

Treasury Notes

Office of the State Treasurer Lynn Fitch

Issue 6 • February 2015

• Lynn's Ledger • A Look Ahead to 2015

To better prepare for a successful 2015, it is first good to look back and learn from successes over the past year. 2014 was quite a year, and 2015 is shaping up to be a productive one too!

In December 2014, we saw the highest contribution rate to our Mississippi Affordable Savings (MACS) Program in at least three years. In October, we reopened MPACT after reviewing the program to ensure that it was sustainable and could be reopened and restructured to be cost neutral to taxpayers. Through the fall, we continued to promote the Treasurer's Education About Money (TEAM) initiative, which has now reached over 18,000 students in 100 high schools across the state. In March 2014, we released the state's first Debt Affordability Study, allowing lawmakers to be better informed when authorizing new debt.

To build upon the accomplishments of last year, I will continue to make fiscally conservative decisions on behalf of Mississippians. Just this month, we close on a bond sale that includes refinancing debt to save taxpayers \$36.3 million. In March, we will release an updated Debt Affordability Plan to help our legislators make prudent decisions about the state's finances. As of this month, we have returned over \$38 Million in unclaimed property to its rightful owners. And throughout the year, we will continue toward our goal of reaching every high school across the state of Mississippi with our TEAM financial literacy initiative.

One of my priorities since being elected has been to change the financial culture in Mississippi. Currently, we are ranked the least financially capable state in the country. This is why TEAM has the potential to be a game changer. Though we have not been able to make financial education required coursework in our state, we have been able to provide schools across Mississippi with enhanced personal finance education tools. Through private dollars, we have the chance to change the financial culture in Mississippi without any cost to the schools.

We are working to make sure 2015 is an even bigger success than 2014. I am honored to continue to work to ensure Mississippi's finances are managed in a fiscally conservative way.



INSIDE THIS EDITION

- Lynn's Ledger
- Working for MS Families
- Bond Sale
- Treasurer's Career Day
- Investing in College Savings
- Economic Statistics
- Revenue Collections



Lynn Fitch
STATE TREASURER



Treasury Notes

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WORKING FOR MIDDLE CLASS FAMILIES

In January, President Obama announced a proposal to roll back tax-free earnings for 529 college savings plans that were enacted in 2001. Extremely disappointed with the President's proposal, Treasurer Fitch actively worked to oppose this plan and protect Mississippi families' college savings. She appeared on radio shows, spoke with Congressional leaders in Washington, and released the following statement:

"I am extremely disappointed by this proposal. In the State of the Union address, the President stated that our country has seen the highest amount of college graduates in recent years. This, in part, is attributable to college savings programs. Research shows children with a college savings account are seven times more likely to attend college, compared to children with no dedicated account. In Mississippi, we have one of the best 529 plans in the country with annual state tax deductions up to \$10,000 for single filers and up to \$20,000 for joint filers. Taking away 529 tax plans' advantages may discourage people from saving for college – exactly the opposite of what we should do. President Obama's 529 plan tax grab is just more of the same old failed attempts at redistribution of wealth. The government should not be penalizing families who have prepared and saved for their children's future."

Thanks to voices from both sides of the aisle in opposition, the President dropped his proposal to tax 529 plan earnings.



BOND SALE

MISSISSIPPI TAXPAYERS SAVE MILLIONS OF DOLLARS

The Office of the State Treasurer manages Mississippi's debt. In fulfilling that responsibility, Treasurer Fitch makes fiscally conservative decisions that affect the long-term future of our state. Early on in Treasurer Fitch's term, she refinanced state debt and saved Mississippi \$33 Million. The Treasurer has done that again in the current bond sale, which closed on February 18, 2015.

Late last year, the State Bond Commission authorized the sale of \$157,230,000 tax-exempt bonds (Series 2015A) and \$128,950,000 taxable bonds (Series 2015), and the bonds were priced to sell in the open market on February 3. The state also entered the market with two refunding issues: \$249,980,000 tax-exempt refunding bonds (Series 2015C) and \$179,135,000 taxable refunding bonds (Series 2015D). Savings on the refinancing transactions were a big win for the state, with \$24,316,888 NPV savings achieved on the tax-exempt refunding, and \$12,064,132 savings achieved on the taxable refunding. The total savings for the refunding transactions totaled \$36,381,020. That's over \$69 Million saved on behalf of Mississippi taxpayers by being proactive at managing the debt. The proceeds of the bond sale will allow Mississippi to fund economic development and capital improvement projects through the issuance of these bonds.



