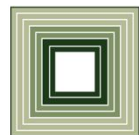


Environmental Funding in North Carolina



January 18th, 2011



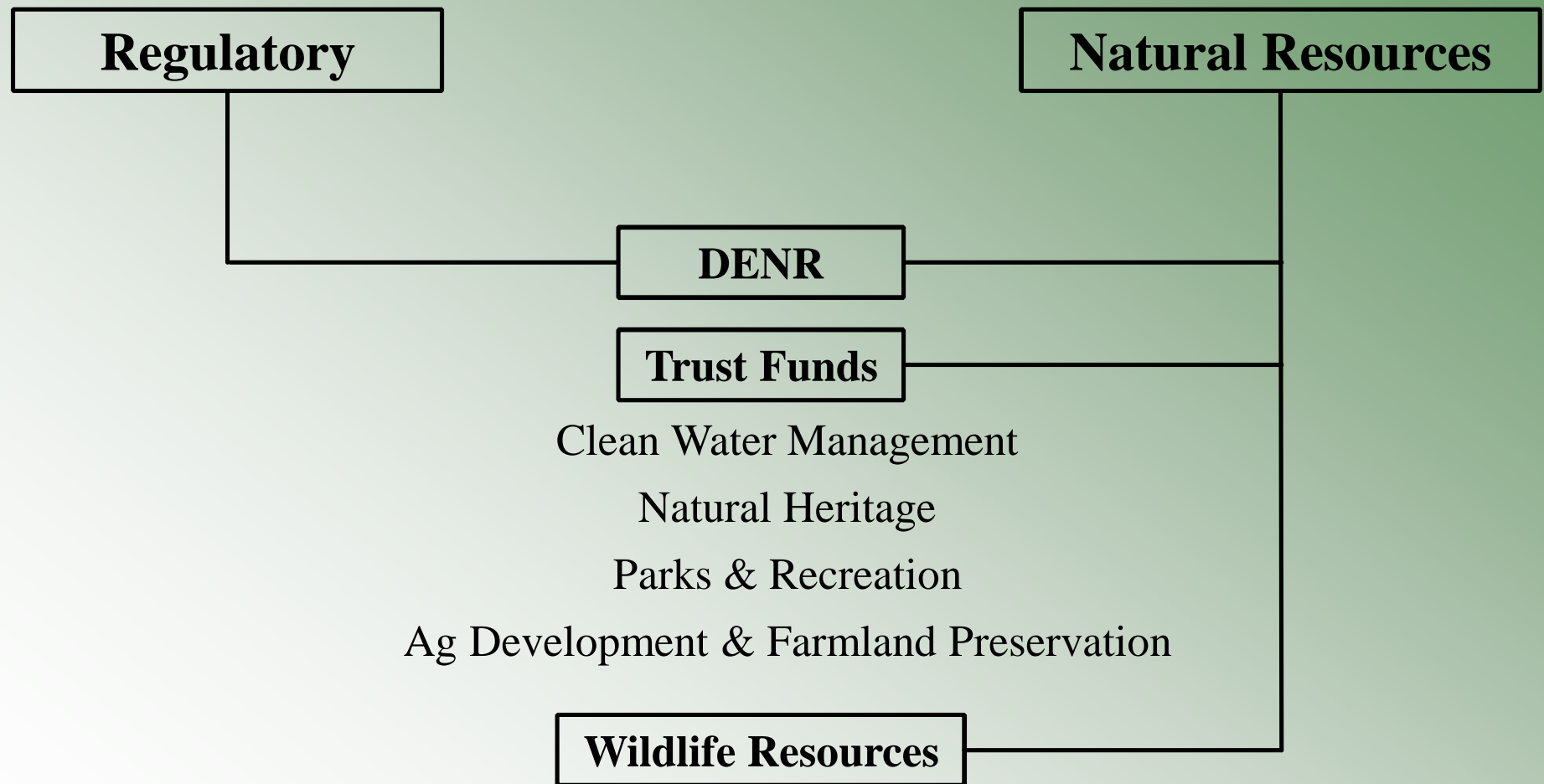
FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Overview

1. Overview of Environmental Programs & Funding
 - a. Department of Environment & Natural Resources
 - b. Conservation Trust Funds
 - c. Wildlife Resources

