

Representative Jim Fannin
Chairman



Representative Simone Champagne
Vice Chairman

FY 13-14 Executive Budget Review
DEPARTMENT OF NATURAL RESOURCES

House Committee on Appropriations

by House Fiscal Division

March 21, 2013



Agenda

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Department Structure

Office of the Secretary

- Executive
- Management and Finance
- Technology Assessment
- Auxiliary

Office of Conservation

- Oil and Gas Regulatory
- Public Safety

Office of Mineral Resources

- Mineral Resources Management

Office of Coastal Management

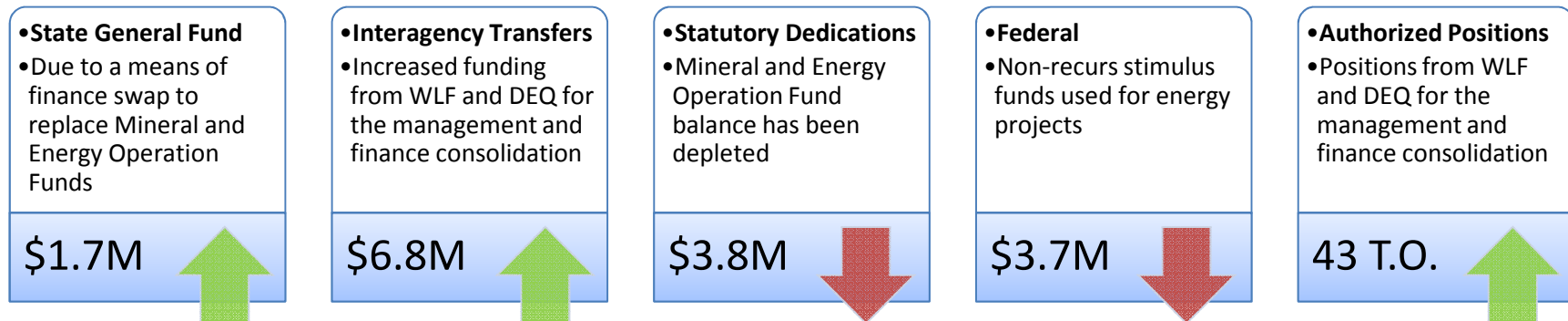
- Coastal Management



Means of Finance

Means of Finance	Actual Expenditures FY 11-12	Existing Operating Budget FY 12-13 (12/1/12)	Executive Budget Recommended FY 13-14	Change from FY12-13 to FY13-14	Percent Change from FY12-13 to FY13-14
State General Fund	\$4,550,130	\$5,683,455	\$7,389,797	\$1,706,342	30.0%
Interagency Transfers	\$13,887,849	\$17,753,165	\$24,611,431	\$6,858,266	38.6%
Fees and Self-Gen Rev	\$47,542	\$345,875	\$345,875	\$0	0.0%
Statutory Dedications	\$27,887,667	\$30,520,378	\$26,654,333	(\$3,866,045)	(12.7%)
Federal Funds	\$52,921,496	\$119,018,851	\$115,323,814	(\$3,695,037)	(3.1%)
TOTAL	\$99,294,684	\$173,321,724	\$174,325,250	\$1,003,526	0.6%
Authorized Positions	380	367	410	43	11.7%

Significant Adjustments:





Major Sources of Revenues FY 13-14

Interagency Transfers - \$25 million

- \$11 million transferred within DNR agencies
- \$7.7 million from Wildlife and Fisheries and Environmental Quality for the management and finance consolidation
- \$3 million from the Office of Coastal Protection and Restoration Authority.

Statutory Dedications - \$27 million

- \$9.7 million from Oil & Gas Regulatory Fund
- \$9.5 million from the Mineral & Energy Operation Fund
- \$5 million from the Oil Site Restoration Fund
- \$1.2 million from the Coastal Resources Trust Fund.

