



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

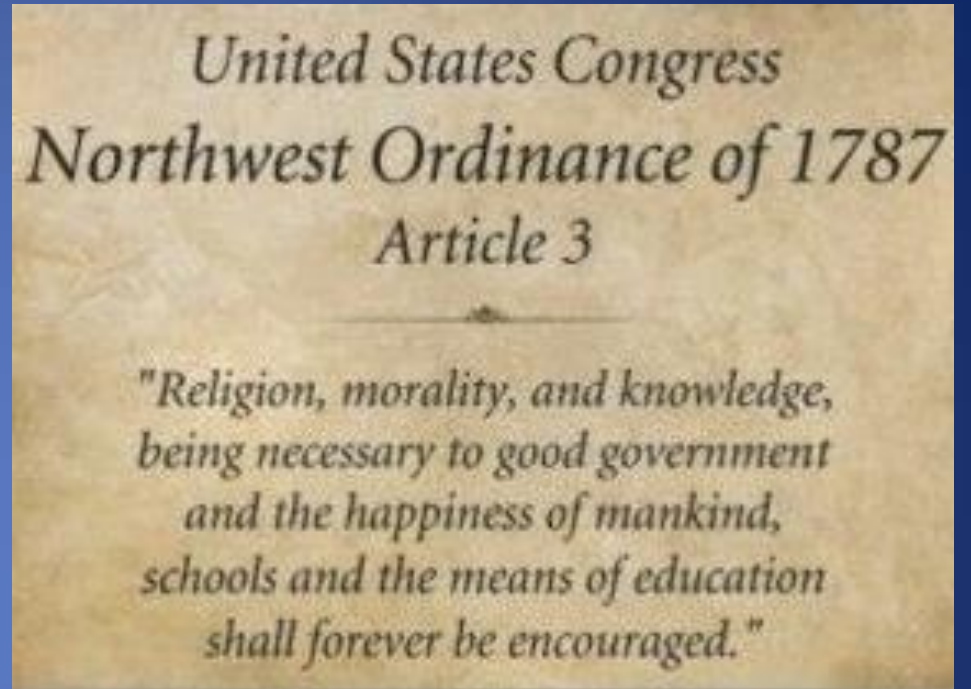
*“Managing Assets to  
Support Education”*

# 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

Township Line					
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36
Township Line					

