

Land Commissioner: Mark Winkleman

JLBC Analyst: Tom Mikesell

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	191.0	176.4	174.4
Personal Services	6,499,600	6,794,300	6,794,300
Employee Related Expenditures	1,415,100	1,523,300	1,491,200
Professional and Outside Services	1,602,400	1,535,200	1,535,200
Travel - In State	253,700	276,000	276,000
Travel - Out of State	14,200	1,500	1,500
Other Operating Expenditures	2,967,700	3,225,800	2,966,300
Equipment	425,300	217,100	217,100
OPERATING SUBTOTAL	13,178,000	13,573,200	13,281,600
SPECIAL LINE ITEMS			
Environmental County Grants	71,400	125,000	125,000 ^{1/}
Environmental Education Program	460,700	286,000	0
Fire Suppression	5,700,000	4,000,000	3,000,000 ^{2/}
Natural Resource Conservation Districts	542,500	490,000	490,000 ^{3/}
Lump Sum Reduction	0	0	125,000 ^{4/}
AGENCY TOTAL	19,952,600	18,474,200	17,021,600^{5/6/}
FUND SOURCES			
General Fund	19,491,900	13,698,200	16,531,600
<u>Other Appropriated Funds</u>			
Environmental Special Plate Fund	460,700	776,000	490,000
Game and Fish Commission Heritage Fund	0	4,000,000	0
SUBTOTAL - Other Appropriated Funds	460,700	4,776,000	490,000
AGENCY TOTAL	19,952,600	18,474,200	17,021,600

AGENCY DESCRIPTION — *The agency manages the state's 9.3 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land.*

1/ ~~The Lump Sum reduction shall not be applied to the Environmental County Grants Special Line Item.~~ (General Appropriation Act footnote) The stricken language reflects language vetoed by the Governor.

2/ These monies may be spent on wildfire suppression pursuant to A.R.S. § 37-623. Because this authorization is in permanent statute, it is not included in the General Appropriation Act.

3/ Of the amount appropriated for Natural Resource Conservation Districts in FY 2004, \$30,000 shall be used to provide grants to NRCD environmental education centers. (General Appropriation Act footnote)

4/ The General Appropriation Act, as originally passed, included \$(125,000) in FY 2004 for the Lump Sum Reduction Special Line Item. This amount was line item vetoed by the Governor. The Governor's intent is to increase the appropriation by a corresponding amount. This Appropriations Report has incorporated the veto without making an assessment of its legality. As of this writing, there is pending litigation concerning the legality of this particular veto.

5/ The appropriation includes \$1,221,300 for Central Arizona Project User Fees in FY 2004. For every dollar received as reimbursement to the state in FY 2004, from cities that assume their allocation of Central Arizona Project Water for past Central Arizona Water Conservation District payments, \$1.00 reverts to the state General Fund in the year that the reimbursement is collected. (General Appropriation Act footnote)

6/ General Appropriation Act funds are appropriated as a Operating Lump Sum with Special Line Items by Agency.

PERFORMANCE MEASURES	FY 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Appropriation
• Average land sales processing time (application to auction, in months)	16.5	34.4	14.9	24.9
• Average score on customer service survey (5=very satisfied)	3.6	NA	3.7	--
• % of fires controlled at 100 acres or less	95	98	95	98
• % of agency staff turnover	12.0	11.7	12.0	11.7
• Administration as a % of total cost	16.4	7.5	16.4	5.8

Comments: The agency did not submit information for any measure labeled as “NA.” Average land sales processing times in FY 2002 exceeded the performance goal due to staff turnover and vacancies in the Real Estate Division as well as increasingly complex land sales applications. The FY 2002, FY 2003, and FY 2004 administrative cost percentages include federal monies and reimbursements related to 2 large fires as part of total agency costs in each year.

