



Oregon

John A. Kitzhaber, MD, Governor

Department of State Lands

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Dear Chair Burdick and Senators:

State Land Board

The State Land Board supports the passage of Senate Bill 24. The Department of State Lands developed this legislation to address a problem with implementation of current statute related to the Common School Fund (CSF) and its Distributable Income Account (DIA). The Board believes the changes proposed in this bill will give the Board the tools it needs to manage the CSF over the long-term to fulfill our fiduciary responsibility of providing a sustainable funding stream for Oregon's K-12 schools and growing the corpus.

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Kate Brown

Secretary of State

Ted Wheeler

State Treasurer

Since the 2005 legislative changes, interest and realized gains on investments have been credited to the DIA and distributed to schools, while realized losses have been charged to the corpus of the CSF. The 2005 changes were proposed to address concerns with the large swings in the distribution levels caused by the ups and downs of the economy. The changes made in 2005 achieved this goal, but with the result that the corpus is being diminished at a rate that will diminish distributions to schools in the future. Due to the market's downturn in recent years, large losses have been charged to the corpus of the trust, and it is now prudent to begin rebuilding the fund.

If SB 24 is enacted the Board will be able to better manage the fund for the long and short term, and effectively respond to market changes. We urge you to support this bill and move it to the Senate floor with a do-pass recommendation.

Respectfully,

John A. Kitzhaber, MD
Governor

Kate Brown
Secretary of State

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