

State of Nebraska

Office of State Treasurer John Murante



January 20, 2023

Brandon Metzler
Clerk of the Legislature
State Capitol, Room 2028
Lincoln, Nebraska 68509

Dear Mr. Metzler:

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 provide tremendous service to the people of Nebraska. As I'm sure you are aware, this past year our entire Capitol staff has been working out of temporary office space on the third floor due to the HVAC modernization efforts. I'm proud that my staff has not missed a beat and continues to perform at a high level.

My office has continued to engage in an active outreach effort to Nebraskans and, even though in-person outreach opportunities continued to be limited due to ongoing Covid-19 restrictions, 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, but the results speak for themselves.

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

Treasury Management

In 2022, the Treasury Management Division processed more than \$21.2 billion in state agency

receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, and currency. Of that total, \$17.2 billion, or 82 percent, was processed electronically. The total amount paid out was \$15.7 billion. Of that total, \$15.2 billion, or 97 percent, was paid electronically, saving state resources of time, paper, printing, and postage.

Treasury Management completed 417 transfers last year: 72 transfers to or from the General Fund, 12 transfer to or from the Cash Reserve Fund and 333 transfers including end-of-month allocations. There was one transfer from the General Fund to the Cash Reserve Fund included in the total, no transfer from the Cash Reserve Fund to the General Fund was needed.

Treasury Management continues to add Online Electronic Deposit options to agencies to save money and decrease the labor cost associated with processing agency deposits. Bank fees are reviewed to ensure costs are as low as possible.

The U. S. Bank ACH Origination contract is active and runs through August 31, 2026, with 2 additional 1-year renewals. The Stored Value Card contract was awarded to the incumbent, U.S. Bank. Treasury Management and U.S. Bank are currently in contract negotiations. The Credit Card Processing Services contract was finalized with Elavon and U. S. Bank and will run from July 1, 2022, through June 30, 2028, with 3 additional 2-year renewals available. Currently working with Nebraska Department of Transportation and the University in writing the Request for Proposal for Fleet Card Services. Treasury Management continues to monitor all other banking services contracts.

Treasury Management continues to work with staff from the Office of the Chief Information Officer to provide Payment Card Industry Data Security Standards (PCI DSS) compliance information 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, 2022, the Nebraska Educational Savings Trust recorded a total of \$6.14 billion in assets and 297,136 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, 2022, there were 14,411 new accounts added in 2022.

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 and in May of 2022, 23,455 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 account and to non-account owners encouraging them to open their own NEST 529 account.

The NEST Direct College Savings Plan and the Bloomwell 529 Education Savings Plan received Bronze ratings from Morningstar. Morningstar acknowledged the Plans' sound process and low 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 and the State Farm 529 Savings Plan have received a top five-cap rating for residents and a four and a half cap rating for non-residents.

In 2022, we implemented 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. In 2022, four scholarship accounts were opened and funded.

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

In 2022 the Unclaimed Property Division returned a record amount of unclaimed property-\$18,214,190 made up of 13,342 claims paid to owners and their heirs. From 2021 to 2022, the annual amount returned increased by 45%.

Technology improvements have made an immense impact on how the office functions. In 2022, 77% of the claims paid were created online. This allowed staff to spend more time proactively researching and locating owners of unclaimed property who have not yet come forward to claim their funds. 45% of the funds paid in 2022 were the result of individualized outreach efforts by staff.

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.

The amount of unclaimed property remitted to the State Treasurer's Office also increased year over year. In 2022 \$33,898,074 was remitted which is a 41% increase over the previous year.

The Unclaimed Property Division signed agreements with two outside vendors to assist in outreach efforts to business that may be potential holders of unclaimed property to spread awareness of the statutory requirement to report.

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 2021-2022 fiscal year is now available on the transparency website.

A total of 6,218 users accessed the website in 2022, viewing 3.13 pages per session on average for a total of 23,792 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 pay for qualified disability-related expenses. As of December 31, 2022, the Enable Savings Plan had 3,355 accounts with \$28,994,826 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.

