



FY 2017

Budget Hearings

Senate Appropriations Subcommittee
on Education

*“Managing Assets to
Support Education”*

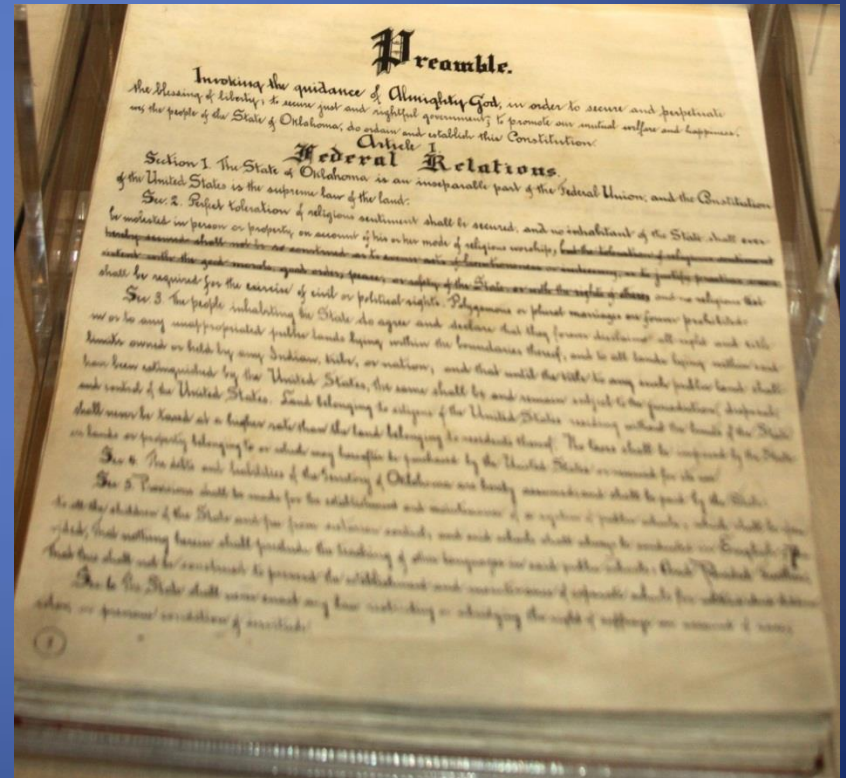
December 8, 2015 Senate Hearing

- Part 1...FY 2017 Spending Request
- Part 2...FY 2016 Achievements
- Part 3...FY 2016 and FY 2017 Plans

The CLO is Anchored in the Founding Documents of the State of Oklahoma

Oklahoma Enabling Act

Oklahoma Constitution



Part 1...FY 2017 Spending Authority

- Pursuant to restraint urged by the Governor, the Secretary of OMES, and the Appropriations Chairs of the House and Senate, our spending request is the same as last year: \$8,538,600.
- The Commissioners of the Land Office is a Constitutional Trust and Agency of the State of Oklahoma
- The money we spend annually is from income earned from managing land, minerals and investments of the trust

