

PROGRAM NARRATIVE

226 STATE LAND DEPARTMENT

Date: 12/17/2008

Time: 11:46:52

Program: Land Department	Reporting Level: 00-226-100-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

Performance within the Land Dept. is measured by the ability of assets to earn current distributable income while their ability to earn future income is either preserved or enhanced.

The EDIO is to conduct an annual grant round in a cost effective manner so that deserving subdivisions or governments receive funding to help satisfy their needs while taking into consideration the individual needs of each subdivision and available money.

PROGRAM STATISTICAL DATA

Total trust assets increased from approximately \$887 million on June 30, 2006, to over \$1.083 billion on June 30, 2008, a 22% increase.

EXPLANATION OF PROGRAM COSTS

The surface administration consists of lease auction activity, establishing range management plans, conducting land inspections, reviewing and negotiating right-of-way and easement conveyance requests, noxious weed mitigation efforts, and managing foreclosed property. The Division is under the supervision of a Director with 3 FTEs.

The Minerals Division responsibilities have been assumed by a number of other FTEs since the resignation of the Director in October 2007. The responsibilities consist of conducting lease auctions, processing royalty payments, resolving various title issues, and ensuring adherence to lease terms. This budget request proposes to add 3 additional FTEs for the Department to respond to the robust current and anticipated levels of energy activity.

The Investment Division Director is responsible for the implementation of the Board's investment policy, recommending investment strategies, and monitoring and preparing investment performance reports. The Investment Director also serves as the Deputy Commissioner and has been appointed by the Board as the Director of the Energy Development Impact Office.

The Unclaimed Property Act Administrator is responsible for the administration of the Act involving holder compliance and the processing of owner claims.

PROGRAM GOALS AND OBJECTIVES

The primary function of the Board of University and School Lands and the Land Department is to generate income for distribution to local school districts and other institutions in North Dakota. This income is generated through prudent management of trust assets, consisting of over 708,000 surface acres, over 2.5 million mineral acres and over \$947 million in investment assets (loans, marketable securities, and cash equivalents). The surface acres are leased to ranchers and farmers across the state. The 2.5 million mineral acres are offered for oil, gas, coal, gravel and scoria leasing. Revenues from all sources are deposited in permanent trust funds and are invested in the Farm Loan Pool administered by the Bank of North Dakota, US Treasury notes and bonds, and corporate bonds and stocks. The income from these investments, together with surface and mineral rentals, is distributed to schools (public grades K-12), and educational and other public institutions at specified intervals throughout the biennium. The Land Department is the trustee for the Lands and Minerals Trust Fund. This trust fund consists of 704,750 mineral acres formerly managed by the Bank of North Dakota, and minerals located under navigable streams, rivers, and lakes, which are owned by North Dakota as sovereign lands. The Land Department also administers the Unclaimed Property Act. In this capacity the Department collects "unclaimed property" (uncashed checks, unused bank accounts, etc.), and processes claims from owners. This property is held in trust for the owner forever, and the income it produces is distributed to public grades K-12.

The Energy Development Impact Office (EDIO) reduces the fiscal impact of oil exploration, development and production for those local subdivisions in whose jurisdiction the activity occurs through the targeted application of grant funds appropriated by the State Legislature. The goal of the program is to pick up costs that are over and above the normal costs that these units of government would incur. To that end, the Director reviews applications with the following criteria in mind: 1) Is the subdivision requesting funding experiencing a financial hardship from oil activity? 2) Will the project for which funding is requested reduce the impact? 3) Is the applicant in financial need? For this last question, the Director reviews tax effort, budgets, energy tax collections, and other financial indicators.

