



STATE OF NEBRASKA

Don Stenberg, State Treasurer

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January 9, 2019

Mr. Patrick J. O'Donnell
Clerk of the Legislature
State Capitol, Room 2018
Lincoln, Nebraska 68509

Dear Mr. O'Donnell:

This letter, outlining the highlights of the past year in the Nebraska State Treasurer's Office, will be my last annual report to you as State Treasurer. After two terms, I will be leaving office today, proud of the accomplishments the office has made over the past eight years and the significant steps that have been taken to improve the visibility of the office and heightened its relevance to all Nebraskans.

Besides performing admirably in our daily role as the state's banker, one of our most significant accomplishments has been the creation of the Nebraska NEST Financial Scholars online educational program for high school and elementary school students in Nebraska. With financial support from the Nebraska Educational Savings Trust (NEST), the online program has reached more than 42,000 Nebraska students since it was introduced in 2013.

So far in the 2018-19 school year alone, 5,000 students in 96 Nebraska high schools have enrolled in the NEST Scholars high school program and another 1,297 students in 40 elementary schools in Nebraska have enrolled in the Vault program for younger students. Both programs were developed by our partner, EverFi Inc., of Washington, D.C.

With this major outreach initiative, my goal has been to help Nebraskans become aware of our excellent NEST 529 college savings program and to help Nebraska young people become financially responsible adults and contributing members of their communities and their state. I couldn't be happier with the outcome, and I look forward to watching it flourish under the new administration.

As of the end of September 2018, assets in the NEST 529 college savings program were more than \$5 billion, a 100 percent increase from 2011 when I took office, and the total number of

accounts is now 261,000 nationwide – a 43 percent increase from 2011 - including 84,000 accounts in Nebraska.

Another significant accomplishment to improve the lives of Nebraskans was the creation of the Enable Savings Plan for individuals with disabilities. Launched in 2016, the Enable Savings Plan provides tax-free savings accounts to individuals with disabilities, allowing them to save without affecting their public benefits like Medicaid and Supplemental Security Income (SSI). The Nebraska Treasurer's Enable Savings Plan was one of the first national ABLE (Achieving a Better Life Experience) savings plans offered.

A recent notable moment in the Treasurer's Office came in October when the staff of the Nebraska Child Support Payment Center received the Standing Ovation Award from the Western Intergovernmental Child Support Engagement Council. The council is a non-profit organization of public and private child support agencies and professionals from states, tribes, and territories west of the Mississippi River. The Nebraska Child Support Payment Center receives and distributes child support payments to more than 50,000 families monthly.

Other ways we have increased our customer service role during my two terms in office include the following:

- Instituted an electronic newsletter sent three times a year to almost 500 subscribers.
- Increased the Treasurer's Office presence on social media platforms including Facebook and Twitter and making use of social media to reach out to constituents, particularly Nebraskans who may have unclaimed property.
- Visited more than two dozen schools in Nebraska to talk about the need for financial literacy, award certificates for completion of the Nebraska NEST Scholars program, and participate in roundtable discussions about financial concerns facing teens.
- Streamlined the process used by banks, businesses, and institutions to report unclaimed property and the process whereby Nebraskans can claim their property. Claims under \$500 can be filed online. The office also has implemented an online fast-track system, an automated verification system that doesn't require staff time for claims meeting certain criteria.
- Encouraged the use of electronic payments throughout the office, thereby, saving the state money for paper, postage, and staff time.

Details about my office's ongoing work follow in the Report to the Legislature, which is respectfully submitted as required by Nebraska State Statute. It is being submitted online to the Legislature's website in addition to being delivered to you by letter.

Treasury Management

In 2018, the Treasury Management Division processed more than \$12.8 billion in state agency receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, and currency. Of that total, \$11.2 billion, or 88 percent, was processed electronically. The total amount paid out was \$11 billion. Of that total, \$10.7 billion, or 96.5 percent, was paid electronically, saving state resources of time, paper, printing, and postage.

Treasury Management completed 383 transfers last year: 69 transfers to and from the General Fund and 314 transfers including end-of-month allocations. Included in the 69 transfers were three transfers from the Cash Reserve Fund to the General Fund and one transfer from the General Fund to the Cash Reserve Fund. Included in the 314 transfers were two transfers from the Cash Reserve Fund to the Capitol Construction Fund.

