

## STATE TREASURER

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY05 Adjusted Base	FY06 Recommended	% Change Over FY05	FY07 Recommended	% Change Over FY06
PR-O	1,645,800	10,450,900	535.0	6,129,000	-41.4
SEG-O	485,500	894,000	84.1	849,000	-5.0
<b>TOTAL</b>	<b>2,131,300</b>	<b>11,344,900</b>	<b>432.3</b>	<b>6,978,000</b>	<b>-38.5</b>

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY05 Adjusted Base	FY06 Recommended	FTE Change From FY05	FY07 Recommended	FTE Change From FY06
PR-O	8.46	13.85	5.39	7.55	-6.30
SEG-O	2.54	3.15	0.61	3.15	0.00
<b>TOTAL</b>	<b>11.00</b>	<b>17.00</b>	<b>6.00</b>	<b>10.70</b>	<b>-6.30</b>

### AGENCY DESCRIPTION

The office was established in 1848. The duties of the State Treasurer were established under Chapter 14, Subchapter IV, Wisconsin Statutes.

The State Treasurer is responsible for the custody and disbursement of state funds and for custody and care of money deposited with the state under statutory requirements. The State Treasurer acts as administrator of the Local Government Investment Pool. The State Treasurer is also the administrator of Wisconsin's EdVest College Savings Program. The office maintains custody and records for all property received under the uniform unclaimed property and general escheat laws. If necessary, the office audits business and corporate records to ensure compliance with unclaimed property and general escheat laws.

### MISSION

The mission of the office is to fulfill the constitutional and statutory responsibilities of the State Treasurer in order to assure the sound financial oversight and absolute safety of all public funds collected, managed and disbursed.

### PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities have been modified to better reflect the office's mission.

#### **Program 1: Custodian of State Funds**

Goal: Provide an annual reporting mechanism for holder reporting (bringing income into the state) and provide an efficient process to verify and pay claims.

**Objective/Activity:** The State Treasurer serves as the administrator of the state's unclaimed property program. Currently, the State Treasurer is custodian of over \$250 million on behalf of approximately 400,000 unclaimed property owners. Generally, unclaimed property consists of such items as bank accounts, insurance proceeds, and uncashed dividends and stocks that have had no activity by the owner for a period of three to five years, depending on the category of the asset. Each year, the State Treasurer is required to publish a legal notice in a newspaper in each county listing the names and last known addresses of these owners in an attempt to return unclaimed property to its rightful owners.

**Goal:** Assist local governments in the investment of funds through the State of Wisconsin Investment Board.

**Objective/Activity:** Provide a cost-effective mechanism for local governments of all sizes to interact in a financial manner with state government and to provide a timely vehicle for investment of local government funds.

### **Program 2: College Tuition Prepayment Program**

**Goal:** Combine the EdVest Tuition Trust and College Savings Program into one administrative unit and increase the number of accounts and dollars invested into the program each year.

**Objective/Activity:** Increase the number of accounts and dollars invested into the program each year. EdVest is the state-sponsored college savings program created to help families save for future higher education expenses. It offers state and federal tax benefits, broad eligibility and flexibility to program participants.

## **PERFORMANCE MEASURES**

### HISTORICAL DATA

Prog. No.	Performance Measure	Actual 2000	Actual 2001	Actual 2002
1.	Unclaimed property received through audits and holder reporting.	\$9,800,000	\$23,900,000 <sup>1</sup>	\$10,000,000 <sup>1</sup>
1.	Unclaimed property claims returned to rightful owner.	4,301	6,745	5,262
1.	Stop payments performed within two days of receipt.	19,808 <sup>2</sup>	6,817	6,375
1.	Processing fines, forfeitures and tax settlements.	\$65,959,000	\$70,778,000	\$75,932,000
2.	EdVest new accounts.	1,491	3,846 <sup>3</sup>	92,346 <sup>3</sup>
2.	EdVest total participant investment for future higher education costs.	\$6,000,000	\$27,400,000	\$438,083,769

Note: Based on fiscal year.

<sup>1</sup>Holder reporting is done in the second year of the biennium but was changed to annual effective fiscal year 2002-03. Therefore, fiscal year 2002-03 will be the last cycle to include two years of data.

<sup>2</sup>Includes sales tax rebate.

<sup>3</sup>Strong Capital Management, Inc., contracted to manage the EdVest College Savings Program, which opened a variety of investment options and, therefore, expanded the program greatly.

