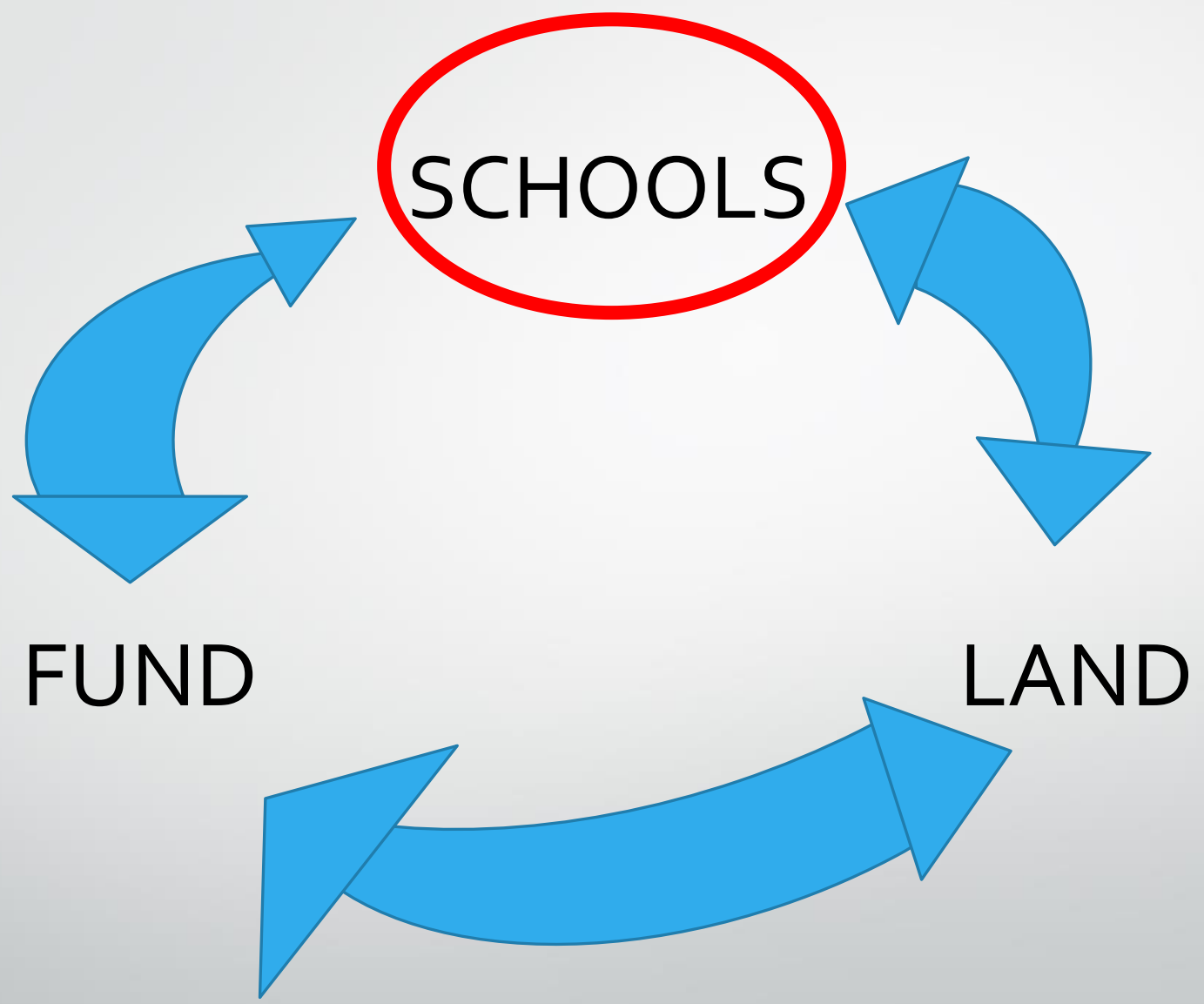




The School Trust

Enormous Opportunities



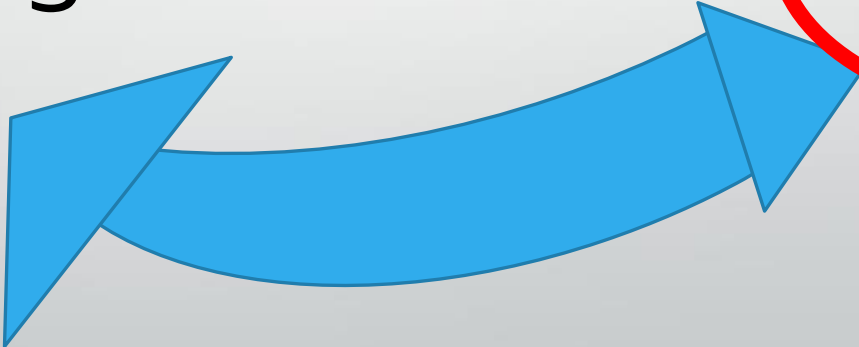
LOCAL SCHOOL BOARDS



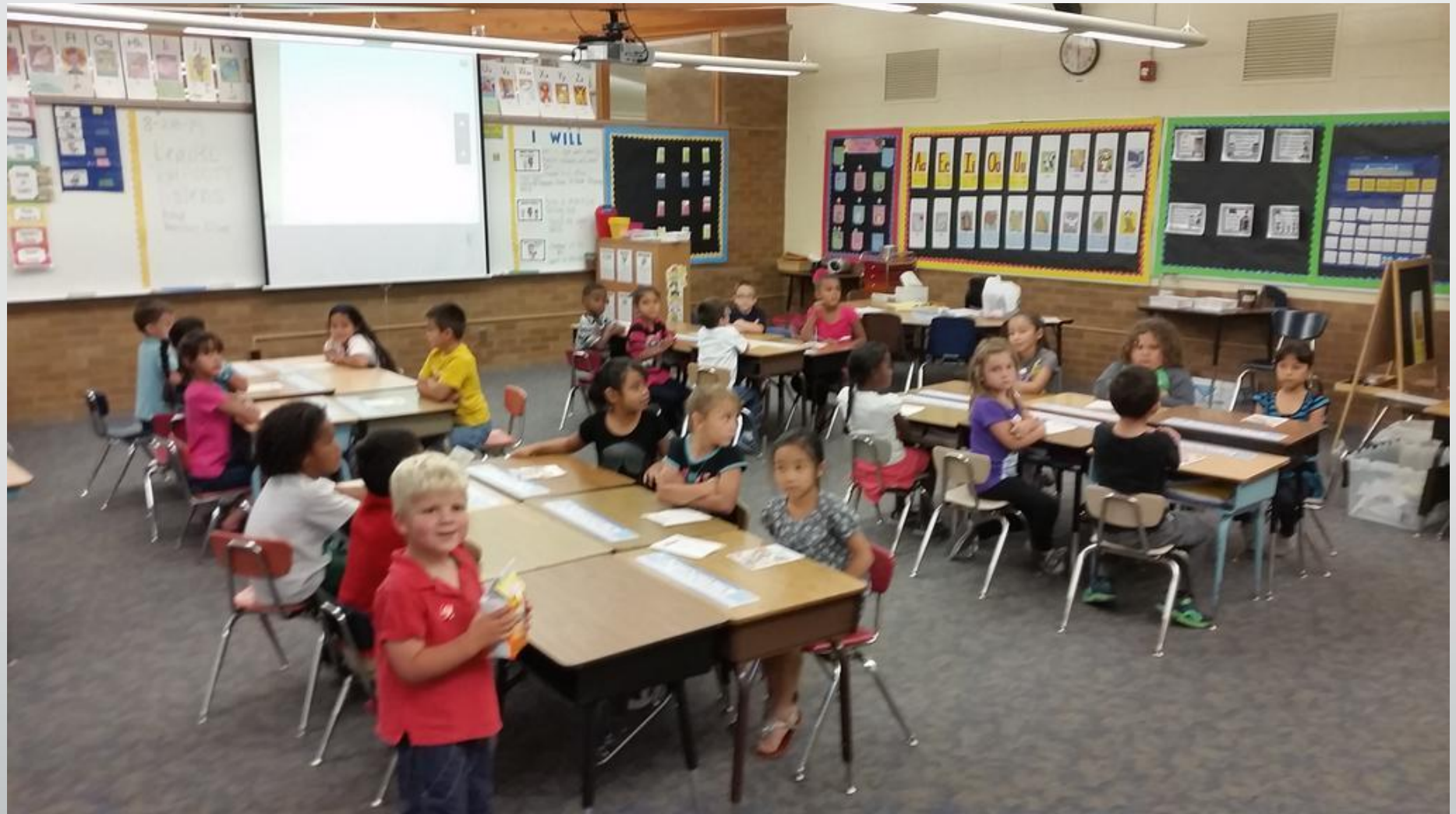
PARENTS



TEACHERS



Teachers



"Invest In..."

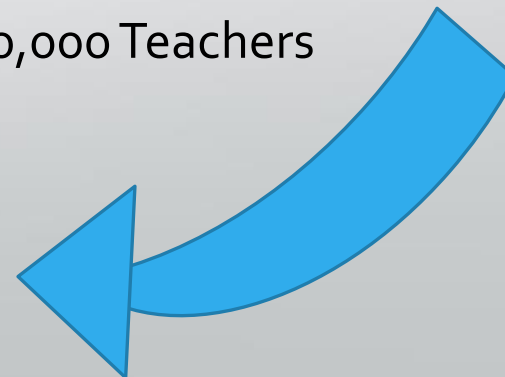


\$467

\$200

-\$267 (1% of take home salary)

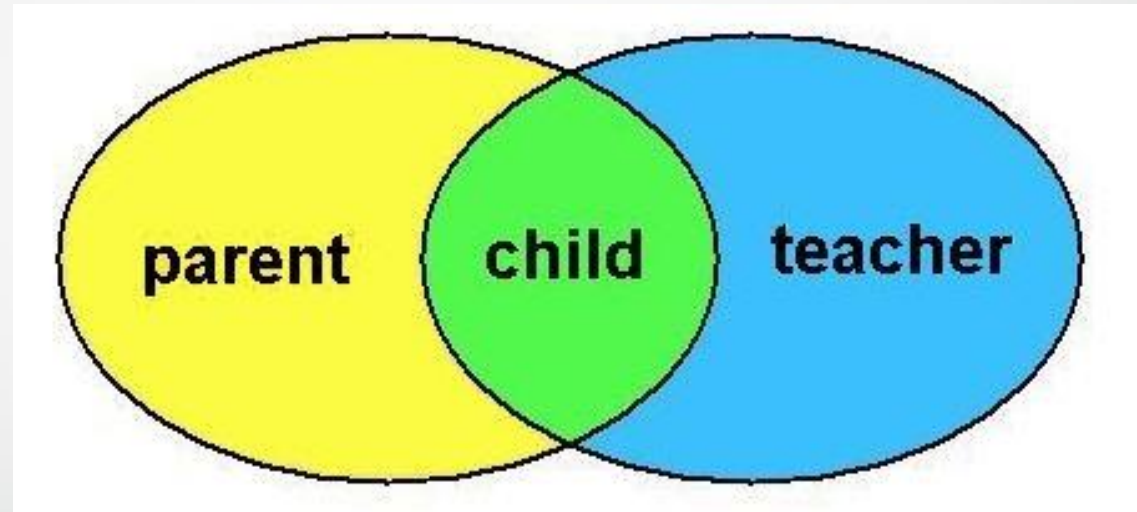
\$8.1 million statewide SLT Carryover
/
30,000 Teachers



Parents

“When schools, families, and community groups work together to support learning, children tend to do better in school, stay in school longer, and like school more.”