Treasury Management issued a Request for Proposal and finalized a contract for the State's Purchasing Card Services. This allows for state agencies and all other governmental entities and political subdivisions in Nebraska to participate under this contract.

Security First Bank was awarded the ATM Services contract beginning June 16, 2018, and in October the bank informed the Treasurer's Office that it was getting out of the ATM business. The bank's ATM network was sold to Diversified Leasing, Inc., and the only way the State could continue providing an ATM service was to allow Diversified Leasing to charge the customer a \$1.50 fee per withdraw.

Treasury Management worked with staff from the OCIO to provide monthly Payment Card Industry Data Security Standards (PCI DSS) training as yearly compliance is due to the credit card processor. Keeping credit card data off the State's network and secure is a high priority for the State. Also, as a way to save money and staff time, as of December 31, 2018, only one bank will be used to clear state warrants. Using one bank will save money and time in processing fees and in reconciling exception items.

Nebraska Educational Savings Trust

The Nebraska Educational Savings Trust (NEST) is committed to helping parents and grandparents reach their college savings goals. As of November 30, 2018, the Nebraska Educational Savings Trust recorded a total of \$4.98 billion in assets and 264,759 accounts. The four plans in the Trust are the NEST Direct College Savings Plan, the NEST Advisor College Savings Plan, the TD Ameritrade 529 College Savings Plan, and the State Farm 529 Savings Plan. As of November 30, 2018, there were 21,497 new accounts added in 2018.

Throughout 2018, NEST 529 has earned consistently high national rankings from SavingforCollege.com. We celebrated the NEST 529 Advisor Plan ranking in the Top 5 for 1-, 3-

and 5-Year Performance in both the Second Quarter 2018 Rankings Report and the Third Quarter 2018 Rankings Report. This is the fifth consecutive quarter that the NEST 529 Advisor Plan has ranked in the Top 5 plans.

The NEST 529 Direct Plan ranked in the Top 5 for 1- and 3-Year Performance in the Second Quarter 2018 Rankings Report and was ranked in the Top 5 for 1-Year Performance and Top 6 for 3-Year Performance in the Third Quarter 2018 Rankings Report. The two NEST plans also received the top five-cap rating from the website, which serves as an independent resource for parents and financial professionals.

We continue to experience success with Nebraska NEST Financial Scholars for Students, an online financial literacy education program sponsored by the Nebraska Educational Savings Trust at no cost to schools. Our EverFi program for high school students is in its sixth year, and our EverFi program for middle school students, called Vault, is in its third year. The courses teach students about personal finance.

In November 2018, a new Financial Planning resource for families wanting to learn about saving for college and for consumers seeking to brush up on financial basics was added to the Treasurer's website. This new resource is part of an overall initiative to provide basic financial education to Nebraska students and their parents as a way to educate more families about our state-sponsored, tax-advantaged Nebraska Educational Savings Trust, NEST 529. This free public resource provides online information and calculators to help with family budgets, to help consumers better understand credit scores, and to help families save for college.

The financial literacy programs can be accessed through the Treasurer's website at treasurer.nebraska.gov.

Unclaimed Property

The Unclaimed Property Division returned \$14,359,046 in unclaimed property and paid 16,932 claims in 2018.

Researching owners of unclaimed property continues to be a primary goal of the office. In 2018, a new online investigation tool was added to better allow staff to find owners and their heirs to return more money to rightful owners. Of the total paid out in 2018, nearly \$8 million of it was a direct result of research initiated by staff.

Our in-house holder reporting website has been in place just over two years. Treasurer's Office staff has continued to improve the holder reporting process adding additional features to both the public side of the website and the internal pages. These changes have allowed staff to

better assist holders and improved the user experience for companies filing unclaimed property.

It also allows for greater efficiency for unclaimed property staff and expedited creation of reports for owners of unclaimed property.

StateSpending.Nebraska.gov

Nebraskans continue to seek out state financial information on the state's transparency website, StateSpending.Nebraska.gov. By law, the website is maintained by the Nebraska State Treasurer's Office. Data for the 2017-2018 fiscal year is now available on the transparency website.

A total of 7,792 users accessed the website in 2018, viewing three and one-half pages per session on average for a total of 38,990 pages viewed during the year. An average visit lasted 2 minutes 30 seconds.