2. Governor's Recent Budget Actions

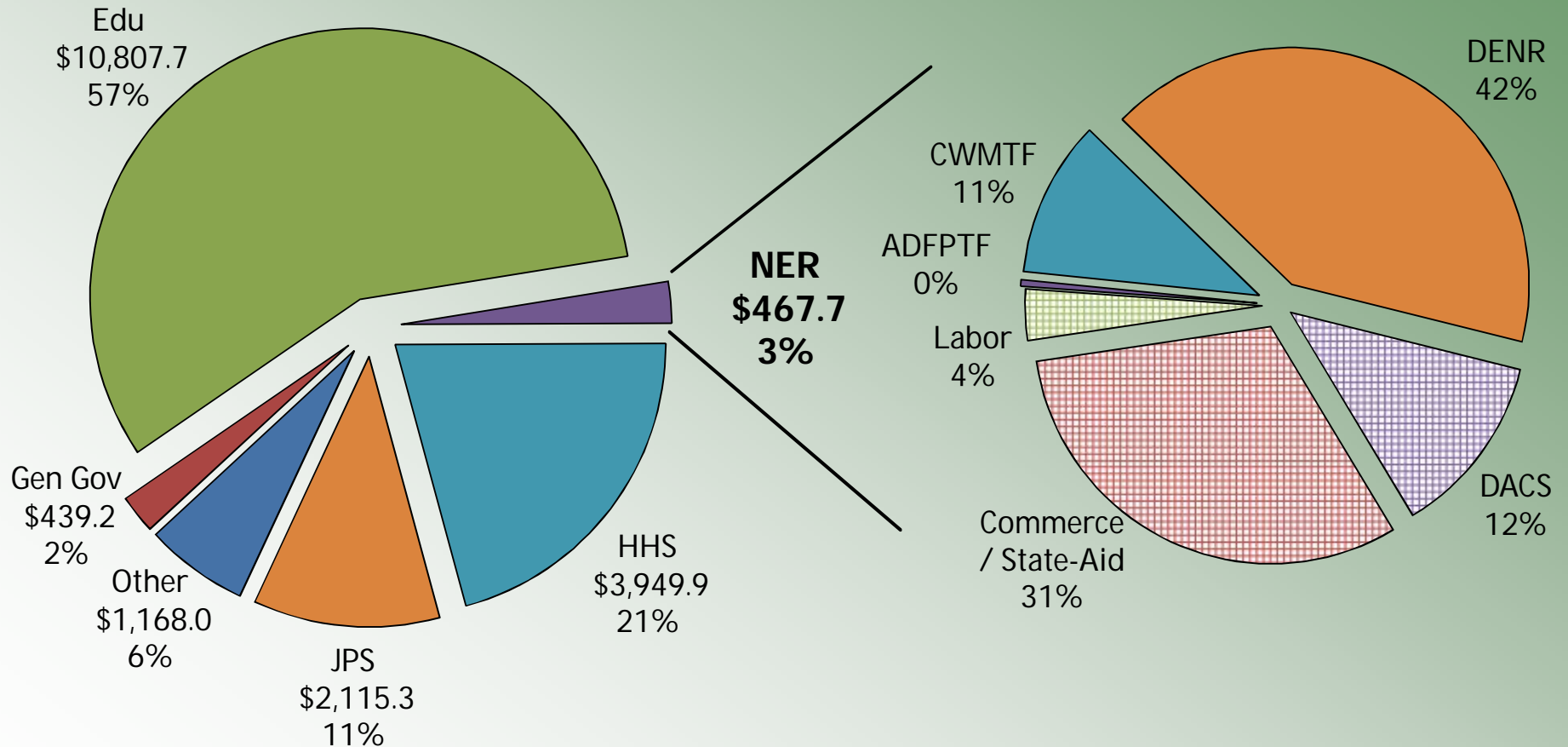
Overview: Environmental Programs



Overview: Environmental Funding

FY 2010-11 Certified - General Fund Appropriations

(in millions)

