

CLASS Notes



Second Edition

Spring 2003

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CLASS Conference Preview

The Third Annual Conference of the Children's Land Alliance Supporting Schools (CLASS) is rapidly approaching. Big Sky, the conference location, was suitably named featuring snow-capped mountains complete with hiking and biking trails.

Land management from many perspectives will be the focus of the 2003 conference with the 2004 conference concentrating on the financial portion of the trust portfolio. The list of invitees has increased this year to include invitations to education leaders in Alaska, California and Texas in addition to the thirteen invited states to the Phoenix conference. This conference is being held in conjunction with the Western States Land Commissioner's Association (WSLCA) summer conference providing an opportunity for interaction with participating land board, commissioners and staff from each state.

Congressman Chris Cannon of Utah, who serves as chair of the Western Caucus and has sponsored land exchange legislation for Utah, will be the keynote speaker at the opening session. Former Colorado Land Commissioner, Charles Bedford, now the Associate State Director for the Colorado Nature Conservancy, will address the conference the second evening and will present the viewpoint of land management from an environmental perspective.

Industry experts will explain how industry benefits from use of trust lands, including what both assists and prevents their ability to generate revenues for schools. Representatives of the land offices will follow-up with their perspective of industry development on school trust lands. Other workshops will research how the Enabling Acts control the management of school trust lands including how states are similar and different, the ABCs of successful land exchanges, how politics play into land management, and the interaction of fire and forest management.

CLASS conference participants are invited to the WSLCA Roll Call of the States where commissioners report on activities in each of their states in a traditionally mysterious order that results in a reward for the state that can guess the roll call order. A similar CLASS Roll Call provides an update of beneficiary activity in each state.

Invited land commissioners will join CLASS for lunch in the beautiful Peaks Restaurant with the final evening bringing WSLCA and CLASS together at an outdoor barbeque complete with a Blue Grass Band.

A basic and refresher course is provided especially for first-time participants to a CLASS conference and will provide the framework to build on in the remaining days. Many second timers have registered and will find the review to be a new and improved version.

Time has been built into the conference for states and education groups to work in strategy sessions. Working groups provide direction to activity in individual states and the CLASS organization over the next year and in preparation for the Fourth Annual CLASS Conference.

Preliminary arrangements for the 2004 conference have scheduled the annual meeting for July 18-26 on the Oregon coast, a few hours drive from Portland.

Paula Plant, CLASS Director

Room reservations at the discounted rate (\$79 and \$99 per night) are still available, as of this printing, but going rapidly. Call The Mountain Inn at 1-877-945-7858.

Commissioner's Corner

Finding the Right Balance For Trust Lands

Washington State is blessed with some of the finest forestlands anywhere in the world. Each year, millions take the opportunity to hike, camp and play on the more than two million acres of state forestland here.

They also play an important role in creating healthy ecosystems for wildlife, birds and fish.

And, each year these lands provide more than \$80 million to school construction across the state, funding that becomes more and more important as it becomes increasingly difficult to find funding from the federal government or new taxes.

Finding the right balance between working landscapes, healthy ecosystems and benefits for all the people of our state, is more important than ever. And, keeping that balance foremost in our mind is critical if we want to move beyond the divisive politics of the past, which pitted one interest against another.

Keeping trust lands productive is a commitment not only to the children of today, but also to generations to come. By responsibly managing our lands, we can ensure that these lands continue to provide revenue, continue to offer critical habitat and continue to offer opportunities to enjoy the beautiful landscapes we are blessed with. That is a goal I know we all share.

Doug Sutherland
Washington State Commissioner of Public Lands

Money Matters

A Giant Retires – Herb Johnson

An enormous debt of gratitude is owed to a giant in school trust lands who is quietly retiring at the end of this month. He is in his eighties and thought it might be time to slow down a bit. Herb Johnson began with the Oklahoma Land Office in 1987 where he became responsible for the investment of the Oklahoma School Land Trust Permanent Fund. In that position he influenced many states to develop an equity program for long-term growth of their permanent school trust funds.

