

AGENCY NAME:	SC Office of the State Treasurer		
AGENCY CODE:	E16	SECTION:	97



## Fiscal Year 2014-15 Agency Budget Plan

### FORM A – SUMMARY

**RECURRING FUNDS  
(FORM B  
DECISION PACKAGES)**

<b>My agency is submitting the following recurring decision packages (Form B):</b> 1519 Debt/Investment Systems	
<b>For FY 2014-15, my agency is (mark "X"):</b>	
<input type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.
<input checked="" type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.

**CAPITAL &  
NON-RECURRING  
FUNDS  
(FORM C  
DECISION PACKAGES)**

<b>My agency is submitting the following one-time decision packages (Form C):</b>	
<b>For FY 2014-15, my agency is (mark "X"):</b>	
<input type="checkbox"/>	Requesting capital and/or non-recurring funds.
<input checked="" type="checkbox"/>	Not requesting capital and/or non-recurring funds.

**PROVISOS**

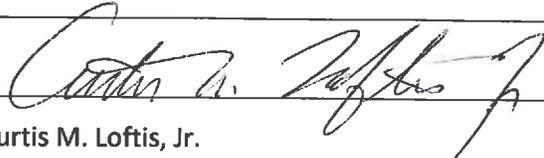
<b>For FY 2014-15, my agency is (mark "X"):</b>	
<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<i><u>Name</u></i>	<i><u>Phone</u></i>	<i><u>Email</u></i>
<b>PRIMARY CONTACT:</b>	Karen Wicker	803-734-9871	Karen.wicker@sto.sc.gov
<b>SECONDARY CONTACT:</b>	Sara Fortson	803-734-2638	Sara.fortson@sto.sc.gov

I have reviewed and approved the enclosed FY 2014-15 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

**AGENCY DIRECTOR  
(SIGN/DATE):**  
**AGENCY DIRECTOR  
(TYPE/PRINT NAME):**


Curtis M. Loftis, Jr.

*This form must be signed by the department head – not a delegate.*

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**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>1519</b>
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*Provide the decision package number issued by the PBF system (“Governor’s Request”).*

<b>TITLE</b>	<b>Debt/Investment Systems</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$495,000</b>
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*What is the net change in requested appropriations for FY 2014-15? This amount should correspond to the decision package’s total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	<p>As required by SC Code of Laws, Title 11, Chapters 5 &amp; 13, Investments provides statewide investment services to state agencies and institutions through investment of all state funds, management of cash liquidity, cash flow, and collateral, and through management of a local government investment pool for municipalities, counties, and local districts of the state.</p> <p>As required by SC Code of Laws, Title 11, Chapters 5 &amp; 29, Debt Management provides statewide debt management services for the State, its agencies and institutions by management of debt issues including debt structure and payments, communication with bond-rating agencies, and by ensuring compliance with legal requirements including Arbitrage Rebate and Constitutional Debt Limit.</p>
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*What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark “X” for all that apply:</b>
	<input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Loss of federal or other external financial support for existing program.
	<input type="checkbox"/> Exhaustion of fund balances previously used to support program.
<input type="checkbox"/> Proposed establishment of a new program or initiative.	

<b>RECIPIENTS OF FUNDS</b>	<p>The State Treasurer’s Office will select a technology firm through a competitive bid procurement process to provide the services and assistance needed to design, develop, configure and implement the new debt and investment system for the State. Additionally, these funds will be used to annualize the personal services and employer contributions for filling existing positions previously approved for this project.</p>
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

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<b>RELATED REQUEST(S)</b>	No
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*Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?*

<b>MATCHING FUNDS</b>	No
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source and amount.*

<b>FUNDING ALTERNATIVES</b>	N/A
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>SUMMARY</b>	<p>The State Treasurer’s Office (STO) is by statute responsible for managing the investment and debt functions for the State of South Carolina. The STO developed Debt and Investment systems for this purpose in the early 1980’s. These systems are almost thirty years old, were developed using old mainframe technology and software, and have been modified many times over the years to be tightly integrated with STARS and STO’s Financial Management System (FMS). STARS and FMS are now being replaced by SCEIS. After evaluating these factors, the STO initiated a project in FY 2013 to replace these systems over a 24-month period. A budget request was submitted and approved to provide funding for the project in FY 2013-14. STO is currently completing the initiation and planning phases of this project and plans to begin development of these new systems in the first half of FY 2014. The purpose of this decision package is to request additional funding for the second year of this project in the amount of \$495,000. These funds will be used to annualize the personal services and employer contributions for filling positions previously approved for this project (\$65,000), and to pay for a contract with a technology firm (currently under evaluation and solicitation) to assist in the design, development, configuration and implementation of the new debt and investment systems (\$430,000). If approved, this will be the final request for funding for this project. This request is for an increase in Earmarked Funds authorization. No General Fund appropriation is being requested.</p>
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*Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used?*

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<b>METHOD OF CALCULATION</b>	<p>In the FY 2013-2014 Budget Request, anticipating that the hiring process would take a couple of months to complete, the STO only requested funding for 10 months of personal services and employer contribution costs. The STO is now requesting annualization of these personal services and employer contributions for the FY 2014-15.</p> <p>In order to determine adequate funding for this systems upgrade/implementation process, the STO contracted with a qualified vendor to perform an on-site review and evaluation of current systems and processes. The costs estimated to complete this project are based on that professional evaluation.</p>
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*How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>If funding is not received to complete this project, there will be a delay in the retirement of the STARS system, which is a high priority for the State. There will also be a delay in the retirement of the FMS system, as the current debt and investment systems are integrated to both of these systems, further delaying the State's transition to SCEIS.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>PRIORITIZATION</b>	<p>This is a high priority project for the STO and the State of South Carolina. If no or insufficient funding authorization is provided in order to meet this need, the STO will continue to work on this project to the extent possible during FY 2014-15 using current funding. Further, the STO will submit a budget request for FY 2015-16 to complete this project.</p>
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2014-15?*

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<b>INTENDED IMPACT</b>	<p>The STO will be implementing new Debt and Investment Systems in order to conduct the debt and investment activities for the State. Data will be available real-time. These systems will provide the STO with better analytics and reporting capabilities. This will also allow the STO to make more timely decisions concerning investment and debt activities.</p>
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	<p>The STO will be implementing new Debt and Investment Systems for conducting all of the State’s debt and investment services. These systems will be developed on modern platforms that provide real-time information, workflow, document management, advanced reporting capabilities, and that will be fully integrated with State’s accounting and reporting system, SCEIS.</p>
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*