

Louisiana Senate Finance Committee



FY18 Executive Budget

11 – Natural Resources

May 2017

Sen. John A. Alario, Jr., President

Sen. Eric LaFleur, Chairman

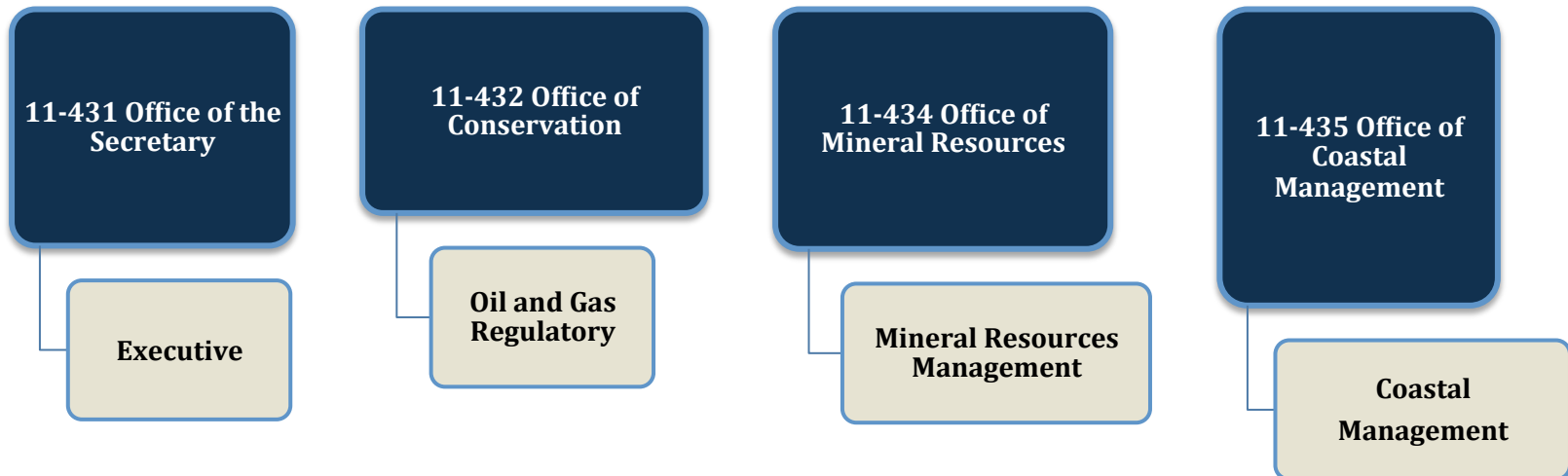




FY18 Executive Budget

Schedule 11 — Natural Resources Agencies

Departmental mission — “To ensure and promote sustainable and responsible use of the natural resources of the state,” particularly non-renewable resources such as oil, gas, and coal, and renewable resources such as solar energy.





Natural Resources

FY16, FY17, and FY18 Comparison

Total Funding — All Means of Finance

Total Funding	FY16 Actual	FY17 Enacted	FY17 EOB as of 12-1-16	FY18 Recommended	FY18 Re-engrossed	Difference FY18 Re- engrossed vs. FY17 EOB as of 12-1-16
Preamble	\$ -	\$ -	\$ -	\$ -	\$ (4,891,916)	\$ (4,891,916)
Secretary	\$ 17,732,347	\$ 23,902,101	\$ 24,345,513	\$ 15,395,419	\$ 15,395,419	\$ (8,950,094)
Conservation	\$ 18,813,404	\$ 20,831,202	\$ 20,831,202	\$ 21,122,121	\$ 21,122,121	\$ 290,919
Mineral Resources	\$ 9,544,586	\$ 10,293,953	\$ 10,293,953	\$ 10,696,432	\$ 10,696,432	\$ 402,479
Coastal Management	\$ 6,270,886	\$ 8,926,802	\$ 8,926,802	\$ 6,056,052	\$ 6,056,052	\$ (2,870,750)
TOTAL	\$ 52,361,223	\$ 63,954,058	\$ 64,397,470	\$ 53,270,024	\$ 48,378,108	\$ (16,019,362)
Total Authorized FTEs	324	327	331	312	312	(19)

EOB March 2017	FY18 Re- engrossed HB1	Difference
\$ 64,198,730	\$ 48,378,108	\$ (15,820,622)
333	312	(21)

Total State Effort — State General Fund, Dedicated Funds, and Fees and Self-generated Revenue

