



# Senate Education Finance

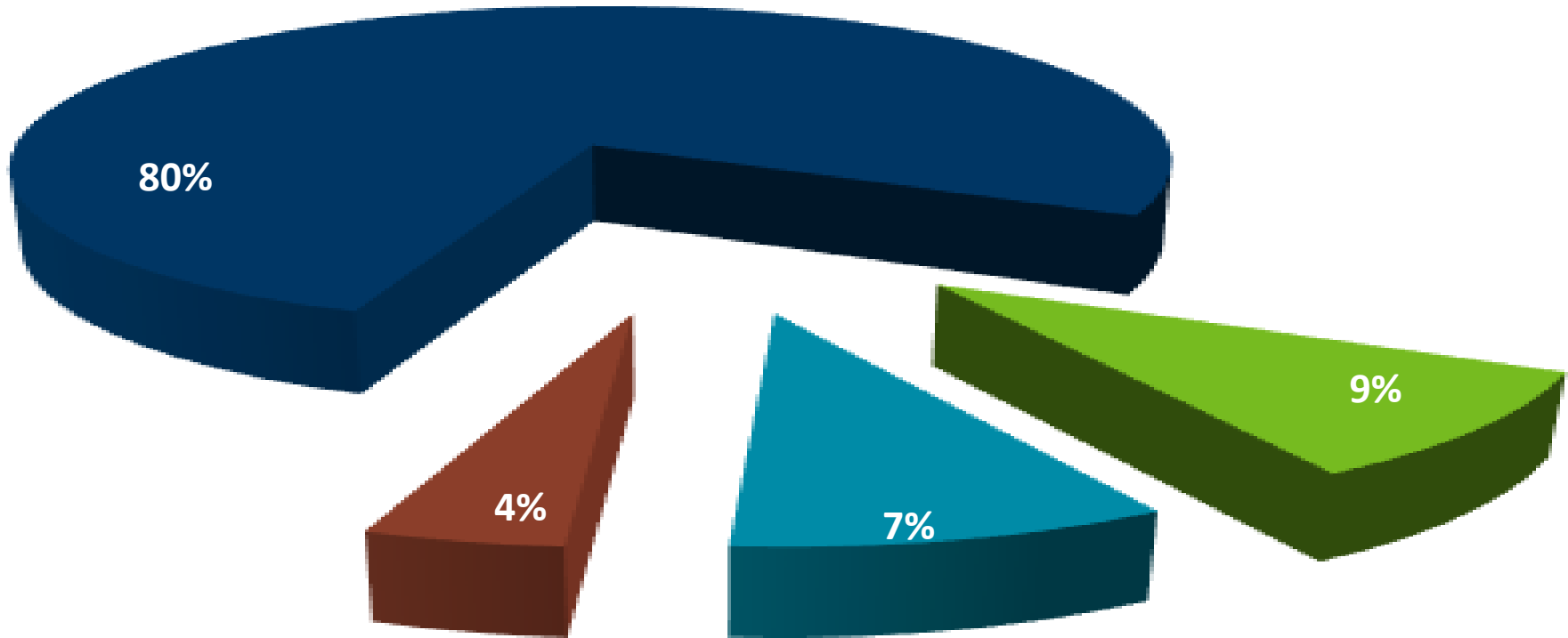
February 29, 2024



# Presentation Overview

1. School Trust Endowment
2. 10-year Revenue Generation and Distributions
3. School Trust Lands – Historic and Legal Foundations
4. Office of School Trust Lands – Role and Responsibilities

