

OFFICE OF THE TREASURER

The State Treasurer is the state's chief investment officer, managing tens of billions of dollars in state funds and billions more pooled from local governments. The Treasurer's office establishes sound investment policies to ensure the safekeeping of those funds, provide the necessary liquidity to pay the state's bills, and earn the best rate of return for taxpayers and local governments.

The Treasurer's office administers the Bright Start and Bright Directions college savings programs, enabling families to combat the rising costs of college by earning tax-free money toward a child's higher education. The office also oversees several low-interest loan and financial programs aimed at spurring economic growth, creating jobs, providing assistance to farmers, enhancing Illinois communities and making homeownership a reality. The Unclaimed Property Division aims to reunite more than \$1.7 billion in lost and abandoned property and cash with its rightful owners and generate new revenue for the state. Financial education courses are available for children, teenagers and adults focusing on avoiding debt and building wealth.

Investing Taxpayer Dollars

As the state's banker, Treasurer Dan Rutherford is responsible for investing and protecting billions in taxpayer dollars. Approximately \$10 billion in the Treasurer's portfolio comes from taxes and fees paid to the state. Illinois lawmakers budget nearly all the tax dollars collected by the state each year, but these monies are not spent all at once. Investment earnings are used for funding schools, transportation improvements, hospitals and general government operations. The state has earned more than \$4 billion in investments since 1995. During the federal debt ceiling debate, Treasurer Rutherford and his investment team instituted twice-daily meetings to monitor the world financial situation and act accordingly.



State Treasurer Dan Rutherford meets with then state Rep. Jason Barickman following a legislative tour of the Treasurer's vault in the State Capitol.

The Treasurer's office invests approximately \$6 billion on behalf of local governments into pooled investments called The Illinois Funds to achieve better returns through safe investments. The Illinois Funds Money Market Fund is an investment tool offered to governmental entities and has earned Standard & Poor's AAAm rating. The fund provides a competitive rate of return and all the conveniences of a checking account. Through The Illinois Funds, government jurisdictions can offer their constituents the convenience of e-pay, allowing electronic payments of bills and fees (even school lunch payments) online, by phone or in person.

Streamlining Operations

On his first full day in office, Treasurer Rutherford ordered the closing of all six satellite offices. He then reduced the office's use of fleet vehicles by half, cut the use of taxpayer-funded cellphones by nearly three-quarters, and eliminated 18 percent of the office's landlines. In addition, he streamlined positions by combining various jobs, redefining roles and adding extra duties so taxpayers would see improved services while paying less.

Treasurer Rutherford further ordered an audit of all programs and services, using volunteers from the private sector who discovered several programs that were rarely used or redundant. As a result, some programs were eliminated or combined in order to make them more attractive and easy to understand. Rutherford strongly advocates consolidating the Illinois Treasurer and Comptroller offices into one office, saving taxpayers up to \$12 million in costs related to administration and investment oversight.

Debt Awareness

As State Treasurer, Rutherford has focused on Illinois' accumulation of debt. In a white paper titled *No More Debt*, Rutherford detailed nearly \$200 billion in debt that Illinois has incurred. According to the report, this massive debt liability equates to every household in Illinois owing \$42,000. Despite the passage of a 67 percent tax increase, the paper asserts that only by freezing state spending and shrinking its massive amount of debt can Illinois begin to realize financial recovery. The white paper outlines Illinois' dangerous fiscal situation, and has been well received by a public that wants Illinois to stop borrowing and confront its financial problems.

Ethics

One of Treasurer Rutherford's first official acts was to issue an executive order banning political contributions from employees and their immediate families, as well as from financial institutions. The order also prohibits employees from accepting gifts required to be reported under the Lobbyist Registration Act, and from lobbying the Treasurer's office for a year and a half after terminating employment with the office.

College Savings Programs

The Bright Start and Bright Directions college savings programs are Illinois' tax-exempt 529 programs designed to help Illinois families and individuals nationwide save for future higher education expenses. Established in 2000, Bright Start plans boast more than \$4.2 billion in assets and include more than 250,000 investment accounts as of June 30, 2013. Between June 2012 and June 2013, annual net contributions to the Bright Start plans increased by 31 percent compared to the previous year. Established in 2005, Bright

Directions boasts more than \$1.2 billion in assets and includes more than 80,000 unique owner/beneficiary accounts as of June 30, 2013. Between June 2012 and June 2013, annual net contributions to Bright Directions plans increased by 28 percent compared to the previous year.

