2001

JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

MINUTES

APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

HOUSE
STAN FOX, CHAIR
BILL OWENS, CHAIR
ARLIE CULP
HOWARD HUNTER
FRANK MITCHELL
ALICE UNDERHILL
TRACY WALKER
EDITH WARREN
NURHAM WARWICK
JOHN WEATHERLY
ROGER WEST

SENATE
R. L. BOB MARTIN, CHAIR
DAVID WEINSTEIN
CHARLIE ALBERTSON
HAM HORTON
STEVE METCALF
A. B. SWINDELL, IV

STAFF
JENNIFER HOFFMAN
JENNIFER WILLIS

COM. ASSISTANTS
MARY CAPPS
LINDA A. JOHNSON
CAROLYN GOODEN

NORTH CAROLINA GENERAL ASSEMBLY

APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES
2001 – 2002 SESSION



Rep. Fox
Chair



Rep. Owens
Chair



Rep. Warren
Vice-Chair



Rep. Culp



Rep. Hunter



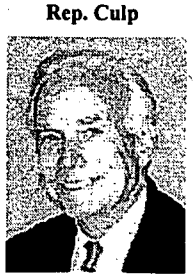
Rep. Mitchell



Rep. Underhill



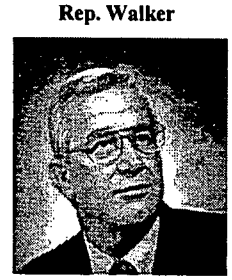
Rep. Walker



Rep. Warwick



Rep. Weatherly



Rep. West

HOUSE COMMITTEE on APPROPRIATIONS
Subcommittee on Natural and Economic Resources
2001-2002 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Fox, Stan	Mary Capps	3-5757	1217	46
Owens, Bill	Linda A. Johnson	3-0010	632	9
Culp, Arlie	Waneta Lord	3-5865	1010	50
Hunter, Howard	Barbara Phillips	3-2962	613	68
Mitchell, Frank	Susan West	3-5931	513	101
Underhill, Alice	Marian Phillips	3-5827	1221	91
Walker, Tracy	Barbara Powell	3-5935	1111	107
Warren, Edith	Nancy Willis	3-3019	417-A	17
Warwick, Nurham	Linda Uzzle	5-3003	419-C	14
Weatherly, John	Nancy Garriss	3-4838	502	93
West, Roger	Linda C. Johnson	3-5859	1004	106
Ex officio members:				
Baddour, Phil	Elizabeth Kirkland	5-0850	2301	31
Cunningham, Pete	Valerie Rustin	3-5778	541	7
Dedmon, Andy	Donna Abu Harb	3-5732	2213	12
Earle, Beverly	Ann Raeford	3-5747	535	95
Hackney, Joe	Emily Reynolds	3-5752	2207	69

MEMBERSHIP LIST

SENATE APPROPRIATIONS SUBCOMMITTEE ON

NATURAL AND ECONOMIC RESOURCES

MEMBERSHIP	OFFICE	PHONE
Senator R.L. "Bob" Martin, Chairman	410	5-3040
Senator David Weinstein	2108	3-5651
Senator Charlie Albertson	525	3-5705
Senator Ham Horton	1117	3-7850
Sen. Steve Metcalf	300-D	5-8361
Senator A.B. Swindell	521	3-5655

ATTENDANCE

HOUSE APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

(Name of Committee)

DATES	02/28/01	03/06/01	03/13/01	03/15/01	03/21/01	03/27/01	03/29/01	04/04/01	04/10/01	04/12/01	04/18/01	05/01/01	06/06/01	06/07/01	06/12/01
STAN FOX, CHAIR	X	X	X	X	X	X	X	X	X	X	X	X	X		
BILL OWENS, CHAIR	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
EDITH WARREN, VICE-CHAIR	X	X	X	X	X	X	X	X	X	X	X		X	X	X
ARLIE CULP	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
HOWARD HUNTER	X								X		X				
FRANK MITCHELL	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
ALICE UNDERHILL	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
TRACEY WALKER	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
NURHAM WARWICK		X	X	X	X	X		X					X	X	X
JOHN WEATHERLY	X	X	X	X	X	X	X	X	X	X		X	X	X	X
ROGER WEST	X	X		X	X	X	X	X	X	X	X	X	X	X	X
Ex officio Members															
JOE HACKNEY															
PHIL BADDOUR															
ANDY DEDMON															
BEVERLY EARLE															
PETE CUNNINGHAM															
X PRESENT															

ATTENDANCE

HOUSE APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

Page 2 (Name of Committee)

DATES	06/13/02	06/22/01	07/10/01												
STAN FOX, CHAIR		X	X												
BILL OWENS, CHAIR	X	X	X												
EDITH WARREN, VICE-CHAIR	X	X	X												
ARLIE CULP	X	X	X												
HOWARD HUNTER	X	X	X												
FRANK MITCHELL	X		X												
ALICE UNDERHILL	X	X	X												
TRACEY WALKER			X												
NURHAM WARWICK	X	X	X												
JOHN WEATHERLY	X		X												
ROGER WEST	X		X												
Ex officio Members															
JOE HACKNEY															
PHIL BADDOUR															
ANDY DEDMON															
BEVERLY EARLE															
PETE CUNNINGHAM															
X PRESENT															

ATTENDANCE

HOUSE APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

(Name of Committee)

DATES	2/21	3/1	3/7	3/14 am	3/14 pm	3/22	3/28	4/3	4/5	4/11	4/17	4/19	5/8	5/24	
STAN FOX, CHAIR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
BILL OWENS, CHAIR	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
EDITH WARREN, VICE-CHAIR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
ARLIE CULP		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		
HOWARD HUNTER	✓							✓			✓	✓		✓	
FRANK MITCHELL	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
ALICE UNDERHILL	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
TRACEY WALKER		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
NURHAM WARWICK	✓	✓	✓	✓	✓	✓			✓	✓	✓		✓	✓	
JOHN WEATHERLY	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
ROGER WEST	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Ex officio Members															
JOE HACKNEY															
PHIL BADDOUR															
ANDY DEDMON															
BEVERLY EARLE															
PETE CUNNINGHAM							✓								

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, February 21 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, May 24 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Owens, Fox, Warren, Hunter, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein called the meeting to order and had the members and staff introduce themselves. Jennifer Willis, Fiscal Research, presented a general description of what NER is, what the role of staff in the Fiscal Research Division is, how they serve both House and Senate members. This is Attachment A of these minutes.

The meeting adjourned at 9:00 a.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Clerk

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, February 21, 2001
Sen. David Weinstein, Presiding

1. **Chairman's Comments**

2. **Member Introductions**

3. **Staff Introductions**

4. **Staff Presentation**

   - **What is Natural and Economic Resources (NER)?** – NER is one of 7 appropriations subcommittees and is comprised of the following agencies: Agriculture and Consumer Services, Environment and Natural Resources, Commerce, Labor, the Housing Finance Agency, and a number of non-state entities.

   - **Role of the Fiscal Research Division** – Fiscal Research is a centralized, non-partisan staff serving all 170 members of the General Assembly. The division staffs both Appropriations and Finance Committees. As staff to the NER Appropriations Subcommittee, our principal role is to address fiscal and programmatic issues regarding our agencies.

   - **Our Role in Serving House and Senate Members** – Our primary assignment is in the NER area; however, should a question arise outside of that subject area, we will work with you to ensure that you are put in touch with the appropriate analyst to address your concerns. Staff works most directly through the chairs but we also work with members individually and are here to answer questions for all of you. Confidentiality of Legislative Communications (G.S. 120-130) provides for your questions to remain confidential unless you want to be identified.

   - **Your Attached Handouts** – Staff has provided you with a list of agency contacts with whom we work most frequently, a detailed list of staff subject

assignments within NER, and a list of frequently used NER acronyms and budget terms.

- **What to Expect in the Coming Weeks** – Given the direction from both House and Senate Full Appropriations Chairs, the subcommittees will be taking a modified zero-based budgeting approach to analyzing agencies and their requests for continuation budget funding. This is different from approaches we've taken in the past. This new approach will focus heavily on line item detail, cash balances and special funds, programs created or expanded since 1996, and where appropriate, agency fees. Departments will play a greater role in budget presentations than in previous years. We will lead off with non-state entities that receive ongoing appropriations, and then turn our attention to an agency-by-agency approach.

5. Closing Remarks

Natural and Economic Resources
Agency Contacts

Department of Agriculture and Consumer Services

- Meg Scott Phipps - Commissioner – 733-7125
- Alan Foster – Deputy Commissioner/Liaison – 733-7314
- Weldon Denny - Deputy Commissioner/Liaison – 733-7125
- Clara Gay – Budget Officer – 733-7314

Department of Commerce

- Jim Fain – Acting Secretary – 733-1374
- Don Hobart – Legislative Liaison – 733-3448
- Robin Pasquarello – Budget Officer – 715-5602

Department of Environment and Natural Resources

- Bill Ross – Secretary – 715-4102
- Dempsey Benton – Chief Deputy Secretary – 733-4984
- Richard Rogers – Legislative Liaison – 715-4152
- Laura DeVivo – Legislative Liaison – 715-4189
- Jane Smith – Budget Officer – 733-8801

Department of Labor

- Cherie Berry– Commissioner – 733-0359
- Becky Brown – Budget Officer – 733-7426
- Kevin Leonard – Legislative Liaison – 733-0365

Housing Finance Agency

- Bob Kucab – Executive Director – 877-5500
- Margaret Matrone – Legislative Liaison – 877-5500

Office of State Budget and Management

- Buddy Humphrey – Budget Administrator – 733-7061
- Johnny Gray – Budget Analyst – 733-7061
- Jim Nowell – Budget Analyst – 733-7061

Natural and Economic Resources
Fiscal Research Division
Suite 641, Legislative Office Building
Phone: 733-4910 Fax: 715-3589

ANALYST	OFFICE NUMBER	E-MAIL ADDRESS
Jennifer Willis	21	Jenniferwi@ncleg.net
Jennifer Hoffmann	18	Jenniferho@ncleg.net
Adam Levinson	16	Adaml@ncleg.net
Dwayne Pinkney*	20	Dwaynep@ncleg.net

DEPARTMENTS/ASSIGNMENTS	ANALYST
Department of Agriculture	Jennifer Willis
Administration	
Agricultural Finance Authority	
Agricultural Statistics Division	
Agronomic Services Division	
Aquaculture	
Food and Drug Division	
Food Distribution Division	
Marketing (Includes Farmers' Markets and Cooperative Grading)	
Plant Industry Division	
Research Stations/State Farms Division	
Standards Division	
Structural Pest Division	
Veterinary Division	
Department of Commerce	
Alcohol Beverage Control Commission	Adam Levinson
Administrative Services	Adam Levinson
Aircraft	Jennifer Willis
Banking Commission	Adam Levinson
Business/Industry Development	Adam Levinson
Cemetery Commission	Adam Levinson
Center for Entrepreneurship and Technology	Adam Levinson
Commerce Finance Center	Adam Levinson
Community Assistance	Jennifer Willis
Credit Union Commission	Adam Levinson
Employment Security Commission	Adam Levinson

GEN-4

DEPARTMENTS/ASSIGNMENTS

Department of Commerce (cont.)	**ANALYST**
Employment and Training	Adam Levinson
Housing Trust Fund	Jennifer Willis
Industrial Building Renovation Fund	Adam Levinson
Industrial Commission	Adam Levinson
International Trade	Adam Levinson
Mutual Burial Association	Adam Levinson
Ports	Jennifer Hoffmann
Regional Economic Development Partnerships	Jennifer Willis
Rural Electrification	Adam Levinson
Savings Institutions	Adam Levinson
Travel, Film, and Sports Development	Jennifer Hoffmann
Utilities Commission	Adam Levinson
Wanchese Seafood Industrial Park	Jennifer Hoffmann
Worker Training Trust Fund	Adam Levinson
Workforce Preparedness Division	Adam Levinson
Nonprofit Organizations	
Biotechnology Center	Adam Levinson
Center for Community Self-Help	Adam Levinson
Coalition of Farm & Rural Families	Jennifer Willis
Institute for Minority Economic Development	Jennifer Willis
Land Loss Prevention Project	Jennifer Willis
NC Association of Community Development Corporations (CDCs)	Jennifer Willis
NC Minority Support Center	Jennifer Willis
Rural Economic Development Center	Jennifer Willis
Technological Development Authority	Adam Levinson
World Trade Center	Adam Levinson
Department of Environment and Natural Resources	
Administrative Services	Jennifer Willis
Air Quality	Jennifer Hoffmann
Aquariums	Jennifer Willis
Clean Water Management Trust Fund	Jennifer Hoffmann
Coastal Management	Jennifer Hoffmann
Environmental Education	Jennifer Willis
Environmental Health	Jennifer Hoffmann
Forest Resources	Jennifer Willis
Land Resources	Jennifer Hoffmann
Marine Fisheries	Jennifer Hoffmann
Museum of Natural Sciences	Jennifer Willis

DEPARTMENTS/ASSIGNMENTS	ANALYST
Department of Environment and Natural Resources (cont.)	
Parks and Recreation	Jennifer Willis
Pollution Prevention & Environmental Assistance	Jennifer Hoffmann
Radiation Protection	Jennifer Hoffmann
Regional Offices	Jennifer Willis
Soil and Water Conservation	Jennifer Hoffmann
Waste Management	Jennifer Hoffmann
Water Quality	Jennifer Hoffmann
Water Resources	Jennifer Hoffmann
Wildlife Resources Commission	Jennifer Willis
Zoo	Jennifer Willis
Department of Labor	
Administration	Adam Levinson
Agricultural Safety and Health	
Apprenticeship Division	
Arbitration, Conciliation, and Mediation Services	
Boiler & Pressure Vessel Inspection Bureau	
Elevator Inspection Bureau	
Mine & Quarry Division	
Occupational Safety and Health Division	
Private Personnel Services	
Research and Statistics Division	
Wage and Hour Division	
Workplace Retaliatory Discrimination	

*Note – The 1999-2001 General Assembly created Appropriations Subcommittees on Information Technology. Dwayne Pinkney is primary staff to these subcommittees; however, he is a member of the NER/Information Technology Team.

Glossary of Frequently Used Fiscal Terms

AUTHORIZED BUDGET: Total monies appropriated by the General Assembly plus additional departmental receipts that reflect reallocations of monies by line item as approved by the Office of State Budget.

BEGINNING GENERAL FUND CREDIT BALANCE: The sum of unspent and/or unobligated appropriations (reversions) and overcollections of legislative revenue estimates, at the beginning of the fiscal year.

BILL LEE ACT: The William S. Lee Quality Jobs and Expansion Act provides for tax credits available to eligible companies expanding or relocating in North Carolina that hire within the North Carolina workforce to fill positions.

BOILERPLATE: Special provisions, or budgetary language that is typically repeated year after year in the budget bill. For example, non-profit reporting requirements are boilerplate.

CARRY-FORWARDS: Funds appropriated but unspent in the first fiscal year of a biennium which by authorized budget revision are brought forward for expenditure in the second fiscal year of the same biennium.

CDBG: Community Development Block Grant; A federally funded program operated by the Department of Commerce to assist local governments with community and economic development projects that benefit low and moderate income individuals and families.

CERTIFIED BUDGET: All monies appropriated by the General Assembly to each spending agency as that agency's legal budget.

COG (Council of Governments) or LRO (Lead Regional Organization): These eighteen regional organizations provide the leadership for regional planning and program implementation for local governments in each region.

COMMUNITY DEVELOPMENT CORPORATION (CDC): A non-profit corporation whose activities and decisions are initiated, managed, and controlled by its constituencies, and whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development.

CONTINUATION (BASE) BUDGET: The budgeted amounts for operating funds to carry on already established programs at the level of support approved by the previous General Assembly. May contain increases for documented increases in the price of food, drugs, utilities; for statutory increases, i.e., social security; for operation of newly completed facilities; or for annualization of costs for programs previously funded for only part of a year.

DENR: The Department of Environment and Natural Resources

ENTERPRISE FUNDS: A special fund account in which most or all of the revenue is derived from direct charges to users of the services supplied by the program supported from the fund.

ESC: The state Employment Security Commission was created in statute to promote the economic well being of North Carolina's workforce by providing unemployment services, unemployment insurance, and labor market information. The ESC is administered through the Department of Commerce.

EXPANSION BUDGET: The recommendations to fund improvements or expansions in existing programs, to establish new programs, to provide for salary increases, and to provide for increases in enrollments, caseloads and institutional populations.

FULL-TIME EQUIVALENT (F.T.E.): The figure arrived at by converting an unduplicated head-count of full-time and part-time program participants to an equivalent full-time count.

GENERAL FUND: A pool of financial resources made up of a beginning credit balance, state tax revenues, and state non-tax revenues. These monies are appropriated for both the operation of state agencies and construction and renovation of state facilities.

LAPSED SALARY FUNDS: Lapsed salary funds are surpluses that accrue because a position may be temporarily vacant due to delays in hiring, resignation, termination, or retirement. Lapsed salary surpluses are *one-time* monies that accumulate only while a position vacancy exists.

NON-RECURRING: Term used to denote one-time revenues (windfalls, reversions) or one-time expenditures (grant-in-aid, capital).

OSH: The Occupational Safety and Health Division of the Department of Labor operates a number of programs, including inspection and consultation, designed to promote workplace safety and health.

RECURRING: Term used to denote revenues or expenditures that will be continuing, such as sales and personal income taxes, or salaries, fringe benefits, utilities.

REVERSIONS: Unspent appropriations returned to the General Fund or Highway Fund (as applicable) at the end of each fiscal year.

SALARY RESERVE: Unobligated or surplus funds generated by a position being filled at a salary less than the budgeted salary authorized by the General Assembly.

SPECIAL BUDGET PROVISIONS: Language contained in the Appropriation Bill pertaining to State fiscal matters, the management, evaluation, and oversight of State government programs or policy, and the expenditure of appropriations contained in the Bill.

SPECIAL FUNDS: Accounts to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose. Special Funds do not have

state monies directly appropriated to them. By definition, money in a special fund does not revert at the end of the fiscal year. Example: Wildlife Fund or the Clean Water Management Trust Fund.

STATE AID FOR NON-STATE ENTITIES: Funds appropriated by the General Assembly to nongovernmental entities for a variety of purposes. Funds may or may not carry restrictions on expenditures.

TRUST FUNDS: Accounts consisting of resources received and held by the State as trusted to be expended or invested in accordance with the conditions of the trust. In other words, Trust Funds are accounts where the State acts as a trustee. The State can only execute the terms of the trust, it can not change the purpose for which the trust was created. They are classified as to what assets, if any, may be paid out of the fund. The three classifications are (1) expendable, (2) non-expendable, or (3) expendable as to income but unexpendable as to principal.

WIA: Workforce Investment Act; The Workforce Investment Act, signed into law in 1998, reformed Federal job training programs and created a new, comprehensive workforce investment system. WIA replaced the Job Training Partnership Act (JTPA).

WORKER TRAINING TRUST FUND (WTTF): The Worker Training Trust Fund was created, as part of the statutory authorization for the ESC Reserve Fund, to provide funding for programs to support unemployed workers. The fund balance derives from interest earnings generated by the ESC Reserve Fund.

VISITOR REGISTRATION SHEET

Name of Committee: _____ Date: 2-21-01

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Douglas Howay	NCPMA
LAURA DENVO	DENR
Dempsey Benton	DENR
Jerry Smith	DENR
ROGERS	DENR
Doug Lassiter	NC Septic Tank Assoc
Bill Rowe	NC Justice Ctr + NC Low Income Housing Coa!
Buddy Humphrey	OSBM
Johanna Gray	OSBPM
[illegible]	CWMTF
ROBIN PASQUARELLO	Commerce
DON MOBERLY	Commerce
Angie McMillan	The Nature Conservancy
DAVID ROUZER	CALS / NCSU
JERRY HARDESTY	NC. Pork Council
Jim Fain	Commerce
Carole Lawler	EGHS
Scarlette Gardner	Industrial Commission
Buck Lattimore	Industrial Commission
Kay Emanuel	Industrial Commission
[illegible]	NCFB
John Bowdish	Alley Associates
[illegible]	Labor Dept
Becky Brown	Labor
Kevin Leonard	Labor
David HERLONG	OSBPM

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, February 28, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairman's Comments**

2. **North Carolina Biotechnology Center**
   Charles E. Hamner, DVM, Ph.D., Executive Director

3. **North Carolina Rural Economic Development Center**
   Billy Ray Hall, President

4. **Committee Discussion**

5. **Closing Remarks**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
February 28, 2001 – 8:30 AM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, February 28, 2001 at 8:30 AM. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracy Walker, John Weatherly and Roger West.

REVIEW OF NON-PROFITS IN CONTINUATION BUDGET
North Carolina Biotechnology Center

Chair Stan Fox called the meeting to order. He called upon Dr. Charles Hamner, Executive Director, North Carolina Biotechnology Center, to discuss the programs of the Center and the related outcomes. He shared the Center's Report to the Joint NER Committee (ATTACHMENT I) and asked committee to follow the report as he reviewed it. The Center was created 17 years ago. Its mission is purely economic development through the utilization of bioscience technologies, research development and commercialization. The overall industry has grown ten-fold since 1985. We have 120 companies in NC, located in nineteen counties, and two-thirds of the companies are home grown companies. The growth and development is because the Legislature has taken a long-term view of supporting our activities. Development of the biotechnology/bioscience industry in NC has gained from sustained state commitment, informed leadership and implementation of five essential strategies:

1. Develop strong university research programs
2. Ensure effective technology transfer from universities to industry
3. Develop effective workforce training at all levels, particularly in the community colleges
4. Build the requisite business community infrastructure
5. Develop sound governmental and societal policy

Over the past 16 years the state has invested over $123 million. The return on investment has been inexcess of $2.0 billion when you add up monies coming into universities, from recruitment of companies that have built facilities here, and from venture capital money that has come into 57 companies that we helped to create. We have created about 13,000 new jobs and the payroll is about $550 million. We have seed funded a number of seed research ideas. We have provided 429 research scientists in 20 universities and colleges in the state, and the research programs are directly related to our economy, including things like forestry, bioprocess development, biomanufacturing and now the genomics, proteomics and bioinformatics. These newest programs are in the formative stage. The business and technology development program has provided seed

investment funds for 57 start-up companies, 42 of which have been successful. It has cost the state $12 million, and 1,700 new jobs with an annual payroll of $100 million have been created. The companies have gained private investments and nine initial public offerings of $460 million. Venture Capital Funds have cost the state $10 million, and the return on investment has been $17 million from corporate investors in the fund plus $37 million gained from investors directly into portfolio companies.

The Biotechnology Center works with the Department of Commerce, and to date we have recruited 11 biopharmaceutical, agriculture/chemical or biomanufacturing firms to our state. Cost to date of this program is $15 million, and 3,750 new jobs with an annual payroll of over $200 mission have been created. The companies have constructed over $850 million in new facilities. The Education and Work Force Training Program has trained 1,000 high school science teachers who reach 100,000 students per year. We have published a textbook for teachers and students on DNA technology. The cost of this program is $9 million, and North Carolina has gained a national and international reputation for technology based economics.

Dr. Hamner stated there are concerns as noted on page 6 of the attachment. In times of tight money, we are experiencing a growth in our industry of 20 percent a year compounded. We have an ever-expanding community and industry to serve and support. We do not want to blunt that growth. We have always taken a leading edge approach and been ahead of rest of country. The Center's minimum requirements for core programs in the recurring budget this year will be $9.5 million annually for each year of biennium. Because other states envy North Carolina's strong reputation and industry, they are aggressively targeting biotechnology and the states of Maryland, Michigan, Minnesota, Virginia and Georgia have committed $1 billion over coming years in biotechnology.

Dr. Hamner reviewed the budget on page 17. The committee was confused about the total actual cash expenditures as noted on pages 10 and 17. Ms. Lori Greenstein, Senior Vice President, Corporate Administration and CFO, was recognized. She explained the Center does accrual accounting. On page 10 under Expenditures: Program management and general is cash out the door for various expenses. It does not include all the grant awards that we make in any given year that are paid out over time. The contract, grant and note payments line relates to awards made in previous years. Dr. Hamner said the reason we have accrual accounting in running grants programs is that you have to commit the money up front. We approve grants with a milestone protocol, and the money is released when the milestones are reached. You can easily have a couple million dollars difference between the annual cash budget and what is happening from an accrual point.

Senator Martin asked if all the high schools in the state have the text for education and workforce training, and Dr. Hamner said the majority of the high schools, about 400, have the text, and this includes every part of the state but not every county. Representative Fox asked if the seed money is in the form of an investment or a loan, and what is the record in regard to payment of the loan. Dr. Hamner stated the seed money is in loans, and we have made 36 outstanding loans and 19 loans have come due. Eighteen

of the 19 companies have paid us back. When a company borrows money from the Center for research and development purposes for equipment, a lien is put on the equipment so if the company goes bankrupt, we get the equipment back. Senator Martin asked if the Center takes an interest in the company as part of the collateral. The Center will make a loan and work with company at first time company is evaluated by venture capitals and at that point, we will take warrants in the company at the price of first valuation and those warrants are convertible to stock at a liquidation occurrence. Representative Mitchell asked regarding problems we have had with NCMC, does the Center own any stock now that is similar to the NCMC situation. Dr. Hamner stated we have had good attorney advice and from day one we have had conflict of interest guidelines that prohibit anybody at the Center from investing in anything that has to do with companies with which we deal. This is a flat rule. Representative Mitchell asked what is value of the Center. Ms. Greenstein stated as of June 30 the total value is $18 M including the building and its contents. The state has put $123 M into the Center. Representative Mitchell asked if we have lost $100 M. Dr. Hamner the Center has created a $550 M payroll. Income tax would amount to $40 M back to the General Fund.

Senator Metcalf asked about the geographic distribution of activities across the state. Educational activities are across the state. The investment in recruiting companies are in 19 counties and they tend to be in a circle starting with Sanford to Greensboro to Winston-Salem, Burlington and down to Franklinton, over to Clayton and back to Sanford. Representative Culp asked if he could get a copy of the textbook used in the schools. The textbooks are available to the high schools and Dr. Hamner will share one with him. Representative Warren asked how many companies does the Center work with on a regular basis. Dr. Hamner stated close to 100 of the 120 companies. There are about 90 small companies and 30 very large companies. We work less with the larger companies. The small companies need infrastructure support and so many services. Senator Swindell asked how do we compare in recruiting of the biotech companies in relation to other states on the cutting edge of biotechnology and what is future of some of the companies we recruit that might go out into other parts of our state instead of the RTP. Dr. Hamner said there is an economic development meeting in Kinston on Friday, and he plans to address this issue. We are at a point in time where companies will be able to move into rural areas. North Carolina is included on list of four places everybody looks at when they consider setting up a biotechnology company. We are about fifth in nation as far as size of our biotechnology industry, and we have ten percent (10%) of the biotechnology business. It is a $22 B industry. We have $2.2 B worth of sales and 39 biotechnology products are produced and shipped out of our state. This is second only to California in productivity. We are ready to recruit companies now to set up in our rural areas. Last year two tobacco and corn pharmaceutical companies set up in Kentucky and Missouri because we did not have money to recruit them. The Legislature gave the Center a $1 M grant last year to help us in recruitment. He knows the incentives to companies are controversial. The companies today are interested in gaining the technology. You have to have a certified site for companies to consider. They want technological support and research and a skilled workforce.

Time constraints caused Dr. Hamner to conclude his remarks, and Representative Fox stated we would have him back again. Representative Owens asked about the $4.3 M in cash on hand and why do you need that when you only had $1.8 M for a couple of years. He asked Dr. Hamner to report back to staff on the question.

North Carolina Rural Economic Development Center

Chair Bill Owens called upon Mr. Billy Ray Hall, President of the NC Rural Economic Development Center, to make a presentation. Mr. Hall shared ATTACHMENT II and maps and outlines. The first question is always who is rural in our state. The Center developed the map while working on SB 1343 with Senators Wellons and Weinstein. It is in the General Statutes that rural North Carolina is eighty-five (85) counties. By law the urban counties have 200 people per square mile density. Representative Culp asked how fast is the density changing, and Mr. Hall stated the law is written as of the census. In March three or four counties could change to urban. Page 2 of the ATTACHMENT tracts funding from the General Assembly. He reviewed the organizational chart on Page 3. Last year the Legislature formed the NC Rural Internet Access Authority. By August of 2001 every member of your district should be able to dial a local number and at $19.95 or less get Internet access. By August of 2002 in the Tier I and Tier II counties (about 27 counties), we will develop two work centers and by August of 2003 everyone in rural NC should have broadband access at 128 KBS individual and 256 for the businesses. Before the Microelectronics Center got into controversy, it gave the Rural Center $30 M to do this.

Mr. Hall reviewed the budget on page 9 of ATTACHMENT. There are 37 Rural Center employees, and only one-third of the money comes from a state appropriation for salaries. The other two-thirds is raised to operate the salary line items. Under Total Aid & Public Assistance this year the Rural Center will write $11,945,993 worth of checks to people in rural NC. The money will pay for water and sewer, micro loans, micro activity and other items. Mr. Hall said rural people statewide are depending upon the Legislature even if there is a budget crisis. Senator Martin stated in his experience with water associations they want to provide the water but not the sewer services. Because of the density of septic tanks in Pitt County a serious problem is developing. The Rural Center is making a serious mistake by creating water systems but not addressing sewer needs. Mr. Hall said the Center could only respond to applications coming in. We can only provide money to a local government through the bond issue. The association cannot receive money from the Center. They must now become part of the county as part of a district set up by county government. This is new law in the bond bill that is required. In looking at the future in terms of how we will do this, right now Senator Metcalf's Infrastructure Council's deliberations are going on. Now that county and city governments have decided it is a joint responsibility, and the League and Association have a staff working on this with us now.

Representative Owens asked where is the bond money reflected in the budget, and Mr. Hall referred to page 2 of the ATTACHMENT which shows cash flow. We give money in a commitment letter. When the local government has actually expended or

done the work, the treasurer will wire the money to us, and the same day the money is wired to the local government account. The $3.5 M is all we have disbursed to date of the roughly $40 M we have committed. Next year we will be paying out the bond projects. Representative Owens asked how much money have we given out to the Micro Enterprise sites. Mr. Hall stated there are four sites that received an upfront payment. Representative Owens asked why the Center needs a cash balance. Mr. Hall invited committee members to come to Center. The Center moved seven times in the first five years. So we went to the federal government and to Wake County with a request for help to build a new building. Wake County provided the dirt, the federal government provided $1 M and the private sector provided private grants of $600,000 to build the Rural Center. The cash reserve is needed to provide for the facility and staff. If the Center closed down, Wake County would own the building because it provided the land. Representative Fox asked how the board members are selected and how long do they serve. There are 50 board members. The Governor, Speaker and the Lt. Governor appoints three each, and they serve at pleasure of office holder. The other 41 are elected one half every year. They serve a two-year term. Representative Culp asked if a loan is turned down, would you have a better chance the next time. Mr. Hall said any time a loan is turned down, an explanation is given and when that is addressed we want people to try again. Fifteen percent of the loans will go bad. We lost $100,000 of our loan money last year. Fifty six percent of our loans are to women and fifty percent are to minorities. Representative Walker called attention to the water and sewer poster and asked what the West is doing wrong in that there are more projects in the Eastern part of the state. Mr. Hall said if you apply anywhere in NC you have about a one in three chance of being funded. The eastern part of the state is larger than the western part. For every three applications from the mountains one is generally funded. Behind the request is an engineer reading state law that says you must have a water quality problem, or you must be creating jobs or addressing both. You must have an imminent threat to public health to go in an emergency category. Applications must be good. The problem is we do not have enough money to fund every request. When groups come together and package requests and are able to secure other funding such as USDA, ETA, state agencies programs, EDA, and ARC, we can only go and track their money. When you look at water and sewer grants, we are the little guys. We can continue to work with the West on packaging applications with other funds. Chairman Owens stated Senator Metcalf and others have been working and there are some land use planning problems that have restricted the other grant money from coming down. Less applications from the West, less cities and towns are factors. The percentage of loan applications actually granted was greater in the West than in the East.

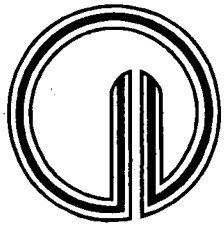
The meeting adjourned at 10:00 AM.

Respectfully submitted,

Stan Fox
Representative Stan Fox

Mary Capps
Mary Capps, Committee Assistant

Bill Owens
Representative Bill Owens



North Carolina Biotechnology Center Report to the Joint NER Committee

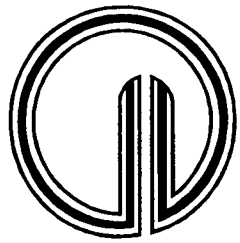
February 28, 2001

Report documents:

1. *Ensuring the Continued Development and Strength of North Carolina's Biotechnology/Bioscience Industry*:
   Statement by Charles E. Hamner, DVD, PhD • President and CEO
2. Mission Statement of the North Carolina Biotechnology Center
3. Funding History since FY 1996-97
4. Organizational Chart
5. Program Descriptions and FY00-01 Budget for Programs
6. FY 2000-01 Budgeted Expenditures

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Lori L. Greenstein • Senior Vice President, Corporate Administration and CFO



Ensuring the Continued Development and Strength of North Carolina's Biotechnology/Bioscience Industry

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February 28, 2001

Charles E. Hamner, DVM, PhD
President and Chief Executive Officer

W. Steven Burke, Senior Vice President
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In just 17 years, North Carolina has become one of the five top states in America for development and commercialization of biotechnology. Over 120 small or multinational companies in 19 counties statewide directly utilize the technology; two-thirds are home-grown startups, many springing from research at our universities.

Development of the biotechnology/bioscience industry in North Carolina has gained from sustained state commitment, informed leadership, and implementation of five essential strategies:

1 • *Develop strong university research programs*

2 • *Ensure effective technology transfer from universities to industry*

3 • *Develop effective workforce training at all levels, particularly in the community colleges*

4 • *Build the requisite business community infrastructure*

5 • *Develop sound governmental & societal policy*

Economic Value of Bioscience Technologies to North Carolina and Summary of Results, 1984-2000, North Carolina Biotechnology Center

This document outlines the cumulative outcome of core Biotechnology Center programs to strengthen North Carolina's bioscience resources and competitiveness.

Total cost of state investment over 16 years:
$123 million through June 30, 2000.

Return on investment:
Over $2.0 billion in investments and additional funding. Creation of 13,000+ new jobs with a current annual payroll of $550 million.

SCIENCE AND TECHNOLOGY DEVELOPMENT PROGRAM

- *Faculty Recruitment* Assisted state universities to recruit 46 research scientists who are national and international leaders in their fields. Made North Carolina competitive with leading research institutions in California, Massachusetts, and elsewhere.
- *Seeding Research and Ideas* Provided innovative research grants to 429 research scientists to explore new technologies and trigger their gain of additional federal funds.
- *Research Programs* Funded establishment of key, leading-edge university research programs strategically directed to North Carolina's economy, including forestry, biomanufacturing, and genomics leading to genetic therapy/pharmaceuticals.

Cost to date of this program: $67 million
Return on investment from program: $700 million in federal grants to date, plus $60 million per year into the future.

BUSINESS AND TECHNOLOGY DEVELOPMENT PROGRAM

- *Early Stage Funds* Provided "Seed Investment Funds" for 57 start-up companies, 42 of which have been successful.

  Cost to date of this program: $12 million
  Return on investment from program: Creation of over 1,700 new jobs with annual payroll of $100 million. Companies have gained private investments and initial public offerings of over $460 million.

- *Venture Capital Funds* Created the North Carolina Bioscience Investment Fund managed by Eno River Capital.

  Cost to date of this program: $10 million
  Return on investment from program: $17 million from corporate investors in the fund plus $37 million gained from investors directly into portfolio companies.

- *Recruitment* Assisted the Department of Commerce to recruit 11 biopharmaceutical, agricultural/chemical or biomanufacturing firms to North Carolina.

  Cost to date of this program: $15 million
  Return on investment from program: Creation of 3,750 new jobs with annual payroll of over $200 million. Construction of $850 million of new facilities. Creation of 2 new service sector jobs for each new manufacturing job, yielding 7,000 new service jobs.

EDUCATION AND WORK FORCE TRAINING PROGRAM

- Trained 1,000 high school science teachers who reach 100,000 students per year. Published a textbook for teachers and students on DNA technology.

- Established, assisted, or funded bioscience training programs and curricula at 400+ high schools and 54 colleges, universities and community colleges statewide.
- Established partnerships with 7 community colleges on workforce training programs and published training manuals for bioprocess manufacturing technicians.

Cost to date of this program: $9 million

NORTH CAROLINA'S NATIONAL REPUTATION AND COMPETITIVENESS

North Carolina's sustained commitment to biotechnology and to the North Carolina Biotechnology Center over the past 17 years has established the state as one of the recognized top five states nationwide for bioscience technology. North Carolina has gained a national and international reputation for technology-based economic development, informed biotechnology leadership, and competitive strength in biosciences.

North Carolina's Bioscience Future

CHARTING AND ANTICIPATING BIOSCIENCE GROWTH IN NORTH CAROLINA

	1986	**1996**	**2000**	**2006** *projected*	**2026** *projected*
Jobs	4,000	15,000	30,000	35-40,000	125,000
Product Sales	$150 million	$900 million	$2.2 billion	$3-4 billion	$15-20 billion
Payroll	$100 million	$525 million	$1 billion	$1.3 billion	$4 billion

Concerns

The biotechnology/bioscience endeavor statewide has developed so well that the Center's appropriation must support an ever-expanding community and industry.

The Center's Core Programs – university science, education, workforce training, and business development – must now incorporate biotechnology's newest thrust: Genomics, Proteomics and Bioinformatics.

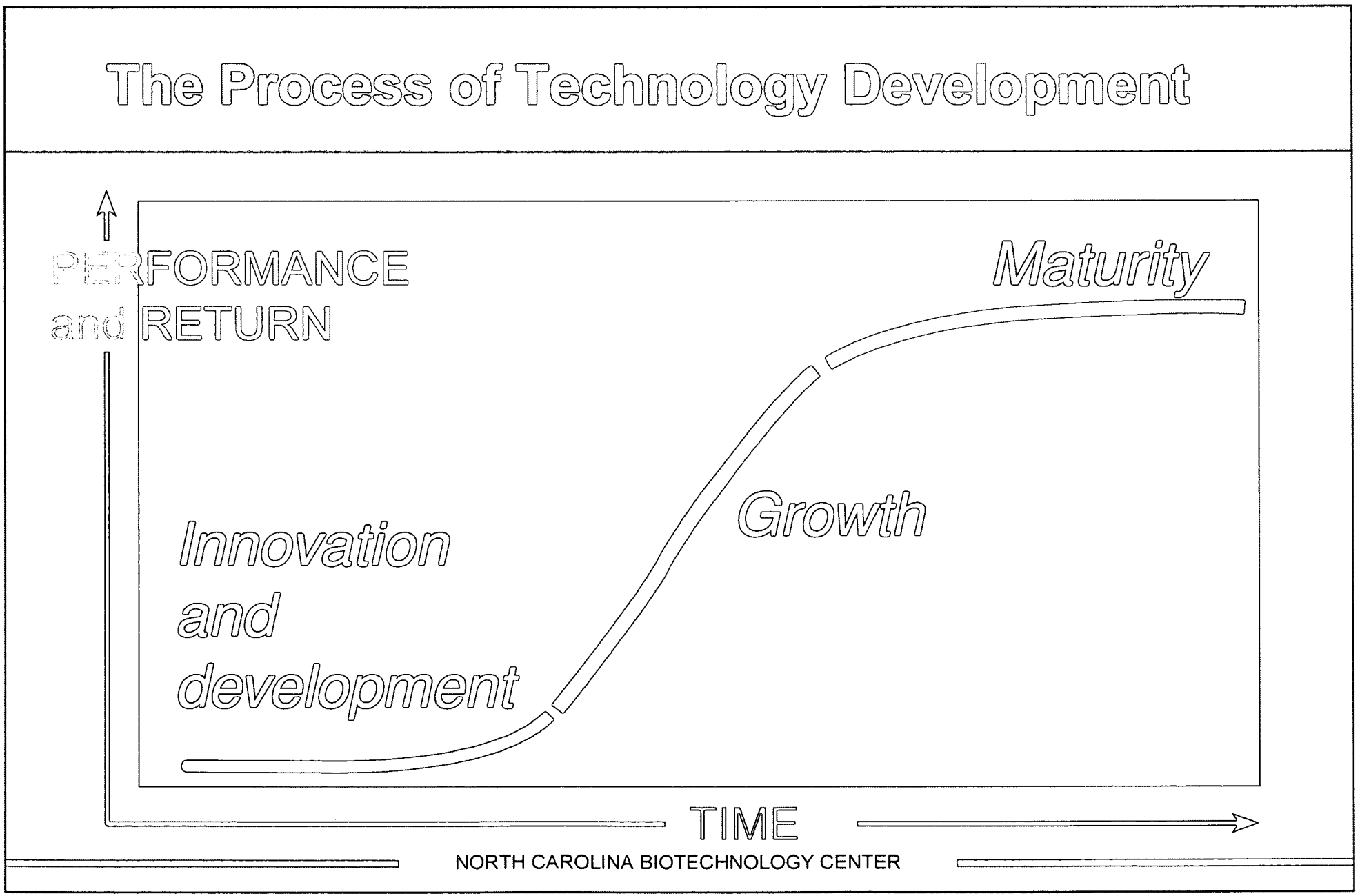
The Center's minimum requirement for its Core Programs in the 2001-2003 biennium is $9.5 million annually.

Of strong concern

Other states, envious of North Carolina's strong reputation and industry, are aggressively targeting biotechnology. Substantial appropriations are seen in particular in Maryland, Michigan, Minnesota, Virginia, and Georgia. Michigan, for instance, has committed $1 billion over coming years.

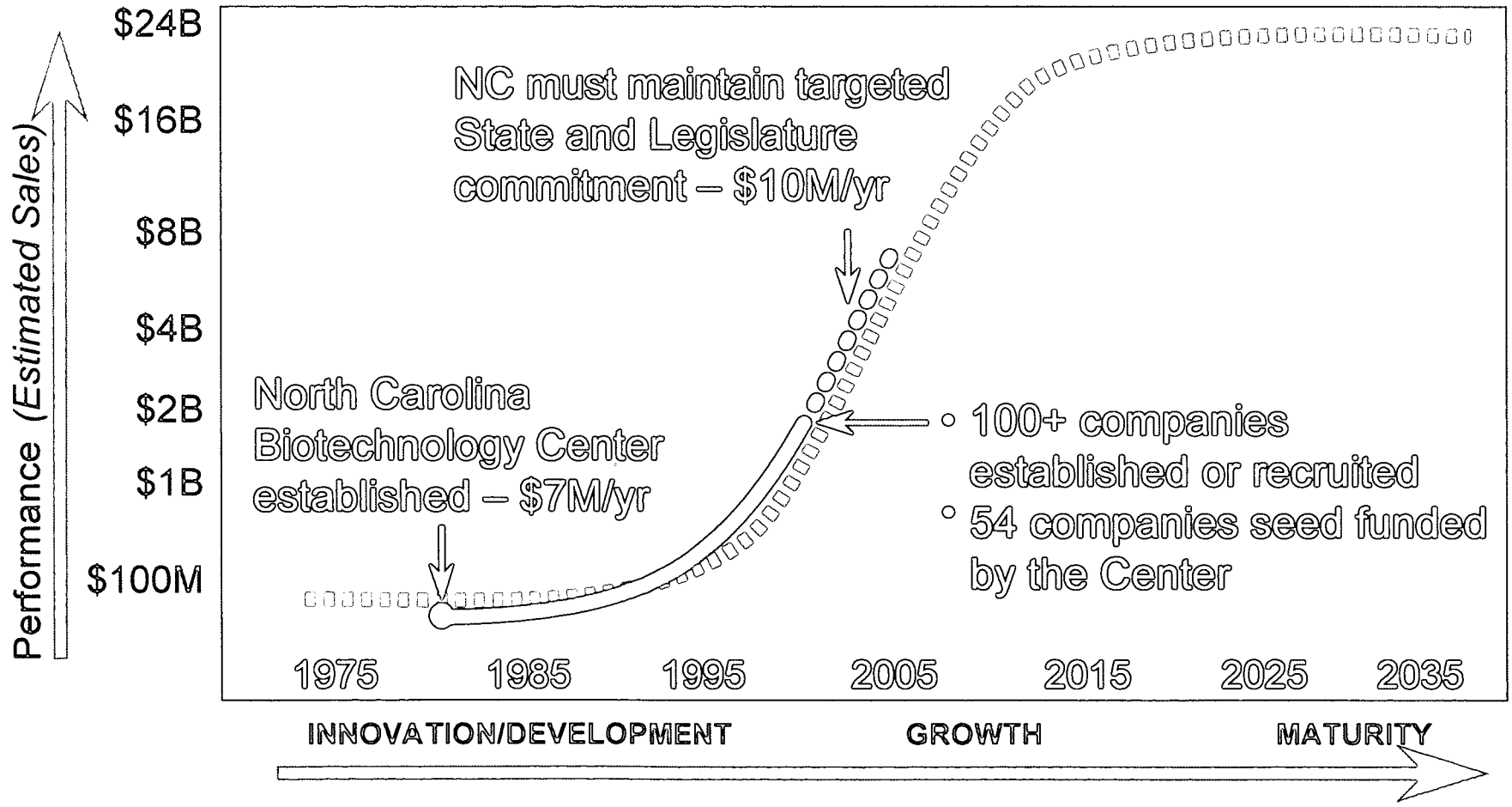
CONCLUSION AND IMPERATIVE:
A $100 MILLION INVESTMENT IS REQUIRED

The above data reveal a *strongly* growing industry – and a once-in-a-lifetime economic development opportunity. An investment of $10 million per year for the next ten years can produce thousands of jobs, billions of dollars in product sales, and accompanying tax revenues.


The Process of Technology Development
PERFORMANCE and RETURN
Maturity
Growth
Innovation and development
TIME
NORTH CAROLINA BIOTECHNOLOGY CENTER

North Carolina's Biotechnology Development

▫ ▫ ▫ ▫ ▫ ▫ Classical S-Curve expected of technology development. Richard Foster, *Innovation,* 1986
North Carolina's experience to date . . . and future expectations



NORTH CAROLINA BIOTECHNOLOGY CENTER

Mission Statement of the North Carolina Biotechnology Center

The North Carolina Biotechnology Center is a private, non-profit corporation established by the General Assembly in 1984 as the first state-sponsored biotechnology initiative in this country or Europe. The Center's mission is to provide long-term economic benefit to North Carolina through support of biotechnology research, development and commercialization statewide.

The Center works toward five goals:

- strengthen North Carolina's research capabilities in its academic and industrial institutions
- foster North Carolina's industrial development
- inform and educate the public about biotechnology
- develop mutually beneficial partnerships among all parties involved in moving biotechnology from research to commercialization
- establish for North Carolina a leadership role in biotechnology and its commercialization

The Center's operating philosophy is to assist, rather than duplicate, existing resources, and to leverage state funding with other investments. The Center undertakes multi-year, collaborative programs and activities to build the biotechnology infrastructure necessary for long-term economic growth.

The Center is not a site for laboratory research. Instead, it carries out a variety of programs and activities that help North Carolina's biotechnology community move biotechnology from the laboratory to the marketplace.

Core programs strengthen the biotechnology research capabilities of the state's universities; provide business assistance to biotechnology companies; and improve biotechnology education and workforce training. In addition, the Center has a full-service library on commercial biotechnology and a 20,000-square-foot Conference and Education Facility, both available to the public.

Other major activities include initiatives to put North Carolina at the forefront of research and business in forest biotechnology and genomics, proteomics, and bioinformatics.

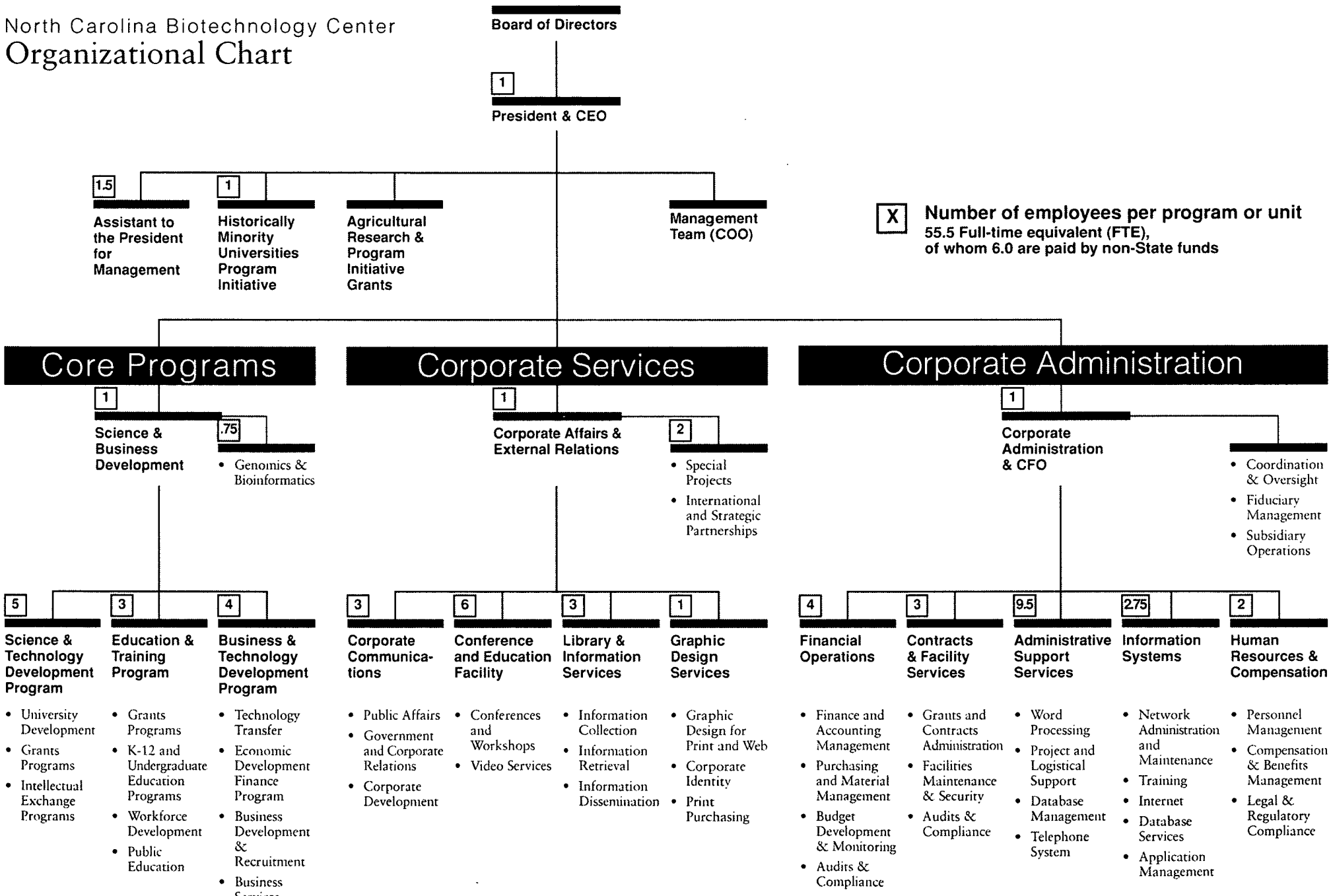
NORTH CAROLINA BIOTECHNOLOGY CENTER

Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation:					
Recurring	$7,664,396	$7,664,396	$7,638,913	$7,638,913	$7,638,913
Non-Recurring	1,000,000	8,500,000	2,500,000	2,000,000	1,000,000
Anticipated reversion	-	-	-	-	(172,778)
Other Sources of Funding	1,881,606	2,249,737	2,210,880	6,038,526	2,000,000
Prior Year Carry-Forward:					
Encumbrances	11,190,505	11,690,047	20,590,145	15,177,324	14,149,558
Cash	1,595,631	1,998,490	3,171,488	1,837,494	6,629,299
Total Available	**$ 23,332,138**	**$ 32,102,670**	**$ 36,111,426**	**$ 32,692,257**	**$ 31,244,992**
Expenditures:					
Program, management and general	$ 4,554,869	$ 4,331,696	$ 14,231,509	$ 4,278,362	$ 6,687,325
Contract, grant, and note payments	5,088,732	4,009,341	4,865,100	7,635,038	4,750,000
Total Actual Cash Expenditures	**$ 9,643,601**	**$ 8,341,037**	**$ 19,096,609**	**$ 11,913,400**	**$ 11,437,325**
Encumbrances:					
Unrestricted net assets, encumbered	11,079,302	12,543,211	14,871,974	13,471,906	14,500,000
Temporarily restricted net assets	610,745	8,046,934	305,350	677,652	1,000,000
Total Actual Encumbrances	**$ 11,690,047**	**$ 20,590,145**	**$ 15,177,324**	**$ 14,149,558**	**$ 15,500,000**
Cash Balance	**$1,998,490**	**$3,171,488**	**$1,837,494**	**$6,629,299**	**$ 4,307,667**

* Projected figures for FY 2000-01

North Carolina Biotechnology Center

Organizational Chart



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Program Descriptions and FY00-001 Budget for Programs

Activities and structure contained in this document reflect *Document 4: Organizational Chart* of the North Carolina Biotechnology Center.

BOARD OF DIRECTORS

Composed of leaders from the biotechnology, government and academic sectors, this 43-member Board provides guidance and direction to the Center and its activities. The Governor, Lieutenant Governor, and Speaker of the House each appoint five members.
2000-2001 budget: $16,900

OFFICE OF THE PRESIDENT

The Office of the President provides executive leadership for the Center and its activities, and in addition administers three targeted grants programs.
2000-2001 budget: $389,910, for personnel and administration

Historically Minority Universities Bioscience/Biotechnology Program Initiative This initiative funds the development of biotechnology and bioscience programs at six historically minority universities to prepare undergraduate students for graduate study in science and medicine and for jobs in the biotechnology industry.
2000-2001 budget: $1,532,470, for directed grants and program administration

Agricultural Research Funds This program, administered with the NC Department of Commerce, provides funds for state universities to conduct research into value-added and customized crops, and in addition can be directed to attract and establish agricultural biomanufacturing facilities.
2000-2001 budget: $980,000, for directed grants

Program Initiative Grants address specific areas determined strategically useful for North Carolina's biotechnology endeavor.
2000-2001 budget: $20,000

CORE PROGRAMS

The Center's three core programs strengthen North Carolina's capabilities in the main areas required to move science from research to companies, public use, and long-term economic benefit.

The Programs address science and technology development, business and technology development, and education and training. North Carolina universities, colleges, schools, and

other non-profit institutions are eligible recipients of Center grants. Loans are made to North Carolina for-profit companies.

Science and Technology Development Program

This program strengthens university research capabilities in biotechnology through peer-reviewed grant programs and intellectual-exchange programs.
2000-2001 budget: $458,169 for personnel and administration

The *Institutional Development Grants Program* supports the recruitment of outstanding research faculty, the purchase of multi-user equipment, and the establishment of core research facilities.
2000-2001 budget: $1,242,000

The *Academic Research Initiation Grants Program* provides seed funding for new research projects that promise practical benefits.
2000-2001 budget: $990,000

The *Multi-disciplinary Research Grants Program* promotes multi-investigator collaborations in novel research areas.
2000-2001 budget: $651,562

The *Collaborative Funding Assistance Program,* co-sponsored by the Kenan Institute for Engineering, Technology and Science, promotes research collaborations among North Carolina universities and companies.
2000-2001 budget: $330,000

Intellectual-exchange programs designed to ensure interacting and learning between industry and North Carolina's research universities. The programs include: the Biochemistry and Enzymology Group; the Triangle Virology Association; the RNA Society of North Carolina; the Smaller Eukaryotes Group; and the North Carolina Plant Molecular Biology Consortium, which gains corporate funding sponsorship from Aventis, BASF, Paradigm Genetics, and Syngenta.
2000-2001 budget: $146,616

The *North Carolina Genomics and Bioinformatics Consortium* is a nationally unique collaboration of about 50 companies, universities and non-profit organizations working to promote research, business and education in genomics, proteomics and bioinformatics.
2000-2001 budget: $100,000

The *Scientific Meeting Grants Program* promotes information sharing and personal interaction in biotechnology by funding conferences, workshops, seminars and other meetings.
2000-2001 budget: $40,000

Education and Training Program

This program educates and informs the public about the science, applications and issues of biotechnology, conducts summer workshops for middle- and high-school teachers, provides lab supplies and curriculum materials to teachers and schools statewide, and helps prepare a trained workforce for the industry.
2000-2001 budget: $377,682 for personnel and administration

The *Workforce Training Partnership* with the state's Community College System is developing curricula to train workers for the growing number of high-paying manufacturing jobs in the state's biotechnology, pharmaceutical and chemical industries.
2000-2001 budget: $259,309

The *Education Enhancement Grants Program* underwrites curriculum and course design, lab equipment, faculty development, and student recruitment at all educational levels.
2000-2001 budget: $196,175

The *K-12 Mini-Grants Program* supports biotechnology education and training activities in schools and other non-profit organizations involved in education from kindergarten to high school.
2000-2001 budget: $35,467

Sabbaticals in Industry
Funded by Covance Biotechnology Services, Inc., this program enables faculty and students at North Carolina colleges and universities to interact with biotechnology industry scientists and companies.
2000-2001 budget: $34,864

Educational Meeting Grants
This program supports activities that advance the understanding and/or application of biotechnology for the benefit of North Carolina.
2000-2001 budget: $2,000

Business and Technology Development Program

This program provides funding, business and technical assistance, professional referrals, joint activities with the NC Small Business and Technology Development Center, company recruitment assistance, networking opportunities and technology transfer assistance to biotechnology companies.
2000-2001 budget: $450,262 for personnel and administration

The *Small Business Research Award Program* provides small biotechnology companies with loans for product research and development.
2000-2001 budget: $836,550

The *SBIR Bridge Fund Program* provides loans to help companies bridge the gap between funding cycles of the federal government's Small Business Innovation Research granting program.
2000-2001 budget: $150,000

The *Business Development Award Program* provides loans for early stage companies to undertake business-related research – such as the writing of business plans.
2000-2001 budget: $53,869

Proof of Concept Award provides loans to North Carolina research institutions through their respective technology transfer offices, to help finalize proof-of-principle or proof-of-concept research prior to or during patent application.
2000-2001 budget: $50,000

Commercial Biotechnology Event Grants
This program links people, technologies and companies by providing the biotechnology community with valuable networking opportunities.
2000-2001 budget: $10,000

CORPORATE SERVICES

This area is responsible for five main activities through which the Center communicates with, and serves, external constituencies statewide, nationally, and internationally: Corporate Communications, the Conference and Education Facility, Library and Information Services, Graphic Design Services, and Special Projects.

The *Conference and Education Facility* is a central gathering place for the state, national, and international biotechnology communities to learn and interact. In 2000, the facility served over 15,500 persons in about 2,000 meetings related to biotechnology healthcare, education and economic development.
2000-2001 budget: $551,348 for personnel and administration

Corporate Communications provides public information about the Center and biotechnology; maintains government and corporate relations; and undertakes corporate development.
2000-2001 budget: $467,252 for personnel and administration

Library and Information Services help people in business, academia and government stay abreast of the rapidly changing biotechnology industry by providing timely and accurate information about the business, scientific, educational and societal aspects of biotechnology. This library complements but does not duplicate the state's university libraries.
2000-2001 budget: $215,494 for personnel and administration

Special Projects address areas determined strategically important to North Carolina's biotechnology future and policies, and include: administration of the State of North Carolina's formal signed agreement for biotechnology collaboration with the German state of North-Rhine Westphalia; the *Steering Committee to Strengthen Biotechnology in Western North Carolina*; and an initiative to give North Carolina early national leadership in the emerging field of forest biotechnology.
2000-2001 budget: $207,497 for administration

Graphic Design Services provide design for Web sites, publications, presentations and other communications necessary to represent the Center as well as North Carolina's extensive biotechnology community.
2000-2001 budget: $64,144 for personnel and administration

CORPORATE ADMINISTRATION

This area is responsible for the Center's financial operations, contracts and facility services, administrative support services, information systems and human resources. It also ensures compliance with various state and federal rules and regulations that govern the Center's operations as a private, non-profit corporation.
2000-2001 budget: $1,235,225 for personnel and administration

In addition, Corporate Administration manages the budget for all other Center operating expenses, facility operations and furniture and equipment.
2000-2001 budget: $1,175,047

NORTH CAROLINA BIOTECHNOLOGY CENTER
2000-01 Fiscal Year
Budgeted Expenditures

Types of Expenditures	Requirements	% of Total Budget
Salaries & Benefits		
Administrative	1,415,179	
Program Management	1,613,889	
Contractual Personnel Services	0	
Total Personnel Services	$3,029,068	22.83%
Building Rent/Lease	0	
Facility Operations	313,000	
Equipment Rental/Lease	51,750	
Travel	211,321	
Telephone/Cellular Phone Service	2,000	
Telephone/Other	69,320	
Other Purchased Services	558,221	
Misc. Contractual Services	375,895	
Total Purchased Services	$1,581,507	11.92%
General Office Supplies	41,475	
R&D / Educational Supplies	75,000	
Other Supplies	84,238	
Total Supplies	$200,713	1.51%
Furniture	25,000	
Computers	51,775	
Building Improvements	172,300	
Other	75,765	
Total Plant and Equipment	$324,840	2.45%
Discretionary Grants	3,532,068	
Directed Grants	1,960,000	
Loans	1,090,419	
Other	0	
Total Aid & Public Assistance	$6,582,487	49.60%
Plant Fund Reserve	185,723	
Operating Contingency Reserve	109,532	
Total Reserves	$295,255	2.23%
Conference & Education Facility	348,225	
Workforce Training Project	259,309	
Forest Biotechnology Initiative	172,089	
Intellectual Exchange Programs	146,616	
Genomics & Bioinformatics	100,000	
Library & Information Services	69,728	
Total Other Programs	$1,095,967	8.26%
Total Other	$159,975	1.21%
Total Budget	$13,269,812	100.00%

MISSION OF THE RURAL CENTER

To develop, implement and promote sound economic strategies that improve the quality of life of rural North Carolinians, with a special focus on individuals with low to moderate incomes and communities with limited resources.

North Carolina Rural Economic Development Center, Inc.

Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring	$ 1,270,000	$ 3,670,000	$ 3,657,338	$ 3,857,338	$ 3,857,338
Non-Recurring	2,400,000	3,150,000	8,450,000	3,000,000	1,735,075
Passthrough	2,200,000	450,000	525,000	400,000	400,000
Anticipated reversion	-	-	-	-	(118,167)
Clean Water Bond funds received	-	-	-	7,780	3,582,760
Other Sources of Funding ****	2,357,061	2,191,280	2,084,605	2,582,756	3,903,664
Prior Year Carry-Forward:					
Unrestricted net assets	1,419,840	1,764,969	1,799,463	2,037,860	2,246,501
Temporarily restricted net assets	9,692,548	9,751,964	13,116,437	20,438,655	22,756,896
Total Available	**$ 19,339,449**	**$ 20,978,213**	**$ 29,632,843**	**$ 32,324,389**	**$ 38,364,067**
Program, management and general ****	$ 5,622,516	$ 5,612,313	$ 6,631,328	$ 6,913,212	$ 11,570,785
Passthrough funds disbursed	2,200,000	450,000	525,000	400,000	392,000
Clean Water Bond funds disbursed	-	-	-	7,780	3,582,760
Total Actual Expenditures	**$ 7,822,516**	**$ 6,062,313**	**$ 7,156,328**	**$ 7,320,992**	**$ 15,545,545**
Unrestricted net assets, encumbered	**1,454,114**	**1,471,670**	**1,478,244**	**1,481,698**	**1,437,598**
Temporarily restricted net assets, encumbered	**7,781,606**	**11,147,683**	**18,422,542**	**19,728,735**	**19,094,343**
**Total Net Assets, Encumbered ** **	**$ 9,235,720**	**$ 12,619,353**	**$ 19,900,786**	**$ 21,210,433**	**$ 20,531,941**
Unrestricted net assets, unencumbered	310,855	327,793	559,616	764,803	904,091
Temporarily restricted net assets, unencumbered	1,970,358	1,968,754	2,016,113	3,028,161	1,382,490
Total Net Assets, Unencumbered * **	**$ 2,281,213**	**$ 2,296,547**	**$ 2,575,729**	**$ 3,792,964**	**$ 2,286,581**

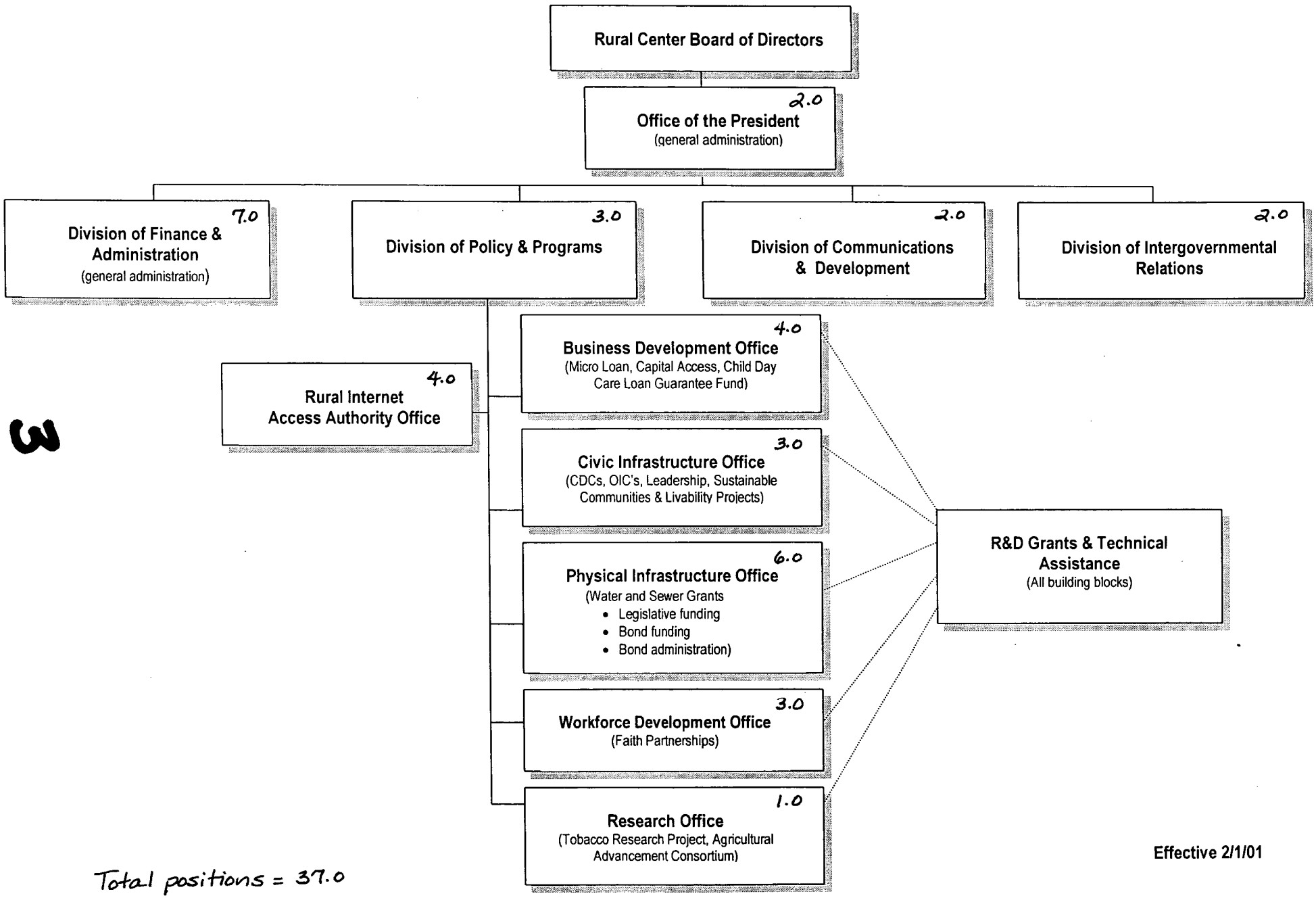
* Projected figures for FY 2000-01

** Includes encumbered appropriated funding and all funding from non-state sources

*** Includes unencumbered appropriated funding

**** Excludes activity of Rural Internet Access Authority for FY 00-01

North Carolina Rural Economic Development Center



Effective 2/1/01

Total positions = 37.0

North Carolina Rural Economic Development Center, Inc.
Program Overview
FY 00-01

Office of the President and
Division of Finance & Administration **$ 882,079**

For FY 00-01, $337,338 of appropriated funds has been allocated to the center to support the work of the Office of the President, the Division of Finance & Administration and to provide for general administrative support for all centerwide programs and initiatives. The appropriated funding, supplemented by funding received from various other sources, provides for general supervision and oversight of all center activities and support for the work of the board of directors. Such funding also provides for all accounting and reporting functions, contract administration, subrecipient monitoring, facilities management and human resources.

Division of Policy and Programs **$14,216,111**

The Division of Policy and Programs leads the center's efforts in the design and implementation of research and policy initiatives and the implementation of programs that build the capacity of rural communities to engage in sustainable community and economic development. The goals of the division are: 1) To develop a comprehensive rural economic development policy agenda; 2) To develop a research platform that defines the conditions of rural North Carolina and that firmly grounds the center in making effective policy recommendations; 3) To test and demonstrate innovative strategies for economic development; 4) To implement programs that provide resources to rural communities and that build their capacity for comprehensive economic development.

- R&D Grants and Technical Assistance

  The Research and Demonstration Grants Program provides funds to community, regional, and state-level organizations to carry out innovative projects that address critical rural development issues. The program tests models, strategies, and concepts through the development of partnerships with chosen applicants. Awards vary in size based upon the scope of the project and the amount of funding available. North Carolina non-profit organizations, local governments, and educational institutions are eligible to apply for grant awards. For FY 00-01, $1,075,864 was appropriated for this program.

  The Research and Demonstration Technical Assistance and Administration Program provides the technical assistance necessary to support the Research and Demonstration Grants Program process from proposal development through determination and dissemination of results. For FY 00-01, $444,136 was appropriated for this program.

- Business Development Office

  Business Development addresses critical policy and advocacy efforts to foster economic and entrepreneurial opportunities in rural communities. Three programs function within this area of work: N. C. Microenterprise Loan Program, Capital Access Program, and the Child Care Loan Guarantee Fund.

The North Carolina Microenterprise Loan Program provides loans for the start-up or expansion of small businesses by individuals who have sound ideas but do not qualify for bank loans. The program, which targets minorities, women, and low-income persons, provides loans up to $25,000 in combination with business planning and technical assistance. For FY 00-01, $250,000 was appropriated for this program.

The Capital Access Program enables North Carolina's financial institutions to increase lending for business start-ups, expansions and modernization through reliance on a special reserve fund to protect the institutions against losses from loans enrolled in the program. The program provides private market transactions in which the bank can maintain its established credit guidelines without sacrificing credit quality in the bank's overall loan portfolio. Projected unencumbered funds on hand at June 30, 2001 of $778,711 represent funds remaining from an appropriation of $1,000,000 during FY 94-95. Federal funding received in support of this program was fully expended before state appropriated funds were used.

The Child Care Loan Guarantee Fund encourages the development and/or expansion of child care programs in distressed counties of North Carolina by guaranteeing loans made by participating banks to qualified child care providers. Child care homes and centers may use loans guaranteed by the fund for land, buildings, equipment, and start-up or expansion costs. The guarantee covers up to 80 percent of the loan amount or $75,000.00. Projected unencumbered funds on hand at June 30, 2001 of $499,694 represent funds remaining from an initial appropriation of $500,000 during 1993-1994.

- Civic Infrastructure Office

Civic Infrastructure addresses key policy issues that affect the capacity of rural leaders, institutions, and communities to participate and engage in comprehensive economic development. This area of work is currently investigating issues regarding leadership, organizational and community development, and sustainability. Programs include the CDC Grants Program, the Opportunities Industrialization Centers, and the Leadership Development Program. New projects include the Sustainable Communities Initiative/Livability.

The Community Economic Development Grants Program provides assistance to minority community development corporations to enable them to improve the economic well-being and quality of life in their communities. The program is designed to help new and emerging community development corporations build their capacity by providing grants for operations and staff support and offering technical assistance in organizational and program development. Currently, the program funds 28 organizations. For FY 00-01, $1,200,000 was appropriated for this program, which included $50,000 for program administration.

As directed by legislation, the Rural Center continues to administer the funds appropriated to the Opportunities Industrialization Centers (OICs) on behalf of the North Carolina General Assembly. For each year of the biennium, the General Assembly has appropriated $100,000 to each of the state's four OICs located in Rocky Mount, Wilson, Kinston and Elizabeth City. OICs work with the unemployed by providing job development programs, skills training, literacy programs, and other such programs.

The Leadership Development Program prepares a broad, diverse group of rural leaders with the knowledge and skills necessary to manage the challenges of economic transitions in their communities and promote sustained economic and community development through the Rural Economic Development Institute, an intensive training experience focusing on economic development knowledge and collaborative leadership skills.

The Sustainable Communities Initiative, a recommendation of the Rural Prosperity Task Force, is a prototype comprehensive capacity-building program to help distressed rural communities create "competitive, sustainable communities" for the 21st century through: developing a mechanism to increase rural leaders' access to and participation in diverse leadership development opportunities (Leadership Opportunities Fund), developing a comprehensive planning and support system to assist rural communities with multidimensional community development problems (Civic Enterprise Planning and Support Program), and creating an innovative funding source to help communities implement community economic development projects (Civic Venture Fund). A related project is the Livability Initiative, a flood mitigation and redevelopment strategy implemented in partnership with the Office of the Governor, the White House Task Force on Livable Communities, The Conservation Fund, and local communities.

- Physical Infrastructure Office

Physical Infrastructure addresses critical issues facing the rural economy, the environment, and the health of rural North Carolinians. This area of work investigates a diverse group of subjects, including water and sewer, alternative waste management, electric restructuring, telecommunications and technology infrastructure, natural gas, and rural transportation. Three programs function within this area: the Supplemental Grants Program and the Capacity Grants Program, both supported with appropriated funds and Clean Water Bond funds, and the Unsewered Communities Program, supported solely with Clean Water Bond funds. For FY 00-01, $200,000 in appropriated funds has been allocated for the administration of these grants programs.

The Supplemental Grants Program provides direct support to local governments and non-profits for the construction of water and sewer infrastructure projects. Priority is given to projects that create or retain needed jobs or that eliminate verifiable threats to public health or achieve significant environmental protection. Funding for this program is intended to be supplemental to other state or federal funds or funds from the grantee's capital improvement budget. The maximum grant is currently $400,000. For FY 00-01, $1,350,000 was appropriated for this program.

The Capacity Building Grants Program assists local governments and non-profits in financing a portion of the cost associated with the planning and writing of grant/loan applications, the development of rate studies or capital improvement plans, or other technical/planning efforts that support the growth and development of rural areas. The emphasis of this program is on building the capacity of the local unit of government to understand its capital facility needs and to compete successfully for grant/loan funds with other local governments that may have better financial resources and staffing. The maximum grant is currently $40,000. For FY 00-01, $400,000 was appropriated for this program.

- Workforce Development Office

  Workforce Development seeks to improve the quality and availability of educational opportunities and support systems for the present and future rural workforce. Workforce Development is currently leading efforts to engage faith communities in providing support systems for child care and welfare reform through the Faith Partnership and Faith Demonstration.

  The purpose of the Communities of Faith Initiative is to build an alliance among faith-based organizations to address the needs of rural people, especially those living in or near poverty. Recognizing that rural churches can provide a critical source of this help, the center took steps to strengthen its partnerships with faith groups across the state. The center, in an agreement with the N.C. Division of Social Services, has developed a model program focusing on ways that faith groups can support TANF (Temporary Assistance for Needy Families) recipients in attaining self-sufficiency. Ten demonstrations have been funded through Faith Demonstration Awards.

- Research Office

  Research provides the data collection and analysis capabilities to create a profile of rural North Carolina and provide vital information to support the development of policy responses to key issues affecting rural communities. Research is currently providing leadership in disseminating the information and recommendations of *Choices for a New Century,* investigating the role of tobacco in the rural economy, and developing the Agricultural Advancement Consortium. In addition, Research is working with the building block areas to design and implement effective evaluation mechanisms for the center's programs.

  The purpose of the Agricultural Advancement Consortium is to develop a shared vision for farming in North Carolina and to coordinate prudent actions to improve farming's long-term vitality. The N.C. General Assembly authorized the establishment of the consortium, a 25-member board composed of North Carolina's foremost leadership in agriculture, business and public policy. Among the consortium's primary objectives are to prepare a long-term plan to revitalize farming in the state and to advocate for legislation at the state and national levels that will positively affect North Carolina's farming community. The consortium also will document the impact of farming on North Carolina's economy, environment and culture; and coordinate research efforts among the state's many research institutions, with an eye toward capturing emerging opportunities in areas of innovation. The consortium is staffed by the Rural Center. For FY 00-01, $250,000 was appropriated for this program.

Division of Communications & Development **$ 257,376**

The Communications and Development Division develops public information materials and conducts public events for the purpose of sharing Rural Center research results and policy positions with state and local leaders. Specific roles of the division include: development and maintenance of the Rural Center's web site; publication of technical reports, policy reports, and a *Findings* series; publication of the center's biennial report; and publication of the center's newsletter *Rural Routes*. The division also manages the annual Rural Partners Forum, as well as regional Rural Partners events. A new role of the division, begun during FY 00-01, is to identify

additional sources of funding for the purpose of diversifying the center's funding base and enabling it to strengthen and expand its service to rural people and communities.

Division of Intergovernmental Relations **$ 189,979**

The Division of Intergovernmental Relations builds networks at the Federal, State, and local government levels to 1) involve the center in the policy development processes on issues that affect rural economic and community development in North Carolina; 2) access Federal, State and local financial and technical assistance resources to support economic and community development for rural North Carolina; and 3) blend the appropriate governmental policy, financial assistance, and technical assistance initiatives with for-profit and not-for-profit initiatives impacting economic and community development in rural North Carolina. The center does not receive any appropriated funding for support of this division.

North Carolina Rural Economic Development Center, Inc. 2000-01 Fiscal Year Budgeted Expenditures		
Types of Expenditures	**Requirements**	**% of Total Budget**
Salaries	1,651,496	
Benefits	492,296	
Contractual Personnel Services	-	
Total Personnel Services	$ 2,143,792	13.79%
Building Rent/Lease	8,220	
Equipment Rental/Lease	6,300	
Travel	177,803	
Telephone/Cellular Phone Service	16,959	
Maintenance agreement - building	55,500	
Maintenance agreement - other	11,564	
Postage	39,782	
Printing and copying	132,040	
Insurance	6,197	
Meetings	120,696	
Professional fees	35,025	
Other fees and services	45,708	
Misc. Contractual Services	357,298	
Total Purchased Services	$ 1,013,092	6.52%
General Office Supplies	34,918	
R&D / Educational Supplies	-	
Total Supplies	$ 34,918	0.22%
Furniture	5,400	
Computers and software	34,776	
Other	-	
Total Equipment	$ 40,176	0.26%
Discretionary Grants	7,371,233	
Directed Grants	600,000	
Loans	-	
Clean Water Bond payments	3,582,760	
Passthrough funding	392,000	
Total Aid & Public Assistance	$ 11,945,993	76.85%
Total Reserves	$ -	0.00%
Dues, subscriptions and publ.	16,076	
Interest expense	18,000	
Indirect cost charged	124,015	
Depreciation	96,060	
Provision for loan loss	113,423	
Total Other	$ 367,574	2.36%
Total Budget	$ 15,545,545	100.00%

Total requirements equals actual expenditures through 12/31/00 plus projected through 6/30/01.

APPENDIX

North Carolina Rural Economic Development Center, Inc.
Net Assets Detail

Net Assets at June 30, 1997		Total		Encumbered **		Unencumbered ***
Unrestricted net assets:						
Fixed assets, net of depreciation	$	1,453,421	$	1,453,421	$	-
Rural Center Foundation		693		693		-
Unencumbered		310,855		-		310,855
Total Unrestricted Net Assets	**$**	**1,764,969**	**$**	**1,454,114**	**$**	**310,855**
Temporarily restricted net assets:						
Appropriated funding:						
Supplemental and capacity programs	$	2,765,162	$	2,736,553	$	28,609
Research and demonstration programs		1,505,631		1,042,396		463,235
Community Development Corporation programs		862,509		764,436		98,073
Microenterprise Loan program operations		270,658		53,666		216,992
Capital Access program		1,339,130		339,130		1,000,000
Child Care Loan Guarantee program		163,449		-		163,449
* Microenterprise Loan Capital		2,501,080		2,501,080		-
Other		344,345		344,345		-
Total Temporarily Restricted Net Assets	**$**	**9,751,964**	**$**	**7,781,606**	**$**	**1,970,358**

Net Assets at June 30, 1998		Total		Encumbered **		Unencumbered ***
Unrestricted net assets:						
Fixed assets, net of depreciation	$	1,470,972	$	1,470,972	$	-
Rural Center Foundation		698		698		-
Unencumbered		327,793		-		327,793
Total Unrestricted Net Assets	**$**	**1,799,463**	**$**	**1,471,670**	**$**	**327,793**
Temporarily restricted net assets:						
Appropriated funding:						
Supplemental and capacity programs	$	5,823,477	$	5,623,200	$	200,277
Research and demonstration programs		1,383,300		1,139,959		243,341
Community Development Corporation programs		766,796		714,823		51,973
Microenterprise Loan program operations		228,077		65,868		162,209
Capital Access program		1,255,174		255,174		1,000,000
Child Care Loan Guarantee program		310,954		-		310,954
* Microenterprise Loan Capital		2,679,281		2,679,281		-
Other		669,378		669,378		-
Total Temporarily Restricted Net Assets	**$**	**13,116,437**	**$**	**11,147,683**	**$**	**1,968,754**

* Microenterprise loan capital results from state appropriations during the period from 1989-1995, a loan from the Ford Foundation received in 1992, and includes capitalized earnings from both sources.

** Includes encumbered appropriated funding and all funding from non-state sources

*** Includes unencumbered appropriated funding

North Carolina Rural Economic Development Center, Inc.
Net Assets Detail

Net Assets at June 30, 1999	Total	Encumbered **	Unencumbered ***
Unrestricted net assets:			
Fixed assets, net of depreciation	$ 1,477,042	$ 1,477,042	$ -
Rural Center Foundation	1,202	1,202	-
Unencumbered	559,616	-	559,616
Total Unrestricted Net Assets	**$ 2,037,860**	**$ 1,478,244**	**$ 559,616**
Temporarily restricted net assets:			
Appropriated funding:			
Supplemental and capacity programs	$ 13,247,700	$ 13,046,799	$ 200,901
Research and demonstration programs	1,351,723	1,190,084	161,639
Community Development Corporation programs	716,433	659,460	56,973
Microenterprise Loan program operations	285,508	92,272	193,236
Capital Access program	1,033,039	33,039	1,000,000
Child Care Loan Guarantee program	403,364	-	403,364
* Microenterprise Loan Capital	2,834,744	2,834,744	-
Other	566,144	566,144	-
Total Temporarily Restricted Net Assets	**$ 20,438,655**	**$ 18,422,542**	**$ 2,016,113**

Net Assets at June 30, 2000	Total	Encumbered **	Unencumbered ***
Unrestricted net assets:			
Fixed assets, net of depreciation	$ 1,479,983	$ 1,479,983	$ -
Rural Center Foundation	1,715	1,715	-
Unencumbered	764,803	-	764,803
Total Unrestricted Net Assets	**$ 2,246,501**	**$ 1,481,698**	**$ 764,803**
Temporarily restricted net assets:			
Appropriated funding:			
Supplemental and capacity programs	$ 15,518,458	$ 14,349,036	$ 1,169,422
Research and demonstration programs	1,424,934	1,215,602	209,332
Community Development Corporation programs	792,523	771,300	21,223
Microenterprise Loan program operations	275,833	10,597	265,236
Capital Access program	903,485	-	903,485
Child Care Loan Guarantee program	459,463	-	459,463
* Microenterprise Loan Capital	3,048,287	3,048,287	-
Other	333,913	333,913	-
Total Temporarily Restricted Net Assets	**$ 22,756,896**	**$ 19,728,735**	**$ 3,028,161**

* Microenterprise loan capital results from state appropriations during the period from 1989-1995, a loan from the Ford Foundation received in 1992, and includes capitalized earnings from both sources.

** Includes encumbered appropriated funding and all funding from non-state sources

*** Includes unencumbered appropriated funding

North Carolina Rural Economic Development Center, Inc.
Net Assets Detail

Net Assets at June 30, 2001	Total	Encumbered **	Unencumbered ***
Unrestricted net assets:			
Fixed assets, net of depreciation	$ 1,435,798	$ 1,435,798	$ -
Rural Center Foundation	1,800	1,800	-
Unencumbered	904,091	-	904,091
Total Unrestricted Net Assets	**$ 2,341,689**	**$ 1,437,598**	**$ 904,091**
Temporarily restricted net assets:			
Appropriated funding:			
Supplemental and capacity programs	$ 13,053,960	$ 13,013,135	$ 40,825
Research and demonstration programs	1,127,696	1,106,178	21,518
Community Development Corporation programs	842,248	842,248	-
Microenterprise Loan program operations	392,595	350,853	41,742
Capital Access program	778,711	-	778,711
Child Care Loan Guarantee program	499,694	-	499,694
* Microenterprise Loan Capital	3,375,213	3,375,213	-
Other	406,716	406,716	-
Total Temporarily Restricted Net Assets	**$ 20,476,833**	**$ 19,094,343**	**$ 1,382,490**

* Microenterprise loan capital results from state appropriations during the period from 1989-1995, a loan from the Ford Foundation received in 1992, and includes capitalized earnings from both sources.

** Includes encumbered appropriated funding and all funding from non-state sources

*** Includes unencumbered appropriated funding

RESEARCH AND DEMONSTRATION GRANTS PROGRAM

Purpose:

The Research and Demonstration Grants Program provides funds to community, regional, and state-level organizations to carry out innovative projects that address critical rural development issues. The program tests models, strategies, and concepts through the development of partnerships with chosen applicants.

Program Statement:

The Research and Demonstration Grants Program supports innovative research and demonstration projects that address economic development issues in rural areas of North Carolina. Awards vary in size based upon the scope of the project and the amount of funding available. North Carolina non-profit organizations, local governments, and educational institutions are eligible to apply for grant awards.

Priority is awarded to projects that are focused on critical issue areas identified by the Rural Center's board of directors. These projects support the development of critical research and/or policy initiatives in work force development, business development, physical infrastructure, and civic infrastructure. Special emphasis is given to (1) projects that lead directly to job creation or new business development, (2) projects that can be easily replicated in other rural communities, and (3) projects that target low-and-moderate income citizens.

The program allows the Rural Center to extend and strengthen its policy efforts through partnerships with chosen applicants. The grants program operates on the premise that no single organization or entity has a monopoly on innovative thought or action. If rural communities are to prosper, they must tap the energy and ideas of all their members. The inclusion of those most in need of economic development assistance helps ensure a level of participation and realism that improves the prospects for implementation of successful strategies. The regional or community-based laboratory approach provides a practical setting for demonstrating the effectiveness and replicability of the concepts tested.

For each research and demonstration project approved for support, there are many other ideas or concepts that do not receive funding due to funding limitations and the strict criteria used for selection. Proposals are solicited for consistency with program priorities. They are reviewed for originality, organizational capacity, probability of successful implementation, and replicability. Projects should be clearly beyond the scope of existing state programs and/or other sources of funding. The Rural Center's board of directors makes all funding decisions.

Over the years, the research and demonstration program has produced and funded reports that have shaped the course of public policy in North Carolina. Among these: *Choices for a New Century*, reporting on the status of rural North Carolina; *Securing the Future: Rural Development Strategies for the 1990's,* a 10-point plan for economic advancement;

the *North Carolina Rural Profile*, detailing the economic and social disparities between urban and rural counties; *The Waste Crunch in Rural North Carolina*, documenting rural solid waste and wastewater financing needs; *All That's Within Them*, recommending equalization of funding for poor and small school systems; *Claiming the Future*, recommending a series of actions to ensure rural communities' participation in the digital economy; Tobacco *in North Carolina*, a 4-page summary of the dramatic changes taking place in the tobacco industry; and *The Impact of the 1998 Tobacco Settlement on the North Carolina Economy*, detailing the analysis of the economic impacts of the tobacco settlement.

Program Impact:

The legislature appropriated $475,864 for the Research and Demonstration Grants Program in 1999-2000. The legislature appropriated $1,075,864 for the Research and Demonstration Grants Program in 2000-01. This appropriation included $600,000 targeted toward two projects, clam and oyster mariculture and alternative crop research. Since project activity usually spans 12 or more months from contract execution, project monitoring of the 1999-00 awards is under way, while solicitation and selection of projects for the 2000-01 awards are conducted.

A thorough evaluation determines the disposition of project results. Project results may be released as a detailed technical report, a shorter "findings" report, a "model to watch" in the center's newsletter, or in various workshops and forums. Project outcomes and models are shared with participants in the center's leadership training program as examples of techniques that work in community settings similar to their own.

The outcomes also are used as the basis for center policy positions. Findings are used to build research and policy initiatives that examine critical issues and that offer innovative, but practical, solutions to the challenges many rural communities face as they attempt to improve the quality of life for those who live and work in rural North Carolina.

The effectiveness and efficiency of the policy research and demonstration program are enhanced through joint ventures with public agencies at all levels of government and with the private sector. These partnerships result in joint planning for project initiation, financial contributions to match center resources, participation in project implementation or oversight, and assistance in developing policy responses and advocating for policy changes or modifications.

RESEARCH AND DEMONSTRATION TECHNICAL ASSISTANCE AND ADMINISTRATION PROGRAM

Purpose:

The Research and Demonstration Technical Assistance and Administration Program provides the technical assistance necessary to support the Research and Demonstration Grants Program process from proposal development through determination and dissemination of results.

Program Statement:

In addition to the management of grant applications and contracts for the current year, each R&D staff member also maintains a portfolio of previously funded projects that are in various stages of completion.

Funding priorities for the FY00 grant cycle were based in part on a two-year process of data gathering and discussion among the board of directors, staff and rural leaders that began in late 1997. The priority issues identified through this process were considered as the center's plan of work for 1999-00 was developed and approved by the board of directors. The results of this process were reported in *Choices for a New Century* published in the fall of 1999. Priority issues identified through this process have continued to be emphasized in the plan of work for 2000-01, with issues clarified and additional issues identified through a system of environmental scanning and staff and board discussion of emerging trends.

As inquiries are received about the grants program and as R&D staff seeks out projects that match critical research and policy priorities, staff provides assistance to applicants in proposal preparation. As proposals are received, lead staff manages application evaluations and develop materials for board grant decisions. After awards are determined, lead staff prepares performance-based contracts to govern grant expenditures and establish oversight requirements. Contract monitoring includes site visits and periodic assessments of progress. Care is taken to ensure that all proposed project objectives are addressed.

Project results are evaluated to determine a subsequent course of action. Possible outcomes include information reports, technical papers, program and/or policy recommendations, and advocacy efforts. Model programs are integrated into the leadership training program as potential tools for community economic development.

Program Impact:

The legislature appropriated $444,136 for the Research and Demonstration Technical Assistance and Administration Program in 1999-00 and 2000-01. Rural Center Research and Demonstration staff are currently administering 46 grant projects funded in 1999-00 and previous years, with an additional seven projects funded in 2001 to date.

The overall project portfolio contains grants involving studies or activities in such areas as childcare, rural manufacturing, water/wastewater needs and financing, telecommunications, workforce development and productivity, community development, entrepreneurial and small business development, sustainable economic development, economic diversification, welfare reform, and downtown revitalization. Associations and partnerships with public and private agencies created to leverage funding and expand the scope of project operations add to the effectiveness and efficiency of program activities. As projects are completed, staff prepares reports of outcomes and results for information dissemination, policy development, or advocacy.

In addition to administering the grant portfolio, Research and Demonstration staff divide their remaining time among maintaining a state-of-the-art knowledge of events and developments in their fields of expertise, developing other initiatives to research timely issues and to test innovative strategies and ideas, and advocating for program and policy changes emanating from the projects and initiatives for which they are responsible. They review economic development trends and research emerging issues. Highlights of other research and demonstration initiatives under way by center staff include River Communities in Recovery, a flood mitigation and redevelopment strategy implemented in partnership with the Office of the Governor, the White House Task Force on Livable Communities, The Conservation Fund, and local communities; the Sustainable Communities Initiative, a capacity building and program development initiative recommended by the Rural Prosperity Task Force; the Tobacco Communities Initiative, a research initiative to identify the impact of the decline of tobacco and the settlement on tobacco dependent communities; the Digital Economy Initiative, an investigation of the impacts of the digital economy on rural North Carolina; and continued monitoring and advocacy work related to electric restructuring and natural gas expansion. These initiatives represent an expanded role for the Rural Center's Research and Demonstration Grants Program.

