

HB

430

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

323 E. 4TH AVENUE - ANCHORAGE 99501

February 23, 1977

The Honorable Kay Poland, Chairman
Senate Resources Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

*Leases
State
Land
School*

Dear Kay:

Thank you for forwarding Mr. Robert P. Isaac's letter concerning the State Board of Education's responsibility in connection with the leasing and other management of school grant lands.

Mr. Isaac raises a very valid point; should the role of the State Board of Education be expanded to include that of trustee of some one hundred thousand plus acres of school grant lands, or should the Board's role be a more traditional one of concentrating on their responsibilities of insuring quality education? I believe the issue may be argued cogently from both sides. Perhaps some history might be appropriate.

As Mr. Isaac points out, prior to last year the Board of Education was required to approve the lease or other disposition of school lands. Until that time, the Division of Lands was completely responsible for management of school lands, subject to board approval and, to the extent that any trust responsibility existed, the Division exercised that responsibility.

During the past two years, largely through the interest and determined efforts of the Alaska Public Interest Research Group (AkPIRG), two large school leases (the "Teamster Lease" and the "Penland Lease") were determined to have been illegally executed, and settlements in favor of the school board approaching two million dollars were secured by the Division of Lands. As a result of these revelations of past negligence with respect to the leasing of school lands, and again largely as a result of lobbying by AkPIRG, the Legislature established the Board of Education as trustee to insure that such improprieties would not occur in the future.

The answer to Mr. Isaac's question is therefore not a simple one. I concur with Mr. Isaac's contention that the time and resources of the Board of Education should probably be oriented to their educational function and the management of the school trust land should be handled by another entity. The question is, which entity?

\$235,000.00

The Division of Lands is certainly the most obvious agency. However, I can attest that the Director of the Division of Lands, being responsible for the management of the State's general selection grant of in excess of one hundred million acres, plus the responsibilities for the University and Mental Health Trusts as well as the School Lands Trust, must occasionally make decisions where he has a conflict of interest between these responsibilities. While in my experience these have not been of significant consequence to date, I believe that they will increase in both frequency and magnitude.

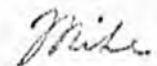
The School Land's Trust is not alone in the problem raised by Mr. Isaac. The University Board of Trustees is in a similar position. Additionally, the Mental Health Trust does not have any assigned formal trustee responsibilities, although a three person board was established by the Legislature last year to review proposed actions.

In order to adequately address this question of the management and trustee relationship of all three land trusts, I believe the entire matter must be looked at as a whole. Through conversations and correspondence with both the School Board and the University Board of Trustees, it appears that they also concur that this is an appropriate time to address this question. To begin this process the Department of Natural Resources has been negotiating with the Bureau of Land Management in Washington, D.C. to procure the full-time services of a particular BLM employee through the Intergovernmental Personnel Act to be assigned to the Division of Lands for a period of two years to work on this question of land trust administration, policy and management. We are anticipating his arrival in April of this year and, with the cooperation of the three trusts, we expect to present to the second session of this Legislature a comprehensive review of the matter including any necessary new or amendatory legislation.

In the interim I believe that it is in the best interests of the School Trust for the Board to continue to serve as trustee in matters of leasing or other disposition of school lands. I am encouraged at the interest expressed by Mr. Isaac and hope that he will contribute his good ideas as we review the land trust issue during the coming year.

Thank you for asking my comments on this matter and please let me know if I can provide any further information.

Sincerely,



Michael C.T. Smith
Assistant Commissioner

cc: Honorable Alvin Osterback, Chairman, House Resources Committee ✓
Honorable Marshall Lind, Commissioner, Department of Education
Honorable Katherine Hurley, President, State Board of Education
Mr. Al George, University of Alaska Land Development Office

P. O. Box 223
Douglas, Alaska 99824

February 3, 1977

The Honorable Kay Poland
Chmn., Senate Resources Committee
Alaska State Legislature
Juneau, Alaska

Dear Senator Poland:

During the last few weeks, I have been developing an administrative manual for the State Board of Education. (I am a retiree, former employee of the Department of Education for 25 years.) During the course of the project, I reviewed the various statutes applying to the Board and I noticed that legislation enacted a year ago expanded on the Board's responsibilities in connection with the leasing of school lands.

Prior to last year, the Board was required to approve the lease or other disposition of school lands. Their responsibilities and prerogatives have now been increased to the point where the Board is now the trustee for school lands and has the authority to employ special legal counsel and technical assistance to administer this program.

In my opinion, this is a misapplication of the Board of Education's function, and the Board's involvement in the management of school lands should be repealed.

School lands, like other categories of state lands, should be administered by the Division of Lands, Department of Natural Resources, the agency especially created for land management.

Actually, there is no connection between the Department of Education (Board of Education) and school lands. Up to statehood, certain surveyed sections of lands in each township were designated school lands (Sections 16-36, of each township). When such lands were leased or sold, the funds were placed in the "permanent school fund" and invested. The income (interest) from the permanent fund then goes to the State General Fund. Relatively speaking, the income from the permanent fund is small and is only indirectly involved in financing educational programs.

