

**FY 2026 Budget Performance Review
410 - Commissioners of the Land Office**

Version Original
Lead Administrator: Secretary Dan Whitmarsh

Date submitted XX/XX/XXXX
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, purchasing, internal audit, and records management functions 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, 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 maximizing 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 short and long term commercial leases and commercial real estate investment properties including acquisition, sale, and property management.

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

FY'25 Budgeted Department Funding By Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
1000001	Administration	\$1,305,163		\$421,000			\$1,726,163
1000002	Real Estate Management	\$1,343,675		\$120,586			\$1,464,261
1000003	Financial Services	\$1,246,569		\$151,332			\$1,397,901
1000004	Minerals Management	\$636,783		\$46,300			\$683,083
1000005	Royalty Compliance	\$461,106		\$19,920			\$481,026
1000009	Legal	\$639,025		\$15,120			\$654,145
1000022	Commercial Real Estate	\$400,293		\$22,750			\$423,043
8800001	Information Technology	\$670,807		\$701,000			\$1,371,807
1100001	Commercial Real Estate Projects			\$50,000			\$50,000
1200001	Real Estate - Special Projects			\$252,487			\$252,487
1400001	Minerals Special Projects			\$115,000			\$115,000
1900001	Legal Settlements			\$750,000			\$750,000
2000001	Soil Conservation			\$650,000			\$650,000
2200001	Commercial Real Estate - Maintenance			\$238,000			\$238,000
							\$0
Total		\$6,703,421	\$0	\$3,553,495	\$0	\$0	\$10,256,916

1. Please describe source of Local funding not included in other categories:

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

Balances of Appropriated Funds from Prior Fiscal Years

3-digit Class Fund #	Class Fund Name	GA Bill # and Section #	Fiscal Year of Original Appropriation	Original Appropriation Amount (\$)	Total Expended Amount as of 8/31/2024 (\$)	Balance as of 8/31/2024 (\$)
514	Commissioners of the Land Office Fund	HB 1004 Section33	FY 2024	\$6,713,421	\$6,342,227	\$371,194
						\$0
						\$0
						\$0
						\$0
Total remaining prior year appropriation balance:						\$371,194

Report appropriations that have existing balances from all prior fiscal years at the 3-digit class fund number (i.e. 193, 194). Do not report carryover class funds separately. Include appropriations located in disbursing funds. Report PREP, but not ARPA/SRF, appropriations.

What changes did the agency make between FY'24 and FY'25?

- 1.) Are there any services no longer provided because of budget cuts?**
All basic agency services are being provided by the agency despite the FY23 20% budget reduction; however, the budget cuts resulted in 1) Reduction of CLO office rent to cover expenditures only vs. market value, reducing distributable beneficiary revenue 2) Crucial FTE vacancies not being filled, hampering agency staff's ability to respond to internal and external requests 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. Services are being provided, however, what suffers is staff's ability to stay caught up on less critical tasks and the ability to explore efficiencies and potential revenue generation.
- 4.) Did the agency provide any pay raises that were not legislatively/statutorily required?**
Yes, in June 2024 the agency paid employees \$1,500 to supplement payroll during the conversion to biweekly payroll. Other targeted increases were made for promotions or additional duties. In late August 2024 employees received a 3% across the board increase providing inflationary relief and help with employee retention.

Appropriation Increase Review

Appropriation Increase Purpose	Appropriation Increases (Additional to Agency Base Appropriation)			Expenditures	
	FY 2023	FY 2024	Total Amount Received FY 2023-2024	Total Expenditure of Increase as of 6/30/2024	If funds have not been spent, please explain why.
No increase rec'd FY23 or FY24.	\$0	\$0	\$0		
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
Total:	\$0	\$0	\$0	\$0	

List appropriation increases that the agency has received in the prior two years. List amounts received in each year. Include PREP, but not ARPA/SRF, appropriations.

FY'26 Requested Funding By Department and Source

Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
1000001	Administration	\$1,417,002	\$0	\$250,000	\$0	\$1,667,002	-3.43%
1000002	Real Estate Management	\$1,526,206	\$0	\$0	\$0	\$1,526,206	4.23%
1000003	Financial Services	\$1,325,154	\$0	\$0	\$0	\$1,325,154	-5.20%
1000004	Minerals Management	\$743,843	\$0	\$0	\$0	\$743,843	8.89%
1000005	Royalty Compliance	\$470,823	\$0	\$0	\$0	\$470,823	-2.12%
1000009	Legal	\$1,051,728	\$0	\$0	\$0	\$1,051,728	60.78%
1000022	Commercial Real Estate	\$407,196	\$0	\$0	\$0	\$407,196	-3.75%
8800001	Information Technology	\$1,437,324	\$0	\$0	\$0	\$1,437,324	4.78%
1100001	Commercial Real Estate Projects	\$0	\$0	\$50,000	\$0	\$50,000	0.00%
1200001	Real Estate - Special Projects	\$0	\$0	\$250,000	\$0	\$250,000	-0.99%
1400001	Minerals Special Projects	\$0	\$0	\$115,000	\$0	\$115,000	0.00%
1900001	Legal Settlements	\$0	\$0	\$300,000	\$0	\$300,000	-60.00%
2000001	Soil Conservation	\$0	\$0	\$1,750,000	\$0	\$1,750,000	169.23%
2200001	Commercial Real Estate - Maintenance	\$0	\$0	\$250,000	\$0	\$250,000	5.04%