NORTH CAROLINA MICROENTERPRISE LOAN PROGRAM

Purpose:

The North Carolina Microenterprise Loan Program helps rural people become self-sufficient by providing opportunity for self-employment and small business growth. The program provides loans for the start-up or expansion of small businesses by individuals who have sound ideas and do not qualify for bank loans. The program works with other statewide organizations to provide business technical assistance and training.

Program Statement:

The North Carolina Microenterprise Loan Program was initiated in 1989 as a pilot demonstration program in business finance. Faced with troubling job deficits in rural areas, the center began to test the program as an innovative business lending strategy aimed at boosting self-employment and small business in the state's rural communities. The program underwent a rigorous, three-year trial at five test sites across the state. Based on the success of the trial, the Rural Center's board of directors voted in 1992 to establish the Microenterprise Loan Program as a permanent program of the center. The program is currently available to small business owners in the state's 85 rural counties. The U.S. Small Business Administration, the North Carolina General Assembly and private foundations provide funding for the program. The loan capital is provided primarily through a loan (program related investment) from a private foundation.

Any resident of the 85 rural counties may be considered. They can access the program through two lending models:

❒ **Group-based Lending**. Four local site sponsors operate a group-based lending program. Entrepreneurs participate by self-selecting into groups of four to 10 people. Each group participates in an intensive training process to become certified to make credit decisions for its members. To keep operating costs low, groups collect and process loan payments. Loans range from $500 to $8,000. All loan payments must be current in order for the group to consider making additional loans. Group members also provide advice and support for one another to enhance the growth and development of their businesses. The Rural Center requires that all local sponsors for the peer group lending model meet minimum performance standards and recognizes a sponsor (s) each year for exceptional performance and site excellence.

❒ **Individual Lending.** Access to the individual lending model can be achieved through two different delivery methods:

- **Microenterprise Direct Access.** Anyone living in one of the state's 85 rural counties may choose to submit his/her loan request directly to the Rural Center. This approach is useful for individuals whose communities are not served directly by group and individual lending models. Any individual who

is denied credit by the center is provided with a detailed explanation and is referred to a business assistance provider near his/her home for further help.

- **Microenterprise Intake Professionals.** A group of carefully selected organizations and individuals located in rural communities statewide promote the Microenterprise Loan Program to local residents. Responsibilities of the intake professionals include helping customers complete applications, making referrals, and providing business technical assistance to prospective program participants. Credit authority and loan collection responsibilities remain with the center. Microenterprise Intake Professionals are compensated for their performance on the basis of number of applications submitted and loans closed.

The North Carolina General Assembly appropriated $250,000 in 1999-00 and $250,000 in 2000-01 for continued operational support for the loan fund and site development. The funds are used for activities that ensure small rural businesses have access to capital, technical assistance, and market enhancing opportunities to promote growth and development.

Program Impact:

Following is a summary of the performance record of the North Carolina Microenterprise Loan Program, July 1999 through December 2000:

❒ 450 people were served through technical assistance and business counseling, which led to 114 loans that were disbursed totaling $523,180, with an average loan size of $4,589.
❒ Of the loans made, 56 percent went to women, 50 percent to minorities, and 47 percent to households with low to very low incomes.

Cumulative performance of the program through December 2000:

❒ While providing technical assistance and business counseling to over 4,100 people, the program has made 816 loans, totaling more than $4.4 million.
❒ Of the more than 1,500 participants in the program, approximately 53 percent have been women, 51 percent minorities, and 49 percent have been from households with low to very low incomes.
❒ 1,409 jobs have been created or sustained.

The Rural Center also provides capacity assessment and professional development opportunities for all those organizations serving as partners in the delivery of the Microenterprise Loan Program. Five professional development meetings were held for all MLP partners during this reporting period. In addition, the Rural Center held two training meetings for new staff of the peer group lending sponsors and individual lending training for each new MIP partner.

COMMUNITY ECONOMIC DEVELOPMENT GRANTS PROGRAM AND OPPORTUNITIES INDUSTRIALIZATION CENTERS

Purpose:

The Community Economic Development Grants Program provides financial assistance to minority community development corporations to enable them to improve the economic well-being and quality of life in their communities.

Program Statement:

The Rural Center has administered the Community Economic Development Grants Program since 1988. The program is designed to help new and emerging community development corporations (CDCs) build their capacity by providing grants for operations and staff support. The center administers the program with funds appropriated by the North Carolina General Assembly.

CDCs are community-based organizations formed in response to a need for change and act as a catalyst for the revitalization of their communities and local economy. In many cases, these organizations have succeeded where both government and the private sector have failed, by creating neighborhood partnerships to address their communities' needs and by undertaking projects that create opportunities for homeownership, small business development, and human resource improvements.

Funds administered by the Rural Center have helped CDCs to attract both public and private investments from the federal government, state government, banks, foundations, corporations and other organizations. CDCs have grown from about a dozen in 1988 to as many as 70 CDCs across the state today. Although these organizations are locally based and controlled, they are a part of a larger national network that includes 2,500 to 3,000 CDCs nationwide.

Program Impact:

During the 1999-00 legislative session, the center received an appropriation of $1.2 million for the Community Economic Development Grants Program. With these funds, the center was able to provide support to 29. During the 2000-01 legislative session, the Rural Center again received $1.2 million for its grants program. During the applications process that ended in October, the Rural Center received 36 grant applications representing a total of $2.1 million in requests. The center's Minority Economic Development Advisory Committee evaluated all of the proposals and submitted its recommendations to the center's board of directors. With these funds, the center is able to provide support to 28 organizations.

From 1996-2000, grantees constructed 44 units of elderly housing, 210 rental units, 66 single family units, and 1 gymnasium. In addition to housing, grantees have implemented programs in community service and human capital development and

business development, such as S.O.S., Smart Start, construction trades and YouthBuild training programs, microenterprise and individual re-lending loan programs, business incubators and commercial development.

Plans for the upcoming year include additional single-family units, farm worker housing, and the development of various commercial properties. Other community and economic development activities include the development of family and child care programs, housing counseling and small business development initiatives that include the Individual Re-Lending Program (IRP) to promote affordable housing construction and the Individual Development Accounts Program (IDAs) to promote asset building activities for education or home buying. Activities also include the implementation of programs in minority infant mortality, youth after school, teen pregnancy prevention, and faith-based partnerships.

Rural Center staff continues to work to identify additional resources for technical assistance and other support services to these organizations. Access to technical assistance will enable the CDCs to effectively participate in the rebuilding of eastern North Carolina and to reach underserved communities across the state.

Opportunities Industrialization Centers:

As directed by legislation, the Rural Center continues to administer the funds appropriated to the Opportunities Industrialization Centers (OICs) on behalf of the North Carolina General Assembly. For each year of the biennium, the General Assembly has appropriated $100,000 to each of the state's four OICs located in Rocky Mount, Wilson, Kinston and Elizabeth City. OICs work with the unemployed by providing job development programs, skills training, literacy programs, and other such programs.

WATER AND SEWER GRANTS PROGRAMS

The North Carolina General Assembly (NCGA) established the Supplemental and Capacity Building Grants programs during the 1993-94 session as part of the statewide *Rural Initiatives* effort. These programs have a strong record of assisting local governments and qualified non-profit organizations with economic development, public health, and environmental protection projects in rural areas of the state. A brief description of these programs follows:

- ❒ The **Supplemental Grants Program** provides direct support to local governments and non-profits for the construction of water and sewer infrastructure projects. Priority is given to projects that create or retain needed jobs or that eliminate verifiable threats to public health or achieve significant environmental protection. Funding for this program is intended to be supplemental to other state or federal funds or funds from the grantee's capital improvement budget. The maximum grant is currently $400,000.

- ❒ The **Capacity Building Grants Program** assists local governments and non-profits in financing a portion of the cost associated with the planning and writing of grant/loan applications, the development of rate studies or capital improvement plans, or other technical/planning efforts that support the growth and development of rural areas. The emphasis of this program is on building the capacity of the local unit of government to understand its capital facility needs and to compete successfully for grant/loan funds with other local governments that may have better financial resources and staffing. The maximum grant is currently $40,000.

Appropriations by the NCGA for these programs is reflected below:

Program	1997	1998	1999	2000	2001	Total
Supplemental	$950,000	$4,100,000	$8,950,000	$2,450,000	$1,350,000	$17,800,000
Capacity Building			$ 200,000	$1,500,000	$ 400,000	$ 2,100,000
Total	$950,000	$4,100,000	$9,150,000	$3,950,000	$1,750,000	$19,900,000

These programs have supported significant investments in the state's water and wastewater infrastructure, particularly in rural areas. Projects funded included the extension of water and sewer service to several new and expanding industries, business/industrial parks and commercial centers with direct economic development impact on the communities served. Other funding was directed to water/sewer districts extending potable water or sewer service to rural residents in need or experiencing groundwater contamination and failing septic systems. Without the funding provided by the General Assembly through the Rural Center, many of these water and sewer systems would have experienced significant delays in construction or needed projects would not have been constructed, increasing the problems associated with deferred maintenance of water and wastewater systems.

Supplemental funding has allowed the Rural Center to provide a $400,000 emergency grant to the town of Elm City. The city of 1,700 persons lost all drinking water late last summer when town wells ran dry forcing schools and local industries to close. The grant will allow this community to connect in a regional project with the City of Wilson. Without the flexibility provided by these appropriated funds, the Rural Center would have been unable to respond to this emergency request that was outside our regular cycle. Similarly, the Rural Center provided critically needed support to McDowell County on its Performance Rail Project. The county has taken bids on the project and the low bid was $100,000 over existing revenues. The Rural Center provided the$100,000 that enabled the

county to accept the bid and complete the project. Performance Rail created 50 new jobs immediately and anticipates the expansion to 150 positions this year. At the time this project was funded, the unemployment rate in McDowell County was 5%.

Awards from these programs are made on a competitive basis. The Rural Center typically receives twice as many qualified applications for funds than it has had funds to award. The **unmet need** and a summary the economic development and public health impacts of our supplemental funding are shown below:

Category	1997	1998	1999	2000	2001	Total
#Applications Received	16	84	130	100	131	461
# Applications Funded	12	66	79	49	6	212
Jobs Created	272	5,068	3,854	4,399	835	14,428
Jobs Retained	365	5,654	14,089	7,583	6,346	34,037
Customer Served by new sewer/water	3,778	20,820	150,843	54,322	22,391	252,154
Public $ Leveraged	$26.5 M	$65.8 M	$114.5 M	$18.9 M	$8.0 M	$233.7 M
Private $ Leveraged	$4.8 M	$474.7 M	$574.8 M	$95.4 M	-0-	$1,149.7 M

1998 CLEAN WATER BOND PROGRAMS

In the fall of 1998, the North Carolina General Assembly enacted the Clean Water and Natural Gas Critical Needs Bond Act of 1998 (Bond Act). Subsequently, in the spring of 2000, the NCGA reallocated unused bond loan funds to grant funds. Between FY00 and FY05, the Rural Center will receive $169 million in program funds to address critical water and wastewater needs. With the advent of the bond funds, the Unsewered Communities Program joined the Supplemental and Capacity Building Programs to be administered by the Rural Center. A description of the Unsewered Program follows:

- ❒ The **Unsewered Communities Grants Program** is targeted to assist unsewered local governments in providing central and publicly owned wastewater service. Local governments must have a population less than 5,000, a median household income less than $32,350 (90% of national median household income) and agree by resolution to establish a combined customer water and sewer rate at least equal to 1.5% of the applicant's median household income to qualify for the program. The maximum grant is $3 million

The Rural Center currently operates two grant cycles per fiscal year with applications received on the last business day of March and September. In FY 2001, Rural Center staff processed over 250 bond applications resulting in 109 awards. **The attached charts illustrate the level of funding to be provided through the Clean Water Bond and the projected impact on the grant portfolio this funding will create.**

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Clean Water Bond and Appropriated Funding

August 1, 2000 JCK

Original Allocation

		FY1999-2000	FY2000-2001	FY2001-2002	FY2002-2003	FY2003-2004	FY2004-2005	Total
Unsewered		$ 13,858,223	$ 13,641,777	$ 13,750,000	13750000			$ 55,000,000
Supplemental		$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 8,000,000	$ 48,000,000
Capacity		$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 12,000,000
	Total	$ 23,858,223	$ 23,641,777	$ 23,750,000	$ 23,750,000	$ 10,000,000	$ 10,000,000	$ 115,000,000

Reallocation

Unsewered			$ 8,640,000	$ 8,640,000	$ 8,640,000			$ 25,920,000
Supplemental			$ 4,492,000	$ 4,492,000	$ 4,492,000	$ 4,492,000	$ 4,492,000	$ 22,460,000
Capacity			$ 1,124,000	$ 1,124,000	$ 1,124,000	$ 1,124,000	$ 1,124,000	$ 5,620,000
	Total		$ 14,256,000	$ 14,256,000	$ 14,256,000	$ 5,616,000	$ 5,616,000	$ 54,000,000

A-14

Bond Combination

Unsewered		$ 13,858,223	$ 22,281,777	$ 22,390,000	$ 22,390,000	$ -	$ -	$ 80,920,000
Supplemental		$ 8,000,000	$ 12,492,000	$ 12,492,000	$ 12,492,000	$ 12,492,000	$ 12,492,000	$ 70,460,000
Capacity		$ 2,000,000	$ 3,124,000	$ 3,124,000	$ 3,124,000	$ 3,124,000	$ 3,124,000	$ 17,620,000
	Total	$ 23,858,223	$ 37,897,777	$ 38,006,000	$ 38,006,000	$ 15,616,000	$ 15,616,000	$ 169,000,000

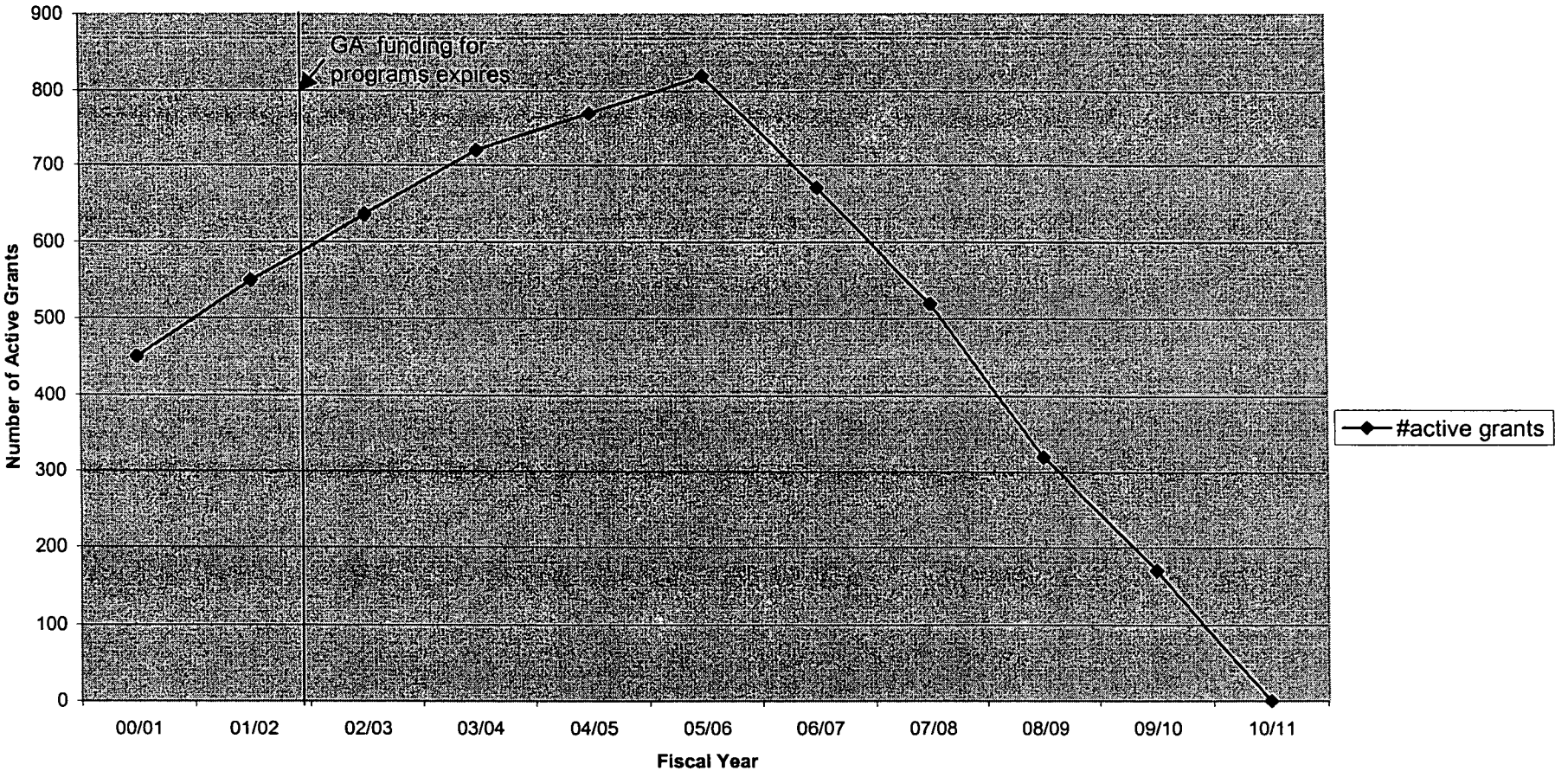
Appropriated Funds

Supplemental		$ 2,450,000	$ 1,350,000					$ 3,800,000
Capacity Building		$ 1,500,000	$ 400,000					$ 1,900,000
	Total	$ 3,950,000	$ 1,750,000					$ 5,700,000
GRAND TOTAL		$ 27,808,223	$ 39,647,777	$ 38,006,000	$ 38,006,000	$ 15,616,000	$ 15,616,000	$ 174,700,000

ADMINISTRATION OF CLEAN WATER BOND PROCEEDS

Staffing to support the Appropriation and Clean Water Bond funded programs consists of four and ½ persons: a part-time Program Manager, a Program Director, a Project Engineer and two Program Assistants/Grant Managers. The Rural Center has received $200,000 in general fund appropriation to help support this staff. In FY 2001, the funding required to support these positions was actually $327,547, resulting in the use of other funding to support this staff. Given the projection in the growth of the portfolio between now and 2006, and then the administration of these funds through the estimated closing dates of funded grants, the Rural Center clearly anticipates a need for additional staffing to adequately service this portfolio. Currently, the Rural Center grant portfolio stands at 412 open projects resulting in an average caseload of 100+ grants per staff person. Referring to the attached chart on the portfolio, the number of open grants given the level of bond funding through 2006 is estimated to be 800 projects.

Grant Portfolio Projection FY 00/01-FY10/11
Unsewered, Supplemental and Capacity Building Grants Programs



Assumptions:
1) No additional appropriation funding beyond current year (FY2000)
2) Bond funding through FY2005
3) No additional funding streams for water/wastewater programs
4) Rate of grant closeout based on historical data

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Agricultural Advancement Consortium

Purpose:

The purpose of the Agricultural Advancement Consortium is to develop a shared vision for farming in North Carolina and to coordinate prudent actions to improve farming's long-term vitality.

Program Statement:

In January 2000, the Rural Prosperity Task Force recommended the creation of the Agricultural Advancement Consortium, which would bring together a coalition of experts and interested parties, including farm organizations, universities, the North Carolina Department of Agriculture, N. C. Cooperative Extension, State Ports, and others to research trends and identify and promote opportunities to improve the state's economic development through farming and agriculture interests. The Rural Prosperity Task Force foresaw the consortium as a way to bring together a diverse and non-traditional group to think "outside the box" on agricultural matters. The consortium was seen as a way to develop a consensus on agricultural issues and provide a means for coordinating, stimulating, funding, and promoting agricultural research.

In response to the recommendation of the Rural Prosperity Task Force, the N.C. General Assembly authorized the establishment of the Agricultural Advancement Consortium during its 2000 session. The consortium is a 25-member board, composed of North Carolina's foremost leadership in agriculture, business and public policy. The consortium is directed and staffed by the Rural Center.

An identified goal is to ensure that North Carolina farmers, agribusiness leaders, researchers, and other interested parties are working together to shape the future of agriculture in our state. Among the consortium's primary objectives are to prepare a long-term plan to revitalize farming in the state and to advocate for legislation at the state and national levels that will positively affect North Carolina's farming community. The consortium also will document the impact of farming on North Carolina's economy, environment and culture; and coordinate research efforts among the state's many research institutions, with an eye toward capturing emerging opportunities in areas of innovation. The consortium will advocate high priority actions to improve the profitability of farming; and monitor and respond to changes that can affect profitability, including but not limited to, the national farm bill, state environmental regulations, and federal and state programs targeted to farmers.

Funding is provided by the General Assembly to cover the basic costs of staff, research, meetings and other operating expenses of the consortium.

Program Impact:

The members of the Agricultural Advancement Consortium were named in October 2000. The consortium has held its first meetings and plans to conduct local input sessions throughout the state in early 2001 to help frame its agenda and as a first step toward development of a long-term agricultural revitalization plan. In addition, committees have been formed to consider research issues and the documentation of agriculture's role in the economy, culture, and environment.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — 2/28

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Billy Ray Hall	NC Rural Ctr
Susan Dunn	NC Rural Center
Becky Brown	Labor
Kevin Leonard	↓
Anna Brennan	↓
Lori Greenstein	NC Biotechnology Center
Susan Carrou	NC Biotechnology Center
Ken Tindall	NC Biotech Cntr
Al Adams	NC Biotech Center - Policy Dir for Adams VP
Patricia Yancey	Land Loss Prevention Project
Bill Rowe	NC Justice Center + NC Low Income Housing Coal.
Nancy B. Thompson	MCIC
Carole Lawler	EGHS
Doug Lassiter	NC Seafood Tank. Assoc
David Emmett	NCTDA
Joe McCloss	NCTDA
Ebonie Alexander	NC Community Development Initiative
Thomas Kraklauer	N.C. Museum of Life & Science
John Bowdish	Alley Associates
Jack Holtzman	NCACDC
Katherine Joyce	NCA&EC
Gayle Fitzgerald	OSBPM
Jim Nowell	OSBPM
Buddy Hayes	OSBPM
Johnny Gray	OSBPM
David Herbert	OSBPM
Rachel Rogers	DENR

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 2/28

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Johnson	FRD
Abdul Rasheed	NCCDE
Steve Woodson	NC Farm Bureau
Paula Guyton	NC Farm Bureau
DOT Right-of-Way	D.O. Commerce
Zeb Alley	Alley Associates
Gary Wyatt	NC Conservation Network
John Runyan	Martin Marietta Mat.

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 1, 2001
Senator David Weinstein, Presiding

1. **Chairman's Comments**

2. **NC Institute of Minority Economic Development**
   Andrea Harris, President

3. **NC Minority Support Center**
   Linwood Cox, Executive Director

4. **Land Loss Prevention Project**
   Stephon Bowens, Executive Director

4. **Committee Discussion**

5. **Closing Remarks**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday March 1 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 1 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Owens, Fox, Warren, Culp, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein called the meeting to order and introduced the pages. Jennifer Willis, Fiscal Research, said that there would be three non-profit presentations this morning.

Andrea Harris, President of the North Carolina Institute of Minority Economic Development, gave an overview of the Institute. She said the Institute was,in part, an out growth of the Department of Commerce in the mid 1980's. It was created in response to the lack of data and information, and the absence of focused efforts to build the entrepreneurial base among low-wealth sectors of the population. This is Attachment A of the minutes.

Linwood Cox, Executive Director, North Carolina Minority Support Center, was recognized to give an overview of the Support Center. Mr. Cox said the mission of the Center is to relieve poverty, eliminate prejudice, lesson neighborhood tensions, and combat community deterioration in certain economically depressed areas through a program of financial assistance designed to improve economic conditions and economic opportunities. They also lesson the burden of government by creating jobs and home-ownership opportunities for low and moderate-income people, particularly in economically depressed minority communities. They make and provide loans, mortgages, grants and other debt or equity financing to projects that will benefit minority communities, and to other organizations in furtherance

of the Corporations charitable, educational and scientific purpose. This is Attachment B of these minutes.

The next presenter was Stephon Bowens, Executive Director, Land Loss Prevention Project. He gave a brief overview of this program. The Land Loss Prevention Project is a non-profit law firm established by the North Carolina Association of Black Lawyers' in 1983 to curtail the epidemic loss of small and minority owned land in North Carolina. Mr. Bowens also reviewed the budget of this organization. This is Attachment C of these minutes.

The meeting adjourned at 9:30 a.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Clerk

Attachment A

NORTH CAROLINA GENERAL ASSEMBLY

March 1, 2001



The North Carolina Institute
of
Minority Economic Development, Inc.

"BUILDING ECONOMICALLY VIBRANT AND SOCIALLY RESPONSIBLE COMMUNITIES"

114 West Parrish Street • PO Box 1331 • Durham, NC 27701 • 919.956.8889 • 919.688.7668 FAX • E-mail:ncimed@interpath.com

The Institute....

The North Carolina Institute of Minority Economic Development (the Institute) is a statewide non-profit representing the economic interests and needs of underdeveloped and underutilized sectors of the state's economy. The Institute's working philosophy is that research and information are critical to balanced public sector policies and private sector practices. Further, strengthening the small business base among limited resource populations builds the asset base at the local level, creates jobs, enhances the tax base, and brings value to the community at all levels.

Vision: *To create an environment in which compensatory programs are no longer necessary and all regions, neighborhoods, and populations are productive contributing and valued sectors.*

Mission: *To eliminate uneven economic growth across regions and in deteriorating communities through building the knowledge and small business infrastructure that create and sustain viable competitive enterprises, quality jobs, and transferable knowledge and skills.*

The Institute was created by the NC Department of Commerce in response to the lack of data and information, and the absence of focused efforts to build the entrepreneurial base among low-wealth sectors of the population. Created through collaborative efforts of Commerce, institutions of higher education, small businesses, and major corporations, the Institute has experienced tremendous success in building the base of historically underutilized businesses across North Carolina.

Information and data are critical to informed decisions. Special reports, studies, and analyses have helped the private and public sectors to recognized a more diversified consumer base and its buying power, as well as the variety of goods and services available from an expanding small business community. Information builds understanding and strengthens the quality of life for all citizens.

Business development initiatives are based within the three M's of Money, Markets, and Management. The Institute's business development team (BDT) works to assist underutilized businesses in managing and accessing affordable capital, expanding market opportunities and stabilizing internal management and control systems. Through direct one-on-one technical assistance and small group education and training, businesses are better positioned for growth and expansion. Broadening market sector relationships enhances business opportunities as communications builds commerce.

The Institute's work is grounded within the State's goal of achieving widely shared prosperity.

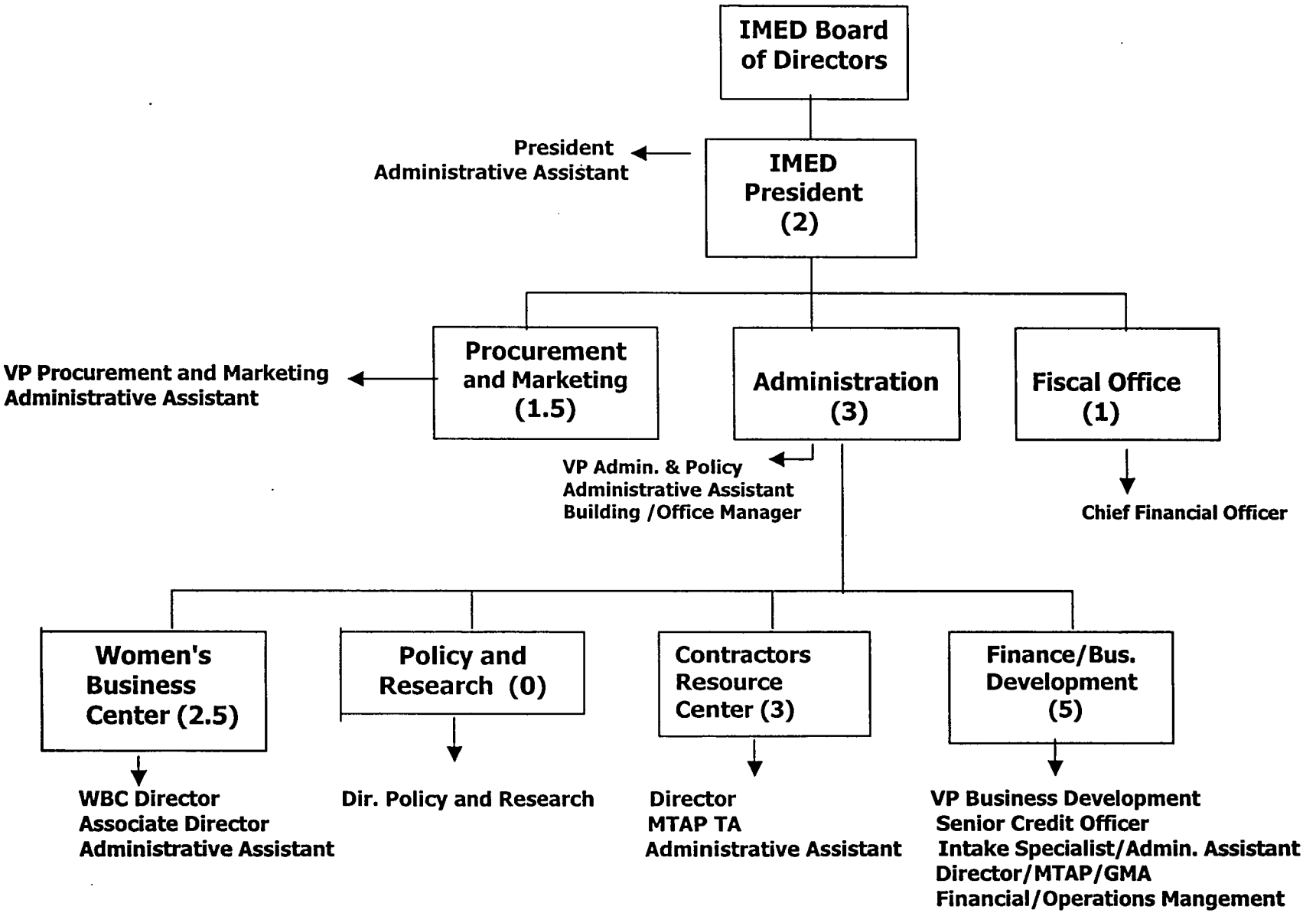
NCI MED

Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
State Appropriation					
Recurring				$1,500,000	$1,500,000
Non-Recurring	$780,000	$1,000,000	$1,000,000		
Other Sources of Funding	$452,886	$573,101	$576,822	$678,907	$2,637,229
Prior Year Carry-Forward	$172,721	$140,555	$166,137	$158,302	$20,512
Total Available	**$1,405,607**	**$1,713,656**	**$1,742,959**	**$2,337,209**	**$4,157,741**
Total Actual Expenditures	**$1,265,052**	**$1,541,405**	**$1,539,531**	**$2,226,553**	**$2,788,027**
Total Actual Encumbrances		**$6,114**	**$45,126**	**$90,144**	**$1,357,384**
Cash Balance	**$140,555**	**$166,137**	**$158,302**	**$20,512**	**$12,330**

* Projected figures for FY 2000-01

Note: For fiscal year 2000-01 we were notified of a $30,000 reduction in our appropriation from the State.

NC INSTITUTE OF MINORITY ECONOMIC DEVELOPMENT



North Carolina Institute of Minority Economic Development
Organizational Chart
March 1, 2001

Employee	Position	Position Count
President's Office		
Andrea Harris	President	1.0
Joyce Howard-Fritz	Administrative Assistant	1.0
Administration		
Linda Gunn	VP Administration and Policy	1.0
Mabel McKnight	Building/Office Manager	1.0
Melissa Christmas	Receptionist/Secretary	1.0
TBA	Chief Financial Officer	1.0
Business Development		
Farad Ali	VP Business Development	1.0
Alecia Holt	Senior Credit Officer	1.0
Wic Ware	Dir. Management TA and General Management Assistance	1.0
Janine Spears	Intake Specialist/Admin. Assistant	1.0
George Covington	Financial and Operations Management and Technical Assistance	1.0
Policy and Research		
TBA	Director Policy and Research	--
Procurement and Marketing		
Julian Brown	VP Procurement and Marketing	1.0
* Beth Liner	Administrative Assistant	.5
Total appropriated and receipted positions for FY 2000-2001		12.5

Special Programs

Contractors Resource Center		
Lloyd Dunn	Director MCRC	1.0
Michael Lopez	MTAP TA	1.0
Rozalind Lilies	Administrative Assistant	1.0
Funded 100% by Department of Transportation Grant		3.0
Women's Business Center		
Verona Edmond	Director	1.0
Reena Bhatnagar	Associate Director	1.0
* Beth Liner	Administrative Assistant	.5
Funded 100% by 5-year Small Business Administration Grant (SBA)		2.5

* Provides administrative support in two areas.

Program Descriptions

Business Development The business development program provides education and training, technical assistance and capital access to small businesses. A special emphasis is placed on firms operating in low-wealth communities and firms owned by women, minorities and veterans. In collaboration with traditional and non-traditional financial institutions and programs, significant one-on-one assistance is provided, particularly in the area of loan packaging and financial management.

Over the past 20 months, 667 firms have received some level of technical assistance. Intensive one-on-one assistance has been provided to 158 firms with 26 firms receiving loans (funds in hand). Firms in 55% of the state's counties have been served creating or sustaining 517 jobs during this respective period. During this same period, loans received by small firms totaled $4,290,872. A total of 31 education and training sessions have been conducted with 369 firms participating. In this regard, training is directly related to financial management and are held in small groups. Training ranges from "Show Me the Money" or how to read your financial statement to cash flow analysis, projections, and management. Each loan recipient is required to attend at least a two hour training on financial management.

A total of $40,000 of state funds was allocated to establish a lending program as a means of securing designation as a Community Development Financial Institution (CDFI) under the Banking Enterprise Act. These funds were placed in a special pool in partnership with the Self-Help Ventures Fund and CCB. The fund helped the Institute to leverage $500,000 from the Federal Home Loan Bank Board, $700,000 in loan funds from the USDA, and $100,000 in loan funds from Centura Bank. The Institute may re-lend funds across the state. In turn, $40,000 in state funds were used to leverage $1.3 million in loan funds from other sources.

The Institute is one of two agencies designated by SBA to pre-qualify small businesses for SBA loan guarantees. Priority is given by SBA to firms owned and operated by women, minorities and veterans. This initiative is statewide. While another entity largely serves western North Carolina, the Institute has clients from some western counties.

In addition to partnerships with traditional financial institutions, the Institute maintains partnerships with non-traditional financial initiatives/agencies. In this regard, the two primary partners are the Center for Community Self-Help - Ventures Fund and the micro-enterprise program at the Rural Center. These are higher risk loans to firms in low-wealth communities or who employ individuals from low-wealth neighborhoods.

Since 1996-97, jobs created/retained have ranged from a minimum of 221 to 517 directly related to technical assistance. At least, 1200 jobs have been retained over the past 4 ½ fiscal years. Additionally, loans packaged have totaled more than $11,000,000. The budget for this program area totals $1.9 million.

Policy and Research This policy and research program division is the data and research arm of the agency. Over the past decade this division has produced more than twenty special reports and studies that have proven invaluable to public policy, private sector leaders and the community, in general. These reports and studies have ranged from detailed analyzes of minority and women owned businesses in the state to consumer buying power patterns among special population sectors. Currently, the Institute is working in partnership with the Kenan Flager School of Business conducting interviews and assessments of fifteen (15) financial institutions specific to their secondary mortgage market programs. Every five to six years an in-depth survey and analysis of women and minority owned firms is conducted to better assess growth, barriers, and impact. This survey is conducted upon release of the general survey data of the US Census Bureau. The budget for this program area is $83,000.

Procurement and Marketing The procurement and marketing program is a statewide initiative The VP for Procurement and Marketing, as well as the agency's President, works to establish relations and communications between small firms and large corporations, as well as the public sector. Through partnerships with major corporations, assistance is provided in shaping programs and outreach efforts to assure opportunities for small firms, particulary firms owned by women, minorities, and veterans. Roundtables are coordinated around the state with major corporations and small businesses as a means of helping small firms better understand vendor identification, solicitation, and utilization processes. Workshops are also coordinated around the state in partnership with small business centers, trade associations, corporations, and non-profits. Over the past 1 ½ years, approximately 665 firms have participated in workshops. Through partnership with the Carolinas Minority Supplier Development Council (a corporate based council) over $317.4 million in goods and services have been procured from historically underutilized firms. E- Commerce workshops and training sessions, as well as information are continuously forwarded to firms to enhance their knowledge of opportunities and procurement processes. The budget for this program area is $120,000.

Special Programs The Institute operates three primary special programs. These include two Construction Contractor Resource Centers. One center is in the Triangle and operated in partnership with UDC Community Development Corporation and has only been in operations for the past six months. The other center is located in Charlotte and is operated in partnership with the Metrolina Minority Contractors Association, Bank of America, and major prime construction firms. These are pilot initiatives and were located in areas where a non-profit or trade association had significant commitments of support, could help to marshal and identify space, and would commit to fully operate the center within a five year period. Over the past twelve months, 564 firms have used the Charlotte Center with 162 plans placed in the plan room. During this same period, 16 firms have reported receiving contracts totaling $4,062,159 and creating 114 new jobs. The budget for this program area is $580,000.

Through a partnership with NC DOT the Institute coordinates an SBE initiative to help identify, certify and facilitate opportunities for Disadvantaged Businesses under the Small Business Enterprise Program. The Institute partners with five community based organizations to build local capacity to meet this need and continue efforts beyond support from the Institute or NCDOT. This program is supported through a reimbursable contract with NCDOT up to $200,000.

Organizational development grants are made to non-profit organizations that have a regional or statewide reach with a particular focus on small business development among special populations. Over the past year, two of these agencies (Cumberland Regional and the Black Chamber) have provided assistance and support to 124 firms. Contracts received by these businesses total $7,460,000 throughout southeastern North Carolina. The total budget for this effort is $200,000.

Credit Counseling support is provided in the form of mini-grants made available to non-profit or community based groups. Eligible entities must be engaged in one-on-one credit counseling or undertaking group counseling/workshops. These efforts must be coordination with a major financial institution with grants ranging from $500 - $2500. The total budget is $15,000 per year through support from the banking community.

Women's Business Center is operated statewide through a grant received from SBA in the amount of $700,000. This program operates statewide to assist WBEs through training, counseling, and financial technical assistance. Though this program has only been in operation since September, 2001, clients served to date total 206 firms representing service in 33 of the state's rural counties. The total budget for the WBC is $840,000.

A total of $219,741 is expended to cover administrative and indirect program costs.

North Carolina Institute of Minority Economic Development, Inc.
2000-01 Fiscal Year
Budgeted Expenditures

Types of Expenditures	Requirements	% of Total Budget
Salaries	$720,000	25.82%
Benefits	190,800	6.84%
Contractual Personnel Services	41,000	1.47%
Total Personnel Services	**951,800**	**34.14%**
Building Rent/Lease	44,000	1.58%
Occupancy Expenses	135,400	4.86%
Equipment Rental/Lease	26,000	0.93%
Travel	49,450	1.77%
Telephone/Cellular Phone Service	37,600	1.35%
Other	50,000	1.79%
Misc Contractual Services	70,000	2.51%
Total Purchased Services	**412,450**	**14.79%**
General Program/Office Supplies	34,200	1.23%
Subscriptions/Reference Materials	6,600	0.24%
R&D / Educational Supplies	45,000	1.61%
Total Supplies	**85,800**	**3.08%**
Furniture	28,000	1.00%
Computers	15,000	0.54%
Total Equipment	**43,000**	**1.54%**
Discretionary Grants	506,200	18.16%
Loans	500,000	17.93%
Other	267,900	9.61%
Total Aid & Public Assistance	**1,274,100**	**45.70%**
Total Reserves	**-**	**0.00%**
Finance charges/Interest	600	0.02%
Board Expense	4,500	0.16%
Moving Expense	777	0.03%
Fund Raising	15,000	0.54%
Total Other	**20,877**	**0.75%**
Total Budget	$2,788,027	100.00%

FINANCE DEPARTMENT SUMMARY REPORT

20 Month Period: July 1999 to February 2001

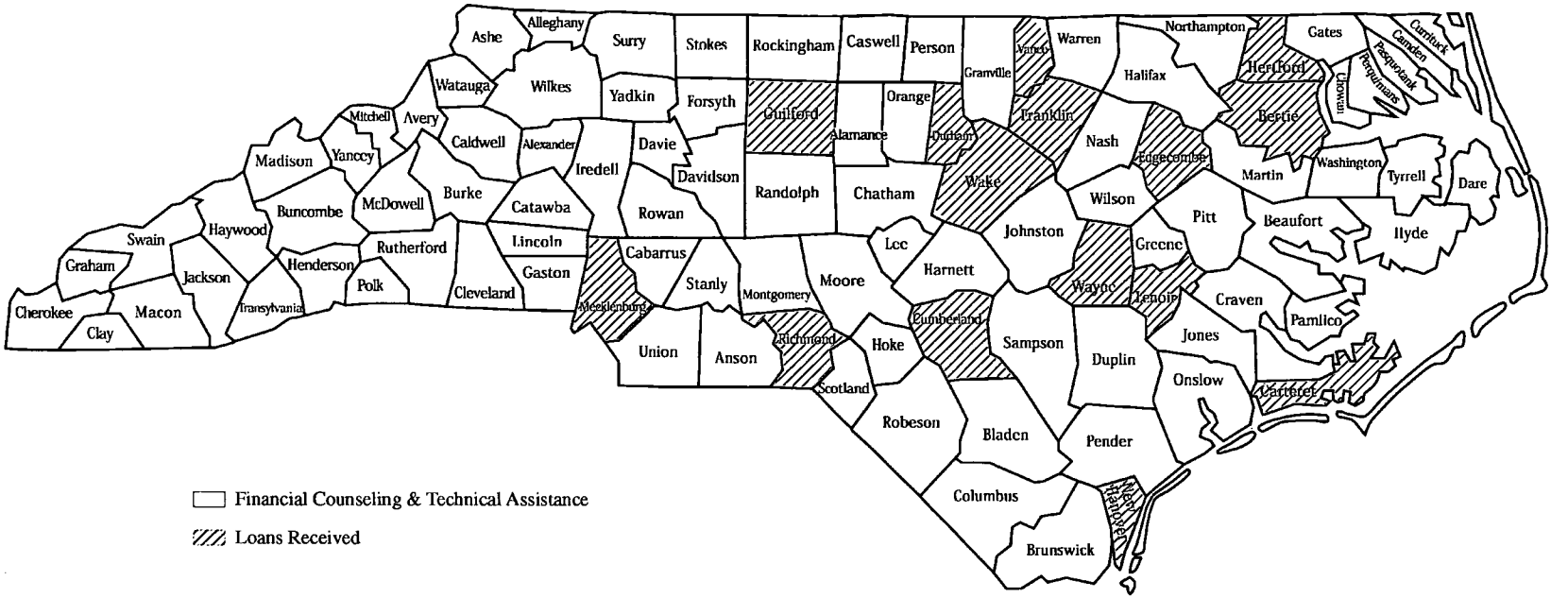
LOAN & STATISTICAL DATA	*Actual*	*Percentage*	*Year End Dec-00*
Number of Inquiries:	667		*623*
Total Dollars Requested: *	$93,097,309		*$60,479,879*
(#) Businesses Served / (%) of Total Inquiries:	158	23.69%	*136*
(#) Business Loans Received / (%) Businesses Served:	26	16.46%	*25*
Total Dollars Loaned / (%) Requested: **	$4,290,872	4.61%	*$4,170,872*
Average Loan Size:	$165,034		*$166,835*
Fees Received:	$23,185		*$23,185*
(#) Counties of Inquiring:	60		*60*
(#) Counties Represented/Consultation Provided:	55		*55*
Jobs Created and/or Sustained:	517		*488*
(#) Start-up Businesses Inquiring:	375		*314*
(#) Pre-existing Businesses Inquiring:	292		*309*
(#) Start-up Businesses Served / (%) Start-ups Inquiring:	66	17.60%	*57*
(#) Pre-existing Businesses Served / (%) Pre-existing Inquiring	92	31.51%	*79*
RACE & SEX PROFILE	*Inquired*	*Served*	*Inquired*
African-American:	56%	57%	*49%*
Caucasian:	28%	22%	*25%*
Hispanic:	4%	2%	*2%*
Native-American:	1%	1%	*1%*
Other:	4%	14%	*1%*
Unknown: ***	6%	4%	*9%*
Women (total across all races):	53%	44%	*47%*
BUSINESS CAPITALIZATION (%)			
Banking Partners:			
General (Traditional Financial Institutions)	$3,104,023	72.34%	*$2,135,350*
Self-Help Ventures Fund	$1,128,925	26.31%	*$1,008,925*
EDGE:	$0	0.00%	*$0*
IHUB:	$40,000	0.93%	*$40,000*
IRP:	$0	0.00%	*$0*
CDFI:	$0	0.00%	*$0*
Rural Center:	$17,924	0.42%	*$17,924*
Equity Partners/Funds:	$0	0.00%	*$0*
Total	**$4,290,872**	**100.00%**	*$4,170,872*
TECHNICAL ASSISTANCE & TRAINING			
Total TA Hours Provided:	5,127		*4,441*
Total Education &Training Sessions:	31		*29*
Total Client Participation in Sessions:	369		*340*

** This amount is $32.6 million more than reported on 12/00. One client, who has a $20,000,000 request, accounts for the bulk of this.*

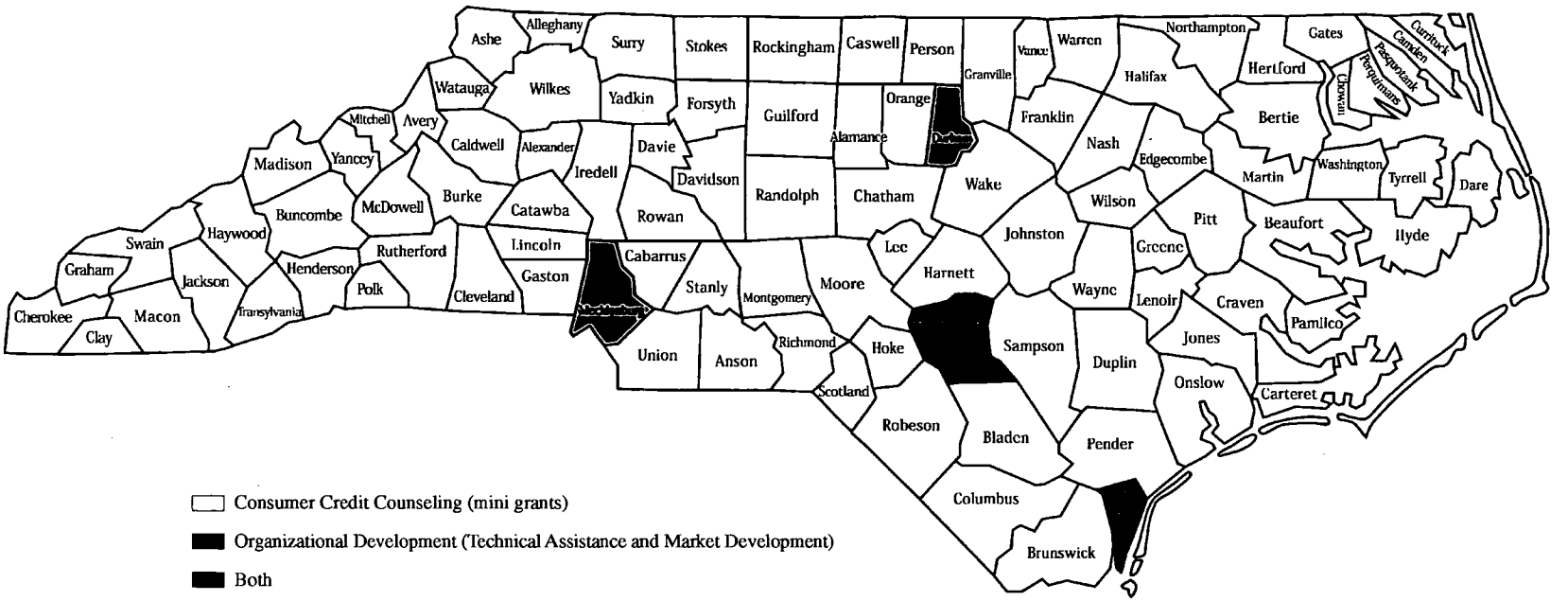
*** This excludes $3,416,221 in loans that were approved by the lender but not accepted by the clients in Fiscal Year 1999-2000.*

**** Unknown are clients applying through the IRP. Due to government regulations, we cannot collect race or sex data for these clients.*

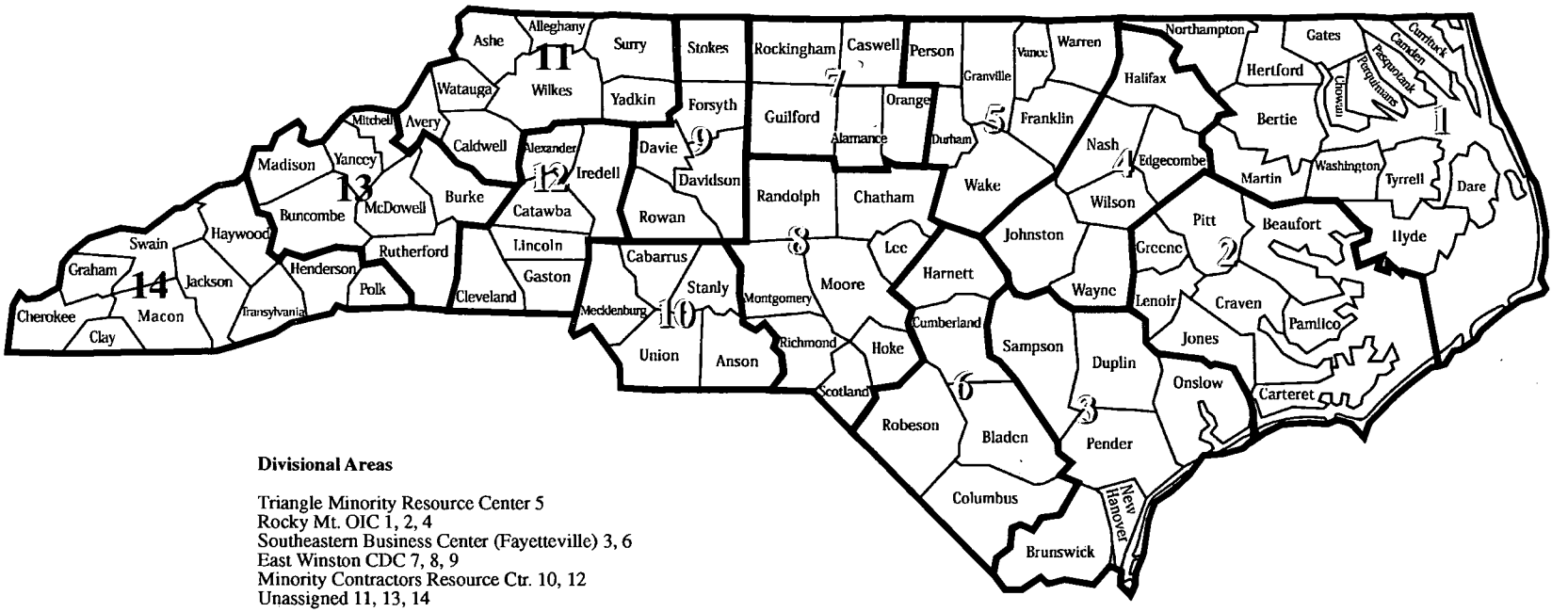
Capital Access & Technical Assistance
7/99 – 12/31/00



Education and Training



SBE Certification Initiative



Divisional Areas

Triangle Minority Resource Center 5
Rocky Mt. OIC 1, 2, 4
Southeastern Business Center (Fayetteville) 3, 6
East Winston CDC 7, 8, 9
Minority Contractors Resource Ctr. 10, 12
Unassigned 11, 13, 14

Attachment B

North Carolina Minority Support Center
Serving the State's Community Development Credit Unions (CDCU) since 1990

Since 1991, the Support Center has aggressively worked to enhance the capacity of community-based credit unions to positively impact low-income communities throughout North Carolina . By providing fair and affordable small business, mortgage, rehab and personal loans, CDCUs significantly stimulate economic development in underserved communities. The Support Center's 16 affiliated CDCUs serve nearly 23,000 individuals in 39 counties across the state.

1) The mission of the Center it to relieve poverty, eliminate prejudice, lesson neighborhood tensions, and combat community deterioration in certain economically depressed areas through a program of financial assistance designed to improve economic conditions and economic opportunities.

2) To lesson the burden of government by creating jobs and home-ownership opportunities for low and moderate income people, particularly in economically depressed minority communities.

3) To make and provide loans, mortgages, grants, and other debt or equity financing to projects that will benefit minority communities , and to other organizations in furtherance of the Corporations charitable , educational and scientific purpose.

How do we do this? We do this buy building the capacity of community based CDCUs throughout the state. It is important to understand that many of the institutions we serve historically have lacked the technology, infrastructure and personnel to be effective in their community on a large scale and many were closed. That is why the Support Center was formed. We have been very effective at increasing the capacity and impact that they are having in 39 counties throughout the state and the number is growing.

Accomplishments since 1991:

*Saved four CDCUs from being liquidated and nurtured them back to health.
*Created a program that made funds available for CDCUs to utilize to acquire basic needs.
*Made sure that all CDCUs are computerized and possess the technology to advance.
*Assisted in recruiting management for CDCUs from traditional financial institutions.
*Assisted in training boards, management, and various committees
*Assisted 11 in getting CDFI certification through the US Treasury Department
*Assisted 11 in receiving funding through the US Treasury Department
*Center approve for $2 million from U.S. Treasury for the loan fund(State match)

*Raised over $9 million in direct new, private support from banks and foundations.
*Raised over $6 million in non-member and corporate member deposits for CDCUs
*Helped increase combined assets from $21 million to $62 million with loans at $49 million.
*Assisted with the chartering of 4 new credit union in the state with 2 more anticipated by year-end.
*Established a loan fund which has created 1300 jobs throughout the state.

What impact has this had?

More low income communities have access to a affordable community based financial institution that have a mission of making a difference in the community.

NC Minority Support Center

Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring	$275,000	$375,000	$375,000	$600,000	$588,000
Non-Recurring				$1,000,000	
Other Sources of Funding **(Page 2)**	$348,553	$641,147	$581,703	$606,230	$547,000
Prior Year Carry-Forward	$189,706	$409,400	$857,182	$1,147,054	$2,118,842
Total Available	**$813,259**	**$1,425,547**	**$1,813,885**	**$3,353,284**	**$3,253,842**
Total Actual Expenditures	**$403,859**	**$568,365**	**$666,831**	**$1,234,442**	**$1,190,079**
Total Actual Encumbrances	**$187,250**	**$608,740**	**$866,781**	**$1,914,665**	**$1,800,098**
Cash Balance	**$222,150**	**$248,442**	**$280,273**	**$204,177**	**$263,665**

* Projected figures for FY 2000-01

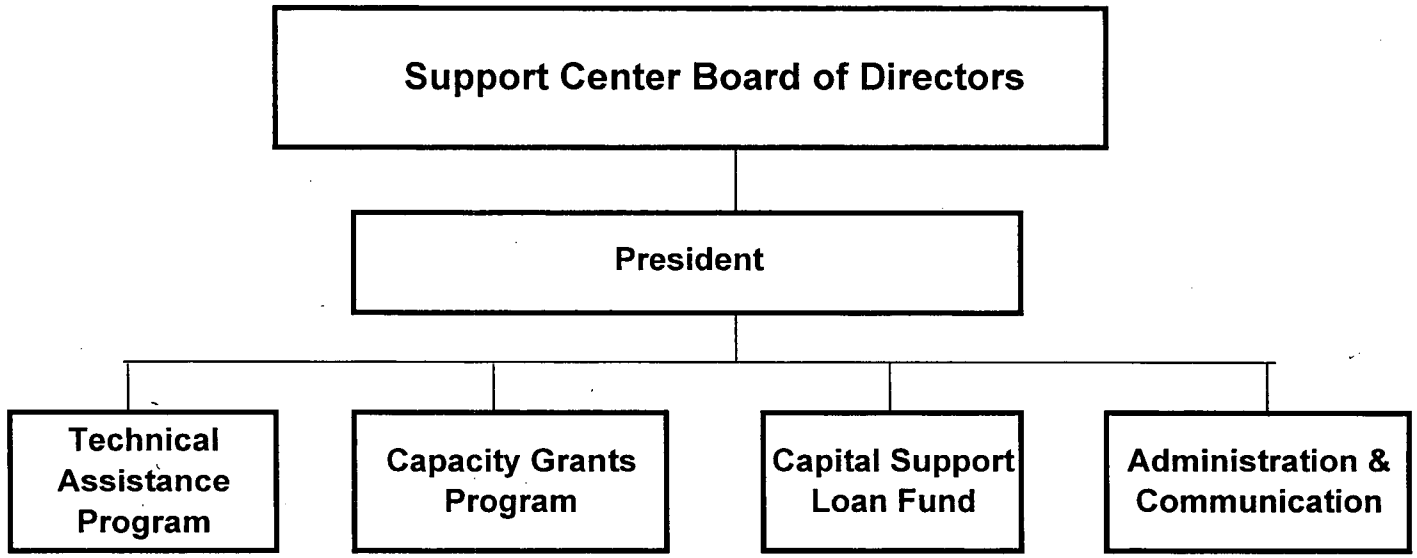
	Encumbrances				
	1997	1998	1999	2000	2001
Capacity grant	73,500	120,000	98,608	70,129	
Reserve	13,750	32,500	51,250	81,250	111,250
Program Support		229,474	261,065	327,143	0
Loan funds	100,000	226,766	427,709	1,357,134	1,606,327
Accounts Payable			28,149	79,009	82,521
	187,250	608,740	866,781	1,914,665	1,800,098

NC MINORITY SUPPORT CENTER
OTHER FUNDING SOURCES

Other Funding Sources	1997	1998	1999	2000	2001
Program Grant income					
NC Rural Center	68,750				
FB Heron Foundation	50,000	100,000		50,000	50,000
Ford Foundation	100,000	250,000		225,000	125,000
Stoneman Foundation		20,000	15,000		
JP Morgan			30,000		
Public Welfare			40,000		
Warner Foundation			40,000		
Z Smith Reynolds				100,000	100,000
Mary Reynolds Babcock			48,500		
Fannie Mae			50,000		
	218,750	370,000	223,500	375,000	275,000
Capital Loan Grant income					
ZSR Secondary Capital	100,000				
ZSR Business Lending Capital		125,000	125,000		
Bryan Family Foundation-2nd Cap		80,000			
Ford Foundation-Loan Loss Prov.			100,000		
	100,000	205,000	225,000	0	0
Other income					
Interest income	19,252	63,631	128,047	220,926	265,000
Miscellaneous income	10,551	2,516	5,156	10,304	7,000
	29,803	66,147	133,203	231,230	272,000
Total Other Funding Sources	348,553	641,147	581,703	606,230	547,000

4

North Carolina Minority Support Center



Staff	Position
Linwood Cox	President
Bethany Chaney	Vice President/Development Director
Tanya Branch	Chief Financial Officer
Kaye Gantt	Mortgage Loan Fund Manager/New Products Coordinator
Kimberly Knox	Communications & Program Coordinator
Vacant--being filled	Commercial Reviewer
Vacant--being filled	Office Assistant
UNC Planning	2 Interns

***Our current position structure is overlapping in Departments**

How did we do this? OUR PROGRAMS

Please note that only 28% of State funds are used for payroll..

Technical Assistance Program.
Cost of the Program: Annually $313,150
Program Budget: See Spreadsheet

Note:

State Funds	Vs	Non-State
30.73%		20.76%
$184,409	VS	$128,741

Staff provide on-site technical assistance to 16CDCus and their boards. This on-site assistance covers every aspect of credit union operations. In addition, quarterly small-group seminars on topics such as lending, policies , underwriting, marketing and implementing new services are held. Staff also assist in identifying qualified personnel for credit union recruitment.

Areas of assistance rendered:

Accounting
Lending
Collections
Financial Analysis
Asset /Liability management
Marketing
Business lending
Board & Committee training
Policy Modification
New Services

Capacity Grants Program.
Cost of the Program. $567,029.00

% State Funds	VS	Non-State
58.67%	Vs	34.19
$352,000	Vs	$212,029

The Support Center also offers competitive capacity grants, designed to bolster a credit union's ability to hire new staff, offer new or improved services, or expand or upgrade computer and software systems. These funds are also available to start-up CDCUs. This program has been essential to the success of the network based on the limited ability of small institutions to hire staff, purchase hardware and software, and materials that are essential to a successful institution.

This application process is reviewed by a committee to determine the viability of the application based on staff recommendations. Self- Sufficient operations are discouraged from applying for funds from this program because that is the intent of the program. A significant portion of state funds are used within this program for our assistance isn't ineffective if the infrastructure is not in place at the institutions.

Funds are also made available through this program based on our on fundraising efforts. The Development Director and President play a crucial role in raising funds for this program. Grants awarded thru this program are tracked by the Center program specialist and Chief Financial Officer.

Capital Support Loan Fund.
Cost of the Program: $164,250

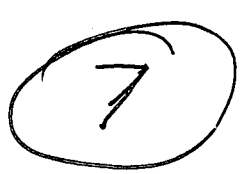
% State Funding	Vs	Non-State
$0%		26.49%

This revolving fund provides a major source of capital, ensuring CDCUs have sufficient funds to meet the credit needs of their members, To qualify for these funds, CDCUs must demonstrate financial need and meet strict financial standards and performance goals. These funds are made available for general liquidity, mortgage lending, and small - business lending. These funds are raised by the Development Director and President. They are tracked by the business loan fund manager and program specialist and the data is reported to the President.
Within this Fund are state funds from prior allocations and the listing of credit unions provided are eligible to apply.

Administrative and Communications Division
Total Cost: $178,650.00

Program Budget: See Spreadsheet

% State		% Non-State
10.60%	Vs	18.56%
$63,591.00	Vs	$115,059



Within this department of the Center all other general activity takes place pertaining to the administration of the organization. Audits, Accounting, general administration, marketing and advertisement, board and staff development, newsletters, publications and general office activity.,

Organizational Current Supporters:

General and Program Grants:	Capital Support Loan Fund :	Leveraged Support CDCUs
Anonymous Foundation	Bryan Family Fund	Mary Reynolds Babcock
Mary Reynolds Babcock	First Citizens Bank	CDFI Fund
Fannie Mae Foundation	First Union Corp	Fannie Mae
Ford Foundation	Bank of America	Triangle Community Found.
Grant Foundation	State of North Carolina	Wachovia Bank
NC Community Shares	Z.Smith Reynolds Foundation	NCCDI
Public Welfare Foundation	U.S. Treasury Department	Numerous other larger
State of North Carolina	Golden Leaf Foundation	Financial Institutions
Stoneman Foundation		
Warner Foundation		

NC MINORITY SUPPORT CENTER--PROGRAM BUDGET

	Administrative & Communications Division					Total Budget				Total Budget
	Program Total	State	Non-State	State %	NS %	State	Non-State	State %	Non-State %	
Salaries/Benefits	9,800		9,800		1.58	169,486	259,014	28.25	41.77	428,500
Contractual Servi	38,700	11,014	27,686		4.46	11,014	27,686	1.84	4.46	38,700
Rent	12,000	12,000		2.00		12,000		2.00		12,000
Equipment Rental	9,500	2,000	7,500	0.33	1.21	2,000	7,500	0.33	1.21	9,500
Travel						10,000	25,500	1.67	4.11	35,500
Telephone	3,000		3,000		0.48		15,000		2.42	15,000
Office supplies	3,000	3,000		0.50		3,000		0.50		3,000
Furniture	6,500	5,577	923	0.93	0.15	5,577	923	0.93	0.15	6,500
Capacity Grants						350,000	120,129	58.33	19.37	470,129
Interns							27,500		4.43	27,500
Marketing	32,700		32,700		5.27		32,700		5.27	32,700
Dues/Sub	4,700		4,700		0.76		4,700		0.76	4,700
Postage	6,000		6,000		0.97		6,000		0.97	6,000
Office Copy	1,500		1,500		0.24		1,500		0.24	1,500
Bank Fees	250		250		0.04		250		0.04	250
Insurance/Bondin	5,000		5,000		0.81		5,000		0.81	5,000
Misc	1,000		1,000		0.16		1,000		0.16	1,000
Annual Meeting	6,000		6,000		0.97		6,000		0.97	6,000
Interest Exp							32,000		5.16	32,000
Allowance Fundin							15,000		2.42	15,000
Reserve	30,000	30,000		5.00		30,000		5.00		30,000
Training						4,423	20,177	0.74	3.25	24,600
Staff Develop	2,500		2,500		0.40	2,500	6,000	0.42	0.97	8,500
Board Develop	6,500		6,500		1.05		6,500		1.05	6,500
	178,650	63,591	115,059	10.60	18.56	600,000	620,079	100.00	100.00	1,220,079



NC MINORITY SUPPORT CENTER--PROGRAM BUDGET

	Technical Assistance Program					Capacity Grant Program					Capital Support Loan Fund				
	Program Total	State	Non-State	State %	NS %	Program Total	State	Non-State	State %	NS %	Program Total	State	Non-State	State %	NS %
Salaries/Benefits	257,000	169,486	87,514	28.25	14.11	85,700		85,700		13.82	76,000		76,000		12.26
Contractual Services															
Rent															
Equipment Rental															
Travel	19,600	8,000	11,600	1.33	1.87	8,200	2,000	6,200	0.33	1.00	7,700		7,700		1.24
Telephone	7,500		7,500								4,500		4,500		0.73
Office supplies															
Furniture															
Capacity Grants						470,129	350,000	120,129	58.33	19.37					
Interns	13,750		13,750		2.22						13,750		13,750		2.22
Marketing															
Dues/Sub															
Postage															
Office Copy															
Bank Fees															
Insurance/Bonding															
Misc															
Annual Meeting															
Interest Exp											32,000		32,000		5.16
Allowance Funding											15,000		15,000		2.42
Reserve															
Training	12,300	4,423	7,877	0.74	1.27						12,300		12,300		1.98
Staff Develop	3,000	2,500	500	0.42	0.08						3,000		3,000		0.48
Board Develop															
	313,150	184,409.00	128,741.00	30.73	20.76	564,029.00	352,000.00	212,029.00	58.67	34.19	164,250.00		164,250.00		26.49

Name of Non-Profit 2000-01 Fiscal Year Budgeted Expenditures		
Types of Expenditures	**Requirements**	**% of Total Budget**
Salaries	342,500	
Benefits	86,000	
Contractual Personnel Services	38,700	
Total Personnel Services	$467,200	38.29%
Building Rent/Lease	12000	
Equipment Rental/Lease	9500	
Travel	35500	
Telephone/Cellular Phone Service	15000	
Misc. Contractual Services		
Total Purchased Services	72000	5.90%
General Office Supplies	3000	
R&D / Educational Supplies		
Total Supplies	3000	0.25%
Furniture	6500	
Computers		
Other		
Total Equipment	6500	0.53%
Discretionary Grants	497629	
Directed Grants		
Loans		
Other	24600	
Total Aid & Public Assistance	522229	42.80%
Total Reserves	30000	2.46%
Total Other	119150	9.77%
Total Budget	1220079	100.00%

Other:	
Marketing and Advertising	32700
Association/Subscription Dues	4700
Postage	6000
Office copying	1500
Bank Fees	250
Insurance & bonding	5000
Loan Loss	15000
Interest Expense	32000
Miscellaneous	1000
Annual Meeting	6000
Board Development	6500
Staff Development	8500
	119150

NCMSC Community Development Credit Union Affiliates

Caswell Credit Union
PO Box 186
Yanceyville, NC 27379
(336) 694-1544
Counties Served: *Caswell*

Chatham-Lee Credit Union
PO Box 321
Pittsboro, NC 27312
(919) 542-2106
Counties Served: *Chatham and Lee*

Chowan Credit Union
PO Box 627
Edenton, NC 27932
(252) 482-3126
Counties Served: *Chowan, Gates, and Pasquotank*

College Heights Credit Union
1503 Murchison Road
Fayetteville, NC 28301
(910) 488-7634
Counties Served: *Cumberland*

Compact Credit Union
521 Crocker Road
Kings Mountain, NC 28086
(704) 739-6671
Counties Served: *Cleveland*

Gateway Community Development Credit Union
PO Box 755
Henderson, NC 27536
(252) 492-5854
Counties Served: *Franklin, Person, Vance, and Warren*

Metropolitan Community Credit Union
327 N. Market Street
Washington, NC 27889
(252) 946-1668
Counties Served: *Beaufort, Hyde, and Pamlico*

Perquimans Credit Union
PO Box 102
Hertford, NC 27944
(252) 426-5131
Counties Served: *Perquimans*

Rowan-Iredell Area Credit Union
PO Box 456
Salisbury, NC 28144
(704) 637-6528
Counties Served: *Alexander, Cabarrus, Catawba, Davie, Iredell, and Rowan*

St. Luke Credit Union
PO Box 548
Windsor, NC 27983
(252) 794-3242
Counties Served: *Bertie and Martin*

School Workers Federal Credit Union
PO Box 16285
Charlotte, NC 28297
(704) 375-5781
Counties Served: *Mecklenburg*

Self-Help Credit Union
301 W. Main Street
Durham, NC 27701
(919) 956-4400
Counties Served: *Statewide*

Exhibit #1

South East Community Credit Union
3301 Market Street
Wilmington, NC 28402
(910) 763-6070
Counties Served: *Brunswick, Columbus, New Hanover, and Pender*

Tri-County Credit Union
PO Box 754
Ahoskie, NC 27910
(252) 332-4413
Counties Served: *Bertie, Gates, Hertford, and Northampton*

Victory-Masonic Mutual Credit Union
PO Box 232
Winston-Salem, 27102
(336) 724-9081
Counties Served: *Forsyth and parts of Alamance, Guilford, Stokes, Surry, and Yadkin*

Latino Community Credit Union
Durham NC
919-530-8800
Members of El-Centro (State Wide)

#1

Attachment C1

Land Loss Prevention Project Report To Joint Appropriations/Natural & Economic Resources

March 1, 2001

About The Land Loss Prevention Project

The Land Loss Prevention Project is a non profit law firm established by the North Carolina Association of Black Lawyers' in 1983 to curtail the epidemic loss of small and minority owned land in North Carolina. The Land Loss Prevention Project has enjoyed the assistance and support of North Carolina Central University's School of Law since its inception.

In 1991, the North Carolina General Assembly created a study commission to examine the causes of land loss in North Carolina. The study commission found that several issues led to the dramatic increase in land loss and farm foreclosures in North Carolina. Namely, decreasing commodity prices, inadequate farm planning, inadequate estate planning, increased taxes, government action such as eminent domain, fraud, and rural poverty.

In an effort to address these issues, the study commission recommended that the General Assembly fund a program with the legal and technical expertise to combat land loss related problems. Therefore, the General Assembly began providing funds to the Land Loss Prevention Project in 1991 to provide legal assistance free of charge to small, minority, and limited resource family farmers and landowners throughout North Carolina. These funds are essential for the continuation of services to the residents of North Carolina at risk of loosing farmland.

The Project presently maintains its main office in Downtown Durham, a clinical office at North Carolina Central University's School of Law, a field office in Ahoskie which is scheduled to move to Rocky Mount in the Spring of 2001, and a field office in Asheville scheduled to open in the Spring of 2001. The Land Loss Prevention Project (LLPP) currently employees seven attorneys, one senior paralegal, one forestry and regional planner, one administrative assistant, and one part-time contract farm and home planner.

The Crisis In Agriculture

Agriculture represents about 28% of North Carolina's income. Almost 21% of the state's workforce still depends upon agriculture for employment contributing over 42 billion dollars a year to the state's economy. Although agriculture is a significant part of this state's economy, North Carolina still leads the Southeastern United States in farm loss. Between 1980 and 1996, North Carolina lost more than 35,000 farms. In recent years, with the assistance of the North Carolina Department of Agriculture, non profit organizations like the Land Loss Prevention Project, and other efforts that trend has stabilized. Nevertheless, during that same period 1980 and 1996, North Carolina lost more than 2,500,000 acres of farmland.

According to data provided by the United States Department of Agriculture, rural poverty has increased in America to an unprecedented level of approximately 20%. Almost 90% of all family farmers are forced to rely on off-farm income as a means to maintain their family farms. The crisis in American farming persists.

The nation and North Carolina particularly have enjoyed economic success over the past 10 years, small family farmers have suffered through a great recession rivaled only by the early 1980's and 1930's. North Carolina farmers are still dealing with the aftermath of Hurricanes Floyd, Bonnie, Bertha and Fran. Moreover, North Carolina has been plagued by severe drought 4 of the past 5 years.

Unfortunately factors outside of natural disasters also have also contributed to the farm crisis. For example, higher production costs and lower commodity prices have significantly reduced farm incomes. There has been a decline in the availability of farm credit programs, thus decreasing the availability of operating funds for small family farms. The increase in corporate farms and contract farming has shutoff markets heretofore open to the small family farmer. For every 7 small farms that close, 1 rural business will close as a result. The viability of the state's rural economy depends upon the survival of family farms.

Programs And Activities Of The Land Loss Prevention Project

The Land Loss Prevention Project is a non-profit organization that addresses legal, economic, and environmental problems associated with the rapid decline in the number of family farms and low income and elderly landowners. LLPP:



lorth Carolina Central University School of aw Student and Intern, Natalie Watson, rovides assistance to seniors.

- Provides legal assistance free of charge to family farmers and low income landowners who are in danger of losing their homes and businesses because of overwhelming economic burdens and legal obstacles to private land ownership and retention;
- Provides legal assistance to landowners and rural communities who face devastating property loss due to unsustainable development practices;
- Assists elderly and low income homeowners who are threatened by predatory lending practices and unfair and deceptive trade practices, including but not limited to unscrupulous home repairmen that prey upon the elderly;
- Works with low income communities that are disproportionately affected by environmental hazards that pose a threat to their health, safety, and quiet use and enjoyment of the land;
- Works with local, statewide, and national organizations to improve the economic health of North Carolina's rural communities through sustainable economic development and smart growth initiatives;

"Saving family land one parcel at a time is not only a motto it is a practice."

- Engages in proactive community education efforts designed to inform the public on the 10 basic ways to prevent land loss;
- Provides technical assistance and training to attorneys and advocates from North Carolina and other states through planned programs and upon request;
- Maintains a private bar referral list of pro bono and other attorneys willing to handle cases impacting land in their local communities; and
- Encourages law students to engage in land loss prevention activities including community outreach and public education.

Programs Conducted In Fiscal Year 2000

The Land Loss Prevention Project offered, conducted, or participated in more than 75 local, statewide, and national programs. Because saving family land one parcel at a time is not only a motto it is a practice, each staff attorney performs at least one community education project per month. The attorneys believe by maintaining community involvement and ties, they are better prepared to help communities develop holistic approaches to emerging problems affecting the community. Some of the programs offered in 2000 included:



niversity of Wisconsin School of Law Student and Intern, Meghan Elliot, performs ıtake.

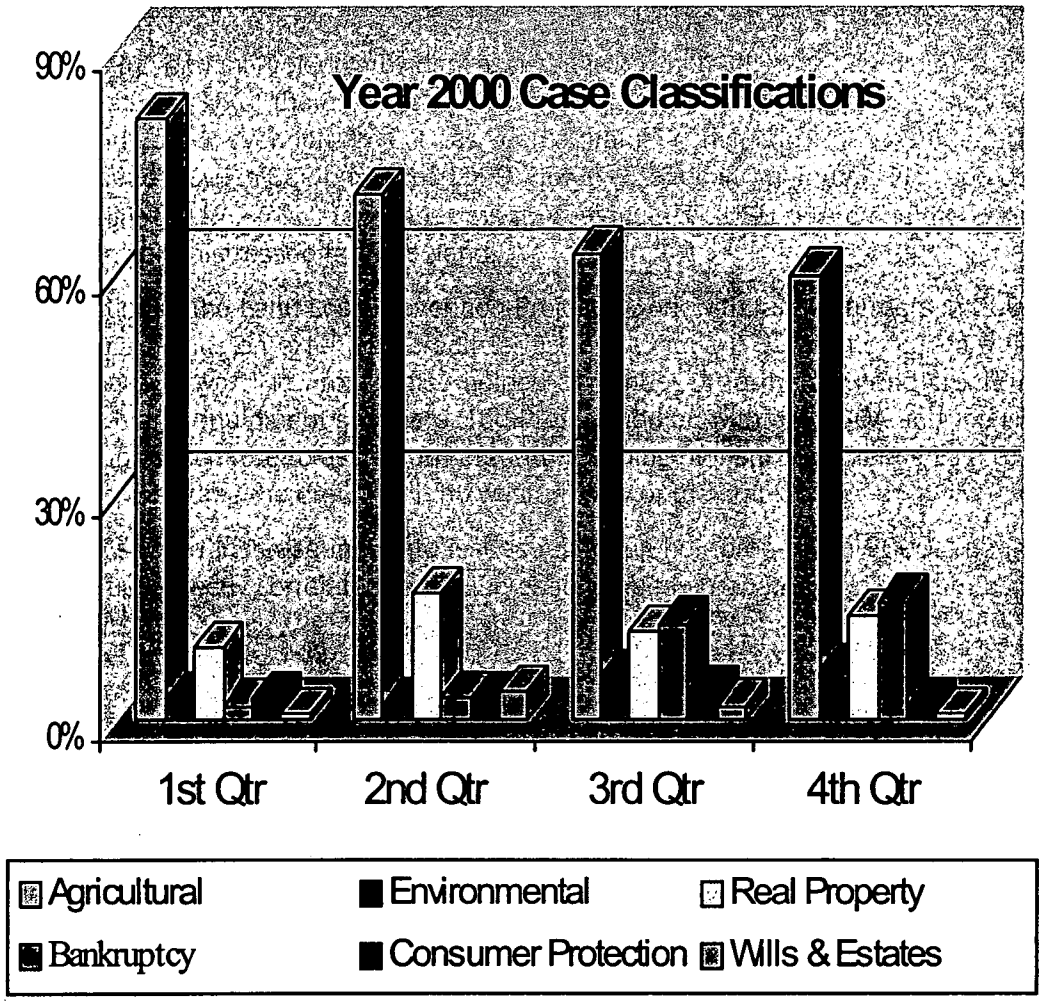
- Will and Estate Planning Seminars in Halifax, Yadkin, Johnston, and Sampson Counties;
- Hurricane Floyd Relief Assistance Programs in Nash, Edgecombe, Pitt, and Lenoir Counties;
- Co-sponsorship of the North Carolina Environmental Justice Summit;
- Participation with North Carolina State University and North Carolina A & T State University in the Southern Sustainable Agriculture Research and Education Program (SSARE); and
- Testimony before US Congress on Agricultural Decline and Civil Rights Enforcement.

The Clients Served

The Land Loss Prevention Project provided assistance to more than 1325 persons in the year 2000. Approximately 53% of the clients served were white and 47% of the clients served were minorities. The Land Loss Prevention Project has seen a dramatic increase in the number of bankruptcies since Hurricane Floyd in September of 1999. However, agricultural foreclosure and debt servicing cases involving the United States Department of Agriculture (USDA) remains the primary entity threatening financially distressed farmers' land.

A significant portion of the Land Loss Prevention Project's work with family farmers in 2000 was negotiating with local banks on extending credit terms for delinquent payments to family farmers affected by Hurricane Floyd. The Project also helped a number of farmers extend credit terms with various seed and farm equipment suppliers. The Project worked with the USDA and the North Carolina Department of Agriculture to assist farmers with the filing of insurance claims as a result of the natural disasters, including the drought in the western part of the state.

The Project also saw an increase in estate issues regarding heir property in 2000. The increase in heir property issues directly correlated to the increase in deeds prepared settling estates for low income land owners in 2000.



Major Cases Of The Land Loss Prevention Project

During the past year, LLPP handled legal issues of great importance to North Carolina's limited resource landowners and small family farmers. The following is a brief description of some of the major cases handled by the legal staff.

Bunting v. Perdue: LLPP represents a poultry farmer who was unfairly treated by a large poultry company. Plaintiffs, a father and son, expended several thousands of dollars repairing chicken houses on the promise that once the repairs were complete they would be given a contract to grow chickens. Perdue reneged on its promise only after Plaintiffs performed significant repairs to the houses. Plaintiff survived summary judgment on claims of fraud, negligent misrepresentation and unfair and deceptive trade practices. The case is scheduled for trial this Spring in federal district court in eastern North Carolina. This case is illustrative of the illusory nature of contract farming.

Pigford v. Glickman: LLPP staff continues to represent many farmers in connection with the settlement of a major class action involving the United States Department of Agriculture discriminating against Black farmers. LLPP staff has won many Track A claims on behalf of Black farmers. Under the terms of the settlement successful Track A claimants receive $50,000 and forgiveness of their USDA debt. LLPP has filed appeals for dozens of Track A claimants who were unjustly denied benefits under the settlement. Finally, LLPP is handling four Track B cases, if successful, the claimant will receive actual damages in excess of $50,000 and debt forgiveness for outstanding USDA loans.

Wise v. Glickman: LLPP filed a gender and race discrimination case against USDA on behalf of 5 North Carolina farm families and other farmers similarly situated to them. The suit seeks injunctive and declaratory relief from the federal district court in Washington, D.C. to overhaul USDA's service delivery system. This case picks up where *Pigford* left off. *Pigford* primarily dealt with money damages, and did not seek structural changes within USDA to prevent future discrimination. The *Wise* class action seeks far-reaching injunctive relief to remedy gender and race based discrimination by USDA. Presently, the case has been stayed pending resolution of pre-trial motions.

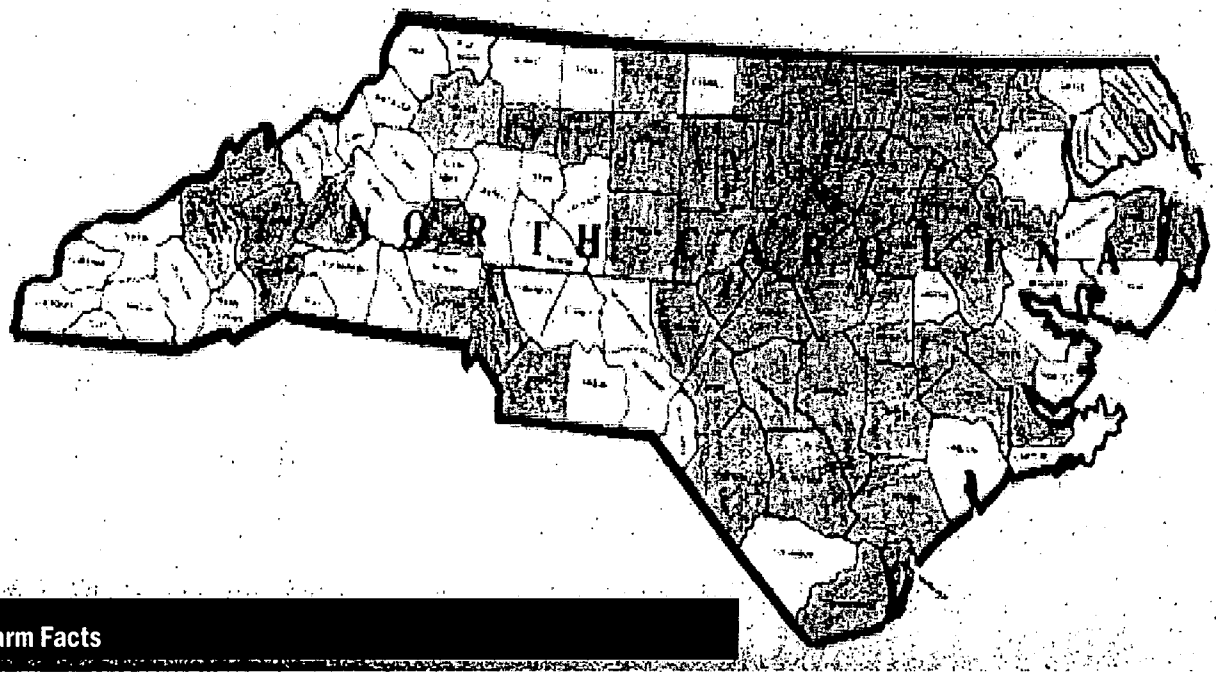
Dixon v. Price: LLPP obtained a favorable jury verdict in Martin County in a farmland family heir fraud case. LLPP proved actual and constructive fraud in a property transaction that threatened to divide heir property in Williamston. As a result of the favorable jury verdict, the family property is no longer in danger of being substantially partitioned by a non-family member.

Harris v. USDA. This case involves an 80 year old, female tobacco farmer who had an adverse allotment decision unfairly imposed upon her. Without any substantive evidence and without making any findings of fact, USDA refused to allow Harris to participate in the allotment transfer program. LLPP has filed a petition for judicial review in federal court for the Western District of North Carolina.

Franks v. DENR and Wake County: LLPP continues to successfully handle the improper placement of the Southeastern United States' largest landfill. LLPP challenged the N.C. Department of Environment and Natural Resources' granting of a sanitary landfill permit to Wake County for placement of a landfill in a Holly Springs community that was predominantly African-American. An Administrative Law Judge (ALJ) ruled in favor of LLPP's clients that the permit violated multiple North Carolina laws. Upon agency review, DENR reversed in part and affirmed in part the ALJ's decision withdrawing the permit. LLPP petitioned in state superior court to have DENR's decision set aside and requested that the ALJ's decision be reinstated. The superior court agreed with LLPP and threw out DENR's decision and reinstated the ALJ's decision. Wake County and DENR have now appealed the final agency decision to superior court.

The above cases represent a sampling of the legal work performed by LLPP. LLPP also represents farmers in federal bankruptcy proceedings, administrative appeals of loan servicing denials by USDA, condemnation cases, and adverse possession cases. The scope of LLPP's work has changed over the past five years as additional grants from foundations and private individuals have allowed LLPP to examine other land loss issues, nevertheless, financial assistance from the state accounts for approximately 60 percent of LLPP's budget.

The Land Loss Prevention Project Counties & Clients Served In 2000



Farm Facts

- The Land Loss Prevention Project served more than 1325 clients in the year 2000, situated in over 60 of the state's 100 counties.
- Between 1992 and 1997, according to the 1997 Agricultural Census, North Carolina small farms with fewer than 9 acres decreased from 4,651 to 3,968.
- Between 1992 and 1997, according to the 1997 Agricultural Census, North Carolina farms with 9 to 49 acres decreased from 15,852 to 15601.
- Between 1992 and 1997, according to the 1997 Agricultural Census, North Carolina farms with 50 to 179 acres decreased from 19,366 to 18,259.
- Between 1992 and 1997, according to the 1997 Agricultural Census, North Carolina farms with 1,000 acres or greater increased 1,414 to 1,611
- Between 1992 and 1997, according to the 1997 Agricultural Census, the average farm size in North Carolina increased from 159 acres to 185 acres.
- Between 1992 and 1997, according to the 1997 Agricultural Census, the number of African American farmers in North Carolina decreased from 1,866 to fewer than 1,000.
- Between 1992 and 1997, according to the 1997 Agricultural Census, the number of Native American farmers in North Carolina decreased from 600 to fewer than 400.
- Between 1992, and 1997, according to the 1997 Agricultural Census, the number of dairy farms has decreased from 1,552 to 1,092.
- Between 1992 and 1997, according to the 1997 Agricultural Census, the number of hog farms has decreased from 4,311 to 2,986.
- Between 1992 and 1997, according to the 1997 Agricultural Census, the number of hogs in inventory increased from 5,100,979 to 9,824,860.

Land Loss Prevention Project

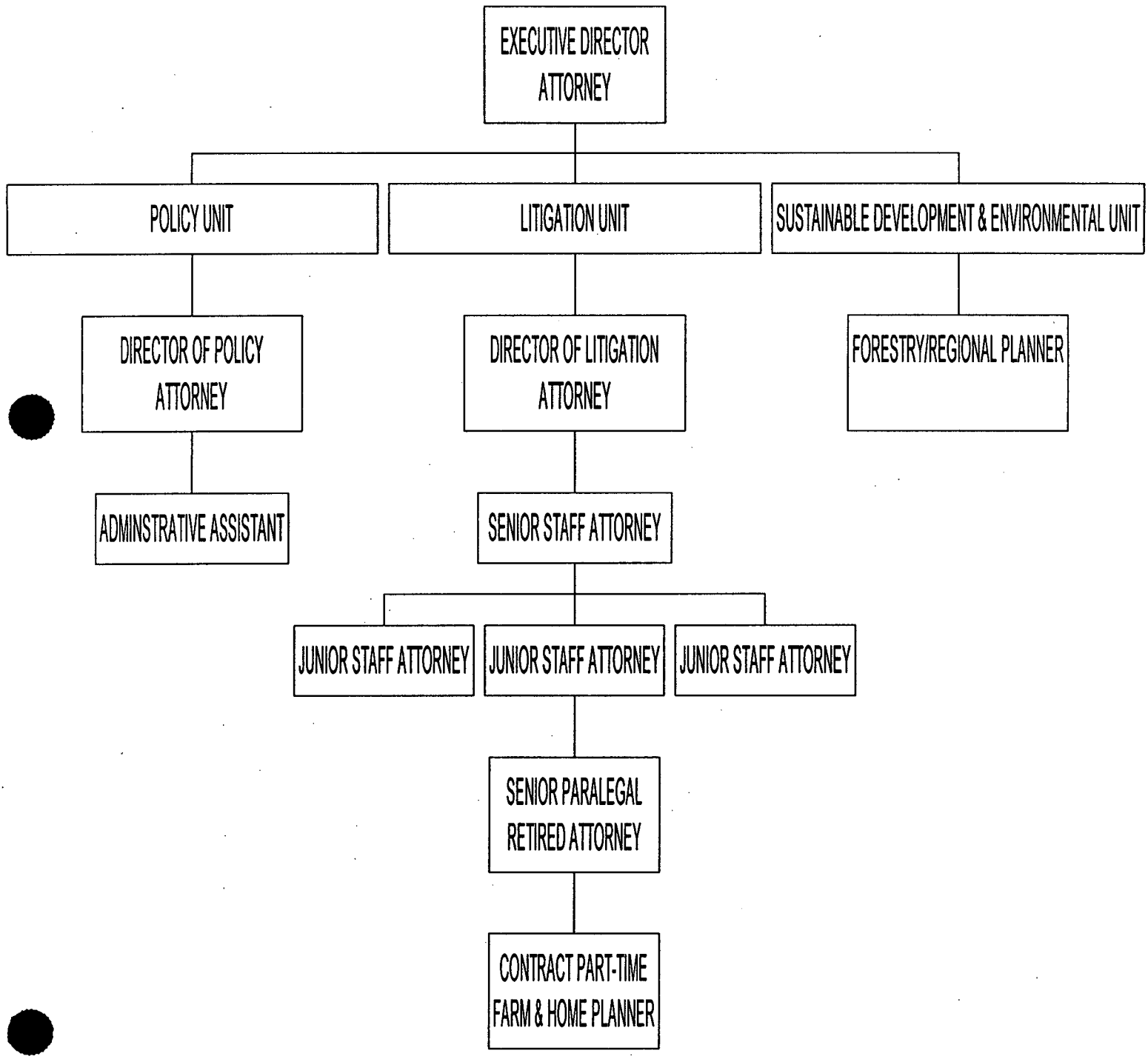
Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring	$0	$0	$0	$450,000	$447,750
Non-Recurring	$275,000	$350,000	$350,000	$0	$0
Other Sources of Funding	$466,830	$186,567	$152,345	$315,308	$321,000
Prior Year Carry-Forward		$65,123	$39,355	$0	$55,000
Total Available	**$741,830**	**$601,690**	**$541,700**	**$765,308**	**$823,750**
Total Actual Expenditures	**$676,707**	**$601,690**	**$541,700**	**$710,308**	**$823,750**
Total Actual Encumbrances	**$65,123**			**$55,000**	**$0**
Cash Balance	**$0**	**$0**	**$0**	**$0**	**$0**

* Projected figures for FY 2000-01

Name of Non-Profit 2000-01 Fiscal Year Budgeted Expenditures		
Types of Expenditures	**Requirements**	**% of Total Budget**
Salaries	378,250	
Benefits	86,998	
Contractual Personnel Services	45,000	
Total Personnel Services	$510,248	61.94%
Building Rent/Lease	50000	
Equipment Rental/Lease	15000	
Travel	55000	
Telephone/Cellular Phone Service	50000	
Misc. Contractual Services	40000	
Total Purchased Services	210000	25.49%
General Office Supplies	22000	
R&D / Educational Supplies	0	
Total Supplies	22000	2.67%
Furniture	5000	
Computers	2500	
Other	7002	
Total Equipment	14502	1.76%
Discretionary Grants	0	
Directed Grants Beldon Pass thru	54000	
Loans	0	
Other	0	
Total Aid & Public Assistance	54000	6.56%
Total Reserves	0	0.00%
Total Other	13000	1.58%
Total Budget	$823,750	100.00%

* Total Other includes insurance and dues.
** Misc. Contractural Services includes accounting, audit, and surveyors.
*** Telephone includes a national toll free number funded by Farm Aid.

