



Oregon

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**TESTIMONY
OF
MARY ABRAMS
DIRECTOR
DEPARTMENT OF STATE LANDS
On Senate Bill 24
Before the Senate Finance and Revenue Committee
February 20, 2013**

State Land Board

John A. Kitzhaber, MD

Governor

Kate Brown

Secretary of State

Ted Wheeler

State Treasurer

Thank you for the opportunity to testify today in support of Senate Bill 24 that removes the statutory requirement that realized gains and interest earnings of the Common School Fund (CSF) be credited directly to the Distributable Income Account.

At statehood in 1859, Oregon was granted about 3.4 million acres of land to generate revenue for public education. Since then, the Common School Fund has provided hundreds of millions of dollars for Oregon public schools. Today, the state owns about a fifth of the original acreage – which includes rangelands, forestlands, navigable waterways, commercial lands and mineral resources. Unclaimed property (lost financial assets) is also held in the Common School Fund.

The State Land Board oversees distributions from the fund to the state's 197 K-12 public school districts. The State Treasurer – a member of the Land Board – and the Oregon Investment Council oversee the fund's investments.

Prior to 2005 the net earnings of the CSF were attributed to the Distributable Income Account. The amount available for distribution to schools was directly impacted by the volatility of the market. The legislative change of 2005 effectively redirected the losses to the principal of the fund while continuing to credit the gross earnings to the Distributable Income Account.

Since 2005, the earnings have been adequate to maintain distributions in a steady and consistent amount. However, under this present structure, the losses have diminished the principal of the fund.

Enactment of Senate Bill 24 will allow the State Land Board to manage the fund to meet its long term goals of growing the fund and providing stable distributions to Oregon's public schools.

Thank you again for your time and I would be happy to answer any questions.