-NEA Best Practices

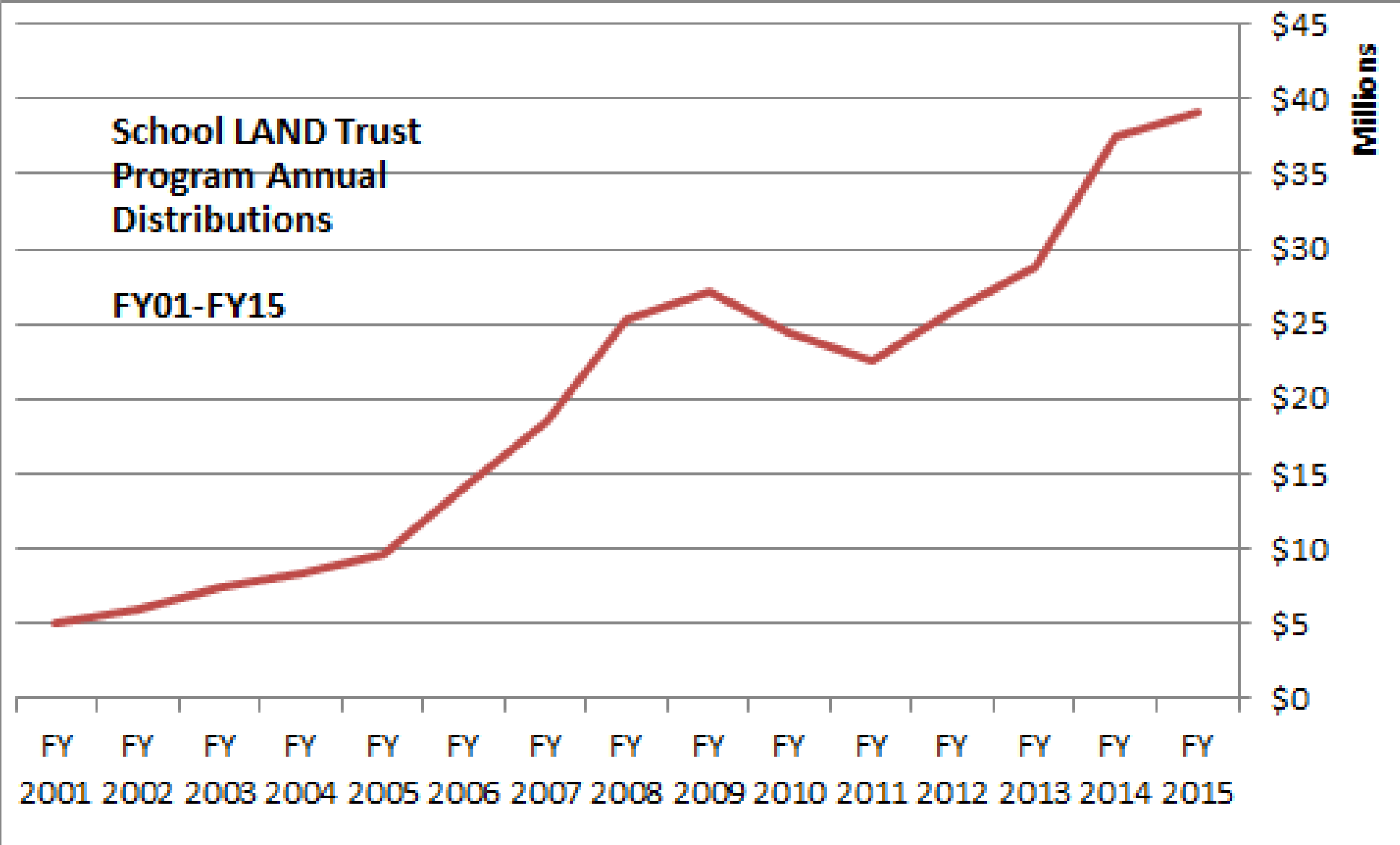




Administrators

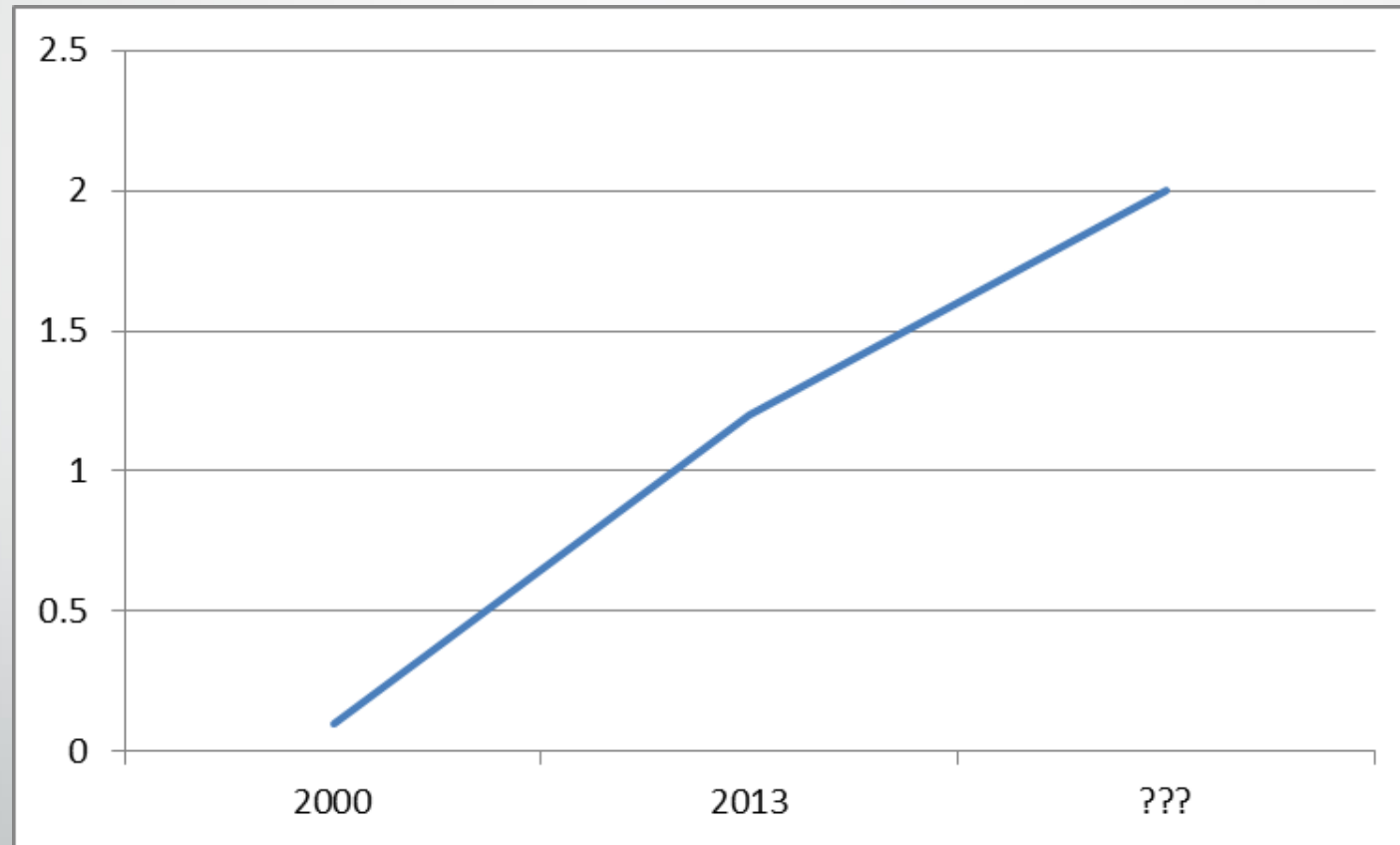
“We don’t need parental involvement. We know better.”





History of School Community Councils

School LAND Trust
Program as % of
Overall State
Education Budget



Variables on When the 2% Cap is Reached

A Few of the Variables

- Legislature giving councils more money
- **Constitutional Amendment on Distribution Formula in 2016?**
- Interest Rate Spike?
- Dividend Yield Spike?
- Does the Legislature Increase Funding?

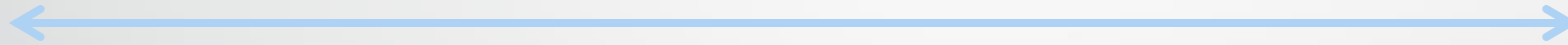
The Spectrum of Possibilities on the 2% Cap

Status Quo
(no action)

Cap and Insert
New
Program?