LAND LOSS PREVENTION PROJECT
ORGANIZATIONAL CHART



The Land Loss Prevention Project Board of Directors

Attorney Natarlin Best, President

Mr. Andre Richardson, Vice President. Farmer

Mr. Haywood Harrell, Secretary, Farmer

Attorney Christopher Watkins, Treasurer

Attorney M. Travis Payne

Mr. Leonard C. Cooper, Farmer

Attorney Lisa Morgan, NCCU School of Law

Attorney Mary Wright, NCCU School of Law

Attorney Ronald S. Douglas, Asst. Dean NCCU School of Law

Mr. Stanley Hughes, Farmer

Mr. Horace Johnson, Farmer, Halifax County Commissioner

Mr. Gary Gumz, Farmer

Attorney Robin M. Earnest, Region IV EPA

Attorney Emery L. Rann, III

Attorney William T. Wilson, Jr., Farmer

Attorney Gregory C. Malhoit,

Attorney M. Victoria Taylor, UNC School of Law.

Contact Information For The Land Loss Prevention Project

The Land Loss Prevention Project
Stephon J. Bowens, Executive Director
Post Office Box 179
Durham, North Carolina 27702
Phone: (800) 672-5839 or (919) 682-5969
Fax: (919) 688-5969
Email: landloss.org (under construction)

Cooperating Private/Pro Bono Attorneys

M. Travis Payne and Steve Edelstein, Edelstein and Payne

Natarlin Best, Lawrence, Riggsbee and Best

James Green, The Law Offices of James P. Green

Marvin Sparrow, Sparrow & VandenBerg

James C. Fuller and Sally Greene, Fuller, Becton, Slifkin and Bell

Mark Fogel, Attorney at Law

Richard Seymour, Cheryl Ziegler, & Teresa Ferrante, Lawyers Committee for Civil Rights Under the Law

David Schnorenberg, Crowell & Moring

James Morrison, Wood, Bolhm, Francis and Morrison

Dean Janice Mills, North Carolina Central University School of Law

VISITOR REGISTRATION SHEET

NER — 3/1/2001

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Nancy B. Thompson	NCCIC
Bill Rowe	NC Low Income Housing Coalition
R. Paul Williams	NCHBA
Stephen J. Bowers	LLPP
Linda Gunn	Institute
Tanya Branch	NC Minority Support Center
Linward G	NC Minority Support Center
Susan P Cole	NC Assoc of COC
Jack H. Holman	NCACDC
Beth Bizzell	Alley Associates
Ebonie Alexander	NC Community Development Initiative
Alicia Holt	The Institute
Amanda Abrams	NC Low Income Housing Coalition
R. Rogers	DENR
Becky Brown	Labor
Tessa Hardesty	NC Fair Housing
[illegible] Rega	N.C.A.C.C.
Ann Myer	NCAE

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 7, 2001
Senator David Weinstein, Presiding

Begin Continuation Budget Review of the Department of Agriculture and Consumer Services

1. **Chairman's Comments**

2. **Commissioner's Remarks**
   Meg Scott Phipps, Commissioner of Agriculture and Consumer Services

3. **Administrative Division**
   Jennifer Willis, Fiscal Research
   Clara Gay, Budget Officer

4. **Agricultural Finance Authority**
   Jennifer Willis, Fiscal Research
   Frank Bordeaux, Executive Director

5. **Aquaculture and Natural Resources Division**
   Jennifer Willis, Fiscal Research
   Tom Ellis, Director

6. **Agricultural Statistics Division**
   Jennifer Willis, Fiscal Research
   Bob Murphy, Director

7. **Committee Discussion**

8. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 7 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 7 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Owens, Fox, Warren, Culp, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein called the meeting to order and introduced the pages. The Chairman introduced Meg Scott Phipps, Commissioner of Agriculture, who made some remarks to the Committee. The Commissioner made some very brief remarks regarding the Department of Agriculture's budget. She said the Department's budget represents less than ½ of 1% of North Carolina's state budget.

Jennifer Willis, Fiscal Research, gave a brief outline of what staff will be doing for the Committee for the next two months. She said the continuation budget review would begin today and the schedule they prepared should have the Committee wrapping up by the end of April. The full Committee Chairs asked the Subcommittees to take a modified zero budget approach to looking at the continuation budget. The Committees were asked to look at new and expanded programs since 1996.

Jennifer Willis, Fiscal Research, began presentations with an overview of the Administrative Division in the Department of Agriculture and Consumer Services. This is Attachment A of these minutes.

Clara Gay, Budget Officer for the Administrative Division, gave a more detailed presentation on line items and new and expanded programs since 1996. This is Attachment B of these minutes. Representative Mitchell asked how much money was in the Warehouse Fund. Ms. Gay said as of

today there was a balance of $1.7 million. The Committee members made several comments on the "Ag in the Classroom" program and asked the North Carolina Farm Bureau for an overview of this educational program, how state funds are utilized, and what other sources of funding support this activity.

Jennifer Willis, Fiscal Research, presented an overview of the Agricultural Finance Authority. This Authority provides financing for agricultural development and expansion to farmers and agribusiness that have difficulty obtaining financing in conventional credit markets. In addition, the Authority explores sources of additional loan capital for North Carolina farmers. This is Attachment C of these minutes.

Mr. Frank Bordeaux, Executive Director of the Agricultural Finance Authority, was asked to continue with his presentation. This is Attachment D of these minutes. He spoke to the Special Provision that consolidated the Rural Rehabilitation Corporation and the Agricultural Finance Authority. Representative Mitchell questioned the percentage of his loans that go West of Raleigh. Mr. Bordeaux said he could provide that information for Representative Mitchell. Representative Mitchell made a motion that this Committee look into merging the Rural Rehab and the Agricultural Finance Authority. Senator Weinstein said he would take this motion under consideration and would not have a vote at this meeting.

Jennifer Willis, Fiscal Research, presented the overview of the Aquaculture and Natural Resources Division. This is Attachment E of these minutes. This Division encourages the further development of aquaculture to promote economic growth among producers, to augment food supplies, and to increase stocks of native aquatic species. The Natural Resources component represents NC farmers in policy and program matters related to environmental regulation and provides information to farmers related to current and proposed regulations.

Mr. Tom Ellis, Director of the Aquaculture and Natural Resources Division, gave a presentation to the Committee. This is Attachment F of these minutes.

Jennifer Willis, Fiscal Research, presented the overview of the Agricultural Statistics Division. This is Attachment G of these minutes. This Division is

a cooperative program between the United States Department of Agriculture and the state Department of Agriculture and Consumer Services.

Mr. Bob Murphy, Director of the Agricultural Statistics Division, gave a very brief presentation. This is Attachment H of these minutes.

The meeting adjourned at 10:00 a.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Agriculture and Consumer Services

Administration	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	4,067,892	4,329,446	8,281,543	5,768,976	6,852,099
Less Receipts	(802,513)	(807,420)	(1,006,050)	(812,196)	(853,289)
State Appropriations	*3,265,379*	*3,522,026*	*7,275,493*	*4,956,780*	*5,998,810*
Positions	69	70	72	72	73

DIVISION ACTIVITIES

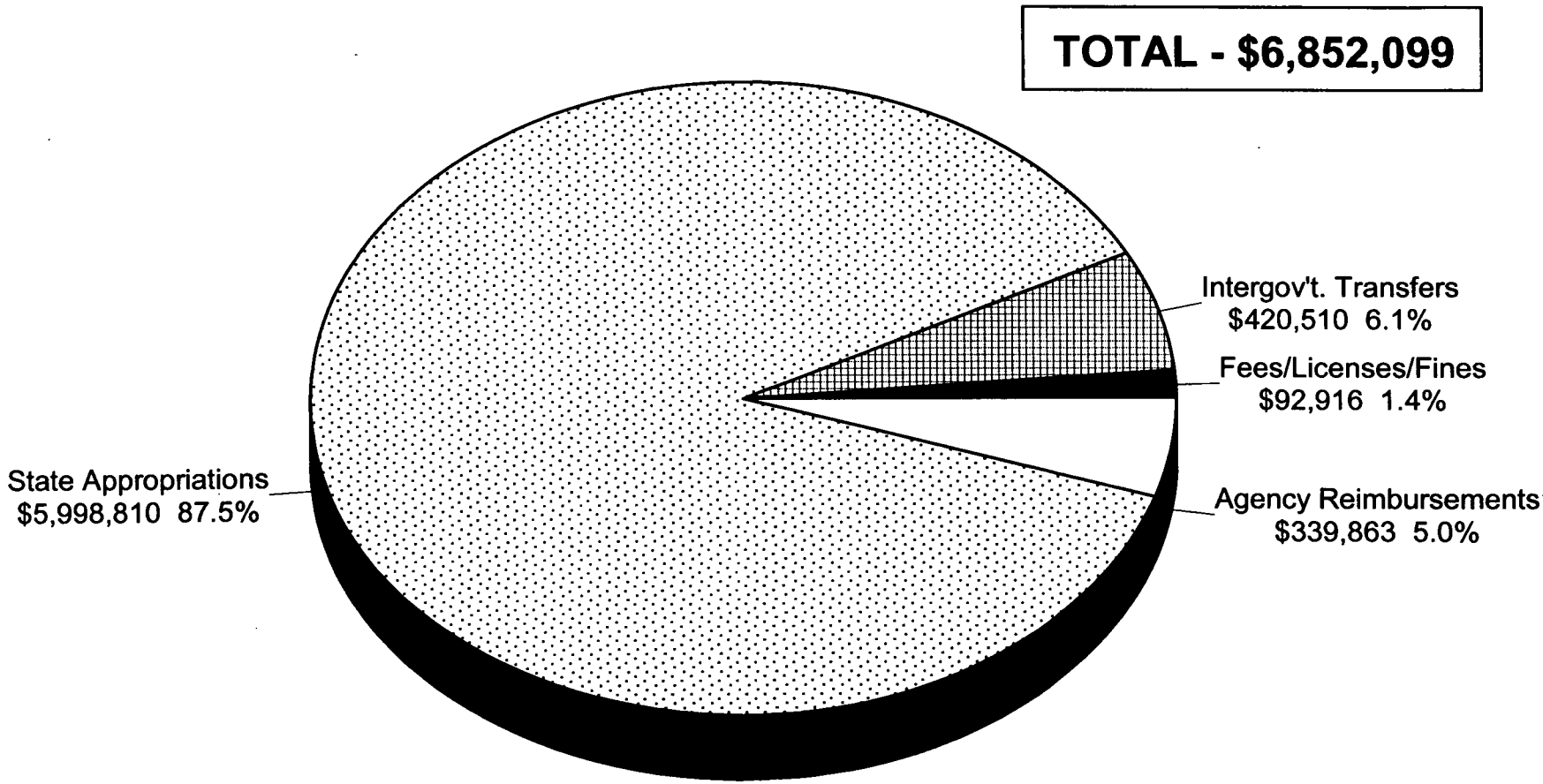
The Administrative Division in the Department of Agriculture and Consumer Services is comprised of the following funds:

- **General Administration** – Provides overall management and operational policy for all functions of the Department. The Commissioner's Office and management staff comprise this section.
- **Administrative Services** – Provides budgeting, accounting, purchasing, data processing, and personnel services for the Department.
- **Public Affairs** – Conducts the public outreach programs of the Department, serving as the liaison to the media and to the general public. The section also publishes *The Agricultural Review*, serves as media coordinators for the State Fair, and coordinates North Carolina Agricultural Hall of Fame programs.
- **Warehouse Operations** – Provides loans to finance retrofit equipment to help cotton gins comply with the Clean Air Act.
- **Rural Rehabilitation Corporation** – Provides financing to farmers who cannot obtain commercial farm loans. The Rural Rehabilitation Corporation was originally set up under the 1934 NC Emergency Relief Act and was authorized to receive loans, grants and assistance from the federal and state government to enable individuals to derive gainful employment and subsistence from the land.

DACS - Administration

FY 2000-01 (Authorized) Fund Sources

TOTAL - $6,852,099

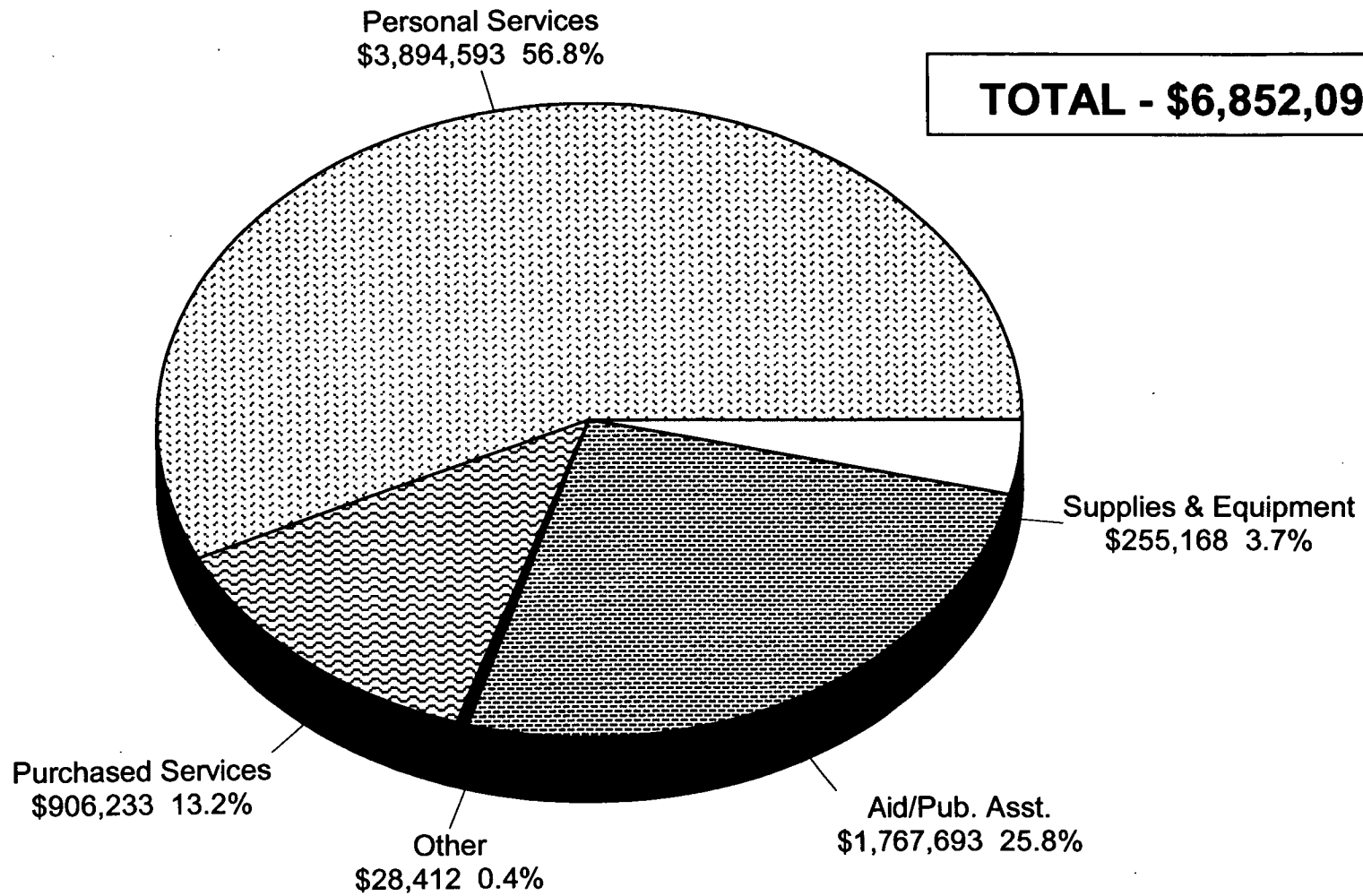


Fiscal Research Division - March 2001

AG-2

DACS - Administration

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - March 2001

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
ADMINISTRATION DIVISION

POSITIONS VACANT FOR OVER 6 MONTHS

Position	Fund	FTE	Date Vacated	Salary
1. Accounting Technician II	Administrative Services	1.00	1/3/00	$30,128

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

1. Since 1998, the General Assembly has made two appropriations to the Rural Rehabilitation Corporation for the small, family-owned farms loan program ($1.5 million in FY 1998-99 and $400,000 in FY 99-00). This program was established to provide loans to farmers of small, family-owned farms having financial difficulty obtaining affordable conventional loans from other sources. Priority was originally extended to the following types of family-owned farms:

   - Dairy farms with fewer than 300 dairy cows.
   - Turkey farms that have lost contracts with integrators for reasons not related to having violated environmental laws or rules.
   - Swine farms of fewer than 500 swine at any time.
   - Peach or apple farms that have lost 50% or more of their fruit crop due to frost or freeze damage.

   In 1999, the General Assembly repealed the loan priority language.

   The committee may wish to have the Department comment on current activities of the Rural Rehabilitation Corporation in general, including the amount awarded to date from the small, family-owned farms loan program and the number of loans outstanding.

2. North Carolina Warehouse Fund – The North Carolina Warehouse Fund was established in 1919 to address the need for a supervised warehouse system in which to store cotton and other commodities during times of depressed prices. Capital for the Fund was derived from a $0.25 cents per bale tax on cotton. In 1994, the legislature subsequently

amended the language governing this fund, extending uses for loans to owners of cotton gins to retrofit their equipment to comply with federal and state Clean Air requirements.

In FY 1999-00, the General Assembly reduced the Department's General Fund appropriation by $200,000 and replaced it with a one-time transfer from the cash balance within the Warehouse Fund. The Committee may wish to have the department comment on the growing cash balance within this fund, and the feasibility of taking another one-time reduction of the Fund's cash balance (see page 6) and reduce the department's general fund appropriation by an equal amount. Given the low expenditure rate from the Fund, the Committee may want the Department to comment on the need for the program.

3. "Ag in the Classroom" – The General Assembly provides a $125,000 recurring appropriation to the North Carolina Farm Bureau for the "Ag in the Classroom" program. The Committee may wish to have the Farm Bureau give an overview of this educational program, how state funds are utilized, and what other sources of funding support this activity (see pages 7-8).

Department of Agriculture and Consumer Services

Administration - Warehouse Operations Warehouse Fund						
	1995-96 Actual	**1996-97 Actual**	**1997-98 Actual**	**1998-99 Actual**	**1999-00 * Actual**	**2000-01** Authorized**
Beginning Balance	$1,568,309	$1,562,274	$1,603,488	$1,697,727	$1,794,209	$1,686,859
Receipts	$102,063	$104,863	$108,931	$109,436	$110,025	$53,895
Expenditures	($27,260)	($39,304)	($35,594)	($35,466)	($234,319)	($16,599)
Change in Cash Balance	*$74,803*	*$65,560*	*$73,337*	*$73,970*	*($124,295)*	*$37,296*
Other	($80,838)	($24,346)	$20,903	$22,511	$16,945	$5,574
Ending Balance	$1,562,274	$1,603,488	$1,697,727	$1,794,209	$1,686,859	$1,729,729

** The General Assembly took a $200,000 nonrecurring reduction in the Deparment's General Fund budget and replaced it with a one-time transfer from the Warehouse Fund, thereby reducing the Fund's cash balance.*

*** 2000-01 Ending Balance is year-to-date as of 12/31/00.*

N C FARM BUREAU FOUNDATION FOR AGRICULTURE IN THE CLASSROOM

State Funding	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring	$125,000	$125,000	$125,000	$125,000	$125,000
Actual Year-End Expenditures	$120,855	$122,031	$127,696	$127,828	$124,550
Difference	$4,145	$2,969	-$2,696	-$2,828	$450

* Projected figures for FY 2000-01

NC FARM BUREAU FOUNDATION FOR AGRICULTURE IN THE CLASSROOM
2000-01 Fiscal Year
Budgeted Expenditures

Types of Expenditures	Requirements	% of Total Budget
Salaries	26,500	
Benefits	7,500	
Contractual Personnel Services		
Total Personnel Services	$34,000	27.30%
Total Purchased Services		0.00%
Total Supplies		0.00%
Total Aid & Public Assistance		0.00%
Total Reserves		0.00%
Audit	550	
Teacher Workshops	40,000	
Printing	50,000	
Total Other	$90,550	72.70%
Total Budget	$124,550	100.00%

Attachment B

Administration

Mission: To provide leadership and direction to the Department of Agriculture and Consumer Services.

Operations:

- Provide guidance to operational divisions with regard to departmental and state government policy.
- Conduct budgetary, accounting, data processing, purchasing, and personnel services.
- Provide information to the media and the public on departmental services and regulatory programs.
- Develop and coordinate all communication plans for the department.
- Provide special events planning and implementation services to all departmental operating units.
- Prepare and distribute almost 70,000 copies of "The Agricultural Review".
- Administer the funds of the Rural Rehabilitation Corporation and the State Warehouse Fund.
- Service Loans.

Contacts:

Meg Scott Phipps, Commissioner	(919) 733-7125
Weldon B. Denny, Chief Deputy Commissioner	(919) 733-7125
Bobby McLamb, Assistant Commissioner	(919) 733-7125
David Smith, Assistant Commissioner	(919) 733-7125
Alan Foster, Assistant Commissioner	(919) 733-7314
Jim Knight, Director of Public Affairs	(919) 733-4216

DIVISION OF ADMINISTRATION
OVERVIEW OF EXPANSION ITEMS

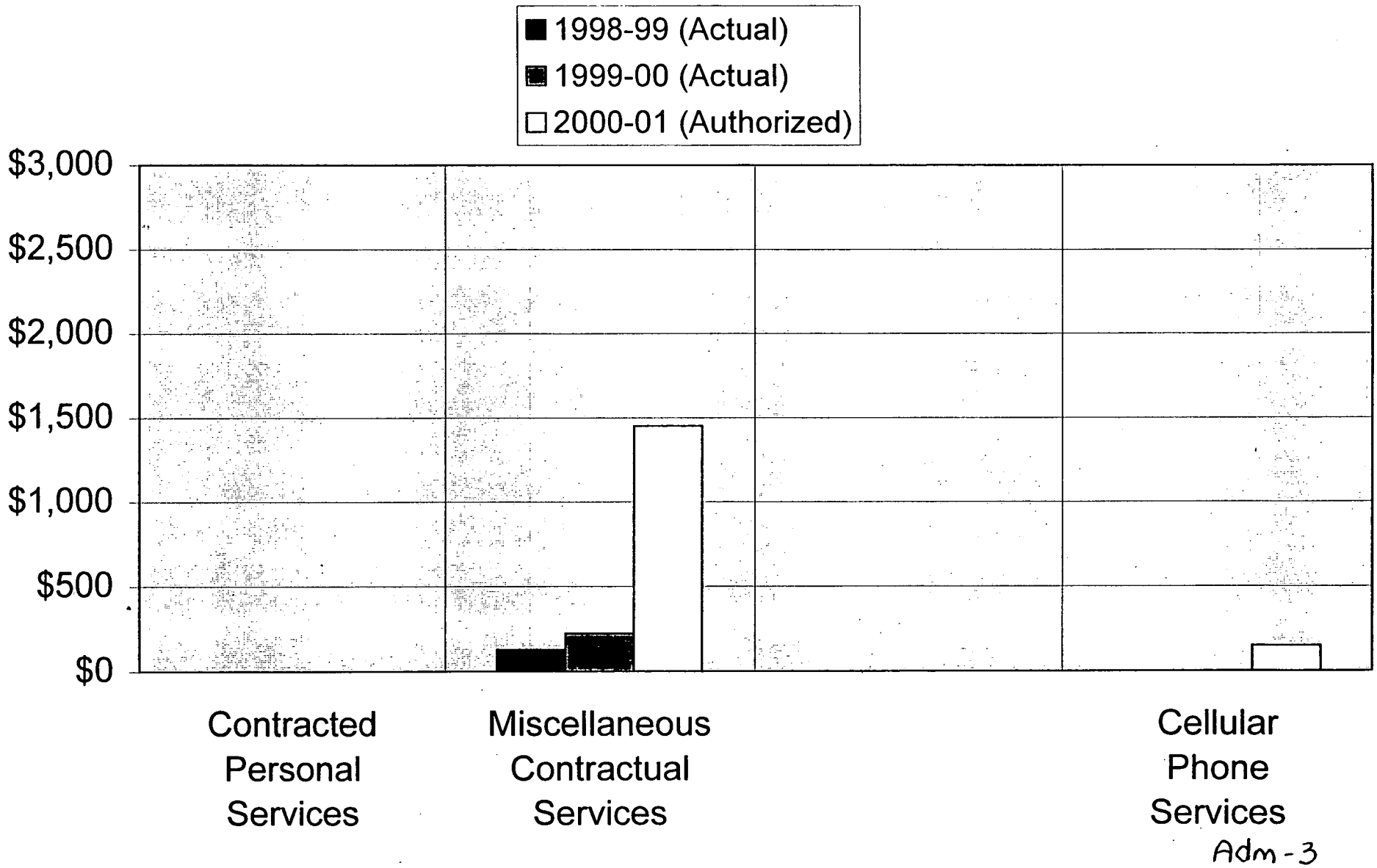
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Information Technology Improvements	29,600 R 55,000 NR	
2. Small, Family Farms – Marketing and Promotion	50,000 NR	
3. Local Agricultural Fairs Grant Funds	50,000 NR	100,000 NR
4. Farmland Preservation Trust Fund - 90 to conservation fund 7 2 C	500,000 NR	1,713,693 NR
5. Southern Dairy Compact Commission Funds	500,000 NR	
6. Small, Family-Owned Farm Loan Program	400,000 NR	
7. Turfgrass Research		100,000 NR

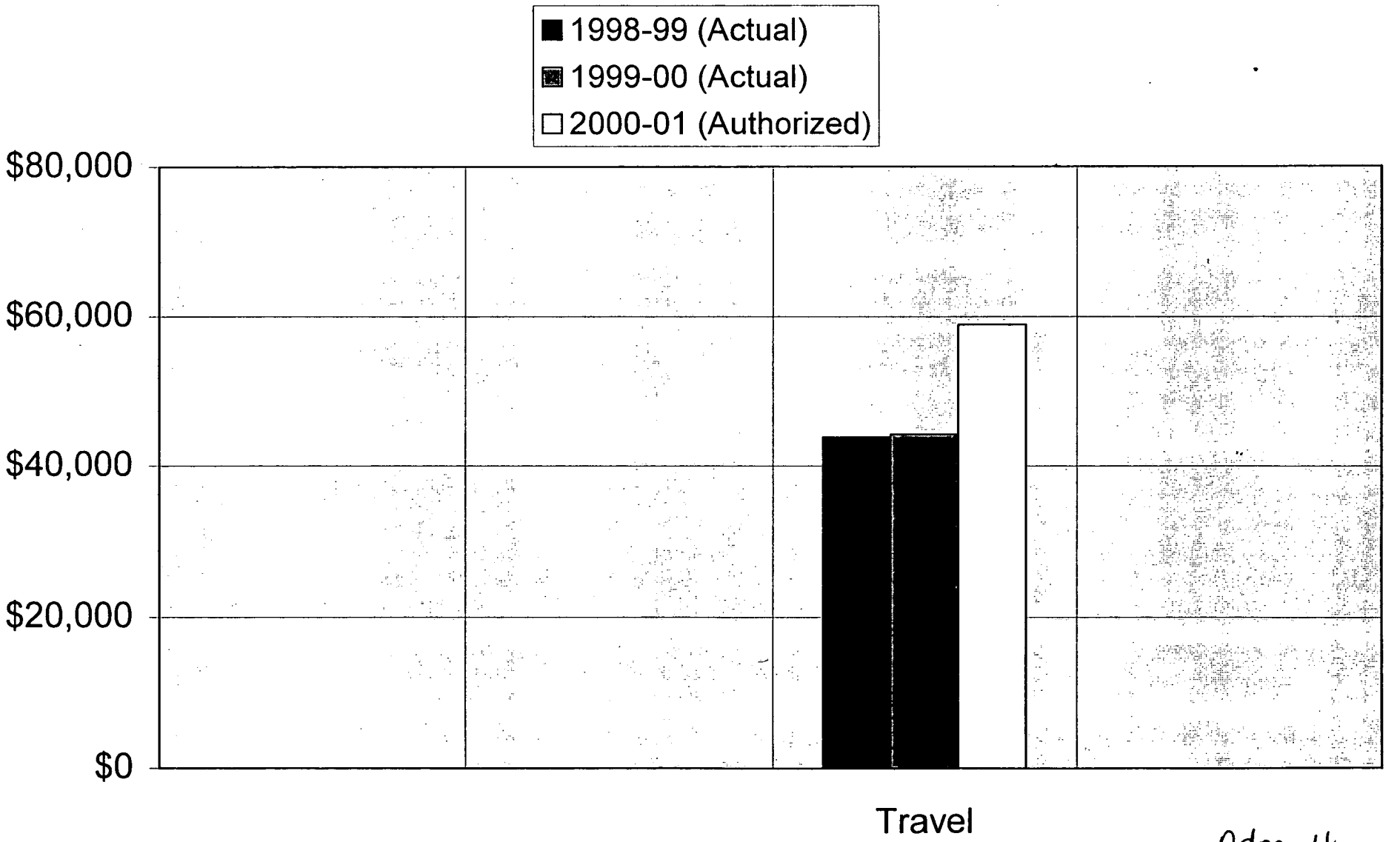
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Southern Dairy Compact		25,000 R	
2. Automated Information and Technical Support			151,522 R

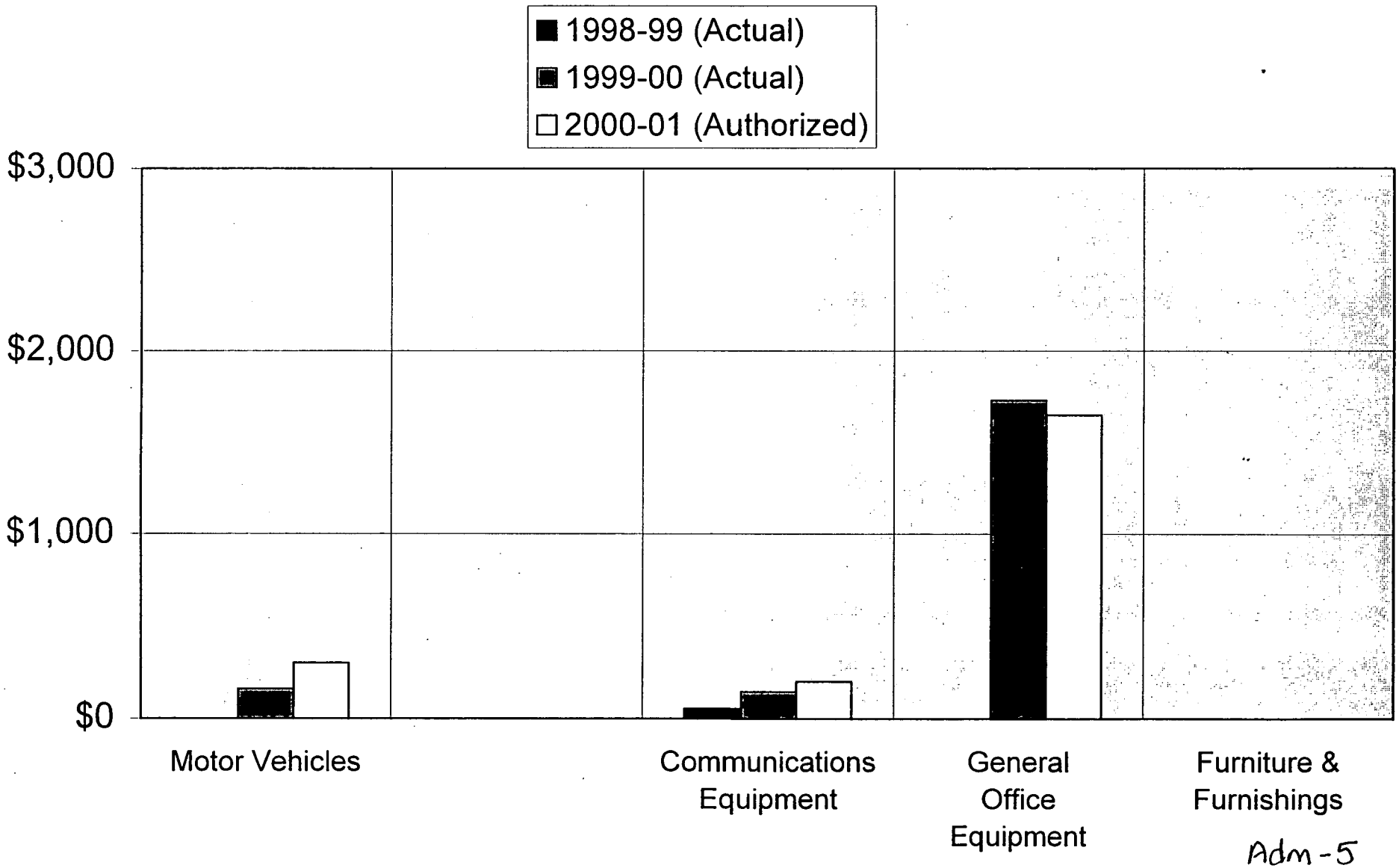
Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



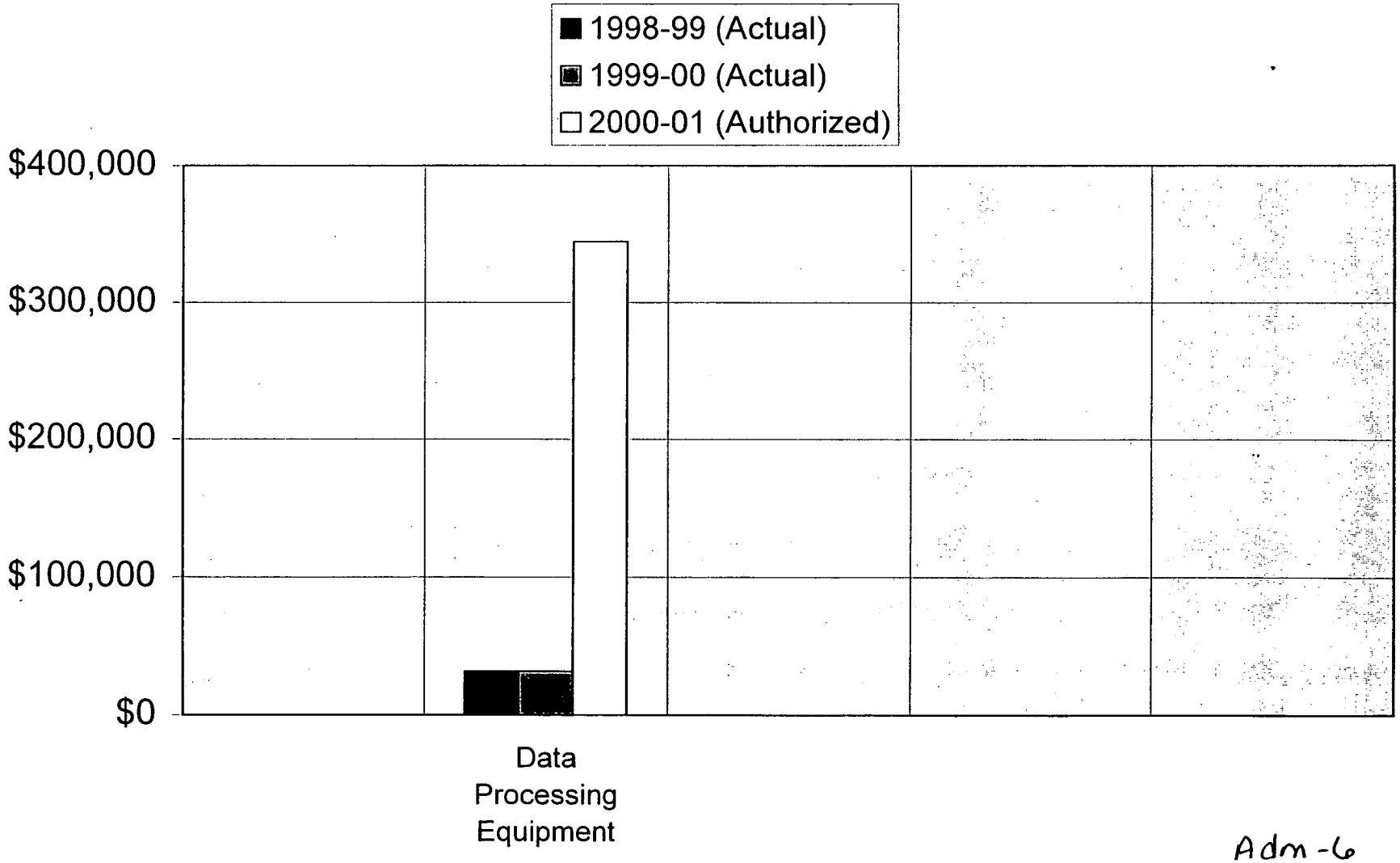
Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



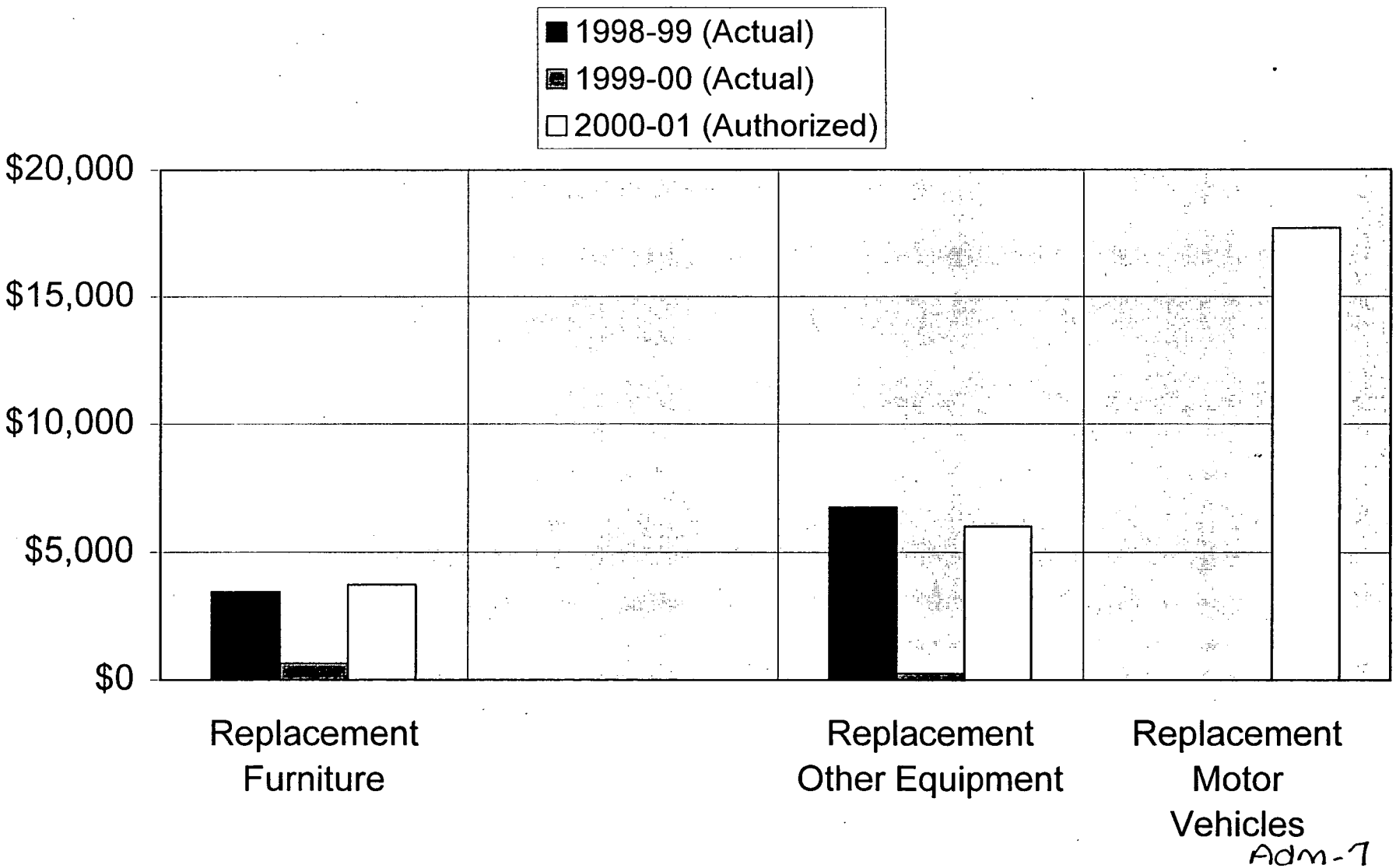
Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



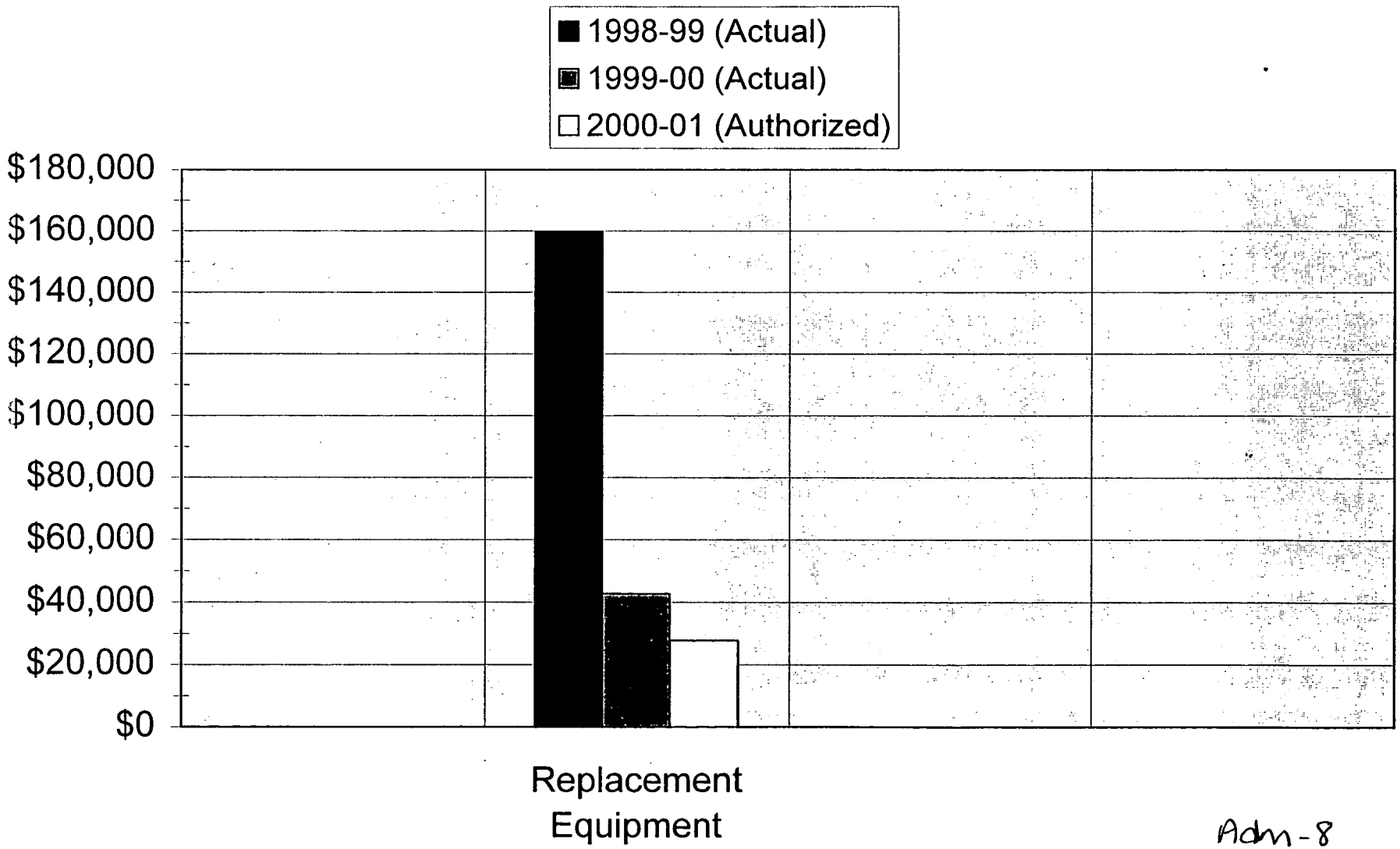
Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



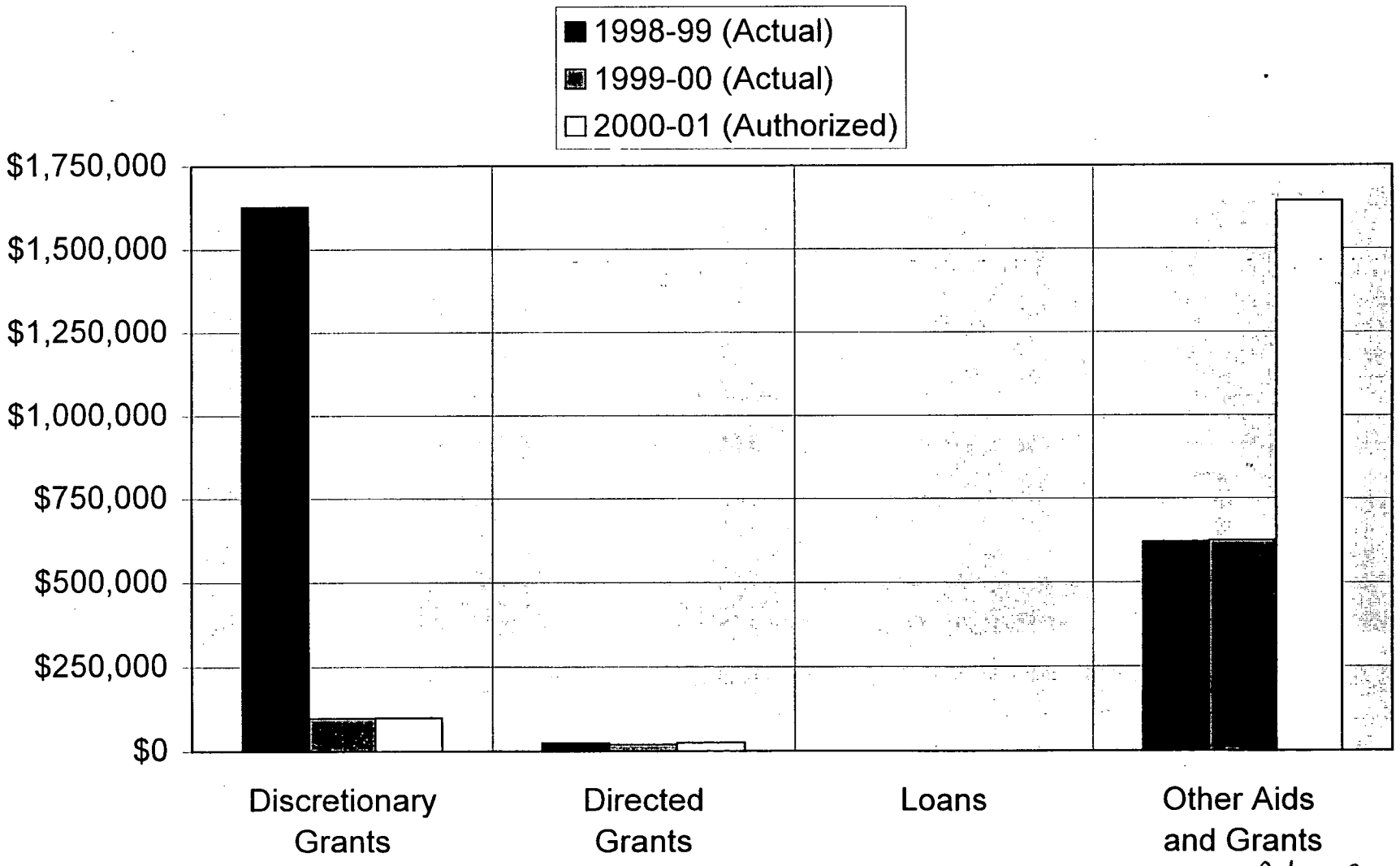
Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Administration
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Administrative Services

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Grain Dealer's License	1973	106-604	$50.00	07/01/1989	Annually	260	$ 13,000.00
Grain Dealer's License & Decal Duplicates	1973	106-604	$5.00	07/01/1989	As Needed	0	$ -
Grain Dealer's Buying Stations	1973	106-604	$30.00	07/01/1989	Annually	55	$ 1,650.00
Grain Dealer's Decals	1973	106-604	$30.00	07/01/1989	Annually	79	$ 2,370.00
Grain Dealer's Delinquent Renewal Penalty	1973	106-607	$20.00	07/01/1989	As Applicable	10	$ 200.00
Grain Dealer's Sign	1975	106-624	$10.00	07/01/1989	As Needed	*	*
Grain Dealer's Sign Duplicate	1975	106-624	$5.00	07/01/1989	As Needed	*	*
Cotton Registrations	2000	106-451.41	$25.00	01/01/2000	Annually	105	$ 2,625.00
Actual 1999-2000						*** Unable To**	
						Determine	

Attachment C

Department of Agriculture and Consumer Services

Agricultural Finance Authority

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	302,191	321,134	341,751	354,580	421,812
Less Receipts	(130,459)	(165,135)	(207,346)	(226,659)	(288,465)
State Appropriations	*171,731*	*156,000*	*134,405*	*127,921*	*133,347*
Positions	5	5	5	6	6

DIVISION ACTIVITIES

Operational since 1987, the North Carolina Agricultural Finance Authority provides financing for agricultural development and expansion to farmers and agribusiness that have difficulty obtaining financing in conventional credit markets. In addition to administering and servicing a farm loan fund, the Authority explores sources of additional loan capital for North Carolina farmers.

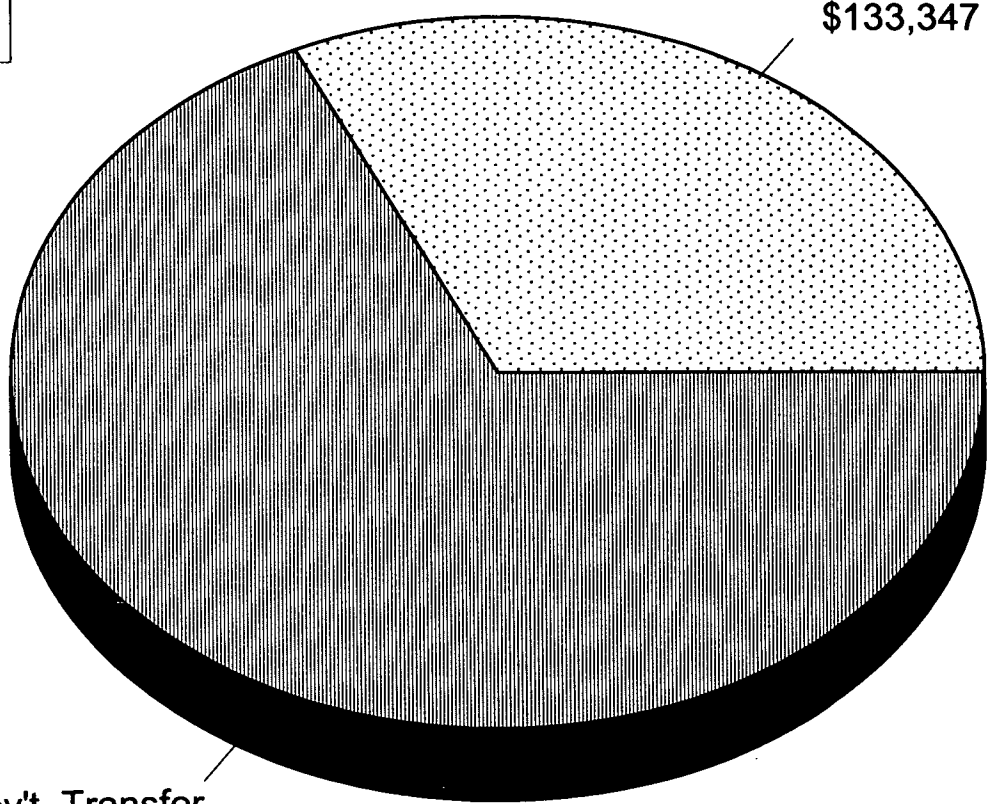
LOAN PROGRAMS OFFERED BY THE AGRICULTURAL FINANCE AUTHORITY:

- **Farm Ownership Loans** (Applicants must be unable to obtain financing from conventional lenders)
  "Series I" Farm Loans – Provides loans to buy, improve or enlarge farms.
  "Series II" Farm Loans – Provides low cost, long term financing to individuals interested in beginning farm careers.
- **Cotton Gin Loan Program** – Provides loans to cotton gins for improvements to comply with state and federal air quality standards.
- **Disaster Loans** – Provides reduced interest rate loans for rebuilding destroyed or damaged farm buildings and other structures.
- **Tax-Exempt Agricultural Development Bonds** – Offers financing for agribusiness processing or manufacturing firms at interest rates comparable to those available to their "big business" competitors.

Agricultural Finance Authority

FY 2000-01 (Authorized) Fund Sources

Total: $421,812

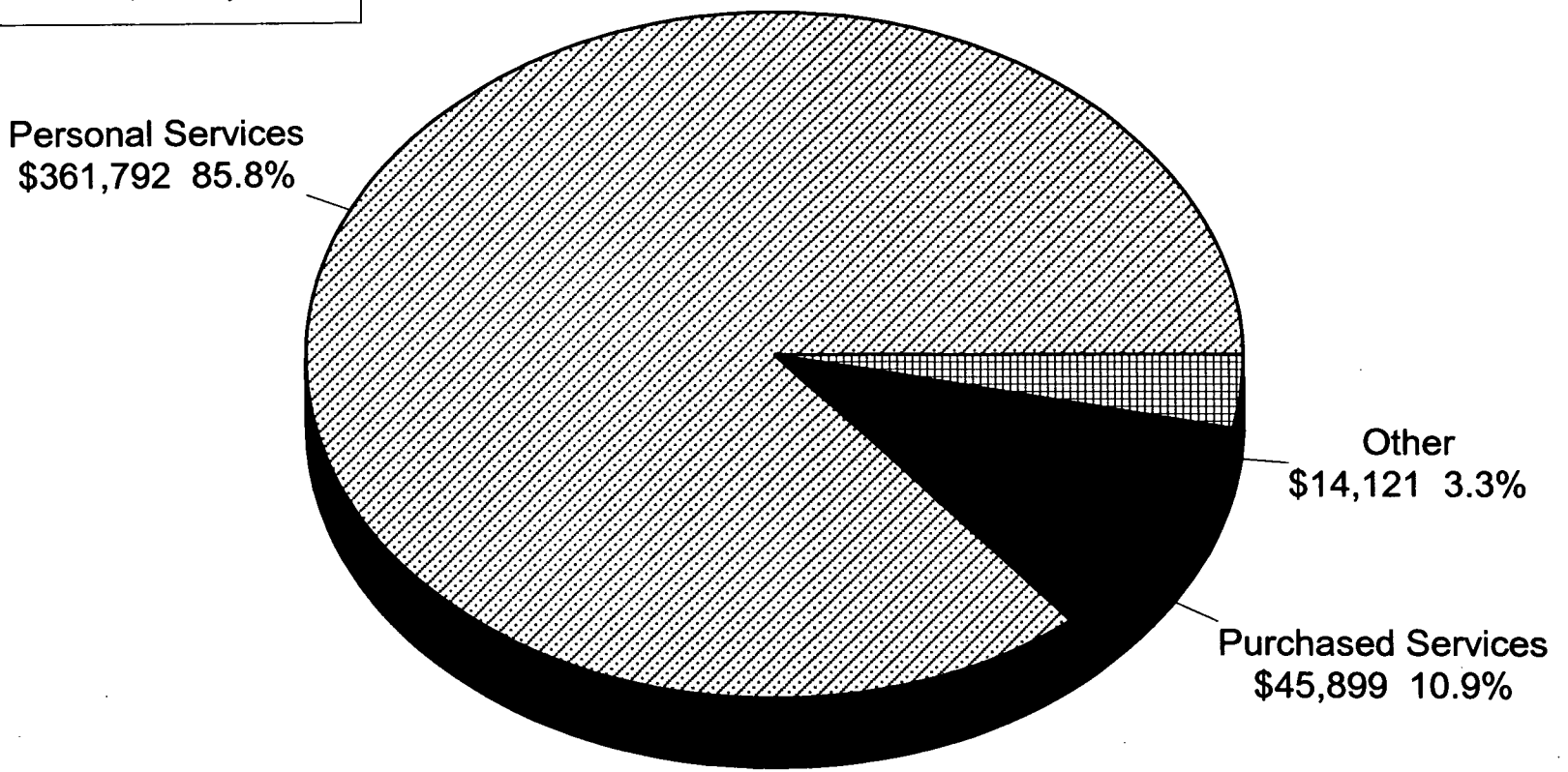


Fiscal Research Division - March 2001

Agricultural Finance Authority

FY 2000-01 (Authorized) Expenditures By Category

Total: $421,812



Fiscal Research Division - March 2001

AGRICULTURAL FINANCE AUTHORITY

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

Section 13.1 of S.L. 1999-237 (1999 Appropriations Act) directed the Office of State Budget and Management (OSBM) to study private and public farm loan and grants programs throughout the state. Specifically, OSBM was to determine the efficiency and effectiveness of each program, whether duplication existed, and whether consolidation of any programs was warranted. OSBM reported on May 1, 2000 and presented its findings to the NER/Transportation Governmental Operations Subcommittee in September of 2000.

The report recommended that the offices for the Rural Rehabilitation Corporation and the Agricultural Finance Authority should be consolidated into one operation under the management of the Agricultural Finance Authority, with fiscal oversight by the Department of Agriculture and Consumer Services. The report cited that consolidation would result in:

- better monitoring and administration of the loan programs,
- elimination of duplicate tasks performed by the two groups,
- elimination of duplicate accounting requirements,
- elimination of one of the boards,
- the ability to guarantee all loans, and
- better coordination of participating loans with participating lenders.

The Committee may wish to have the Agricultural Finance Authority and the Department comment on these recommendations and develop a draft plan on how consolidation could be accomplished.

Attachment D.

North Carolina Agricultural Finance Authority

Frank Bordeaux, Ph.D.
Executive Director
19 W. Hargett St., Suite 300
Raleigh, N.C. 27601

Telephone 919-733-0635
Facsimile 919-733-1460

Mission Statement

The North Carolina Agricultural Finance Authority (NCAFA) was established by the North Carolina General Assembly to provide credit to agriculture in local areas where it is not available at reasonable rates and terms. The mission applies to all aspects of agriculture; farming, processing, manufacturing and exporting.

Operating Procedure

Essentially operating as the North Carolina 'Agricultural Bank' NCAFA originates, services, and finances loans in the agricultural sector that would otherwise not be made. Using federal guarantees and secondary markets, state funds are leveraged with minimal risk of loss.

NCAFA Loan Programs

A. Farm Loans
- Series "I" Farm Real Estate Loans
- Series "II" Beginning Farm Loans
- "AgStart" Beginning Farm Loans
- Agricultural Facilities Disaster Loans

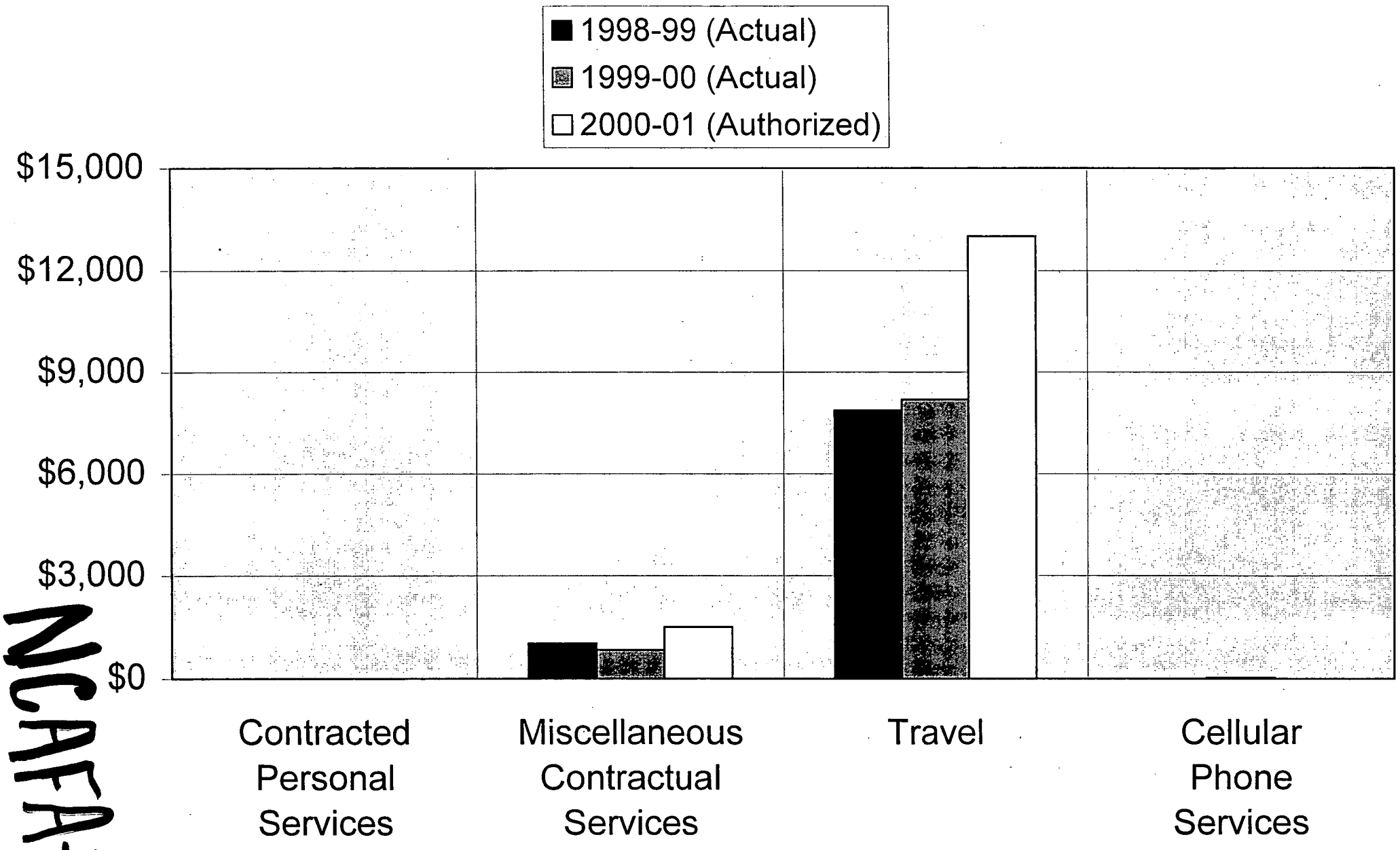
B. Agribusiness Loans
- Agribusiness loans increase income and provide jobs in rural areas
- Using USDA, RECD Loan Guarantees NCAFA lends to Agribusinesses to generate "value added' dollars in rural areas.

C. Tax Exempt Agricultural Development Bonds
- NCAFA has state wide authority to issue tax exempt Agricultural Development Bonds. These Bonds provide better interest rates for agribusiness. They usually are used for projects from $1.5 to $10 million. Since 1995, $32,000,000 of ADBs have been issued for development of agricultural processing and manufacturing.

C. Agricultural Facilities Disaster Loans
- Disaster loans made to farmers for restoration or replacement of buildings or other structures damaged by natural disasters. Loan term up to ten years.

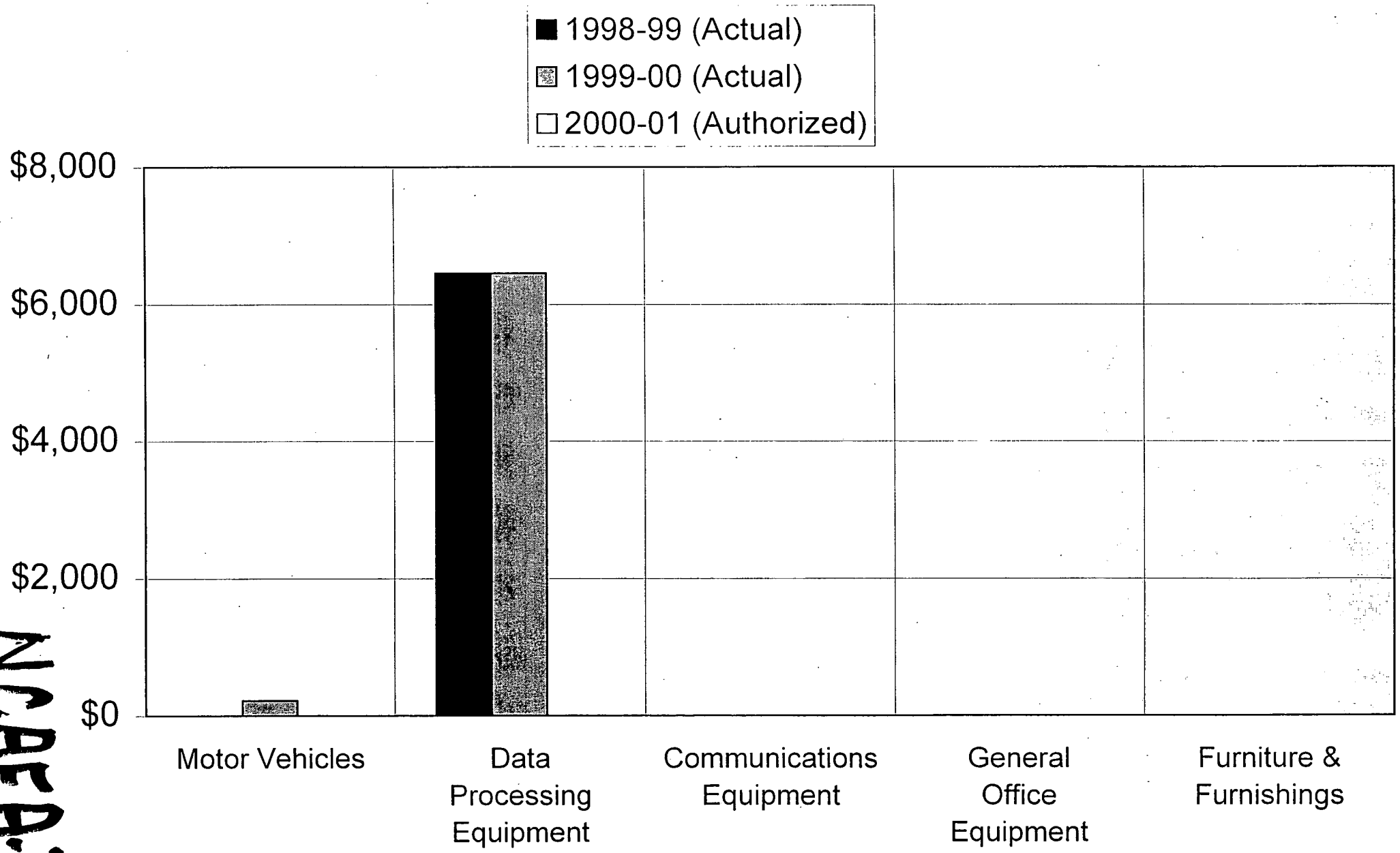
D. Air Quality
- Loans made to assist cotton gin owners meet air quality standards. Loans up to $50,000 to purchase and install air handling equipment.

Agriculture & Consumer Services
Agriculture Finance Authority
Comparison of Actual and Authorized Expenditures



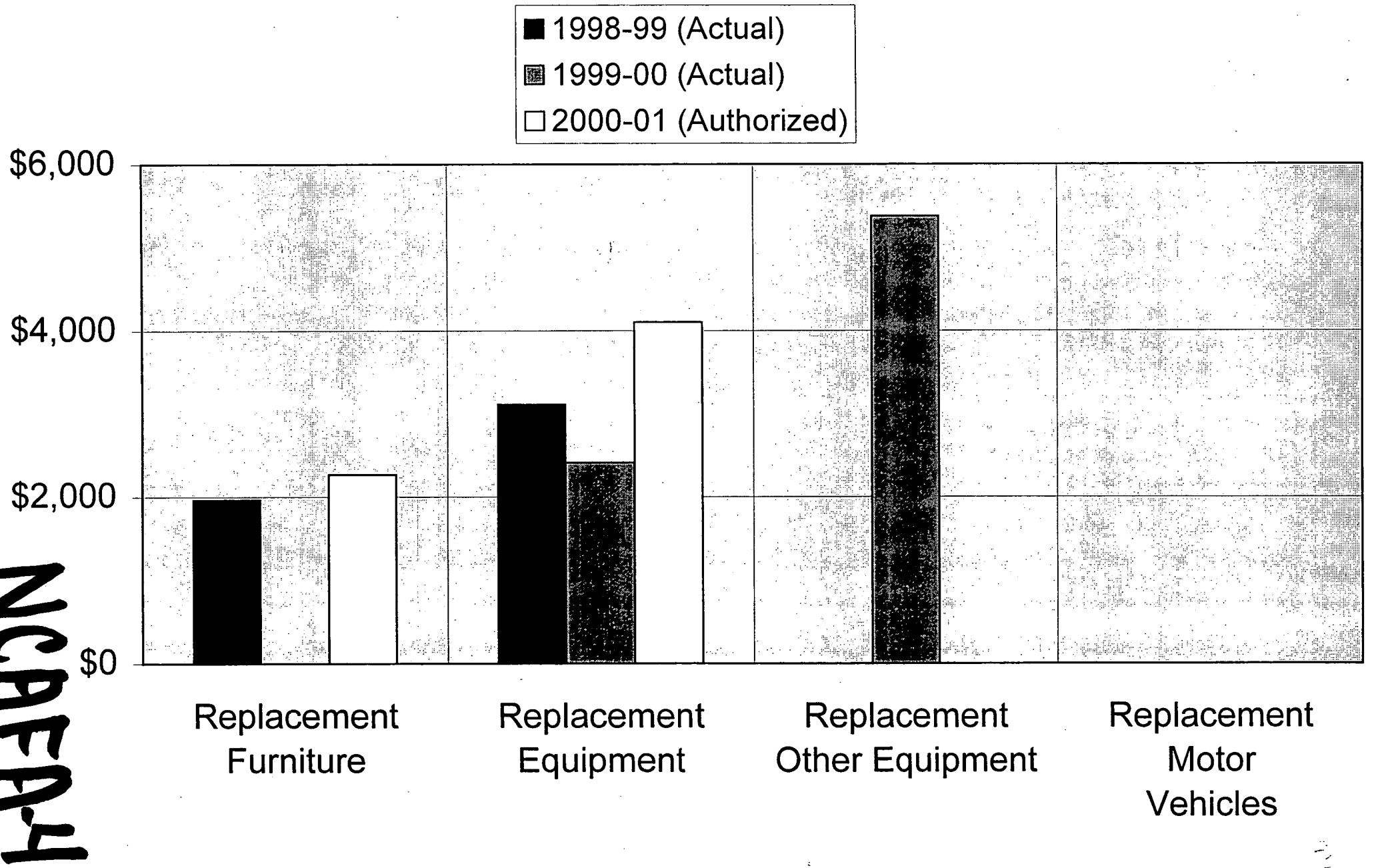
NCAFA-2

Agriculture & Consumer Services
Agriculture Finance Authority
Comparison of Actual and Authorized Expenditures



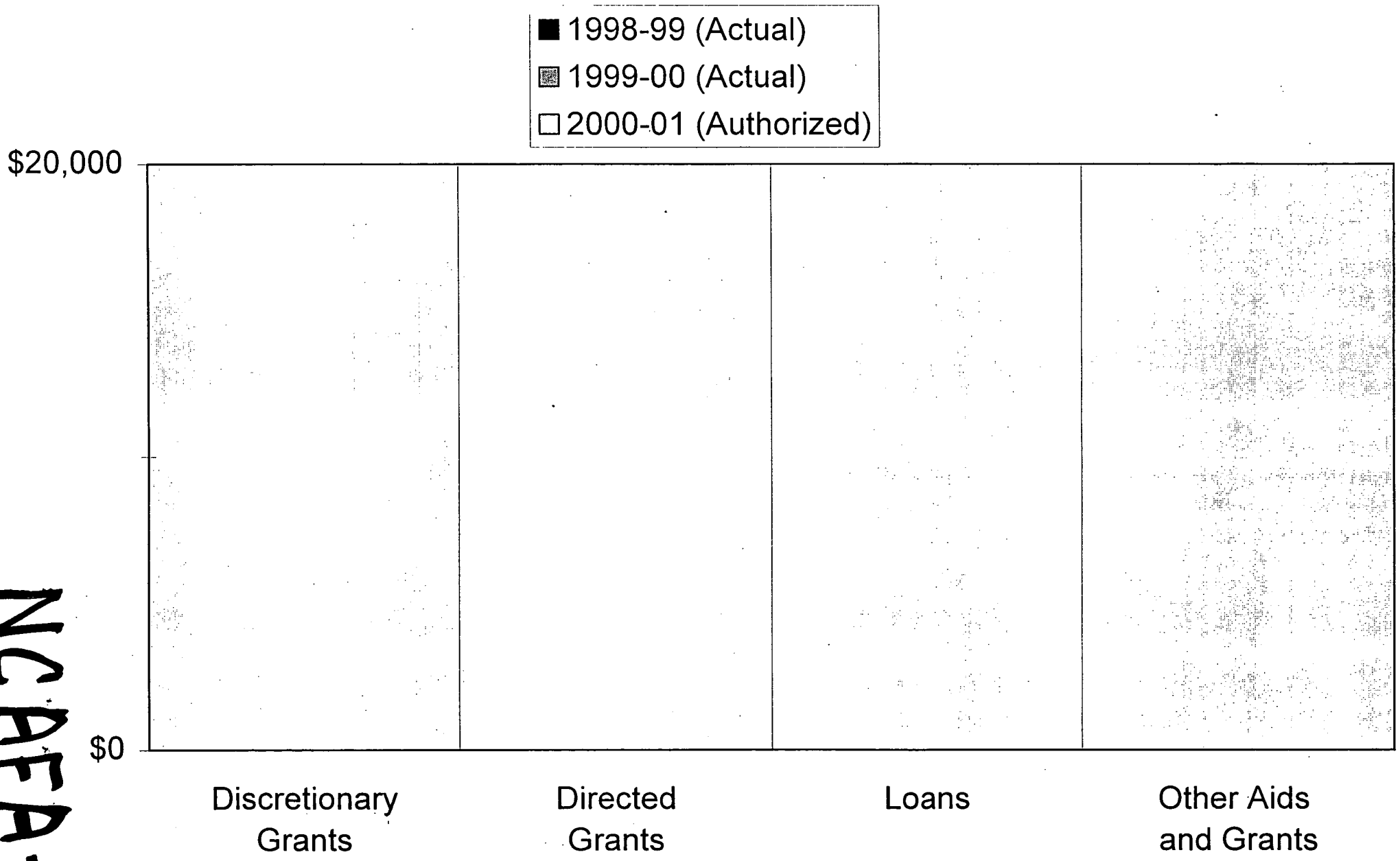
CHAPA3 NCAFA3

Agriculture & Consumer Services
Agriculture Finance Authority
Comparison of Actual and Authorized Expenditures



NCAFA-H

Agriculture & Consumer Services
Agriculture Finance Authority
Comparison of Actual and Authorized Expenditures



NCAFA-5

Attachment E

Department of Agriculture and Consumer Services

Aquaculture and Natural Resources Division

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	324,881	317,961	319,801	354,381	383,844
Less Receipts	(8,633)	(4,100)	(753)	(40,010)	(1,471)
State Appropriations	*316,248*	*313,861*	*319,048*	*314,371*	*382,373*
Positions	5.5	6	6	6	6

The Aquaculture and Natural Resources division encourages the further development of aquaculture to promote economic growth among producers, to augment food supplies, and to increase stocks of native aquatic species. The Natural Resources component represents North Carolina farmers in policy and program matters related to environmental regulation, and provides information to farmers related to various current and proposed regulations.

The Division is charged with implementing the North Carolina Aquaculture Development Act (G.S. 106-758)

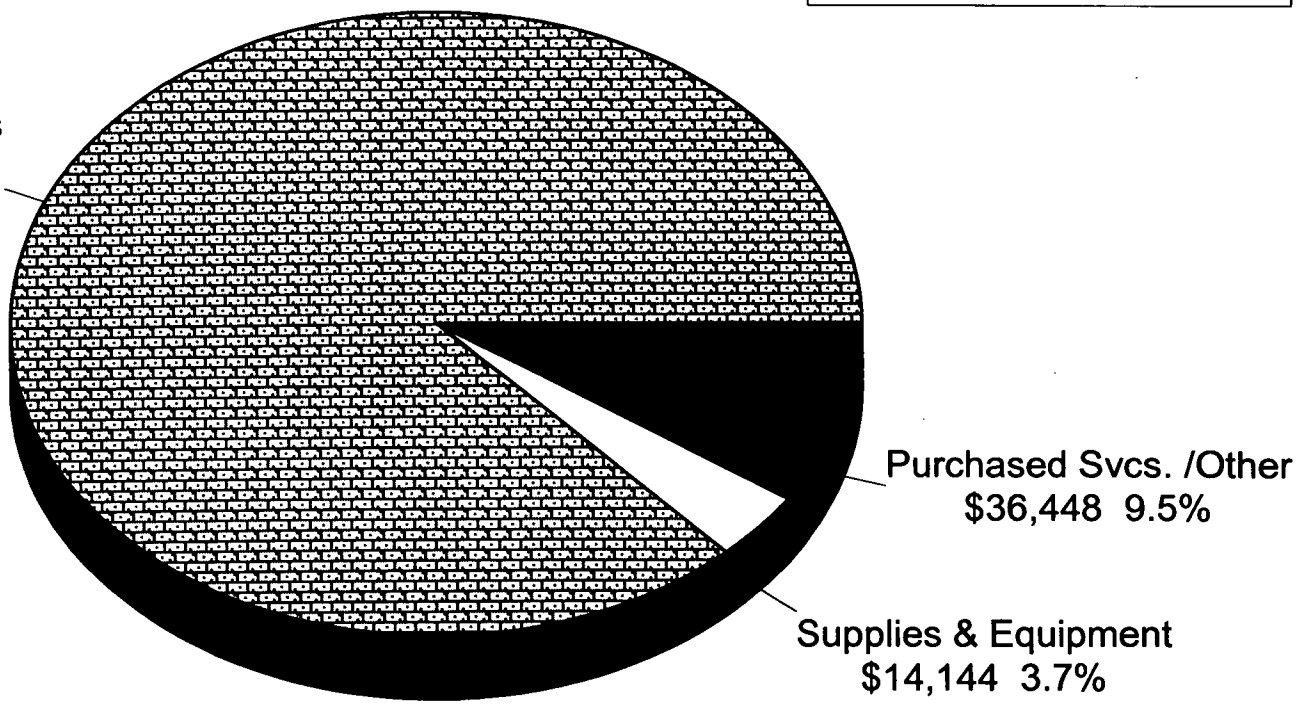
DIVISION ACTIVITIES

- Licensing Freshwater Operations
- Assistance in Regulatory Matters
- Business Plan Development
- Production and Processing Coordination

Aquaculture and Natural Resources

FY 2000-01 (Authorized) Expenditures by Category

TOTAL - $383,844



Fiscal Research Division - March 2001

Attachment 1-

AQUA-1

North Carolina Department of Agriculture and Consumer Services

Division of Aquaculture and Natural Resources
PO Box 27647
Raleigh, NC 27611

Telephone 919 733 7125
Facsimile 919 733 1141

Director Tom Ellis

Division Overviews

Aquaculture

The duties of this program are both regulatory and service.

- Implement the NC Aquaculture Development Act GS 106-758
- Issue licenses to Aquaculture Production Facilities and Commercial Catchout Facilities and Permits to Holding Pond/Tanks.
- Promote investment in aquaculture, through individual assistance in the preparation of business plans by two regional specialists.
- Advise prospective growers of regulatory requirements in the establishment and operation of aquaculture operations.
- Provide a first point of contact for individuals wanting information on aquaculture and the opportunities statewide.
- Provide a point of coordination for information exchange and interagency cooperation with state and federal agencies, universities and the private sector.
- Work with state and federal agencies to review develop and implement policies and procedures to facilitate aquacultural development.
- Serve as the administrating agency for federal CITES permits necessary for alligator production and sale.
- Freshwater species grown in North Carolina include: Catfish, Hybrid Striped Bass, Rainbow Trout, Yellow Perch, Crawfish, Tilapia, Flounder and Alligators.
- Saltwater species grown in North Carolina: Flounder, oysters and clams.

AQW-2

Natural Resources

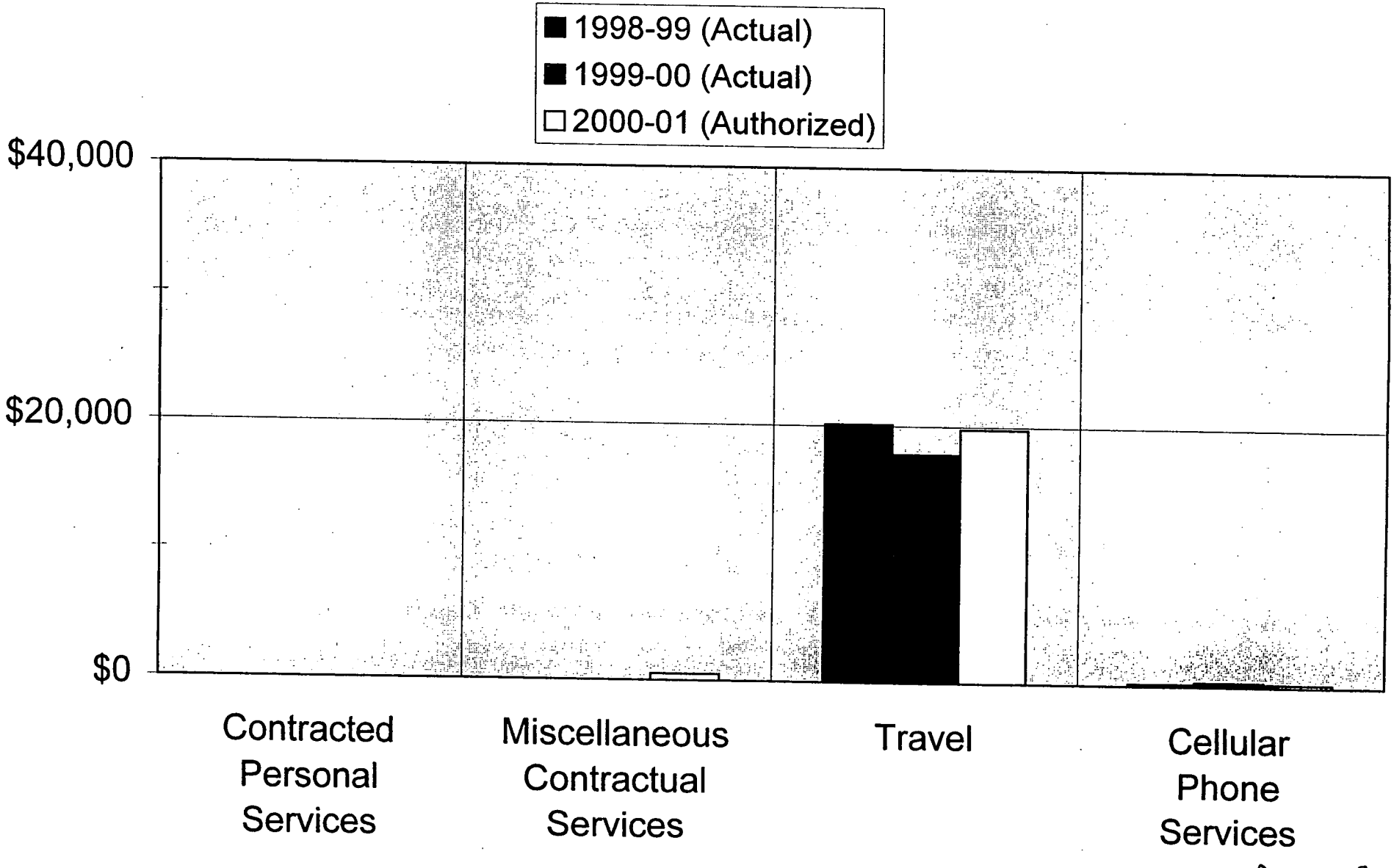
- Represent the farmers of North Carolina in program and policy matters, related to environmental regulation and the provision of services by other agencies.
- Provide information to farmers relating to current and proposed regulation on subjects including but not limited to animal waste management, groundwater protection, air quality, wetlands and soil and water conservation

Some of the programs in which the division reviews, advises and participates include:

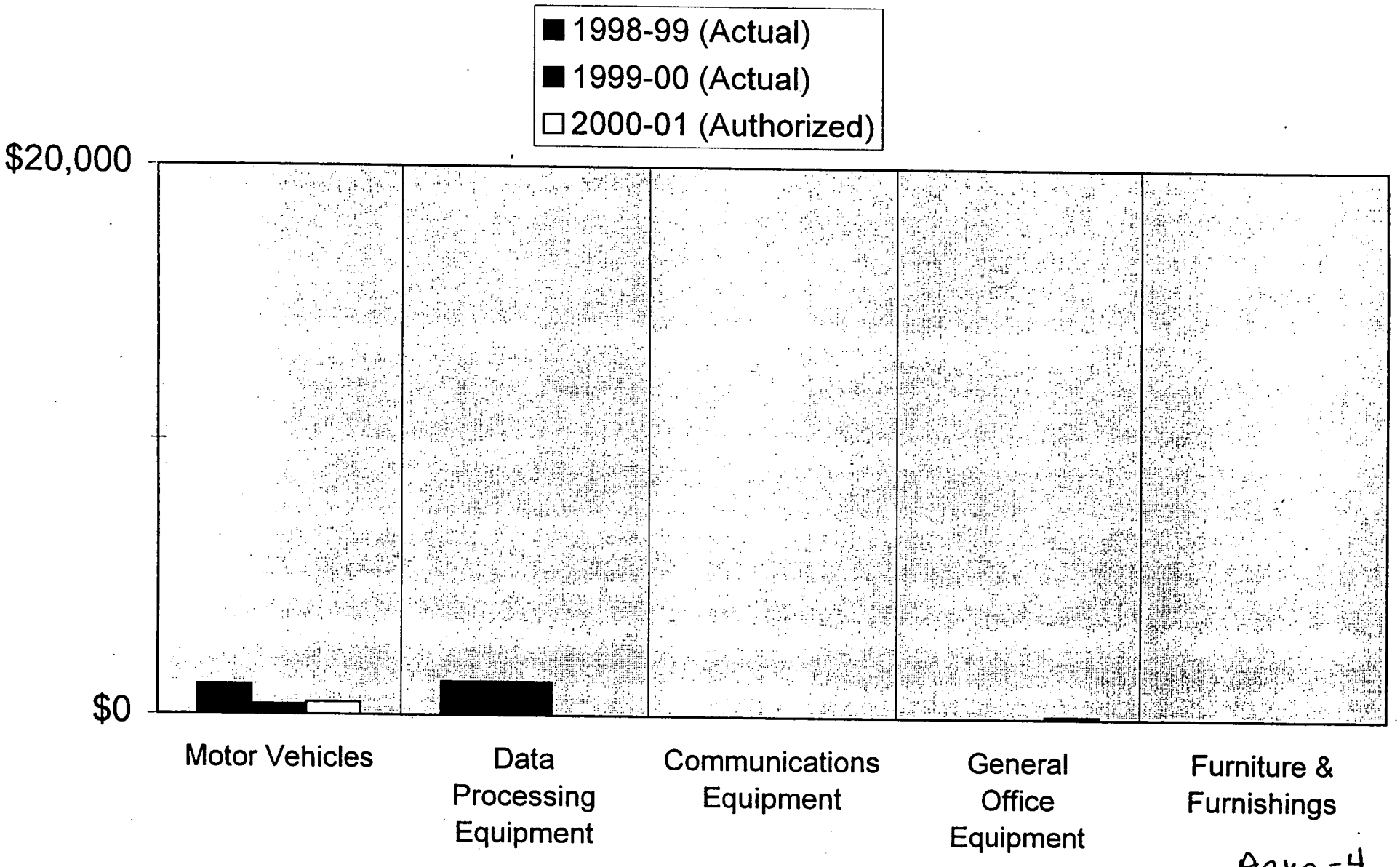
- **Statuatory Program Participation**
- NC Coastal Resources Advisory Council
- SB 1217 Interagency Group
- NC Agricultural Taskforce
- NC Technical Review Committee for Non Point Source Pollution Control
- NC Beaver Management Program
- NC Clean Water Management Trust Fund
- **Regulatory Program Participation**
- Neuse River Basin Oversight Committee
- Tar-Pamlico River Basin Oversight Committee
- **Interagency Cooperative Efforts**
- Albemarle Pamlico Estuarine Study
- USDA Food and Agriculture Council
- USDA NRCS State Technical Committee
- NC Non-Game and Endangered Species Advisory Committee
- NC Rivers Assessment Advisory Committee

- **Special Projects** are often assigned internally or for presentation to legislative committees, taskforces or other bodies, these include such items as the Hurricane Floyd Response by NCDA and theLagoon Phaseout Plan 1999 and related implementation documents.

