

THE MINUTES OF THE MEETING OF THE JOINT APPROPRIATION
SUBCOMMITTEE ON NATURAL RESOURCES
January 29, 1981

The meeting was called to order by CHAIRMAN CHRIS STOBIE on January 29, 1981 in Room 431 of the Capitol Bldg., Helena, Montana, at 8:00 a.m. Roll call was taken with all members present but Senator Boylan.

DEPARTMENT OF STATE LANDS:

An overview of the Department as a whole was given by BOB ROBINSON, FISCAL ANALYST. Referring to (EXHIBIT A) the Organizational Chart, each program and its responsibilities were reviewed (EXHIBIT B).

The legislative and executive budgets both recommend increases in FTEs. The LFA recommendation is to add 16 FTEs while the executive (OBPP) recommends 17 FTEs (SEE EXHIBIT C, Page 1 & 2). This Department is in charge of state land leases.

There are 6.4 million acres of state land, 1 million acres of State Forest land. The plan is to bring the Forest Division of Natural Resources and put it into State Lands and take the Reclamation program and put it into the Natural Resources Department.

CENTRAL MANAGEMENT PROGRAM:

This is a clerical service division. (EXHIBIT C, pg. 3 & 4) and (EXHIBIT B, page 279).

(NOTE: that SENATOR BOYLAN joined the meeting.)

This division handles mining leases.

Income from oil and gas leases and royalties on state lands go into the School Trust Fund.

The current eight FTEs are being retained and nine additional FTEs are recommended and one currently authorized position that will be deleted. Eight of these FTEs are federally funded. One FTE is a clerk-typist.

The LFA recommendation includes \$235,000.00 per year for payments in lieu of taxes.

RECLAMATION DIVISION:

The current FTE level is 26. The LFA recommendation includes 3 additional FTEs. Two of these are currently on the reclamation staff but on personal service contracts. Both are supported by federal strip mine reclamation funds. (EXHIBIT B, page 281 &

282 and EXHIBIT C, pg. 5 & 6). Related to the above two positions and another currently authorized supervisor of abandoned mine reclamation is more than \$6.5 million each year in contracted services to pay the cost of reclaiming abandoned mine spoils and dumps. Federal coal royalties are supporting this function and are projected to continue at more than \$7 million per year for the next ten years. \$22,000 plus is recommended each year for equipment; included in the equipment request is \$12,586 worth of computer software to inventory all the natural resources in Montana.

An additional hardrock mine reclamation inspector is also recommended.

The LFA recommendation includes \$60,000 per year earmarked funds. The earmarked revenue account is anticipated to have a balance of about \$130,000 at the end of fiscal 1981.

LAND ADMINISTRATION PROGRAM:

The purpose of this program is to supervise, appraise and evaluate state land and its productive capacity (EXHIBIT B, pg. 283-284) and (EXHIBIT C, pg 7-8).

There are currently 5 FTEs that are field people who evaluate the productivity of land. This program is short in help and LFA recommends 5 additional FTEs. Some parcels have gone 20 years without being checked.

SENATOR SMITH remarked that they already are covered on AUM per acre (Animal Unit). He said that he cannot afford to fertilize leased land and give 1/4 of the crop to the state. He, therefore, would hope that the program would be hiring field men that are educated in agriculture.

JIM WILLIAMS, BUDGET ANALYST, said the difference between their budget and the LFA's is that the OBPP budget includes an appraiser, a range manager specialist and three field technicians.

RESOURCE DEVELOPMENT PROGRAM:

This program tries to work with the land leasers. They do not improve property unless they have an agreement and approval with the land leaser, and then the state will recover the cost of the improvement. There has been \$220,000 put into this fund for property improvement annually, which could be used for irrigation, sprinklers, etc. The LFA recommendation includes one additional FTE and \$102,900 in contracted services to complete filing of water right claims on all state owned land.

THE MINUTES OF THE MEETING OF THE JOINT APPROPRIATION Page 3
SUBCOMMITTEE ON NATURAL RESOURCES
January 29, 1981

The contracted service expense is increased \$95,200 above the current level to pay the final payment of a \$260,000 consultant.