Technical Adjustments — The FY 2004 approved amounts include technical adjustments for Employee Related Expenditures, Risk Management charges, and lease-purchase charges. *(Please see the General Provisions section at the end of this Appropriations Report for further details on these changes.)*

Special Line Items

Environmental County Grants — Monies in this line item are used by Greenlee, Graham, Gila, Navajo, and Apache Counties for environmental projects that impact economic development in those counties. The State Land Department must approve any project prior to expenditure of the monies. The approved amount is funded from the General Fund and is unchanged from FY 2003. A General Appropriation Act footnote prohibited the agency from applying the lump sum reduction of \$(125,000) General Fund (GF) to this line item. The Governor vetoed the lump sum reduction as well as this footnote.

Environmental Education Program — Monies in this line item were used by the Arizona Advisory Council on Environmental Education for grants that support environmental education centers and for other environmental education grants. The approved amount includes an Environmental Special Plate Fund decrease of \$(286,000) and (2) FTE Positions below FY 2003 to eliminate funding for the program.

Monies in the Environmental Education Program line item had provided funding for the Advisory Council on Environmental Education and its environmental grant responsibilities and also provide \$5,000 grants to each Natural Resource Conservation District (NRC) with an established environmental education center. The Advisory Council on Environmental Education sunset on January 1, 2003, therefore its annual appropriations for staff and grants are not continued in FY 2004. The NRC environmental education center funding was shifted to the NRC line item.

Prior to FY 2003, the Environmental Education Program was financed by the Environmental Special Plate Fund. In FY 2003, the Environmental Special Plate Fund was used for the purposes of funding both the NRC line item and the Environmental Education Program line item. Based on the department’s revenue projections, ongoing fund revenue will be insufficient to cover both uses in FY 2004. The approved amount funds the NRC line item at its FY 2003 level but provides no funding for grants to environmental education centers in the Environmental Education Program line item in light of the revenue constraint. *(See Natural Resource Conservation Districts discussion below for further information.)*

Fire Suppression — This program funds fire suppression on state trust land and rural private land. A.R.S. § 37-623 provides an annual appropriation of \$3 million for fire suppression. Because this authorization is in permanent statute, it is not included in the General Appropriation Act. In the original FY 2003 appropriation, \$1 million GF was added to the permanent statutory authorization for a total appropriation of \$4 million GF. As a mid-year FY 2003 adjustment, the total \$4 million was shifted to the Game and Fish Commission Heritage Fund. In FY 2004, total funding consists of the permanent \$3 million from the General Fund.

Natural Resource Conservation Districts — Monies in this line item are used to provide for natural resource research, scholarships, and staff at the state’s 31 NRCDs. These districts are established to provide local conservation assistance and education and to coordinate the receipt of federal grants. This line item is funded from the Environmental Special Plate Fund and is unchanged from FY 2003. A General Appropriation Act footnote specifies that of the amount appropriated for NRCDs in FY 2004, \$30,000 shall be used to make grants to NRCDs with Environmental Education Centers. A provision in the Public Finance Omnibus Reconciliation Bill (ORB) (Laws 2003, Chapter 263), expanded the statutory uses the Environmental Special Plate Fund to allow it to be used to pay the costs of the NRCD line item. The Governor vetoed this provision in the bill.

Lump Sum Reduction — The General Appropriation Act included a decrease of \$(125,000) GF for a lump sum reduction to the department. The Governor vetoed the lump sum reduction. This Appropriations Report has incorporated the veto without making an assessment of its legality. As of this writing, there is pending litigation concerning the legality of this particular veto. (*See Environmental County Grants discussion.*)

Additional Legislation: Budget Reconciliation: Public Finances (Chapter 263) — Among statutory provisions affecting other state agencies, this bill allows the department to use \$80,000 from the Federal Reclamation Trust Fund in FY 2004 to pay consultants to develop unit agreements and other agreements related to gas extraction on state trust land. The bill also requires the department to provide quarterly reports on the status of any unit agreement or related agreement to the Speaker of the House, the Senate President, and the members of the Joint Legislative Budget Committee.

Vetoes: General Appropriations: 2003-2004 and 2004-2005 (Chapter 262) — The Governor vetoed the \$(125,000) General Fund lump sum reduction to the department. The intent of the Governor's veto was to increase the agency's appropriation by \$125,000 General Fund. This Appropriations Report has incorporated the veto without making an assessment of its legality. As of this writing, there is pending litigation concerning the legality of this particular veto.

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