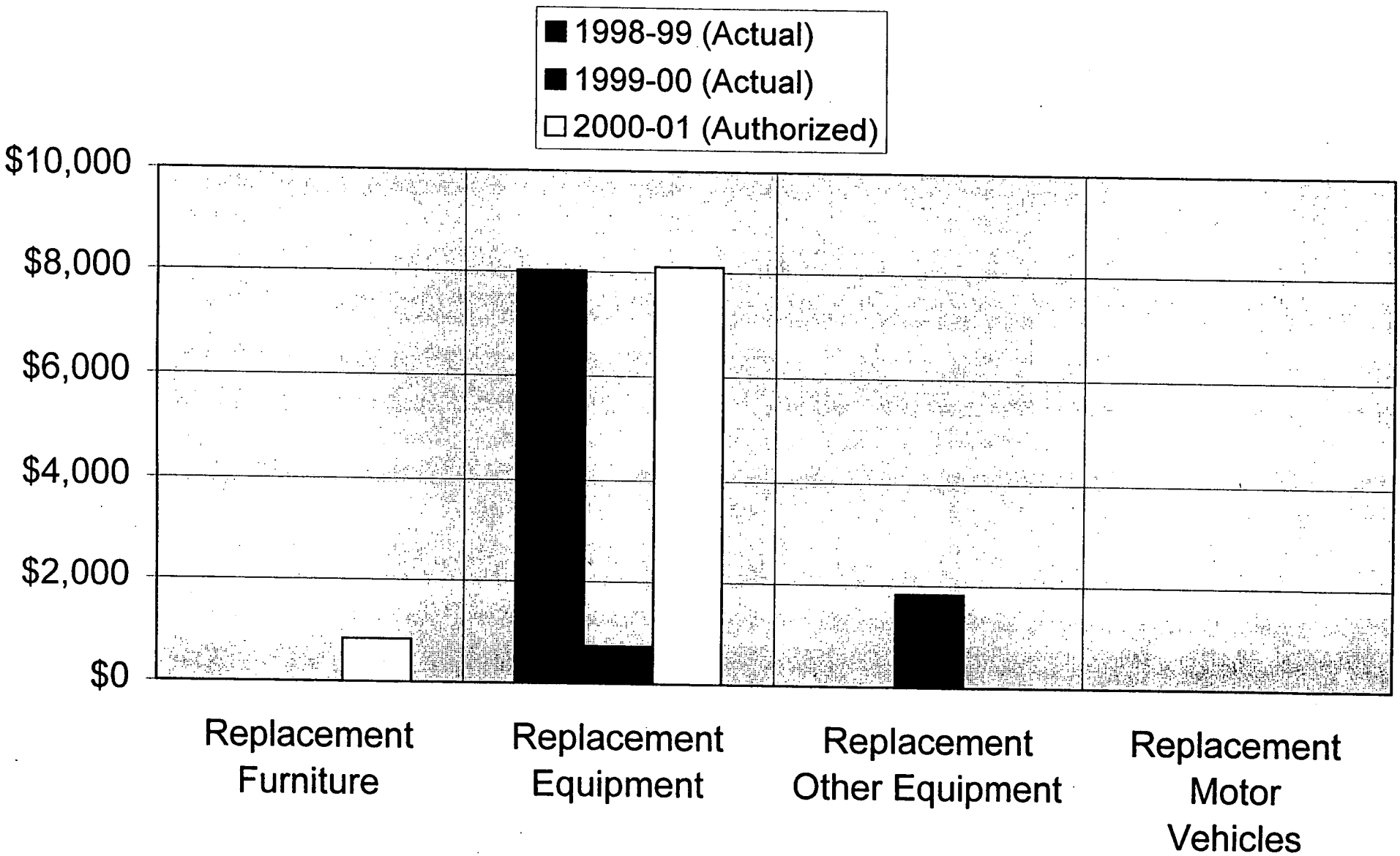
Agriculture & Consumer Services
Aquaculture
Comparison of Actual and Authorized Expenditures



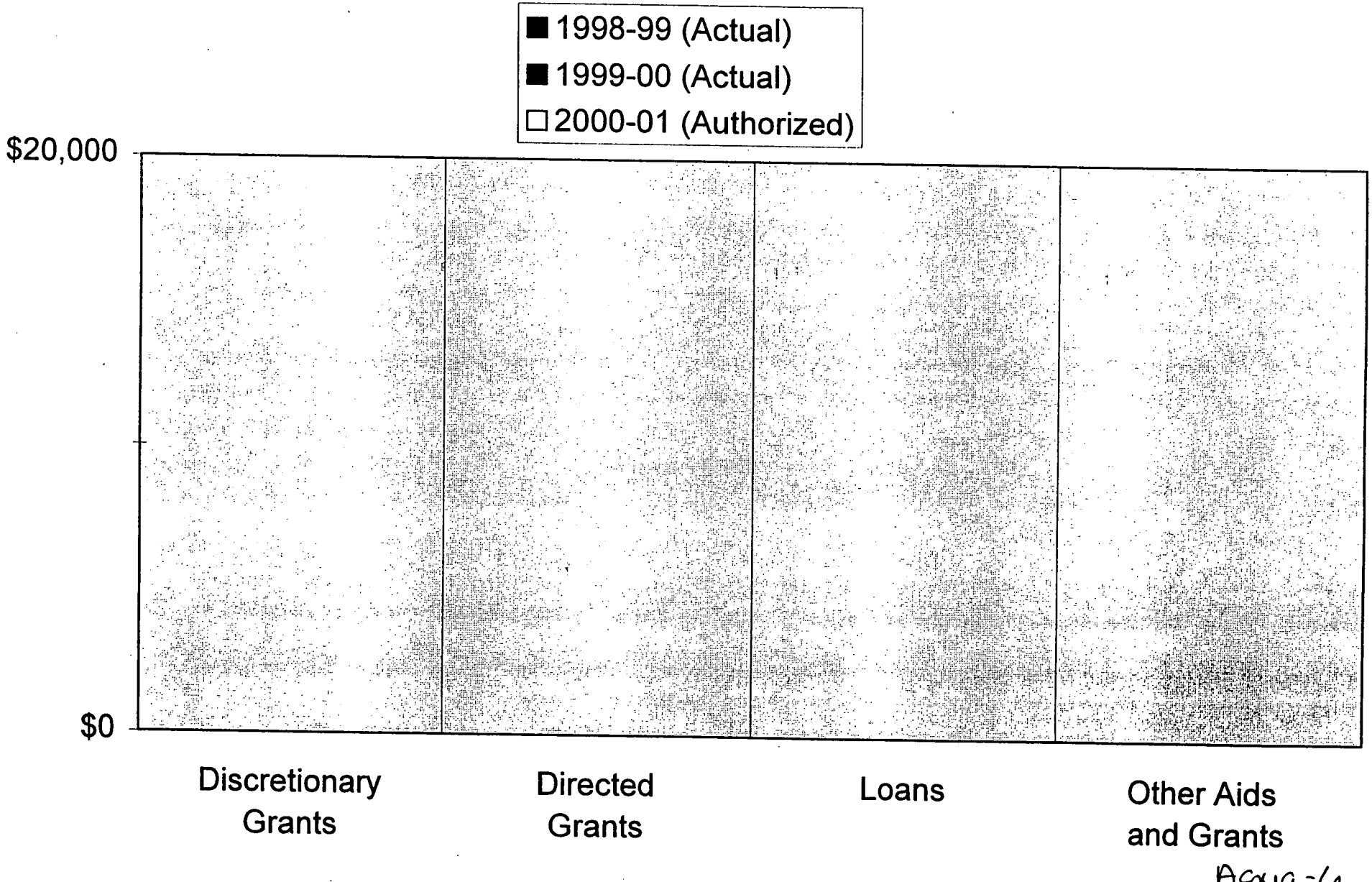
Agriculture & Consumer Services
Aquaculture
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Aquaculture
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Aquaculture
Comparison of Actual and Authorized Expenditures



Attachment G

Department of Agriculture and Consumer Services

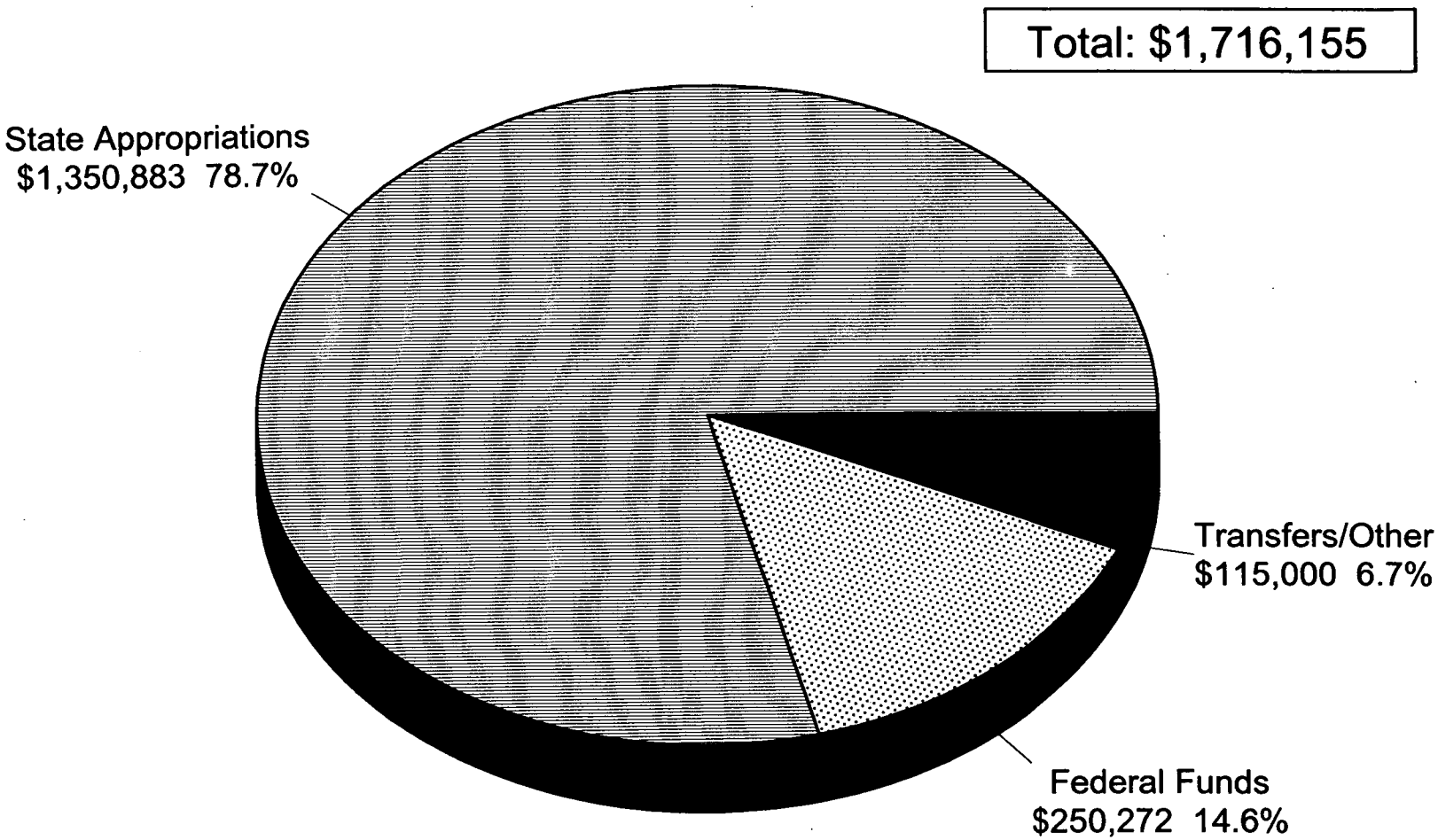
Agricultural Statistics Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	1,423,725	1,402,295	1,390,710	1,533,529	1,716,155
Less Receipts	(143,455)	(163,330)	(167,291)	(305,173)	(365,272)
State Appropriations	*1,280,269*	*1,238,965*	*1,223,420*	*1,228,356*	*1,350,883*
Positions	29	29	28	28	28

DIVISION ACTIVITIES

The Agricultural Statistics Division is a cooperative program between the United States Department of Agriculture (USDA) and the state Department of Agriculture and Consumer Services (DACS). The Division provides both comprehensive agricultural statistical information through collection and analysis of prices, and wage/production estimates for all major crops and livestock. The Division also maintains a cooperative USDA/DACS staff to provide information technology support to all DACS divisions. Other responsibilities include graphic artistry, design and maintenance of the departmental website, as well as a print shop that provides printing and bulk mailing services for the department and USDA Southeastern state offices.

Agricultural Statistics

FY 2000-01 Authorized Fund Sources

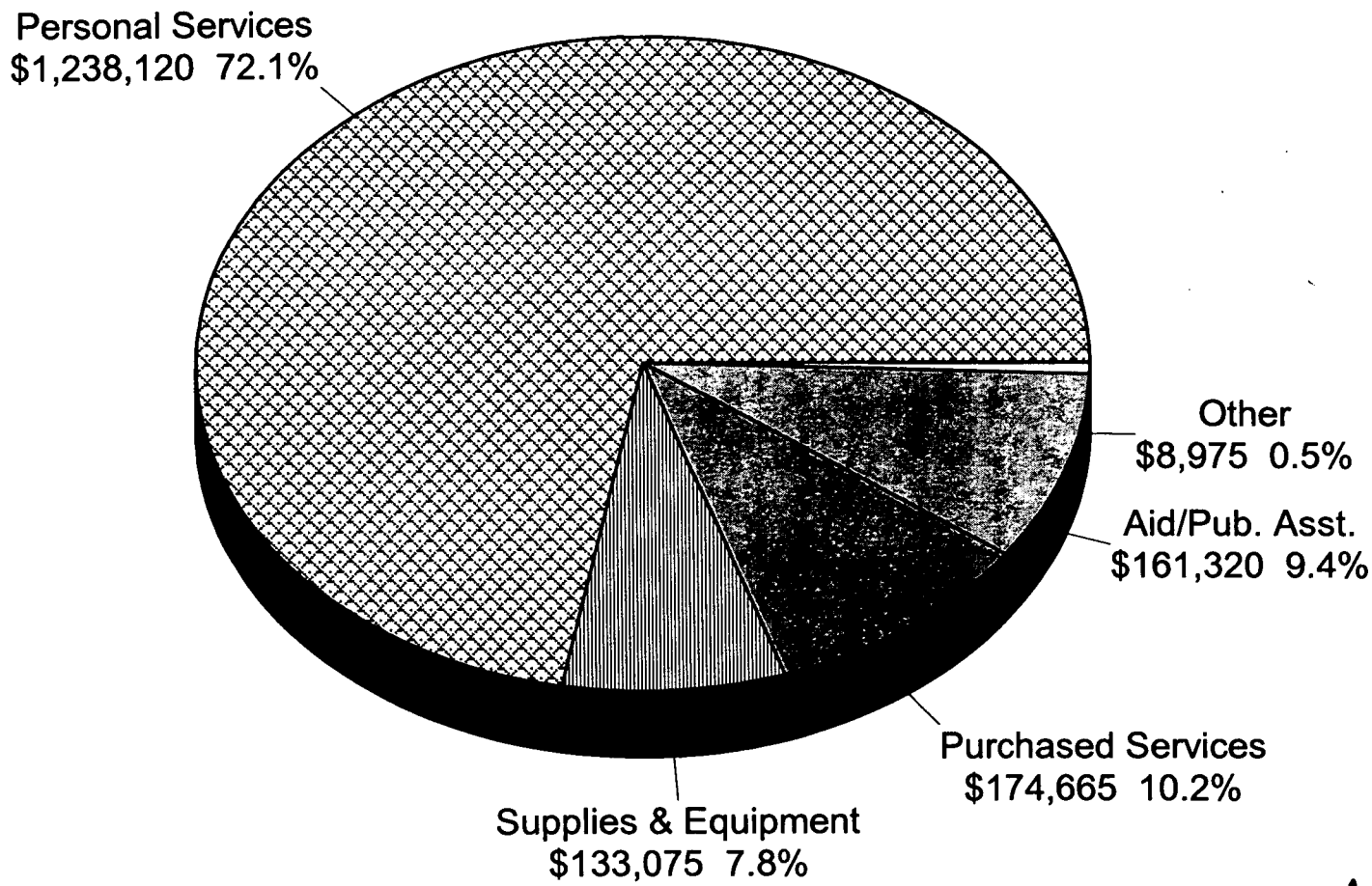


Fiscal Research Division, March 2001

Agricultural Statistics

FY 2000-01 (Authorized) Expenditures By Category

Total: 1,716,155



Fiscal Research Division - March 2001

Attachment H

North Carolina Department of Agriculture and Consumer Services

Agricultural Statistics Divsion
P.O. Box 27767
Raleigh, North Carolina 27611

Telephone: 919-733-7295
Facsimile: 919-856-4139
Director Bob Murphy **Email: bob.murphy@ncmail.net**

Mission

- To serve the basic agricultural and rural data needs of the people of North Carolina, those working in agriculture, and those living in rural communities by objectively providing important, usable, and accurate statistical information and services needed to make informed decisions.

Cooperative Program

- The Ag. Statistics Division is a cooperative program, originating in 1919, between U.S. Department of Agriculture and NCDA&CS. In general Federal funds provide for major commodity estimates important on a national basis i.e. corn, soybeans, cotton, hogs and cattle. State funds provide for localized estimates of commodities important to North Carolina, i. e. tobacco county estimates, sweetpotatoes etc.

Data Collection and Dissemination

- Each year the Division conducts around 250 seperate surveys and prepares reports covering virtually every facet of North Carolina agriculture–production and supplies of food and fiber, prices paid and received by farmers, farm labor and wages, farm income and finances, chemical use, rural development, and many other aspects of the industry. Reports are published on a predetermined schedule and are available to everyone at the same time. No one, outside the agency, has access to data in advance. Thus not allowing anyone to have an advantage in the market place.

- In addition to this ongoing data collection and estimation program we also collect and publish information on speciality surveys conducted with reimbursable funds from Universities and other Government agencies. An example would be the current survey providing nutrient data in the Neuse River Basin using funds provided by DEHNR and NCSU.

- The Division also conducts the Census of Agriculture every 5 years, a mandatory survey, to provide a snapshot of Agriculture. This picture when compared to earlier censuses helps to measure trends and new developments in the agricultural sector of our economy. The census is critical because it provides the only source of comparable and consistent detailed data about agriculture at the local level.

- In times of disasters the division is responsible for providing the damage assessment reports, tabulating and reporting the extent of damage to the agricultural sector.

Sources of Information

- The primary sources of information are those who know the most–farmers, livestock feeders, grain elevators and other agribusinesses. Virtually all the information is provided on a voluntary basis, and all individual data is **strictly confidential.** Information is gathered in a variety of ways, mail surveys, telephone interviews, face-to-face interviews and field observations. Over 80,000 contacts are made every year. In census years an additional 90,000 contacts are made.

AG ST 1

Other Responsibilities

- In addition to our responsibility of providing agricultural information, the Division also provides various services to the entire Department.

Information Resource Technology

- The Division maintains a cooperative USDA/NCDA&CS staff of Information Technology experts. Software and hardware support is provided to all Divisions. Specific programs are developed as needed, and training is provided for NCDA&CS staff as well as training for the Department of Labor and the Department of Administration.

- The 2001-2003 Expansion Budget contains a $1.7 million request to provide additional resources to improve departmental information technology over three areas.

    1. Server Consolidation: The current autonomous infrastructure of the Departments's network is stretching the ability of the IT staff to effectively support an environment that is scattered throughout the metro area running different versions of the operating system. The intent is to procure the servers through a 3-year lease program

    2. IT Hardware and Software Upgrades: In the late spring of 1999 NCDA&CS implemented a 3-year lease program for desktops and laptop computers in partnership with three other agencies and ITS to lease 527 desktops and 41 laptops. The additional funds would allow for the expansion of the lease program. There are still approximately 250 desktops and 125 laptops that need to be upgraded through the lease program.

    3. License E-commerce System: A new License System is now in production. The next phase of this system will be to make it a web based application in which any citizen in North Carolina that is issued an occupational or business license by the Department, will be able to apply for or renew their license via the Internet.

Composition

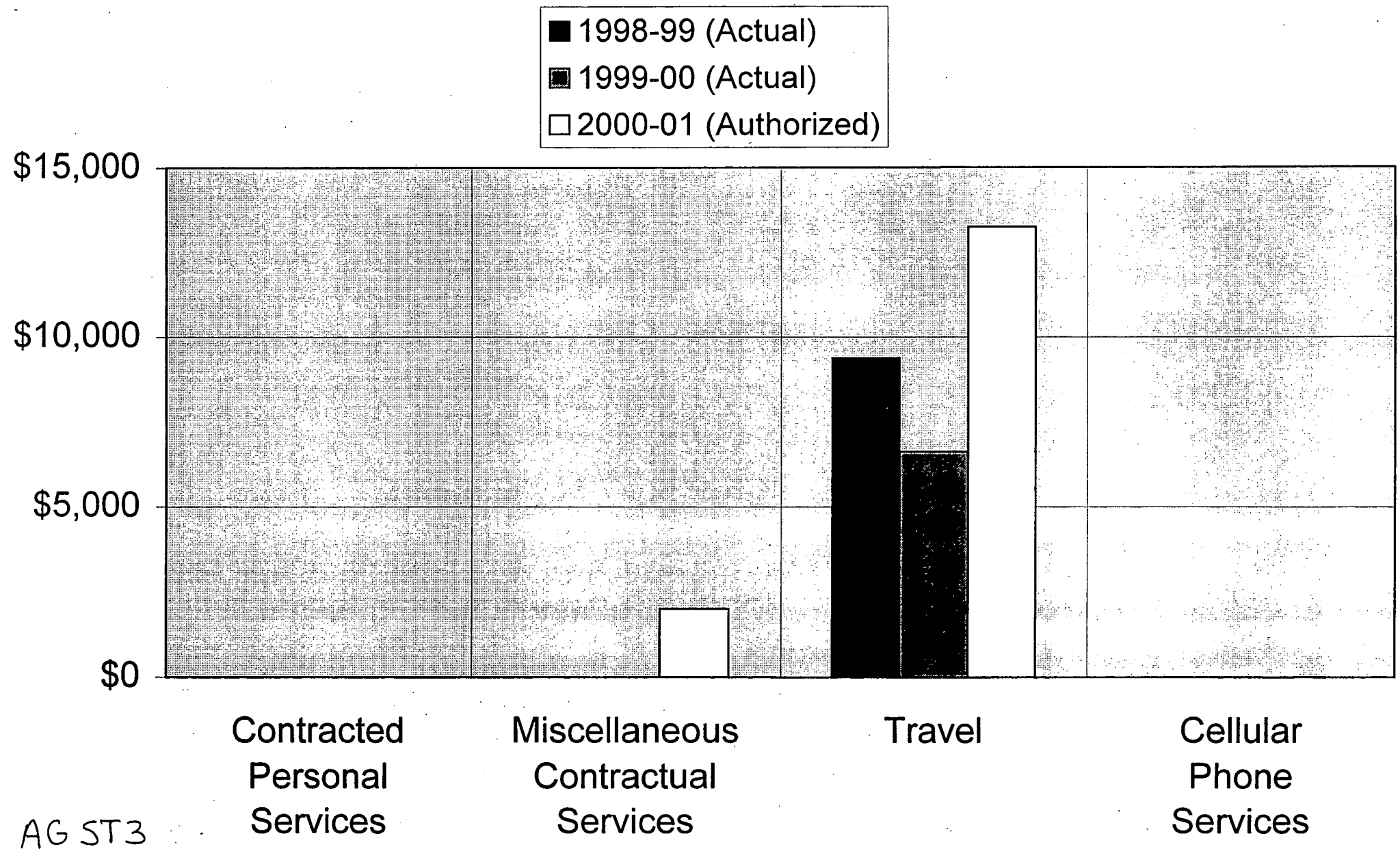
- Within the Division is a cooperative NCDA&CS/USDA staff of professional graphic artists. This group provides assistance and support for Departmental publications and for USDA publications for Southeastern States. The unit also has the capability and equipment to design and print high quality wide format posters and banners needed to support and publicize Department functions and displays. Equipment costs are shared between other Divisions and USDA. Department Web page design and support are also provided.

Printing

- The joint NCDA&CS/USDA funded, equipped, and staffed print shop provides printing and bulk mail services for the Department and USDA Southeastern state offices. Annually the print shop runs over 25 million impressions, and handles over 4 million pieces of bulk mail. Over one third of the printed material also requires binery work.

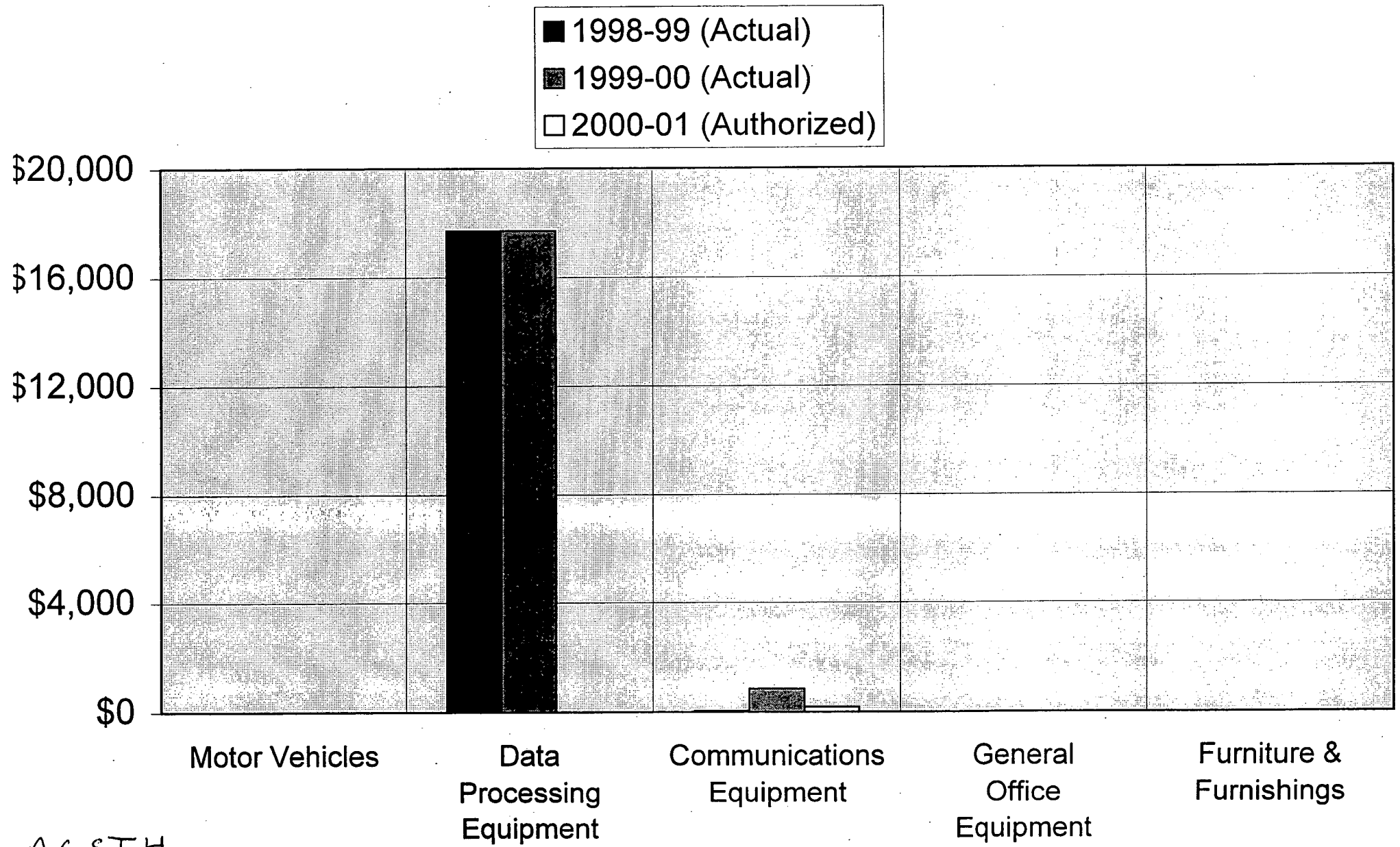
AG ST 2

Agriculture & Consumer Services
Agricultural Statistics
Comparison of Actual and Authorized Expenditures



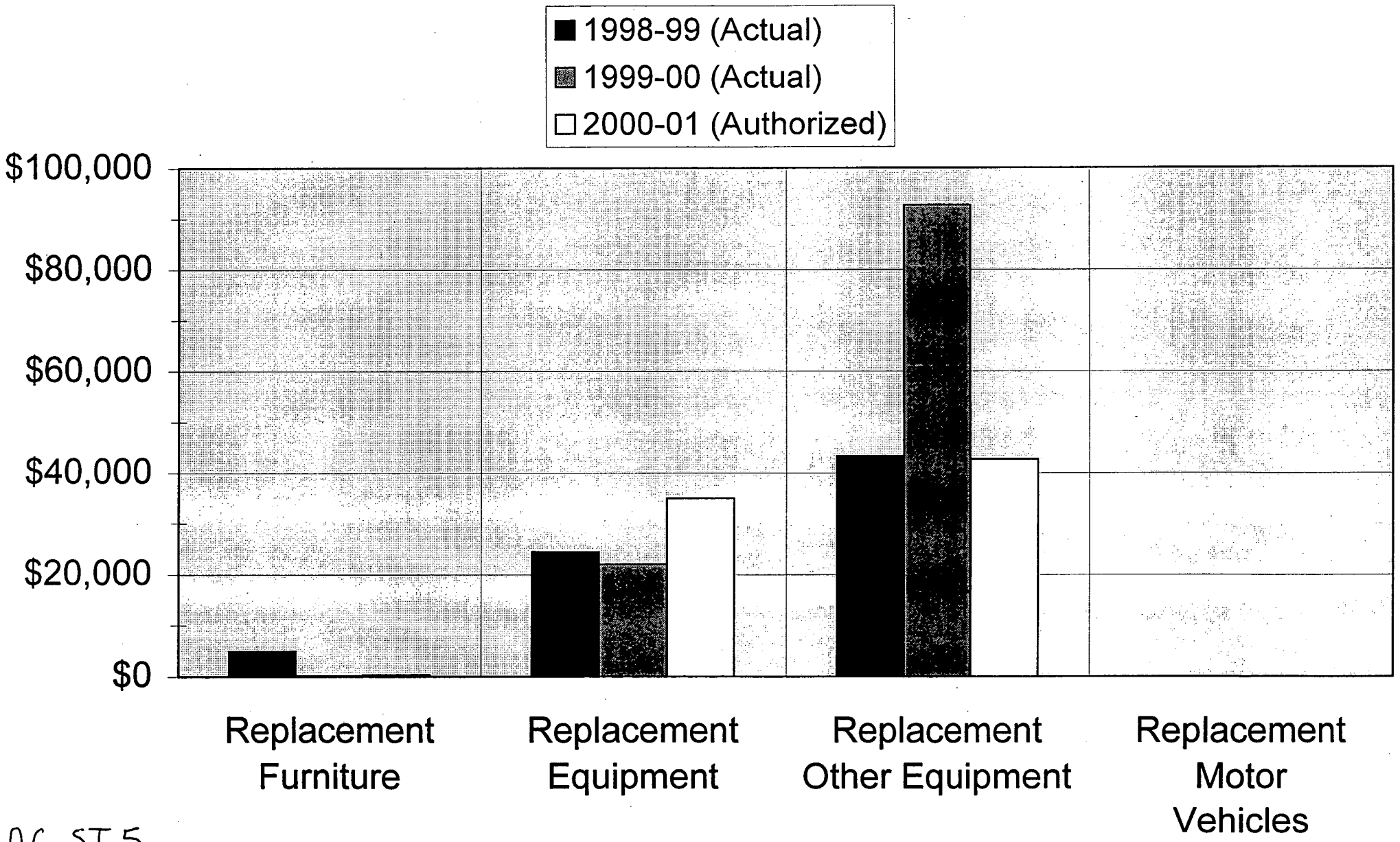
AG ST3

Agriculture & Consumer Services
Agricultural Statistics
Comparison of Actual and Authorized Expenditures



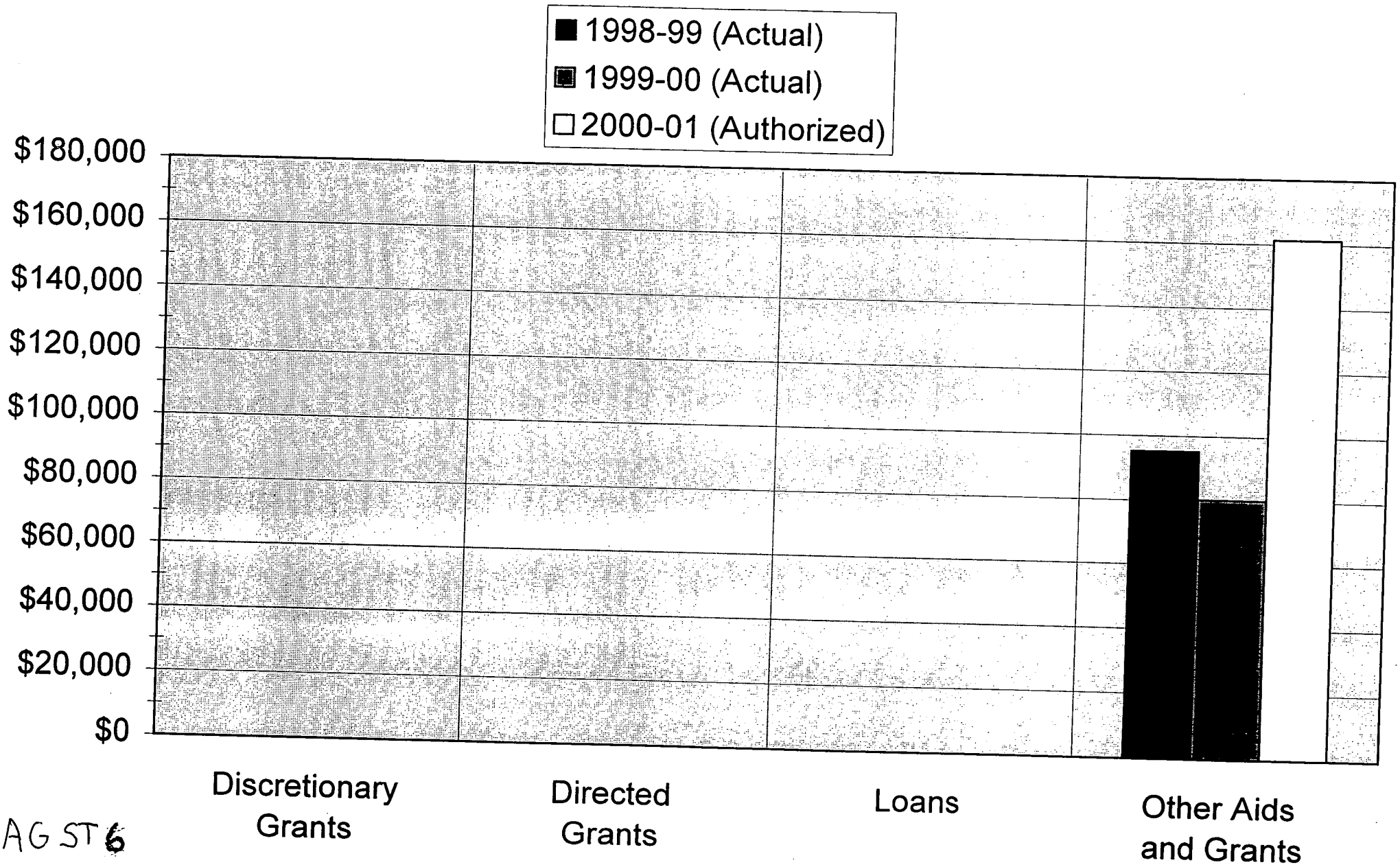
AG ST 4

Agriculture & Consumer Services
Agricultural Statistics
Comparison of Actual and Authorized Expenditures



AG ST 5

Agriculture & Consumer Services
Agricultural Statistics
Comparison of Actual and Authorized Expenditures



AG ST 6

VISITOR REGISTRATION SHEET

NER — 3/7/2001

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Doug Lassiter	NC Septic Tank Assoc.
Weldon Denny	NCDA&CS
Bob Murphy	NCDA&CS
Clara Gay	NCDA&CS
Mark Foster	NCDA&CS
Meg Phipps	"
[illegible]	NCFB
[illegible] Boisseau	NCFFA
Tom Ellis	NCDA&CS
Katherine Joyce	NCA&C
Winston Sutton	NCDA&CS
Jared Marshall	NCDA&CS
N. Vann Smith	NCDA&CS
Jane Smith	NC DENR
B. Rogers	NCDENR
Joe McLeod	TDA
Henry M Lancaster II	LCA
Don Hobart	D.O.C.
Jim Fain	D.O.C.
Ebonie Alexander	NC Community Development Initiative
Kevin Leonard	N.C. Department of Labor

VISITOR REGISTRATION SHEET

NER — 3/7/01

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
CARL E. FALCO	NCDA&CS - SPCD
Jim Knight	NCDA+CS - Pub Affairs
Sally Hunter	OSBPM
Johnny Gray	OSBPM
Jim Nowell	OSBPM
David Herlong	OSBPM
Craig Glover	NCDA + CS
[illegible]	DOL
[illegible]	NC AG FINANCE AUT. VICE CHAIR
Ken Paul S Smith	" " "
Gerry Hancock	EGHS
Steve Woodson	NC Farm Bureau Federation
Gayle Fitzgerald	OSBPM
Nathan Rose	Student - UNCG
Angie Harris	Maupin Taylor + Ellis
Laura David	DENR
Nancy Thompson	UNCH
Carl V. Tart	NCDA+CS
Grady McCallie	N.C. Conservation Network.
BRENT LANE	NC COMMERCE
Dianna Beasley	Forestry

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 6, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairmen's Comments**

2. **NC Community Development Initiative, Inc.**
   Abdul Rasheed, President and CEO

3. **NC Association of Community Development Corporations, Inc.**
   Susan Perry-Cole, President and CEO

4. **NC Coalition of Farm and Rural Families**
   Carolyn Prince, Executive Director

4. **Committee Discussion**

5. **Closing Remarks**

6. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
March 6, 2001 - 8:30A.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 6, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Bill Owens, Stan Fox, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly and Roger West. Four Senate Members were present. A visitor's sheet is attached. (ATTACHMENT I).

The meeting was co-chaired by Representative Bill Owens and Representative Stan Fox. Chair Stan Fox called the meeting to order.

REVIEW OF NON-PROFITS IN CONTINUATION BUDGET (continued)

North Carolina Community Development Initiative, Inc.

Chair Stan Fox called upon Mr. Abdul Rasheed, President and CEO, North Carolina Community Development Initiative, Inc., to discuss the organization and its programs and budget. Mr. Rasheed stated that the organization is in its seventh year of operation. He reviewed in detail the handout (ATTACHMENT II) on the North Carolina Community Development Initiative and answered committee members' questions.

In reference to page No. 3, footnote No. 3 of the handout, Representative Bill Owens asked Mr. Rasheed to provide a breakdown of the $3,824,310 encumbrances amount. Mr. Rasheed said the information would be provided.

North Carolina Association of Community Development Corporations, Inc.

Chair Stan Fox recognized Ms. Susan Perry-Cole, President and CEO, North Carolina Association of Community Development Corporations, Inc., to discuss the association, its mission and budget. Ms. Cole reviewed the handout (ATTACHMENT III) on the North Carolina Association of Community Development Corporations, Inc. and answered committee members' questions.

North Carolina Coalition of Farm and Rural Families

Chair Bill Owens called upon Dr. Carolyn A. Prince, Executive Director, The North Carolina Coalition of Farm and Rural Families, to discuss the special report for the organization. Dr. Prince reviewed the handout (ATTACHMENT IV) on The North Carolina Coalition of Farm and Rural Families and answered questions asked by the committee members.

Chair Bill Owens adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Representative Bill Owens, Chair

Linda A. Johnson, Committee Assistant

Representative Stan Fox, Chair

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — March 6, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Johnny Gray	OSBPM
Beth Bizzell	Alley Associates
Ross Smith	PCS Phosphate
Mike Waters	N.C. Rec. + P.K. Society
David Herlong	OSBPM
Walter Cherry	NCPC
Lu-Ann Cecil	NC Agribusiness Council
Patricia A. Yancey	LLPP
Leslie Bonds	NCDOC
Joe McClees	TDA
Lolita Wynn	NCCBI
Jason Barry Cole	NCACOC
Lori Ann Harris	LA Harris & Assoc Inc
Doug Lassiter	NC Seafood Task Assoc.
Bill Rowe	NC Low Income Hous. Coalition + NC Justice + CD Center
Jack Holtzman	NC Assn of CDCs
Ebonie Alexander	NC Community Development Initiative
Nancy Thompson	UMCIC
Jay Wadesky	NC Pork Council
Amanda Abrams	NC Low Income Housing Coalition
Grady McCallie	N.C. Conservation Network.
[illegible]	DOA
Paul Muse	NCACC
David A. Price	The NC Coalition of Farm + Rural...
Linda Gunn	NCIMED
R. Rogers	NCDENR
H Lancaster	LCA
Ryan Mackmon	Fiscal Research

VISITOR REGISTRATION SHEET

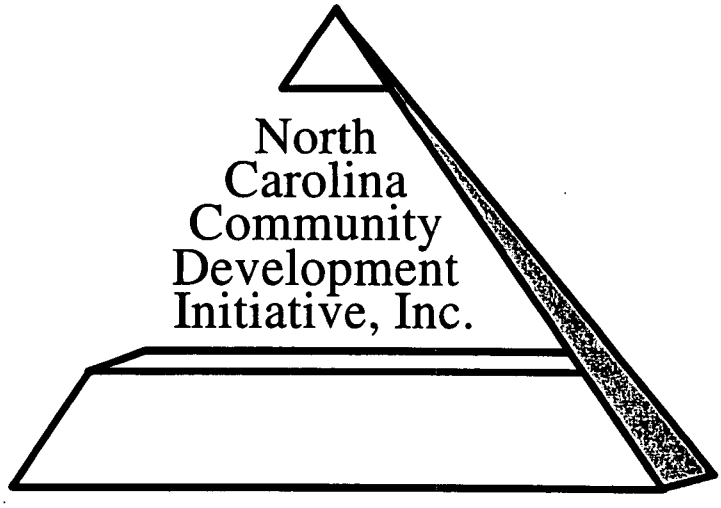
APPROPRIATIONS/Subcommittee on Natural and Economic Resources — March 6, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jami Craig	LCA
ABDUL Rahman	NCCDT
[illegible]	NC [illegible] MTT
Tanika Charlesmn	NCCDI
[illegible]	NCBB

Report to Natural and Economic Resources Committee



North Carolina Community Development Initiative, Inc.

6 March 2001

8:30 A.M

MISSION STATEMENT

We believe in the power of community economic development, as inspired by a comprehensive vision and practiced by mature community development corporations, to stimulate and fortify the renewal of low resource communities. The ultimate purpose of the Initiative is to strengthen the capacity, impact, and sustainability of community economic development in "low resource" communities as practiced by community development corporations.

The broader mission of the Initiative is to encourage all CDCs (and, indirectly all community based organizations) to develop their organizational capacity and productivity in the following areas:

- Affordable Housing
- Commercial Real Estate Development
- Business and Enterprise Development
- Capital Formation

NORTH CAROLINA COMMUNITY DEVELOPMENT INITIATIVE

The North Carolina Community Development Initiative is nationally recognized as a model public-private community economic development intermediary dedicated to increasing assets and creating wealth for communities and individuals in low-resource communities. A Chief Executive Officer and 21-member Board of Directors, including representatives from the private sector, public officials, and CDC leaders, provide leadership. The Chairman of the Board of Directors is Ronald J. Leeper, a corporate and civic leader in Charlotte.

The Initiative provides annual core operational grants to 21 established, high-performing CDCs in rural areas, small towns, and major cities, project lending, strategic issue management and project development assistance to the CDC industry statewide. Since 1994, the Initiative has taken an annual State investment/appropriation and leveraged it to attract millions of dollars from the private sector. It has channeled more than $39 million to CDCs, resulting in more than $140 million of completed local development.

The work of funded CDCs is making a difference: commercial real estate development, business and enterprise development, capital formation, affordable housing, and growth in local tax bases – not to mention improved lives that have become more productive, communities that are safer and more attractive, and children who have a better chance.

The results of this unique partnership are evident:

- $2.3 million of new real estate taxes
- $75.4 5 million of new single family mortgages
- 1,203 new single family homes
- 4,906 fulltime jobs created
- 318,373 square feet of commercial real estate, including offices, shopping centers, and industrial facilities.

By employing new and innovative methods grounded in sound business practices that hold CDCs accountable, the Initiative, together with its investor partners, is able to develop new programs that offer even more promise. In 1999, the State asked the Initiative to administer $12.5 million dollars, of the $836 million Hurricane Floyd Recovery Bill, to be used by nonprofit housing developers to rebuild affordable housing in eastern North Carolina.

The Initiative's strength is in the creative partnerships that it has forged. Foundations, government, private corporations, and others have invested in the Initiative and by doing so, in the future of North Carolina. The Z. Smith Reynolds Foundation, the North Carolina General Assembly and the financial industry have continued to demonstrate their commitment to support the Initiative as it ***Builds A Legacy For Our Communities***.

2/2001

North Carolina Community Development Initiative, Inc.

Receipts and Operating Expenses	**FY 1996-97	**FY 1997-98	**FY 1998-99	**FY 1999-00	**FY 2000-01*
State Appropriation					
Recurring (Note 1)	$2,250,000	$2,000,000	$2,000,000	$2,000,000	$1,940,000
Non-Recurring				$1,000,000	$2,000,000
Pass-Through			$275,000		
Other Sources of Funding (Note 2)	$1,405,024	$909,855	$1,682,471	$1,558,127	$1,346,392
Prior Year Carry-Forward					
Total Available	$3,655,024	$2,909,855	$3,957,471	$4,558,127	$5,286,392
Total Actual Expenditures	$3,516,018	$2,721,672	$2,470,213	$3,276,699	$1,787,481
Total Actual Encumbrances(Note 3)	$1,365,675	$1,313,950	$1,040,919	$1,299,640	$3,824,320
Cash Balance	-$1,226,669	-$1,125,767	$446,339	-$18,212	-$325,409

* Projected figures for FY 2000-01

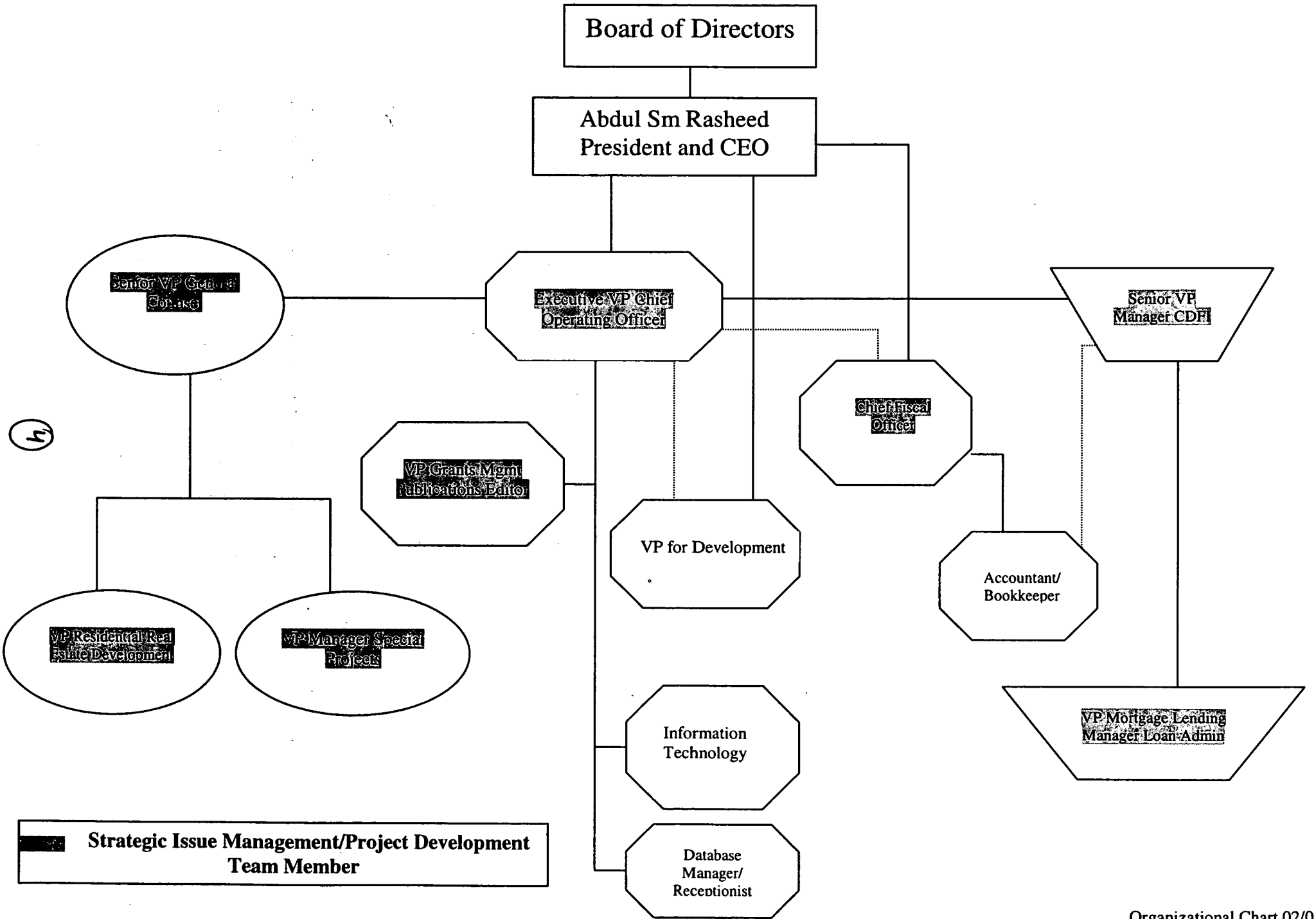
** The state recognizes receipts and operating expenses on a fiscal year basis, however, the Initiative recognizes receipts and operating expenses on a calendar year basis.

Note 1 - State Resources are expended prior to utilizing other sources of funding. FY00-01, $940,000 recurring and $500,000 non-recurring funds are committed, however, these funds have not been received to date.

Note 2 - Other sources of funding used to satisfy matching requirements, grants, loans, and general operating expenses.

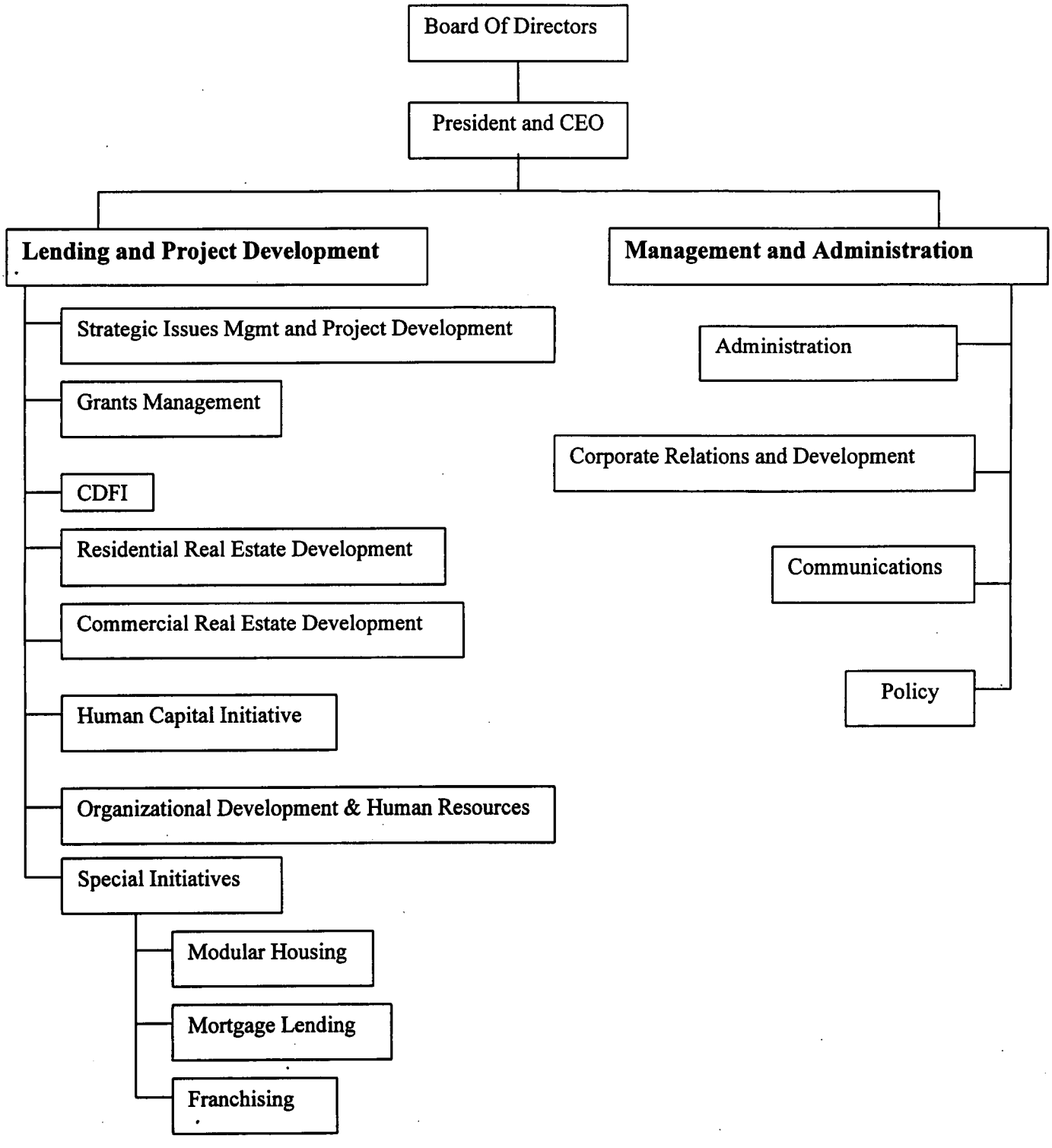
Note 3 - Encumbrance amounts are the remainder of the grant commitments made to Community Development Corporations (Calendar year/Grantees: 1996/19; 1997/21; 1998/22; 1999/19; 2000/21; 2001/21).

North Carolina Community Development Initiative, Inc.



Organizational Chart 02/01

North Carolina Community Development Initiative, Inc.



Program Chart 2/01

NC STATE INVESTMENT

The State has been an investor partner in the Initiative since 1994. To date we have received $14.6 million, which we have leveraged into $139 million of development in communities across our state. State resources are used to support our grant, lending and administrative activities. Our state investment is used during the first half of the fiscal year to support these activities.

The Initiative has 13 full-time staff, each with lead responsibility for at least one core programmatic or administrative function and supportive responsibility for several other program functions. Our administrative cost is 13.2 % of our to total revenue, of our total FY 2000-2001 allocation we use 5.7% for our overall administrative cost. Through the generosity of BB&T we have been able to keep our office space cost to a minimum, however that situation will change July 1, 2001.

The Initiative's total net worth is estimated to be $20,763,073.

PROGRAMS

Strategic Issue Management and Project Development Unit

The Strategic Issue Management and Project Development unit is the cornerstone on which all of our programmatic activities are based. Available to the CDC industry statewide, the Strategic Issue Management and Project Development staff is carefully configured to provide analytical and strategic thinking on specific issues confronting a CDC, private sector investor partner or local unit of government from board governance, organizational and administrative management, to specific project related concerns. As the number of requests and the complexity of project activity increase, there is an increased demand for this program function. We anticipate that as we move forward with our recovery strategy for eastern North Carolina the demands on this unit will increase.

Core Operating Support/Capacity Grants

The Initiative's core operating support program has played an integral role in stabilizing CDC operations and increasing the development impact in local communities; while building a durable CDC industry and durable CDCs locally. Currently we are invested in 21 communities across the state. At the retreat for the board of directors, of the national trade association (National Congress Community Economic Development) held January 1999, the number one priority identified by practitioners was the need to have a stable and consistent source of core operating support available to CDCs.

The founders of the Initiative recognized this as a priority when this organization was established in 1994. North Carolina's CDC leaders affirm this priority and seek to retain and expand core operating/capacity grant support for the state's CDC industry. Core support has resulted in stabilizing CDC operations and increasing the development impact in local communities. Grants of up to $150,000 per year are awarded annually on a competitive need basis, however, we have been forced to reduce grant amounts and have admitted only 5 new CDCs since 1999.

On average, we have funded 21 CDCs per year since 1994. These organizations are responsible for

- $2.3 million of new real estate taxes
- $75.4 5 million of new single family mortgages
- 1,203 new single family homes
- 4,906 fulltime jobs created
- 318,373 square feet of commercial real estate, including offices, shopping centers, and industrial facilities.

Human Capital Initiative

This partnership between the Initiative and St. Augustine's College is an educational strategy designed to increase and enhance the capacity of the practitioner base in North Carolina. In September 1999, the governing board of St. Augustine's College unanimously approved an undergraduate degree in community economic development, making it the first of its kind at an HBCU. The major components of the Human Capital Initiative are the undergraduate degree and *Pathways To Excellence Professional Certification Program.*

Lending and Special Projects

Our lending and special projects continue to be driven by the lending, financial and other special needs of the CDCs. The North Carolina Community Development Initiative Capital Corporation (Initiative Capital), our lending subsidiary was approved by the U.S. Department of Treasury and incorporated in April of 1999. Initiative Capital, a Community Development Financial Institution (CDFI) gives Initiative Capital access to additional grant and loan dollars from the public and private sectors. Initiative Capital was started with an investment of $1 million each from Bank of America and First Union National Bank.

Currently we have a $2 million request into the US Department of Treasury that requires a $1million match.

Currently we have three special initiatives underway. These are:

Modular Housing

Our goal is to demonstrate that through the use of modular technology that CDCs can reach economies of scale, put families into quality housing, negotiate better deals and realize significant cost savings to the homeowner with both the construction and operational expenses associated with homeownership. In October 2000, we engaged Carol Burns, Associate Professor at the Harvard University School of Design, Center of Housing Studies to conduct a national review of the benefits of modular construction.

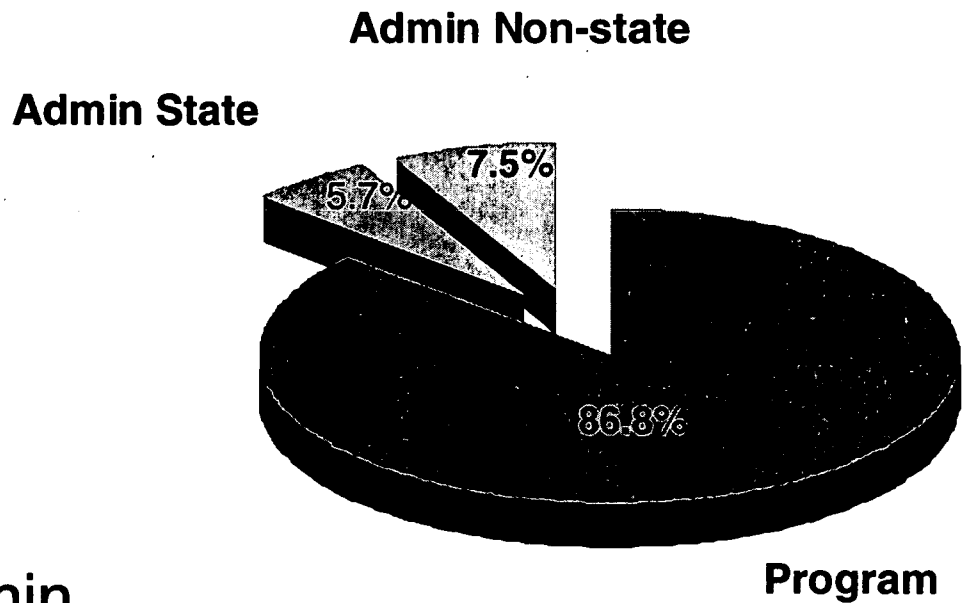
Mortgage Alliance Program

In our effort to respond to the needs of the community economic development industry, the Initiative has created a licensed mortgage-lending program. This program initially was designed to provide access to capital and technology to minority financial institutions operating throughout the state.

Franchising
This is a Retail and Commercial Program initiative, which is designed to position CDCs and other community based entrepreneurs to take advantage of national franchise opportunities.

The work of funded CDCs is making a difference: commercial real estate development, business and enterprise development, capital formation, affordable housing, and growth in local tax bases. One of the most important aspects of the work is, the improved lives that have become more productive, communities that are safer and more attractive, and children who have a better chance.

Administrative

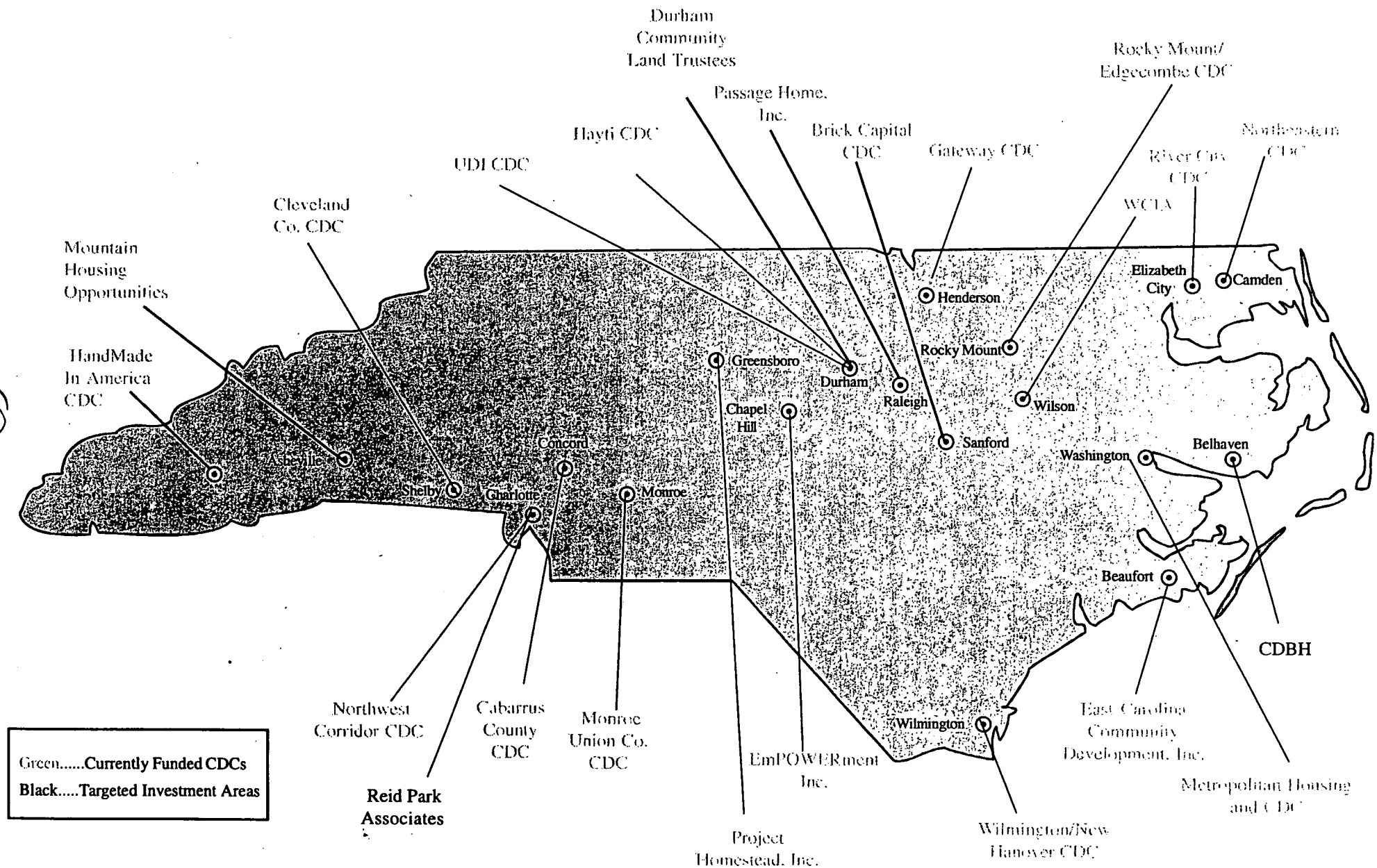


Total Admin
Cost = 13.2%

North Carolina Community Development Initiative, Inc. 2000-01 Fiscal Year Budgeted Expenditures		
Types of Expenditures	**Requirements**	**% of Total Budget**
Salaries	318,892	
Benefits	82,912	
Contractual Personnel Services	35,000	
Total Personnel Services	$436,804	24.44%
Building Rent/Lease		
Equipment Rental/Lease	12,500	
Travel	30,000	
Telephone/Cellular Phone Service	17,000	
Misc. Contractual Services	15,000	
Total Purchased Services	$74,500	4.17%
General Office Supplies	11,250	
R&D / Educational Supplies	31,927	
Total Supplies	$43,177	2.42%
Furniture	-	
Computers	10,000	
Other	-	
Total Equipment	$10,000	0.56%
Discretionary Grants	-	
Directed Grants	1,038,500	
Loans	50,000	
Other	15,000	
Total Aid & Public Assistance	$1,103,500	61.73%
Total Reserves		0.00%
Building Maintenance/Parking	3,000	
Marketing	9,000	
Development	75,000	
Board Expense	6,000	
Insurance	7,500	
Memberships/Subscriptions	5,000	
Staff Development	10,000	
Training/Workshops	4,000	
Total Other	$119,500	6.69%
Total Budget	$1,787,481	100.00%

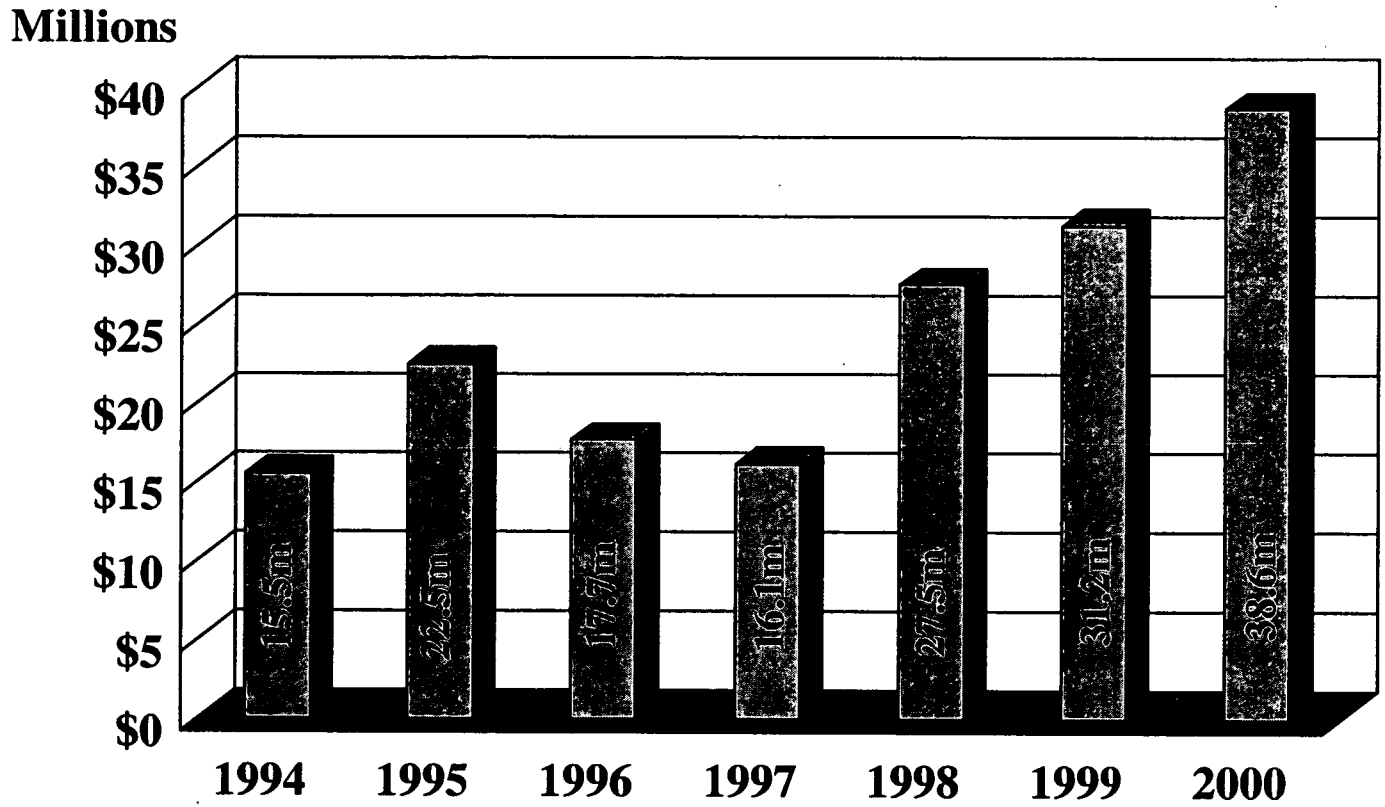
Production Dat *Initiative CDCs*									
1/22/01	1994	1995	1996	1997	1998	1999	2000	94-'00	01-05 Projected
Total Fixed Asset Value of CDC Projects/Land	$ 15,521,661	$ 22,513,574	$ 17,700,035	$ 16,128,596	$ 27,568,115	$ 31,229,338	$ 38,628,905	$169,290,224	188,419,745
Single Family Units: New and Rehab	90	201	117	231	170	197	197	1,203	1,091
Value of Single Family Homes	$ 5,458,171	$ 12,555,614	$ 7,527,746	$ 15,308,347	$ 11,603,860	$ 13,850,231	$ 14,775,000	$ 81,078,969	77,801,892
Value of Single Family Home Mortgages	$ 5,076,099	$ 11,676,721	$ 7,000,804	$ 14,236,763	$ 10,791,590	$ 12,880,715	$ 13,740,750	$ 75,403,441	72,355,760
Development Fees of Single Family Homes	$ 297,000	$ 683,400	$ 409,500	$ 831,600	$ 629,000	$ 748,600	$ 768,300	$ 4,367,400	4,150,108
Land Acquired for Future Development (acres)	56	119	31	31	102	78	549	965	1,410
Multi-Family Units: New and Rehab	104	205	129	23	216	160	255	1,092	1,220
Commercial Real Estate (sq.ft.)	76,730	84,370	55,442	29,300	33,800	2,800	35,931	318,373	140,273
Full-Time Construction Jobs Created	248	360	283	258	441	500	618	2,709	3,015
Jobs Created from Commercial Real Estate Deve	192	211	139	73	85	7	90	796	351
Full-Time Jobs Created: All Development	616	800	591	464	736	709	991	4,906	4,712
Loan Pools Established by CDCs	$ 170,000	$ 320,000	$ 250,000	$ -	$ -	$ 2,500,000	$ 1,760,000	$ 5,000,000	8,238,716
Micro-Loans Originated by CDCs	12	12	17	13	3	4	11	72	35
Homeownership Counseling (# persons)	1,436	2,445	2,494	3,146	3,425	2,862	7,036	22,843	25,764
New Real Estate Taxes Generated by CDCs	$ 198,677	$ 292,676	$ 233,640	$ 216,123	$ 374,926	$ 434,088	$ 548,530	$ 2,298,662	2,625,452

North Carolina Community Development Initiative
Year 2001 Grantees



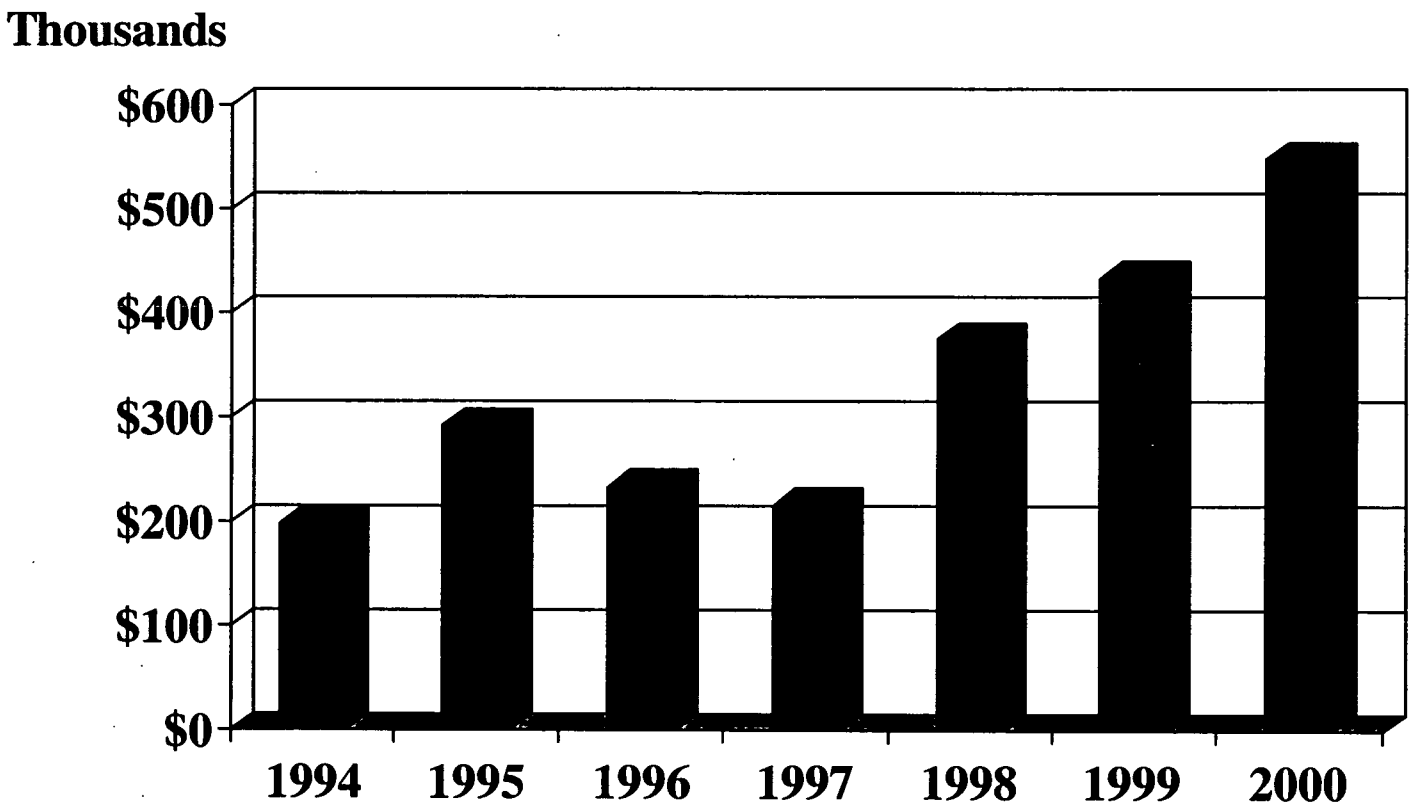
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Total Fixed Asset Value of CDC Projects

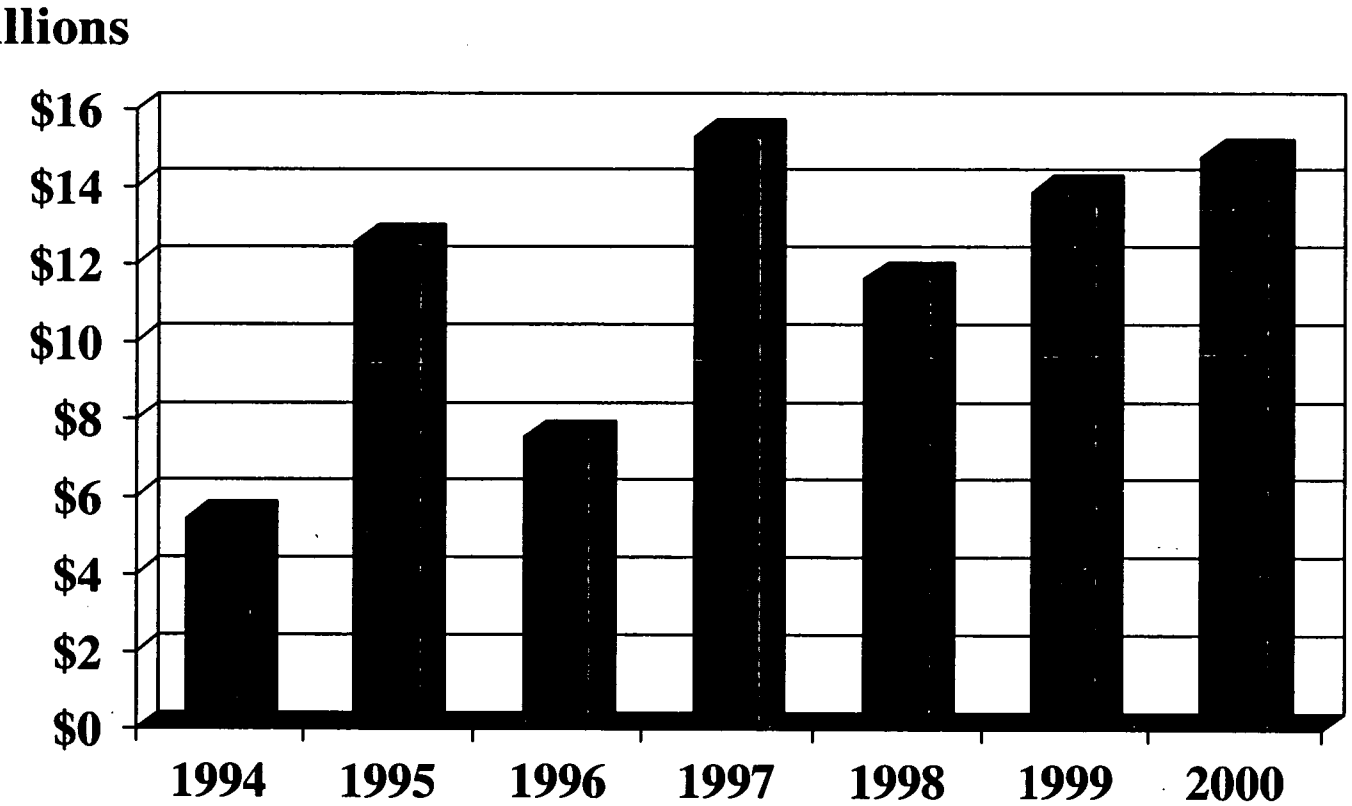


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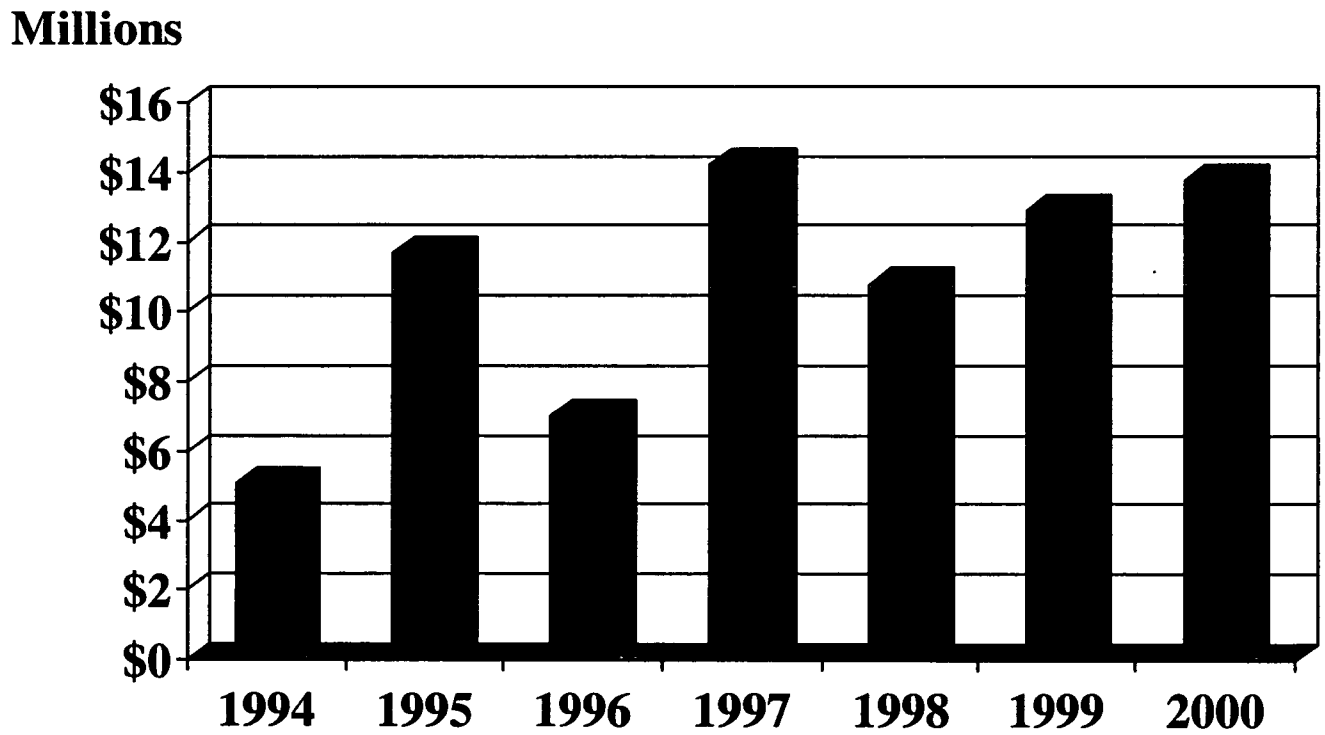
New Real Estate Taxes Generated by CDCs



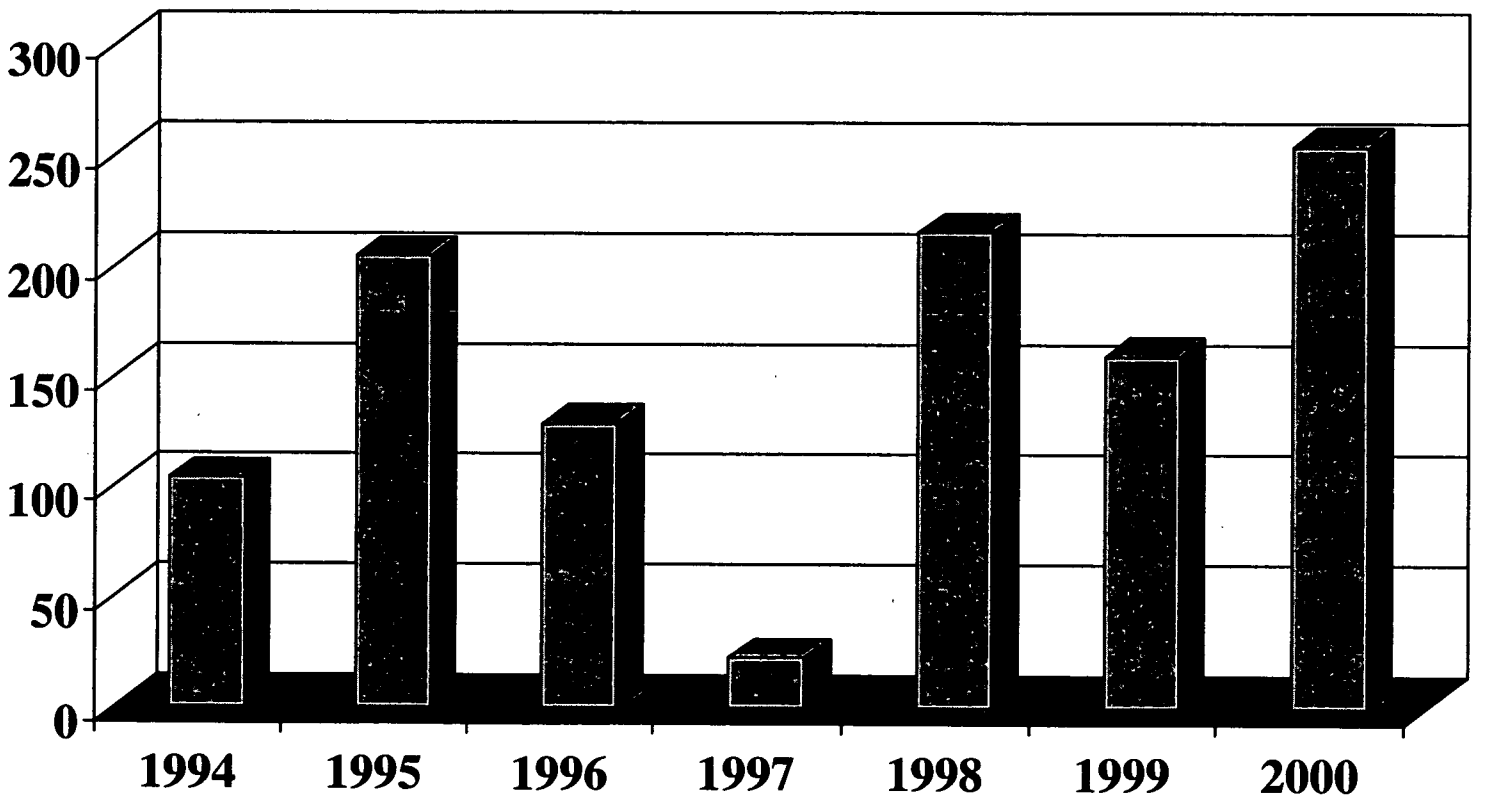
Value of Single Family Homes



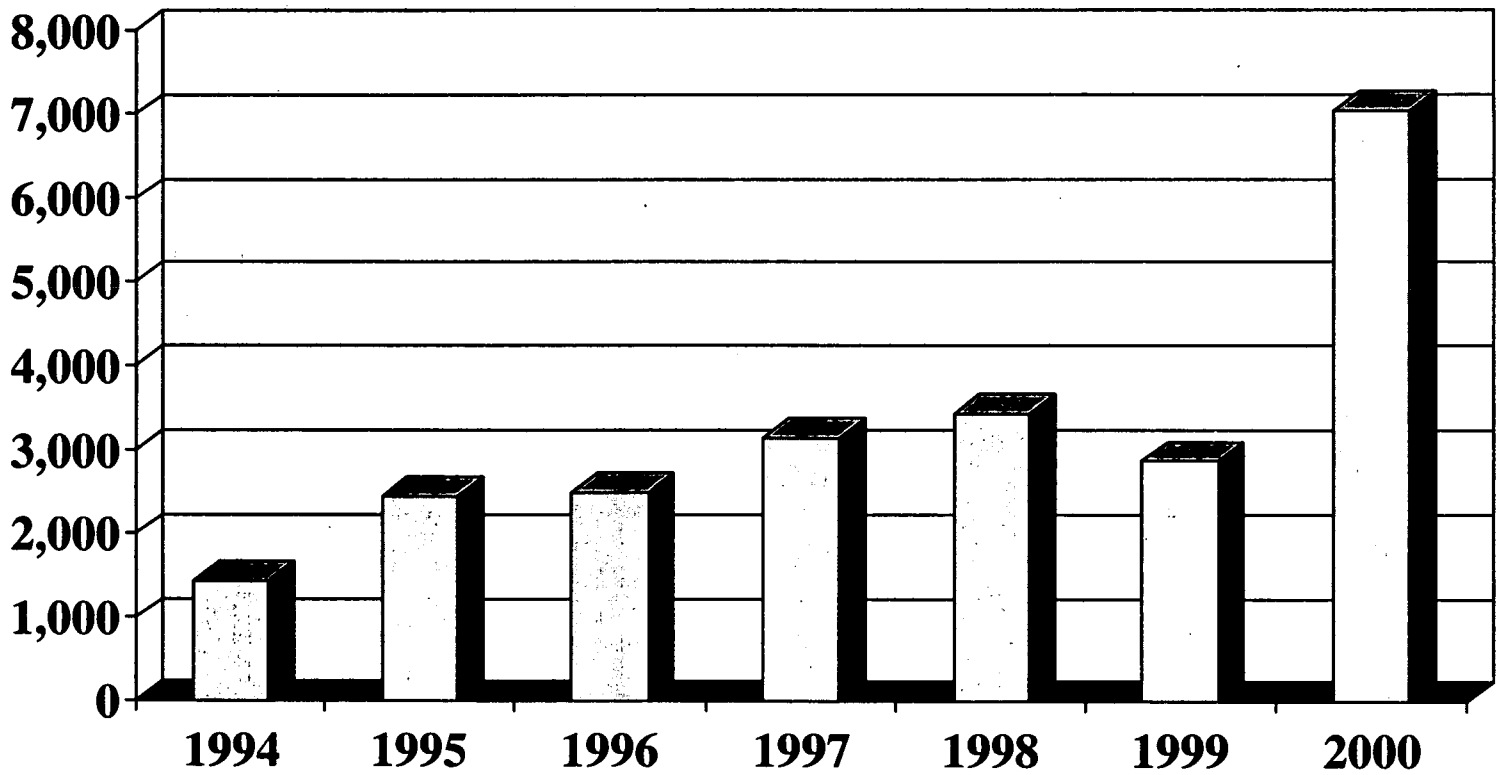
Value of Single Family Home Mortgages



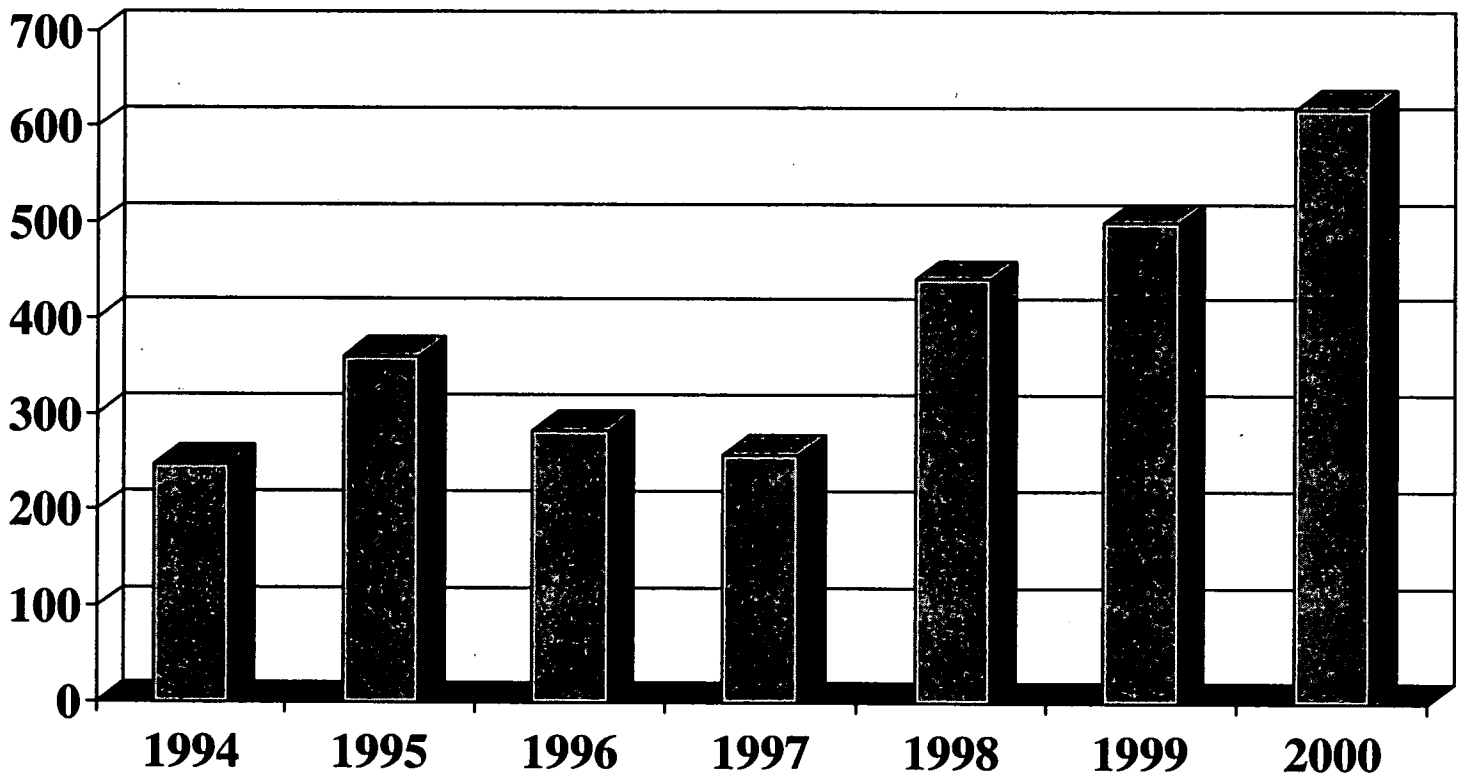
Multi-Family Units
New and Rehab



Home Ownership Counseling (number of persons)



Full-Time Construction Jobs Created



Mission Statement
of the
North Carolina Association
of Community Development Corporations

To strengthen the ability of community development corporations to empower low- and moderate-income North Carolinians and improve their quality of life by providing training, technical assistance, advocacy, information and other membership services.