In response to SENATOR STIMATZ's question, BOB ROBINSON said there were three offices to this department. Two are in Helena and one is in Billings.

The meeting adjourned at 10:45 a.m.

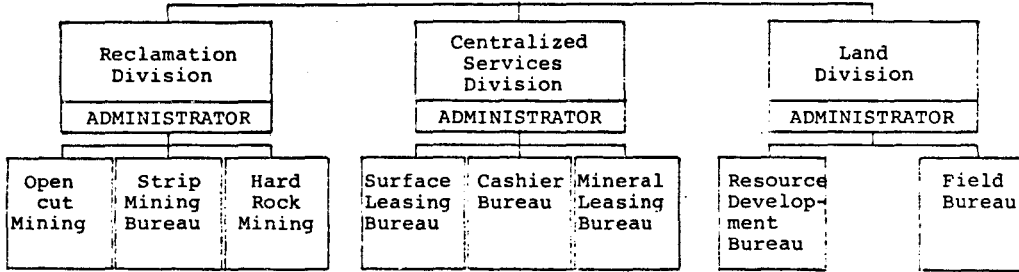


CHRIS STOBIE, CHAIRMAN

lmw

STATE BOARD OF LAND COMMISSIONERS

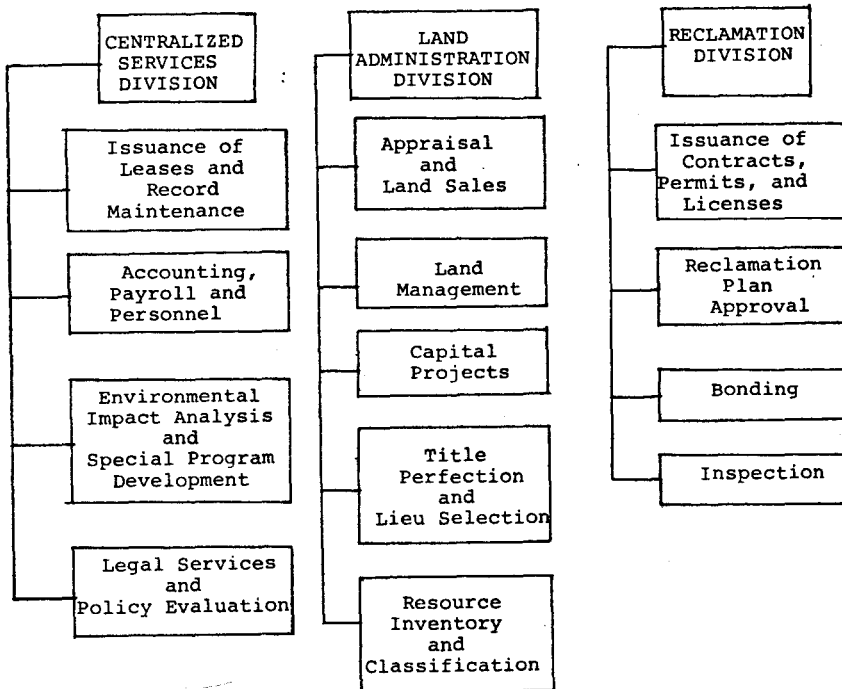
COMMISSIONER OF STATE LANDS



ORGANIZATIONAL CHART
 Department of State Lands
 June 1979

[Signature]
 Commissioner

[Signature]
 Governor



1-29-81 EXHIBIT A

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 01 CENTRAL MANAGEMENT PROGRAM