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OFFICE OF THE TREASURER CAREER DAY

TREASURER FITCH WELCOMES MISSISSIPPI GIRL SCOUTS



State Treasurer Lynn Fitch joined the Cadette Girl Scouts for the first Girl Scouts and Office of the State Treasurer Career Day on February 17. The scouts, grades 6-8, spent their day touring the Treasurer’s Office and the State Capitol, completing activities geared towards improving their personal finance skills, learning about the daily responsibilities of the Treasurer’s Office, and having lunch with Treasurer Fitch. “I was thrilled to spend the day with these young ladies,” noted Treasurer Fitch. “Having been a cookie mom, I’ve seen firsthand the impact this organization makes in the community and in each one of the Scouts’ lives.

I loved helping the scouts earn their financial literacy patch and preparing them to be better stewards and future leaders of Mississippi.” The Cadette Girl Scouts is a part of Girl Scouts of Greater Mississippi, Inc. (GSGMS) which serves over 9,000 girls and over 3,000 adults across 45 counties in central and southern Mississippi. Through activities in science and technology, business and economic literacy, and outdoor and environmental awareness, Girl Scouts provides girls with opportunities for fun and friendship while fostering the development of leadership skills and self-esteem. The organization instills courage, confidence, and character and encourages the scouts to make the world a better place.

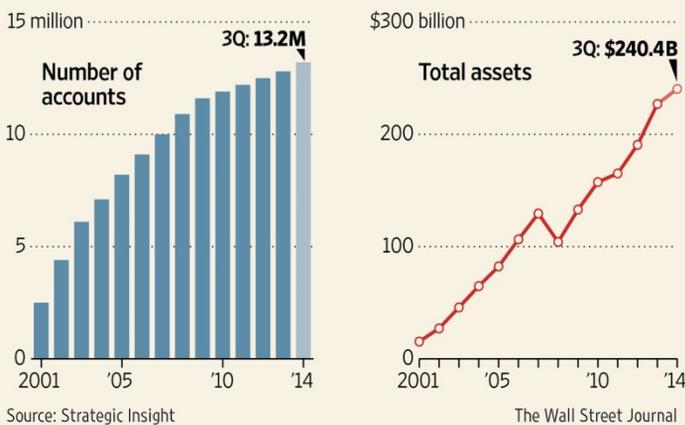
PREPARING FOR YOUR CHILD’S FUTURE

INVESTING IN COLLEGE SAVINGS

A child is seven times more likely to attend college if someone invests in their future. Why? Because someone believed in that child. Recently, the [Wall Street Journal published a guide](#) to help parents and guardians prepare for their student’s future. There is no one-size-fits-all strategy. That’s why Mississippi offers two plans to help fit each individual’s needs. According to the Wall Street Journal, numbers of savers for the 529 college-savings and prepaid plans are rising as the plan’s assets continue to grow. Don’t wait, be one of the 13.2 Million 529 accounts across the country and be prepared for your child’s future.

Learning Curve

The number of savers with 529 college-savings and prepaid plans is rising as the plans’ assets continue to grow.



