

# Legislative Oversight Committee

## Staff Study of the Office of the Treasurer

*Original Publication: February 22, 2016*

*Revisions Made: March 17, 2016*

*Revisions were made pursuant to the agency recommendations included in the agency response. The Executive Subcommittee approved these revisions during the March 17, 2016 Subcommittee meeting.*



THIS STAFF STUDY IS PREPARED BY THE STAFF OF THE HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE HOUSE LEGISLATIVE OVERSIGHT COMMITTEE, ANY OF ITS SUBCOMMITTEES, OR OF THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND MAY NOT BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT.

# CONTENTS

## Table of Contents

Visual Summary.....	4
How Agency Uses Taxpayer Money.....	5
Summary of Recommendations: Opportunities to Continuously Improve .....	6
Legislative Oversight - Overview.....	7
Foundation .....	7
Purpose and Schedule.....	7
Information Considered.....	7
Agency Study - Actions.....	8
House Legislative Oversight Committee’s Actions .....	8
Subcommittee’s Actions .....	8
Committee Staff’s Actions .....	8
Next Steps .....	9
Agency Study - Information Highlights .....	10
Part I. Agency History, Legal Responsibilities and Strategic Plan .....	10
History.....	10
Mission, Vision and Goals .....	12
Strategies, Objectives & Potential Negative Impacts.....	17
Part II. Agency Relationships and Public Input .....	29
Relationships.....	29
Public Comments about the Agency .....	35
Part III. Resources: Availability and Allocation.....	36
Financial Capital .....	36
Employees.....	43
Part IV. Agency Performance and Recommendations .....	51
Types of Measures Utilized.....	51
Targets and Results of Measures.....	59
Agency Recommendations to Improve Efficiency and Outcomes.....	78
Part V. Final Agency Program and Law Analysis .....	80
Programs Utilized to Accomplish Each Objective.....	80

Final Law Analysis to Remove Archaic Language .....	83
Appendix A - State Budget .....	84
Appendix B - State Employees .....	86

## Illustrations

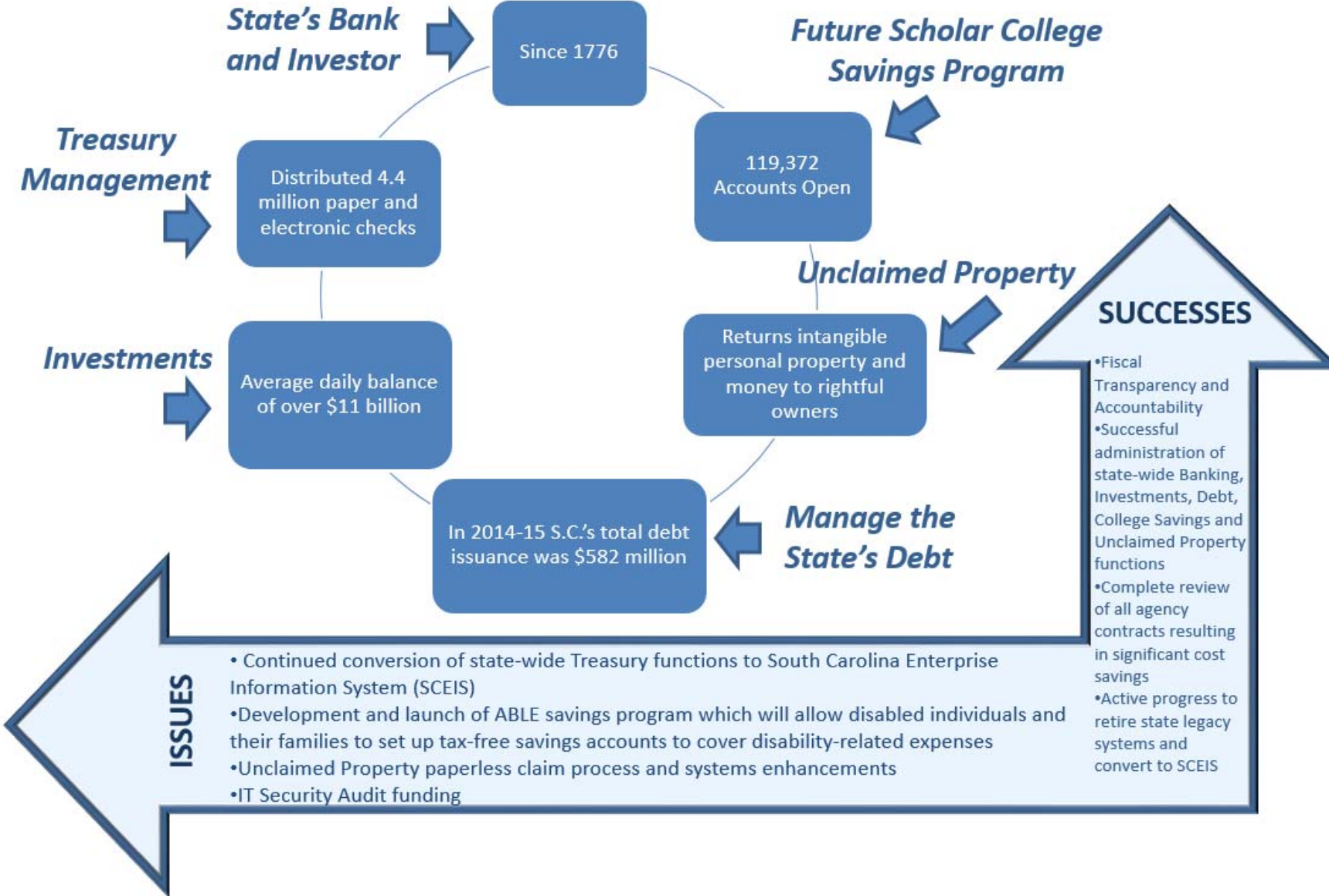
### Figures

Visual Summary Figure 1. Snapshot of the agency’s history, services, highlights, and issues .....	4
2. Partners, customers, and stakeholders defined.....	29
3. Total recurring funding for the agency by funding type during the past five years .....	38
4. Agency carry forward for the past four years.....	42
5. Filled and unfilled positions at the agency during the past five years .....	44
6. Agency’s 2015-16 organizational chart .....	45
7. Phases of the budget process .....	85

### Tables

Visual Summary Table 1. Summary of agency’s mission, vision, goals and spending .....	5
Visual Summary Table 2. Summary of recommendations .....	6
3. Some topics addressed by survey participants in written comments about the agency .....	35
4. Agency budget levels for the past five years .....	36
5. Agency funds available to spend in 2015-16 and where the agency budgeted to spend those funds... ..	39
6. Agency carry forward funds in 2011-12 through 2014-15.....	42
7. Agency employee levels for the past five years .....	43
8. Number of employees at the agency, by department, from 2011-12 through 2014-15 .....	45
9. Background on the budget process.....	84
10. Main parts of the Annual Appropriations Act .....	84

# S.C. Treasurer's Office



Visual Summary Figure 1. Snapshot of the agency's history, services, highlights, and issues.<sup>1</sup> This information is provided by the agency.

Visual Summary Table 1. Summary of the agency’s mission, vision, goals, and spending.<sup>2</sup>

## How Agency Uses Taxpayer Money

The agency’s goals, which should be in line with the agency’s mission and assist it in accomplishing its vision, are presented below. The goals are in order from largest to smallest, based on the percentage of total money the agency spent and budgeted toward accomplishment of each. The data in this table **highlight how the agency is investing the money it receives from the people of the state** and nation. Further details about the amounts spent on the individual objectives within each goal as well as the **performance measures, which should show the return the state is receiving on its investment**, are provided on later pages.

Mission: The State Treasurer’s Office’s mission is to “serve the citizens of South Carolina by providing the most transparent and accountable 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.”<sup>3</sup>

Vision: The vision of the State Treasurer's Office is to “be the most transparent, accountable and reliable steward of public money in the country.”<sup>4</sup>

Goal	Description	2014-15		2015-16	
		% of total	Amount Spent	% of total	Amount Budgeted
Goal 2	<b>Investments</b> : 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.	Different goals in 2014-15	Different goals in 2014-15	38.09%	\$3,015,183
Goal 3	<b>Debt</b> : 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.			17.18%	\$1,360,000
Goal 4	<b>Unclaimed Property Program</b> : Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.			15.48%	\$1,225,000
Unknown	<b>Support Services</b> Expenditure Total			12.05%	\$954,145
Goal 1	<b>Treasury Management</b> : Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.			10.45%	\$826,969
Goal 5	<b>Future Scholar</b> : Manage the Future Scholar 529 Program to promote the importance of saving for college utilizing the Future Scholar 529 Plan to South Carolina residents.			6.75%	\$533,959
<b>TOTAL</b>					\$7,915,257

Visual Summary Table 2. Summary of recommendations.

## Summary of Recommendations: Opportunities to Continuously Improve

### Agency's Recommendations to the Committee

<u>Major Internal Changes</u> <sup>5</sup>
→ Continued conversion of state-wide Treasury functions to South Carolina Enterprise Information System (SCEIS) → Development and launch of ABLE savings expense fund to allow for tax-exempt savings accounts for disability-related expenses for qualified individuals → Unclaimed Property paperless claim process and systems enhancements
<u>Legislative Changes to improve efficiency and outcomes</u> <sup>6</sup>
→ Modification or deletion of 1 Proviso (Proviso 117.122 from General Appropriations Bill for fiscal year 2015-16)
<u>Legislative Changes to remove archaic language and/or ensure language matches with agency practices</u>
→ None

In its 2015 Annual Restructuring and Seven Year Plan Report, the agency also stated it “is always implementing cost savings initiatives such as debt refinancing, lower banking fees, and the costs for administering the College Savings. The agency is currently in the process of updating the Strategic Business Plan that provides initiatives and/or planned actions we will take during the next seven fiscal years that implement cost savings and increased efficiencies of services and responsibilities in order to continually improve its ability to respond to the needs of the State’s citizens.”

# LEGISLATIVE OVERSIGHT - OVERVIEW

## Foundation

The **South Carolina State Constitution** requires the General Assembly to provide for appropriate agencies in the areas of health, welfare, and safety and to determine their activities, powers, and duties.<sup>7</sup> Stated **public policy** provides that this “continuing and ongoing obligation of the General Assembly that is best addressed by periodic review of the programs of the agencies and their responsiveness to the needs of the state's citizens. . . .”<sup>8</sup> The periodic reviews are accomplished through the legislative oversight process.<sup>9</sup> Specific statutes relating to legislative oversight are included in South Carolina Code of Laws Section 2-2-5 *et seq.*

## Purpose and Schedule

The stated **purpose of legislative oversight** is to determine if agency laws and programs are being implemented and carried out in accordance with the intent of the South Carolina General Assembly and whether or not they should be continued, curtailed, or even eliminated.<sup>10</sup> The South Carolina House of Representatives’ Legislative Oversight Committee (“House Oversight Committee,” “Committee,” or “LOC”) recognizes that a legislative oversight study informs the public about an agency.<sup>11</sup> To accomplish legislative oversight, the specific task of the Committee is to conduct a study on each agency at least once every seven years.<sup>12</sup> To guide the work of the Committee in completing its task, a **seven-year study schedule** is published in the House Journal the first day of each legislative session.<sup>13</sup>

## Information Considered

Oversight **studies must consider**: (1) the application, administration, execution, and effectiveness of **laws and programs**; (2) the **organization and operation of agencies**; and (3) any conditions or circumstances that may indicate the **necessity or desirability of enacting new or additional legislation**.<sup>14</sup> **Evidence or information relating to a study may be acquired by any lawful means**, including: serving a request for information on an agency; deposing witnesses; issuing subpoenas that require the production of documents; and, with certain exceptions, requiring the agency to prepare and submit a program evaluation report by a specified date.<sup>15</sup> Testimony given to the investigating committee must be under oath.<sup>16</sup> All witnesses are entitled to counsel, and they shall be given the benefit of any privilege which they may claim in court as a party to a civil action.<sup>17</sup> Certain criminal provisions are applicable during the legislative oversight process, including contempt of the General Assembly.<sup>18</sup> Joint investigations with the South Carolina Senate (“Senate”) or with other committees in the South Carolina House of Representatives (“House”) are authorized.<sup>19</sup>

# AGENCY STUDY - ACTIONS

## House Legislative Oversight Committee's Actions

On April 14, 2015, the Committee **approved additional agencies for study in 2015 and 2016**. The Committee approved the Office of the State Treasurer ("agency," "Treasurer," "Treasurer's Office," "State Treasurer's Office," or "STO") as one of the state agencies to be studied.

The **Committee notified the agency** about the study in April 2015. As the Committee encourages **collaboration in its legislative oversight process**, the Speaker, standing committee chairs in the House, members of the House, Clerk of the Senate, and the Governor were also notified about the agency study.

## Subcommittee's Actions

The **Executive Subcommittee** ("Subcommittee") of the House Oversight Committee is studying the agency. The Chair of the Subcommittee is the Honorable Joshua Putnam.<sup>20</sup> Other members include: the Honorable Laurie Slade Funderburk, the Honorable Wm. Weston J. Newton, and the Honorable Robert Q. Williams.<sup>21</sup>

### *Information from the Public*

From September 1, 2015 until September 30, 2015, the Committee posted an **online survey to solicit comments from the public about the Department** and other agencies. These comments are not considered testimony.<sup>22</sup> As noted in the survey, "input and observations from those citizens who [chose] to provide responses are very important . . . because they may help direct the Committee to potential areas for improvement with these agencies."<sup>23</sup> The **public may continue to submit written comments about agencies online**.<sup>24</sup>

### *Information from the Agency*

The **Committee asked the agency to conduct a self-analysis** by requiring it to complete and submit a restructuring report and program evaluation report. The agency submitted its 2015 Annual Restructuring Report on March 31, 2015. The agency submitted its Program Evaluation Report on July 27, 2015. The agency submitted its 2016 Annual Restructuring Report on January 12, 2016. These reports are available on the Committee's website under Treasurer's Office, Oversight.<sup>25</sup>

## Committee Staff's Actions

In the staff study, committee staff **obtain, review, and provide highlights of relevant information based upon what the committee and subcommittee inform staff they are looking for when conducting the study**.<sup>26</sup> Relevant information may include: an agency restructuring report; an agency seven-year plan for cost savings and increased efficiencies; an agency program evaluation report; another submission to a legislative or executive entity, such as an agency accountability report; comments from the public concerning the agency; any information submitted by a legislative standing committee in the House of Representatives; and any information submitted by individual Members of the House.



The **staff study is intended for the internal use and benefit of Members of the House, and it does not reflect the views of the House, House Oversight Committee, or any subcommittees.**<sup>27</sup> The staff study is shared **with the agency.**<sup>28</sup> The agency has the option to provide a written response within ten business days for inclusion in the study.<sup>29</sup>

## Next Steps

This **staff study, and any agency response, will be shared with the Subcommittee** and legislative standing committees in the House of Representatives that share subject matter jurisdiction.<sup>30</sup>

The **Subcommittee may review the staff study and, if one has been submitted, the agency's written response, in order to determine what other tools of legislative oversight should be used** to evaluate (1) the application, administration, execution, and effectiveness of the agency's laws and programs, (2) the organization and operation of the agency, and (3) any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.<sup>31</sup>

# AGENCY STUDY - INFORMATION HIGHLIGHTS

## Part I. Agency History, Legal Responsibilities and Strategic Plan

### History

The Treasurer's Office staff provided the following historical data from a memorandum by Treasurer Grady Patterson to SC Department of Archives and History dated November 1, 1978.<sup>32</sup>

In 1721 the Office of the Public Treasurer was created. Alexander Parris, was named the first Public Treasurer. In 1775, The Provincial Assembly appointed three Commissioners of the Treasury who managed the currency issued by the Assembly and kept the accounts of the Council of Safety and other military accounts. Henry Peronneau and Benjamin Dart, joint holders of the office of Public Treasurer, continued to manage the regular accounts of the colony until their refusal to declare their allegiance to the new government led to their dismissal.

Control of all public finances was transferred to the Commissioners who became constitutional officers by virtue of the 1776 Constitution.<sup>33</sup> The Constitution of 1778 reduced the number of Commissioners to two. In 1791 a dual treasury system was created in the 1790 Constitution. Treasury functions were vested in two officers: Treasurer of the Upper Division (office in Columbia) and Treasurer of the Lower Division (Office in Charleston). The 1865 Constitution abolished the dual treasury system and created the Office of State Treasurer. William Hood, late Treasurer of the Upper Division, became the first Treasurer in December 1865. The public first began electing the Treasurer in 1868.

The following individuals served as Treasurer from 1865 through 1966:

- 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. Mclver
- 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

Following the death of Treasurer Jefferson Bates, Grady L. Patterson, Jr., a South Carolina attorney, was elected Treasurer in 1966.<sup>34</sup> Mr. Patterson served in the position from 1967 through 1994.<sup>35</sup> This spanned five governors, three Democrats and two Republicans.<sup>36</sup> Treasurer Patterson lost the 1994 election to a CPA, Richard Eckstrom (presently serving as Comptroller General), but won was re-elected to the position in 1998.<sup>37</sup> Treasurer Patterson continued to serve in the position from 1999 through 2006.<sup>38</sup>

Thomas Ravenel was elected Treasurer in 2006, began serving in the position in January 2007, and several months later resigned.<sup>39</sup> The Governor appointed Kenneth B. Wingate as the interim Treasurer, and he served in the position from June 20, 2007, until the General Assembly elected another Treasurer to fill the position on August 3, 2007.<sup>40</sup> CPA, Converse A. Chellis, III, was elected by the General Assembly to serve as Treasurer from 2007 through 2010, the remainder of Mr. Ravenel's unexpired term.<sup>41</sup> While Treasurer Chellis was in office, Lehman Brothers went bankrupt causing a loss in the securities lending program overseen by the State Treasurer and the Bank of New York Mellon. Treasurer Chellis, with the approval of the Attorney General, retained private counsel, who filed a lawsuit in Federal Court against the Bank of New York Mellon.

