

Utah School and Institutional Trust System

# ANNUAL REPORT

FY 2023



Utah Land Trusts  
Protection &  
Advocacy Office

# Utah School and Institutional Trust System

## WHO WE ARE

We are stewards of Utah's trust land assets, responsible for ensuring the continued growth and integrity of Utah's School and Institutional Trust (Trust). Our work benefits public schools and other important state institutions—now and for future generations.



**The Trust Lands Administration** manages trust lands throughout Utah and is responsible for generating all initial revenue through energy & mineral leases, real estate planning and development and surface resource use.

**The School & Institutional Trust Funds Office (SITFO)** manages and invests the money generated from Trust Lands Administration. Investment earnings are distributed to beneficiaries each year.

**Nearly 95% of the trust distributions go to public schools.**

The School Children's Trust section under the Utah State Board of Education oversees the School LAND Trust Program distributions to K-12 schools and provides training on how funds can be used. The remaining 5% of the distributions go to the other 10 beneficiary institutions, including higher education, health and human services and other state institutions.

**The Protection & Advocacy Office** protects the beneficiaries' interests, monitors the operations of the Trust System and is actively involved in public outreach to support the purposes of the Trust.

# Why does this matter?

Revenue generated from trust lands and the associated investment portfolios provide lasting change in Utah by transforming trust land assets into greater economic benefits for our beneficiaries and local communities.

- Tens of millions of dollars annually support academic programs in public schools, while also serving the needs of universities, hospitals and other critical state programs.
- Trust lands contribute significantly to the economic viability of many communities throughout the state, through land, energy, and mineral development and other surface resource uses.



# Making an Impact

## MEET OUR BENEFICIARIES

We see a bright future for Utah with the revenue generated for our beneficiaries through strategic and evolving land management and investment of fund assets.



### PUBLIC SCHOOLS

At each public K-12 school, a dedicated council assesses data to identify gaps in student learning. Utilizing the School LAND Trust Funds, plans are created to direct annual distributions toward enhancing learning and improving outcomes in those identified areas.

Utah's schools receive 95% of all Trust distributions combined.

# 95%

## How Schools Have Used Funds

### Ogden High School

Ogden High School hired a College and Career Specialist to guide students in college readiness and access, application processes, FAFSA support, scholarship outreach and ACT test preparation.

### Duchesne High School

Duchesne High School purchased 3D printers and updated their science labs to promote enhanced hands-on learning experiences for their students.

### Desert Canyons Elementary

Desert Canyons Elementary hired reading aides to improve student literacy and spark engagement with books.



**Want to know how your school utilized their trust land funds? Check it out here.**

# Making an Impact

## DISTRIBUTIONS

**\$1B**

Over \$1 billion dollars have been distributed to Utah's beneficiaries since 1995.

**675K**  
STUDENTS

**≈1000**  
SCHOOLS

Trust distributions benefited nearly 1000 public schools during the 2022–2023 school year, impacting over 675,000 students.

### FY 2023 Distributions

Public Schools Trust*	\$	101,803,347
Utah Schools for the Deaf Trust	\$	113,906
Utah Schools for the Blind Trust	\$	882,915
University of Utah Trust	\$	312,948
College of Mines and Earth Sciences Trust	\$	219,846
Colleges of Education Trust**	\$	261,291
Utah State University Trust	\$	254,528
Miners Hospital Trust	\$	2,529,124
Utah State Hospital Trust	\$	182,349
Juvenile Justice and Youth Services Trust	\$	61,168
Division of Water Resources – Reservoirs Trust	\$	360,720

### Total Distributions

**\$106,982,142**

\*The Public Schools Trust distribution of \$101,803,347 were sent to the Trust Earnings Account at the Utah State Board of Education in FY 2023. Distributions of funds to individual schools occur the following school year (2023-2024) when schools complete LAND Trust program requirements.

\*\*The Colleges of Education Trust consists of six universities: University of Utah, Utah Tech University, Southern Utah University, Utah State University, Utah Valley University, and Weber State University. The annual distribution is allocated the following fiscal year based on teacher degrees awarded by each university.

