



# Louisiana Senate Finance Committee



## FY19 Executive Budget

### 11 – Natural Resources

April 2018

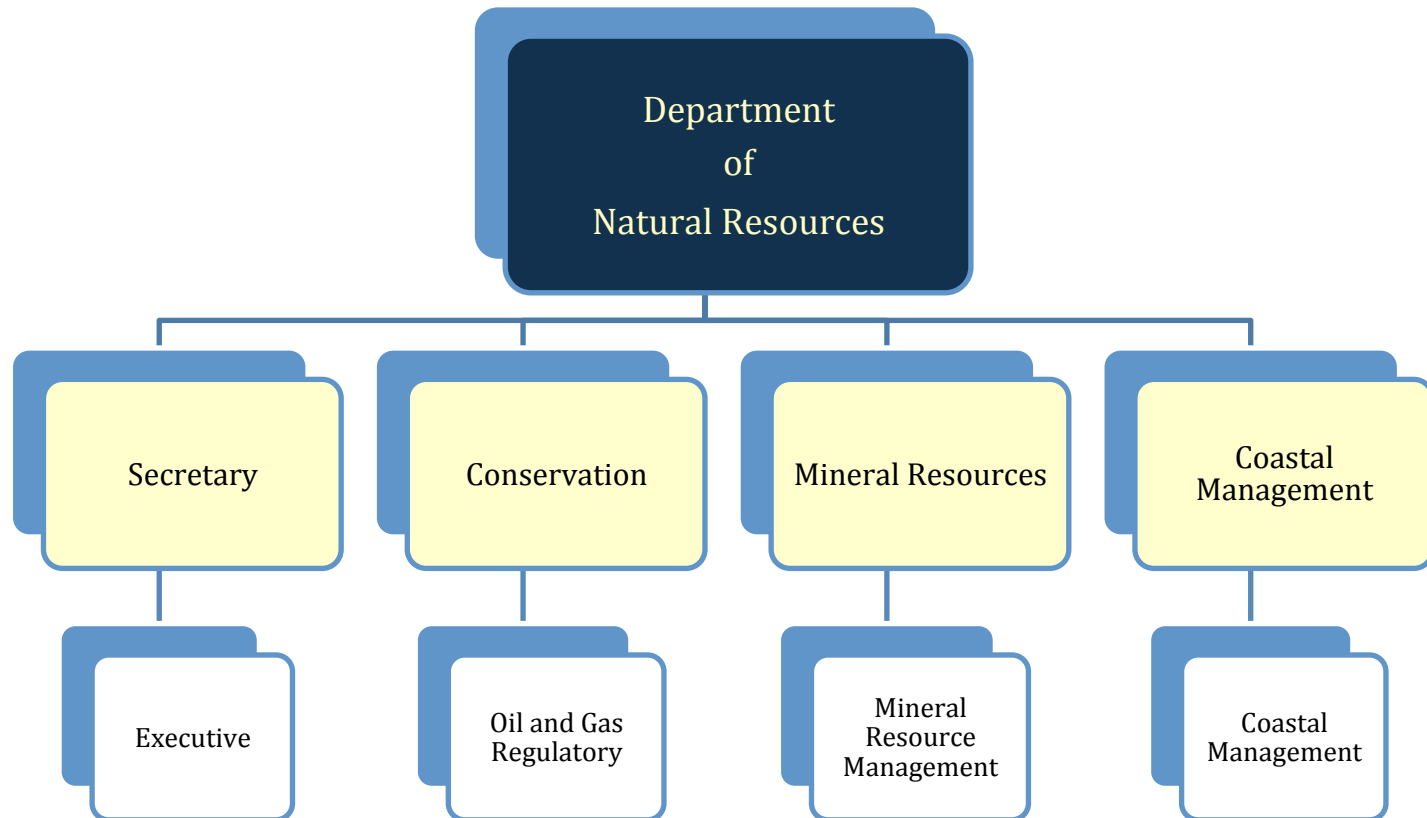
*Sen. John A. Alario, President*  
*Sen. Eric LaFleur, Chairman*



# FY19 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

## FY17, FY18, and FY19 Comparison

### Total Funding — All Means of Finance

<b>Total Funding</b>	<b>FY17 Actual</b>	<b>FY18 Enacted</b>	<b>FY18 EOB as of 12-1-17</b>	<b>FY19 Recommended</b>	<i><b>Difference FY19 Recommended vs. FY18 EOB as of 12-1-17</b></i>
Secretary	\$ 11,127,944	\$ 15,419,300	\$ 16,656,928	\$ 15,091,491	\$ (1,565,437)
Conservation	\$ 18,997,243	\$ 21,880,702	\$ 21,880,702	\$ 23,279,083	\$ 1,398,381
Mineral Resources	\$ 9,332,415	\$ 11,634,928	\$ 11,634,928	\$ 10,832,873	\$ (802,055)
Coastal Management	\$ 5,507,262	\$ 6,088,722	\$ 6,088,722	\$ 6,176,818	\$ 88,096
<b>TOTAL</b>	<b>\$ 44,964,864</b>	<b>\$ 55,023,652</b>	<b>\$ 56,261,280</b>	<b>\$ 55,380,265</b>	<b>\$ (881,015)</b>
Total Authorized FTEs	331	321	321	308	(13)

