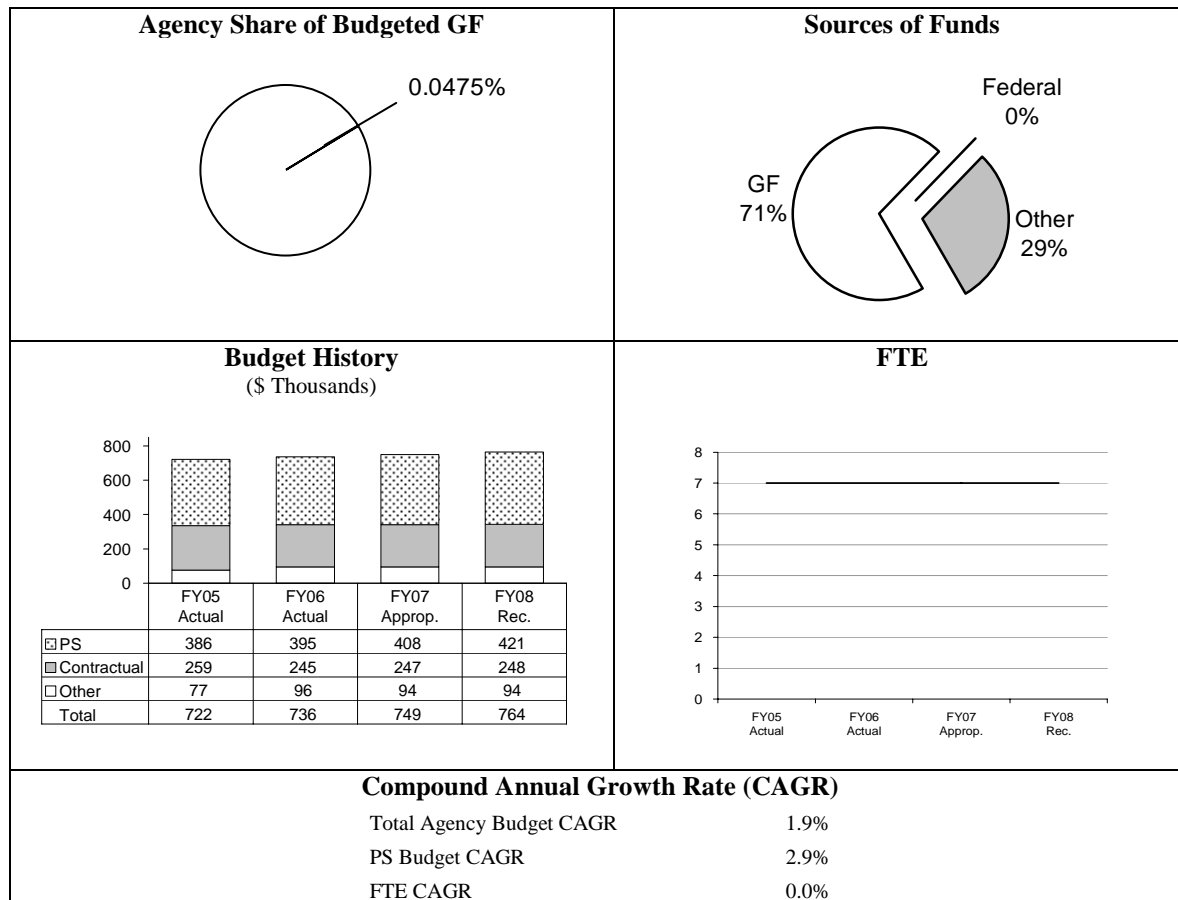


FY2008 Budget Briefing

School and Public Lands



Key Responsibilities

- To ensure efficient management of school and endowment lands and trust funds owned and administered by the State of South Dakota for the support and maintenance of the public schools and the various state institutions for which the lands had been granted;
- To lease the optimum acreage of land and maintain all leases on file;
- To maintain all land sale contracts;
- To maintain the mineral ownership records and provide for the leasing of mineral acres;
- To invest the money received from land sales and the leasing of surface and mineral lands at the highest possible rate of return; and
- To apportion the money to the various school districts and endowed institutions in South Dakota.

Key Personnel

- Jarrod Johnson, Commissioner of School and Public Lands

School and Public Lands

The budget for the Office of the Commissioner of School and Public Lands is funded by the state's general fund and revenue generated from pesticide taxes deposited in the Weed and Pest Control Fund. For FY08, the Governor recommends an appropriation of \$763,897 from the general fund, \$225,000 from other funds, and 7.0 FTEs.

| Item | Actual FY06 | Budgeted FY07 | Agency Req. FY08 | Gov Rec. FY08 | Inc/Dec FY08 | % Change From FY07 |
|----------------------|----------------|------------------|---------------------|------------------|-----------------|-----------------------|
| Personal Services | 394,925 | 408,416 | 408,416 | 421,204 | 12,788 | 3.1% |
| Travel | 34,994 | 23,600 | 23,600 | 23,600 | - | 0.0% |
| Contractual Services | 244,757 | 246,674 | 246,674 | 248,433 | 1,759 | 0.7% |
| Supplies & Materials | 57,371 | 68,660 | 68,660 | 68,660 | - | 0.0% |
| Grants And Subsidies | 0 | 0 | 0 | 0 | - | 0.0% |
| Capital Outlay | 3,698 | 2,000 | 2,000 | 2,000 | - | 0.0% |
| Other | 0 | 0 | 0 | 0 | - | 0.0% |
| Total | 735,745 | 749,350 | 749,350 | 763,897 | 14,547 | 1.9% |
| Funding Types | | | | | | |
| General | 510,786 | 524,350 | 524,350 | 538,897 | 14,547 | 2.8% |
| Federal | 0 | 0 | 0 | 0 | - | 0.0% |
| Other | 224,959 | 225,000 | 225,000 | 225,000 | - | 0.0% |
| Total | 735,745 | 749,350 | 749,350 | 763,897 | 14,547 | 1.9% |
| FTE | 7.0 | 7.0 | 7.0 | 7.0 | - | 0.0% |