# Stewards of Utah's Trust Lands

## TRUST LANDS ADMINISTRATION



The Trust Lands Administration is the steward of Utah's trust lands and is responsible for generating revenue from the land for the benefit of public schools and other trust institutions both now and for future generations.

## 2023 Highlights

### Agency

The Trust Lands Administration had its second-largest revenue-generating year in FY 2023. The Administration grossed over \$146 million from its operations:

- Real Estate Development earned over \$43 million
- Energy and Minerals over \$89 million
- Surface Resources over \$14 million.

The Administration underwent a comprehensive rebranding effort led by the Communications Department, resulting in a new look and feel. The new brand, logo, and website have been highly successful, winning two international awards for the new brand identity and brand logo. We encourage all our beneficiaries to visit the site and get to know the new and improved Trust Lands Administration.

In addition to the new website, a robust social media outreach and education campaign began in the summer of 2023. The social media channels allow the Administration to engage with beneficiaries and their supporters to keep them informed on issues surrounding Trust Lands.



*Volunteers built 2,200 ft of fence on trust lands located on Beaver Mountain to help reseed and restore sensitive areas.*

TLA Facebook



TLA Instagram



# Fund Investment - Growing the Trusts

## SCHOOL & INSTITUTIONAL TRUST FUNDS OFFICE

All revenue the Trust Lands Administration generates (minus administrative and operating costs) is deposited into a permanent fund for each beneficiary. The School and Institutional Trust Funds Office (SITFO) was created to grow these funds and manage annual distributions.

SITFO's long-term investment objective targets a return of CPI + 5%. This maintains the funds' growth in perpetuity, while still being able to sustain and grow the annual distributions from year to year.

- The permanent funds have collectively grown by 61% in the last 10 years (FY 2014-FY 2023).
- SITFO currently invests roughly \$3.2 billion in a globally diversified investment portfolio.
- SITFO's long-term investment objectives maintain the Trust funds in perpetuity, while focusing on sustaining and growing the annual distributions for trust beneficiaries.



The permanent funds have collectively grown by 61% in the last 10 years (FY 2014-FY 2023).

**61%**

SITFO invests roughly \$3.2 billion in a globally-diversified investment portfolio.

**\$3.2 BILLION**

SITFO's long-term investment objectives maintain the trust fund in perpetuity, while focused on sustaining and growing the annual distributions to beneficiaries.

### ASSET ALLOCATION

The Asset allocation is designed carefully to avoid undue risk concentrations in any single asset class or category, reducing risk to the overall portfolio and optimizing the expected return relative to the level or risk acceptable to the board of trustees.

<b>GROWTH</b>	<b>43.5%</b>
Public Equity	32.5%
Private Equity	11.0%
<b>REAL ASSETS</b>	<b>17.5%</b>
Public Real Assets	6.5%
Private Real Estate	5.0%
Private Real Assets	6.0%
<b>INCOME</b>	<b>27.0%</b>
Public Income	18.5%
Private Income	8.5%
<b>DEFENSIVE</b>	<b>12.0%</b>
GRIPs	5.0%
Systematic Convexity	7.0%

### SITFO Board of Trustees & Director

**Marlo Oaks**  
Utah State Treasurer,  
Chair

**David R. Nixon**  
Trustee

**Jason Gull**  
Trustee

**David Zucker**  
Trustee

**Mark Siddoway**

Trustee

**Peter Madsen**  
SITFO Director

# Trust Protection & Advocacy



## LAND TRUSTS PROTECTION & ADVOCACY OFFICE

The Protection & Advocacy Office provides checks and balances to the Trust System ensuring undivided loyalty to current and future trust beneficiaries. Working with the education community, legislators and other key stakeholders, the office works to build awareness of and preserve this perpetual source of funding.

