



JOSH MANDEL

STATE TREASURER OF OHIO

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By Josh Mandel

When I was campaigning for treasurer, I heard from teachers, cops, firefighters and a variety of taxpayers from the Dayton area who were frustrated that their local school and city budgets were struggling. As a result of the historically low interest rate environment, I told them that I would make it a priority to find ways to help improve the investment rate of return on their tax dollars, without putting their hard-earned money at risk.

When I was elected treasurer, I followed through on my promise and immediately launched a top-bottom review of the office and set forth to find a way to help many of these struggling local governments stretch their tax dollars further. I implored my financial team to think outside the box and leverage 21st Century technology. Instead of just trying to tweak our existing programs, we took a look at some of the best private-sector banking practices being utilized across the country.

What we made available was a secure investment option that was being widely used by many businesses and individuals nationwide to increase returns on short-term investments, but had never been endorsed by a state for use by local governments. We moved forward to make this innovative investment option, STAR Plus, available to Ohio schools, cities and other entities in order to generate more money to educate our children, take care of our senior citizens and keep our streets safe.

In total, 29 Dayton area schools, counties and local government entities have deposited more than \$104 million in STAR Plus and are currently earning more than triple the yield of the traditional local government investment program. In the coming weeks, we expect the STAR Plus program to surpass \$1 billion in deposits across the state, a milestone that shows how popular and successful this new program has become in less than a year.

In a show of good government and bipartisanship, the entire Dayton-area delegation in the state House of Representatives and Senate supported the bill that allowed Ohio governments to utilize this first-in-the-nation local government investment program. State Rep. Bob Hackett, who represents Greene County, joined me last year in Xenia to discuss the program, and said it came just in time.

"We are at record-low yields, so this is the perfect storm," said Rep. Hackett. "Local governments often express frustration at the lack of quality investment options, and the legislature was happy to work with Treasurer Mandel to make STAR Plus available to help answer this call."

This new program was endorsed by my office in June 2012, and has been growing rapidly ever since because it serves taxpayers well. This free-market-based program is completely optional for local governments and banks.

Today, more than 265 local governments across Ohio, including 29 in the Miami Valley, have chosen to invest taxpayer money through this program. Additionally, 30 Ohio community banks have chosen to receive deposits through STAR Plus, compared to

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zero community banks that receive deposits directly from the traditional local government investment program that has been around since 1985.

“STAR Plus provides Greene County with an investment alternative in this historically low interest rate environment that will allow us to reap higher returns for taxpayers. This is exactly the kind of program we have been looking for,” said Greene County Treasurer Dick Gould, after depositing \$15 million.

Clark State Community College started with a \$500,000 STAR Plus deposit, then added an additional \$5 million after they saw their investment returns increase. Clark State controller Dixie Depew said, “When we could see the results, we went ahead and deposited additional funds.”

One likely reason local governments are motivated to invest through STAR Plus is that they see the results of the Treasurer’s Office as a whole. My office has earned a ratings upgrade on the Ohio Enterprise Bond Fund for the first time in nearly a decade, and has earned a AAA rating on the \$3.2 billion investment fund that I manage. In addition, our liquidity portfolio is up over \$2.7 billion since the day I took office. We have done all this while voluntarily cutting our budget two years in a row.

I am proud to have worked with Ohio citizens and leaders to protect and invest your tax dollars in a responsible way. In an era of extremely limited public resources, it’s a significant victory to be able to give local governments tools to help them maximize your hard-earned tax dollars to take care of our kids, protect our senior citizens and keep our communities safe.

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