



FY 2019 Budget Hearings
Senate Appropriations Education Subcommittee
January 22, 2018

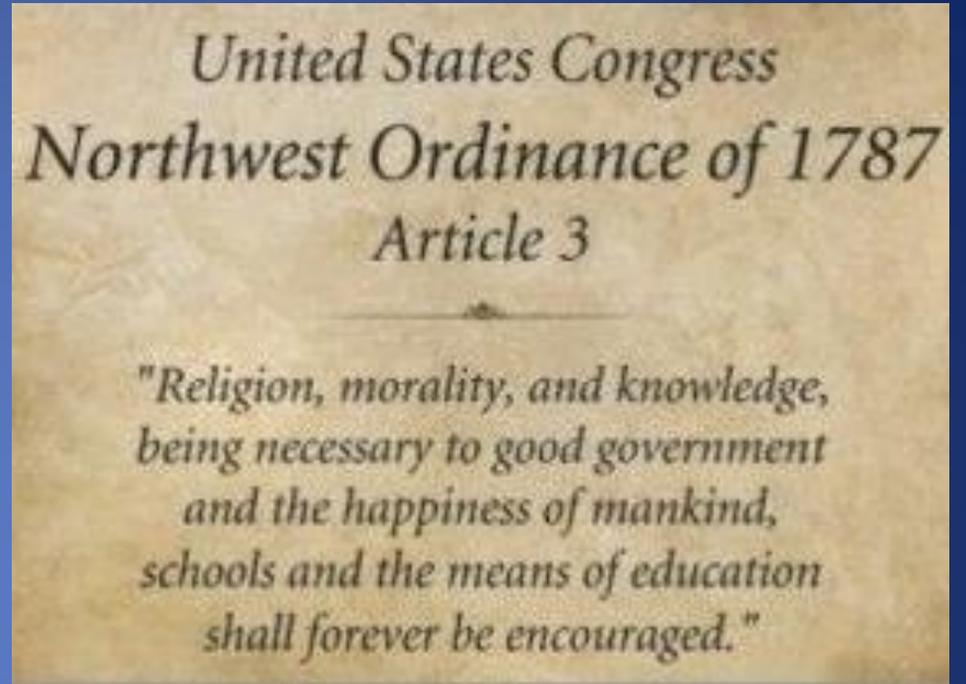
*“Managing Assets to
Support Education”*

History of State School Trust Lands

