



## SCHOOL AND INSTITUTIONAL TRUST FUND OFFICE

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
STAFF: BEN LEISHMAN & JILL CURRY

ISSUE BRIEF

**SUMMARY**

During the 2014 General Session, the School and Institutional Trust Fund Office was established as an independent state agency within the executive branch. Currently, the Public Education Appropriations Subcommittee is responsible for overseeing this office. The Legislature may wish to consider moving oversight responsibilities to another appropriations subcommittee.

**DISCUSSION AND ANALYSIS**

The School and Institutional Trust Fund Office is an independent state agency within the executive branch that manages the trust fund. The trust fund includes money derived from the sale or use of land granted to the state or revenue and assets including all revenues derived from nonrenewable resources on state lands, other than sovereign lands and lands granted for other specific purposes and other revenues and assets received by the fund under any other provision of law or by bequest or donation.

The office was created in H.B. 168, "School and Institutional Trust Lands and Funds Management Provisions" (2014 General Session). Prior to this legislation the trust fund was managed within the Utah State Treasurer's Office.

The School and Institutional Trust Fund Office is managed by a director. The director is appointed by the School and Institutional Trust Fund Board of Trustees, but the State Board of Education has the authority to recommend removal of the director as described in statute (53D-1-401). Also, the director must report at least annually to the State Board of Education, among other entities, concerning the office's investments, performance, estimated distributions, and other activities.

***Legislative Oversight***

Currently, the School and Institutional Trust Fund Office is overseen by the Public Education Appropriations Subcommittee. Several factors question if the subcommittee provides the best oversight of the agency:

1. Due to the high number of education budget issues each year, providing proper legislative oversight becomes difficult.
2. Other legislative committees may be better suited to oversee an agency tasked with investing funds and strategies.
3. The subcommittee has direct oversight of the State Board of Education and the beneficiaries of the investment of funds. The Natural Resources and Environmental Quality Appropriations Subcommittee oversees the management of the trust lands. Having a third committee focus on the investment of the funds may fit better in the oversight model.

The Executive Offices and Criminal Justice Appropriations Subcommittee has legislative responsibility for many executive offices including the State Treasurer. The state treasurer is chair of the School and Institutional Trust Fund Board of Trustees and appoints the four additional members to the board from a list of candidates nominated by the nominating committee. The state treasurer has the authority to remove a board member for cause and with the vote of at least two other board members. The director of the School and Institutional Trust Fund Office is statutorily required to report to the board at least nine times per year.

Thus, while the office is an independent agency, it maintains connections with the State Treasurer's Office and as such it may better fit with the oversight responsibilities of the Executive Offices and Criminal Justice Appropriations Subcommittee.

As an independent state agency, another consideration for oversight is the Retirement and Independent Entities Appropriations Subcommittee. This committee has legislative responsibility for a number of independent entities including Utah Retirement Systems (URS), Public Employees Health Program (PEHP), and the Utah Education and Telehealth Network (UETN).

**RECOMMENDATIONS**

The Legislature may wish to consider moving oversight responsibilities for the School and Institutional Trust Fund Office to either the Executive Offices and Criminal Justice or the Retirement and Independent Entities Appropriations Subcommittees.

Regardless of a potential committee change, the appropriating language in House Bill 1, "Public Education Base Budget Amendments" should be changed by striking "State Board of Education" as the recipient of the appropriation (See H.B. 1, Item 16, Line 258) and designating the School and Institutional Trust Fund Office as an independent agency as directed in statute.