## Budget Overview

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DEPARTMENT OF NATURAL RESOURCES

Creation: Responsible for the conservation, management, and development of water, minerals, and other such natural resources of the state, including coastal management, and excluding, fish and wildlife, and their habitats (R.S. 36:351).

Goal: To provide a fair, predictable, and effective regulatory system that allows opportunities for development and economic growth through the use of our natural resources, while at the same time, ensuring protection of public safety and the environment.
Department Structure

Office of the Secretary
- Executive
- Management and Finance
- Technology Assessment
- Atchafalaya Basin
- Auxiliary

Office of Conservation
- Oil and Gas Regulatory
- Public Safety

Office of Mineral Resources
- Mineral Resources Management

Office of Coastal Management
- Coastal Management

Chris Keaton  342-8569
# Means of Finance

<table>
<thead>
<tr>
<th>Means of Finance</th>
<th>FY 12-13 Actual Expenditures</th>
<th>FY 13-14 Existing Operating Budget (12/1/13)</th>
<th>FY 14-15 Executive Budget Recommendation</th>
<th>Change from FY 13-14 to FY 14-15</th>
<th>Percent Change from FY 13-14 to FY 14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund</td>
<td>$5,461,231</td>
<td>$7,321,470</td>
<td>$12,090,198</td>
<td>$4,768,728</td>
<td>65.1%</td>
</tr>
<tr>
<td>Interagency Transfers</td>
<td>$14,000,836</td>
<td>$25,162,206</td>
<td>$23,294,491</td>
<td>($1,867,715)</td>
<td>(7.4%)</td>
</tr>
<tr>
<td>Fees and Self-Gen Rev</td>
<td>$46,959</td>
<td>$345,875</td>
<td>$345,875</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Statutory Dedications</td>
<td>$27,233,876</td>
<td>$37,267,619</td>
<td>$22,669,253</td>
<td>($14,598,366)</td>
<td>(39.2%)</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$64,833,326</td>
<td>$32,116,834</td>
<td>$21,591,834</td>
<td>($10,525,000)</td>
<td>(32.8%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$111,576,228</td>
<td>$102,214,004</td>
<td>$79,991,651</td>
<td>($22,222,353)</td>
<td><strong>21.7%</strong></td>
</tr>
<tr>
<td>Authorized Positions</td>
<td>367</td>
<td>411</td>
<td>342</td>
<td>(69)</td>
<td>(16.8%)</td>
</tr>
</tbody>
</table>

## Significant Adjustments:

- **State General Fund**
  - Increased due to means of finance swaps to replace statutory dedications.
  - $4.7M

- **Statutory Dedications**
  - Decreased due to means of finance swap and nonrecurring oilfield site projects and a legal settlement.
  - $14M

- **Federal**
  - Reduction in federal budget authority due to the end of a federal stimulus grant from the U.S. Dept. of Energy.
  - $10M

- **Authorized Positions**
  - 55 positions reduced due to the I.T. consolidation, 5 lost from the hiring freeze, and 9 vacancies eliminated.
  - 69 T.O.
10-Year Budget History

NATURAL RESOURCES
(Total Funding)

Fiscal Year

Millions

FY 05-06 FY 06-07 FY 07-08 FY 08-09 FY 09-10 FY 10-11 FY 11-12 FY 12-13 FY 13-14 E.O.B.* FY 14-15 Exec. Bud. **

$91 $111 $138 $171 $257 $92 $99 $112 $102 $80

Spike due to federal stimulus $ and coastal protection funds

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor’s Executive Budget Recommendation

Chris Keaton  342-8569
Natural Resources
House Fiscal Division
Interagency Transfers - $23 million

- $9.6 million transferred within DNR agencies
- $6.4 million from the Department of Wildlife and Fisheries and the Department of Environmental Quality for the management and finance consolidation
- $5.6 million from the Office of Coastal Protection and Restoration Authority

Statutory Dedications - $23 million

- $8.4 million from Oil & Gas Regulatory Fund
- $7.1 million from the Mineral & Energy Operation Fund
- $4.9 million from the Oil Site Restoration Fund
- $1.1 million from the Coastal Resources Trust Fund

Federal Funds - $22 million

- $16.2 million from Federal energy settlement funds
- $2.5 million for coastal management grant
## Expenditure Breakdown

