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## State Board to Seek Changes in School Trust Fund Management

SALT LAKE CITY – The Utah State Board of Education voted today to seek changes in state law to move governing control of the \$1.6 billion permanent [State School Trust](#) out of the State Treasurer's Office and into the hands of an independent board of investment professionals.

The vote came in response to [recommendations](#) from the [School Trust Investment Task Force](#), which the Board created in February. The permanent State School Fund consists primarily of income earned by the [School and Institutional Trust Lands Administration](#) (SITLA). The state has a fiduciary duty to invest those funds in a long-term, prudent manner, similar to an endowment. The interest and dividends go to school community councils who decide how to spend the money at the school level. For the 2013-14 school year the trust is providing over \$37 million to Utah's public schools. The fund has been overseen by the Utah State Treasurer's Office since 1981, but previously was overseen by the land board.

"Addressing the governance weaknesses now is critical for protecting and growing the trust assets," said Utah State Board of Education Member Jennifer Johnson of Murray who chaired the task force.

“We believe our children deserve to have a governance model in place which represents best practices, will help insulate the trust from politics, and ensures these funds are available for future generations of Utah children,” said Karen Peterson, the Utah PTA Trust Lands appointee.

In addition to Johnson, the School Trust Investment Task Force was comprised of Utah Rep. Rich Cunningham, Deputy State Treasurer David Damschen, Zions Bancorporation Executive Vice President and Chief Investment Officer W. David Hemingway, Wells Capital Management Regional Managing Director Sterling K. Jensen, Deseret Mutual Benefit Administrators Chief Investment Officer Kent Misener, and University of Utah Associate Professor of Finance Elizabeth Tashjian.

“This investment task force was a model of public-private partnership,” Cunningham said. “Many knowledgeable investment professionals volunteered extensive amounts of time to study what was best for Utah’s school children. I will encourage the Legislature to enact legislation in line with these thoroughly-researched recommendations.”

In addition to creating an independent board, the task force also recommended to

- Study the distribution policy
- Require enhanced reporting
- Preserve the prudent investor rule
- Remove any asset class restrictions
- Require an annual audit
- Require independent custody

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