

State of Nebraska

Office of State Treasurer John Murante



January 19, 2020

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

Dear Mr. O'Donnell:

It is with great pleasure that I submit this letter, outlining the highlights of the past year in the Nebraska State Treasurer's Office.

While I fully realize that by now to say that the events of last year were unprecedented may seem cliché, the fact of the matter is I never contemplated dealing with a global pandemic in my second year as Treasurer.

Thankfully my predecessors had put into place emergency procedures to allow the Treasurer's office to continue to function smoothly. While we have been confronted with some very difficult challenges, I have continually been impressed with not only the staff in my office, but in all Nebraskans, who have risen to the occasion over the course of 2020.

Like most state offices and private businesses, beginning in March we began a concerted effort to conform with state and national directed health measures to continue performing our normal duties. This included allowing as many staff members as possible to telework during the height of the pandemic. While such a work environment was not ideal, I am proud of the way my staff responded to the situation with a dedication.

My office has engaged in an active outreach effort to Nebraskans and, even though in-person outreach opportunities were limited, my office's mindset to help Nebraskans in any way we can

has never wavered. The state's bills were paid, checks continued to get deposited and major changes to the office were implemented. It may not have been business as usual, but the results speak for themselves.

Details about my office's ongoing work follow in the Report to the Legislature, which is respectfully submitted electronically as required by Nebraska State Statute.

Treasury Management

In 2020, the Treasury Management Division processed more than \$15.4 billion in state agency receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, and currency. Of that total, \$13.4 billion, or 87 percent, was processed electronically. The total amount paid out was \$13.7 billion. Of that total, \$13.2 billion, or 96.6 percent, was paid electronically, saving state resources of time, paper, printing, and postage.

Treasury Management completed 324 transfers last year: 55 transfers to or from the General Fund and 269 transfers including end-of-month allocations. Included in the 55 transfers was one transfer from the General Fund to the Cash Reserve Fund, and one transfer from the Cash Reserve Fund to the General Fund. Also included in the 269 transfers were two transfers from the Cash Reserve Fund to the Governor's Emergency fund for carrying out the goals of the Governor's Emergency Program – COVID 19.

Treasury Management implemented Online Electronic Deposit to save money and decrease the labor cost associated to processing agency deposits and continue to review banking fees.

Treasury Management extended the current ACH Origination contract with U. S. Bank until August 31, 2021. A Request For Proposal (RFP) was released and contract terms and conditions are being negotiated. Other contracts extended were the Stored Value Cards and Credit Card Processing Services. Treasury Management continues to monitor all other banking services contracts.

Treasury Management continues to work with staff from the OCIO to provide 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.

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, 2020, the Nebraska Educational Savings Trust recorded a total of \$6.2 billion in assets and 285,273 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, 2020, there were 21,573 new accounts added in 2020.

Funding for the Meadowlark Program NEST accounts will begin in 2021. A NEST account will be opened for every baby born on or after January 1, 2020, who is a resident of Nebraska at the time of birth. Beneficiaries under the age of 30 who pursue higher education within the

state will have access to these funds for qualified higher education expenses. Funding begins the year following the birth of the child and parents/guardians have the ability to opt out of the program.

The NEST Direct College Savings Plan received a Bronze rating from Morningstar. Morningstar acknowledged the improvements, new portfolios, and lower fees which the State implemented in December 2020. The NEST Direct College Savings Plan and the NEST Advisor College Savings Plan have received the top five-cap rating from the well-respected website, Savingforcollege.com, and the State Farm 529 Savings Plan has received four and a half caps. Due to the investment changes within the TD Ameritrade 529 Savings Plan, Savingforcollege.com has not rated the Plan.

The Nebraska State Treasurer and the Nebraska Investment Council entered into a contract with Union Bank & Trust to serve as the Program Manager for the Nebraska Educational Savings Plan Trust, replacing First National Bank of Omaha. The change in Program Manager was effective at 3:00 pm on December 4, 2020. Account records and balances automatically transferred to Union Bank & Trust. As a result of this change, there were certain changes to the Plans and portfolios, including asset allocations, the number and types of portfolios, and underlying funds into which portfolios invest. Expenses associated with the investment options changed as well.