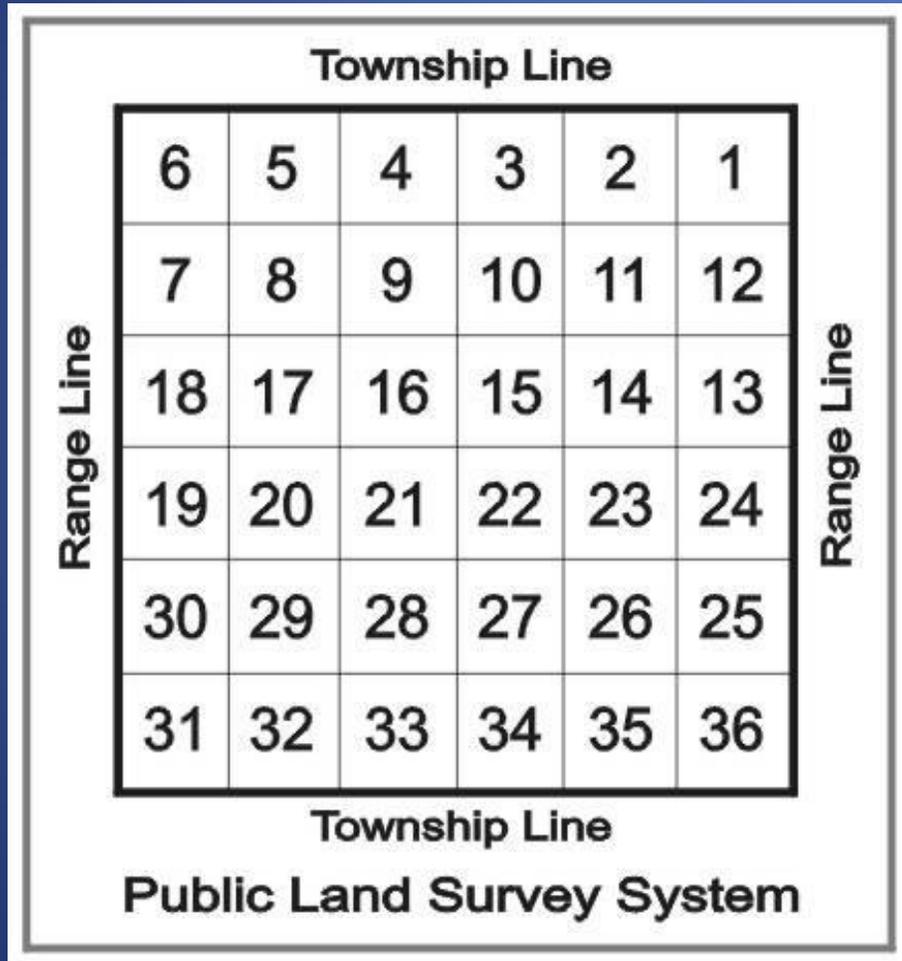
- State Trust Lands date back to the earliest decades after the Revolutionary War when Congress granted lands to the newly formed states to support essential public institutions