Range Line

Range Line

**Public Land Survey System**

- 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

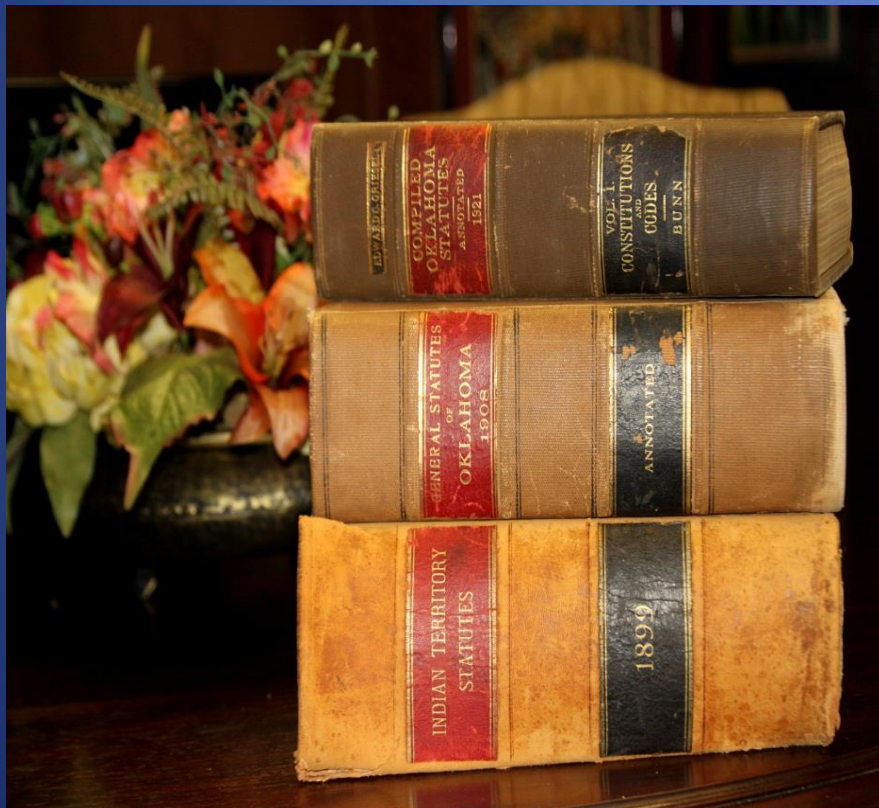
# A Mission Older Than the State



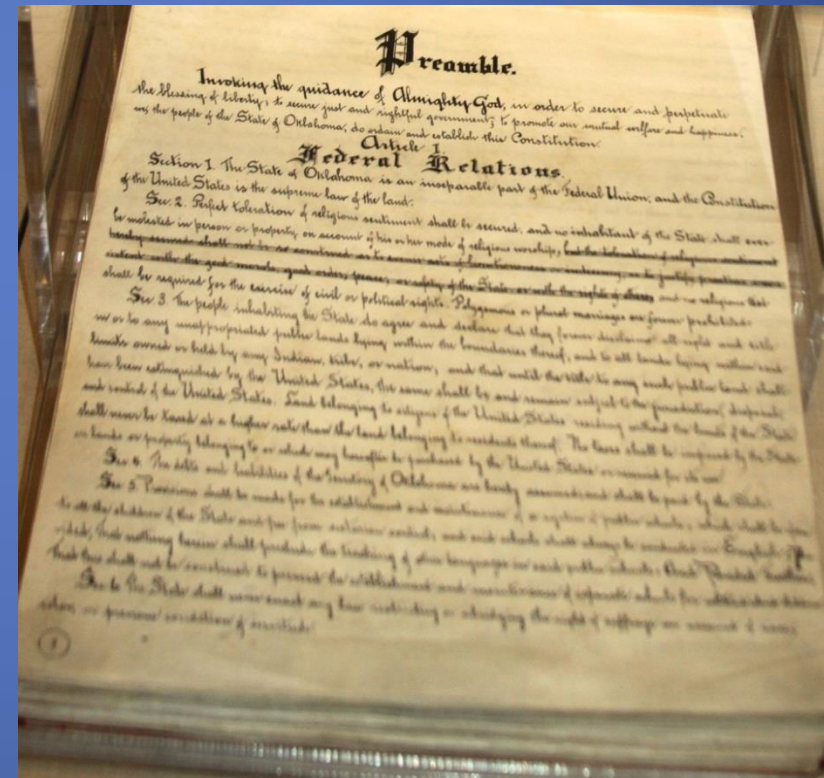
- The Organic Act passed by the US Congress in 1890 assured that when there was a state of Oklahoma, lands would be assigned to support education.
- The Enabling Act, which brought Oklahoma into the Union of States, assigned lands into trust to support education.