# School Endowment Value \$1.88 Billion



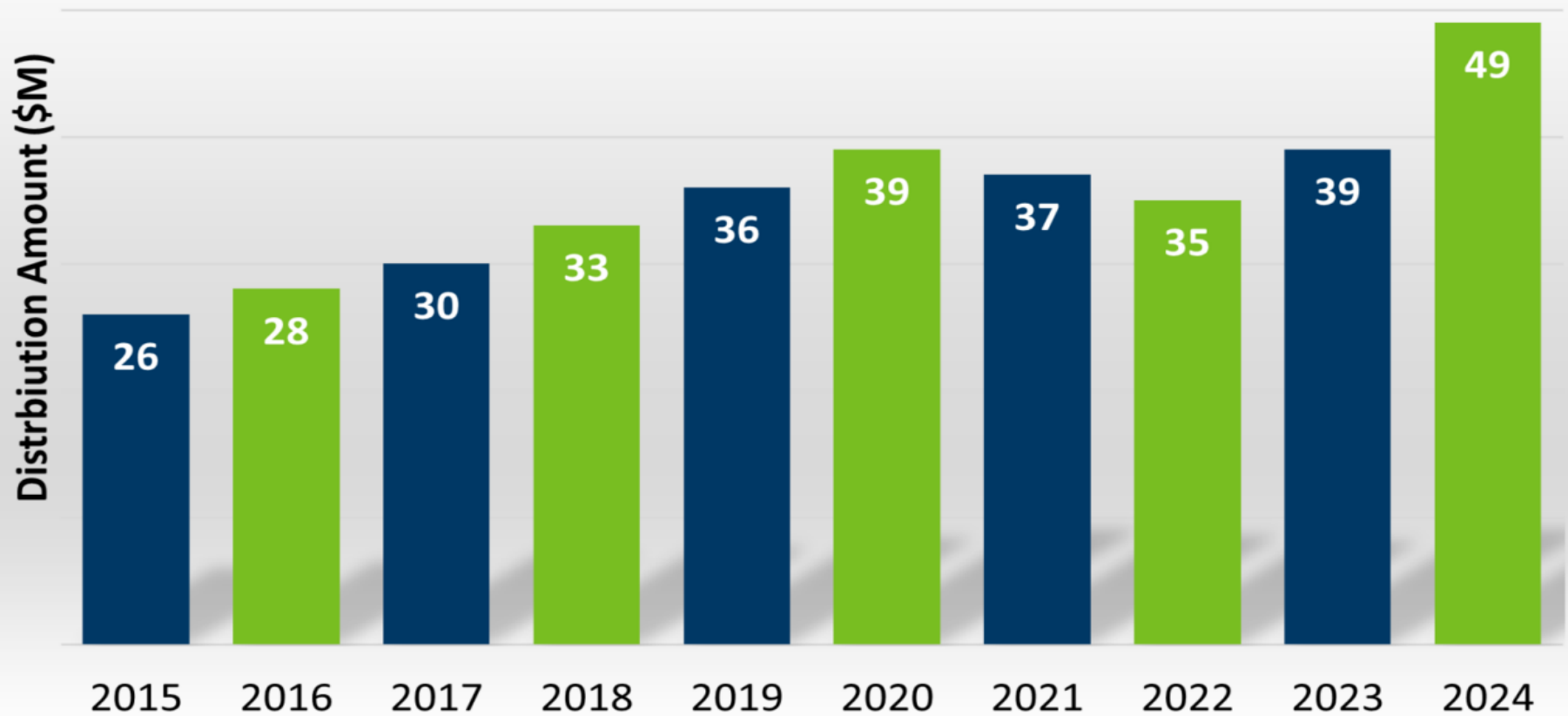
■ Minerals

■ Forest products

■ Real Estate

■ Investments

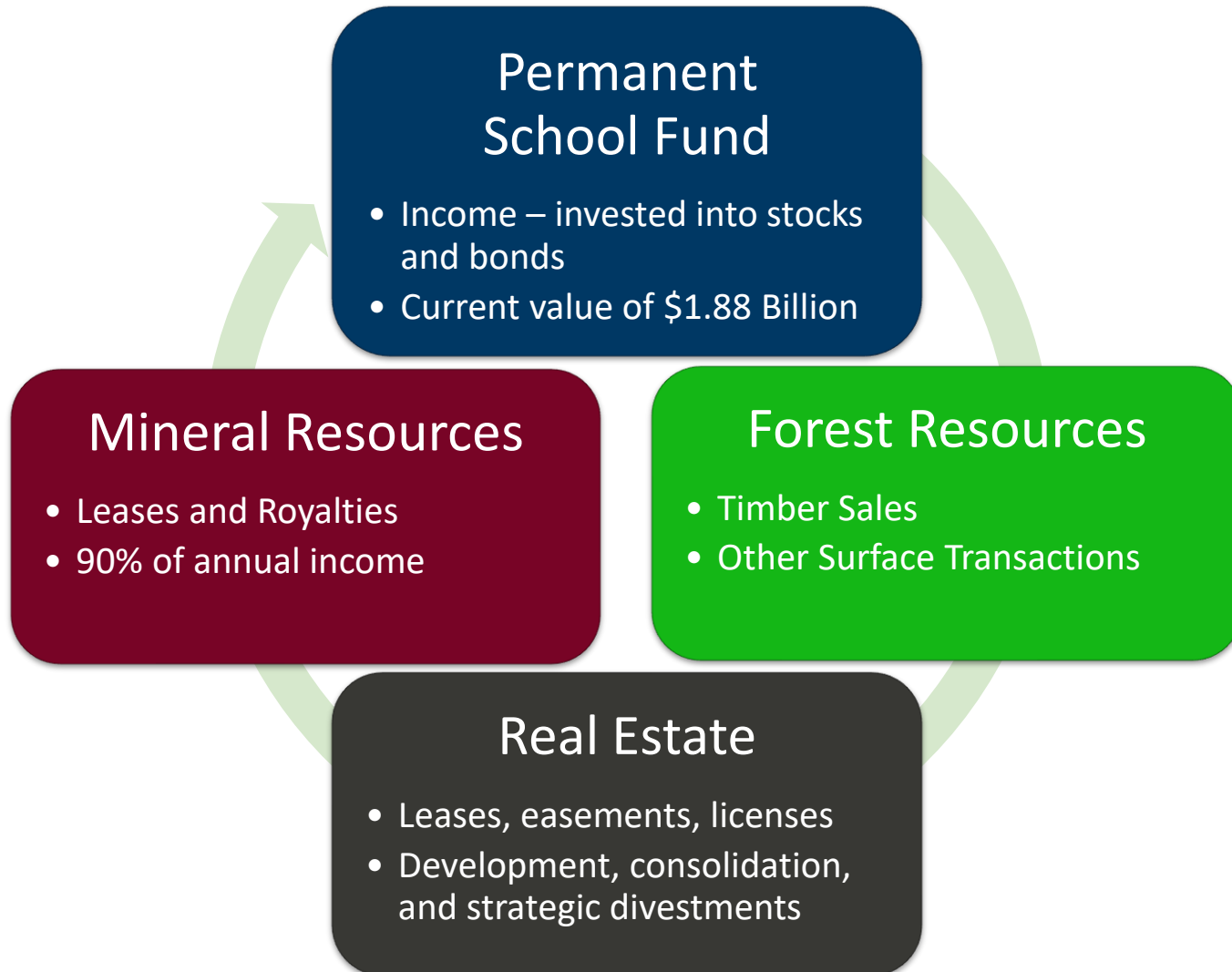
