

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Natural Resources

School and Institutional Trust Lands Administration
All Programs

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1.0 Summary: School and Institutional Trust Lands Administration (SITLA)

The state is divided into townships that are six miles square. Each of these township squares is divided into 36 sections, each being one mile square. Under the terms of the Enabling Act, as part of Congress' granting Utah statehood, the federal government awarded sections 2, 16, 32, and 36 in each thirty-six section township of Utah for the support of the common schools. The state was also given 1.6 million acres to fund higher and special education needs within the state. It is important to understand that these lands are not like other lands owned by the state but are granted to the state in trust for the benefit of the various beneficiaries (primarily public education). An opinion by the Attorney General states, "Trust resources, even those with marginal revenue potential, may not be administered to benefit public purposes for which there is no compensation to the trust and where the trust resource may be depleted...The interest of the school and institutional trust beneficiary is paramount and must always prevail over any conflicting public use or purpose."

SITLA was established under UCA 53C-1-201 as a quasi-governmental independent state agency to manage all school and institutional trust lands and associated assets. A seven-member Board of Trustees establishes the agency's policies.

Funding for SITLA operations is provided through the Land Grant Management Fund. The fund consists of:

- All revenues derived from trust lands except sales of lands. (Revenue from land sales goes directly to the Permanent State School Fund.)
- Interest.
- Revenues from other activities of the Administration.

The Director may expend monies from the fund in accordance with the approved budget for the support of SITLA, after which all the excess is to be distributed among the beneficiaries.

In 1999 SITLA traded 377,000 acres of trust lands located within national parks and forests for \$50 million cash, \$13 million in future coal revenue, coal and coalbed methane, and 139,000 acres of land or surface/mineral rights with readily developable commercial and mineral value. While the trade decreased federal mineral lease revenues to other state agencies (such as the Utah Geological Survey), it increased revenues for the Permanent School Fund. Since the trade was completed, the lands have produced another \$10 million dollars, and may produce this same amount per year for the next twenty years.

In 2000 the State of Utah and the Bureau of Land Mangement (BLM) agreed on an exchange of land in the West Desert. The proposal passed Congress and was signed by the President in October. Currently appraisals are being done in an attempt to achieve equal value. SITLA would trade 106,000 acres in 175 scattered parcels for 107,000 acres of BLM land in 17 consolidated blocks.

Timber sales on trust lands have grown from \$51,000 in 1995 to \$500,000 last year. A positive market has stimulated SITLA to continue to aggressively pursue timber revenues. In response to concerns from environmentalists and the State Forester, SITLA has begun administering timber sales through a contract with the State Forester.

The following chart shows past distributions to public schools:

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
Land Grant Mgt Fund	8,922,700	1,278,500	10,201,200
Total	\$8,922,700	\$1,278,500	\$10,201,200
Programs			
School & Inst Trust Lands	8,922,700	1,278,500	10,201,200
Total	\$8,922,700	\$1,278,500	\$10,201,200
FTE/Other			
Total FTE	58	2	60

The FY 2001 distribution of \$8,955,500 to public schools represented approximately 0.38% of the Public Education Budget. If the Administration reaches its goal of \$1 billion in the Permanent Fund, and if the State Treasurer switches investment strategies from equities to dividends, it is conceivable the distribution to public schools could reach up to \$50 million per year, or 2.1% of the 2002 Public Education budget, within the next decade.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	178,600	189,300	189,500	200
Total	\$178,600	\$189,300	\$189,500	\$200
Expenditures				
Personal Services	145,700	148,600	148,800	200
In-State Travel	3,100	4,300	4,300	
Out of State Travel	900	2,800	2,800	
Current Expense	28,900	33,600	33,600	
Total	\$178,600	\$189,300	\$189,500	\$200
FTE/Other				
Total FTE	1	1	1	

Total revenues generated in FY 2001 were \$65.1 million. Of this amount, \$34 million came from oil and natural gas royalties. Natural gas revenues in FY 2001 were 65 percent greater than the previous year, due to more gas wells and a temporary price increase. Another \$6.2 million came from coal royalties.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	533,700	419,700	634,200	214,500
Total	\$533,700	\$419,700	\$634,200	\$214,500
Expenditures				
Personal Services	331,100	266,500	496,100	229,600
In-State Travel	12,100	10,800	10,800	
Out of State Travel	10,900	9,300	9,300	
Current Expense	154,000	132,100	117,000	(15,100)
DP Current Expense		1,000	1,000	
Capital Outlay	1,100			
Other Charges/Pass Thru	24,500			
Total	\$533,700	\$419,700	\$634,200	\$214,500
FTE/Other				
Total FTE	3	3	5	2