## 2003 AND 2004 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2003	Actual 2003	Goal 2004	Actual 2004
1.	Unclaimed property received through audits and holder reporting. <sup>1</sup>	\$20,000,000	\$24,043,000	\$15,000,000	\$49,931,313
1.	Unclaimed property claims returned to rightful owner.	7,500	11,824 \$9,412,200	7,500	16,903 \$11,258,800
1.	Stop payments performed within two days of receipt. <sup>2</sup>	6,400	Dropped	6,400	Dropped
1.	Processing fines, forfeitures and tax settlements.	\$75,000,000	Dropped	\$78,000,000	Dropped
2.	EdVest new accounts. <sup>3</sup>	40,000	172,604	40,000	227,023
2.	EdVest total participant investment for future higher education costs.	\$600,000,000	\$855,456,000	\$760,000,000	\$1,186,886,700

Note: Based on fiscal year.

<sup>1</sup>Holder reporting has been changed to an annual requirement so income will be steady rather than one low year and one high year each biennium.

<sup>2</sup>Approximately 6,400 stops are performed, on average, per year barring exceptional circumstances. No growth is projected, as the number of stops presented is not a treasury function.

<sup>3</sup>Strong Capital Management, Inc., is the party primarily responsible for the marketing of the EdVest program under its contract with the state. New accounts and total investments, therefore, are dependent on Strong's marketing strategy, which is not a direct treasury responsibility.

## 2005, 2006, AND 2007 GOALS

Prog. No.	Performance Measure	Goal 2005	Goal 2006	Goal 2007
1.	Unclaimed property received through audits and holder reporting.	\$25,000,000	\$50,000,000	\$35,00,000
1.	Unclaimed property claims returned to rightful owner.	17,000 \$15,000,000	30,000 \$25,000,000	30,000 \$25,000,000
1.	Average daily balance of Local Government Investment Pool.	\$3,800,000,000	\$3,900,000,000	\$4,000,000,000
1.	Number of participants. <sup>1</sup>	1,230	1,250	1,250
2.	EdVest new accounts. <sup>2</sup>	270,000	320,000	370,000
2.	EdVest total participant investment for future higher education costs. <sup>2</sup>	\$1,500,000,000	\$1,750,000,000	\$2,000,000,000

Note: Based on fiscal year.

<sup>1</sup>New performance measure.

<sup>2</sup>Wells Fargo has offered to purchase Strong Capital Management, Inc. The transfer will take effect January 2005. At this time, it is not known if Wells Fargo will continue as the custodian of the College Savings Program.

## **STATE TREASURER**

### **GOVERNOR'S BUDGET RECOMMENDATIONS**

#### **RECOMMENDATIONS**

1. Streamlining Administrative Services
2. Unclaimed Property Program Work Load
3. Unclaimed Property Base Funding
4. EdVest College Savings Program
5. Local Government Investment Pool Web Page
6. Central Staff Position Realignment
7. Standard Budget Adjustments

**Table 1**  
**Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY04	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY06	FY07	FY06	FY07
PROGRAM REVENUE (2)	\$9,219.2	\$1,645.8	\$10,603.8	\$6,530.0	\$10,450.9	\$6,129.0
State Operations	9,219.2	1,645.8	10,603.8	6,530.0	10,450.9	6,129.0
SEGREGATED REVENUE (3)	427.9	485.5	819.0	849.0	894.0	849.0
State Operations	427.9	485.5	819.0	849.0	894.0	849.0
TOTALS-ANNUAL	9,647.1	2,131.3	11,422.8	7,379.0	11,344.9	6,978.0
State Operations	9,647.1	2,131.3	11,422.8	7,379.0	11,344.9	6,978.0

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2**  
**Department Position Summary by Funding Source (in FTE positions) (4)**

	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY06	FY07	FY06	FY07
PROGRAM REVENUE (2)	8.46	17.35	17.35	13.85	7.55
SEGREGATED REVENUE (3)	2.54	3.15	3.15	3.15	3.15
TOTALS-ANNUAL	11.00	20.50	20.50	17.00	10.70

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

**Table 3**  
**Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY04	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY06	FY07	FY06	FY07
1. Custodian of state funds	\$9,219.2	\$1,645.8	\$10,603.8	\$6,530.0	\$10,450.9	\$6,129.0
2. College tuition prepayment program	427.9	485.5	819.0	849.0	894.0	849.0
TOTALS	9,647.1	2,131.3	11,422.8	7,379.0	11,344.9	6,978.0

**Table 4**  
**Department Position Summary by Program (in FTE positions)**

	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY06	FY07	FY06	FY07
1. Custodian of state funds	8.46	17.35	17.35	13.85	7.55
2. College tuition prepayment program	2.54	3.15	3.15	3.15	3.15
TOTALS	11.00	20.50	20.50	17.00	10.70

**1. Streamlining Administrative Services**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	0.00	0	-0.30
TOTAL	0	0.00	0	0.00	0	0.00	0	-0.30

The Governor recommends consolidating server and network support, certain procurement and purchasing functions, and human resources and payroll benefit services in the Department of Administration beginning in FY07 to create administrative efficiencies. To achieve this, the Governor recommends reducing the agency's position authority by: (a) 0.3 FTE position related to server and network consolidation. The Governor further recommends retaining the funding associated with the position in the agency to cover chargebacks for this support from the Department of Administration. See Department of Administration, Item #1.

**2. Unclaimed Property Program Work Load**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	8,780,800	9.50	4,751,000	9.50	8,627,900	6.00	4,350,000	0.00
TOTAL	8,780,800	9.50	4,751,000	9.50	8,627,900	6.00	4,350,000	0.00

The Governor recommends extending a 1.0 FTE project position for one year (\$36,000 in FY06) and providing 5.0 FTE new one-year project positions (\$206,900 in FY06) and increasing supplies and services funding (\$8,385,000 in FY06 and \$4,350,000 in FY07) to process abandoned demutualization properties that will be recovered in the next biennium. Second year funding is placed in unallotted reserve pending disposition of a study to be conducted by the Department of Administration in FY06 to determine the feasibility and advantages of outsourcing the entire unclaimed property function.

**3. Unclaimed Property Base Funding**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	131,600	0.00	162,600	0.00	131,600	0.00	162,600	0.00
TOTAL	131,600	0.00	162,600	0.00	131,600	0.00	162,600	0.00

The Governor recommends providing funding for cost increases in: (a) newspaper printing (\$72,600 in FY06 and \$95,600 in FY07); (b) custodial bank services for activities related to stocks and mutual funds held in custody (\$44,000 in FY06 and \$52,000 in FY07); and (c) database maintenance and updates costs (\$15,000 in each year).

**4. EdVest College Savings Program**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	275,000	0.00	305,000	0.00	350,000	0.00	305,000	0.00
TOTAL	275,000	0.00	305,000	0.00	350,000	0.00	305,000	0.00

The Governor recommends providing funding for cost increases in the Edvest program as follows: (a) accounting services (\$125,000 in FY06 and \$150,000 in FY07); (b) annual audit (\$20,000 in FY06 and \$25,000 in FY07); (c) annual performance audits of the program's investment firm (\$80,000 in each year); (d) legal expenses (\$50,000 in each year); and (e) a contract with an independent consultant to assist the Department of Administration with rebidding the EdVest management contract (\$75,000 in FY06).

**5. Local Government Investment Pool Web Page**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	75,000	0.00	0	0.00	75,000	0.00	0	0.00
TOTAL	75,000	0.00	0	0.00	75,000	0.00	0	0.00

The Governor recommends providing one-time funding for Web page development to enable local government investment pool users to process transactions, view statements and obtain interest information electronically. The Governor further recommends placing the funds in unallotted reserve, subject to release by the Department of Administration upon approval of an implementation plan submitted by the office.

**6. Central Staff Position Realignment**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-50,500	-0.61	-50,500	-0.61	-50,500	-0.61	-50,500	-0.61
SEG-O	50,500	0.61	50,500	0.61	50,500	0.61	50,500	0.61
TOTAL	0	0.00	0	0.00	0	0.00	0	0.00

The Governor recommends reallocating positions across funding sources within the agency to more accurately represent work performed in the affected program areas.

**7. Standard Budget Adjustment**

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	21,100	0.00	21,100	0.00	21,100	0.00	21,100	0.00
SEG-O	8,000	0.00	8,000	0.00	8,000	0.00	8,000	0.00
<b>TOTAL</b>	<b>29,100</b>	<b>0.00</b>	<b>29,100</b>	<b>0.00</b>	<b>29,100</b>	<b>0.00</b>	<b>29,100</b>	<b>0.00</b>

The Governor recommends adjusting the office's base budget for: (a) full funding of continuing position salaries and fringe benefits (\$29,100 in each year).