The new Director of the Enable Savings Plan hit the ground running this year. As our own program manager, the Treasurer's Office has accomplished the following:

- Working with our administrator, Ascensus to improve the accuracy of reporting to the Nebraska Department of Revenue.
- Worked with Ascensus to raise the rate of the savings account option. At the beginning of the year, it was at 0.05%, and now it is at 1.6%. With fees of 0.4%, interest is now greater than fees and account owners are earning interest. We have also worked with our administrator and the Nebraska Investment Council to partner with a new bank that will be implemented in 2023 and will bring an even better interest rate for our account owners.
- Advocated for the ABLE Age Adjustment legislation, which was passed on the federal level. This will increase the age of eligible account owners from 26 to 46. This law will go into effect January 1, 2026.
- Updated marketing materials and website information to ensure that our account owners have the most up to date and accurate information.
- Utilized technology to give presentations all over the state of Nebraska and to increase our outreach. Also had a strong focus on educating caseworkers and other individuals who work with the disabled community to help them better understand how Enable works, and to help them better serve those they work with regarding the

Enable Savings Plan.

- Worked with Ascensus to implement the new IRS regulations that became effective as of November 20, 2022. These regulations have expanded who can act as an Authorized Individual and have made the application process less cumbersome. They have been a positive change for account owners, as well as our administrator and our office.
- On the national level, the National Association of State Treasurer's launched a committee to focus solely on ABLE. They also partnered with Wells Fargo to create ABLE today, a national initiative dedicated to supporting the disability community. They work with ABLE Programs to champion financial empowerment and inclusion for people with disabilities nationwide.

We have more plans and projects that we are working on for next year and are excited for the potential impact they will have on our program.

Nebraska Child Support Payment Center

The Nebraska Child Support Payment Center processed 1,394,658 transactions totaling \$281,353,043.03 in 2022. Of the total payments, 89 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 1,305,413 payments, totaling more than \$289.4 million. Ninety-six 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 34,860 customer service calls with an average wait time of 66 seconds. The average call lasted 3 minutes 30 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 continued reduction in calls from the prior year.
- Generated an average of 95,376 billing statements a month, available electronically on the center's website, emailed 23,454 and texted 13,580 statements a month to paying parents. The number of mailed statements was reduced from 27,243 to 23,351 last year, saving \$2,841 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 six times the \$1.99 PayNearMe fee.
- Fully recovered 782 bank returned items totaling \$377,805.01 and 315 overpayment items totaling \$82,700.77.
- Oversaw further improvements, which included moving some in house print jobs to the State Print Shop, thereby automating some of the processes and reducing staff hours to manually perform tasks. This allowed for improvements on the content as well as enhancing the workflows to allow for complete annual scheduling with more

automation being used.

- Increased electronic communication with all clients using text messaging and email correspondence. More than 99.5% 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 9,849 notifications daily.
- Completed work to roll out seven new kiosks across the state, including replacing the one in Lincoln at the State Disbursement Unit 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. We have an eighth kiosk to place in a yet to be determined location.
- Continued work to implement new OPEX Falcon Red scanner to improve processing of the 11% 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 being compliant with the most current versions of Windows operating system.
- Completed work to roll out a new NE Rapid Pay Android/Apple remote deposit capture app allowing parents, employers, and third-party individuals to remit paper check and money order payments without the need to mail the item into our office. New records were established in 2022, including the highest single day for outgoing payment notifications on November 29 2022 with 12,775 notifications going out. Achieved the lowest bad debt balance in the history of the office (dating back to February 2002). Had the lowest number and amount of monies being escheated off of the US Bank ReliaCard.

Additional Resources

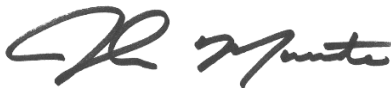
In conclusion, the Treasurer's Office submits the following links as references for information relating to the condition of the Treasury in accordance with Neb. Rev. Stat. Section 84-602 (6):

State of Nebraska Comprehensive Annual Finance Report for year ended June 30, 2022.
https://das.nebraska.gov/accounting/docs/cafr/acfr2022_UNAUDITED.pdf

State of Nebraska Annual Budgetary Report for year ended June 30, 2022
<https://das.nebraska.gov/accounting/docs/budrpt/buddoc22.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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