AE/OE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
	FULL TIME EQUIVALENT EMPLOYEES	30.00	19.50	28.00	28.00		28.00	28.00	
1000	PERSONAL SERVICES			548,470			589,710		
1100	SALARIES	378,554	304,403		443,580			436,156	
1400	EMPLOYEE BENEFITS	66,129	54,725		80,057			80,057	
	TOTAL FIRST LEVEL	444,683	359,128	548,470	523,637		589,710	516,213	
2100	CONTRACTED SERVICES	78,729	30,152	19,666	111,340		21,239	81,417	
2200	SUPPLIES & MATERIALS	8,661	4,000	4,653	6,018		5,048	6,544	
2300	COMMUNICATIONS	15,874	9,277	13,404	17,692		14,543	18,820	
2400	TRAVEL	12,912	5,733	4,521	28,240		4,882	32,478	
2500	RENT	54,210	47,731	47,731	59,783		47,731	61,024	
2600	UTILITIES	4,678	6,148	8,735	8,735		10,035	10,035	
2700	REPAIR & MAINTENANCE	1,937	1,000	2,173	2,347		2,357	2,691	
2800	OTHER EXPENSES	1,221	500	958	1,992		1,039	1,992	
2900	GOODS PURCHASED FOR RESALE			99,224			94,807		
	TOTAL FIRST LEVEL	178,222	104,541	201,065	236,147		201,681	215,001	
3100	EQUIPMENT	6,189	237	5,941	5,081		4,953	3,706	
	TOTAL FIRST LEVEL	6,189	237	5,941	5,081		4,953	3,706	
6100	FROM STATE SOURCES	215,000	215,000	235,000	235,000		235,000	235,000	
	TOTAL FIRST LEVEL	215,000	215,000	235,000	235,000		235,000	235,000	

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 01 CENTRAL MANAGEMENT PROGRAM

AE/UE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
8100	ACCOUNTING ENTITY TRANSFERS	29,230,973							
	TOTAL FIRST LEVEL	29,230,973							
	TOTAL PROGRAM COSTS	30,075,067	678,906	990,476	999,865		1,031,344	969,920	
01100	GENERAL FUND ACCOUNT	594,382	618,428	660,592	720,801		687,480	691,284	
04018	STATE LANDS FPRA	249,712	60,478	279,515	279,064		289,986	278,636	
04100	DSL FEDERAL RECLAMATION GRANT			50,369			53,878		
05002	U/M LAND GRANT I&I CLEARING	144,470							
05003	MSU LAND GRANT I&I CLEARING	124,248							
05004	MT LAND GRANT I&I CLEARING	262,170							
05005	EMC LAND GRANT I&I CLEARING	129,311							
05006	WMC LAND GRANT I&I CLEARING	129,311							
05007	MSU LD GRT I & I CLRG MORRILL	394,855							
05312	COMMON SCHOOL I & I FPGCA	22,811,166							
08000	TRUST & LEGACY ACCOUNT	5,235,442							
	TOTAL FUNDING	30,075,067	678,906	990,476	999,865		1,031,344	969,920	

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 03 RECLAMATION PROGRAM

AE/OE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
	FULL TIME EQUIVALENT EMPLOYEES	26.00	26.00	29.00	30.00		29.00	30.00	
1000	PERSONAL SERVICES			601,178			655,284		
1100	SALARIES	345,853	431,317		494,069			494,196	
1400	EMPLOYEE BENEFITS	61,784	77,998		91,893			91,893	
	TOTAL FIRST LEVEL	407,637	509,315	601,178	585,962		655,284	586,089	
2100	CONTRACTED SERVICES	74,455	6,029,811	6,546,524	6,546,524		7,045,141	7,045,141	
2200	SUPPLIES & MATERIALS	12,258	5,984	14,900	21,425		16,166	23,159	
2300	COMMUNICATIONS	14,265	14,000	17,574	19,379		19,067	21,339	
2400	TRAVEL	90,560	64,596	123,118	163,630		132,967	188,865	
2500	RENT	13,414	18,515	18,945	18,945		19,166	19,166	
2600	UTILITIES	804	1,660	2,187	2,187		2,528	2,528	
2700	REPAIR & MAINTENANCE	2,821	3,285	3,474	5,684		3,769	6,360	
2800	OTHER EXPENSES	20,617	9,272	24,946	25,487		27,066	25,487	
2900	GOODS PURCHASED FOR RESALE			12,750			14,489		
	TOTAL FIRST LEVEL	229,194	6,147,123	6,764,418	6,803,461		7,280,359	7,332,045	
3100	EQUIPMENT	22,658	25,600	23,588	24,518		22,658	22,658	
	TOTAL FIRST LEVEL	22,658	25,600	23,588	24,518		22,658	22,658	
	TOTAL PROGRAM COSTS	659,489	6,682,038	7,389,184	7,413,941		7,958,301	7,940,792	
01100	GENERAL FUND ACCOUNT	409,782	435,042	472,226	522,789		517,025	541,160	
02173	LAND RECLAMATION ERA	5,001	12,000	60,000	40,160		60,000	3,000	

