

Department of Natural Resources
Response to LCCMR Questions from 7/25/2015

1. How would department direct and necessary calculations be impacted if we removed fixed costs such as rent?

a. For purposes of this exercise focused on two expenses within the support services, rent and management costs (CFO, HR Director, Communication Director, etc.).

Support Area	Current Cost Per Calculation	Adjusted Cost Per Calculation	Change In \$	Change In %
People Support	\$1,455.42	\$1,332.70	(\$122.72)	-8.43%
Safety Support	\$343.23	\$338.91	(\$4.32)	-1.26%
Financial Support	\$0.014	\$0.013	(\$0.001)	-8.52%
Communications Support	\$1,236.28	\$1,109.53	(\$126.75)	-10.25%
Computer Support	\$2,794.21	\$2,794.21	\$0.00	0.00%
Planning Support	\$828.61	\$726.25	(\$102.36)	-12.35%
Procurement Support	\$235.19	\$232.58	(\$2.61)	-1.11%

2. How much division direct and necessary cost is related to management costs?

a. Division direct and necessary costs are costs for programs include central and regional management services, central office business/accounting services, and central and regional clerical support services for each program. Project costs do not include salary and fringe of regional and division management teams.

Division	Program Calculation	Project Calculation	In %
Lands & Minerals	5.90%	3.46%	41.46%
ECO/WAT	5.26%	1.93%	63.38%
Forestry	2.95%	0.97%	66.98%
PAT	3.06%	1.59%	48.13%
FAW	4.41%	1.50%	65.95%
Average	4.32%	1.89%	59.67%

3. If DNR does not receive division D&N funds for proposals – how will these costs be paid for? What are the impacts to other funds?

a. Use of clean water, outdoor heritage, and federal accounts are restricted and therefore cannot make up for the difference. Funding of the \$225,000 division management and support costs would fall to general fund, natural resource fund (water management, invasive species, and water recreation), game and fish fund and the various income accounts. Each of these funds will have an additional 6% charge to make up the difference.

4. Please explain why the direct and necessary percent is different for each proposal?

a. See separate handout



Variation of Direct and Necessary Rates

Acquisitions, pass-through grants and sole source contracts are exempt from direct and necessary (d & n) charges, as they require less agency and divisional support.

Department support services are paid for based on the business activity level of each proposal. There is variation in need for each proposal based on factors such as:

- Number of full-time employees (FTEs)
- Computer support required for FTEs
- Amount of financial support required
- Regional impacts of the proposal increase allotments

Division support services are based on each division's costs for providing business office, accounting and clerical services for projects and central and regional management services for programs.

State Parks and State Trails Land Acquisition

Parks and Trails ML16 funding request	\$2,000,000
Acquisition dollars	\$1,950,000
Grant dollars	\$0
Sole source contracts	\$50,000
FTEs Required	0
Agency d & n costs	\$0
Division d & n costs	\$0
Total d & n costs	\$0
Effective d & n rate	0.00%

Implementing and Showcasing New Shoreline Buffers Best Management Practices (BMPs) on Parks and Trails Lands

Parks and Trails ML16 funding request	\$1,000,000
Acquisition dollars	\$0
Grant dollars	\$0
Sole source contracts	\$237,000
FTEs required	3.9 over the course of 3 years
Agency d & n costs	\$35,491
Division d & n costs (project rate) 1.62%	\$12,360
Total d & n costs	\$47,851
Effective d & n rate	4.79%

Enhancing Forest Inventory Using Imputation and Remote Sensing

Forestry funding request	\$989,801
Acquisition dollars	\$0
Grant dollars	\$0
Sole source contracts	\$100,000
FTEs required	11.54 over the course of 3 years
Agency d & n costs	\$63,837
Division d & n costs (project rate) 1.09%	\$9,698
Total d & n costs	\$73,535
Effective d & n rate	7.43%