

Office of the
Legislative Fiscal Analyst

FY 2004 Budget Recommendations

Joint Appropriations Subcommittee for
Executive Offices and Criminal Justice

State Treasurer

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1.0 State Treasurer

Summary

The Treasurer is responsible for all State funds. The office controls the receipt and deposit of State monies, manages the banking relationships for all bank accounts, invests all funds at the highest market rates and provides liquidity for all State disbursements. In addition, the Treasurer coordinates the sale of all debt authorized by the Legislature, operates a local government investment pool for the benefit of all public entities, reconciles bank accounts and manages the Division of Unclaimed Property. He also provides staff support for the Money Management Council which oversees the deposit and investment of all public monies.

	Analyst FY 2004 Base	Analyst FY 2004 Changes	Analyst FY 2004 Total
Financing			
General Fund	805,600	(1,600)	804,000
Dedicated Credits Revenue	188,100		188,100
Unclaimed Property Trust	1,162,800		1,162,800
Total	\$2,156,500	(\$1,600)	\$2,154,900
Programs			
Treasury and Investment	849,500	(1,600)	847,900
Unclaimed Property	1,162,800		1,162,800
Money Management Council	77,900		77,900
Financial Assistance	66,300		66,300
Total	\$2,156,500	(\$1,600)	\$2,154,900
FTE/Other			
Total FTE	27.3	0.0	27.3
Vehicles	1.0	0.0	1.0

2.0 Issues: State Treasurer

2.1 FY 2004 Budget

The Analyst FY 2004 budget recommendation includes the following items:

- Adjustment for FY 2003 one-time programs;
- Adjustment for December 18, 2002 Special Session reduction
- Adjustment for Retirement Rate reduction; and
- Adjustment for mandated IT Savings reduction from the 2002 General Session.

2.2 Nonlapsing Intent Language

It is the intent of Legislature that funding for the State Treasurer be nonlapsing.

3.1 Treasury and Investment

Recommendation The Analyst recommends \$847,900 for Treasury and Investment.

	2002	2003	2004	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	751,400	727,700	726,100	(1,600)
General Fund, One-time		31,500		(31,500)
Dedicated Credits Revenue	135,400	121,800	121,800	
Beginning Nonlapsing	289,500	80,000		(80,000)
Closing Nonlapsing	(80,000)			
Lapsing Balance	(75,600)			
Total	\$1,020,700	\$961,000	\$847,900	(\$113,100)
Expenditures				
Personal Services	612,600	694,700	688,700	(6,000)
In-State Travel	800	1,100	800	(300)
Out of State Travel	9,000	10,400	10,300	(100)
Current Expense	111,000	132,400	78,700	(53,700)
DP Current Expense	287,300	122,400	69,400	(53,000)
Total	\$1,020,700	\$961,000	\$847,900	(\$113,100)
FTE/Other				
Total FTE	9.0	9.5	9.5	0.0
Vehicles	1.0	1.0	1.0	0.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Purpose

The State Treasurer serves as the custodian of bonds, warrants, securities, and all state monies. In this capacity the Treasurer's Office serves as a depository for state funds. This involves the safekeeping, accounting, and investing of these funds

Funds are invested at competitive market rates and may be invested in bank certificates of deposit, commercial paper and other corporate obligations, notes and bonds of the United States and its agencies, housing authorities, Utah municipalities, and money market or mutual funds. The State Treasurer is a member of the State Bonding Commission that issues debt for the state. At his suggestion, short-term, variable rate bonds have been used to finance a portion of the highway reconstruction. The average interest rate paid on the variable rate bonds has been about 2.75 percent the last three and one-half years compared to traditional fixed rate bonds of 4.6 percent. During the calendar year 2002, the average interest rate paid was only 1.29 percent. The increased earnings resulting from this policy is approximately \$2,750,000 to \$5,000,000 per year for the 6 to 12 year life of the bonds.

The State Treasurer also manages the investments for the Permanent State School and Institutional Trust Land Funds. The investment income for the public school's portion of the portfolio funds the State Trust Land Program. This money is appropriated directly to the schools for their use. For FY 2003, \$7,400,000 was provided to the schools from this program.

3.2 Unclaimed Property

Recommendation The Analyst recommends \$1,162,800 for Unclaimed Property.

	2002	2003	2004	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Unclaimed Property Trust	1,128,700	1,160,100	1,162,800	2,700
Beginning Nonlapsing	172,000	153,500		(153,500)
Closing Nonlapsing	(153,500)			
Total	\$1,147,200	\$1,313,600	\$1,162,800	(\$150,800)
Expenditures				
Personal Services	738,800	815,700	782,600	(33,100)
In-State Travel	400	9,500	3,500	(6,000)
Out of State Travel	3,600	10,500	5,000	(5,500)
Current Expense	350,900	377,700	327,500	(50,200)
DP Current Expense	53,500	100,200	44,200	(56,000)
Total	\$1,147,200	\$1,313,600	\$1,162,800	(\$150,800)
FTE/Other				
Total FTE	15.0	15.8	15.8	0.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Purpose

The Unclaimed Property division is responsible for reuniting lost or abandoned property with its rightful owners. Property types include savings accounts, life insurance policies, payroll checks, safe deposit box contents, stocks and mutual funds, and other types of property. The costs of administering the Unclaimed Property Fund are paid from the trust fund. Any amount not returned to rightful owners is deposited in the Uniform School Fund.