Because of his influence, many states changed their statutes to allow investment of the permanent funds in the stock market. By December 1995, following passage of a State Question, that allowed equity investments, Herb finally, had the opportunity to invest the Oklahoma school funds in the market. Thanks to his prudent investments the Oklahoma School Land Trust Permanent Fund doubled from \$506 million to just over a billion at his retirement. Thank you Herb Johnson for making the school children of Oklahoma billionaires!

Thank you too, Herb Johnson, for leaving a legacy that will benefit the children all over the west from the wise investment of their funds! The stock market has averaged just over 11% annual return-- including the Great Depression years. Won't it be great when the school children don't just learn about compound interest but reap the benefits through better educational opportunities provided by their permanent funds?

Margaret Bird, CLASS Director

Reports From the States

Spring 2003

ARIZONA'S TRUST LAND REFORM

The general election of 2000 featured two completely different ballot proposals that attempted to redefine how Arizona's 9 million acres of trust land could be used. One proposal was sponsored by the environmental community and attempted to "set-aside" trust lands for preservation, while the other one, sponsored by developers would accelerate the sale and development of trust lands for growth. After lots of money was spent on both sides, the voters rejected both proposals.

The lesson learned from this was that there were very strong feelings among a wide array of interests when it came to state trust lands and their use. It was also clear that no one view had sufficient clout to prevail over the others. Then Governor Hull asked Ed Fox, an attorney with one of the major utilities in Arizona, but who also headed up the state environmental protection agency under the previous administration, to see if he couldn't find a common ground among the many interests and bring a consensus proposal forward. Fox was a good choice to undertake this impossible task since he was respected for his consensus building at the environmental agency.

For the last two and a half years the "Fox Group", made up of environmental interests, developers, cattle interests, and the public schools, as the beneficiaries, have been negotiating a comprehensive reform of both the Constitutional and the related state laws that govern the operation of the state land department which has responsibility for the management and sale of state trust lands. The final reform document(s) will be completed and hopefully endorsed by the participating groups by August 1, 2003.

While the package proposes many changes to the management and disposal of trust lands among the key provisions are:

- A Constitutionally established Board of Trustees to oversee the trust lands.
- A planning process that allows for identification of conservation suitable trust lands and the transfer of the market value from the identified conservation lands to nearby trust lands to preserve the value to the trust.
- Move the funding of the land department from the state general fund to funding from the trust land revenues.

Once the package is completed, the proponents will make a decision on taking the package to the legislature to be referred to the people or bypass the legislature and through an initiative go directly to a vote of the people. There are pros and cons to each approach. If the package goes to the legislature, they can change the deal prior to referring it to the people. If the Initiative route is taken, the campaign will cost more because of the significant learning curve necessary to inform the voters on the merits of the package. The key will be how strong the supporting coalition will be. With a united front made up of all the interested parties the chances of keeping the legislature from modifying the "deal" is greatly enhanced.

Mike Smith, Political Consultant

Arizona School Administrators Association

COLORADO'S SCHOOL LAND TRUST - AN UPDATE

The 2002 CLASS Conference spurred interest in Colorado's education community to collectively step up to the plate and pay more attention to our school land trust. For years, individual State Board members and other individuals in the community tried to generate interest around this subject, but the CLASS Conference gave the attendees the education and enthusiasm needed to start a formal coalition. Hence, for lack of a better name, the Colorado School Land Trust Steering Committee formed.

Coalition Efforts This ad hoc committee is made up of the State Treasurer, the State Land Board, the State Board of Education, and representatives from all of the major education organizations in the state, including the Colorado Education Association, the PTA, and associations related to school boards, school executives, and rural schools. The committee has met monthly since the summer of 2002, and thus far, has at least brought the issue regarding Colorado's diminishing trust to the front burner. Some of the highlights follow:

State Legislation All parties of the Steering Committee signed a position statement requesting the Colorado General Assembly to consider and enact legislation that will provide the Land Board and the Treasurer with the authority, flexibility and accountability to provide the greatest possible financial benefits to current and future generations of Colorado's public school children. This might sound like an innocuous statement for some, but we have followed it up with action. The Committee worked with Colorado's Senate Majority Leader to draft legislation capping the interest expended from our Permanent Fund, which will allow future interest earned over and above that cap to be reinvested to grow the corpus. For a few years, we know this will not make any impact at all. In these difficult budget times, however, it was our best chance at getting at least one positive change for the future without taking money away from today's contribution. The final bill is part of the school finance bill, which is still under negotiation, but we've made it through the major hurdles so far.

