Colorado’s Hidden Treasure

School Land Trust for Colorado’s Public Schools

2019

Presented by Advocates for School Trust Lands
History of School Trust Lands

- School trust lands were set aside as states entered the Union for the intergenerational benefit of public schools.

- The first federal land grants set aside Section 16 in every township for School Trust Lands. Through later enabling acts, two to four sections were set aside for support of public schools (depending on the amount of federal lands in the state).

- Today, 20 states hold and administer 515 million acres of School Trust Lands, of which 150 million are surface acres, while 30 states have 0.
What is the School Land Trust?

The School Land Trust consists of two parts:

- The trust itself, referred to as the “Permanent Fund,” “Public School Permanent Fund,” or the “corpus.” This is inviolate, meaning that any revenue deposited cannot be withdrawn. Revenue from sales of the School Trust Lands and from mineral royalties automatically goes into this fund.

- The School Trust Lands, which generate revenue through mineral leases, grazing leases, etc. Revenue generated from the use of these lands is allocated as determined by the Legislature – 50% goes to BEST.
# States Receiving Two Sections of Land per Township

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- Iowa
- Wisconsin
- California
- Minnesota
- Oregon
- Kansas
- Nevada
- Nebraska
- Colorado
- Montana
- North Dakota
- South Dakota
- Washington
- Idaho
- Wyoming
- Oklahoma

* Arizona, New Mexico, & Utah received four sections per township

1 section = 1 sq. mi. (640 acres)
Current Trust Land Holdings
School Trust Land Overview

- Colorado was granted 4M acres of land upon statehood for the School Land Trust. What is left is 2.8M surface acres and 4M sub-surface acres. (The other surface acres were sold.)

- The money generated by the School Trust Lands is supposed to “supplement, not supplant” school funding. The interest revenue that goes into School Finance actually supplants.
How Does Colorado Compare?

Total FY 2010 Distribution to Public Schools from School Lands and Permanent School Funds
What is ASTL?

- Advocates for School Trust Lands was created by Utah PTA to help other states to preserve their School Land Trust and advocate for effective management of the School Trust Lands.

- With the leadership of the State Board of Education, Colorado formed a coalition in the early 2000s to identify ways to educate stakeholders and to advocate for effective management of our school trust lands and the Permanent Fund.
Who is involved with ASTL/CO?

- Colorado’s non-partisan coalition includes representatives from CSFP, PTA, CEA, CASB, CASE, the Rural Alliance, and the State Board of Education.

- Our coalition works with the State Land Board (manages the lands) and the State Treasurer (invests the Public School Permanent Fund) to represent the beneficiaries – Colorado’s public schools.
How Land Revenue Income Is Used

Fiscal Year 2017-18:

- 50% of revenue generated by the trust lands went to BEST ($65M).

- The State Land Board retained a portion of the revenue to self-support operations with 40 FTE; the Investment & Development Fund used some for maintenance and reinvestment into existing assets.

- The remainder of the land revenues went to the Public School Permanent Fund ($60M).
Amendment 64 – Marijuana Excise Tax Revenue

- When Amendment 64 was passed, it allocated the first $40M of marijuana excise tax revenue to BEST.

- The remainder went to the Permanent Fund –
  
  FY17 - $31.9M
  FY18 - $28.1M

- HB 18-1030 changed the revenue to BEST to be $40M or 90%, whichever is higher; estimate for FY19 is $6.5M to the Permanent Fund (a 77% decrease).
Senate Bill 16-35 “Public School Fund”

- Created the Public School Fund Investment Board to actively manage investments of the Permanent Fund.

- Board Members:
  - Dave Young, Colorado Treasurer
  - Jackie M. Hawkey, Black Creek Group
  - Peter Calamari, Northstar Investment Advisors
  - John Hereford, Oakleaf Energy Partners
  - Gregory Moffet, State Land Board Commissioner
The first $21 million of interest generated by the Permanent Fund is credited to the State Public School Fund (for school finance).

Any amount beyond $21M, up to $31M, ("spillover") is credited to the Public School Capital Construction Assistance Fund (BEST) – was $4.4M in FY18.

The Public School Fund Investment Board is reimbursed for the cost of the private money managers and for travel, meetings, etc. ($200,000 in FY18).

The amount is increased to $41 million in FY 2019-20 and each year thereafter.
Pursuant to § 22-41-102.5(4)(a)(III), C.R.S. (2017), the Public School Fund Investment Board (“Board”) recommends to the General Assembly that the portion of interest and income earned on the Public School Fund (“Fund”) that is referenced in § 22-41-102(3)(f)(IV) and (3)(g)(IV), C.R.S. (2017), be retained in the Fund’s corpus.

Retaining this portion of interest and income in the Fund’s corpus will help grow the Fund, securing future funds for the benefit of future Colorado schoolchildren. In light of Colorado’s growing population, and taking into account the impact of inflation on the portfolio, the Board believes that growing the Fund’s corpus will be critical to maintaining the same level of real dollar funding for future generations of Colorado schoolchildren.
• Capital Construction Assistance Board
  • Nine-member appointed board

• Available to all public school districts, charter schools, institute charter schools, boards of cooperative educational services, and the Colorado School for the Deaf and Blind.

• Per statute, priorities are:
  • Health, Safety, Security and Technology
  • Overcrowding
  • All other projects

• All applicants are required to provide matching money.
BEST’s Accomplishments

BEST has awarded 354 grants in 141 school districts.
BEST’s Additional Accomplishments

BEST has generated $2.1 billion in capital projects and helped create nearly 30,000 jobs.
More of BEST’s Accomplishments

BEST has improved health, safety, and security in 524 schools and for nearly 225,000 students.
$886 Million in Total Revenue

- 71.5% School Trust Land proceeds
- 21% Marijuana Excise Tax
- 4.5% Colorado Lottery
- 3% Interest

These revenues, plus matching grants, plus financing through Certificates of Participation, have generated $2.1 billion in projects.
To find out more...

www.advocatesforschooltrustlands.org

Remember:
School trust lands are NOT public lands!

&

Our school children are trust fund babies!