Federal Funds- \$115 million

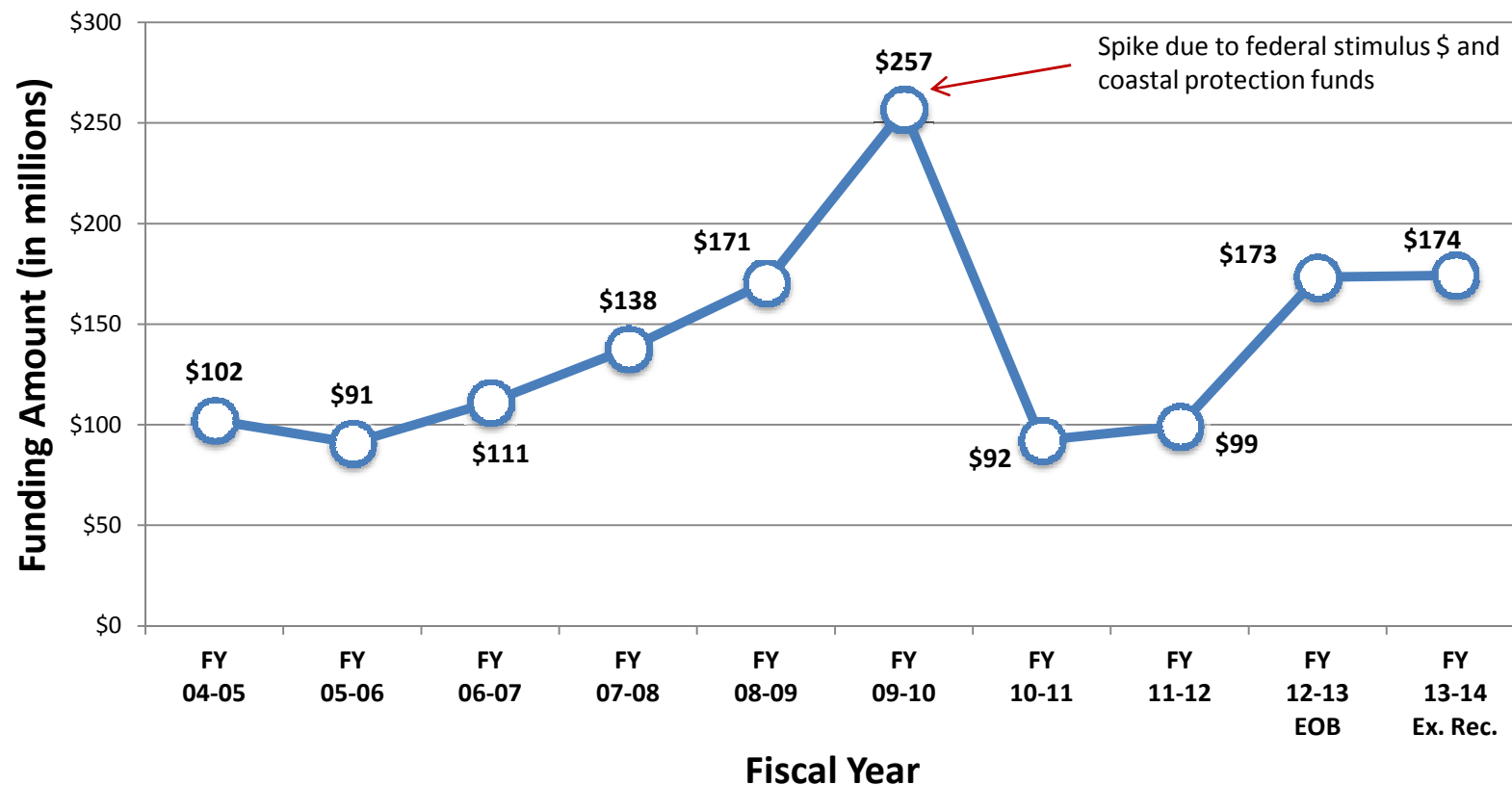
- Federal Funds totaling \$86 million will be received from the Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA) for Louisiana's approved coastal management program.
- Federal energy settlement funds will total \$13 million and federal stimulus grants provide approximately \$10 million for energy programs.



10 Year Budget History

NATURAL RESOURCES

(Total Means of Finance)



Source: Executive Budget Supporting Documents



DNR Agency Budget Comparisons

Total Means of Financing

Agencies	FY 12-13	FY 13-14	Difference
Office of the Secretary	\$49,172,853	\$51,315,387	\$2,142,534
Office of Conservation	\$20,492,016	\$20,276,229	(\$215,787)
Office of Mineral Resources	\$12,359,655	\$11,592,390	(\$767,265)
Office of Coastal Management	\$91,297,200	\$91,141,244	(\$155,956)
TOTAL	\$173,321,724	\$174,325,250	\$1,003,526



Expenditure Breakdown

Expenditures	FY 11-12 Actual Expenditures	FY 12-13 Existing Operating Budget (12/1/12)	FY 13-14 Executive Budget Recommendation	Change from FY 12-13 to FY 13-14	Percent Change from FY12-13 to FY13-14
Salaries	\$23,109,787	\$22,083,215	\$24,737,954	\$2,654,739	12.0%
Other Compensation	\$242,037	\$322,961	\$306,461	(\$16,500)	(5.1%)
Related Benefits	\$9,991,587	\$9,871,566	\$12,446,108	\$2,574,542	26.1%
Travel	\$304,991	\$442,568	\$420,281	(\$22,287)	(5.0%)
Operating Services	\$1,523,235	\$1,828,126	\$1,803,819	(\$24,307)	(1.3%)
Supplies	\$525,071	\$505,642	\$488,088	(\$17,554)	(3.5%)
Prof Srvcs	\$280,999	\$862,231	\$862,231	\$0	0.0%
Other Charges	\$62,255,796	\$136,913,697	\$132,909,679	(\$4,004,018)	(2.9%)
Acq/Major Repairs	\$1,061,181	\$491,718	\$350,629	(\$141,089)	(28.7%)
TOTAL EXP	\$99,294,684	\$173,321,724	\$174,325,250	\$1,003,526	0.6%

Salaries and Related Benefits

- Increased due to the addition of 47 positions related to the management and finance consolidation.

