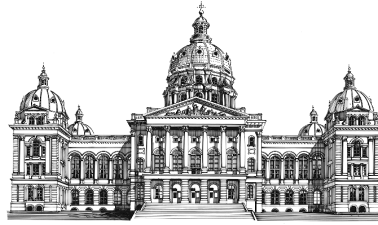


---

# Iowa Legislative Fiscal Bureau

Dennis Prouty  
(515) 281-5279  
FAX 281-8451



State Capitol  
Des Moines, IA 50319  
August 12, 1994

---

## Regents Treasurers' Temporary Investments

### ISSUE

Review of the FY 1994 use of funds available to the Board of Regents institutions from the Treasurers' Temporary Investments. The term "treasurer" refers to the treasurer of a Regents institution for the purposes of this *Issue Review*.

### AFFECTED AGENCIES

University of Iowa (SUI)  
Iowa State University (ISU)  
University of Northern Iowa (UNI)

### CODE AUTHORITY

Section 262.14 and Chapter 452, Code of Iowa

### BACKGROUND

Each Board of Regents institution has a Treasurer, who performs financial duties, including receiving all appropriations and other funds, paying bills, retaining receipts for bills, and recording revenues and expenditures, pursuant to Section 262.23, Code of Iowa. Section 262.9 requires the Board of Regents to collect the highest rate of interest obtainable on daily balances in the hands of the treasurer of each institution.

The interest earned from the funds in the General University Budgets is referred to as Treasurer's Temporary Investments (TTI). The Board of Regents maintains an Investment Policy which governs these monies. This Policy does not specifically address the use of the monies available from TTI, but rather permits that decision to be made at the institutional level.

### CURRENT SITUATION

During recent legislative sessions, the Regents institutions have been requested to submit the proposed expenditures for projects funded by TTI during recent legislative sessions. Because of legislator concerns regarding the need for institutional funds for deferred maintenance, the institutions have indicated that a primary use of the TTI funds would be for projects relating to deferred maintenance. The institutions have traditionally made the

I  
S  
S  
U  
E  
  
R  
E  
V  
I  
E  
W

expenditures available from TTI funds in the areas of capitals. The expenditures have usually been for one-time expenditures rather than on-going programs.

Table 1 indicates the FY 1993 expenditures, the proposed and actual FY 1994 expenditures from TTI by institution and category. The items are ranked in order of FY 1994 expenditures. An individual listing of each project within a category is available upon request.

**Table 1**

Institution	Category	FY 1993 Expenditure	FY 1994 Proposed Expenditure	FY 1994 Actual Expenditure
SUI	Utilities	\$ 3,114,911	\$ 2,331,000	\$ 1,424,569
	Building Repair and Deferred Maintenance	562,600	654,000	721,708
	College of Medicine		640,000	674,590
	Campus Improvements	54,720	968,000	243,608
	Fiber Optics		500,000	500,000
	Other		769,000	419,681
	College of Medicine - Deferred Maintenance		2,171,000	276,360
	Administration	115,905	125,000	125,000
	Equipment	503,718		
	Property Acquisition	5,333		
Total	<u>\$ 4,357,187</u>	<u>\$ 8,158,000</u>	<u>\$ 4,385,516</u>	
ISU	Building Repair	\$ 128,585	\$ 1,150,000	\$ 1,000,000
	Old Botany (Carrie Chapman Catt Hall)			419,675
	Administration	186,162	185,000	185,000
	Endowment		200,000	
	Americans with Disabilities Act Compliance		17,557	
	Flood Damage		1,200,000	
	Renovations		798,000	
	Disadvantaged Students Loan Match		2,983	
	Perkins Loan Match	37,530	59,126	
Total	<u>\$ 352,277</u>	<u>\$ 3,612,666</u>	<u>\$ 1,604,675</u>	
UNI	Six Property Acquisitions		\$ 547,728	
	Four Property Acquisitions			181,385
	Fire Safety	29,688	10,000	11,516
	Three Property Acquisitions	236,905		3
	Utiliites	249,000		
Total	<u>\$ 515,593</u>	<u>\$ 557,728</u>	<u>\$ 192,904</u>	
Total - 3 institutions		<u>\$ 5,225,057</u>	<u>\$ 12,328,394</u>	<u>\$ 6,183,095</u>

A major reason for the difference between FY 1994 proposed expenditures and the actual expenditures was the efforts necessary at the SUI and ISU because of the 1993 summer floods, in lieu of the original projects.

During the Legislative debate of the education appropriations bills for FY 1994 and FY 1995, amendments were offered to require the institutions to utilize all TTI funds for fire and environmental safety at the institutions. An amendment to SF 233 passed in the House of Representatives requiring the institutions to expend the TTI on fire safety and deferred maintenance projects. The Senate rejected the amendment and it was not included in the final version of the bill. An amendment to HF 2411 was considered in the House of Representatives but failed to pass.

The SUI's \$3.7 million, ISU's \$1.6 million, and the UNI's \$0.2 million expended from TTI in FY 1994 represent more than the \$2.1 million included in the preliminary FY 1996 appropriation budget request for fire and environmental safety. The FY 1994 expenditures also equal 54.2% of the preliminary FY 1996 appropriation budget request of \$11.4 million for deferred maintenance projects at the 3 institutions.

### **ALTERNATIVES**

The TTI funds are discretionary funds utilized by the Board of Regents institutions. Written Board priorities for the expenditure of the funds do not exist. The General Assembly could require the institutions to use the TTI funds for priorities determined by the General Assembly.

### **BUDGET IMPACT**

Specifying that TTI are to be used for fire and environmental safety, deferred maintenance, or other budgetary items by the General Assembly could replace State appropriations to the institutions. Using the appropriation requests submitted by the institutions as a guideline for the specified use of the TTI would not disrupt the plans outlined by the institutions as capital needs for the institutions. Deferred maintenance is the third capital priority for all 3 institutions of higher education for FY 1996. Fire Safety projects are the first capital priority for the SUI and ISU.

STAFF CONTACT: Sue Lerdal (Ext. 17794)