History of State School Trust Lands

- The General Land Ordinance of 1785 established the rectangular property grid in 36 section squares
- The 1787 Northwest Ordinance created a system of territorial governments and a process to become new states.
- Enabling Acts and state Constitutions contained promises and conditions of statehood, including land grants.
- Beginning in the 1800's state trust lands were granted to the states upon their entrance into the Union



How State Trust Lands are Configured



- New states were granted scattered checkerboard sections throughout their respective state
- Sections 16 and 36 of each township in Oklahoma Territory were reserved for public schools (K-12). Additionally section 13 and quantity grants of land were given to support higher education

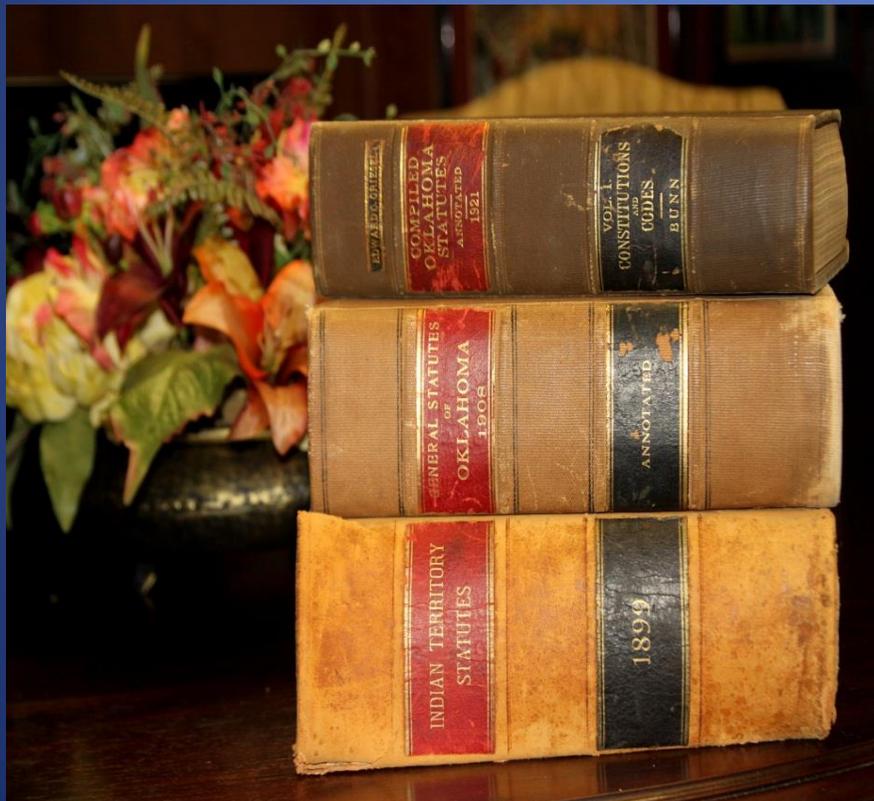
A Mission Older Than the State



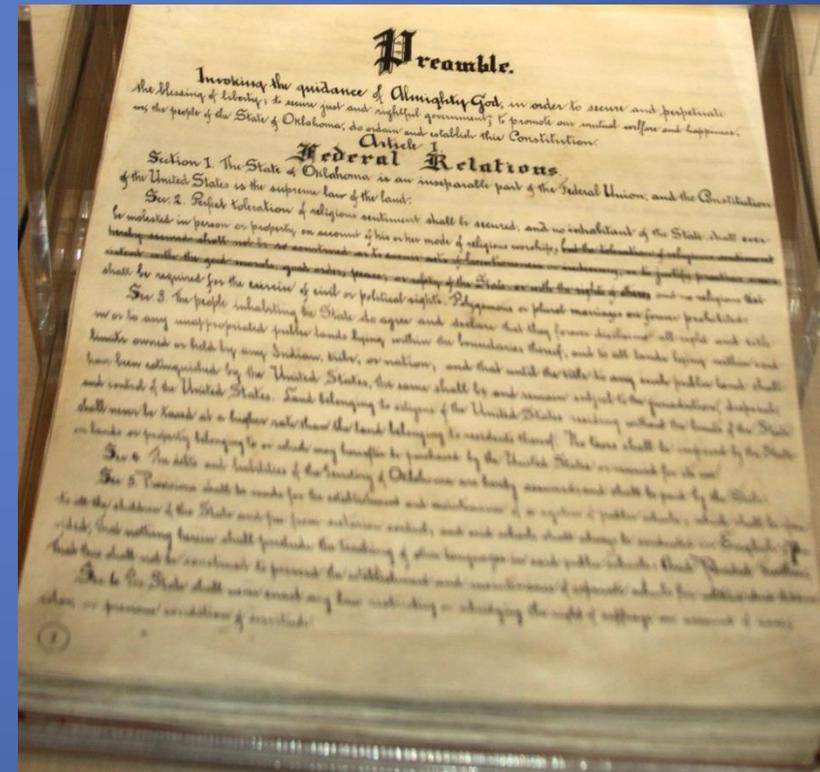
- The Organic Act passed by the US Congress in 1890 assured that when there was a state of Oklahoma, lands would be assigned to support education.
- The Enabling Act, which brought Oklahoma into the Union of States, assigned lands into trust to support education.