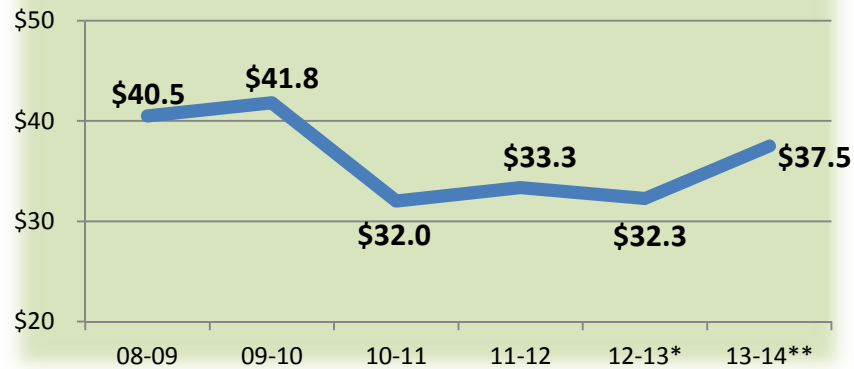
Other Charges

- Federally funded Coastal Impact Assistance Projects comprise a significant portion of these expenditures; decrease is due to a reduction of expenditures funded with federal stimulus dollars.

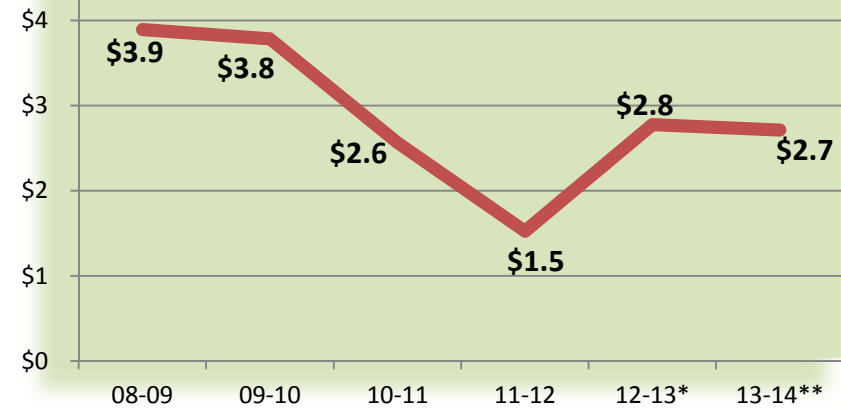


6-Year Expenditure History (in millions)

