

Office of the
Legislative Fiscal Analyst

FY 2005 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. The office also provides staff support for the Money Management Council which oversees the deposit and investment of all public monies.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	821,000		821,000
Dedicated Credits Revenue	189,500		189,500
Unclaimed Property Trust	1,181,600		1,181,600
Total	\$2,192,100	\$0	\$2,192,100
Programs			
Treasury and Investment	863,600		863,600
Unclaimed Property	1,181,600		1,181,600
Money Management Council	79,200		79,200
Financial Assistance	67,700		67,700
Total	\$2,192,100	\$0	\$2,192,100
FTE/Other			
Total FTE	27	0	27
Vehicles	1	0	1

2.0 Issues: State Treasurer

2.1 Nonlapsing Funds

For years, the Treasurer, like many other agencies, received blanket approval to carry forward funds from one year to the next. The Analyst understands that the ability to carry unspent funds from year to year allows agencies to upgrade equipment and provide for long term planning. However, the Analyst believes such authorization should be tied to specific projects and approved by the Legislature in accordance with the Budgetary Procedures Act:

UCA 63-38-8.1(3) (a) Each agency that wishes to preserve any part or all of its appropriation balance as nonlapsing shall include a one-time project's list as part of the budget request that it submits to the governor and the Legislature at the annual general session of the Legislature immediately before the end of the fiscal year in which the agency may have an appropriation balance.

The Analyst believes that the Treasurer should present to the Governor and Legislature a specific request for nonlapsing authority. Given that each line item received nonlapsing authority last year, there is no requirement for such a request. For FY 2005, the Analyst recommends that no authority be provided until the 2005 Legislative session when the Treasurer will have a better idea of what balances will be available.

3.1 Treasury and Investment

Recommendation The Analyst recommends \$863,600 for Treasury and Investment.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	726,100	741,800	741,800	
General Fund, One-time	31,500	2,400		(2,400)
Dedicated Credits Revenue	136,900	121,800	121,800	
Beginning Nonlapsing	80,000	100,000		(100,000)
Closing Nonlapsing	(100,000)			
Lapsing Balance	(93,900)			
Total	\$780,600	\$966,000	\$863,600	(\$102,400)
Expenditures				
Personal Services	605,100	702,000	699,800	(2,200)
In-State Travel	2,500	2,700	2,500	(200)
Out of State Travel	2,300	10,300	3,400	(6,900)
Current Expense	150,400	167,600	137,600	(30,000)
DP Current Expense	20,300	83,400	20,300	(63,100)
Total	\$780,600	\$966,000	\$863,600	(\$102,400)
FTE/Other				
Total FTE	10	10	10	0
Vehicles	1	1	1	0

*Non-state funds as estimated by agency

Purpose The State Treasurer serves as custodian of all state monies including cash, warrants, bonds and other securities. The Treasurer’s Office facilitates the deposit of state monies by establishing and maintaining bank accounts around the state for the convenience of state agencies which collect and deposit funds. Disbursement accounts are maintained in major banks in the state and are controlled and monitored on a daily basis. The Treasurer’s Office safeguards, invests and accounts for all these funds.

All available funds are invested each day at the highest available interest rates. The primary investment instruments used are repurchase agreements, bank certificates of deposit, commercial paper, short-term corporate notes, and obligations of the U. S. Treasury and government agencies. The Treasurer also maintains a Public Treasurers’ Investment Fund so that other governmental entities can pool their money together for professional management, high liquidity and the best possible return. This investment pool reached a high balance of \$5.5 billion in December, 2003.

The Treasurer is a member of the State Bonding Commission which issues debt for the state. He oversees the team of professionals who work together to issue debt including the financial advisor, bond counsel, disclosure counsel and underwriters. He coordinates all relations with bond rating agencies including formal presentations at least once a year. In June, 2003, the Treasurer issued \$407 million of general obligations bonds which included a refunding of the state’s variable rate bonds which were fixed at an all-time low interest rate of 2.83 percent.