Increase Cap

Delete Cap



District School
Community Council

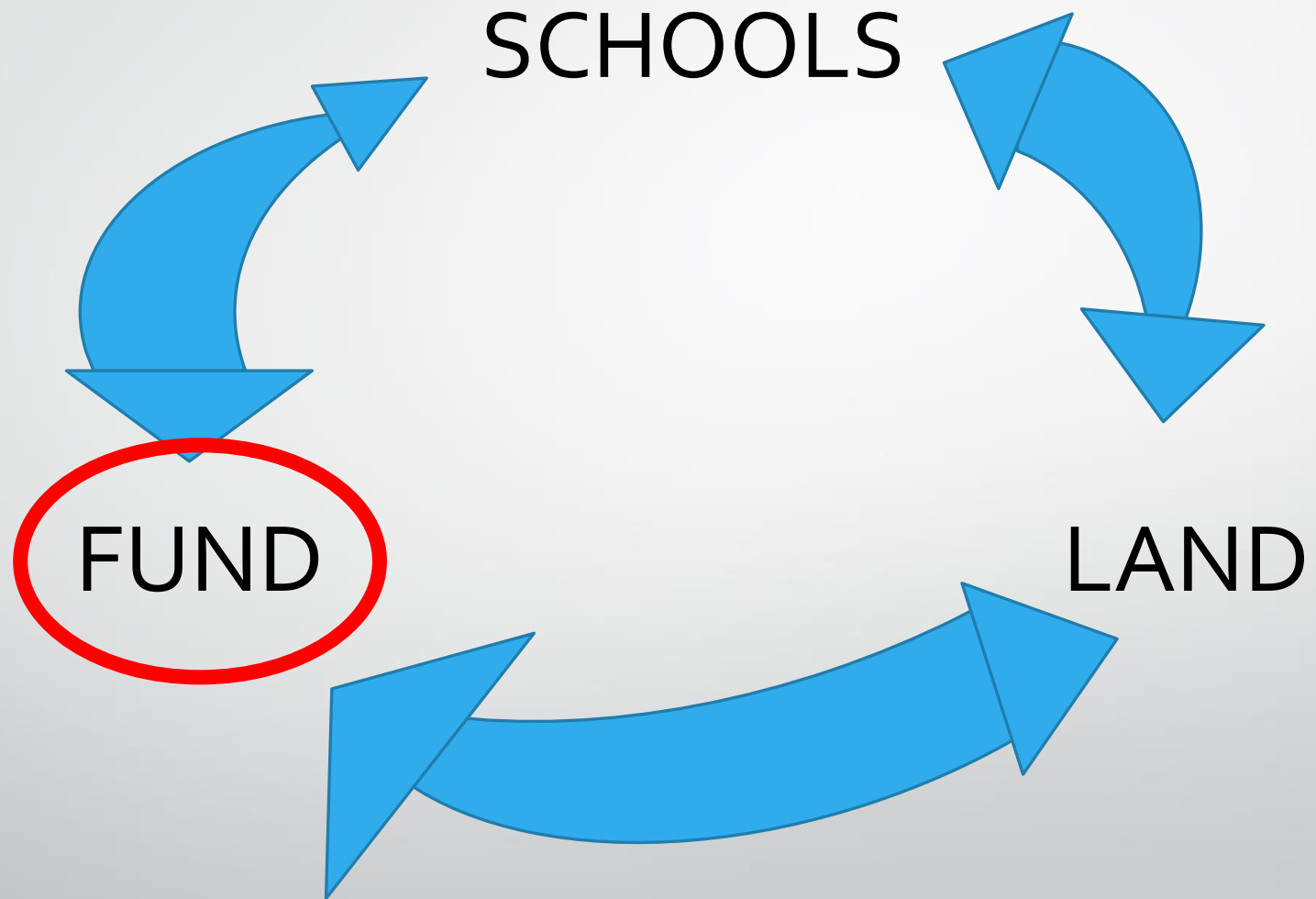
2 to 3%- 5%?

20% to SLT
80% to WPU?

Technology


Professional
Development

Class size reduction



THE SCHOOL TRUST FUNDS MANAGEMENT ACT

Bill Sponsor: 
Rep. Brown, Melvin R.

Floor Sponsor: 
Sen. Bramble, Curtis S.

Substitute Sponsor: Sen. Bramble, Curtis S.

CoSponsor(s):

Dee, B.	Hughes, G.
Ipson, D.	Chavez-Houck, R.
Briscoe, J.	Anderegg, J.
Anderson, Jerry	Barlow, S.
Barrus, R.	Bird, J.
Christensen, L.	Christofferson, K.
Cox, J.	Cunningham, R.
Draxler, J.	Duckworth, S.
Edwards, R.	Eliason, S.
Fisher, Janice	Froerer, G.
Gibson, F.	Greene, B.
Greenwood, R.	Grover, K.
Handy, S.	Hemingway, L.
Hutchings, E.	Ivory, K.
Kennedy, M.	King, B.
Knotwell, J.	Last, B.
Layton, D.	Liferth, D.
Mathis, J.	McCay, D.
McCliff, K.	McKell, M.
Moss, C.	Nelson, M.
Nielsen, J.	Nielsen, M.

← Passed Legislature 104-0

Is Now State Law



Enacted by Chapter 426, 2014 General Session

53D-1-301. Board of trustees -- Creation -- Membership.

(1) There is created a School and Institutional Trust Fund Board of Trustees.

(2) The board consists of:

- (a) the state treasurer; and
- (b) four additional members who are appointed by the state treasurer on a nonpartisan basis from a list of at least two qualified candidates per position, nominated by the nominating committee, as provided in Section 53D-1-503.

(3) The state treasurer shall appoint members under Subsection (2)(b) who possess:

- (a) outstanding professional qualifications pertinent to the prudent investment of trust fund money; and
- (b) expertise in institutional investment management.

(4) (a) The term of a board member under Subsection (2)(b) is six years.

(b) Notwithstanding Subsection (4)(a), the nominating committee shall stagger terms of initial board members so that the term of not more than one member expires in any year.

(c) A board member may not serve consecutive terms, except that:

- (i) a board member whose term is less than six years because of the staggering of terms under Subsection (4)(b) may serve a full consecutive term after the completion of the initial term; and
- (ii) a member appointed to fill a vacancy may serve a full consecutive term after filling a previous unexpired term.

