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- The Treasurer of State manages several investment programs designed to help farmers and various businesses.

Treasurer of State

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ROLE

The Treasurer of State collects, invests, and protects state funds. The Treasurer's Office functions as a custodian of the public's money and manager of the state's investment portfolio. The Treasurer of State is a constitutional officer elected to a four-year term.

The Treasurer of State performs the following tasks:

- Manages the state's investment portfolio by investing available funds in a variety of financial instruments under statutory guidance provided by the legislature. The rate of return on state investments was 5.8 percent in FY 2001.
- Serves as the custodian of moneys in the state treasury and certain moneys held, by law, in the custody of the Treasurer. The Treasurer is the custodian of over \$145 billion in state pensions, workers compensation and other custodial funds.
- Ensures that sufficient cash is available to allow the state to make necessary payments.
- Operates the Linked Deposit program that helps farmers and businesses obtain low-cost loans
- Manages the Star Ohio program (state regular account), pooling the investments of schools and political subdivisions to obtain safe returns. Star Ohio has approximately \$10 billion in assets.
- Manages the Bid Ohio program (which invests state "interim" funds), working to keep Ohio's investment dollars in Ohio.
- Manages the Securities Lending program, generating income by loaning securities on a short-term basis to selected brokerage firms and financial institutions for a fee.
- Administers a continuing education program for Ohio's public funds managers to ensure that local tax dollars are invested wisely and safely.
- Issues debt for public works, parks and recreation, mental health, mental retardation, highways, and student loan programs.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
165	\$697.8 million	\$718.6 million	\$37.5 million	\$40.6 million	Am.Sub. H.B. 94

OVERVIEW

Appropriations for FY 2002 total \$697,794,555. FY 2003 appropriations are \$718,606,862, a 3.0 percent increase over FY 2002. These amounts include operating expenses, expenses of the Office of the Sinking Fund, subsidies to state pensions systems and appropriations for tax refunds. There are no appropriations for debt service expenses in the Treasurer of State's budget. Appropriations for tax refunds are 94 percent of the total budget for Treasurer of State in the current biennium. There were no expenditures for tax refunds in the previous biennium in the Treasurer of State's budget.

GRF appropriations for FY 2002 are \$37,466,934, a 6.7 percent increase from FY 2001. FY 2003 GRF appropriations are \$40,637,680, or 8.5 percent increase over FY 2002. The majority of GRF appropriations are for pensions subsidies.

Appropriations for operating expenses for FY 2002 are \$10,352,902, a 41.4 percent increase from FY 2001. In the previous biennium, some operating expenses were paid for through other line items or fund groups in the Treasurer of State's budget. The hefty increase for FY 2002 returns operating expenses appropriations to their historical levels. In FY 2003 appropriations for operating expenses are \$12,526,363, a 21.0 percent increase over FY 2002. The increase in operating expenses reflects a continued investment in technology and the modernization of the warrant processing system.

Appropriations for pension subsidies total \$26,073,000 in FY 2002, a 4.8 percent decrease over FY 2001. In FY 2003, pension subsidies appropriations are \$27,000,000, a 3.6 percent increase from FY 2002. Some of the pensions' cost of living subsidies were not funded in this biennium.

Appropriations for tax refunds are \$655,000,000 in FY 2002 and \$675,000,000 in FY 2003. There were no expenditures in FY 2001 against the agency fund group Fund 425, ALI 090-635. During FY 2001, expenditures for tax refunds were charged directly to a similar fund group in the Department of Taxation. FY 2003 appropriations are an increase of 3.0 percent over FY 2002.

BUDGET ISSUES

Am. Sub. H.B. 94 transfers from the Treasurer of State to the Tax Commissioner the receipt and processing of sales, corporate franchise and some excise tax returns and payments. The transfer of the sales and use tax will be effective January 1, 2002. The transfer of the corporate franchise tax will be effective July 1, 2002. The transfer of cigarette and tobacco products taxes, natural gas excise tax, motor fuel taxes, alcoholic beverages taxes, severance taxes, and municipal taxes on electric light companies will be effective July 1, 2003. This transfer of receipt and processing of certain taxes, which will be accompanied with the transfer of some personnel and equipment to the Tax Commissioner, may affect Treasurer of State's operating expenses during the biennium. Potential changes in appropriations due to the eventual transfer of employees and equipment were not reflected in current appropriations for operating expenses.

Am. Sub. H.B. 94 expanded the Depressed Economic Area Linked Deposit Program to authorize the Treasurer of State, boards of county commissioners or legislative authority of municipal corporation to place linked deposits with lending institutions that enter into specified agreements with eligible governments that are providing loan or loan guarantees to eligible steel companies.

