

CLASS ROLL CALL
July 23, 2007
Little America Hotel, Salt Lake City, UT

Welcome: Cathy Post conducted the 2007 CLASS Roll Call of the States and explained the procedure of the CLASS Roll Call. Each state would have five minutes to report on the activities in their states and the discussions from the State Breakouts Meetings held earlier in the morning. She explained that the delegate who could correctly guess the order states were called to report would receive a prize.

Utah: Natalie Gordon, Utah PTA, presented for Utah. She reported that the Utah delegation felt fortunate to have the lands and funds managed so well. The challenge to the education community as a whole is that the current voucher fight is taking the spotlight off of other issues. The hope is that after the issue is resolved during the November elections, they will be able to continue the focus on other issues. There are groups in our state who do not cherish public education, and because of their influence, there are environmental groups who don't feel like school trust lands should not be managed with the best interests of the children in mind. A legislative challenge in January is expected to change the mission of the trust.

The Utah Permanent School Fund will top \$1 billion soon. The distribution to the schools has increased 30% in the last year. That money goes directly to the schools where site-based teams made up of educators and parents decided how to spend the money.

Colorado: Vicki Newell, Colorado PTA, presented for Colorado. She reported that Colorado has good and bad news. CLASS-Colorado is moving, but not shaking. The Colorado permanent fund is a little over \$400 million, which they consider pathetic. They have attempted to obtain opinions from the attorney general in the past to help remove the barriers that prevent growth of the fund. To date they have not been unsuccessful. The state treasurer is currently blocked from investing in equities, which is decreasing the growth rate of the permanent fund. Major players know of school trust lands and are training statewide, but the basic citizen in Colorado does not have the necessary knowledge. This poses its own challenge because if the legislature knows that a pot of money exists and that no group of citizens will fight for it, it leaves them free to raid the fund. The education representative to the land board has never been introduced or attended meetings. Currently the money is being supplanted instead of supplementing other legislatively-appropriated funds.

Scott Groginsky has been selected to be the new Colorado state liaison.

The good news is that CLASS-Colorado is a strong coalition, holding monthly meetings and is only getting stronger. In order to build the permanent fund, CLASS-Colorado was successful in capping the distribution amount, and Jared Polis (who is a wonderful advocate) is running for office.

CLASS-Colorado has set forth numerous goals for the coming year and for long-term. They have a strategic plan that includes working with the legislature, increasing statewide communication, and beginning research on how to make prudent changes. They also expressed

interest in empowering the national CLASS Organization because the more power that CLASS has, the more power each state holds to make the point that these lands are important. CLASS-Colorado hopes to bring Margaret out for training sessions. The group wants to research getting a portion of hunting and fishing licenses deposited in the permanent fund, and reevaluating leasing contracts stateside.

The long-term goal for CLASS-Colorado is to maximize the group's potential and grow the permanent fund so that the state's education budget can live off the interest.

CLASS can assist Colorado by posting Power Point trainings online, marketing CLASS research and training, continuing their research.

Arizona: Mike Smith, Arizona School Administrators, reported. Arizona has gone through five years of tough negotiation of trust land management from the highest point on down. It has strained relationships because it is a tough issue. Arizona initially tried a large reform, which they do not recommend for other states. If trust land reform occurs in the coming year, it will be limited, perhaps statutory. They have decided to take small steps.

Arizona's Enabling Act and Constitution were written between 1910 and 1912, and they anticipated that Arizona would remain a grazing state forever. They have recently become a real estate industry, and unfortunately, that doesn't fit well with the two documents. The goal is to reform both documents to enhance real estate opportunities.

The investment side of trust lands is much more positive. The Office of the Treasurer in Arizona is highly focused on investment, and the most exciting part is they are talking to the Arizona beneficiaries! Arizona anticipates that they will be able to work with the office of the treasurer to enhance the investment of the permanent fund.

Washington State: Brenda Hood, Office of the Superintendent of Public Instruction (OSPI), and Anita Boyum, Washington State School Directors' Association reported jointly. Anita announced the passage of a resolution focusing on school trust lands in her state organization, and the subsequent adoption by the national organization. Brenda Hood then took over the report. She explained the difference between the Washington State permanent fund and other permanent funds. Washington State has passed an amendment directing all renewable resources to a "checking account" for the purpose of matching construction costs. This process has unfortunately diverted money from building the permanent fund. If the amendment had not passed, the Washington State permanent fund could have been between \$4-6 billion dollars. It is, on the other hand, heading backwards.

The land office has implemented a sustainable harvest fee as well as active supports on harvesting bills which will return greater dollars. They have been able to see increased returns due to Commissioner Doug Sutherland's foresight. Washington State may have the smallest permanent fund and the smallest returns nationwide, but the largest amount that goes directly to schools. The largest challenge will be working with the legislature, who constantly tries to shut down any efforts with school trust lands. Brenda then posed the question how one sues the legislature.