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 03 RECLAMATION PROGRAM

AE/UE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
04100	DSL FEDERAL RECLAMATION GRANT	244,706	6,234,996	6,856,958	6,850,992		7,381,276	7,396,632	
	TOTAL FUNDING	659,489	6,682,038	7,389,184	7,413,941		7,958,301	7,940,792	

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 04 LAND ADMINISTRATION PGM

AL/UE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
	FULL TIME EQUIVALENT EMPLOYEES	9.62	9.62	14.62	15.62		14.62	14.62	
1000	PERSONAL SERVICES			257,427			280,597		
1100	SALARIES	120,031	139,491		222,443			210,390	
1400	EMPLOYEE BENEFITS	21,377	25,391		41,121			38,936	
	TOTAL FIRST LEVEL	141,408	164,882	257,427	263,564		280,597	249,326	
2100	CONTRACTED SERVICES	3,596	4,165	4,272	100,901		4,613	6,134	
2200	SUPPLIES & MATERIALS	7,238	4,994	8,797	21,195		9,544	22,271	
2300	COMMUNICATIONS	2,562	2,135	3,156	5,886		3,424	6,271	
2400	TRAVEL	19,168	34,453	29,160	51,327		31,492	50,746	
2500	RENT				6,000			6,618	
2700	REPAIR & MAINTENANCE	1,759	1,748	2,167	2,805		2,351	5,094	
2800	OTHER EXPENSES	189	247	228	289		247	297	
2900	GOODS PURCHASED FOR RESALE			29,212			33,099		
	TOTAL FIRST LEVEL	34,532	47,762	76,992	188,403		84,770	97,431	
3100	EQUIPMENT	16,131	3,652	51,476	51,476		1,816	1,200	
	TOTAL FIRST LEVEL	16,131	3,652	51,476	51,476		1,816	1,200	
	TOTAL PROGRAM COSTS	192,071	216,296	385,895	503,443		367,183	347,957	
01100	GENERAL FUND ACCOUNT	192,071	216,296	385,895	240,614		367,183	231,389	
02114	ST LANDS RES DEV LRA				262,829			116,568	
	TOTAL FUNDING	192,071	216,296	385,895	503,443		367,183	347,957	

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 05 RESOURCE DEVELOPMENT PGM

AE/OE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
	FULL TIME EQUIVALENT EMPLOYEES	7.00	7.00	8.00	7.00		7.00	7.00	
1000	PERSONAL SERVICES			149,089			145,663		
1100	SALARIES	87,147	104,185		107,500			107,534	
1400	EMPLOYEE BENEFITS	15,936	19,131		19,743			19,743	
	TOTAL FIRST LEVEL	103,085	123,316	149,089	127,243		145,663	127,277	
2100	CONTRACTED SERVICES	69,603	70,208	76,431	76,431		82,614	82,614	
2200	SUPPLIES & MATERIALS	2,009	1,250	2,651	2,651		3,007	3,007	
2300	COMMUNICATIONS	4,933	1,799	6,410	6,410		6,729	6,729	
2400	TRAVEL	16,735	11,011	22,133	22,133		25,453	25,453	
2500	RENT	4,677	4,339	4,339	4,339		4,339	4,339	
2600	UTILITIES	483	1,662	526	526		569	569	
2700	REPAIR & MAINTENANCE	249	773	318	318		356	356	
2800	OTHER EXPENSES	604	400	604	604		604	604	
2900	GOODS PURCHASED FOR RESALE			102,900					
	TOTAL FIRST LEVEL	99,293	91,442	216,312	113,412		123,671	123,671	
3100	EQUIPMENT	835			835			835	
	TOTAL FIRST LEVEL	835			835			835	
4100	LAND & INTEREST IN LAND	1,156	1,500	1,156	1,156		1,156	1,156	
4300	OTHER IMPROVEMENTS	95,960	220,540	220,000	220,540		220,000	220,540	
	TOTAL FIRST LEVEL	97,116	222,040	221,156	221,696		221,156	221,696	