Spending Request

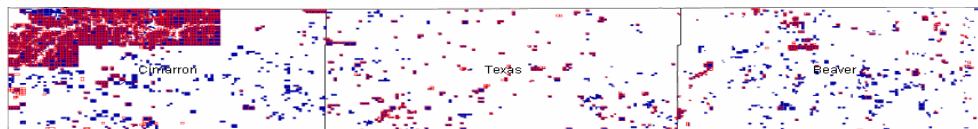
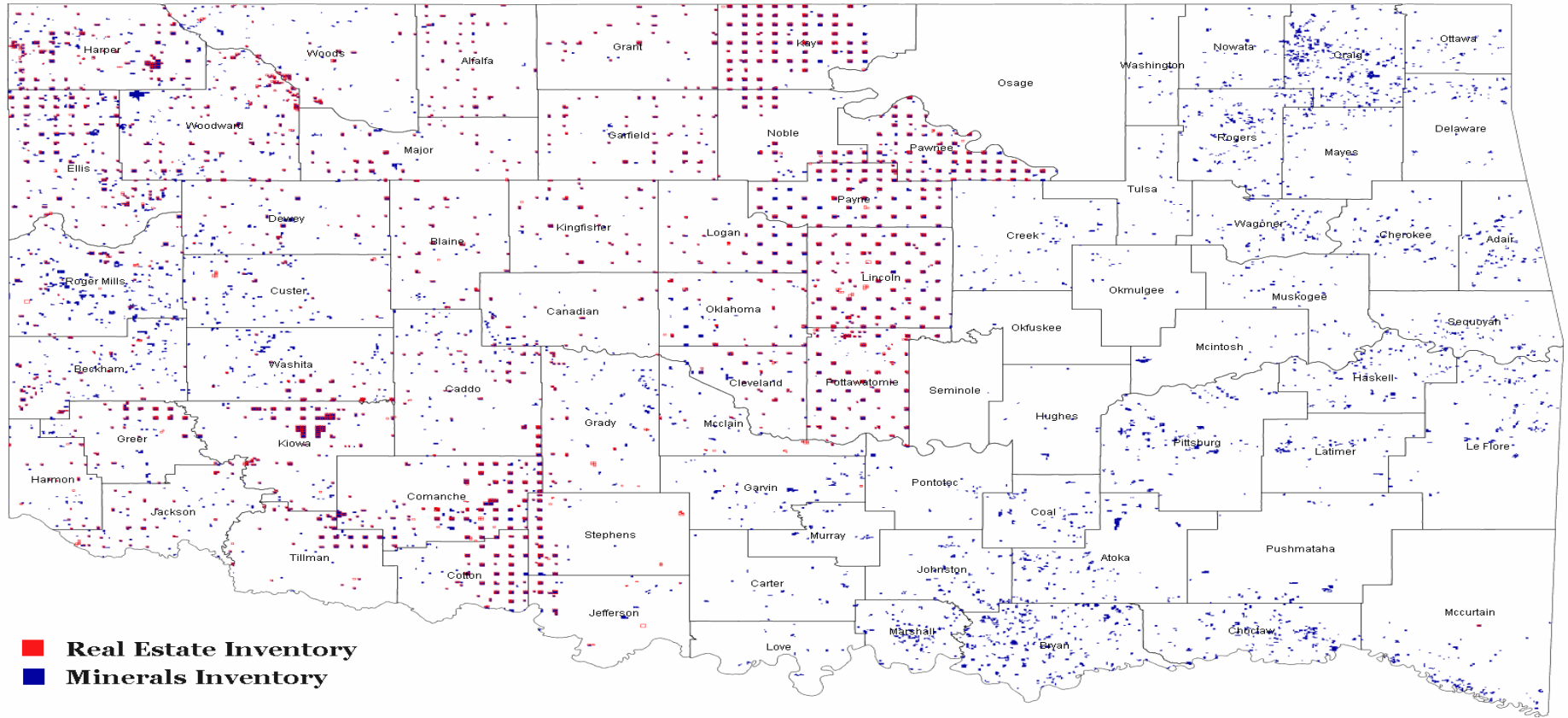
- We are not a General Revenue dependent agency, but state law requires that the Oklahoma Legislature approve our budget spending authority annually
- State Statute (64 O.S. Section 1009) provides that CLO may spend up to 6% of income earned to operate the agency.
- This year's request is 3% of our FY 2015 income.
- The balance goes to improve the assets and to fund the schools and universities.

Who Are the Commissioners of the Agency?

- Governor
- Lt. Governor
- Auditor and Inspector
- State Superintendent
- Secretary of Agriculture



Real Estate and Minerals Inventory



**Real Estate and Minerals
Inventory of School Lands
Owned by the
Commissioners of the Land Office**

Part 2...FY 2015 Achievements

- 2nd Highest Distributions in Agency History to Common Schools (K-12) : \$ 97.5 Million
- 2nd highest total annual distribution for all beneficiaries: \$ 128.96 Million
- 2nd highest overall CLO income total in state history (\$306 Million)

Part 2...FY 2015 Achievements

- Completed land exchanges which led to new jobs and economic revenue
- Designed and implemented new GIS application providing greater public access to CLO land and mineral information
- Completed conservation and water improvements on CLO land in excess of \$500,000