### What We Do



**Advocate for productive and optimal generation of Trust revenue and effective distributions**



**Facilitate public outreach and understanding of the Trust's importance and relevance**



**Monitor the Trusts, stay informed, account and report**



**Represent beneficiary interests through political advocacy**

### Trust System video



### 2023 Highlights

The Protection & Advocacy Office, in collaboration with the other members of Trust System, continues to achieve success in its legislative outreach campaign, meeting one-on-one with every state legislator in the House and Senate. The emphasis of these meetings has been to thoroughly explain the structure and effectiveness of the Trust System to policy makers and address relevant legislation.

Voters in Fall 2024 will decide on increasing the current 4% annual distribution up to 5% in the Utah Constitution. This proposed amendment promotes fair and equitable distributions to both current and future school children and will provide more funding for today's beneficiaries. The Protection & Advocacy Office will lead an education campaign to encourage public support for this change.

An updated training video was produced for Charter and School Community Councils and other stakeholders. The three-minute video explains the important work of the Trust System and highlights current initiatives.



## Total Trust Acreage

**3.33** MILLION  
SURFACE ACRES

**4.49** MILLION  
MINERAL ACRES

**\$3.2** BILLION  
PERMANENT FUNDS

## Net Income Summary

2019–2023

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Trust Revenue</b>					
<b>Energy &amp; Minerals</b>					
Oil & Gas Royalties	\$34,934,441	\$23,299,042	\$22,752,273	\$41,480,978	\$79,238,308
Other Minerals, Leases & Permits	\$6,878,830	\$7,216,555	\$8,545,722	\$8,857,988	\$8,435,762
Renewable*			\$705,777	\$1,359,138	\$1,401,597
<b>Total Mineral Revenue</b>	<b>\$41,813,270</b>	<b>\$30,515,597</b>	<b>\$32,003,772</b>	<b>\$51,698,104</b>	<b>\$89,075,667</b>
<b>Development &amp; Planning</b>					
Development Sales & Leases	\$31,598,032	\$34,464,651	\$42,969,980	\$70,176,900	\$43,833,755
<b>Total Development &amp; Planning Revenue</b>	<b>\$31,598,032</b>	<b>\$34,464,651</b>	<b>\$42,969,980</b>	<b>\$70,176,900</b>	<b>\$43,833,755</b>
<b>Surface</b>					
Sales (Auctions & Negotiated Sales)	\$7,622,007	\$460,387	\$17,932,514	\$34,268,782	\$4,211,373
Leases, Permits & Easements	\$8,948,701	\$9,812,554	\$9,809,012	\$10,730,121	\$9,457,849
<b>Total Surface Revenue</b>	<b>\$16,570,708</b>	<b>\$10,272,941</b>	<b>\$27,741,526</b>	<b>\$44,998,903</b>	<b>\$13,669,222</b>
<b>Permanent Funds Interest &amp; Gains</b>					
<b>Total Permanent Funds Interest &amp; Gains</b>	<b>\$96,414,236</b>	<b>-\$96,245,983</b>	<b>\$669,045,348</b>	<b>-\$117,564,317</b>	<b>\$166,299,680</b>
<b>Trust Expenses</b>					
TLA Expenses	\$13,701,265	\$14,019,150	\$15,339,339	\$12,515,560	\$18,871,061
SITFO Expenses	\$2,335,144	\$2,671,882	\$3,440,321	\$4,041,363	\$4,625,944
Protection & Advocacy Office Expenses	\$217,800	\$263,111	\$305,328	\$336,503	\$448,770
Beneficiary Distributions	\$86,735,552	\$93,167,815	\$97,410,280	\$100,491,386	\$106,982,142
<b>Total Trust Expenses</b>	<b>\$102,989,761</b>	<b>\$110,121,958</b>	<b>\$116,495,268</b>	<b>\$117,384,812</b>	<b>\$130,927,917</b>
<b>Net Asset Growth</b>					
<b>Net Asset Growth</b>	<b>\$83,406,485</b>	<b>-\$131,114,752</b>	<b>\$655,265,358</b>	<b>-\$68,075,222</b>	<b>\$181,950,407</b>
<b>5-Year Cumulative Net Growth</b>					<b>\$721,432,276</b>

\*Prior to FY2020 renewable energy revenue was included with other minerals, leases & permits.