NC Association of Community Development Corporations

Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring				$400,000	$400,000
Non-Recurring	$150,000	$150,000	$200,000		
Other Sources of Funding	$710,447	$702,321	$840,534	$949,134	$677,740
Prior Year Carry-Forward	$187,323	$127,688	$137,091	$100,732	$188,923
Total Available	**$1,047,770**	**$980,009**	**$1,177,625**	**$1,449,866**	**$1,266,663**
Total Actual Expenditures	**$314,194**	**$324,920**	**$410,075**	**$586,595**	**$1,266,663**
Total Actual Encumbrances	**$605,889**	**$517,998**	**$666,819**	**$674,348**	**$0**
Cash Balance	**$127,688**	**$137,091**	**$100,732**	**$188,923**	**$0**

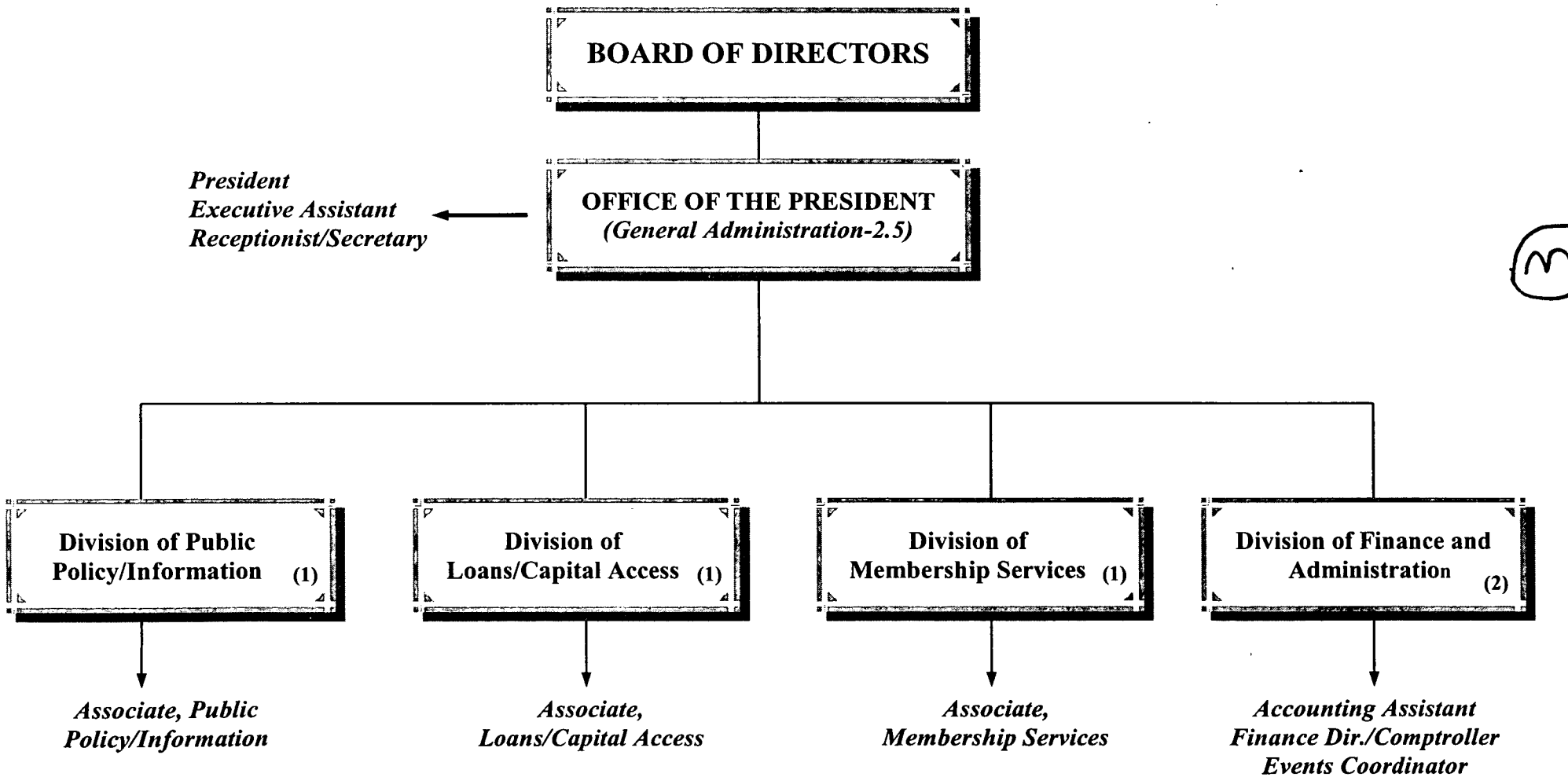
* Projected figures for FY 2000-01

Note 1: 2000 Carryover absorbed by new administration upgrading programs and services

Note 2: 2000-2001 Other sources of funding includes $450,072 loan fund

N.C. ASSOCIATION OF CDCs

North Carolina Association of Community Development Corporations



3

NORTH CAROLINA ASSOCIATION OF
COMMUNITY DEVELOPMENT COPORATIONS
March 5, 2001

Employee	Position	Position Count
Office of the President		
Susan Perry Cole	President	1.0
Carolyn Ingram	Executive Assistant/Events Coordinator	.5
Sandria Brown	Receptionist/Secretary	1.0
Division of Finance & Adminstration		
Lesea Staten	Accounting Assistant	1.0
Vivan Wan	Finance Dir/Comptroller	.5
Carolyn Ingram	Events Coordinator	.5
Division of Membership Services		
Angela Shaw	Associate, Membership Services	1.0
Division of Public Policy/Information		
Jack Holtzman	Associate, Public Policy Information	1.0
Division of Loans/Capital Access		
Kim Thompson	Associate, Loans/ Capital Access	1.0
Total appropriated and receipted positions for FY 2000-2001		7.5

Special Programs

Church & CED Project*		
Rev. William Barber	Coordinator (P/T)	.5
Resource Dev./Hurricane Recovery*		
Lea Henry	Coordinator (P/T)	.5

*Funding Requests Pending

NC Association of Community Development Corporations

The North Carolina Association of Community Development Corporations (NCACDC) was created in 1989 with eleven charter members. NCACDC is a statewide membership organization designed to strengthen the ability of community development corporations (CDCs) to construct affordable housing for North Carolina's low-income citizens, as well as carry out other economic development projects. NCACDC currently serves 58 racially diverse community based organizations in urban and rural communities across the state.

NCACDC's incorporators understood that the community economic development industry would benefit from a strong, inclusive trade organization that could provide industry representation, organizational support and other services that enhanced our industry's capacity to revitalize economically distressed communities. Towards this goal, NCACDC provides technical assistance, training, information, public policy advocacy and other membership services to its member organizations.

Training: NCACDC provides industry-wide training workshops and forums for CDC staff and board members. During this FY 2000-2001, NCACDC will have conducted thirteen such training seminars around North Carolina, nine of which are scheduled for 2001. In collaboration with both allied organizations (NCCDI and the NC Rural Center) and private sector partners, NCACDC will offer comprehensive training on selected management topics. NCACDC's *Management Institute* will sponsor four intensive multi-day training sessions for CDC staff on organizational development, strategic planning, personnel/diversity and fiscal management. Training for CDC staff associated with delivery of services in post Hurricane Floyd has been another area of emphasis for NCACDC.

With partial funding from a technical assistance grant awarded by HUD, NCACDC will also sponsor two trainings for non-profit affordable housing developers and Special Needs housing developers. New project manager training, administration of state hurricane recovery funding and three regional fiscal management trainings (to be sponsored in cooperation with the Office of the State Auditor) are also planned. The 110-hour NC Community Economic Studies Program will be offered in 2002. NCACDC's annual community economic development conference in Winston Salem is expected to draw about 250 registrants. Conference 2001 will also serves as a major training event for NCACDC's membership with over a sixteen substantive workshops.

Equity and Predevelopment Loan Fund: NCACDC manages a small loan fund that provides loan capital targeted to the pre-development costs associated with affordable housing, commercial and industrial real estate projects. Since 1992, the Fund has contributed to the creation of 1,200 units of affordable housing, 339,040 square feet of commercial space and 800 jobs in low wealth communities. Because the greater portion of NCACDC's membership falls into the start-up or emerging CDC category, NCACDC is re-structuring the loan fund process to emphasize its use in the context of a teaching strategy linked to on-going and longer-term technical assistance for these developing organizations.

Although these loan fund moneys cannot be used for NCACDCs' core operations, NCACDC has allocated interest from this fund to fully pay for the salary of the loan fund administrator, as a component of a long-term strategy to become more self-sufficient.

Technical Assistance: An important strategy for NCACDC is to target its activities to under-penetrated markets where start-up CDCs are located. In 2000, NCACDC created the Jump Start Forgivable Loan Program, with all allocations to CDCs funded solely from a private foundation grant. This program provides predevelopment funding to CDCs in hard-to-serve counties to assist them in new economic development projects. By linking the loan funds products with hands-on technical assistance, NCACDC can nurture the growth and higher performance of start-up CDCs. In addition to longer term, hands-on technical assistance, NCACDC's capacity building efforts rely heavily on matching inexperienced, startup CDC staff with more seasoned, highly skilled practitioners in mature CDCs. This peer-to-peer capacity building strategy seeks to leverage the knowledge and experience of higher skilled CDC staff located in high producing CDCs. NCACDC is now
sponsoring two pilot projects located in Tier 1 counties. NCACDC has also provided leadership and support for the development of improved telecommunications capabilities among its membership.

Membership Services: NCACDC sponsors and administers a group benefits plan on behalf of its members and 150 of their employees. The plan provides major medical, dental, life, disability, pension, a tax deferred annuity and cancer insurance at competitive rates. NCACDC has made the continued affordability of health care and other benefits coverage a major priority. Benefits plan coverage is an important employee recruitment tool for community development corporations. As non-profit developers, CDCs generally can not afford to pay salaries as high as those offered by the private sector, and the ability to offer a benefits plan is a necessity in order to attract quality project managers and other staff. Health care coverage also helps stabilize the CDC work force by serving as one incentive for retention of seasoned employees.

By providing this type of high value-added service for our membership, NCACDC is able to design a membership campaign projected over the next 12 months to substantially increase its membership, and thereby increase its earned income from membership dues. In order to move toward sustainability and partial self-sufficiency, NCACDC has set a goal to diversify our funding base and increase earned income to at least one third of our core operating budget by 2003. NCACDC provides other member benefits such as twenty (20) hours of free legal assistance per year to member organizations. This legal assistance is provided by volunteer attorneys in the Sanford Holshouser firm and First Union National Bank Legal Department.

Public Policy: NCACDC is active in the public policy area, representing CDCs and taking leadership in policy initiatives such as funding for CDCs and other issues that impact their work. In recent months, NCACDC has also focused on inclusion of affordable housing issues in the recommendations produced by the General Assembly's Smart Growth.Commission.

Information/Resource Clearinghouse: NCACDC serves as a clearinghouse by publishing information that keeps CDCs abreast of news, activities and trends that impact their work. This includes information about funding, trainings, public policy and statewide CDC news. In this regard, NCACDC plans to publish a Study/action Guide for faith–based leaders and institutions engaged in community economic development. This guide will educate and inform leaders from a theological perspective about CED initiatives and the role faith-based institutions can play. The Guide will also outline strategies for collaboration between churches and CDCs in the delivery of programs, activities and projects. NCACDC also maintains a resource library with various listings, allowing CDCs to borrow materials from our archives or receive referrals for resource information.

NC Association of Community Development Corporations
2000-01 Fiscal Year
Budgeted Expenditures

Types of Expenditures	Requirements	% of Total Budget
Salaries	285,241	22.52%
Benefits	67,911	5.36%
Contractual Personnel Services	45,506	3.59%
Total Personnel Services	$398,658	31.47%
Building Rent/Lease	48,200	3.81%
Occupancy Expenses	24,035	1.90%
Travel	24,221	1.91%
Telephone/Cellular Phone Service	14,286	1.13%
Misc. Contractual Services	88,027	6.95%
Total Purchased Services	198,769	15.69%
General Office Supplies	6,976	0.55%
Dues / Subscriptions	4,624	0.37%
Total Supplies	11,600	0.92%
Furniture	7,961	0.63%
Computers	15,893	1.25%
Other	6,000	0.47%
Total Equipment	29,854	2.36%
Discretionary Grants	22,000	1.74%
Directed Grants	3,000	0.24%
Loans	450,072	35.53%
Other	102,851	8.12%
Total Aid & Public Assistance	577,923	45.63%
Total Reserves		0.00%
Loan Service Fee, Interest	9,981	0.79%
Board Expenditures	3,718	0.29%
Auto Interest	1,700	0.13%
Liability Insurance	4,800	0.38%
Depreciation	14,000	1.11%
Postage & Miscellaneous	5,000	0.39%
Printing, Marketing	10,660	0.84%
Total Other	49,859	3.94%
Total Budget	1,266,663	100.00%

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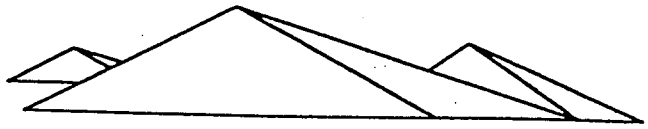
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Revised 2/14/01

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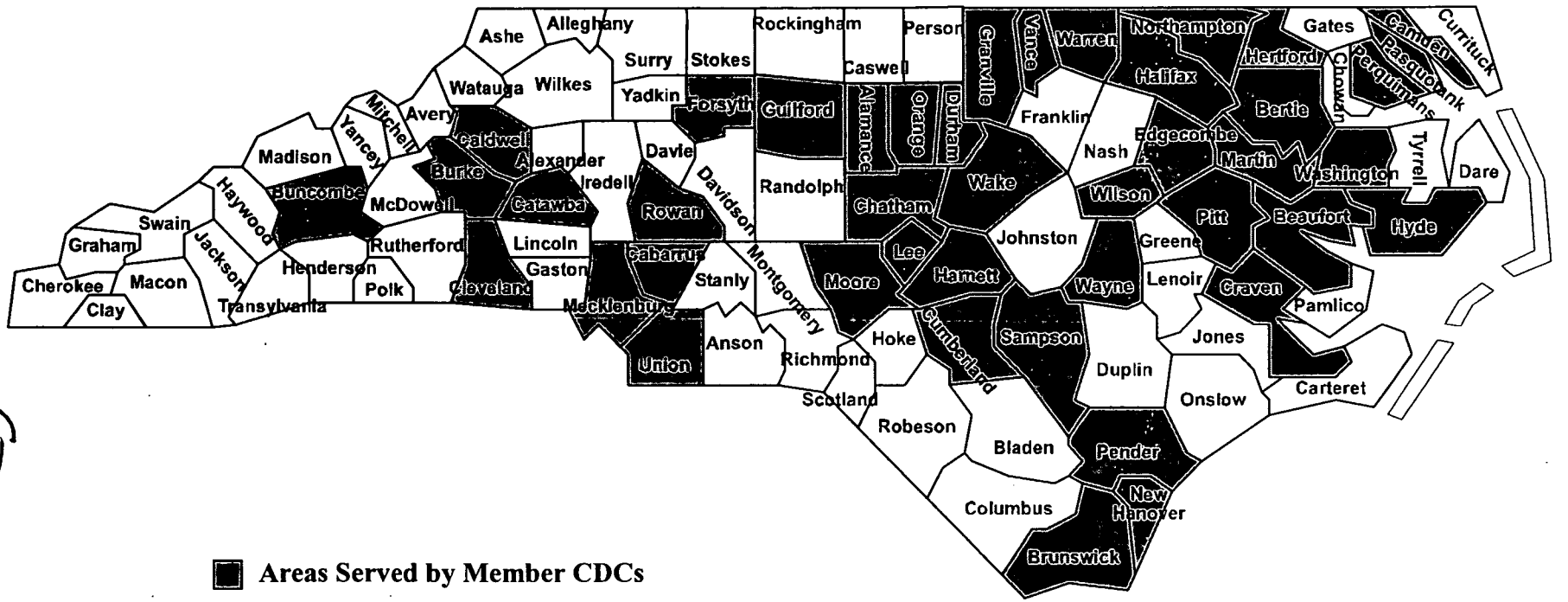
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* Denotes Board Member
[Last Revised: 3/5/01]

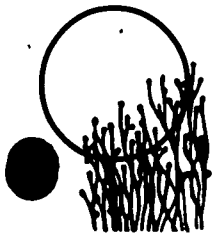
N.C. Association of Community Development Corporations



The NC Coalition of Farm and Rural Families

Special Report for Members of the Joint Appropriations Sub-Committee on Natural and Economic Resources March 6, 2001

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THE NC COALITION
of Farm & Rural Families, Inc.

MISSION STATEMENT

The NC Coalition of Farm and Rural Families, is a nonprofit organization that promotes self-economic development and a higher standard of living for small and limited resource farmers and rural families in NC:

- by promoting better use of resources;
- by providing technical and marketing assistance;
- by fostering honest and ethical growth and development; and
- by strengthening the leadership and capacity of farmers and rural families to create sustainable enterprises.

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The NC Coalition of Farm and Rural Families

Receipts and Operating Expenses	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring				$250,000	$250,000
Non-Recurring	$145,000	$250,000	$250,000		
Other Sources of Funding	$1,000		$11,000	$58,000	$4,000
Prior Year Carry-Forward	$370,685	$292,045	$90,084	$1,000	$19,800
Total Available	**$516,685**	**$542,045**	**$351,084**	**$309,000**	**$273,800**
Total Actual Expenditures	**$224,640**	**$451,960**	**$350,084**	**$289,200**	**$271,800**
Total Actual Encumbrances					**$2,000**
Cash Balance	**$292,045**	**$90,084**	**$1,000**	**$19,800**	**$0**

* Projected figures for FY 2000-01

The NC Coalition of Farm and Rural Families 2000-01 Fiscal Year Budgeted Expenditures		
Types of Expenditures	**Requirements**	**% of Total Budget**
Salaries	97,750	
Benefits	18,550	
Contractual Personnel Services	22,000	
Total Personnel Services	$138,300	55.32%
Building Rent/Lease	13,020	
Equipment Rental/Lease	3,000	
Travel	12,000	
Telephone/Cellular Phone Service	6,000	
Misc. Contractual Services	(See list, page 4) 57,680	
Total Purchased Services	$ 91,700.00	36.68%
General Office Supplies	8,000	
R&D / Educational Supplies	(See list, page 4) 11,000	
Total Supplies	19,000	7.60%
Furniture		
Computers	1,000	
Other		
Total Equipment	1,000	0.40%
Discretionary Grants		
Directed Grants		
Loans		
Other		
Total Aid & Public Assistance		0.00%
Total Reserves		0.00%
Total Other		0.00%
Total Budget	250,000	100.00%

The NC Coalition of Farm and Rural Families
2000-2001 Fiscal Year
Budgeted Expenditures
Addendum

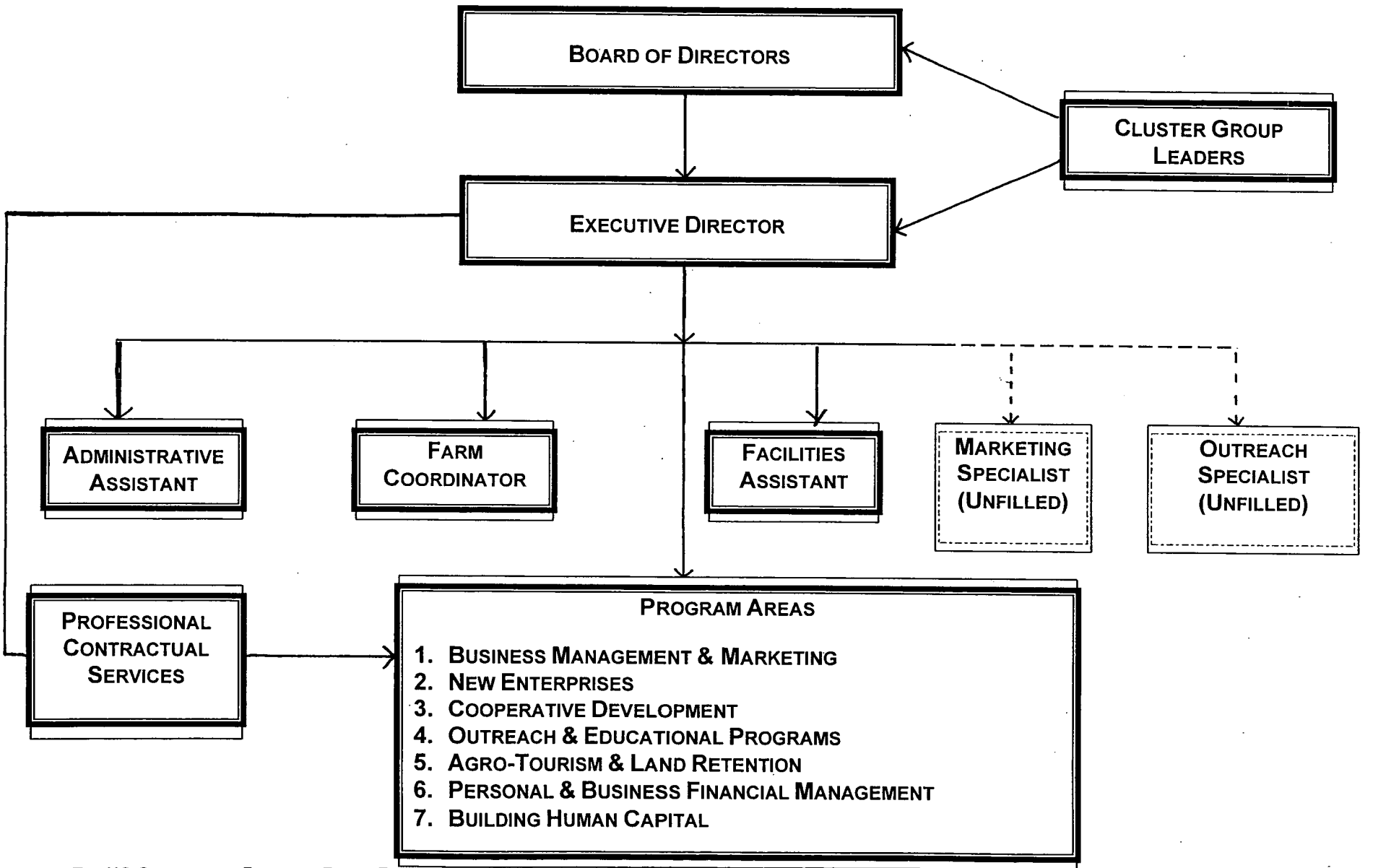
DESCRIPTION		EXPENSES
Misc. Contractual Services		
Marketing Services	$	3,910.00
Advertising/Promotion	$	1,000.00
Meetings/Seminars	$	1,500.00
Janitorial Fees	$	2,350.00
Utilities	$	4,225.00
Insurance	$	18,480.00
Repairs & Maintenance	$	5,225.00
Accounting/Audit/Legal	$	15,775.00
Dues/Fees	$	550.00
Licenses	$	2,250.00
Taxes/Property	$	65.00
Fuel/Greenhouse & Vehicles	$	2,350.00
TOTAL EXPENSES	**$**	**57,680.00**

R & D/Educational Supplies		
Educational Expense	$	10,000.00
Subscription/Books	$	1,000.00
TOTAL EXPENSES	**$**	**11,000.00**

The NC Coalition of Farm and Rural Families
Operating Budget
2000-2001

DESCRIPTION	STATE FUNDS	DESCRIPTION cont'd	STATE FUNDS cont'd
REVENUES			
Program Revenue	$ 150,000.00		
Management/General (Program Support) Revenue	$ 100,000.00		
TOTAL REVENUE	**$ 250,000.00**		
OPERATING EXPENSES		**OPERATING EXPENSES cont'd**	
PROGRAM EXPENSES		**MANAGEMENT & GENERAL**	
Educational Programs	$ 10,000.00	Meetings/Seminars	$ 500.00
Marketing Services	$ 3,910.00	Dues/Fees	$ 300.00
Advertising/Promotion	$ 1,000.00	Office Supplies	$ 2,000.00
Technical Support	$ 22,000.00	Office Rent	$ 13,020.00
Travel	$ 12,000.00	Janitorial Services	$ 1,200.00
Meeting/Seminars	$ 1,000.00	Utilities	$ 1,925.00
Subscriptions/Books	$ 1,000.00	Telephone	$ 4,000.00
Computer (hardware/software)	$ 1,000.00	Leased Equipment	$ 3,000.00
Licenses	$ 2,250.00	Insurance/Contents	$ 1,000.00
Dues/Fees	$ 250.00	Insurance/Employee Dishonesty	$ -
Postage/Freight	$ 2,000.00	Insurance/Liability	$ 1,000.00
Office Supplies	$ 4,000.00	Accounting (Ongoing)	$ 8,775.00
Janitorial Fees	$ 1,150.00	Audit/Tax	$ 5,000.00
Utilities	$ 2,300.00	Legal Services	$ 2,000.00
Telephone	$ 2,000.00	Repair & Maintenance/Office Equip.	$ 400.00
Taxes/Property	$ 65.00	Travel/Lodging Board Members	$ -
Taxes/Vehicles	$ -	Development/Board	$ -
Insurance/Vehicles	$ 12,300.00	Salary	$ 45,250.00
Insurance/Liability	$ 2,000.00	Fringe Benefits	$ 10,630.00
Insurance/Product	$ 1,400.00		
Insurance/Property	$ 130.00		
Insurance/Workers' Compensation	$ 650.00		
Repair & Maintenance/Vehicles	$ 800.00		
Repair & Maintenance/Shed	$ 2,000.00		
Repair & Maintenance/Greenhouse	$ 1,400.00		
Repair & Maintenance/Equipment	$ 625.00		
Fuel/Greenhouse	$ 2,000.00		
Fuel/Vehicles & Equipment	$ 350.00		
Salary	$ 52,500.00		
Fringe Benefits	$ 7,920.00		
TOTAL PROGRAM EXPENSES	**$ 150,000.00**	**TOTAL MANAGEMENT/GENERAL**	**$ 100,000.00**
TOTAL AMOUNT			**$ 250,000.00**

THE NC COALITION OF FARM AND RURAL FAMILIES
ORGANIZATIONAL CHART



PROGRAM SUMMARY

The mission of The NC Coalition of Farm and Rural Families is to promote economic advancement for minority, small and part-time farmers, their families and rural entrepreneurs. As the times change, agriculture and rural communities change. Thus, the methods used to accomplish our goals and objectives must also change.

During the past two years, the staff centered their activities on changing the mindset of our clients from 'wait and see' to 'can do' learning what they need as a family unit to survive the changes in their environment. Many of the changes were unforeseen and uncontrollable. Others were dictated by the vertical integration of commodity groups, consolidation of national companies, and depressed support prices for certain commodities. There are four governing principles for creating progressive communities where small agribusinesses and farm families thrive. They are:

* **Create systems to accelerate learning - no one is as smart as all of us.**
* **Build human capital - never do for someone what he or she can do for himself or herself.**
* **Focus on results - dramatic change can occur when individuals decide to hold themselves accountable for achieving specific results.**
* **Create programs promoting prosperity - how to create, enjoy and pass on wealth.**

We are dedicated to the purposes of this agency which are: 1) to increase the awareness of the factors affecting the farm family unit; 2) to evaluate agribusiness enterprises and their potential for future growth; 3) to promote unity and a common interest among North Carolina's limited resource, small and part-time growers; 4) to expand employment and income opportunities; and 5) to collaborate with other groups, institutions and agencies to serve the unique educational component of joint venture programs without duplicating efforts or services.

1. BUSINESS MANAGEMENT AND MARKETING

The most prominent challenge for our staff is to **enhance the profitability and competitiveness of our farmers and rural entrepreneurs**. We know farms and rural businesses prosper when personal confidence, decisions making and management skills of producers are enhanced. Marketing is always critical; the infrastructure required to develop value-added, direct, and vertically integrated products is severely compromised in the limited resource community.

OBJECTIVES:

- Encourage growers to participate in business management workshops.
- Provide educational information to increase knowledge and skill in enterprise efficiency (reduce gross production costs).
- Increase knowledge and skills about intensive plasticulture production and management.
- Clearly inform clientele of new initiatives designed to increase farm income and enhance rural quality of life.

ACTIVITIES:

- Sponsored 8 farm business management (financial and tax) meetings with an average attendance of 25 family units.
- Distributed 4 newsletters to 350 families and 50 administrators.
- Shared commodity specific budgets, management, marketing, and industry trends information with livestock, vegetable, small fruit, herb, and agronomic producers.
- Provided cost savings production techniques to 40 minority tobacco growers.
- Conducted a leafy greens value-added pilot study.
- Conducted 2 plasticulture on-farm demonstrations.

EVALUATION AND RECOMMENDATIONS:

- Survey 100 farmers (2001) to determine if their economic status has changed after participating in our programs in 1999-2000.
- Continue sponsoring on-farm tests, field trips, tours, and participation in conferences and meetings.
- Record the number of farmers and rural entrepreneurs experiencing problems (specify type) marketing their products.
- Increase the number of acres of vegetables produced on plastic and/or with irrigation.
- Continue to develop agribusiness opportunities with Glory Foods, School lunch programs, military installations, and etc.
- Hire marketing staff.

2. NEW ENTERPRISES

VALUE-ADDED PROCESSING OF FARM PRODUCTS

Vegetable growers need additional marketing outlets for crops that will generate higher net returns for their efforts. They have LIMITED exposure to the concept of adding value to ordinary farm products by applying minimal processing such as washing, packaging, canning, preserving, etc. **We were awarded a $30,000.00 grant by the D. Michael Warner Foundation to conduct a pilot study to develop the protocols for washing, chopping, and packaging southern greens.**

OBJECTIVES:

- Add value to greens by triple washing, chopping, and packaging.
- Survey consumers, retail stores, and wholesale outlets for response to the value added greens.
- Develop a colorful retail package for the value added greens.
- Establish protocols for micro-processing leafy greens.
- Train a group of rural women on how to micro-process greens (job readiness).

ACTIVITIES:

- Conducted two training session with 10 rural women on how to micro-process greens, safety precautions, and sanitation procedures.
- Created two survey instruments (consumer and wholesale) to evaluate response to the value-added greens.
- Surveyed a minimum of 150 consumers and 25 restaurant/food service establishments for their response to the value-added greens.
- Developed a 5-color retail bag for the value-added greens.

- Purchased a minimum of 30 bushels of greens from farmers for use in the study.

EVALUATION AND RECOMMENDATIONS:
- Rural women gained new job skills and confidence in their ability to micro-process leafy greens.
- Growers recognized that irrigation is essential to the production of a quality product for value added processing.
- Developed for protocols for safety, sanitation, processing, packaging, and storage of value added greens
- Presented results to 80 interested growers and entrepreneurs in 5 meetings.
- Renovate a portion of the Carolina Harvest Packing Shed for a commercial food preparation center to micro-process farm products.
- Research and develop other farm products for value added processing.
- Develop marketing opportunities with Glory Foods, school lunch programs, military installations, and other commercial outlets.

3. COOPERATIVE DEVELOPMENT

All farmers are faced with declining profits because of cutbacks in commodity allotments, reduced demand for commodities, global competition, reduced governmental support prices and rising production costs. As the Coalition staff met with growers, it became clear that bulk purchasing of selected material, supplies and equipment would reduce costs. **A D. Michael Warner Foundation Grant provided funds to assist a group of growers in establishing a buying cooperative.**

OBJECTIVES:
- Teach farmers the efficacy of working together as a cooperative.
- Assist in the development of a buying cooperative.
- Develop cooperative documents.
- Facilitate the initial bulk purchasing activities.

ACTIVITIES:
- Provided three workshops with cooperative development consultants with over 25 years of experience.
- Conducted 8 grower meetings with a core group of 20 farmers.
- Supplied newsletter and journal articles, timely mass media clippings, and other information on the value of cooperatives.
- Partnered with NC A & T State University and USDA/Rural Center in coop development activities.
- Provided stipends for 4 farmers to attend the Western NC Coop Conference.
- Edited the by-laws for the coop development group.
- Established wholesale sources for bulk purchases in 2001.
- Provided membership for the cooperative in two national organizations.

EVALUATION AND RECOMMENDATIONS:
- Assess the number of members in 2001, 2002, 2003.
- Survey the members for money saved through cooperative purchasing.
- Determine the value of materials, equipment, and supplies purchased by coop members.

- Continue to provide training for 5 board members and the coop manager.
- Assist the cooperative in developing a business plan and securing funding for capital expenses.
- Conduct workshops on group buying power in other areas of the state.
- Encourage attendance in regional and national meeting.
- Provide opportunities to network with other cooperatives.
- Establish a marketing component for value added products.

4. OUTREACH AND EDUCATION

PLASTICULTURE PRODUCTION

Vegetables and small fruits produce greater yields of high quality produce when grown with plastic mulch and drip irrigation. **The ability to water crops is essential to any grower whose motive is to increase production and income**.

OBJECTIVES:
- Introduce appropriate plasticulture technology for high value crop production.
- Improve field management skills of growers.
- Improve post harvest handling skills of growers.
- Enhance knowledge base of growers.

ACTIVITIES:
- Conducted 2 on-farm field demonstrations with plasticulture technology.
- Partnered with NC A&T Agricultural Extension Program, NCSU-CES, and a private commercial irrigation company to provide technical support.
- Provided stipends for 20 growers to attend state, national, and international conferences on plasticulture technology.
- Advocated the importance of proper field and post harvest management of vegetable and fruit crops.
- Presented demonstration results to other farmers.

EVALUATION AND RECOMMENDATIONS:
- A one-acre vegetable plasticulture demonstration was established in Bertie County, a one-acre small fruit plasticulture demonstration was established in Onslow County.
- Growers recognized that irrigation is essential to the production of quality produce.
- Customer reception of excellent quality produce stimulated interest in establishing a roadside stand (or farmers market).
- Season extended by planting second crop on plastic mulch.
- Growers attended 4 different conferences and workshops.
- Continue providing technical assistance to farmers producing high value fresh produce.
- Hire additional staff to assist in developing direct, specialty and niche marketing channels for high value fresh produce.
- Provide educational programs to potential plasticulture producers relating to budgets, capital investment, and general cultural practices, marketing, etc.

TOBACCO FORCAST

As the tobacco situation evolves, the likelihood of this commodity maintaining its place as the economic base for small allotment holders continues to erode. The emerging trend of tobacco contracts has special implications for small allotment holders and renters. Alternative replacement new enterprises must be considered to supplement farm income.

OBJECTIVES:

- Inform minority farmers, small allotment holders and allotment renters of the forecast for tobacco production.
- Establish a tobacco cluster group so that proactive measures can be easily implemented for the purpose of seeking new enterprises.
- Introduce high value horticultural crops as a potential tobacco income replacement.

ACTIVITIES:

- Developed a mailing list of minority and small allotment holder's tobacco growers (Special Cluster Group).
- Provided critical, time-sensitive information on the flue-cured tobacco marketing system.
- Conducted 3 special workshops on how to reduce production costs as a means to preserving profit to 70 families.
- Partnered with NCDA Small Farms Program to assist tobacco growers in developing strategies and leadership skills on how to interact with industry representatives.
- Establish wholesale sources for bulk purchases in 2001 to reduce gross production costs.

EVALUATION AND RECOMMENDATIONS:

- Provide assistance (financial management, decision making, alternative land use, and etc.) to growers that stop producing tobacco.
- Secure funding to conduct field tests and value-added products for new crops and/or enterprises.

FRUIT CROPS

There are three significant fruit crops produced by some of our clients, grapes, strawberries, and pecans. **Proper production practices, irrigation, fertility, post harvest handling, and marketing are major considerations for making these crops profitable**.

OBJECTIVES:

- To provide educational programs to present and potential growers information relating to budgets, capital investment, general cultural practices, marketing, and value adding.
- Encourage growers to identify markets and handling techniques before planting a new crop (or expanding an existing one).
- Advocate the importance of current, tested research on irrigation, insect and disease control, herbicides, fertilization, and other practices.

ACTIVITIES:

- One-on-one consultations with present and potential fruit growers.

- Utilize 2 on-farm tests (2001-2003) to demonstrate various cultural practices needed for successful fruit production.
- Shared timely technical and marketing trends with growers.
- Growers attended state and regional fruit production workshops and tours.
- Partner with NCSU and NC A&T State Universities to provide technical assistance.

EVALUATION AND RECOMMENDATIONS:
- Establish a fruit crop commodity group to promote networking, bulk purchasing of inputs, and volume marketing.
- Survey producers (2001-2003) to evaluate for increased quantity and better quality fruit to direct, organic, and wholesale markets.
- Develop marketing opportunities with school lunch programs, military installations, organic channels, and national wholesale outlets.
- Hire marketing specialist to facilitate marketing activities.
- Continue to partner with NCSU and NC A&T State Universities to provide technical assistance.

GREEN INDUSTRY

Our staff has identified a core group of rural entrepreneurs we call the 'green industry'. **Opportunities for landscape design, implementation, and maintenance as well as the production of nursery crops, bedding plants, sod, and greenhouse products is increasing.** The potential for lucrative green industry enterprises is especially good near the state's major metro centers.

OBJECTIVES:
- Provide educational programs for 10 green industry members on labor saving techniques, reducing operating cost reduction, and bulk purchasing strategies.
- Develop a green industry commodity cluster group.
- Promote development of a buying cooperative as a cost saving strategy.

ACTIVITIES:
- One-on-one consultations.
- Provided field trips and tour opportunities for 5 green industry clients.
- Assisted in the networking of minority green industry clients.
- Conducted cooperative development concepts with individuals and groups.
- Identified equipment and supplies appropriate for bulk purchases.

EVALUATION AND RECOMMENDATIONS:
- Survey green industry clients (2001) to determine their level of participation.
- Conduct personal interviews to determine benefits and successes (2001).
- Partner with educational institutions to conduct green industry research and demonstration plots.
- Support field trip, tours, and participation in meetings, conferences and workshops.
- Continue cooperative development activities.
- Encourage attendance at state and national commodity meeting and conferences.

5. AGRO-TOURISM AND LAND RETENTION

As on-farm income from certain crops continues to decline, it is essential that **landowners select alternative sources of income so that they can remain on the land**. A growing segment of the urban population are looking for "rural life" experiences and have discretionary income to satisfy these nostalgic feelings. Several rural families have land in areas that can be transformed into rural lifestyle sites for family and school day trips, vacation sites, golf, fishing, camping, and etc.

OBJECTIVES:

- Increase awareness of lucrative non-production enterprises for farm operations and rural landowners.
- Provide timely information on social, economic, and legal criteria for selected alternative enterprises.
- Partner with state, federal, and other agencies to provide information sessions on agro-tourism.

ACTIVITIES:

- One-on-one consultations.
- 30 family units attended symposium on forestry opportunities.
- Cypress Landing, a newly developed agro tourism site, featured in newsletter with circulation of 350+.
- Presentation made to 25 families on the start-up activities for a family golf course.

EVALUATION AND RECOMMENDATIONS:

- Continue to provide information on alternative uses of rural land.
- Support tours to visit agro-tourism sites.
- Establish a special Cluster Group to promote networking among rural entrepreneurs.

6. PERSONAL AND BUSINESS FINANCIAL MANAGEMENT

In the families of small farmers and rural entrepreneurs, there is a problem **creating, enjoying and passing on wealth**. Among the barriers to wealth accumulation, we identified poor spending habits, lack of vision and planning, external influences (reduced access to affordable credit), and inadequate knowledge as the primary reasons.

OBJECTIVES:

- To encourage farm families and rural entrepreneurs to attend and participate in financial management tax planning workshops.
- To collaborate with private, local, state, and federal agencies and educational institutions to provide educational information which increases financial knowledge and financial management skills.
- To encourage preservation and accumulation of assets.

ACTIVITIES

- One-on-one and small group communications.
- Facilitated attendance at commodity and specialty crop meetings to increase production efficiency and management practices.

- Sponsored 3 financial management educational meetings for 65 family units.
- Provided information to 300 families on new initiatives designed to increase income and enhance rural quality of life.
- Encouraged purchase of homes and land, participation in retirement, investments and long term saving plans.
- Provided information sessions on alternative enterprises, off-farm opportunities, and value-added marketing endeavors.
- Participated in a Successful Small Farms Teleconference, audience of more than 250 family units.
- Sponsored 3 legal issues and landowner rights/responsibilities meetings to 50 families.
- Sponsored tax information via workshops and printed information to 75 families.

EVALUATION AND RECOMMENDATIONS

- Survey 100 families (2001-2002) to assess whether the meetings and other information streams helped in decision-making activities that resulted in income savings and preservation of land.
- Document changes in wealth accumulation and intergenerational transfer of wealth and assets.
- Secure funding to hire additional staff to perform one-on-one surveys and record findings.
- Partner with other agencies and educational institutions to provide training in financial management.

7. BUILDING HUMAN CAPITAL

OBJECTIVES:

- Increase awareness of resources via local, state, and federal agencies.
- Develop local 'quick communication' channels.
- Encourage participation in local civic activities.

ACTIVITIES:

- Sponsored a 2-day leadership conference for 60 farmers and rural entrepreneurs.
- Sponsored 6 cluster leaders work sessions.
- One-on-one consultations.
- Supplied newsletter, journal articles, timely mass media clippings and other information on the importance and benefits of good leadership.

EVALUATION AND RECOMMENDATIONS:

- Survey cluster leaders (2001-2001) to assess whether the educational meetings helped in decision-making.
- Assess if there has been increased activity in civic organizations, city and county government.
- Continue cluster leader meetings and networking.
- Secure funds for another statewide leadership conference in 2002.
- Partner with NC A&T to sponsor the Community Voices Program.

The NC Coalition of Farm and Rural Families
Farmers and Rural Entrepreneurs

Northeast: **Charles Creecy & Jamison Eley**

Gates	Northampton	Martin
Perquimans	Halifax	Camden
Hertford	Edgecombe	
Bertie	Pasquotank	

Southeast: **Harold Wright & Hilton Parker, Jr.**

Duplin	Greene
Sampson	Pitt
Johnston	Onslow
Lenoir	Jones

Western: **Jerry Turner**

Iredell	Forsythe
Alexander	Rowan

North Central: **Victor Hunt**

Wake	Person
Warren	Franklin
Granville	Nash
Vance	

South Central: **Burnice Blanks & Lacey Cummings**

Cumberland
Robeson
Hoke
Bladen

PARTNERS & COLLABORATORS

- NC A & T State University
- R.A.F.I.
- NCDA - Small Farms Program
- Farm Services Agency
- U.S. Forestry Service
- Natural Resources & Conservation Service
- NC State University
- NCDA - Marketing Division
- Rural Center
- Risk Management
- USDA/Rural Development
- Land Loss Prevention

GRANTORS

• U.S. Forestry Service	2001
• The Michael D. Warner Foundation	2000
• Natural Resources & Conservation Service	1999
• Risk Management	1999
• NCDA - Small Farms Program	1998
• HHS/Economic Development	1996
• The Presbyterian Church	1996

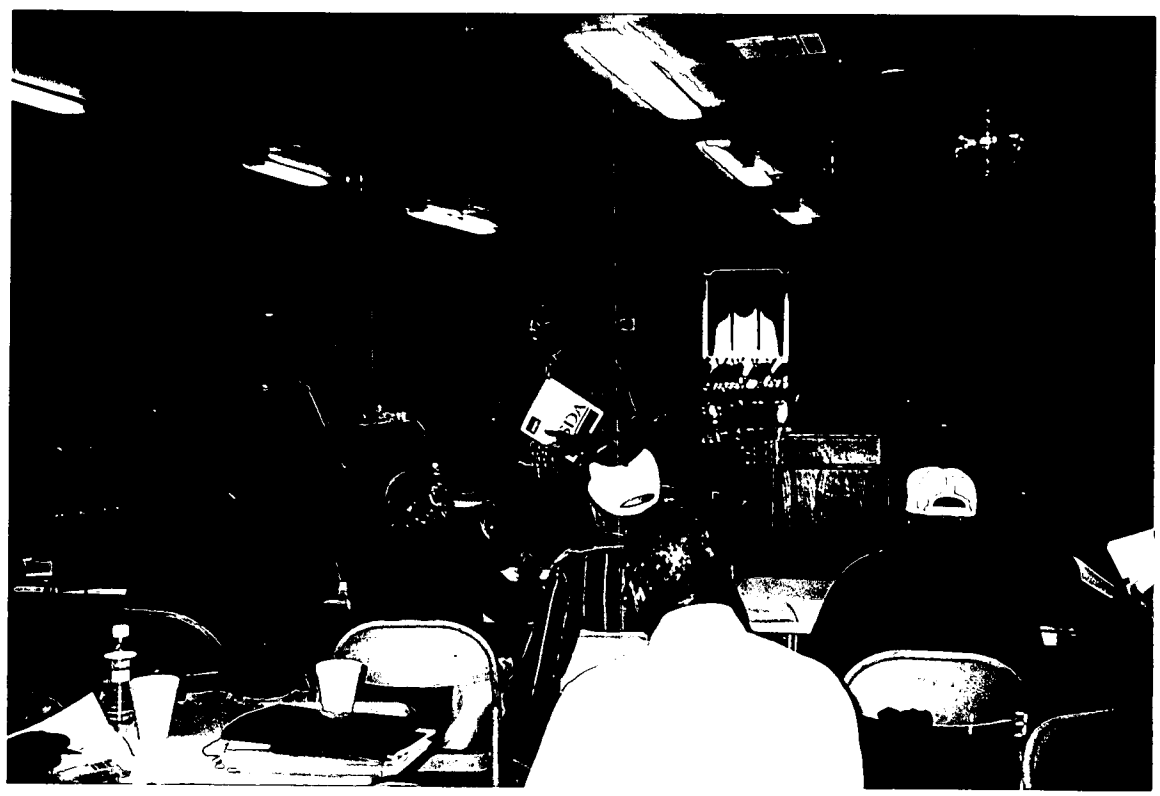
The NC Coalition of Farm and Rural Families

Special Report for Members of the Joint Appropriations Sub-Committee on Natural and Economic Resources March 6, 2001

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BUSINESS MANAGEMENT & MARKETING



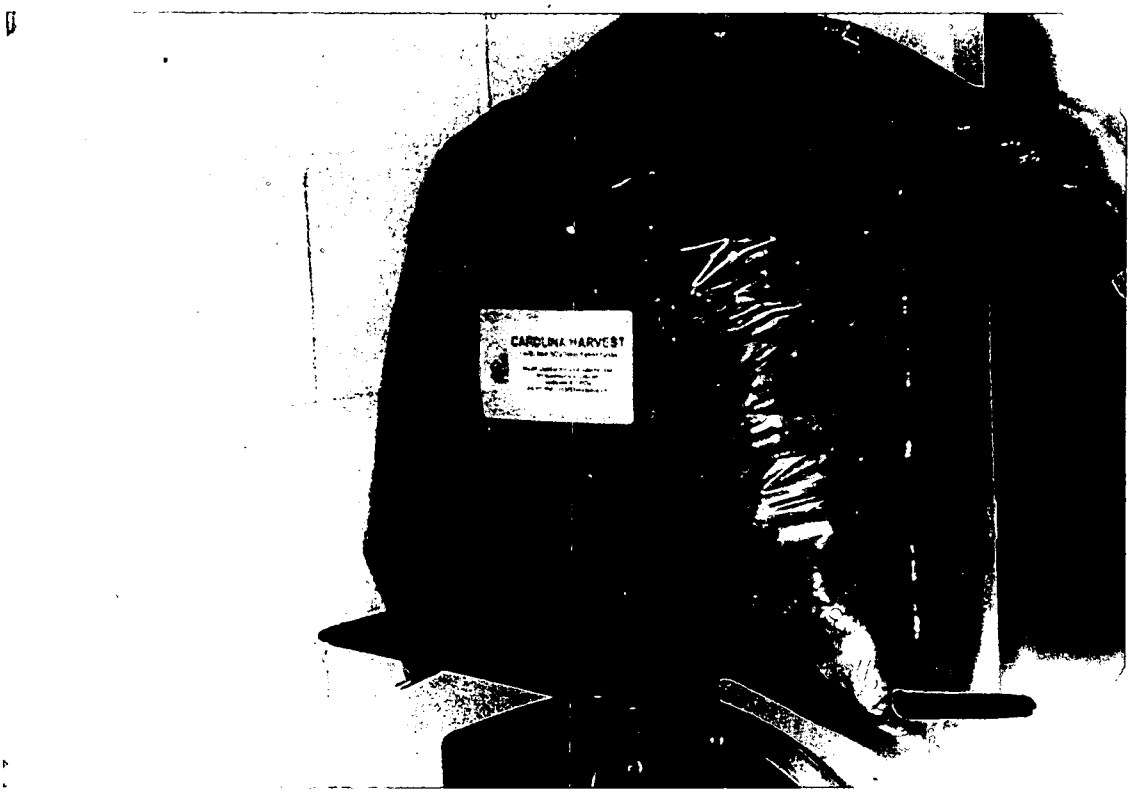


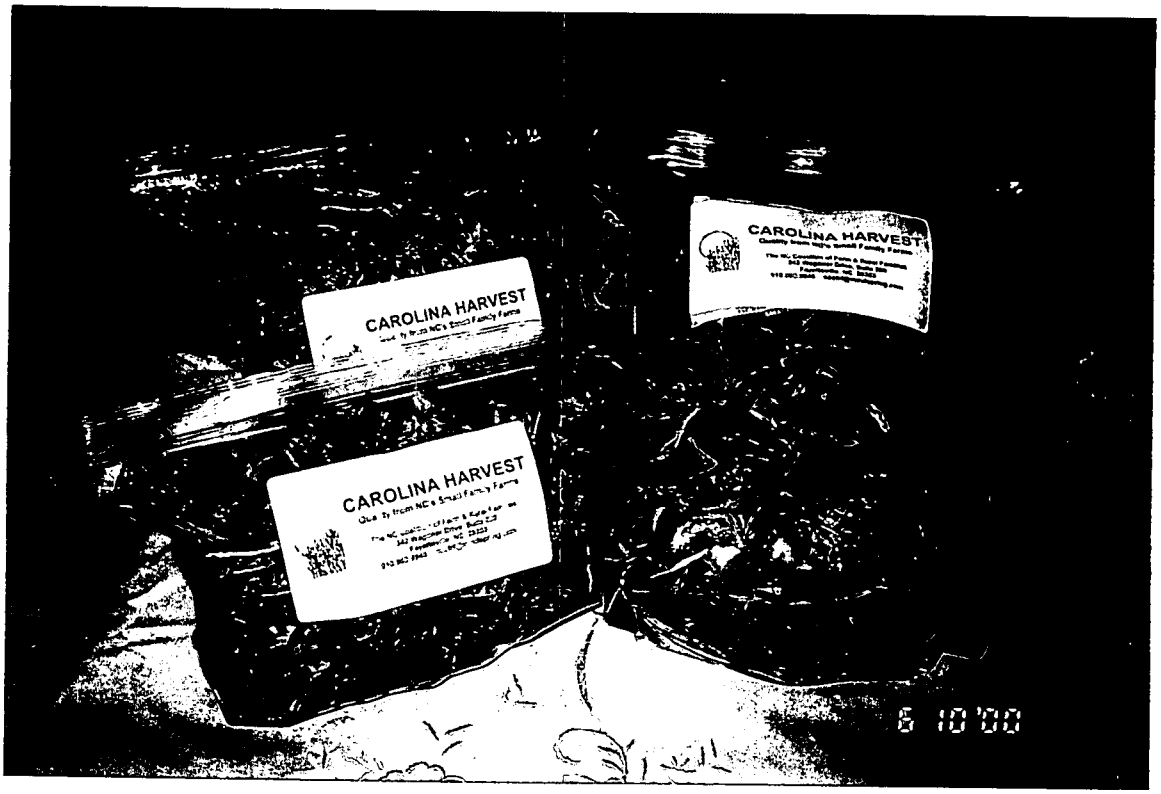
BUSINESS MANAGEMENT & MARKETING





VALUE ADDED LEAFY GREEN





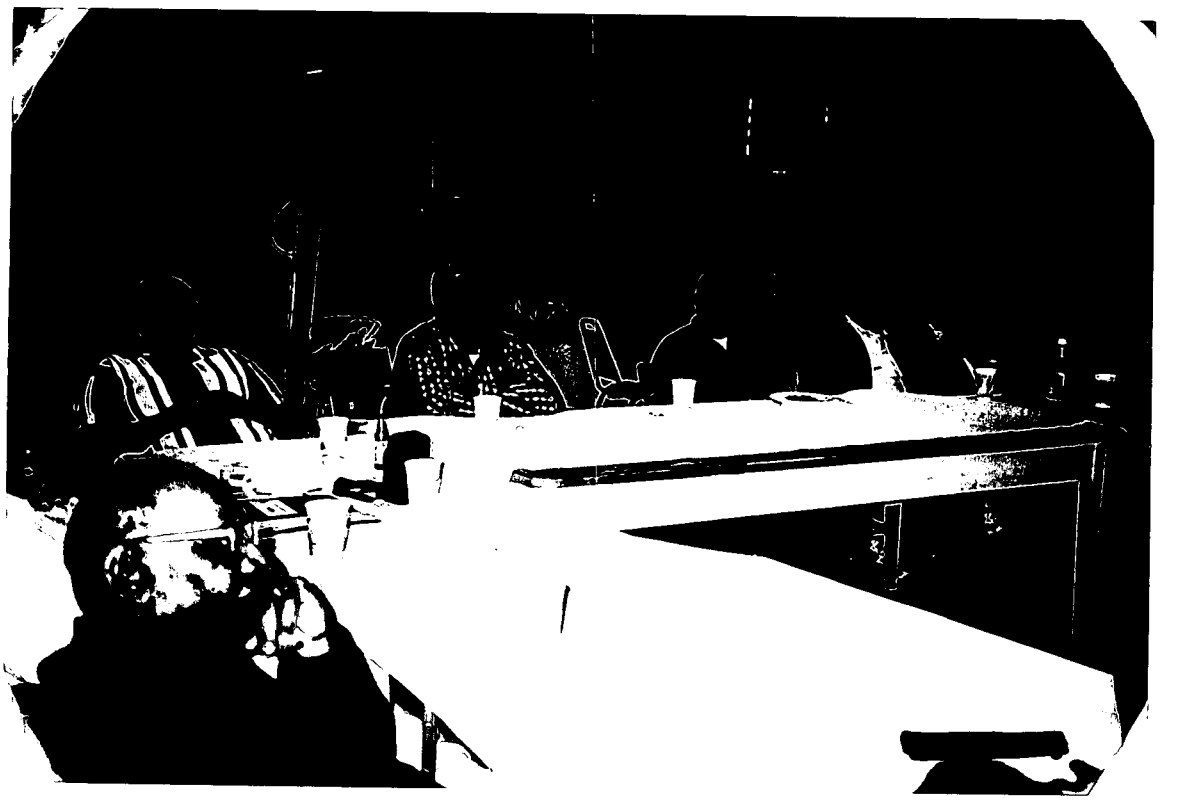
VALUE ADDED LEAFY GREEN





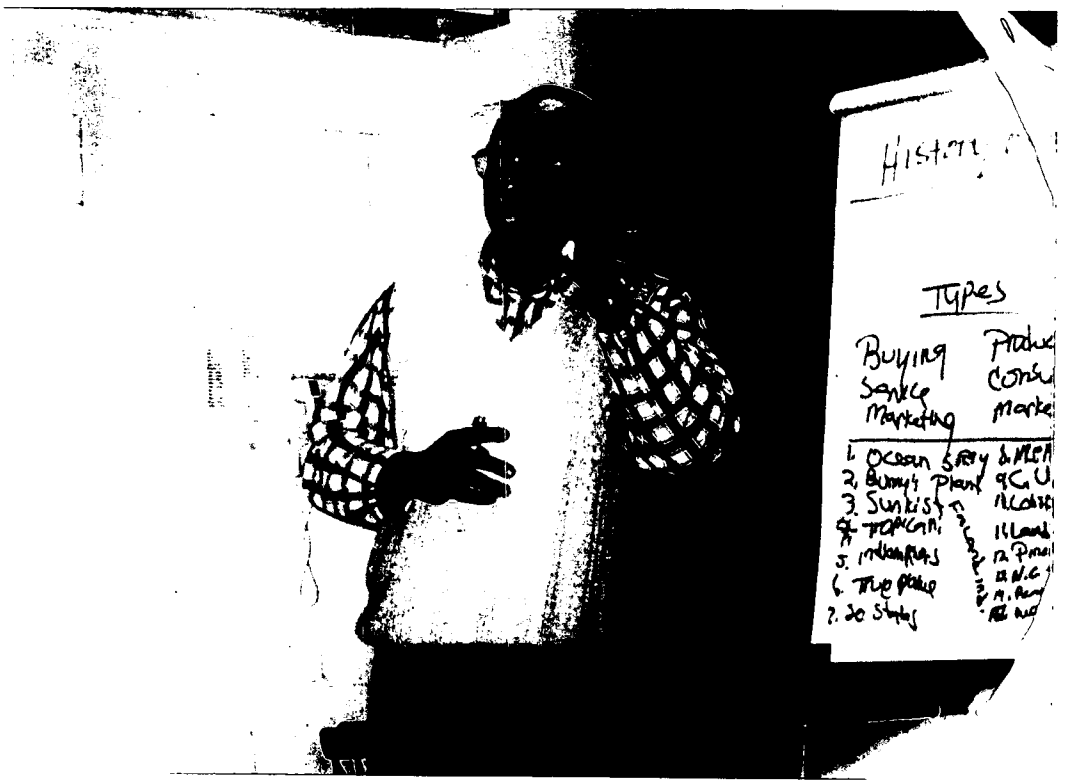
COOPERATIVE DEVELOPMENT





COOPERATIVE DEVELOPMENT





PLASTICULTURE PRODUCTION





PLASTICULTURE PRODUCTION





TOBACCO FORECAST



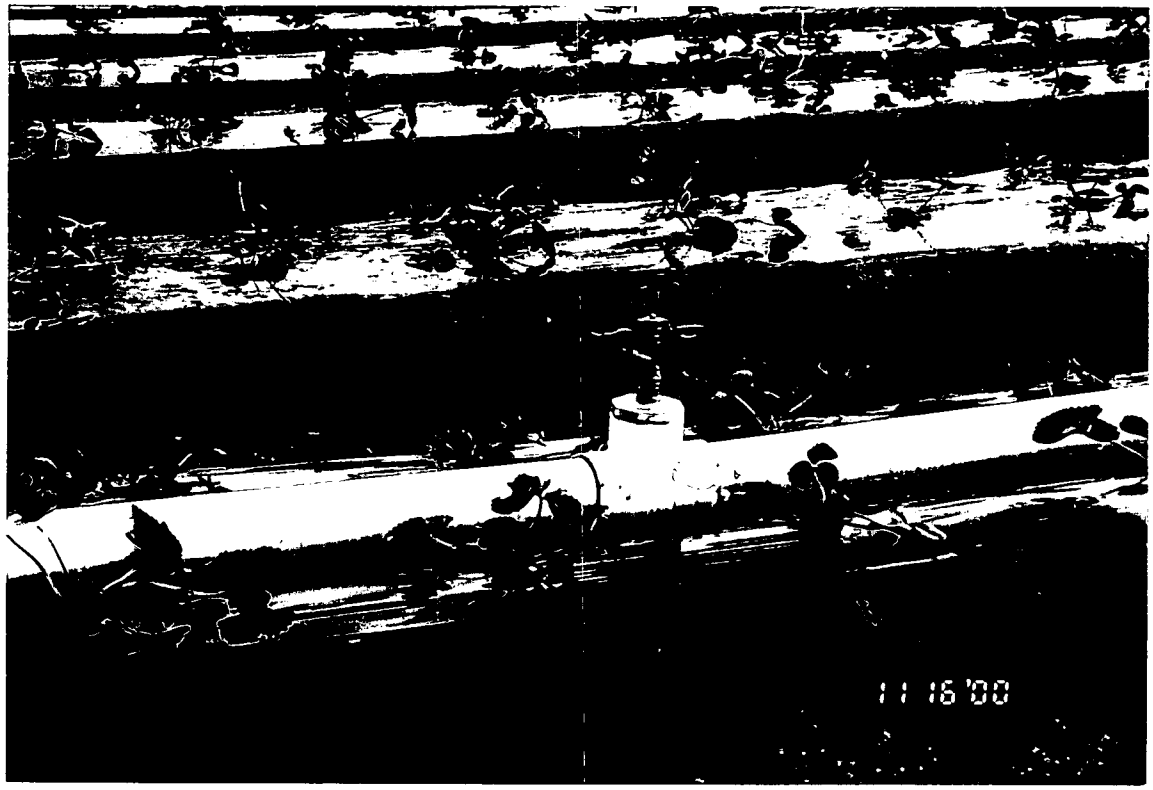


FRUIT CROPS



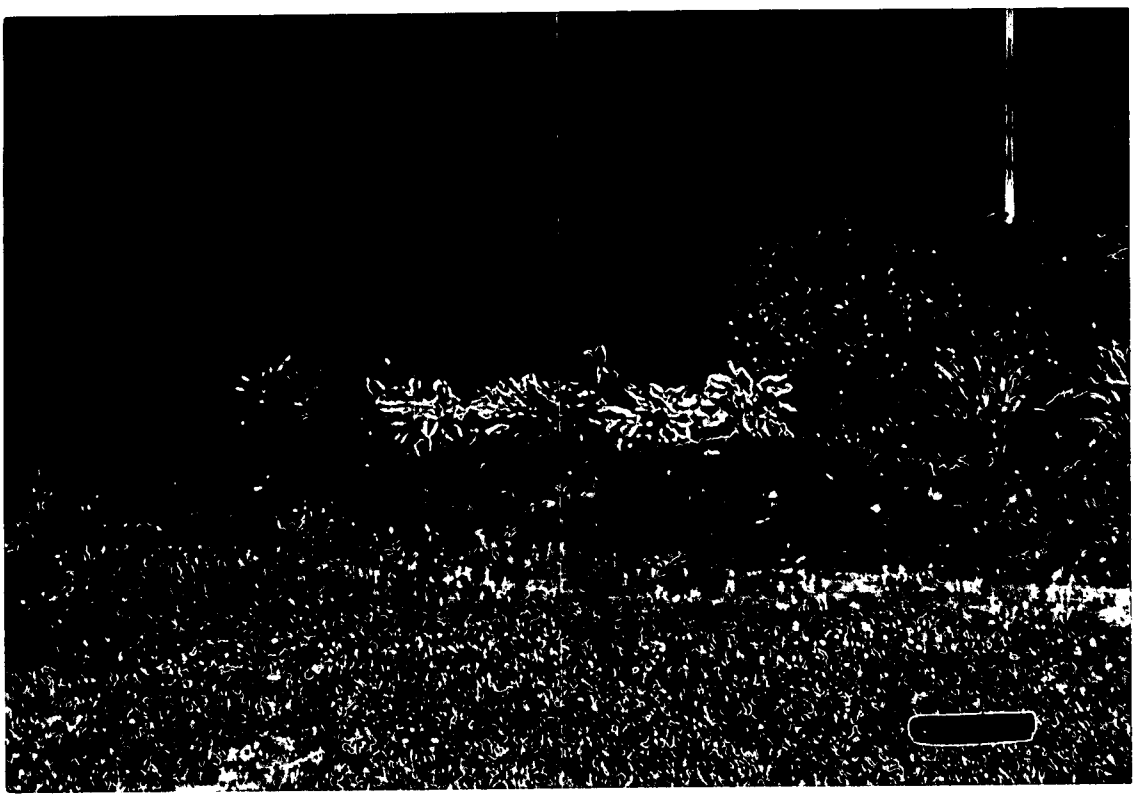


FRUIT CROPS



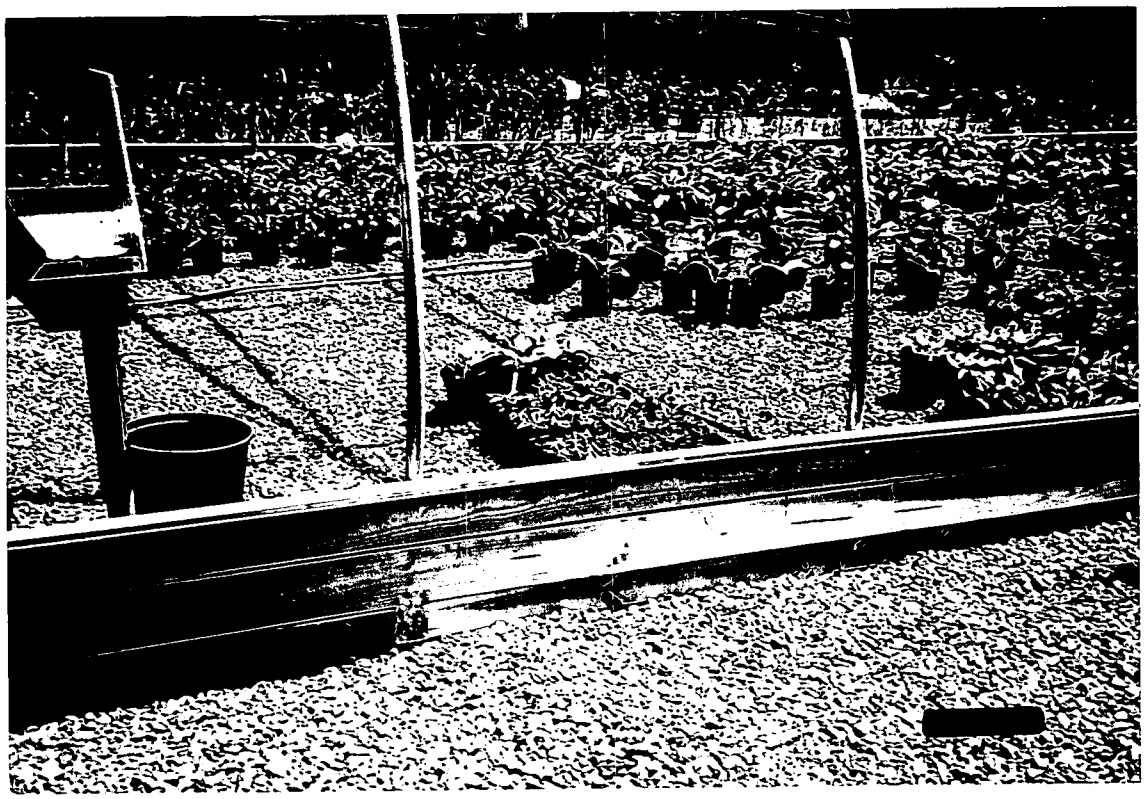


GREEN INDUSTRY





GREEN INDUSTRY





AGRO-TOURISM





PERSONAL & BUSINESS FINANCIAL MANAGEMENT





PERSONAL & BUSINESS FINANCIAL MANAGEMENT



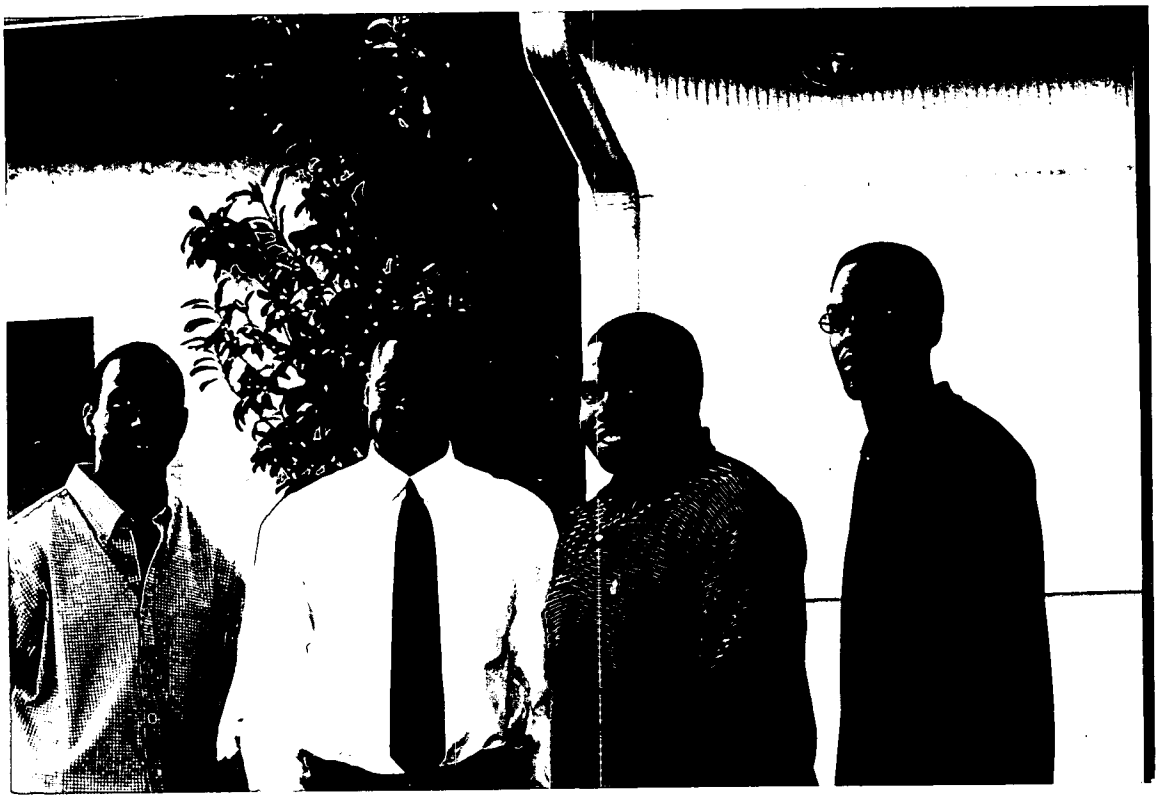


BUILDING HUMAN CAPITAL





BUILDING HUMAN CAPITAL





CAROLINA HARVEST

"Promoting economic development for North Carolina's rural businesses and family farms"

VOLUME 1 ISSUE 4 OCTOBER 2000

FALL GETAWAY!

...IN HARRELLSVILLE, NC

Tranquil, peaceful, relaxing—all words that describe the beauty and serenity of ***Cypress Landing***, recreational and boating grounds, owned by Eugene and Mable White, of Harrellsville, NC. This recreation area is located four miles from Harrellsville on Swain's Mill Road.



Mable White vividly remembers swimming in the cool waters of the Chowan River with Eugene, her high school sweetheart and later husband, along with her friends, as a teenager. During that time, her grandfather leased the riverfront property to local judges, lawyers and businessmen. The terms of the lease ended during the last decade and the family decided to create a recreational area.



Mable and Eugene White standing in front of the ***Cypress Landing*** main pier.

And create they did. Mable and Eugene used their evenings after work to clear more than an acre of underbrush and trees. 'Sweat, hard work, a pickaxe, hoe, swing blade, and strong determination', says Eugene, 'cleared this land.' Mable tells how she and her husband, after rearing three children, began to make their dream a reality. "Each day after we came home from work, we worked until dark. Nearly everyday, chopping, hoeing, and burning brush to clear this riverfront." says Mable.

After more than year, the Whites completed most of the clearing and started further development by installing piers and a boat ramp. They believed that their vision was one that was destined for success. Since their jobs demanded their time during the day, they installed an honor boat launching and fishing system. And sure enough – patrons faithfully deposited their daily fees.



Cypress Landing boat ramp

Mrs. White says that one night she 'dreamed of RV hook-ups' so the following morning, she discussed the dream with her husband. Being supportive of the idea, the Whites proceeded and today have nine RV hook-ups. (One RV patron reserves her space annually.)



Fishing, boating, picnicking, RV camping and just plain relaxing, are the many joys of ***Cypress Landing***. There are presently three piers, two with benches, with plans to install a fourth this season. The Whites have other plans for the site that include a large open shelter, an accessible overlook for walkers and

(Continued on page 4)

On the Land with JJ

Agri-business Focus Johnnie Jones, III

Environmental Justice Issues



Land loss for general public use is rising!!! Get informed. Know your family property rights **and** your community property rights. Get information now so that when the time comes, you will know your legal right to compensation. Compensation may include not only the rate of the footage taken, but also the impact that land loss has on your farmstead or parcel in general.

'SURVIVOR'

NOT THE TV TYPE BUT YOUR REAL LIFE



The well-kept secret of agricultural survival today is not size but creative innovation in the following areas:

1. Being **proactive is seeking alternative agricultural or rural entrepreneur opportunities** or climb the decision tree of careers—step-up in farming or stop farming
2. Getting a clear **understanding** to the wake-up call on the present tobacco situation – **tobacco barn retrofitting, contract marketing**
3. Learning to do more with less—**squeeze production cost**
4. **Becoming a cooperative member**
5. **Rethinking the estate planning concept**
6. **Adding value** to your products
7. **Leasing vs buying** equipment or other inputs
8. **Tax management**
9. **Retirement** age farmers—'ways to preserve farm, its equipment, etc.'
10. Be beyond talk—**uncover new ideas**

From the Director's Laptop

Carolyn Prince, Ph,D.

PREVIEW OF COMING EVENTS

As many of you are preparing to harvest and market the crops you have nurtured all summer, the **COALITION** staff is busy planning for our fall and winter meetings. From our conversations with many of you, we know you want information and tips on alternative profitable enterprises, managing your personal and business finances, investments and retirement plans, tax advantages, especially for your farm or rural business, and legal issues regarding protecting and passing on family property and other resources.

These and others are the topics we will present in our fall 2000 and winter 2001 schedule. In early October we will announce the specific topics, locations and dates. If there is a specific subject you want us to present, please call me at 910.860.9948.

VALUE-ADDED PRODUCT UPDATE



Commercial kitchen used to triple-wash and chop collards

In our last newsletter, we announced a value-added pilot study for processing leafy greens funded by the **D. MICHAEL WARNER FOUNDATION**. The public's response to our first sampling of a 2-pound bag of triple-washed and chopped collards was overwhelming! The survey results show today's consumers are

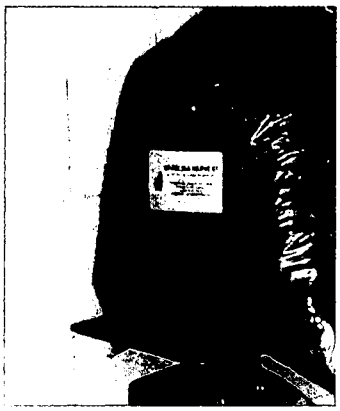


2-lb package for consumers

(Continued on page 3)

(Continued from page 2)

looking for time-saving products when preparing meals.

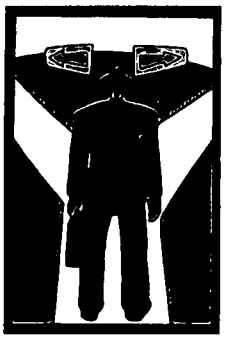


Ten pound commercial bag

The convenience of having pre-washed, chopped greens had many asking, "Where can we buy these greens?" and 'My husband said cost doesn't matter, just get some more off those delicious greens!'

Our restaurant survey participants also were impressed with the cleanliness and quality of the 10-pound bag of greens. Many of them want to offer fresh greens on their menus and food buffets but are limited in doing so because of the additional time it takes to prepare large quantities of greens. Our 'specially grown just for you' CAROLINA HARVEST GREENS will save restaurant staff time and present a tasty addition to their menu and food buffet.

If you would like to participate in our next marketing survey, call Ms. Green (no pun intended) to add your name to the list.



CROSSROADS?

Are you thinking about **expanding your business?** If you have a track record of business success and need a loan to increase profits and cash flow, think about applying for a small rural business loan. Call the Coalition at 910.860.9948 and ask about the rural business loan.

PLANNING, IMPLEMENTATION & EVALUATION

These are important buzz words within our small farming communities; therefore, the COALITION is planning five cluster meetings to focus on the following critical issues.

- Emergence of tobacco contracts
- New farm enterprises
- Niche marketing via the CAROLINA HARVEST Packing shed
- Cooperative development
- Plasti-culture

Tentative meeting sites: Kinston, Lumberton, Ahoskie, Greensboro and Kenansville

Diesel Fuel Prices . . .



Out of sight, out of control, skyrocketing and so on! As agribusiness enterprises continue to struggle, increased diesel prices are just one more concern that pose a real dollar threat to the bottom line.

Key Points:

- Reduce trips over the fields.
- Use collective buying of fuel products. This means form or join a cooperative!
- Plan now to hedge fuel prices in the future.

DO YOU WANT TO INCREASE PROFITS?

DO YOU WANT YOUR RURAL ENTERPRISE TO GROW?

ADVERTISE!

(Continued from page 1)
wheel chairs, a screened shelter, more grills, and a bathhouse for tent campers.

"We would really like to have a large meeting facility for family reunions, banquets, and church events." says Mrs. Mable White.

"One or two simple cabins would also be nice." adds Mr. Eugene White.

The Whites also envision bottling water from the fresh water spring that zigzags the property. Who knows, a ***Cypress Landing*** bottled water product may be on our grocers' shelves soon.

Considering their determination, strong faith, and sound business sense, the Whites will surely achieve their goals.

To visit ***Cypress Landing***, contact the Whites at 815 Swain's Mill Road, Harrellsville, NC 27942 or call 252.356.4727.

NC COALITION OF FARM AND RURAL
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THE NORTH CAROLINA COALITION OF FARM AND RURAL FAMILIES

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James T. Shackleford, Greene County Farmer

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910.289.2523-VOICE

CAROLINA HARVEST

"Promoting economic development for North Carolina's rural businesses and family farms"

Volume 1, Issue 3 May 2000

GET SMART! MANAGING A SMALL ESTATE

NATE HALL, FINANCIAL PLANNER

Even if you are just starting to build your estate and do not need complex estate planning, there are several steps you should consider taking immediately in order to protect your family and to reduce potential expenses after you die.



1. DRAFT A WILL. This formal legal document directs the settlement of your estate and provides for making sure that your wishes regarding who gets what are honored. Without a will, the laws of your state will determine who gets what. Qualified, experienced legal assistance should always be sought. **Only** through a will can you name your own executor, guardians for minor kids and other fiduciaries.



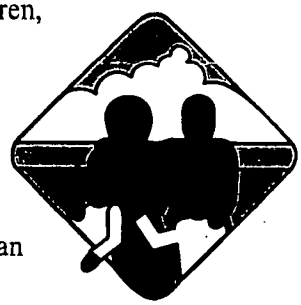
A living trust funded with specific assets can allow those assets to pass to your heirs without outside interference. Think about this strategy.

2. TITLE ASSETS PROPERLY. Unless you live in a community property state, where disposition of assets falls under community property laws, the simplest and least expensive estate planning technique for married couples is to take title to assets **as "joint tenants with rights of survivorship."** At the death of one joint owner, such titled property automatically passes to the survivor without having to go through probate. However, there are other forms of titling which may be appropriate depending on circumstances.

3. PURCHASE LIFE INSURANCE. This relatively inexpensive step can help ensure that surviving spouse/children can meet key financial obligations without delay. It is especially important for couples with children and when one spouse provides all of (or most of) the support

4. PLAN FOR THE UNEXPECTED. First, analyze your disability insurance coverage. Second, consider granting a **durable power of attorney** for financial matters, and a living will and health care proxy for health matters. These directives enable the designated individual (usually your spouse, a relative or close friend) to make important decisions on your behalf should you be mentally or physically unable to do so.

5. KEEP YOUR FAMILY INFORMED. Many families subscribe to a limited "need to know" policy between parents and children, especially while kids are growing up. However, at some point, all family members should gain some awareness of financial, medical and estate arrangements that can affect the entire family.



These are a few of the initiatives you can take now to start managing your estate. While larger estates may have different concerns than smaller ones, the key is to recognize that planning is the issue, not size!

Keeping Your Farm Value Increasing

Pesticide containers and other on farm non-recyclable items around the farmstead should be disposed of in a proper manner. Most county landfills will accept those unwanted products. Keep the farmstead clear of all unwanted or expired pesticides and other non-recyclable items. Environmentally safe farmstead appreciates in value.

☛☛☛☛ TOBACCO ISSUES

Key points: Decisions concerning tobacco issues can only be made with proper, correct and timely inputs

a. ***Contracting***- Tobacco contracting is relatively new to most producers. *(7((&' <- this trend will continue to increase in future years.

b. ***Curing Process to Change***- Change for curing tobacco will affect the market this year and next season. By July 1, 2001 tobacco companies are encouraging tobacco producers to retrofit their barns with heat exchanges to lower the levels of cancer-causing nitrosamines which form as the result of direct heat from fuel. The financial impact on individual farm units will be to the tune of $2000-$2500 per barn with the proposed pool of money by the tobacco industry to retrofit barns in the form of grants. **Move quickly on this, make sure ownership of barns is clear, long range investment is protected, and that a workable legal recorded agreement with the quota holder is in place. Yes, this is a tough decision- therefore get true inputs before a final decision is made.**

Did you **grow tobacco in the 1998** crop year or owned (part or all) of a flue cured tobacco quota on October 1, 1998, and did not receive a Phase II Tobacco Settlement Certificate? ☎ Call the Raleigh certification office.

USING YOUR FOREST LAND AS A RETIREMENT SUPPLEMENT

William Hagar, Project Manager for NC & SC, US Forestry Service

It is easy to make money from your forest property. In fact, forestry in the South can compete or exceed the return of traditional investments. For example, a typical forestry investment after twenty-five years will often yield three times that of a savings account over the same period of time. Recent studies show that landowners that use forests in their management activity gain 40% more in revenue over time as opposed to those who don't. 87% of retired landowners don't use a forester or have a management plan. So why don't they, when it can mean more money??

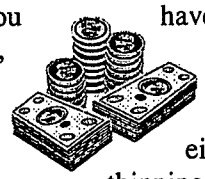


If you don't have twenty-five years after planting trees before you use forestland as a retirement supplement, leave your heirs a forest legacy!

Establishing a well managed forest is similar to developing a savings or retirement plan. Your forest plan should mirror your needs and recognize the acceptable "risk" or likely return from the investment. Tree planting carries some uncertainty (seedling survival or competition) that is present in all natural systems. Poor survival or increased competition could reduce your timber yields. **An experienced forester can advise and help you reduce risks.**

Review the following information to determine how you might use your forestland as a retirement supplement.

☑ You have land that doesn't currently have much timber on it because of a recent harvest or you are changing it from farmland to forestland. First, check with a forester to discuss a reforestation plan. If you have not yet reached retirement age, then you could earn income from your timber through thinning between eighteen and twenty years. Other thinnings at twenty-five years and a harvest at thirty-five years could be planned. If you are retired already, reforestation for your heirs can be the ultimate legacy you can leave them.



☑ If you have forestland that is already mature, then you may harvest your timber to reap immediate benefits and income from your forestland and then reforest for your heirs.

It is important to keep in mind that regardless of how use your forestland, consulting with a professional forester will increase the possibility of getting greater return today while maximizing your forest income in the future.



✂ Cut Production Cost

Only you have the answer! Try each day to do more with less. Put your ideas to the test on a small scale until you can evaluate the results.

TO KNOW AND NOT TO DO
IS NOT TO KNOW.
- Ancient Proverb

SUCCESSFUL SMALL FARMING

John M. O'Sullivan, Farm Management & Marketing Specialist,
Cooperative Extension Program NC A&T State University

A recent study entitled 'What makes a Small Farm Successful?' presents some food for thought. The authors reviewed 1995 small farm data. First, they recognize that there are many types of small farms. They used the $250,000 gross farm income cut-off that is recommended by the National Small Farm Commission. Their list of small farms includes these types:

- **Limited Resource**
- **Retirement**
- **Residential/Lifestyle**
- **Farm operation with lower sales (primary source of family income)**
- **Farm operation with higher sales (primary source of family income)**

Farmers define "**success**" in different ways. They talked with farmers and came up with the following list of definitions of "**Success**". For many farmers '**success**" might include more than of one of the following:

- ★ **Operation provides adequate income without having to work off-farm**
- ★ **Operation provides a rural lifestyle**
- ★ **Operation would be able to survive adverse market or weather conditions**
- ★ **Gross sales are increasing**
- ★ **Equity or assets are increasing**
- ★ **Acres operated are increasing**
- ★ **Operation can be passed on to the next generation**

Success is at least partially the responsibility of the farmer himself or herself. But farmers do bring about their own success. How do they do that?

The researchers looked at the characteristics of the top 25% of the farms. The results are limited but give us a starting point. **WHAT ARE THE CHARACTERISTICS OF SUCCESSFUL SMALL FARMS?** The researchers think there are **three**:

❶ **Production strategies that control costs:** Successful farmers reported greater use of input-cost management (group buying or forward buying), diversification into additional crop and livestock enterprises and renting land rather than buying. I would add that cost controls would also need to be applied in marketing and post harvest handling. Cost management is achieved by knowing the costs of production and marketing on the farm. That starts with the preparation of a planning budget and then tracking a farm's **actual costs compared to the planned cost.** A farmer can and should learn how to develop and monitor his/her own budget for each enterprise in the farming operation.

❷ **Active engagement in the marketing process.** A farmer active in the marketing process gathers additional margins and increasing profits through better timing of sales and by directing marketing themselves. The authors cite techniques such as forward contracting, spreading sales over a year, and futures/options contracts. I would add another technique, direct marketing approaches that allow a farmer to provide a service as well as sell a commodity. This strategy allows the farmer to obtain more of the customers' dollars and keep them for themselves. Farmers may need to learn more skills to succeed with this characteristic.

❸ **Use of sound financial strategies.** The authors point to maintaining cash so a farm does not have to borrow and can take advantage of unexpected business opportunities. **Crop insurance and other risk management techniques** are used to protect the farm business. The point is that the farmer treats the farm like a business—which it is.

Are you a successful farmer? How do you define success? What strategies are you using?



COALITION partner, Dick Fowler, Asst. State Conservationist, USDA/Natural Resources Conservation Service, takes a photo with Executive Director, Carolyn Prince



Victor Hunt, left, a Warren County rural entrepreneur and William Kenny, USDA/Rural Housing Specialist, Rural Development continue discussion after COALITION-sponsored Forestry and Housing meeting



Jamison Eley and wife, Sheila Eley (left) of Hertford County talk with Burnice Blanks, Robeson County farmer at COALITION'S Leadership Conference



Farmers from across the state discuss critical farm issues at the COALITION'S Annual Leadership Conference

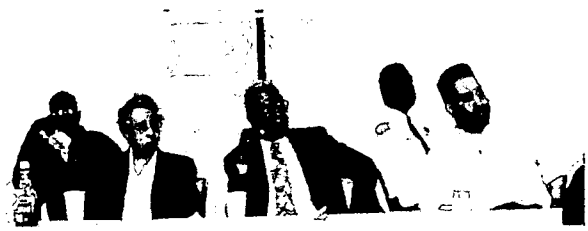


TRADITON -- An Family Affair

Jamison Eley, father, John Eley, Sr., and John Eley, Jr., Hertford County farmers enjoy COALITION conference



Bill Hagar, right, Project Manager for NC & SC, US Forestry Service takes time for a photo with COALITION'S director, Carolyn Prince



WARNER FOUNDATION provides farmers an opportunity to learn productive cooperative development from Gus Townes, an experienced consultant

Equipment Decisions

Need additional or replacement equipment for your agribusiness enterprises? Leasing might fit within your short and long term goals.



Key Points: Before entering into a lease agreement, please do some critical thinking and evaluate your financial options, shop for the best deal, consult your tax advisor, and get a clear understanding of a true lease vs. a conditional sales contract.

WANTED -- LANDSCAPERS

A landscape 'How to Survive' discussion will be conducted for active persons and those thinking about getting into the Green industry for hire. Call Charlie at 910-860-9948 to sign up for one of the three locations- Eastern North Carolina, North Eastern North Carolina, and Western North Carolina. Dates and places will be announced later.



CLUSTER GROUP MEMBERS WE SERVE:

THINK DIFFERENTLY

ARE MORE SELF-RELIANT

ARE BETTER RESOURCE MANAGERS



ARE LESS BOUND BY TRADITION

IMPROVE DECISION-MAKING SKILLS

NETWORK WITHIN CLUSTER GROUP MEMBERSHIP

ARE ABLE TO ACCEPT RESPONSIBILITY FOR THEIR CHOICES

ENCOURAGE OTHERS TO JOIN OUR GROUP



Helping You Make Sense of It All

Nate Hall, Financial Planner

Quality of Life Issues

In the past, estate planning has focused on how to reduce your estate taxes and 'who gets what' when you die. However, managing one's affairs in the modern world has become more complicated, and quality of life issues (involving health care, finances and how critical planning decisions are to be made) are becoming increasingly more important.

Consider what might happen in the event of catastrophic illness or incapacity. How, and by whom, would important financial and health care decisions be made? Such an event could be either a long gradual process (e.g., a deteriorating medical condition) or something that happens suddenly (e.g., a serious accident). Estate planning tools that can provide guidance for these life events.

A **durable power of attorney** can provide for financial decision making. This document gives authority to another person to make legal decisions on your behalf in the event of mental incapacity. The powers granted can be broad or limited and can include such areas as insurance transactions, estate transactions, investment decisions, government benefits and retirement plan decisions.

A **living will,** a set of instructions for a health care provider, lists the extent that measures should be taken (consistent with state statutes) to maintain life should a person be unable to express his or her wishes. In some states the patient's condition must be considered "terminal" before the living will becomes effective. A **health care proxy** appoints an agent to make health care decisions and is not limited to decisions regarding artificial life-support like a living will. It comes into play only when a person is unable to make his or her own health care decisions.

Living wills or health care proxies are generally **inexpensive, easy** to implement, and are **essential** estate planning. In the absence of such documents, court intervention (with the accompanying time and expense) may be necessary to carry out one's financial and health care desires at precisely the moment when facility and timeliness are paramount.

THE NORTH CAROLINA COALITION
OF FARM AND RURAL FAMILIES

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Phillip Bazemore, Parliamentarian
James T. Shackleford, Greene County farmer

NEXT ISSUE: *PRESENTING NEWS YOU CAN USE!*

Knowledge is like a garden:
if not cultivated, it can't be harvested.
(Guinean proverb)

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CAROLINA HARVEST

"Promoting economic development for North Carolina's rural businesses and family farms"

Volume 1, Issue 2 January 2000

'PARTNERSHIP IS GIVING, TAKING, LEARNING, TEACHING, OFFERING THE GREATEST POSSIBLE BENEFIT WHILE DOING THE LEAST POSSIBLE HARM. ONLY IN PARTNERSHIP CAN WE LIVE.' --- O. E. BUTLER

Last month, four agencies: NC A&T State University Agricultural Extension Program, Farm Services Agency, Carolina Harvest Packing Shed, and The NC Coalition of Farm and Rural Families, quickly organized and implemented a series of meetings in the eastern region of the state. These meetings were held to make sure farmers affected by the agricultural disasters of the 1999 season received time-critical information on special grants and loans for crop and livestock losses. Over 200 farm families attended the meetings.

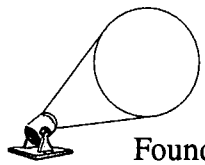
As a result of these special activities, new alliances were formed. Commitments were made to continue working together to develop and implement sound management techniques and marketing opportunities for farmers, communities, and rural businesses as they proceed in the recovery process.

Every dark cloud has a silver lining, and as we enter a new century, a new millennium, we resolve to reunite people, communities, programs, and resources.

We can help you get information and access services, call 910.869.9948.

Carolyn A. Prince, Ph.D.
THE NC COALITION OF FAMILY & RURAL FAMILIES

GRANT AWARDED



The D. Michael Warner Foundation awarded a seed grant to THE COALITION and CAROLINA HARVEST PACKING SHED to conduct a pilot study for a micro-processing project. "We are extremely pleased to have the Foundation's support. This grant will assist us in our ongoing efforts to develop sound economic ventures for farmers and rural communities" said Carolyn Prince, executive director.

The Warner Foundation funding will support 50% of the cost of establishing a farmer cooperative, operating demonstration sites, determining criteria and procedures for the micro-processing facility, and assessing the consumer market. Full, part-time, and part-time seasonal jobs will be supported by the project.

PHASE II TOBACCO SETTLEMENT

As of December 1999, only 51% of tobacco growers have been certified. If you are having difficulty completing the paperwork, contact the certification office in Raleigh by calling 1.888.566.9599.

Did you grow tobacco in the 1998 crop year or owned (part or all) of a flue cured tobacco quota on October 1, 1998, and did not receive a Phase II Tobacco Settlement Certificate? Call the Raleigh certification office.

Only certified quota owners and growers will receive the special SENATOR JOHN EDWARDS money.

CLUSTER GROUP LEADERS MEETING



Strategies for implementing a rapid recovery program to alleviate the devastating effects of 1999's drought, two hurricanes, and a flood on the agricultural community in eastern NC were the main topics of discussion at the Farm and Rural Business Advisory Committee's December meeting in Greensboro.

Other time-sensitive topics discussed by the committee included the status of the Phase II tobacco Settlement, the election of a new commissioner of agriculture, research and development plans and economic development ventures.

Members of the advisory committee-William Ward, J.W. Mainor, Jerry Turner, Burnice Blanks, and Georgia McClain are the Cluster Group Leaders for each of the five geographic areas established by The Coalition. This group is an advocate for farmers, rural communities, and rural entrepreneurs.



Soil testing is important!

Standing water depletes nutrients from the soil. It is time to have your soil tested. Soil testing is a first-come, first served process.

Contact **TODAY** your local Cooperative Extension Office to get sample boxes, information sheets with instructions and to arrange transportation of samples to the laboratory.



Take a critical look at the future because today is tomorrow you talked about yesterday. JJ'S WISDOM

ANNOUNCEMENTS:

Mark (✘) your calendar:

GRANTS, LOANS & Other Financial & Technical Assistance will be discussed on Saturday, January 29, 2000. Registration at 9 a.m.; meeting at 10 a.m., Charlie Rose Agri-Expo Center, 301 south, 121 East Mountain Drive, Fayetteville, NC. Home-owners & renters needing repair $$$$, farmers needing loans to cover non-insured crops or conservation repairs & people needing food assistance should attend. **Call Eddie Miller 919.873.2011 for information.**

OUTDOOR CUT FLOWER PRODUCTION BASICS SCHOOL, Sat., February 19, 2000, Iredell County Extension Center Statesville, NC. Learn what flowers perform best in the Southeast US and the steps to produce cut flowers. Registration $50 for 1st person and $35 for additional family/business members. **Call 818.779.4618 for more information.**

NORTHERN PIEDMONT SPECIALTY CROPS SCHOOL, Ramada Inn, Exit #204 (NC 96) off Interstate 85, Oxford, NC, Friday, February 25, 2000. Hear growers discuss the profitability of growing pumpkins, specialty fruits & vegetables; learn irrigation and disease control techniques. Registration $25 for 1st person and $15 for each additional family/business members. Call Granville County Center at 919.603.1350 for more information.

