

FUNDING FOR EDUCATION SYSTEMS AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Howard A. Stephenson

House Sponsor: _____

LONG TITLE

General Description:

This bill amends and enacts provisions related to education funding.

Highlighted Provisions:

This bill:

- ▶ caps, for a specified time, revenues that may be appropriated from the Education Fund to the state higher education system; and
- ▶ makes technical corrections.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

51-5-4, as last amended by Laws of Utah 2013, Chapter 400

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **51-5-4** is amended to read:

51-5-4. Funds established -- Titles of funds -- Fund functions.

- (1) (a) (i) The funds enumerated in this section are established as major fund types.
- (ii) All resources and financial transactions of Utah state government shall be



28 accounted for within one of these major fund types.

29 (b) (i) All funds or subfunds shall be consolidated into one of the state's major fund
30 types.

31 (ii) Where a specific statute requires that a fund or account be established, that fund or
32 account shall be accounted for as an individual fund, subfund, or account within the major fund
33 type to meet generally accepted accounting principles.

34 (iii) Existing and new activities of state government authorized by the Legislature shall
35 be accounted for within the framework of the major fund types established in this section.

36 (c) The Division of Finance shall determine the accounting classification that complies
37 with generally accepted accounting principles for all funds, subfunds, or accounts created by
38 the Legislature.

39 (d) (i) Major fund types shall be added by amending this chapter.

40 (ii) Whenever a new act creates or establishes a fund, subfund, or account without
41 amending this chapter, the reference to a fund, subfund, or account in the new act shall be
42 classified within one of the major fund types established by this section.

43 (2) Major Fund Type Titles:

44 (a) General Fund;

45 (b) Special Revenue Funds;

46 (c) Capital Projects Funds;

47 (d) Debt Service Funds;

48 (e) Permanent Funds;

49 (f) Enterprise Funds;

50 (g) Internal Service Funds;

51 (h) Trust and Agency Funds; and

52 (i) Discrete Component Unit Funds.

53 (3) The General Fund shall receive all revenues and account for all expenditures not
54 otherwise provided for by law in any other fund.

55 (4) Special Revenue Funds are used to account for and report proceeds of specific
56 revenue sources that are restricted or committed to be expended for a specified purpose.

57 (a) (i) The Education Fund is a Special Revenue Fund that:

58 [(i)] (A) receives all revenues from taxes on intangible property or from a tax on

59 income; and

60 [(†)] (B) is designated for public and higher education.

61 (ii) The Legislature shall annually appropriate:

62 (A) for a fiscal year beginning on or after July 1, 2017, and before a fiscal year
63 beginning on July 1, 2022, no more than the total amount appropriated from the Education
64 Fund to the state higher education system for a fiscal year that begins on July 1, 2017; and

65 (B) the balance after an appropriation described in Subsection (4)(a)(ii)(A) to the state
66 public education system.

67 (b) The Transportation Fund is a Special Revenue Fund that accounts for all revenues
68 that are required by law to be expended for highway purposes.

69 (c) (i) An Expendable Special Revenue Fund is a Special Revenue Fund created by
70 legislation or contractual relationship with parties external to the state that:

71 (A) identifies specific revenues collected from fees, taxes, dedicated credits, donations,
72 federal funds, or other sources;

73 (B) defines the use of the money in the fund for a specific function of government or
74 program within an agency; and

75 (C) delegates spending authority or authorization to use the fund's assets to a governing
76 board, administrative department, or other officials as defined in the enabling legislation or
77 contract establishing the fund.

78 (ii) An Expendable Special Revenue Fund may only be created by contractual
79 relationship with external parties when the sources of revenue for the fund are donated
80 revenues or federal revenues.

81 (iii) Expendable Special Revenue Funds are subject to annual legislative review by the
82 appropriate legislative appropriations subcommittee.

83 (5) (a) Capital Projects Funds account for financial resources to be expended for the
84 acquisition or construction of capital outlays, including the acquisition or construction of a
85 capital facility and other capital assets. Capital Projects Funds exclude those types of
86 capital-related outflows financed by proprietary funds or for assets that will be held in trust for
87 individuals, private organizations, or other governments.

88 (b) The Transportation Investment Fund of 2005 is a Capital Projects Fund that
89 accounts for revenues that are required by law to be expended for the maintenance,

90 construction, reconstruction, or renovation of certain state and federal highways.

91 (6) Debt Service Funds account for the accumulation of resources for, and the payment
92 of, the principal and interest on general long-term obligations.

93 (7) Permanent Funds account for assets that are legally restricted to the extent that only
94 earnings, and not principal, may be used for a specific purpose.

95 (8) Enterprise Funds are designated to account for the following:

96 (a) operations, financed and operated in a manner similar to private business
97 enterprises, where the Legislature intends that the costs of providing goods or services to the
98 public are financed or recovered primarily through user charges;

99 (b) operations where the Legislature requires periodic determination of revenues
100 earned, expenses incurred, and net income;

101 (c) operations for which a fee is charged to external users for goods or services; or

102 (d) operations that are financed with debt that is secured solely by a pledge of the net
103 revenues from fees and charges of the operations.

104 (9) Internal Service Funds account for the financing of goods or services provided by
105 one department, division, or agency to other departments, divisions, or agencies of the state, or
106 to other governmental units, on a cost-reimbursement basis.

107 (10) (a) Trust and Agency Funds account for assets held by the state as trustee or agent
108 for individuals, private organizations, or other governmental units.

109 (b) Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and
110 Agency Funds are Trust and Agency Funds.

111 (11) Discrete Component Unit Funds account for the financial resources used to
112 operate the state's colleges and universities and other discrete component units.