FY17 EOB as of 12-1-16	FY17 EOB as of March 2017 (Includes Attrition Adjustment)	Difference	FY18 Recommended	Difference	FY18 Re- engrossed	Difference	Difference
TOTAL STATE EFFORT	TOTAL STATE EFFORT	EOB 12-1-16 vs. EOB March 2017	TOTAL STATE EFFORT	EOB March 2017 vs. FY18 Recommended	TOTAL STATE EFFORT	EOB March 2017 vs. FY18 Re- engrossed	FY18 Recommended vs. FY18 Re- engrossed
\$ 35,447,942	\$ 35,249,202	\$ (198,740)	\$ 36,835,230	\$ 1,586,028	\$ 31,943,314	\$ (3,305,888)	\$ (4,891,916)

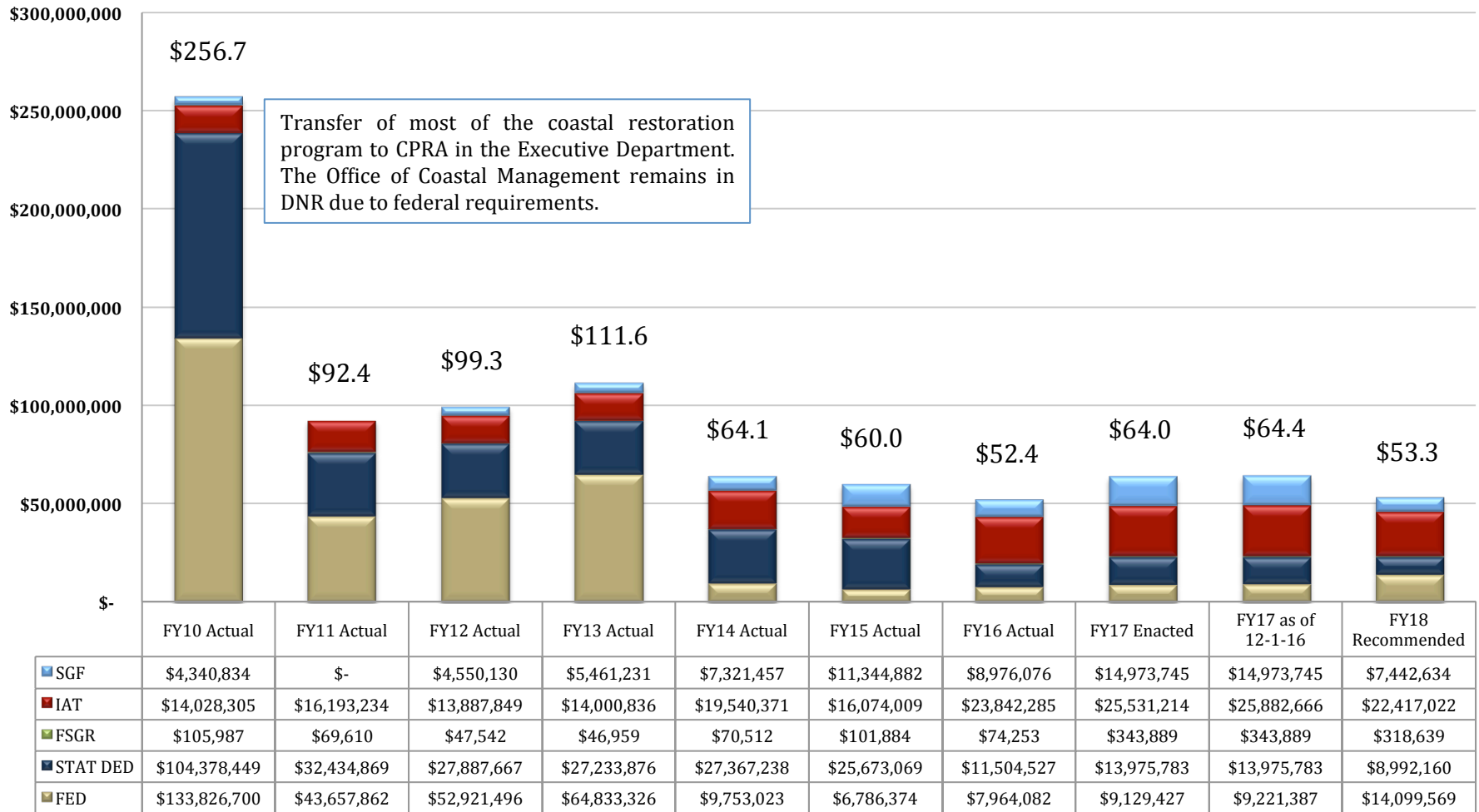


Natural Resources

Changes in Funding since FY10

**Total Budget by Fiscal Year and Means of Finance
(in \$ millions)**

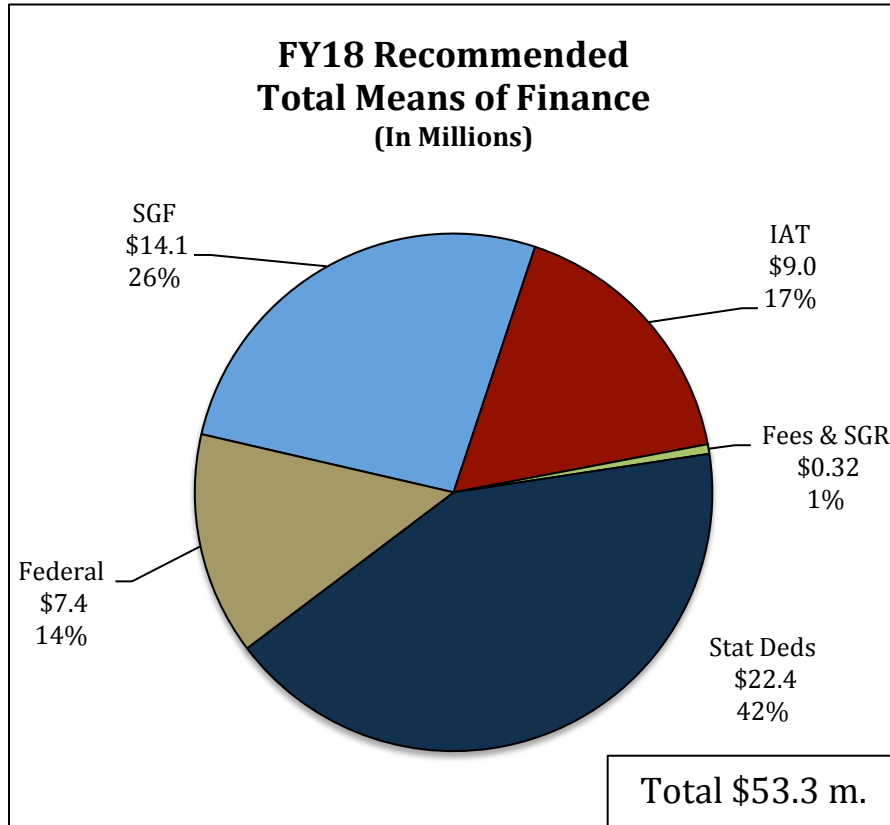
Change from FY10 to FY18 is -79%.





Natural Resources

FY18 Recommended Means of Finance



Non-SGF Sources of Funding:

Dedicated Funds are the largest non-SGF funding source. They are derived from the

Fisherman's Gear Compensation Fund,
Oilfield Site Restoration Fund,
Oil and Gas Regulatory Fund,
Underwater Obstruction Removal Fund,
Mineral and Energy Operation Fund,
Coastal Resources Trust Fund, and
Oil Spill Contingency Fund.

Interagency Transfers are derived from several state agencies, including the Division of Administration, Workforce Commission, and DEQ for certain operating expenses, and from Wildlife and Fisheries for underwater obstruction removal.

Federal sources are the Federal Energy Settlement Funds (Stripper Well, Warner, and Exxon); the U.S. Departments of Transportation, Interior, Energy, and the Environmental Protection Agency; the Minerals Management/MMS grant; and the Administration of Coastal Management Grant Section 306 of the Federal Coastal Zone Management ACT (CZMA) of 1972 as Amended, and the Coastal Management Grant Section 309.

Fees and Self-generated Revenues are derived from fees charged for home energy audits (computed at \$50 per hour with a minimum of \$200 per audit), Insurance Recovery, and sale of Data/Home Energy Loan Program (HELP).