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Total	\$8,379,276	\$0	\$2,965,000	\$0	\$11,344,276	10.60%
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1. Please describe source(s) and % of total of "Other" funding for each department:

FY'26 Top Five Operational Appropriated Funding Increase Requests

Request by Priority	Request Description	Is this a Supplemental Request? (Yes/No)	Timeframe (One-Time or Recurring)	Appropriation Request Increase Amount (\$)
Request 1:	Restoration of FY2022 Budget	No	Recurring	\$1,675,855
Request 2:				
Request 3:				
Request 4:				
Request 5:				
Top Five Request Subtotal:				\$1,675,855
Total Increase above FY-25 Budget (including all requests)				\$2,288,542
Difference between Top Five requests and total requests:				\$612,687

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

Description of requested increase in order of priority	Needed State Funding for Project (\$)	Submitted to LRCP or OCAMP? (Yes/No)
Priority 1		
Priority 2		
Priority 3		

List any requests for new construction from the Legacy Capital Fund

Description of requested increase in order of priority	Needed State Funding for Project (\$)	Submitted to LRCP? (Yes/No)
Priority 1 None		
Priority 2		
Priority 3		

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

No

How would the agency be affected by receiving the same appropriation for FY '26 as was received in FY '25? (Flat/ 0% change)

The agency has remained at the FY 2023 budget cut level and should the operating requests not be funded, the agency will struggle to provide basic services and eEfficient and quality levels of customer service will not be achieved. 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 '26?

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

Is the agency seeking any fee increases for FY '26?

Description of requested increase in order of priority	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1 No fee increases requested		
Increase 2		
Increase 3		

Federal Funds

CFDA	Federal Program Name	Agency Dept. #	FY 25 budget (\$)	FY 24 actuals (\$)	FY 23 actuals (\$)	FY 22 actuals (\$)	FY 24 budgeted FTE (#)
	N/A						

Federal Government Impact

1.) How much federal money received by the agency is tied to a mandate by the Federal Government?

N/A

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- 2.) Are any of those funds inadequate to pay for the federal mandate?**
N/A
- 3.) What would the consequences be of ending all of the federal funded programs for your agency?**
N/A
- 4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**
N/A
- 5.) Has the agency requested any additional federal earmarks or increases?**
N/A

FY 2025 Budgeted FTE							
Division #	Division Name	Supervisors	Non-Supervisors	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$100K	\$100K+
1000001	Administration	2	8	0	4	4	2
1000002	Real Estate Management	5	9	0	11	2	1
1000003	Financial Services	4	7	0	6	3	2
1000004	Minerals Management	2	4.5	0.5	5	0	1
1000005	Royalty Compliance	1	3	0	2	2	0
1000009	Legal	1	4	0	2	2	1
1000022	Commercial Real Estate	1	3	0	3	1	0
8800001	Information Technology	2	4	0	3	2	1
Total		18	42.5	0.5	36	16	8

FTE History by Fiscal Year							
Division #	Division Name	FY 2025 Budgeted	FY 2025 YTD	FY 2024	FY 2023	FY 2022	FY 2016
1000001	Administration	10.0	9.0	10.0	10.0	11.0	9.0
1000002	Real Estate Management	14.0	12.0	15.0	15.0	15.0	16.0
1000003	Financial Services	11.0	9.0	10.0	10.0	11.0	12.0
1000004	Minerals Management	6.5	5.5	5.0	5.0	7.0	8.0
1000005	Royalty Compliance	4.0	2.0	4.0	5.0	5.0	8.0
1000009	Legal	5.0	4.0	6.0	6.0	6.0	5.0
1000022	Commercial Real Estate	4.0	4.0	3.0	3.0	4.0	3.0
8800001	Information Technology	6.0	5.0	5.0	5.0	5.0	5.0
Total		60.5	50.5	58.0	59.0	64.0	66.0

Performance Measure Review					
Program Name	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Agency Operations #1 Beneficiary Distributions	\$145. M	\$129.4 M	\$122 M	\$116 M	\$126.9 M
Agency Operations #2 Permanent Trusts Investments Portfolio	\$2.74 B	\$2.53 B	\$2.31 B	\$2.62 B	\$2.23 B
Agency Operations #3 Preservation of Land Assets/Soil Conservation - Number of Projects	70	65	75	70	70
Agency Operations #4 Commercial Real Estate Investments Income Generated	\$6.5 M	\$6.3 M	\$7.1 M	\$4.8 M	\$4.5 M