# School Endowment Distributions



# Supporting Public Education – How



# School Trust Portfolio



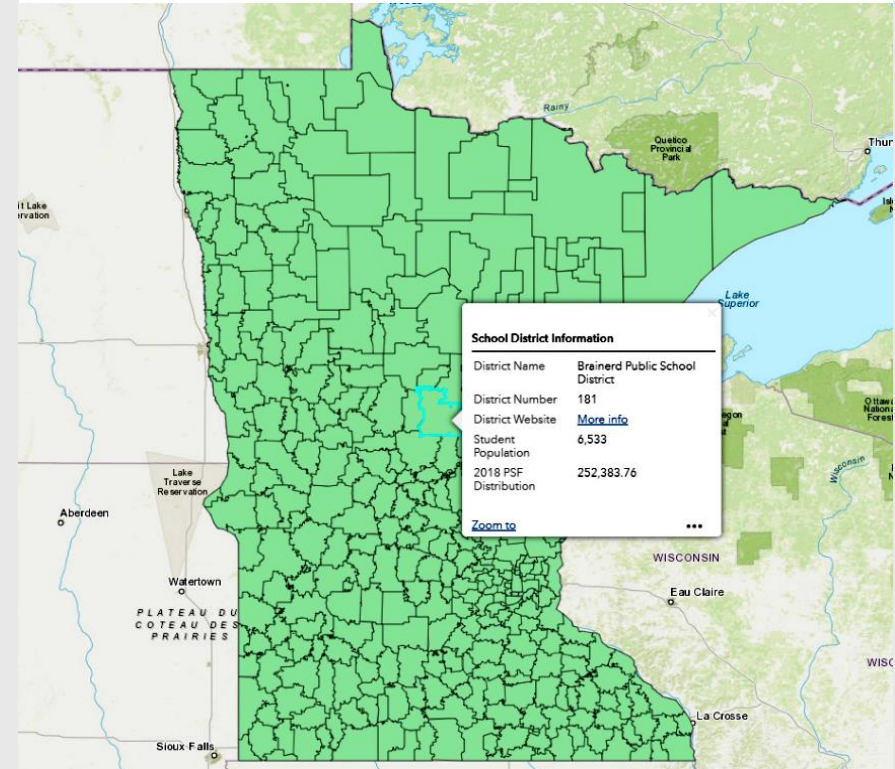
# Revenue Generation & Distributions (FY23-24)