In FY 2002, \$14.1 million dollars of unclaimed property was collected. Of this amount, over \$7.8 million was paid out to rightful owners and over \$5.5 million was transferred to the Uniform School Fund.

By law, the division is required to publish a list of all property received during the year in a newspaper of general circulation. This publication generally is published and distributed in the late Fall. Additional outreach programs include a booth at the State Fair, a listing of all names and addresses on the Internet, and visits to senior centers and other businesses to allow patrons the opportunity to lookup their names in the database. One employee is dedicated to locating names and businesses in the database.

3.3 Money Management

Recommendation The Analyst recommends \$77,900 for the Money Management Council.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Financing				
General Fund	80,800	77,900	77,900	
General Fund, One-time		3,500		(3,500)
Lapsing Balance	(14,900)			
Total	\$65,900	\$81,400	\$77,900	(\$3,500)
Expenditures				
Personal Services	59,300	65,700	65,800	100
In-State Travel		1,000	1,000	
Current Expense	6,600	14,700	11,100	(3,600)
Total	\$65,900	\$81,400	\$77,900	(\$3,500)
FTE/Other				
Total FTE	1.0	1.0	1.0	0.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Purpose

The Utah Money Management Council is responsible for the oversight of the investments made by all Utah Public Treasurers. This involves dealing with over 500 public treasurers of varying professional skill levels. Additionally, the Council must affirm the trustworthiness of more than 60 financial institutions which hold public funds.

The council is comprised of five members appointed by the Governor and the advice and consent of the Senate. At least one member must be from banking, one must be an elected treasurer, one must be an appointed treasurer and one must be experienced in the field of investments. No more than three members of the council may be from the same political party.

3.4 Financial Assistance

Recommendation The Analyst recommends \$66,300 for Financial Assistance.

	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Financing				
Dedicated Credits Revenue		66,300	66,300	
Total	\$0	\$66,300	\$66,300	\$0
Expenditures				
Personal Services		55,500	55,600	100
In-State Travel		600	600	
Out of State Travel		1,500	1,500	
Current Expense		4,600	4,500	(100)
DP Current Expense		1,400	1,400	
DP Capital Outlay		2,700	2,700	
Total	\$0	\$66,300	\$66,300	\$0
FTE/Other				
Total FTE	1.0	1.0	1.0	0.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Purpose

The Financial Assistance section evaluates proposals for water and other infrastructure development submitted to the Community Impact Board, the Board of Water Resources, the Water Pollution Control Committee and the Safe Drinking Water Committee. The proposals are prioritized and a standardized response is made. The position is funded by the boards which utilize the service.

4.0 Additional Information: State Treasurer

4.1 Funding History

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimated*	Analyst
Financing					
General Fund	790,000	910,700	832,200	805,600	804,000
General Fund, One-time				35,000	
Dedicated Credits Revenue	143,900	149,200	135,400	188,100	188,100
Unclaimed Property Trust	937,000	800,500	1,128,700	1,160,100	1,162,800
Beginning Nonlapsing	154,200	70,000	461,500	233,500	
Closing Nonlapsing	(70,000)	(453,100)	(233,500)		
Lapsing Balance	(70,700)		(90,500)		
Total	\$1,884,400	\$1,477,300	\$2,233,800	\$2,422,300	\$2,154,900
Programs					
Treasury and Investment	780,400	764,100	1,020,700	961,000	847,900
Unclaimed Property	1,043,200	634,600	1,147,200	1,313,600	1,162,800
Money Management Council	60,800	78,600	65,900	81,400	77,900
Financial Assistance				66,300	66,300
Total	\$1,884,400	\$1,477,300	\$2,233,800	\$2,422,300	\$2,154,900
Expenditures					
Personal Services	1,271,300	1,040,400	1,410,700	1,631,600	1,592,700
In-State Travel	2,200	1,700	1,200	12,200	5,900
Out of State Travel	12,000	10,500	12,600	22,400	16,800
Current Expense	398,400	372,000	468,500	529,400	421,800
DP Current Expense	202,500	52,700	340,800	224,000	115,000
DP Capital Outlay				2,700	2,700
Capital Outlay	(2,000)				
Total	\$1,884,400	\$1,477,300	\$2,233,800	\$2,422,300	\$2,154,900
FTE/Other					
Total FTE	26.5	27.0	26.0	27.3	27.3
Vehicles	0.0	1.0	1.0	1.0	1.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.