The Governor's recommendation throughout this analysis also includes funding for Performance and Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package are as follows:

| | General Funds | Federal Funds | Other Funds | Total |
|---------------------|------------------|------------------|----------------|---------------|
| 2.5% PACE Movement | - | - | - | - |
| 3% Across-the-Board | 11,227 | - | - | 11,227 |
| Health Insurance | 1,561 | - | - | 1,561 |
| Total | 12,788 | - | - | 12,788 |

Major Expansions and Reductions

| Budget Item | Agency Request | | | Governor's Recommendation | | |
|-------------------|--------------------|-----------|------------|---------------------------|---------------|------------|
| | State General Fund | All Funds | FTE | State General Fund | All Funds | FTE |
| Personal Services | - | - | 0.0 | 12,788 | 12,788 | 0.0 |
| M&R Recovery | - | - | 0.0 | 1,759 | 1,759 | |
| Total | 0 | - | 0.0 | 14,547 | 14,547 | 0.0 |

- The Governor's recommended increase in Personal Services is the amount necessary for FY08 Salary Policy.
- The Governor recommends an increase of \$1,759 in general funds to account for a recalculation in the method of recovering maintenance and repair funding for the Capitol Complex.

Revenues

| | FY06 | | | FY07 | | | FY08 |
|--|-------------------|-------------------|-------------------------------|-------------------|-------------------|--------------------|-------------------|
| | Original Estimate | Actual | Difference Over (Under) Estm. | Original Estimate | Revised Estimate | Change in Estimate | Estimate |
| Principal On Land Contract Payments | 50,000 | 10,845 | (39,155) | 20,000 | 8,000 | (12,000) | 5,000 |
| Mineral Monies (Permanent Trust Fund) | 674,000 | 1,137,216 | 463,216 | 775,000 | 1,200,000 | 425,000 | 1,200,000 |
| Escheats & Interest on Escheated Investments | 10,000 | 12,506 | 2,506 | 12,000 | 13,000 | 1,000 | 14,000 |
| Interest on Land Contract Payment | 6,000 | 4,631 | (1,369) | 5,000 | 3,500 | (1,500) | 2,500 |
| Surface Leasing | 2,870,500 | 3,514,062 | 643,562 | 3,350,000 | 3,500,000 | 150,000 | 3,500,000 |
| Mineral Monies (School Distribution Funds) | 674,000 | 1,137,216 | 463,216 | 775,000 | 1,200,000 | 425,000 | 1,200,000 |
| Investment Income | 3,600,000 | 9,723,144 | 6,123,144 | 12,000,000 | 10,000,000 | (2,000,000) | 11,000,000 |
| Service Fees, Copies, Assignment of Leases and Easements | 30,000 | 71,845 | 41,845 | 40,000 | 70,000 | 30,000 | 70,000 |
| Principal from Sale; Oth Inc. | 90,000 | 0 | (90,000) | | | | |
| Total | 8,004,500 | 15,611,465 | 7,606,965 | 16,977,000 | 15,994,500 | (982,500) | 16,991,500 |

Selected Performance Indicators

| | FY06 | | | FY07 | | | FY08 |
|--|-------------------|-------------|-------------------------------|-------------------|------------------|--------------------|-------------|
| | Original Estimate | Actual | Difference Over (Under) Estm. | Original Estimate | Revised Estimate | Change in Estimate | Estimate |
| Apportion Common School Interest Fund and Income to School Districts | \$6,000,000 | \$8,264,504 | 2,264,504 | \$9,000,000 | \$8,000,000 | (1,000,000) | \$8,000,000 |
| Apportion Endowed Income and Interest Fund to Ten Endowed Institutions | \$10,000,000 | \$1,752,736 | (8,247,264) | \$2,000,000 | \$1,500,000 | (500,000) | \$1,500,000 |
| Manage and Maintain Surface Leases on 768,000 Acres | 2,960 | 2,600 | (360) | 2,700 | 2,600 | (100) | 2,600 |
| Grazing Land Lease Holders | 1,400 | 1,260 | (140) | 1,400 | 1,260 | (140) | 1,260 |
| Grazing Acres Leased | 784,000 | 768,000 | (16,000) | 772,475 | 758,000 | (14,475) | 758,000 |
| Annual Delay Rental (ADR) Oil and Gas | 360 | 451 | 91 | 400 | 500 | 100 | 500 |
| Held By Production (HBP) Oil and Gas | 77 | 76 | (1) | 77 | 76 | (1) | 76 |
| Mining Leases | 1 | 6 | 5 | 1 | 8 | 7 | 8 |
| Management of Land Sale Contracts | 60 | 60 | 0 | 40 | 55 | 15 | 50 |
| Patents (Deeds) Processed | 40 | 101 | 61 | 70 | 100 | 30 | 100 |
| Maintain List and Inventory of State | 110 | 110 | 0 | 110 | 110 | 0 | 110 |
| Conduct Inspection and Maintain Records | 100 | 100 | 0 | 100 | 100 | 0 | 100 |
| Dam Repair Schedule | 8 | 2 | (6) | 5 | 3 | (2) | 5 |
| Dam Inspections | 30 | 30 | 0 | 30 | 30 | 0 | 30 |

Other Departmental Issues

A. Interim Appropriation Actions

No interim appropriation actions were taken. The Agency reverted \$462 to the general fund at the end of FY06.

B. Audit Findings

No audit findings were reported in the most recent audit report.