

Timeline

Alaska Public School Trust Land and Trust Fund

* * * * *

*Major and minor facts and events of the past 90 years
Fall 2005*

Territorial Period

1915 - Federal land reserved for school purposes

- Congress reserves sections 16 and 36 of Federal land in surveyed townships for public school purposes, and requires that:
- Receipts from land use be put in a school permanent fund
- Investment earnings of fund principal be used for public school benefits

1917 – Public School Permanent Fund balance totals \$153.40

1923 – Fund makes first investment, a \$500 U.S. Treasury Bond.

1938 – Fund balance totals \$5,045

1958 – Federal School Lands become State School Trust Lands

- Statehood Act accepts Federal Land Grant and promises to continue all conditions of 1915 Federal Act
- State Department of Natural Resources designated to manage the grant of school trust land
- Fund balance totals \$161,700

Early Statehood Period

1959 – Transfer of Federal land to State ownership begins

- Ultimately some 105,000 acres of school trust land are acquired.
- First tract of school land sold for \$1,000

1964 – Attorney General Opinion No. 7 reaffirms continuation by Alaska of the original purposes of the school land grant

1968 – Fund balance totals \$2,003,275

1976 – Mismanagement of school trust lands revealed

- Alaska Public Interest Research Council instrumental in securing almost \$2M for the fund from several lessees
- State Board of Education designated as trustee of the school land with responsibility for approving all leases and sales

1978 – Legislature removes school land from trust

- "redesignated" school land, about 103,000 acres, becomes general grant land
- This action eliminated the only revenue source for the trust fund.
- Legislature stipulates that 1/2 of one percent of total receipts from the management of the State's general grant lands will be the substitute revenue source for the fund
- Legislature establishes a Public School Fund Advisory Board
- The State Department of Revenue begins using Public School Fund earnings to defray its expenses of managing the fund; by 2004 this would total \$1.7M
- Fund balance totals \$8,391,085
- Fund earnings total \$560,485

1979 – State begins disposing of former school land

- Municipalities start acquiring land under an entitlement program
- State trades 14,714 acres to Cook Inlet Region, Inc.
- Land sales commence

Contemporary Period

1980 – Alaska gets more school land

- Congress grants Alaska 75,000 acres of land under provisions of Section 906b of Public Law 96-487, The Alaska National Interest Lands Conservation Act (ANILCA). (Note: This land does not become general grant land; it retains its status as school land.) Acquisition of this land was not completed until 1992.
- Fund balance totals \$16,982,098
- Fund earnings total \$629,247

1990 Public School Fund balance and earnings increase rapidly

- Fund balance totals \$96,282,000
- Fund earnings total \$8,694,000
- Earnings distributed to schools via the School Foundation Program
- State contends that payments to the fund should cease when these payments are equal to the appraised value of the school land

1998 – State is sued for redesignating school trust land

- *Kasayulie et al vs. State of Alaska* charged that the State breached the school land trust in 1978 and mismanaged the fund
- First of several appropriations made for school land appraisal costs

1999 – Court finds State at fault

- On September 1, Superior Court Judge John Reese ruled the State breached the school land trust because "redesignation of school land into general grant land is not permitted."
- Judge calls for an appraisal of the redesignated school lands (1978 valuation) as well as of the new school land.

2000 – Fund and earnings continue to grow

- Fund balance totals \$288,391,000
- Fund earnings total \$11,895,000

2004 – Restoration of school land trust advocated

- Alaska PTA endorses a resolution calling for restoration of the school land trust and adherence to the original stipulations agreed upon at Statehood

2005 – The current state of affairs . . .

- Court-ordered school land appraisal not yet started
- Superior Court Judge Craig Stowers how handling *Kasayulie et al*
- New school trust land totals 78,420 acres (ANILCA grant plus original and territorial grant land recovered).
- The fund is classified as "an endowment trust fund" by the Department of Revenue
- Fund principal invested in stocks and in fixed income investments; investment decisions the responsibility of Commissioner of Revenue
- Alaska PTA strengthens and reaffirms its resolution and establishes a web site: www.AlaskaPublicSchoolLandTrust.org
- A research report, *A Promise to Keep: The Alaska Public School Trust Fund*, calls for the fund to become Alaska's permanent fund for elementary and secondary education
- Fund balance exceeds \$300 Million

Timeline compiled by E. Dean Coon
9/5/05