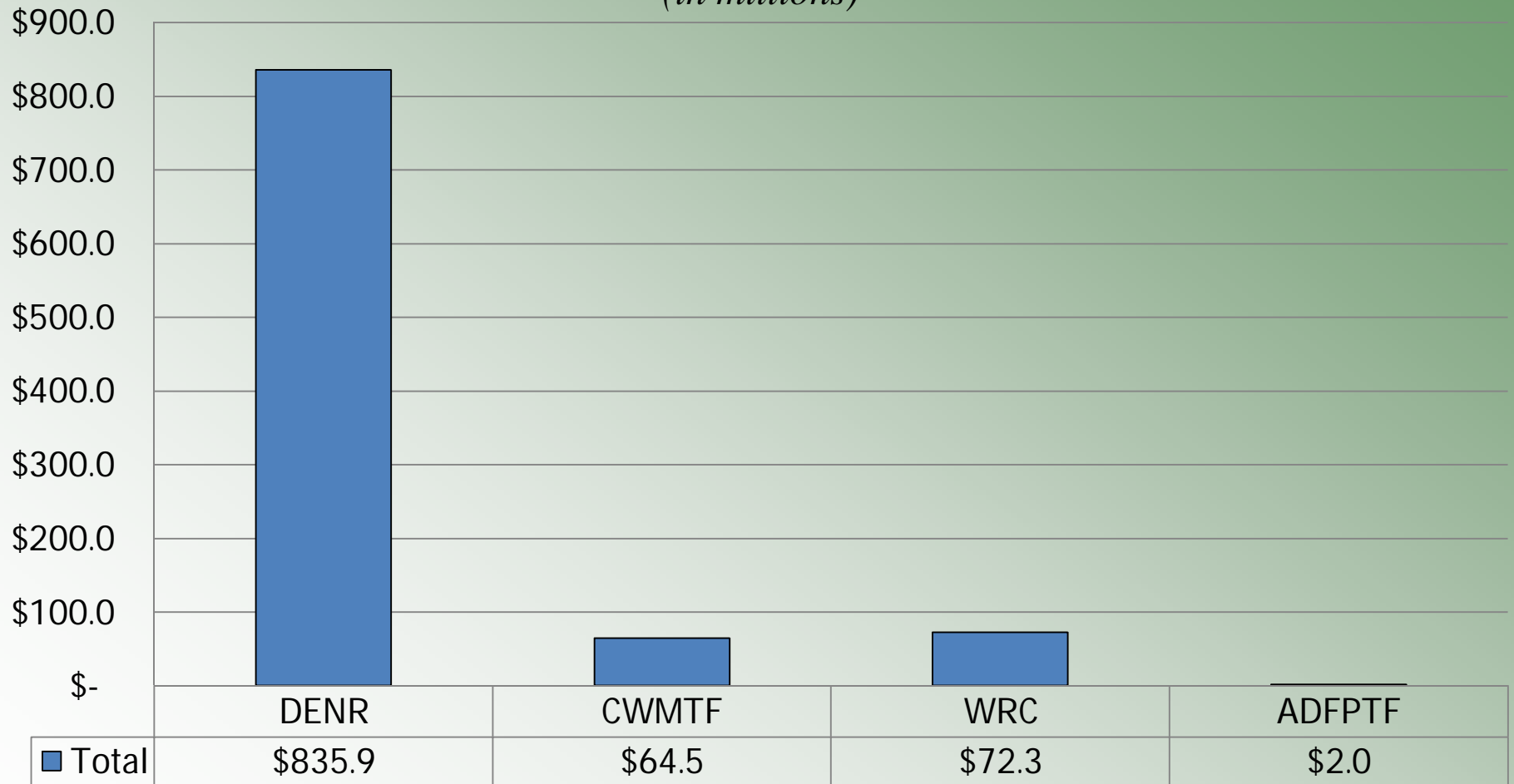


* Note: WRC, PARTF, and NHTF receive no General Fund appropriations

Overview: Environmental Funding

FY 2010-11 Certified - Total Funds*

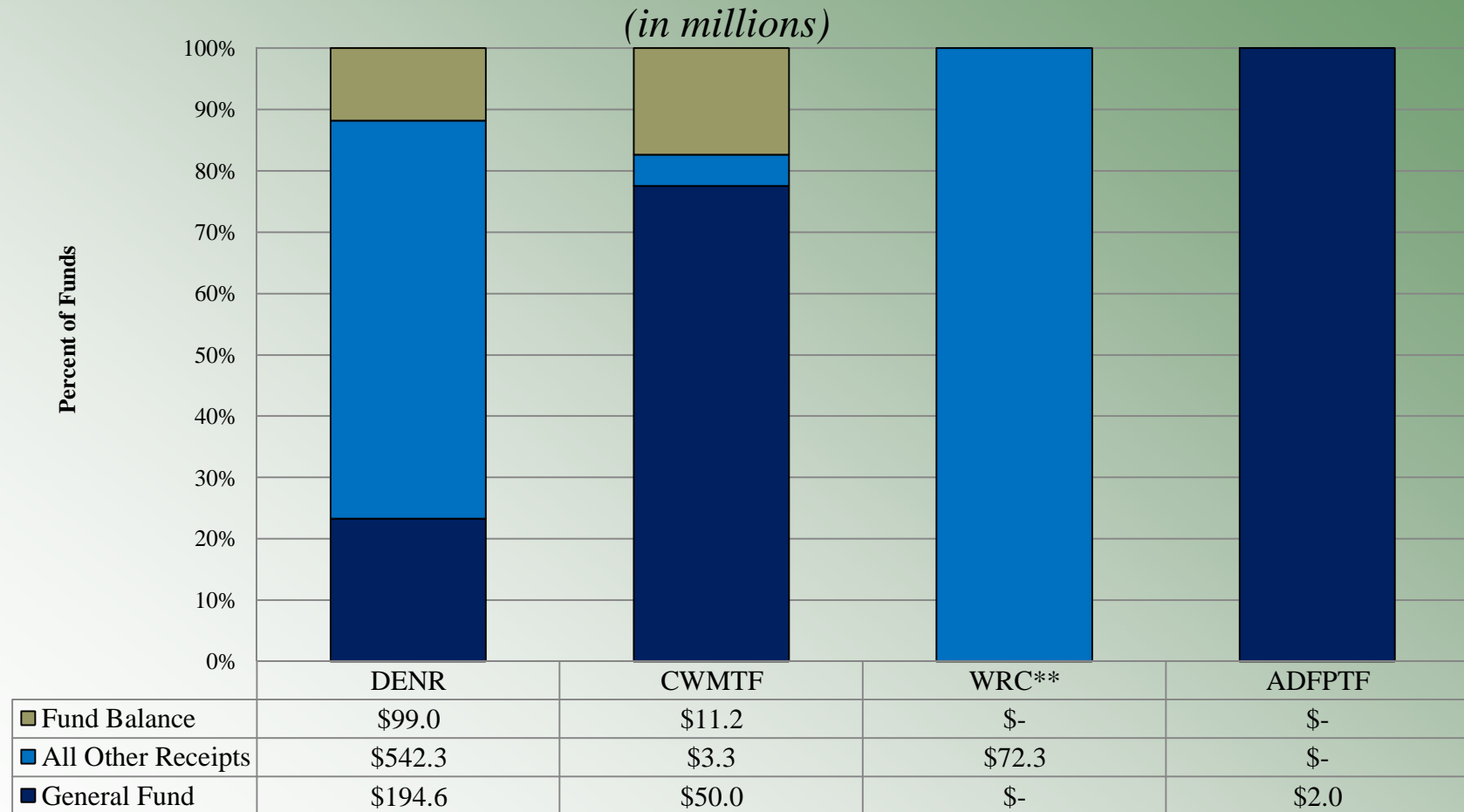
(in millions)