Another local bill tried to increase the standing to every taxpayer for the right to sue the State Land Board. The School Land Trust Steering Committee put up their shield and testified against that bill, persuading the sponsor to support our efforts, and he has since joined the Committee.

Federal Legislation State Board of Education members and various members of the School Land Trust Steering Committee met with Congressman Udall and his staff to discuss the federal bill that he has once again introduced to change our Enabling Act, designating multiple purposes of the school land trust. With a great deal of persuasion from us and high passion around the subject of diluting the original purpose of these lands, the Congressman is now considering new language that aligns it to what is consistent with the Constitution of the State of Colorado. This battle is not over, and we will follow the issue with great vigor.

Outreach Presentations have been made at the Colorado Association of School Boards' (CASB) delegate assembly and their annual conference, as well as the Colorado Education Association's delegate assembly and board meeting. We also were involved in NEA's Western Regional Conference, where nine states were represented. With the assistance of the three directors of CLASS at these presentations, we were able to sway CASB into voting for their own resolution to support the efforts of the School Land Trust Steering Committee, and they will continue to follow this subject with great dedication and interest.

The Committee is at the point of looking into more long-term strategies, now that we have almost made it through our first legislative session as a group. We are sure the CLASS Conference in 2003 will only add fuel to continue this flame.

*Karen Gerwitz, Executive Director
Colorado State Board of Education*

GREETINGS FROM IDAHO!

At last year's CLASS Conference, it was decided that Idaho PTA take the lead in orchestrating our state's efforts. Our PTA representative, Beth Young, and other CLASS members have attended monthly Idaho Land Board meetings and occasionally the Land Board's pre-meeting briefings. We were immediately noticed and "googled" on the Net!

We've learned to wade through the info disseminated at these meetings, have become aware of some potentially problem areas to watchdog, and are much more aware of the logistics involved in the workings of our land board.

As a group we are grateful to our Idaho Superintendent of Public Instruction, Dr. Marilyn Howard, for being the best watchdog of our children's lands. We're looking forward to the conference this summer!

*Beth Young, Legislative Chair
Idaho PTA*

MONTANA LAWSUIT

The Montana Legislature has enacted legislation changing the distribution of revenue from the Coal Trust. It directs the state to loan \$45 million from the trust, to be paid back over time from state mineral income. Schools will receive an increased distribution for the next two years. However, over the next twenty years, it will also result in a \$13 million loss of distributable income to Montana schools and a depletion of the permanent trust fund of \$95 million.

Montanans for Responsible Use of the School Trust (MonTRUST) has filed a suit claiming that the legislative action provides increased funding for today's schoolchildren at the expense of tomorrow's students, violating an important principle of trust law.

The court may have ruled before the CLASS Conference and more details will be available then. Roy Andes, Vice President and Legal Counsel for MonTRUST, will present a workshop on the first day during the "refresher course".

*Roger Bergmeier, President
MonTRUST*

NORTH DAKOTA UPDATE

North Dakota's Common School Trust is weathering the storm of a legislative session and downturn in the stock market quite well. Although the fund's assets have diminished in value, the distribution to the common schools should remain at over twenty million dollars for each year of the biennium.

The state is anticipating a tobacco money payment in the amount of twelve to fifteen million dollars, if the payment is made in April. According to recent news reports, new lawsuits may delay the payment.

Legislation introduced concerning the Trust would change how the unclaimed property of the state is handled. It introduces change in how the property would be advertised. The state advertising on the web site has no amounts listed until it has been on the list 24 months.

The Trust is undergoing a periodic Asset Allocation Study that should be completed in the next three to four weeks.