AGENCY : 5501 DEPARTMENT OF STATE LANDS
PROGRAM : 05 RESOURCE DEVELOPMENT PGM

AE/DE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
	TOTAL PROGRAM COSTS	300,329	436,798	586,557	463,186		490,490	473,479	
02114 ST LANDS RES DEV ERA		300,329	436,798	586,557	463,186		490,490	473,479	
	TOTAL FUNDING	300,329	436,798	586,557	463,186		490,490	473,479	

DEPARTMENT OF STATE LANDS

	1983 Biennium		
	1983 <u>FTE</u>	General <u>Fund</u>	Total <u>Funds</u>
Executive Budget	79.62	\$2,918,085	\$19,130,383
LFA Recommendation	<u>78.62</u>	<u>3,090,401</u>	<u>19,199,430</u>
Executive over (under) LFA	1.00 =====	(\$72,316) =====	(\$69,047) =====

Both the legislative and executive budgets recommend significant personnel increases for the department. The legislative recommendation adds 16 FTE while the executive budget would add 17 FTE.

The LFA general fund recommendation is higher because we would fund five new land use technicians with general fund while the executive proposes supporting the positions with resource development earmarked funds.

The LFA recommendation includes \$392,468 for anticipated pay raises.

DEPARTMENT OF STATE LANDS

	Actual Fiscal 1980	Appropriated Fiscal 1981	LFA Recommended Fiscal 1982	% Change Fiscal 1983	% Change Biennium 1981-83
FTE	62.62	62.62	79.62	78.62	26.3
<u>Fund Source</u>					
General Fund Approp.	\$1,196,221	\$1,269,766	\$1,518,713	\$1,571,688	25.3
Other Funds Approp.	<u>799,726</u>	<u>6,744,272</u>	<u>7,833,399</u>	<u>8,275,630</u>	113.5
Total Funds	<u>\$1,995,947</u>	<u>\$8,014,038</u>	<u>\$9,352,112</u>	<u>\$9,847,318</u>	91.8
<u>Expenditures by Object</u>					
Personal Services	\$1,096,811	\$1,156,641	\$1,556,164	\$1,671,254	43.2
Operating Expenses	541,212	6,390,868	7,258,787	7,690,481	115.6
Capital	<u>45,807</u>	<u>29,489</u>	<u>81,005</u>	<u>29,427</u>	46.6
Total Operating Cost	\$1,683,830	\$7,576,998	\$8,895,956	\$9,391,162	97.4
Non-Operating Exp.	<u>312,117</u>	<u>437,040</u>	<u>456,156</u>	<u>456,156</u>	21.8
Total Expenditures	<u>\$1,995,947</u>	<u>\$8,014,038</u>	<u>\$9,352,112</u>	<u>\$9,847,318</u>	91.8

The recommendation for the land department includes 17 additional positions in fiscal 1982 and 16 in fiscal 1983.

(Nine) of the new positions are supported by federal funds and will be discontinued as the funds dissipate. The remaining eight positions are supported by state funds and are to meet work load increases or to protect the value of state-owned property. One position related to state water rights will be discontinued at the end of fiscal 1982.

The significant increase in operating expenses over the 1980 experience is due to the inclusion of federal funds for reclamation of abandoned mine spoils and dumps. More than \$6.5 million is included each year for this purpose.

A more detailed discussion of the recommended increase is contained in the program analyses that follows.

CENTRAL MANAGEMENT

	Actual Fiscal <u>1980</u>	Appropriated Fiscal <u>1981</u>	LFA Recommended Fiscal <u>1982</u>	Fiscal <u>1983</u>	% Change Biennium <u>1981-83</u>
FTE	20.00	20.00	28.00	28.00	40.0
<u>Fund Source</u>					
General Fund Approp.	\$594,376	\$618,428	\$660,592	\$ 687,480	11.2
Other Funds Approp.	<u>249,695</u>	<u>60,478</u>	<u>329,884</u>	<u>343,864</u>	<u>117.2</u>
Total Funds	\$844,071 =====	\$678,906 =====	\$990,476 =====	\$1,031,344 =====	32.8 =====
<u>Expenditures by Object</u>					
Personal Services	\$444,683	\$359,128	\$548,470	\$ 589,710	41.6
Operating Expenses	178,201	104,541	201,065	201,681	42.4
Capital	<u>6,187</u>	<u>237</u>	<u>5,941</u>	<u>4,953</u>	<u>69.5</u>
Total Operating Cost	\$629,071	\$463,906	\$755,476	\$ 796,344	41.9
Non-Operating Exp.	<u>215,000</u>	<u>215,000</u>	<u>235,000</u>	<u>235,000</u>	<u>9.3</u>
Total Expenditures	\$844,071 =====	\$678,906 =====	\$990,476 =====	\$1,031,344 =====	32.8 =====

