

# Common School Fund Benefits Oregon Schools



## \$57.63 Million Earmarked for State's 197 K-12 Districts in 2018

Since Oregon became a state in 1859, a little-known fund—the Common School Fund—has provided hundreds of millions of dollars for Oregon public schools.

Common School Fund distributions are considered local revenue in the state funding formula, and the dollars are not insignificant. In a district such as Corvallis, their 2018 share of \$979,238 supports the equivalent of 11 full-time teaching positions; in Bend 20; and in Medford 15.5.

The 2018 distribution is approximately \$100 per student.

## State Land Board Oversees Common School Fund

The act of Congress admitting Oregon to the Union in 1859 granted sections 16 and 36 of every township for the use of schools. Nearly 3.4 million acres—roughly the size of Connecticut—came under state ownership.

Our “land-rich, cash-poor” state quickly sold many school lands, as state officials felt private ownership of these lands would yield more for schools through property taxes and other economic benefits. In the late 1800s, land swindlers also cheated Oregon out of thousands of acres. As a result, less than a fourth of Oregon’s original acreage—about 750,000 acres—remains in state ownership.

The State Treasurer and Oregon Investment Council invest the Common School Fund, which earned an average 7.71 percent rate of return over the three-year period ending in 2017. The fund – both the principal and the interest – is invested in a mix of assets, including stocks, bonds, private equity, and real estate.

The value of the fund fluctuates with changing market conditions, and is now valued at \$1.6 billion.

Fund distributions are sent to school districts twice a year. Historically, about 4 percent of the fund has been distributed to school districts. The 2018 distribution is 4 percent.

## 2018 Common School Fund Distributions

A sampling of districts and the impact of their distributions

School District	Distribution	Equal to*
Astoria	\$180,534	2 full-time teachers
Bend	\$1,760,970	20
Coos Bay	\$300,394	3.5
Corvallis	\$979,238	11
Hood River	\$386,813	4.5
Medford	\$1,353,344	15.5
Ontario	\$234,900	3
Pendleton	\$296,641	3.5
Portland	\$5,154,814	59
Salem	\$4,187,498	48

\*Based on the 2017 annual statewide average of \$87,025 per teacher for salary and benefits; figures are rounded





“Protecting and enhancing the Common School Fund is arguably the most important thing we do as a state agency,” says Vicki Walker, director of the Department of State Lands, the administrative arm of the Land Board. “Our goal is to have every education advocate understand its role in funding K-12 schools.”

Inputs into the fund include revenues from state-owned trust lands, and from estates that transfer to the state from people who die without a will and known heirs. All unclaimed money the state receives is held in the Common School Fund until the rightful owner is located.

## Goal is to grow the fund significantly over time

As the Common School Fund grows, so do distributions to Oregon school districts. Since 2000, distributions have ranged from a low of \$13 million in 2004 to a high of \$70 million in 2017.

The Department of State Lands is strategically managing the fund’s real estate assets to increase revenues to schools. Divesting of non-producing lands, investing in high-quality lands, and ensuring that state land leases reflect market values are among the agency’s strategies.

“Every dollar helps Oregon schools,” Walker says. “Through balancing revenue enhancement and resource protection, our goal is to provide sustainable funding for schools forever.”



Common School Fund distributions are sent to school districts twice a year. By law, fund distributions cannot benefit current students at the disadvantage of future students, or vice-versa.

The Land Board’s Real Estate Asset Management Plan calls for a “clear commitment to creating a consistent stream of revenue to increase annual distributions to schools.” It also recognizes the need to strategically dispose of selected land assets and acquire assets with high performance potential.



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