Natural Resources

FY18 Recommended Means of Finance by Agency

Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Office of the Secretary	\$410,680	\$5,121,997	\$260,639	\$7,106,025	\$2,496,078	\$15,395,419
Conservation	\$3,453,348	\$713,391	\$19,000	\$14,206,140	\$2,730,242	\$21,122,121
Mineral Resources	\$10,021,538	\$300,000	\$20,000	\$354,894	\$0	\$10,696,432
Coastal Management	\$214,003	\$2,856,772	\$19,000	\$749,963	\$2,216,314	\$6,056,052
TOTALS	\$14,099,569	\$8,992,160	\$318,639	\$22,417,022	\$7,442,634	\$53,270,024



Natural Resources Dedicated Funds

FY16, FY17, and FY18

Dedicated Funds	Source of Funding	FY16 Actual	FY17 Enacted	FY18 Recommended
Coastal Resources Trust Fund	Fees/Federal Revenue Sharing	\$400,979	\$2,643,794	\$546,599
Fisherman's Gear Compensation Fund	Fees (Obligation of the Oil Spill Contingency Fund)	\$547,747	\$601,181	\$632,000
Mineral and Energy Operation Fund	Judgments/Settlements/Fees/Other Sources	\$5,486,724	\$4,278,099	\$618,537
Oil and Gas Regulatory Fund	Fees/Fines/Civil Penalties/Annual Assessments on Inactive, Unplugged Wells	\$12,013,550	\$13,057,894	\$13,692,497
Oil Spill Contingency Fund	Fees/Taxes/Penalties/Judgments/Reimbursements/Charges/Federal Funds	\$176,557	\$184,349	\$203,364
Oilfield Site Restoration Fund	Annual Assessments on Inactive, Unplugged Wells	\$5,085,148	\$4,515,897	\$6,474,025
Underwater Obstruction Removal Fund	Private contributions/Interest/Grants/Donations/Allocations/R.S. 56:700.2(A)(4)	\$131,580	\$250,000	\$250,000
TOTALS		\$23,842,285	\$25,531,214	\$22,417,022

Dedicated Funds used to solve FY17 Mid-Year Deficits — Includes December Reductions and February Reductions

Dedicated Fund	Amount
Underwater Obstruction Removal Fund (February)	(\$18,136)
Oil and Gas Regulatory Fund (February)	(\$672,257)
Coastal Resources Trust Fund (February)	(\$132,189)
Underwater Obstruction Removal Fund (February backfill)	\$12,500
Oil and Gas Regulatory Fund (February backfill)	\$652,894
Coastal Resources Trust Fund (February backfill)	\$132,189