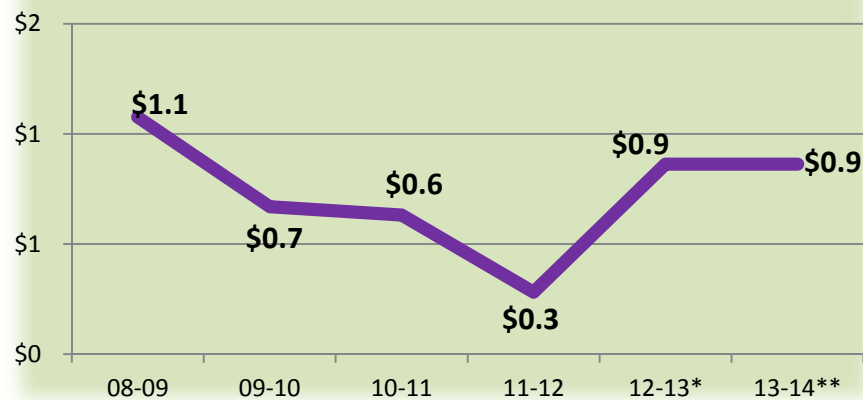
Personnel Services



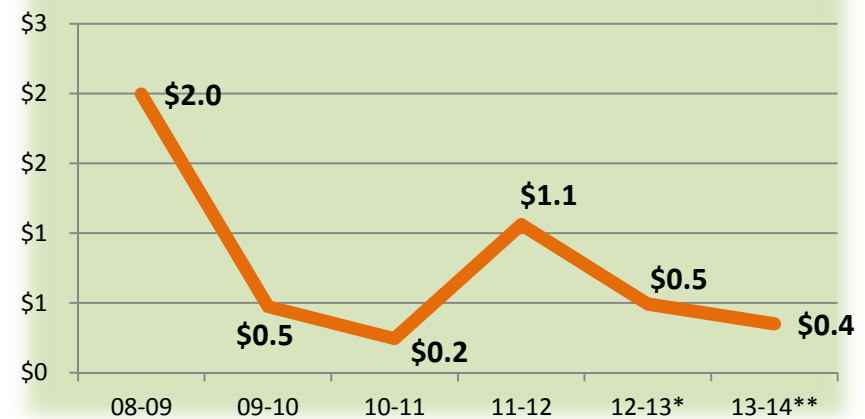
Operating Expenses



Professional Services

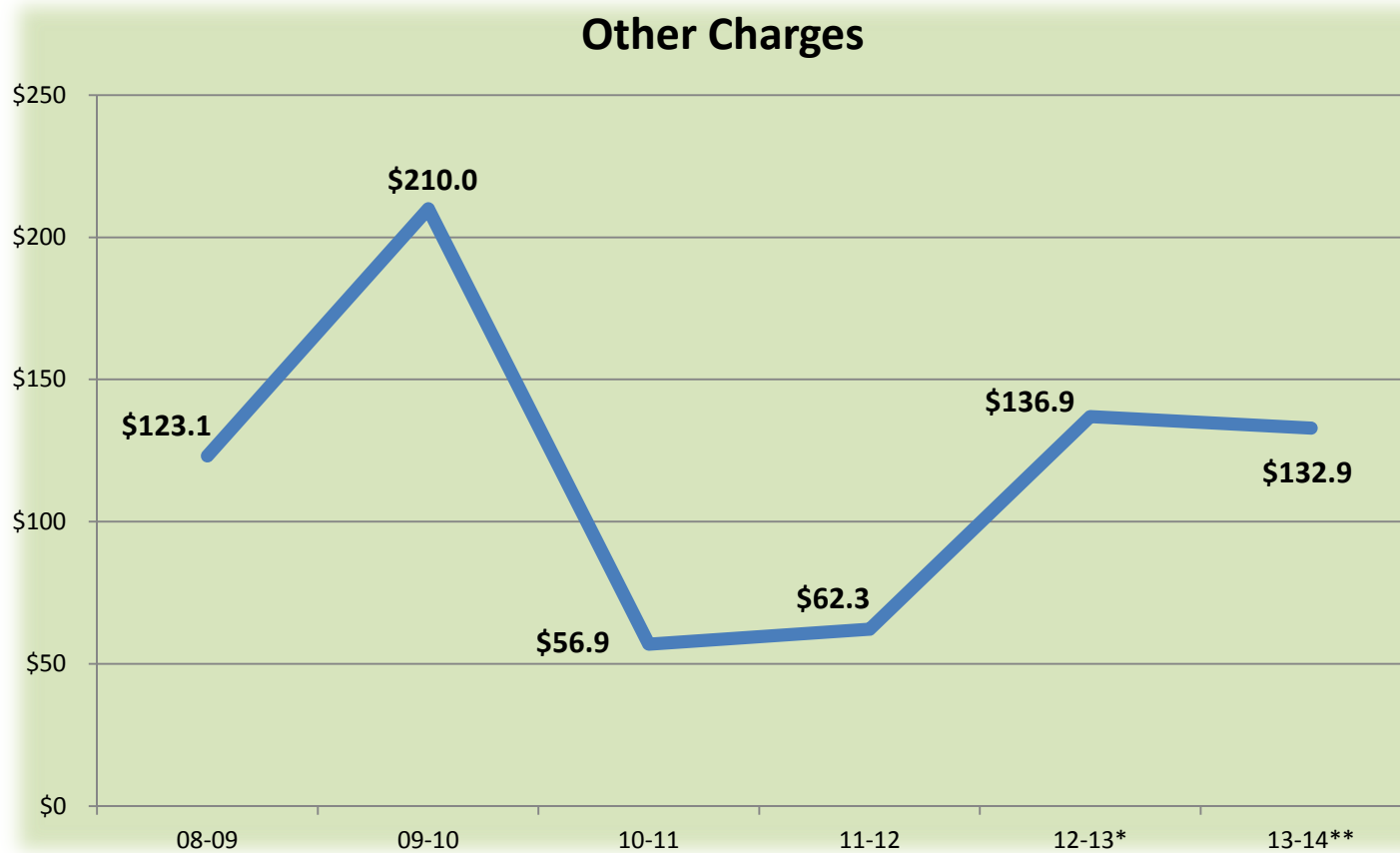


Acquisitions & Major Repairs





6-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/12

**Governor's Executive Budget Recommendation



Significant Adjustments

Means of finance substitution that increases State General Fund and decreases funding from the Mineral & Energy Operation Fund due to the spending down of fund balance. At the end of FY07- 08, the fund balance was \$17.5 million. DNR's FY12- 13 budget relies on \$13.5 million from this fund, and as of 3-13-13 there is \$9.6 million available in cash from this fund. \$9.5 million is budgeted from this fund for FY13- 14.