In the early '90s, the Washington State Legislature changed the investment policy from only being allowed to invest in fixed income assets to an ability to invest in equities. However, the treasurer refused to invest outside of fixed income assets. Brenda reported that after her arrival at OSPI she realized that these responsibilities were not being carried out. She approached the Attorney General and obtained an opinion in 1999 saying that equities can certainly be an avenue for investment. Shortly thereafter, she received news from the state investment board that the board did not know how or what to invest, and wouldn't do anything differently unless the legislature directed them to. Brenda has worked since 2002 to fix the problem. Legislators were afraid of investments. She finally had the opportunity to meet with the legislative leadership. The head of the committee was a banker. Brenda explained the permanent fund problem, and he showed immediate interest. He told his committee he wanted to see a bill the next day. Within the day, a bill was written directing the investment board to go do their job as directed by the Constitution and the Attorney General's opinion.

Brenda then offered a huge thank you to Margaret who was assisting her daughter with a newborn baby and took time out to review the bill. With universal outside approval, the bill was sent to the house, and passed unanimously. It was too late to be brought to the senate floor, and the senate voted to suspend the rules to hear the bill. Again, it passed unanimously, and received the governor's signature. Brenda hopes that next year the permanent fund will be in the black. None of Washington's success could have happened without the networking and support system of CLASS to know how other states were investing their funds.

Oregon: Oregon was not present at the Roll Call.

Idaho: Cindy Schiller, Idaho PTA, presented. Idaho had four members in attending the conference. There were seven from the Department of Lands in attendance on the WSLCA side. Idaho beneficiaries have started to attend the Land Board meetings, and the Land board is appreciative and friendly. Cindy reported that they have been asking her to review proposed legislation and are taking those opinions into account.

Idaho has formed a coalition that is gathering strength. One of their goals is to organize that coalition and meet on a regular basis. They hope to review policies and see if there are any that need changing. Over time, they would like to educate the beneficiaries and the public of the land policies and endowment lands in Idaho.

At the WSLCA Roll Call earlier in the day, CLASS delegates heard about the agreements, firestorms, and cheap lease rates. The Idaho delegates believe that those will be big issues for them to address and they will need to prioritize their efforts. Idaho hopes to bring CLASS to Idaho to train the PTA and members of the coalition.

Cindy appreciated being on the conference committee last year, and looks forward to hosting the conference next year in Boise, in the middle of July. The Idaho Department of State Lands announced to the Land Board, that CLASS would be coming to Boise in July 2008 with the WSLCA Conference. The governor, who chairs the board had expressed appreciation for CLASS' involvement.

New Mexico: The New Mexico delegation chose to yield their time. They felt the New Mexico report in the WSLCA Roll Call covered their issues well.

Wyoming: Marguerite Herman, Wyoming PTA, presented. She began by announcing that she had attended every conference since the first in Bryce Canyon. She noted that an important change was taking place since the first conference, when CLASS listened to the land commissioners, only as guests. Now, in the morning meeting, every one of the Land Commissioners mentioned CLASS. She labeled today as a great day – CLASS delegates were seen as equals!

The legislature met for forty days during the winter, and numerous proposals were brought forth from the trust lands task force. Among the task force suggestions were:

1. A name change in the state law from public land to state lands. It is a minor change, but a step in the right direction.
2. A bill to continue the task force through 2012 to monitor the agency failed to pass.
3. A bill was presented to increase staffing. The task force came to understand that the grazing lessees took care of their lands, but overall the lands were considered public and were poorly taken care of. Three new employees were added to provide better stewardship..
4. A bill to direct game wardens to now issue citations for dumping on trust lands passed.
5. Margaret Bird and Kevin Carter, the director from Utah, presented to task force about funding the office from trust land revenues. The issue was discussed in the legislature but also failed to pass. The interim committee will bring it up again.

There has been some good news. Following the lead from other states, the Office of State Lands and Investments spent \$6 million to purchase a ranch adjacent to a 10,000 acre block of trust land. This will remain a working ranch.

One concern that Wyoming has are the rock rustlers from Colorado. The land board has made money in the past by selling landscaping rocks. Landscapers from Colorado have taken to poaching these rocks from school trust lands. Since there is no real way of monitoring this issue, the Board of Land Commissioners have chosen to suspend all rock leasing for the time being.

Montana: Jeri Anton, Montana PTA, reported. She explained that there are special challenges in Montana. The beneficiaries have great relationships with the land office and land board but they are strained with many legislators due to disagreement on other issues. The other issues have consumed the time of beneficiaries preventing them from focusing on trust issues. Unfortunately, the changes that Montana beneficiaries seek to reform are all statutory.