On the Land with JJ

Agribusiness Focus

Johnnie Jones

TRADITION:

One well-kept secret to maintaining and increasing wealth is the family tradition of passing businesses from one generation to another. Below are a few NC farmers who are using this tradition to keep their land and increase their wealth.

A Family Affair:



Hilton Parker, Jr., Hilton Parker, Sr., Ramon Turner, Jerry Turner



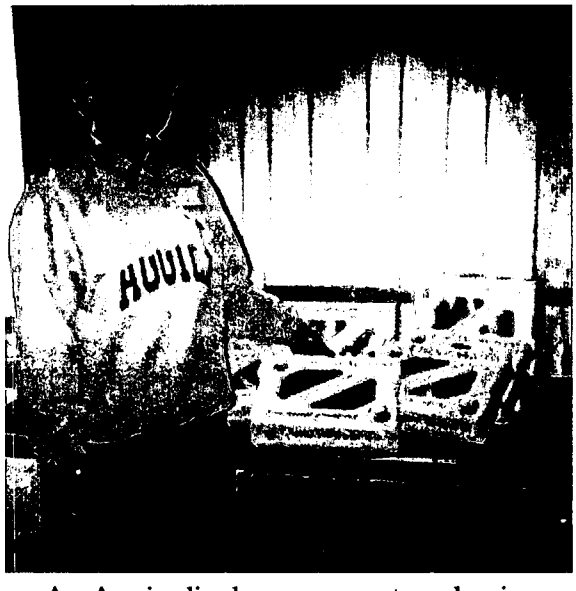
TRADITION:

'Train a child in the way . . ..' This well-known saying reinforces the importance of preparing for our future. Taking the time to train, educate, and communicate with youth guarantees that we can pass on family businesses with s sense of accomplishment . A group of agricultural and agri-related majors from NC A&T State University attended a recent meeting of farmers.

Future leaders:



Dr. Godfrey, MANRRS students, Dr. Lyons



An Aggie displays gourmet packaging

RISK MANAGEMENT

Raleigh Regional Office
Risk Management Agency/USDA

DO YOU HAVE A PLAN FOR SUCCESS?

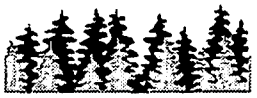
A successful farmer once told me "no one plans to fail; people fail to plan." Most failures are the result of a lack of planning. Now is the time to establish a *plan of success* for the new year. **BEGIN NOW** to develop a strategic risk management plan that will help reduce the chances of a loss. **CONSIDER** all factors of risk-- production, financial, marketing, legal, and human resources. **START** taking the necessary steps that will assure your *success*. **REVIEW** what has and has not worked in the past. In evaluating past *success* think about:

- what **crops** and **practices** were used in *success*ful ways
- your **financial status** at the time of *success*
- what **marketing strategies** resulted in *success*
- **who** were instrumental in the *success* of that production; and
- if the farming environment (rules & regulations) is similar to those *successes* of the past

The next step is to **DETERMINE** what you want to accomplish this year or in the next 5 or 10 years. **IDENTIFY** what you and your family must do and what help you need to accomplish your goals. If crop insurance is part of your success strategy, remember that for most spring crops in North Carolina the last date to apply for crop insurance is February 28, 2000

For more detail on which crop insurance plan best serves your needs, contact a crop insurance agent. A list of agents is maintained at your local Farm Service Agency. Visit the USDA Risk Management Agency website http://www.rma.usda.gov. For assistance making your Farm Plan, call Johnnie Jones at 910.860.9948.

Is Your Wood Lot Working for You???



If you are like most people who own woodland, regardless of the size, you know the sense of pride you gain from your land. But is your wood lot working for you? The benefits can be many, if you know how to mange for them. How do you view your timber or woods? Is it your home, a getaway, or a nest egg just waiting to hatch? Would you like to increase your land value or improve its usefulness? Much can be done with wood lots; they just need to be managed like any other investment.



Let the NC Division of Forest Resources help you develop a Stewardship Plan or a Forest Management Plan that will allow you to manage all of the natural resources on your property. **Our services for this assistance are free of charge. All you have to do is ask us.**

ARE YOU A TIMBER OWNER? To get the maximum benefit from your property, it is important that you work with not only a forest management professional, but also someone who cares for your land as much as you do. Trained experts in resource management can help you develop a long-range flexible forest management plan that will allow you to achieve whatever it is that you want to get out of your land: timber, wildlife, water quality, esthetics, etc. **We want to help!**



We will meet with you on your property and together we will discuss your specific goals. What is it that you want to manage--your residence, an estate for your children? What would you like to improve---the appearance, financial opportunities, or future home site? Sound confusing? Our folks can help you decide what's possible and fits your needs. There is no charge or obligation when you call, so what are you waiting for?

If you would like more information on how to do this, contact your **local County Forest Ranger or call our central office at 919.733.2182.**

An Affordable Homestead is $$$$ in the Bank

Repair GRANTS and Loans -- Section 704 - - Single Family Housing

Grants and **low-interest loans (1%)** for making basic repairs, installing essential features, or removing health and safety hazards are available. YAre you a very-low income rural resident; or Ydo you live in a town of 10,000 or less population and Y have an inadequate but repairable house and Y unable to obtain credit elsewhere? Maximum loan $20,000 and lifetime **maximum grant $7500. Applications made at any Rural Development Office.**



Also ask about
Section 502
Guaranteed Single Family Housing Loans &
Direct Single Family Housing Loans



What is the **biggest** investment that most Americans make during their lifetime. Is it a car, jewelry, clothing, a boat, a savings account? An investment is something that we want to grow in value. Money, capital, property or possessions that appreciate or increase in value are *GOOD INVESTMENTS*; their value or worth is more than the initial cost. For most Americans, a home is their biggest long-term investment. A well maintained home has a 'life' of 70–100+ years.



Did you know that a new automobile is worth less tomorrow than you paid for it today? That's depreciation. Remember that the 'life' of a mobile home is 10-15 years. A couple that buys a mobile home at age 20 will probably buy 3-4 mobiles during their lifetime; or perhaps they will buy a conventional home.

State Emergency Package Hurricane Floyd Reserve Fund



To address the emergency needs for economic recovery after Hurricane Floyd, a total of $836.66 million dollars was approved in House Bill 2, December 16, 1999. The state's emergency package included $164.25 million for Agriculture and Fishing Disaster Assistance to address the following needs:

CROP LOSS ASSISTANCE - $90 million as crop loss payment to supplement federal program disaster payments to address a portion of crop losses. Upon completion of an application and certification of loss by the local Farm Services Agency, farmers will receive 17 cents for every dollar of loss associated with crops.

FARM STRUCTURE AND EQUIPMENT GRANTS - $40 million in payments to partially compensate farmers for structures and equipment losses exceeding $100million - excluding homes.

EMERGENCY CONSERVATION PROGRAM COST SHARE BUY DOWN - $15 million as supplemental payments of 18% of the farmer's portion of the cost for restoration of land including payments for restoration of BMPs.

PEANUT, COTTON QUALITY, GROWERS ASSOCIATION ASSESSMENT - $5 million for supplemental payments to farmer-owned cooperatives for quality losses and marketing assistance.

TAX TIME

It is time to gather all of your papers, receipts, logs, journals, records and prepare tax returns. K Use Schedule J for 1040 to use 'income averaging' for returns filed in 1998, 1999 and 2000. K Remember the child tax credit. K If you have a child in college, use the higher education allowance. K Individual Retirement Accounts (IRA) and Roth IRA's can also cut your tax bill.

BEWARE of COSTS
'Rapid Return' costs are generally $20 plus 2½ % of the tax refund amount. If the tax refund is $200, the minimum cost is $25 or 12.5%. File early, wait three weeks and save $25.



Remember a Farmer when you sit down to eat!

THE NORTH CAROLINA COALITION
OF FARM AND RURAL FAMILIES

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BOARD OF DIRECTORS

Carl D. Hodges, Chair
Archie Hart, Vice Chair
Dorothy Johnson, Secretary
Hernando Palmer, Treasurer
Phillip Bazemore, Parliamentarian
James T. Shackleford, Greene County farmer
Ronald Fisher, Banker

NEXT ISSUE: ***FEBRUARY 2000*** with *NEWS YOU CAN USE!*

Reading, the key to knowledge.
Knowledge is power.

NC COALITION OF FARM & RURAL FAMILIES
342 WAGONER DR SUITE 208
FAYETTEVILLE, NC 28303-4647

CAROLINA HARVEST

"Promoting economic development for North Carolina's rural businesses and family farms"

'WE CAN, EACH OF US, DO THE IMPOSSIBLE AS LONG AS WE CAN CONVINCE OURSELVES THAT IT HAS BEEN DONE BEFORE.' --- OCTAVIA BUTLER

"For everything there is a season and a time for every matter under the heaven". This is the time for making decisions. We are entering the beginning of the winter season and the time for celebrating one of the most important religious holidays. During this month, many of you will spend time thinking about how to deal with the changes in your lives that are the result of the summer's drought, the hurricane flood, low commodity prices, damaged or destroyed homes, lost jobs, lost income from farms and businesses, and the uncertainties of the future.

We have a history of surviving against terrible conditions, of not losing hope, of pulling together as families, churches, and communities to ensure that everyone has the basic living needs. It is time for us to remember and use the strategies that our parents and extended family members used to get through hard times.

As you begin to make decisions about how your family, your farm, or your business will make the changes needed to deal with the devastation and losses of 1999, we want you to make the best decisions possible. This means getting the correct information and having access to the right services that can help you and your family make the best decisions for the year 2000 and beyond. And please make it a 'family affair'. Include your spouse and children in the decision-making process for their lives too will be affected by the decisions that will be made in the coming weeks.

We can help you get information and access services, call 910.869.9948.

Carolyn A. Prince, Ph.D.
THE NC COALITION OF FAMILY & RURAL FAMILIES

Soil testing is important

In countering potential nutrient problems created by Hurricane Floyd

Soil testing is more important now than ever because of the impact of standing water on nutrient levels. Remember that soil testing is a first-come, first served process. To ensure an early report, call your local Cooperative Extension Office to get sample boxes, information sheets with instructions and to arrange transportation of samples to the laboratory.

PHASE II TOBACCO SETTLEMENT - If you grew tobacco in the 1998 crop year, or owned (part or all) of a flue-cured tobacco quota on October 1, 1998, and did not receive a Phase II Tobacco Settlement Certificate, **call 919.838.4100 or 1.888.566.9599 (toll free) between 9:00 a.m. and 5:00 p.m.** You may qualify for the Phase II Tobacco Payment; however, the certificate must be filled out and turned in.

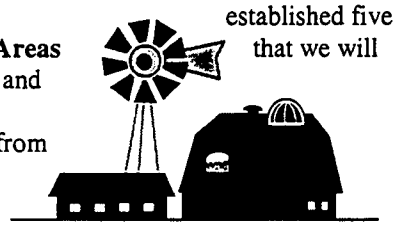
Certification forms contain important quota owner and grower information. It is important that you fill out the Certificate Form accurately and completely, sign the form, and return it as soon as possible.

Holiday Gift-giving

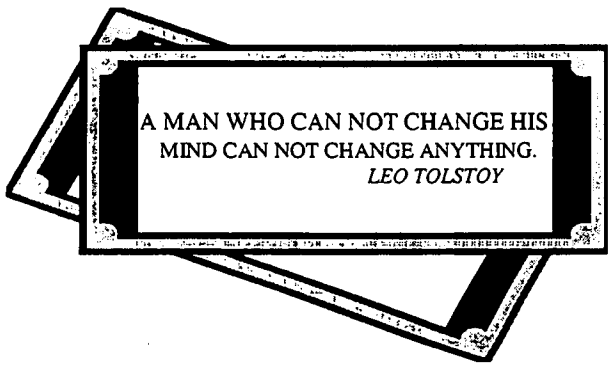
What gifts will your friends and family receive this season? The gourmet on your list would enjoy some fresh sweet potatoes, homemade relish, baked goods, pecans, or homemade sausage. Crochet a hat or scarf in the person's favorite colors. Give the young people in your family a hand-made quilt, pillow or other handicraft and tell them the family story that the item represents. Remember that holidays, in particular, are a time that money rapidly leaves local communities for the many gifts we think that others want and need. Share the wealth of the farm and rural communities by giving gifts from our hearts – hand-made, home-baked, homegrown gifts. These gifts represent the loving care and time that you thoughtfully put into the items!

CLUSTER GROUPS

North Carolina is a large and beautiful state; however, in our efforts to provide better and timely service to farmers, farm families and rural entrepreneurs, **The Coalition** has established five **Cluster Group Areas** that we will use for meetings and seminars. Representatives from each area have agreed to serve on our **Farm and Rural Business Advisory Committee**. This committee will be responsible for giving **The Coalition's** staff and board of directors information, assistance, and guidance as we work together to promote economic development and keep our farms and other rural land.



- ➢ **Cluster 1** **William Ward** – Bertie, Camden, Edgecombe, Gates, Halifax, Hertford, Martin, Northampton, Pasquotank, and Perquimans
- ➢ **Cluster 2** **J. W. Mainor** – Duplin, Greene, Johnston, Jones, Lenior, Pitt, Onslow, and Sampson
- ➢ **Cluster 3** **Jerry Turner** - Alexander, Forsythe, Iredell, and Rowan
- ➢ **Cluster 4** **Georgia McClain** – Franklin, Granville, Nash, Person, Vance, Wake and Warren
- ➢ **Cluster 5** **Burnice Blanks** – Bladen, Cumberland, Hoke, and Robeson



Alternative Income Opportunities
on and beyond the Farm

Is your farm within a 10-15 miles radius of an urban population or tourist attraction? Do you have people skills and a vision of developing a new agriculture enterprise utilizing farm acreage as a new source of income? **The answer may be agri-tourism - 910.860.9948.**



ANNOUNCEMENTS:

Mark (✗) your calendar:

☛ **DISASTER ASSISTANCE INFORMATION FOR FARMERS**: Two **special meetings** will be held to give farmers information on how to qualify for and apply for the USDA/Farm Service Agency Disaster Assistance Programs; sign-up dates and the types of documents and records needed for each program will be discussed.

TOPICS TO BE COVERED: Crop Disaster Program (grants), Emergency Conservation Program (cost sharing for hurricane and flood cleanup), Livestock Assistance Program, Peanuts, Phase II Tobacco Settlement Certification, and Emergency Loan Assistance.

☛ **Meeting ❶ will be held Saturday, December 11, 1999, 10 a.m. – 2 p.m., the Elk's National Shrine, Winton, NC.**

☛ **Meeting ❷ will be held Saturday, December 18, 1999, 9:30 a.m. – 1:30 p.m., Carolina Harvest Packing Shed, Hwy 11 South, (between Kenansville &Wallace)**

☎ For more information **call Archie Hart, 919.733.7125 or Carolyn Prince 910.860.9948.**

☛ **FARM TAX ISSUES WORKSHOPS**

If you prepare your own farm tax return or own a tax preparation business, the **FARM TAX ISSUES WORKSHOP** sponsored by the Agricultural Extension Service is for you. Learn to prepare **Schedule F** and the **new Schedule J** for farm income averaging; also take home a valuable workbook with detailed examples and problems.

9 convenient dates and locations

12/14/1999 in Williamston	12/15/1999 in Greensboro
12/161999 in Statesville	12/17/1999 in Fletcher**
01/05/2000 in Kenansville	01/06/2000 in Carthage
01/07/2000 in Nashville	01/11/2000 in Kinston
01/13/2000 in Lumberton	

All sessions at County Extension Offices
**** at Area Extension Office**

Workshop fee is only $69 and provides 8 hours of CPE credit. For more information **call 919.515.2261**

On the Land with JJ

Agribusiness Focus

Johnnie Jones

IREDELL COUNTY

TURNER'S LANDSCAPING SERVICES AND JERESA FARMS continue to operate at a high level of pride and professionalism. Jerry and Teresa Turner of Harmony, NC, along with their three outstanding agri-oriented children, have maintained a family business that is growing and prospering. They have fun producing various plants, shrubbery and trees that are utilized within their unique family landscaping business. Additionally they maintain a top quality Charlois and Santa Gertruders beef cattle herd that grace the lust rolling grasslands of this most impressive environmentally sound operation.

ONSLOW COUNTY

Gum Branch Road, Richlands, NC, has been home to Emmanuel Bryant's successful lawn maintenance landscaping and design for several years. Today Emmanuel, an enthusiastic young man that enjoys the land has added a niche market, producing fresh produce. Mr. Bryant's secret to success is marketing, hard work and a strong mind set based upon the reality of change.



An attractive road sign advertising **BRYANT'S PRODUCE.** As stated earlier, Emmanuel's produce venture complements **BRYANTS' LANDSCAPING AND DESIGN,** another Bryant enterprise.

ROBESON COUNTY



Mr. Blanks displays the Carolina Harvest box with his gourmet field peas.

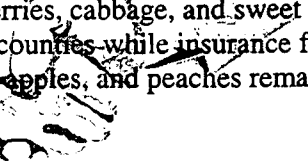
Burnice Blanks has invested a lifetime in the art of food production on his family farm near Lumberton. Burnice and his wife have innovative minds and have a clear understanding of value added marketing techniques and maintain a high standard of quality control of products leaving their farm. Through the "Ways to Grow" program conducted by NC A&T State University, Burnice was able to secure some much-needed irrigation for his vegetable operation. Carolina Harvest Packing Shed, Rose Hill, NC, under the leadership of The NC Coalition of Farm and Rural Families is assisting the Blanks with niche marketing of his new product line made possible via the irrigation system. A case in point, Burnice is well known for his top quality field peas that are distributed throughout North and South Carolina border counties.

RISK MANAGEMENT

Raleigh Regional Office
Risk Management Agency/USDA

As a food producer for today's market, you are challenged to become a good risk manager. In your daily decision-making processes, you must contend with different risk areas that are often related and interconnected (e.g., production risks, marketing risks, financial risks, etc.)

Multi-Peril Crop Insurance (MPCI) can help you manage many of these risk exposures. North Carolina will have 20 insured crops during crop year 2000, including new pilot programs for cucumbers, fresh market beans, and strawberries in selected counties. Current pilot programs will continue for blueberries, cabbage, and sweet potatoes in certain counties while insurance for primary row crops, apples, and peaches remains widely available.



In view of continued uncertainty and concern about prices, revenue protection plans such as Crop Revenue Coverage (CRC) and Indexed Income Protection (IIP) **offer protection against price drops plus coverage against yield losses.** A Group Risk Plan (GRP) is also available for some crops and is based on the expected county yield rather than your individual farm yield.

Contact a crop insurance agent for more details on which plan best addresses your personal risk management needs and to get an individualized quote on coverage and premium. A list of agents is maintained at your local Farm Service Agency office and at our web site: http://www.rma.usda.gov.

EXCHANGE PLACE

WANTED TO BUY: Used, in good condition 48' x 102' equipment trailer and a 45' x 96' (or 102') flat trailer with spread axle, headboard, tiedowns. **Contact J. W. Mainor at 910.289.2523.**

WANTED TO BUY: Handmade cotton quilts and Afghans. **Call Carolyn at 910.860.9948.**

If you want your farm or business featured in our newsletter, contact Johnnie Jones at 910.860.9948.

COWBOY WISDOM

'If you find yourself in a hole, stop digging."

7 Cooperative Principles

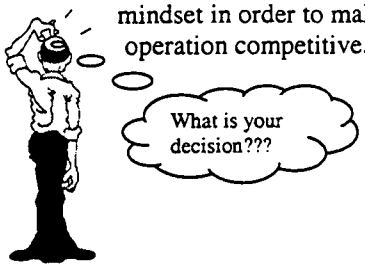
The International Cooperative Alliance

Cooperatives create an opportunity for people to reduce expenses and increase profits. The seven cooperative principles listed below support an age-old idea – cooperation. **1st Principle: voluntary and open membership –** Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. **2nd Principle: democratic member control**-Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. **3rd Principle: members' economic participation**-Members contribute equally to, and democratically control, the capital of their cooperative. **4th Principle: Autonomy and independence** – Cooperatives are autonomous, self- help organizations controlled by their members. **5th Principle: education, training, and information** – Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperatives. **6th Principle: Cooperation among cooperatives** – Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures. **7"" Principle: concern for community** – While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

Decisions, decisions, decision!

Many of you may be having difficulties as a result of recent weather conditions, tobacco quota cuts, and low market prices. Problems also include some unique cash flow problems, reduced income and increased stress.

Some farm families can make it with **minor fine tuning** of the farm operation and family finances; others must make **major adjustments** to their family operation if they are to stay in farming; a third group cannot survive in farming and may think about **exiting** the business; and some growers may probably be looking at **retiring.** Those who are thinking of retiring within the next 3-5 years may not want to invest large sums of capital in new technology or adapt to a new farming mindset in order to make their farming operation competitive.



Agri-business Update

Glossary of terms

Depreciation – a decline in the value of an asset. A well-landscaped farmstead *APPRECIATES* whereas a worn out, rundown farm *DEPRECIATES* in value – Buyers don't like eyesores.

Net worth – In accounting, total assets minus total liabilities. Please don't let your assets erode.

Value added – The difference between the value of goods produced and the cost of materials and supplies used in producing them. What's your value added to your cup?

Heir property – When several people own land together as heirs, there can be many problems. Decisions can be difficult to make because everybody has a different opinion, and some owners may take more of an interest in the land than others. Some may want to sell while others may want to live on it or farm it. Some may always pay their share of the property taxes while others never do. Reduce the stress level of all involved and try to work out disagreements before legal arrangements are needed.

Home place – Keep it growing for it is our heritage. We all know that the number of family farms in North Carolina has been declining. The overall economic and social impact to North Carolina's rural economy has been devastating. **We must stop land loss!!! For strategies ad outreach help call 910.860.9948.**

Pricing Your Way to Profits

Pricing and profits are two very important concerns of farmers. Many NC farmers are just scraping by – working long hours and ending up frustrated each year worth few dollars to keep for themselves and their families. It's a cycle that seems hard to break. **One solution is to estimate production and breakeven costs, then set selling prices for a fair profit level.** Farm families must keep good records of the costs necessary to produce a specified crop. Compare your costs with the detailed printed and computerized budgets for various crops that are available from your County Extension Agent. Recording costs over a period of years will also help growers improve production.

Types of Costs: The total cost of producing a crop includes **variable** and ***fixed*** costs. The **variable** (operating) costs vary with the production practices used. Common variable costs include seed, fertilizer, chemicals, fuel and labor. ***Fixed*** costs include items such as equipment ownership (depreciation, interest, insurance and taxes), management and general overhead costs. Fixed costs are incurred even if little production takes lace.

Estimating the production costs establishes a fair profit level for your work. Maintaining accurate production costs also provides information for bankers or lending agencies if a loan is needed because the cash cost estimates are helpful in preparing cash flow statements. Additionally, when growers use share leases, the landlord and tenant can use the cost estimates to more accurately determine a fair share arrangement.

> The urgent question is whether we can make change our friend or our enemy.
>
> *William Jefferson Clinton*

THE NORTH CAROLINA COALITION
OF FARM AND RURAL FAMILIES

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910.289.2523-voice

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Archie Hart, Secretary
Carl D. Hodges, Treasurer
Dorothy Johnson, Educator
James T. Shackleford, Greene County farmer
Ronald Fisher, Banker

NEXT ISSUE: *EARLY FEBRUARY 2000* with *NEWS YOU CAN USE!*

Remember to schedule time to attend the important meetings listed in this publication. Assistance is available. Attend to gain the information that you need to increase your income.

NC COALITION OF FARM & RURAL FAMILIES
342 WAGONER DR SUITE 208
FAYETTEVILLE, NC 27830-4647

CAROLINA HARVEST PACKING SHED



ROSE HILL, NC



CAROLINA HARVEST PACKING SHED

STRATEGIES:

- ♦ Provide leadership training;
- ♦ Provide opportunities for shared experiences;
- ♦ Provide technical and marketing assistance as needed;
- ♦ Increase opportunities for personal growth and development;
- ♦ Promote establishment buying, marketing, and service associations; and
- ♦ Create cluster systems to accelerate learning—No one of us is as smart as all of us;

MINDSET: Never do for someone what they can do for themselves.

Co-op members will be accountable for achieving specific results.

CAROLINA HARVEST PACKING SHED

VISION: A statewide network of growers and rural entrepreneurs offering a wide variety of agricultural products and services under the Carolina Harvest Label.

MISSION: To establish buying, marketing, and service associations.

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 13, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairmen's Comments**

2. **Marketing Division**
   Jennifer Willis, Fiscal Research
   Dewitt Hardee, Division Director

3. **Committee Discussion**

4. **Closing Remarks**

5. **Adjourn**

Minutes
Joint Appropriations Subcommittee on
Natural and Economic Resources
March 13, 2001 - 1:00 PM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 13, 2001 at 1:00-PM in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick and John Weatherly.

Chair Bill Owens called the meeting to order. He called upon Jennifer Willis, Fiscal Research, to give an overview of the Marketing Division.

MARKETING DIVISION
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Ms. Willis shared ATTACHMENT I (AG-18). Briefly the current fiscal year authorized budget for the Marketing Division is $13.3 M with receipts of $4.4 M for general fund appropriation of just under $9 M. This division has a variety of non-recurring funds that are appropriated to it. The Mission of the division is to improve the marketability of NC agricultural products to ensure the economic success of production agriculture and the availability of an adequate supply of wholesome food and natural fiber. In addition to General Fund activities, this Division also supports activities for the Raleigh Farmer's Market, Western NC Agricultural Center and the Mountain State Fair. Ms. Willis called attention to AG-21-Items for Possible Committee Discussion. The Marketing Division's General Fund budget contains an annual transfer of funds into two agency Enterprise Funds. By definition in the State Accounting System's Chart of Accounts, Enterprise Funds are characterized as self-supporting activities of governmental units that render services on a user-charge basis to the general public. For FY 2000-01 $120,343 is authorized for transfer into the Raleigh Farmers' Market Enterprise Fund and $204,909 is authorized for transfer into the Western NC Agricultural Center/Mountain State Fair Enterprise Fund. In 1997 the General Assembly directed the Department to establish the Enterprise Fund and allowed for transfer of appropriated funds until such time as the combined operations generated sufficient revenue and reserves to become totally self-supporting. The cash balances for each fund have been increasing since 1996. The General Assembly also provides $75,000 recurring appropriation to the Western NC Development Association. The committee may want to have the Association given an overview of its programs and activities, how state funds are utilized, and what other sources of funding support this organization.

The Chair recognized Mr. Dewitt Hardee, Marketing Division Director, and he thanked the committee for the opportunity to address it. Agribusiness makes $46 B in the state. $6.7 B is cash receipts from agriculture commodities. Agriculture and agribusiness

make up 22 percent of the workforce. If you look at where tax dollars are spent, for every $2 that is collected, basically in agriculture and rural America, they only get $1 back. From that standpoint we need to keep agriculture viable and running. He reviewed the organization chart on AG-26 and introduced the division directors present. Mr. Hardee discussed the Marketing Division Summary (ATTACHMENT II). He referred to a recent trip to Cuba and Representative Mitchell asked if any state money went into the trip, and Mr. Britt Coble, NCDA, stated each participant paid their own expenses. We had to use outside resources to fund the trip. Senator Horton asked if it was against the law to trade with Cuba. Mr. Coble said as of January 28 we are allowed to sell food, agriculture and medicine to Cuba. It has to be done under a license. Mr. Hardee said the use of cell phones cuts down on the use of other resources. Senator Horton asked about new crops and success of the programs. He asked if we have a hydro cooler in the state, and what is being done to mass fruits and vegetables together to sell in truckload quantity? Representative Owens stated he has been on several trade missions, at his own expense, and from first-hand experience the percentage of increase of our products going overseas has been dramatic the past few years. Mr. Hardee said the Flavors of Carolina Show generates over $38 M yearly because of the show.

Mr. Ross Williams, Agriculture and Consumer Services Department, discussed the Specialty Crops Program. The Legislature appropriated $100,000 for the program in one-time funds two years ago, and that program helped 20 farmers grow cantaloupes and seedless watermelons. They were mostly tobacco farmers that wanted to diversify and this coming year revenue for those farmers will be around $2.5 M. The same group is now developing the sprite melon. We have done test marketing with it and if things fall into place, the sprite melons will bring in $.5 M this year. Our marketing specialists work with the farmers to form a co-op in order to sell to retail groceries and chains. We have not had a request for a hydro cooler and do not have one. Representative Fox asked if the Marketing Division works with contracting with tobacco companies. Mr. Hardee said the Division is an information resource. For example, if you look at Phillip Morris's contract, the person is signing with an agent representing Phillip Morris and in that contract, if they sign it, there is no government support price on the tobacco. The only way to break the contract is to take the tobacco away. There is no grading service. These details are shared with the farmer, but he makes the decision as to what he wants to do. There is a department concern now about whether we have enough tobacco to make the auction market work. We are working with other Agriculture Departments and farm groups throughout the United States to try to make a consensus. Representative Fox asked if the tobacco companies do the grading or can someone else do it? Mr. Hardee said basically the companies have their own graders and there are no stipulations that a US grader be present. You are at the mercy of the grader. Representative Culp asked if you have to pay a fee for space at a Farmer's Market, and you do. There is a fee chart on page MKT 9 (ATTACHMENT II). The spaces are rented generally on a day-by-day basis, and the fee is varied. Ms. Pat Brinkley from Asheville was recognized. She works closely with agriculture promotion, community development in the rural areas, the Asheville Farmers Market, and the Mountain State Fair. Representative Owens asked that the markets let the committee know plans for fund balances.

The meeting adjourned at 1:30 PM.

Respectfully submitted,

Representative Stan Fox, Chair

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

Department of Agriculture and Consumer Services

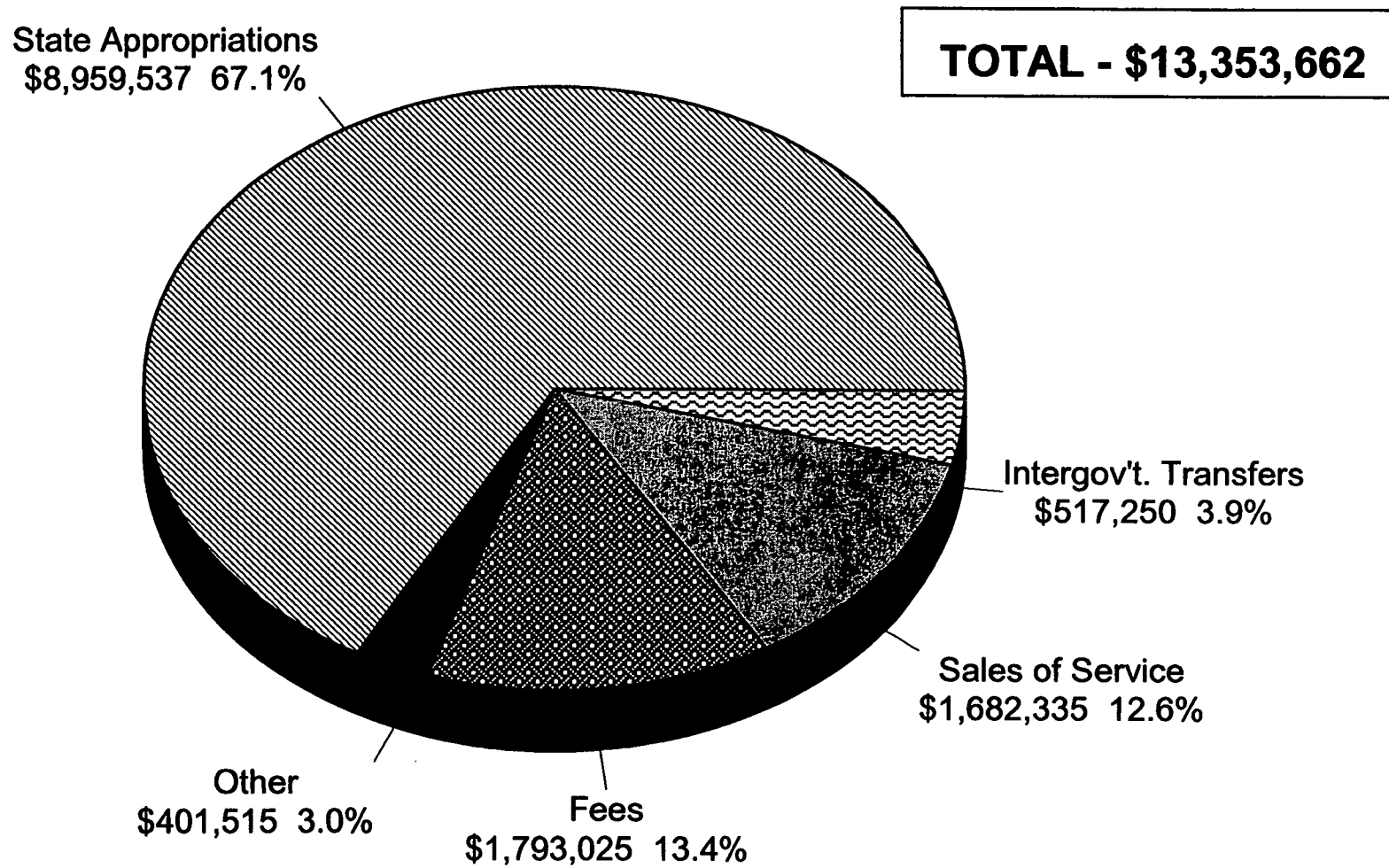
Marketing Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	8,775,933	10,700,533	11,117,424	12,396,447	13,353,662
Less Receipts	(3,076,851)	(3,650,717)	(3,971,297)	(4,335,440)	(4,394,125)
Cash Balance +/-	112,599	400,365	220,352	233,529	-
State Appropriations	*5,811,681*	*7,450,181*	*7,366,479*	*8,294,536*	*8,959,537*
Positions	137.00	145.00	153.00	169.80	170.75

The mission of the Marketing Division is to improve the marketability of North Carolina agricultural products to ensure the economic success of production agriculture and the availability of an adequate supply of wholesome food and natural fiber. In addition to General Fund activities, this Division also supports activities for the Raleigh Farmers' Market, Western North Carolina Agricultural Center, and the Mountain State Fair (all are Enterprise Funds).

DIVISION ACTIVITIES INCLUDE:

- International marketing of NC agricultural products – some examples:
  - Horticultural Crops and Field Crops – Provides marketing services to farmers and their commodity associations for all crops grown in the state. The Division operates 5 regional marketing offices located throughout the state.
  - Specialty Crops Program
  - Seafood and Aquaculture promotions
  - Division serves as the tobacco liaison for the Department
  - Agricultural Incubator/Agribusiness Development
- Farmers Markets and Agricultural Centers
- Domestic Marketing – some examples:
  - Goodness Grows in North Carolina
  - Flavors of Carolina

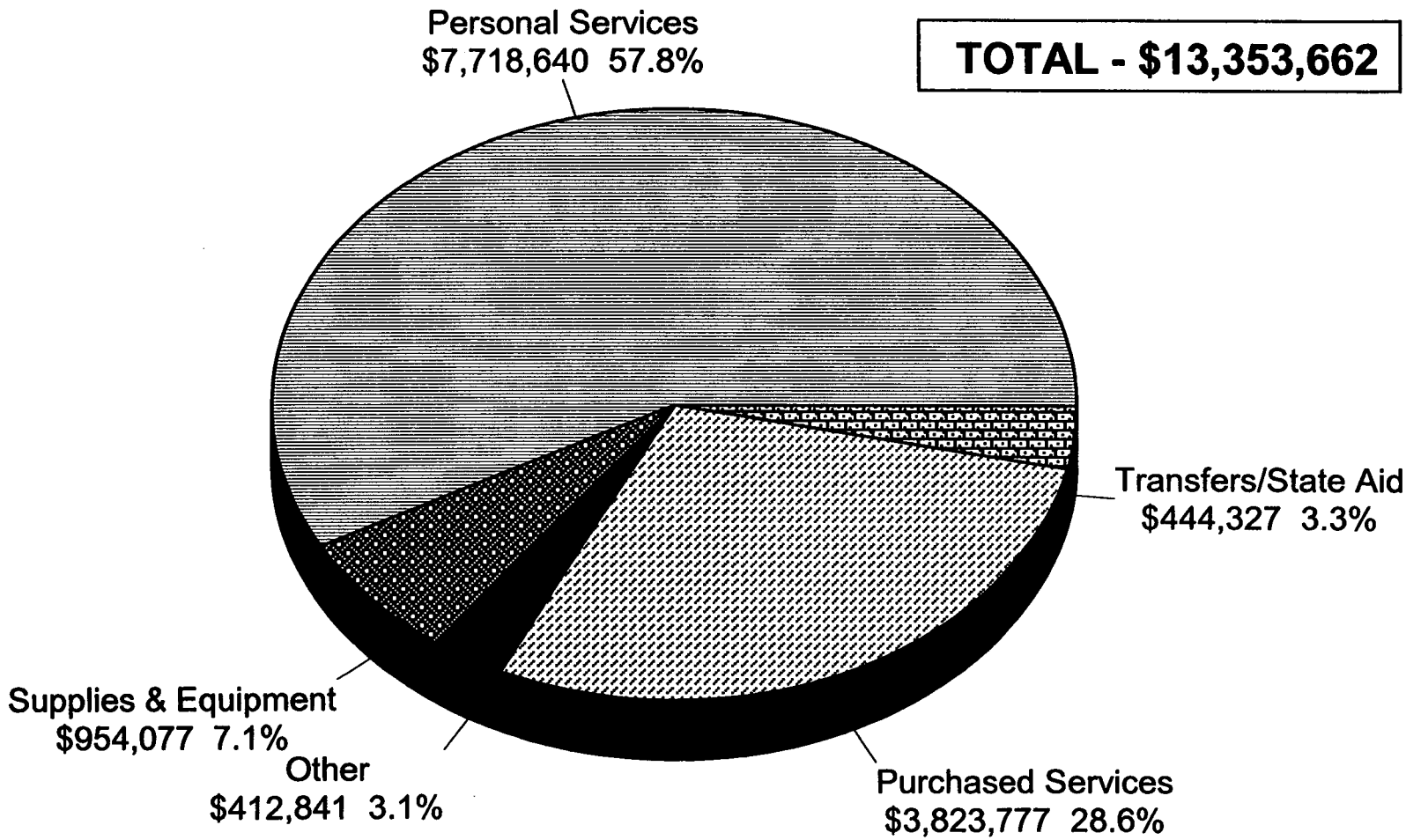
Marketing Division
FY 2000-01 (Authorized) Fund Sources



Fiscal Research Division - March 2001

Marketing Division

FY 2000-01 (Authorized) Expenditures By Category



MARKETING DIVISION

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

1. The Marketing Division's General Fund budget contains an annual transfer of funds into two agency Enterprise Funds. By definition in the State Accounting System's Chart of Accounts, Enterprise Funds are characterized as self-supporting activities of governmental units that render services on a user-charge basis to the general public. For FY 2000-01, $120,343 is authorized for transfer into the Raleigh Farmers' Market Enterprise Fund and $204,909 is authorized for transfer into the Western North Carolina Agricultural Center/Mountain State Fair Enterprise Fund.

   In 1997, the General Assembly directed the Department to establish the Western North Carolina Agricultural Center/Mountain State Fair Enterprise Fund, and allowed for the transfer of appropriated funds until such time as the combined operations generated sufficient revenue and reserves to become totally self-supporting.

   The Committee may wish to have the Department comment on the continued need for this transfer of funds to the Raleigh Farmers' Market and the Western North Carolina Agricultural Center/Mountain State Fair, given that the cash balances for each fund have been increasing since 1996 (see pages AG-22-23).

2. The General Assembly provides a $75,000 recurring appropriation to the Western North Carolina Development Association. The Committee may wish to have the Association give an overview of its programs and activities, how state funds are utilized, and what other sources of funding support this organization (see pages AG-24-25).

Department of Agriculture and Consumer Services

Marketing Division Raleigh Farmers' Market					
	1996-97 Actual	**1997-98 Actual**	**1998-99 Actual**	**1999-00 Actual**	**2000-01* Year-to-Date**
Beginning Balance	$522,904	$635,503	$696,105	$783,308	$897,733
Receipts	$1,003,837	$991,887	$1,010,081	$1,074,908	$507,681
Expenditures	($891,238)	($922,286)	($922,878)	($960,483)	($477,262)
Other	$0	($9,000)	$0	$0	
Change in Cash Balance	*$112,599*	*$69,602*	*$87,203*	*$114,426*	*$30,419*
Ending Balance	$635,503	$696,105	$783,308	$897,733	$928,152

Note: 2000-01is year-to-date as of 12/31/00

Department of Agriculture and Consumer Services

Marketing Division WNC Ag Center/Mountain State Fair				
	1997-98 Actual	**1998-99 Actual**	**1999-00 Actual**	**2000-01 Year-to-Date**
Beginning Balance	$0	$330,763	$463,912	$648,083
Receipts	$1,554,723	$1,512,313	$1,566,577	$1,424,562
Expenditures	($1,223,960)	($1,379,164)	($1,447,475)	($1,187,451)
Other	$0	$0	$65,068	($30,068)
Change in Cash Balance	*$330,763*	*$133,149*	*$119,103*	*$237,111*
Ending Balance	$330,763	$463,912	$648,083	$885,194

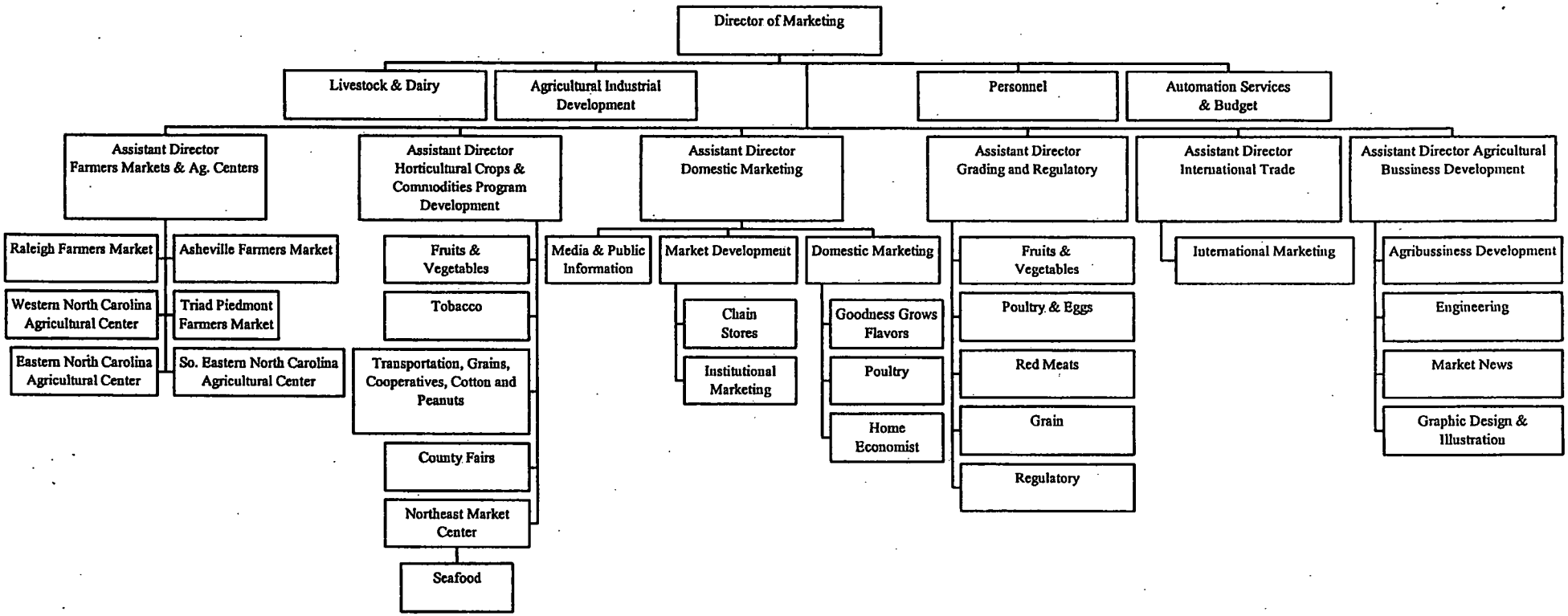
Note: 2000-01 is year-to-date as of 12/31/00

Western North Carolina Development Association

State Funding	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01*
State Appropriation					
Recurring	$38,000	$75,000	$75,000	$75,000	$75,000
Actual Year-End Expenditures	$38,000	$75,000	$75,000	$75,000	$75,000
Difference	$0	$0	$0	$0	$0

* Projected figures for FY 2000-01 $75,000

Westetn North Carolina Development Association 2000-01 Fiscal Year Budgeted Expenditures		
Types of Expenditures	**Requirements**	**% of Total Budget**
Salaries	45,000	
Benefits	6,000	
Contractual Personnel Services		
Total Personnel Services	51,000	68.00%
Bldg Maint.	1,500	
Equipment Rental/Lease	2,500	
Travel	3,000	
Telephone/Cellular Phone Service	2,000	
Misc. Contractual Services		
Total Purchased Services	9,000	12.00%
General Office Supplies	2,000	
R&D / Educational Supplies	1,500	
Total Supplies	3,500	4.67%
Furniture		
Computers	4,000	
Other		
Total Equipment	4,000	5.33%
Discretionary Grants		
Directed Grants		
Loans		
Other		
Total Aid & Public Assistance		0.00%
Total Reserves		0.00%
Awards & Prizes, Printing & Publ	7,500	
Total Other	7,500	10.00%
Total Budget	75,000	100.00%


Director of Marketing
Livestock & Dairy
Agricultural Industrial Development
Personnel
Automation Services & Budget
Assistant Director Farmers Markets & Ag. Centers
Assistant Director Horticultural Crops & Commodities Program Development
Assistant Director Domestic Marketing
Assistant Director Grading and Regulatory
Assistant Director International Trade
Assistant Director Agricultural Bussiness Development
Raleigh Farmers Market
Asheville Farmers Market
Western North Carolina Agricultural Center
Triad Piedmont Farmers Market
Eastern North Carolina Agricultural Center
So. Eastern North Carolina Agricultural Center
Fruits & Vegetables
Tobacco
Transportation, Grains, Cooperatives, Cotton and Peanuts
County Fairs
Northeast Market Center
Seafood
Media & Public Information
Market Development
Domestic Marketing
Chain Stores
Institutional Marketing
Goodness Grows Flavors
Poultry
Home Economist
Fruits & Vegetables
Poultry & Eggs
Red Meats
Grain
Regulatory
International Marketing
Agribussiness Development
Engineering
Market News
Graphic Design & Illustration

AG-26

North Carolina Department of Agriculture & Consumer Services
Marketing Division Summary
March 6, 2001

INTERNATIONAL MARKETING

- Nearly 30% of the agricultural income in North Carolina is derived from exports
- North Carolina ranks 10th among all states in Agricultural Exports
- Largest export markets for North Carolina Agriculture are Canada, Mexico and Japan
- Largest exports are tobacco, poultry and pork
- Fastest growing area for exports are High Value Food Products.

HORTICULTURAL CROPS, FIELD CROPS, TOBACCO, AND SEAFOOD/AQUACULTURE

Horticultural Crops and Field Crops

- Provides marketing services to farmers and their commodity associations for all crops grown in the state. Marketing specialists operate from five regional marketing offices.
- Commodity marketing specialists provide assistance to individual farmers, packer/shippers, buyer's processors, gins, wineries, grain dealers, and warehouses.
- Marketing specialists conduct marketing promotions with 25 commodity associations to increase demand for these crops.
- Administers the Handlers Act to permit companies to contract with farmers to produce 23,923 acres of vegetables for processing.
- Provides administration for the N.C. Grape Council.

Seafood/Aquaculture

- Seafood and Aquaculture promotions are conducted to increase consumer awareness of the abundance, nutritional value, and variety of products from N.C.
- Special promotions are conducted with retail grocery and restaurant chains and wholesale distributors to increase sales of catfish, trout, shrimp, flounder, spot and other species.
- Seafood and Aquaculture products are promoted at the Boston International Seafood Show and other national and state trade shows.

Tobacco Section

- Serves as the NCDA&CS liaison in working with the tobacco industry on projects including low-nitrosamine bulk-barn conversions, the Phase II Certification Board, and new tobacco baling systems.
- Monitors legislation as well as quota and contracting issues.
- Monitors tobacco warehouse sales data and research assessments.
- Assists other agencies and companies studying alternative uses for tobacco.

GRADING SUMMARY

The Cooperative Grading Service offers voluntary, receipt supported programs to clients on a request basis, including fruits and vegetables, poultry, eggs, red meat, peanuts and grain. Personnel assign a nationally and internationally recognized grade to products, which is used as a basis for trade worldwide. These self-supporting programs are operated as trust fund accounts.

DOMESTIC MARKETING

Domestic Marketing assists in promoting and marketing North Carolina agricultural commodities and value added food products. Through the numerous programs initiated and maintained by the section, our North Carolina companies move large quantities of product into the marketplace thereby adding to the state tax base and provide numerous employment opportunities to it's citizens. Programs administered by Domestic Marketing are as follows:

Goodness Grows In North Carolina

Identification and promotional program designed to heighten awareness of North Carolina agriculture and boost sales by educating consumers, retailers, and wholesalers of the availability of top-quality products that are grown, processed or manufactured in state.

Retail, Foodservice, and Specialty Food Marketing

This section works with retailers, wholesalers, foodservice, restaurants, specialty food outlets, and wholesalers in purchasing and promoting products produced and processed in state. The primary goal in all activities initiated in this program is to increase volume of North Carolina products sold.

Flavors of North Carolina

The Flavors program is an upscale food show designed to match buyers with sellers. It is a unique opportunity for each to meet and discover the potential for sales of North Carolina products. Shows are held in major markets throughout the eastern United States. The program has generated more than $38 million in annual sales for participating companies.

Nutrition Services

This section works closely with all areas of the division to design campaigns to increase purchase of North Carolina products. The section works to promote the healthy aspects of our commodities through school purchasing programs, media relations, trade shows, and other outreach programs designed to educate consumers.

AGRICULTURAL INCUBATOR / AGRIBUSINESS DEVELOPMENT

- Foster agribusiness growth through assistance with business plan development and facility enhancement
- Aid farmers in the diversification of crops and land
- Recruit new agribusiness related businesses and jobs to North Carolina
- Communicate and locate available resources to agribusiness communities

Art/Graphic Design Section

The Art Section assists the state-owned Farmers Markets, Agricultural Centers, WNC & N.C. State Fair, commodity associations, the Marketing Division, and other Divisions throughout Agriculture in the design and production of the following items: Web sites, newsletters, brochures, flyers, logos/identity, Trade Show displays, Media kits, Newspaper inserts, advertisements, billboards, directories, directional & display signage-event banners & decorations, point of purchase materials, promotional lobby displays, invitations for show/events, WNC Mtn. St. Fair premium book.

Market News

- Collect unbiased agricultural commodity prices
- Disseminate information to the public by television, radio, telephone, newspaper, newsletter and Internet
- Report on state and national trends used by NC Agribusiness for management decisions
- Provide in-depth reports for livestock, poultry, grains, vegetables, and other horticultural crops

FARMERS MARKETS:

There are five Farmers Markets owned and operated by the Marketing Division of the North Carolina Department of Agriculture and Consumer Services. They are located in RALEIGH – CHARLOTTE – ASHEVILLE – GREENSBORO – LUMBERTON.

These markets serve several hundreds of small family type growers and many of the larger growers use our markets to reach wholesale buyers dealing in volume shipments. It is estimated that more than $ 7.5 Million sales are made through these five markets including retail and wholesale. In a study conducted by the Office of Budget and Management in 1996, it was determined that the General Fund of the State receives more that $ 6 Million annually in return, over and above all operating expenses. We have added two more markets to the system since that time.

AGRICULTURAL CENTERS

The Marketing Division of NCDA&CS operates three Agricultural Centers located in:
FLETCHER – WILLIAMSTON – LUMBERTON.

These facilities are providing a service to the ever expanding Horse Industry in North Carolina as well as providing venues for a wide range of events that are educational, agriculture related, and/or entertaining. In addition to these events, the WNC Agricultural Center has become the home of the North Carolina Mountain State Fair, a very successful event with more than 178,000 attendees in the year 2000. These facilities provide a service to North Carolina citizens in areas that are often thought of as very rural, and are now becoming very urban due to income being derived from activities at these Agricultural Centers.

LIVESTOCK

Livestock Marketing Specialist assist NC producers with development and implementation of marketing avenues for beef and dairy cattle, swine, meat and dairy goat, sheep and horses. This encompasses grading live animals, developing and standardizing special livestock sales, coordinating buyers and sellers, providing assistance with genetic selection, developing and managing livestock shows, public auction sales, and live animal demonstrations. Livestock also coordinate and supervise NC producers with international and interstate livestock sales. The NC livestock producers depend on the livestock staff to stay abreast of new and developing opportunities, consumer concerns and pending threats of disaster such as BSE, Foot and Mouth disease, and West Nile virus. Also livestock specialist co-ordinate, develop and manage the livestock shows at the NC State Fair and the NC Mountain State Fair.

DIVISION OF MARKETING
OVERVIEW OF EXPANSION ITEMS

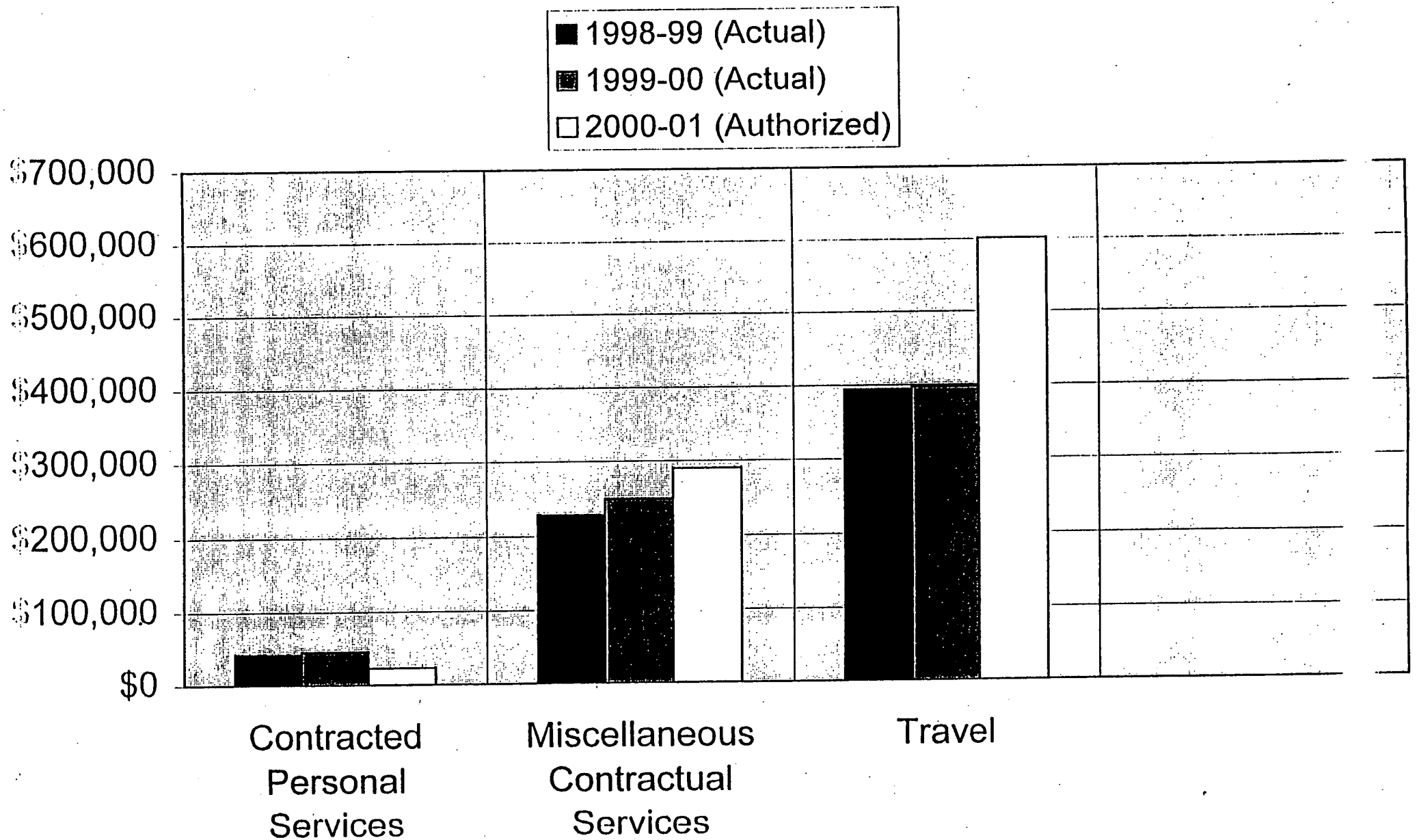
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Duplin County Agricultural Center	500,000 NR	
2. Goodness Grows in North Carolina	200,000 R	
3. Seafood and Aquaculture Marketing	300,000 R	
4. Local Farmers Markets Funds	100,000 NR	
5. Specialty Crops Funds	100,000 NR	
6. Specialty Foods Marketing		300,000 NR
7. Eastern Agriculture Center-Continued Development	1,000,000 NR	
8. Western NC Farmers Market-Expansion of Small Dealers Building	250,000 NR	
9. Southeastern Farmers Market & Agriculture Center-Cont. Development	500,000 NR	

New and Expanded Programs Since 1996

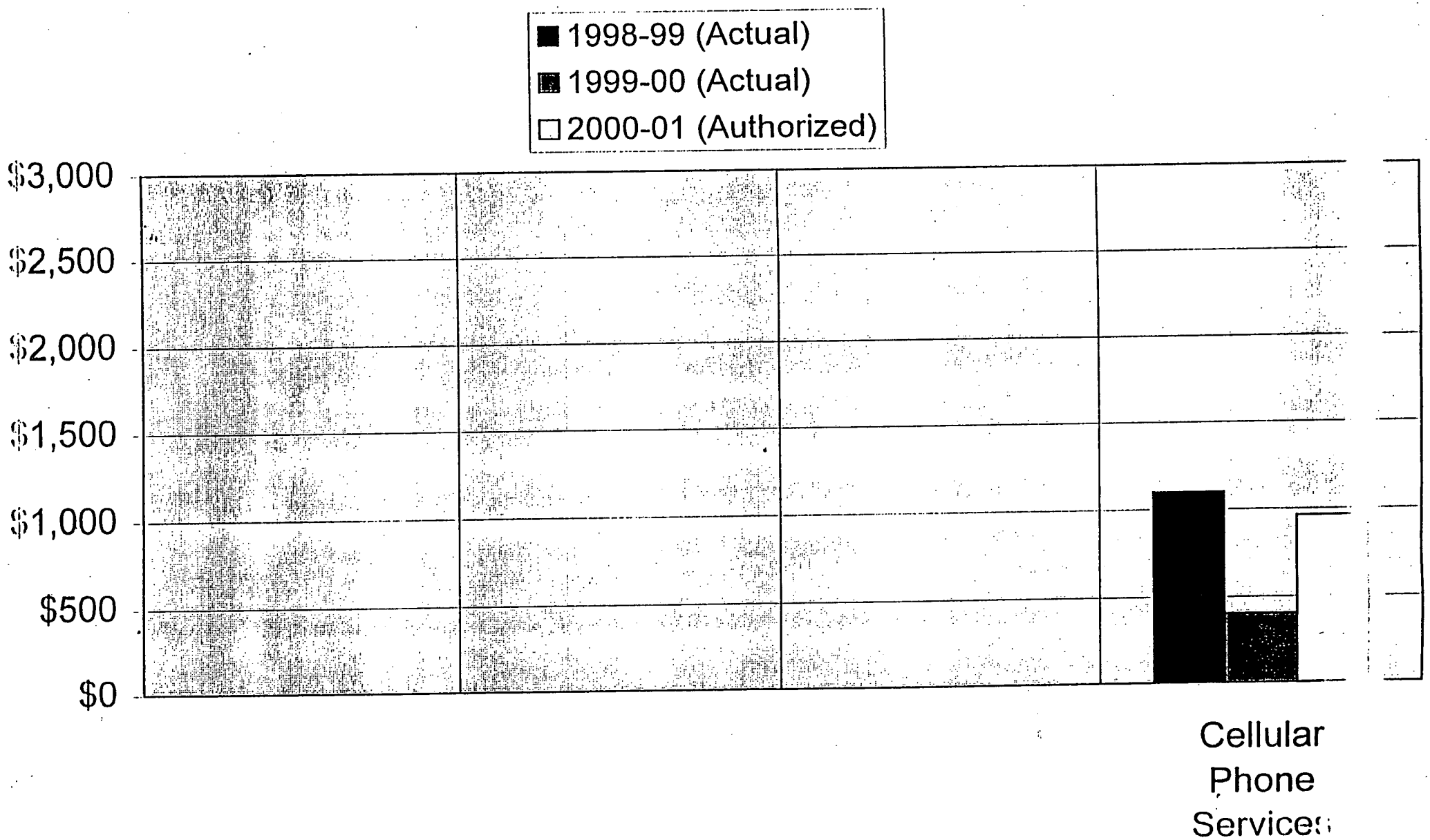
ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. International Marketing	155,444 R		
2. Grain Grading Training Program	73,188 R		
3. Grant In Aid (Western NC Development Assoc.)		37,000 R	

Agriculture & Consumer Services
Marketing
Comparison of Actual and Authorized Expenditures

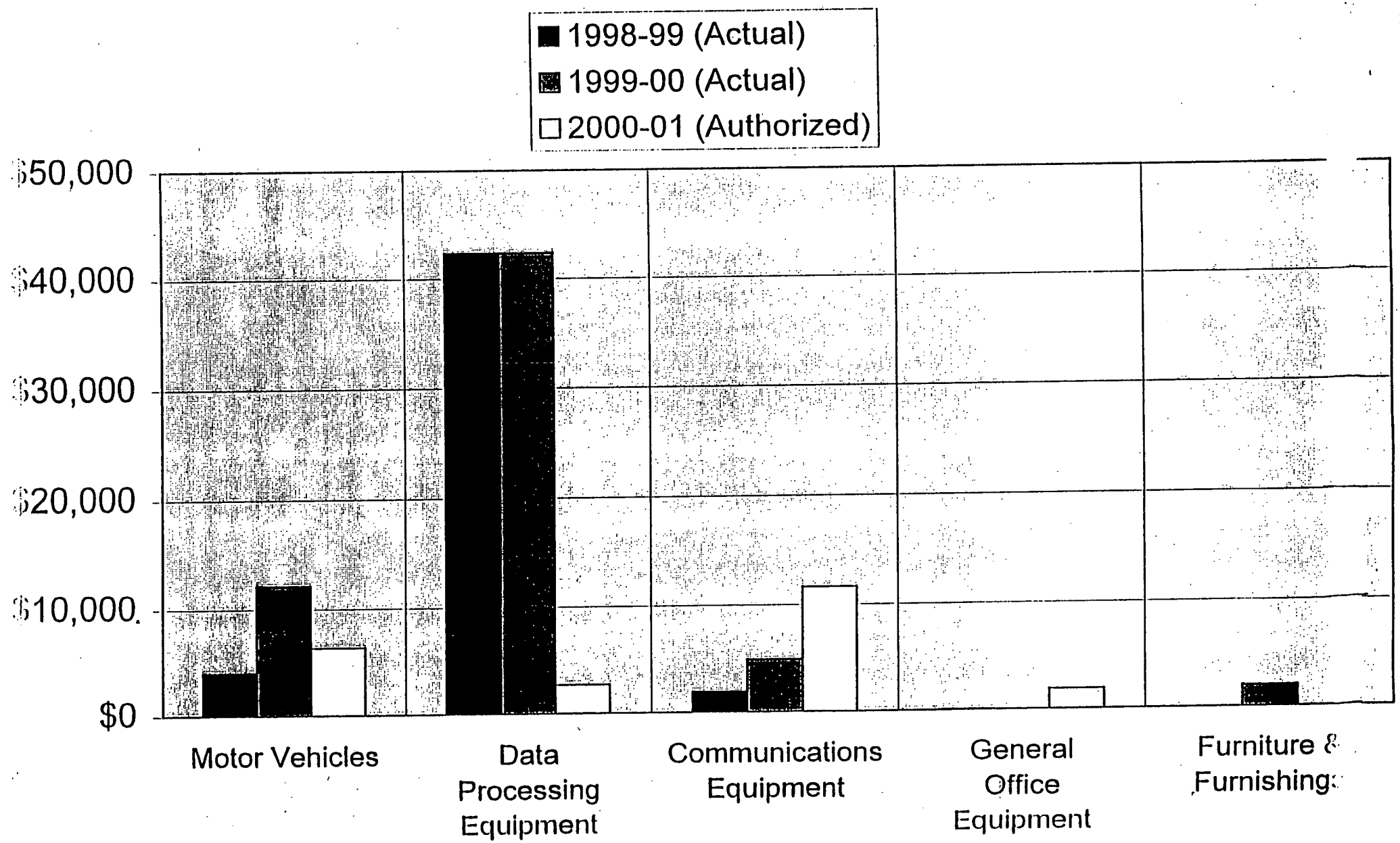


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Agriculture & Consumer Services
Marketing
Comparison of Actual and Authorized Expenditures

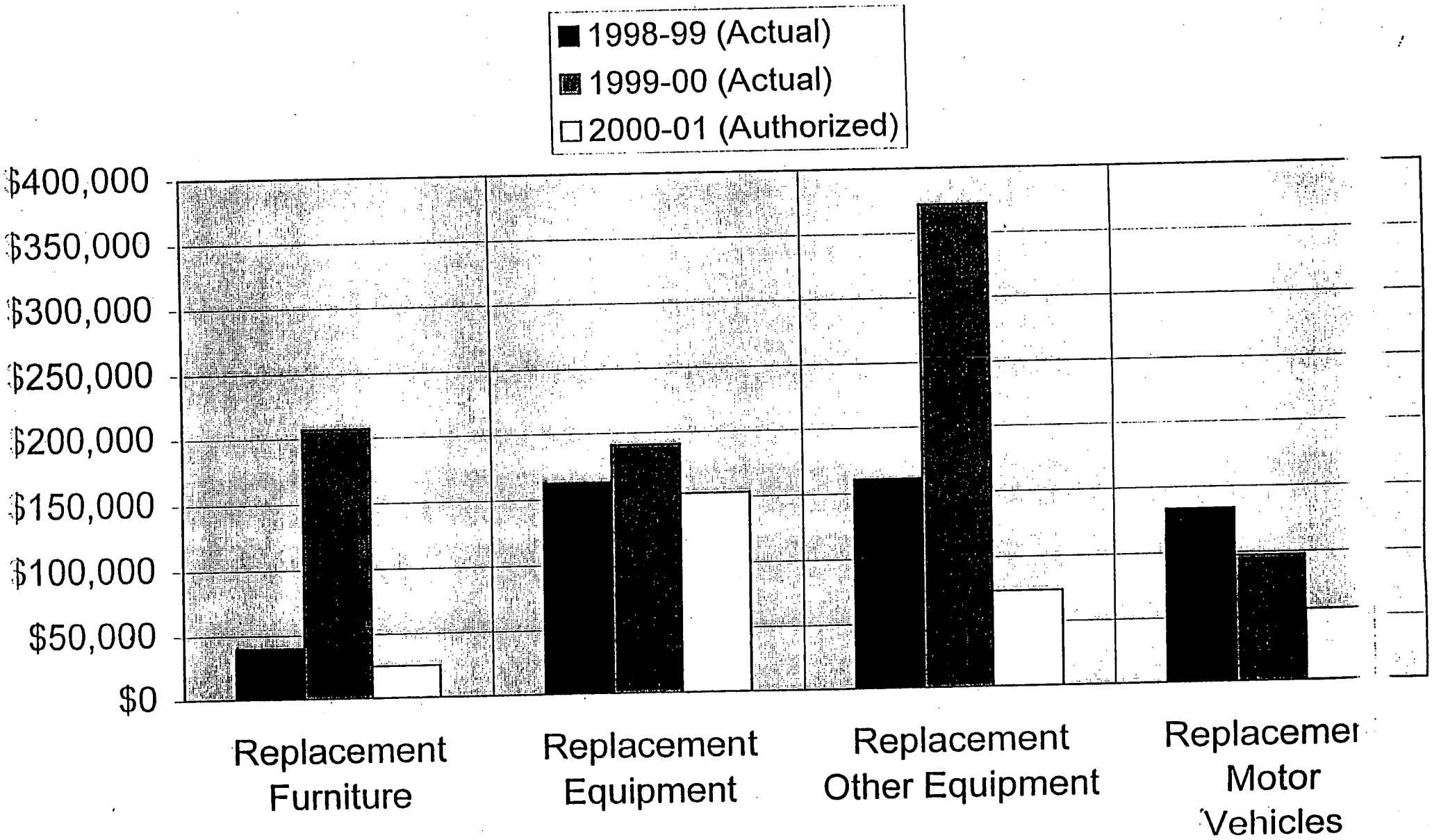


Agriculture & Consumer Services
Marketing
Comparison of Actual and Authorized Expenditures



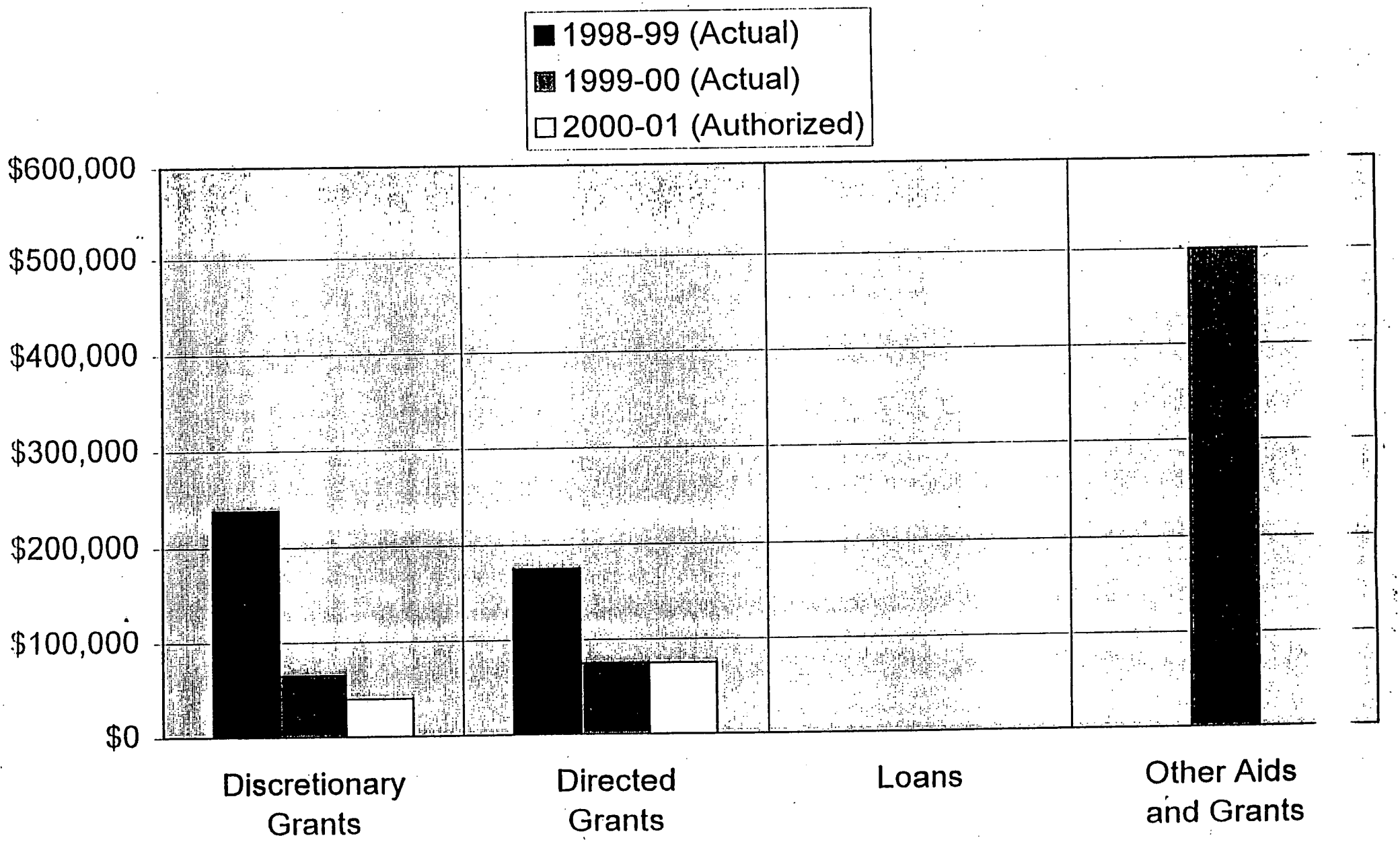
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Agriculture & Consumer Services
Marketing
Comparison of Actual and Authorized Expenditures



MKT

Agriculture & Consumer Services
Marketing
Comparison of Actual and Authorized Expenditures



MKT8

NC Department of Agriculture and Consumer Services
Division of Marketing

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
434410 Rental of Real Property-Charlotte*	01/27/2000		$3,093.75	01/27/00	Monthly	Undeterminable	7,290.08
434410 Rental of Real Property-Colfax							
Garden Center Lease	May, 1995		$3,500	07/17/00	Monthly	Undeterminable	34,901.05
Restaurant Lease	May, 1995		$2,000	05/01/95	Monthly	Undeterminable	24,000.00
434410 Rental of Real Property-Asheville	09/01/1979		$160 to $4,583	06/01/01	Monthly	Undeterminable	238,273.16
434410 Rental of Real Property-Lumberton	Open 4/23/00		$1 to $1,550	04/27/99	Daily	Undeterminable	8,035.50
434410 Rental of Real Property-Williamston	07/10/1998		$800 or 10%	07/10/98	Daily	Undeterminable	117,319.84
434410 Rental of Real Property-Raleigh FM	May, 1991		$555 to $7,252	1996	Monthly	Undeterminable	452,446.97
434410 Rental of Real Property-WNC Ag Ctr							
WNC Ag Center in Fletcher	June, 1967		$30 to $800	June, 1995	Daily	251	528,758.00
Mountain State Fair in Fletcher	Sept. 1994		$30-$40 SF	Sept., 1994	Daily	210	103,690.00
435700 Gate/Admission Fees - Charlotte**	03/05/1984		$7 to $1,000	03/01/01	Daily to Monthly	Undeterminable	119,992.22
435700 Gate/Admission Fees - Colfax	May, 1995		$6 to $7	05/01/95	Daily to Weekly	Undeterminable	214,969.02
435700 Gate/Admission Fees - Asheville	09/01/1979		$1 to $1,152	06/01/99	Daily to Monthly	Undeterminable	387,652.00
435700 Gate/Admission Fees - Lumberton	06/01/1999		$6	04/27/99	Daily	Undeterminable	24,473.00
435700 Gate/Admission Fees - Raleigh FM	May, 1991		$1 - $100	1994	Daily	Undeterminable	408,156.50
435700 Gate/Admission Fees - Mtn. Fair	Sept. 1994		$1.50 to $5.00	Sept., 1994	Daily	109,586	370,955.50

*Please note that until 1/27/00 all monthly payments were deposited to 435700. Account 434410 was not set up at this market until January, 2000. Only 3 months can be accounted for due to our wholesale tenant relocating to another facility. This building remained vacant until September 2000 and no rental fees were collected during this time.

**Total amount collected 99-00 does include $29,250 that was collected from our wholesale tenant and was deposited into this account since we did not have account 434410 until January 2000.

All fees are set by the NCDA&CS Board of Agriculture.

MKTG

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

3/13/01 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Lassiter	NCSTA
RB	NCFB
Britt Cobb	NCDA
Chuck Miller	NCDA
Bill Dickerson	NCDA+CS
Betty Gautier	NCDA&CS
Winston Sutton	NCDA+CS
Bruce Williamson	NCDA+CS
Vicki Worrell	NCDA+CS
Mary C. Beckerson	NCDA+CS
Joe Sanderson	NCDA+CS.
David Walker	NCDA&CS
Tonia Johnson	NCDA+CS
Robert Williams	NCDA+CS
N. David Smith	NCDA&CS
Paul Meyer	NCACC
Bill McLeod	NCDA&CS
David Day	NCDA+CS
Wells Lathrop	NCDA+CS
Pat Brumley	WNC Comm Devl. Assn.
Alan Foster	NCDA+CS
Jerry Harkey	N.C. Pork Council
Linda Powell	Technological Dev. Authority
David Marshall	NCDA+CS
John Allen	Allen Associates
John Goodman	Linwood Mercer & Assoc.
B. Rogers	DENR

VISITOR REGISTRATION SHEET

NER
Name of Committee

3/13/01
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ardis Jattins	SEANC

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 14, 2001 (Morning)
Senator David Weinstein, Presiding

1. **Chairman's Comments**

2. **Food Distribution Division**
   Jennifer Willis, Fiscal Research
   Gary Gay, Division Director

3. **Standards Division**
   Jennifer Willis, Fiscal Research
   Winston Sutton, Division Director

4. **Committee Discussion**

5. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 14 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 7 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Owens, Fox, Warren, Culp, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein called the meeting to order and announced that the Committee would meet in the afternoon at 1:30.

Jennifer Willis, Fiscal Research, gave an overview of the Food Distribution Division of the Department of Agriculture. This is Attachment A of these minutes. Ms. Willis stated that the Food Distribution Division requisitions, stores, and distributes US Department of Agriculture donated foods. The Division then distributes these products to primary and secondary schools, private schools, charitable institutions and needy households through offices and warehouses located in Butner, Salisbury, and the Cherokee Indian Reservation. The Division operates 9 federal government-feeding programs.

Mr. Gary Gay, Division Director of Food Distribution, gave the line item details of his Division. This is Attachment B of these minutes.

Jennifer Willis, Fiscal Research, presented the Standards Division of the Department of Agriculture. This is Attachment C of these minutes. The Standards Division protects the purchasers and sellers of any commodity by ensuring that uniform, national standards of weights and measures are used, protects users of petroleum products from inferior quality and inaccurate measurement, and protects the public from unsafe use, storage and transportation of liquefied petroleum and gas.

Mr. Winston Sutton, Division Director of the Standards Division, gave an overview of the budget for his Division. This is Attachment D of these minutes. He said the Standards Division is primarily a regulatory division. The Division is divided into four sections: Weights and Measures Inspection, Motor Fuels Inspection, LP-Gas Inspection, and Standards Laboratory. The Division operates two laboratories. These are Motor Fuels Laboratory and Standards Laboratory. The majority of the Division's positions are devoted to field inspections and laboratory operations. Representative Owens asked how many vacancies were in the inspection groups. He said presently there were eleven vacancies in the inspection group.

The meeting adjourned at 9:00 a.m.

Senator David Weinstein
Vice Chairman

Carolyn Godden
Committee Assistant

Attachment A

Department of Agriculture and Consumer Services

Food Distribution Division					
					Current Fiscal Year
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	2000-2001 Authorized (December 2000)
Expenditures	2,690,648	3,136,199	3,242,894	3,274,032	3,287,069
Less Receipts	(1,096,874)	(1,407,213)	(1,447,298)	(1,627,332)	(1,275,349)
State Appropriations	*1,593,774*	*1,728,986*	*1,795,596*	*1,646,699*	*2,011,720*
Positions	49	47	48	48	48

DIVISION ACTIVITIES

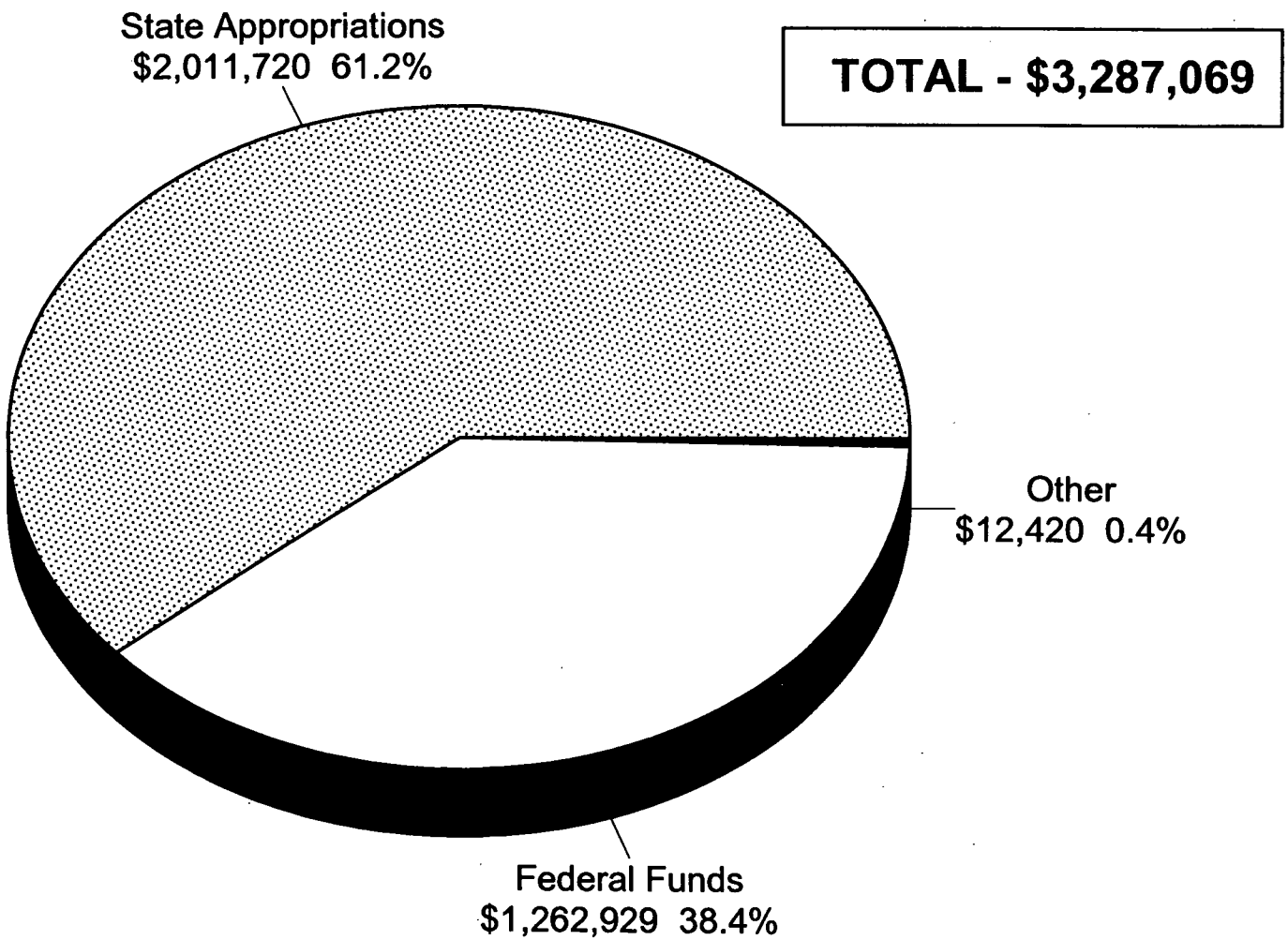
The Food Distribution Division requisitions, stores, and distributes U.S. Department of Agriculture donated foods. The Division distributes these products to primary and secondary schools, private schools, charitable institutions and needy households through offices and warehouses located in Butner, Salisbury, and the Cherokee Indian Reservation.

The Division operates 9 federal government feeding programs, the largest ones being the National School Lunch Program, the Emergency Food Assistance Program, and the Disaster Assistance Program. As of 6/30/00, the Division has worked with 510 agencies distributing food valued in excess of $29 million.

The Division also operates special initiatives, including a partnership with the Society of St. Andrews to glean 2-4 million pounds of produce from North Carolina fields each year, and working with the Department's Marketing Division on the Farm to School program to promote North Carolina produce in schools.

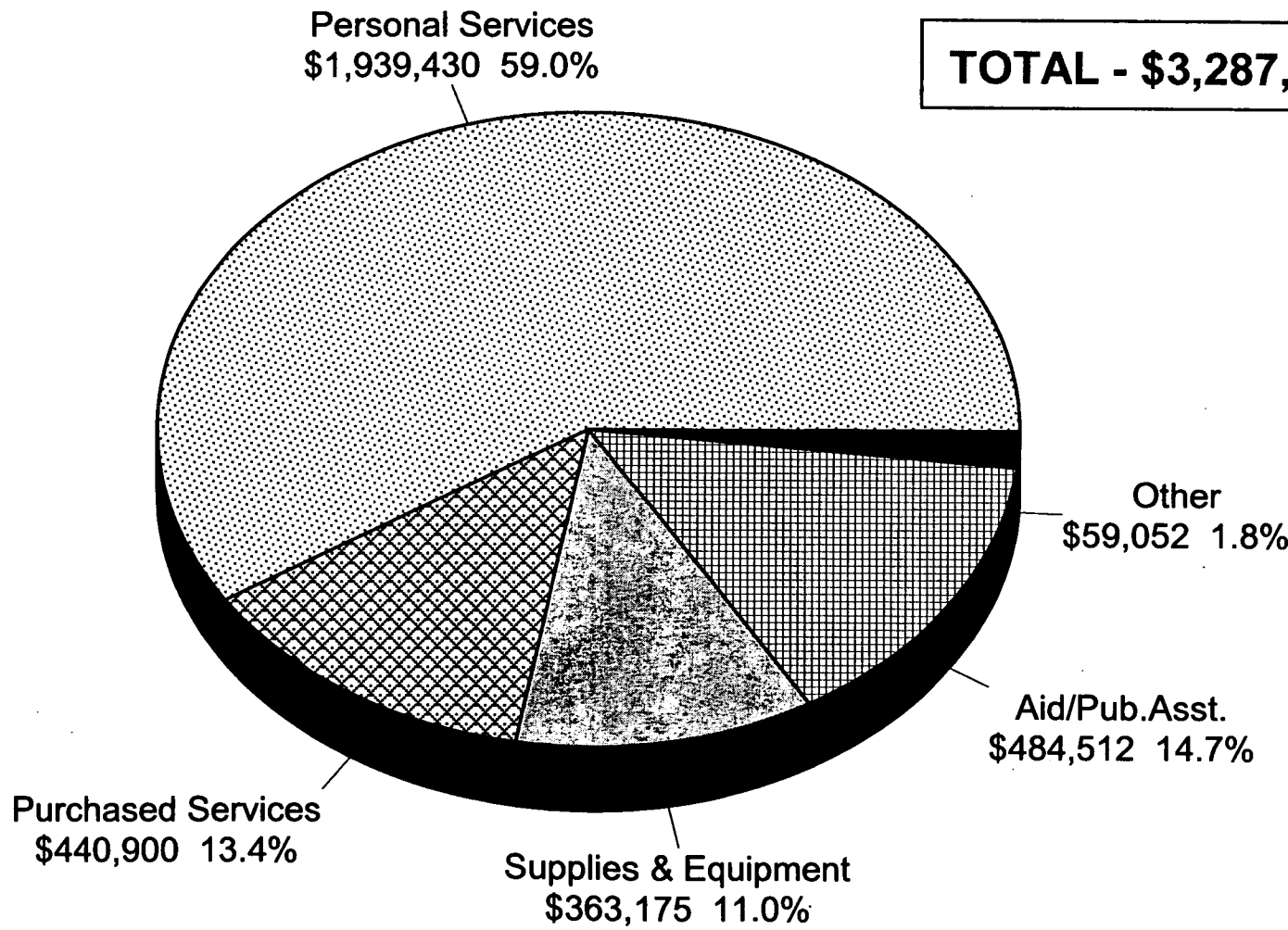
Food Distribution Division

FY 2000-01 (Authorized) Fund Sources

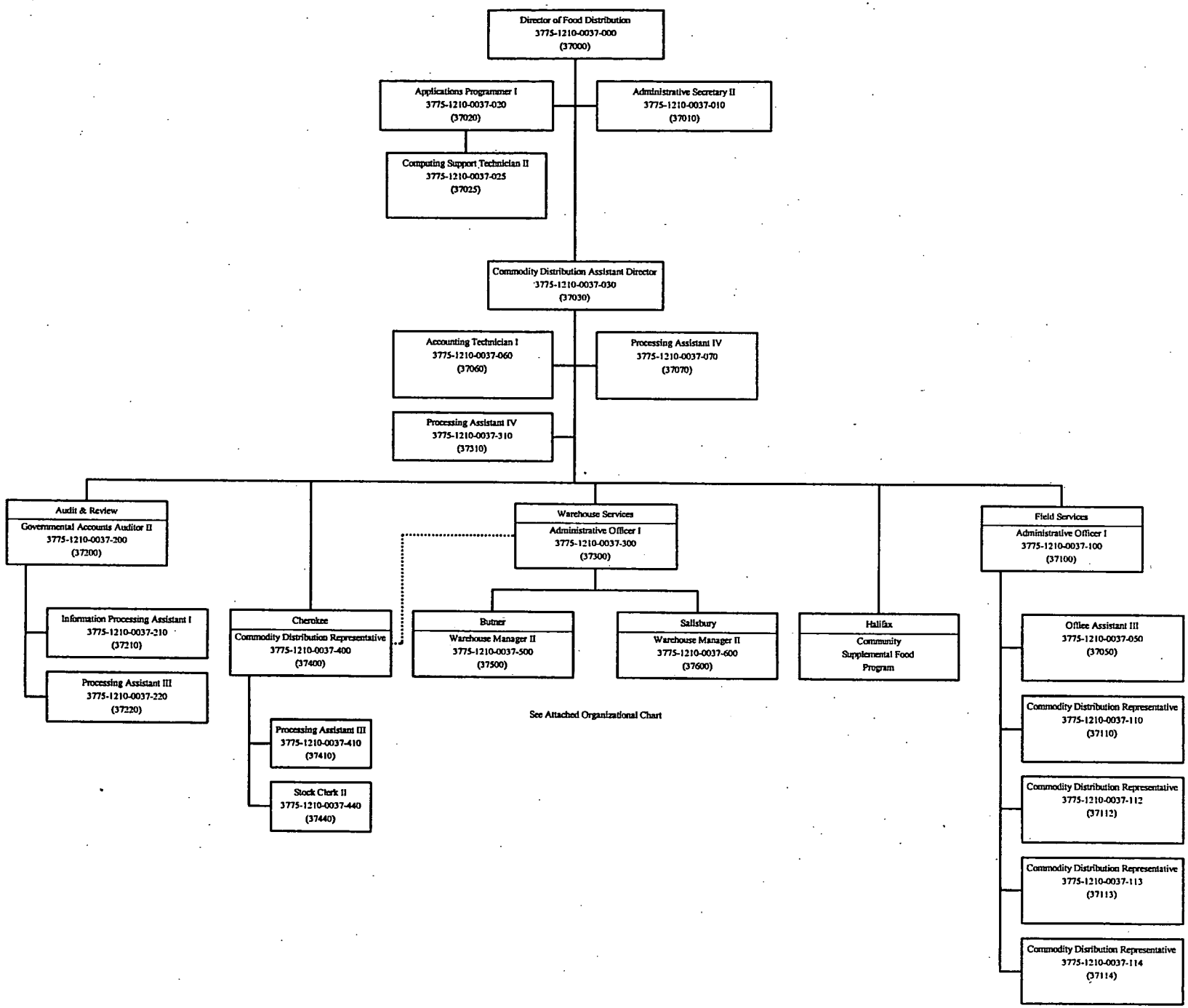


Food Distribution Division

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - March 2001


Director of Food Distribution
3775-1210-0037-000
(37000)
Applications Programmer I
3775-1210-0037-020
(37020)
Administrative Secretary II
3775-1210-0037-010
(37010)
Computing Support Technician II
3775-1210-0037-025
(37025)
Commodity Distribution Assistant Director
3775-1210-0037-030
(37030)
Accounting Technician I
3775-1210-0037-060
(37060)
Processing Assistant IV
3775-1210-0037-070
(37070)
Processing Assistant IV
3775-1210-0037-310
(37310)
Audit & Review
Governmental Accounts Auditor II
3775-1210-0037-200
(37200)
Information Processing Assistant I
3775-1210-0037-210
(37210)
Processing Assistant III
3775-1210-0037-220
(37220)
Cherokee
Commodity Distribution Representative
3775-1210-0037-400
(37400)
Processing Assistant III
3775-1210-0037-410
(37410)
Stock Clerk II
3775-1210-0037-440
(37440)
Warehouse Services
Administrative Officer I
3775-1210-0037-300
(37300)
Butner
Warehouse Manager II
3775-1210-0037-500
(37500)
Salisbury
Warehouse Manager II
3775-1210-0037-600
(37600)
Halifax
Community
Supplemental Food
Program
Field Services
Administrative Officer I
3775-1210-0037-100
(37100)
Office Assistant III
3775-1210-0037-050
(37050)
Commodity Distribution Representative
3775-1210-0037-110
(37110)
Commodity Distribution Representative
3775-1210-0037-112
(37112)
Commodity Distribution Representative
3775-1210-0037-113
(37113)
Commodity Distribution Representative
3775-1210-0037-114
(37114)
See Attached Organizational Chart

Attachment B

E Dist - 1

North Carolina Department of Agriculture & Consumer Services

Food Distribution Division
P.O. Box 659
Butner, North Carolina 27509

Telephone: 919-575-4490
Director: Gary W. Gay Facsimile: 919-575-4143

Division Overview

- We operate nine federal government feeding programs.