The current Treasurer, Curtis M. Loftis, Jr., was elected to the position in 2010 and installed into office in January 2011. The Treasurer's office continued the legal battle against the Bank of New York Mellon Corporation and the Bank of New York Mellon. The lawsuit alleged, "the Bank's failure to adhere to investment guidelines in a securities lending program contract."<sup>42</sup> The State claimed, "the Bank inappropriately invested in mortgage backed securities comprised of subprime mortgages with maturity dates greater than allowed" and "invested in certain debt instruments in the now bankrupt Lehman Brothers investment bank."<sup>43</sup> The lawsuit sought to recover damages which were estimated at \$200 million.<sup>44</sup> The lawsuit settled in March 2013.<sup>45</sup>

In 2011, the State received a rating of AAA from Moody's Investment Services and AA Plus from Standard and Poor's.<sup>46</sup> "South Carolina [was] one of 12 states rated in the top category by Moody's, and [was] one of 25 states rated AA+ or higher by Standard & Poor's."<sup>47</sup>

Treasurer Loftis was re-elected to the Office of State Treasurer in 2014 and installed into office in January 2015. In 2015, the State again received a rating of AAA from both Moody's and Fitch Ratings Inc. as well as a rating of AA+ from Standard and Poor's.<sup>48</sup>

# Part I. Agency History, Legal Responsibilities and Strategic Plan

## Mission, Vision and Goals

### *Overseeing Body (i.e. director, commissioners, trustees, etc.)*

The Treasurer is an elected Constitutional Officer.<sup>49</sup> This position is overseen by, and serves at the pleasure of, the citizens of South Carolina. As a Constitutional Officer it is presumed the Treasurer is responsible for approving the agency strategic plan and is responsible for ensuring the agency as a whole is working towards its mission and vision.

### *Mission*

The Treasurer's Office's mission is "[t]o serve the citizens of South Carolina by providing the most transparent and accountable 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."<sup>50</sup>

The Treasurer's Office cites numerous legal standards as a basis for its mission.<sup>51</sup> These legal standards include<sup>52</sup>:

- Article VI, Section 7 of the State of SC Constitution which 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;
- SC Code of Laws, Title 11, Chapters 5 and 13, Accounting and Banking, which states the Treasurer provides statewide services to all agencies and institutions by 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;
- SC Code of Laws, Title 11, Chapters 5 and 13, Investments, which states the Treasurer provides statewide investment services to state agencies and institutions through investment of all state funds, management of cash liquidity, cash flow, and collateral, and through management of a local government investment pool for municipalities, counties, and local districts of the state;
- SC Code of Laws, Title 11, Chapters 5 and 29, Debt Management, which states the Treasurer provides statewide debt management services for the State, its agencies and institutions by management of debt issues including debt structure and payments, communication with bond-rating agencies, and by ensuring compliance with legal requirements including Arbitrage Rebate and Constitutional Debt Limit;
- SC Code of Laws, Title 27, Chapter 18, Unclaimed Property Program, which states the Treasurer provides a statewide service to the citizens of South Carolina by returning various forms of property or money to the rightful owners; and
- SC Code of Laws, Title 59, Chapters 2 and 4, South Carolina Tuition Prepayment Program (SCTPP) / South Carolina College Investment Program (Future Scholar) are college savings plans that allow families the option of saving now at great advantage for their children's college education.

## Part I. Agency History, Legal Responsibilities and Strategic Plan

### Mission, Vision and Goals

#### *Vision*

The vision of the Treasurer's Office is "to be the most transparent, accountable and reliable steward of public money in the country."<sup>53</sup>

As for the legal standards which serve as the basis for the vision, the Treasurer's Office provided the same legal standards it did as the basis for its mission.<sup>54</sup>

# Part I. Agency History, Legal Responsibilities and Strategic Plan

## Mission, Vision and Goals

### Goals<sup>55</sup>

*Note: The information below is current as of January 12, 2016, when the agency submitted its 2016 Annual Restructuring Report. Also, S.M.A.R.T. criteria are utilized in the Accountability Report the agency submits annually and is an acronym for specific, measurable, attainable, relevant, and time bound.*

**Goal 1 - Treasury Management:** Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 11, Chapters 3, 5 and 13; Title 14, Chapter 1
- How the Goal is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Goal is measurable against applicable state law, attainable and relevant to the mission of the State Treasurer's Office.
- Public Benefit/Intended Outcome: Through effective treasury management, limits the costs associated with banking fees and accurately account for deposits and disbursement in accordance to applicable state laws.
- Responsible Person: Tonia Morris, Deputy State Treasurer (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The Treasury Management Division (TMD) is responsible for the day-to-day banking operations of the State, collection and remittance of court fines, over 150,000 account deposits, payroll processing for approximately 50,000 employees, distribution of 4.4 million electronic and paper checks and cash management activities for the State.

**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.

- Legal Responsibilities Satisfied: SC Const. Art. X, Section 11; SC Code of Laws, Sections 11-9-660 and 11-13-30; Title 6, Chapter 6; 2015-16 Appropriations Act, Proviso 1B, sections 98.3, 98.4 and 98.5
- How the Goal is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Goal is measurable against applicable state law, attainable and relevant to the mission of the State Treasurer's Office.
- Public Benefit/Intended Outcome: Maximizing the efficient use of surplus tax dollars, or dollars yet to be spent, via interest paying (fixed income) investments. Tax revenues are being invested to earn additional funds.
- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The Investment Management Division manages, according to SC Code 11-9-660, approximately \$13.1 billion in assets for both the State of South Carolina and local governments.

**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.

- Legal Responsibilities Satisfied: SC 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, section 98.6
- How the Goal is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Goal is measurable against applicable state law, attainable and relevant to the mission of the State Treasurer's Office.
- Public Benefit/Intended Outcome: Through effective debt management, the State Treasurer's Office limits the risks, impacts, and costs associated with higher effective interest rates and other borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers.
- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The Debt Management manages more than \$6.2 billion in debt obligations of the State, its agencies, authorities and institutions. Provides research and advice to the State Treasurer, the State Budget and Control Board, and the General Assembly in matters of debt management, legislation and fiscal policy. The Debt Division works diligently with credit rating agencies to maintain the State's AAA credit rating.

**Goal 4 - Unclaimed Property Program:** Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 27, Chapter 18
- How the Goal is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Goal is measurable against applicable state law, attainable and relevant to the mission of the State Treasurer's Office.
- Public Benefit/Intended Outcome: The SC Unclaimed Property Program returns unclaimed property to rightful owners. Unclaimed property includes, but is not limited to, bank accounts, wages or commissions, money orders, insurance proceeds, underlying shares, dividends, customer deposits, credit balances, layaways, and credit memos which have remained unclaimed by the rightful owner for a specified period of time.
- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for less than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: Unclaimed Property Program provides a statewide service to the citizens of SC by returning various forms of intangible personal property or money to the rightful owners. The agency has the responsibility of collecting unclaimed property accounts from holder companies and organizations.

**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.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 59, Chapters 2 and 4
- How the Goal is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Goal is measurable against applicable state law, attainable and relevant to the mission of the State Treasurer's Office.
- Public Benefit/Intended Outcome: State Treasurer's Office holds the funds in trust and it's the office's obligation to provide public access to an easy, tax-advantaged way to save for the cost of future college expenses.
- Responsible Person: Jenny McGill, Program Director (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The SC Tuition Prepayment Program (SCTPP)/SC College Investment Program (Future Scholar) are college savings plans that allow families the option of saving now at great advantage for their children's college education.



# Part I. Agency History, Legal Responsibilities and Strategic Plan

## Strategies, Objectives & Potential Negative Impacts

### *Strategies and Objectives<sup>56</sup>*

#### **Goal 1 - Treasury Management: Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.**

- Legal Responsibilities Satisfied: SC Code of Laws, Title 11, Chapters 3, 5 and 13; Title 14, Chapter 1
- Public Benefit/Intended Outcome: Through effective treasury management, limits the costs associated with banking fees and accurately account for deposits and disbursement in accordance to applicable state laws.
- Responsible Person: Tonia Morris, Deputy State Treasurer (Responsible for 12 months)

#### **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.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 11, Chapters 3, 5 and 13
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Processing payments electronically are more secure, efficient and less costly than processing paper payments therefore saving payee's money by lowering processing costs.
- Responsible Person: Tonia Morris, Deputy State Treasurer, Treasurer Management Division

#### **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 (a multi-national software company headquartered in Germany) consultants to convert, integrate and improve all functionality and processes of the Treasury Management Division.

- Legal Responsibilities Satisfied: SC Code of Law 11-53-20; 2015-16 Appropriations Act, Proviso 1B, section 98.2
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Converting legacy systems to SCEIS will allow the State to operate out of only one system and retire legacy systems for state-wide functions administered by the STO.
- Responsible Person: Tonia Morris, Deputy State Treasurer, Treasurer Management Division

**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.**

- Legal Responsibilities Satisfied: SC Const. Art. X, Section 11; SC Code of Laws , Sections 11-9-660 and 11-13-30; Title 6, Chapter 6; 2015-16 Appropriations Act, Proviso 1B, sections 98.3, 98.4 and 98.5
- Public Benefit/Intended Outcome: Maximizing the efficient use of surplus tax dollars, or dollars yet to be spent, via interest paying (fixed income) investments. Tax revenues are being invested to earn additional funds.
- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for 10 months)

**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.

- Legal Responsibilities Satisfied: SC Const. Art. X, section 11; SC Code of Laws , Sections 11-9-660 and 11-13-30; Title 6, Chapter 6
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Relationships provide "best bid pricing", "advance notice supply access" and published market commentary. The Division utilizes an investment consultant and investment advisor to assist the Division in market analysis, security evaluation, and best practices.
- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for 10 months)

**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.

- Legal Responsibilities Satisfied: SC Code of Law 11-53-20, Proviso 1B, Section 98.2
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Converting legacy systems to SCEIS will allow the State to operate out of only one system and retire legacy systems for state-wide functions administered by the STO.
- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for 10 months)

**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.**

- Legal Responsibilities Satisfied: SC 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, section 98.6
- Public Benefit/Intended Outcome: Through effective debt management, the State Treasurer's Office limits the risks, impacts, and costs associated with higher effective interest rates and other borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers.
- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for 12 months)

**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.

- Legal Responsibilities Satisfied: SC 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, section 98.6
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Through effective debt structuring, the State Treasurer's Office limits the risks that a borrower will default on a debt by failing to make required payments. Such a default would result in a greater financial need from the public.
- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for 12 months)

**Strategy 3.2** - Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

**Objective 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.

- Legal Responsibilities Satisfied: SC 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
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Through an established relationship with the credit rating services, the State Treasurer's Office limits the risks, impacts, and costs associated with higher effective interest rates and other borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers. The State Treasurer's Office periodically reports budgetary results and legislative developments that could potentially affect fiscal policy to the credit rating services as part of its role in fulfilling the disclosure mode needed to maintain an effective relationship with these services.
- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for 12 months)

**Objective 3.2.2** - Provide advice and guidance as well as conduct an annual State review.

- Legal Responsibilities Satisfied: SC 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
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: The State Treasurer's Office conducts an annual State review that contains State-specific information and peer group comparisons in an effort to limit the risks, impacts, and costs associated with higher effective borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers.
- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for 12 months)

**Strategy 3.3** - Complete conversion from the legacy management systems to South Carolina Enterprise Information System (SCEIS).

**Objective 3.3.1** - Work with internal State Treasurer Office (STO) staff, South Carolina Enterprise Information System (SCEIS) personnel and SAP (a multi-national software company headquartered in Germany) consultants to convert, integrate and improve all functionality and processes of the Debt Division.

- Legal Responsibilities Satisfied: SC Code of Law 11-53-20, Proviso 1B, section 98.2
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Converting legacy systems to SCEIS will allow the State to operate out of only one system and retire legacy systems for state-wide functions administered by the STO.
- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for 12 months)

**Goal 4 - Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.**

- Legal Responsibilities Satisfied: SC Code of Laws, Title 27, Chapter 18
- Public Benefit/Intended Outcome: The SC Unclaimed Property Program returns unclaimed property to rightful owners. Unclaimed property includes, but is not limited to, bank accounts, wages or commissions, money orders, insurance proceeds, underlying shares, dividends, customer deposits, credit balances, layaways, and credit memos which have remained unclaimed by the rightful owner for a specified period of time.
- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for 8 months)

**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.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 27, Chapter 18
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Increased awareness of holder reporting requirements ensures holders properly remit unclaimed funds to the State so that unclaimed property can be returned to their rightful owner(s).
- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for 8 months)

**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.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 27, Chapter 18
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: State Treasurer's Office holds the money in trust and it's the office's obligation to increase awareness of unclaimed property. Increased awareness of unclaimed property returns money to individuals who are unaware of funds available to them. Increased inquiries ultimately ensure funds are returned to their rightful owner which can ultimately stimulate SC's economy.
- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for 8 months)

**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.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 27, Chapter 18
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Provides an efficient and accurate method of claim workflow to increase public access to information and ensure compliance with claim processing timeframes.
- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for 8 months)

**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.**

- Legal Responsibilities Satisfied: SC Code of Laws, Title 59, Chapters 2 and 4
- Public Benefit/Intended Outcome: State Treasurer's Office holds the funds in trust and it's the office's obligation to provide public access to an easy, tax-advantaged way to save for the cost of future college expenses.
- Responsible Person: Jenny McGill, Program Director (Responsible for 12 months)

**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.

- Legal Responsibilities Satisfied: SC Code of Laws, Title 59, Chapters 2 and 4
- How it is S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, and Time Bound): Objective is measurable against applicable benchmarks and/or comparable data analysis.
- Public Benefit/Intended Outcome: Marketing the program in an effective manner ensures the public is made aware of an easy, tax-advantaged way to save for the cost of future college expenses. Increase the number of South Carolina families actively saving for the cost of a loved ones education and in turn means that more South Carolinians will be attending college with less debt.
- Responsible Person: Jenny McGill, Program Director (Responsible for 12 months)

# Part I. Agency History, Legal Responsibilities and Strategic Plan

## Strategies, Objectives & Potential Negative Impacts

### *Potential Negative Impacts<sup>57</sup>*

*Note: In its 2016 Annual Restructuring Report, the agency was asked to list what it considers the most potential negative impact to the public that may occur as a result of the agency not accomplishing each objective. In addition, it was asked to provide information on the level at which it believes it needs outside help, the entities to whom the agency would reach out if the potential negative impact rises to that level, when the agency thinks the General Assembly should be put on notice, and options for what the General Assembly could do to help resolve the issue before it became a crisis.*

#### **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.

Most Potential Negative Impact: Higher bank fees could ultimately impact the State and taxpayer.

- o Level Requires Outside Help: N/A
- o Outside Help to Request: N/A
- o Level Requires Inform General Assembly.: N/A
- o General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

**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 (a multi-national software company headquartered in Germany) consultants to convert, integrate and improve all functionality and processes of the Treasury Management Division.

Most Potential Negative Impact: Ensure the STO stays current and advances technologically with the ongoing changes in State accounting system and continue to develop SCEIS reports that can assist the STO in its day-to-day operations. Continued reliance on legacy systems could put the agency statewide banking functions at risk.

- o Level Requires Outside Help: N/A
- o Outside Help to Request: N/A
- o Level Requires Inform General Assembly.: N/A
- o General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.



**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.

Most Potential Negative Impact: Would result in lower returns impacting funds generated to the General Fund.

- Level Requires Outside Help: N/A
- Outside Help to Request: N/A
- Level Requires Inform General Assembly: N/A
- General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

**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.

Most Potential Negative Impact: Same as Objective 2.1.1

**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.

Most Potential Negative Impact: 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.

- Level Requires Outside Help: N/A
- Outside Help to Request: N/A
- Level Requires Inform General Assembly: N/A
- General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

**Strategy 3.2** - Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

**Objective 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.

Most Potential Negative Impact: Same as Objective 3.1.1

**Objective 3.2.2** - Provide advice and guidance as well as conduct an annual State review.

Most Potential Negative Impact: Same as Objective 3.1.1

**Strategy 3.3** - Complete conversion from the legacy management systems to South Carolina Enterprise Information System (SCEIS).

**Objective 3.3.1** - Work with internal State Treasurer Office (STO) staff, South Carolina Enterprise Information System (SCEIS) personnel and SAP (a multi-national software company headquartered in Germany) consultants to convert, integrate and improve all functionality and processes of the Debt Division.

Most Potential Negative Impact: Same as Objective 3.1.1

**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.

Most Potential Negative Impact: A decrease in the number of companies complying with the SC Uniform Unclaimed Property Act would result in a decrease of funds being returned to the rightful owner and a decrease in General Funds returned to the State each year.

- o Level Requires Outside Help: N/A
- o Outside Help to Request: N/A
- o Level Requires Inform General Assembly: N/A
- o General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

**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.

Most Potential Negative Impact: A decrease in the number of funds returned would result in less funds ultimately being placed in the hands of the rightful owner.