\$3,719,267	SGF		\$0	IAT		\$0	SGR		(\$3,719,267)	SD		\$0	FED		TOTAL	\$0
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Increases total funding and 47 authorized positions in DNR's budget related to the consolidation of management and finance functions of Natural Resources, Wildlife and Fisheries, and Environmental Quality. The Division of Administration estimates that the consolidation will result in a net reduction of \$2.3 million and 36 positions for these three departments in FY 13-14.

(\$1,163,029)	SGF		\$7,658,677	IAT		\$0	SGR		\$0	SD		\$0	FED		TOTAL	\$6,495,648
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Reduces federal budget authority from American Recovery and Reinvestment Act stimulus funds which were used to provide for energy projects. The FY13- 14 budget includes \$10 million in ARRA funding which will be used for the revolving loan program.

\$0	SGF		\$0	IAT		\$0	SGR		\$0	SD		(\$3,695,037)	FED		TOTAL	(\$3,695,037)
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Reduces funding for professional services contracts for computer programming and legal services. DNR will reduce private contracts and use existing staff for these functions.

(\$452,581)	SGF		\$0	IAT		\$0	SGR		\$0	SD		\$0	FED		TOTAL	(\$452,581)
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Reduces funding and eliminates 2 authorized positions due to the transfer of the Atchafalaya Basin Program to the Department of Wildlife and Fisheries.

\$0	SGF		(\$254,775)	IAT		\$0	SGR		\$0	SD		\$0	FED		TOTAL	(\$254,775)
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Statutory Dedications

STATUTORY DEDICATION	FY 12-13 EOB	ADJUSTMENT	FY 13-14 EXEC BUDGET
Mineral and Energy Operation Fund	\$13,474,768	(\$3,902,738)	\$9,572,030
Oil and Gas Regulatory Fund	\$9,753,675	(\$20,189)	\$9,733,486
Oilfield Site Restoration Fund	\$4,956,231	(\$1,533)	\$4,954,698
Coastal Resources Trust Fund	\$1,098,347	\$57,728	\$1,156,075
Fisherman's Gear Compensation Fund	\$632,822	\$0	\$632,822
Underwater Obstruction Removal	\$429,459	\$0	\$429,459
Oil Spill Contingency Fund	\$175,076	\$687	\$175,763
TOTAL	\$30,520,378	(\$3,866,045)	\$26,654,333



Statutory Dedications

Mineral and Energy Operation Fund R.S. 30:136.3

Provides for the administration of the regulation of minerals, ground water, and related energy activities within the state of Louisiana.

Any person desiring a permit to conduct geophysical and geological surveys of any kind on state-owned lands, including water bottoms, shall submit an application in writing and submit a fee to the Office of Mineral Resources.

Sources of funding are:

- Deposits of \$1.6 million annually from court awarded judgments associated with royalty income and income derived from issuance of seismic permits on state water bottoms.
- Fees received from geophysical and geological surveys conducted on all other state-owned lands and water bottoms.



Statutory Dedications

Oil and Gas Regulatory Fund R.S. 30:21(B)(2)

These funds are to be used solely by the Office of Conservation for the regulation of the oil and gas industry and any other industry under the jurisdiction of the office.

Funding is derived from regulatory and application fees from industry operators. Sources of funding are:

