



STATE TREASURER

EXECUTIVE OFFICES & CRIMINAL JUSTICE APPROPRIATIONS SUBCOMMITTEE
STAFF: ZACKERY KING

BUDGET BRIEF

SUMMARY

The State 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, provides liquidity for all state disbursements and invests all funds at competitive market rates subject to the Money Management Act. The Treasurer also manages the investments of the State School and Institutional Trust Funds, the Permanent State Trust Fund (Tobacco Settlement), and the State Post-Retirement Benefits Trust Fund (OPEB Trust Fund).

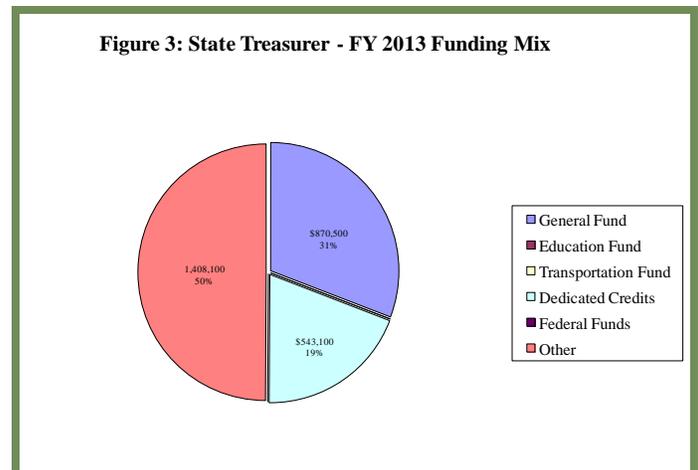
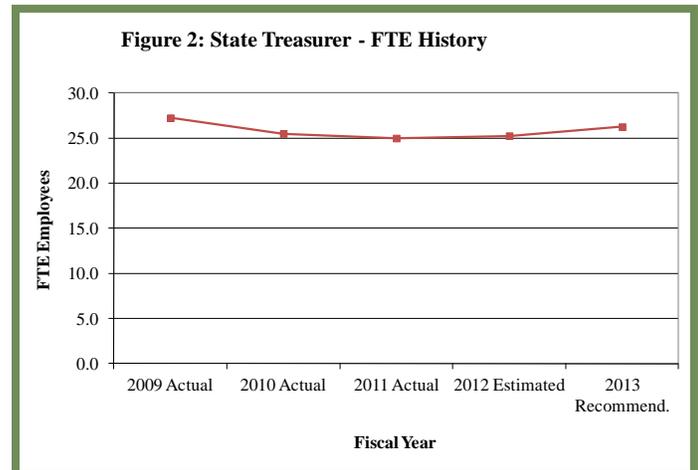
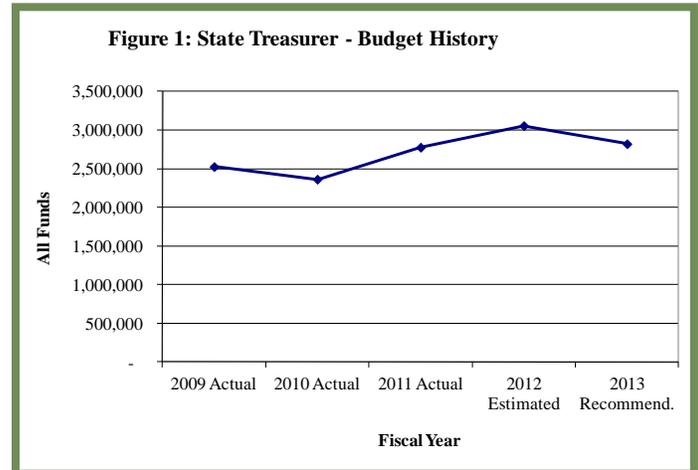
The Treasurer coordinates the sale of all debt authorized by the Legislature, operates the Public Treasurers' Investment Fund (PTIF) for the benefit of all public entities in Utah and reconciles bank accounts. The office also administers the Unclaimed Property program on behalf of the state.

The State Treasurer line item is comprised of four programs:

1. Treasury and Investment – invests state and local government funds according to the Money Management Act, using investment research tools to maximize the safety of funds invested and to earn competitive yields. Maintains the Public Treasurers' Investment Fund (PTIF) so that other governmental entities can pool their idle money together for professional management, high liquidity and the best possible return.

This program includes investment accounting, management of the state's banking relationships, reconciliation of bank and investment accounts and the issuance of debt.

2. Unclaimed Property – 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. Any amount not returned to rightful owners is deposited into the Uniform School Fund. The program is funded entirely by the Unclaimed Property Trust Fund.