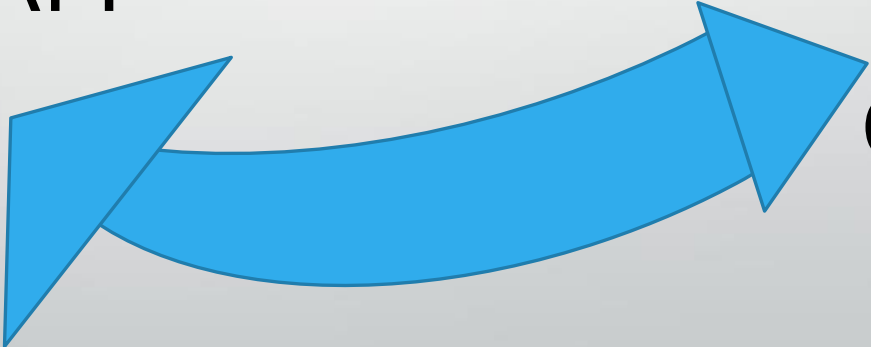
SCHOOL TRUST FUND BOARD OF TRUSTEES



CIO & STAFF



STATE BOARD
OF EDUCATION

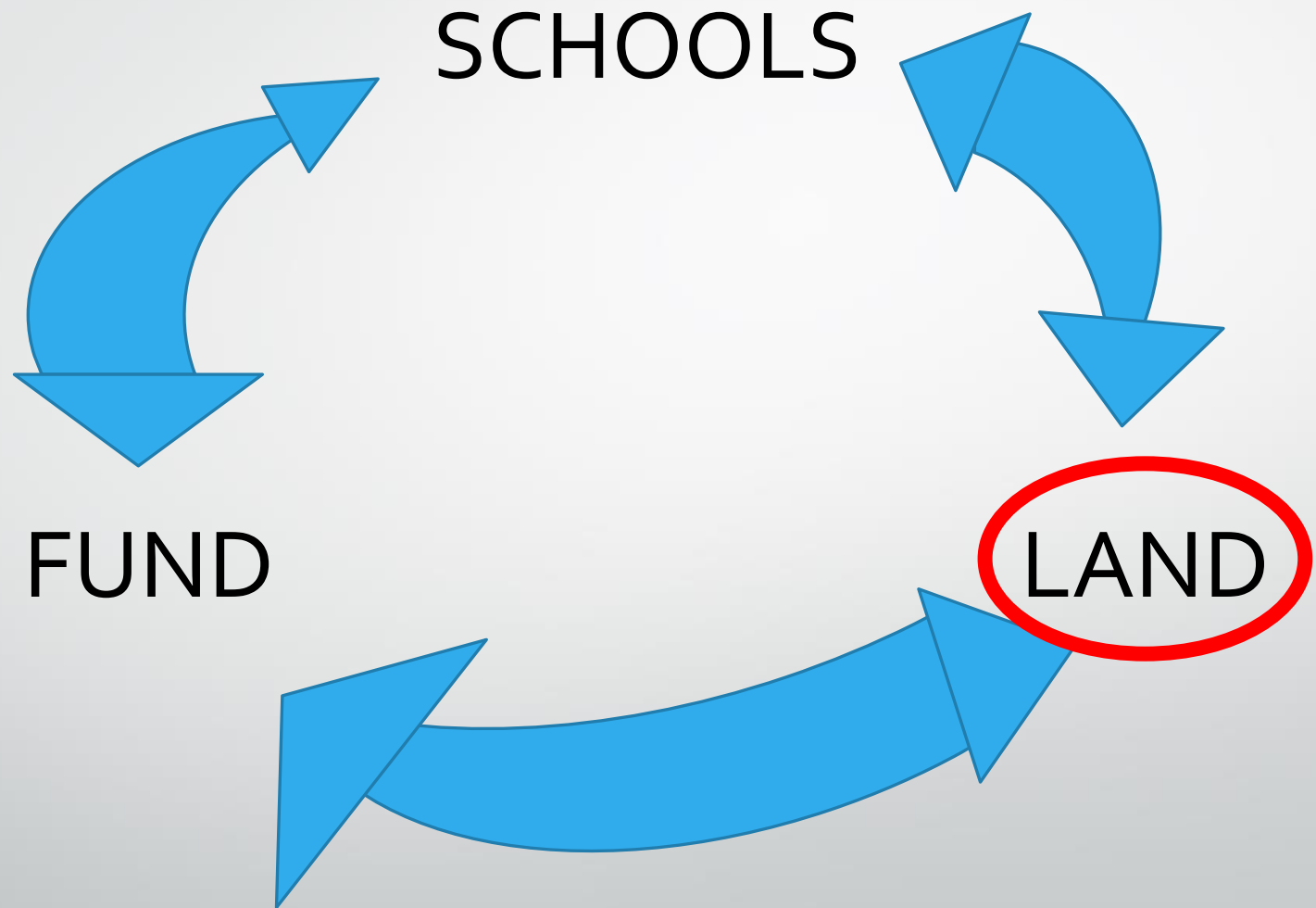


School Trust Fund Board of Trustees

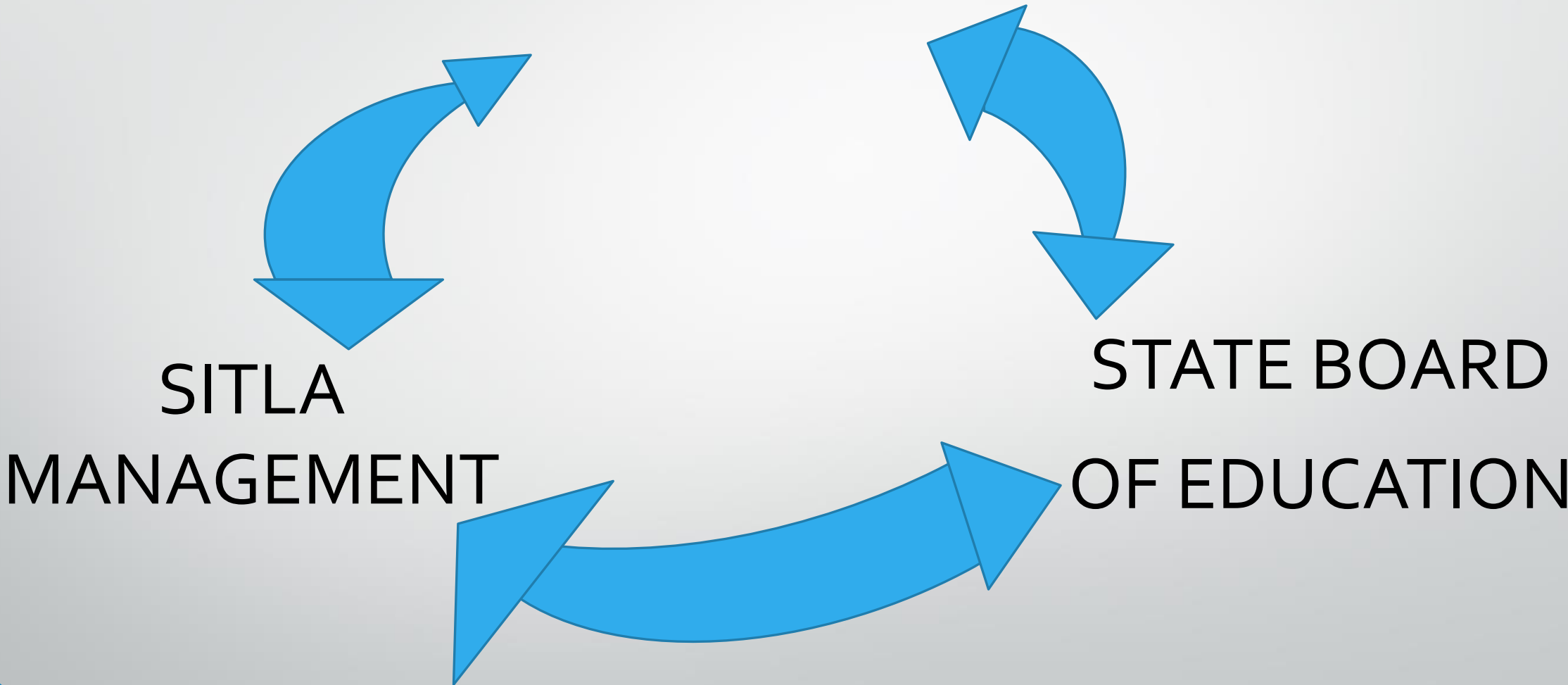


School Trust Funds Office Timeline

- **September 15** First Board Meeting was held
- **October 10, 2nd** Board Meeting scheduled
- **Fall**, Investment Policy Statement (Asset Allocation, Soft Dollar Policy, etc)
- **January 25, 2015** Appoint CIO Deadline
- **Spring**, CIO hires a deputy and secretary, acquires office space
- **July 1, 2015** Full Transition of Control