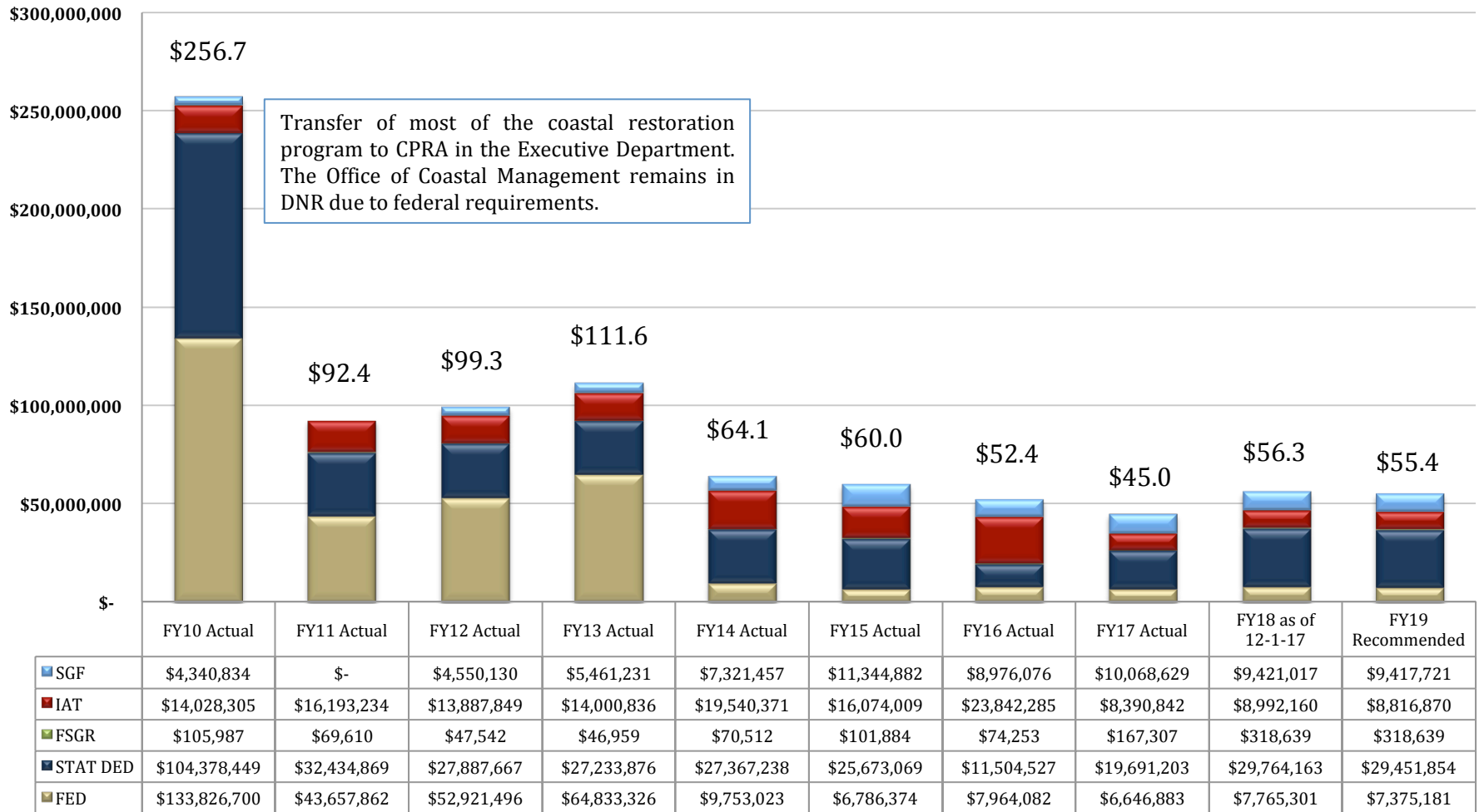


# Natural Resources

## Changes in Funding since FY10

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

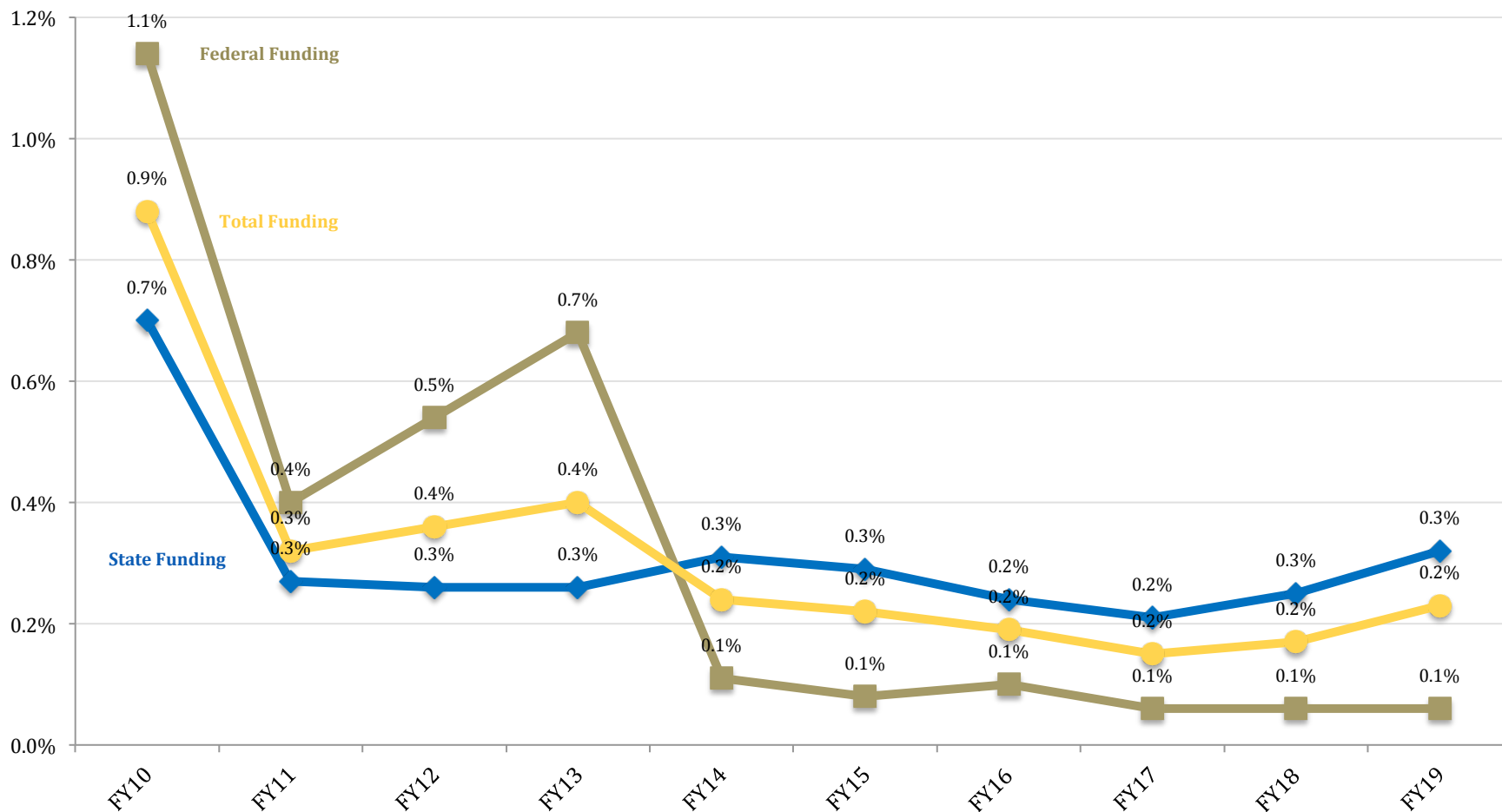
Change from FY10 to FY19 is -78%.





