

FY21 Budget Performance Review

Agency Name and Number

Lead Administrator: Acting Secretary A. Brandt Vawter

Lead Financial Officer: Karen Johnson, CPA

Agency Mission

Managing Assets to Support Education

Division and Program Descriptions

Note: Please define any acronyms used in program descriptions.

Division or Program Number and Name

Program 1 - Agency Operations Administration - Division 1000001. Responsible for the administration, management, and internal audit function of the Land Office

Program 1 - Agency Operations Real Estate Management - Divisions 1000002, 2000001, 2200001. Responsible for the management of surface leases, land sales, and land management of the Land Office. Fund 2200001 is used with the agency's Revolving Fund (200) for expenditures related to overseeing Commercial Real Estate (CRE) Investment acquisitions and fund property management and maintenance items related to CRE investments. Fund 2000001 is used with the agency's Revolving Fund (200) to fund Soil Conservation projects to maintain and improve agency surface (land) assets.

Program 1 - Agency Operations Financial Services - Division 1000003. Responsible for all accounting, financial reporting, purchasing, budgeting, and investing functions of the Land Office.

Program 1 - Agency Operations Minerals Management - Division 1000004. Responsible for the subsurface assets for the School Land Trust and maximizes return on mineral assets.

Program 1 - Agency Operations Royalty Compliance - Division 1000005. Responsible for reviewing royalty payment and lessee production for accuracy and compliance.

Program 1 - Agency Operations Records Management - Division 1000006. Responsible for agency documents, archiving, record retention, and record destruction.

Program 1 - Agency Operations Legal Administration - Divisions 1000009, 1900001. Responsible for advising and counseling Commissioners, Secretary, and agency personnel on legal matters. Division 1900001 used in the Agency's Revolving Fund (200) when legal fees are awarded or paid with a legal settlement. These fees are deposited as revenues to pay current legal fees or fund future legal matters.

Program 1 - Agency Operations Information Technology - Division 8800001. Responsible for providing computer support, IT security, and IT services for the Land Office.

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FY'20 Budgeted Department Funding By Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
1000001	Administration	\$1,365,958					\$1,365,958
1000002	Real Estate Management	\$1,858,962		20,000			\$1,878,962
1000003	Financial Services	\$1,517,786		20,000			\$1,537,786
1000004	Minerals Management	\$896,815					\$896,815
1000005	Royalty Compliance	\$726,536					\$726,536
1000006	Records Management	\$351,321					\$351,321
1000009	Legal	\$840,181					\$840,181
8800001	Information Technology	\$1,170,851					\$1,170,851
2000001	Soil Conservation			250,000			\$250,000
2200001	Commercial Real Estate			550,000			\$550,000
1900001	Legal Settlements			200,000			\$200,000
Total		\$8,728,410	\$0	\$1,040,000	\$0	\$0	\$9,768,410

1. Please describe source of Local funding not included in other categories:
 2. Please describe source(s) and % of total of "Other" funding if applicable for each department:

FY'19 Carryover by Funding Source

Carryover	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
<i>Will possibly budget for unexpected retirements or IT Projects</i>	\$150,000	\$0	\$0	\$0	\$0	\$150,000
	\$0					\$0

1. Please describe source of Local funding not included in other categories:
 2. Please describe source(s) and % of total of "Other" funding if applicable:

What changes did the agency make between FY'19 and FY'20?

- 1.) Are there any services no longer provided because of budget cuts?**
 All agency services are still provided.
- 2.) What services are provided at a higher cost to the user?**
 The only additional cost to users are minimal service fees to use the agency's online or credit card payment services.
- 3.) What services are still provided but with a slower response rate?**
 All services are being provided at the same rate for the same service fee.
- 4.) Did the agency provide any pay raises that were not legislatively/statutorily required?**
 Any pay raises by the agency not legislatively required were due to promotion or additional assignment of duties.

FY'21 Requested Funding By Department and Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
1000001	Administration	\$1,365,958	\$0	\$0	\$0	\$1,365,958	0.00%
1000002	Real Estate Management	\$1,858,962	\$0	\$20,000	\$0	\$1,878,962	0.00%
1000003	Financial Services	\$1,517,786	\$0	\$20,000	\$0	\$1,537,786	0.00%
1000004	Minerals Management	\$896,815	\$0	\$0	\$0	\$896,815	0.00%
1000005	Royalty Compliance	\$726,536	\$0	\$0	\$0	\$726,536	0.00%
1000006	Records Management	\$351,321	\$0	\$0	\$0	\$351,321	0.00%
1000009	Legal	\$840,181	\$0	\$0	\$0	\$840,181	0.00%
8800001	Information Technology	\$1,384,886	\$0	\$0	\$0	\$1,384,886	18.28%
2000001	Soil Conservation	\$0	\$0	\$250,000	\$0	\$250,000	0.00%
2200001	Commercial Real Estate	\$0	\$0	\$550,000	\$0	\$550,000	0.00%
1900001	Legal Settlements	\$0	\$0	\$200,000	\$0	\$200,000	0.00%
Total		\$8,942,445	\$0	\$1,040,000	\$0	\$9,982,445	2.19%

1. Please describe source(s) and % of total of "Other" funding for each department:
 Annual Appropriations are funded per Title 64 Section 1009 from six percent of the revenue generated by the agency.
 Divisions funded by the Revolving fund per Title 64 Section 1011 are revenues generated by agency fees and monies received within an annual period may be added to the fund as designated by the Secretary of the Land Office.

