Agency: 490 Department of Natural Resources
Decision Package Code/Title: AT Agricultural Trust Land Management
Budget Period: 2009-11
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Agricultural College Trust Account (ACTA) was created in 1999 to be used for management costs associated with management and silvicultural work on trust lands. The ACTA's sole source of revenue is a transfer from the state General Fund-State (GFS). The implementation of the Board of Natural Resources' Sustainable Harvest Plan has also resulted in increased management activity on the Agricultural College Trust lands. In order to continue this increased activity, the Department requests an increased appropriation in both GF-State and the ACTA appropriations. If these appropriations are not corrected, management activities on these trust lands will need to be reduced by about 21%, resulting in a reduction of projected revenue to the Agricultural College Trust Permanent Fund of approximately $1,800,000 in 09-11.

Fiscal Detail

<table>
<thead>
<tr>
<th>Operating Expenditures</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>001-1 General Fund - Basic Account-State</td>
<td>282,600</td>
<td>282,600</td>
<td>565,200</td>
</tr>
<tr>
<td>830-1 Agricultural College Trust Manage-State</td>
<td>282,600</td>
<td>282,600</td>
<td>565,200</td>
</tr>
<tr>
<td>Total Cost</td>
<td>565,200</td>
<td>565,200</td>
<td>1,130,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staffing</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>Annual Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>2.6</td>
<td>2.6</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Package Description:

The Agricultural College Trust Account (ACTA) was created in 1999 to be used for management costs associated with management and silvicultural work on trust lands. The ACTA's sole source of revenue is a transfer from the state General Fund (GFS). DNR continues to implement the decadal Sustainable Harvest Plan (SHP) adopted by the Board of Natural Resources in September 2005. This plan calls for increasing the timber harvest on state lands while significantly improving the ecological health of the forests. In 2007-09 biennial operating budget the legislature funded DNR's request for additional Resource Management Cost Account (RMCA) funding to carryout the SHP. However, Agricultural Trust lands are also impacted by the Sustainable Harvest Plan (SHP), but no additional funding was provided in the ACTA and GFS. If these appropriations are not corrected, management activities on these trust lands will need to be reduced by about 21%, resulting in a reduction of projected revenue to the Agricultural College Trust Permanent Fund of approximately $1,800,000 in 09-11.

Narrative Justification and Impact Statement

September 5, 2008
What specific performance outcomes does the agency expect?

DNR continues to implement the decadal Sustainable Harvest Plan (SHP) adopted by the Board of Natural Resources in September 2005. This plan calls for increasing the timber harvest on state lands while significantly improving the ecological health of the forests. In the 2007-09 biennial operating budget the legislature funded DNR’s request for additional Resource Management Cost Account (RMCA) funding to carryout the SHP. However, Agricultural Trust lands are also impacted by the Sustainable Harvest Plan, but no additional funding was provided in the ACTA and GFS. If these appropriations are corrected, management activities on these trust lands will continue, resulting in the projected 09-11 revenues to the Agricultural College Trust Permanent Fund of $8.8 million (June 2008 forecast).

This request impacts the following DNR State Lands Management activities: Product Sales, Silviculture, Science and Data Stewardship, Leasing, Mapping and Survey, and Asset Planning and Transactions.

Performance Measure Detail

Activity: A035 State Lands Management - Product Sales

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency’s strategic plan?

This proposal supports the Department of Natural Resources' strategic plan as follows:

- Upland resources provide substantial levels of trust revenue, conservation, and public benefits consistent with our fiduciary duty and legal commitments.
  - Generate trust revenue in the most effective and efficient manner possible.
  - Be a model for natural resource stewardship and sustainable resource management.
- Trust asset are continually enhanced and managed to generate substantial financial support for current and future trust beneficiaries
  - Manage trust assets in the interest of each trust beneficiary for both the short and long term.

Does this decision package provide essential support to one of the Governor's priorities?

This proposal supports the following Priorities of Government:

- Improve the quality of Washington's natural resources.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This proposal supports the following statewide results:

- Improve the quality of Washington's natural resources.
  - Achieve sustainable use of public natural resources
  - Provide good science and resource monitoring data to support decision making
  - Preserve, maintain and restore natural systems and landscapes

What are the other important connections or impacts related to this proposal?

Washington State University funding and programs would be impacted if reductions to Agricultural Trust revenue were to occur.

What alternatives were explored by the agency, and why was this alternative chosen?

Adjust the level of management activity to carryforward level. This is projected to have a significant negative impact on revenues to
the Agricultural College Trust Permanent Fund.

What are the consequences of not funding this package?

If DNR's GFS and ACTA appropriations are not corrected, management activities on these trust lands will need to be reduced by about 21%, resulting in a reduction of projected revenue to the Agricultural College Trust Permanent Fund of approximately $1,800,000 in 09-11.

What is the relationship, if any, to the state’s capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Salaries and benefits for 2.6 FTEs are based upon Natural Resource Program Specialist (grade 52) as a representative classification. Goods and services and travel are based upon program averages. The GF-State deposit into ACTA is shown as object MB. Agency administrative cost is calculated at 27% and is included in Object T.

If DNR's GFS and ACTA appropriations are not corrected, management activities on these trust lands will need to be reduced by about 21%, resulting in a reduction of projected revenue to the Agricultural College Trust Permanent Fund of approximately $1,800,000 in 09-11.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing.