COMMISSIONERS OF THE LAND OFFICE
STATE OF OKLAHOMA

Managing Assets to Support Education

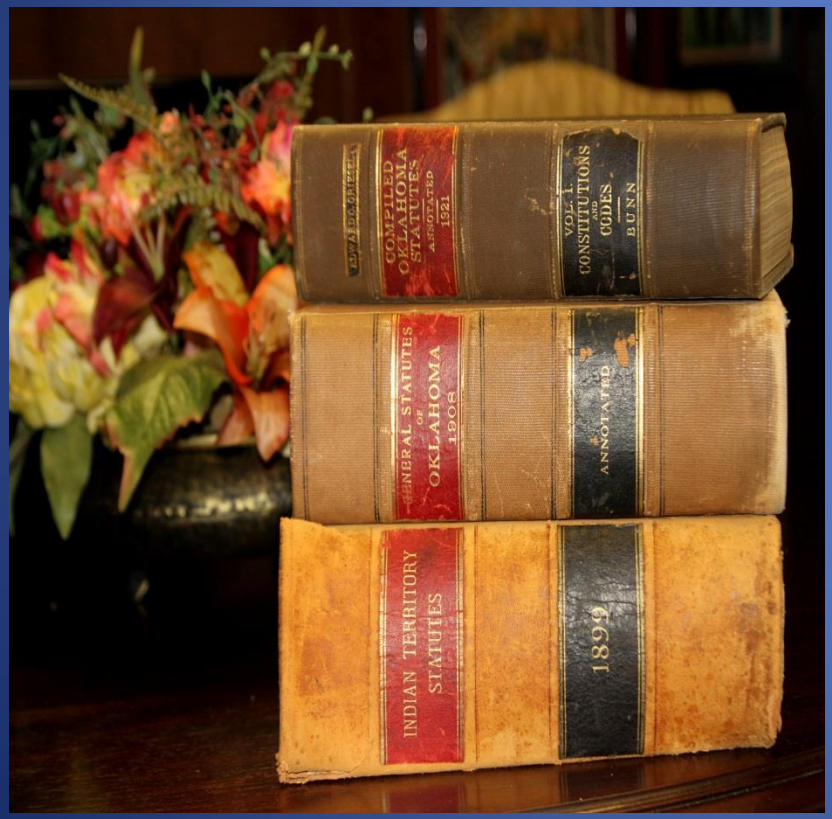
FY 2016

Budget Hearings

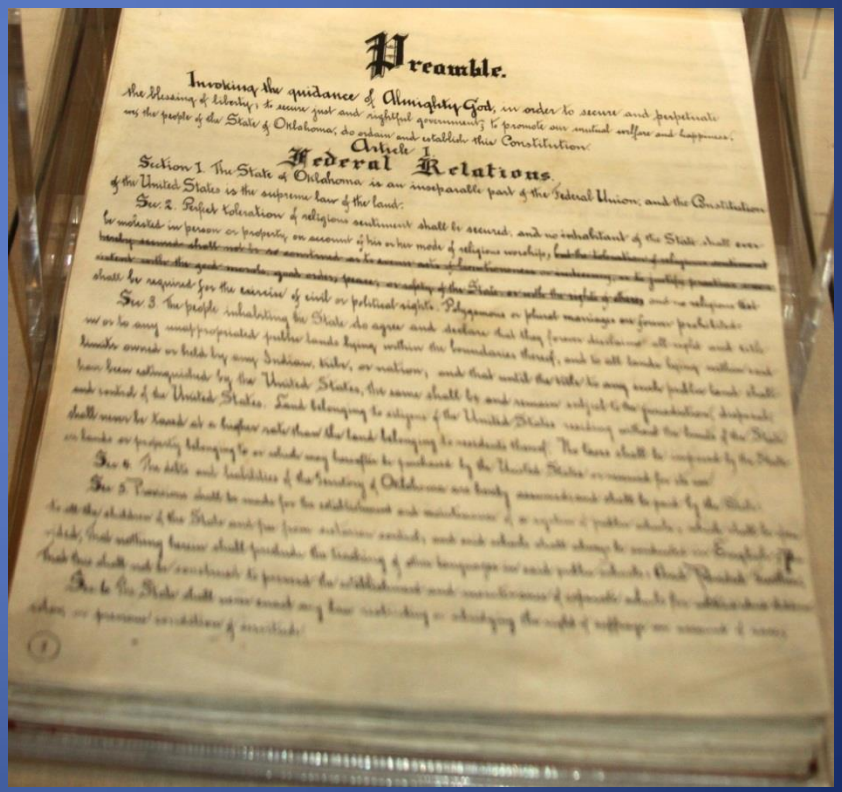
Managing Assets to Support Education

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

Oklahoma Enabling Act



Oklahoma Constitution



Preamble.

Invoking the guidance of Almighty God, in order to secure and perpetuate the blessings of liberty; to secure just and rightful government; to promote our mutual welfare and happiness; we the people of the State of Oklahoma, do ordain and establish this Constitution.

Article I

Federal Relations.

Section 1. The State of Oklahoma is an inseparable part of the Federal Union; and the Constitution of the United States is the supreme law of the land.

Sec. 2. Perfect toleration of religious sentiment shall be secured, and no inhabitant of the State shall ever be molested in person or property, on account of his or her mode of religious worship; but the toleration of religious sentiment shall not be construed to excuse acts of licentiousness or justify practices inconsistent with the good morals, good order, peace or safety of the State, or with the rights of others, nor to justify practices inconsistent with the good morals, good order, peace or safety of the State, or with the rights of others, nor shall be required for the exercise of civil or political rights. Polygamous or plural marriages are forever prohibited.