Natural Resources Expenditures

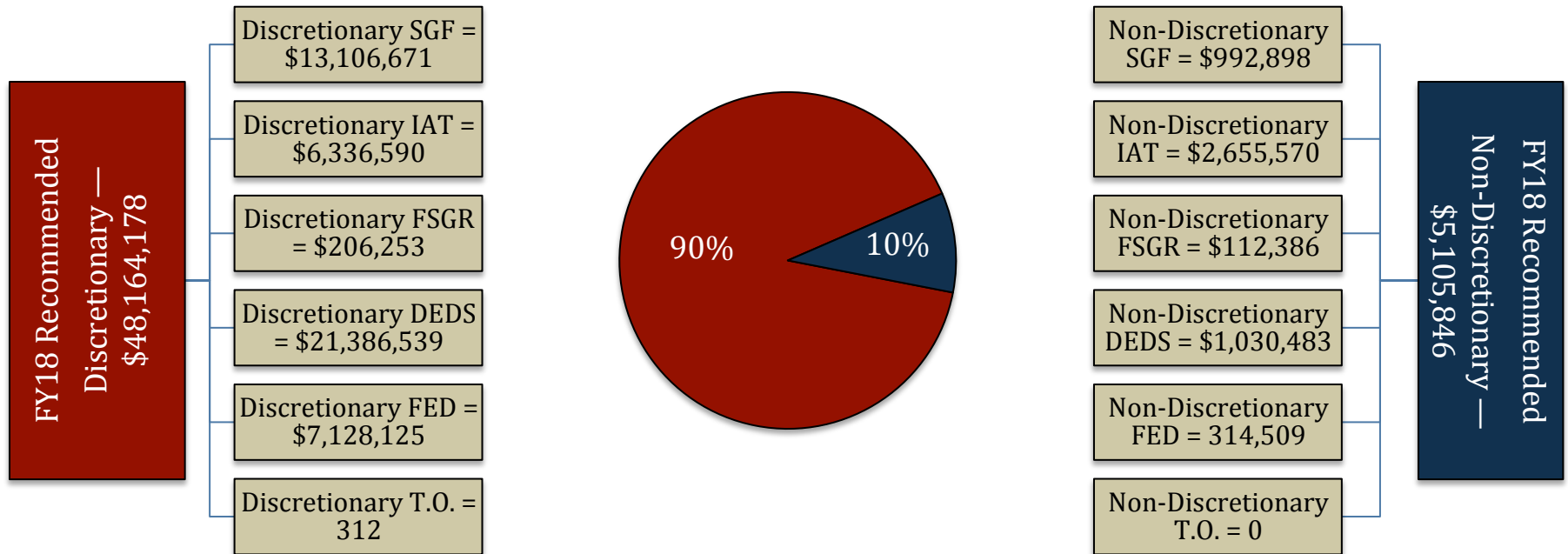
FY16, FY17, and FY18

Expenditure Category	FY16 Actual	FY17 Enacted	FY18 Recommended	Percent Change FY17 Enacted vs. FY18 Recommended
Personal Services:	\$29,304,237	\$30,463,844	\$29,955,254	(1.7)
Salaries	\$18,541,502	\$19,479,335	\$18,523,049	(4.9)
Other Compensation	\$120,021	\$287,905	\$274,070	(4.8)
Related Benefits	\$10,642,714	\$10,696,604	\$11,158,135	4.3
Operating Expenses:	\$1,239,351	\$1,989,869	\$1,997,697	0.4
Travel	\$185,745	\$301,991	\$335,244	11.0
Operating Services	\$777,715	\$1,156,953	\$1,088,873	(5.9)
Supplies	\$275,891	\$530,925	\$573,580	8.0
Professional Services	\$107,484	\$357,151	\$341,296	(4.4)
Other Charges:	\$21,709,869	\$30,819,194	\$20,506,121	(33.5)
Other Charges	\$10,571,313	\$18,524,919	\$9,141,690	(50.7)
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$11,138,556	\$12,294,275	\$11,364,431	(7.6)
Acquisitions & Major Repairs:	\$282	\$324,000	\$469,656	45.0
Acquisitions	\$282	\$324,000	\$469,656	45.0
Major Repairs	\$0	\$0	\$0	-
Total Expenditures	\$52,361,223	\$63,954,058	\$53,270,024	(16.7)



Natural Resources

FY18 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Secretary	\$ 12,842,298	27%
Conservation	\$ 19,450,259	40%
Mineral Resources	\$ 10,084,928	21%
Coastal Restoration and Management	\$ 5,786,693	12%
Total Discretionary	\$ 48,164,178	100%

Total Non-Discretionary Funding by Type		
Needed for Debt Service	\$ 1,992,759	39%
Unavoidable Obligations	\$ 3,113,087	61%
Total Non-Discretionary	\$ 5,105,846	100%

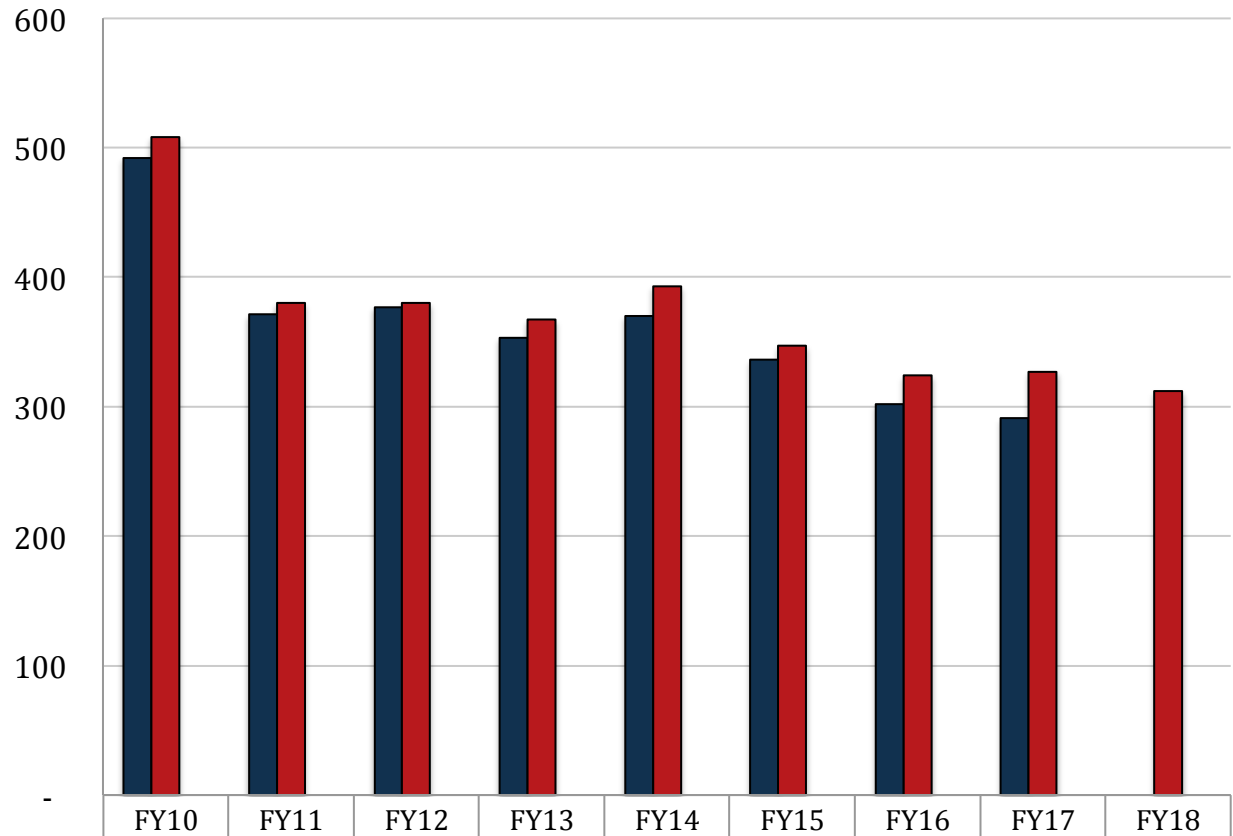
Debt Service = Rent in State-owned Buildings

Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.



Natural Resources

FTEs, Authorized Positions, and Other Charges Positions



■ Total FTEs (as of July 1 of each fiscal year)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
■ Total Authorized Positions (Enacted)	492	371	377	353	370	336	302	291	-
■ Authorized Other Charges Positions	508	380	380	367	393	347	324	327	312
	-	-	-	-	-	-	-	-	-

Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

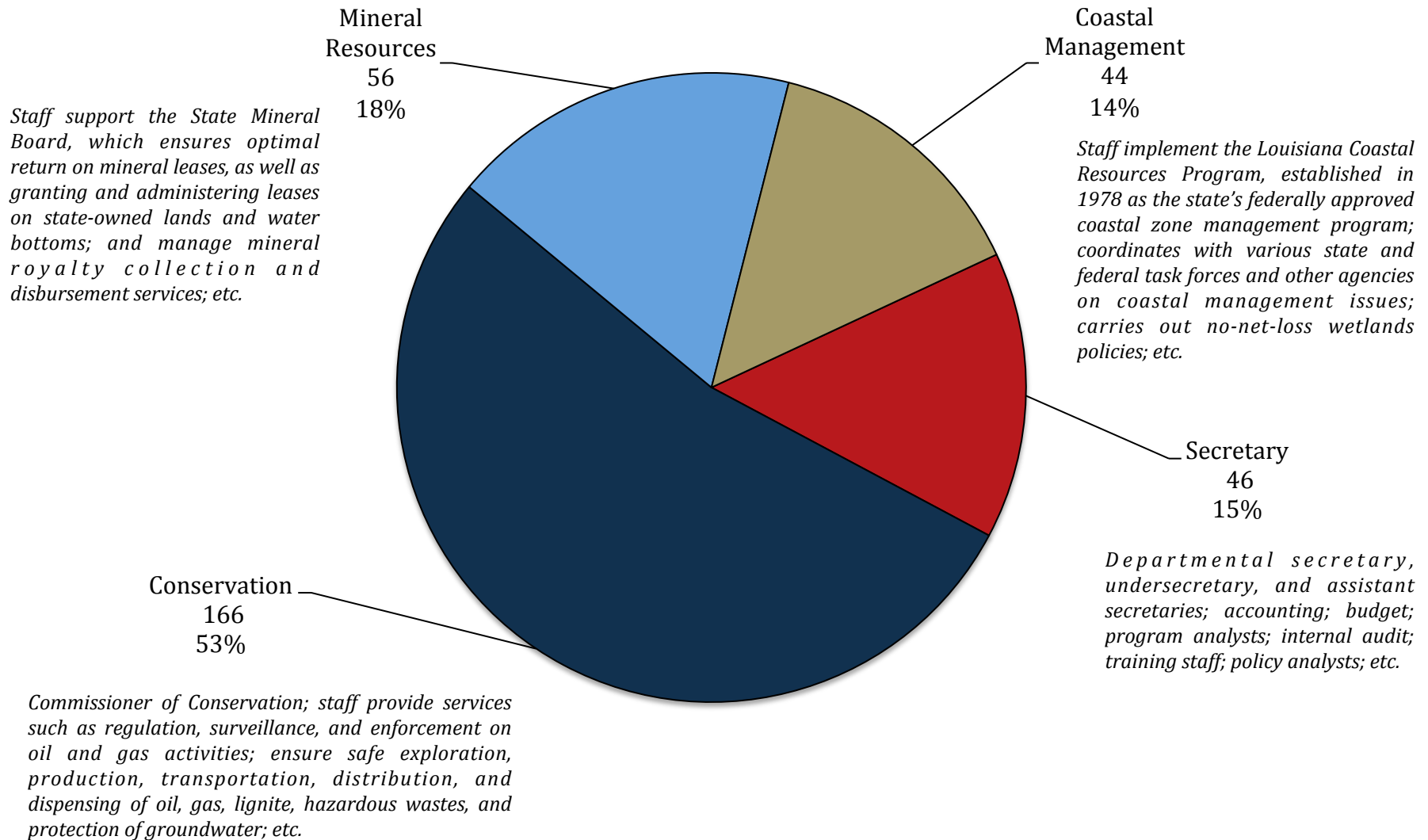
Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Natural Resources

