

State of Nebraska

Office of State Treasurer Tom Briese

January 17, 2024

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.

Obviously, the largest change to the Nebraska Treasurer's Office over the last year has been my appointment to the position by Governor Pillen following Treasurer Murante's resignation last year. While it has been a whirlwind of new information, my staff has performed wonderfully and has not missed a beat. I can truly say that the people of Nebraska are in good hands with the staff of the Nebraska State Treasurer.

My office has continued to engage in an active outreach effort to Nebraskans, both in person and through online and social media. 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. The Nebraska State Treasurer's Office continued to provide tremendous service to the people of Nebraska.

Late last year our entire Capitol staff were able to move out of our temporary office space on the third floor back to our usual block of offices on the second floor. While I was never located on the third floor, I know my staff is grateful to be back in our usual office space.

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 2023, the Treasury Management Division processed more than \$19.9 billion in state agency receipt transactions, including incoming Automated Clearing House (ACH) payments, wires, credit cards, and currency. Of that total, \$17.8 billion, or 89.65 percent, was processed electronically. The total amount paid to vendors was \$17 billion. Of that total, \$16.4 billion, or 97 percent, was paid electronically, saving state resources of time, paper, printing, and postage.

Treasury Management continues to add Online Electronic Deposit options for agencies to save money and decrease the labor costs associated with processing agency deposits. Four agencies were added in 2023, for a total of 11. Bank fees are reviewed to ensure costs are as low as possible.

U. S. Bank currently holds the following contracts: The ACH Origination contract runs through August 31, 2026, with 2 additional 1-year renewals. The Prepaid Card Services contract runs through June 30, 2031, with 2 additional 1-year renewals. The Purchasing Card Services contract is in the first renewal with one more available through December 31, 2025. The Credit Card Processing Services contract with Elavon and U. S. Bank will run from July 1, 2022, through June 30, 2028, with 3 additional 2-year renewals available. We are currently in contract negotiations for Fleet Card Services. We began working with State Purchasing on releasing the Individual Liability Travel Card Services Request for Proposal (RFP) and will begin writing RFPs for the ATM Services and Purchasing Card Services.

Treasury Management completed 355 legislative transfers last year: 79 transfers to or from the General Fund, 13 transfers to or from the Cash Reserve Fund and 263 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 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

Since 2001, the Nebraska Educational Savings Trust (NEST) has been committed to helping parents and grandparents reach their college savings goals. As of November 30, 2023, the Nebraska Educational Savings Trust recorded a total of \$6.39 billion in assets and 297,043 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, 2023, there were 13,580 new accounts added in 2023.

The Meadowlark Program is a starting point for families as they begin their child's educational savings journey. The Meadowlark Savings Pledge ensures eligible Nebraska newborns are gifted a savings account for future education expenses. In 2021, 23,252 Meadowlark NEST accounts were funded with a \$50 seed deposit for Nebraska babies born in 2020. In 2022, we funded 23,455 Meadowlark accounts with \$50 each for babies born in Nebraska in 2021. And in 2023, 23,183 Meadowlark accounts were funded with \$50 each for babies born in Nebraska in 2022. 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 can 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.

On November 2, 2023, the NEST Direct College Savings Plan received a Bronze rating from Morningstar. Morningstar acknowledged the plan's solid menu of investment options at a very attractive price. The NEST Direct College Savings Plan also earned the status of a "Top 10" from the well-respected website, Savingforcollege.com. 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 have all received the top five-cap rating for Nebraska residents and a four and a half cap rating for non-residents.

In 2022, both the Employer Matching Contribution Incentive Program and the Low-Income Matching Scholarship Program were implemented. The Employer Matching Contribution Incentive Program provides incentive payments to employers who match their employee's contribution into a NEST Program account. Effective 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.

Unclaimed Property

The State Treasurer's Office is the custodian of unclaimed funds remitted by a business, government, or any other legal or commercial entity operating in the State of Nebraska. Unclaimed property typically consists of an uncashed check or dormant accounts.

In 2023 the Unclaimed Property Division returned \$17,099,792 made up of 22,221 claims. This was a 66% increase in the number of claims paid in 2022.

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.

In addition to the outreach efforts required in statute, the Nebraska Unclaimed Property Division worked with our counterparts in other states as well as the National Association of Unclaimed Property Administrators (NAUPA) to promote National Unclaimed Property Day on February 1st. This day included social media posts, media interviews with the Treasurer, news stories, and other local and national promotions. This collective effort increased our claims created year over year for this promotion by 685%.

In December, the Unclaimed Property Division ran ads across the state including radio, television, social media posts as well as news interviews and feature stories on unclaimed property. This effort to create awareness of unclaimed property resulted in a 69% increase in the number of claims created in the same month of 2022.

In 2023 \$33,742,771 in unclaimed property was remitted to the State Treasurer's Office.

The Unclaimed Property Division continues to work with outside vendors to perform audits and 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.

A total of 6,310 users accessed the website in 2023, viewing 3.18 pages per session on average for a total of 24,944 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 3,830 accounts with \$37,818,477 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.

As our own program manager, the Treasurer's Office has accomplished the following:

- Working with our administrator, Ascensus to add UGift codes to reporting to the Nebraska Department of Revenue. This allowed individuals to contribute to accounts and claim a tax deduction without the Account Owner having to share the account number and added a layer of security for the Account Owners.
- Worked with Ascensus to raise the rate of the savings account option. At the beginning of the year, it was at 1.6 % and now it is at 4.62%. We implemented a new bank for the savings option which affected this change.
- Worked with the Nebraska Legislature to pass a law allowing Account Owners with \$5k or less in their Enable accounts to pay out directly to a named successor beneficiary.
- Updated marketing materials and website information to ensure that our account owners have the most up to date and accurate information.
- Presented or had a booth for 65 different groups to help individuals and entities learn more about Enable.
- Worked through the RFI process to choose a company to administer the Enable

program.

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 1,375,550 transactions totaling \$278,343,723.80 in 2023. Of the total payments, 87% was received electronically, ranking the center one of the top Payment Centers 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 1,287,636 payments, totaling more than \$281,246,283.50. 95% 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 30,916 customer service calls with an average wait time of 60 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 95,357 billing statements a month, available electronically on the center's website, emailed 26,977 and texted 14,000 statements a month to paying parents. 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 1242 bank returned items and 121 overpayment items. Collected a total of \$288,916.91 in bank return items and overpayment items totaling \$118,040.17.
- Completion of the CAP (Central Authority Payment Service) Payment System project. CAP Payment System allows the Nebraska Child Support Payment Center to send child support payments to enrolled foreign countries by ACH, providing cost savings over previously used International SWIFT wires and paper warrants.
- Continued 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 (an average of more than 9,849 notifications daily)
- Electronic communication with paying parents. Notifications are being sent 4 days prior to auto withdrawals for payment. This has helped reduce the number of insufficient funds payments.

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, 2023.

<https://das.nebraska.gov/accounting/docs/cafr/acfr2023.pdf>

State of Nebraska Annual Budgetary Report for year ended June 30, 2023

<https://das.nebraska.gov/accounting/docs/budrpt/buddoc23.pdf>

Please contact my office at 402-471-2455 if you would like additional information. It is an honor to serve the people of Nebraska and I appreciate the opportunity to update the Legislature as to the activities of my office.

Yours truly,

Tom Briese
Nebraska State Treasurer

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