- o Level Requires Outside Help: N/A
- o Outside Help to Request: N/A
- o Level Requires Inform General Assembly: N/A
- o General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

**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.

Most Potential Negative Impact: Inability to convert to new technologies would result in less funds ultimately being placed in the hands of the rightful owner.

- Level Requires Outside Help: N/A
- Outside Help to Request: N/A
- Level Requires Inform General Assembly: N/A
- General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

**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.

Most Potential Negative Impact: A decrease in participants would reduce savings for college and increase debt required to attend college.

- Level Requires Outside Help: N/A
- Outside Help to Request: N/A
- Level Requires Inform General Assembly: N/A
- General Assembly Options: Continue to authorize State and Other Fund appropriations for agency operations.

## Part II. Agency Relationships and Public Input

### Relationships

*Note: In the agency's reports to the Committee, it has provided information about its partners, customers and stakeholders.<sup>58</sup> Notably, the agency may have more than one relationship with an entity.*

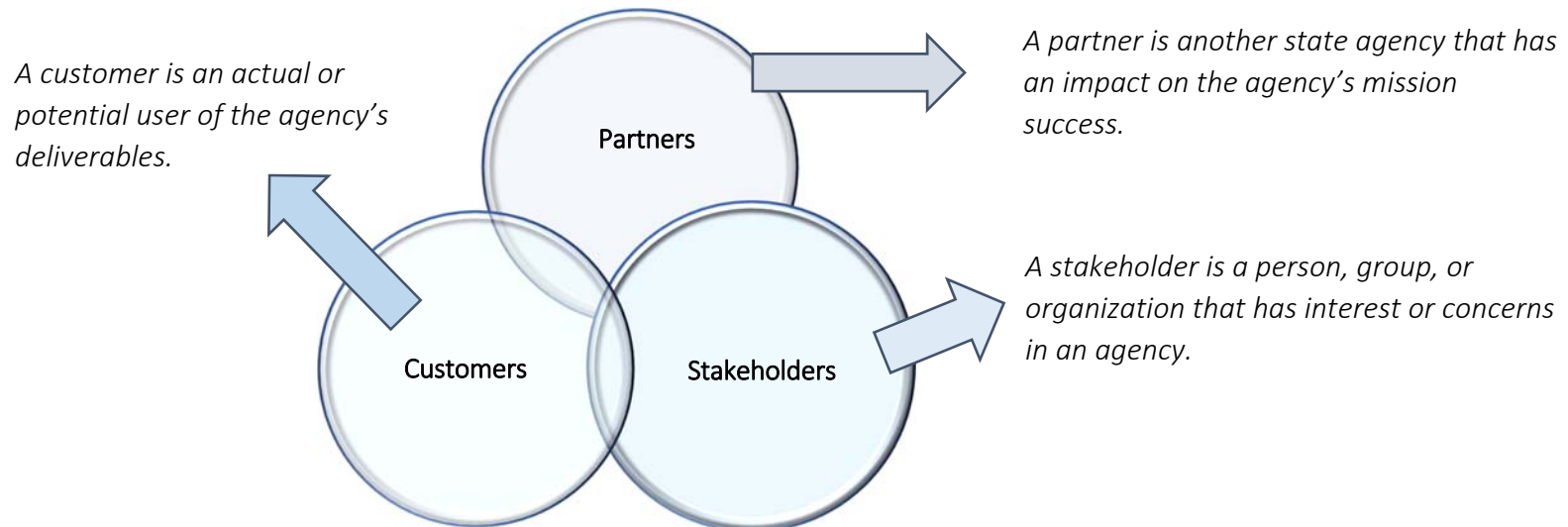


Figure 2. Partners, customers, and stakeholders defined.<sup>59</sup>

### Stakeholders and Customers<sup>60</sup>

- Stakeholder and Stakeholder Requirements/Expectations
  - **Citizens of SC** - Disburse payroll and vendor payments within an established timeline; efficient use of the taxpayers funds
  - **County and Local Governments** - Investment management for the Local Government Investment Pool in a manner that benefits county and local governments; Receive and disburse funds received from local governments/counties; Administer benefits program for County Auditors/County Treasurers that have State insurance
  - **General Assembly** - Provide accurate and timely data/information; investment of the State's funds in a manner that benefits the State; Disburse payroll and vendor payments within an established timeline
  - **State General Fund** - Highest rate of return for investment of the State General Fund

- Customer Segments and Customer Segment Requirements/Expectations
  - **Authorities** - General obligation, revenue and special debt issues
  - **Contributors to and Beneficiaries of College Savings Plans** - Allow families an investment method to maximize savings for college
  - **Holders of State's General Obligations and Revenue Bonds** - Manage State General obligation, revenue and special debt issues for holders
  - **Institutions of Higher Learning** - Administer existing contracts of the Tuition Prepayment Program
  - **Local Governments** - Investment of Local Government Investment Pool funds
  - **Public Employee Benefit Authority** - Retirement - Investment of a portion of Retirement System funds
  - **Rightful Owners of Unclaimed Property** - Educate citizens about their right to claim property and pay claims to rightful owners in a timely manner according to the Unclaimed Property Act
  - **School Districts** - Investment of local School District funds
  - **State Agencies** - Receipt and disbursement of all funds for all agencies and State institutions; Investment of all State funds; General obligation, revenue and special debt issues for state agencies and universities
  - **State Employees and Retirees** - Disbursement of all State employee and Retiree payroll
  - **State's Vendors** - Disbursement of all vendor payments timely
  - **Taxpayers** - Receipt and disbursement of all funds for all agencies and State institutions

#### Partners<sup>61</sup>

Below is information the agency provided about the entities the agency is currently working with that help the agency accomplish its 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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Various Financial Institutions - Periodically meet with financial institutions to learn about new electronic payment methods.

**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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Grant Thornton - Communication between all partner entities to ensure that system design and business requirements are met.
  - SCEIS Staff - Communication between all partner entities to ensure that system design and business requirements are met.
  - Various External Contractor Firms - Communication between all partner entities to ensure that system design and business requirements are met.
  - Various Financial Institutions - Communication between all partner entities to ensure that system design and business requirements are met.

**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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Jamison, Eaton & Woods (JE&W) - JE&W serves as the Investment Advisor providing market insight, sector and security analysis to the State Treasurer's Office.
  - Pension Consulting Alliance (PCA) - PCA serves as the Investment Consultant providing recommendations on Investment Policy and best practices as well as compliance by both the Division and Advisor.

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

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Bloomberg - Communication between all partner entities to ensure that system design and business requirements are met.
  - SCEIS Staff - Communication between all partner entities to ensure that system design and business requirements are met.

**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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - BLX Group (Arbitrage Consultant) - Coordinates and interacts with partners to achieve goal.
  - Bond Counsel (various) - Coordinates and interacts with partners to achieve objective.
  - Credit Rating Agencies (various) - Coordinates and interacts with partners to achieve objective.
  - Financial Advisor (various) - Coordinates and interacts with partners to achieve objective.
  - Paying Agent/Registrar (various) - Coordinates and interacts with partners to achieve goal.
  - State Agencies - Coordinates and interacts with partners to achieve objective.
  - Underwriter (various) - Coordinates and interacts with partners to achieve goal.

**Strategy 3.2** - Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

**Objective 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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Same as Objective 3.1.1, plus the entities below
  - Cash Flow Verification Agent (various) - Coordinates and interacts with partners to achieve goal.
  - Disclosure Counsel (various) - Coordinates and interacts with partners to achieve goal.
  - Issuer's Counsel (various) - Coordinates and interacts with partners to achieve goal.
  - Tax Counsel (various) - Coordinates and interacts with partners to achieve goal.
  - Transaction Counsel (various) - Coordinates and interacts with partners to achieve goal.

**Objective 3.2.2** - Provide advice and guidance as well as conduct an annual State review.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Same as Objective 3.2.1



**Strategy 3.3** - Complete conversion from the legacy management systems to South Carolina Enterprise Information System (SCEIS).

**Objective 3.3.1** - 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 Debt Division.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Paying Agent/Registrar (various) - Coordinates and interacts with partners to achieve objective.
  - South Carolina Enterprise Information System (SCEIS) Staff - Coordinates and interacts with partners to achieve objective.

**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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - Division of State Technology - DTO provides network support for the program and also hosts our application and web site.
  - Eagle Technology Management (ETM) - ETM is a private company endorsed by the National Association of Unclaimed Property Administrators (NAUPA) to provide free reporting software to holder companies.
  - Other potential vendors - DTO provides network support for the program and also hosts our application and web site.
  - Xerox - DTO provides network support for the program and also hosts our application and web site.

**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.

- Current Partner Entities and Ways Agency Works with Current Partners: Same as Objective 4.1.1

**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.

- Current Partner Entities and Ways Agency Works with Current Partners: Same as Objective 4.1.1

**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.

- Current Partner Entities and Ways Agency Works with Current Partners:
  - ColumbiaThreadneedle - Program Manager

## Part II. Agency Relationships and Public Input

### Public Comments about the Agency

In the Committee’s September 2015 public survey, the opinions of 298 participants who chose to provide their opinion about the agency were a majority were positive.<sup>62</sup> Of those who expressed an opinion, 32.89% had a negative (21.48% - 64) or very negative opinion (11.41% - 34) of the agency, while 61.75% had a positive (32.89% - 98) or very positive opinion (28.86% - 86) of the agency, and while a few expressed no opinion (5.37% - 16).<sup>63</sup> Notably, many participants answered that they had personal experience with the agency (74) or that they had heard about the agency from media coverage (110).<sup>64</sup>

Written comments about the agency were provided by 129 survey participants; often, those comments addressed more than one topic. Some of the topics addressed in the written comments are listed in Table 3.<sup>65</sup> The complete verbatim comments can be found online.<sup>66</sup> Responses to online surveys posted on the Committee's webpage are provided verbatim as they were received by the Committee. They are not the comments or expression of the House Legislative Oversight Committee, any of its Subcommittees, or the House of Representatives.

Table 3. Some topics addressed by survey participants in written comments about the agency.<sup>67</sup>

Topic	Number of Comments
Positive comments	42
Investment or money management	19
Investment commission or pension	16
Management	10
Legislature	9
Turnover/Retention	8
Morale	7
529 Plans	5

## Part III. Resources: Availability and Allocation

### Financial Capital

#### Available - Sources, amount and any restrictions on use

Note: A brief background on the state budget process is included in Appendix A - State Budget.

Historical information about the agency's budget levels over the past five years is provided in Table 4.

Table 4. Agency budget levels for the past five years.<sup>68</sup> These amounts do not include Aid to Subdivisions funds.

	Recurring Funding				
	2011-12	2012-13	2013-14	2014-15	2015-16
<b>General</b>	<b>\$1,532,797</b> BB:\$96,621 - IP:\$20,051,304 + BPI:\$19,073	<b>\$1,598,336</b> BB:\$1,532,797 + BPI:\$63,717 + AHA: \$1,822	<b>\$1,814,102</b> BB:\$1,596,514 + AHA:\$1,822 + IP:\$200,000 + BPI:\$15,766	<b>\$1,855,842</b> BB:\$1,814,102 + BPI:\$41,740	<b>\$1,666,114</b> BB:\$1,855,842 - IP:\$200,000 + BPI:\$10,272
<b>Other</b>	<b>\$7,988,493</b> O:\$3,987,771 EIA:\$4,000,722	<b>\$3,987,771</b> O: \$3,987,771	<b>\$6,156,466</b> O: \$6,156,466	<b>\$6,156,466</b> O: \$6,156,466	<b>\$6,229,007</b> O:\$6,229,007
<b>Federal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Carry Forward</b>	From 2010-11, available to spend in 2011-12: <b>\$26,710</b>	From 2011-12, available to spend in 2012-13: <b>\$35,245</b>	From 2012-13, available to spend in 2013-14: <b>\$28,476</b>	From 2013-14, available to spend in 2014-15: <b>\$22,552</b>	From 2014-15, available to spend in 2015-16: <b>\$20,406</b>
<b>TOTAL agency controls</b>	<b>\$9,548,000</b>	<b>\$5,621,352</b>	<b>\$7,999,044</b>	<b>\$8,034,860</b>	<b>\$7,915,527</b>

Note: BB = Beginning Base; IP = Incremental Part 1A; BPI = BPI, Health Allocation, Trans; AHA = Allocations Held in Arrears; O = Other Funds

### Recurring Pass Through Funds

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Pass Through</b>	<b>\$4,000,722</b>	<b>\$4,000,722</b>	<b>\$5,089,881</b>	<b>\$5,089,881</b>	<b>\$5,089,881</b>
	EIA:\$4,000,722	EIA:\$4,000,722	EIA:\$5,089,881	EIA:\$5,089,881	EIA:\$5,089,881

Pass through funds are funds the agency is appropriated, but has no control over because it passes directly through the agency to another entity.<sup>69</sup> The above EIA or Education Improvement Act funds are for paying teachers' students loans.<sup>70</sup> In 2011-12 they were included in Section 76 of the Appropriations Bill, which relates to the Treasurer's Office as "Special Items, Student Loans-Teacher."<sup>71</sup> In 2012-13, and from that time to the present, they have been listed with other EIA funds in Section 1 of the Appropriations Bill, which relates to the Department of Education.<sup>72</sup> Even though it is now included in the Department of Education's section of the Appropriations Bill, it still passes through the Treasurer's Office, but is not part of the State Treasurer's Office base budget.<sup>73</sup> The Appropriations Bill notes this by including the agency code for the agency in which the EIA money passes through for each item.<sup>74</sup> Thus, the 2012-13 Appropriations Bill stated in Section 1, Part XII, Subpart F., 2., "TCHR Loan Prog (E16)" to indicate the funds were for the teacher loan program and they flow through agency E16, the Treasurer's Office.<sup>75</sup> The funds flow through a state agency, instead of going directly to the companies who are receiving payment for the teachers' student loans because state money must flow through a state entity before going to a non-state entity.<sup>76</sup>

### Non-Recurring Funding<sup>77</sup>

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>General</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,482 (EB)</b>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,482</b>

EB = Employee Bonuses

A visual graph which illustrates the recurring funding for the agency over the past five years is provided in Figure 3 on the next page.

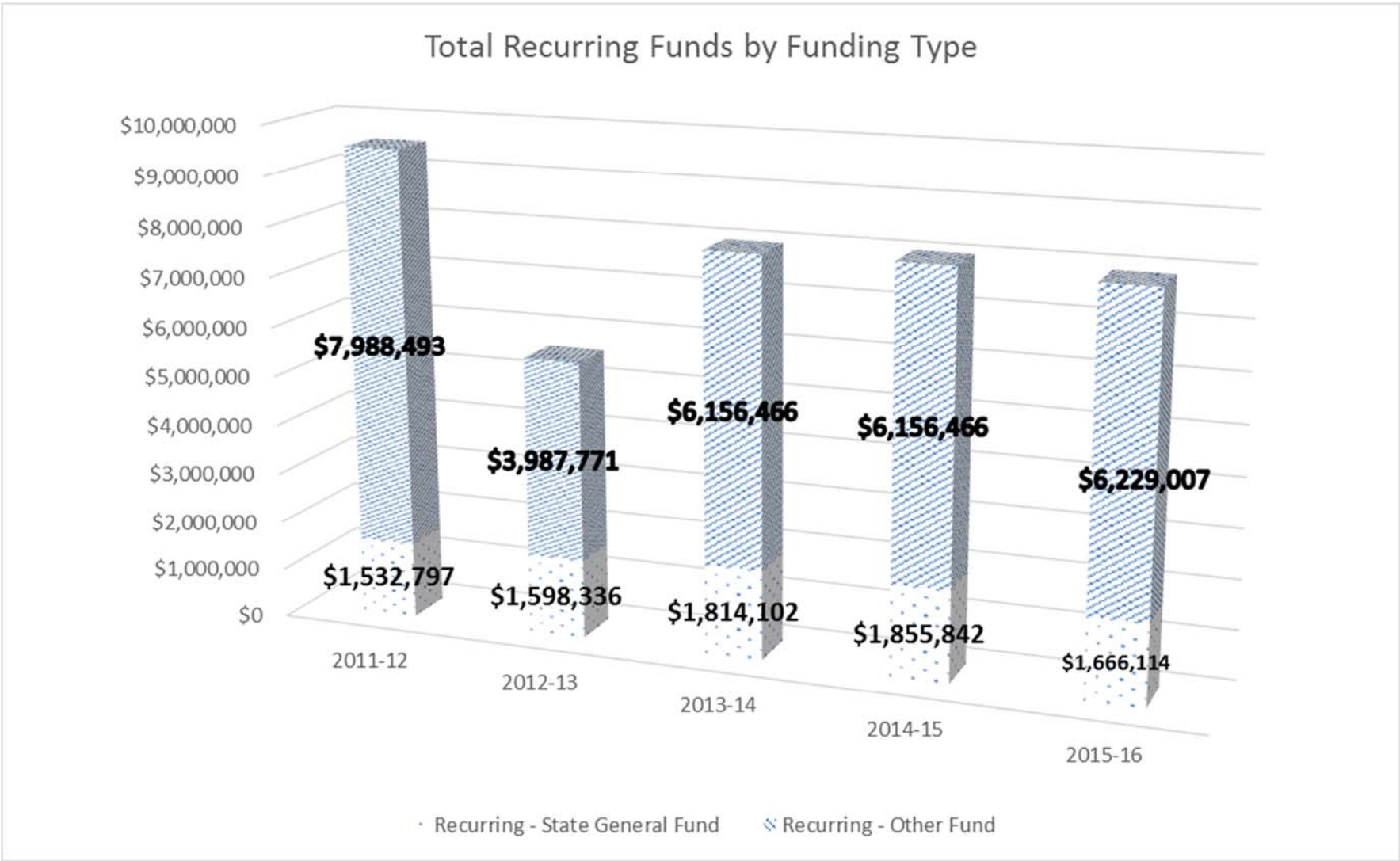


Figure 3. Total recurring funding for the agency by funding type during the past five years.<sup>78</sup>

## Part III. Resources: Availability and Allocation

### Financial Capital

#### *Strategic Allocation - Amount budgeted to, and spent on, each Objective in the Strategic Plan*

*Note: There is only one year of information available for allocation of funding by objective as this is a new process for state agencies. Previously agencies only allocated funding by program.*

Information on how the agency spent the money available to it by objective and, if applicable, unrelated purpose, is set forth in Table 5.