Part 2...FY 2015 Achievements

Operating Environment

- Low Interest Rates
- Lower Cattle and Crop Prices
- Less Mineral Leasing
- Less Mineral Extraction
- Lower Oil and Natural Gas Pricing

Response

- Portfolio Diversification
- Growth of Trust Assets
- Five Year Averaging
- Exploit Commercial Value of Assets

5 Year Distribution History

Year	Common Schools	Higher Education	Total
FY 2011	\$ 93,159,520	\$ 31,009,615	\$124,169,135
FY 2012	\$102,144,986	\$ 38,464,448	\$140,609,434
FY 2013	\$ 93,000,000	\$ 35,753,406	\$128,753,406
FY 2014	\$ 93,626,721	\$ 32,756,058	\$126,382,779
FY 2015	\$ 97,500,001	\$ 31,464,149	\$128,964,150

10 Year CLO Distributions to Public Education

YEAR	COMMON SCHOOLS	HIGHER EDUCATION	TOTAL
FY 2006	\$ 39,020,189	\$14,572,327	\$ 53,592,516
FY 2007	\$ 44,266,172	\$16,427,114	\$ 60,693,286
FY 2008	\$ 53,282,727	\$20,210,299	\$ 73,493,024
FY 2009	\$ 60,341,452	\$22,313,150	\$ 82,654,602
FY 2010	<u>\$ 83,212,998</u>	<u>\$31,160,557</u>	<u>\$114,373,555</u>
Total 5 year	\$280,123,538	\$104,683,447	\$384,806,983
FY 2011	\$ 93,159,520	\$31,009,615	\$124,169,135
FY 2012	\$102,144,986	\$38,464,448	\$140,609,434
FY 2013	\$ 93,000,000	\$35,753,058	\$128,753,406
FY 2014	\$ 93,626,721	\$32,756,058	\$126,382,779
FY 2015	<u>\$ 97,500,001</u>	<u>\$31,464,149</u>	<u>\$128,964,150</u>
Total 5 year	\$479,431,227	\$169,447,328	\$648,878,904

Five year Distributions Fiscal Years 2011-2015

- K-12 distributions have been \$199,300,000 greater in FY 2011-2015 than any other five year period (71% increase)
- Higher Education beneficiaries have received \$64,700,000 more in FY 2011-2015 than any other five year period (62% increase)



Five Year Permanent Funds Growth

- The CLO Permanent Trust funds have grown by \$600 Million (36% in the 5 year period)



Results for first quarter of FY 2016

- \$1.2 Million increase for common education for the first quarter of FY 2016
- Reasons:
 - Diversification of Investment Portfolio
 - Growth in value of Permanent Assets
 - Commercial Properties
 - Property Exchanges



Part 3...Plans for the Remainder of FY 2016

- Continued Diversification of portfolio
- Higher uses for properties
- Medical Examiner Building
- 5 Year Rolling Average monies are available if needed
- Distributed of carryforward of \$1.3 Million in July 2016
- CLO office rent will be distributed

Part 3...Plans for the Remainder of FY 2016

- Efforts to contain costs
- All capital expenditures will be evaluated in light of how they will help the CLO distribute additional dollars to our beneficiaries
- Distribution of FY 2016 carryforward...estimate \$100,000



Distribution Goals for FY 2016 and FY 2017



- Distribution Goals for K-12 in FY 2016 is \$99 Million
- Distribution Goals for K-12 in FY 2017 is \$101 Million

Investments to Protect our Assets

- Oklahoma Supreme Court Decisions
 - Present and Future Beneficiaries
- Conservation and Water Development
 - Investing to protect and enhance the value of the natural resources
- “Every child in Oklahoma has a GROWING trust fund”

Goals for Fallin Years

- Continue to grow the professionalism, standards and efficiency of the Agency
- Distribute \$1 Billion to beneficiaries in the 8 year time frame
- Increase the value of the invested trust fund from \$1.6 Billion in 2011 to \$2.7 Billion by 2019
- Use the commercial lands of the CLO to generate at least 3,000 jobs in Oklahoma and \$10 Million increase in annual distributions to beneficiaries