

Endowment Management History Flow Chart

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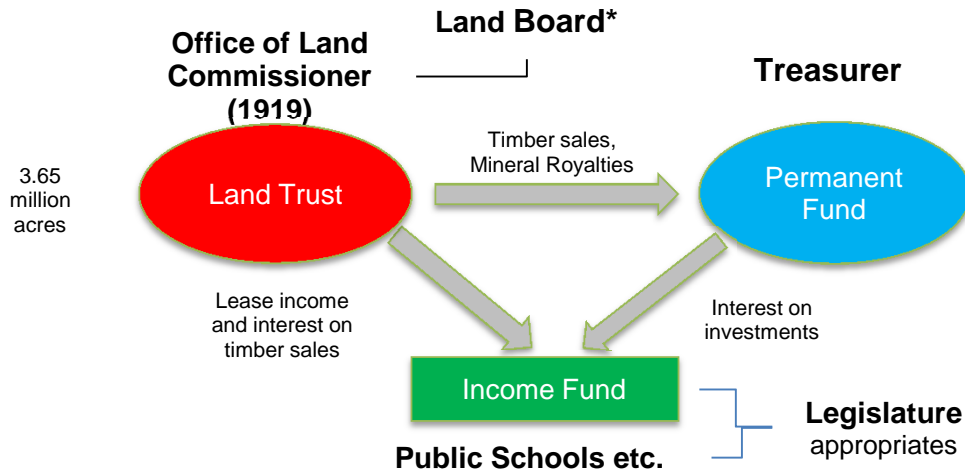
Outline

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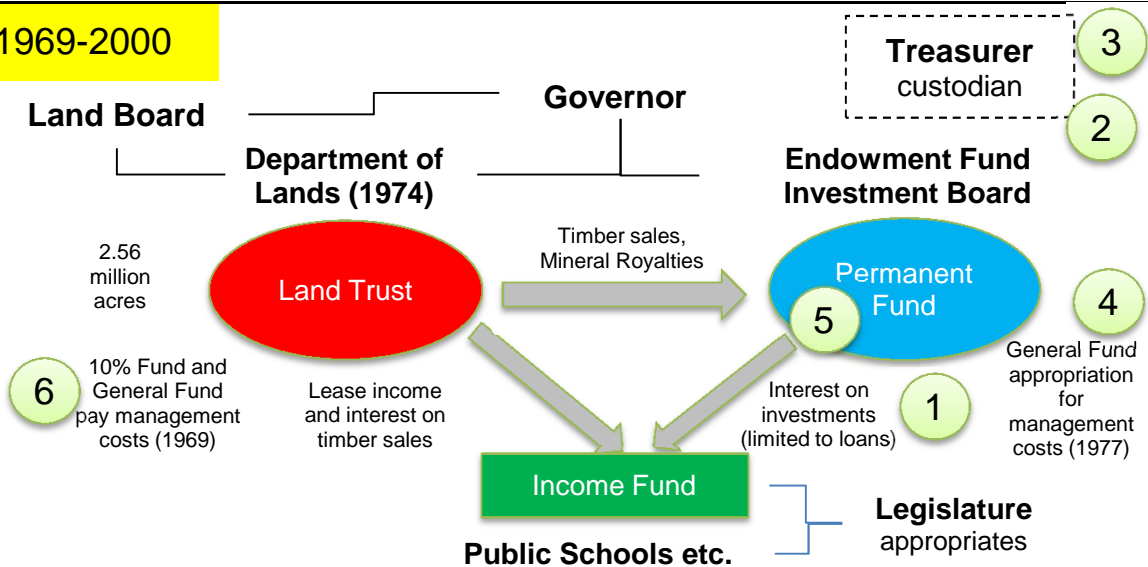
State of Idaho - Endowment Management History