*Katy Gulya, Past President
North Dakota PTA*

NEW BOARD MEMBER IN NEW MEXICO

Renata Wittee, President of the New Mexico PTA, has been appointed to serve a six-year term to the New Mexico Land Trust Advisory Board. The seven-member board is, by law, appointed by the land commissioner and confirmed by the Senate. The board acts in an advisory capacity to the land commissioner in the formulation of policies and programs for the trust.

Renata was appointed this spring and fills one of two appointments representing the beneficiaries of the trust. The board also has a representative from agriculture, extractive industries, and conservation interests and two members who serve at large. The board must also be politically and geographically diverse.

OKLAHOMA ACTIVITY

In August, 2002, the Land Commissioners voted to give financial relief to renters of grasslands in three drought stricken counties in the Oklahoma Panhandle. The Oklahoma Education Association (OEA) and the Oklahoma PTA were very concerned about the financial loss to the trust and the school children.

We requested an Attorney General Opinion and also started to look at legal action against the commissioners. In December, 2002, our Attorney General, W.A. Drew Edmondson, handed down an official opinion that concluded the Commissioners of the Land Office, as trustees of sacred trust land, are entrusted with the responsibility of obtaining the maximum value for school trust land under their control. Current leases provide for a specific rental rate to be paid for a term of years and provide that the Commissioners may order that grazing be reduced on lease land. The leases do not provide for giving rebates to farmers who reduce the amount of grazing, and such rebates are inconsistent with obtaining the maximum return for trust property. Due to this opinion, no rebates were given and no legal action was taken.

We are looking forward to our new Governor, Brad Henry, becoming an active and supportive Land Commissioner. At this time, he has not appointed a new Secretary of the Land Office. We also welcome another new Commissioner, State Auditor & Inspector, Jeff McMahan.

The State of Oklahoma and School Land Trust Office mourn the death of retired Judge Joe Cannon in February 2003. One of his greatest contributions was his decision on the handling of the state's school trust lands that brought in millions more in lease payments to help school children. Oklahoma school children will benefit from his decision for years to come.

Oklahoma PTA members will be voting on a School Trust Land Resolution at our summer convention in July. The resolution focuses on educating our members, other educational organizations, and state officials about trust lands and encourages them to take an active part in protecting and promoting School Trust Lands for the school children.

*Cathy Post, President
Oklahoma PTA*

OREGON UPDATE

Oregon is in the middle of its Legislative Session and the results of our CLASS education has been evident as educators work closely with our state lands office administration to protect proceeds of the state's Common School Fund.

We got a warm up during five Special Sessions in the past year as cash strapped legislators kept trying to raid the Common School Fund and use the kid's income from unclaimed property to balance the budget.

Oregon education group representatives also met in our first annual seminar with Oregon Division of State Lands chief Ann Hannus, her staff and representatives of the PTA and Confederation of Oregon School Administrators to share all of the information we gleaned from last year's CLASS Conference. We had over 30 participants from the unions, management, school boards, parents groups and school districts.

The outcome has been a heightened awareness of state lands policy and the important role funds from these lands and investments can play in meeting our education-funding crisis in Oregon.

We now regularly attend and testify at Oregon Land Board meetings and participated in a hearing the resulted in a change in the way administrative fees are charged against income. It resulted in several million more dollars a year going to schools in Oregon. We have testified at legislative committee hearings in support of the Division of State Lands budget and on a number of bills that would result in detrimental policy changes to the fund and its income.

After our first year as "educated" beneficiaries of state land's income, we have become more confident sharing our views on issues associated with trust/beneficiary relationships and holding our elected and administrative leaders responsible. It even has meant that we are developing enough confidence to disagree with the Division of State Lands now and then. It is making for a very dynamic relationship that should result in greater income for the children of Oregon.