FY18 Recommended Total Authorized Positions by Agency





Natural Resources

Total Statewide Adjustments for FY18

11A_NATR
Department of Natural Resources
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
\$9,221,387	\$13,975,783	\$343,889	\$25,882,666	\$0	\$14,973,745	\$64,397,470	331	Existing Oper Budget as of 12/01/16
A. STATEWIDE STANDARDS								
(\$287,745)	\$0	\$0	\$0	\$0	\$0	(\$287,745)	0	State General Fund (SGF) reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A).
\$7,104	\$4,357	\$0	\$21,188	\$0	\$3,395	\$36,044	0	Civil Service Training Series
\$187,152	\$57,779	\$2	\$457,197	\$0	\$70,609	\$772,739	0	Related Benefits Base Adjustment
\$92,076	\$104,640	\$47	\$148,919	\$0	\$36,473	\$382,155	0	Retirement Rate Adjustment
\$30,132	\$42,574	\$20	\$572,894	\$0	\$31,702	\$677,322	0	Salary Base Adjustment
(\$70,571)	(\$154,607)	\$0	(\$273,100)	\$0	\$0	(\$498,278)	0	Attrition Adjustment
(\$457,658)	(\$735,422)	\$0	(\$450,476)	\$0	\$0	(\$1,643,556)	(19)	Personnel Reductions
\$0	\$0	\$0	\$0	\$0	\$469,656	\$469,656	0	Acquisitions & Major Repairs
\$0	\$0	\$0	\$0	\$0	(\$324,000)	(\$324,000)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$0	\$0	(\$351,452)	\$0	\$0	(\$351,452)	0	Non-recurring Carryforwards
\$77,661	(\$116,509)	\$0	(\$36,416)	\$0	\$0	(\$75,264)	0	Risk Management
(\$834)	\$0	\$0	\$0	\$0	\$0	(\$834)	0	Legislative Auditor Fees
\$0	(\$51,288)	\$0	(\$5,484)	\$0	\$0	(\$56,772)	0	Rent in State-Owned Buildings
\$0	\$0	\$0	(\$2,337)	\$0	\$0	(\$2,337)	0	Maintenance in State-Owned Buildings
\$16,634	(\$14,893)	\$0	\$0	\$0	\$0	\$1,741	0	Capitol Park Security
\$0	\$1,901	\$0	\$0	\$0	\$0	\$1,901	0	Capitol Police
\$0	(\$1,671)	\$0	(\$162)	\$0	\$0	(\$1,833)	0	UPS Fees
(\$1,381)	\$468	\$0	\$0	\$0	\$0	(\$913)	0	Civil Service Fees
\$1,181	\$0	\$0	\$0	\$0	\$0	\$1,181	0	State Treasury Fees



Natural Resources

Total Statewide Adjustments for FY18

11A_NATR
Department of Natural Resources
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