3. Money Management Council – is responsible for the oversight of bank deposits and investments maintained by all Utah public treasurers. This involves overseeing and supporting over 500 public treasurers from municipalities of all types, large and small, urban and rural. Additionally, the Council must oversee and monitor the degree to which over 60 financial institutions which hold public funds comply with the Money Management Act and Rules of the Money Management Council. The State Treasurer's Office provides staff to the Council.
4. Financial Assistance – although this program received an appropriation of \$77,100 from dedicated credits for FY 2011, it is not currently in use by the Treasurer. When operational, the program 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.

ISSUES AND RECOMMENDATIONS

Intent Language

The Fiscal Analyst recommends the following intent language to make the State Treasurer's FY 2012 unexpended appropriations nonlapsing at the end of FY 2012:

Under section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the State Treasurer in Item 8 of Chapter 2 Laws of Utah 2011, not lapse at the close of Fiscal Year 2012.

ACCOUNTABILITY DETAIL

The State Treasurer includes the following as measures of its performance in the last year:

1. The State Treasurer issued \$1.2 billion in general obligation and lease revenue bonds at historically low interest rates in fiscal year 2011, including \$208.8 million in refunding (refinancing) bonds which will save the state \$32.9 million in debt service costs over thirteen years.
2. The State School Fund, managed by the State Treasurer, paid out \$26.3 million in dividends and interest to the School LAND Trust program.
3. The Public Treasurers' Investment Fund, managed by the State Treasurer, processed nearly 53,000 transactions for state and local PTIF participants in FY 2011.
4. The Unclaimed Property Division received approximately \$41.3 million in unclaimed property during FY 2011, paid out 32,489 properties totaling \$14.7 million on 7,433 claims by owners, and transferred \$25 million to the Uniform School Fund.
5. The State Treasurer rolled out an enhanced agency web site featuring a new investor section which provides detailed and timely data to the investor community.
6. The Unclaimed Property Division's offices were moved from leased space in the Felt Building to the state-owned 1950 West Regional building. Once the bonds issued to construct 1950 West Regional are retired in 2019, the Division's lease costs will be reduced by \$55,000 per year.

Exceptionally low interest rates continue to affect the state's investments. A review of records back to 1981 reveals that this is the first time interest rates have fallen below 1% and have stayed at that low level over multiple review periods. Returns are directly correlated to the relative level of short-term interest rates.

BUDGET DETAIL TABLE

State Treasurer						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
General Fund	940,200	870,500	0	870,500	0	870,500
Dedicated Credits Revenue	445,900	527,400	0	527,400	15,700	543,100
Unclaimed Property Trust	1,412,300	1,408,100	0	1,408,100	0	1,408,100
Beginning Nonlapsing	445,000	0	250,000	250,000	(250,000)	0
Closing Nonlapsing	(250,000)	0	0	0	0	0
Lapsing Balance	(216,800)	0	0	0	0	0
Total	\$2,776,600	\$2,806,000	\$250,000	\$3,056,000	(\$234,300)	\$2,821,700
Programs						
Financial Assistance	0	77,100	0	77,100	0	77,100
Total	\$2,776,600	\$2,806,000	\$250,000	\$3,056,000	(\$234,300)	\$2,821,700
Categories of Expenditure						
Personnel Services	1,840,500	1,999,000	(33,600)	1,965,400	79,000	2,044,400
In-state Travel	1,000	4,000	(1,200)	2,800	0	2,800
Out-of-state Travel	13,600	8,200	8,200	16,400	0	16,400
Current Expense	519,600	569,100	400	569,500	(9,900)	559,600
DP Current Expense	134,900	108,500	74,300	182,800	15,700	198,500
DP Capital Outlay	9,000	117,200	201,900	319,100	(319,100)	0
Capital Outlay	22,000	0	0	0	0	0
Other Charges/Pass Thru	236,000	0	0	0	0	0
Total	\$2,776,600	\$2,806,000	\$250,000	\$3,056,000	(\$234,300)	\$2,821,700
Other Data						
Budgeted FTE	25.0	25.5	(0.3)	25.3	1.0	26.3
Actual FTE	21.0	0.0	0.0	0.0	0.0	0.0
Vehicles	1.0	1.0	0.0	1.0	0.0	1.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

SUMMARY OF RECOMMENDATIONS

The Analyst recommends the Legislature:

1. Adopt the FY 2013 recommended budget of \$2,821,700 as shown in the budget detail table.
2. Approve the intent language on page 2.