Linked Deposit Programs

Under state law, the Treasurer's office has the authority to deposit state money at a reduced rate of interest in local financial institutions that offer specific community development projects and programs. Illinois is one of 20 states nationwide offering "linked deposits" to qualified individuals and businesses. Created in the 1980s to help Illinois farmers, today nearly one out of every seven farmers in the state participates in the program. During spring flooding in 2011, Treasurer Rutherford visited several inundated communities to inform residents and business owners about the availability of low-interest bank loans made possible by the office's Disaster Recovery Program. The Treasurer's office performs an audit of these programs every six months to ensure viability and competitiveness in the marketplace.

Linked deposits include Ag Invest, which provides farmers and agriculture professionals with access to capital for annual operating costs, long-term investments and alternative agriculture initiatives. The Treasurer's office commits monies to Illinois farmers who need loans so they can stay competitive with other states.

Mortgage Assistance

The Treasurer's Finally Home program is geared toward potential homeowners who experience difficulty in securing a conventional mortgage loan and property owners who need to refinance a mortgage to prevent foreclosure. The objective is to keep Illinois homebuyers and homeowners in traditional lending programs rather than resorting to predatory lenders.

The Treasurer's office offers an incentive for lenders to approve loans by guaranteeing 10 percent of the mortgage value for the first five years of a mortgage. In addition, the program allows homeowners to refinance their mortgages at a lower interest rate before they miss a payment as a means to head off foreclosure proceedings. To qualify, a prospective homeowner's combined household income may not exceed 150 percent of the U.S. Department of Housing and Urban Development's median family income for the area, and the price of the home cannot exceed loan limits established by the Federal National Mortgage Association (Fannie Mae).

Unclaimed Property

The Treasurer's office holds \$1.7 billion in unclaimed property, which includes forgotten paychecks, contents of old safe deposit boxes and paid-up life insurance policies. In 2012, \$129 million was returned to Illinois taxpayers, a 27 percent increase over the previous year. The Treasurer's office publishes the names of new unclaimed property owners twice yearly in local newspapers across the state and updates its I-Cash online database weekly at icash.illinois.gov. Operation Reunite, launched in 2011, links veterans and their families with unclaimed military medals, awards and artifacts.

Treasurer Rutherford has illustrated his commitment to new forms of technology by spearheading an initiative whereby the Treasurer's office will utilize existing state website



Treasurer Rutherford and members of his office's Unclaimed Property Division held an I-Cash Telethon at WTVO in Rockford in July 2013. The telethon promoted the office's I-Cash database as a resource for reuniting unclaimed cash and property with their rightful owners.

technology to conduct state auctions. By doing so, the Safekeeping Division will better meet the auction needs of the Treasurer's office and eliminate fees passed on to the property owner.

Treasurer Rutherford held a rare week of office vault tours in July 2011, allowing Illinois residents to see how much the office has changed over the decades. A total of 1,098 people took advantage of the opportunity. Held in the vault in the State Capitol are contents of safe deposit boxes remitted to the Treasurer's office. A selection of these items and the original Treasurer's moneybox were displayed during the tours.

Venture Capital

Dovetailing on the success of the state's Technology Development Account (TDA) program, Treasurer Rutherford supported a second program, TDA II. This account allows up to 2 percent of the state's portfolio to be invested in venture capital companies and projects. Funds in which TDA II invests are required to invest double the TDA investment into Illinois-based companies. The first account allowed up to 1 percent of the portfolio to be targeted toward venture capital and spurred 1,211 jobs. TDA II allows private investment funds to be added to these grants for even greater investment in Illinois technology.

Financial Education

The office's Financial Education Division sponsors conferences, seminars, workshops and online information to provide the public with pertinent financial education. These resources provide access to a variety of financial information to facilitate economic empowerment, wealth accumulation, and protection against consumer fraud and predatory lending practices.

Charitable Trust

The Charitable Trust Stabilization Act authorizes the State Treasurer to issue grants from the Charitable Trust Stabilization Fund to charitable community-based organizations and not-for-profit corporations for start-up and operational purposes. Existing organizations qualify, and the fund, in particular, aims to help smaller organizations with operating budgets under \$1 million in economically distressed areas.

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