SITLA BOARD OF TRUSTEES



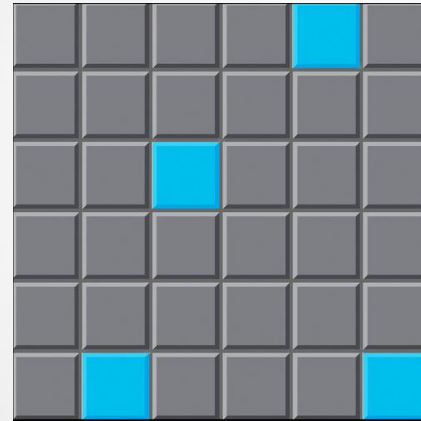
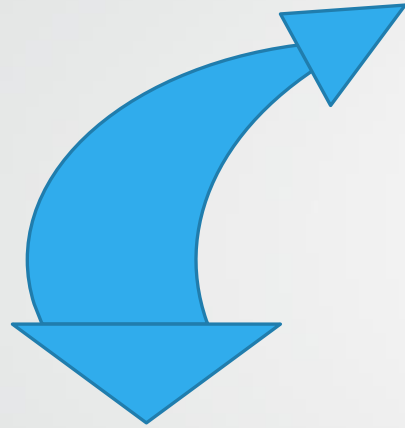
SITLA

