

New Mexico State Treasurer's Office

Budget Presentation to Legislative Finance Committee

November 15, 2017



STO Team Members



Tim Eichenberg
State Treasurer



Sam Collins
Deputy Treasurer



David Mahooty
Chief Financial Officer



Charmaine Cook
State Cash Manager



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**



STO's Investment Pools Total Over \$3 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 for several years 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**



Other STO Responsibilities and Initiatives

1. Strong Cash Position Maintained
 - Maintained liquidity throughout the decline in the General Fund during the budget crisis
 - \$575 million and \$295 million was transferred from the core to liquidity portfolio during FY 16 and FY 17, respectively.
2. Achieving a Better Life Experience Act (ABLE) Act—2016
 - Tax-free savings account for individuals with disabilities
 - Offered to New Mexico citizens beginning January 2018



Other STO Responsibilities and Initiatives

3. Retirement Income Security Task Force

- Convened (per SJM 12) June 2017
- Report in July 2018

4. PCI Compliance

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

Other STO Responsibilities and Initiatives *(continued)*



5. Treasury Module

- Implementation November/December 2017

6. Forfeiture Act—2015

- Forfeited and seized properties/sales proceeds and turned over to STO

7. Financial Empowerment for Women—2017

- Programs and tools to succeed in workplace and home



STO's FY19 Budget Request

- STO's FY budget request is \$4.3 million (up from \$3.554 million)
- STO is requesting a special appropriation for \$95,000 to fund ABLE New Mexico program, Retirement Income Security Task Force, Forfeiture Act, and Financial Empowerment for Women
- All funds are internally managed and average over \$3 billion
- Effective cost was .13%, and this request would increase the cost to .14%
- The State's budget situation is tight—**but risks are ever-increasing**



STO Staffing Summary

- Authorized FTEs reduced from 40 to 35
- 30 FTEs
- 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
Agency Lead	\$164,588	\$163,030	\$260,075	\$85,000
Deputy Director	\$120,047	\$115,565	\$150,000	\$134,909
Investment Lead	\$237,544	\$235,000	\$250,000	\$105,664
General Counsel	\$110,000	\$117,358	\$114,432	\$92,872



Key Positions to be Filled

- Portfolio Manager
- Chief Risk Officer
 - Independent review of banking and investment activities

List of Vacancies



Job Title/Division	Grade	Projected Hourly	Projected Annual	Date of Vacancy
Admin/Ops—I (Investments)	80	\$ 29.50	\$ 61,360.00	3/1/2017
Secs/Commdts/Fin—Sr (Investments)	90	\$ 40.86	\$ 84,999.00	5/6/2017
Admin/Ops—I (Budget & Finance)	80	\$ 29.50	\$ 61,360.00	8/26/2017
Management Analyst—O (Investments)	60	\$ 18.95	\$ 39,416.00	1/17/2015
Accountant & Auditor—O (Cash Management)	60	\$ 18.95	\$ 39,416.00	7/1/2015
			\$ 286,551.00	



Summary of STO FY19 Budget Request

(000 omitted)

	FY19	FY18	\$ Change	% Change
Estimated Revenues	\$ 34,418.7	\$ 31,458.0	\$ 2,960.7	9.4%
General Fund Appropriation	\$ 3,956.7	\$ 3,428.6	\$ 528.1	15.4%
CMIA Reimbursements	\$ 2.0	\$ 4.0	(\$ 2.0)	-50.0%
LGIP Fees Retained	\$ 122.3	\$ 122.3	\$-	0%
Total Budget	\$ 4,081.0	\$ 3,554.9	\$ 526.1	14.8%
Budget/Average Assets	0.14%	0.13%	0.01%	
Net to General Fund	\$ 30,337.7	\$ 27,903.1	\$ 2,434.6	8.7%

Contact Information



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