The new Plan structure makes NEST among the most competitive 529 programs in the nation and includes a substantial reduction of fees for our account owners. The program management fee for the NEST Direct Plan was reduced by 68 percent.

First National Bank of Omaha, which managed the plan since December 2010, declined the opportunity to participate in the State Treasurer's Office RFP process seeking a program manager for the Nebraska Educational Savings Trust. After much consideration, the bank decided to focus on other areas of its business. First National Bank of Omaha expressed that it has been honored to serve as program manager for NEST for the past decade.

We continue to experience success with Nebraska NEST Financial Scholars for Students, an online financial literacy education program. Our EverFi program for high school students and our EverFi program for middle school students, called Vault, provide courses to teach students about personal finance.

The financial literacy programs can be accessed through my website at treasurer.nebraska.gov.

Unclaimed Property

The Unclaimed Property Division returned \$10,328,948.47 in unclaimed property and paid 11,406 claims in 2020.

The Unclaimed Property Division went through a major software implementation in 2020. This new software program included a new website with improvements in searching for and claiming unclaimed funds. The new website also updated the process for businesses to report and even remit funds online. This streamlined reporting process allowed reporting to be

completely paperless, which served many well as they worked from home due to the COVID-19 pandemic.

Additional improvements include email communications between the software program and the claimant to provide status updates on claims and allowing the claimant to upload claim documentation to our new imaging system.

As many public events were canceled in 2020 due to COVID-19, outreach efforts were dramatically limited for unclaimed property staff. My office looks forward to the coming year and the ability to spread awareness of the unclaimed property program in person as public events reopen.

Pursuant to state statute, the Unclaimed Property Division published the annual newspaper tabloid listing the names of owners of unclaimed property reported within the past year and continued to mail notices to 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 2019-2020 fiscal year is now available on the transparency website.

A total of 5517, users accessed the website in 2020, viewing 3.62 pages per session on average for a total of 26,392 pages viewed during the year.

Achieving a Better Life Experience Program

The Nebraska Achieving a Better Life Experience Program (ABLE), 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, 2020, the Enable Savings Plan had 1,928 accounts with \$14,416,360 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 my office and First National Bank of Omaha. As of November 30, 2020, the Enable Savings Plan Alabama had 370 accounts and \$2,369,772 in assets.

Following a Request for Information process, True Link Financial has been selected by the Nebraska State Treasurer's Office as Enable's next program manager. True Link will be reducing the Program Management fee by 50 percent down to 25 basis points and will provide the plan with all administrative, record keeping, compliance, customer service, marketing, distribution, trust custody, transition and implementation services beginning in 2021. True Link

specializes in managing accounts for people with disabilities.

First National Bank of Omaha, which managed the plan since its inception, declined the opportunity to participate in the State Treasurer's Office RFI process seeking a program manager for the Enable Savings Plan Trust.

Nebraska Child Support Payment Center

The Nebraska Child Support Payment Center processed 1,515,771 transactions totaling \$294,661,257.72 in 2020. Of the total payments, 88 percent was received electronically, ranking the center number one 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 1,412,458 payments, totaling more than \$312.6 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 38,840 customer service calls with an average wait time of 37 seconds. The average call lasted 3 minutes 18 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 which resulted in a 43.30% reduction in calls from the prior year.
- Generated an average of 97,256 billing statements a month, available electronically on the center's website, emailed 22,168 and texted 4,669 statements a month to paying parents. The number of mailed statements was reduced from 36,330 to 30,941 last year, saving \$2,910 in printing and postage. The center uses text messages and QR codes to bill paying parents in addition to emails and paper mailings.
- Continued being the only child support payment center to embed the \$1.99 PayNearMe fee, making this a no-cost payment solution for cash paying parents. In addition to allowing free cash payments at more than 26,000 locations, this effort has reduced the number of other paper payments received by the center. Processing any paper payment costs more than double the \$1.99 fee.
- Fully recovered 673 bank returned items totaling \$291,280 and 100 overpayment items totaling \$30,600.
- Oversaw further improvements, which included moving all print jobs including paper statements and paper warrant printing in-house. This allowed for improvements on the content by reducing potential PII and enhancing billing information shared on paper statements.
- Increased electronic communication with all clients using text messaging and email correspondence. Nearly 40% of all disbursements are now being accompanied by a payment notification received the day before settlement of monies. This entails an average of more than 2,000 notifications on a daily basis.
- Continued work to enhance the two existing self-service payment kiosks located in Lincoln and Omaha due to existing partner exiting the kiosk market. Allowing for improvements and expansion to be made for clients using the kiosks.
- Continued work to implement new OPEX Falcon Red scanner acquired in October 2019 to improve processing of the 12% of payments coming into the office in a paper