MANAGEMENT

STATE BOARD

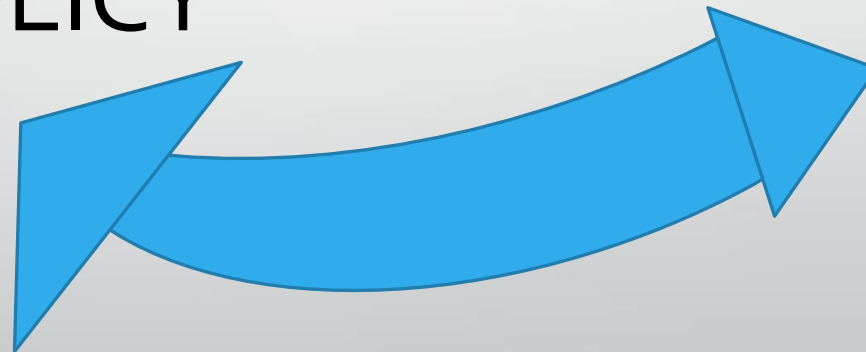
OF EDUCATION

FEDERAL LAND POLICY

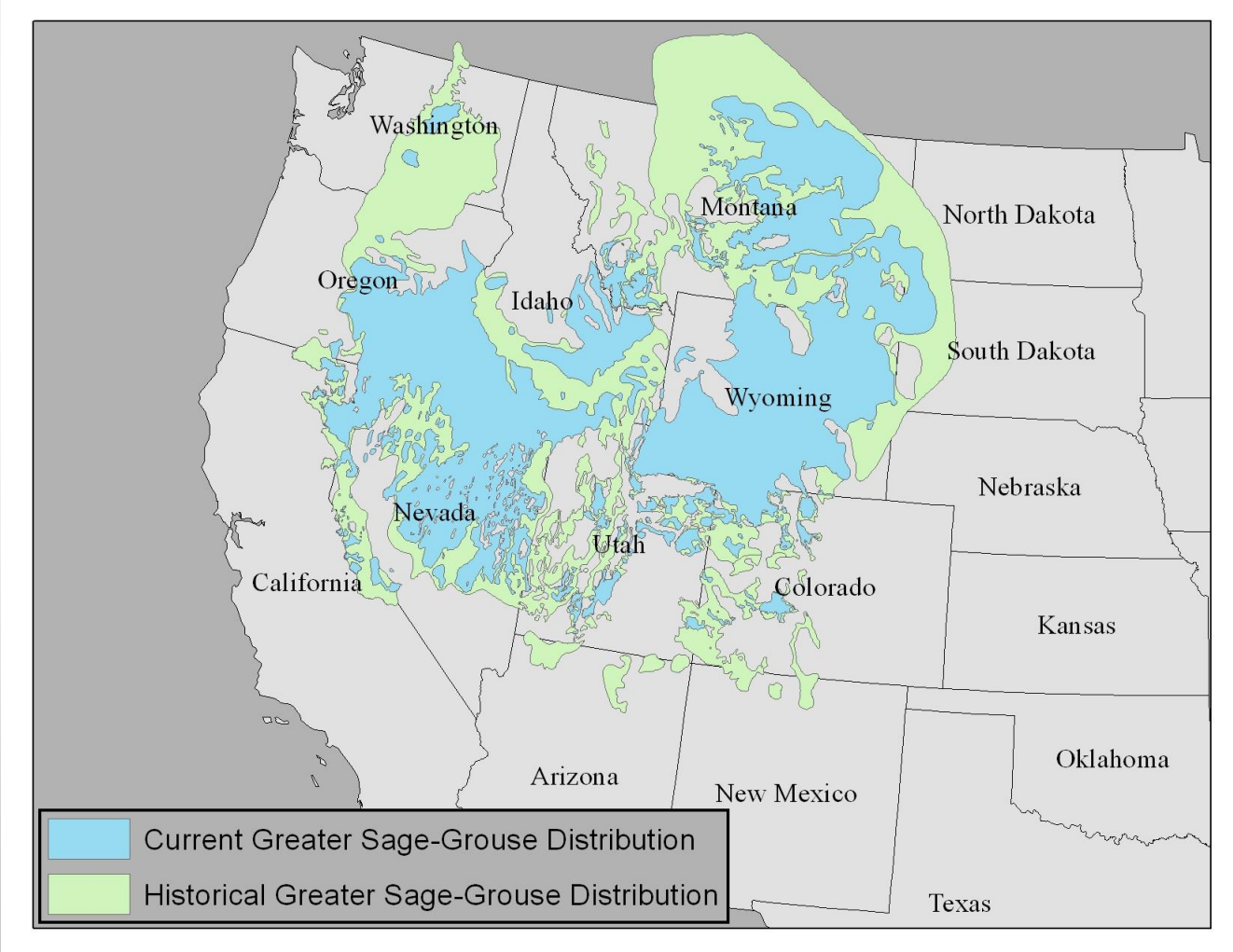


STATE LAND
POLICY

LOCAL LAND POLICY



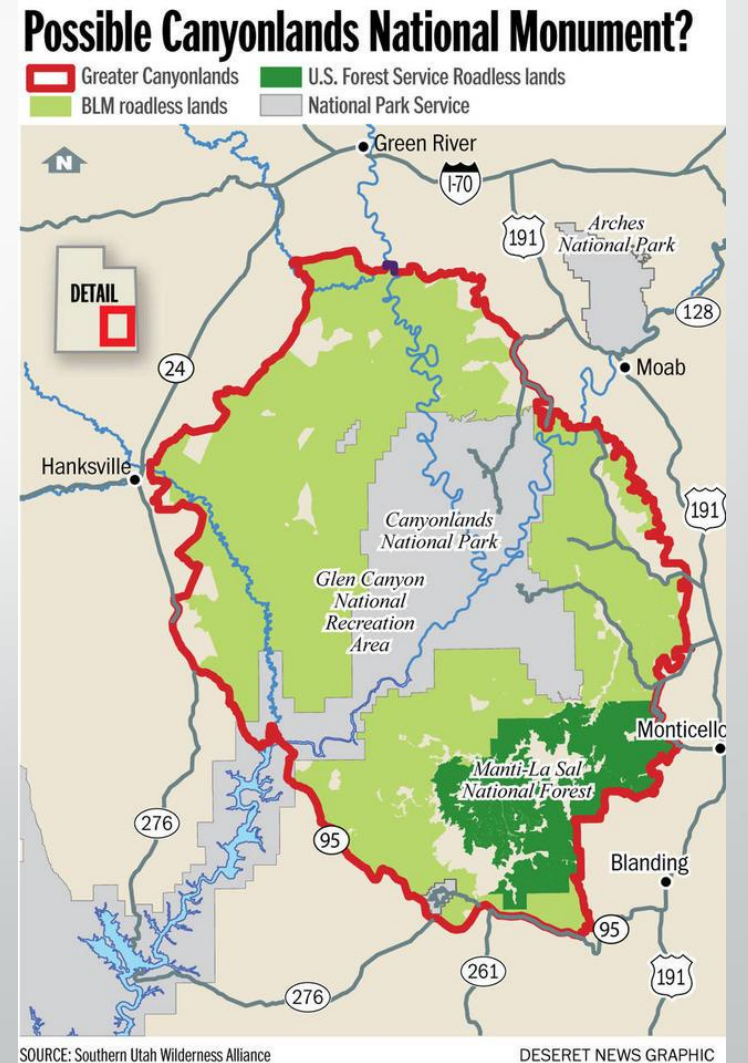
Federal Policy



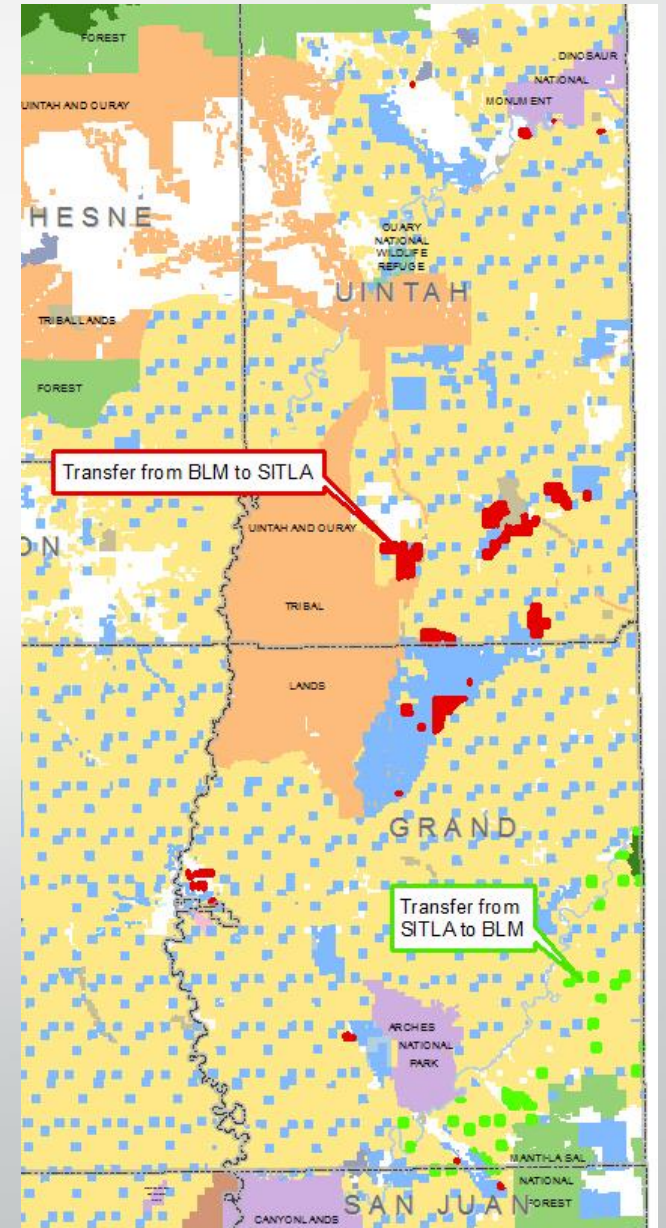
Environmental and Conservation Concerns



Litigation & Monuments



Land Exchanges