## Annual Gross Revenue Generation



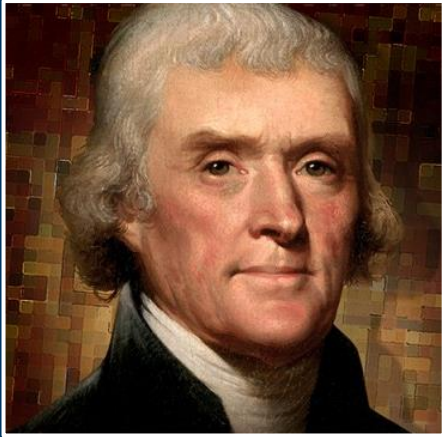
**\$42.5 million**

## FY23-24 - Distributions



**\$48.9 million distributed statewide**  
**\$57.72 per ADM**

# Historical and Legal Foundations



Thomas Jefferson had the idea

*Fund education by using income from land to supplement public school funding.*

1785 Land Ordinance made it a reality

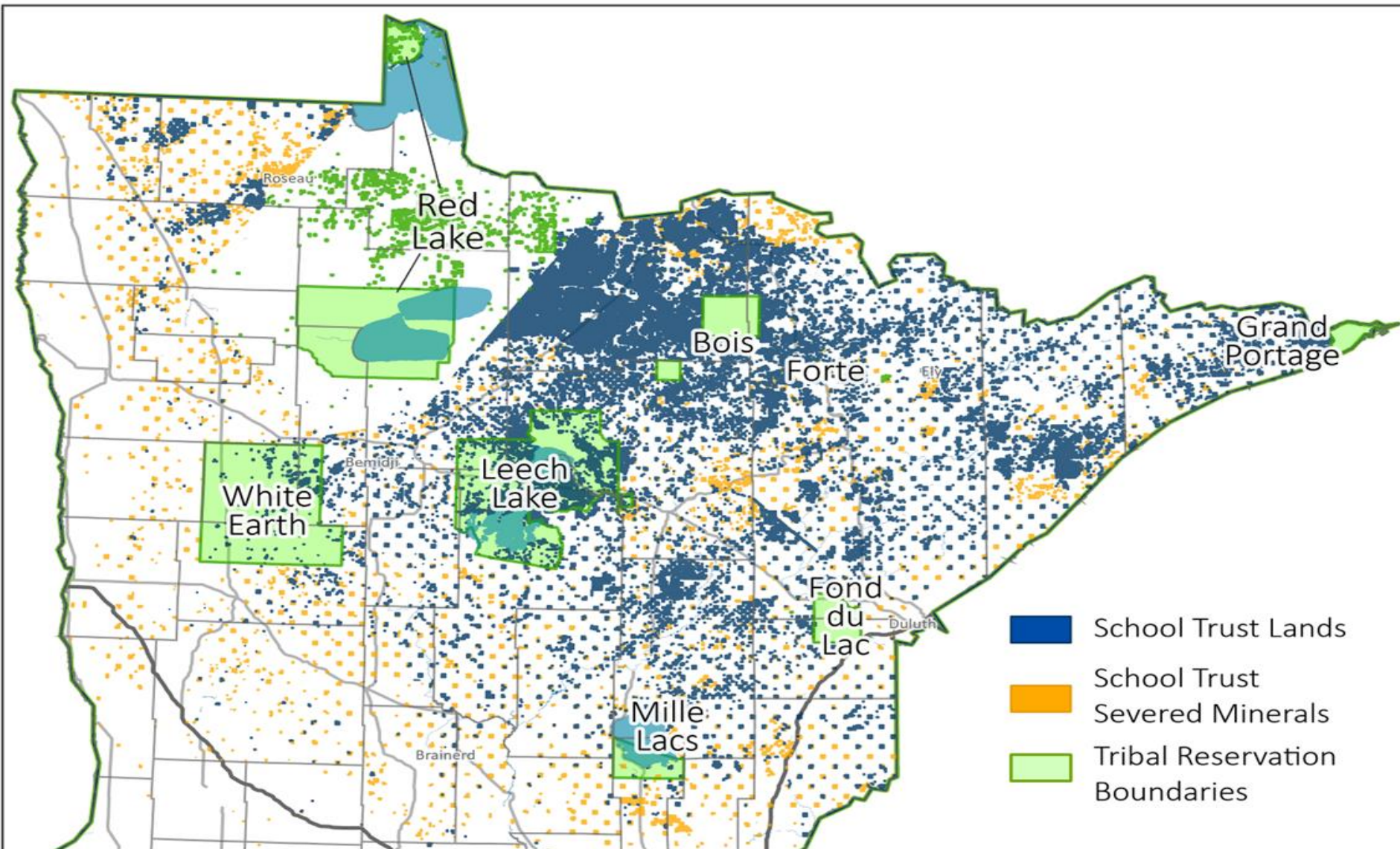
*Section 16 of each township (the “school section”)  
set aside for school purposes.*