Table 5. Agency funds available to spend in 2015-16 and where the agency budgeted to spend those funds.<sup>79</sup>

<b>Funds Available to Spend Money (2015-16)</b>			
Source of Funds:	Totals	State Funds	Other Funds
Is source state, other or federal funding:	Totals	State	Other
Restrictions on how agency is able to spend the funds from this source:	n/a	Funding restrictions are specified in State statutes as referenced on page of 12 this report, as well as in the Annual LOC Restructuring Reports.	Funding restrictions are specified in State statutes as referenced on page of 12 this report, as well as in the Annual LOC Restructuring Reports.
<b>Amount estimated to have available to spend this fiscal year:</b>	<b>\$7,915,257</b>	<b>\$1,666,144</b>	<b>\$6,249,143</b>
Are expenditure of funds tracked through SCEIS? (if no, state the system through which they are recorded so the total amount of expenditures could be verified, if needed)	n/a	Yes	Yes

**Where Agency Budgeted to Spend Money (2015-16)**

<u>Source of Funds:</u>	<u>Totals</u>	<u>State Funds</u>	<u>Other Funds</u>
<b>Goal 1 - Treasury Management:</b> Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.	\$826,969	\$711,969	\$115,000
<u>Objective 1.1.1</u> - 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.	\$123,557	\$8,557	\$115,000
<u>Objective 1.2.1</u> - Work with internal STO staff, SCEIS personnel and SAP consultants to convert, integrate and improve all functionality and processes of the Treasury Management Division.	\$703,413	\$703,413	
<b>Goal 2 - Investments:</b> 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.	\$3,015,184		\$3,015,184
<u>Objective 2.1.1</u> - 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.	\$1,366,310		\$1,366,310
<u>Objective 2.2.1</u> - Work with internal STO staff and SCEIS personnel to convert, integrate and improve all functionality and processes of the Investment Management Division.	\$1,648,874		\$1,648,874
<b>Goal 3 - Debt:</b> 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.	\$1,360,000		\$1,360,000
<u>Objective 3.1.1</u> - 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.	\$314,500		\$314,500
<u>Objective 3.2.1</u> - Maintain regular contact and communication with the rating services through monthly reporting of revenue collections, and periodic reporting of budgetary and legislative developments.	\$314,500		\$314,500
<u>Objective 3.2.2</u> - Provide advice and guidance as well as conduct an annual State review.	\$314,500		\$314,500
<u>Objective 3.3.1</u> - Work with internal STO staff, SCEIS personnel and SAP consultants to convert, integrate and improve all functionality and processes of the Debt Division.	\$416,500		\$416,500



<u>Source of Funds:</u>	<u>Totals</u>	<u>State Funds</u>	<u>Other Funds</u>
<b>Goal 4 - Unclaimed Property Program:</b> Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.	\$1,225,000		\$1,225,000
<i>Objective 4.1.1</i> - 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.	\$351,194		\$351,194
<i>Objective 4.2.1</i> - 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.	\$608,350		\$608,350
<i>Objective 4.3.1</i> - Improve workflow by revising and installing new versions to improve system efficiency.	\$265,456		\$265,456
<b>Goal 5 - Future Scholar:</b> Manage the Future Scholar 529 Program to promote the importance of saving for college utilizing the Future Scholar 529 Plan to South Carolina residents.	\$533,959		\$533,959
<i>Objective 5.1.1</i> - Increase overall new accounts in the Future Scholar 529 Plan by 6% over the previous fiscal year while maintaining low cost investment options.	\$533,959		\$533,959
<b>Support Services</b> Expenditure Total	\$954,145	\$954,145	

Note: Table 4, which was included earlier in this study, shows the carry forward amount from one year added to the funding received the next year, to demonstrate the total amount of funding the agency had available to budget each year. In Table 6 below, the carry forward is listed under the year it occurred, to demonstrate the amount of funding the agency had available that year, but did not spend.

Table 6. Agency carry forward funds in 2011-12 through 2014-15.<sup>80</sup>

Carry Forward - Recurring Funding				
	2011-12	2012-13	2013-14	2014-15
Carry Forward (amount unspent each year)	\$35,245	\$28,476	\$22,552	\$20,406
Total Funds available each year	\$9,548,000	\$5,621,352	\$7,999,044	\$8,034,860
Percentage of total funds available the agency did not spend	0.37%	0.51%	0.28%	0.25%

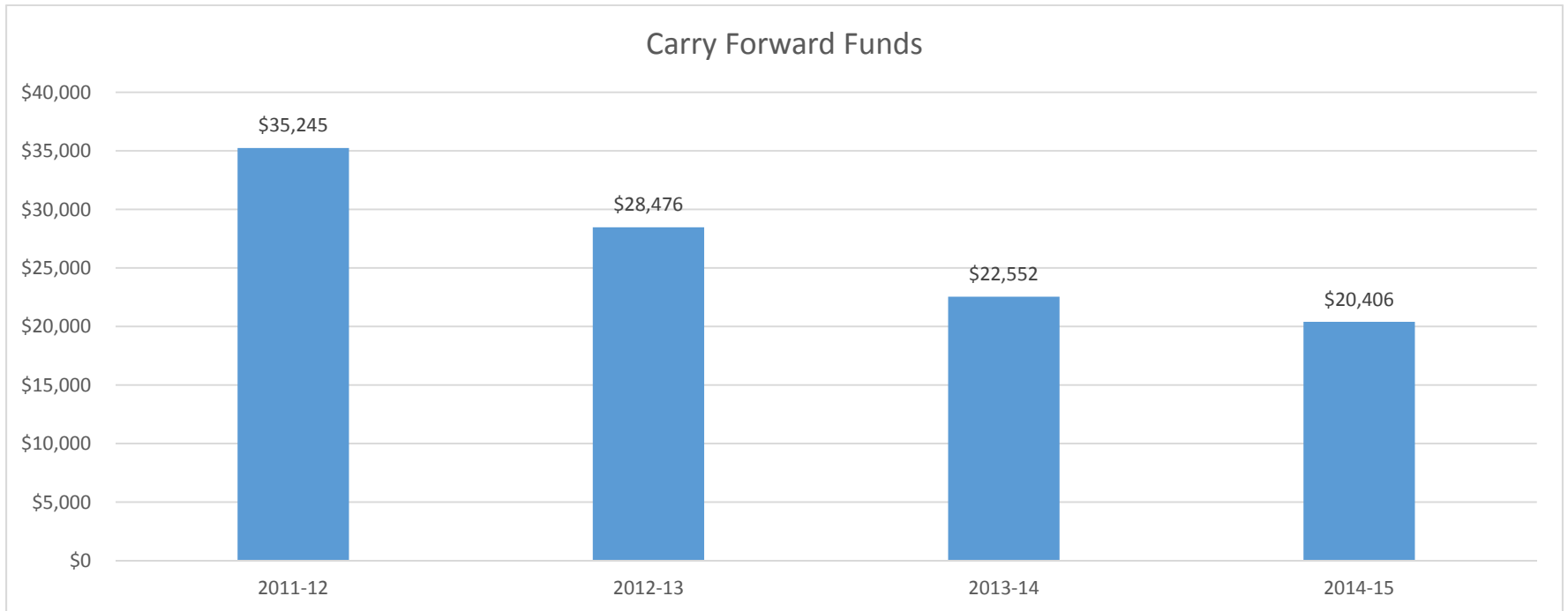


Figure 4. Agency carry forward for the past four years<sup>81</sup>

## Part III. Resources: Availability and Allocation

### Employees

#### *Available - Total number and types*

Note: A brief background on the different types of state employees is included in Appendix B - State Employees.

Historical information about the agency's available and filled full time equivalent (FTE) employee positions over the past five years as well as filled non-FTE employees is provided in Table 7. The numbers for 2011-12 through 2014-15 are as of June each year, the last month in that fiscal year. The figures for 2015-16 are as of February 2016.

Table 7. Agency employee levels for the past five years.<sup>82</sup>

General Fund Full Time Equivalent Positions (FTEs)					
	2011-12	2012-13	2013-14	2014-15	2015-16
Authorized	40	37	37	37	37
Filled	22.75	23.75	22.75	22.25	26.25
Unfilled	17.25	13.25	14.25	14.75	10.75

Other Fund FTEs					
	2011-12	2012-13	2013-14	2014-15	2015-16
Authorized	30	33	33	33	33
Filled	35	36.60	37	33.5	35.5
Unfilled	-5	-3.60	-4	-0.5	-2.5

Non-FTE Employees	
	Temporary
2011-12	5
2012-13	6
2013-14	7
2014-15	10

\*The agency had 0 authorized or filled FTEs from Federal funds.

Total FTEs (General + Other + Federal Fund)					
	2011-12	2012-13	2013-14	2014-15	2015-16
Authorized	70	70	70	70	70
Filled	57.75	60.35	59.75	55.75	61.75
Unfilled	12.25	9.65	10.25	14.25	8.25

### Filled & Unfilled Positions at the Treasurer's Office

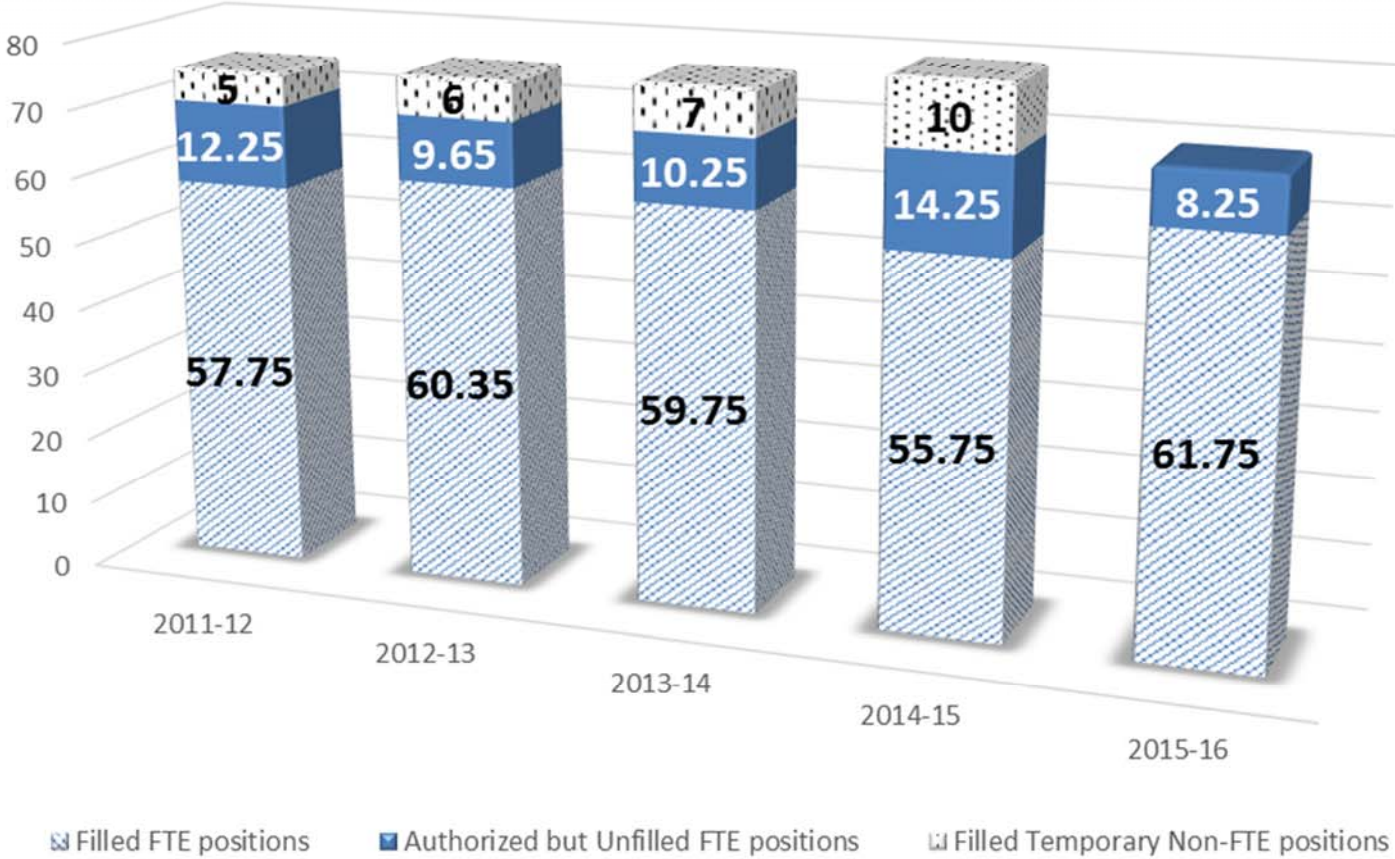


Figure 5. Filled and unfilled positions at the agency during the past five years.<sup>83</sup>

Note: The number of temporary non-FTE positions for 2015-16 has not been requested as of February 2016. The Executive Subcommittee may wish to request this information.

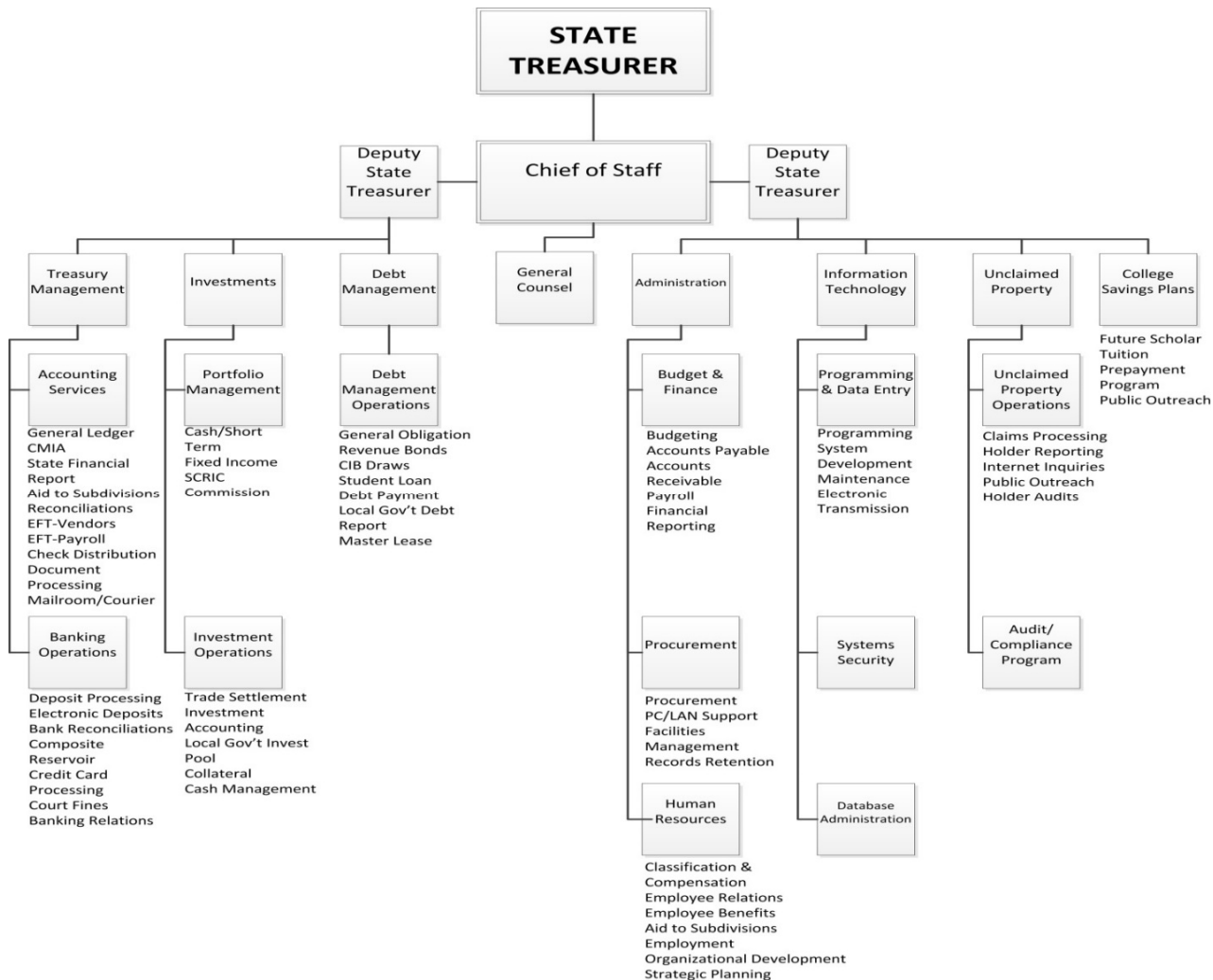
# Part III. Resources: Availability and Allocation

## Employees

### Strategic Allocation<sup>84</sup>

Figure 6 provides information on the agency's current organizational chart and Table 8 provides information on the number of employees at the agency, by department, from 2011-12 through 2014-15.