The Land board and the managers of the permanent fund do an excellent job, but Montana's revenue stream needs to be redirected in order to help schoolchildren. Hearing from other states that baby steps are the best way to go has been a great help. Montana's other challenge is trying to amend their investment policies. Currently, Montana can only invest in a list of fixed assets. Changing the investment statutes are the first issue beneficiaries plan to address.

Oklahoma: Cathy Post, Oklahoma PTA, reported. The largest challenge Oklahoma faces is that the Commissioners are statewide elected officers. They appoint the Secretary of the Land Office and Clifton Scott currently fills that position. Unfortunately, their presence on the Land Board means that there is a lot of politicking surrounding the use of the lands.

Oklahoma PTA is present at every meeting, and Cathy let everyone know that she has the entire board on speed dial to remind them of their duty to the trust. The state auditor, who is under investigation and is currently abstaining from voting.

The second largest challenge Oklahoma is facing are the good old boy and the sweetheart girls deals. (Cathy explained that the sweetheart girls are the sorority sisters of women on the hill in Oklahoma.)

The recent legislative session included a few bills proposing to direct the oil and gas revenue to fund teacher retirement. Cathy worked harder than ever to kill the original bill, but it kept coming back. An Elgin commercial sale went on for nine months and got uglier and uglier. An appraisal was completed, but Elgin said that it was too high, and commissioned one of their own. The Land Commissioners then started shopping for another appraisal. Cathy called the land office and explained that she would mobilize the education community if the sale was not handled prudently. Eventually, the sale went through, but contained a clause that if no development occurred within seven years, the land would revert back to the school trust.

A senator wants to amend the constitution to change the flow of revenue. His father is the president of Oklahoma University. That alone should slow the amendment, as his father depends on the money from the land.

Oklahoma's goal for next year is to bring more people from the Oklahoma coalition, in addition to the PTA, to the CLASS Conference.

Alaska: Lynn Hohl, Alaska PTA, reported. Alaska is coming up on her 50th anniversary of statehood, and Alaska's lands are subject to the original Enabling Act, the Admission Act, and ANILCA. 1/18th of Alaska land was promised to schools to be held in trust. The vast majority of these lands have been lost. The lands that were granted are now tied up in lawsuits. The trustees have admitted that they have failed in their fiduciary duties. They continue to fail as the lawsuit cannot be resolved until they have been appraised. Although the permanent fund is small, it annually generates \$12 million to public education but the money is simply used to supplant other revenue for schools.

Dean Coon is the fairy godfather of Alaska's school trust, and Margaret and Paula are the godmothers, as they have all instructed us as to the existence of the fund. Margaret and Paula came to Alaska and have opened a lot of doors, and trained education leaders from numerous organizations. Alaska hopes that a strong coalition can be formed to meet monthly, so some progress can be made this year.

Nevada: Tom Wellman, Nevada State Education Association, presented. Tom announced that the Nevada education leaders were shocked and appalled when they met with Paula in Las Vegas last January and started to learn about school trust lands and the permanent fund. It made some people nervous that the education community would be let on the secret.

The Nevada delegation recognizes that baby steps will need to be taken. The first step is to educate everyone, from the education boards of directors up to the legislature. This conference has provided a great opportunity to begin a coalition.

South Dakota: Bobbie Wirth, South Dakota PTA, reported. This is the third conference that Bobbie and Scott have attended. The first conference overwhelmed them. They had no idea about trust lands and how South Dakota was not watching out for their schoolchildren. They have since recovered, and are looking forward to improving the situation.

A new commissioner has been elected, and he has been wonderful about working with the PTA, including becoming a member of South Dakota PTA. South Dakota has a Beadle Club that looks out for trust funds, and Bobbie has met with the current president, who is encouraging the PTA to get involved.

South Dakota is continuing to spread the word, and are trying to make legislators aware. There is one legislator who would happily sell everything that South Dakota owns, creating a challenge to work through. The PTA has talked to Commissioner Johnson, the new Land Commissioner, about adopting a code of ethics as has been recommended in prior conference. They hope to have one adopted in the coming year.

California: Cathy Steinberg, California PTA, presented. California faces different challenges than all other states, because it is heavily populated with little land remaining, and 6.8 million students. When the amount of money earned is compared with the number of students, it is viewed as insignificant. The biggest challenge is to determine how to use the money to benefit schools. The second largest challenge is that there is no political will to force change.

California's goals will be to educate, and enter into meaningful communication with the Land office. They will also attempt to build the education coalition, as the most significant challenge that the coalition has faced is despondency once people realize what must be surmounted. The changes will occur, it will just be a gradual change.

Texas: Texas was not present at the Roll Call.