FY'21 Top Five Operational Appropriation Funding Requests

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Upgrade of the agency's database application. There have been no significant updates to the system since FY12 implementation. The database is used to store and manage agency financial transactions, general ledger, records and asset information. The system upgrade is necessary to improve data security, improve usability, online access, workflow, etc.	\$214,035
Top Five Request Subtotal:		\$214,035
Total Increase above FY-20 Budget (including all requests)		\$ 214,035
Difference between Top Five requests and total requests:		\$0

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Does the agency have any costs associated with the Pathfinder retirement system and federal employees?

Not Applicable as the agency has no federal employees.

How would the agency be affected by receiving the same appropriation for FY '21 as was received in FY '20? (Flat/ 0% change)

No Change.

How would the agency handle a 2% appropriation reduction in FY '21?

The agency would delay the much needed agency database application upgrade as well as other IT purchases and would not be able to fill personnel vacancies.

Is the agency seeking any fee increases for FY '21?

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1 <i>The agency is currently looking at fee increases for assignments in order to cover operational costs.</i>	unknown	Commissioners approval
Increase 2		
Increase 3		

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCPC? (Yes/No)
Priority 1 Database upgrade (Operating Request 1) Total cost of \$428,070 spread over FY 2021 and FY 2022	\$214,035	No
Priority 2 Complete design and implementation of Document Management System (Budgeted Carryover funds from FY 2018)	\$350,000	No
Priority 3		No

Federal Funds

CFDA	Federal Program Name	Agency Dept. #	FY 20 budgeted	FY 19	FY 18	FY 17	FY 16
	<i>No Federal Programs</i>						

Federal Government Impact

- How much federal money received by the agency is tied to a mandate by the Federal Government?
N/A
- Are any of those funds inadequate to pay for the federal mandate?
N/A
- What would the consequences be of ending all of the federal funded programs for your agency?
N/A
- How will your agency be affected by federal budget cuts in the coming fiscal year?
N/A
- Has the agency requested any additional federal earmarks or increases?
N/A

FY'20 Budgeted FTE

Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
1000001	Administration	4.0	1.0	8.0	0.0	5.0	4.0
1000002	Real Estate Management	8.0	12.0	6.0	0.0	15.0	3.0
1000003	Financial Services	3.0	3.0	8.0	0.0	9.0	2.0
1000004	Minerals Management	3.0	5.0	3.0	0.0	6.0	2.0
1000005	Royalty Compliance	4.0	1.0	6.0	0.0	6.0	1.0
1000006	Records Management	1.0	2.0	2.0	0.0	4.0	0.0
1000009	Legal	1.0	0.0	5.0	0.0	2.0	3.0
8800001	Information Technology	2.0	3.0	2.0	0.0	3.0	2.0
Total		26.0	27.0	40.0	0.0	50.0	17.0

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FTE History						
Division #	Division Name	2020 Budgeted	2019	2018	2016	2011
1000001	Administration	9.0	8.0	6.0	6.0	8.0
1000002	Real Estate Management	18.0	17.0	18.0	20.0	16.0
1000003	Financial Services	11.0	11.0	11.0	11.0	10.0
1000004	Minerals Management	8.0	8.0	8.0	8.0	8.0
1000005	Royalty Compliance	7.0	7.0	8.0	8.0	7.0
1000006	Records Management	4.0	4.0	4.0	2.0	0.0
1000009	Legal	5.0	5.0	5.0	5.0	4.0
8800001	Information Technology	5.0	5.0	5.0	4.0	3.0
Total		67.0	65.0	65.0	64.0	56.0

Performance Measure Review					
Program Name	FY 19	FY 18	FY 17	FY 16	FY 15
Agency Operations - Measure 1 <i>Beneficiary Distributions</i>	\$131,852,046	\$137,642,591	\$137,473,478	\$134,328,656	\$128,964,150
Agency Operations - Measure 2 <i>Permanent Trust Investments - portfolio</i>	\$2,349,538,000	\$2,323,385,386	\$2,312,097,864	\$2,134,158,676	\$2,320,477,967
Agency Operations - Measure 3 <i>Oil and Gas Royalty Revenue</i>	\$49,019,668	\$39,415,544	\$29,811,210	\$30,248,764	\$62,125,594
Agency Operations - Measure 4 <i>Commercial Real Estate Investments</i>	\$79,111,604	\$66,109,779	\$52,170,560	\$29,978,617	\$19,530,764
Agency Operations - Measure 5 <i>Surface Lease Revenue</i>	\$15,645,796	\$15,527,544	\$15,106,349	\$14,792,259	\$13,643,684

Revolving Funds (200 Series Funds)			
Please provide fund number, fund name, description, and revenue source	FY'17-19 Avg. Revenues	FY'17-19 Avg. Expenditures	June '19 Balance
Fund number: Fund name			
200 Agency Revolving Fund , Title 64 Section 1011	\$305,535	\$2,900,369	\$1,673,651
210 CLO Multi-Year Education Distribution, Stabilization Fund (Five Year Rolling Average), Title 64 Section 1069	\$1,959,700	\$7,257,391	\$7,544,132