

New Mexico State Treasurer's Office

Budget Presentation to Legislative Finance Committee

November 14, 2018



STO Team Members



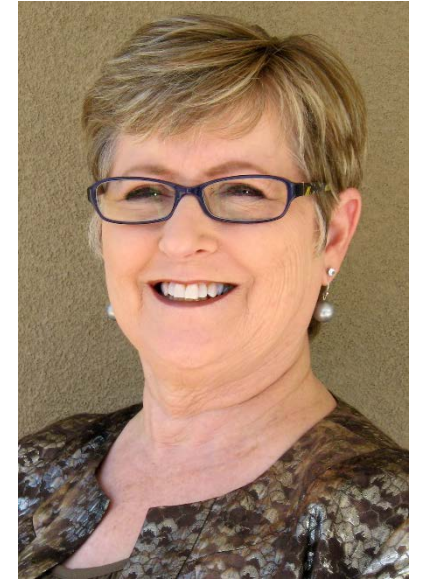
Tim Eichenberg
State Treasurer



Sam Collins
Deputy Treasurer



David Mahooty
Chief Financial Officer



Charmaine Cook
State Cash Manager

What STO Does



- Manage and invest the state's operating cash and bond proceeds.
- Provide banking assistance and services to State agencies.
- Act as paying agent on the State's outstanding debt/bond issues.
- Manage and invest the New Mexico Local Government Investment Pool (LGIP) on behalf of New Mexico's local governing entities.
- Enforce the State's collateral policy on financial institutions holding State money.
- Operate New Mexico ABLE (Achieving a Better Life Experience) program.
- Implementation of the Forfeiture Act



STO's Investment Objectives

- Safety, Safety, Safety
- Liquidity
- Yield

**Investments are primarily high-quality, short-duration,
U.S. Government and Agency bonds
that minimize credit risk and interest rate risk**



Interest earnings versus Budget

- Interest earned \$49.7 million during FY18
- Interest earned \$21.6 million during the first 3 months of FY19.
- Projected interest earnings \$90 million for FY19
- \$3.6 million budget for FY18



STO's Investment Pools Total Over \$5 Billion

- State General Fund Investment Pool
- Bond Proceeds Investment Pools—Taxable and Tax-Exempt
- Severance Tax Bonding Fund
- Local Government Investment Pool

STO has managed its investments without incident with smaller and smaller budgets



Risks Abound

- Interest Rate Risk
- Cybersecurity Risks
- Credit Risk
- Operational Risk
- Bankcard Risk
- Fraud Risk
- Liquidity Risk

**These risks
cannot be
eliminated—
only mitigated**



FY19 STO Highlights & Accomplishments

1. Achieving a Better Life Experience (ABLE) program was launched with no additional funding from the general fund
 - Tax-free savings account for individuals with disabilities
 - Offered to New Mexico citizens beginning January 2018
2. STOs investment performance has exceeded approved benchmarks
 - Performance measure was for General Fund Core to exceed benchmark by 10 bps
 - Core exceeded the benchmark by 26 bps
 - Performance measure was for the Local Government Investment Pool (LGIP) to exceed benchmark by 5 bps
 - LGIP exceeded the benchmark by 12 bps

FY19 STO Highlights & Accomplishments *(continued)*



3. PCI Compliance

- Working with DFA, DoIT, other agencies on bankcard security

4. Retirement Income Security Task Force

- 67% of NM private sector workers have no retirement savings
- Report prepared in cooperation with UNMs Bureau of Business & Economic Research
- Presented to IPOC on October 16, 2018
- Legislation will be presented to consider establishment of voluntary state-sponsored plan

FY19 STO Highlights & Accomplishments *(continued)*



5. Treasury Module of SHARE

- Implemented May 2018
- Investments now integrated into SHARE

6. Financial Empowerment for Women

- Programs and tools provided to help women succeed in the workplace and at home
 - Money smart week participant
 - Financial literacy



STO's FY20 Budget Request

- STO's FY20 base budget request is flat at \$3.6 million
- An expansion budget request of \$3.5 million was also submitted
- A special appropriation of \$332,600 was submitted to fund costs primarily associated with compliance with the Forfeiture Act
 - GSDs State Agency for Surplus Property Division proposed a partnership
- Additional funding is needed— **risks are ever-increasing**



STO Staffing Summary

- Authorized FTEs reduced from 40 to 35 during slowdown
- 28 FTEs currently
- Higher wages to attract/retain qualified staff
 - STO senior staff paid significantly less than comparable positions at other investing agencies



Comparison of Senior Positions' Pay

Position	ERB	PERA	SIC	STO
Operations Lead	\$167,880	\$166,290	\$265,276	\$137,600
Investments Lead	\$242,294	\$239,700	\$254,999	\$134,201
General Counsel	\$112,200	\$103,122	\$137,700	Vacant

List of Vacancies



Job Title/Division	Grade	Projected Hourly	Projected Annual	Date of Vacancy
Secs/Commdts/Fin—Advanced	95	\$ 44.00	\$ 91,525	10/22/2018
Attorney - Exempt	30	\$ 40.82	\$ 84,905	8/1/2018
Secs/Commdts/Fin—Operational	90	\$ 39.06	\$ 79,649	5/5/2018
Exempt	22	\$ 28.29	\$ 58,843	2/24/2018
HR, Train & LBR Specialist – Advanced	65	\$ 21.36	\$ 43,549	10/7/2017
Management Analyst—Operational	60	\$ 18.95	\$ 39,413	1/17/2015
Exec Sec & Adm Asst – Advanced	55	\$ 17.28	\$ 35,944	4/17/2018
			\$ 433,828	



Contact Information

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