Common School Fund Distribution to Department of Education

When Measured and Calculated? At calendar year-end, December 31st

What is Calculated? The annual distribution amount to be paid for the next fiscal year

How is it Paid? The annual distribution is split into two parts; 1/2 paid in December the following year; and the remaining 1/2 in June of the year following the first payment

What is the Calculation Methodology? A percentage of the 3-year rolling average of the year-end net market value of the CSF portfolio

What is a 3-year Rolling Average? The mathematical average of the year-end market value of the CSF portfolio for the most recent 3 years

Example:

	(a) Measurement Date	(b) Market Value of CSF Portfolio	(c) 3-year Rolling Average	(d) Distribution Rate Percentage	(e) Annual Distribution Amount	(f) Payment Schedule
1	December 31, 2016	$1.4 billion				
2	December 31, 2017	$1.6 billion				
3	December 31, 2018	$1.8 billion	$1.6 billion	3.50%	$56 million	$28 million paid December 2019
						$28 million paid June 2020
Calculations			*(1b + 2b + 3b) divided by 3*		*(c) times (d)*	*(e) divided by 2*

Historic Distribution Policies

Since 2009, the policy has been that the distribution rate would be 4% unless the 3-year rolling average increased 11% or more than the previous measurement date
If the 3-year rolling average increased 11% or greater, then the distribution rate would be 5% percent

In June 2018, the State Land Board approved the maximum distribution rate to be 3.5%; thus, this rate will be used in the calculation at the December 31, 2018 market value of the CSF portfolio for distribution in Fiscal Year 2020.

Note: "extra" distributions ranging from $6 - $14 million per year were approved by the State Land Board in Fiscal Years 2014 through 2017 above the calculation per policy

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