Upcoming Legislation Distribution Amendment

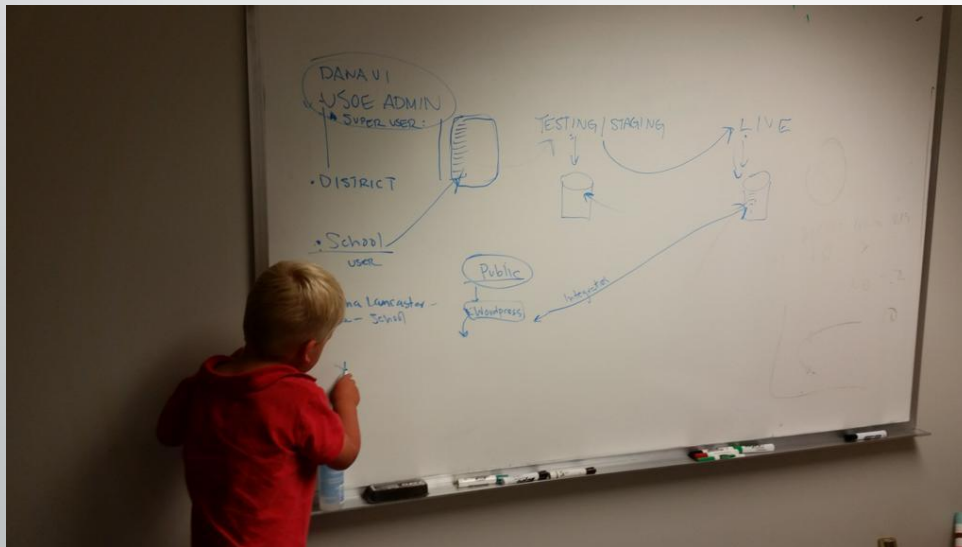
Year 1: Distribute 4% of 12
Quarter Market Value Avg.

Change annually by

80% Weight: Prior year distribution
*(prior year CPI + student enrollment
growth)

“Banded” - min of 0%, max of 8%

20% Weight: 4% of 12 quarter market
value average (20%)



What Does This Accomplish?