* Excludes most inter-/ intra-governmental transfers to avoid double counting

Overview: Environmental Funding

FY 2010-11 Certified - Total Funds by Source*



* Excludes most inter-/ intra-governmental transfers to avoid double counting

** WRC receives no General Fund; it collects a direct transfer from the state sales tax (shown as other revenue)

DENR: Fast Facts

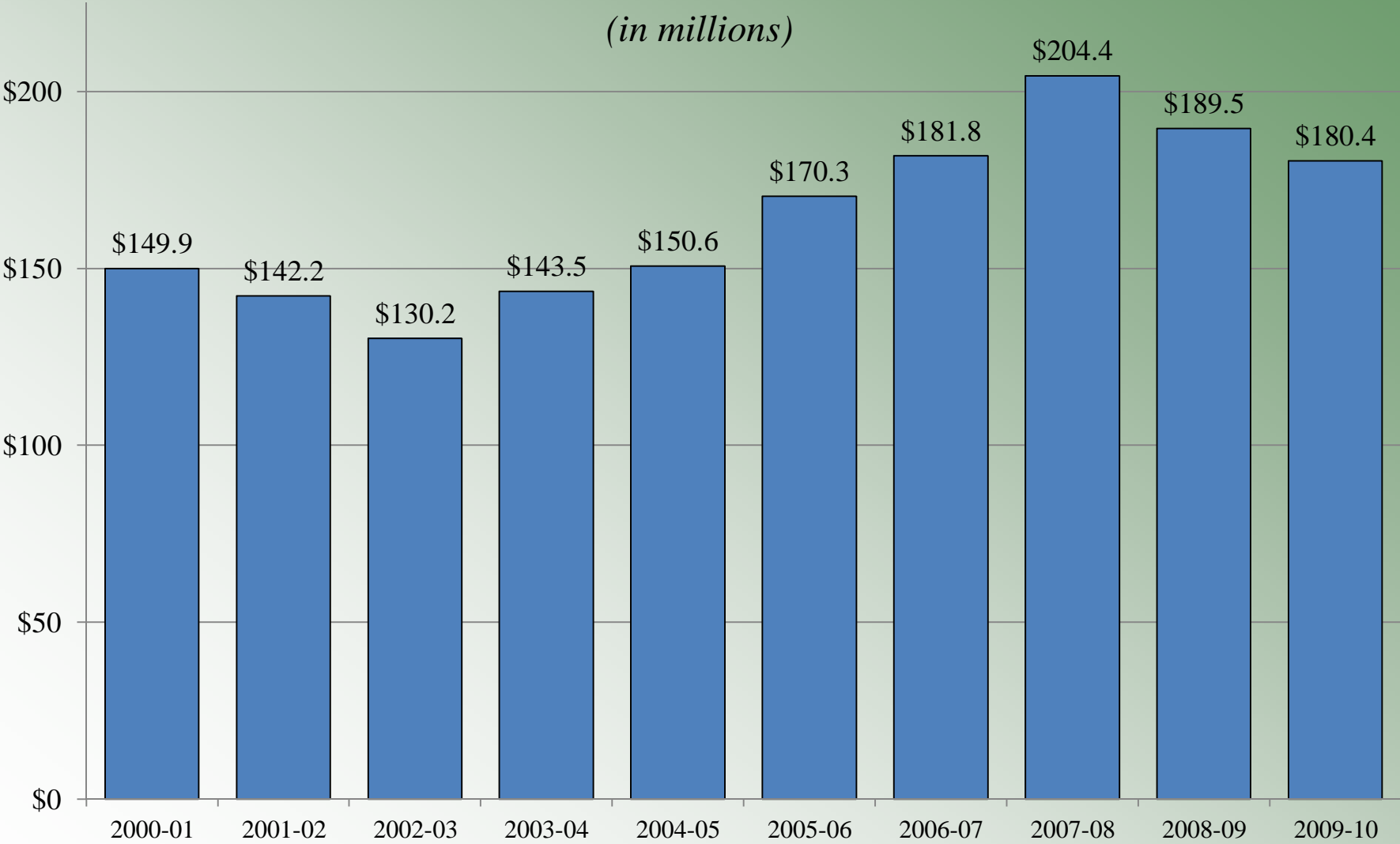
- FY 2010-11 General Fund Appropriation:
\$194,625,330
- 3,908 employees
 - 2,239 General Fund
 - 1,689 Receipt-Supported
- Central Raleigh office + 7 regional offices
- Wide range of issues
 - Zoo, Aquariums, Parks, Forests, Air Quality, Water & Wastewater Management, Coastal Management, Marine Fisheries, Radiation Protection, Recycling Programs