Table 8. Number of employees at the agency, by department, from 2011-12 through 2014-15.<sup>85</sup> The numbers below are as of June each year, the last month in that fiscal year.



	2011-12	2012-13	2013-14	2014-15
Treasurer's Office	1	3.6	2	2
Special Programs	22	23	24	24
Programs / Services	32.75	30.75	28.75	24.75
Policy and Planning	2	2	3	2
General Counsel	0	1	2	2
Policy and Planning Support	0	0	0	1
Temporary	5	6	7	10

Figure 6. Agency's 2015-16 Organizational Chart.<sup>86</sup>

*Note: The “number of different physical employees working on this goal or objective” is the number of different employees whose job responsibilities include activities that help the agency accomplish the goal or objective. An employee may spend 100% of the employee’s time working on activities related to that goal or objective, but another employee may only spend 25% or 50% of the time working on that goal or objective and the other 75% or 50% of the time working on activities related to other goals. To account for these situations, information on the “Number of employee equivalents working on this goal or objective,” is also included. The agency calculates this number by adding up the percentage of each employee’s time that goes to the goal or objective and divides the total percentage by 100%. This shows how many employees work on the goal or objective if each employee spent 100% of their time on activities related to that goal or objective.*

**Goal 1 - Treasury Management: Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.**

- Responsible Person: Tonia Morris, Deputy State Treasurer (Responsible for more than 1 year)
- Department or Division Summary: The **Treasury Management Division** (TMD) is responsible for the day-to-day banking operations of the State, collection and remittance of court fines, over 150,000 account deposits, payroll processing for approximately 50,000 employees, distribution of 4.4 million electronic and paper checks and cash management activities for the State.
- Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
- Number of different physical employees working on this Goal: 18.00 FTE
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together): 18.00 FTE

**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.

- Responsible Person: Tonia Morris, Deputy State Treasurer, Treasurer Management Division (Responsible for more than 1 year)
- Number of different physical employees working on this objective: 4.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.00 FTE

**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.

- Responsible Person: Tonia Morris, Deputy State Treasurer, Treasurer Management Division (Responsible for more than 1 year)
- Number of different physical employees working on this objective: 16.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 5.00 FTE

**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.**

- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for less than 1 year)
- Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
- Department or Division Summary: The **Investment Management Division** manages, according to SC Code 11-9-660, approximately \$13.1 billion in assets for both the State of South Carolina and local governments.
- Number of different physical employees working on this Goal: 8.00 FTE
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together): 8.00 FTE

**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.

- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for less than 1 year)
- Number of different physical employees working on this objective: 8.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 5.00 FTE

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

- Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for less than 1 year)
- Number of different physical employees working on this objective: 8.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 3.00 FTE

**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.**

- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for more than 1 year)
- Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
- Department or Division Summary: The **Debt Management** manages more than \$6.2 billion in debt obligations of the State, its agencies, authorities and institutions. Provides research and advice to the State Treasurer, the State Budget and Control Board, and the General Assembly in matters of debt management, legislation and fiscal policy. The Debt Division works diligently with credit rating agencies to maintain the State's AAA credit rating.
- Number of different physical employees working on this Goal: 4.00 FTE
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together): 4.00 FTE

**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.

- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for more than 1 year)
- Number of different physical employees working on this objective: 3.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.50 FTE

**Strategy 3.2** - Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

**Objective 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.

- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for more than 1 year)
- Number of different physical employees working on this objective: 4.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.00 FTE

**Objective 3.2.2** - Provide advice and guidance as well as conduct an annual State review.

- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for more than 1 year)
- Number of different physical employees working on this objective: 2.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 0.50 FTE



**Strategy 3.3** - Complete conversion from the legacy management systems to South Carolina Enterprise Information System (SCEIS).

**Objective 3.3.1** - 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 Debt Division.

- Responsible Person: Kevin Kibler, Senior Assistant State Treasurer (Responsible for 12 months)
- Number of different physical employees working on this objective: 4.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.00 FTE

**Goal 4 - Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.**

- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for less than 1 year)
- Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
- Department or Division Summary: **Unclaimed Property** Program provides a statewide service to the citizens of SC by returning various forms of intangible personal property or money to the rightful owners. The agency has the responsibility of collecting unclaimed property accounts from holder companies and organizations.
- Number of different physical employees working on this Goal: 11.00 FTE
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together): 11.00 FTE

**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.

- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for less than 1 year)
- Number of different physical employees working on this objective: 4.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 2.50 FTE

**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.

- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for less than 1 year)
- Number of different physical employees working on this objective: 11.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 6.00 FTE

**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.

- Responsible Person: Dayle DeLong, Senior Assistant State Treasurer (Responsible for 8 months)
- Number of different physical employees working on this objective: 2.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 0.50 FTE

**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.**

- Responsible Person: Jenny McGill, Program Director (Responsible for more than 1 year)
- Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
- Department or Division Summary: The **SC Tuition Prepayment Program** (SCTPP)/SC College Investment Program (Future Scholar) are college savings plans that allow families the option of saving now at great advantage for their children's college education.
- Number of different physical employees working on this Goal: 2.00 FTE
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together): 2.00 FTE

**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.

- Responsible Person: Jenny McGill, Program Director (Responsible for more than 1 year)
- Number of different physical employees working on this objective: 2.00 FTE
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 2.00 FTE

## Part IV. Agency Performance and Recommendations

### Types of Measures Utilized<sup>87</sup>

*Note: There are four types of performance measures, which are explained below. The subcommittee indicated it is looking for efficiency and outcome measures.*

- **Inputs** are human or material resources used, such as number of staff hours or classroom space used to conduct welfare-to-work programs.
- **Outputs** are the amount of service, effort, or activity produced or delivered, such as number of clients receiving job training or number of students in AP courses.
- **Efficiency** measures are the amount of output or outcome achieved in terms of input, such as cost per participant in welfare-to-work programs, or cost per student.
- **Outcomes** are results or the effectiveness of a service or effort, such as the number of clients employed for at least half time within six months of job training or the percentage of students who graduate from high school.

*While the agency may assert a performance measure is a certain type (e.g., efficiency, outcome, etc.), the Subcommittee may or may not agree.*

Note: Under the description of the performance measure in the “Performance Measure” column, is the type of measure the agency indicated it considered the measure in its 2016 Annual Restructuring Report. An explanation of the type of measures are on the previous page. Also, in the “Why Chosen?” column, there is the one of the following in parenthesis, “State,” “Federal,” or “Agency Selected.” In the 2016 Annual Restructuring Report, for each performance measure, the agency was asked to indicate whether the state or federal government required the agency to track the measure or whether it was a measure the agency selected.

**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.

- o Public Benefit/Intended Outcome: Processing payments electronically are more secure, efficient and less costly than processing paper payments therefore saving payee's money by lowering processing costs.

Performance Measure	Why Chosen? (Agency selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Total electronic checks sent (Efficiency)	The selected performance measures provide comparability over time periods.	July 1 - June 30	Internal FMS System/Daily	Annual	Total electronic checks sent

**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.

- o Public Benefit/Intended Outcome: Converting legacy systems to SCEIS will allow the State to operate out of only one system and retire legacy systems for state-wide functions administered by the STO.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Total deposits (Output)	The selected performance measures for electronic checks provide comparability over time periods.	July 1 - June 30	Internal FMS System/Annual	Annual	Total deposits made during the fiscal year

**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.

- o Public Benefit/Intended Outcome: Relationships provide "best bid pricing", "advance notice supply access" and published market commentary. The Division utilizes an investment consultant and investment advisor to assist the Division in market analysis, security evaluation, and best practices.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Net accrued income (Outcome)	A measurement of "best return possible within the prescribed parameters..." and Cash Flow	July 1 - June 30	Internal IMS System/Daily	Monthly/FYTD	Total accrued income generated from all portfolios
Cash income (Input/Activity)	Same as above	July 1 - June 30	Internal IMS System/Daily	Monthly/FYTD	Total cash income in all portfolios
Average daily balance (Output)	Same as above	July 1 - June 30	Internal IMS System/Monthly	Monthly/FYTD	Average balance of portfolios under STO management
Securities lending income (Input/Activity)	Same as above	July 1 - June 30	Bank of New York Mellon/Monthly	Monthly/YTD	Income generated through the securities lending program
LGIP Accounts (Input/Activity)	Same as above	July 1 - June 30	Internally maintained/Daily	Monthly/YTD	Number of Local Government Investment Pool participants
Investment Balances (Output)	Same as above	July 1 - June 30	Internal IMS System & Bank of New York Mellon/Daily	Quarterly	Total Bank Balance plus CD Balance

Note: FYTD = Fiscal Year to Date; YTD = Year to Date; IMS is an internal system utilized by the agency.

**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.

- o Public Benefit/Intended Outcome: Converting legacy systems to SCEIS will allow the State to operate out of only one system and retire legacy systems for state-wide functions administered by the STO.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Number of trades (Efficiency)	A measurement of output	July 1 - June 30	Internally maintained/Daily	Monthly/Annual	Total investment trades made per year

**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.

- o Public Benefit/Intended Outcome: Through effective debt structuring, the State Treasurer's Office limits the risks that a borrower will default on a debt by failing to make required payments. Such a default would result in a greater financial need from the public.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Total Debt Issuance (Outcome)	These performance measures were chosen to best correspond with the success of the objective based the benchmarks and standards of the public indebtedness industry.	July 1 - June 30	Internally maintained/as issued	Annual	Amount of debt issued in a fiscal year
Cost of Debt Issuance (Efficiency)	Same as above	July 1 - June 30	Municipal Market Data /as issued	Annual	Municipal Market Data/interest rate on debt payments

**Strategy 3.2** - Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

**Objective 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. Additionally, the State Treasurer’s Office provides the rating agencies with an annual report of the State’s current creditworthiness in relation to its (typical) annual issuance of the State’s General Obligation debt.

- o Public Benefit/Intended Outcome: Through an established relationship with the credit rating services, the State Treasurer's Office limits the risks, impacts, and costs associated with higher effective interest rates and other borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers. The State Treasurer's Office periodically reports budgetary results and legislative developments that could potentially affect fiscal policy to the credit rating services as part of its role in fulfilling the disclosure mode needed to maintain an effective relationship with these services.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
State's credit rating (Outcome)	These performance measures were chosen to best correspond with the success of the objective based the benchmarks and standards of the public indebtedness industry.	July 1 - June 30	Fitch, Moody's and S&P credit rating agencies	Annual	Credit rating agencies determination after analyzing multiple criteria and financial data

**Objective 3.2.2** - Provide advice and guidance as well as conduct an annual State review.

- o Public Benefit/Intended Outcome: The State Treasurer's Office conducts an annual State review that contains State-specific information and peer group comparisons in an effort to limit the risks, impacts, and costs associated with higher effective borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers.
- o Performance Measures are the same as Objective 3.2.1

**Strategy 3.3** - Complete conversion from the legacy management systems to South Carolina Enterprise Information System (SCEIS).

**Objective 3.3.1** - 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 Debt Division.

- o Public Benefit/Intended Outcome: Converting legacy systems to SCEIS will allow the State to operate out of only one system and retire legacy systems for state-wide functions administered by the STO.

Performance Measure	Why Chosen? (Required by State Government)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Debt refinancing savings (Efficiency)	These performance measures were chosen to best correspond with the success of the objective based the benchmarks and standards of the public indebtedness industry.	July 1 - June 30	Municipal Market Data /as issued and refinanced	Annual	Municipal Market Data
Total annual debt service requirement	Same as above	July 1 - June 30	Internally maintained as debt is issued and retired	Annual	Required annual debt payments to bondholders/STO Debt Management V04 appropriation



**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.

- o Public Benefit/Intended Outcome: Increased awareness of holder reporting requirements ensures holders properly remit unclaimed funds to the State so that unclaimed property can be returned to their rightful owner(s).

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Amount of funds received from holders (Outcome) (previously known as Unclaimed Property Receipts)	By providing increased holder outreach and education, the amount of funds reported each year should increase.	July 1 - June 30	TD Bank & Wells Fargo/Monthly	Monthly	Total funds received from holder companies

**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.

- o Public Benefit/Intended Outcome: State Treasurer's Office holds the money in trust and it's the office's obligation to increase awareness of unclaimed property. Increased awareness of unclaimed property returns money to individuals who are unaware of funds available to them. Increased inquiries ultimately ensure funds are returned to their rightful owner which can ultimately stimulate SC's economy.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
UPP Number of accounts paid (Output)	This number captures the total quantity of properties being paid to rightful owners.	July 1 - June 30	Wagers/Daily	Monthly	Total number of accounts paid to claimants

**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.

- o Public Benefit/Intended Outcome: Provides an efficient and accurate method of claim workflow to increase public access to information and ensure compliance with claim processing timeframes.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Expedited claims processing and payment (Efficiency)	This performance measure was chosen to best correspond with the success of the objective to streamline processes.	New PM. Will be added when updated system in place	New PM	New PM	New PM

**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.

- o Public Benefit/Intended Outcome: Marketing the program in an effective manner ensures the public is made aware of an easy, tax-advantaged way to save for the cost of future college expenses. Increase the number of South Carolina families actively saving for the cost of a loved one's education and in turn means that more South Carolinians will be attending college with less debt.

Performance Measure	Why Chosen? (Agency Selected)	Time Applicable	Data Source and Availability	Reporting Frequency	Calculation Method
Future Scholar 529 Accounts (Output)	To measure that the Future Scholar 529 program was and continues to reach more South Carolina families and help them save for the costs of higher education.	July 1 - June 30	Columbia Management/W weekly	Monthly	Total number of Future Scholar accounts

## Part IV. Agency Performance and Recommendations

### Targets and Results of Measures<sup>88</sup>

*Note: Actual results for the performance measures are as of June 30 each year, the end of the fiscal year. In addition, a bold line is drawn to indicate where information for the most current two years begins. Also, the bold line indicates where the information shown for each year goes from only results to targets, results and minimum acceptable results. The targets and minimum acceptable result levels are set by the agency. Lastly, additional performance measures tracked by the agency, which the agency did not associate with a specific objective, are included at the end of this section of the study.*

#### **Goal 1 - Treasury Management: Manage the Statewide Banking and Accounting programs in accordance with applicable state laws.**

- Total amount budgeted to goal (i.e. sum of the amounts budgeted to each objective under this goal) in 2015-16:
  - \$826,969<sup>89</sup>
  - 10.45% of total budgeted spending for the agency
  - When considering the budgeted spending of the agency on 5 goals and 1 unrelated purpose, this goal ranks 5<sup>th</sup> out of 6 when viewing the budgeted spending amount for each from highest to lowest.
- Number of different physical employees working on this Goal:
  - 18.00 FTE<sup>90</sup>
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together):
  - 18.00 FTE<sup>91</sup>
- Public Benefit/Intended Outcome:
  - Through effective treasury management, limits the costs associated with banking fees and accurately account for deposits and disbursement in accordance to applicable state laws.<sup>92</sup>
- Responsible Person<sup>93</sup>:
  - Tonia Morris, Deputy State Treasurer (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The Treasury Management Division (TMD) is responsible for the day-to-day banking operations of the State, collection and remittance of court fines, over 150,000 account deposits, payroll processing for approximately 50,000 employees, distribution of 4.4 million electronic and paper checks and cash management activities for the State.

**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.

- Total amount budgeted to accomplish this objective in 2015-16: \$123,557<sup>94</sup>
- Number of different physical employees working on this objective: 4.00 FTE<sup>95</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.00 FTE<sup>96</sup>
- Most Potential Negative Impact if objective is not accomplished: Higher bank fees could ultimately impact the State and taxpayer.<sup>97</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Total electronic checks sent (Efficiency)	2,201,511	2,555,066	2,887,198	2,849,014	2,975,524 (72%)	75%	3,076,310 (73%)	73%	75%

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - Treasury management actively monitors vendors that may be open to electronic payments and communicates this with Financial Institutions in order to increase electronic payments utilization rates.
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - Trending data
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Yes

**Strategy 1.2** - Complete the conversion of all General Deposit accounts to SCEIS

**Objective 1.2.1** - Work with internal State Treasurer Office (STO) staff, S.C. Enterprise Information System (SCEIS) personnel and SAP consultants to convert, integrate and improve all functionality and processes of the Treasury Management Division.

