

South Dakota Office of School and Public Lands



February 11th, 2013

Joint Appropriations Committee Presentation
School & Public Lands Budget



COMMISSIONER
Jarrod Johnson



DEPUTY COMMISSIONER
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OIL, GAS & MINERAL AGENT
Graham Oey, J.D.



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ADMINISTRATIVE SECRETARY
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SURFACE AGENT
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Office History

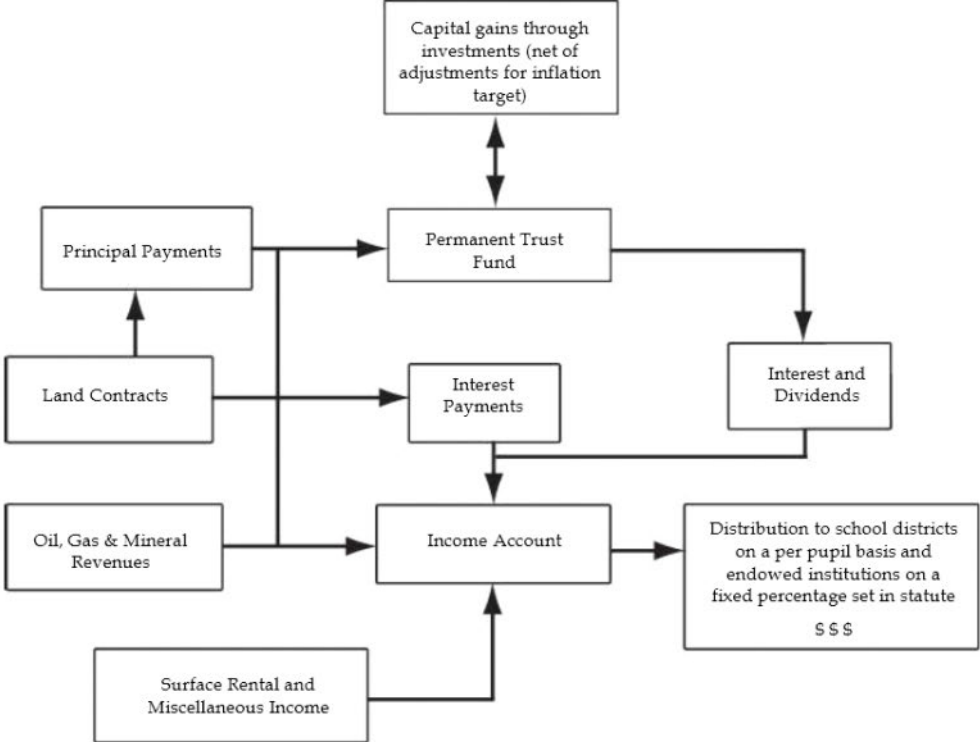
When South Dakota became a state in 1889, the Federal Government granted the state over 3.5 million acres of land. Township sections 16 and 36 were reserved for school and public purposes; these are known as Common School Lands. If the sections were already settled, the government provided replacement property known as indemnity lands.

Additional property was also provided to be used however the state wished. The South Dakota Constitution divided these lands among the state's universities, the School for the Visually Handicapped, the School for the Deaf, State Training School, and the Developmental Center in Redfield. To manage these lands and the money generated, the constitution established the Office of School and Public Lands.

According to the Constitution, common school and indemnity lands were either to be sold or leased and the proceeds deposited in a permanent trust fund for education. The principal could be increased, but never diminished. Interest from the fund was to be used for funding education.

Each year the office returns approximately \$10 million to school districts and endowed institutions. The money is generated from grazing, mineral, oil and gas leases, interest from the Permanent Fund, and interest earned on land and sales contracts.