DENR: Actual General Fund Appropriation

FY 2000-01 to FY 2009-10

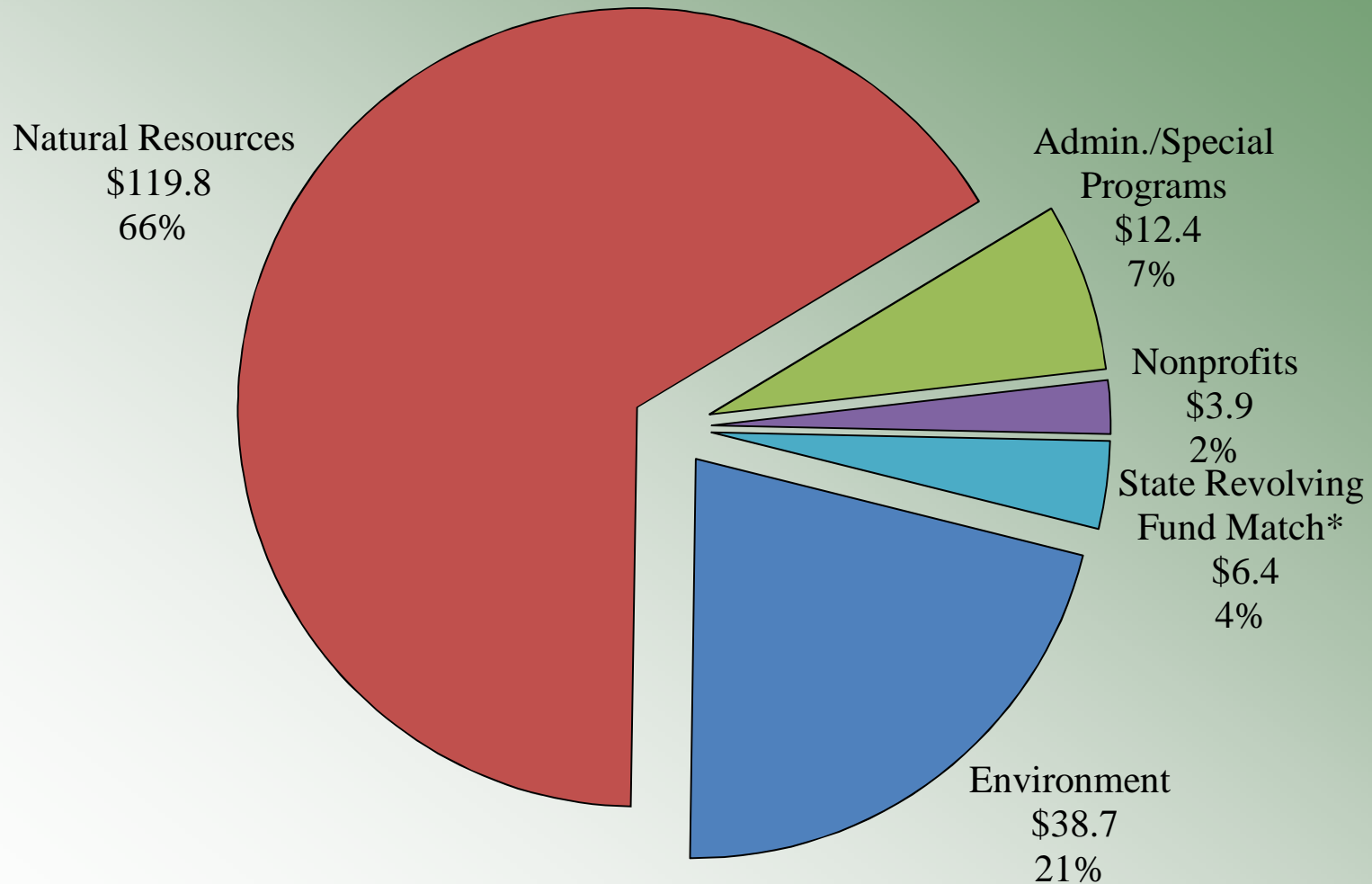
(in millions)