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

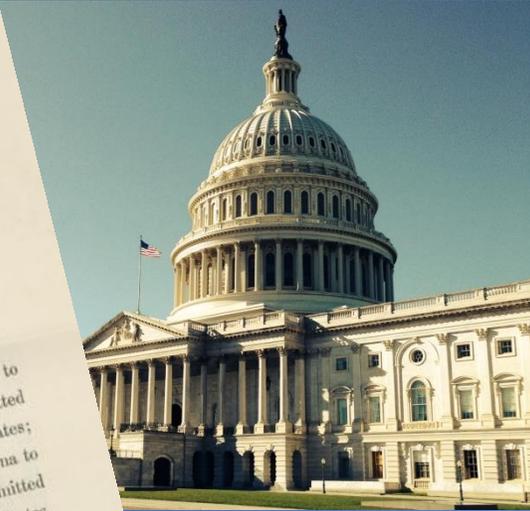
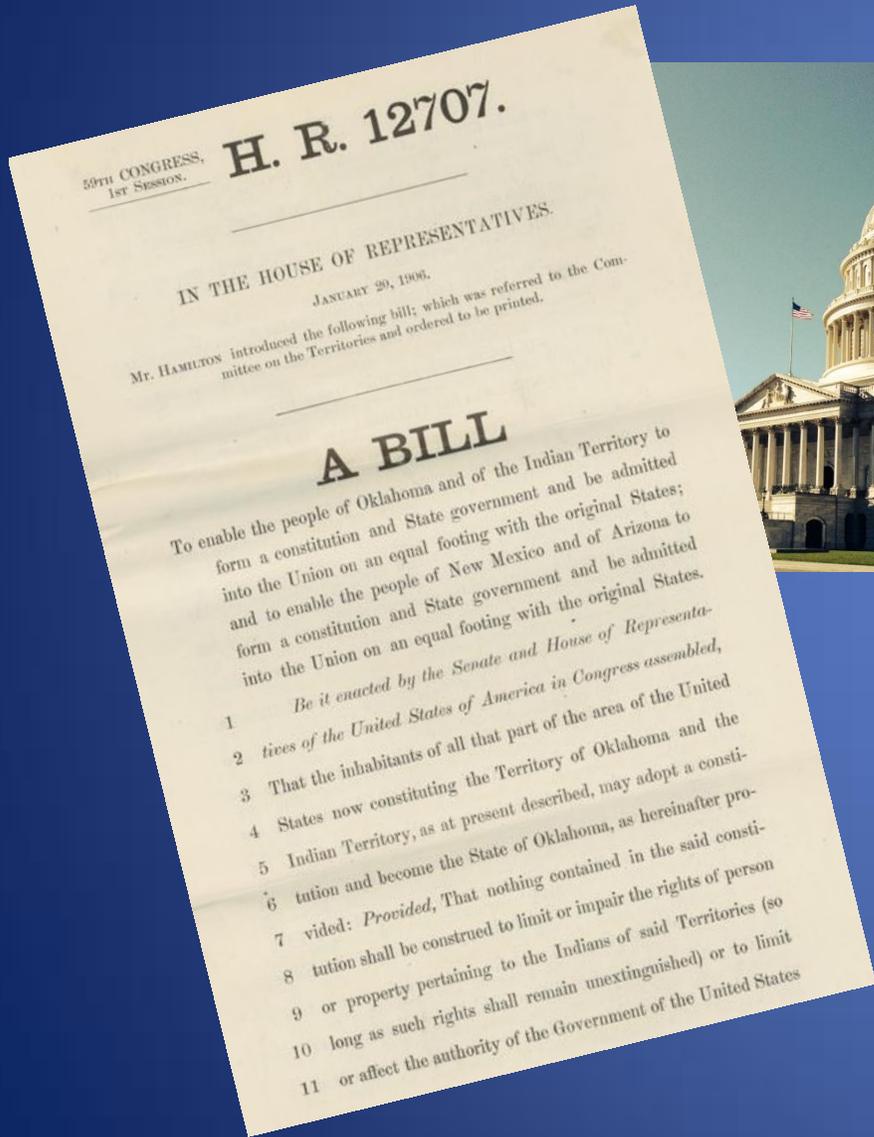
Oklahoma Enabling Act



Oklahoma Constitution



The Parties That Created School Land Trusts



- **Grantor**: Federal Government
- **Trustee**: State Land Trust Offices
- **Trust Declaration**:
- Contract that creates a trust (State Enabling Act and State Constitutions)
- **Trust Corpus**:
- State trust lands and assets

Oklahoma's Restraints and Guides

- Enabling Act of 1906 by which Oklahoma became a State
- Constitutional provisions which restrict the use of the money
 - The Oklahoma Constitution states that, “the principal (*or corpus*) shall be deemed a trust fund held by the state and shall ever remain inviolate.”
 - The Oklahoma Supreme Court has called the Trusts “sacred”.
- State Statutes



Who Are the Commissioners of the Agency?

