Summary
The School LAND Trust Program (Learning And Nurturing Development) provides revenue direct to individual schools. Each school has a School Community Council that establishes a school “Trust Lands” plan that identifies a given need at the school. Program revenues implement this plan. The program was established by the Legislature during the 1999 General Session.

The State has approximately 3 million acres of school trust lands that were set aside at statehood to support Utah’s schools. Revenue generated from these lands is saved in the State School Fund. The interest and dividends earned off the investment of this fund are distributed to the schools. Legislation passed during the 2004 General Session places these revenues into a Uniform School Fund restricted account called the “Interest and Dividends Account.”

Objective
This brief provides information on budgetary impacts associated with changing the revenue source of the School LAND Trust program from the Uniform School Fund to the Uniform School Fund Restricted – Interest and Dividends Account.

Discussion and Analysis
Prior to the 2004 General Session, the interest and dividends derived from the investment of monies in the permanent State School Fund plus the interest generated on those monies while they are being held were deposited into the Uniform School Fund at the beginning of July.

The State Treasurer deposits the interest and dividends, plus the interest earned off of them during the year, into the Uniform School Fund. State financial transactions require deposits to be accepted into the account by the entity overseeing the account. This may result in a time lapse from the actual deposit and the accepting of the deposit – in which more interest is earned and deposited into the General Fund. The Attorney General provided an opinion stating that this revenue should be deposited into the Uniform School Fund not the General Fund. The School LAND Trust Program Restricted Account (H.B. 78, 2004 General Session) provided statutory provisions for actions taken by the Division of Finance in accordance with the Attorney General opinion.

The Legislation created the restricted “Interest and Dividends” account within the Uniform School Fund. This action requires all School LAND Trust revenue to be appropriated from the USF-Restricted account and not the Uniform School Fund.

Recommendation
The Analyst has adjusted the revenue source associated with the School LAND Trust Program from the Uniform School Fund to the Uniform School Fund Restricted – Interest and Dividends Account. This action is reflected in the FY 2006 Analyst Recommendation and can be seen in two budgets:

1. The USF revenue for the Minimum School Program was reduced by $8,820,000 and replaced with $8,820,000 in USFR-Interest and Dividends Revenue.

2. USF revenue allocated to the Utah State Office of Education was reduced by $80,000 and replaced with $80,000 in USFR-Interest and Dividends Revenue. This revenue supports the administration of the School LAND Trust program at USOE.