GEN. FUND	I.A.T.	SELF-GEN.	STAT. DED.	I.E.B.	FEDERAL	TOTAL	T.O.	DESCRIPTION
A. STATEWIDE STANDARDS								
\$261,118	\$20,533	\$0	\$134,997	\$0	\$0	\$416,648	0	Office of Technology Services (OTS)
\$0	(\$753)	\$0	\$18,298	\$0	\$0	\$17,545	0	Administrative Law Judges
(\$11,331)	\$0	\$0	\$6,244	\$0	\$0	(\$5,087)	0	Office of State Procurement
\$4,774,400	\$0	\$0	(\$4,774,400)	\$0	\$0	\$0	0	TOTAL MEANS OF FINANCING SUB ADJUSTMENT
\$0	(\$1,662,305)	\$0	\$0	\$0	\$0	(\$1,662,305)	0	TOTAL NON-RECURRING OTHER ADJUSTMENT
\$260,244	(\$2,478,427)	(\$25,319)	\$1,068,446	\$0	(\$7,818,946)	(\$8,994,002)	0	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
\$14,099,569	\$8,992,160	\$318,639	\$22,417,022	\$0	\$7,442,634	\$53,270,024	312	Total Budget
\$4,878,182	(\$4,983,623)	(\$25,250)	(\$3,465,644)	\$0	(\$7,531,111)	(\$11,127,446)	(19)	Total Adjustments



Natural Resources

Significant Increases for FY18

Increase	Source	T.O.	Agency	Description
\$1,956,806	Oilfield Site Restoration Fund	0	Executive Program	Increase to cover projected expenditures for scheduled projects in FY18.
\$619,357	Oil and Gas Regulatory Fund	0	Oil and Gas Regulatory Program	Increase to cover indirect costs to the Office of the Secretary for administrative expenditures.
\$453,628	State General Fund; Mineral and Energy Operation Fund	0	Mineral Resources Management Program	Increase to cover indirect costs to the Office of the Secretary to maintain operations for the department.
\$297,986	Federal Funds	0	Oil and Gas Regulatory Program	Net adjustment in Federal Funds for various grants, such as an increase in inspections for distributors who operate Natural Gas Distribution Systems; expansion of the Pipeline Program; and a new grant for the U.S. Geological Survey Water Use Data Research Program.
\$218,370	State General Fund	0	Coastal Management Program	Increase to cover the cost of operations due to the loss of funding that had been provided by the Office of the Secretary by other MOF within the department.



Natural Resources

Significant Decreases for FY18

Decrease	Source	T.O.	Agency	Description
(\$287,745)	State General Fund	0	Statewide adjustment	2% reduction in accordance with Louisiana Constitution, Article VII, Section 11(A).
(\$8,116,932)	Federal Funds	0	Executive Program	Net adjustment to Federal Funds to align the budget with actual funding needed for FY18. Funds are being reduced due to project completion or to match needed expenditures.
(\$1,950,290)	Coastal Resources Trust Fund; Oil Spill Contingency Fund	0	Coastal Management Program	Adjusts allocations for beneficial use funding (Coastal Resources Trust Fund) and to match expenditures with anticipated restoration projects (Oil Spill Contingency Fund).
(\$1,715,294)	Interagency Transfers	0	Executive Program	Decreases IAT funding to more properly align the department's indirect costs whereby agencies within the department will now be billed directly for statewide expenses for services instead of by IAT budget authority through the Office of the Secretary.
(\$1,662,305)	Interagency Transfers	0	Oil and Gas Regulatory Program	Non-recurs Petroleum Violations interagency transfers funding for two groundwater contracts that ended in FY16.
(\$1,643,556)	State General Fund; Interagency Transfers; Statutory Dedications	-19	Statewide adjustment	Decreases in various MOF tied to the reduction of 19 vacant positions.



Natural Resources

Significant Means of Financing Substitutions for FY18

MOF Swap	Source	T.O.	Agency	Description
\$4,774,400	SGF	0	Mineral Resource Management	Increase of State General Fund to compensate for the reduction of Mineral and Energy Operation Fund.
(\$4,774,400)	Mineral and Energy Operation Fund	0	Mineral Resource Management	Decrease to reflect the REC projection in the Mineral and Energy Operation Fund.



Natural Resources

Changes from FY18 Recommended to FY18 Re-engrossed

Changes from FY18 Recommended to FY18 Re-engrossed	Source	T.O.	Agency	Description
(\$4,891,916)	State General Fund	0	Preamble	Authorizes and directs the commissioner of administration to reduce the departmental appropriation out of SGF.
(\$263,643)	Mineral and Energy Operation Fund	0	Conservation	Reduces budget authority from Statutory Dedications out of the Mineral and Energy Operation Fund.
\$263,643	Oil and Gas Regulatory Fund	0	Conservation	Increases budget authority from Statutory Dedications out of the Oil and Gas Regulatory Fund.
Technical	Coastal Resources Trust Fund; Oil Spill Contingency Fund	0	Coastal Management	Technical amendment correctly aligning budget authority in Statutory Dedications. Net effect is \$0.