to feature the Program to encourage citizens to search for accounts in their names such as phone banks; local media stories; and associations to increase the number of rightful owners paid each year.

Potential Negative Impacts:

- A decrease in the number of funds returned would result in less funds ultimately being placed in the hands of the rightful owner.



Strategies & Objectives

Goal 4

- Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.

Strategy 4.3

- Increase Program efficiency through the use of technology by developing or acquiring various hardware and software systems.

Objective 4.3.1

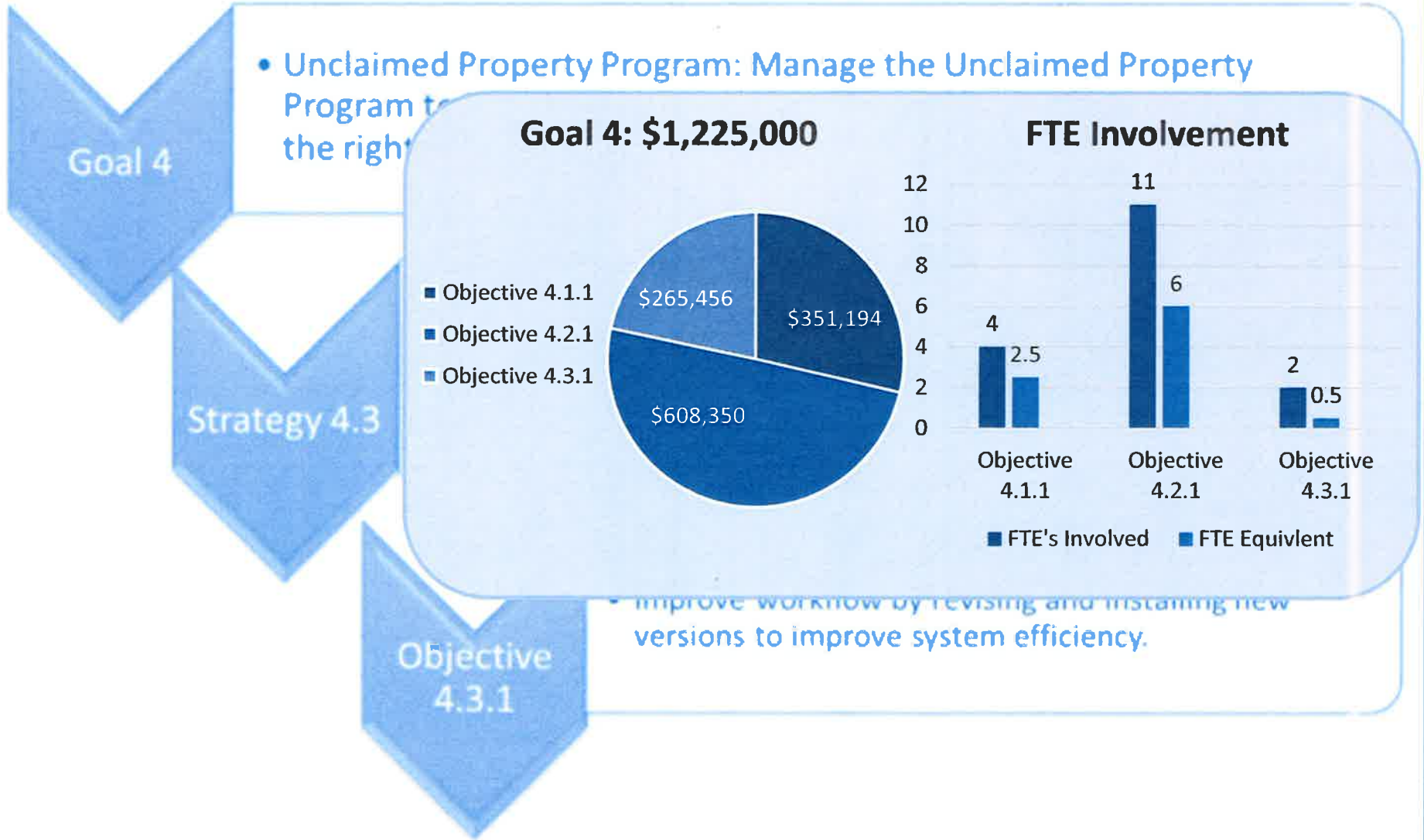
- Improve workflow by revising and installing new versions to improve system efficiency.

Potential Negative Impacts:

- Inability to convert to new technologies would result in less funds ultimately being placed in the hands of the rightful owner.



Strategies & Objectives





Strategies & Objectives

Goal 5

- Future Scholar: Manage the Future Scholar 529 Program to promote the importance of saving for college utilizing the Future Scholar 529 Plan to South Carolina residents.

Strategy 5.1

- Increase citizens' awareness of Future Scholar through in-state marketing efforts based on a market research study performed on the previous fiscal year's efforts.

Objective 5.1.1

- Increase overall new accounts in the Future Scholar 529 Plan by 6% over the previous fiscal year while maintaining low cost investment options.

Potential Negative Impacts:

- A decrease in participants would reduce savings for college and increase debt required to attend college.



Strategies & Objectives

Goal 5

- Future Scholar: Manage the Future Scholar 529 Program to promote the importance of saving for college utilizing the Future Scholar 529 Plan to South Carolina residents.

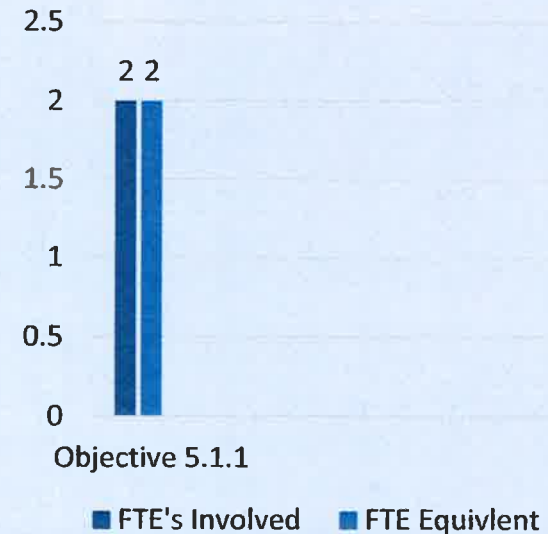
Strategy 5.1

Goal 5: \$533,959



■ Objective 5.1.1

FTE Involvement



Objective
5.1.1

maintaining low cost investment options.



South Carolina Office of
the State Treasurer

Strategies & Objectives

Goal	Description	Total	FTE	2015-16	
		FTE's	Equiv.	% of	Amount
Goal 1	Treasury Management: Manage the Statewide Banking and	18	6	10.45%	\$826,969
Goal 2	Investments: Manage all investment programs in accordance with State law as applicable, in an effective manner while	8	8	38.09%	\$3,015,183
Goal 3	Debt: Manage the debt for the State, its agencies, institutions and authorities, optimizing the debt structure and	4	4	17.18%	\$1,360,000
Goal 4	Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness	11	10	15.48%	\$1,225,000
Goal 5	Future Scholar: Manage the Future Scholar 529 Program to promote the importance of saving for college utilizing	2	2	6.75%	\$533,959
N/A	Support Services Expenditure Total	22		12.05%	\$954,145
				TOTAL	\$7,915,257



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