- Total amount budgeted to accomplish this objective in 2015-16: \$703,413<sup>98</sup>
- Number of different physical employees working on this objective: 16.00 FTE<sup>99</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 5.00 FTE<sup>100</sup>
- Most Potential Negative Impact if objective is not accomplished: Ensure the STO stays current and advances technologically with the ongoing changes in State accounting system and continue to develop SCEIS reports that can assist the STO in its day-to-day operations. Continued reliance on legacy systems could put the agency statewide banking functions at risk.<sup>101</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Total deposits (Output)	187,400	185,091	185,136	184,536	186,654	n/a	179,813 (11 out of 19 deposit bank accounts converted to SCEIS)	Additional deposit bank accounts converted to SCEIS	All deposit bank accounts converted to SCEIS

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - If electronic check target is missed it is because other objectives were deemed more critical to the mission.
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - Trending data for electronic checks
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Yes, based on target project dates as described in row 52

**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.**

- Total amount budgeted to goal (i.e. sum of the amounts budgeted to each objective under this goal) in 2015-16:
  - \$3,015,184<sup>102</sup>
  - 38.09% of total budgeted spending for the agency
  - When considering the budgeted spending of the agency on 5 goals and 1 unrelated purpose, this goal ranks 1<sup>st</sup> out of 6 when viewing the budgeted spending amount for each from highest to lowest.
- Number of different physical employees working on this Goal:
  - 8.00 FTE<sup>103</sup>
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together):
  - 8.00 FTE<sup>104</sup>
- Public Benefit/Intended Outcome:
  - Maximizing the efficient use of surplus tax dollars, or dollars yet to be spent, via interest paying (fixed income) investments. Tax revenues are being invested to earn additional funds.<sup>105</sup>
- Responsible Person<sup>106</sup>:
  - West Summers, Senior Assistant State Treasurer (Responsible for less than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The Investment Management Division manages, according to SC Code 11-9-660, approximately \$13.1 billion in assets for both the State of South Carolina and local governments.

**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.

- Total amount budgeted to accomplish this objective in 2015-16: \$1,366,310<sup>107</sup>
- Number of different physical employees working on this objective: 8.00 FTE<sup>108</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 5.00 FTE<sup>109</sup>
- Most Potential Negative Impact if objective is not accomplished: Would result in lower returns impacting funds generated to the General Fund.<sup>110</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Net accrued income (Outcome)	N/A	N/A	N/A	\$173,052,572	\$138,467,711	n/a	\$125,772,918	\$120,000,000	\$130,000,000
Cash income (Input/Activity)	N/A	N/A	N/A	\$183,638,681	\$138,283,311	n/a	\$130,554,124	\$125,000,000	\$135,000,000
Average daily balance (Output)	N/A	N/A	N/A	\$12,020,506,705	\$13,077,391,194	n/a	\$11,368,621,368	\$10,800,000	\$11,000,000
Securities lending income (Input/Activity)	N/A	N/A	N/A	\$64,158	\$186,963	n/a	\$216,124	\$200,000	\$225,000
LGIP Accounts (Input/Activity)	565	593	606	585	608	n/a	617	600	620
Investment Balances (Output)	N/A	N/A	N/A	\$8,518,986,622	\$9,173,678,235	n/a	\$9,971,947,822	\$8,900,000	\$9,100,000

Note: LGIP = Local Government Investment Pool

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?* N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?* Historical and projected cash available for investments and interest rate forecasts as well as the asset allocation for 2015-16.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?* Yes

**Strategy 2.2** - Complete conversion from the legacy Investment Management System to SCEIS.

**Objective 2.2.1** - Work with internal State Treasurer Office (STO) staff, S.C. Enterprise Information System (SCEIS) personnel to convert, integrate and improve all functionality and processes of the Investment Management Division.

- Total amount budgeted to accomplish this objective in 2015-16: \$1,648,874<sup>111</sup>
- Number of different physical employees working on this objective: 8.00 FTE<sup>112</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 3.00 FTE<sup>113</sup>
- Most Potential Negative Impact if objective is not accomplished: Would result in lower returns impacting funds generated to the General Fund.<sup>114</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Number of trades (Efficiency)	1,943	2,663	3,570	3,755	4,516	n/a	4,185	4,000	4,500

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - Unknown
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Yes, based on target project dates



**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.**

- Total amount budgeted to goal (i.e. sum of the amounts budgeted to each objective under this goal) in 2015-16:
  - \$1,360,000<sup>115</sup>
  - 17.18% of total budgeted spending for the agency
  - When considering the budgeted spending of the agency on 5 goals and 1 unrelated purpose, this goal ranks 2<sup>nd</sup> out of 6 when viewing the budgeted spending amount for each from highest to lowest.
- Number of different physical employees working on this Goal:
  - 4.00 FTE<sup>116</sup>
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together):
  - 4.00 FTE<sup>117</sup>
- Public Benefit/Intended Outcome:
  - Through effective debt management, the State Treasurer's Office limits the risks, impacts, and costs associated with higher effective interest rates and other borrowing costs. Such 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; thus, potentially jeopardizing the mission of the issuers.<sup>118</sup>
- Responsible Person<sup>119</sup>:
  - Kevin Kibler, Senior Assistant State Treasurer (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The Debt Management manages more than \$6.2 billion in debt obligations of the State, its agencies, authorities and institutions. Provides research and advice to the State Treasurer, the State Budget and Control Board, and the General Assembly in matters of debt management, legislation and fiscal policy. The Debt Division works diligently with credit rating agencies to maintain the State's AAA credit rating.

**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.

- o Total amount budgeted to accomplish this objective in 2015-16: \$314,500<sup>120</sup>
- o Number of different physical employees working on this objective: 3.00 FTE<sup>121</sup>
- o Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.50 FTE<sup>122</sup>
- o Most Potential Negative Impact if objective is not accomplished: 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.<sup>123</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Total Debt Issuance (Outcome)	N/A	N/A	N/A	\$1.029 billion	\$363 million	N/A	\$582 million	\$751 million	\$828 million
Cost of Debt Issuance (Efficiency)	\$161.2 million	\$87.3 million	\$19.1 million	1.25%	1.57%	At or below market rates for equivalently rated debt	1.15%	1.25%	1.15%

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - o N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - o With several newly implemented analytical and management Cost of Issuance (COI) documents, the Debt Management Division believes that it will be able to match and/or reduce the COI expenditures from prior years.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - o Yes

**Strategy 3.2** - Coordinate the relationship with the credit rating service to ensure the State's AAA credit rating is maximized.

**Objective 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.

- o Total amount budgeted to accomplish this objective in 2015-16: \$314,500<sup>124</sup>
- o Number of different physical employees working on this objective: 4.00 FTE<sup>125</sup>
- o Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.00 FTE<sup>126</sup>
- o Most Potential Negative Impact if objective is not accomplished: 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.<sup>127</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
State's credit rating (Outcome)	N/A	N/A	N/A	AAA/Aa a/AA+	AAA/Aaa/AA+	AAA/Aaa/AAA	AAA/Aaa/AA+	AAA/Aaa/AA+	AAA/Aaa/AAA

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - o The Debt Management Division constantly communicates with all of the rating agencies - and specifically, S&P - in an effort to improve those financial dynamics which are viewed as weaker for the state, such as the economy, pension plans, etc.
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - o That the state is viewed as incredibly close to "AAA" rating standards by S&P, an effort to focus on those one or two variables that prevent the "AAA" rating could potentially yield results.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - o Unknown

**Objective 3.2.2** - Provide advice and guidance as well as conduct an annual State review.

- o Total amount budgeted to accomplish this objective in 2015-16: \$314,500<sup>128</sup>
- o Number of different physical employees working on this objective: 2.00 FTE<sup>129</sup>
- o Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 0.50 FTE<sup>130</sup>
- o Most Potential Negative Impact if objective is not accomplished: 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.<sup>131</sup>
- o Performance Measure results: Same as 3.2.1

**Strategy 3.3** - Complete conversion from the legacy management systems to SCEIS.

**Objective 3.3.1** - Work with internal State Treasurer Office (STO) staff, S.C. Enterprise Information System (SCEIS) personnel and SAP consultants to convert, integrate and improve all functionality and processes of the Debt Division.

- Total amount budgeted to accomplish this objective in 2015-16: \$416,500<sup>132</sup>
- Number of different physical employees working on this objective: 4.00 FTE<sup>133</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 1.00 FTE<sup>134</sup>
- Most Potential Negative Impact if objective is not accomplished: 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.<sup>135</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Debt refinancing savings (Efficiency)	N/A	\$24 million	Approx. \$50 million	Approx. \$160 million	\$9 million	Maximize savings generated by timing the market	\$5,300,000	\$12,500,000	\$14,606,756
Total annual debt service requirement	N/A	N/A	N/A	\$188,401,488	\$182,135,964	As required by the Constitution and statute	\$195,719,588	\$158,272,647	\$133,171,397

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - Unknown
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - The projected Net Present Value savings associated with the refunding portion of the known FY 2015-16 General Obligation Debt to be issued - as well as the amount of the State's General Obligation debt service requirement for FY 2015-16 - are the bases of the respective target values.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Agency did not provide a response.

**Goal 4 - Unclaimed Property Program: Manage the Unclaimed Property Program to increase the awareness of the program and return funds to the rightful owners.**

- Total amount budgeted to accomplish this goal (i.e. sum of the amounts budgeted to each objective under this goal) in 2015-16:
  - \$1,225,000<sup>136</sup>
  - 15.48% of total budgeted spending for the agency
  - When considering the budgeted spending of the agency on 5 goals and 1 unrelated purpose, this goal ranks 3<sup>rd</sup> out of 6 when viewing the budgeted spending amount for each from highest to lowest.
- Number of different physical employees working on this Goal:
  - 11.00 FTE<sup>137</sup>
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together):
  - 11.00 FTE<sup>138</sup>
- Public Benefit/Intended Outcome:
  - The SC Unclaimed Property Program returns unclaimed property to rightful owners. Unclaimed property includes, but is not limited to, bank accounts, wages or commissions, money orders, insurance proceeds, underlying shares, dividends, customer deposits, credit balances, layaways, and credit memos which have remained unclaimed by the rightful owner for a specified period of time.<sup>139</sup>
- Responsible Person<sup>140</sup>:
  - Dayle DeLong, Senior Assistant State Treasurer (Responsible for less than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: Unclaimed Property Program provides a statewide service to the citizens of SC by returning various forms of intangible personal property or money to the rightful owners. The agency has the responsibility of collecting unclaimed property accounts from holder companies and organizations.

**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.

- Total amount budgeted to accomplish this objective in 2015-16: \$351,194<sup>141</sup>
- Number of different physical employees working on this objective: 4.00 FTE<sup>142</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 2.50 FTE<sup>143</sup>
- Most Potential Negative Impact if objective is not accomplished: A decrease in the number of companies complying with the SC Uniform Unclaimed Property Act would result in a decrease of funds being returned to the rightful owner and a decrease in General Funds returned to the State each year.<sup>144</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Amount of funds received from holders (Outcome) previously known as Unclaimed Property Receipts)	unknown	unknown	unknown	\$57,462,106	50,643,694	5% Increase	58,066,955	60,970,302 (5% increase)	60,970,302 (5% increase)

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - The program average historical growth rates were considered when determining the level. We set what we believe is a reasonable level for growth.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Yes

**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.

- Total amount budgeted to accomplish this objective in 2015-16: \$608,350<sup>145</sup>
- Number of different physical employees working on this objective: 11.00 FTE<sup>146</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 6.00 FTE<sup>147</sup>
- Most Potential Negative Impact if objective is not accomplished: A decrease in the number of funds returned would result in less funds ultimately being placed in the hands of the rightful owner.<sup>148</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
UPP Number of accounts paid (Output)	N/A	N/A	N/A	32,943	26,768	Increase by 5%	32,306	33,921	33,921

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - Historical growth rates
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Yes

**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.

- Total amount budgeted to accomplish this objective in 2015-16: \$265,456<sup>149</sup>
- Number of different physical employees working on this objective: 2.00 FTE<sup>150</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 0.50 FTE<sup>151</sup>
- Most Potential Negative Impact if objective is not accomplished: Inability to convert to new technologies would result in less funds ultimately being placed in the hands of the rightful owner.<sup>152</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Expedited claims processing and payment (Efficiency)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - Industry standards and the future availability of new technologies.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - No



**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.**

- Total amount budgeted to accomplish this goal in 2015-16:
  - \$533,959<sup>153</sup>
  - 6.75% of total budgeted spending for the agency
  - When considering the budgeted spending of the agency on 5 goals and 1 unrelated purpose, this goal ranks 6<sup>th</sup> out of 6 when viewing the budgeted spending amount for each from highest to lowest.
- Number of different physical employees working on this Goal:
  - 2.00 FTE<sup>154</sup>
- Number of employee equivalents working on this Goal (if % of time spent by all employees is added together):
  - 2.00 FTE<sup>155</sup>
- Public Benefit/Intended Outcome:
  - State Treasurer's Office holds the funds in trust and it's the office's obligation to provide public access to an easy, tax-advantaged way to save for the cost of future college expenses.<sup>156</sup>
- Responsible Person<sup>157</sup>:
  - Jenny McGill, Program Director (Responsible for more than 1 year)
  - Office Address: Wade Hampton Office Building, 1200 Senate Street, Columbia, SC 29201
  - Department or Division Summary: The SC Tuition Prepayment Program (SCTPP)/SC College Investment Program (Future Scholar) are college savings plans that allow families the option of saving now at great advantage for their children's college education.

**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.

- Total amount budgeted to accomplish this objective in 2015-16: \$533,959<sup>158</sup>
- Number of different physical employees working on this objective: 2.00 FTE<sup>159</sup>
- Number of employee equivalents working on this objective (if % of time spent by all employees is added together): 2.00 FTE<sup>160</sup>
- Most Potential Negative Impact if objective is not accomplished: A decrease in participants would reduce savings for college and increase debt required to attend college.<sup>161</sup>

Performance Measure	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:	2015-16 Minimum Acceptable Results:	2015-16 Targets:
Future Scholar 529 Accounts (Output)	84,568	89,528	92,700	99,317	108,464	Increase by 6%	119,372	Increase by 5%	Increase by 6%

- *If the target value was not reached in 2014-15, what changes were made to try and ensure it was reached?*
  - N/A
- *What was considered when determining the level to set the target value in 2015-16 and why was the decision finally made on setting it at the level at which it was set?*
  - The industry average and historical growth rates were considered when determining the level. We set what we believe is a reasonable level for growth.
- *Based on the performance so far in 2015-16, does it appear the agency is going to reach the target for 2015-16?*
  - Yes

**Support Services** (the agency did not relate this to any specific goal or objective)

- Total amount budgeted to accomplish this activity in 2015-16:
  - \$954,145<sup>162</sup>
  - 12.05% of total budgeted spending for the agency
  - When considering the budgeted spending of the agency on 5 goals and 1 unrelated purpose, this item ranks 4<sup>th</sup> out of 6 when viewing the budgeted spending amount for each from highest to lowest.

Additional performance measures tracked by the agency are included below.

Performance Measure	Description	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:
Paper Checks	Total physical paper checks printed	2,007,508	1,676,033	1,298,031	1,253,551 (31%)	1,172,342 (28%)	25%	1,157,342 (27%)
Total disbursements	Total disbursements made during the fiscal year	4,209,019	4,231,099	4,185,229	4,102,565	4,147,866	N/A	4,233,652
Net Market Value of SCRS Portfolio	Market value of the State pension funds for which the STO is custodian	N/A	N/A	N/A	\$27,169,894,541	\$29,586,503,966	N/A	\$29,189,538,366
STO Investment services costs	Costs assessed to provide investment services	N/A	N/A	N/A	0.014%	0.0247%	Below industry averages	0.0237%
UPP Funds paid through staff outreach	"Outreach" means staff identifying and locating claimants with unclaimed funds	N/A	N/A	N/A	\$2,320,818	\$ 3,375,017	Increase by 5%	\$2,867,576
UPP Phone calls received	Volume of calls placed and connected to the Unclaimed Property Division	N/A	N/A	N/A	24,500	19,947	n/a	24,733
UPP Claims generated	Total claim forms requested by and sent to potential claimants	N/A	N/A	N/A	20,085	28,627	Increase by 5%	54,813
UPP Claims received	Total claim forms sent to the Unclaimed Property Division	N/A	N/A	N/A	13,189	10,933	n/a	14,629

Performance Measure	Description	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:
UPP Amount of accounts paid	Total funds returned to claimants	N/A	N/A	N/A	\$15,514,809	\$15,955,543	Increase by 5%	\$18,110,568
UPP Shares paid	Total shares sold for and paid to claimants	N/A	N/A	N/A	185,234	149,776	n/a	68,244
UPP Additional evidence requested	Total letters sent to claimants requesting additional evidence to verify ownership	N/A	N/A	N/A	1,151	2,164	n/a	3,299
UPP Claims denied	Total claims denied	N/A	N/A	N/A	2,433	946	n/a	1,033
Unclaimed Property receipts	Total funds received from holder companies	N/A	N/A	N/A	\$57,462,106	\$50,643,694	n/a	\$58,066,955
UPP Number of accounts reported	Total number of accounts received from holder companies	N/A	N/A	N/A	403,598	464,431	Increase by 5%	462,152
Future Scholar 529 Plan Assets	Total assets in the Future Scholar Plan	N/A	N/A	N/A	\$1,707,091,074	\$2,143,699,062	Maximize growth based on market value and incoming contributions	\$2,382,583,695
Future Scholar 529 Avg. Account Size	Total assets divided by total number of accounts	N/A	N/A	N/A	\$17,392	\$19,764	At or above industry average	\$19,959
Future Scholar 529 Sales	Total funds deposited into Future Scholar accounts	N/A	N/A	N/A	\$134,136,059	\$154,696,578	Increase by 8%	199,157,771
Future Scholar 529 accounts opened online	Total accounts opened on the	N/A	N/A	N/A	3,598	4,832	Increase by 5%	5,490