# DNR Changes in Funding since FY10

DNR's Budget as a Portion of the Total State Budget

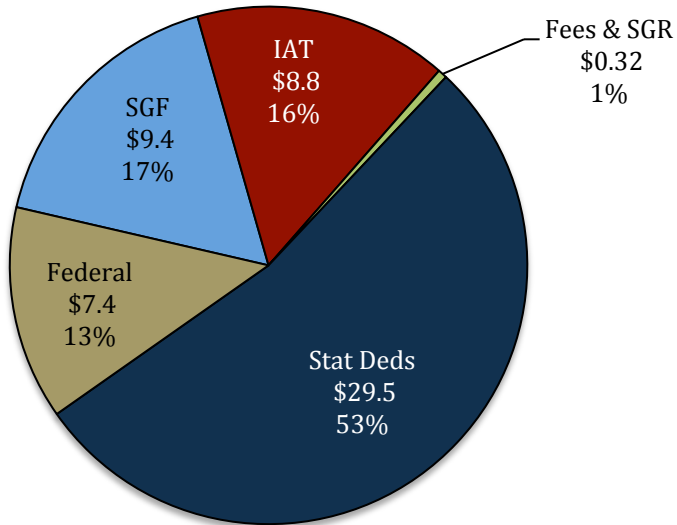




# Natural Resources

## FY19 Recommended Means of Finance

**FY19 Recommended  
Total Means of Finance**  
(In Millions)



Total \$55.4 m.

