



UTAH STATE BOARD OF EDUCATION

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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Tim Donaldson, Director
School Children's Trust Section

DATE: December 3-4, 2015

**INFORMATION/
ACTION:** School Children's Trust Budget and Public Lands Resolution

Background:

The Board Audit Committee met November 20, 2015 and heard items from the School Children's Trust Section. The Committee referred three items to the Board for information/action.

Key Points:

1. School Children's Trust Section SFY17 Budget Recommendations – a 6.5 percent increase is proposed due to an 18 percent indirect cost rate and increases to Web programming costs.
2. Web Programming Issue – reprogramming of the School LAND Trust Program website has resulted in additional costs for SFY16.
3. Public Lands Resolution – staff will review a proposed resolution establishing the official position of the Board regarding federal land policy, including national monuments and school trust lands.

Anticipated Action:

1. It is proposed that the Board approve the amended School Children's Trust budget for SFY17.
2. It is proposed that the Board direct that the Associate Superintendent for Business and Operations transfer funds in the School Children's Trust Section budget from personnel to cover the one-time web programming costs.
3. It is proposed that the Board consider approving the Resolution.

Contact: Tim Donaldson, 801-538-7709
Scott Jones, 801-538-7514

Section Budget Fiscal 2017 Recommendation

Under state code, the School Children's Trust Director "...shall annually submit a proposed section budget to the State Board of Education. After approving a section budget, the State Board of Education shall propose the approved budget to the Legislature." (Utah Code 53A-16-101.6(5)) The audit committee recommends the full board approve the School Children's Trust Director's budget proposal, which is a **6.5% increase** from the current funding level. This increase is due to an 18% indirect cost rate and web programming costs increasing from \$52,000 to \$84,000 annually. Scott Jones will speak with Ben Leischmann in the LFA's Office upon board recommendation of this budget, as this funding is a separate revenue line item from the interest and dividends account.

One Time Web Programming Issue

During the recent discussion that led to the revision of the board rule on the School LAND Trust Program, the section agreed to reprogram the website in the future so local boards/districts review plans first and then the section does a final check after to make sure they are in line with rule. At that time, it was indicated there would be additional programming costs one time and the School Children's Trust section was already over budget, so the board agreed to assume those costs. Utah Interactive initially indicated that it would cost \$35,000, but the section negotiated that down to \$15,650. The section for this current year was approved to go \$21,780 over budget with discretionary funds, but with less expensive staff transition that has occurred the funding is in place for the section to do this already. Scott Jones will approve a funds transfer out of personnel to cover this one-time cost.

Public Lands Resolution

Attached is a draft resolution for the full board to consider on recommendation from the Audit Committee in regards to federal public lands issues as they affect Utah public education funding. No position is taken for or against wilderness, monuments, or other conservation designations, the position is taken that policy makers should factor in impacts on education funding to ensure the schools are held harmless financially.

**UTAH STATE BOARD OF EDUCATION
RESOLUTION NO. 2015-XX**

**A RESOLUTION ESTABLISHING THE OFFICIAL POSITION OF THE UTAH STATE BOARD OF
EDUCATION REGARDING FEDERAL LAND POLICY, INCLUDING NATIONAL MONUMENTS
AND SCHOOL TRUST LANDS**

WHEREAS, the Utah State Board of Education (the “State Board”) exercises “general control and supervision” of the public education system pursuant to Article X, Section 3 of the Utah Constitution; and

WHEREAS, the State Board is the primary beneficiary representative of the trust established for the common schools (the “School Children’s Trust”) under Utah Code Ann. § 53C-1-103; and

WHEREAS, the Utah Enabling Act granted Utah millions of acres in trust to be managed for the purposes of generating income for the public school system; and

WHEREAS, these school trust lands are spread throughout the state, some of which are positioned in environmentally or culturally sensitive areas, particularly scenic areas, or areas with excellent recreation opportunities that are more suitable for preservation than development; and

WHEREAS, school trust lands are a central component of Utah’s education funding, now and in the future, with the permanent State School Fund topping \$2 billion, income from trust lands averaging approximately \$100 million per year, and the annual distribution of tax-free money to schools growing ten-fold since the 2000-01 school year from \$4.9 million to nearly \$47 million for the 2015-16 school year; and

WHEREAS, based on the footprint of the national monuments currently being discussed, hundreds of thousands of acres of school trust lands run the risk of being captured within the monuments, which would preclude the trust from earning full income from those lands, harm school funding in Utah; and

WHEREAS, landscape-scale monument designations, wilderness designations, or other federal conservation set aside programs have the potential to impact school funding due to tax implications:

NOW, THEREFORE, BE IT RESOLVED, that the State Board takes no position in advance as to specific conservation proposals, for or against, but sets as its official policy

position that the School Children’s Trust should be held harmless in the event the President or Congress designates national monuments under the Antiquities Act or take similar action to preserve federal lands as wilderness or other conservation status; and

BE IT FURTHER RESOLVED that the State Board encourages policymakers from all levels of local, state, and federal government, as well as other interested groups, to speak out on behalf of the school trust lands and education funding implications associated with federal land policy items.

PASSED AND APPROVED THIS _____ DAY OF _____, 2015.

David L. Crandall, Chair

ATTEST:

Lorraine Austin
Board Secretary

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Secretary of the Interior Sally Jewell
Governor Gary Herbert
Members, Utah State Senate
Members, Utah House of Representatives
Orrin Hatch, United States Senator
Mike Lee, United States Senator
Rob Bishop, House of Representatives
Jason Chaffetz, House of Representatives
Chris Stewart, House of Representatives
Mia Love, House of Representatives
Kevin Carter, Director, School and Institutional Trust Lands Administration
Louis Cononelos, Chair, School and Institutional Trust Lands Board of Trustees
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