

**FY 2024 Budget Performance Review  
410- Commissioners of the Land Office**

Lead Administrator: Acting Secretary Dan Whitmarsh

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. Executive branch of the agency responsible for the administration, management, internal audit. And records management function of the Land Office.*

*Program 1 - Agency Operations Real Estate Management - Divisions 1000002, 1200001, and 2000001. 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 - Divisions 1000004 and 1400001 Responsible for the subsurface assets for the School Land Trust and maximizes return on mineral assets.*

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

*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 Commercial Real Estate - Divisions 1000022, 2200001. Responsible for management of the agency's commercial real estate investment properties including acquisition, sale, and property management.*

*Program 1 - Agency Operations Information Technology (IT) - Division 8800001. Responsible for agency computer support, IT security, and IT services.*

**FY'23 Budgeted Department Funding By Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
1000001	Administration	\$1,371,574		\$200,000			\$1,571,574
1000002	Real Estate Management	\$1,504,342					\$1,504,342
1000003	Financial Services	\$1,174,247					\$1,174,247
1000004	Minerals Management	\$575,187					\$575,187
1000005	Royalty Compliance	\$457,433					\$457,433
1000009	Legal	\$721,366					\$721,366
1000022	Commercial Real Estate	\$317,398					\$317,398
8800001	Information Technology	\$581,874		\$500,000			\$1,081,874
2000001	Soil Conservation			\$400,000			\$400,000
2200001	Commercial Real Estate - Maintenance			\$300,000			\$300,000
1900001	Legal Settlements			\$645,000			\$645,000
1100001	Commercial Real Estate Projects			\$250,000			\$250,000
1200001	Real Estate - Special Projects			\$250,000			\$250,000
1400001	Minerals Special Projects			\$200,000			\$200,000
<b>Total</b>		<b>\$6,703,421</b>	<b>\$0</b>	<b>\$2,745,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,448,421</b>

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:

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FY'22 Carryover by Funding Source							
Class Fund #	Carryover Class Fund Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
51211	Carryover FY12 Appropriated Budget	\$500,000					\$500,000
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'22 and FY'23?**

- 1.) Are there any services no longer provided because of budget cuts?**  
 All basic agency services are being provided by the agency despite the 20% budget reduction; however, the budget cuts have 1) reduced the distributable income by approximately \$350k because CLO rent has been reduced to cover expenditures only 2)not allowed five crucial FTE vacancies to be filled hampering the agency staff's ability to respond to internal and external requests provide timely or completely, work on special projects, evaluate processes and potential revenue streams, and ensure proper internal controls.
- 2.) What services are provided at a higher cost to the user?**  
 Actual Costs do not affect agency users, however, operational efficiencies, customer service, and ability to provide timely and accurate reporting are affected by limits on personnel.
- 3.) What services are still provided but with a slower response rate?**  
 Reporting and customer service, both internally and externally, are often delayed due to limitations on staff.
- 4.) Did the agency provide any pay raises that were not legislatively/statutorily required?**  
 The agency did provide limited, targeted, pay raises for specific personnel related to promotions or additional duties. A 3% across the board increase was given in February 2022 to provide inflationary relief to staff. All increases were deemed necessary for personnel retention.

**FY'24 Requested Funding By Department and Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change
1000001	Administration	\$1,678,686	\$0	\$200,000	\$0	\$1,878,686	19.54%
1000002	Real Estate Management	\$1,702,684	\$0		\$0	\$1,702,684	13.18%
1000003	Financial Services	\$1,425,747	\$0		\$0	\$1,425,747	21.42%
1000004	Minerals Management	\$843,551	\$0		\$0	\$843,551	46.66%
1000005	Royalty Compliance	\$544,255	\$0		\$0	\$544,255	18.98%
1000009	Legal	\$1,168,234	\$0		\$0	\$1,168,234	61.95%
1000022	Commercial Real Estate	\$442,601	\$0		\$0	\$442,601	39.45%
8800001	Information Technology	\$1,174,668	\$0	\$200,000	\$0	\$1,374,668	27.06%
2000001	Soil Conservation	\$0	\$0	\$400,000	\$0	\$400,000	0.00%
2200001	Commercial Real Estate - Maintenance	\$0	\$0	\$300,000	\$0	\$300,000	0.00%
1900001	Legal Settlements	\$0	\$0	\$300,000	\$0	\$300,000	-53.49%
1100001	Commercial Real Estate Projects	\$0	\$0	\$250,000	\$0	\$250,000	0.00%
1200001	Real Estate - Special Projects	\$0	\$0	\$350,000	\$0	\$350,000	40.00%
1400001	Minerals Special Projects	\$0	\$0	\$200,000	\$0	\$200,000	0.00%
<b>Total</b>		<b>\$8,980,426</b>	<b>\$0</b>	<b>\$2,200,000</b>	<b>\$0</b>	<b>\$11,180,426</b>	<b>18.33%</b>

1. Please describe source(s) and % of total of "Other" funding for each department:

**FY'24 Top Five Operational Appropriation Funding Requests**

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Restore FY 2023 (Supplemental FY 2023 only)	\$1,675,855
Request 2:	Restore FY 2023 into Base Appropriation	\$1,675,855
Request 3:	Upgrade and enhance agency operations to benefit and grow the Trust	\$601,150
Request 4:		
Request 5:		
<b>Top Five Request Subtotal:</b>		<b>\$3,952,860</b>
<b>Total Increase above FY-23 Budget (including all requests)</b>		<b>\$ 3,952,860</b>
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?**

None.