1890-1969

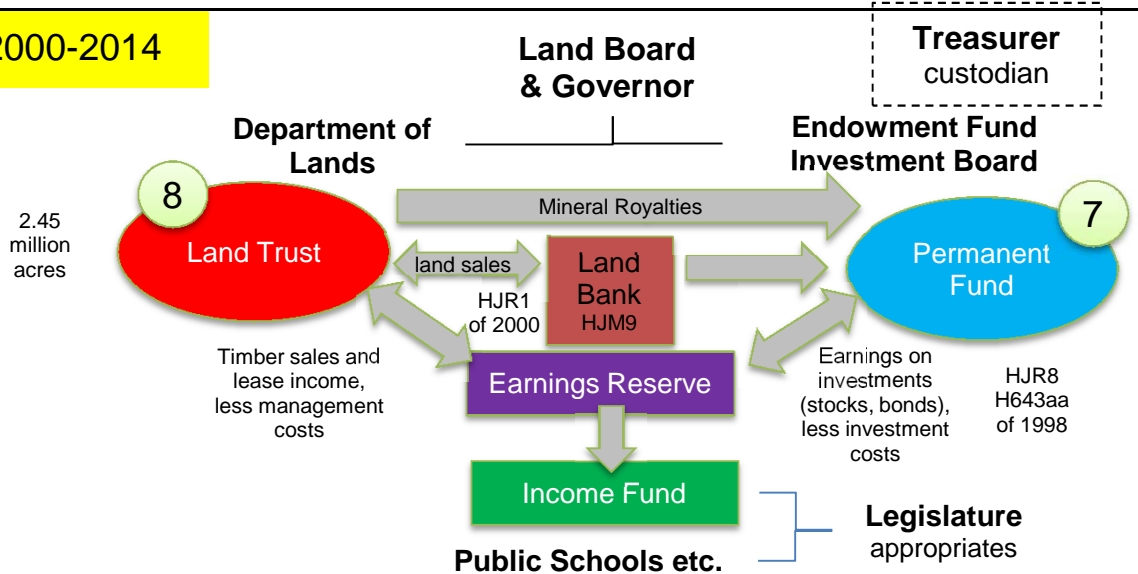
***Land Board:** Governor, Superintendent of Public Instruction, Secretary of State, Attorney General, State Auditor added 1910, renamed to State Controller in 1994



1969-2000



2000-2014



State of Idaho - Endowment History by the Numbers

		Acres in Millions					
State Fiscal Year	Value of Permanent Fund + ER			Distributions in \$Millions			
	Public Schools	Other Land Grants	Total Endowment	Public Schools	Other Land Grants	Total Endowment	
1890	2.98	0.67	3.65				
80 yrs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
1970	2.19	0.37	2.56				
Perm	\$57.5	\$28.9	\$86.4	\$3.27	\$1.31	\$4.58	
Idaho Dept of Lands				\$1.59	\$0.39	\$1.98	
30 yrs				\$4.86	\$1.70	\$6.56	
Total	Last year before Endowment Reform						
2000	2.09	0.37	2.46				
Perm	\$556.0	\$255.5	\$811.5	\$33.34	\$15.23	\$48.57	
IDL (10%)	\$12.0	\$13.9	\$25.9	\$9.41	\$4.00	\$13.41	
13 yrs	\$568.0	\$269.4	\$837.4	\$42.75	\$19.23	\$61.98	
	(JFAC shifted \$6.1 million in costs from GF to Ded over two years FY 2000 & 2001)						
2013	2.08	0.37	2.45				
Perm	\$792.9	\$418.2	\$1,211.1				
Earn Res	\$122.0	\$127.6	\$249.6	\$31.29	\$16.22	\$47.51	
1 yr	\$914.9	\$545.8	\$1,460.7				
2014	2.08	0.37	2.45				
Perm	\$922.4	\$477.4	\$1,399.8				
Earn Res	\$163.8	\$181.2	\$345.0	\$31.29	\$17.55	\$48.84	
Total	\$1,086.2	\$658.6	\$1,744.8				

Other land grants include: 1) Agricultural College (U of I), 2) Charitable Institutions (ISU, Juv Corr, State Hospital North, Veterans Home, School for the Deaf and Blind), 3) Normal School (ISU & LCSC college of Ed), 4) Penitentiary, 5) School of Science (U of I), 6) Mental Hospital (State Hospital South), 7) University (U of I) and 8) Capitol. The FY 2013 and FY 2014 distributions exclude the Capitol Endowment due to separate accounting.

