

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB1740

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Fralin

3. Committee Education

4. Title Allows the University to invest all nongeneral fund reserves and balances and local funds held by the University in financial securities in addition to fixed-income securities

5. Summary/Purpose: The University of Virginia requests an amendment to Section 23-76.1 of the Code of Virginia which will allow the Board of Visitors to invest all nongeneral fund reserves and balances and local funds of or held by the university in financial securities in addition to fixed-income securities.

Current law allows the university to invest endowment funds, endowment income and gifts in financial securities other than fixed-income securities. Granting the University the authority to create an investment strategy for these additional funds will allow the university to implement one that will improve investment returns and enhance its liquidity position. The proposed changes to the Code will permit the University to more effectively manage the risk of its investments, resulting in increased earnings for the University.

The bill exempts the investment and management of nongeneral fund reserves and balances and local funds of or held by the University from the Virginia Public Procurement Act. The proposed legislation also exempts members of the board of visitors from personal liability for losses suffered by investment of nongeneral fund reserves and balances or local funds of or held by the University.

6. Fiscal Impact Estimates are: Preliminary.

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$8,100,000		NGF
2007-08	\$8,100,000		NGF
2008-09	\$8,100,000		NGF
2009-10	\$8,100,000		NGF
2010-11	\$8,100,000		NGF
2011-12	\$8,100,000		NGF
2012-13	\$8,100,000		NGF

7. Budget amendment necessary: No.

8. Fiscal implications: None.

9. Specific agency or political subdivisions affected: University of Virginia

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/15/07/aps

Document: g:\legislation\2007 sess\HB1740.doc

cc: Secretary of Education