At the time of statehood, Congress designated twelve beneficiaries of Utah trust lands. The following chart shows the beneficiaries, original surface grant, surface land sold since statehood, and current surface holdings.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	1,464,600	663,000	704,000	41,000
Lapsing Balance	(987,100)			
Total	\$477,500	\$663,000	\$704,000	\$41,000
Expenditures				
Personal Services	142,600	207,900	174,800	(33,100)
In-State Travel	300	3,100	3,100	
Out of State Travel	100	2,100	2,100	
Current Expense	327,200	431,400	505,500	74,100
DP Current Expense	4,600	3,500	3,500	
Capital Outlay	2,700	15,000	15,000	
Total	\$477,500	\$663,000	\$704,000	\$41,000
FTE/Other				
Total FTE	3	4	4	

Over 96 percent of the current holding is for public schools.

Interest revenue from the Reservoir Fund is deposited in the Water Resources Construction Fund. The amount deposited in FY 2001 was \$274,900.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	276,400	258,400	259,600	1,200
Total	\$276,400	\$258,400	\$259,600	\$1,200
Expenditures				
Personal Services	255,900	237,800	234,000	(3,800)
In-State Travel		1,500	1,500	
Out of State Travel		900	900	
Current Expense	16,200	14,100	19,100	5,000
DP Current Expense	4,300	4,100	4,100	
Total	\$276,400	\$258,400	\$259,600	\$1,200
FTE/Other				
Total FTE	6	5	5	

2.0 Issues: School and Institutional Trust Lands Administration

2.1 Associate Director

The agency has already hired an Associate Director to assist the Executive Director in managing the agency, specifically coordinating efforts on exchanges, working with other state agencies, and other types of special projects that are not day-to-day management. The agency is now requesting additional funds for the position.

Land Grant Management Fund\$120,000

2.2 Rental Increase

The 2001 Legislature appropriated \$54, 400 for rental increases at the building leased in Salt Lake City for the agency's main office. In spite of the glut of available office space in the Salt Lake market recently, the rent at SITLA's building has increased again this year. The agency is in the middle of a ten-year lease.

Land Grant Management Fund\$36,000

2.3 Professional and Technical Services

Increased funding would allow the royalty auditing group to more efficiently gather audit data in the Houston, Texas area when needed. Funds would be used to hire a contract auditor as necessary.

Land Grant Management Fund\$15,000

2.4 Out of State Travel

Additional funds would allow the audit staff to travel to the sites necessary to gather information from companies to complete their reviews of royalties.

Land Grant Management Fund\$3,500

2.5 Office Technician for Block Management

This request will allow the Block Management group to add staff to handle the preparation and administration of plans developed for land blocks.

Land Grant Management Fund\$44,000

2.6 Capital Budget – Block Management

The Board has determined that the Block Management group needs a source of funding to provide necessary infrastructure to the lands it is charged with managing.

Land Grant Management Fund\$500,000

2.7 Capital Budget – Development

The Board has determined that the Development program should have increased capital funds available in case opportunities arise or in case increased funds are necessary to adequately fund projects currently underway.

Land Grant Management Fund\$500,000

2.8 Server and Plotter

The server from which the agency’s business system operates will be fully depreciated by FY 2003. The agency’s plotter will also be fully depreciated. The agency has requested funds to replace these two pieces of equipment.

Land Grant Management Fund\$60,000

3.0 Programs: School and Institutional Trust Lands Administration

3.1 Board

Recommendation The Analyst recommends a budget of **\$189,500**.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Land Grant Mgt Fund	148,700	142,600	162,000	19,400
Total	\$148,700	\$142,600	\$162,000	\$19,400
Expenditures				
Personal Services	131,900	134,200	132,300	(1,900)
In-State Travel	700	1,000	1,000	
Out of State Travel	6,600	4,000	7,500	3,500
Current Expense	8,800	2,800	20,600	17,800
DP Current Expense	700	600	600	
Total	\$148,700	\$142,600	\$162,000	\$19,400
FTE/Other				
Total FTE	2	2	2	

Purpose The seven-member Board of Trustees is created in Utah Code 53C-1-202. Their purpose as stated in section 53C-1-204 of the code is to "...establish policies for the management of the School and Institutional Trust Lands Administration."