### 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

## FY19 Recommended Means of Finance by Agency

Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
<b>Office of the Secretary</b>	<b>\$731,279</b>	<b>\$4,700,941</b>	<b>\$260,639</b>	<b>\$7,105,304</b>	<b>\$2,293,328</b>	<b>\$15,091,491</b>
Executive	\$731,279	\$4,700,941	\$260,639	\$7,105,304	\$2,293,328	\$15,091,491
<b>Conservation</b>	<b>\$3,181,222</b>	<b>\$694,310</b>	<b>\$19,000</b>	<b>\$16,546,789</b>	<b>\$2,837,762</b>	<b>\$23,279,083</b>
Oil and Gas Regulatory	\$3,181,222	\$694,310	\$19,000	\$16,546,789	\$2,837,762	\$23,279,083
<b>Mineral Resources</b>	<b>\$5,258,547</b>	<b>\$550,000</b>	<b>\$20,000</b>	<b>\$5,004,326</b>	<b>\$0</b>	<b>\$10,832,873</b>
Mineral Resource Management	\$5,258,547	\$550,000	\$20,000	\$5,004,326	\$0	\$10,832,873
<b>Coastal Management</b>	<b>\$246,673</b>	<b>\$2,871,619</b>	<b>\$19,000</b>	<b>\$795,435</b>	<b>\$2,244,091</b>	<b>\$6,176,818</b>
Coastal Management	\$246,673	\$2,871,619	\$19,000	\$795,435	\$2,244,091	\$6,176,818
<b>TOTALS</b>	<b>\$9,417,721</b>	<b>\$8,816,870</b>	<b>\$318,639</b>	<b>\$29,451,854</b>	<b>\$7,375,181</b>	<b>\$55,380,265</b>

Agency	Program Description
<b>Office of the Secretary</b>	Provides leadership, guidance, and coordination to ensure consistency within the Department as well as externally. Provides administration, accounting, budget, grants management, program analysis, and internal auditing, among other duties.
<b>Conservation</b>	Regulates the exploration and production of oil, gas, and other natural resources, and thereby protects public health and the environment, and the correlative rights of all parties involved. Originally created in 1912, this office contains the Commissioner of Conservation and other commensurate duties with oil and gas regulation.
<b>Mineral Resources</b>	Provides for lease and/or exploration for the development and production of minerals, oil, gas, or alternative energy sources on state-owned lands and water bottoms in an environmentally sound and safe manner. Provides mineral royalty collection and disbursement services under the auspices of the State Mineral and Energy Board.
<b>Coastal Management</b>	Seeks to conserve, protect, manage, and enhance or restore Louisiana's coastal resources. Originally created in 1978, this office implements the Louisiana Coastal Resources Program, which is the state's federally approved coastal zone management program.





# Natural Resources Dedicated Funds

## FY17, FY18, and FY19

Dedicated Funds	Source of Funding	FY17 Actual	FY18 EOB as of 12-1-17	FY19 Recommended
Coastal Resources Trust Fund	Fees/Federal Revenue Sharing	\$450,725	\$546,599	\$592,036
Fisherman's Gear Compensation Fund	Fees (Obligation of the Oil Spill Contingency Fund)	\$427,057	\$632,000	\$632,000
Mineral and Energy Operation Fund	Judgments/Settlements/Fees/Other Sources	\$3,440,983	\$6,029,294	\$5,004,326
Oil and Gas Regulatory Fund	Fees/Fines/Civil Penalties/Annual Assessments on Inactive, Unplugged Wells	\$12,915,240	\$14,392,054	\$16,296,789
Oil Spill Contingency Fund	Fees/Taxes/Penalties/Judgments/Reimbursements/Charges/Federal Funds	\$146,645	\$203,364	\$203,399
Oilfield Site Restoration Fund	Annual Assessments on Inactive, Unplugged Wells	\$2,090,623	\$7,710,852	\$6,473,304
Underwater Obstruction Removal Fund	Private contributions/Interest/Grants/Donations/Allocations/R.S. 56:700.2(A)(4)	\$219,930	\$250,000	\$250,000
<b>TOTALS</b>		<b>\$19,691,203</b>	<b>\$29,764,163</b>	<b>\$29,451,854</b>