Performance Measure	Description	2009-10 Results	2010-11 Results	2011-12 Results	2012-13 Results	2013-14 Results	2014-15 Targets:	2014-15 Results:
	Future Scholar website							
TPP total accounts		N/A	N/A	N/A	7,322	7,321	N/A	7,319
TPP beneficiaries with paid invoices		N/A	N/A	N/A	3,235	3,554	N/A	3,867
TPP total amount paid out		N/A	N/A	N/A	\$82,872,385	\$99,512,053	N/A	\$122,346,389
TPP market value gross of fees		N/A	N/A	N/A	\$116,525,792	\$104,475,456	N/A	\$91,671,635

Note: TPP = Tuition prepayment program

## Part IV. Agency Performance and Recommendations

### Agency Recommendations to Improve Efficiency and Outcomes

*Note: The agency's recommendations are summarized in Visual Summary Table 2 on page 6.*

#### **Major Internal Changes**<sup>163</sup>

**Change #1: Continued conversion of state-wide Treasury functions to SCEIS: See details in Strategic Objectives 1.2.1, 2.2.1, and 3.3.1 for information responsive to the bullets below.**

- Stage of Change Analysis (i.e. idea, analyzing feasibility, plan for implementation set, etc.):
- Performance Measures Impacted and predicted impact (i.e. how much will results improve):
- Objective Costs Impacted and anticipated impact (i.e. how much costs will increase or decrease):
- Where (i.e. specific objective(s)) agency plans to utilize additional available funds, if change saves costs, or obtain funds, if change requires additional funds, & how the objectives receiving or releasing funds will be impacted:
- Anticipated Implementation Date:

**Change #2: Development and launch of ABLÉ program: See details in Legislative Changes for information responsive to the bullets below.**

- Stage of Change Analysis (i.e. idea, analyzing feasibility, plan for implementation set, etc.):
- Performance Measures Impacted and predicted impact (i.e. how much will results improve):
- Objective Costs Impacted and anticipated impact (i.e. how much costs will increase or decrease):
- Where (i.e. specific objective(s)) agency plans to utilize additional available funds, if change saves costs, or obtain funds, if change requires additional funds, & how the objectives receiving or releasing funds will be impacted:
- Anticipated Implementation Date:

**Change #3: Unclaimed Property paperless claim process and systems enhancements: See details in Strategic Objective 4.3.1 for information responsive to the bullets below.**

- Stage of Change Analysis (i.e. idea, analyzing feasibility, plan for implementation set, etc.):
- Performance Measures Impacted and predicted impact (i.e. how much will results improve):
- Objective Costs Impacted and anticipated impact (i.e. how much costs will increase or decrease):
- Where (i.e. specific objective(s)) agency plans to utilize additional available funds, if change saves costs, or obtain funds, if change requires additional funds, & how the objectives receiving or releasing funds will be impacted:
- Anticipated Implementation Date:

## Legislative Changes<sup>164</sup>

### **Statute/Regulation/Proviso: Proviso 117.122 from General Appropriations Bill for fiscal year 2015-16**

- Summary of Current Statutory Requirement and/or Authority Granted:
  - Establishes S.C. ABLE Savings Expense Fund within the State Treasurer's Office (STO) to allow for tax-exempt savings accounts for disability-related expenses for individuals defined as being entitled to benefits based on blindness or disability under Title II or XVI of Social Security Act, or individuals with a disability certification, which must state that "the individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months," or is blind. The certification must include the diagnosis and be signed by a physician.
- Instructions and Wording of Proposed New Law Language (deleted text must be stricken through and new text underlined):
  - Amended proviso language has been incorporated by House staff.
- Performance Measures Impacted and predicted impact (i.e. how much will results improve):
  - New Program
- Objective Costs Impacted and anticipated impact (i.e. how much costs will increase or decrease):
  - New Program
- Where (i.e. specific objective(s)) agency plans to utilize additional available funds, if change saves costs, or obtain funds, if change requires additional funds, & how the objectives receiving or releasing funds will be impacted:
  - Not applicable
- Other Agencies Impacted:
  - To be determined

## Part V. Final Agency Program and Law Analysis

### Programs Utilized to Accomplish Each Objective<sup>165</sup>

#### Treasury Management Division

- Legal Statute or Proviso Requiring the Program: SC Code of Laws, Title 11, Chapters 3, 5 & 13; Title 14, Chapter 1; SC Code of Law 11-53-20; 2015-16 Appropriations Act, Proviso 1B, section 98.2
- Description of Program: Treasury Management provides statewide services to all agencies and institutions by receipt and disbursement of funds from all sources. The Treasury Management Division is responsible for the day-to-day banking operations of the State, collection and remittance of court fines, account deposits, payroll processing, check distribution and cash management activities for the State.
- Objective(s) the Program Helps Accomplish:
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$123,557
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$703,413

#### Investment Management Division

- Legal Statute or Proviso Requiring the Program: SC Const. Art. X, section 11; SC Code of Laws, Sections 11-9-660 & 11-13-30; Title 6, Chapter 6; Proviso 1B, section 98.2
- Description of Program: Investments provides statewide investment services to state agencies and institutions through investment of all state funds, management of cash liquidity, cash flow and collateral.
- Objective(s) the Program Helps Accomplish:
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$1,366,310
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$1,648,874



## Debt Management Division

- Legal Statute or Proviso Requiring the Program: SC Code of Laws, Title 11, Chapters 5, 9, 15, 27, 29, 31, 37, 38, 41, 43, 51; Title 57, Chapters 5 & 11; Title 59, Chapters 53, 107, & 119 to 147; 2015-16 Appropriations Act, Proviso 1B, section 98.2 and 98.6
- Description of Program: Debt Management provides statewide debt management services for the State, its agencies and institutions by management of debt issues including debt structure and payments. The Debt Management Division seeks to promote the maintenance of the State's credit rating through regular contact and communication with the credit rating services so that the State's credit rating is maximized.
- Objective(s) the Program Helps Accomplish:
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$314,500
  - Objective 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$314,500
  - Objective 3.2.2 - Provide advice and guidance as well as conduct an annual State review.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$314,500
  - Objective 3.3.1 - 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 Debt Division.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$416,500

### **Unclaimed Property Program Division**

- Legal Statute or Proviso Requiring the Program: SC Code of Laws, Title 27, Chapter 18
- Description of Program: Unclaimed Property Program provides a statewide service to the citizens of SC by returning various forms of intangible personal property or money to the rightful owners. The agency has the responsibility of collecting unclaimed property accounts from holder companies and organizations.
- Objective the Program Helps Accomplish:
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$351,194
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$608,350
  - Objective 4.3.1 - Improve workflow by revising and installing new versions to improve system efficiency.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$265,456

### **Future Scholar College Savings Program Division**

- Legal Statute or Proviso Requiring the Program: SC Code of Laws, Title 59, Chapters 2 & 4
- Description of Program: The SC Tuition Prepayment Program (SCTPP)/SC College Investment Program (Future Scholar) are college savings plans that allow families the option of saving now at great advantage for their children's college education.
- Objective the Program Helps Accomplish:
  - 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.
    - Approx. amount of money spent on objective that is associated with costs from this program: \$533,959

## Part V. Final Agency Program and Law Analysis

### Final Law Analysis to Remove Archaic Language

The agency did not recommend any statutes, regulations or provisos (laws) be revised or eliminated due to the law including archaic language or to ensure the law matched with current agency practices. The agency did recommend the Committee analyze Proviso 117.122 from General Appropriations Bill for fiscal year 2015-16. This recommendation by the agency was addressed previously in the “Agency Recommendations to Improve Efficiency and Outcomes” section of this study.

# APPENDIX A - STATE BUDGET

## Budget Background Information<sup>166</sup>

State government’s **total budget**, which is found each year in the appropriations act, is **made up of three funds: federal, general, and other**. The General Assembly does not spend federal and other funds in the annual appropriations act. The annual appropriations act authorizes a maximum amount that agencies may spend for the fiscal year. The General Assembly may adjust the agencies’ authorizations. The state’s general fund, on the other hand, is South Carolina’s bank account; those are the taxes and fees that are available to the General Assembly to appropriate every year.

Table 9. Background on the budget process.

<b>Federal Funds</b> (Fund Code 5000)	<ul style="list-style-type: none"> <li>• Authorization</li> <li>• Examples: Medicaid; Education; Higher Education – Research and financial aid grants; Federal gas tax</li> </ul>
<b>Other Funds</b> (State Earmarked = Fund Code 3000) (State Restricted = Fund Code 4000)	<ul style="list-style-type: none"> <li>• Authorization</li> <li>• State Earmarked (a.k.a. Fund Code 3000 or Other Funds) - Special revenues which are to be used for a specific use; typically the revenue is from the agency providing some type of service for which it earns fees and the earmarked funds are those portion of fees that are kept by the agency (i.e. tuition and fees for universities; DNR license fees; etc.)</li> <li>• State Restricted (a.k.a. Fund Code 4000 or Other Funds) - Special deposits, primarily debt service and trust funds; these funds earn interest and the interest goes back into the account (i.e. bonds, trusts, etc.)</li> </ul>
<b>General Funds</b> (Fund Code 1000)	<ul style="list-style-type: none"> <li>• Appropriated</li> <li>• South Carolina’s Bank Account</li> </ul>

When the funds are authorized or appropriated, it can be **recurring or non-recurring**. Non-recurring dollars are money available to spend on a one-time expense. Examples of funds that are authorized or appropriated on a non-recurring basis include (a) excess money (e.g. projected year end surplus not included in recurring estimate; cash in the bank that exceeded previous year’s estimate; vetoed items sustained by the General Assembly); (b) money from lawsuits where the State is a plaintiff; and (c) capital reserve funds.

The **Annual Appropriations Act** generally consists of three main parts. These parts are as follows:

Table 10. Main Parts of the Annual Appropriations Act.

Part 1A	Part 1B	Part II
<ul style="list-style-type: none"> <li>• Establishes funding levels for state agencies</li> <li>• Looks like a “budget”</li> <li>• Also known as the “Dollars” section of the Act</li> </ul>	<ul style="list-style-type: none"> <li>• Temporary laws effective for the fiscal year</li> <li>• Regulates the expenditure of funds appropriated to agencies in Part 1A and may make provisions for the operation of state government</li> <li>• Also known as “provisos”</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent provisions of law</li> <li>• Not included in the annual appropriations act since fiscal year 2000-2001</li> </ul>

In previous years, there have also been Part III and even Part IV to the Appropriations Act, which were utilized for various purposes.

The budget process includes three main phases in its **timeline**. These phases are illustrated in Figure 7.

Figure 7. Phases of the budget process.



# APPENDIX B - STATE EMPLOYEES

## Type of State Employees<sup>167</sup>

The main entity who keeps track of employees is the Division of State Human Resources within the Department of Administration. Their website is <http://admin.sc.gov/humanresources>.

There are four main types of state employees which are as follows:

(1) **Temporary** - These positions are full-time or part-time positions created for a period of time not to exceed one year.

(2) **Time-Limited** - These positions are positions established to perform work directly associated with a time-limited project. The main difference between a temporary employee and a time-limited employee is the time-limited employee is employed to work on a particular project, and is employed only until the goals are met or the funding ends for that project.

(3) **Temporary Grant** - These positions are positions established to perform work directly associated with federal grants, public charity grants, private foundation grants, or research grants.

(4) **Full-time Equivalent (FTE)** - Within the full time type of employment (FTE), there are two main groupings, classified and unclassified. Agencies are granted a specific number of classified and unclassified FTE positions as part of the budget process, which must be kept in balance throughout the fiscal year.

(a) **Classified FTE** - In the classified system, each position is assigned to a class. A class is a group of positions sufficiently similar in the duties performed; degree of supervision exercised or received; minimum requirements of education or experience; and the knowledge, skills, and abilities required that the Division of State Human Resources applies the same State class title and the same State salary range to each position in the group. The State class titles are grouped into the following categories: Administrative, Information Services, Education, Health Services, Human Services, Technical Services, Law Enforcement and Regulatory Services, Trade Services, and Agricultural and Natural Resources. Each State class title is assigned to one of 10 State salary ranges, or pay bands. The classified system is governed by sections 19-702 and 19-705 of the State Human Resources Regulations, Classification Plan and Classified Employee Pay Plan.

(b) **Unclassified FTE** - In the unclassified system, each position is assigned to an unclassified State title. Unlike the classified system, however, unclassified titles do not have class specifications, which outline examples of the duties performed; degree of supervision exercised or received; minimum requirements of education or experience; the knowledge, skills, and abilities required; and a State salary range for the position. Therefore, State agencies are afforded greater flexibility with unclassified positions than with classified positions. The unclassified system is governed by applicable portions of section 19-706 of the State Human Resources Regulations, Establishment of Unclassified Positions and Unclassified Employee Pay Plan. There are four distinct groups of unclassified positions:

(b) **Unclassified FTE** (cont.) - There are four distinct groups of unclassified positions:

(1) **Agency heads covered by the Agency Head Salary Commission,**

The compensation of agency heads covered by the Agency Head Salary Commission is governed by the Commission.

(2) **Executive compensation system,**

In the Executive Compensation System, each position is evaluated by the State Division of Human Resources based on the Hay Method of Job Evaluation. Through this evaluation process, each position is assigned a given number of points based on the three attributes of Know-How, Problem-Solving, and Accountability. The sum of these points is then used to calculate a salary range for the specific position. The position is assigned an unclassified title; however, the salary range is tied to the evaluation of the specific position, not the title assigned to the position. Therefore, different positions with the same title may have different Hay evaluations and salary ranges. The Executive Compensation System is primarily utilized for deputy directors or other high level management positions within State agencies.

(3) **Academic personnel,** and

(4) **Unclassified other,** which includes teachers, agency heads not covered by the Agency Head Salary Commission, and other positions exempted from the State Classification and Compensations Plan by the General Assembly.

The compensation of academic personnel and unclassified other positions are governed by the agencies within the provisions the State Human Resources Regulations and other applicable state laws.

# ENDNOTES

- <sup>1</sup> Visual Summary Figure 1 is compiled from information in SC Office of the State Treasurer, *Restructuring and Seven-Year Plan Report*, found at Treasurer's Office, "Restructuring and Seven-Year Plan Report," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Treasurer's Office," <http://scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/2015AgencyRestructuringandSevenYearPlanReports/2015%20Treasurer's%20Office.PDF> (last accessed February 19, 2016); Treasurer, S.C. Office of the, *Program Evaluation Report*, found at Treasurer's Office, "Program Evaluation Report," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Treasurer's Office" <http://scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/2015%20Program%20Evaluation%20Reports/Treasurer's%20Office%20Program%20Evaluation%20Report.PDF> (last accessed February 19, 2016); and interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>2</sup> Visual Summary Table 1 information is compiled from SC Office of the State Treasurer, *Restructuring and Seven-Year Plan Report*; Treasurer, S.C. Office of the, *Program Evaluation Report*, Strategically Spent Money Chart; and interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>3</sup> SC Office of the State Treasurer, *Restructuring and Seven-Year Plan Report*, Purpose, Mission and Vision Chart.
- <sup>4</sup> Ibid.
- <sup>5</sup> Interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>6</sup> Treasurer, S.C. Office of the, *Program Evaluation Report*, Laws to Further Evaluate Chart; and interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>7</sup> *SC Constitution*, art. XII, sec. 1. The full text of the SC Constitution is available on the SC General Assembly's website, "SC Constitution," <http://www.scstatehouse.gov/scconstitution/scconst.php> (last accessed July 27, 2015).
- <sup>8</sup> *SC Code of Laws*, sec. 2-2-5. The full text of the unannotated version of the SC Code of Laws is available on the SC General Assembly's website, "Code of Laws," under "South Carolina Law," <http://www.scstatehouse.gov/code/statmast.php> (last accessed July 7, 2015).
- <sup>9</sup> Ibid.
- <sup>10</sup> *SC Code of Laws*, sec. 2-2-20(B).
- <sup>11</sup> SC House of Representatives, House Legislative Oversight Committee, "Standard Practice 9," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," and under "Standard Practices," <http://www.scstatehouse.gov/committeeinfo/HouseLegislativeOversightCommittee/SP06252015.pdf> (last accessed July 5, 2015).
- <sup>12</sup> *SC Code of Laws*, sec. 2-2-20(A).
- <sup>13</sup> *SC Code of Laws*, sec. 2-2-30(C)(1).
- <sup>14</sup> *SC Code of Laws*, sec. 2-2-20(C).
- <sup>15</sup> *SC Code of Laws*, sec. 2-2-50.
- <sup>16</sup> *SC Code of Laws*, sec. 2-2-70.
- <sup>17</sup> *SC Code of Laws*, sec. 2-2-80 and sec. 2-2-90.
- <sup>18</sup> *SC Code of Laws*, sec. 2-2-100 through 120.
- <sup>19</sup> *SC Code of Laws*, sec. 2-2-30(C)(2).
- <sup>20</sup> SC House of Representatives, House Legislative Oversight Committee, "Subcommittees -2015," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports," <http://www.scstatehouse.gov/committeeinfo/HouseLegislativeOversightCommittee/S1.pdf> (last accessed July 5, 2015).
- <sup>21</sup> Ibid.
- <sup>22</sup> Standard Practice 10.4.
- <sup>23</sup> SC House of Representatives, House Legislative Oversight Committee, "September 2015 Survey Results," under "Citizens' Interest," and under "House Legislative Oversight Committee Postings and Reports," and under "Treasurer's Office" <http://scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/Survey/September%202015%20Survey%20Results.pdf> (last accessed February 19, 2016). The survey is closed. The survey sought comments from the public about the State Transportation Infrastructure Bank, the School for the Deaf and Blind, the Commission for the Blind, the Department of Public Safety, and the Treasurer's Office.
- <sup>24</sup> SC House of Representatives, House Legislative Oversight Committee, "Provide feedback about a state agency," under "Citizens' Interest," under "House Legislative Oversight Committee Postings and Reports."
- <sup>25</sup> SC House of Representatives, House Legislative Oversight Committee, "Treasurer's Office," under "Committee's Seven-Year Study Cycle" and under "Agencies Currently Under Study," <http://scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyPHPFiles/TreasurersOffice.php> (last accessed February 19, 2016). The agency's 2016 Annual Restructuring Report has not been posted online as of February 22, 2016. All 2016 Annual Restructuring Reports will be posted online at the same time. Pursuant to Committee Standard Practices, some agencies have requested and been granted extensions for submission of these reports to the House Legislative Oversight Committee.
- <sup>26</sup> Standard Practice 11.1.
- <sup>27</sup> As a staff study is similar to a bill summary, the disclaimer required by House Rule 4.9 for bill summaries prepared by staff has been modified.
- <sup>28</sup> Standard Practice 11.4.
- <sup>29</sup> Standard Practice 11.5 -11.7.