Utah law requires the policies to:

- be consistent with the Utah Enabling Act, the Utah Constitution, and state law;
- reflect undivided loyalty to the beneficiaries consistent with fiduciary duties;
- require the return of not less than fair market value for the use, sale, or exchange of school and institutional trust assets;
- seek to optimize trust land revenues and increase the value of trust land holdings consistent with the balancing of short and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains;
- maintain the integrity of the trust and prevent the misapplication of its lands and its revenues; and
- have regard for and seek General Fund appropriation compensation for the general public's use of natural and cultural resources consistent with the duties of the administration as trustee for the beneficiaries.

Prior Building Block Report The single largest expenditure in this program is the board's incentive award package for the agency's senior staff. The 2001 Legislature approved an increase of \$30,000, bringing the total amount available to \$150,000. The directors can earn an average bonus of \$30,000 a year over their base salaries.

3.2 Director

Recommendation

The Analyst recommends a budget of **\$634,200**. Personal Services comprise **78** percent of the recommended budget.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	548,500	1,145,000	1,149,400	4,400
Total	\$548,500	\$1,145,000	\$1,149,400	\$4,400
Expenditures				
Personal Services	388,400	531,200	551,900	20,700
In-State Travel	4,000	4,500	4,500	
Out of State Travel	5,600	24,800	24,800	
Current Expense	147,800	580,800	564,500	(16,300)
DP Current Expense	2,700	3,700	3,700	
Total	\$548,500	\$1,145,000	\$1,149,400	\$4,400
FTE/Other				
Total FTE	6	8	8	

*Building Block:
Associate Director*

The agency has already hired an Associate Director to assist the Executive Director in managing the agency, specifically coordinating efforts on exchanges, working with other state agencies, and other types of special projects that are not day-to-day management. The agency is now requesting additional funds for the position.

Land Grant Management Fund\$120,000

Purpose

The Director of the School and Institutional Trust Lands Administration is required by statute to "...manage the School and Institutional Trust Lands Administration in fulfillment of its purpose." That purpose has been identified in UCA 53C-1-102 to "...manage the lands and revenues generated from the lands in the most prudent and profitable manner possible, and not for any purpose inconsistent with the best interest of the trust beneficiaries."

The office consists of the Director, the public affairs officer, and an office technician. Aside from personal services, the largest costs consist of consulting contracts. For example, this fiscal year the agency is using \$40,000 to contract with former Rep. Mel Brown for political relations. The agency requested a \$40,000 building block for FY 2002 to continue funding the contract; however, the Analyst notes that the agency was able to use existing funds in FY 2001 and lapsed over \$2 million from its appropriation in FY 2000. Therefore the Analyst does not recommend the building block.

**Intent Language
Report**

The Analyst recommends the subcommittee request a report from the agency on the agency's progress in complying with the following intent language:

It is the intent of the Legislature that the Department of Natural Resources and the School and Institutional Trust Lands Administration join together in reaching a Memorandum of Understanding. The Memorandum should detail areas of mutual benefit arising from resolution of conflicts in respective mission statements and statutory requirements. The Memorandum should also detail conflict of mission statement and statutory requirements that cannot be resolved by mutual agreement. This Memorandum of Understanding shall be jointly presented to the Natural Resources Appropriations Subcommittee or the Natural Resources, Agriculture, and Environment Interim Committee on or before October 2001.

3.3 Administration

Recommendation

The Analyst recommends a budget of **\$704,000**.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	985,000	1,342,800	1,301,100	(41,700)
Total	\$985,000	\$1,342,800	\$1,301,100	(\$41,700)
Expenditures				
Personal Services	706,600	858,800	785,900	(72,900)
In-State Travel	11,200	21,600	21,600	
Out of State Travel	6,500	7,500	7,500	
Current Expense	237,800	448,900	480,100	31,200
DP Current Expense	11,200	6,000	6,000	
Capital Outlay	11,700			
Total	\$985,000	\$1,342,800	\$1,301,100	(\$41,700)
FTE/Other				
Total FTE	13	13	14	1

*Building Block:
Rental Increase*

The 2001 Legislature appropriated \$54, 400 for rental increases at the building leased in Salt Lake City for the agency’s main office. In spite of the glut of available office space in the Salt Lake market recently, the rent at SITLA’s building has increased again this year. The agency is in the middle of a ten-year lease.

