

State of Nebraska

Office of State Treasurer John Murante



January 19, 2022

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.

The Nebraska Treasurer's Office continued to adjust to the new normal as the entire country grappled with the impacts of COVID-19. I have continually been impressed with how everyday Nebraskans have dealt with the pandemic and its impacts with good spirits and a can-do attitude.

I am extremely proud of my staff's willingness to step up to the plate and not only accomplish the goals of the office, but to exceed expectations.

Another challenge the Treasurer's office overcame in the past year was moving our entire Capitol staff from our offices on the second floor to our temporary space on the third floor due to the HVAC modernization efforts. My staff stepped up to the challenge and was able to completely empty our entire office and set up another space in just a few days without missing a beat or having it impact our service to all Nebraskans.

Finally, my office has continued to engage in an active outreach effort to Nebraskans and, even though in-person outreach opportunities were limited, my office's mindset to help anyone who contacts our office 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 for the second year in a row, 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 2021, the Treasury Management Division processed more than \$20.2 billion in state agency receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, and currency. Of that total, \$18 billion, or 89 percent, was processed electronically. The total amount paid out was \$13.4 billion. Of that total, \$13 billion, or 97 percent, was paid electronically, saving state resources of time, paper, printing, and postage.

Treasury Management completed 362 transfers last year: 64 transfers to or from the General Fund and 298 transfers including end-of-month allocations. Included in the 64 transfers is one transfer from the General Fund to the Cash Reserve Fund, no transfer from the Cash Reserve Fund to the General Fund was needed.

Treasury Management continues to review offering Online Electronic Deposit options to certain agencies to save money and decrease the labor cost associated with processing agency deposits and continues to review banking fees.

Treasury Management awarded the ACH Origination contract to the incumbent, U. S. Bank. The contract will run from September 01, 2021 until August 31, 2026 with 2 additional 1-year renewals. The Stored Value Card contract was extended, and the team is currently working on a Request for Proposal (RFP) for that program. The Credit Card Processing Services contract was rebid in 2020 and awarded to the incumbent, Elavon along with US Bank. Once that contract is finalized and signed, it will be for 6 years with 3 additional 2-year renewals available. 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, 2021, the Nebraska Educational Savings Trust recorded a total of \$6.97 billion in assets and 294,727 accounts. The four plans in the Trust are the NEST Direct College Savings Plan, the NEST Advisor College Savings Plan, the Bloomwell 529 Education Savings Plan, and the State Farm 529 Savings Plan. As of November 30, 2021, there were 21,862 new accounts added in 2021.

The Meadowlark Savings Pledge ensures eligible Nebraska newborns are gifted a savings account for future education expenses. In June of 2021, 23,291 Meadowlark NEST accounts were funded with a \$50 seed deposit for Nebraska babies born on or after January 1, 2020. 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. We are working to support our Meadowlark families along the way with tools for saving by providing NEST 529 information to account owners encouraging them to make automatic contributions to their own NEST account and to non-account owners encouraging them to open their own NEST 529 account.

The NEST Direct College Savings Plan received a Bronze rating from Morningstar. Morningstar acknowledged the improvements to the Plan's process and lower fees. The analysis also noted the significance of the Meadowlark Program and its goals to improve the challenges of investing for education. The NEST Direct College Savings Plan and the NEST Advisor College Savings Plan have received the top five-cap rating for both residents and non-residents from the well-respected website, Savingforcollege.com. The Bloomwell 529 Education Savings Plan has received a top five-cap rating for residents and a four and a half cap rating for non-residents, and the State Farm 529 Savings Plan has received four and a half caps for both residents and non-residents.

In 2022, we will be implementing the Employer Matching Contribution Incentive Program and the Low-Income Matching Scholarship Program. The Employer Matching Contribution Incentive Program provides incentive payments to employers who match their employee's contribution into a NEST Program account. Beginning January 1, 2022, employers who partially or fully match employees' contributions in the previous year, can apply for and receive an incentive payment of 25 percent of their matched contributions, up to \$2,000 per employee per year. The program may award up to \$250,000 in total incentives per year.

The Low-Income Matching Scholarship Program provides that 200 percent of an account owner's contribution to a NEST Program account will be matched if the beneficiary is part of a family with a household income at or below 200 percent of the federal poverty level, or 100 percent of contributions if the beneficiary's household income is more than 200 percent but less than 250 percent of the federal poverty level, up to \$1,000 per participant per year. The program may award up to \$250,000 in total scholarships per year. Beneficiaries under the age of 30 who pursue higher education within the state will have access to the matched funds for qualified higher education expenses.