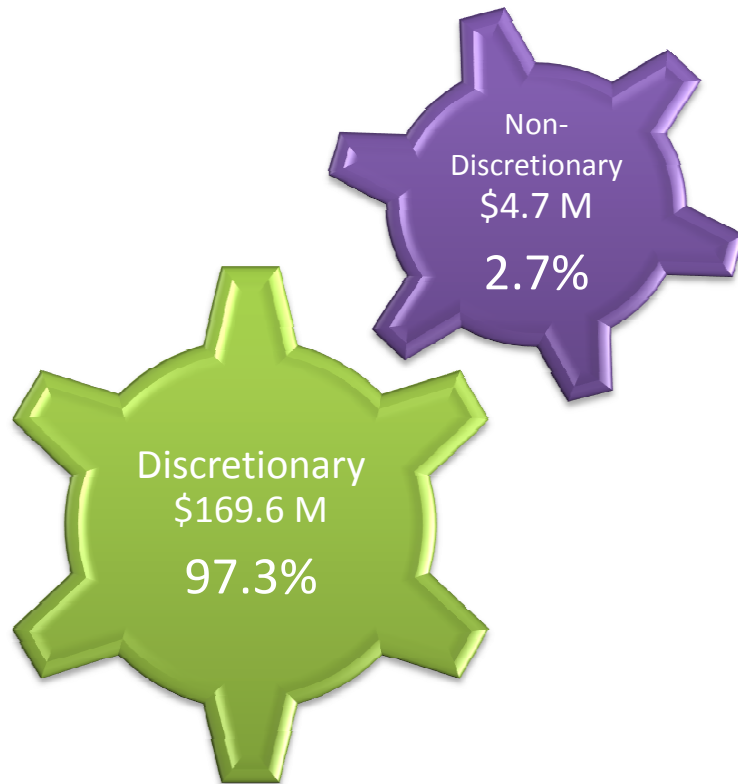
- Class I wells in amount not to exceed \$400,000, and Class II wells and Class III wells, storage wells, Type A facilities and Type B facilities not to exceed \$875,000 in a given fiscal year, with certain restrictions on Class II wells.
- Tiered system on capable oil and gas production not to exceed \$2.4 million.
- Application fees.

Any monies remaining in the fund at the end of the fiscal year remain in the fund, including any interest or earnings.



Discretionary/Nondiscretionary Funding in FY 13-14 Executive Budget

Department of Natural Resources
Total Budget
\$174.3 Million



Category	Nondiscretionary Amount
Debt Service	\$2,694,065
Unavoidable Obligations	\$2,033,074
TOTAL	\$4,727,139

DISCRETIONARY STATE GENERAL FUND		
DNR	STATE	DNR % of STATE
\$7,389,797 *	\$2,241,812,588	0.33%

* All State General Fund in DNR is discretionary.