---

<sup>30</sup> Standard Practice 11.8-11.9.

<sup>31</sup> *SC Code of Laws*, sec. 2-2-20(C).

<sup>32</sup> Information provided by the Treasurer's Office staff, including Edward Frasier, on February 9, 2016. Treasurer's Office staff indicated in correspondence on February 17, 2016, that the source of the information was a historical data memorandum from Treasurer Grady Patterson to SC Department of Archives and History on November 1, 1978.

<sup>33</sup> 1776 Constitution, section 22.

<sup>34</sup> The Times and Democrat, "Former S.C. Treasurer Grady Patterson dies at 85," [http://thetandd.com/news/former-s-c-treasurer-grady-patterson-dies-at/article\\_ad6d10c1-1744-5444-9f6d-44bdce2b281d.html](http://thetandd.com/news/former-s-c-treasurer-grady-patterson-dies-at/article_ad6d10c1-1744-5444-9f6d-44bdce2b281d.html) (last accessed February 21, 2016)

<sup>35</sup> *Ibid.*

<sup>36</sup> South Carolina's Information Highway, "SC Governors in Chronological Order," under "SC History," under "SC Governors," and under "SC Governors in Chronological Order," [http://www.sciway.net/hist/governors/gov\\_term.html](http://www.sciway.net/hist/governors/gov_term.html) (last accessed February 21, 2016)

<sup>37</sup> The State, "Tax steward: Former Treasurer Patterson dies," <http://www.thestate.com/news/local/article14362319.html> (last accessed February 21, 2016)

<sup>38</sup> *Ibid.*

<sup>39</sup> The Times and Democrat, "Former S.C. Treasurer Grady Patterson dies at 85," [http://thetandd.com/news/former-s-c-treasurer-grady-patterson-dies-at/article\\_ad6d10c1-1744-5444-9f6d-44bdce2b281d.html](http://thetandd.com/news/former-s-c-treasurer-grady-patterson-dies-at/article_ad6d10c1-1744-5444-9f6d-44bdce2b281d.html) (last accessed February 21, 2016)

<sup>40</sup> Interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>41</sup> SC House of Representatives, "Friday, August 3, 2007," under "Journals," under "Archives," under "2007," and under "Friday, August 3, 2007," [http://www.scstatehouse.gov/sess117\\_2007-2008/hj07/20070803.htm](http://www.scstatehouse.gov/sess117_2007-2008/hj07/20070803.htm) (last accessed February 22, 2016).

<sup>42</sup> *Ibid.*

<sup>43</sup> Interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>44</sup> *Ibid.*

<sup>45</sup> Interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>46</sup> *Ibid.* Treasurer's Office staff added, "For many years the state received a rating of AAA from Moody's Investment Services, Standard and Poor's, and Fitch Ratings Inc. In 2005, the State's AAA credit rating was downgraded to AA+ by Standard and Poor's. At that time, the rating agency stated that though the State had worked to strengthen its finances and had succeeded in not adopting income tax plans that would threaten revenue growth, the State still was not generating enough jobs, and its unemployment rate remained too high."

<sup>47</sup> *Ibid.*

<sup>48</sup> Interviews of Treasurer's Office staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>49</sup> SC Office of the State Treasurer, *Restructuring and Seven-Year Plan Report*, Overseeing Body Chart.

<sup>50</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart.

<sup>51</sup> *Ibid.*

<sup>52</sup> *Ibid.*

<sup>53</sup> *Ibid.*

<sup>54</sup> *Ibid.*

<sup>55</sup> Information in this section is compiled from SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart.

<sup>56</sup> Information in this section is compiled from SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart and Strategy, Objectives & Responsibility Chart.

<sup>57</sup> Information in this section is compiled from SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.

<sup>58</sup> SC Treasurer's Office, *Restructuring and Seven-Year Plan Report*, Key Partners Chart, Key Customers Chart, and Key Stakeholders Chart; Treasurer, S.C. Office of the, *Program Evaluation Report*, Strategically Planned Partners Chart and Partner Details Chart.

<sup>59</sup> SC Treasurer's Office, *Restructuring and Seven-Year Plan Report*, Key Partners Chart, Key Customers Chart, and Key Stakeholders Chart.

<sup>60</sup> Information in this section is compiled from SC Office of the State Treasurer, *Restructuring and Seven-Year Plan Report*, Key Stakeholders Chart and Key Customers Chart.

<sup>61</sup> Information in this section is compiled from SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.

<sup>62</sup> Information in this section is compiled from SC House of Representatives, House Legislative Oversight Committee, "September 2015 Survey Results," under "Citizens' Interest," and under "House Legislative Oversight Committee Postings and Reports," and under "Treasurer's Office" <http://scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/Survey/September%202015%20Survey%20Results.pdf> (last accessed February 19, 2016). The survey is closed. The survey sought comments from the public about the State Transportation Infrastructure Bank, the School for the Deaf and Blind, the Commission for the Blind, the Department of Public Safety, and the Treasurer's Office.

<sup>63</sup> *Ibid.*

<sup>64</sup> *Ibid.*

<sup>65</sup> *Ibid.*

<sup>66</sup> *Ibid.*

<sup>67</sup> *Ibid.*

<sup>68</sup> Table 4 information is compiled from a review of documents provided during an interview of Les Boles at the South Carolina Revenue and Fiscal Affairs Office. Les Boles, interviewed by Charles Appleby, June 2015 and February 2016. Carry Forward information is from interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>69</sup> Interview of Les Boles at the South Carolina Revenue and Fiscal Affairs Office. Les Boles interviewed by Charles Appleby, February 2016. Carry Forward information is from interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy

---

State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

<sup>73</sup> Ibid.

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> House Ways and Means Committee considers all non-recurring funding, non-recurring general funds. Interview of House Ways and Means Staff Budget Director, Daniel Boan. Daniel Boan interviewed by Charles Appleby, January 2016.

<sup>78</sup> Figure 3 information is compiled from a review of documents provided during an interview of Les Boles at the South Carolina Revenue and Fiscal Affairs Office. Les Boles interviewed by Charles Appleby, June 2015 and February 2016.

<sup>79</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>80</sup> Table 6 information is compiled from interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>81</sup> Figure 5 information is compiled from interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>82</sup> Table 7 information is compiled from the following sources: Authorized - Review of General Appropriations Acts from fiscal year 2011-12 through fiscal year 2015-2016 which are available on the General Assembly's website under "Legislation," and under "Budget Bills," <http://www.scstatehouse.gov/budget.php> (last accessed September 26, 2015); Filled - Charts produced through the South Carolina Enterprise Information System by the South Carolina Department of Administration's Division of State Human Resources; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>83</sup> Figure 6 information is compiled from the following sources: Authorized - Review of General Appropriations Acts from fiscal year 2011-12 through fiscal year 2015-2016 which are available on the General Assembly's website under "Legislation," and under "Budget Bills," <http://www.scstatehouse.gov/budget.php> (last accessed September 26, 2015); Filled - Charts produced through the South Carolina Enterprise Information System by the South Carolina Department of Administration's Division of State Human Resources; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>84</sup> Information, except the information in Figure 6 and Table 8, is compiled from the following sources: SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart; Strategy, Objectives and Responsibility Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>85</sup> Table 8 information is compiled from information obtained from the South Carolina Enterprise Information System by the South Carolina Department of Administration's Division of State Human Resources; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>86</sup> SC Office of the State Treasurer, *Restructuring and Seven-Year Plan Report*.

<sup>87</sup> Information in this section, unless otherwise cited, is compiled from SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts; and Office of the State Treasurer, *Fiscal Year 2014-15 Accountability Report*.

<sup>88</sup> Ibid.

<sup>89</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>90</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>91</sup> Ibid.

<sup>92</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart and Strategy, Objectives & Responsibility Chart.

<sup>93</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart and Strategy, Objectives & Responsibility Chart.

<sup>94</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>95</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>96</sup> Ibid.

<sup>97</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.

<sup>98</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.

<sup>99</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.



- 
- <sup>139</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart and Strategy, Objectives & Responsibility Chart.
- <sup>140</sup> Ibid.
- <sup>141</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>142</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>143</sup> Ibid.
- <sup>144</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.
- <sup>145</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>146</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>147</sup> Ibid.
- <sup>148</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.
- <sup>149</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>150</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>151</sup> Ibid.
- <sup>152</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.
- <sup>153</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>154</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>155</sup> Ibid.
- <sup>156</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Mission, Vision & Goals Chart and Strategy, Objectives & Responsibility Chart.
- <sup>157</sup> Ibid.
- <sup>158</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>159</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>160</sup> Ibid.
- <sup>161</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Objective Details Charts.
- <sup>162</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Strategic Budgeting Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>163</sup> Interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>164</sup> Treasurer, S.C. Office of the, *Program Evaluation Report*, Laws to Further Evaluate Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>165</sup> SC Office of State Treasurer, *2016 Annual Restructuring Report*, Associated Programs Chart and Objective Details Chart; and interviews of Treasurer's Office Staff in February 2016. Clarissa Adams (Chief of Staff), Cynthia Dannels (Deputy State Treasurer), Edward Frazier (Legislative Liaison and Executive Assistant to the State Treasurer), interviews by Charles Appleby, February 2016.
- <sup>166</sup> Interview of House Ways and Means Staff Budget Director, Daniel Boan. Daniel Boan interviewed by Charles Appleby, January 2016.
- <sup>167</sup> Information was provided to the Committee during the June 30, 2015 Economic Development, Transportation, Natural Resources and Regulatory Subcommittee meeting by Ms. Kim Adylette, State Director of the Division of Human Resources for the SC Department of Administration.

---

## SELECTED WORKS CITED

SC Treasurer's Office. *Program Evaluation Report*, 2015.

<http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/2015%20Program%20Evaluation%20Reports/Treasurer's%20Office%20Program%20Evaluation%20Report.PDF>

SC Treasurer's Office. *Restructuring and Seven-Year Plan Report*, 2015.

<http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/2015AgencyRestructuringandSevenYearPlanReports/2015%20Treasurer's%20Office.PDF>

SC Treasurer's Office. *Annual Restructuring Report*, 2016.

SC House of Representatives, Legislative Oversight Committee. "September 2015 Survey Results."

<http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/Survey/September%202015%20Survey%20Results.pdf>

## CONTACT INFORMATION

### Committee Contact Information

Physical:

South Carolina House  
Legislative Oversight Committee  
1106 Pendleton Street  
Blatt Building Room 228  
Post Office Box 11867  
Columbia, South Carolina 29211

Telephone:

Online:

You may visit the South Carolina General Assembly Home Page (<http://www.scstatehouse.gov>) and click on "Citizens' Interest" then click on "House Legislative Oversight Committee Postings and Reports". This will list the information posted online for the committee; click on the information you would like to review. Also, a direct link to committee information is <http://www.scstatehouse.gov/committeeinfo/houselegislativeoversightcommittee.php>.

### Agency Contact Information

Physical:

South Carolina Treasurer's Office  
Wade Hampton Office Building  
1200 Senate Street  
Columbia, SC 29201

Online:

Agency's home page: <http://www.treasurer.sc.gov/>

Telephone:

(803) 734-2101

Mailing:

South Carolina Treasurer's Office  
Wade Hampton Office Building  
1200 Senate Street  
Columbia, SC 29201



**THE HONORABLE CURTIS M. LOFTIS, JR.**

State Treasurer

March 7, 2016

The Honorable Wm. Weston J. Newton, Chairman  
The Honorable Josh Putnam, Subcommittee Chairman  
The Honorable Laurie Funderburk  
The Honorable Robert Williams

SC House Legislative Oversight Committee  
228 Blatt Building  
Columbia, SC 29201

Dear Members,

Thank you for the opportunity to partner with you and the rest of the Oversight Committee. It has been a valuable, introspective process to my agency and I applaud the efforts of every member of the committee and its staff. I would personally like to thank Jennifer Dobson and Charles Appleby, they are true assets to your committee and the State.

The result of our collaborative work has resulted in a positive, thorough study of the State Treasurer's Office. Based on conversations with your staff during the review period, please find enclosed qualifying verbiage.

Again, I thank you and your staff. The comprehensive and exhaustive nature of such an undertaking should be appreciated by all South Carolinians. Please know my door is always open and I am happy to provide any further information.

Sincerely,

Signature Redacted

Curtis M. Loftis, Jr.  
South Carolina State Treasurer

CML/ebf  
Enclosure

cc: Ms. Jennifer L. Dobson  
Mr. Charles L. Appleby, IV

Changes to the Staff Study that staff will request the Subcommittee allow:

- Page 4: Strike the existing “Successes” and insert:
  - During his tenure, Treasurer Loftis has implemented numerous enhancements at the State Treasurer’s Office including:
    - Fiscal Transparency and Accountability
    - Successful administration of state-wide Banking, Investments, Debt, College Savings and Unclaimed Property functions
    - Complete review of all agency contracts resulting in significant cost savings
    - Active progress to retire state legacy systems and convert to SCEIS
- Page 6 of the report, strike the very last line on that page “The agency plans to complete updates to the Strategic Planning process by December 2015.” They were updated and is a continuous process of refinement.
- Page 11, History. Add the following two sentences in the 3<sup>rd</sup> to last paragraph and revise the last two paragraphs to read:
  - CPA, Converse A. Chellis, III, was elected by the General Assembly to serve as Treasurer from 2007 through 2010, the remainder of Mr. Ravenel’s term. While Treasurer Chellis was in office, Lehman Brothers went bankrupt causing a loss in the securities lending program overseen by the State Treasurer and the Bank of New York Mellon. Treasurer Chellis, with the approval of the Attorney General, retained private counsel, who filed a lawsuit in Federal Court against the Bank of New York Mellon.
  - The current Treasurer, Curtis M. Loftis, Jr. was installed into office in January 2011. The Treasurer’s Office continued the legal battle against the Bank of New York Mellon Corporation and the Bank of New York Mellon. The lawsuit alleged “the Bank’s failure to adhere to investment guidelines in a securities lending program contract.”<sup>43</sup> The State claimed “the Bank inappropriately invested in mortgage backed securities comprised of subprime mortgages with maturity dates greater than allowed” and “invested in certain debt instruments in the now bankrupt Lehman Brothers investment bank.” *(ibid - renumber)* The lawsuit sought to recover damages which were estimated at \$200 million.<sup>45</sup> The lawsuit was settled in March 2013.
  - In 2011, the State received a rating of AAA from Moody’s Investment Services<sup>45</sup> and AA Plus (AA+)<sup>46</sup> from Standard and Poor’s. *(In footnote at end of sentence: Based on interviews with the current Treasurer’s Office staff, For many years the state received a rating of AAA from Moody’s Investment Services, Standard and Poor’s, and Fitch Ratings Inc. In 2005, the State’s AAA credit rating was downgraded to AA+ by Standard and Poor’s. At that time, the rating agency stated that though the State had worked to strengthen its finances and had succeeded in not adopting income tax plans that would threaten revenue growth, the State still was not generating enough jobs, and its unemployment rate remained too high.)* “South

Carolina [was] one of 12 states rated in the top category by Moody's and [was] one of 25 states rated AA+ by Standard and Poor's."<sup>47</sup> In 2015, the State again received a rating of AAA from both Moody's and Fitch Ratings Inc. The State also received a rating of AA+ from Standard and Poor's in 2015.

- Treasurer Loftis was re-elected to the Office of State Treasurer in 2014 and installed into office in January 2015.
- Page 14: please change Responsible Person for Goal 2 to read "Responsible Person: West Summers, Senior Assistant State Treasurer (Responsible for more than 1 Year)"
- Dayle's last name is spelled incorrectly on pages 15, 21, 22, 49, 50, and 69 (last name is DeLong (capital L)).
- Page 55: please add the following sentence after "Objective 3.2.1 – Maintain regular contact...": Additionally, the State Treasurer's Office provides the rating agencies with an annual report of the State's current creditworthiness in relation its (typical) annual issuance of the State's General Obligation debt.
- Page 75 – "UPP Funds paid through staff outreach" for 2014-2015 is \$2,867,576.