Land Grant Management Fund\$36,000

Purpose

This program includes the department administrative assistant and the office staff that provide support for the rest of the agency. Costs for rent, office supplies, and insurance are paid out of this program. Staff in this program also supports the Board of Trustees.

**Prior Building
Block Report**

The 2001 Legislature approved an increase of \$54,400 for rental cost increases and building space increases.

3.4 Accounting

Recommendation

The Analyst recommends a budget of **\$259,600**.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	702,900	1,182,000	1,128,500	(53,500)
Total	\$702,900	\$1,182,000	\$1,128,500	(\$53,500)
Expenditures				
Personal Services	496,700	471,500	583,900	112,400
In-State Travel	18,100	12,500	12,500	
Out of State Travel	3,400	3,200	3,200	
Current Expense	172,100	684,900	519,000	(165,900)
DP Current Expense	9,100	6,400	6,400	
Capital Outlay	3,500	3,500	3,500	
Total	\$702,900	\$1,182,000	\$1,128,500	(\$53,500)
FTE/Other				
Total FTE	8	7	9	2

Purpose

This program accounts for all revenue and expenditures of the agency from trust lands. It is responsible for developing and coordinating the budget and the review process before the Board of Trustees and other committees. Additional responsibilities include setting up, creating and maintaining financial data, payroll, coordinating investments with the State Treasurer, and managing the business system for the agency.

3.5 Royalty

Recommendation

The Analyst recommends a budget of **\$162,000**.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	412,000	397,800	399,700	1,900
Total	\$412,000	\$397,800	\$399,700	\$1,900
Expenditures				
Personal Services	299,200	314,000	313,700	(300)
In-State Travel	4,300	4,300	4,300	
Out of State Travel	9,500	7,500	7,500	
Current Expense	97,100	70,800	73,000	2,200
DP Current Expense	1,900	1,200	1,200	
Total	\$412,000	\$397,800	\$399,700	\$1,900
FTE/Other				
Total FTE	4	4	4	

Building Block: Contract Auditor

Increased funding would allow the royalty auditing group to more efficiently gather audit data in the Houston, Texas area when needed. Funds would be used to hire a contract auditor as necessary.

Land Grant Management Fund\$15,000

Building Block: Out of State Travel

Additional funds would allow the audit staff to travel to the sites necessary to gather information from companies to complete their reviews of royalties.

Land Grant Management Fund\$3,500

Purpose

This program consists of two auditors who ensure compliance with lease terms, contracts, rules, and statutes. As inconsistencies are found, the program issues assessments, recommends solutions to the Director and board, and works with the agency attorneys in collection of the assessments.

3.6 Minerals

Recommendation

The Analyst recommends a budget of **\$1,149,400**.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	841,200	649,900	712,800	62,900
Total	\$841,200	\$649,900	\$712,800	\$62,900
Expenditures				
Personal Services	430,800	409,500	482,600	73,100
In-State Travel	1,300	2,000	2,000	
Out of State Travel	4,700	2,700	2,700	
Current Expense	27,700	73,000	2,800	(70,200)
DP Current Expense	192,400	149,700	149,700	
DP Capital Outlay	183,900	13,000	73,000	60,000
Other Charges/Pass Thru	400			
Total	\$841,200	\$649,900	\$712,800	\$62,900
FTE/Other				
Total FTE	7	6	7	1

Purpose

This program manages and administers approximately 4.6 million acres of subsurface mineral rights held in trust lands. Mineral assets must be managed under strict fiduciary guidelines with focus on generating revenue today and protecting long term assets for the future. The program engages in marketing its mineral assets, enforcing existing contractual rights, leasing, and attracting industry to trust lands for exploration and development. This program generates approximately 55 percent of the non-interest revenue for the trust.

3.7 Surface

Recommendation

The Analyst recommends a budget of **\$1,301,100**.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	345,100	558,700	560,400	1,700
Total	\$345,100	\$558,700	\$560,400	\$1,700
Expenditures				
Personal Services	145,500	154,000	104,500	(49,500)
In-State Travel	4,000	5,000	5,000	
Out of State Travel	2,500	2,100	2,100	
Current Expense	157,600	363,300	414,500	51,200
DP Current Expense	400	300	300	
Capital Outlay	35,100	34,000	34,000	
Total	\$345,100	\$558,700	\$560,400	\$1,700
FTE/Other				
Total FTE	3	2	2	

Building Block: Office Technician

This request will allow the Block Management group to add staff to handle the preparation and administration of plans developed for land blocks.