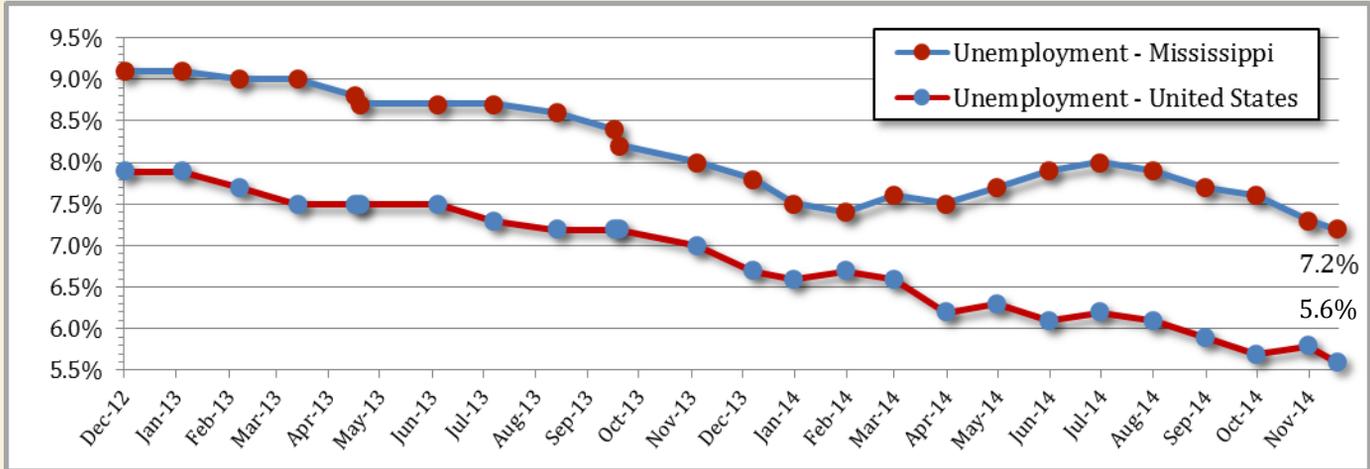


Treasury Notes

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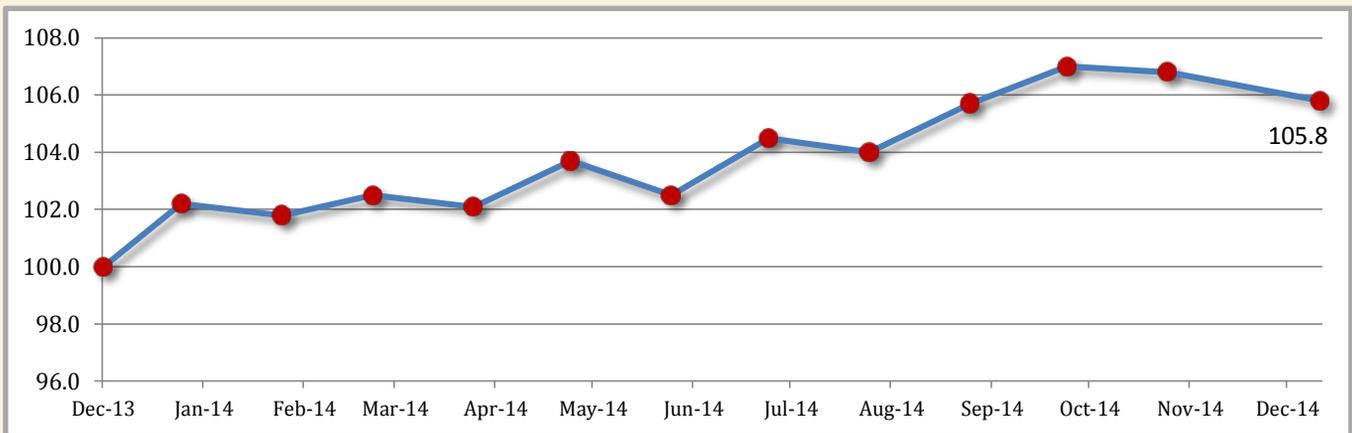
ECONOMIC STATISTICS

MS UNEMPLOYMENT RATE – DECEMBER 2012 THROUGH DECEMBER 2014



The Unemployment Rate is the percentage of the total labor force that is unemployed, but actively seeking employment and willing to work. According to the December "Mississippi Business" newsletter published by the University Research Center (Mississippi Institutions of Higher Learning), "Mississippi's seasonally-adjusted unemployment rate decreased 0.1% in December to 7.2%, a level last seen in September 2008."

LEADING INDEX – DECEMBER 2013 THROUGH DECEMBER 2014



Components of the Leading Index include average weekly manufacturing hours, average weekly initial claims for unemployment insurance, manufacturers' new orders for consumer goods and non-defense capital goods, building permits and stock prices. Other components are indexes of supplier deliveries and consumer expectations, M2 money supply and the interest rate spread between 10-year Treasury bonds and federal funds. The Mississippi Leading Index fell for the 2nd consecutive month in December (the Index last declined for two consecutive months in April 2013). (Source "Mississippi's Business" – A Publication of the University Research Center, MS Institutions of Higher Learning).