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

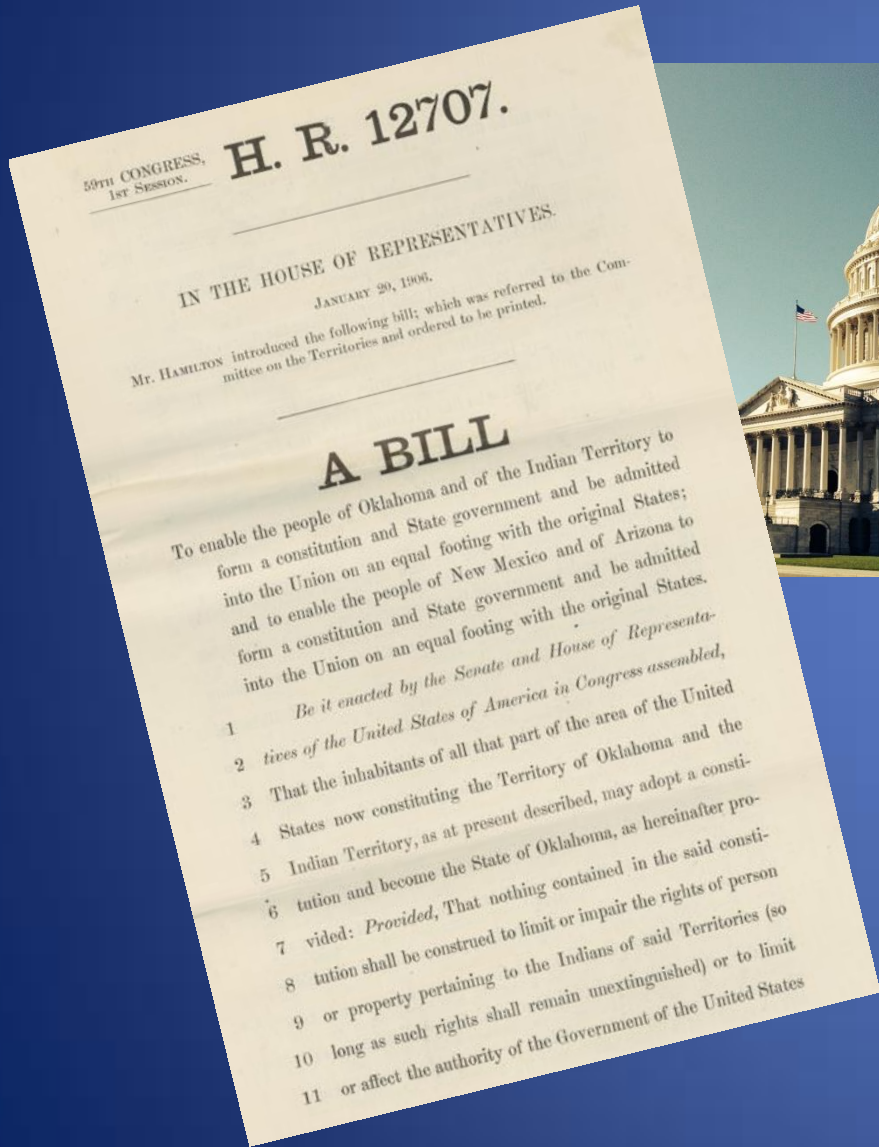
## Oklahoma Enabling Act



## 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



# Trust Principles Carry Unique Responsibilities

WHEN THE STATES' ROLL IS CALLED THIS MORNING OKLAHOMA WILL, FOR THE FIRST TIME, ANSWER "HERE"

21,040 THE DAILY OKLAHOMAN LARGEST DAILY NEWSPAPER IN GREATER OKLAHOMA

OKLAHOMA CITY, OKLAHOMA, SATURDAY, NOVEMBER 16, 1907—SIXTEEN PAGES

## STATEHOOD PROCLAMATION WILL BE ISSUED TODAY

### COMMISSION INSERTING PROBE

Commerce Hearing Is In Progress in the District Court

### ROAD MAKES A PROMISE

Will Increase Rate to Kansas City, Thus Aiding Oklahoma

### NEW OFFICERS WILL TAKE UP DUTIES TODAY

COUNTY AUTHORITIES WILL ASUME CHARGE WITH LITTLE CEREMONY

### OKLAHOMA PASSES FROM CARPET BAG RULE INTO SISTERHOOD OF STATES

### President Signs Proclamation at 9 O'clock; Imposing Inaugural Ceremonies at 11 THOUSANDS WILL CELEBRATE

### Washington, Nov. 15.—With an eagle quill pen, President Roosevelt tomorrow at 10 o'clock will sign the proclamation that will make Indian Territory and Oklahoma a state. The ceremony will attend the signing, the effect of which will be to put in motion the machinery of the state government at Oklahoma, which, owing to the difference in time, will turn its first wheel at 9 o'clock. The pen will be turned over to the historical secretary of the new state.

With the scratch of a pen today the dividing line between Oklahoma and Indian Territory will be obliterated. The territorial form of government will be annulled. Those who have held office by virtue of federal favoritism will retire. They will be succeeded by officials chosen by the whole people.

Oklahoma's battle for recognition as a free state of the other 45 continental will be at an end.

Oklahoma will have become a state.

At 9 o'clock this morning, central time, 10 o'clock eastern time, Theodore Roosevelt, president of the United States, will affix his official signature to the statehood proclamation and the work will be hatched over the wires that there is a new star in America's constellation.

The proclamation in Oklahoma will be signed by the secretary of the territory, who will be the acting governor of the new state.

A former clerk here had an opportunity to witness the signing of the proclamation in the city of Washington, D. C., and he says that the president's signature was written in a very bold and manly hand.

The statehood proclamation will be signed by the secretary of the territory, who will be the acting governor of the new state.

At the State's Home.

The statehood proclamation will be signed by the secretary of the territory, who will be the acting governor of the new state.

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### 2 CENT FARE EFFECTIVE AT 9 THIS A. M.

### RAILROADS OPPOSE THEIR PLANS TO CONFORM WITH THE PROCLAMATION

### FRENZIED BY MYSTERIOUS POWER BROWN'S SPELL HELD ANNIE BRADLEY FAST

Murderess Pleads Irresponsibility Following Love's Flight From Her Western Home

### POSSE PURSUES NEGRO SLAYER OF WHITE MAN

### SQUARRE OVER A GOV. LEADS TO TERRIBLE TRAGEDY AT HOLDSVILLE

### WOMAN "RAILROADED" TO PROTECT OTHERS? MILLIONAIRE'S WIFE TO "PEN"

Mrs. Romadka Convicted of Burglaries In Which Negro Was Her Pal

### SUSPECT IS HELD AS ENID FIREBUG

LOS NOT SO LARGE AS AT FIRST APPEARED—POLICE PAID TO ACT

### NORA M. FRENCH COMMITS SUICIDE

CALIFORNIA POSTRESS TAKES CYANIDE OF POTASSIUM WITH FATAL RESULTS

### WIFE SLAYER HELD FOR TRIAL; BAIL REFUSED

### UTS TAKE WORK FOR WINTER

### The Weather Today: Partly Cloudy



- Fiduciary Relationship
- Sacred duty to act with strict honesty solely for the beneficiaries
- Trust instrument (Constitutions, Enabling Act, laws, etc.) contains the “manifestation of the intent of the settler (federal and state governments)”
- Common law rule is to be a “prudent investor” for the beneficiaries