*Section 36 later added as a school section in  
western states, including Minnesota.*

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



# School Trust Land Portfolio



# Minnesota Office of School Trust Lands

**Established by the Minnesota Legislature in 2012**

**First director appointed in 2015**

**Small staff (2.5 FTE) with significant responsibilities**

1. Advise the Governor, Executive Council, Legislative Permanent School Fund Commission and Department of Natural Resources on school trust management activities;
2. Work in conjunction with the LPSFC on legislation to improve school trust assets; and
3. Develop long range strategic plans to ensure school trust resources are optimally managed for each generation of beneficiaries.

# Asset Management Plan

A written document describing the overall long-term vision, operating philosophy and general direction to be used in managing trust assets.

## Goals:



- Identify and retain core real estate assets;
- Increase the value of the real estate assets and the cash flow from those assets;
- Rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;
- Establish priorities for management actions;
- Balance revenue enhancement and resource stewardship;
- Advance strategies on school trust lands to capitalize on ecosystem services markets; and
- Provide a clear commitment to create consistent and growing revenue streams to grow the trust corpus and increase annual distributions to schools.

# Priority Recommendations



**1: Develop a full and cost accounting or allocation methodology or system.**

**2: Develop and operationalize a performance measurement system.**

**3: Increase net proceeds deposited into the Permanent School Fund.**

**4: Adapt the portfolio to address climate change-related risks and opportunities.**

**5: Increase internal understanding of “sound natural resource conservation and management principles.”**



The Lands

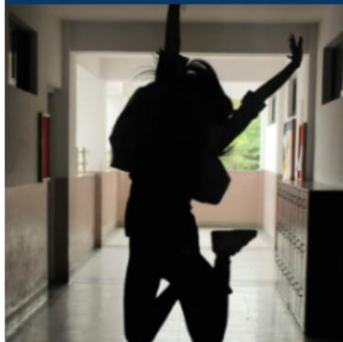
Management

Beneficiaries

Projects



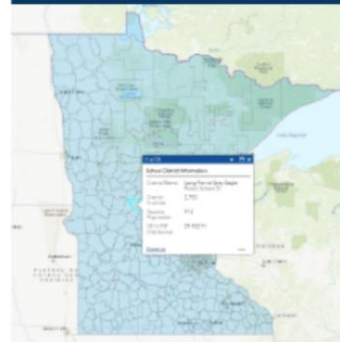
### Our Office



### Revenue Generation



### Revenue Distribution



### Project Spotlight





# Thank You

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