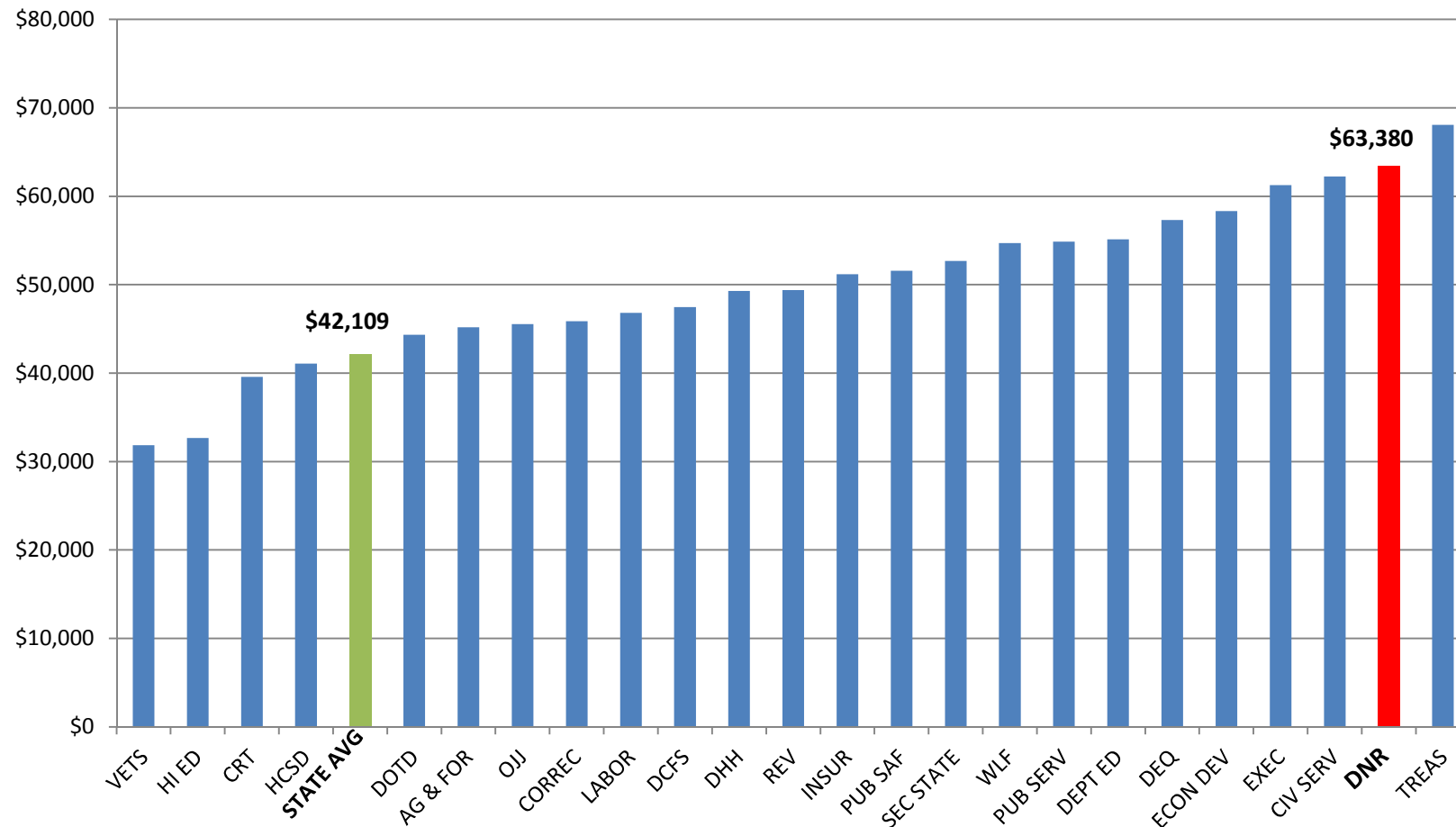
FY13-14 Salaries and Positions

- \$25 million for Salaries and Other Compensation
 - \$12 million for Related Benefits
 - Total Personnel Services = \$37 million, 89% of the Natural Resources total Executive Budget Recommendation (excluding Other Charges)
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- 410 Authorized Positions (400 classified and 10 unclassified)
 - 0 full-time non-T.O. positions
 - As of 1/30/2013, Natural Resources had 19 vacancies