Land Grant Management Fund\$44,000

Purpose

This program administers the surface uses of the trust lands. Surface activities include leasing for such uses as telecommunications sites, industrial and commercial enterprises and residential purposes, as well as easements, permits, rights-of-way, and sales.

Previous Building Block Report

In the 2001 General Session the Legislature appropriated \$250,000 for a new program to manage blocks of trust lands.

Intent Language Report

The Analyst recommends the subcommittee request a report from the agency on the agency's progress in complying with the following intent language:

It is the intent of the Legislature that the School and Institutional Trust Lands Administration report on the development of management strategies and on the use of the \$250,000 appropriation for blocks of trust lands during fall 2001.

3.8 Development (Operating)

Recommendation The Analyst recommends a budget of **\$1,128,500**.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Land Grant Mgt Fund	2,001,000	2,000,000	3,000,000	1,000,000
Lapsing Balance	(303,100)			
Total	<u>\$1,697,900</u>	<u>\$2,000,000</u>	<u>\$3,000,000</u>	<u>\$1,000,000</u>
Expenditures				
Current Expense	72,400	760,000	760,000	
Capital Outlay	1,625,500	1,240,000	2,240,000	1,000,000
Total	<u>\$1,697,900</u>	<u>\$2,000,000</u>	<u>\$3,000,000</u>	<u>\$1,000,000</u>
FTE/Other				

Purpose The objective of this program is to identify and facilitate real estate development opportunities on trust land parcels. Development activities add value to the lands, maximizing the trust assets. The agency found that by developing land before sale it was able to significantly increase revenue to the beneficiaries.

The budget reflected here represents the cost of operating the Development program.

Previous Building Block Report The 2001 Legislature appropriated a building block of \$57,900 to this program to help cover increased current expense costs.

3.9 Legal

Recommendation

The Analyst recommends a budget of **\$399,700**.

	1999	2000	2001	2002	2003
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Land Grant Mgt Fund	7,360,500	4,783,500	8,437,700	8,949,200	10,201,200
Lapsing Balance	(1,732,400)		(1,290,200)		
Total	\$5,628,100	\$4,783,500	\$7,147,500	\$8,949,200	\$10,201,200
Programs					
School & Inst Trust Lands	5,628,100	4,783,500	7,147,500	8,949,200	10,201,200
Total	\$5,628,100	\$4,783,500	\$7,147,500	\$8,949,200	\$10,201,200
Expenditures					
Personal Services	2,933,600	3,115,200	3,474,400	3,734,000	4,008,500
In-State Travel	97,400	58,200	59,100	70,600	70,600
Out of State Travel	55,600	53,600	50,700	66,900	70,400
Current Expense	972,300	914,600	1,447,600	3,595,700	3,509,700
DP Current Expense	179,800	193,200	227,300	176,500	176,500
DP Capital Outlay	99,000	197,000	183,900	13,000	73,000
Capital Outlay	1,290,400	238,400	1,679,600	1,292,500	2,292,500
Other Charges/Pass Thru		13,300	24,900		
Total	\$5,628,100	\$4,783,500	\$7,147,500	\$8,949,200	\$10,201,200
FTE/Other					
Total FTE	52	55	56	54	60

Purpose

This program defends and prosecutes lawsuits and pursues administrative adjudication involving the agency, drafts and/or reviews regulations, and provides general legal advice to the agency. Although statute requires the agency to use representation from the Attorney General's office, the agency maintains a separate legal staff because of occasional conflicts of interest that arise with the Attorney General's office.

3.10 Data Processing

Recommendation

The Analyst recommends a budget of **\$712,800**. Aside from Personal Services, most of the money in this program is spent on computer equipment and supplies.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	841,200	649,900	712,800	62,900
Total	\$841,200	\$649,900	\$712,800	\$62,900
Expenditures				
Personal Services	430,800	409,500	482,600	73,100
In-State Travel	1,300	2,000	2,000	
Out of State Travel	4,700	2,700	2,700	
Current Expense	27,700	73,000	2,800	(70,200)
DP Current Expense	192,400	149,700	149,700	
DP Capital Outlay	183,900	13,000	73,000	60,000
Other Charges/Pass Thru	400			
Total	\$841,200	\$649,900	\$712,800	\$62,900
FTE/Other				
Total FTE	7	6	7	1

Server and Plotter

The server from which the agency’s business system operates will be fully depreciated by FY 2003. The agency’s plotter will also be fully depreciated. The agency has requested funds to replace these two pieces of equipment.