*Chuck Bennett, Director of Government Relations
Confederation of Oregon School Administrators*

THE CLASSY LADIES GET RAVE REVIEWS

In an effort to help educators across the western states further their understanding of the incredible potential of the School Trust Lands in their home states, the Utah Education Association invited Karen Rupp and Margaret Bird to host a discussion of current issues at the National Education Association's Western Region Conference held in January 2003 in Salt Lake City. The conference drew over five hundred participants who currently hold various leadership positions in the NEA. The session they hosted was designed to be for those with existing knowledge of Trust Lands who wanted an opportunity to discuss with others the things that were happening in their respective states. When the evaluations came back from the participants there were rave reviews for the "**CLASSy** Ladies" and their wealth of knowledge. One association president commented, "This is exciting information! I wish all teachers better understood the potential of these lands to help fund education." UEA agrees.

In Utah, money from the Trust Lands is sent directly to individual schools to implement programs for academic success. These programs, decided upon at the local school site by a council of educators and parents, are the most visible and tangible proof of the successful management of the Trust. While ten ago, most teachers and parents were totally unaware of this program, that is not the case in Utah today! Every school community now knows the personal impact of these funds. We give kudos to Karen, Paula, and Margaret for that difference.

*Pat Rusk, President
Utah Education Association*

WASHINGTON STATE UPDATE

The Washington State Department of Natural Resources is in the process of completing their ten-year update of the sustainable harvest policies for the state forestlands. In July the board of DNR will select their preferred alternative from an array of seven alternatives with a variety of sub-alternatives that have been studied and commented on during the past year and a half. Since the school trust lands in our state comprise over 70% of these forest lands, we are following this process closely. The state association of school board directors has a trust lands study task force, which has been meeting regularly with both DNR representatives and our Superintendent of Public Instruction, also a member of the DNR board.

Last fall the Trust Lands Task Force, the State Office of Public Instruction, and the DNR held a statewide teleconference to brief school board members around the state on the sustainable harvest process. In addition, the Commissioner of Public Lands and DNR staff gave a presentation at the annual fall conference of the state school directors association. A second teleconference is being planned for June to alert school board members to the current status of the DNR process and encourage them to make their views known during the public comment period that will follow the DNR's decision in July.

We are receiving excellent cooperation from our DNR staff. We will be at the CLASS annual conference in July with a full report.

*Quent Goodrich, Trust Lands Task Force Chair
Washington State School Boards Association*

WYOMING UPDATE – FROM CHEYENNE

New Director Lynne Boomgaarden, 42, is the new Director of the Wyoming Office of State Lands and Investments (OSLI). She was appointed by the newly inaugurated Gov. Dave Freudenthal on Jan. 24, 2003, seven months after the previous director moved to the Department of Audit. The interim director was Harold Kemp, who is in charge of the mineral royalties compliance division of OSLI.

Boomgaarden was an assistant professor at the University of Wyoming College of Law in Laramie when she was appointed, and she finished out the spring semester while working part-time in Cheyenne. She took over her OSLI duties full-time on June 1. She holds two bachelor's degrees in zoology and secondary science education, from UW. She earned her JD from UW in 1991.

When she was appointed, Boomgaarden said she has the advantage of an unbiased outlook as a scholar. She has taught courses in oil and gas law, mining law, constitutional law and legal writing at UW. She said she brings a philosophy to the job directed by the Wyoming Constitution and state laws.

Her family lives on a farmstead just outside Burns, in southeastern Wyoming.

Publication It's common knowledge that agriculture has had a disproportionate influence on Wyoming land management and laws. Now a book documents that influence and goes further to say it threatens to be the economic ruination of the state. The book is [Pushed Off the Mountain, Sold Down the River](#), by Sam Western.

It has stirred quite a controversy - emboldening people who were too timid to speak up before and offending others who consider it sacrilege. It certainly has people talking. The real question that must be answered is, "What do we do as a result of this realization?"

Our state treasurer, Cynthia Lummis, whose family ranches, doesn't spend any time disputing Western's propositions or data but says the answer is greater entrepreneurial effort.

The fact is that people who are elected to the Legislature make the rules and set policies, and from early on those people were advocates for agriculture. As legislative interests change, so will policies and laws.

*Marguerite Hermann, Legislative Vice President
Wyoming PTA*