DENR: Use of General Fund

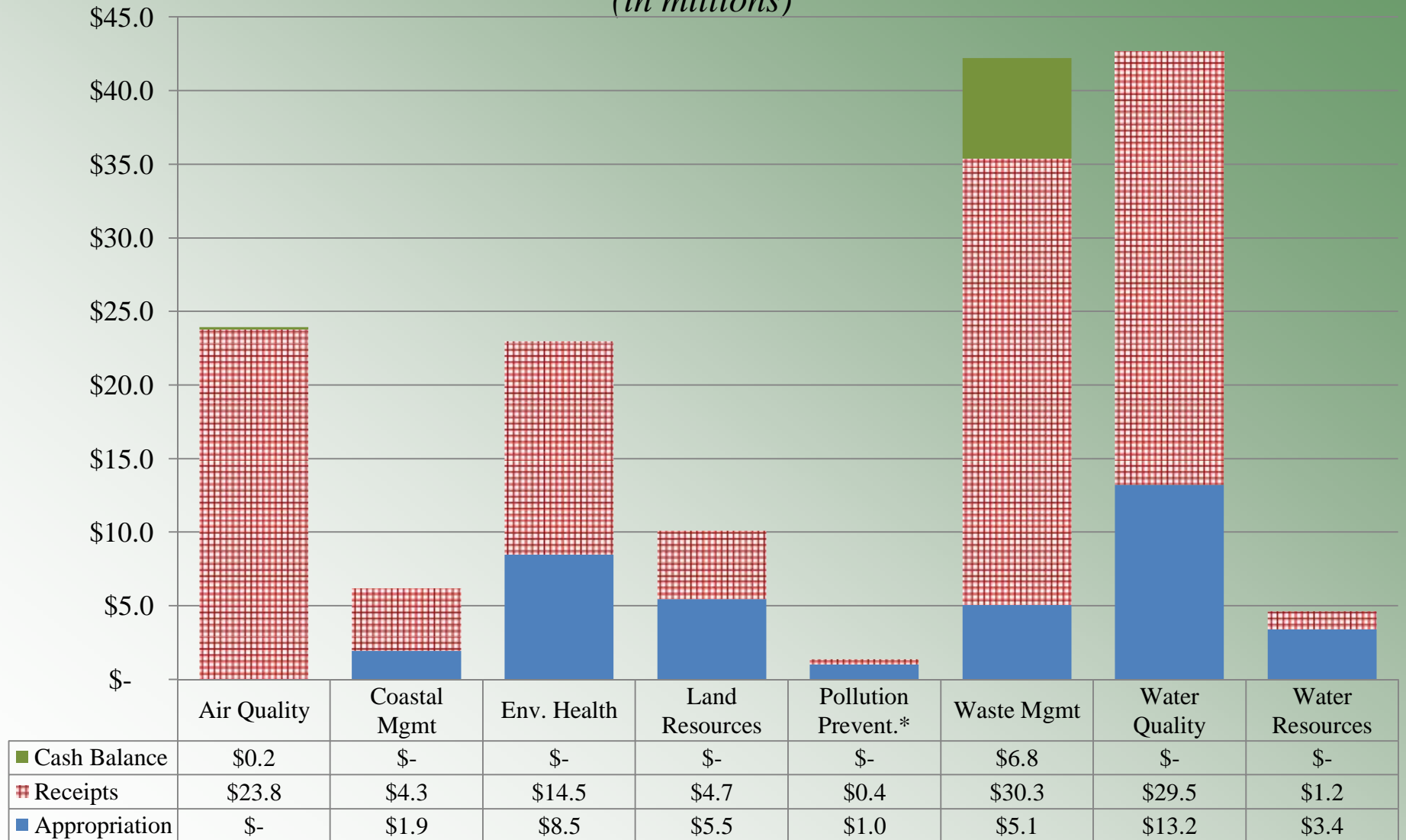
FY 2009-10

(in millions)



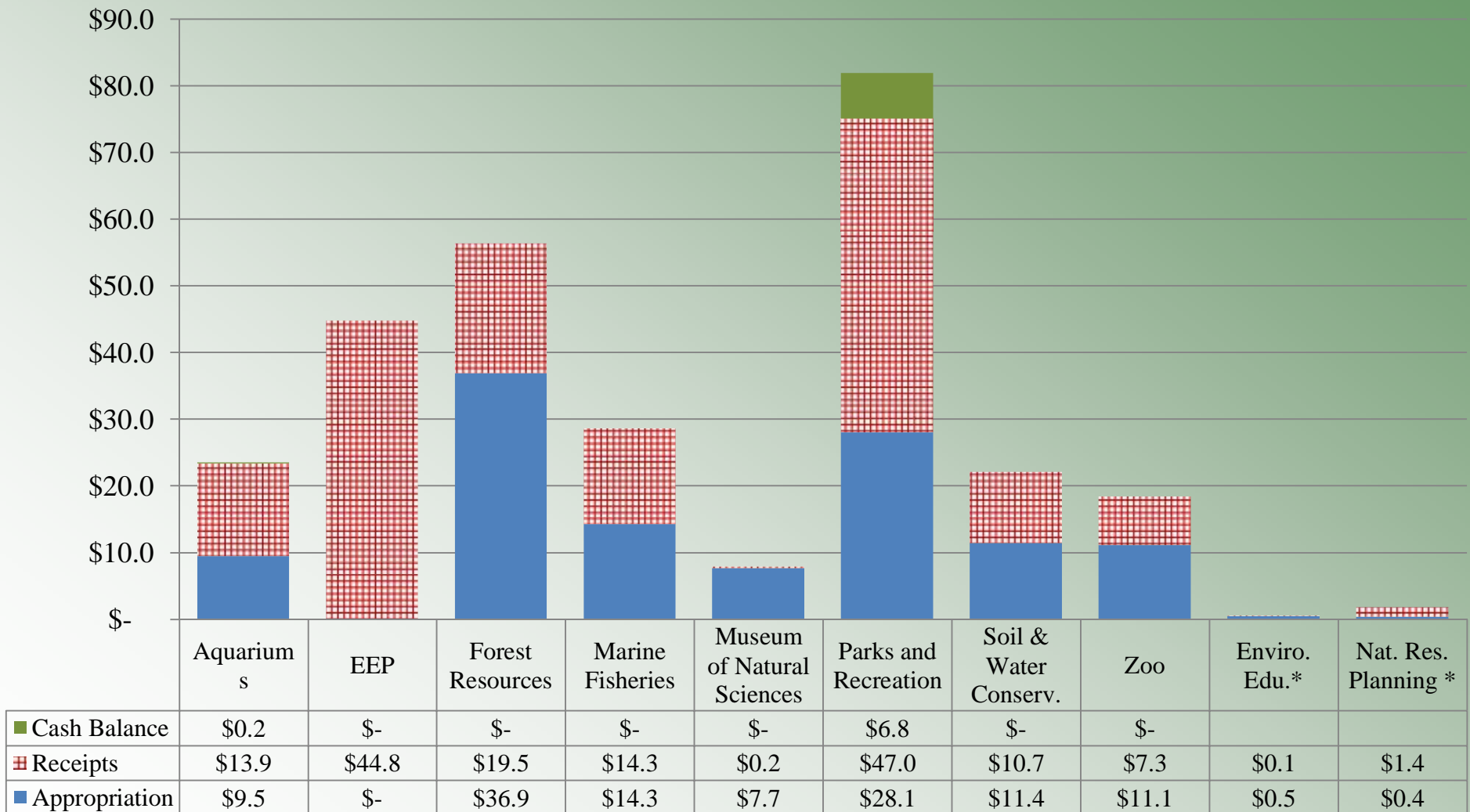
Environment: FY 2009-10 Expenditures

(in millions)



Nat. Res.: FY 2009-10 Expenditures

(in millions)



DENR: Special Funds

- DENR has over 180 special funds
- Separate from General Fund – special funds may build up cash balances & not revert
- Total cash balance of all DENR special funds (1/31/09):
\$670,732,711
- *Examples:*
 - Leaking Underground Storage Tanks (LUST)
 - Scrap Tire Fund
 - Aquariums Special Fund
 - Marine Resources Endowment Fund