Program	Value of Food Distributed	# of Agencies	Location
NSLP	$ 22,435,969.02	184	Statewide
CI	142,374.56	44	Statewide
TEFAP	5,180,963.67	205	Statewide
FDPIR	171,628.00	1	Cherokee Indian Reservation
CSFP	207,836.45	1	Halifax County
AAA	109,062.29	1	Mecklenburg County
SF	93,601.80	27	Statewide
SC	68,826.50	47	Statewide
Disaster	1,055,386.45		Statewide
TOTAL	$ 29,465,648.74	510 agencies	

- We order, store, and distribute USDA commodities
- A division of 50 employees
- Administrative office located in Butner
- 4 employees who are based out of their homes
- We do reviews, training, workshops, and technical assistance for recipients

Special Division Initiatives

- Partnership with Society of St. Andrews
  Glean 2-4 million lbs. of produce per year
  We set aside $80,000-100,000 per year to operate this program
- Farm to School Program

- Promote NC produce to schools

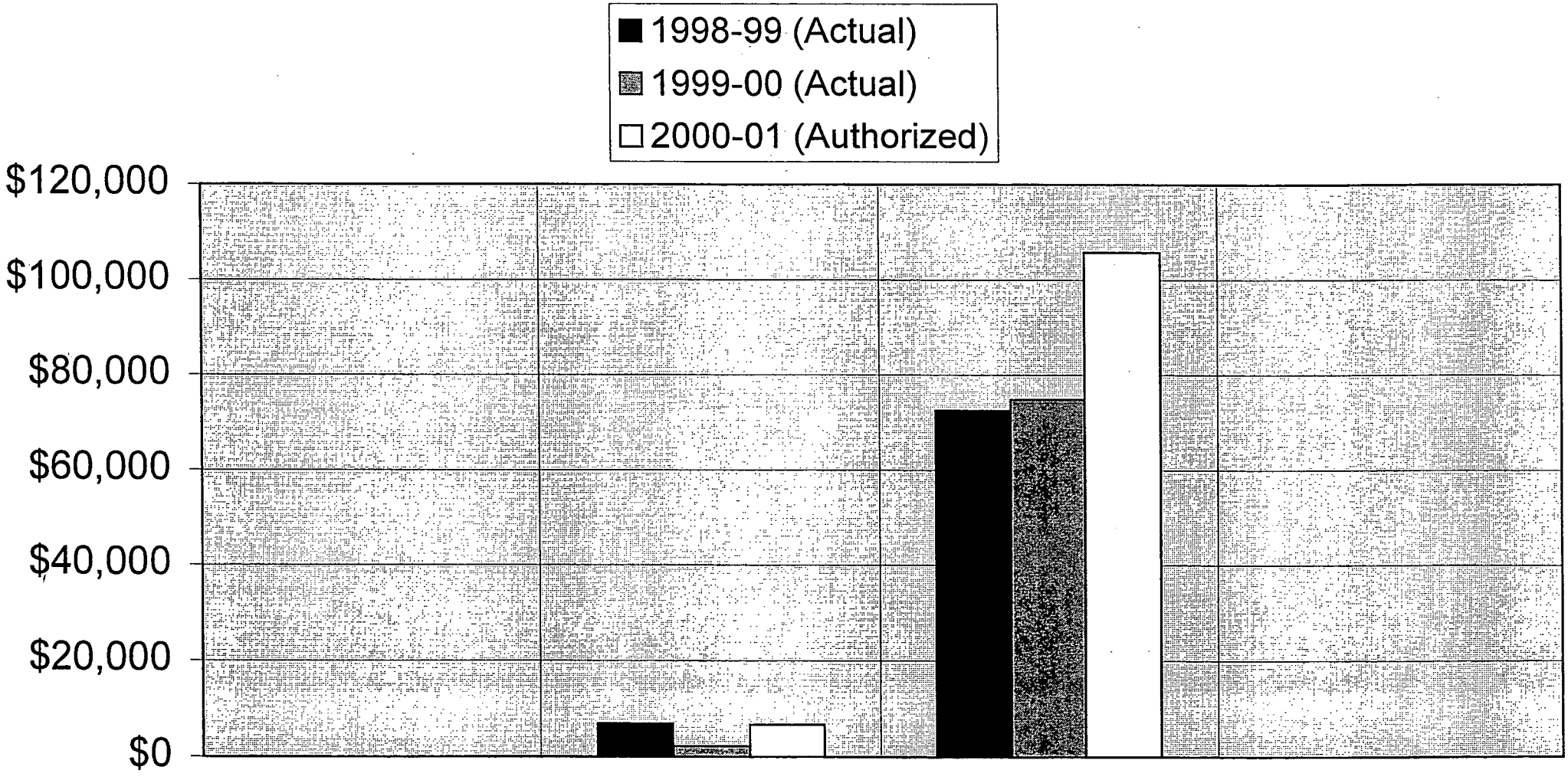
Strawberries	Broccoli
Watermelons	Cantaloupes
Cabbage	Apples
Sweet Potatoes	

Food Distribution Logistics

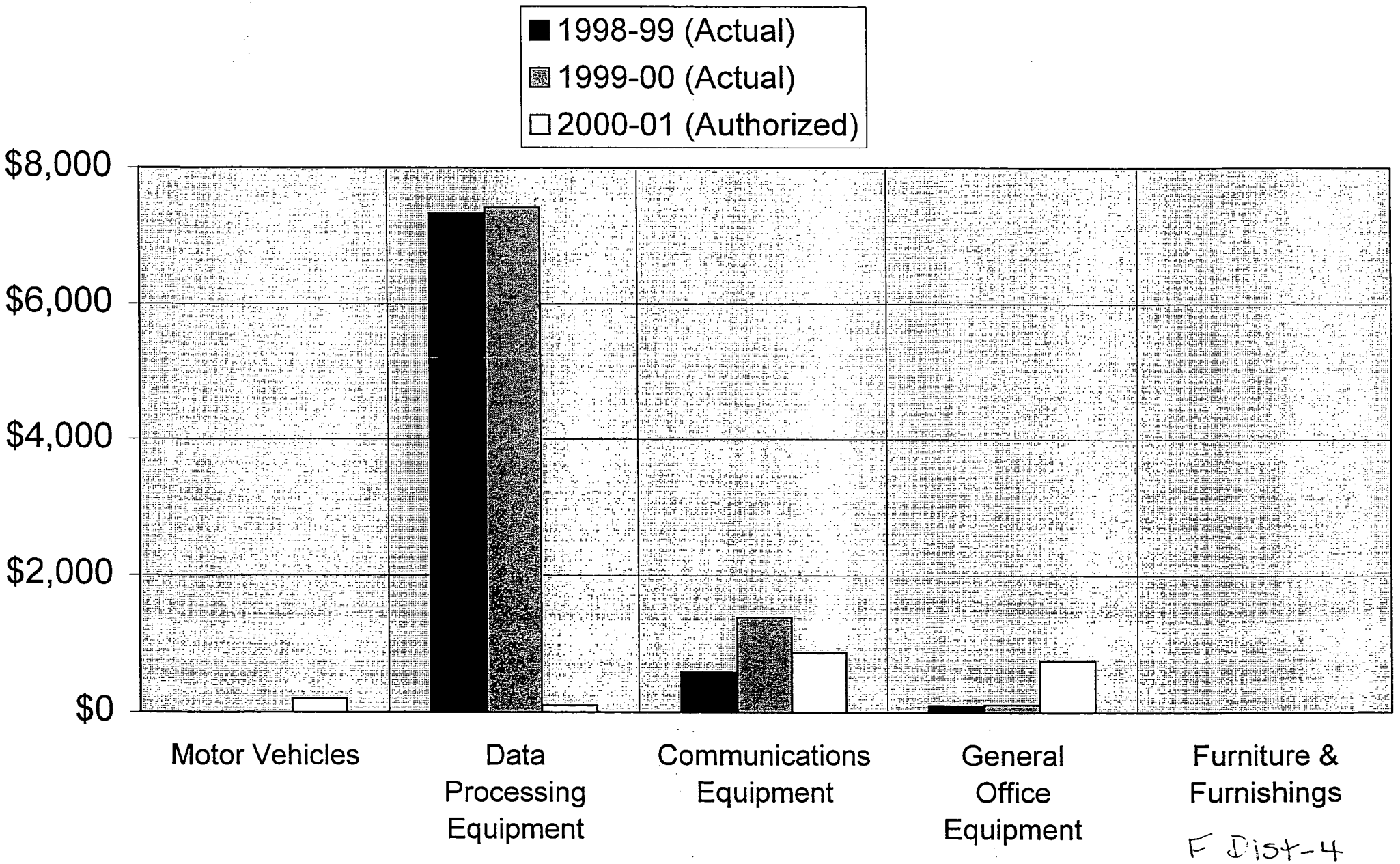
	Total square footage	Freezer and Cooler
• Butner	52,000	15,000
Salisbury	32,000	5,000

- We operate 11 tractor trailers
- We have our own maintenance shop in Butner

Agriculture & Consumer Services
Food Distribution
Comparison of Actual and Authorized Expenditures

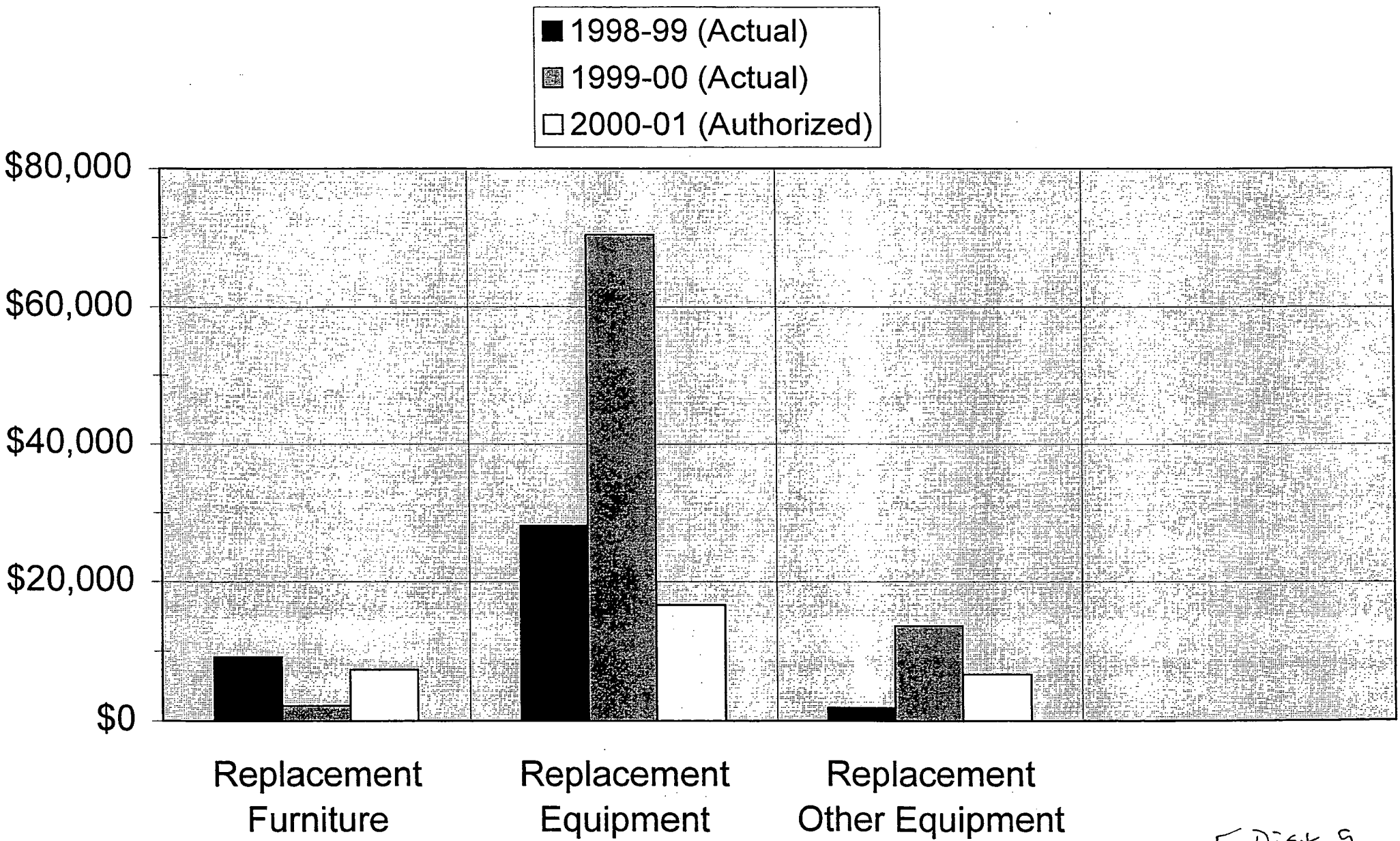


Agriculture & Consumer Services
Food Distribution
Comparison of Actual and Authorized Expenditures



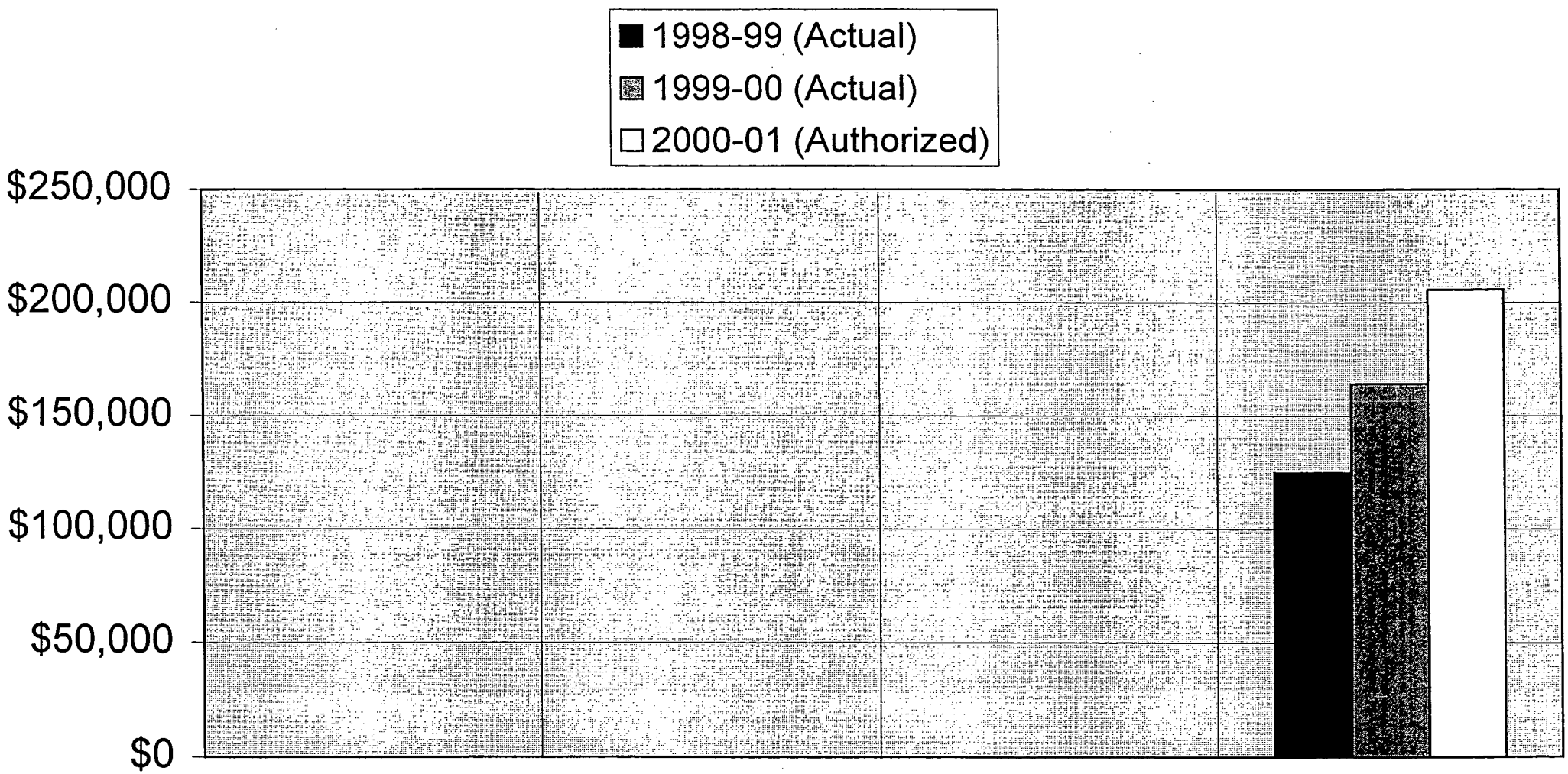
F Dist-4

Agriculture & Consumer Services
Food Distribution
Comparison of Actual and Authorized Expenditures



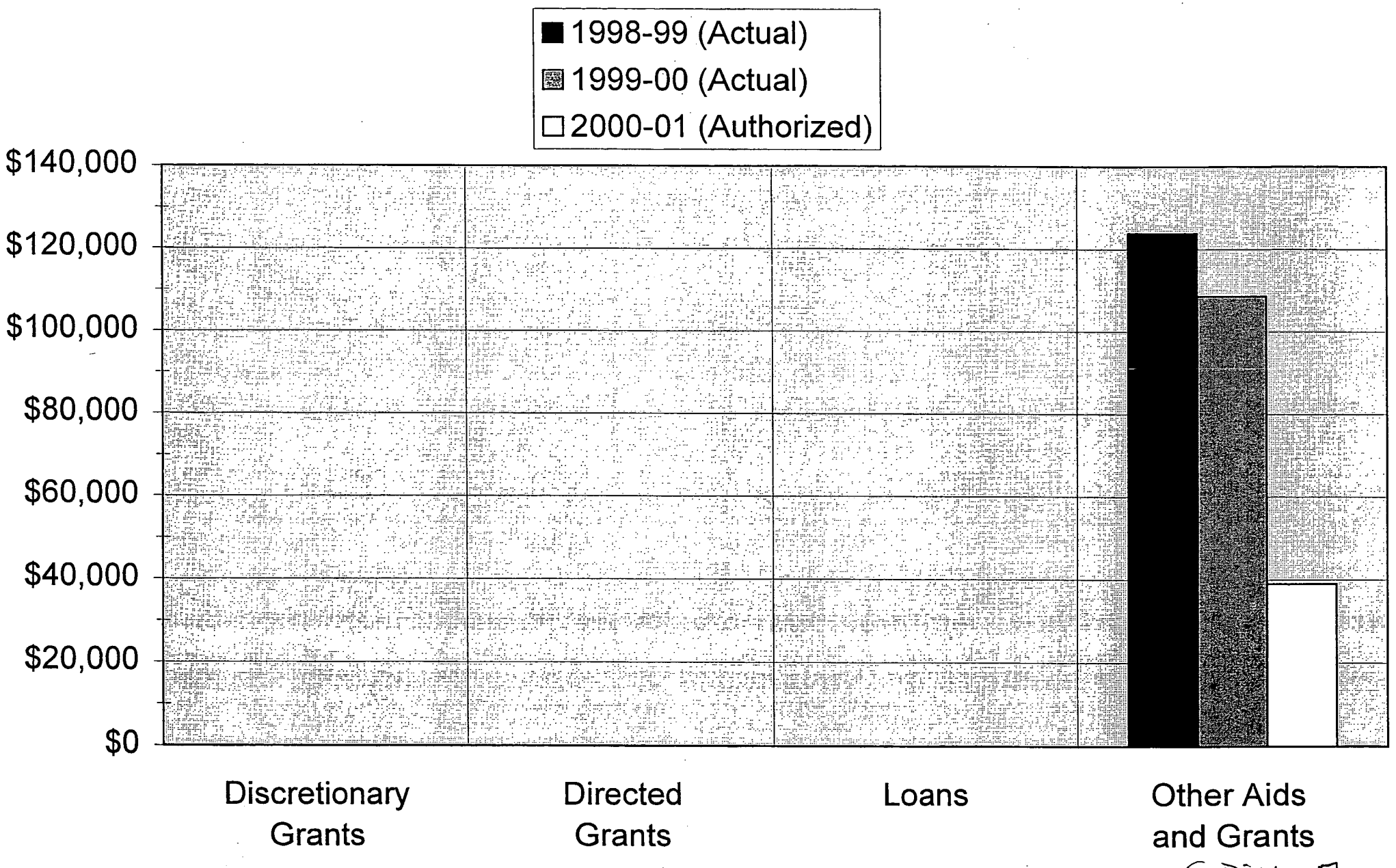
F Dist-5

Agriculture & Consumer Services
Food Distribution
Comparison of Actual and Authorized Expenditures



F Dist -6

Agriculture & Consumer Services
Food Distribution
Comparison of Actual and Authorized Expenditures



Attachment C

Department of Agriculture and Consumer Services

Standards Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	4,523,839	4,615,914	4,718,051	4,791,563	5,445,197
Less Receipts	(3,424,381)	(3,649,851)	(3,652,619)	(3,661,705)	(4,195,122)
State Appropriations	*1,099,458*	*966,063*	*1,065,433*	*1,129,857*	*1,250,075*
Positions	99	99	99	99	101

DIVISION ACTIVITIES

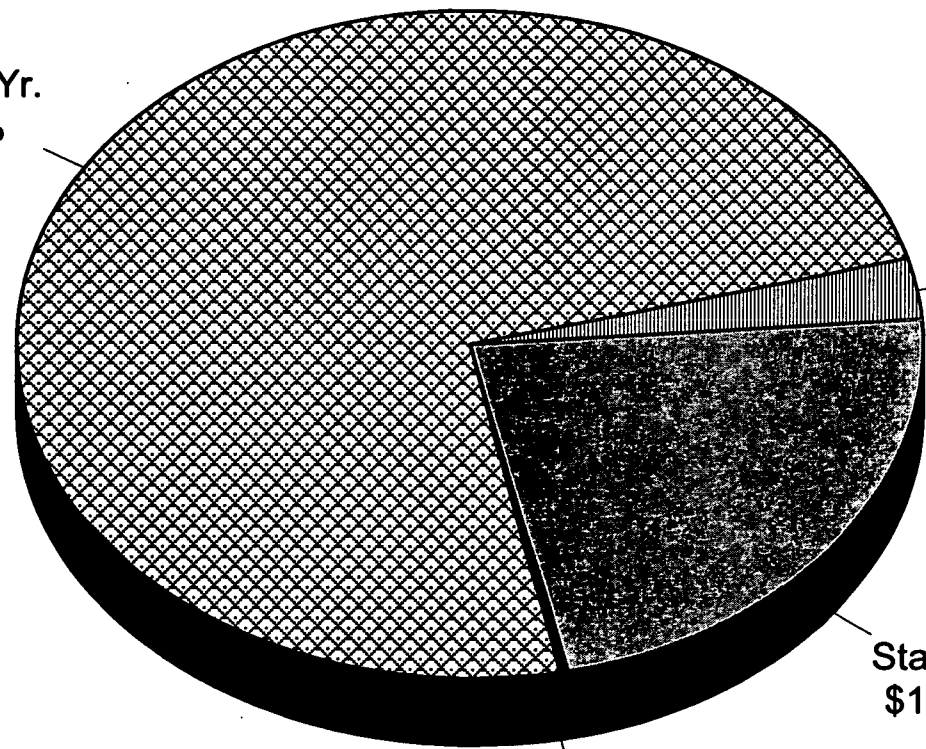
The Standards Division protects the purchasers and sellers of any commodity by ensuring that uniform, national standards of weights and measures are used, protects users of petroleum products from inferior quality and inaccurate measurement, and protects the public from unsafe use, storage and transportation of liquefied petroleum and gas.

The Standards Division is primarily a regulatory division charged with administering the Weights and Measures Act of 1975, the Gasoline and Oil Inspections Law, and the LP-Gas Inspection Law. The division operates laboratories for petroleum quality testing (Motor Fuels Laboratory) and measurements standards (Standards Laboratory). The majority of the Division's staff is devoted to field inspections and laboratory operations.

Standards Division

FY 2000-01 (Authorized) Fund Sources

TOTAL - $5,445,197

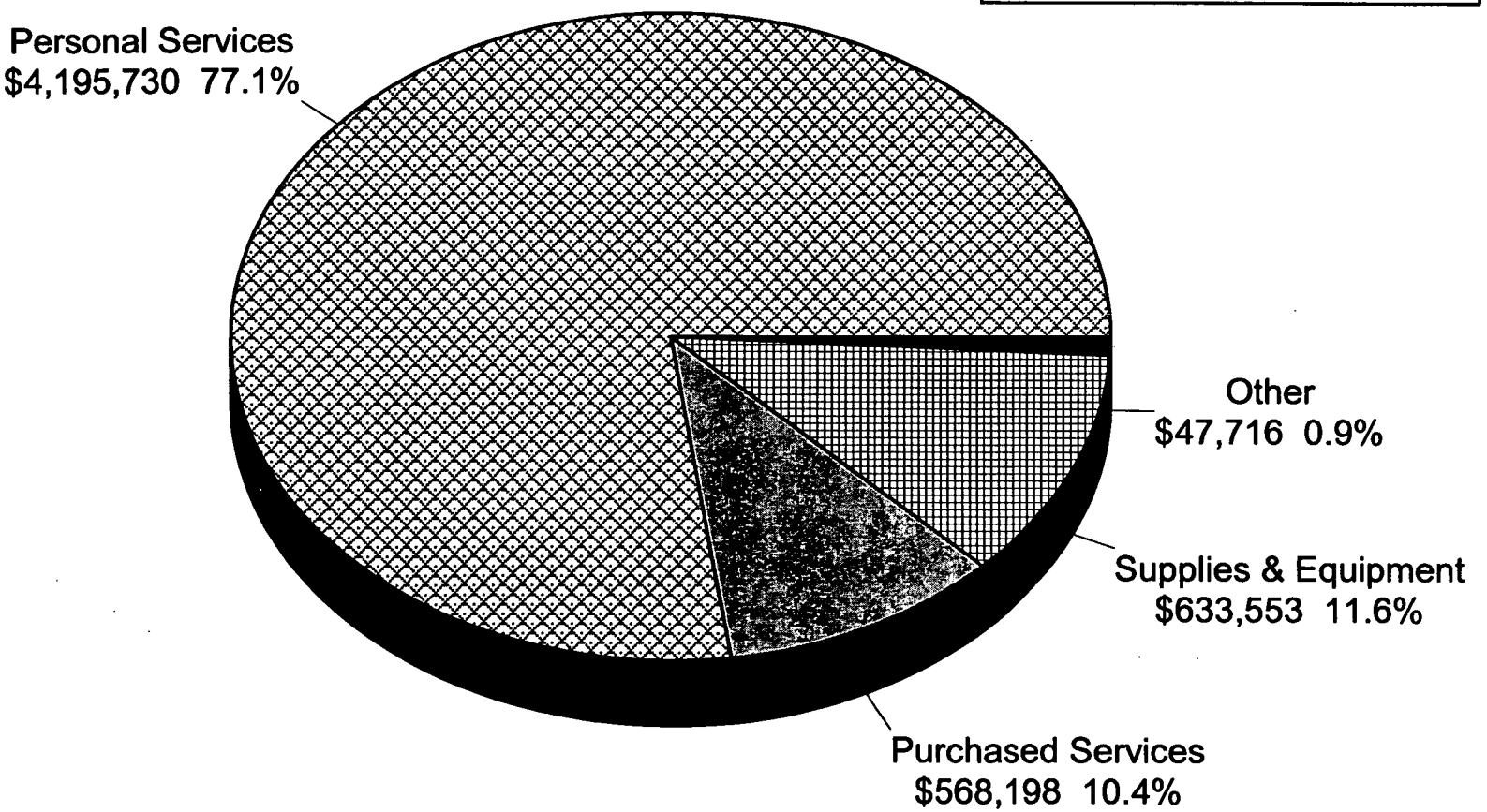


Fiscal Research Division - March 2001

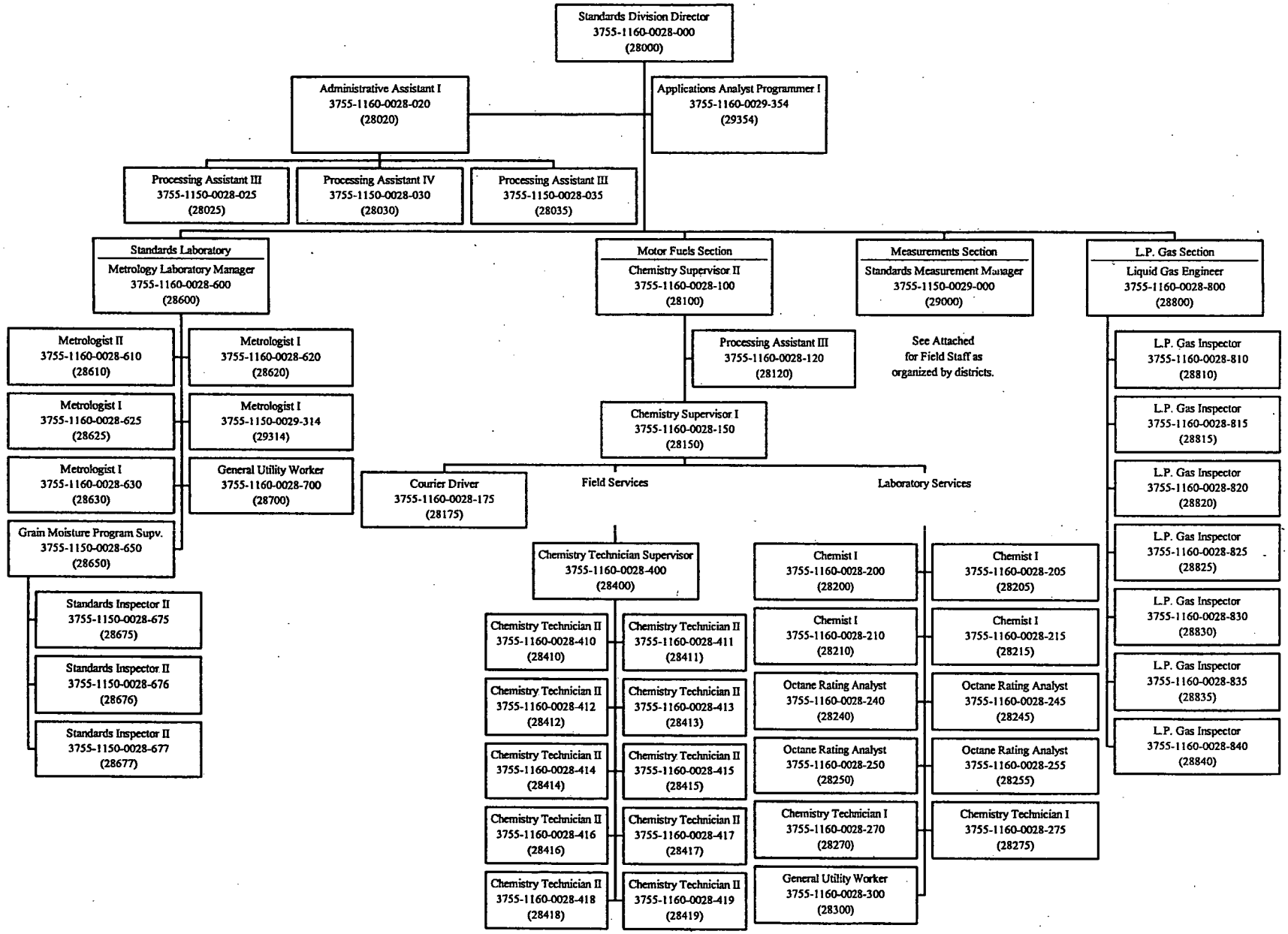
Standards Division

FY 2000-01 (Authorized) Expenditures By Category

TOTAL - $5,445,197



Fiscal Research Division - March 2001


Standards Division Director
3755-1160-0028-000
(28000)
Administrative Assistant I
3755-1160-0028-020
(28020)
Applications Analyst Programmer I
3755-1160-0029-354
(29354)
Processing Assistant III
3755-1150-0028-025
(28025)
Processing Assistant IV
3755-1150-0028-030
(28030)
Processing Assistant III
3755-1150-0028-035
(28035)
Standards Laboratory
Metrology Laboratory Manager
3755-1160-0028-600
(28600)
Motor Fuels Section
Chemistry Supervisor II
3755-1160-0028-100
(28100)
Measurements Section
Standards Measurement Manager
3755-1150-0029-000
(29000)
L.P. Gas Section
Liquid Gas Engineer
3755-1160-0028-800
(28800)
Metrologist II
3755-1160-0028-610
(28610)
Metrologist I
3755-1160-0028-620
(28620)
Metrologist I
3755-1160-0028-625
(28625)
Metrologist I
3755-1150-0029-314
(29314)
Metrologist I
3755-1160-0028-630
(28630)
General Utility Worker
3755-1160-0028-700
(28700)
Grain Moisture Program Supv.
3755-1150-0028-650
(28650)
Standards Inspector II
3755-1150-0028-675
(28675)
Standards Inspector II
3755-1150-0028-676
(28676)
Standards Inspector II
3755-1150-0028-677
(28677)
Processing Assistant III
3755-1160-0028-120
(28120)
See Attached
for Field Staff as
organized by districts.
Chemistry Supervisor I
3755-1160-0028-150
(28150)
Courier Driver
3755-1160-0028-175
(28175)
Field Services
Laboratory Services
Chemistry Technician Supervisor
3755-1160-0028-400
(28400)
Chemistry Technician II
3755-1160-0028-410
(28410)
Chemistry Technician II
3755-1160-0028-411
(28411)
Chemistry Technician II
3755-1160-0028-412
(28412)
Chemistry Technician II
3755-1160-0028-413
(28413)
Chemistry Technician II
3755-1160-0028-414
(28414)
Chemistry Technician II
3755-1160-0028-415
(28415)
Chemistry Technician II
3755-1160-0028-416
(28416)
Chemistry Technician II
3755-1160-0028-417
(28417)
Chemistry Technician II
3755-1160-0028-418
(28418)
Chemistry Technician II
3755-1160-0028-419
(28419)
Chemist I
3755-1160-0028-200
(28200)
Chemist I
3755-1160-0028-205
(28205)
Chemist I
3755-1160-0028-210
(28210)
Chemist I
3755-1160-0028-215
(28215)
Octane Rating Analyst
3755-1160-0028-240
(28240)
Octane Rating Analyst
3755-1160-0028-245
(28245)
Octane Rating Analyst
3755-1160-0028-250
(28250)
Octane Rating Analyst
3755-1160-0028-255
(28255)
Chemistry Technician I
3755-1160-0028-270
(28270)
Chemistry Technician I
3755-1160-0028-275
(28275)
General Utility Worker
3755-1160-0028-300
(28300)
L.P. Gas Inspector
3755-1160-0028-810
(28810)
L.P. Gas Inspector
3755-1160-0028-815
(28815)
L.P. Gas Inspector
3755-1160-0028-820
(28820)
L.P. Gas Inspector
3755-1160-0028-825
(28825)
L.P. Gas Inspector
3755-1160-0028-830
(28830)
L.P. Gas Inspector
3755-1160-0028-835
(28835)
L.P. Gas Inspector
3755-1160-0028-840
(28840)

AG-33

Attachment D

North Carolina Department of Agriculture & Consumer Services

Standards Division
P.O. Box 27647
Raleigh, NC 27611

Telephone 919-733-3313
E. Winston Sutton, Director **Facsimile 919-715-0524**

Division Overview

- The Standards Division is primarily a regulatory division
- Administer the Weights and Measures Act of 1975, the Gasoline and Oil Inspection Law, and the LP-Gas Inspection Law
- Mission is to protect the public from the use of inaccurate weights and measures, from the purchase of inferior petroleum products, and from unsafe acts involving the use of LP-Gas by delivering comprehensive and responsive inspection services
- Division divided into four sections
  - Weights and Measures Inspection
  - Motor Fuels Inspection
  - LP-Gas Inspection
  - Standards Laboratory
- Division operates two laboratories
  - Motor Fuels Laboratory (petroleum quality testing)
  - Standards Laboratory (measurement standards)
- Majority of the division's positions are devoted to field inspections and laboratory operations
  - Main office-6 positions
  - Motor Fuels Laboratory-15 positions
  - Standards Laboratory-10 positions
  - Field Inspectors-66 positions

Inspection Activities

- Inspectors are located throughout the state and are assigned specific territories
- Complaints are given the highest priority
- Most inspections performed on a random, unannounced basis
- Businesses typically inspected by the Measurement Section
  - Retail petroleum outlets
  - Wholesale petroleum terminals
  - Marketer (jobber) locations
  - Grocery stores
  - Grain terminals and feed mills
  - Sand and gravel quarries
  - Farmers markets and other produce outlets
  - Any retail location using price scanning
  - Livestock dealers
  - Wholesale distribution terminals
  - Taxicab companies

- Businesses typically inspected by the Motor Fuels Inspection Section
  - Retail petroleum outlets
  - Petroleum terminals
  - Marketer (jobber) locations
  - Motor oil service outlets (service stations, quick lubes, automobile dealerships, etc. Bottled motor oil is also inspected at grocery stores, pharmacies and general merchandise and auto parts stores)
  - When responding to complaints inspectors sometimes visit private businesses and residences
- Locations typically inspected by the LP-Gas Inspection Section
  - Propane dealers and other propane retailers
  - Propane terminals
  - Industrial plants
  - Farms
  - Private businesses and residences
- Standards Laboratory
  - Provides measurement services to more than 500 businesses
  - Grain moisture meter inspections performed at grain elevators, feed mills, and farmer locations

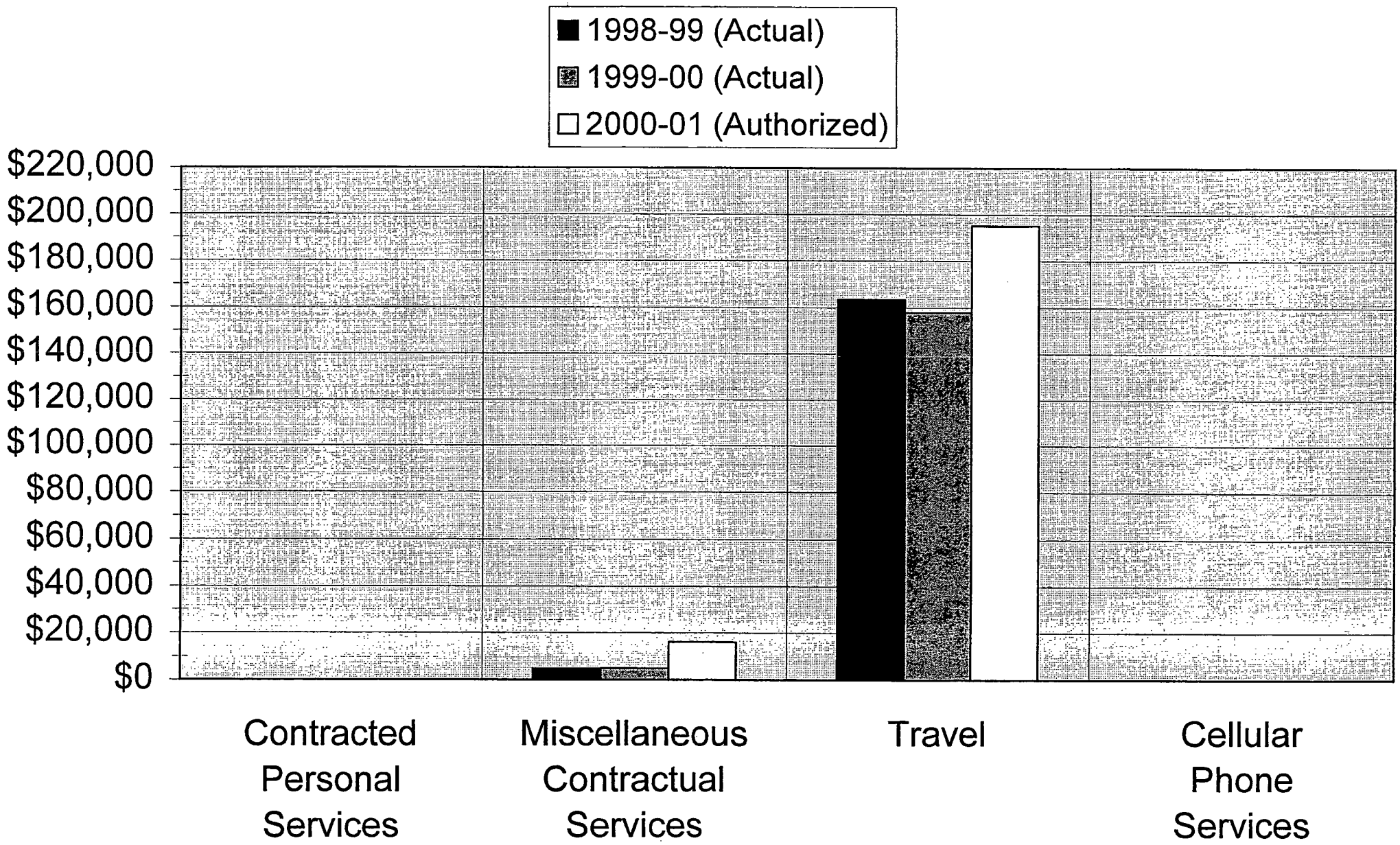
Interagency Cooperation

- Assist the Department of Revenue with highway fuel sales information and records
- Perform laboratory analysis for Revenue and DMV on suspected non-taxed diesel fuel
- Perform Stage I Vapor Recovery inspections and underground petroleum storage tank leak detection inspections for DENR
- Assist National Institute of Standards and Technology (NIST) with management of state laboratory programs for Southeastern US.
- Test highway weight enforcement scales for DMV
- Assist the SBI, FBI, FAA, fire marshals, school systems, and local governments upon request

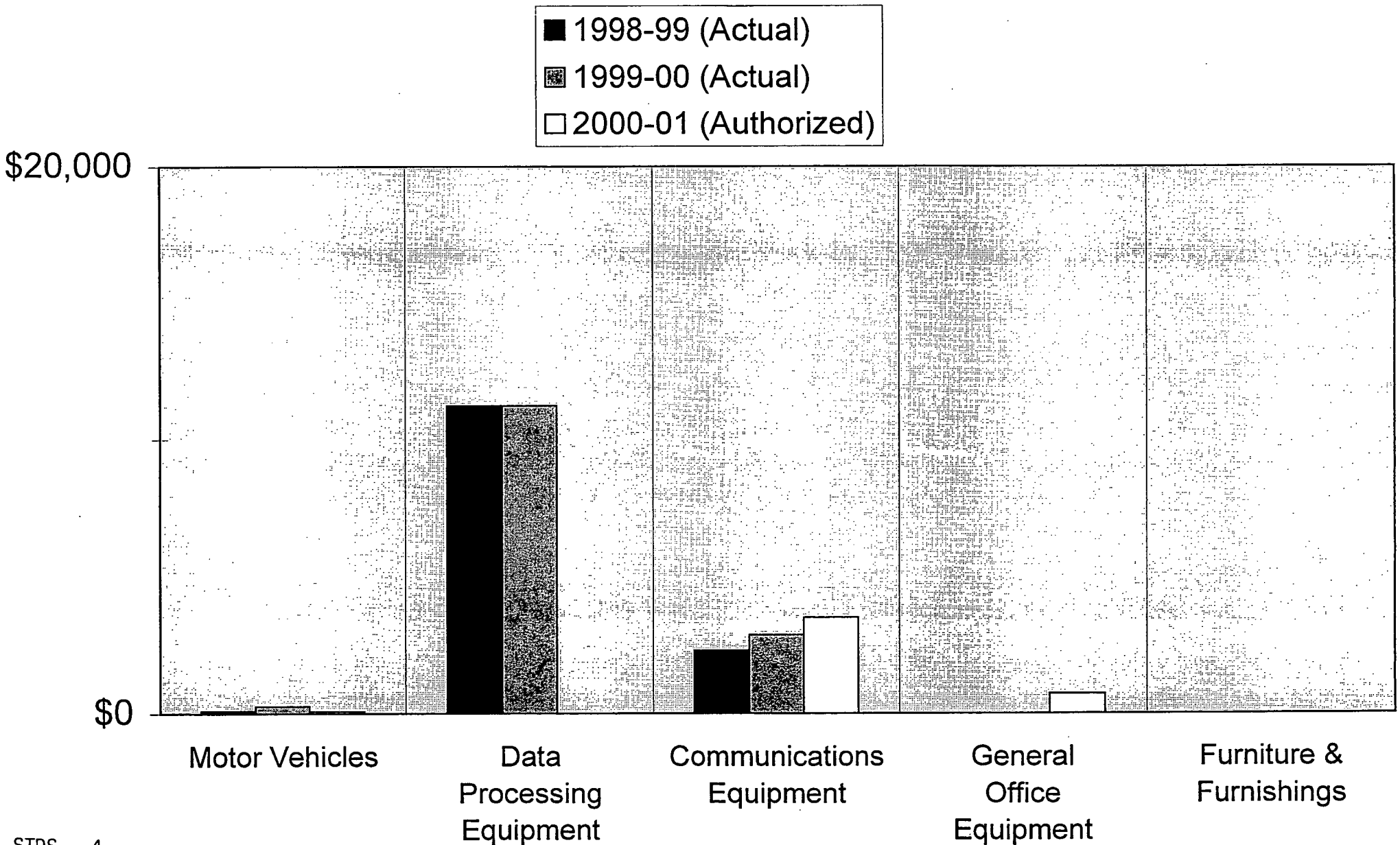
Selected Program Statistics for FY 1999-2000

• Retail fuel dispensers inspected	99,632
• General scales inspected	28,236
• Large capacity scales inspected	4,303
• Gasoline, diesel, and kerosene samples tested	41,579
• Lube oil samples tested	3,605
• Businesses with price scanning systems inspected	1,195
• LP-Gas installations inspected	12,910
• Truck meters inspected (fuel oil and propane)	5,302
• Measurement standards certified by the Standards Lab	20,661
• Moisture meters inspected	737
• Packages inspected for net contents compliance	2.8 million

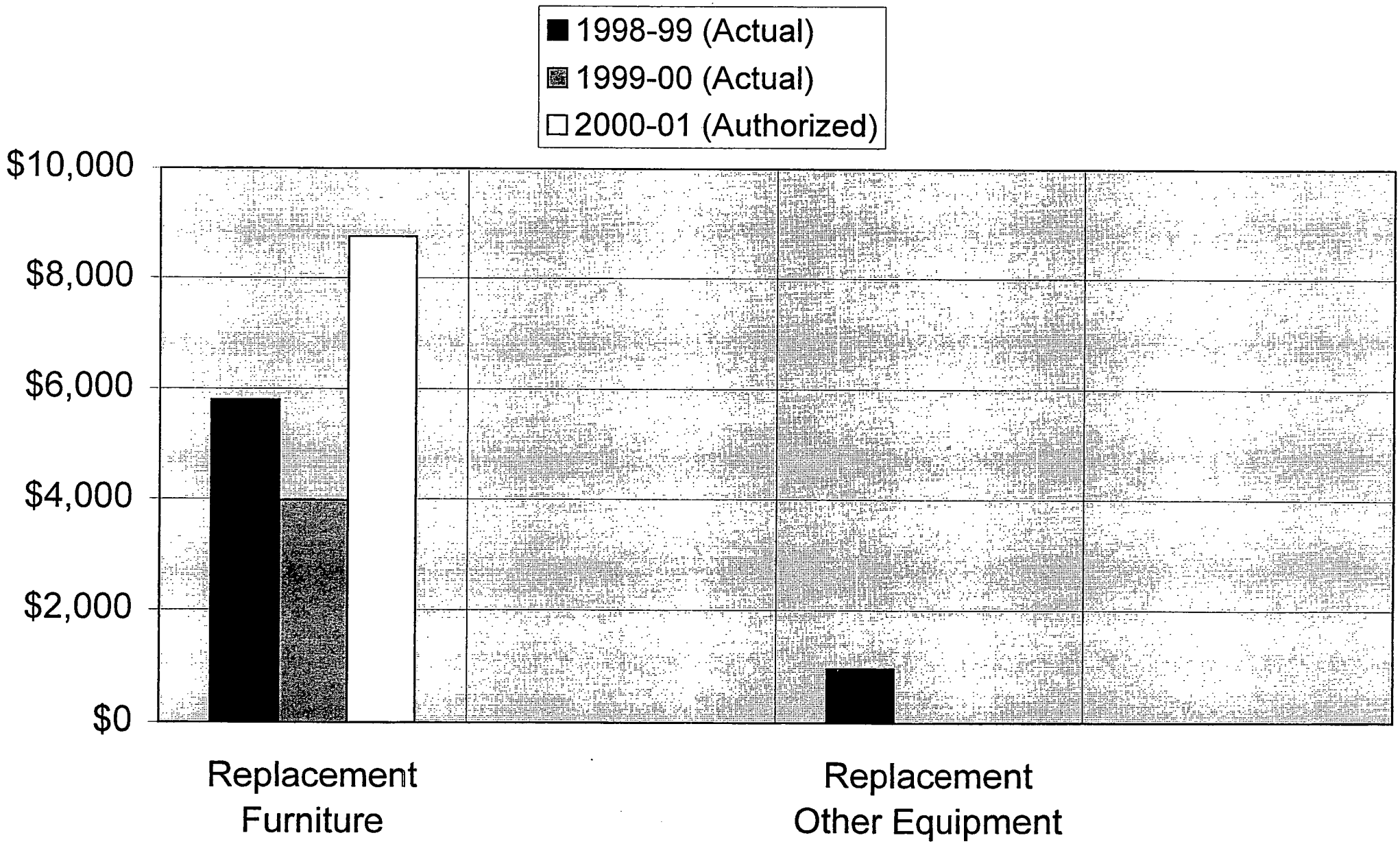
Agriculture & Consumer Services
Standards
Comparison of Actual and Authorized Expenditures



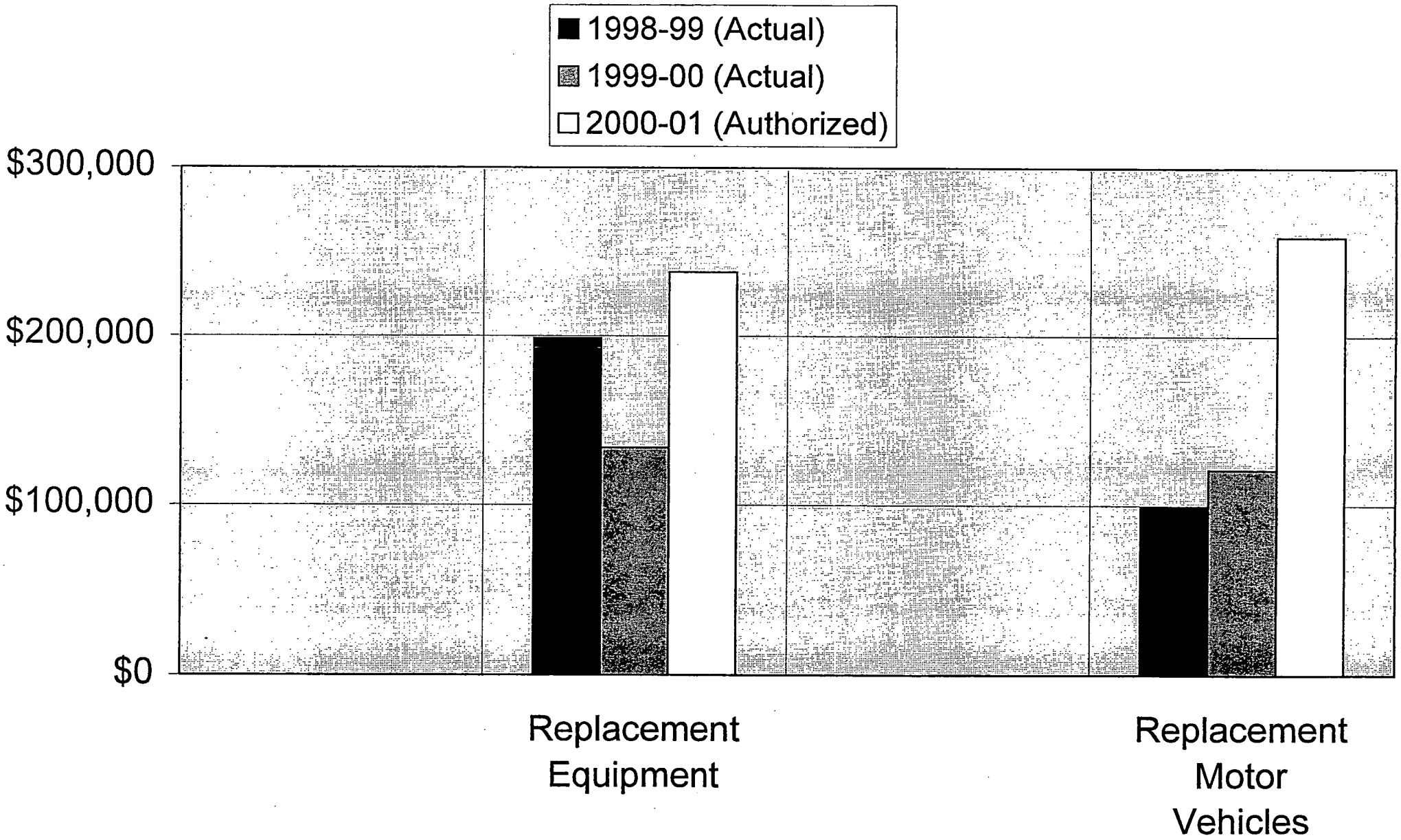
Agriculture & Consumer Services
Standards
Comparison of Actual and Authorized Expenditures



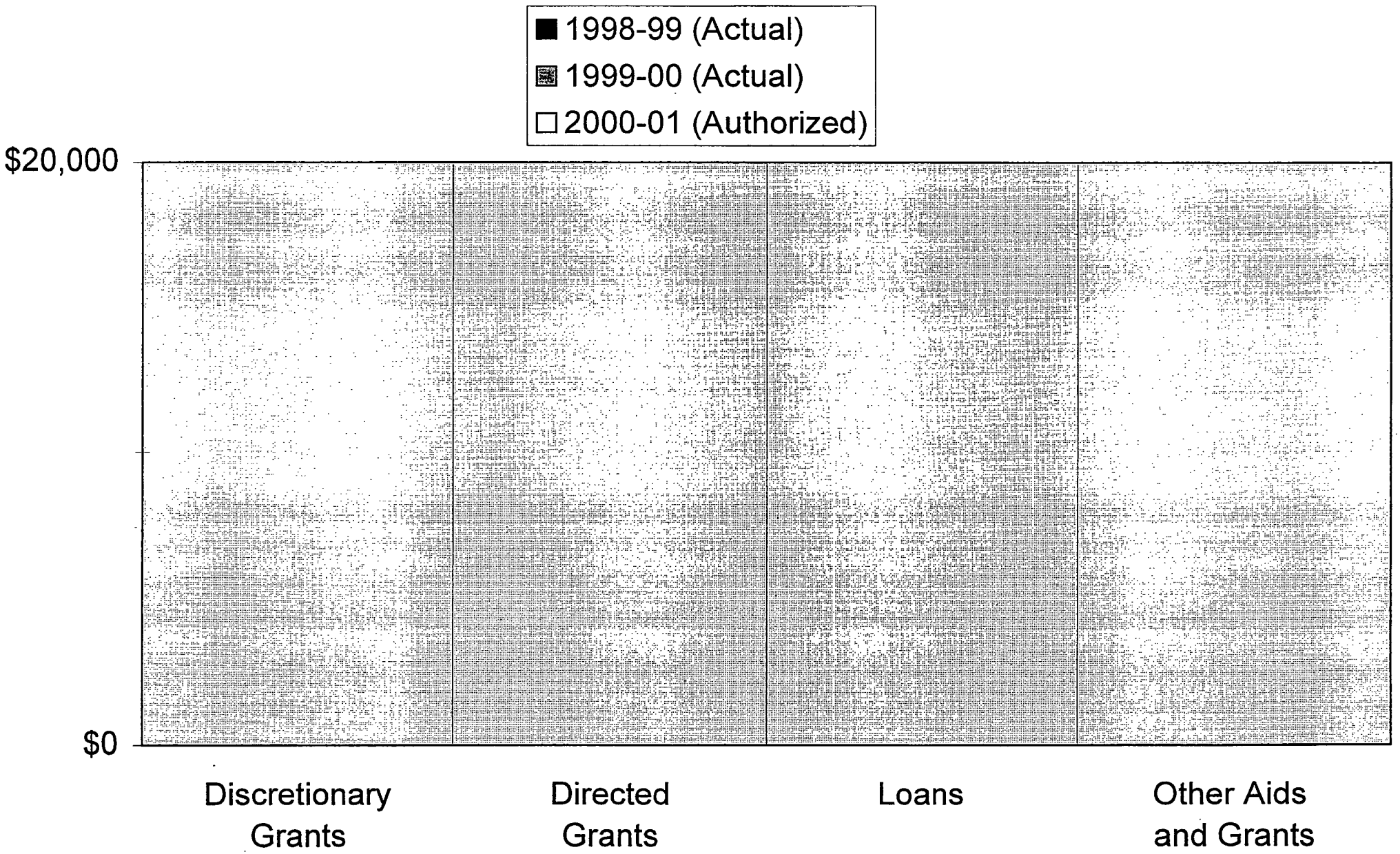
Agriculture & Consumer Services
Standards
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Standards
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Standards
Comparison of Actual and Authorized Expenditures



Department Name
Standards Division

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Public Weighmaster License	1939	81A-52	$12.00	7/1/89	daily	4,514	$81,258
Weighmaster Seal	1939	81A-54	$6.00	7/1/89	daily	Include w above	Include w above
Calibration Fees	1991	81A-11	Varies	10/1/92	daily	518	$86,300
LP Gas Dataplate Replacement	1993	119-61	$20.00	7/1/93	daily	3	$60

AM

VISITOR REGISTRATION SHEET

NER
Name of Committee

3/14/01
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Grady McCallie	NC Conservation Network
Gayle Fitzgerald	OSBPM
Johnny Carty	OSBPM
Jim Newell	OSBPM
N. David Smith	NCDA&CS
Bill Dickerson	NCDA+CS
Richard C. Reich	NCDA+CS
Billy McRae	NCDA+CS
Kevin Leonard	NCDOL
Becky Brown	NCDOL
Doug Lassiter	Lassiter Enter.
Tim Dunn	DOA
Wilbur Denning	NCDA&CS
Clara Gay	NCDA+CS
Winston Sutton	NCDA&CS
Alan Foster	NCDA+CS
George Everett	Duke Energy
Don Hilbert	NC DOC
Ardis Watkins	SEANC
Bill Rowe	NC Low Inc. Hous. Coalition + NC Justice Ctr.
Constance Stone	" " " " " "
RB	NC 7G
Dick Rogers	Cal. & Hesu

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 14, 2001 (Afternoon)
Senator David Weinstein, Presiding

1. **Chairman's Comments**

2. **Plant Industry Division**
   Jennifer Willis, Fiscal Research
   Bill Dickerson, Division Director

3. **Food and Drug Protection Division**
   Jennifer Willis, Fiscal Research
   Bruce Williams, Division Director

4. **Research Stations and State Farms Division**
   Jennifer Willis, Fiscal Research
   Carl Tart, Division Director

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 14 at 1:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 7 at 8:30 a.m. in Room 423 of the Legislative Office Building. Three Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Warren, Culp, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Jennifer Willis, Fiscal Research, began the afternoon presentations with the Plant Industry Division of the Department of Agriculture. This is Attachment A of these minutes. The Plant Industry Division provides regulatory services through the implementation of fertilizer, seed, and plant protection programs. The Fertilizer Section ensures that fertilizer, agricultural limestone, land plaster, and soil additives sold in North Carolina comply with state law. The Seed Section ensures that agricultural, lawn, and vegetable seeds sold in North Carolina comply with state law. The Plant Protection Section protects agriculture and the environment from plant pests, promotes beneficial organisms, and protects rare/native plants of the State.

Mr. Bill Dickerson, Director of Plant Industry Division, gave a summary of the Plant Industry Division activities and responsibilities. This is Attachment B of these minutes. He made some brief comments about each of the three sections of the Division. These three are the fertilizer section, seed section, and the plant protection section. These are discussed on page 1 of the handout.

Jennifer Willis, Fiscal Research, continued the presentations with the overview of the Food and Drug Protection Division. This is Attachment C of these minutes. The Food and Drug Protection Division assures consumers that foods, feeds, drugs, cosmetics, pesticides and automotive antifreezes are safe, wholesome and properly labeled. Statewide inspections

and chemical analysis offer protection against unsafe, deceptive and fraudulent products.

Mr. Bruce Williams, Division Director, explained his handout to the Committee. This is Attachment D of these minutes. He said that the Division is a regulatory division charged with protecting the citizens of North Carolina through the Food Branch, Drug Branch, Pesticide Branch, Feed Branch, and Laboratory Branch.

Jennifer Willis, Fiscal Research, gave the final presentation for the Department of Agriculture, Research Stations and State Farms Division. This is Attachment E of these minutes. The mission of this Division is to manage crop and livestock facilities that serve as a platform for agricultural research to make farming more efficient, productive, and profitable, while maintaining a sound environment and providing consumers with safe and affordable products.

Mr. Carl Tart, Division Director, presented the line item details for the Research Stations and State Farms Division. This is Attachment F of these minutes.

The meeting adjourned at 3:00 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Agriculture and Consumer Services

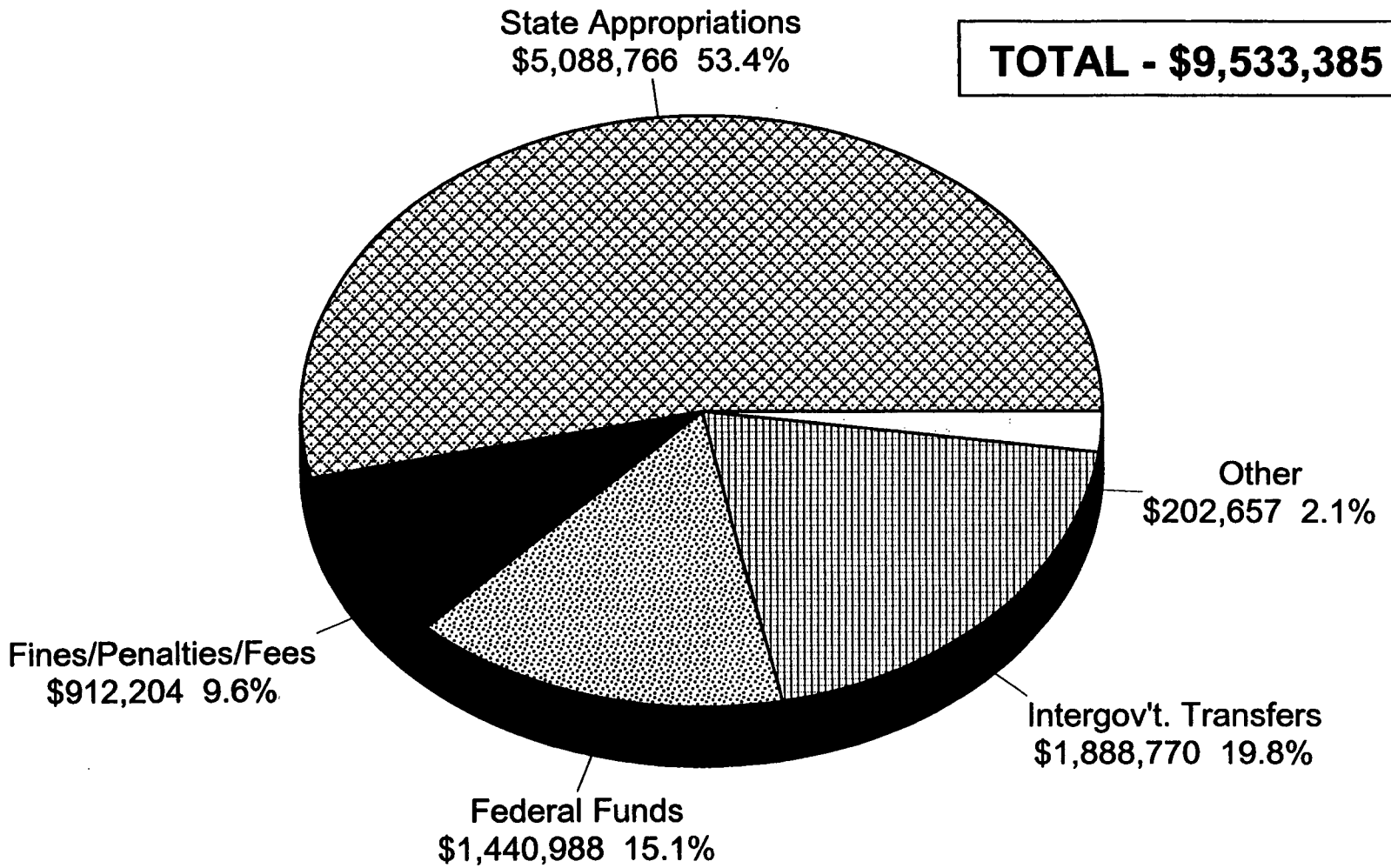
Plant Industry Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	6,914,876	7,306,314	7,750,602	7,030,732	9,533,385
Less Receipts	(3,428,532)	(2,935,451)	(3,033,779)	(3,179,438)	(4,444,619)
State Appropriations	*3,486,344*	*4,370,863*	*4,716,823*	*3,851,294*	*5,088,766*
Positions	115.00	117.50	118.00	118.00	114.00

DIVISION ACTIVITIES

The Plant Industry Division provides regulatory services through the implementation of fertilizer, seed, and plant protection programs.

- **Fertilizer Section** – Ensures that fertilizer, agricultural limestone, landplaster, and soil additives sold in North Carolina comply with state law. The Section registers all such items, samples registered products, enforces compliance and investigates appeals.
- **Seed Section** – Ensures that agricultural, lawn, and vegetable seeds sold in North Carolina comply with state law. Examples of activities include registering and licensing all seed dealers in the state, sampling seed at retail and wholesale locations to determine compliance with state law, and testing seed samples for germination, purity, and health factors as prescribed by State law.
- **Plant Protection Section** – Protects agriculture and the environment from plant pests, promotes beneficial organisms, and protects rare/native plants of the State. Section activities include protecting crops against pests such at the gypsy moth, fire ant, witchweed and the cotton boll weevil, protecting honeybees from the spread of bee pathogens, and supporting industry through pest inspection and other related export services to facilitate the movement of regulated commodities.

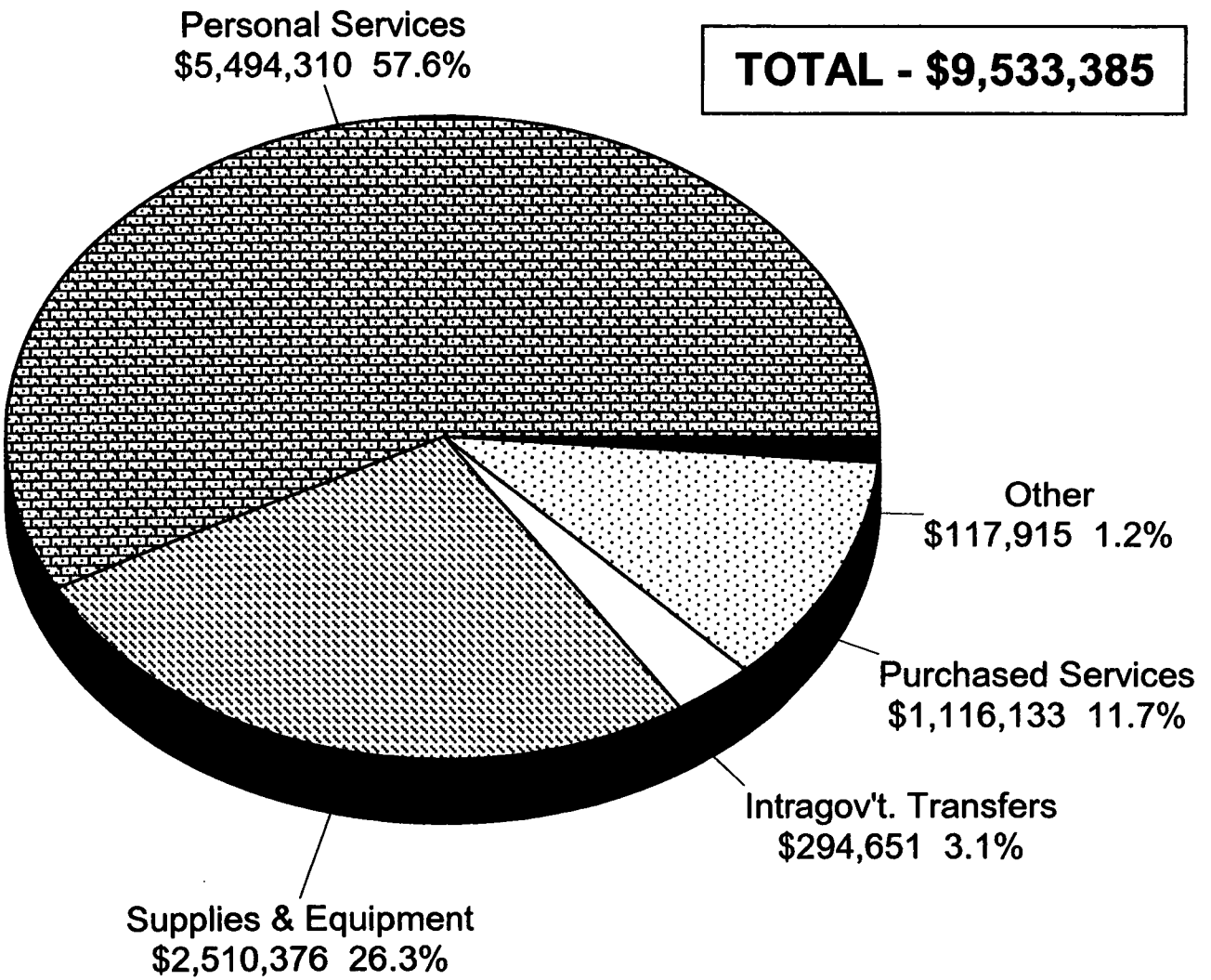
Plant Industry Division
FY 2000-01 (Authorized) Fund Sources



Fiscal Research Division - March 2001

Plant Industry Division

FY 2000-01 (Authorized) Expenditures By Category



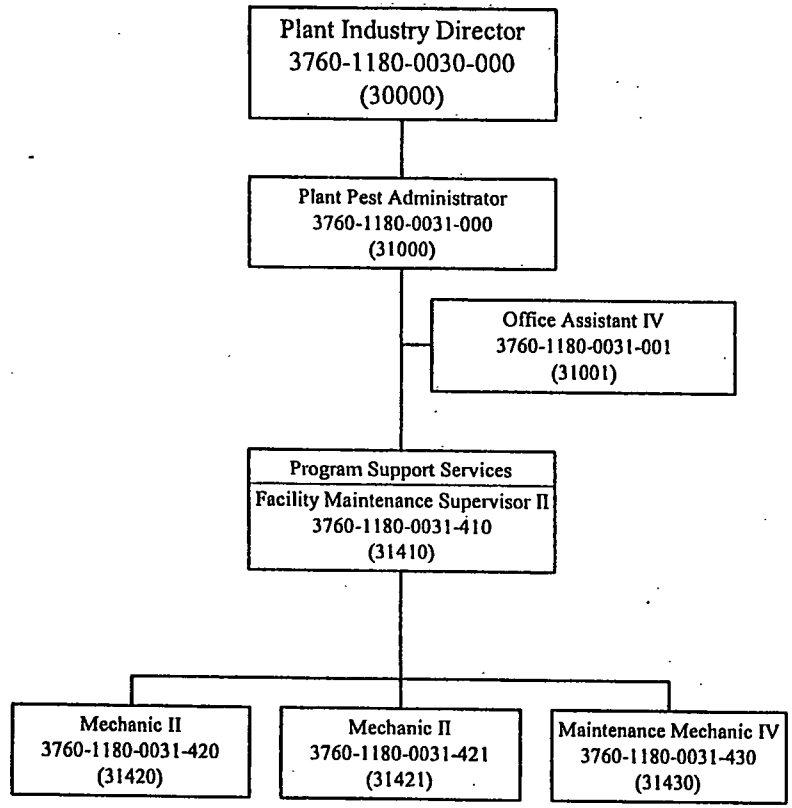
Fiscal Research Division - March 2001

PLANT INDUSTRY DIVISION

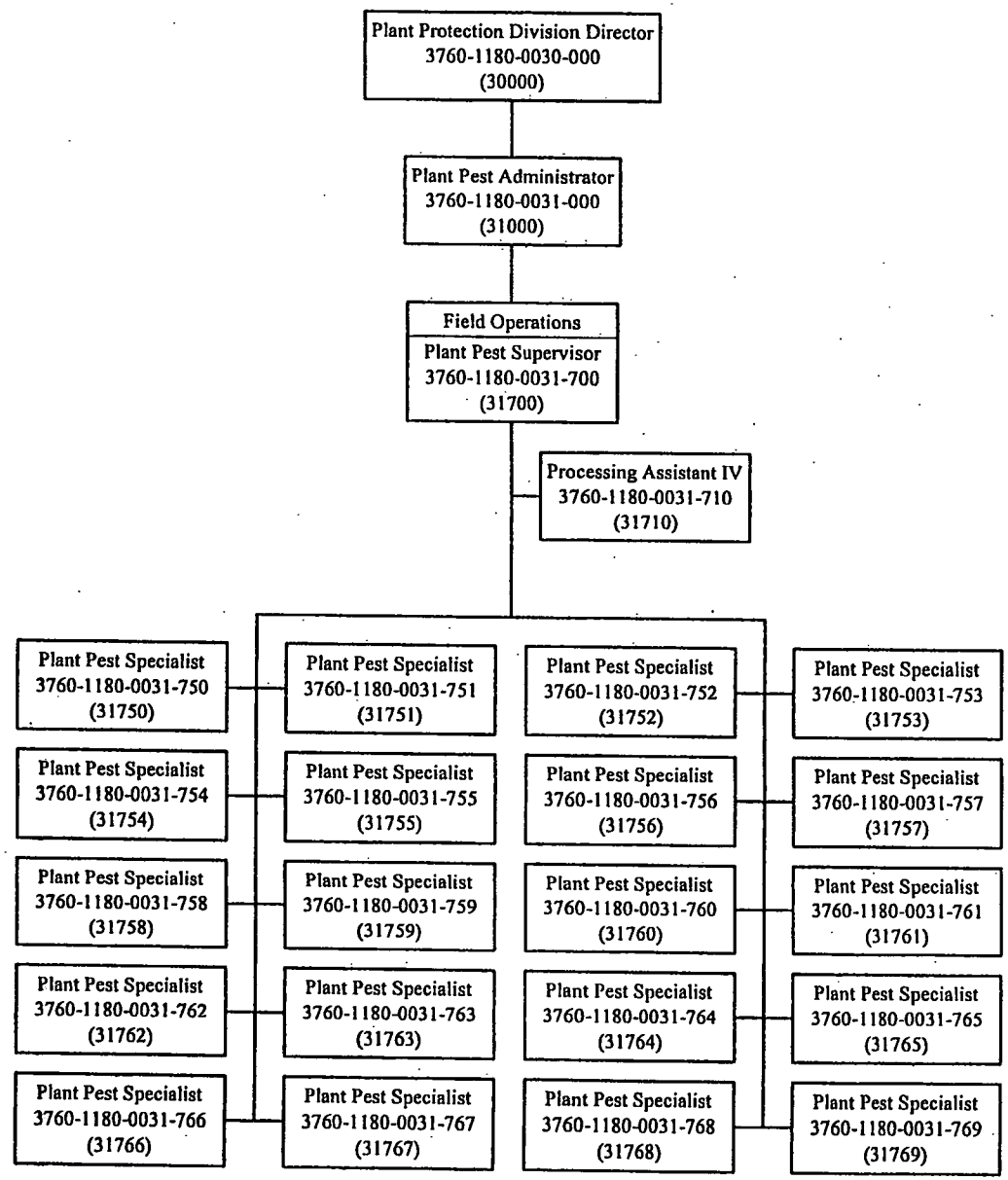
POSITIONS VACANT FOR MORE THAN 6 MONTHS

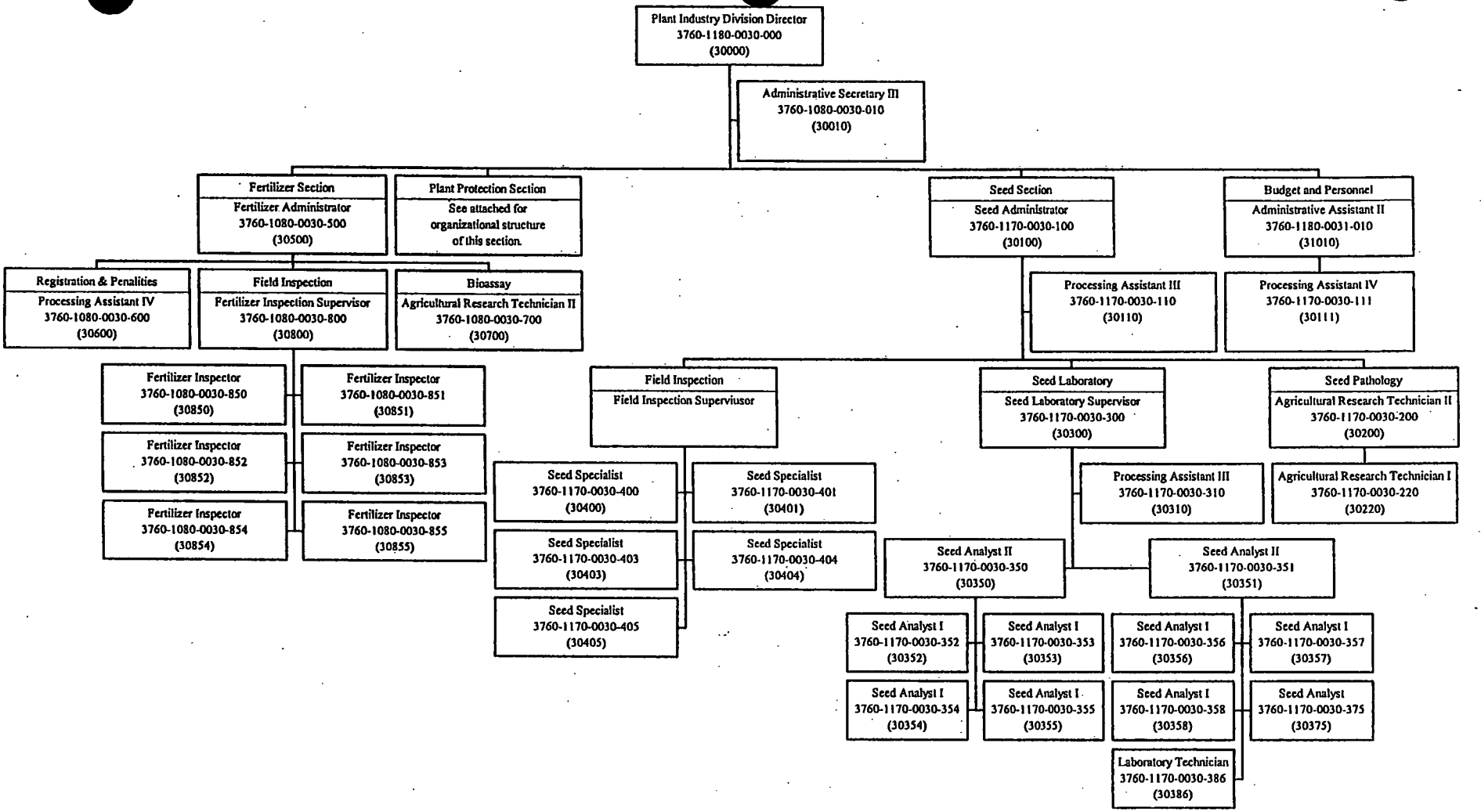
Position	Fund Code	FTE	Date Vacated	Salary
1. Agricultural Research Tech. I	1170	0.50	9/07/99	$12,392

Plant Industry Division
Plant Protection Section
Administrative & Program Support



Plant Indu[illegible]Division
Plant Protection Section
Field Operations

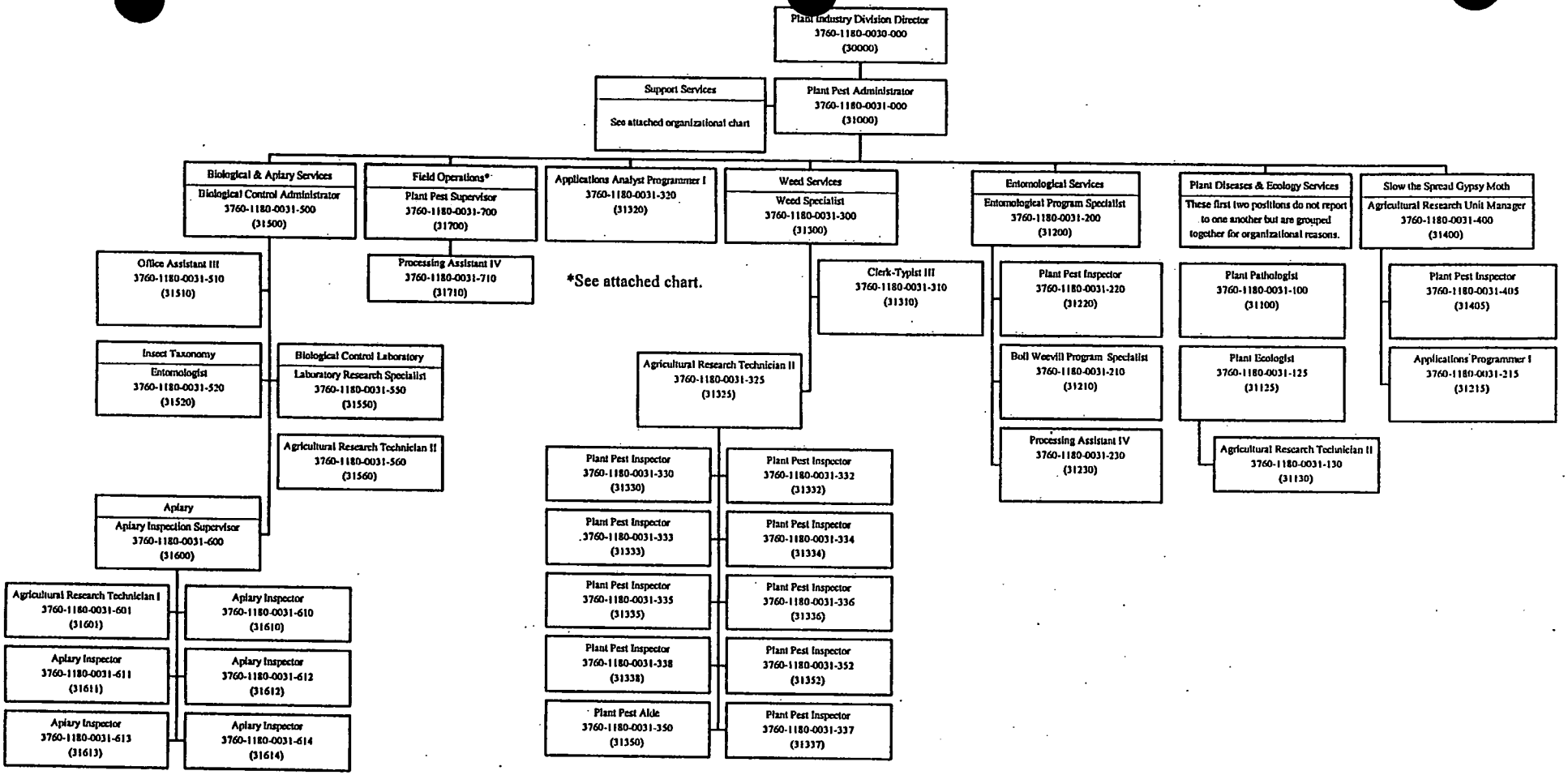



Plant Industry Division Director
3760-1180-0030-000
(30000)
Administrative Secretary III
3760-1080-0030-010
(30010)
Fertilizer Section
Fertilizer Administrator
3760-1080-0030-500
(30500)
Plant Protection Section
See attached for organizational structure of this section.
Seed Section
Seed Administrator
3760-1170-0030-100
(30100)
Budget and Personnel
Administrative Assistant II
3760-1180-0031-010
(31010)
Registration & Penalities
Processing Assistant IV
3760-1080-0030-600
(30600)
Field Inspection
Fertilizer Inspection Supervisor
3760-1080-0030-800
(30800)
Bioassay
Agricultural Research Technician II
3760-1080-0030-700
(30700)
Processing Assistant III
3760-1170-0030-110
(30110)
Processing Assistant IV
3760-1170-0030-111
(30111)
Fertilizer Inspector
3760-1080-0030-850
(30850)
Fertilizer Inspector
3760-1080-0030-851
(30851)
Fertilizer Inspector
3760-1080-0030-852
(30852)
Fertilizer Inspector
3760-1080-0030-853
(30853)
Fertilizer Inspector
3760-1080-0030-854
(30854)
Fertilizer Inspector
3760-1080-0030-855
(30855)
Field Inspection
Field Inspection Superviusor
Seed Laboratory
Seed Laboratory Supervisor
3760-1170-0030-300
(30300)
Seed Pathology
Agricultural Research Technician II
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(30200)
Seed Specialist
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Seed Specialist
3760-1170-0030-401
(30401)
Seed Specialist
3760-1170-0030-403
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Seed Specialist
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Seed Specialist
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(30405)
Processing Assistant III
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Agricultural Research Technician I
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(30220)
Seed Analyst II
3760-1170-0030-350
(30350)
Seed Analyst II
3760-1170-0030-351
(30351)
Seed Analyst I
3760-1170-0030-352
(30352)
Seed Analyst I
3760-1170-0030-353
(30353)
Seed Analyst I
3760-1170-0030-356
(30356)
Seed Analyst I
3760-1170-0030-357
(30357)
Seed Analyst I
3760-1170-0030-354
(30354)
Seed Analyst I
3760-1170-0030-355
(30355)
Seed Analyst I
3760-1170-0030-358
(30358)
Seed Analyst
3760-1170-0030-375
(30375)
Laboratory Technician
3760-1170-0030-386
(30386)

AG-40

Plant Industry Division
Plant Protection Section

NCDA & CS
02/01



AG-41

Attachment B

SUMMARY OF PLANT INDUSTRY DIVISION ACTIVITIES/RESPONSIBILITIES

North Carolina Department of Agriculture and Consumer Services

Director: W. A. Dickerson
Phone: (919) 733-3933
Email: http://www.agr.state.nc.us/plantind/

The Plant Industry Division serves the farmers, as well as, all other citizens of North Carolina, by providing regulatory services through implementation of Fertilizer, Seed, and Plant Protection Programs.

Fertilizer Section: Administrator, Susan Baker

Telephone Number (919) 733-3933; Email: Susan.Baker@ncmail.net

The mission of the Fertilizer Section is to ensure that the fertilizer, agricultural limestone, landplaster, and soil additives sold in North Carolina comply with North Carolina law.

Major Activities

- Registers all fertilizers, liming materials, landplaster, and soil additives offered for sale in North Carolina and confirms that such products conform to North Carolina law.
- Sample registered products and collect non-compliance penalties as prescribed by North Carolina law.
- Investigates appeals and enforces compliance.
- Provides information to manufacturers and/or distributors, assisting them to comply with North Carolina law.

Statistics for FY 2000

• Product registered for sale in North Carolina	5,252
• Retail locations inspected	3,563
• Fertilizer samples collected	4,077
• Lime and landplaster samples collected	1,387
• Enforcement actions	86
• Average penalties collected per year/last 4 year average	$422,000

Seed Section: Administrator, Eddie Martin

Telephone Number (919) 733-3930; Email: Eddie.Martin@ncmail.net

The mission of the Seed Section is to ensure that the agricultural, lawn, and vegetable seed sold in North Carolina comply with North Carolina law.

Major Activities

- Registers and licenses all seed dealers in North Carolina.
- Sample agricultural, lawn, and vegetable seed at retail and wholesale locations to determine compliance with North Carolina law.
- Tests regulatory and service samples of seed for germination, purity, and selective seed health and quality factors as provided by North Carolina law.
- Cooperatively, the NCDA&CS Seed Program and NCSU staff evaluates tobacco seed for the grow-out verification program.
- Provides voluntary investigation and arbitration of seed performance issues through the authority vested in the North Carolina Seed Board.

Statistics for FY 2000:

• Registered seed dealers in North Carolina	3,324
• Number of visits to dealers	5,637
• Regulatory samples collected	2,041
• Service samples tested	12,979
• Separate tests conducted by seed lab	18,721

Plant Protection Section: Administrator, Gene Cross

Telephone Number (919) 733-6930; Email: Gene.Cross@ncmail.net.

The mission of the Plant Protection Section is to enhance the quality of life in North Carolina by protecting agriculture and the environment from injurious plant pests, by promoting beneficial organisms, and by protecting the rare-native plants of the state.

Major Activities

- Protecting agricultural and horticultural crops and native flora by preventing or controlling the invasion and spread of injurious insects, plant pathogens, weeds, and other pests of regulatory concern such as the cotton boll weevil, gypsy moth, fire ant, and witchweed.
- Protecting honeybees by combating the spread of bee pathogens and other pest organisms.
- Supporting agriculture, horticulture, and related industries by providing pest inspection and related export services to facilitate the movement of regulated commodities.
- Protecting rare native plants by restoring habitat and by propagating native plants and reintroducing them to the wild.
- Promoting beneficial organisms that provide biological control of plant pests.
- Respond to constantly changing threats to North Carolina crops, rare native plants, and honeybees by drafting new or revising current regulations and by achieving citizens compliance.

