



FY 2016

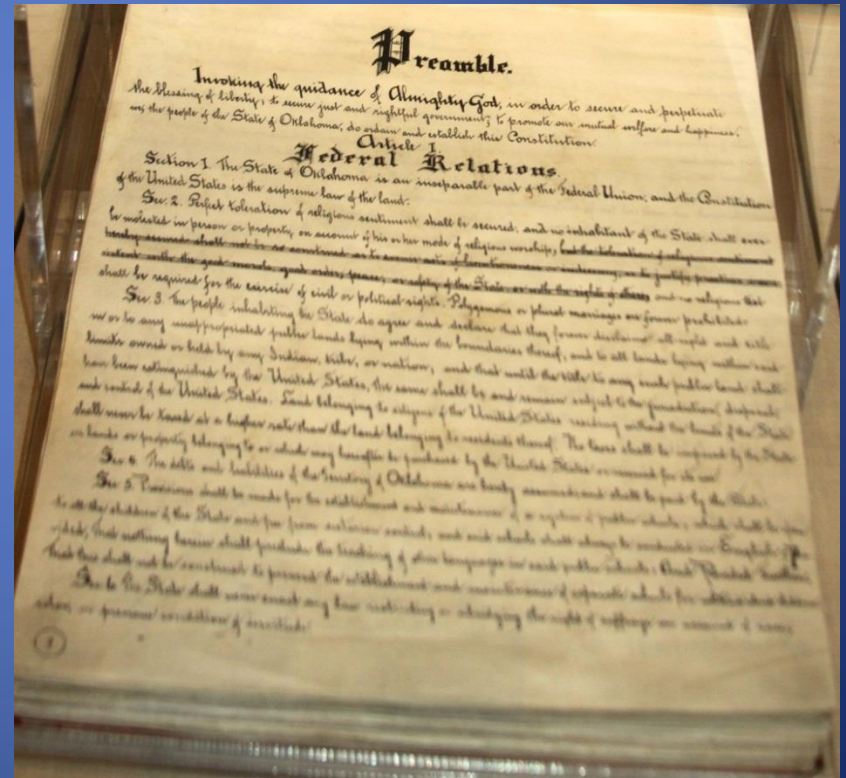
Budget Hearings

*Managing Assets to  
Support Education*

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

## Oklahoma Enabling Act

## Oklahoma Constitution



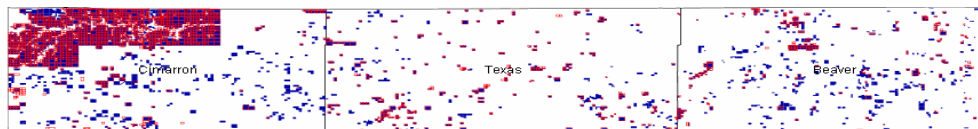
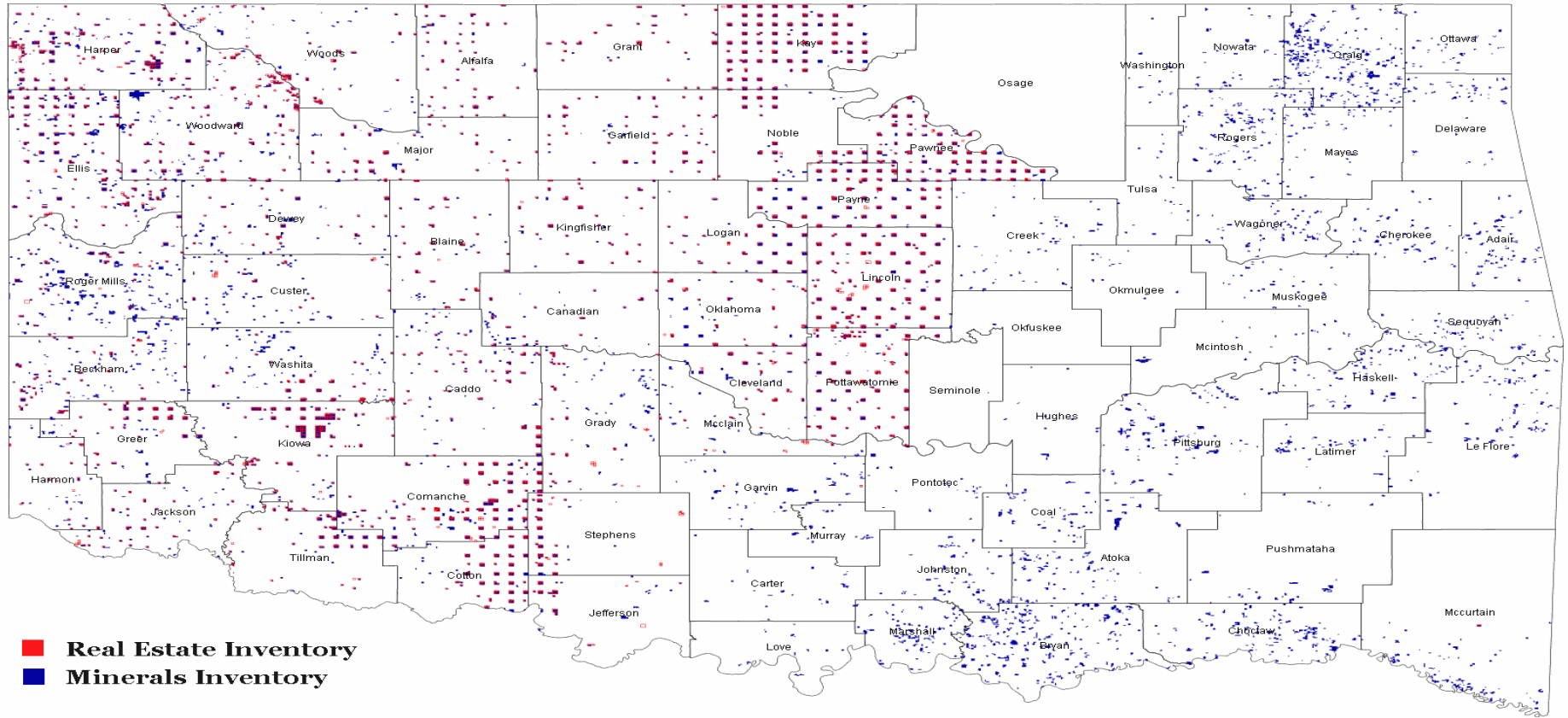
# A Mission Older Than the State