Land Grant Management Fund\$60,000

Purpose

This program is a support function. The agency depends heavily on the use of data processing to support its ability to maximize revenues. The program operates the agency's fiscal, budget, and Geographic Information System software.

3.11 Forestry and Grazing

Recommendation The Analyst recommends a budget of **\$560,400**. Approximately **\$350,000** will be used to contract with the Division of Forestry, Fire and State Lands for improved timber harvesting practices.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	345,100	558,700	560,400	1,700
Total	\$345,100	\$558,700	\$560,400	\$1,700
Expenditures				
Personal Services	145,500	154,000	104,500	(49,500)
In-State Travel	4,000	5,000	5,000	
Out of State Travel	2,500	2,100	2,100	
Current Expense	157,600	363,300	414,500	51,200
DP Current Expense	400	300	300	
Capital Outlay	35,100	34,000	34,000	
Total	\$345,100	\$558,700	\$560,400	\$1,700
FTE/Other				
Total FTE	3	2	2	

Purpose This program administers the renewable resources of approximately 3.5 million acres of trust land. Activities include issuing permits for grazing, harvesting small forest products, holding timber sales, and special use leases for agricultural products. This need is met by staff and contract labor who receive and process applications, inventory vegetation production for grazing, and inventory and mark timber for sales.

3.12 Development (Capital)

Recommendation The Analyst recommends a budget of **\$3,000,000**. There are no personnel costs in this program.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Land Grant Mgt Fund	2,001,000	2,000,000	3,000,000	1,000,000
Lapsing Balance	(303,100)			
Total	<u>\$1,697,900</u>	<u>\$2,000,000</u>	<u>\$3,000,000</u>	<u>\$1,000,000</u>
Expenditures				
Current Expense	72,400	760,000	760,000	
Capital Outlay	1,625,500	1,240,000	2,240,000	1,000,000
Total	<u>\$1,697,900</u>	<u>\$2,000,000</u>	<u>\$3,000,000</u>	<u>\$1,000,000</u>
FTE/Other				

*Building Block:
Capital Funds for
Block Management*

The Board has determined that the Block Management group needs a source of funding to provide necessary infrastructure to the lands it is charged with managing.

Land Grant Management Fund\$500,000

*Building Block:
Development Capital
Budget*

The Board has determined that the Development program should have increased capital funds available in case opportunities arise or in case increased funds are necessary to adequately fund projects currently underway.

Land Grant Management Fund\$500,000

Purpose

The objective of this program is to identify and facilitate real estate development opportunities on trust land parcels. Development activities add value to the lands, maximizing the trust assets. The agency found that by developing land before sale it was able to significantly increase revenue to the beneficiaries.

The budget reflected here represents the capital costs in the Development program.

4.0 Additional Information: School and Institutional Trust Lands Administration

4.1 Funding History

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Land Grant Mgt Fund	7,360,500	4,783,500	8,437,700	8,949,200	10,201,200
Lapsing Balance	(1,732,400)		(1,290,200)		
Total	\$5,628,100	\$4,783,500	\$7,147,500	\$8,949,200	\$10,201,200
Programs					
School & Inst Trust Lands	5,628,100	4,783,500	7,147,500	8,949,200	10,201,200
Total	\$5,628,100	\$4,783,500	\$7,147,500	\$8,949,200	\$10,201,200
Expenditures					
Personal Services	2,933,600	3,115,200	3,474,400	3,734,000	4,008,500
In-State Travel	97,400	58,200	59,100	70,600	70,600
Out of State Travel	55,600	53,600	50,700	66,900	70,400
Current Expense	972,300	914,600	1,447,600	3,595,700	3,509,700
DP Current Expense	179,800	193,200	227,300	176,500	176,500
DP Capital Outlay	99,000	197,000	183,900	13,000	73,000
Capital Outlay	1,290,400	238,400	1,679,600	1,292,500	2,292,500
Other Charges/Pass Thru		13,300	24,900		
Total	\$5,628,100	\$4,783,500	\$7,147,500	\$8,949,200	\$10,201,200
FTE/Other					
Total FTE	52	55	56	54	60