A new feature added in 2018 is Nebraska's first citizen-centric financial reporting document. The report, which can be accessed on the website at <https://t.e2ma.net/webview/zmj5q/466b8c9160ecd14493d7ba41c226a53c>, provides information about Nebraska's financial, educational, and economic picture in an interesting, easy-to-read format for Nebraska residents.

Citizen-centric reporting is an initiative by the American Association of Government Accountants to simplify communication between governments and their constituents. The initiative is intended to provide accurate government financial information to constituents in a simple and understandable format, updated regularly and available to all. We welcome your comments and input.

The citizen-centric report is an example of the improvements that are continuing to be made to StateSpending.Nebraska.gov. Citizen-centric reporting is encouraged by the U.S. Public Interest Research Group, a private, independent organization that rates government transparency websites.

Achieving a Better Life Experience Program

The Nebraska Achieving a Better Life Experience Program, called the Enable Savings Plan, launched on June 30, 2016. Nebraska was the third state to offer an ABLE program. The law allows Nebraskans with certain disabilities to create tax-advantaged ABLE savings accounts to use to pay for qualified disability-related expenses. As of November 30, 2018, the Enable

Savings Plan had 1,152 accounts with \$6,275,432 in assets. The Enable Savings Plan offers five investment options for savers - growth, moderate and conservative mutual funds, a bank savings investment option, and a checking investment option.

On February 27, 2017, we launched Enable Savings Plan Alabama. Offered through the Alabama State Treasurer's office, Enable Alabama is made possible through an agreement with the national Enable Savings Plan, which is managed by the Nebraska Treasurer's Office and First National Bank of Omaha. As of November 30, 2018, the Enable Savings Plan Alabama had 153 accounts and \$541,053 in assets.

Nebraska Child Support Payment Center

The Nebraska Child Support Payment Center processed 1,499,106 transactions totaling \$299,499,605 in 2018. Of the total payments, 83 percent was received electronically, ranking the center in the top three in the country in electronic payment receipts. The use of electronic payments significantly reduces printing and mailing expenses.

In addition, the Child Support Payment Center disbursed 1,387,101 payments, totaling more than \$303.6 million. Ninety-eight percent was disbursed electronically. The center also ranks among the top five in the country in electronic payments disbursed.

The Child Support Payment Center conducted the following routine business over the last year:

- Responded to 67,586 customer service calls with an average wait time of 3 minutes 4 seconds. The average call lasted 2 minutes 53 seconds. The customer support staff, in addition to taking and making phone calls, is focusing on additional forms of communication with customers to include increasing emails and text messages
- Generated an average of 98,122 billing statements a month, available electronically on the center's website, and emailed 20,965 statements a month to paying parents. The number of mailed statements was reduced from 92,641 to 43,169 last year, saving \$7,525 in printing and postage. The center uses text messages and QR codes to bill paying parents in addition to emails and paper mailings.
- Became the first child support payment center to embed the \$1.99 PayNearMe fee, making this a no-cost payment solution for cash paying parents. This effort has reduced the number of money orders received by the center. Processing a money order costs more than the \$1.99 fee.
- Fully recovered 1,127 bank returned items totaling \$409,288 and 279 overpayment items totaling \$136,450.
- Oversaw further improvements, which included consolidating bank services allowing for savings of more than \$10,000 a month.

- Ended a costly contract with a software vendor and contracted with a new vendor to provide services at about 5 percent of the previous cost.
- Continued to reduce paper payment items from employers, individuals and others. The electronic transfer of money over the years has enabled the center to reduce its workforce and space required to operate and still provide excellent service to families. Since the center opened in 2001, the average cost to process a payment has dropped from \$2.54 to 96 cents.

Additional Resources

In conclusion, the Treasurer's Office submits the following links as references for information relating to the condition of the Treasury in accordance with Neb. Rev. Stat. Section 84-602 (6):

State of Nebraska Comprehensive Annual Finance Report for year ended June 30, 2018.


<http://das.nebraska.gov/accounting/cafr/cafr2018.pdf>

State of Nebraska Annual Budgetary Report for year ended June 30, 2018.

<http://das.nebraska.gov/accounting/budrept/buddoc18.pdf>

Please contact my office at 402-471-2455 if you would like additional information. For the past eight years, I have enjoyed and appreciated this opportunity to serve the State of Nebraska and the people of Nebraska as the Nebraska State Treasurer.

Yours truly,



Don Stenberg
State Treasurer

DS:jl

Cc: Governor Pete Ricketts