1. Distributes **more to today's** students, who are receiving too little under principles of intergenerational equity

2. Dramatically **lowers volatility** (year over year changes have ranged from -10% to +30%)

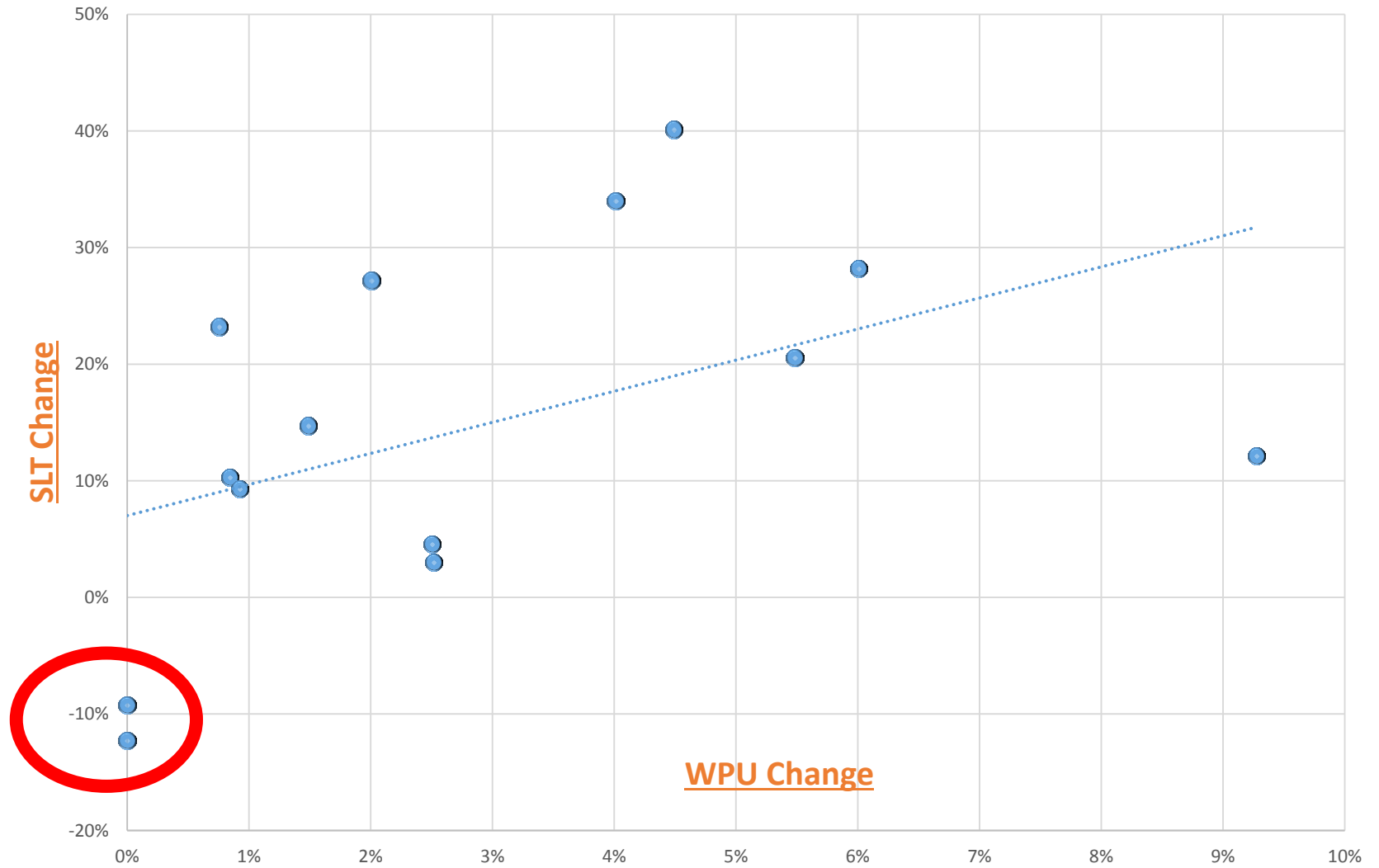
3. **Optimizes asset allocation** focusing on risk/total return, not source of return, i.e., income vs capital gains

4. Maximizes "**marginal utility**"

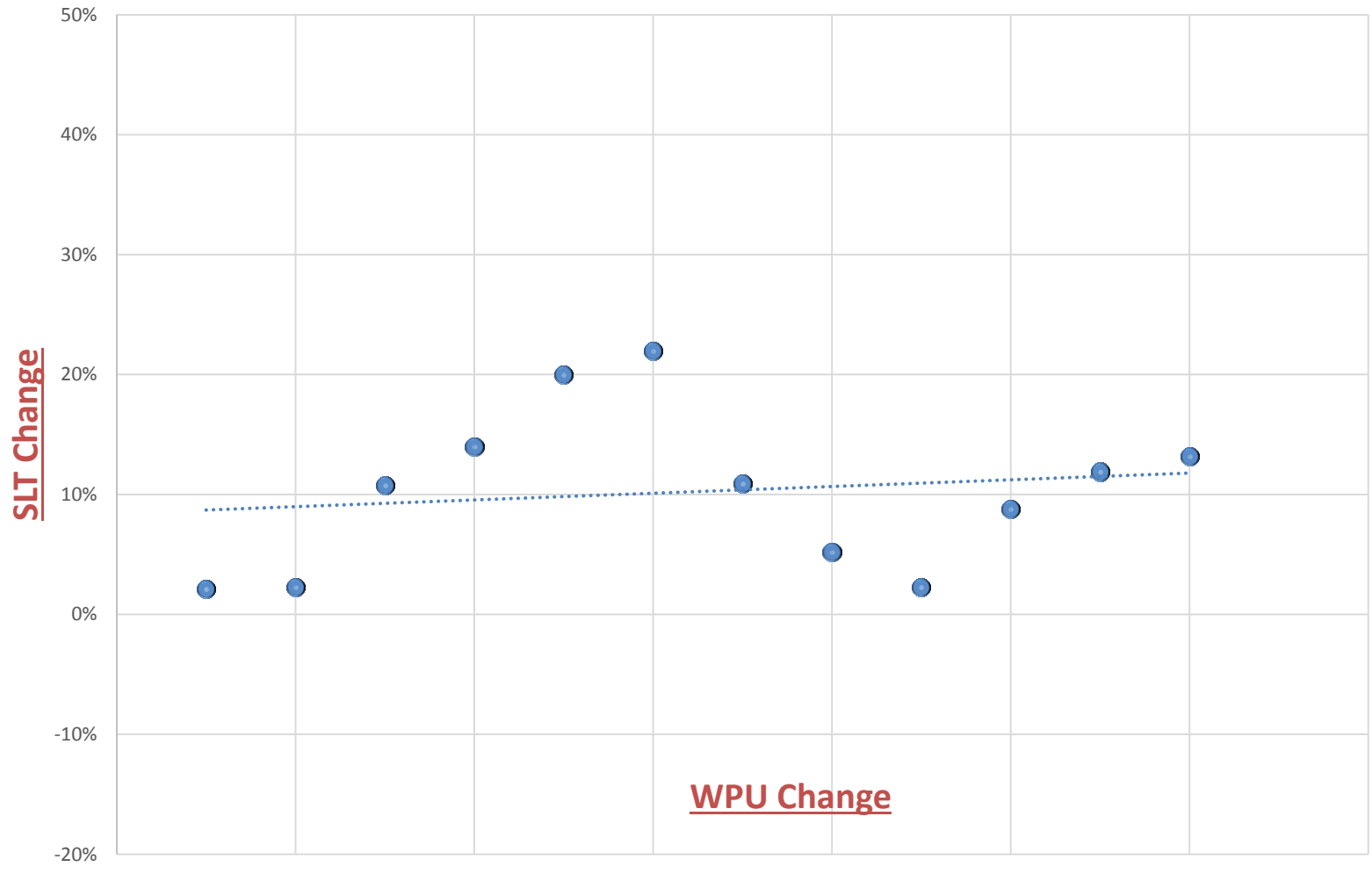
- Slow to send more in good times
- *Slow to send less in bad times*

Historic Correlation Between WPU Change and SLT Change

43%



Correlation Between WPU Change and SLT Change Proposed



The Opportunities are Enormous...



...but it is Not Inevitable

Utah's School Trust Fund Growth (1896-2014)

