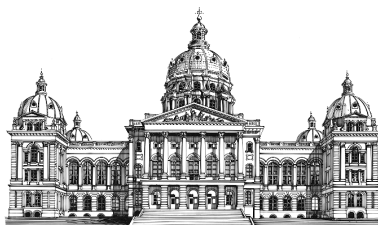


# Iowa Legislative Fiscal Bureau



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## Regent Treasurer's Temporary Investments

### ISSUE

Review of the FY 1993 use of funds available to Regent institutions from the Treasurer's Temporary Investments. The Term Treasurer as used in this document refers to the treasurer of a Regent institution.

### 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

There are funds available to institutions under the control of the Board of Regents outside of the State appropriations process. One source of these funds is the Treasurer's Temporary Investments (TTI). This income is derived from investments made with moneys from private gifts, grants, contracts, self-supporting service operations, and sale of property. The Board of Regents maintains an Investment Policy for these and other funds. The Policy does not specifically address the use of funds available from TTI, but rather leaves that decision to an institution.

### CURRENT SITUATION

During the 1993 Legislative Session, the Regent institutions provided the proposed expenditures for projects from TTI funds. Because of concerns regarding the need for funds directed toward deferred maintenance, the institutions indicated that a majority of the TTI funds would be expended for projects relating to deferred maintenance.

In FY 1993, the UNI expended 70.5% of what it had proposed for projects funded from TTI. At the same time, UNI received 120.97% of its projected income for FY 1993 from TTI.

Iowa State University expended 4.4% of planned expenditures for FY 1993 and FY 1994 during FY 1993. The plan submitted by ISU was for this 2-year period. Within the category

of "major repairs and renovations" representing 61.6% of the proposed expenditures for the 2 fiscal years, nothing was expended in FY 1993 for those purposes. At the same time, ISU received 90.6% of its projected income from TTI in FY 1993.

The SUI expended 63.98% as planned from TTI for FY 1993. The SUI received 74.6% of projected income from TTI in FY 1993. The SUI indicated that construction projects had been delayed in FY 1993 because of adverse weather conditions.

### **ALTERNATIVES**

Although funds received by the institutions through TTI are not State monies, nothing prohibits the General Assembly from requiring expenditures of those funds on specific projects, either prioritized by the General Assembly or by the institutions through the capital budgeting process. The institutions have not proven that investments are not also received from the monthly payments of the State appropriation nor tuition dollars collected from students. The SUI's \$4.7 million, ISU's \$2.2 million, and UNI's \$0.5 million from TTI in FY 1993 represents 51.9% of the proposed FY 1995 appropriation budget requests for deferred maintenance projects from the 3 institutions.

### **BUDGET IMPACT**

Specifying that TTI funds are to be used for deferred maintenance or other budgetary items by the General Assembly could replace State appropriations to the institutions and lessen the funds appropriated to the institutions. Using the appropriation requests submitted by the institutions as the guideline for the specified use of the TTI funds would not disrupt the plans outlined by the institutions as capital needs for the institutions. Deferred maintenance is the second capital priority for SUI, ISU, and UNI for FY 1995. Fire Safety projects are the first capital priority for SUI and ISU.

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