

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB 1395

House of Origin X Introduced ___ Substitute ___ Engrossed
 Second House ___ In Committee ___ Substitute ___ Enrolled

2. Patron: Senator Norment

3. Committee: Education and Health

4. Title: Authorize the College of William & Mary and Virginia Polytechnic Institute and State University boards of visitors to invest and manage funds.

5. Summary: This bill authorizes the boards of visitors of the College of William and Mary (CWM) and Virginia Polytechnic Institute and State University (VPISU) to invest and manage endowment funds, endowment income, gifts, and all other nongeneral fund reserves and balances as well as local funds of or held by the institutions. It exempts board members from personal liability for losses suffered as a result of such investments. This bill also exempts the investment and management of endowment funds, endowment income, gifts, and all other nongeneral fund reserves and balances and local funds of or held by the institutions from the Virginia Public Procurement Act. Finally, it permits the endowment funds, endowment income, gifts, and all other nongeneral fund reserves and balances and local funds of or held by the institutions to be invested or reinvested in derivatives, options, and financial securities in accordance with the Uniform Management of Institutional Funds Act.

6. Fiscal Impact Estimates: Preliminary

6b. Revenue Impact (CWM):

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2009 | \$50,000 | NGF |
| 2010 | \$53,000 | NGF |
| 2011 | \$56,000 | NGF |
| 2012 | \$58,000 | NGF |
| 2013 | \$60,000 | NGF |
| 2014 | \$63,000 | NGF |
| 2015 | \$66,000 | NGF |

Revenue Impact (VPISU):

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2009 | \$150,000 | NGF |
| 2010 | \$160,000 | NGF |
| 2011 | \$170,000 | NGF |
| 2012 | \$175,000 | NGF |
| 2013 | \$180,000 | NGF |
| 2014 | \$190,000 | NGF |
| 2015 | \$200,000 | NGF |

7. Budget Amendment Necessary: No.

8. Fiscal Implications: None.

9. Specific Agency or Political Subdivisions Affected: College of William and Mary and Virginia Polytechnic Institute and State University

10. Technical Amendment Necessary: No.

11. Other Comments: This proposed legislation is similar to that passed during the 2007 Session for the University of Virginia (UVA) (Chapter 434). While restructuring provides CWM and VPISU with authority to invest their funds, these institutions are currently limited to invest public funds to fixed-income instruments and cash. As in the case with UVA, granting similar authority to CWM and VPISU to create an investment strategy for these additional funds will permit the institutions to implement one that will improve investment returns and enhance their liquidity position. Furthermore, this proposed legislation will allow the institutions to more effectively manage the risk of their investments with the goal of increasing earnings.

Unlike the UVA legislation, this proposed legislation does not include language prohibiting CWM and VPISU from investing revenue from tuition and educational fees that are required for the day-to-day operations of the institutions in other than cash accounts and fixed income securities.

This bill is identical to HB 1725.

Date: 1/19/2009 sas

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cc: Secretary of Education