### Dedicated Fund Review Subcommittee recommendation:

*Coastal Resources Trust Fund = No change*

*Mineral and Energy Operation Fund = No change*





# Natural Resources Expenditures

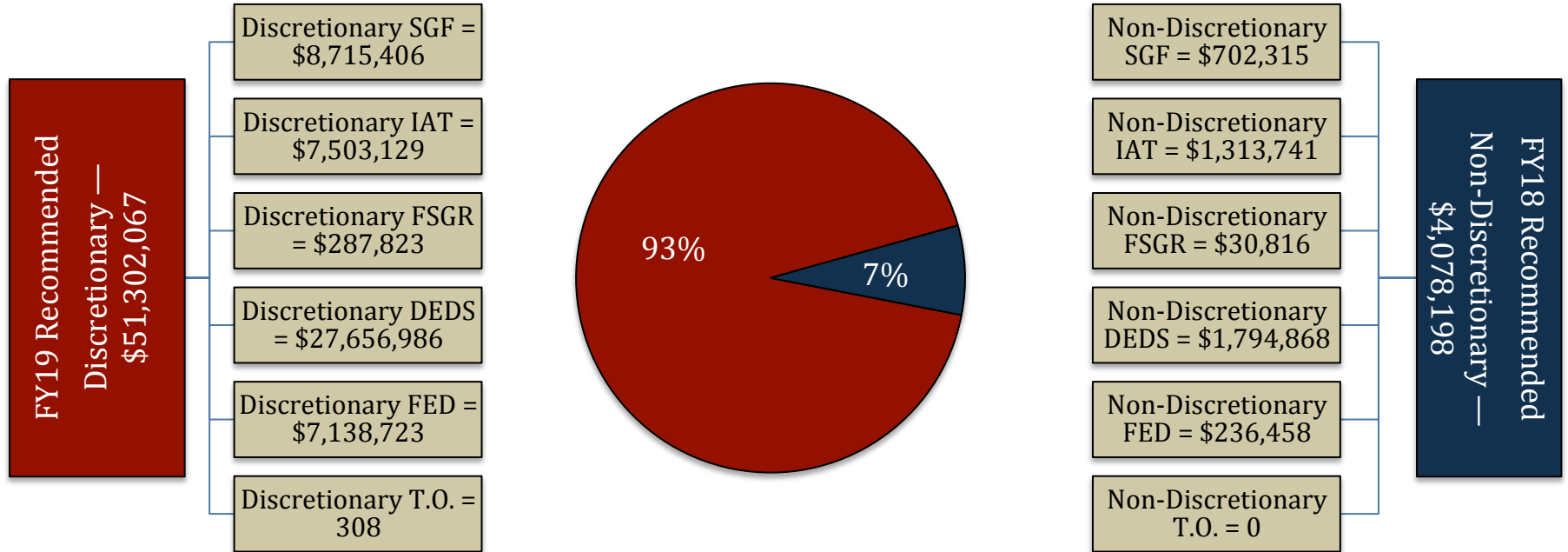
## FY17, FY18, and FY19

Expenditure Category	FY17 Actual	FY18 EOB as of 12-1-17	FY19 Recommended	Percent Change FY18 EOB vs. FY19 Recommended
<b>Personal Services:</b>	<b>\$28,626,706</b>	<b>\$31,456,683</b>	<b>\$31,797,844</b>	<b>1.1</b>
Salaries	\$18,174,056	\$19,360,875	\$19,831,076	2.4
Other Compensation	\$117,298	\$274,070	\$234,916	(14.3)
Related Benefits	\$10,335,352	\$11,821,738	\$11,731,852	(0.8)
<b>Operating Expenses:</b>	<b>\$1,083,576</b>	<b>\$7,215,046</b>	<b>\$7,516,499</b>	<b>4.2</b>
Travel	\$195,331	\$375,244	\$380,220	1.3
Operating Services	\$613,578	\$6,266,222	\$6,562,699	4.7
Supplies	\$274,667	\$573,580	\$573,580	-
<b>Professional Services</b>	<b>\$100,249</b>	<b>\$371,296</b>	<b>\$388,154</b>	<b>4.5</b>
<b>Other Charges:</b>	<b>\$14,863,239</b>	<b>\$16,564,817</b>	<b>\$14,829,736</b>	<b>(10.5)</b>
Other Charges	\$3,919,724	\$5,200,386	\$2,379,116	(54.3)
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$10,943,515	\$11,364,431	\$12,450,620	9.6
<b>Acquisitions &amp; Major Repairs:</b>	<b>\$291,094</b>	<b>\$653,438</b>	<b>\$848,032</b>	<b>29.8</b>
Acquisitions	\$291,094	\$653,438	\$848,032	29.8
Major Repairs	\$0	\$0	\$0	-
<b>Total Expenditures</b>	<b>\$44,964,864</b>	<b>\$56,261,280</b>	<b>\$55,380,265</b>	<b>(1.6)</b>



# Natural Resources

## FY19 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Secretary	\$ 13,990,910	27%
Conservation	\$ 21,699,291	42%
Mineral Resources	\$ 9,889,979	19%
Coastal Restoration and Management	\$ 5,721,887	11%
<b>Total Discretionary</b>	<b>\$ 51,302,067</b>	<b>100%</b>

Total Non-Discretionary Funding by Type		
Needed for Debt Service	\$ 1,971,418	48%
Unavoidable Obligations	\$ 2,106,780	52%
<b>Total Non-Discretionary</b>	<b>\$ 4,078,198</b>	<b>100%</b>

