

# AMSD Position on School Trust Lands

**T**he Association of Metropolitan School Districts supports legislative efforts to improve the management of school trust lands and the permanent school fund to maximize the return to Minnesota students.

## AMSD BELIEVES

- School Trust Lands should be properly administered and managed to provide the best possible results for Minnesota students.

## BACKGROUND

When Minnesota became a state, the federal government granted Minnesota more than 2.5 million acres of land and 1 million acres of mineral rights to be constitutionally dedicated “for the benefit of schools” and thus creating what is now deemed, “school trust lands.”

The school trust lands are located in 56 different counties. The Minnesota Department of Natural Resources (DNR) manages the lands. Revenue from the lands is generated from the sale of timber, wild rice leases, mining leases, state forest campground fees, lakeshore leases, easements across state trust land, utility licenses, sale of land, surface use and rents and royalties on taconite iron ore that is removed from the land. Forest management costs and mineral management expenses are taken first from the revenue. The remaining revenue is then invested by the State Board of Investment and is deposited into the permanent school trust fund.

The permanent school trust fund is over \$600 million. The interest and earnings made on the permanent school trust fund go directly to Minnesota school districts. Management of the investments and market conditions greatly affect the outcome for the schools. Before the State Board of Investment took over in the 1990's, investments were limited. Up until 2010, school districts received the money from

school trust funds but it was offset against other funds. In 2010 the school trust funds paid \$28 per pupil to Minnesota schools.

In 1998, the Legislative Auditor published a report on the state's management of the school trust fund lands and the permanent school trust fund. The report highlighted the need to reform the Permanent School Fund Advisory Committee (PSFAC), require increased reporting by the DNR and improve management of the Fund.

The Permanent School Fund Advisory Committee (PSFAC) has researched other state models to redefine management and accountability of school trust lands. One successful example is school trust land management in Utah. There, the Children's Land Alliance Supporting Schools (CLASS) and the Utah School and Institutional Trust Lands Administration have worked together to create a separate, independent agency that oversees the trust fund and runs it with a business model perspective. This new model has turned Utah's interests and dividends from \$8 million into \$120 million for their schools.



Association of Metropolitan School Districts  
1667 Snelling Ave. N  
St. Paul, MN 55108  
651-999-7325 fax 651-999-7328  
[www.amsd.org](http://www.amsd.org)