format. This scanner was acquired with prior budget savings of more than \$100,000 and will greatly enhance processing as well as be compliant with the most current versions of Windows operating system.

- New records were established in 2020 to include the highest single-month incoming electronic percent of 88.85%. The largest single-day disbursement ever in the history of the office on May 6, 2020 when 8,650 disbursements were processed totaling \$5,617,436.

Nebraska State Treasurer's Office Internet Technology Staff

The Nebraska State Treasurer's Office (NSTO) Internet Technology (IT) staff consists of five members: IT Director, Assistant IT Director, two Programmers and Database Administrators, and a Business Systems Analyst. The NSTO IT staff supports the vast majority of the staff, network, network security, hardware and devices, software and applications, and websites of the NSTO and the five NSTO business units / divisions. The Nebraska Child Support Payment Center (NCSPC), Treasury Management (TM), Unclaimed Property (UP), Nebraska Educational Savings Trust (NEST), and Achieving a Better Life Experience Program (ABLE). In addition to supporting the NSTO network, staff, and applications, the NSTO IT staff has also been working on and completing the following items/projects:

- Developing replacement software applications [C#.NET] and database structure [SQL] for the vast majority of the NCSPC's internal [staff] and external [user] applications, websites, processes, jobs, etc.
- Built applications to allow the NCSPC to print their [payor] billing statements and [payee] checks/warrants in-house – This decreased cost and increased staffs' ability to more efficiently and effectively view, understand, and interact with the data.
- Built District Court Clerks section of NCSPC child support website to allow all 93 Nebraska County Court Clerks' offices to remit child support payments to the NCSPC electronically (as required by a recently created state statute).
- Built HHS Query Central section of NCSPC child support website several years ago to allow NCSPC staff and a variety of Department of Health and Human Services (DHHS) staff, District County Clerk's Office staff, case workers, etc., to interact with NCSPC data. Now, making a series of dramatic improvements to this section of the site.
- Built in texting functionality into both replacement internal NCSPC software/application and HHS Query Central section of NCSPC child support website to allow a variety of state agency staff to send a variety of canned text messages to child support payors and/or payees (external users).
- Automated 99+% of NCSPC data entry (for payments remitted by employers that was previously being done manually) – Working on doing the same for the rest of the NCSPC's data entry.
- Working with the DHHS teams to make dramatic improvements to the data syncing structure and processes currently in place that syncs data between the DHHS and NCSPC systems. The current data syncing structure and processes create a significant amount of data loss and corruption (for approximately 17% of all external users [payees and/or payors] in the DHHS and NCSPC systems) and we're working together towards a dramatically improved solution.
- Rebuilding the NCSPC child support website (will be responsive / mobile friendly).

- Rebuilding the Employers section of the NCSPC child support website (will be responsive / mobile friendly). This will allow employers to more efficiently and effectively interact with, see, and understand the data, payments, etc.
- Migrating all NSTO data from older version of SQL to newest version of SQL (2019).

As with all of the above listed projects/items, the NSTO IT staff continually look for ways to make dramatic improvements to the applications we're developing, the database structure, processes, logic, code, UI/UX, etc., to allow the internal staff and external users to see, understand, and interact with the NSTO data more efficiently and effectively.

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, 2020.

<https://das.nebraska.gov/accounting/docs/cafr/cafr2020.pdf>

State of Nebraska Annual Budgetary Report for year ended June 30, 2019.

<https://das.nebraska.gov/accounting/docs/budrpt/buddoc20.pdf>

Please contact my office at 402-471-2455 if you would like additional information. I appreciate the opportunity to update the Legislature as to the activities of my office.

Yours truly,



John Murante
Nebraska State Treasurer

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