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>FY 12-13 Actual Expenditures</th>
<th>FY 13-14 Existing Operating Budget (12/1/13)</th>
<th>FY 14-15 Executive Budget Recommendation</th>
<th>Change from FY 13-14 to FY 14-15</th>
<th>Percent Change from FY 13-14 to FY 14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$20,688,935</td>
<td>$24,806,673</td>
<td>$20,684,418</td>
<td>($4,122,255)</td>
<td>(16.6%)</td>
</tr>
<tr>
<td>Other Compensation</td>
<td>$207,183</td>
<td>$402,269</td>
<td>$273,135</td>
<td>($129,134)</td>
<td>(32.1%)</td>
</tr>
<tr>
<td>Related Benefits</td>
<td>$9,555,980</td>
<td>$12,406,807</td>
<td>$11,345,974</td>
<td>($1,060,833)</td>
<td>(8.6%)</td>
</tr>
<tr>
<td>Travel</td>
<td>$245,701</td>
<td>$458,440</td>
<td>$373,142</td>
<td>($85,298)</td>
<td>(18.6%)</td>
</tr>
<tr>
<td>Operating Services</td>
<td>$1,497,511</td>
<td>$1,680,524</td>
<td>$983,552</td>
<td>($696,972)</td>
<td>(41.5%)</td>
</tr>
<tr>
<td>Supplies</td>
<td>$563,702</td>
<td>$664,458</td>
<td>$305,634</td>
<td>($358,824)</td>
<td>(54.0%)</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$228,454</td>
<td>$914,127</td>
<td>$914,127</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Charges</td>
<td>$78,432,900</td>
<td>$60,530,077</td>
<td>$44,830,456</td>
<td>($15,699,621)</td>
<td>(25.9%)</td>
</tr>
<tr>
<td>Acq/Major Repairs</td>
<td>$155,862</td>
<td>$350,629</td>
<td>$281,213</td>
<td>($69,416)</td>
<td>(19.8%)</td>
</tr>
<tr>
<td>Unallotted</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>TOTAL EXP</td>
<td>$111,576,228</td>
<td>$102,214,004</td>
<td>$79,991,651</td>
<td>($22,222,353)</td>
<td>(21.7%)</td>
</tr>
</tbody>
</table>

### Salaries and Related Benefits
- Decreased due to elimination of 69 positions (55 to I.T. consolidation, 5 from the hiring freeze, and 9 vacancies).

### Other Charges
- Decreased due to the end of a federal stimulus grant and settlement of a legal judgment in FY 13-14.
7-Year Expenditure History (in millions)

**Personnel Services**

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09</td>
<td>$40.5</td>
</tr>
<tr>
<td>09-10</td>
<td>$41.8</td>
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<tr>
<td>10-11</td>
<td>$33.3</td>
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<td>11-12</td>
<td>$32.0</td>
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<tr>
<td>12-13</td>
<td>$30.5</td>
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<tr>
<td>13-14*</td>
<td>$37.6</td>
</tr>
<tr>
<td>14-15**</td>
<td>$32.3</td>
</tr>
</tbody>
</table>

**Operating Expenses**

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09</td>
<td>$3.9</td>
</tr>
<tr>
<td>09-10</td>
<td>$3.8</td>
</tr>
<tr>
<td>10-11</td>
<td>$2.6</td>
</tr>
<tr>
<td>11-12</td>
<td>$2.3</td>
</tr>
<tr>
<td>12-13</td>
<td>$1.5</td>
</tr>
<tr>
<td>13-14*</td>
<td>$2.8</td>
</tr>
<tr>
<td>14-15**</td>
<td>$1.7</td>
</tr>
</tbody>
</table>

**Professional Services**

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09</td>
<td>$1.1</td>
</tr>
<tr>
<td>09-10</td>
<td>$0.7</td>
</tr>
<tr>
<td>10-11</td>
<td>$0.6</td>
</tr>
<tr>
<td>11-12</td>
<td>$0.3</td>
</tr>
<tr>
<td>12-13</td>
<td>$0.2</td>
</tr>
<tr>
<td>13-14*</td>
<td>$0.9</td>
</tr>
<tr>
<td>14-15**</td>
<td>$0.9</td>
</tr>
</tbody>
</table>

**Acquisitions & Major Repairs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09</td>
<td>$2.0</td>
</tr>
<tr>
<td>09-10</td>
<td>$0.5</td>
</tr>
<tr>
<td>10-11</td>
<td>$0.2</td>
</tr>
<tr>
<td>11-12</td>
<td>$0.2</td>
</tr>
<tr>
<td>12-13</td>
<td>$1.1</td>
</tr>
<tr>
<td>13-14*</td>
<td>$0.4</td>
</tr>
<tr>
<td>14-15**</td>
<td>$0.3</td>
</tr>
</tbody>
</table>
7-Year Expenditure History (in millions)

Other Charges

Funds moved to the Governor’s Office of Coastal Protection and Restoration Authority.

Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13
**Governor’s Executive Budget Recommendation

Chris Keaton  342-8569  Natural Resources  House Fiscal Division
Significant Adjustments

- $10 M REDUCES FUNDING FROM THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FOR STIMULUS FUNDS WHICH WERE USED TO PROVIDE FOR ENERGY PROJECTS. THE FY 13-14 BUDGET INCLUDES $10 MILLION IN ARRA FUNDING, WHICH IS BEING USED FOR THE REVOLVING LOAN PROGRAM.

- $4.8 M REDUCES FUNDING FROM THE OILFIELD SITE RESTORATION FUND FOR OILFIELD SITE PROJECTS THAT SHOULD BE COMPLETED IN THE CURRENT FISCAL YEAR.

- $4.5 M MEANS OF FINANCE SUBSTITUTION INCREASES STATE GENERAL FUND ($4.5 MILLION) AND DECREASES STATUTORY DEDICATIONS FROM THE OIL AND GAS REGULATORY FUND ($2 MILLION) AND THE MINERAL AND ENERGY OPERATIONS FUND ($2.5 MILLION). SUBSTANTIAL BALANCES IN THESE FUNDS HAVE BEEN EXHAUSTED AND REVENUES TO THE MINERAL AND ENERGY OPERATION FUND HAVE SHOWN A SLIGHT DECLINE OVER THE LAST TWO YEARS.

- $4.1 M REDUCES FUNDING FROM THE OVERCOLLECTIONS FUND THAT SATISFIED THE JUDGMENT REGARDING ROYALTIES IN THE SUIT ENTITLED “STATE OF LOUISIANA EX REL PLAQUEMINES SCHOOL BOARD V. LOUISIANA DEPARTMENT OF NATURAL RESOURCES”.

Chris Keaton  342-8569  Natural Resources  House Fiscal Division
## Statutory Dedications

<table>
<thead>
<tr>
<th>STATUTORY DEDICATION</th>
<th>FY 13-14 EOB</th>
<th>ADJUSTMENT</th>
<th>FY 14-15 EXEC. BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and Gas Regulatory Fund</td>
<td>$10,333,486</td>
<td>($1,911,895)</td>
<td>$8,421,591</td>
</tr>
<tr>
<td>Mineral and Energy Operation Fund</td>
<td>$9,572,030</td>
<td>($2,422,930)</td>
<td>$7,149,100</td>
</tr>
<tr>
<td>Oilfield Site Restoration Fund</td>
<td>$10,863,698</td>
<td>($5,956,997)</td>
<td>$4,906,701</td>
</tr>
<tr>
<td>Coastal Resources Trust Fund</td>
<td>$1,156,075</td>
<td>($21,799)</td>
<td>$1,134,276</td>
</tr>
<tr>
<td>Fisherman's Gear Compensation Fund</td>
<td>$632,822</td>
<td>$0</td>
<td>$632,822</td>
</tr>
<tr>
<td>Underwater Obstruction Removal</td>
<td>$429,459</td>
<td>($179,459)</td>
<td>$250,000</td>
</tr>
<tr>
<td>Oil Spill Contingency Fund</td>
<td>$175,763</td>
<td>($1,000)</td>
<td>$174,763</td>
</tr>
<tr>
<td>Overcollections Fund</td>
<td>$4,104,286</td>
<td>($4,104,286)</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$37,267,619</strong></td>
<td><strong>($14,598,366)</strong></td>
<td><strong>$22,669,253</strong></td>
</tr>
</tbody>
</table>

**NOTE:** All statutory dedication appropriations for the FY 14-15 Executive Budget are within the official forecast recognized by the Revenue Estimating Conference.
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.

Sources of funding include:

- Payments for the sale of leases for the development and production of minerals, oil, gas, or alternative energy sources on any lands or water bottoms owned by the state. Revenues averaged $9.3 million over the last three years.

- 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 to the Office of Mineral Resources from 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. Revenues averaged $257,000 over the last three years.
Mineral and Energy Operation Fund

Haynesville Shale & higher lease fees

* as of 3/17/14
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:

- Annual fees for Class I wells in an 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.