NER Special Funds & Budget Shortfall

- In FY 2008-09, the Governor transferred \$170 million from NER special funds to balance the budget shortfall:
 - Wetlands Trust Fund \$1.2 million
 - Dry Cleaning Solvent Fund \$6.3 million
 - Scrap Tire Fund \$7.4 million
 - Various other DENR Funds \$12.1 million
 - Parks & Recreation Trust Fund \$6.0 million
 - Natural Heritage Trust Fund \$2.8 million

 - Clean Water Management Trust Fund \$115 million
 - Tobacco Trust Fund \$19.2 million

DENR: FY 2009-11 Major Reductions

- **Special Funds**
 - Use of Cash Balance by Governor and General Assembly
 - Closure of over 30 Special Funds
- **Fee Increases**
 - Radiation Protection, State Parks, Food & Lodging, Hazardous Waste
- **Vacant positions**
 - Eliminated nearly 70 positions in FY 2009-10
- **Programmatic Changes**
 - Eliminated programs
 - Consolidations

DENR: FY 2010-11 Consolidations

Pollution Prevention & Environmental Assistance

+ Customer Service Center

→ **Division of Environmental Assistance & Outreach**

Conservation & Community Affairs

+ Natural Resource Planning & Conservation

→ **Office of Conservation, Planning, & Community Affairs**

Environmental Education

+ Public Affairs

→ **Office of Environmental Education & Public Affairs**

Presentation Overview

1. Overview of Environmental Programs
 - a. Department of Environment & Natural Resources
 - b. Conservation Trust Funds**
 - c. Wildlife Resources

2. Governor's Actions

Clean Water Management Trust Fund (CWMTF)

General Fund Appropriation

FY 2009-10	\$50 million
FY 2008-09	\$100 million
FY 2007-08	\$100 million
FY 2006-07	\$100 million
FY 2005-06	\$100 million

- General Fund appropriation
- G.S. sets appropriation of \$100 million annually
- FY 2008-09 : Governor transferred \$115 million to balance the budget

Natural Heritage Trust Fund (NHTF)

	Deed Stamp Tax	License Plate Fees
FY 2009-10	\$8.6 million	\$4.1 million
FY 2008-09	\$9 million	\$4.3 million
FY 2007-08	\$15.2 million	\$3.2 million
FY 2006-07	\$18.6 million	\$3.7 million
FY 2005-06	\$18.8 million	\$3.9 million

- Funding Sources:
 - 25% of deed stamp tax
 - Fees from specialty license plates (\$5/plate)
 - Interest earnings

- FY 2008-09 :
Governor – \$2.8 million to balance the budget

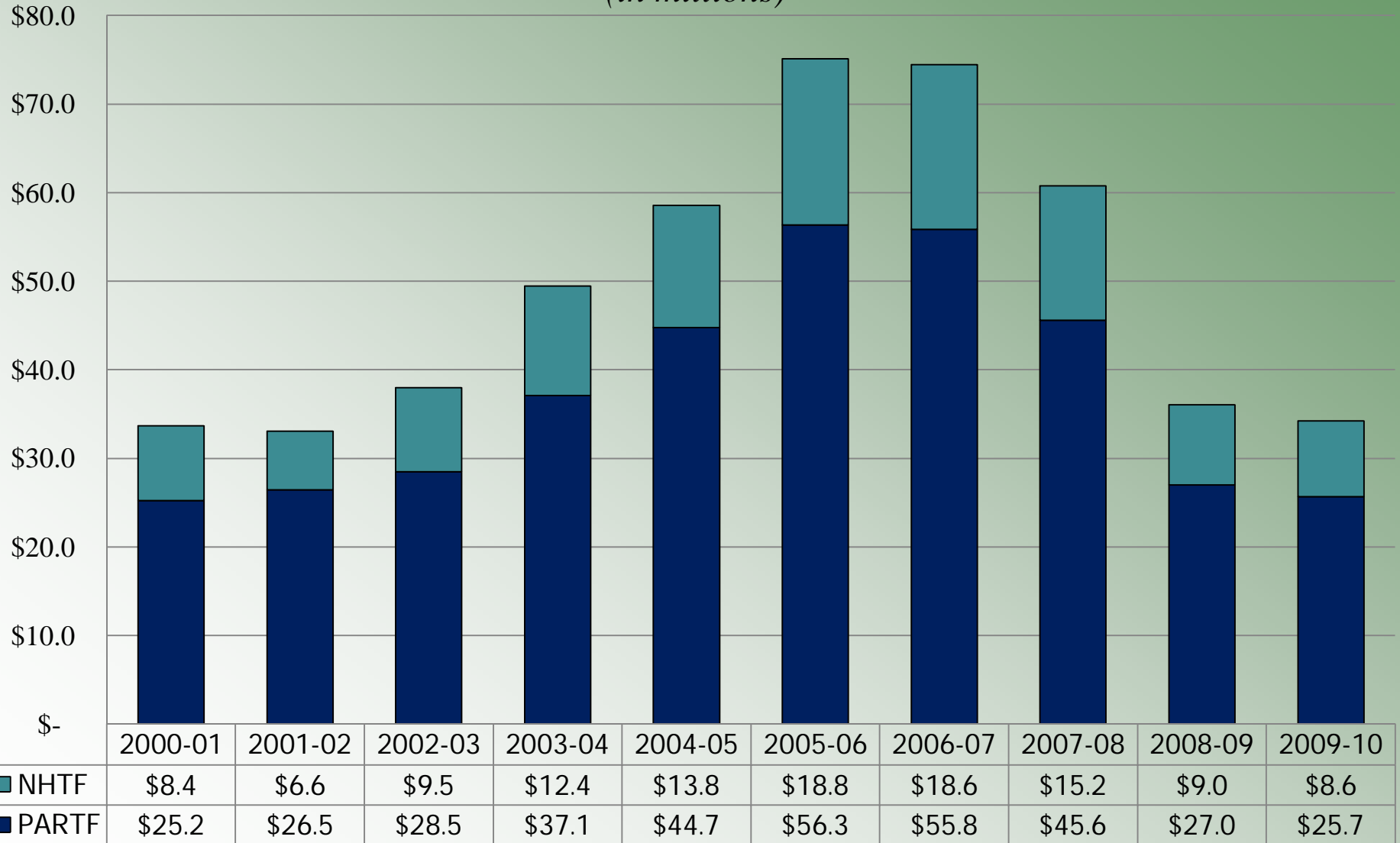
Parks and Recreation Trust Fund (PARTF)