# 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

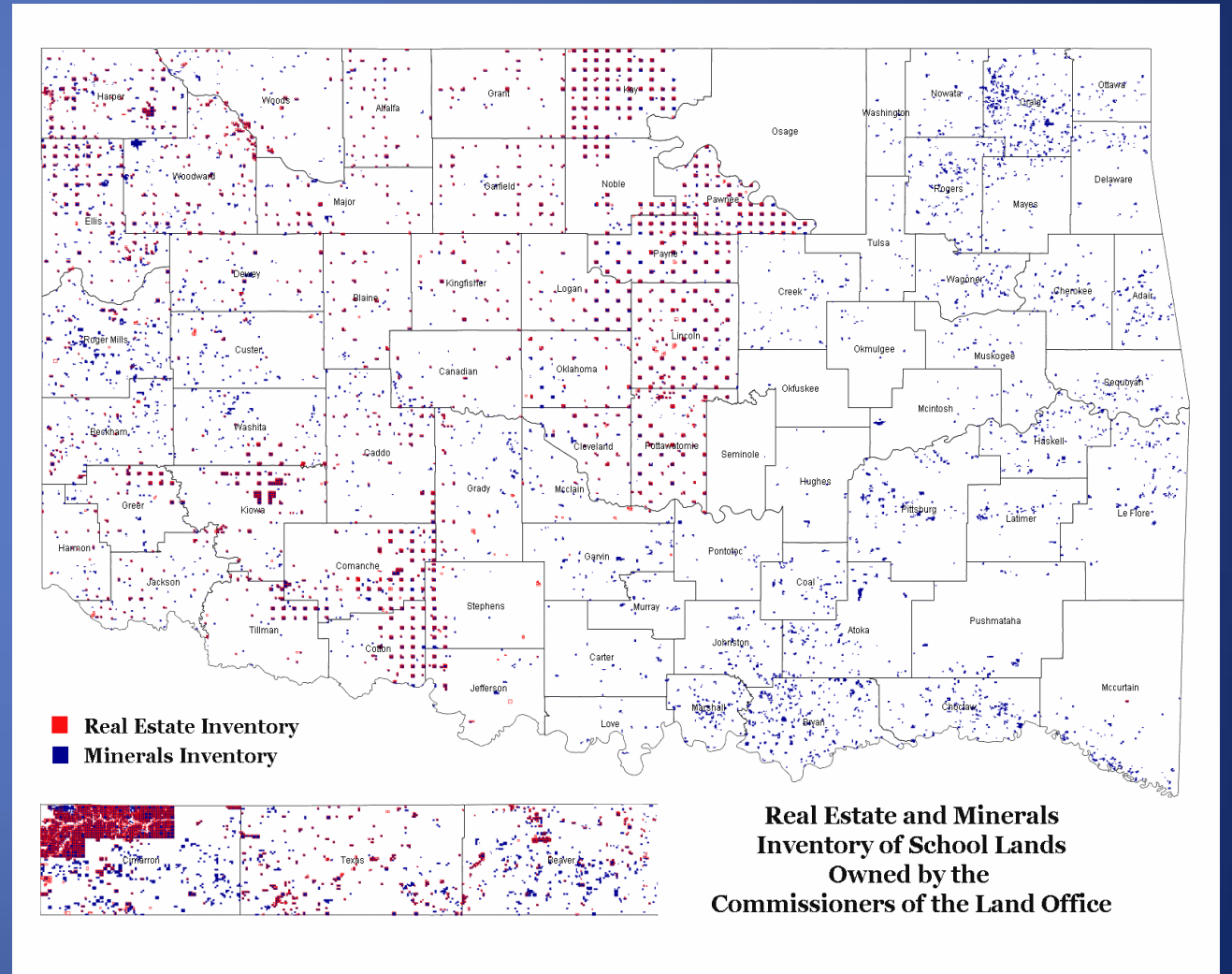


# Annual CLO Budget

- 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
- 2<sup>nd</sup> 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