Selected Lawsuits over Management of Land Grant Endowments

- 1) 1969: *Engelking (Superintendent of Public Instruction) v. Investment Board*, 93 Idaho 217 (1969): Superintendent of Public Instruction challenged statute permitting EFIB to invest in bonds, notes, convertible debt, securities, and common and preferred stock. Supreme Court held investment limited to loans only (debt instruments).
- 2) 1974: *Moon (State Treasurer) v. Investment Board*, 96 Idaho 140 (1974): State Treasurer challenged constitutionality of statutes giving investment powers of the Public School Endowment Fund to the Investment Board. Court held that the statute which allocates the investment of the public school funds to the state investment board does not conflict with state constitutional provision making State Treasurer the custodian of the public school fund, since the statute merely splits the responsibilities, making the Treasurer a custodian and directing investment by the state investment board.
- 3) 1976: *Moon v. Investment Board*, 97 Idaho 595 (1976): State Treasurer sued for custody of the Public School Endowment Fund assets and the prohibition of the Investment Board from using its selected custodians. The Treasurer won custody but the EFIB may select and contract the custodians.
- 4) 1977: *Moon v. Investment Board*, 98 Idaho 200 (1977): State Treasurer challenged the transfer to the Investment Board Expense Fund of any further interest income earned by the Investment Board upon the investment of the assets of the public school endowment funds. The Supreme Court held that the legislation authorizing portion of earnings from investment of public school funds to be used by Investment Board Expense Fund to defray expenses incurred by the Investment Board in the investment of public school fund and the transfer itself violated constitutional provision that no part of the fund, principal or interest, shall ever be transferred to any other fund.
- 5) 1983: *Moon v. Investment Board*, 104 Idaho 640 (1983): State treasurer brought action seeking an order requiring the legislature to reimburse public school endowment fund for losses incurred on individual security trades. Court held that the statute permitting offsetting of capital gains against capital losses at the end of a four-year accounting period did not violate state constitutional provision mandating that losses suffered by public school endowment fund be reimbursed by legislative appropriations.
- 6) 1986: *Moon v. State Board of Land Commissioners*, 111 Idaho 389 (1986): State Treasurer asserted that statute permitting 10% fund was unconstitutional. Land Board countered that interest should go to the fund. Supreme Court held use of earnings to pay for land improvements is legal and interest on 10% fund is to go to endowments, not General Fund. (Back interest from 1969-1986 was never repaid.)
- 7) 2001: *Idaho Endowment Investment Board v. Crane*, 135 Idaho 667 (2001): Setting aside of moneys from fund for purpose of purchasing notes to pay defaulted school district bonds did not violate Constitution or Admission Bill; and pledge of state sales tax moneys did not conflict with constitutional proscription against giving state's credit.
- 8) 2012: *Wasden (State Attorney General) v. State Board of Land Commissioners*, 153 Idaho 190 (2012): Wasden challenged statute exempting cottage site leases from conflict auctions. Court found Section 58-310A, Idaho Code, unconstitutional in its entirety. [The section, added in 1990, was repealed in SB 1258 of 2014, ch. 97, sec. 34, p. 291, codifier's corrections]

Endowment Distribution Comparison to General Fund Support

Beneficiary (*Charitable Institutions)	FY 2015	FY 2015	Compared to Gen Fund
	Distribution	Gen Fund Budget	
Public Schools	31,292,400	1,366,298,500	2.3%
School for the Deaf and Blind 1/30*	128,400	8,299,900	1.5%
Total Public Schools	31,420,800	1,374,598,400	2.3%
Universities (Ag,Normal,SS,UI,ISU*)	12,528,000	251,223,200	5.0%
State Hospital North 4/15*	1,027,200	7,119,600	14.4%
State Hospital South	3,625,400	9,410,500	38.5%
Juvenile Corrections 4/15* (Institutions)	1,027,200	26,044,900	3.9%
Veterans Home 5/30*	642,000	964,300	66.6%
Penitentiary (State Prisons)	1,707,600	92,857,300	1.8%
Total Beneficiary Agencies	51,978,200	1,762,218,200	2.9%
Total State Budget		2,936,096,600	1.8%

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