- 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.





# Real Estate and Minerals Inventory



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

# Restraints and Guidelines

- 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



# Budget Authorization

- CLO is not a General Revenue agency. The agency is operated from earned revenues (at about half the rate authorized by statute)
- In FY 2014 we requested a 10% reduction in our budget
- In FY 2016 we are requesting the same spending authorization to be appropriated as FY 2015



# FY 2014 Highlights



- 3<sup>rd</sup> Highest distributions to beneficiaries \$126,382,779
- 2<sup>nd</sup> Highest distributions to K-12 Beneficiaries \$ 93,626,721
- The highest total income from all sources in agency history (by statute and Constitutional directive, some income sources are distributed and others are placed in the permanent invested trust funds) \$310,000,000
- Investments exceeded \$2 Billion for the first time (\$2.3 Billion)

# 5 Year Distribution History

Year	Common Schools	Higher Education	Total
FY 2010	\$ 83,212,998	\$31,160,557	\$114,373,555
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

# CLO Historic Distributions to Public Education

- | <u>YEAR</u> | <u>COMMON SCHOOLS</u> | <u>HIGHER EDUCATION</u> | <u>TOTAL</u>  |
|-------------|-----------------------|-------------------------|---------------|
| FY 2004     | \$ 46,335,402         | \$16,964,394            | \$ 63,299,796 |
| FY 2005     | \$ 39,617,657         | \$14,479,892            | \$ 54,097,549 |
| 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     | \$ 83,212,998         | \$31,160,557            | \$114,373,555 |
| 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 |
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# Four Year Achievement

- Distributions were 57% higher than any other four year period in the history of the State
- The CLO Permanent Trust funds grew by \$700 Million (43% in the 4 year period)



# Reasons

- Stock Market Additions and Appreciation
- Mineral Production Additions to the Trust Fund
- Distribution of Lease Bonuses
- 5 year rolling average distributions
- Focus on Funds that can be distributed
- Systematic and intentional improvements in investments that provide higher yield



# Distribution Increase and Investment Diversification

- Initial land exchange in Shawnee \$ 400,000
- Distribution of Easement Income \$2,000,000
- Revisions to Investment Portfolio \$8,000,000
- Pursuit of Late Payment Interest \$1,000,000



# Results for first 6 Months of FY 2015

- \$7.5 Million increase for common education for the first six months of FY 2015
- Reasons:
  - Investment Portfolio
  - Commercial Properties
  - Property Exchanges



# Investments to Protect our Assets

- Oklahoma Supreme Court Declarations
  - 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 the next four years

- Continue to grow the professionalism, standards and efficiency of the Agency
- Distribute \$1 Billion to beneficiaries in the 8 year time frame
- Double the value of the invested trust fund from \$1.6 Billion to \$3.2 Billion from 2011-2019
- 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