Sec. 3. The people inhabiting the State do agree and declare that they forever disclaim all right and title to the unappropriated public lands lying within the boundaries thereof, and to all lands lying within said limits owned or held by any Indian, tribe, or nation; and that until the title thereto shall have been extinguished by the United States, the same shall be and remain subject to the jurisdiction, disposal and control of the United States. Lands belonging to citizens of the United States residing without the limits of the State shall never be taxed at a higher rate than the lands belonging to residents thereof. No taxes shall be imposed by the State on lands or property belonging to or which may hereafter be purchased by the United States or reserved for its use.

Sec. 4. The debts and liabilities of the Territory of Oklahoma are hereby assumed and shall be paid by the State.

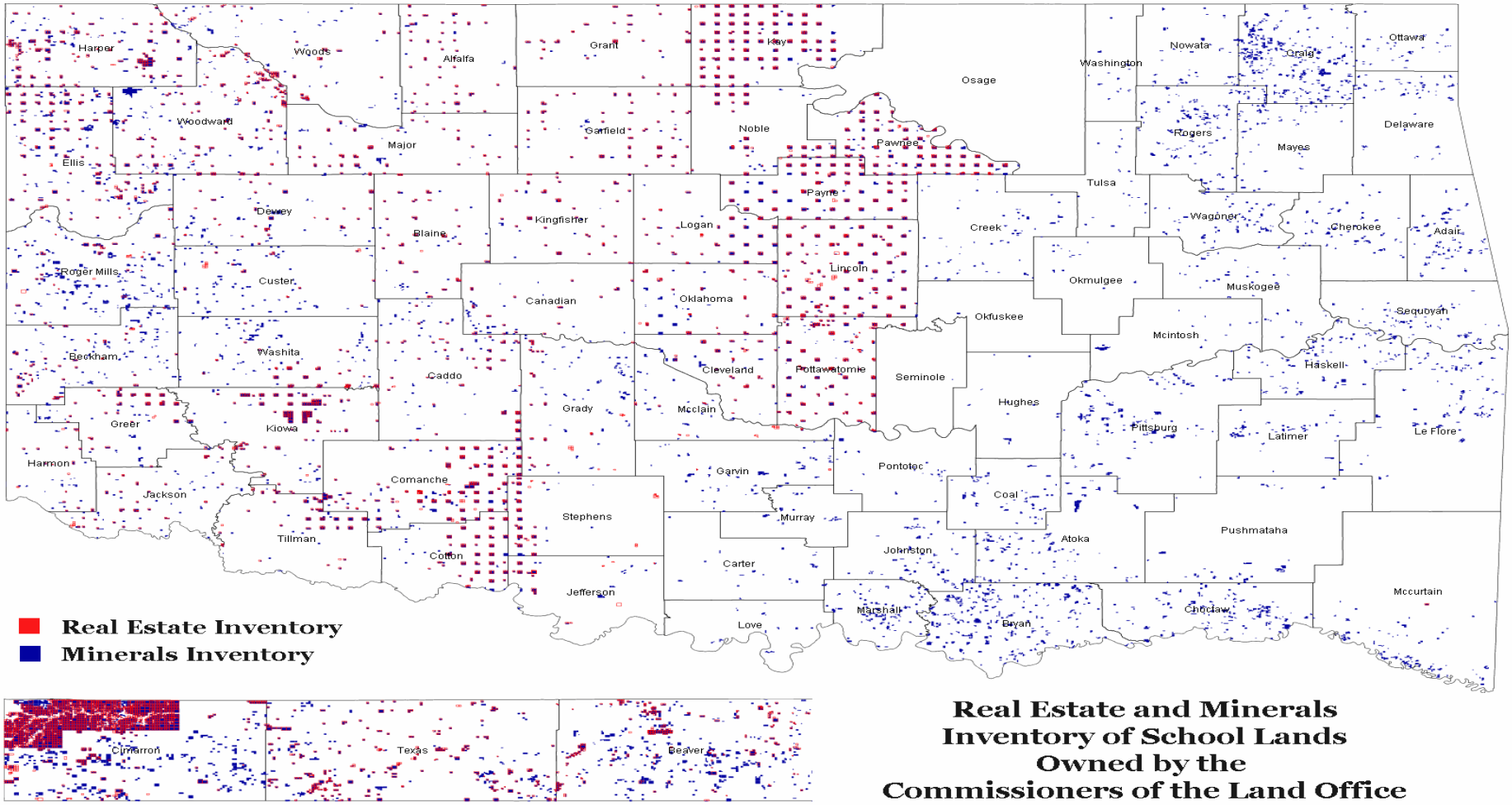
Sec. 5. Provision shall be made for the establishment and maintenance of a system of public schools, which shall be open to all the children of the State and free from sectarian control, and such schools shall always be conducted in English. Provided, that nothing herein shall prohibit the teaching of other languages in said public schools. Provided further, that the Legislature shall make such provisions as will enable any child to learn the English language in the primary grades.

Sec. 6. The State shall never enact any law restricting or abridging the right of suffrage on account of race, color, or previous condition of servitude.

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

- 3rd Highest distributions to beneficiaries $126,382,779
- 2nd 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

YEAR	COMMON SCHOOLS	HIGHER EDUCATION	TOTAL
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

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