



FY 2018 Budget Hearings
Senate Education
Appropriations Subcommittee
January 25, 2017

*“Managing Assets to
Support Education”*

Annual CLO Budget

- CLO is not a General Revenue Agency
- CLO generates its own budget pursuant to State Statute (64 OS Section 1009)
 - *“The Commissioners of the Land office shall deposit six Percent (6%) of the revenue generated...(to be) used exclusively for carrying out the duties of the Commissioners of the Land Office as the law may prescribe.”*
- Legislature “appropriates our spending authority” based on CLO request
- Distribution of all excess to beneficiaries

FY 2018 Spending Authority Request

- No change from FY 2017
- FY 2018 : \$8,538,600

Who Are the Commissioners of the Agency?

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



10 Year CLO Distributions to Public Education

YEAR	COMMON SCHOOLS	HIGHER EDUCATION	TOTAL
• FY 2007	\$ 44,266,172	\$16,427,114	\$ 60,693,286
• FY 2008	\$ 53,282,727	\$20,210,299	\$ 73,493,026
• FY 2009	\$ 60,341,452	\$22,313,150	\$ 82,654,602
• FY 2010	\$ 83,212,998	\$31,160,557	\$114,373,555
• FY 2011	<u>\$ 93,159,520</u>	<u>\$31,009,615</u>	<u>\$124,169,135</u>
Total 5 year	\$334,262,869	\$121,120,735	\$455,383,604
FY 2012	\$102,144,986	\$38,464,448	\$140,609,434
• FY 2013	\$ 93,000,000	\$35,753,406	\$128,753,406
• FY 2014	\$ 93,626,718	\$32,756,046	\$126,382,764
• FY 2015	\$ 97,500,001	\$31,464,149	\$128,964,150
• FY 2016	<u>\$ 102,171,947</u>	<u>\$32,156,709</u>	<u>\$134,328,656</u>
• Total 5 year	\$488,443, 652	\$170,594,758	\$659,038,410

FY 2016 Distributions to Beneficiaries



- Highest Annual Distributions in Agency History to K-12 beneficiaries: \$102,171,947
- Distributions to Higher Education: \$32,156,709
- 2nd highest total annual distribution for all beneficiaries in state history: \$134,328,656

Fiscal Years 2012-2016

- Over the last 5 fiscal years the CLO has distributed \$203,654,806 more to public education in Oklahoma than during any other five year period in Oklahoma's history
- That is an increase of 44.7% over the next highest five year distributions in state history



Fiscal Years 2011-2015

- K-12 distributions have been \$154,180,783 greater in FY 2012-2016 than any other five year period (46.13% increase)
- Higher Education beneficiaries have received \$49,474,023 more in FY 2012-2016 than any other five year period (40.85% increase)



Top Ten Reasons CLO has increased yields and distributions?

- 10. Legislative and Commission Support
- 9. Growth of the investment fund when times are good
- 8. Portfolio diversification
 - Master Limited Partnerships (MLP's)
 - Maximizing stocks

Top Ten Reasons CLO has increased yields and distributions?

- 7. Upgrade Use and condition of Land
 - Conservation
 - Water Development
 - Eradication of noxious vegetation
- 6. Commercial property focus and acquisitions
- 5. Land exchanges to prompt economic development and enhance highest use of land assets

Top Ten Reasons CLO has increased yields and distributions?

- 4. Technological Advancements that enhance our work
 - New IT system
 - GIS Mapping
- 3. Professionalism of the CLO Staff
- 2. Five Year Rolling Average Distribution
- 1. Being certain we are paid fairly for the use of our land and extraction of our resources

FY 2018 Agency Goals

- Enhance small claims collection process from CLO debtors
- Finalize bad debt collection processes for bankruptcies
- Enhance electronic transfer of data from custodial bank into CLO's investment worksheet
- Expanding electronic payment option to a greater number of CLO transactions, to include real estate leases, mineral leases, and commercial leases

FY 2018 Agency Goals

- Complete acquisition of record management system to electronically preserve agency records and priceless CLO land records
- Automatic monitoring of offset drainage from CLO land
- Complete the zoning and engineering design for the 50th and Lincoln Development

FY 2018 Agency Goals

- Complete on-site investigations to verify all non-producing leases
- Complete construction of Medical Examiners' renovation at 921 NE 23rd Street
- Challenge all inappropriate royalty underpayments
- Complete GIS mapping and descriptive information for all CLO land and mineral holdings (to include metes and bounds for commercial and small parcels) for internal and public use

FY 2018 Agency Goals

- Complete planning and begin development of vacant parcels on Lincoln Boulevard to be purchased from OCIA pursuant to HB 2497
- Fully develop system to trace natural gas sales from the well-head to point of sale
- Fully develop monitoring capability for and offset drainage violations beneath CLO land

Goals for 2011-2018

- 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