REQUEST DETAIL BY PROGRAM

226 STATE LAND DEPARTMENT

Biennium: 2009-2011

Bill#: SB2013

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Program: Land Department		Reporting Level: 00-226-100-00-00-00-00000000			
Description	Expenditures 2005-2007 Biennium	Present Budget 2007-2009	Budget Request Change	Requested Budget 2009-2011 Biennium	Optional Request 2009-2011
SALARIES AND WAGES					
SALARIES - PERMANENT	1,576,433	1,877,274	-12,620	1,864,654	235,296
TEMPORARY SALARIES	48,390	40,000	75,200	115,200	0
FRINGE BENEFITS	514,460	592,934	39,840	632,774	87,842
TOTAL	2,139,283	2,510,208	102,420	2,612,628	323,138
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	2,139,283	2,510,208	102,420	2,612,628	323,138
TOTAL	2,139,283	2,510,208	102,420	2,612,628	323,138
OPERATING EXPENSES					
TRAVEL	123,991	131,431	-4,912	126,519	16,731
SUPPLIES - IT SOFTWARE	33,217	10,000	7,886	17,886	2,365
SUPPLY/MATERIAL-PROFESSIONAL	28,630	7,643	-577	7,066	935
FOOD AND CLOTHING	660	0	0	0	0
BLDG, GROUND, MAINTENANCE	50,004	0	0	0	0
MISCELLANEOUS SUPPLIES	4,196	0	0	0	0
OFFICE SUPPLIES	17,160	13,250	-1,548	11,702	1,547
POSTAGE	24,597	38,250	-8,950	29,300	0
PRINTING	10,231	13,750	-250	13,500	0
IT EQUIP UNDER \$5,000	1,998	15,600	-1,822	13,778	1,822
OTHER EQUIP UNDER \$5,000	490	1,250	-1,250	0	0
OFFICE EQUIP & FURN SUPPLIES	11,324	0	4,600	4,600	0
UTILITIES	162	0	0	0	0
INSURANCE	6,059	7,748	352	8,100	0
RENTALS/LEASES-EQUIP & OTHER	63	8,750	250	9,000	0
RENTALS/LEASES - BLDG/LAND	15,069	100,000	-5,000	95,000	0
REPAIRS	170	1,200	0	1,200	0
IT - DATA PROCESSING	73,444	53,000	43,852	96,852	8,448
IT-COMMUNICATIONS	20,315	30,000	1,411	31,411	0
PROFESSIONAL DEVELOPMENT	15,973	22,250	-1,724	20,526	2,714
OPERATING FEES AND SERVICES	75,614	162,460	-47,360	115,100	0
FEES - PROFESSIONAL SERVICES	75,667	59,118	44,732	103,850	0
TOTAL	589,034	675,700	29,690	705,390	34,562

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Description	Expenditures 2005-2007 Biennium	Present Budget 2007-2009	Budget Request Change	Requested Budget 2009-2011 Biennium	Optional Request 2009-2011

OPERATING EXPENSES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	589,034	675,700	29,690	705,390	34,562
TOTAL	589,034	675,700	29,690	705,390	34,562

CAPITAL ASSETS

MOTOR VEHICLES	0	10,000	0	10,000	0
TOTAL	0	10,000	0	10,000	0

CAPITAL ASSETS

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	10,000	0	10,000	0
TOTAL	0	10,000	0	10,000	0

OTHER GRANTS

GRANTS, BENEFITS & CLAIMS	1,581,472	5,888,100	0	5,888,100	0
TOTAL	1,581,472	5,888,100	0	5,888,100	0

OTHER GRANTS

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	1,581,472	5,888,100	0	5,888,100	0
TOTAL	1,581,472	5,888,100	0	5,888,100	0

SPECIAL LINES

CONTINGENCY	0	50,000	0	50,000	0
TOTAL	0	50,000	0	50,000	0

SPECIAL LINES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	50,000	0	50,000	0
TOTAL	0	50,000	0	50,000	0

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PROGRAM FUNDING SOURCES

GENERAL FUND	0	0	0	0	0
SPECIAL FUNDS	4,309,789	9,134,008	132,110	9,266,118	357,700
FEDERAL FUNDS	0	0	0	0	0
PROGRAM FUNDING TOTAL	4,309,789	9,134,008	132,110	9,266,118	357,700

FTE EMPLOYEES

18.75	18.75	.00	18.75	3.00
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FUNDING DETAIL**SPECIAL FUNDS**

206 LAND DEPARTMENT MAINT. FUND	2,616,417	3,134,008	132,110	3,266,118	357,700
238 ENERGY DEVELOPMENT IMPACT FUND 226F	1,693,372	6,000,000	0	6,000,000	0
TOTAL	4,309,789	9,134,008	132,110	9,266,118	357,700

CHANGE PACKAGE DETAIL
226 STATE LAND DEPARTMENT
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PROGRAM: Land Department	REPORTING LEVEL: 00-226-100-00-00-00-00000000					
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
AGENCY BUDGET CHANGES						
Cost To Continue						
Cost To Continue		.00	0	0	102,420	102,420
Total Cost to Continue		.00	0	0	102,420	102,420
Base Budget Changes						
Other Budget Changes						
A-A 3 Base Budget Changes		.00	0	0	29,690	29,690
A-A 5 Motor vehicle		.00	0	0	10,000	10,000
A-F 4 Change capital		.00	0	0	-10,000	-10,000
Total Other Budget Changes		.00	0	0	29,690	29,690
Total Base Budget Changes		.00	0	0	29,690	29,690
Optional Request						
Other Optional Changes						
A-C 2 New FTE - Minerals Division	1	2.00	0	0	247,359	247,359
A-C 1 New FTE - Programmer	2	1.00	0	0	110,341	110,341
Total Other Budget Changes		3.00	0	0	357,700	357,700
Total Optional Budget Changes		3.00	0	0	357,700	357,700