The Treasurer also manages the investments of the Permanent State School and Institutional Trust Land fund. The investment income from the public school's portion of this portfolio provides the income for the State Trust Lands Program which allocates funding directly to individual schools for their highest priority use. For FY 2003, \$7,400,000 was provided to the schools from this program.

3.2 Unclaimed Property

Recommendation The Analyst recommends \$1,181,600 for Unclaimed Property.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
Unclaimed Property Trust	1,160,100	1,181,600	1,181,600	
Beginning Nonlapsing	174,300	196,300		(196,300)
Closing Nonlapsing	(196,300)			
Total	\$1,138,100	\$1,377,900	\$1,181,600	(\$196,300)
Expenditures				
Personal Services	722,300	812,700	792,900	(19,800)
In-State Travel	100	3,500	200	(3,300)
Out of State Travel	4,000	6,200	3,700	(2,500)
Current Expense	350,800	476,000	325,300	(150,700)
DP Current Expense	60,900	79,500	59,500	(20,000)
Total	\$1,138,100	\$1,377,900	\$1,181,600	(\$196,300)
FTE/Other				
Total FTE	16	16	16	0

*Non-state 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 2003, \$15.9 million dollars of unclaimed property was collected. Of this amount, over \$8.5 million was paid out to rightful owners and over \$4.8 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 late autumn. 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 \$79,200 for the Money Management Council.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
Financing				
General Fund	77,900	79,200	79,200	
General Fund, One-time	3,500	200		(200)
Lapsing Balance	(18,100)			
Total	<u>\$63,300</u>	<u>\$79,400</u>	<u>\$79,200</u>	<u>(\$200)</u>
Expenditures				
Personal Services	60,300	66,000	65,800	(200)
In-State Travel		1,000	1,000	
Current Expense	3,000	12,400	12,400	
Total	<u>\$63,300</u>	<u>\$79,400</u>	<u>\$79,200</u>	<u>(\$200)</u>
FTE/Other				
Total FTE	1	1	1	0

*Non-state 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 \$67,700 for Financial Assistance.

	2003 Actual	2004 Estimated*	2005 Analyst	Est/Analyst Difference
Financing				
Dedicated Credits Revenue		67,700	67,700	
Total	\$0	\$67,700	\$67,700	\$0
Expenditures				
Personal Services		62,500	62,300	(200)
In-State Travel		500	500	
Out of State Travel		1,000	1,000	
Current Expense		3,700	3,900	200
Total	\$0	\$67,700	\$67,700	\$0
FTE/Other				
Total FTE	1	1	1	0

*Non-state 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

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund	910,700	832,200	804,000	821,000	821,000
General Fund, One-time			35,000	2,600	
Dedicated Credits Revenue	149,200	135,400	136,900	189,500	189,500
Unclaimed Property Trust	800,500	1,128,700	1,160,100	1,181,600	1,181,600
Beginning Nonlapsing	70,000	461,500	254,300	296,300	
Closing Nonlapsing	(453,100)	(233,500)	(296,300)		
Lapsing Balance		(90,500)	(112,000)		
Total	\$1,477,300	\$2,233,800	\$1,982,000	\$2,491,000	\$2,192,100
Programs					
Treasury and Investment	764,100	1,020,700	780,600	966,000	863,600
Unclaimed Property	634,600	1,147,200	1,138,100	1,377,900	1,181,600
Money Management Council	78,600	65,900	63,300	79,400	79,200
Financial Assistance				67,700	67,700
Total	\$1,477,300	\$2,233,800	\$1,982,000	\$2,491,000	\$2,192,100
Expenditures					
Personal Services	1,040,400	1,410,700	1,387,700	1,643,200	1,620,800
In-State Travel	1,700	1,200	2,600	7,700	4,200
Out of State Travel	10,500	12,600	6,300	17,500	8,100
Current Expense	372,000	468,500	504,200	659,700	479,200
DP Current Expense	52,700	340,800	81,200	162,900	79,800
Total	\$1,477,300	\$2,233,800	\$1,982,000	\$2,491,000	\$2,192,100
FTE/Other					
Total FTE	27	26	27	27	27
Vehicles			1	1	1

*Non-state funds as estimated by agency.