*Debt Service = Rent in State-owned Buildings*

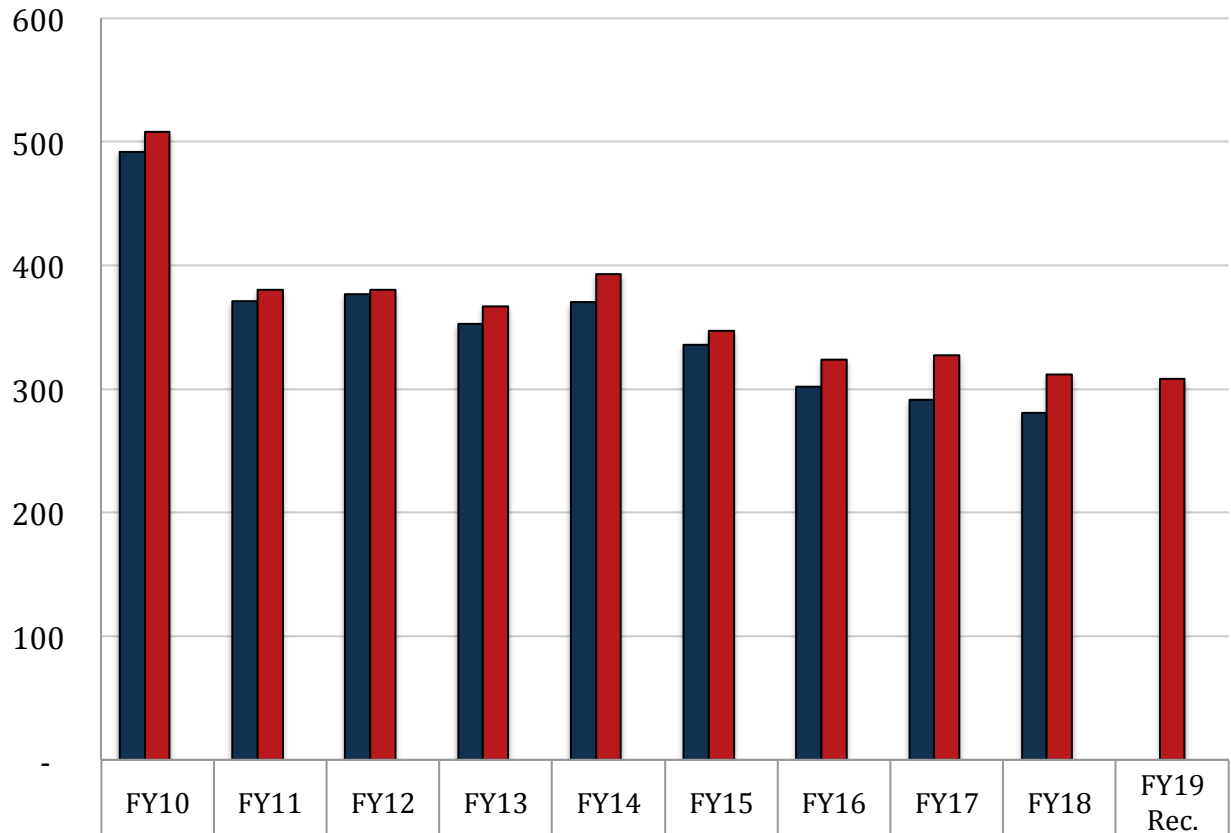
*Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.*



# Natural Resources

## FTEs, Authorized Positions, and Other Charges Positions

Total FY19  
Recommended  
Authorized Positions  
of 308 are 0.92% of  
Total State FY19  
Recommended  
Authorized Positions  
of 33,301.



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 Rec.
■ Total FTEs (as of July 1 of each fiscal year)	492	371	377	353	370	336	302	291	281	-
■ Total Authorized Positions (Enacted)	508	380	380	367	393	347	324	327	312	308
■ Authorized Other Charges Positions	-	-	-	-	-	-	-	-	-	-

### 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.

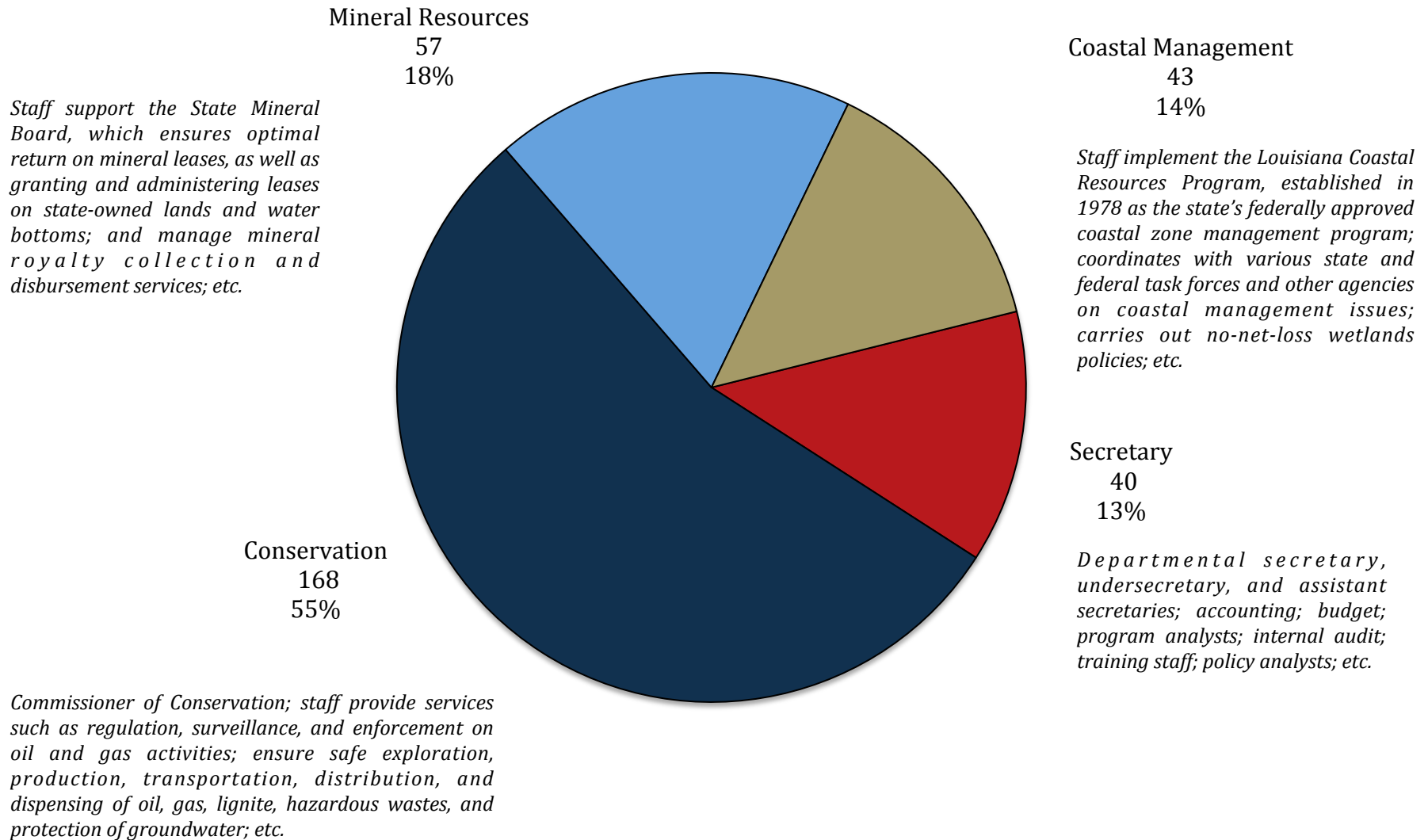
Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