- Annual fees based on a tiered system on capable oil and gas production, not to exceed $2.4 million.

- Application fees payable into this fund by industries under the jurisdiction of the Office of Conservation.

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 14-15
Executive Budget

<table>
<thead>
<tr>
<th>Activity/Program</th>
<th>TOTAL FUNDING</th>
<th>STATE GENERAL FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discretionary</td>
<td>Non-Discretionary</td>
</tr>
<tr>
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<tr>
<td>Executive</td>
<td>$6,142,594</td>
<td>$41,276</td>
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<td>$375,642</td>
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<tr>
<td>Management &amp; Finance</td>
<td>$12,825,592</td>
<td>$2,923,766</td>
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<tr>
<td></td>
<td>$791,654</td>
<td>$0</td>
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<tr>
<td>Technology Assessment</td>
<td>$4,055,555</td>
<td>$27,859</td>
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<tr>
<td></td>
<td>$41,613</td>
<td>$0</td>
</tr>
<tr>
<td>Coastal Restoration</td>
<td>$7,314,586</td>
<td>$146,230</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Oil &amp; Gas Regulatory</td>
<td>$9,693,390</td>
<td>$845,506</td>
</tr>
<tr>
<td></td>
<td>$2,869,814</td>
<td>$0</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$9,700,645</td>
<td>$171,509</td>
</tr>
<tr>
<td></td>
<td>$1,174,956</td>
<td>$0</td>
</tr>
<tr>
<td>Atchafalaya Basin Program</td>
<td>$239,186</td>
<td>$16,453</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Mineral Resources</td>
<td>$11,618,587</td>
<td>$492,065</td>
</tr>
<tr>
<td></td>
<td>$6,836,519</td>
<td>$0</td>
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<tr>
<td>Auxiliary</td>
<td>$13,736,852</td>
<td>$0</td>
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<tr>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$75,326,987</td>
<td>$4,664,664</td>
</tr>
<tr>
<td></td>
<td>$12,090,198</td>
<td>$0</td>
</tr>
</tbody>
</table>

Note: The discretionary State General Fund in DNR’s budget is less than 1% of the total discretionary State General Fund recommended for FY 14-15.

Chris Keaton  342-8569
Natural Resources
House Fiscal Division
Discretionary/Nondiscretionary Funding in FY 14-15 Executive Budget

- **Total DNR Budget**: $80 Million
  - **State General Fund**: $12 Million
  - **Federal**: $21.6 Million
  - **Statutory Dedications**: $22.6 Million
  - **Self-Generated Revenue**: $345,875

- **Subtract $23 Million IAT (Interagency Transfer Double Count)**

- **Non-Discretionary**: $0
  - **Mineral Resources Mgt.**: $6.8 Million
  - **Oil & Gas Regulatory**: $2.9 Million
  - **Executive and Mgt. & Finance**: $1.2 Million
  - **Public Safety**: $1.2 Million

- **Discretionary**: $12 Million

- **Total DNR Budget Available**: $57 Million
FY 14-15 SALARIES/POSITIONS

- $21 million for Salaries and Other Compensation
- $11 million for Related Benefits
- Total Personnel Services = $32 million; 91% of the Natural Resources total Executive Budget Recommendation (excluding Other Charges)

- 342 Authorized Positions (334 classified and 8 unclassified)
- 2 full-time non-T.O. positions
- 0 Other Charges positions

- As of 12/27/2013, Natural Resources had 21 vacant positions. The Executive Budget eliminates 14 of these vacancies.
TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

109 positions were transferred to the Office of Coastal Protection and Restoration Authority

Source: Prepared by House Fiscal Division staff using information from ISIS-HR

Chris Keaton  342-8569

Natural Resources

House Fiscal Division
Salaries and Positions

FY 13 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service

Chris Keaton  342-8569

Natural Resources

House Fiscal Division
Salaries and Positions

FY 13 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE

Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service

Chris Keaton  342-8569
Natural Resources
Department Contacts

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Phone 225-342-2710
P.O. Box 94396, Baton Rouge, LA 70804-9396

Beverly P. Hodges, Undersecretary – Office of Management and Finance
Phone 225-342-4540
P.O. Box 94396, Baton Rouge, LA 70804-9396

James “Jim” Welsh – Commissioner of Conservation
Phone 225-342-5540
P.O. Box 94275, Baton Rouge, LA 70804-9396