The recommendation for central management contains a major personnel increase of eight FTE above the currently authorized level.

Nine new positions are recommended as one currently authorized position related to environmental impact statements will be deleted as private funds to support the position are not forthcoming.

Eight new FTEs are the staff of the Northern Powder river environmental impact statement team (NPREIS). Federal funds are supporting this function which is currently authorized by budget amendment. The additional cost of these positions is \$254,105 and \$263,621 in fiscal 1982 and 1983,

respectively. Related operating expenses are \$99,224 in fiscal 1982 and \$94,807 in fiscal 1983. These positions will terminate with the cessation of federal support.

One FTE clerk-typist is recommended to be added to the regular staff. This position will be involved in preparation and documentation of mineral leases on state-owned land. The number of state leases has nearly quadrupled over the last two years from 2,189 in 1979 to 8,269 in 1980 due to renewed interest in oil and gas development and metal mineral prices.

State payments in lieu of taxes to counties in which the state owns more than 6 percent of the land is recommended to increase from \$215,000 per year to \$235,000 per year. State law requires that payments in the full amount of the taxes owed be paid. The department has \$215,000 to allocate in both 1980 and 1981 fiscal years. This amount is approximately 90 percent of the taxes due. The \$20,000 per year increase should allow full payment barring large county tax levy increases.

Federal funds supporting the NPREIS team are recommended to be assessed ten percent for indirect costs to support central management. Federal strip mine reclamation operating expenses are assessed 13 percent for indirect costs in central services.

RECLAMATION PROGRAM

	Actual Fiscal 1980	Appropriated Fiscal 1981	LFA Recommended Fiscal 1982	Fiscal 1983	% Change Biennium 1981-83
FTE	26.00	26.00	29.00	29.00	11.5
<u>Fund Source</u>					
General Fund Approp.	\$409,777	\$ 435,042	\$ 472,226	\$ 517,025	17.0
Other Funds Approp.	<u>249,702</u>	<u>6,246,996</u>	<u>6,916,958</u>	<u>7,441,276</u>	<u>121.0</u>
Total Funds	<u>\$659,479</u>	<u>\$6,682,038</u>	<u>\$7,389,184</u>	<u>\$7,958,301</u>	<u>109.0</u>
<u>Expenditures by Object</u>					
Personal Services	\$407,637	\$ 509,315	\$ 601,178	\$ 655,284	37.0
Operating Expenses	229,187	6,147,123	6,764,418	7,280,359	120.2
Capital	<u>22,655</u>	<u>25,600</u>	<u>23,588</u>	<u>22,658</u>	<u>(4.1)</u>
Total Operating Cost	<u>\$659,479</u>	<u>\$6,682,038</u>	<u>\$7,389,184</u>	<u>\$7,958,301</u>	<u>109.0</u>

The recommended budget includes three additional FTEs.

Two of these positions are currently on the reclamation staff but on personal services contracts. Both are supported by federal strip mine reclamation funds and are involved in prioritizing and delineating abandoned mine spoils for future reclamation.

Related to the above two positions and another currently authorized supervisor of abandoned mine reclamation is more than \$6.5 million each year in contracted services to pay the cost of reclaiming abandoned mine spoils and dumps. Federal coal royalties are supporting this function and are projected to continue at more than \$7 million per year for the next ten years.

More than \$22,000 is recommended each year for equipping the mine spoils reclamation staff with vehicles and related equipment. Included in the

equipment request is \$12,586 worth of computer software to inventory all of the natural resources in Montana.

