At statehood in 1859, about 3.4 million acres of school lands were granted by Congress to Oregon to support public schools. Today, fewer than 750,000 surface acres remain with about 770,000 acres of mineral and energy resources. The school trust lands are part of a “sacred compact” or enabling act between Oregon and Congress requiring the state to manage school trust lands with undivided loyalty to Oregon schools. Oregon’s Constitution gives fiduciary responsibility for managing the school lands to the State Land Board, comprised of the Governor, the State Treasurer, and the Secretary of State.

In FY 2014 the net operating revenue (revenues minus expenditures) from trust land was $279,561. Timber management expenses outpaced revenues by about $635,500 because of severely curtailed timber harvests due to endangered species protections in the Elliott State Forest, litigation, and management costs paid to the Department of Forestry. Non-forestlands produced net income to the fund of approximately $526,400 from surface uses and net income of $389,000 from mineral and energy resources. Land and mineral rights sales netted an additional $4.34 million in FY 2014. The Department of State Lands in 2014 began a project to analyze options for future management of the Elliott State Forest which holds 84,000 acres--the majority of the trust’s high revenue producing forestlands.
Revenue for K-12 public education in Oregon is generated from constitutional and statutory sources, and deposited in the Common School Fund. Constitutional sources include all those lands originally granted to public schools plus additional trust land acquired over time. Statutory sources include unclaimed property held in trust, revenue from state-owned waterways, and other resource revenue assigned by the state legislature to the fund. Monies from these various sources flow into the Common School Fund, and 4% of the three-year market value of the fund is distributed to public schools twice a year. In 2014, $50.8 million was sent to Oregon’s 197 K-12 districts. Investment and management expenses and other operating expenses for programs in the Department of State Lands are paid from investment earnings. Funds distributed to school districts are made available based on a formula established by the Land Board.

The market value of the Common School Fund on June 30, 2014 was $1.45 billion. Interest, dividends, and realized capital gains supported expenses and the distribution to schools in FY 2014. The total return on investment was 19.23%, and the five-year average was 13.83%. States, like Oregon, that invest all of their revenue in their permanent school fund and invest it so well, have more money to support schools, just as people who save have more money over time than those who spend. Investments, compounded over time, generate greater returns for schools when prudently invested.

![Market Value of Common School Fund](image)

In FY 2014, the Department of State Lands launched or completed several major projects:

- Launched the Elliott State Forest Alternatives Project to study alternative management and ownership for 84,000 acres of trust lands within the 92,000-acre forest
- Reorganized the agency and created the Common School Fund Property Program which includes Real Property (trust land management), Unclaimed Property and Estates
- Led the Filled Lands Advisory Group, a task force charged with developing solutions for resolving ownership issues around historically filled lands
- Participated in regional sage grouse planning and developed a state-level Candidate Conservation Agreement with Assurances for the Greater sage-grouse on southeast Oregon rangelands
- Developed 375 acres of irrigated agricultural lands that were formerly managed as rangelands; revenues generated from these lands will see a 25-fold increase compared to revenues under grazing leases prior to development

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