Salaries and Positions

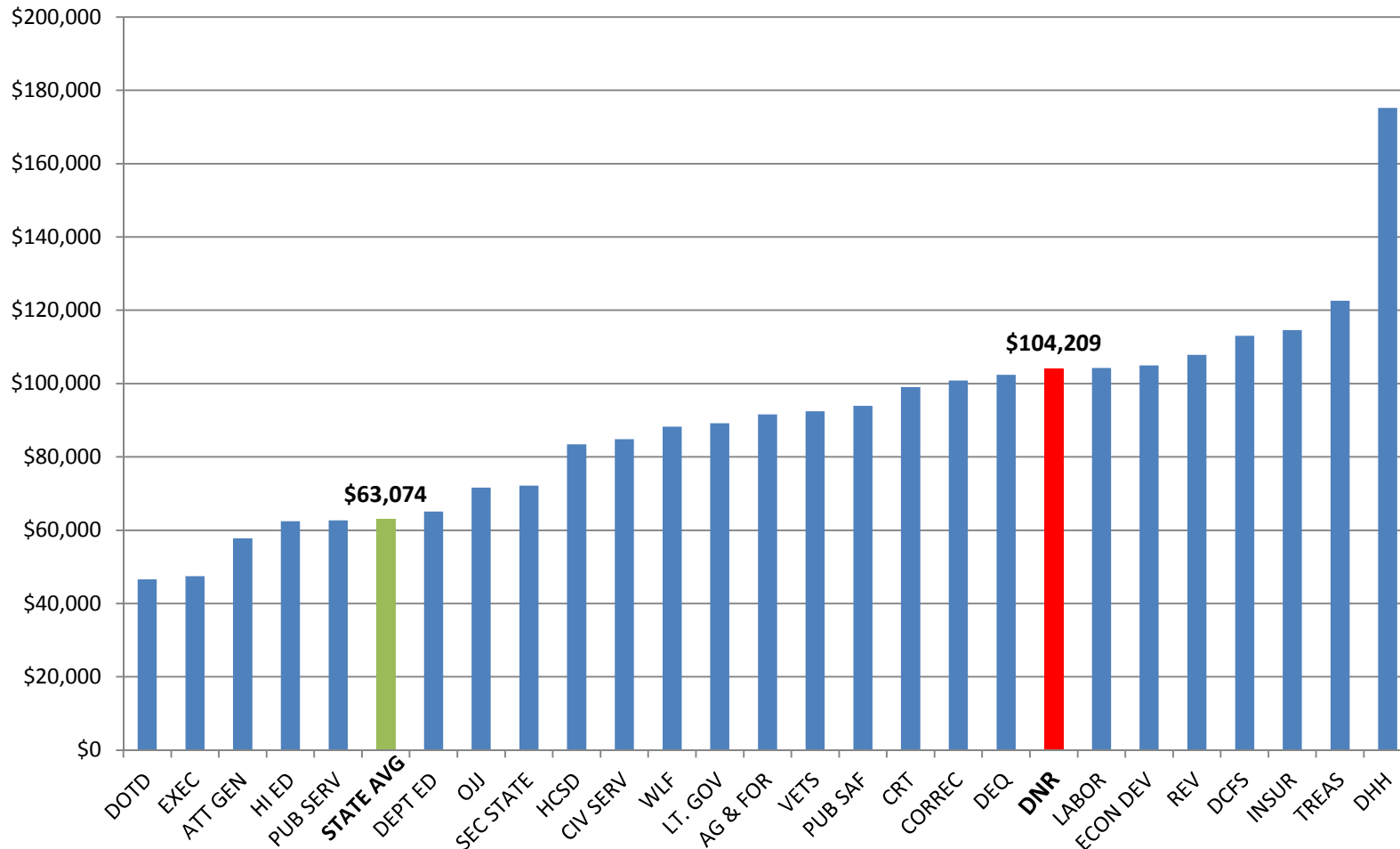
CLASSIFIED AVERAGE ANNUAL PAY PER FTE





Salaries and Positions

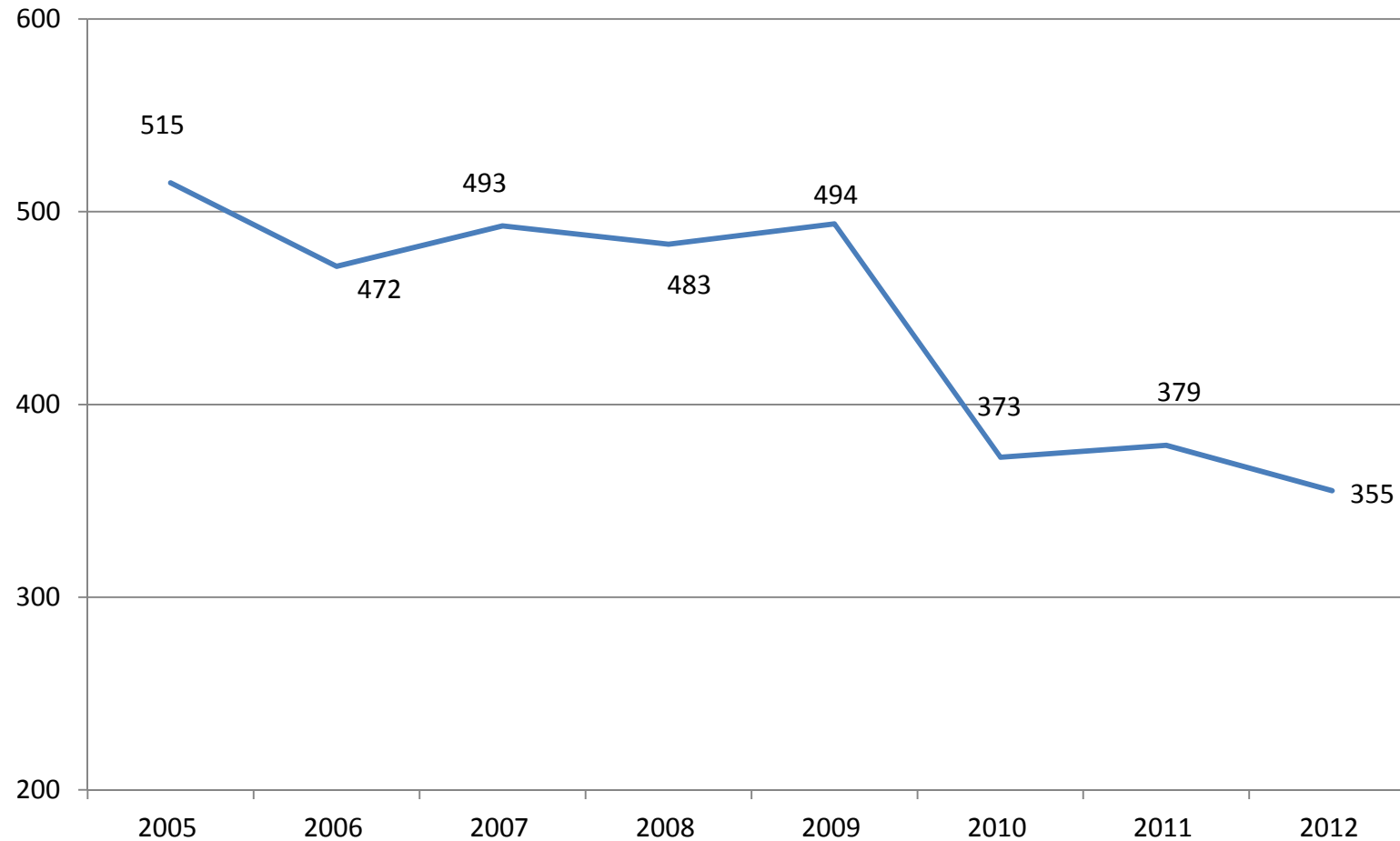
UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE





Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS



Source: ISIS-HR

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Natural Resources

House Fiscal Division



Department Contacts



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