	Deed Stamp Tax	License Plate Fees
FY 2009-10	\$25.7 million	\$1.4 million
FY 2008-09	\$27 million	\$1.4 million
FY 2007-08	\$45.6 million	\$1.4 million
FY 2006-07	\$55.8 million	\$1.3 million
FY 2005-06	\$56.3 million	\$1.4 million

- Funding Sources:
 - 75% of deed stamp tax
 - Fees from specialty license plates (\$5/plate)
 - Interest earnings
- FY 2008-09 :
Governor – \$6 million to balance the budget

Deed Stamp Tax Receipts

(in millions)



Agriculture Development & Farmland Preservation Trust Fund (ADFPTF)

General Fund Appropriation	
FY 2009-10	\$2 million R
FY 2008-09	\$4 million NR
FY 2007-08	\$8 million NR
FY 2006-07	-
FY 2005-06	\$50,000 NR

- Funded by the General Fund
- FY 2010-11: \$2 million R (first year of recurring funding)

Presentation Overview

1. Overview of Environmental Programs
 - a. Department of Environment & Natural Resources
 - b. Conservation Trust Funds
 - c. **Wildlife Resources Commission**

2. Governor's Actions

Wildlife Resources Commission

- Created in 1947
- 680+ employees
- Six divisions
- Wildlife Endowment Fund

Budget Actions

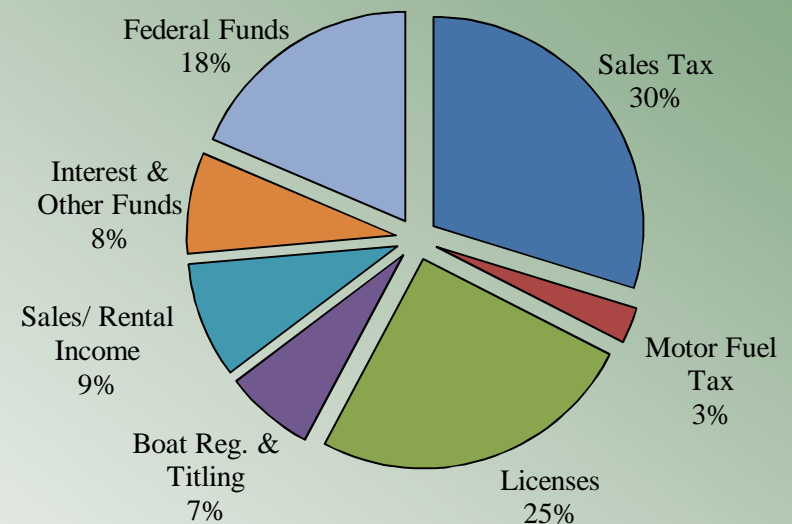
FY 2009-11: Transfer capped at \$21.5 million

FY 2010-11: Provide \$3 million to General Fund

Sales Tax Allocation

FY 09-10	\$21.5 million
FY 08-09	\$24.7 million
FY 07-08	\$23.7 million
FY 06-07	\$21.9 million
FY 05-06	\$18.6 million

Source of Funds FY 2010-11



Presentation Overview

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FY 2010-11 Governor's Actions

- Required 3.5% holdback for Cabinet agencies
 - August 24th – 1% management flexibility reduction
 - December 17th – additional 2.5% reduction
- Requested 5-10-15% budget reduction options
 - DENR submitted 5-10-15% options
 - WRC, Trust Funds did not submit options (receipt-supported)
 - Ag. did not submit proposed reduction options

DENR: Reduction Overview

Reduction Percent	Reduction Amount
5%	~ \$9.7 million
10%	~ \$19.4 million
15%	~ \$29.2 million

- Divisions with proposed cuts of over \$1 million:
 - Aquariums
 - Environmental Health
 - Forest Resources
 - Marine Fisheries
 - Nonprofits
 - Parks & Recreation
 - Water Quality
 - Zoo

DENR: Proposed Reductions

- Use of grants and receipts
 - Ex: Use Aquarium gate admissions to fund operations
- Major program reductions
 - Close 2 Educational State Forests
 - Close 2 State Parks
 - Close certain State Parks on Tuesdays, Wednesdays, Thursdays
 - Contract out Zoo gift shop operations

DENR: Proposed Eliminations

- Programs proposed for elimination
 - WaDE (DEH)
 - Well Drillers (DWQ)
 - On-Site Quality Assurance Program (DEH)
 - Oyster Sanctuary Program (DMF)
 - Working Lands Program (CPCA)
 - Animal Waste Management Systems Pilot Program (SWC)
- Pass-through funding for elimination
 - Grassroots Science Museum Collaborative
 - Partnership for the Sounds

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Commerce, Boards & Commissions, State-Aid