

Agency: 090 Office of State Treasurer
Decision Package Code/Title: LD Legislative Directed Add'l Work
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

This request is for the appropriation authority to support the new and unfunded work directed by the Legislature, which cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts. The 2014 supplemental transportation budget directs the Office to evaluate the potential impacts of transitioning to a potential road users charge. The evaluation requires a significant amount of legal and financial analysis of the existing motor vehicle bonds and how a road users charge could be leveraged. Additionally in 2013, the Legislature directed the Office to develop a finance strategy for the Yakima River Integrated Plan. The plan is a joint effort between the state, the federal government, tribes, water users and the general public. In addition to these significant projects, state agencies continue with their requests for assistance.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
404-1 State Treasurer's Service Account-State		250,000	250,000
Total Cost		250,000	250,000

Package Description:

The additional appropriation authority will assist the Office in meeting new legislatively directed work and increasing requests for help from state agencies and the public, which cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To maintain our excellent customer service and fulfill the legislative intent by providing support to address the new and unfunded work directed by the legislature.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Our plan includes providing support to the legislature to identify and implement efficient and effective finance strategies.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. To strengthen government's ability to achieve results efficiently and effectively.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes. Developing finance strategies and evaluating potential impacts relating to financial matters is key to our state's economy and growth.

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

No alternatives are available.

What are the consequences of not funding this package?

Consequences of not adopting this package - Potential financing opportunities lost.

What is the relationship, if any, to the state's capital budget?

The office develops finance strategies and provides funding for the capital projects. Reduced debt opportunities results in increased debt service costs.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Agency: 090 Office of State Treasurer
Decision Package Code/Title: AG Legal Fees
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the State Treasurer (OST), among others, has been named in complex and high profile litigation brought against the state. In addition, OST has modernized numerous statutes and state systems associated with public deposits, investments, and debt management. The office also must keep up with major changes to federal financial regulations, volatile credit markets, and continued stresses in the banking sector. All of these pressures require obtaining specialized legal services beyond our normal legal fees. The current biennial estimated costs for specialized services is \$350,000 which is \$200,000 above our current specialized services appropriation level. These costs cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
404-1 State Treasurer's Service Account-State		200,000	200,000
Total Cost		200,000	200,000

Package Description:

Additional appropriation authority requested to pay for specialized legal services, which cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Staying up with the times as enhancements in the financial sector occurs.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Maintaining the safety and security of public funds is paramount.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. To strengthen government's ability to achieve results efficiently and effectively.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes. It assists in the management and safeguarding public funds as future financial sector enhancements are deployed.

What are the other important connections or impacts related to this proposal?

Appropriation authority will be used only as deemed necessary by the State Treasurer.

What alternatives were explored by the agency, and why was this alternative chosen?

No alternatives are available.

What are the consequences of not funding this package?

Not adopting this package will affect the state's ability to stay current with a fast changing financial and regulatory environment and will make it more difficult to respond to high profile litigation brought against the state.

What is the relationship, if any, to the state's capital budget?

Debt management sells all the bonds and COPs needed to support appropriations made in the capital budget.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unused appropriation authority made for this purpose is expected to lapse at the end of the biennium.

Agency: 090 Office of State Treasurer
Decision Package Code/Title: 8R Retirement Buyout Costs
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

This request is for the appropriation authority needed to pay for the actual and estimated 2013-15 biennium retirement buyout costs that are larger than normal and cannot be absorbed under our current appropriation level while also accommodating the impact of budget cuts. Two employees retired in FY 14 and another three have indicated that they expect to retire on various dates before June 30, 2015 so this request is for the additional 2013-15 biennial appropriation authority to cover the retirement buyout costs of five employees. These new costs are coming after budget reductions pared down the underlying budget for the Treasurer's Office.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
404-1 State Treasurer's Service Account-State		97,412	97,412
Total Cost		97,412	97,412
Staffing	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY2 FTEs</u>
FTEs	.0	.5	.5

Package Description:

Appropriation authority required for the retirement buyout costs for the FY 14 actuals and FY 15 estimates, which cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts. We had two employees retire in FY 14 and another three that are expected to retire before June 30, 2015 out of the twelve who are at least 62 years of age with 30 or more years of service.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To maintain our excellent customer service including maximizing the investment and debt opportunities.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Our strategic plan includes maximizing our returns on investments and minimizing our debt costs.