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

*FY 1999: FY 2000: FY 2001: **FY 2002** % Change **FY 2003** % Change*
Appropriations: 2001 to 2002: Appropriations: 2002 to 2003:

Report For: Main Operating Appropriations Bill

Version: Enacted

TOS Treasurer of State

GRF	090-321	Operating Expenses	\$ 8,255,648	\$ 7,207,049	\$7,321,402	\$ 10,352,902	41.41%	\$ 12,526,363	20.99%
GRF	090-401	Office of the Sinking Fund	\$ 213,019	\$ 279,191	\$425,503	\$ 587,785	38.14%	\$ 605,420	3.00%
GRF	090-402	Continuing Education	\$ 383,164	\$ 395,260	\$443,478	\$ 453,248	2.20%	\$ 505,896	11.62%
GRF	090-510	PERS Cost of Living	\$ 794	\$ 136	\$451	\$ 0	-100.00%	\$ 0	N/A
GRF	090-511	STRS Cost of Living	\$ 1,740	\$ 1,276	\$1,178	\$ 0	-100.00%	\$ 0	N/A
GRF	090-512	SERS Cost of Living	\$ 581	\$ 542	\$510	\$ 0	-100.00%	\$ 0	N/A
GRF	090-520	PERS Pension Benefits	\$ 176,921	\$ 77,470	\$111,056	\$ 0	-100.00%	\$ 0	N/A
GRF	090-521	STRS Pension Benefits	\$ 357,546	\$ 287,424	\$229,005	\$ 0	-100.00%	\$ 0	N/A
GRF	090-522	SERS Pension Benefits	\$ 93,501	\$ 75,226	\$60,152	\$ 0	-100.00%	\$ 0	N/A
GRF	090-523	Highway Patrol Retirement System	\$ 4,156	\$ 3,034	\$2,236	\$ 0	-100.00%	\$ 0	N/A
GRF	090-524	Police and Fire Disability Pension Fund	\$ 68,820	\$ 50,000	\$45,000	\$ 43,000	-4.44%	\$ 40,000	-6.98%
GRF	090-530	PERS Ad Hoc Cost of Living	\$ 852,105	\$ 616,410	\$638,426	\$ 0	-100.00%	\$ 0	N/A
GRF	090-531	STRS Ad Hoc Cost of Living	\$ 1,707,567	\$ 1,491,584	\$1,283,545	\$ 0	-100.00%	\$ 0	N/A
GRF	090-532	SERS Ad Hoc Cost of Living	\$ 263,152	\$ 227,946	\$195,557	\$ 0	-100.00%	\$ 0	N/A
GRF	090-533	Highway Patrol Ad Hoc Cost of Living	\$ 24,991	\$ 22,498	\$20,295	\$ 0	-100.00%	\$ 0	N/A
GRF	090-534	Police & Fire Ad Hoc Cost of Living	\$ 349,258	\$ 312,024	\$280,826	\$ 280,000	-0.29%	\$ 260,000	-7.14%
GRF	090-544	Police and Fire State Contribution	\$ 1,200,000	\$ 1,200,000	\$1,200,000	\$ 1,200,000	0.00%	\$ 1,200,000	0.00%
GRF	090-554	Police and Fire Survivor Benefits	\$ 1,865,630	\$ 1,719,530	\$1,586,540	\$ 1,550,000	-2.30%	\$ 1,500,000	-3.23%
GRF	090-575	Police and Fire Death Benefits	\$ 19,300,000	\$ 19,500,000	\$21,280,000	\$ 23,000,000	8.08%	\$ 24,000,000	4.35%
GRF	090-900	Debt Service	\$ 108,877,958	\$ 115,306,777		\$ 0	N/A	\$ 0	N/A
General Revenue Fund Total			\$ 143,996,551	\$ 148,773,377	\$ 35,125,159	\$ 37,466,934	6.67%	\$ 40,637,680	8.46%
4E9	090-603	Securities Lending Income	\$ 1,913,308	\$ 4,622,334	\$4,822,596	\$ 3,773,177	-21.76%	\$ 970,000	-74.29%
577	090-605	Investment Pool Reimbursement	\$ 673,768	\$ 828,925	\$735,887	\$ 662,000	-10.04%	\$ 600,000	-9.37%
180	090-606	Children's Trust Reimbursement	\$ 0	---		---	N/A	---	N/A
182	090-608	Financial Planning Commissions	\$ 2,601	\$ 5,697	\$6,927	\$ 12,944	86.85%	\$ 13,682	5.70%
605	090-609	Treasurer of State Administrative Fund	\$ 230,996	\$ 649,443	\$920,316	\$ 760,000	-17.42%	\$ 1,270,000	67.11%
4N0	090-611	Treasury Education	\$ 0	\$ 1,389	\$801	\$ 27,500	3,334.02%	\$ 27,500	0.00%
General Services Fund Group Total			\$ 2,820,673	\$ 6,107,788	\$ 6,486,526	\$ 5,235,621	-19.28%	\$ 2,881,182	-44.97%
5C5	090-602	County Treasurer Education	\$ 100,301	\$ 92,358	\$119,935	\$ 92,000	-23.29%	\$ 88,000	-4.35%

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>	<i>FY 1999:</i>	<i>FY 2000:</i>	<i>FY 2001:</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
TOS Treasurer of State							
State Special Revenue Fund Group Total	\$ 100,301	\$ 92,358	\$ 119,935	\$ 92,000	-23.29%	\$ 88,000	-4.35%
077 090-900 State Capital Improvement Bond Servic	\$ 109,419,227	\$ 115,632,463		\$ 0	N/A	\$ 0	N/A
Debt Service Fund Group Total	\$ 109,419,227	\$ 115,632,463	----	\$ 0	N/A	\$ 0	N/A
425 090-635 Tax Refunds	\$ 0	----		\$ 655,000,000	N/A	\$ 675,000,000	3.05%
Agency Fund Group Total	\$ 0	----	----	\$ 655,000,000	N/A	\$ 675,000,000	3.05%
Treasurer of State Total	\$ 256,336,752	\$ 270,605,986	\$ 41,731,620	\$ 697,794,555	1,572.10%	\$ 718,606,862	2.98%