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

## FY19 Recommended Total Authorized Positions by Agency





# Natural Resources

## Total Statewide Adjustments for FY19

**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
\$9,421,017	\$8,992,160	\$318,639	\$29,764,163	\$0	\$7,765,301	\$56,261,280	321	Existing Oper Budget as of 12/01/17
<b>A. STATEWIDE STANDARDS</b>								
\$13,680	\$39,921	\$0	\$136,932	\$0	\$37,630	\$228,163	0	2% General Increase Annualization Classified
\$935	\$0	\$0	\$0	\$0	\$0	\$935	0	2% General Increase Annualization Unclassified
\$754	\$2,596	\$0	\$32,108	\$0	\$5,999	\$41,457	0	Structural Annualization Classified
\$42,713	\$99,354	\$0	\$380,224	\$0	\$97,259	\$619,550	0	Market Rate Classified
\$764	\$10,325	\$0	\$20,071	\$0	\$8,387	\$39,547	0	Civil Service Training Series
\$36,058	(\$15,909)	\$0	\$75,803	\$0	\$1,201	\$97,153	0	Related Benefits Base Adjustment
\$0	\$90	\$0	\$121	\$0	\$21	\$232	0	Retirement Rate Adjustment
\$62,295	(\$3,868)	\$0	\$344,242	\$0	\$31,046	\$433,715	0	Salary Base Adjustment
(\$45,013)	(\$124,235)	\$0	(\$337,948)	\$0	(\$102,295)	(\$609,491)	0	Attrition Adjustment
(\$128,377)	(\$147,021)	\$0	(\$194,997)	\$0	(\$188,930)	(\$659,325)	(8)	Personnel Reductions
\$0	\$0	\$0	\$571,000	\$0	\$153,250	\$724,250	0	Acquisitions & Major Repairs
\$0	\$0	\$0	(\$529,656)	\$0	\$0	(\$529,656)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$0	\$0	(\$1,236,827)	\$0	\$0	(\$1,236,827)	0	Non-recurring Carryforwards
(\$9,012)	\$0	\$0	(\$28,142)	\$0	\$0	(\$37,154)	0	Risk Management
\$0	(\$771)	\$0	(\$1,158)	\$0	\$0	(\$1,929)	0	Legislative Auditor Fees
\$0	(\$24,058)	\$0	\$2,717	\$0	\$0	(\$21,341)	0	Rent in State-Owned Buildings
\$0	\$0	\$0	(\$520)	\$0	\$0	(\$520)	0	Maintenance in State-Owned Buildings
(\$4,900)	(\$39,995)	\$0	(\$5,526)	\$0	\$0	(\$50,421)	0	Capitol Park Security
\$0	\$5,910	\$0	\$0	\$0	\$0	\$5,910	0	Capitol Police
\$0	(\$1,087)	\$0	(\$669)	\$0	\$0	(\$1,756)	0	UPS Fees