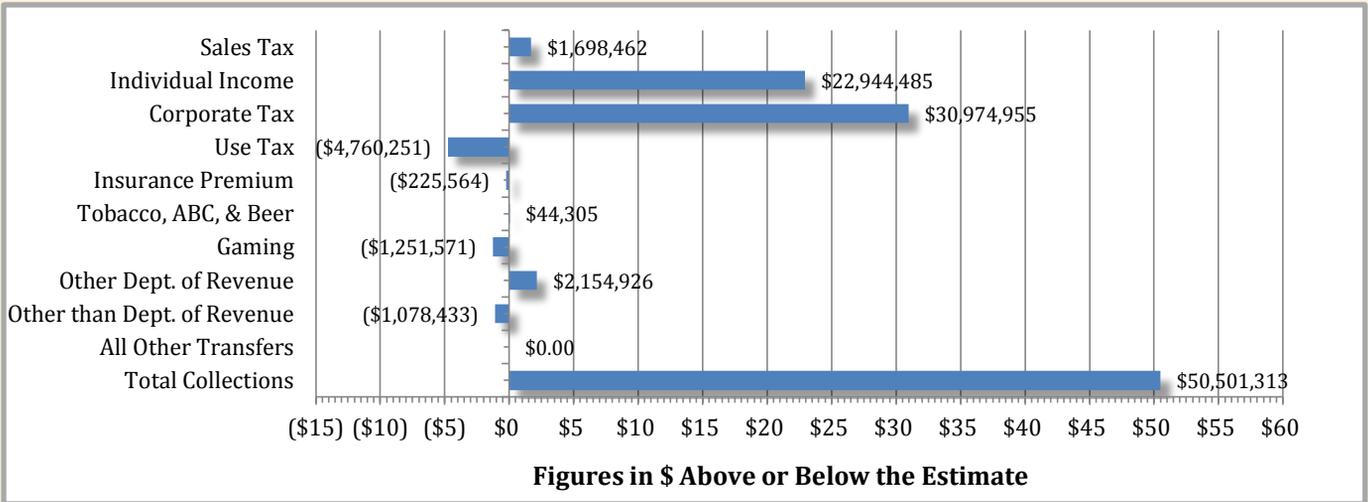


Treasury Notes

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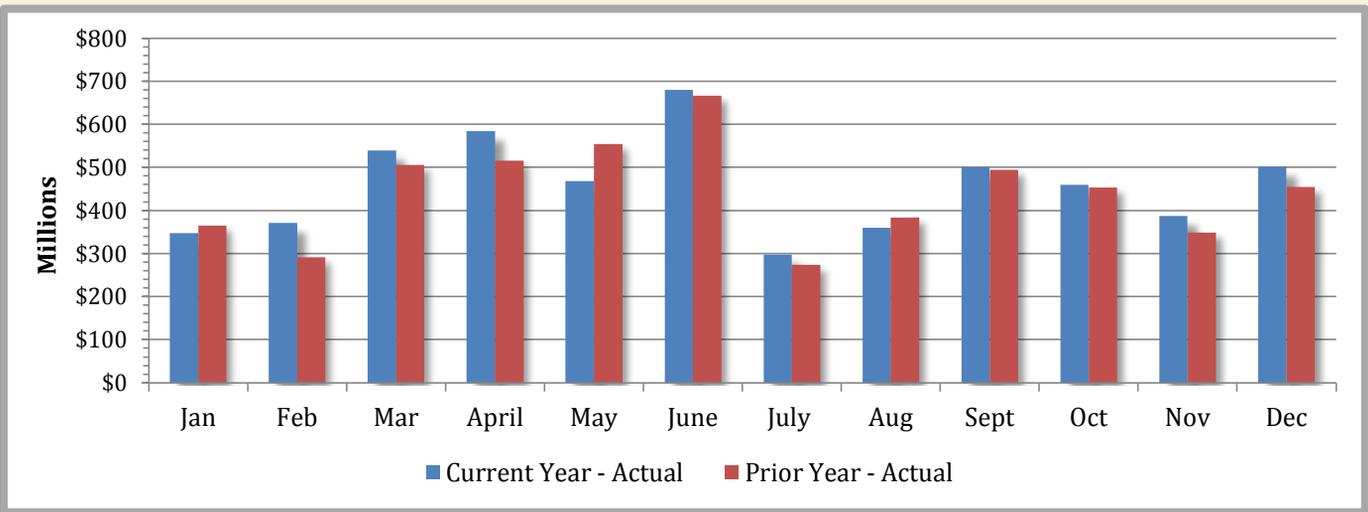
REVENUE COLLECTIONS

REVENUE (ACTUAL - OVER OR UNDER MONTHLY ESTIMATE)



Total collections for December FY 2015 were \$50,501,313 above the sine die estimate. Department of Revenue sources were \$51,579,746 above the estimate and Other Than Department of Revenue collections were below the estimate by (\$1,078,433). The major revenue sources were above or below the estimate in December (Source: LBO)

REVENUE (ACTUAL - CURRENT YEAR VS. PRIOR YEAR)



The above chart illustrates the General Fund revenue collections by month as compared to the prior year.