Income Flow Chart



Surface Division

- Leases are for 5 years with a 5 year option
- Over 2800 leases on 768,133.134 acres
- State manages weed and pest control on land through the weed and pest fund
- Executes easements and land sales for other agencies in state government

Surface Revenue By Land Class

COMMON SCHOOL	\$3,581,880.01
SOUTH DAKOTA STATE UNIVERSITY	\$312,884.41
UNIVERSITY OF SOUTH DAKOTA	\$99,964.17
PUBLIC BUILDINGS	\$46,515.67
SDSU EXPERIMENTAL STATION	\$15,142.85
DOC JUVENILE PROGRAMS	\$25,738.33
SCHOOL FOR THE DEAF	\$33,621.11
SCHOOL FOR THE VISUALLY IMPAIRED	\$51,793.75
REDFIELD HOSPITAL AND SCHOOL	\$77,069.40
SCHOOL OF MINES	\$48,045.14
DAKOTA STATE UNIVERSITY	\$157,508.58
SPRINGFIELD	\$71,681.96
NORTHERN STATE UNIVERSITY	\$77,954.84
REDFIELD SDDC ACCT	\$1,767.10
CORRECTIONS/PLANKINTON	\$8,780.00
DOC (WEST FARM BUDGET)	<u>\$75,881.30</u>

TOTAL

\$4,686,228.62

Mineral Division

- State owns 5.2 million acres of mineral rights
- 50% of revenue paid out annually and 50% to the SPL Trust Fund

Mineral, Oil & Gas Lease Rentals	\$ 238,224.00
Oil & Gas Royalty	\$2,890,802.47
Mineral, Oil & Gas Bonus	\$ 838,425.00
Oil & Gas Assignment Fees	\$ 120.00
Interest	<u>\$ 14,443.12</u>
TOTAL	\$3,982,014.59

LEASED MINERAL ACRES BY COUNTY

<u>County</u>	<u>Acres</u>
Butte	62,516.24
Custer	640.00
Fall River	8,036.35
Harding	222,205.49
Perkins	52,536.00
Jerauld	320.00
Meade	7,960.00
Wibaux Co, MT	512.00
Slope Co, ND	15.00

TOTAL ACRES 354,741.08

Permanent Trust Fund

At statehood, the Permanent Trust Fund was established with the intent of providing a continuous source of revenue for public schools, universities and endowed institutions. Proceeds from the sale of land are to be deposited in the fund, which can be added to but never diminished. The interest revenue generated by the fund is apportioned to school districts, universities and endowed institutions.

- FY 2012 income of \$6 Million
- Inflation adjustment of \$3.2 million
- Payout of \$2.8 million

FY 2013 YTD from SD Investment Council

Fair Value as of 12/31/12	\$ 207,226,129
Fiscal year to date return	7.24%
Longterm expected mean return	6.43%

Dollars to Education

• K-12 Schools-	\$7,433,191.37
• Board of Regents-	\$1,436,570.44
• Endowed Institutions-	\$519,966.28
Total	\$9,389,728.09

Dollars Returned to Universities

South Dakota State University	\$ 548,451.00
Dakota State University	\$ 173,360.00
University of South Dakota	\$ 236,041.73
SD School of Mines & Technology	\$ 121,965.44
Black Hills State University	\$ 173,360.00
Northern State University	<u>\$ 183,393.00</u>
TOTAL	\$1,436,570.44

Dollars Returned to Endowed Institutions

Juvenile Corrections	\$ 86,859.84
SD & SVH Administrative Fund	\$ 44,212.63
Redfield Development Center	\$132,219.72
School for the Deaf	\$ 96,015.06
SDSU Experimental Station	\$ 65,947.03
School for the Visually Handicapped	\$ 94,712.00
TOTAL	\$519,966.28

WEED AND PEST CONTROL

- State Law Requires land owner manage noxious weeds
- FY 12 School & Public Lands spent \$172,554.00 on efforts to control and manage noxious weeds & pests
- We provided chemical and poison to control noxious weeds and pests at the request of lessees and county weed supervisors