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 \$12,516,405.42 in unclaimed property and paid 11,674 claims in 2021.

After a major software conversion in 2020. The Unclaimed Property Division has spent time in 2021 continuing to learn the new system and perfect processes that were newly developed to increase efficiency and communication between staff, claimants, and holders of unclaimed property.

Due to the COVID-19 pandemic, owner outreach efforts were again limited in 2021. My office looks forward to the coming year and the ability to spread awareness of the unclaimed property program, whether it be in person or through alternate methods of reaching claimants.

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 2020-2021 fiscal year is now available on the transparency website.

A total of 5,660, users accessed the website in 2021, viewing 3.63 pages per session on average for a total of 26,462 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, 2021, the Enable Savings Plan had 3,005 accounts with \$25,023,952 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.

In 2021 Alabama launched a new savings program, Alabama ABLE Savings Plan and ended their agreement with Nebraska. As of June 30, 2021, there were 355 accounts with \$2,985,734 in assets.

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. The Program Manager contract for the Nebraska ABLE Savings Plan ended on June 30, 2021. The Nebraska State Treasurer assumed the program management responsibilities from First National Bank. The Plan's investment options did not change, but the Program Management fee decreased to 0.40%.

On August 6, 2020, the Governor signed Legislative Bill 705 which provides for distribution of funds from an Enable Savings Plan Account. This Legislative Bill allows for the transfer of funds upon the death of a designated beneficiary of an Enable Savings Plan Account. LB 705

also states that the State shall not seek recovery of any amount remaining in the account for medical assistance received by the designated beneficiary or their spouse or dependents under the medical assistance program pursuant to the Medical Assistance Act or after the establishment of the Enable Savings Plan Account.

Nebraska Child Support Payment Center

The Nebraska Child Support Payment Center processed 1,421,725 transactions totaling \$284,091,437.37 in 2021. 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 1,328,432 payments, totaling more than \$294.1 million. Ninety-seven 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 35,845 customer service calls with an average wait time of 51 seconds. The average call lasted 3 minutes 22 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 7.70 % reduction in calls from the prior year.
- Generated an average of 96,342 billing statements a month, available electronically on the center's website, emailed 22,862 and texted 8,337 statements a month to paying parents. The number of mailed statements was reduced from 30,941 to 27,243 last year, saving \$1,997 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 31,000 locations, this effort has reduced the number of other paper payments received by the center. Processing any paper payment costs more than five times the \$1.99 fee.
- Fully recovered 1,180 bank returned items totaling \$286,770 and 228 overpayment items totaling \$137,663.
- Oversaw further improvements, which included continuing all print jobs in house, instead of through an outside vendor. This allowed for improvements on the content by reducing potential PII and enhancing billing information shared on paper statements as well as improved delivery on paper disbursements by catching bad addresses and fixing.
- Increased electronic communication with all clients using text messaging and email correspondence. More than 98% 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 5,100 notifications daily.
- Continued work to roll out eight new kiosks across the state thereby replacing the one in Lincoln at the SDU office and the one in Omaha at the Clerk of the District Court's Office. 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 2021 to include the highest single day for outgoing payment notifications on November 30, 2021 with 12,723 notifications going out.

Nebraska State Treasurer's Office Information 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, software/applications, the NSTO IT staff have also been working on and completing the following items/projects (these are not all the items/projects the NSTO IT staff have been working on this last year, but are a list of some of the larger scale 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 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 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 NSTO IT staff and DHHS CHARTS staff continue to work together on dramatically improving the software/applications and data structures and solutions DHHS and the NCSPC/SDU use to function and provide services.
- 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).
- Designing/Developing new "KioskPayments" API to allow the eight new Nanonation kiosks (that are replacing the two old/expired U.S. Bank kiosks) to exchange data with

the NCSPC/SDU's data structure. Also, integrating/implementing the eight new Nanonation kiosks into the NCSPC/SDU's environment.

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

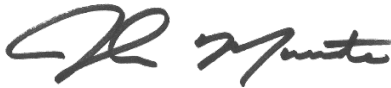
In conclusion, the Treasurer's Office submits the following links as references for information relating to the condition of the Treasury in accordance with Neb. Rev. Stat. Section 84-602 (6):

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, 2021
<https://das.nebraska.gov/accounting/docs/budrpt/buddoc21.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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