



STATE OF NEBRASKA

Don Stenberg, State Treasurer

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January 10, 2014

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

Dear Speaker O'Donnell:

As I begin my fourth year as Nebraska State Treasurer, I am pleased to report on the accomplishments of the Treasurer's Office in the last 12 months. I am honored to serve as one of the Constitutional officers of the State of Nebraska and to lead a capable and committed staff of 45 employees. The following Report to the Legislature is respectfully submitted as required by Nebraska State Statute.

College Savings Plan

The Nebraska Educational Savings Trust (NEST) continues to provide parents and grandparents with sound strategies to meet their college savings goals. As of November 30, 2013, the Nebraska Educational Savings Trust held a total of \$3.4 billion in assets in 216,245 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 College Savings Plan. As of November 30, 2013, 19,762 new accounts were opened in the 2013 calendar year.

The Nebraska college savings plans have received national recognition the past three years. Most recently, two of Nebraska's four plans received Bronze ratings by the independent rating firm, Morningstar. Previously the plans were ranked Neutral. "Altogether, this is a good choice for Nebraska residents," Morningstar said in its analysis of the NEST Direct plan in October 2013. "Nebraska residents should give this plan a look," Morningstar said about the NEST Advisor plan.

NEST was recognized for its fund selection by Kiplinger's Personal Finance magazine, both in 2011 and 2013. Kiplinger's did not rate college savings plans in 2012. The NEST Direct and NEST Advisor plans also received the top five-cap rating from the well-respected website, savingforcollege.com, in 2012, the latest year for which those ratings are available.

NebraskaSpending.gov

Major improvements made to the NebraskaSpending.gov website over the past three years have resulted in a significantly improved score from U.S. Public Interest Research Group (U.S. PIRG), an independent rating agency for government transparency websites. The NebraskaSpending.gov's overall score improved from a D in 2010 to a B+ in the latest rating released in March 2013.

In assigning Nebraska's grade, U.S. PIRG evaluated the breadth of information provided on NebraskaSpending.gov and the ease with which users could search the website. Important changes made to the website include monthly updates to information posted on the website, rather than the yearly updates that had been the practice, and more information on state contracts. Technical changes, including providing more links to relevant websites and simplifying text and charts, have made the website easier to navigate.

Unclaimed Property

In 2013, the Unclaimed Property Division returned more than \$11.26 million in unclaimed property and paid 18,273 claims. In 2013, the number claims paid increased by 6,114 over the previous year, and the amount paid out increased by \$4.6 million over the previous year.

Nebraska Child Support Payment Center

The Nebraska Child Support Payment Center processed more than 1.5 million transactions, totaling more than \$294.1 million, in 2013. Nearly 76 percent of all payments were received electronically, ranking our center in the top three in the country for electronic payment receipts.

In addition, the Child Support Payment Center disbursed more than 1.4 million payments, totaling more than \$300 million, in 2013. Almost 98 percent of these payments were disbursed electronically. Our center ranks among the top five in the country for electronic payments disbursed. This was the first time the NCSPC has disbursed more than \$300 million in a single year since it opened in 2002. The center has disbursed more than \$3.1 billion in child support payments in its history.

The use of electronic payments significantly reduces the center's printing and mailing expenses.

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

- Fully recovered 617 bank returned items totaling \$311,633 and taken measures to prevent 100 bank return items totaling \$57,242.
- Responded to 53,529 customer service calls with the average call lasting about three minutes.
- Generated an average of 96,902 billing statements a month, all available electronically on the NCSPC website, and nearly 10,000 emailed to non-custodial parents.
- Conducted 19 employer seminars across the state, reaching more than 330 employers. Eighty percent of the payments received come from employers withholding income and remitting on the behalf of their employees. The employer seminars cover all aspects of remitting child support payments and encourage employers to make electronic payments through the Treasurer's website or to remit electronically through their banks. This was the 10th year of seminars. In that time 166 seminars have been presented with a total of 3,413 attending.

Treasury Management

In fiscal year 2012-2013, the Treasury Management Division processed more than \$13.3 billion in state agency receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, checks, and cash and coin. Treasury Management completed 244 transfers: 41 transfers to and from the General Fund, 10 involving the Cash Reserve Fund and 193 other fund transfers based on Nebraska State Statute requirements.

Additionally, Treasury Management continues to work with agencies to develop and implement e-commerce applications, complete compliance reports for remote deposit capture and credit card data security.

Long-Term Care Savings Plan

We currently have 18 Participating Financial Institutions with 26 locations across the state in the Long-Term Care Savings Plan. There are 483 accounts and

\$1,038,158 in all of the accounts combined. The Treasurer's Office continues to work to share the Long- Term Care Savings Plan message with Nebraskans.

Efficient Operations

In 2011, I requested, and the Legislature approved, a 13 percent reduction in the Treasurer's Office budget. Through efficient management, the accomplishments noted in this report were all achieved while operating on that reduced budget. In March 2013, for the second time during my tenure in office, I asked the Nebraska Legislature to reduce the budget of the Treasurer's Office.

My budget request for fiscal year 2013-14 called for an overall budget reduction of 1.2 percent from the current operating budget and a state general fund reduction of 6.6 percent from the previous budget. My recommended cuts were reflected in the Appropriations Committee's recommendation and in the Legislature's final budget bill.

In addition, in the 2011-2013 fiscal years we saved the taxpayers considerable money by underspending our appropriation by \$818,372.

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) (Cum. Supp. 2012):

- State of Nebraska Comprehensive Annual Financial Report for year ended June 30, 2013. <http://www.das.state.ne.us/accounting/cafr/cafrcon.htm>
- State of Nebraska Annual Budgetary Report for year ended June 30, 2013. <http://www.das.state.ne.us/accounting/budrept/contents.htm>

If you would like additional information, please contact my office at 402-471-2455.

Respectfully submitted,


Don Stenberg
Nebraska State Treasurer

DS:jl

cc: Governor Dave Heineman