# Natural Resources

## Total Statewide Adjustments for FY19

(\$2,276)	(\$7,911)	\$0	\$0	\$0	\$0	(\$10,187)	0	Civil Service Fees
\$1,513	\$0	\$0	\$0	\$0	\$0	\$1,513	0	State Treasury Fees
(\$207)	\$72,237	\$0	\$4,536	\$0	\$0	\$76,566	0	Office of Technology Services (OTS)
\$0	\$386	\$0	\$9,851	\$0	\$0	\$10,237	0	Administrative Law Judges
(\$6,048)	(\$4,202)	\$0	(\$2,441)	\$0	\$0	(\$12,691)	0	Office of State Procurement
\$296,773	\$0	\$0	\$0	\$0	\$0	\$296,773	0	Topographic Mapping
\$87,052	(\$87,052)	\$0	\$0	\$0	\$0	\$0	0	TOTAL MEANS OF FINANCING SUB ADJUSTMENT
\$0	\$0	\$0	\$0	\$0	(\$433,688)	(\$433,688)	0	TOTAL NON-RECURRING OTHER ADJUSTMENT
(\$350,000)	\$50,000	\$0	\$447,970	\$0	\$0	\$147,970	(5)	TOTAL OTHER ADJUSTMENTS ADJUSTMENT
<b>\$9,417,721</b>	<b>\$8,816,870</b>	<b>\$318,639</b>	<b>\$29,451,854</b>	<b>\$0</b>	<b>\$7,375,181</b>	<b>\$55,380,265</b>	<b>308</b>	<b>Total Budget</b>
<b>(\$3,296)</b>	<b>(\$175,290)</b>	<b>\$0</b>	<b>(\$312,309)</b>	<b>\$0</b>	<b>(\$390,120)</b>	<b>(\$881,015)</b>	<b>(13)</b>	<b>Total Adjustments</b>



# Natural Resources Significant Increases for FY19

Increase	Source	T.O.	Agency	Description
\$1,419,849	Oil and Gas Regulatory Fund	0	Conservation — Oil and Gas Regulatory Program	Increase to cover indirect administrative services provided by the Office of the Secretary from an anticipated increase in collections in the fund.
\$250,000	Interagency Transfers	0	Mineral Resources — Mineral Resources Management Program	Increases budget authority to receive funding from the Department of Wildlife and Fisheries to manage and to audit lease activity.

## Significant Decreases for FY19

Decrease	Source	T.O.	Agency	Description
(\$433,688)	Federal Funds	0	Conservation — Oil and Gas Regulatory Program	Non-recurs a Federal grant for pipeline suspension funding that will be fully expended in FY18.
(\$200,000)	Interagency Transfers	(2)	Secretary — Executive Program	Eliminates the Atchafalaya Basin Program.
(\$75,000)	State General Fund	(1)	Secretary — Executive Program	Eliminates the department's Public Information Office.
(\$275,000)	State General Fund	(2)	Conservation — Oil and Gas Regulatory Program	Eliminates the Legacy Site Remediation Program which implements the mandatory Oilfield Site Evaluation and Remediation Plan review per R.S. 30:29.
(\$971,879)	Mineral and Energy Operation Fund	0	Mineral Resources — Mineral Resource Management	Fund adjustment due to a decrease in operating agreements and new lease fees. The expenditures in IAT to the Office of Secretary for indirect administrative services are being reduced in this agency, and the expenses will be covered by other agencies in DNR.

## Significant Means of Financing Substitutions for FY19

MOF Swap	Source	T.O.	Agency	Description
\$87,052	State General Fund	0	Secretary — Executive Program	Increase of State General Fund to the Atchafalaya Basin Program to cover administrative costs associated with the elimination of the program.
(\$87,052)	Interagency Transfers	0	Secretary — Executive Program	Decrease in IAT funding for the Atchafalaya Basin Program to cover administrative costs associated with the elimination of the program.





# Natural Resources

## Significant Budget Issues for FY19

- The department indicates its main issue is the inability to fill vacancies.
- It has maintained a 14% vacancy rate largely due to uncertainty in its revenue and dependence on State General Fund.



# Natural Resources

## Changes from FY19 Recommended to FY19 Re-engrossed

Changes from FY19 Recommended to FY19 Re-engrossed	Source	T.O.	Agency	Description
(\$123,782)	Oil and Gas Regulatory Fund (\$7,518); FED (\$116,264)	0	Conservation	Reduces funding for non-recurring acquisitions.

Total Funding	FY18 EOB as of 12-1-17	FY19 Recommended	Difference FY19 Recommended vs. FY18 EOB as of 12-1-17	FY19 Re-engrossed	Difference FY19 Re- engrossed vs. FY18 EOB as of 12-1-17	Difference FY19 Re- engrossed vs. FY19 Recommended
Secretary	\$ 16,656,928	\$ 15,091,491	\$ (1,565,437)	\$ 15,091,491	\$ (1,565,437)	\$ -
Conservation	\$ 21,880,702	\$ 23,279,083	\$ 1,398,381	\$ 23,155,301	\$ 1,274,599	\$ (123,782)
Mineral Resources	\$ 11,634,928	\$ 10,832,873	\$ (802,055)	\$ 10,832,873	\$ (802,055)	\$ -
Coastal Management	\$ 6,088,722	\$ 6,176,818	\$ 88,096	\$ 6,176,818	\$ 88,096	\$ -
<b>TOTAL</b>	<b>\$ 56,261,280</b>	<b>\$ 55,380,265</b>	<b>\$ (881,015)</b>	<b>\$ 55,256,483</b>	<b>\$ (1,004,797)</b>	<b>\$ (123,782)</b>
Total Authorized FTEs	321	308	(13)	308	(13)	-