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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Martell Menlove, Ph.D.
Chief Executive Officer

DATE: January 9, 2014

ACTION: Approval of Board Policy Regarding Discretionary Funds

Background:

In the November Board meeting, the Accountability and Finance Committee received a quarterly review of the USOE budget. During the review, the Committee discussed the Discretionary Funds Account and requested that a policy concerning this account be developed incorporating input given by Committee members in the meeting.

Key Points:

This policy provides direction to the State Superintendent of Public Instruction concerning the use and required budget approvals for the discretionary funds account. It also defines the parameters of reporting year-to-date expenditures.

Anticipated Action:

It is proposed that Finance and Audit Committee review the draft Discretionary Funds policy. It is anticipated that the policy would then be referred to the full Board for approval.

Contact: Bruce Williams, Associate Superintendent, 801-538-7514

**Official Policies and Procedures
of the
Utah State Board of Education**

Effective Date: 01/09/14

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Subject: Utah State Office of Education Discretionary Funds

Purpose: This policy has been written to establish the purpose of and the parameters for the Utah State Office of Education Discretionary Funds Account.

POLICY

The Utah State office of Education has an account referred to as the Discretionary Funds Account which accounts for the following monies:

1) State Carryover Funds

- On an annual basis, the Legislature appropriates from the Education Fund monies to operate the various sections in the Utah State Office of Education. These funds are non-lapsing and therefore carryover within USOE budgets to be expended in a future year. At year end, any monies not expended by any of the USOE sections are captured and moved into the Discretionary Fund as one-time revenues and can be spent on any appropriate item for which USOE has authority to expend funds.
- The Superintendent of Public Instruction is authorized by this policy to spend these funds as deemed appropriate.

2) Mineral Lease Funds

- The Legislature annually appropriates a portion of mineral lease funds to the State Board of Education. Statute states that these funds are to be used as follows:

59-21-2(e) The Legislature shall annually appropriate 2.25 percent of all deposits made to the Mineral Lease Account to the State Board of Education, to be used for education research and experimentation in the use of staff and facilities designed to improve the quality of education in Utah.
- The State Board of Education has statutory authority to expend these funds in accordance with the restrictions provided in statute. As projects which meet the statutory intent are identified by the Superintendent of Public Instruction or the State Board of Education, prior to expenditure of Mineral Lease funds approval of the State Board in a regularly scheduled meeting of the Board is required.

3) Land Exchange Funds

- The Legislature annually appropriates a portion of land exchange funds to the State Board of Education. Statute states that these funds are to be used as follows:

53C-3-203 (iii) 1.68 percent of the deposits to the State Board of Education, to be used for education research and experimentation in the use of staff and facilities designed to improve the quality of education in Utah.

- The State Board of Education has statutory authority to expend these funds in accordance with the restrictions provided in statute. As projects which meet the statutory intent are identified by the Superintendent of Public Instruction or the State Board of Education, prior to expenditure of Land Exchange funds approval of the State Board in a regularly scheduled meeting of the Board is required.

Oversight and review of Discretionary Fund Expenditures

On a quarterly basis, the Accountability and Finance Committee of the State Board of Education will review the Discretionary Fund including all approved projects budgets and year-to-date expenditures. Prior to new budget requests funded from Mineral Lease or Land Exchange being added to the Discretionary Fund budget, the Accountability and Finance Committee will review the budget requests and present them to the full State Board for approval.