Does this decision package provide essential support to one of the Governor's priorities?

Yes, under the Priorities of Government result "strengthen government's ability to achieve results efficiently and effectively.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes. This decision package strengthens our ability to achieve results efficiently and effectively.

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

No other alternatives are available.

What are the consequences of not funding this package?

The consequences of not adopting this package - Potential investment and debt opportunities lost along with reduced customer services.

What is the relationship, if any, to the state's capital budget?

The office provides funding for the capital projects. Reduced debt opportunities results in increased debt service costs.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Each retirement buy-out is a one-time cost.

Agency: 090 Office of State Treasurer
Decision Package Code/Title: BC Belated Claim
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

A belated claim from K&L Gates, LLP was submitted in December 2013, due to an error in the firm's billing department. This claim was approved for payment by the Office of the Attorney General, the Office of the State Treasurer and the Office of Financial Management. The Office of the State Treasurer had sufficient unused appropriation authority from the 11-13 biennium, so OFM approved the payment, which through the belated claim process, was charged to our 13-15 biennium appropriation authority. This belated claim cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
404-1 State Treasurer's Service Account-State		57,426	57,426
Total Cost		57,426	57,426

Package Description:

A belated claim from K&L Gates, LLP was submitted in December 2013 and in turn, was approved for payment by the Office of the Attorney General, the Office of the State Treasurer and the Office of Financial Management. This belated claim cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To maintain our excellent customer service including maximizing our investment and debt opportunities.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Our strategic plan includes maximizing our returns on investments and minimizing our debt costs.

Does this decision package provide essential support to one of the Governor's priorities?

Yes, under the Priorities of Government result "strengthen government's ability to achieve results efficiently and effectively".

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

No other alternatives are available.

What are the consequences of not funding this package?

The consequences of not adopting this package - Potential investment and debt opportunities lost along with reduced customer services.

What is the relationship, if any, to the state's capital budget?

The office provides funding for the capital projects. Reduced debt opportunities results in increased debt service costs.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This belated claim is a one-time cost.

Agency: 090 Office of State Treasurer
Decision Package Code/Title: SL Uniformed Service Shared Leave Pool
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Under RCW 41.04.685, the uniformed service shared leave pool allows employees to donate leave to be used by any eligible employee who has been called to service in the uniform services. When the staff donates to this pool, OST is required to make payment under our appropriation authority, which cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts. During FY 14, we paid \$7,161 and we anticipate approximately the same payment will be made during FY 15.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
404-1 State Treasurer's Service Account-State		14,322	14,322
Total Cost		14,322	14,322

Package Description:

Under RCW 41.04.685, the uniformed service shared leave pool allows employees to donate leave to be used by any eligible employee who has been called to service in the uniform services. When the staff donates to this pool, OST is required to make payment under our appropriation authority, which cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This uniformed service shared leave pool expenditures cannot be absorbed under our current appropriation level while also absorbing the impact of budget cuts. This decision package will help us maintain our excellent customer service including maximizing the investment and debt opportunities.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Our strategic plan includes maximizing our returns on investments and minimizing our debt costs.

Does this decision package provide essential support to one of the Governor's priorities?

Yes, under the priorities of Government result "strengthen government's ability to achieve results efficiently and effectively".

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

What are the other important connections or impacts related to this proposal?

What alternatives were explored by the agency, and why was this alternative chosen?

No other alternatives are available.

What are the consequences of not funding this package?

The consequences of not adopting this package - Potential investment and debt opportunities lost along with reduced customer services.

What is the relationship, if any, to the state's capital budget?

The office provides funding for the capital projects. Reduced debt opportunities results in increased debt service costs.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Each uniformed service shared leave pool expenditure is a one-time cost.