This is recommended for two reasons. First, the federal strip mine reclamation laws require that it be completed and is providing the funds and secondly, there seems to be substantial interest and use for this information in state government. The department of natural resources has requested collection of this information in specialized areas in each of five divisions with general fund or resource indemnity trust funds. If this information can be collected with federal funds in a form usable to many state agencies, we can reduce considerable duplication and cost and still have the product.

An additional hardrock mine reclamation inspector is also recommended. The recent increases in gold, silver, and precious mineral prices have caused a significant increase in mining. This inspector will be responsible for ensuring compliance with state reclamation and mine waste standards.

State reclamation earmarked funds are recommended to support the reclamation program with \$60,000 per year. The earmarked revenue account is anticipated to have a balance of approximately \$130,000 at the end of fiscal 1981.

LAND ADMINISTRATION PROGRAM

	Actual Fiscal <u>1980</u>	Appropriated Fiscal <u>1981</u>	LFA Recommended Fiscal <u>1982</u>	Fiscal <u>1983</u>	% Change Biennium <u>1981-83</u>
FTE	9.62	9.62	14.62	14.62	51.9
<u>Fund Source</u>					
General Fund Approp.	<u>\$192,070</u>	<u>\$216,296</u>	<u>\$385,895</u>	<u>\$367,183</u>	<u>84.4</u>
Total Funds	<u>\$192,070</u>	<u>\$216,296</u>	<u>\$385,895</u>	<u>\$367,183</u>	<u>84.4</u>
<u>Expenditures by Object</u>					
Personal Services	\$141,406	\$164,882	\$257,427	\$280,597	75.6
Operating Expenses	34,533	47,762	76,992	84,770	96.5
Capital	<u>16,131</u>	<u>3,652</u>	<u>51,476</u>	<u>1,816</u>	<u>169.3</u>
Total Operating Costs	<u>\$192,070</u>	<u>\$216,296</u>	<u>\$385,895</u>	<u>\$367,183</u>	<u>84.4</u>

The administration of state lands is deficient. Five persons supervise and evaluate more than five million acres of state owned land. These people are responsible for assessing the productive capacity of each parcel previous to lease renewals and ensuring compliance with the lease agreements.

At the present time parcels are visited and examined at the most once every ten years. (Some parcels have gone in excess of twenty years without being checked.) It seems poor business to ignore a state asset for such long periods. Department officials state that in their estimation, 80 percent of the state leased land is in a downward productive cycle due to poor agricultural practices and noncompliance to state lease criteria. Such a downward trend will eventually be realized in decreased income to trust beneficiaries.

The recommendation includes (five additional FTE be added as land use technicians) to more adequately visit and assess state land capacity and ensure compliance with lease provisions.

DEPARTMENT OF STATE
 Page 3

Department of State is funded from the general fund.

	DEPARTMENT PROGRAM		LFA Recommended		% Change
	Fiscal 1981	Fiscal 1982	Fiscal 1982	Fiscal 1983	1981-83
FTE	7.00	7.00	8.00	7.00	7.1
<u>Fund Source</u>					
Other Funds Approp.	\$300,326	\$436,798	\$586,557	\$490,490	46.1
Total Funds	\$300,326	\$436,798	\$586,557	\$490,490	46.1
<u>Expenditures by Object</u>					
Personal Services	\$103,085	\$123,316	\$149,089	\$145,663	30.1
Operating Expenses	99,291	91,442	216,312	123,671	78.2
Capital	334	-0-	-0-	-0-	(100.0)
Total Operating Costs	\$203,210	\$214,758	\$365,401	\$269,334	51.8
Non-Operating Expend.	97,116	222,040	221,156	221,156	58.5
Total Expenditures	\$300,326	\$436,798	\$586,557	\$490,490	46.1

The only increase above the currently authorized level in this program occurs in fiscal 1982 where one additional FTE and \$102,900 in operating expenses are recommended to complete filing of water right claims on all state owned land.

The contracted service expense is increased \$95,200 above the current level to pay the full amount of a \$260,000 consultant contract for processing state water right applications. Department officials estimated the cost of additional staff to process these claims would cost more than \$300,000. One FTE water rights specialist is recommended in fiscal 1982 only to review the contractor's work and submit the applications.