**How would the agency be affected by receiving the same appropriation for FY '24 as was received in FY '23? (Flat/ 0% change)**

Because the agency received a 20% budget cut in FY 2023, should the Supplemental and operating requests not be funded, the agency will struggle to provide basic services. Efficient and quality levels of customer service will not be met. The agency will continue to experience high turnover because personnel are overextended and not being properly compensated.

**How would the agency handle a 2% appropriation reduction in FY '24?**

Any additional reduction would further limit the current agency staff to be able to provide timely and complete agency services and affect efficient operations of the agency.

**Is the agency seeking any fee increases for FY '24?**

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1 No fee increases requested		
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 Not Applicable		
Priority 2		
Priority 3		

**Federal Funds**

CFDA	Federal Program Name	Agency Dept. #	FY 23 budgeted	FY 22	FY 21	FY 20	FY 19
	No Federal Funding						

**Federal Government Impact**

<b>1.) How much federal money received by the agency is tied to a mandate by the Federal Government?</b>
None
<b>2.) Are any of those funds inadequate to pay for the federal mandate?</b>
None
<b>3.) What would the consequences be of ending all of the federal funded programs for your agency?</b>
None
<b>4.) How will your agency be affected by federal budget cuts in the coming fiscal year?</b>
None
<b>5.) Has the agency requested any additional federal earmarks or increases?</b>
None

**FY'23 Budgeted FTE**

Division #	Division Name	Supervisors	Non-Supervisors	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$100K	\$100K+
1000001	Administration	2	8	0	3	5	2
1000002	Real Estate Management	5	10	0	13	1	1
1000003	Financial Services	3	7	0	5	4	1
1000004	Minerals Management	2	3	0	4	1	0
1000005	Royalty Compliance	1	4	0	4	1	0
1000009	Legal	1	5	0	2	3	1
1000022	Commercial Real Estate	1	2	0	2	0	1
8800001	Information Technology	2	3	0	2	2	1
<b>Total</b>		<b>17</b>	<b>42</b>	<b>0</b>	<b>35</b>	<b>17</b>	<b>7</b>

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		FTE History				
Division #	Division Name	2023 Budgeted	2022	2021	2019	2014
1000001	Administration	10.0	10.0	10.0	13.0	8.0
1000002	Real Estate Management	15.0	15.0	14.0	18.0	19.0
1000003	Financial Services	10.0	11.0	10.5	11.0	10.0
1000004	Minerals Management	5.0	7.0	8.0	8.0	9.0
1000005	Royalty Compliance	5.0	5.0	7.0	7.0	7.0
1000009	Legal	6.0	5.5	5.0	5.0	4.0
1000022	Commercial Real Estate	3.0	3.0	3.0	0.0	0.0
8800001	Information Technology	5.0	5.0	5.0	5.0	4.0
<b>Total</b>		<b>59.0</b>	<b>61.5</b>	<b>62.5</b>	<b>67.0</b>	<b>61.0</b>

Performance Measure Review					
Program Name	FY 22	FY 23	FY 24	FY 25	FY 26
Agency Operations - Measure 1 <i>Beneficiary Distributions</i>	\$122 M	\$125 M	\$127 M	\$128.5 M	\$130 M
Agency Operations - Measure 2 <i>Permanent Trust Investments - portfolio</i>	\$2.82 M	\$2.43 M	\$2.53 M	\$2.63 M	\$2.74 M
Agency Operations - Measure 3 <i>Preservation of Land Assets/ Soil Conversation - Acres impacted</i>	21,506	22,000	22,500	23,000	23,500
Agency Operations - Measure 4 <i>Commercial Real Estate Investments</i>	\$7.2 M	\$7.4 M	\$7.6 M	\$7.8 M	\$8.0 M
Agency Operations - Measure 5 <i>Clean up mineral well sites - Number of wells plugged on sites</i>	0	5	6	7	8
Agency Operations - Measure 6 <i>Improve Employee turnover rate - turnover rate</i>	27%	15%	10%	10%	10%

Revolving Funds (200 Series Funds)			
Please provide fund number, fund name, description, and revenue source	FY'20-22 Avg. Revenues	FY'20-22 Avg. Expenditures	June '22 Balance
<b>Fund number:</b> Fund name			
200 Agency Revolving Fund , Title 64 Section 1011	\$477,227	\$637,805	\$1,694,449
210 CLO Multi-Year Education Distribution, Stabilization Fund (Five Year Rolling Average), Title 64 Section 1069	\$2,653,264	\$2,608,927	\$133,009