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

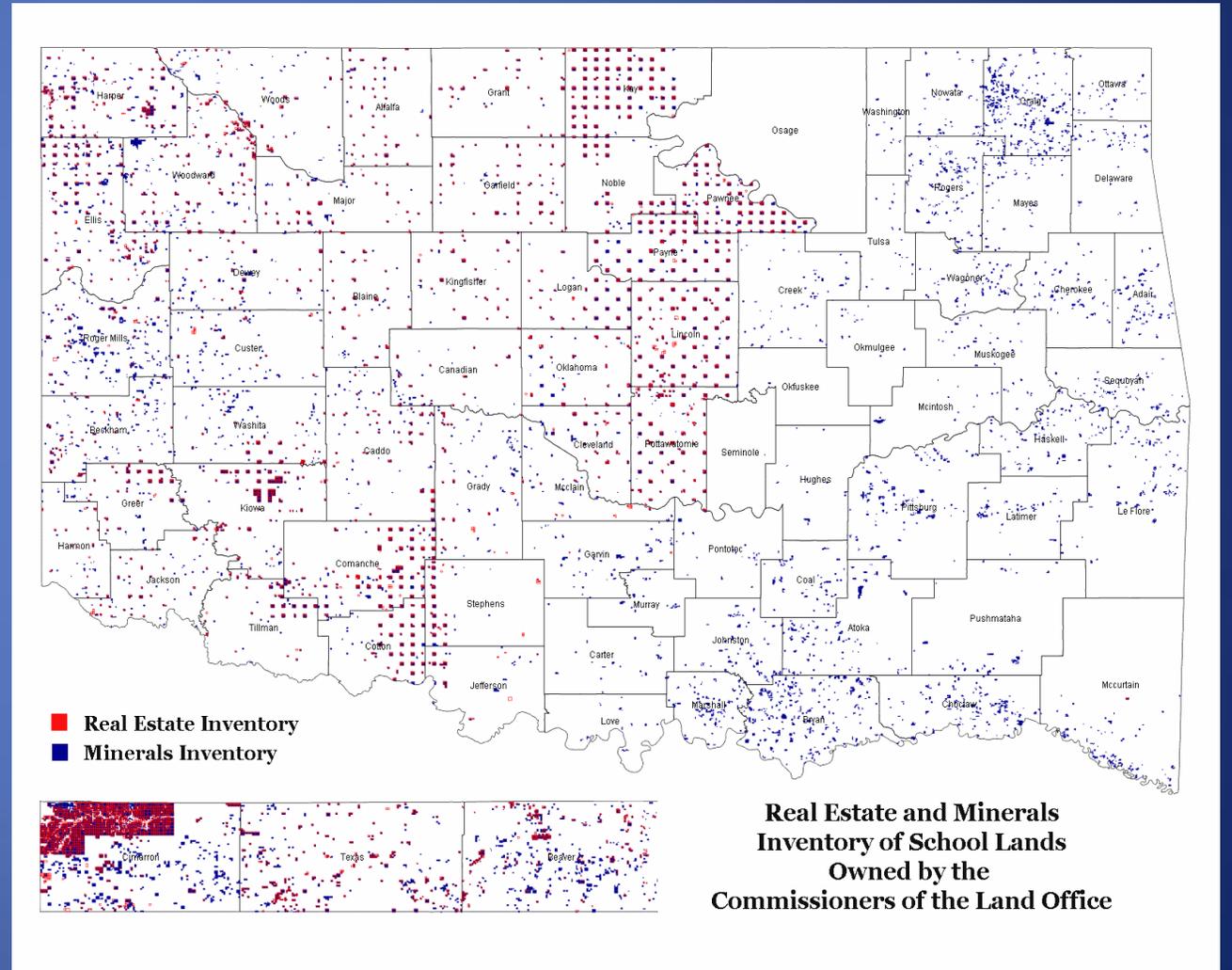


Annual CLO Budget

- 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 2019 Spending Authority Request

- No change from FY 2018
- Request is the same as the previous 4 fiscal years
- FY 2019 Request : \$8,538,600



What Is the Track Record?



- Each of the 5 best years in the history of the CLO has been since the current Commissioners assumed office
- FY 2007 total distributions: \$60.6 million (\$44.26 K-12 and \$16.4 higher education)
- Compared to ten years ago, CLO is annually distributing (on average) 227% more than a decade ago. K-12 beneficiaries receive 234% more

FY 2017 (The most current completed year) Distributions to Beneficiaries



- Highest annual distributions in agency history to K-12 beneficiaries: \$103.4 million
- Distributions to higher education: \$34 million
- 2nd highest total annual distribution for all beneficiaries in state history: \$137.4 million

Comparative Year Over Year Distributions

- For the first half of FY 2018 July-Dec., CLO has distributed \$2.5 million more to higher education beneficiaries than the same period a year ago
- Through the first 6 months of FY 2018, distributions to K-12 beneficiaries were \$1.5 million greater than the first half of FY 2017



FY 2019 Agency Goals



- Pursuit of any underpayments
- Sophistication as mineral owner
- Completion of meets and bounds GIS descriptions of smaller parcels
- Digitize historic records

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