It is my understanding there has been in the past some criticism of the Division of Land,s handling of school leases. If

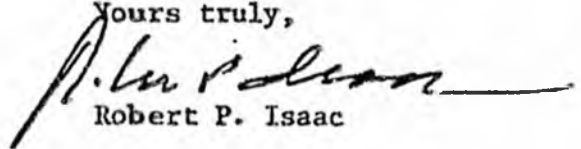
there are problems concerning the leasing of school lands, they should be resolved by strengthening procedures in the Division of Lands, not by involving another agency in lands administration.

In order to fulfill its trusteeship responsibilities, the Board of Education will be required to employ additional personnel to administer the program.

I submit that the Board of Education should not be in the land leasing business, that it detracts from their primary educational function, and furthermore, could result in a needless expense.

With the above in mind, I respectfully request the Resources Committee to initiate legislation which would repeal the Board of Education's involvement in the leasing of school lands.

Yours truly,

A handwritten signature in dark ink, appearing to read "R. P. Isaac", written in a cursive style with a long horizontal flourish extending to the right.

Robert P. Isaac

cc: House Resources Committee
State Department of Education
State Department of Natural Resources

(14) School Lands - Title 38

Section 38.05.030(e). The sale, lease or other disposal of school lands under the jurisdiction of the department shall be made by the commissioner in accordance with the provisions of this chapter. However, disposal of school lands under this subsection, other than disposal by lease for a term of years, shall be made only for sites for school facilities or for public park and public recreation purposes. School lands may be exchanged for (1) state lands, (2) vacant, unappropriated and unreserved public lands and (3) lands owned by a city, borough or other public entity. In the case of unequal values, cash may be used to equalize land values. When the department determines that it is in the best interest of the state to dispose of the school lands located within Sections 16 and 36 in an organized borough or city of any class, the borough or city is authorized, and has preference for six months after notice, to acquire the land at the appraised value by purchase or exchange of land acceptable to the department. No sale, lease, exchange or other disposal of school lands may be made without the approval of the state Board of Education. The state Board of Education shall act as a trustee of school lands. The board may retain private counsel or other professional assistance when necessary to carry out its duties as a trustee.

Said Joe Bennett &
Bob Isaac are to be
Contacted on this - Also
there is an alternative
bill that hasn't been
introduced but might
want to be used

Ann

P. O. Box 223
Douglas, Alaska 99824

February 3, 1977

John Bennett
2/7/77

The Honorable Alvin Osterback
Chmn., House Resources Committee
Alaska State Legislature
Juneau, Alaska

Dear Representative Osterback:

During the last few weeks, I have been developing an administrative manual for the State Board of Education. (I am a retired, former employee of the Department of Education for 25 years.) During the course of the project, I reviewed the various statutes applying to the Board and I noticed that legislation enacted a year ago expanded on the Board's responsibilities in connection with the leasing of school lands.

Prior to last year, the Board was required to approve the lease or other disposition of school lands. Their responsibilities and prerogatives have now been increased to the point where the Board is now the trustee for school lands and has the authority to employ special legal counsel and technical assistance to administer this program.

In my opinion, this is a misapplication of the Board of Education's function, and the Board's involvement in the management of school lands should be repealed.

School lands, like other categories of state lands, should be administered by the Division of Lands, Department of Natural Resources, the agency especially created for land management.

Actually, there is no connection between the Department of Education (Board of Education) and school lands. Up to statehood, certain surveyed sections of lands in each township were designated school lands (Sections 16-36, of each township). When such lands were leased or sold, the funds were placed in the "permanent school fund" and invested. The income (interest) from the permanent fund then goes to the State General Fund. Relatively speaking, the income from the permanent fund is small and is only indirectly involved in financing educational programs.

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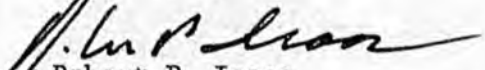
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In order to fulfill its trusteeship responsibilities, the Board of Education will be required to employ additional personnel to administer the program.

I submit that the Board of Education should not be in the land leasing business, that it detracts from their primary educational function, and furthermore, could result in a needless expense.

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Yours truly,




Robert P. Isaac

cc: Senate Resources Committee
State Department of Education
State Department of Natural Resources

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STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 1, 1977

SUBJECT: Enclosed two bills
TO: Representative Alvin Osterback
FROM: Joel Bennett, Legislative Counsel

Enclosed are two versions of a bill to accomplish what Robert P. Isaac recommended in his letter of February 3, 1977. The one by you by request without the addition of new language actually does what he wants. The other, with new language, is a compromise, giving the Board of Education some input into the disposal of school lands. You should certainly discuss it in committee, along with the one you introduce.

JB:lmk
Enclosures

No 3333
Bennett

P. O. Box 223
Douglas, Alaska 99824

February 3, 1977

The Honorable Alvin Osterback
Chmn., House Resources Committee
Alaska State Legislature
Juneau, Alaska

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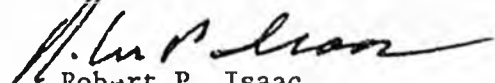
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