Statistics for FY 2000

• Apiary inspections	7,101
• Insect identifications	4,700
• Acres of cotton monitored for boll weevil	910,000
• Acres of sweet potatoes monitored for sweet potato weevil	42,000
• Acres treated for gypsy moth infestation	4,300
• Acres of nursery inspections	11,755
• Nursery dealers registered	2,110
• Phytosanitary certificates issued	1,387
• Acres treated for witchweed	6,901

DIVISION OF PLANT INDUSTRY
OVERVIEW OF EXPANSION ITEMS

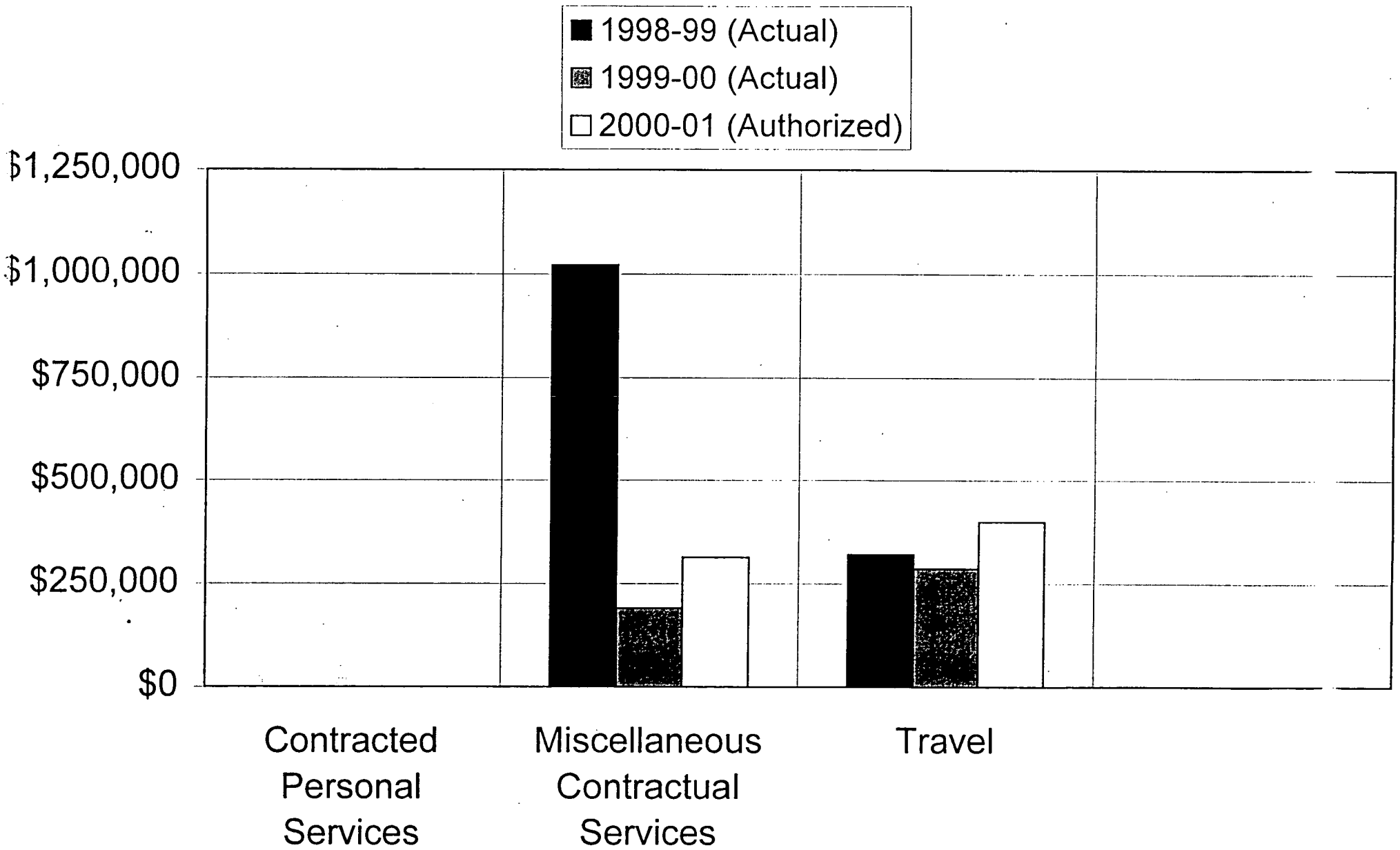
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Gypsy Moth Control Funds	110,320 NR	122,623 NR

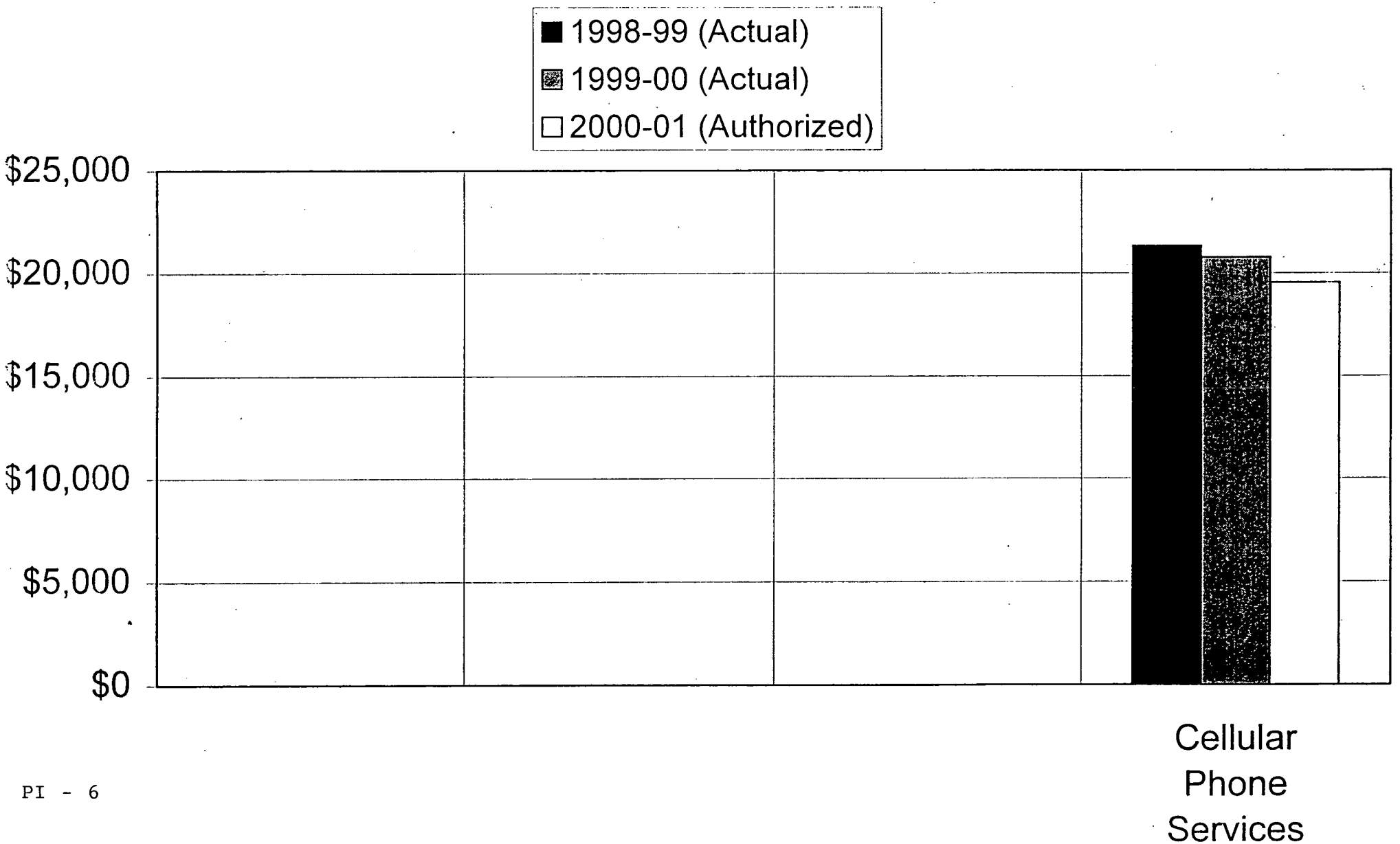
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Sweet Potato Weevil	72,479 R		
2. Bee Regulatory Support		170,212 R	

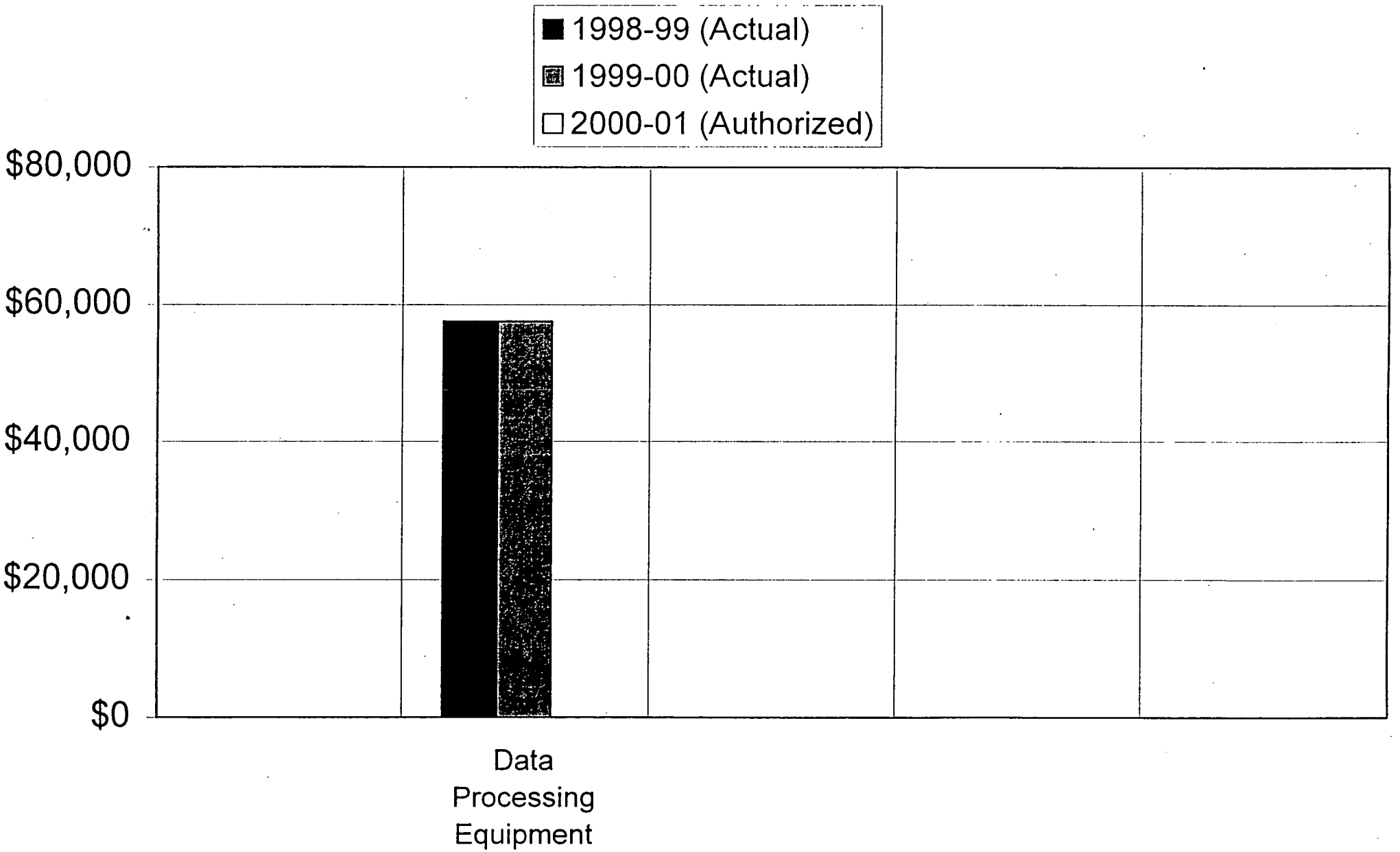
Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



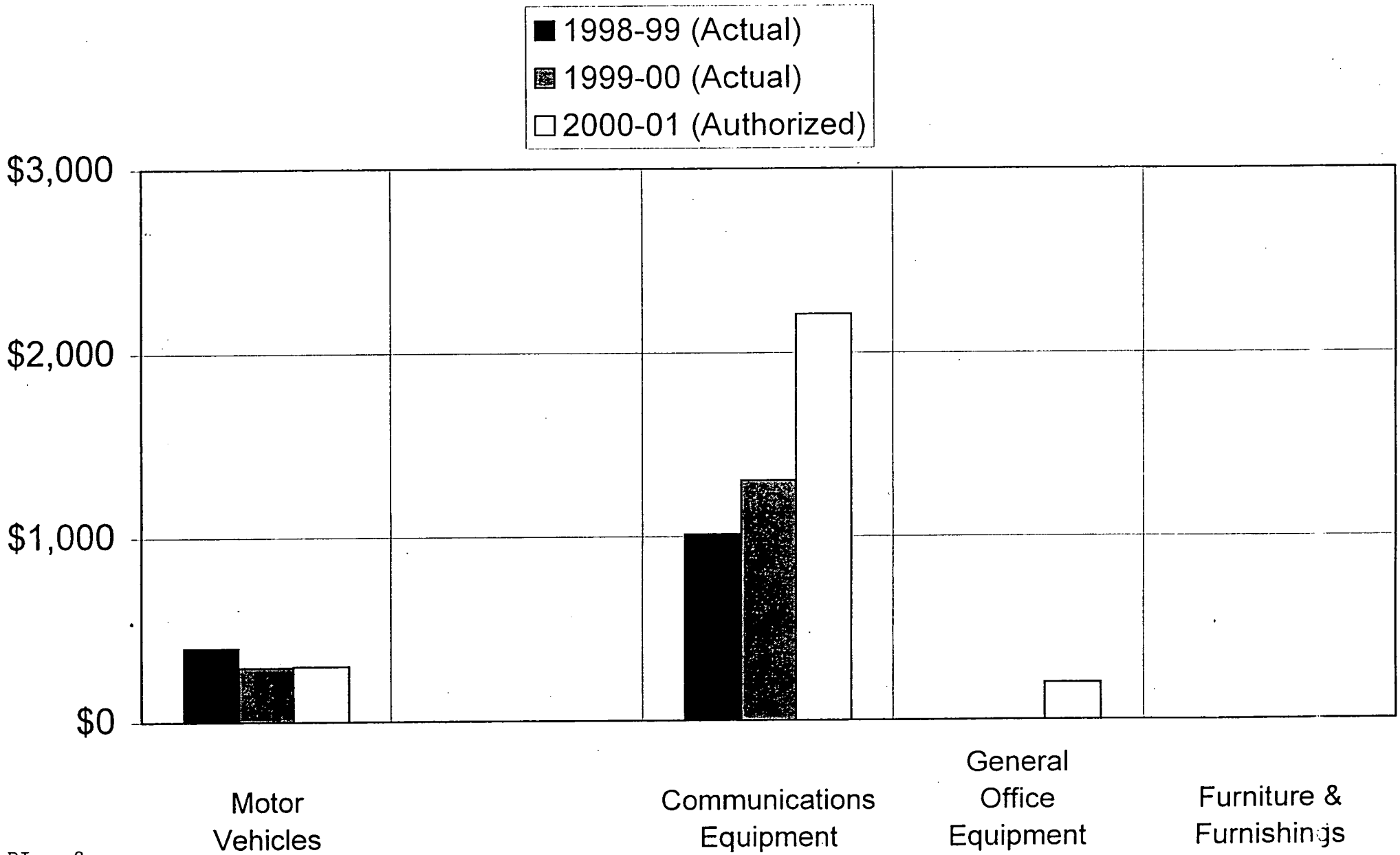
Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



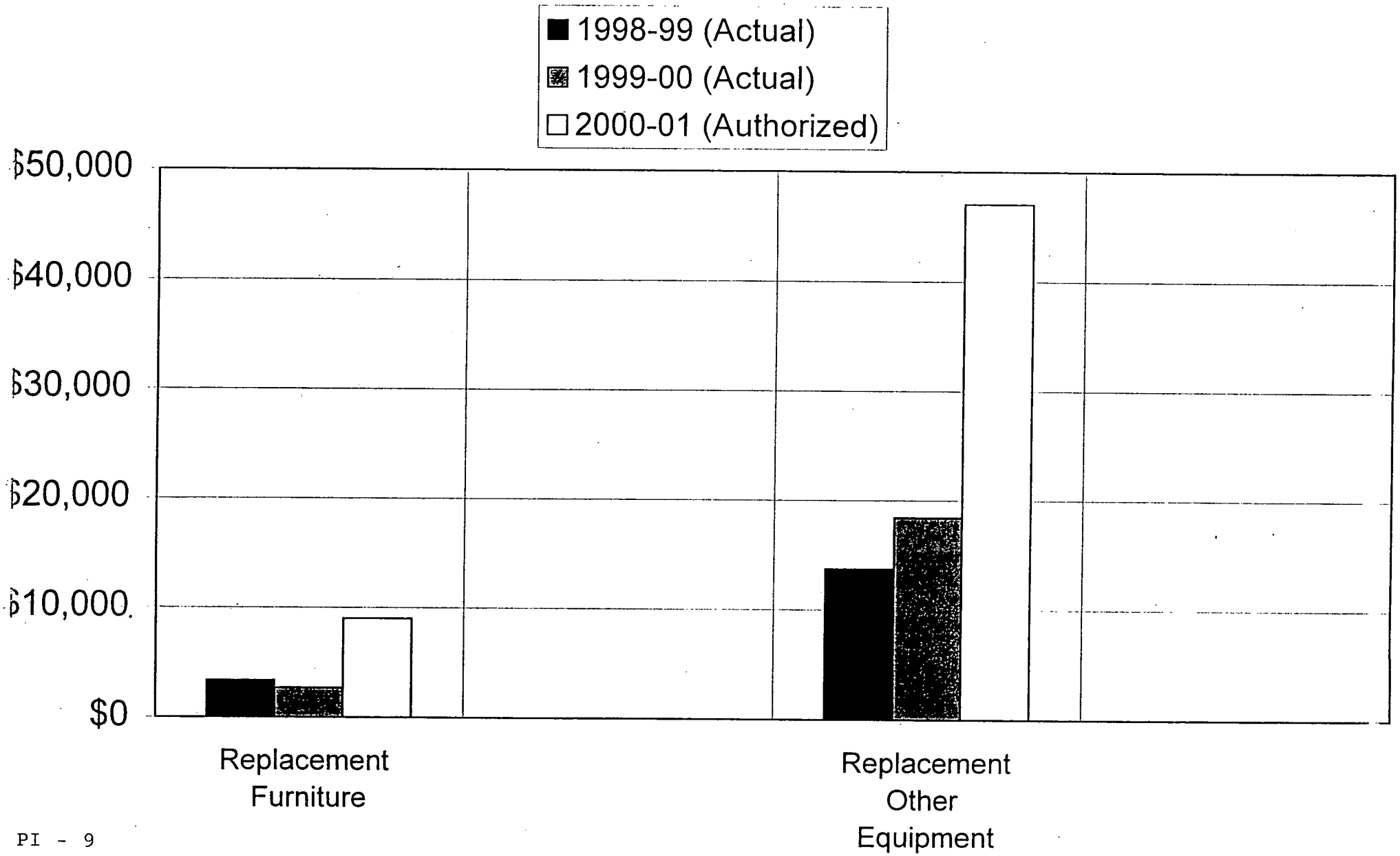
Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



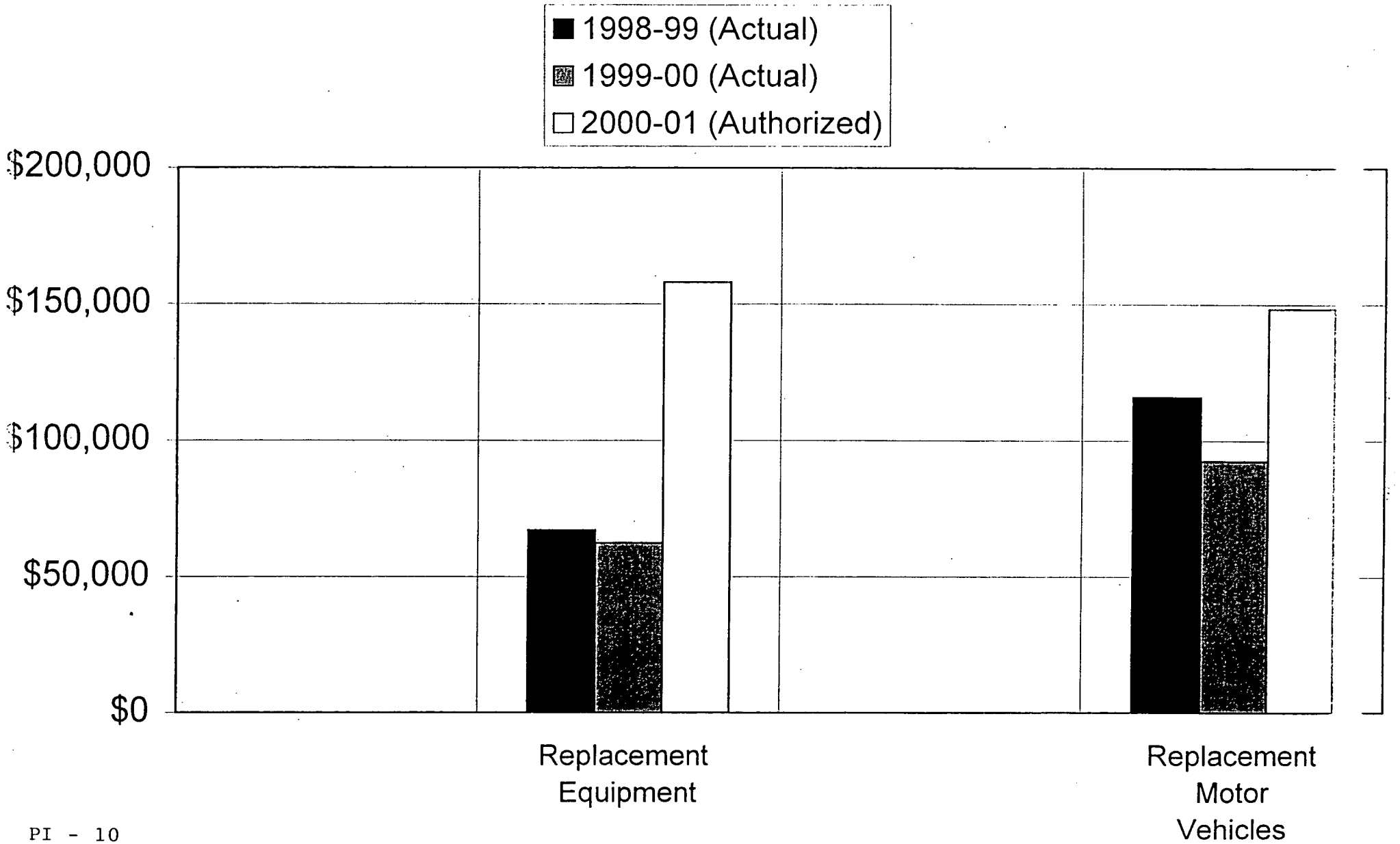
Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



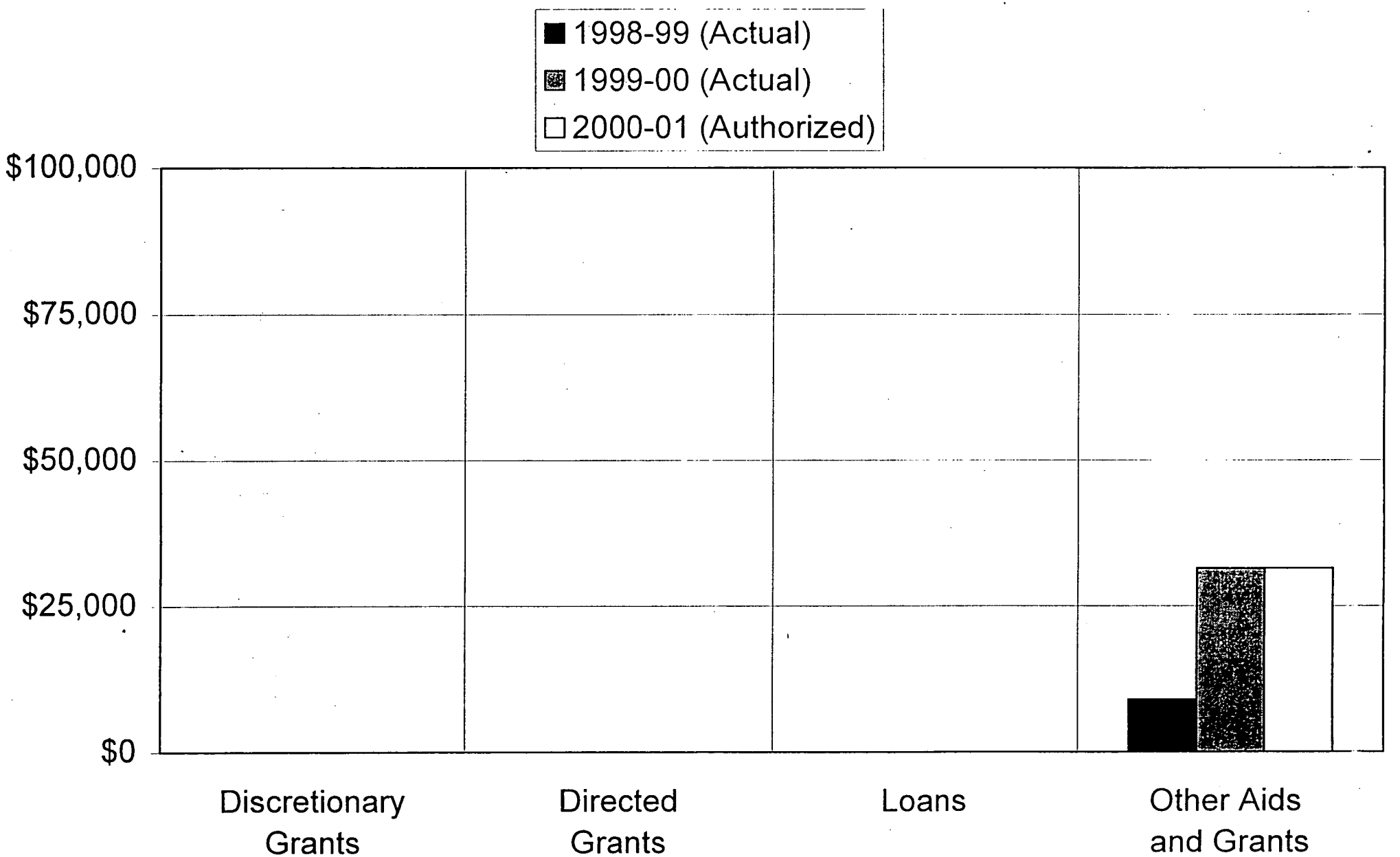
Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Plant Industry
Comparison of Actual and Authorized Expenditures



NCDA &CS

Plant Industry

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Fetilizer Registration per package	1941	GS 106-660	$5.00	7/1/89	Annually	3302	$ 16,510.00
Of 5 lbs or more							
Registration of Soil Additives	1978	GS 106-50-31	$100.00	7/1/89	Annually	43	$4,300.00
Fertilizer Manufacturers Licenses	1985	GS 106-660	$100.00	7/1/89	Annually	230	$23,000.00
Fertilizer Tax	1891	GS 106-671	.25/Ton	1947	Monthly	3467	$ 250,901.00
Lime Tax	1979	GS 106-92.8	.10/Ton	1979	Quarterly	301	$ 83,423.00
Lime/Fertilizer Mix Tax	1981	GS 106-92-17	.25/Ton	1981	Quarterly	4	$ 4,665.00
Fetilizer Registration per package	1941	GS 106-660	$30.00	7/1/89	Annually	712	$ 21,360.00
Of 5 lbs or less							
Delinquent Fertilizer Reporting	1947	GS 106-671 (b)	10%	7/1/47	As applicable	131	$ 698.69
Penalty							
Delinquent Lime Reporting	1979	GS 106-92.8	10%	7/1/79	As applicable	20	$ 503.06
Penalty							
Limestone Registration of 5 lbs	1979	GS 106-92.7	$5.00	7/1/89	Annually	115	$ 575.00
and more							
Limestone Registration of 5 lbs	1979	GS 106-92.7	$25.00	7/1/89	Annually	19	$ 475.00
and under							
Wholesale/Retail Seed	1963	GS 106-277-28	$100.00	1/1/89	Annually	105	$ 10,500.00
Retail Seed	1963	GS 106-277-28	$5.00	1/1/89	Annually	1075	$ 5,375.00
Retail Seed	1963	GS 106-277-28	$15.00	1/1/89	Annually	758	$ 11,370.00
Retail Seed	1963	GS 106-277-28	$25.00	1/1/89	Annually	1322	$ 33,050.00
Seed Fee Upgrades			$15.00		As Needed	0	$ -
Seed Fee Upgrades			$25.00		As Needed	3	$ 60.00
Seed Fee Upgrades			$100.00		As Needed	3	$ 225.00
Tz Fees	1976	GS 106-277-28.0023	$5.00	7/1/78	Monthly	509	$ 2,545.00

NCDA &CS

Plant Industry

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Seed Inspection Fees	1963	GS 106-277-28	$0.02	7/1/63	Quarterly	171	$ 124,352.00
Seed Delinquent Reporting	1963	GS 106-277-28	10%	7/1/63	As Applicable	N/A	$ 1,673.23
Penalty							
Endophyte Seed Stain	7/1/86	2NCAC480-002	$ 15.00	7/1/86	As Needed	0	$ -
Endophyte Plant Tissue Our	7/1/86	2NCAC480-002	$25.00	7/1/86	As Needed	7	$ 175.00
of State							
Endophyte Seed Stain Out of	7/1/86	2NCAC480-002	$ 35.00	7/1/86	As Needed	0	$ -
State							
Endophyte Plant Tissue In State	7/1/86	2NCAC480-002	$ 15.00	7/1/86	As Needed	16	$ 24.00
Endophyte Viability Assay Out	7/1/86	2NCAC480-002	$ 45.00	7/1/86	As Needed	0	$ -
of State							
Endophyte Viability Assay In	7/1/86	2NCAC480-022	$ 25.00	7/1/86	As Needed	0	$ -
State							
Loose Smut of Small Grain		2NCAC480-022	$ 15.00	6/1/91	As Needed	3	$ 45.00
Endophyte							
PP Inspection Fee (Certified)	12/19/57	2NCAC48A.1205	$10.00	1/1/85	Annually	1148	$ 30,049.00
Plant Collector's Fee	12/19/57	2NCAC48A.1209	$1.00	1/1/85	Annually	103	$ 103.00
Nursery Dealer License	12/19/57	2NCAC48A.1208	$10.00	1/1/85	Annually	2393	$ 23,930.00
PP Inspection Fee (Registered)	12/19/57	2NCAC48A.1205	$6.00	1/1/85	Annually	259	$ 1,554.00
Phytosanitary Cert. Fees (Fed.)	12/1/91	2NCAC48A.1222	$23.00	3/1/96	Annually	177	$ 4,071.00
Phytosanitary Cert. Fees (Fed.)	12/1/91	2NCAC48A.1222	$50.00	3/1/96	Annually	332	$ 16,600.00
Phytosanitary Cert. Fees (Fed.)	12/1/91	2NCAC48A.1222	$ 7.00	3/1/96	Annually	23	$161.00
Phytosanitary Cert. Fees (State)	12/1/91	2NCAC48A.1222	$ 23.00	3/1/96	Annually	148	$3,404.00
Phytosanitary Cert. Fees (State)	12/1/91	2NCAC48A.1222	$ 50.00	3/1/96	Annually	587	$ 23,350.00
Phytosanitary Cert. Fees (State)	12/1/91	2NCAC48A.1222	$ 7.00	3/1/96	Annually	0	$ -

NCDA &CS

Plant Industry

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Apairy Registration	1985	2NCAC48A.0225	$1.00	7/1/78	Annually	18	$ 18.00
Apiary Fumigation	1985	2NCAC48A.0216	Varies	7/1/78	Annually	15	$509.75
Permit to Sell Bees	1992	2NCAC48A.0239	$25.00	7/1/78	Annually	38	950

Attachment C

Department of Agriculture and Consumer Services

Food and Drug Protection	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	9,402,424	9,742,925	10,199,854	9,919,490	11,485,714
Less Receipts	(2,533,569)	(2,228,543)	(2,747,695)	(2,389,312)	(2,455,060)
State Appropriations	*6,868,855*	*7,514,382*	*7,452,159*	*7,530,177*	*9,030,654*
Positions	183.00	183.00	182.00	184.00	183.00

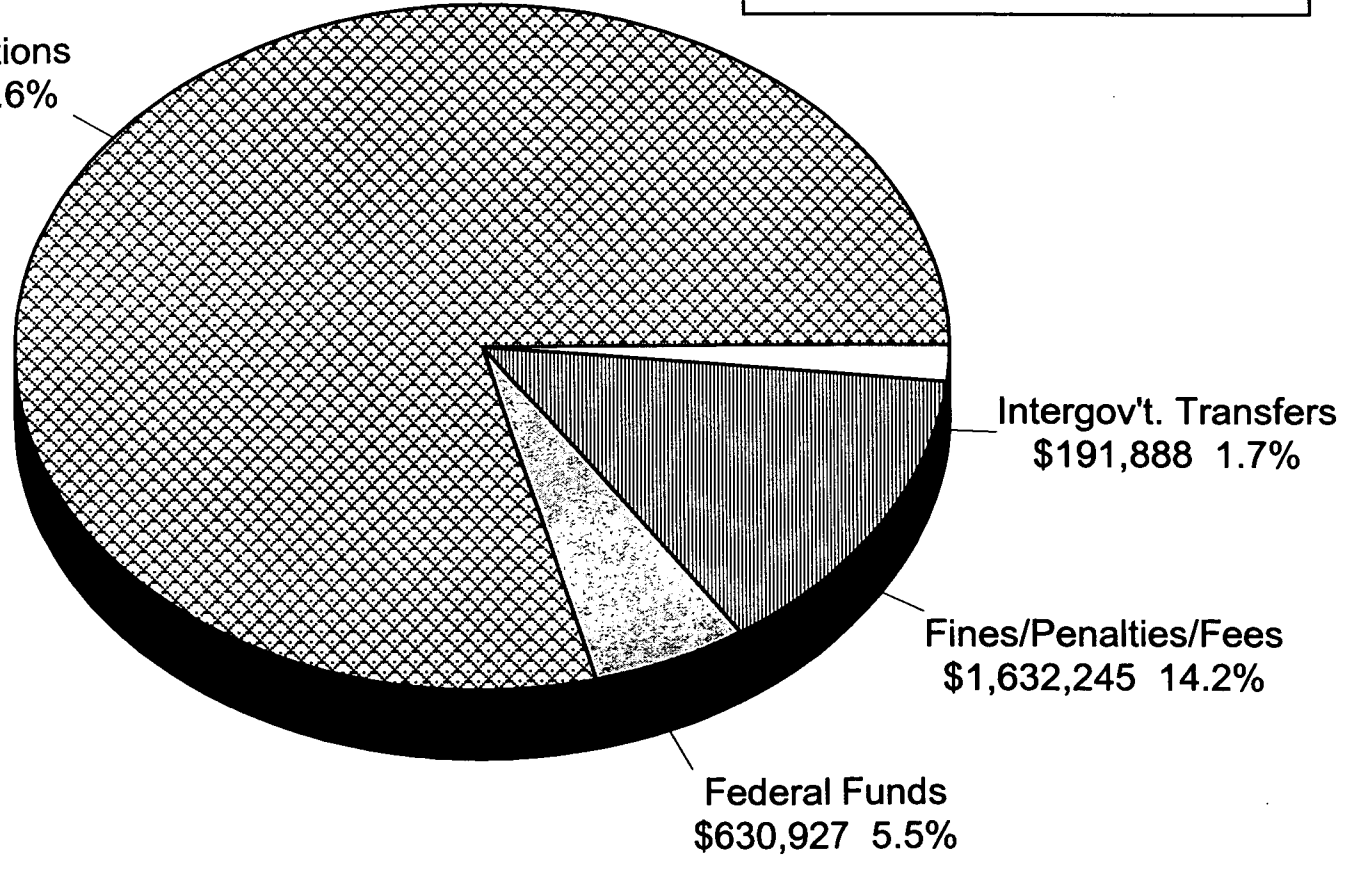
The Food and Drug Protection Division assures consumers that foods, feeds, drugs, cosmetics, pesticides and automotive antifreezes are safe, wholesome and properly labeled. Statewide inspections and chemical analysis offer protection against unsafe, deceptive and fraudulent products.

DIVISION ACTIVITIES

- **Food Branch** – Assures consumers that foods are pure, wholesome, safe to eat, and produced under sanitary conditions. To accomplish this, the Branch performs over 8,000 facility inspections each year to make certain products are safe for consumption and use.
- **Drug Branch** – Ensures that drugs, cosmetic and medical devices are properly labeled, stored, and handled. The Branch also licenses and inspects 226 NC-based and 437 out-of-state drug manufacturers, repackagers and distributors doing business in the state annually.
- **Pesticide Branch** – Protects public health and welfare and promote continued environmental quality by minimizing and managing risks associated with legal pesticide use. This Branch administers the NC Pesticide Law of 1971.
- **Commercial Feed and Pet Food Branch** – Regulates the manufacture and distribution of commercial feed within the state. Through the enforcement of the NC Commercial Feed Law, the consumer is assured that the animal products they use are wholesome and free of harmful chemical residues.
- **Laboratory Branch** – Provides analytical support services for the regulatory and service programs of the Food and Drug Protection Division, Plant Industry Division, Structural Pest Division, and the Veterinary Division. The labs also provide support services for several federal agencies.

Food and Drug Protection Division
FY 2000-01 (Authorized) Fund Sources

TOTAL - $11,485,714

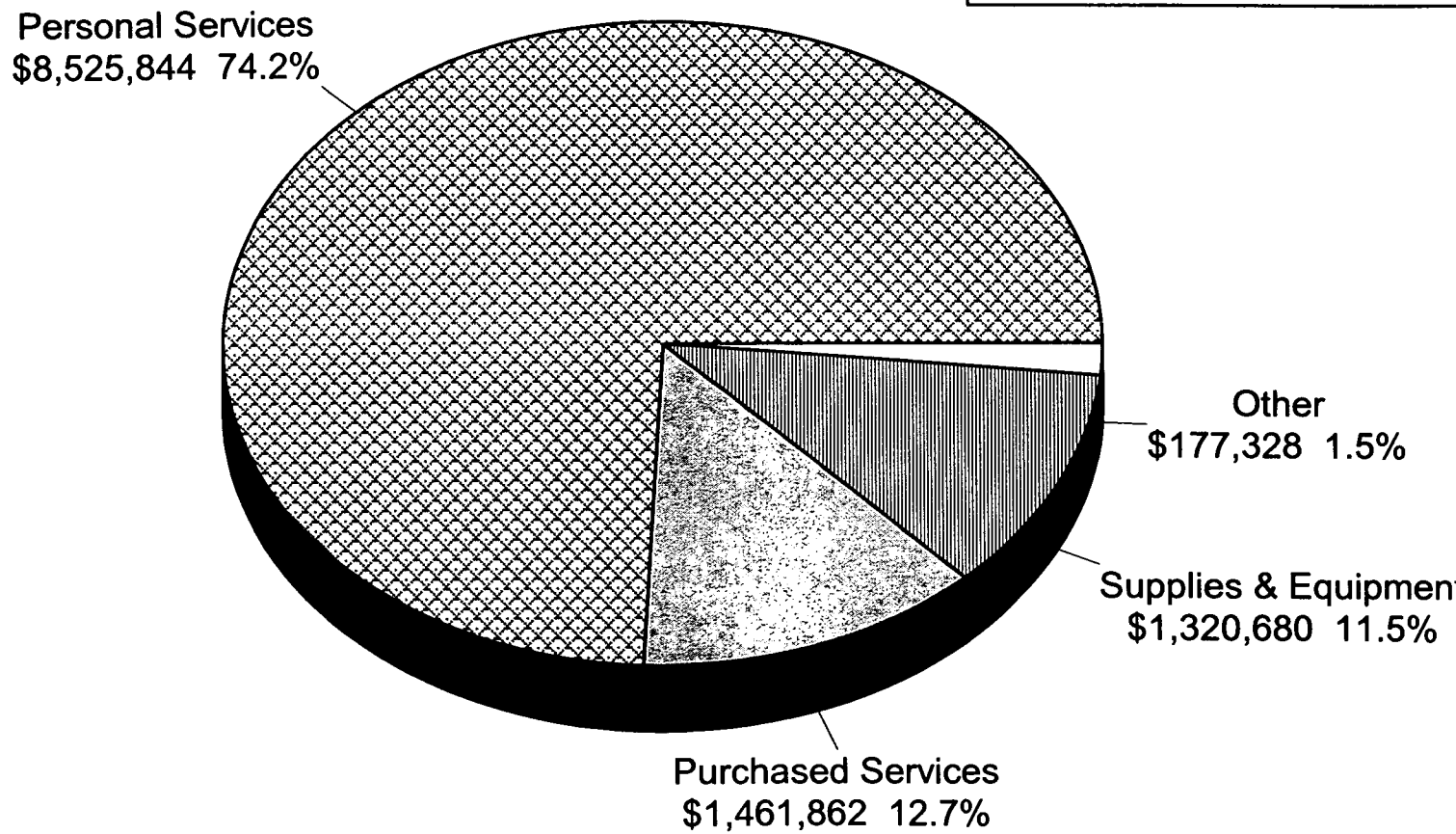


Fiscal Research Division - March 2001

Food and Drug Protection Division

FY 2000-01 (Authorized) Expenditures By Category

TOTAL - $11,485,714



Fiscal Research Division - March 2001

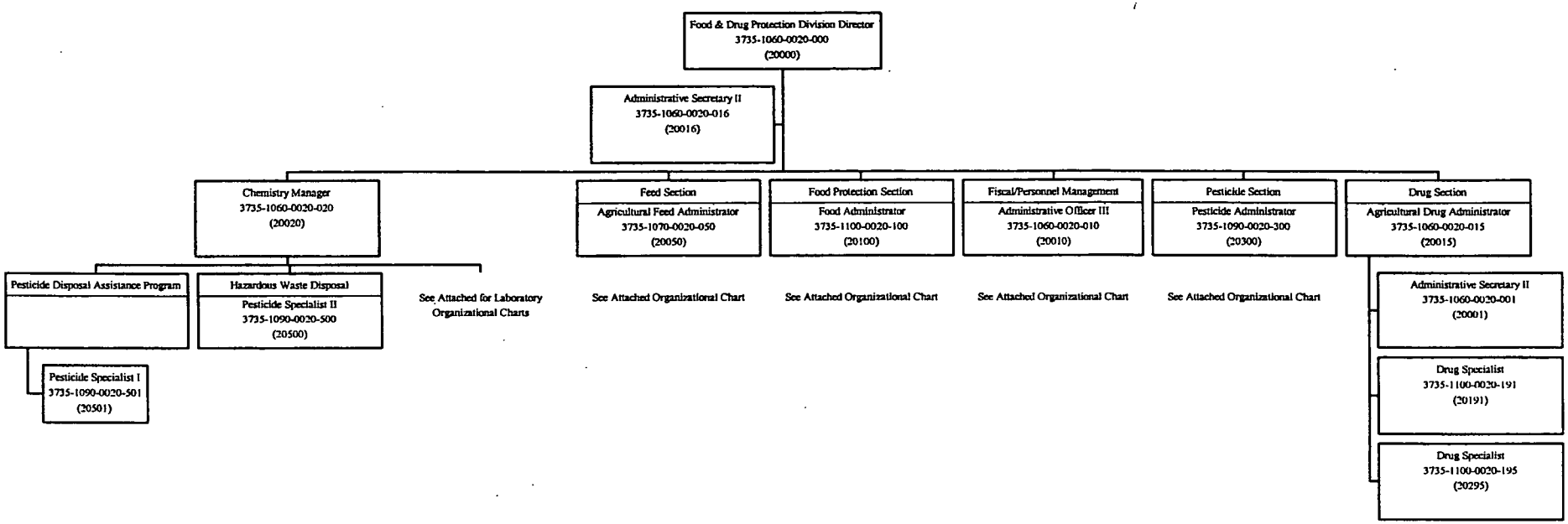
FOOD AND DRUG PROTECTION

POSITIONS VACANT FOR MORE THAN 6 MONTHS

Position	Fund Code	FTE	Date Vacated	Salary
1. Pesticide Assistant Admin I	1090	1.00	8/11/98	$48,491
2. Technical Trainer I	1090	1.00	10/31/99	$30,635
3. Pesticide Specialist I	1090	1.00	7/01/99	$29,957
4. Pesticide Specialist I	1090	1.00	3/29/99	$30,759

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

As previously mentioned, the Laboratory Branch of the Food and Drug Protection Division provides analytical support services for the regulatory and service programs within its own Division, the Plant Industry Division, the Structural Pest Division, and the Veterinary Division, in addition to providing support services for several federal agencies. To provide this analytical support, the Division operates two labs, both located in Raleigh. The Committee may wish to have the Department comment on utilization rates at the Constable and Ballantine labs and the condition of the equipment at the labs.


Food & Drug Protection Division Director
3735-1060-0020-000
(20000)
Administrative Secretary II
3735-1060-0020-016
(20016)
Chemistry Manager
3735-1060-0020-020
(20020)
Pesticide Disposal Assistance Program
Pesticide Specialist I
3735-1090-0020-501
(20501)
Hazardous Waste Disposal
Pesticide Specialist II
3735-1090-0020-500
(20500)
See Attached for Laboratory Organizational Charts
Feed Section
Agricultural Feed Administrator
3735-1070-0020-050
(20050)
See Attached Organizational Chart
Food Protection Section
Food Administrator
3735-1100-0020-100
(20100)
See Attached Organizational Chart
Fiscal/Personnel Management
Administrative Officer III
3735-1060-0020-010
(20010)
See Attached Organizational Chart
Pesticide Section
Pesticide Administrator
3735-1090-0020-300
(20300)
See Attached Organizational Chart
Drug Section
Agricultural Drug Administrator
3735-1060-0020-015
(20015)
Administrative Secretary II
3735-1060-0020-001
(20001)
Drug Specialist
3735-1100-0020-191
(20191)
Drug Specialist
3735-1100-0020-195
(20295)

AG-46

Attachment D

North Carolina Department of Agriculture & Consumer Services

Food & Drug Protection Division
4000 Reedy Creek Road
Raleigh, North Carolina 27607

Telephone 919-733-7366
Director: E. Bruce Williams **Facsimile 919-733-6801**

Division Overview

The Food and Drug Protection Division is a regulatory division charged with protecting the citizens of North Carolina through the various branches outlined as follows:

Food Branch

- Enforces the North Carolina Food, Drug and Cosmetic Act, the North Carolina Dairy Laws and the North Carolina Antifreeze Law.
- Assures the consumer that foods are pure and wholesome, safe to eat, and produced under sanitary conditions.
- Conducts over 8,000 facility inspections each year; responds to more than 600 consumer complaints during the year.
- Inspections are performed by Food Specialists (located) throughout the state. They collect food samples as part of inspection activities as well as survey samples for microbiological, chemical and physical contaminants. When contaminated products are detected, the affected products are promptly removed from the marketplace.
- Issues press releases when deemed necessary to alert the public of any risks associated with consuming a food product.

Drug Branch

- Enforces the North Carolina Food, Drug and Cosmetic Act and the Wholesale Prescription Drug Laws of North Carolina.
- Embargoes products deemed to be adulterated or misbranded in order to keep them out of consumer circulation.
- Maintains partnership with FDA for the annual inspection of medical gas manufacturers and distributors with NCDA completing 90% and FDA completing 10% of these inspections annually.

- Licenses and inspects 226 North Carolina based drug manufacturers/repackagers and distributors annually; registers 437 out-of-state manufacturers, wholesalers, and repackagers doing business in this state annually.

Pesticide Branch

- Protects public health and welfare and promotes continued environmental quality by minimizing and managing risks associated with legal pesticide use.
- Administers the North Carolina Pesticide Law of 1971 and its rules under authority of the governor-appointed North Carolina Pesticide Board and its Pesticide Advisory Committee; and federal pesticide law in North Carolina under cooperative agreement with EPA.
- Performs annual pre-marketing labeling review of 13,000 pesticides.
- Licenses over 13,000 commercial and public applicators, dealers and consultants.
- Conducts compliance monitoring of manufacturer, distributor, dealer, and end user handling, transportation, storage, use and disposal of pesticides and containers.
- Conducts emergency, incident investigation and enforcement responses.
- Provides farmer and homeowner assistance in disposal of canceled, obsolete or unusable pesticides.

Feed Branch

- Enforces the North Carolina Commercial Feed Law to ensure consumers that the animal products they use are wholesome and free of harmful chemical residues.
- Protects livestock and poultry feeders and pet owners by assuring them that supplies of feed are of satisfactory quality, adequately and accurately labeled.
- Registers over 13,000 commercial feedstuffs annually
- Conducts approximately 6,000 inspections annually, collecting over 3,200 samples for laboratory analysis.

Laboratory Branch

- Divided into six sections which make analytical determinations essential in carrying out the numerous and varied responsibilities of the Food and Drug Protection Division: These six sections are -- Microbiology, Food, Feed, Pesticide, Fertilizer, and Chemical Residue.

DIVISION OF FOOD AND DRUG
OVERVIEW OF EXPANSION ITEMS

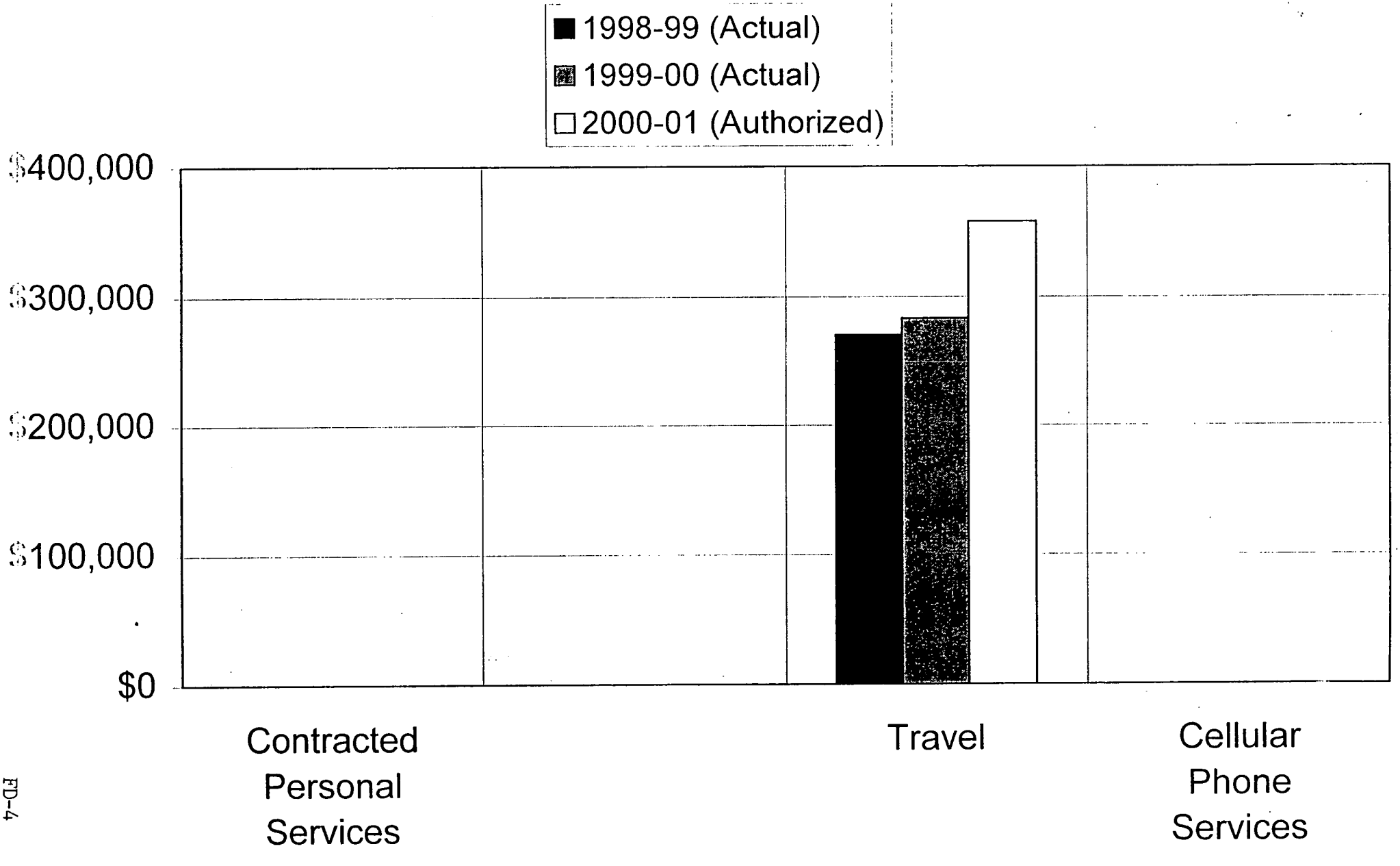
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Pesticide Disposal Assistance Program	90,000 R 10,000 NR	

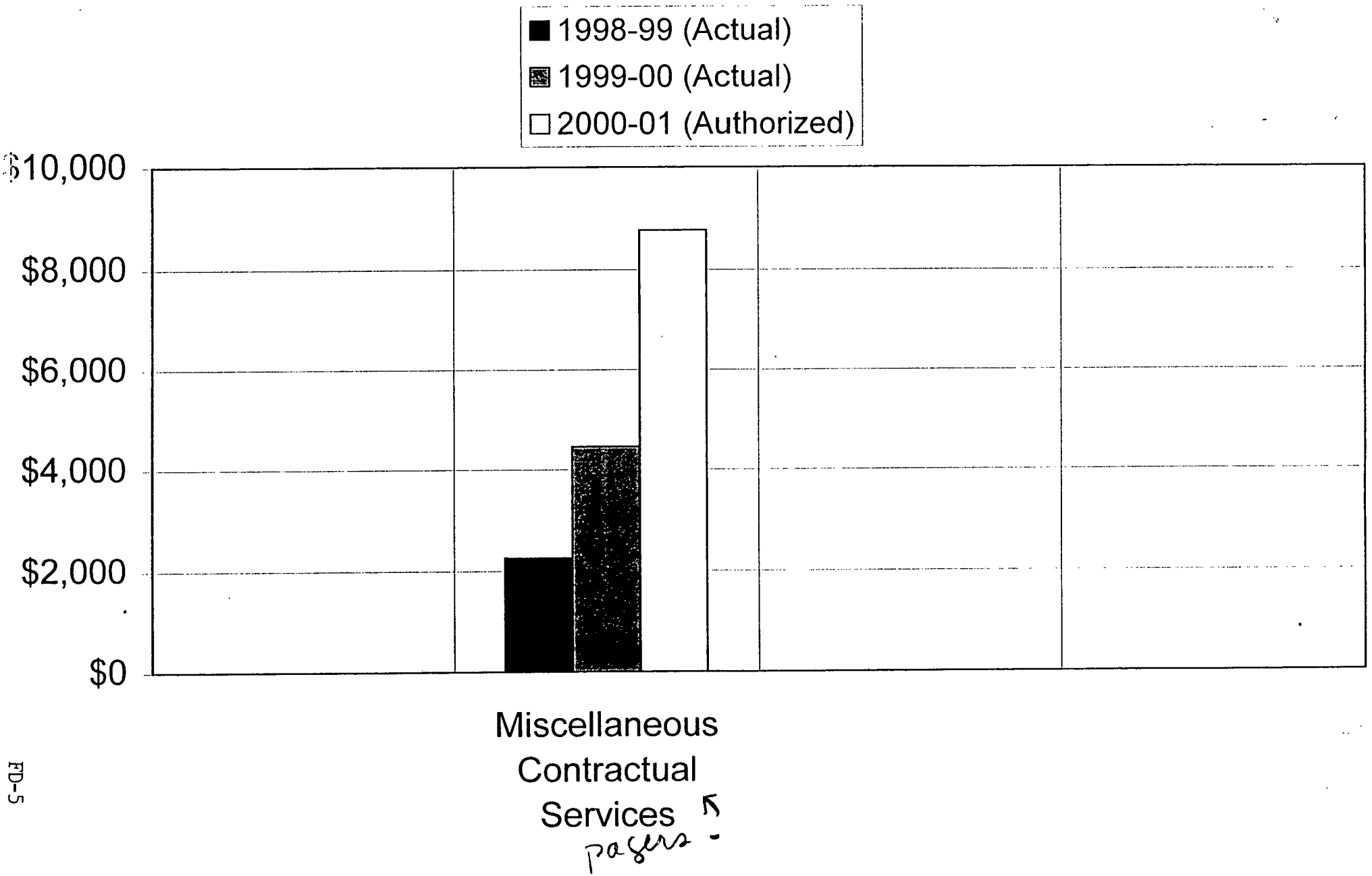
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Food Related Facilities Funds		113,994 R	
2. Environmental Protection in Pesticide Applications		179,039 R	

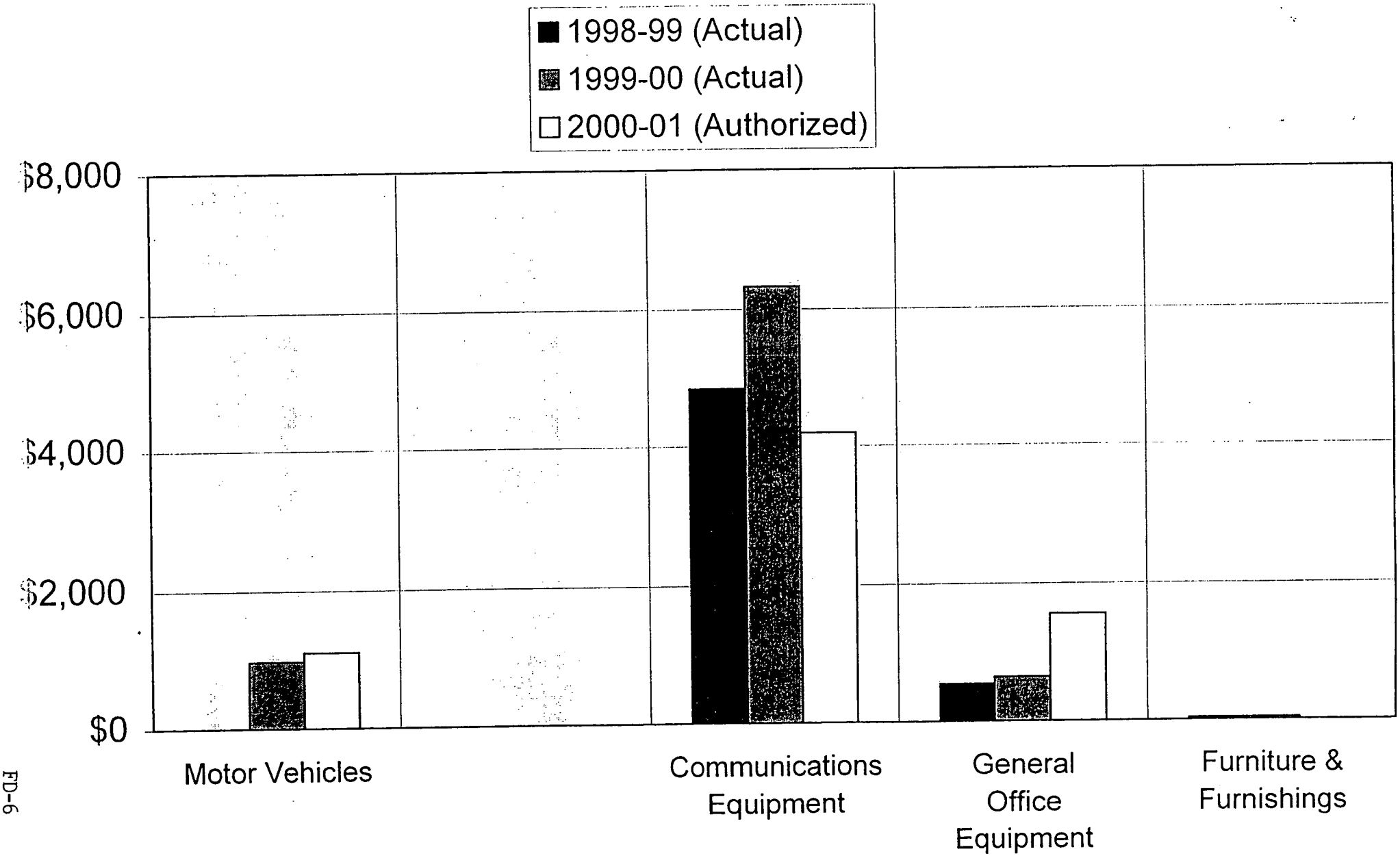
Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



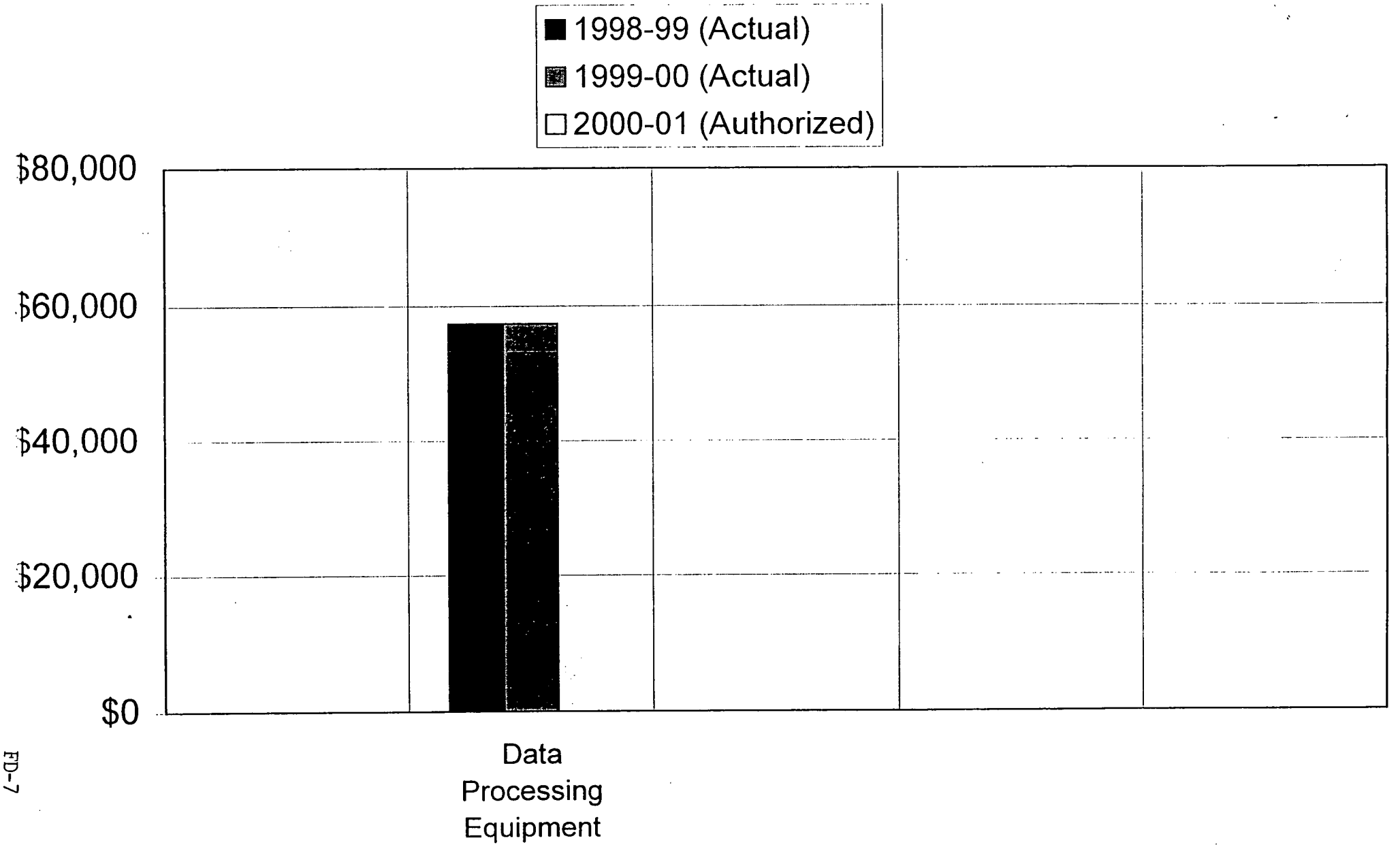
Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



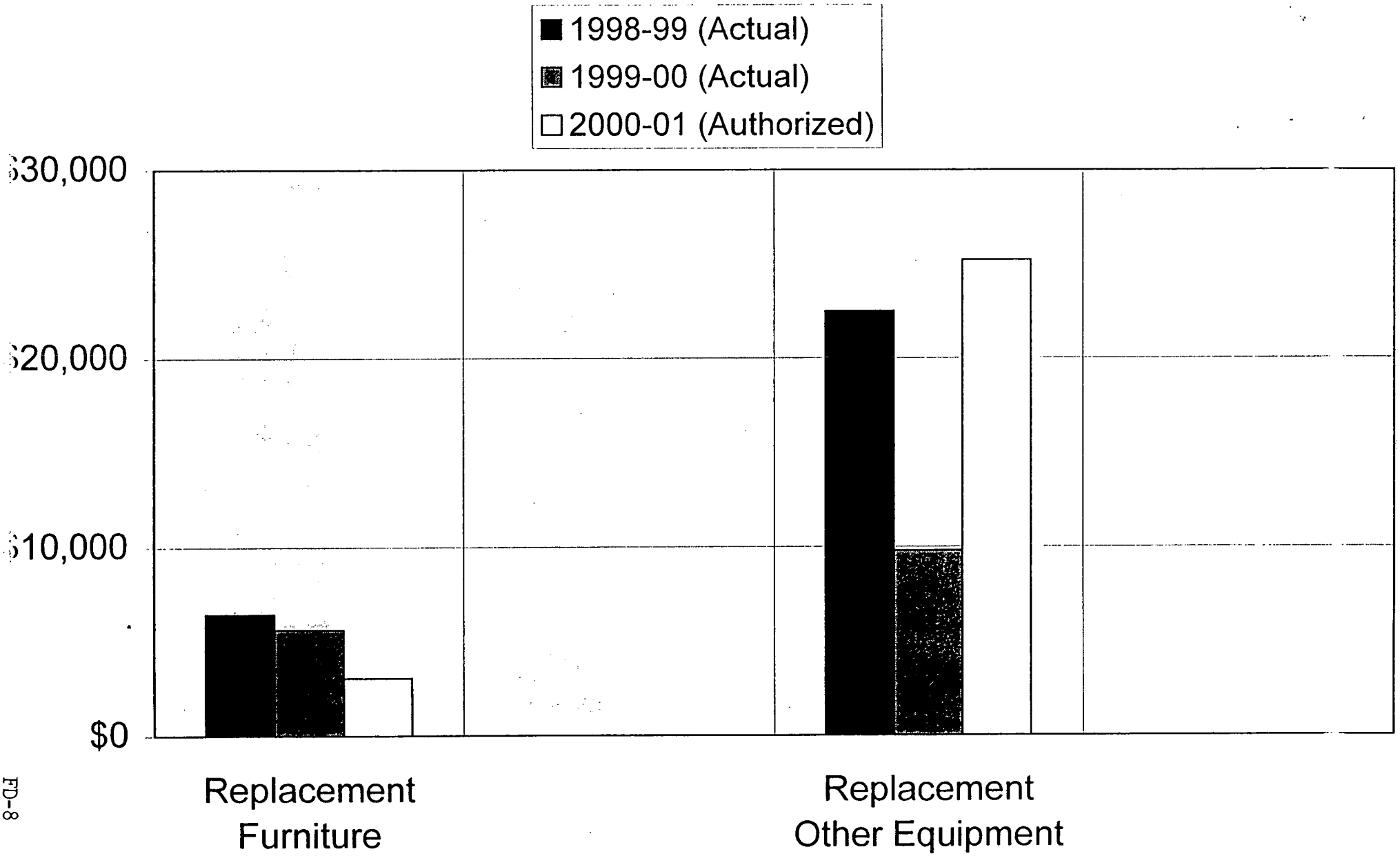
Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



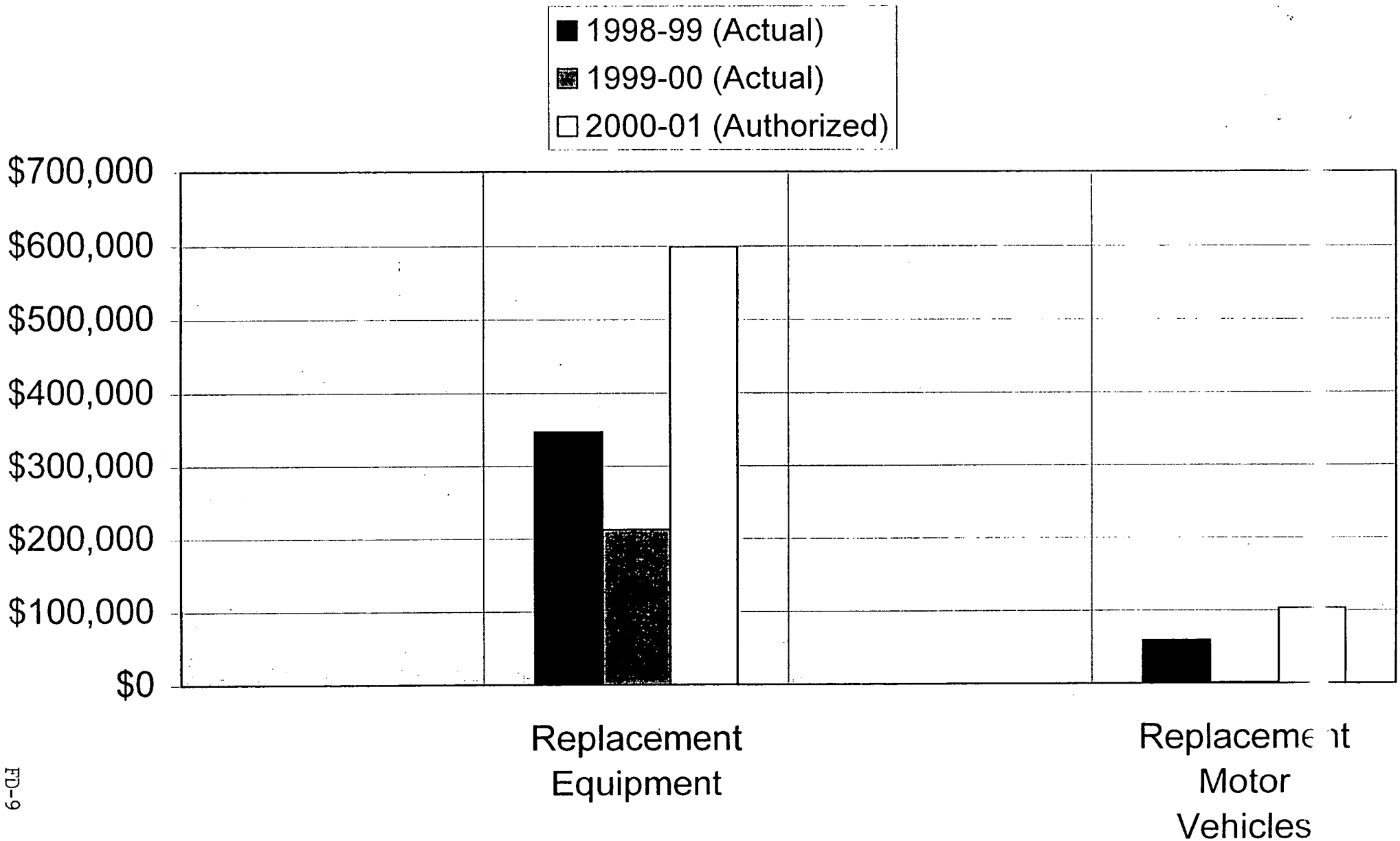
Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



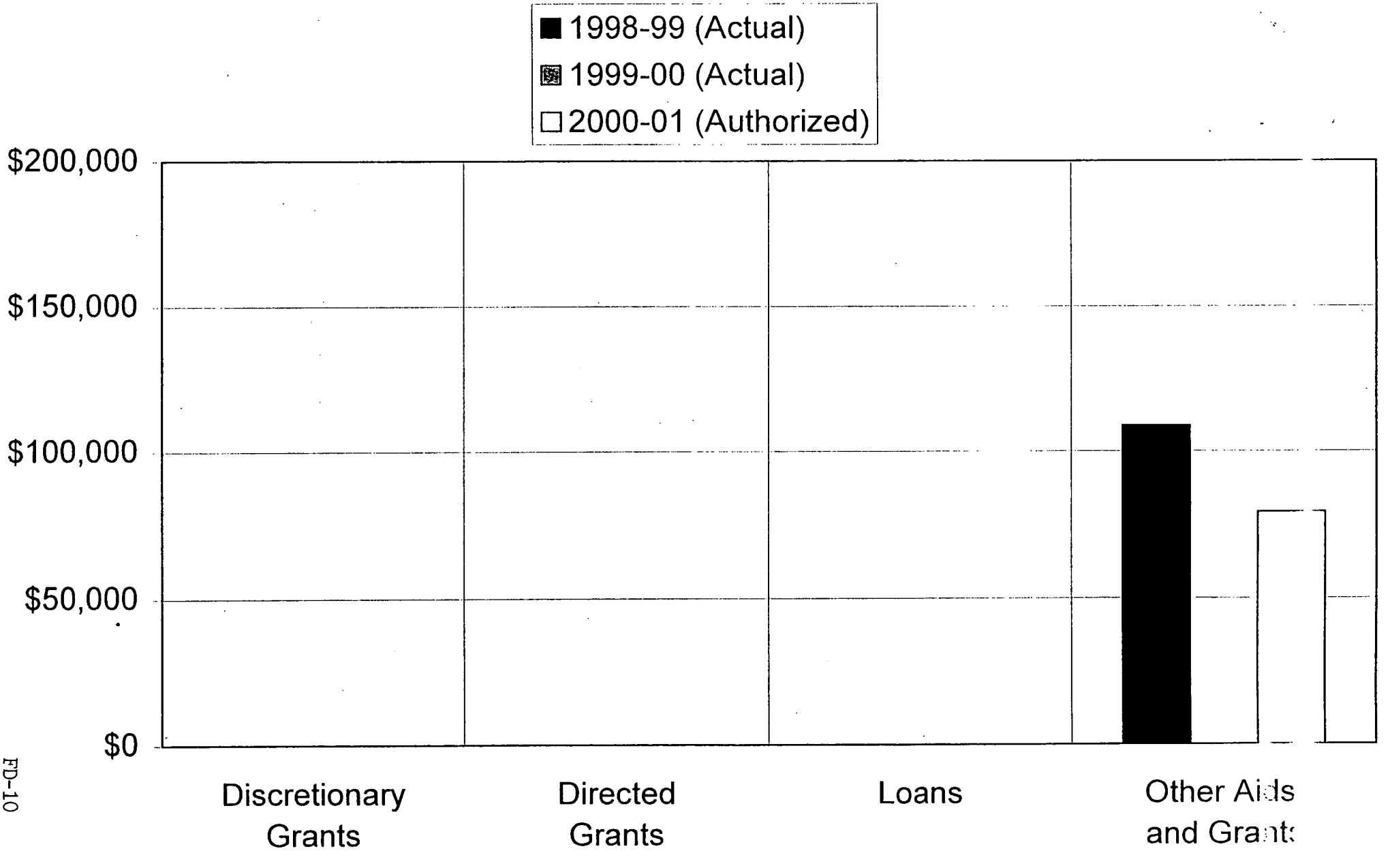
Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Food & Drug
Comparison of Actual and Authorized Expenditures



North Carolina Department of Agriculture & Consumer Services
Food & Drug Protection Division

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Commercial Feed Registration	1973	106-284.34	$3.00	7/1/89	1	9,174	$27,522
Commercial Feed - Other Pet Food Registration	1973	106-284.34	$3.00/30.00*	7/1/89	1	3,051	$69,464.00
Canned Pet Food Registration	1973	106-284.34(c)	$10.00	7/1/89	1	1,234	$12,340
Commercial Feed Registration Penalty	1973	106-284.34	$30.00	7/1/73	**	7	$210.00
Commercial Feed - Other Pet Food Registration Penalty	1973	106-284.34	$30.00	7/1/73	**	24	$720
Commercial Feed Deficiency Penalty	1998	106-284.42(l)	***	7/1/73	**	198	$26,888.98
Commercial Feed Non Can Deficiency Penalty	1998	106-284.42(l)	***	7/1/73	**	34	$4,674.53
Dry Feed Inspection Fees	1973	106-284.40(b)	$0.12	7/1/73	4	****	$327,277
Canned Pet Food Inspection Fees	1973	106-284.40(a)	$0.03	7/1/73	4	****	$202,152
Delinquent Feed Reporting Penalty	1973	106-284.40(c)	10%	7/1/73	**	****	$7,323

*Includes packages over 5 lbs @ $3.00 each and packages of 5 lbs or less @ $30.00 each

**As assessed

***Penalties assessed by formula (106-284.42(j). All monies go to Civil Penalty and Forfeiture Fund.

****Unable to determine

North Carolina Department of Agricutlure & Consumer Services
Pesticide Section

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Pesticide Aircraft Inspection							
Fee	7/1/71	143-452	$10.00	7/1/71	1	62	$620.00
Private Applicator's Certificate	7/1/87	143-140	$6.00	7/1/87	1*	7,664	$45,984
Pesticide Aerial Applicator							
License	7/1/71	143-452	$30.00	7/1/89	1	215	$6,450
Pesticide Ground Applicator							
License	7/1/71	143-452	$30.00	7/1/89	1	8,212	$246,360
Pesticide Dealer License	7/1/71	143-448	$30.00	7/1/89	1	794	$23,820
Pesticide Consultant License	7/1/71	143-455	$30.00	7/1/89	1	105	$3,150
Pesticide Registration Fee	7/1/71	143-442	$30.00	7/1/89	1	12,389	$371,670
Pesticide Registration Delinquent							
Penalty	7/1/71	143-442	$200.00	7/1/89	1	134	$26,800
Pesticide Environmental Trust							
Fund Assessment	7/1/93	143-442	$25.00**	7/1/93	1	8,709	$217,725
Pesticide Environmental Trust							
Fund Assessment	7/1/93	143-442	$50.00**	7/1/93	1	3,640	$182,000

*Certification for 3-year period

**The Pesticide Environmental Trust Fund Assessment is $50.00 annually for each pesticide product with gross sales in N. C. for the preceding 12 months for the period ending 9/30 were more than $5,000, and $25.00 annually of gross sales were less than $5,000.00.

Department of Agriculture & Consumer Services
Food & Drug Protection Division

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Babcock Tester's License	1951	106-267.1	$5.00	7/1/89	1	4	$20.00
Milk Hauler's License	1951	106-267.1	$5.00	7/1/89	1	46	$230.00
Dairy Products Inspection Fee-							
Wholesale	1921	106-254	$40.00	7/1/89	1	72	$2,880
Dairy Products Inspection Fee-							
Retail	1921	106-254	$10.00	7/1/89	1	1,041	$10,410
Anti-Freeze Registration	1975	106-579.4	$250.00	7/1/75	1	172	$43,000
Drug Registration (Manufacturer							
and Repackager)	1991	106-140.1	$500.00	7/1/88	1	129	$64,500
Drug Registration (Wholesaler)	1991	106-140.1	$350.00	7/1/88	1	308	$107,800
Drug License (Distributor)	1991	106-145	$350.00	7/1/88	1	165	$57,750
Drug License (Manufacturer							
and Repackager)	1991	106-145	$500.00	7/1/88	1	61	$30,500

Attachment E

Department of Agriculture and Consumer Services

Research Stations and State Farms	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	10,530,649	11,240,506	11,013,163	10,764,552	12,366,556
Less Receipts	(4,085,764)	(4,137,518)	(3,493,421)	(3,279,050)	(3,880,633)
State Appropriations	*6,444,885*	*7,102,988*	*7,519,742*	*7,485,502*	*8,485,923*
Positions	197.75	198.75	197.75	199.75	200.75

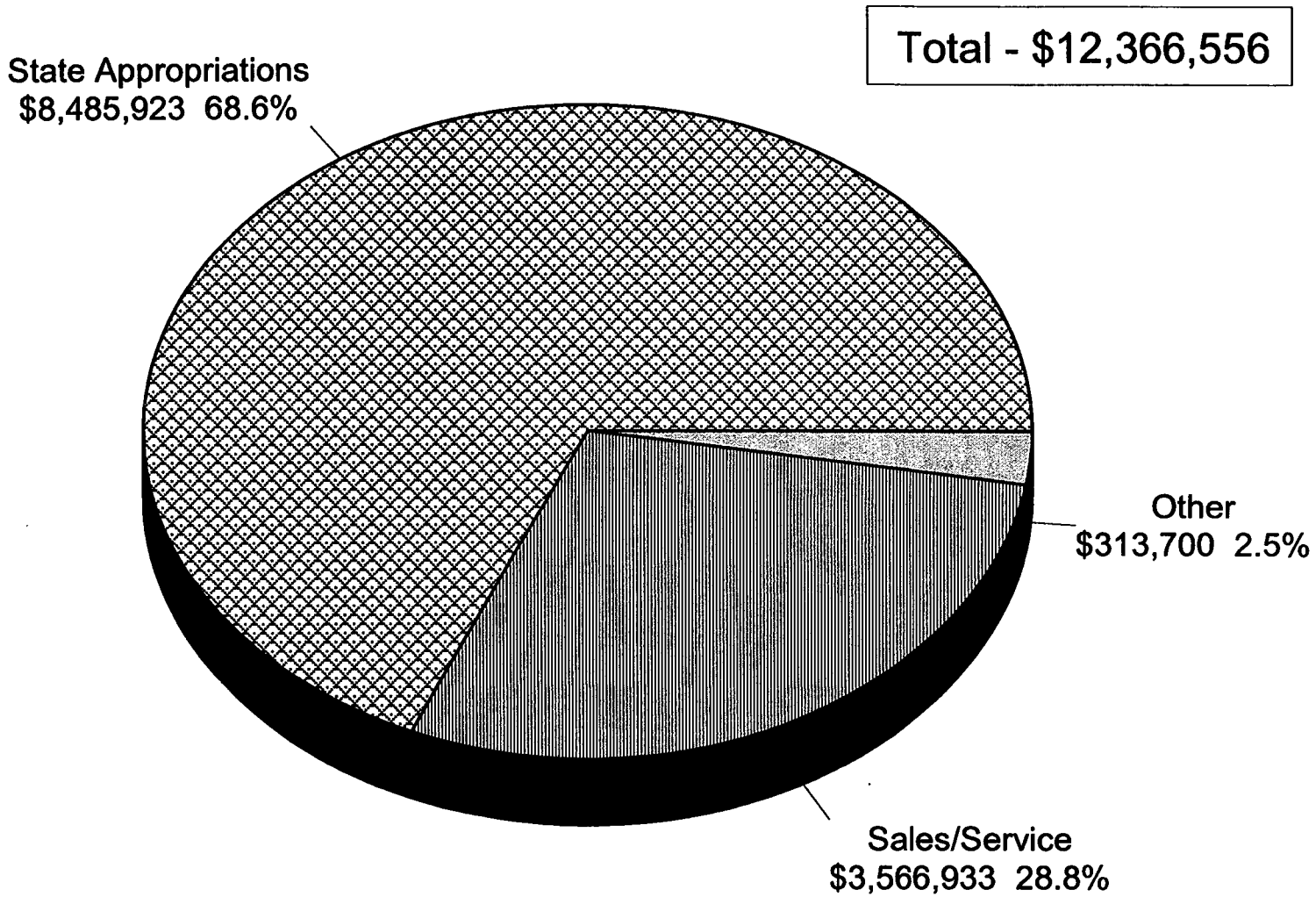
DIVISION MISSION AND ACTIVITIES

The mission of the Research Stations and State Farms Division is to manage crop and livestock facilities that serve as a platform for agricultural research aimed at making farming more efficient, productive and profitable, while maintaining a sound environment and providing consumers with safe and affordable products. The Division provides physical facilities, administrative services and manpower to carry out agricultural research projects for the University System and for conservation on state land. The Division is organized into 15 Research Stations and 3 State Farms located across North Carolina (see attached map).

The original purpose of the State Farms was to produce food for the NC Department of Health and Human Services' institutions. In 1989, the General Assembly directed that the State Farms shift their emphasis to support education and research related to agricultural practices.

Research Stations and State Farms

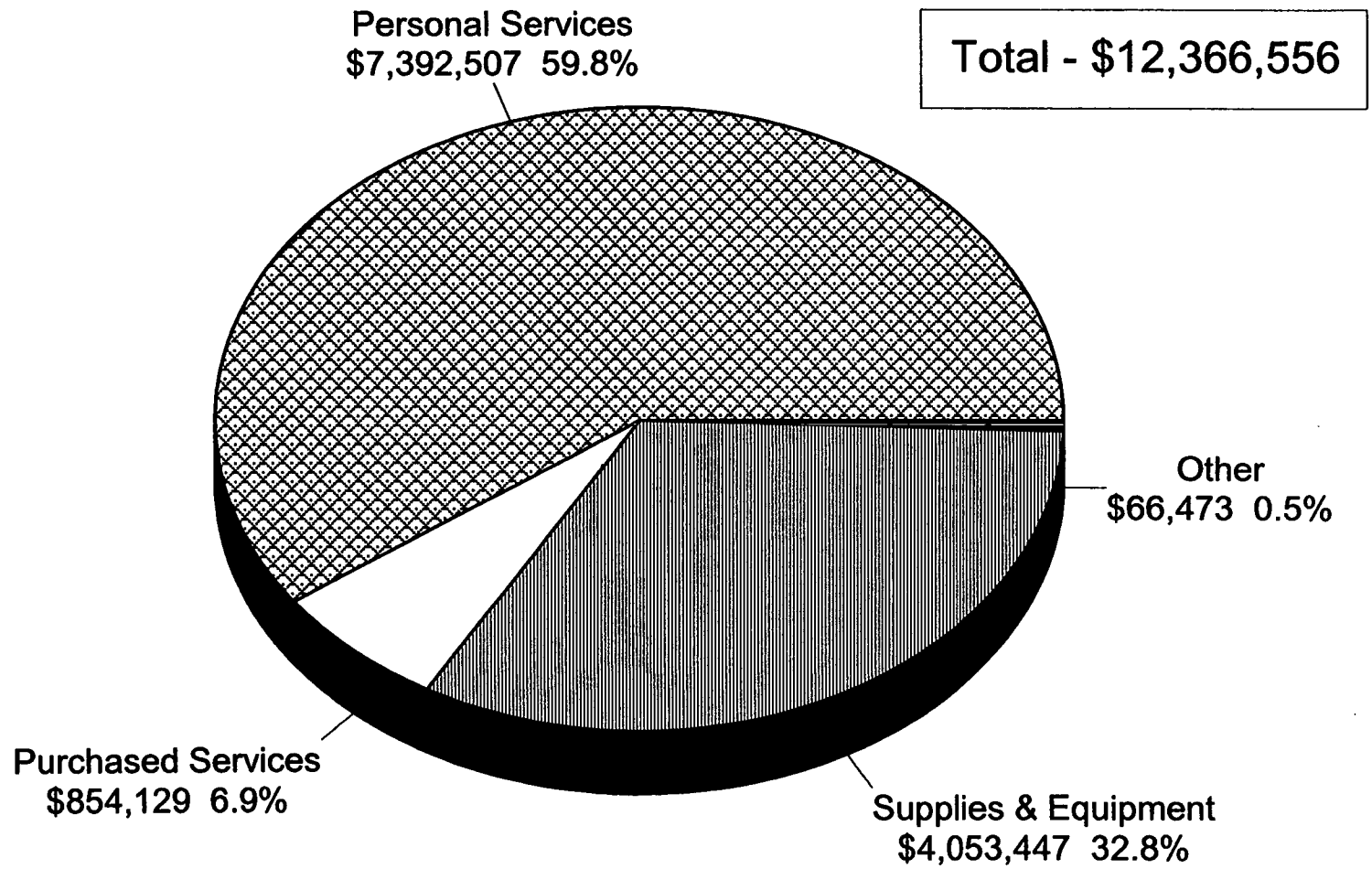
FY 2000-01 (Authorized) Fund Sources



Fiscal Research Division - March 2001

Research Stations and State Farms

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - March 2001

RESEARCH STATIONS/STATE FARMS

POSITIONS VACANT FOR MORE THAN 6 MONTHS

Position	Fund Code	FTE	Date Vacated	Salary
1. Agricultural Research Tech. I	1190	1.00	6/30/00	$24,355
2. Agricultural Research Asst. I	1190	1.00	4/11/00	$17,918
3. Maintenance Mechanic IV	1190	1.00	7/01/00	$28,504

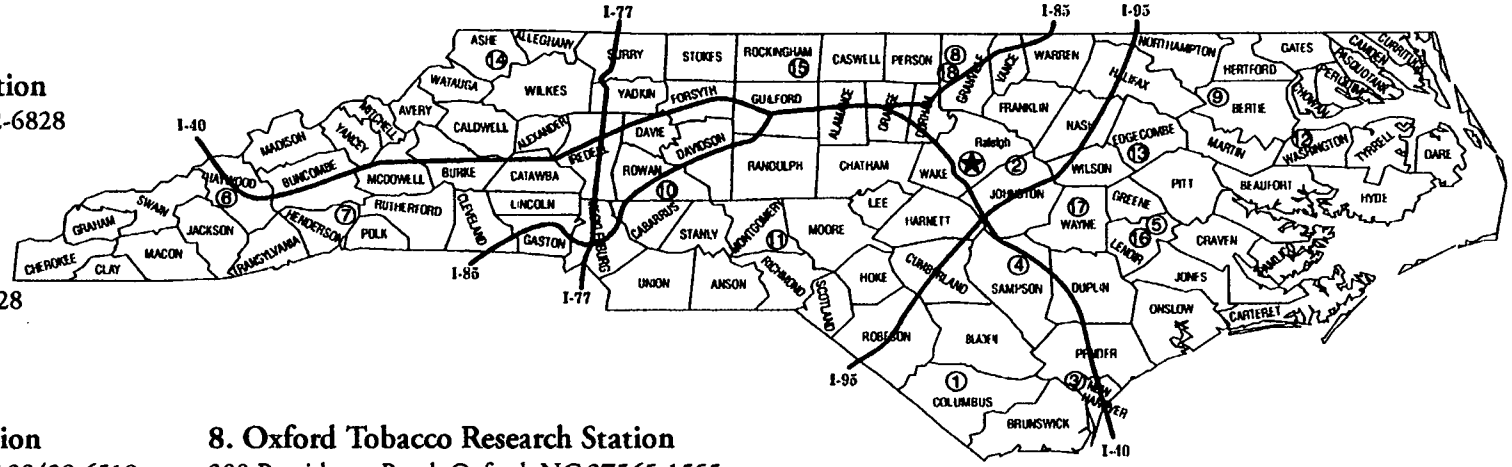
ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Center for Environmental Farming Systems (CEFS) located at the Cherry Farm Unit in Goldsboro is a partnership among the NC Department of Agriculture, North Carolina State University, NC A&T University, other state and federal agencies and farmers. The goal of the CEFS is to protect and enhance the state's environmental quality while sustaining the long-term productivity and profitability of its farms. Components of the Center include conservation tillage studies, animal systems, organic agriculture systems, and farming systems research.

In recent years, the legislature has appropriated funds for planning and development of the Center, and for equipment. The Committee may wish to have the Department provide a progress report on the CEFS and comment on future strategies for the site in order to justify continuing efforts on this project.

Research Stations Division Locations

North Carolina Department of Agriculture & Consumer Services / NC State University



1. Border Belt Tobacco Research Station
86 Border Belt Drive; Whiteville, NC 28472-6828
PHONE: (910) 648-4703
Ty M. Marshall, Supt.

2. Central Crops Research Station
13223 US 70 West; Clayton, NC 27520-2128
PHONE: (919) 553-2141
George B. Clark, Supt.

3. Horticultural Crops Research Station
3800 Castle Hayne Road; Castle Hayne, NC 28429-6519
PHONE: (910) 675-2314 / 0242
Thomas L. Blake, Supt.

4. Horticultural Crops Research Station
2450 Faison Highway; Clinton, NC 28328-9501
PHONE: (910) 592-7839
Jimmy H. Prince, Supt.

5. Lower Coastal Plain Tobacco/ Cunningham Research Station
200 Cunningham Road; Kinston, NC 28501-1700
PHONE: (252) 527-3579
Sanford T. Barnes, Supt.

6. Mountain Research Station
265 Test Farm Road; Waynesville, NC 28786-4016
PHONE: (828) 456-3943
William L. Teague, Supt.

7. Mountain Horticultural Crops Research Station
2000 Fanning Bridge Road; Fletcher, NC 28732-9238
PHONE: (828) 684-7197
Denny Thompson, Supt.

8. Oxford Tobacco Research Station
300 Providence Road; Oxford, NC 27565-1555
PHONE: (919) 693-2483
William Clements, Supt.

9. Peanut Belt Research Station
112 Research Station Lane; Lewiston-Woodville, NC 27849-9564
PHONE: (252) 348-2213
J. Stephen Barnes, Supt.

10. Piedmont Research Station
8350 Sherrills Ford Road; Salisbury, NC 28147-7579
PHONE: (704) 278-2624
Raymond D. Coltrain, Supt.

11. Sandhills Research Station
2664 Windblow Road; Jackson Springs, NC 27281-9505
PHONE: (910) 974-4673
J. Thomas Garrett, Supt.

12. Tidewater Research Station
207 Research Station Road; Plymouth, NC 27962-9526
PHONE: (252) 793-4118 / 4428
John Smith, Supt.

13. Upper Coastal Plain Research Station
Rt. 2, Box 400; Rocky Mount, NC 27801-9276
PHONE: (252) 442-7326
Clyde Bogle, Ph.D.; Supt.

14. Upper Mountain Research Station
8004 NC Hwy 88 E; Laurel Springs, NC 28644-8631
PHONE: (336) 982-2501
Joe K. Hampton, Supt.

15. Upper Piedmont Research Station
1944 Wentworth St.; Reidsville, NC 27320-7302
PHONE: (336) 349-8347
Joseph T. French, Ph.D.; Supt.

16. Caswell Farm Unit
2415 W. Vernon Ave.; Kinston, NC 28501-3337
PHONE: (252) 559-5104
Phillip D. Winslow, Supt.

17. Ctr. for Environmental Farming Systems
201 Stevens Mill Rd.; Goldsboro, NC 27530-1057
PHONE: (919) 731-3270
L. Edward Pitzer, Supt.

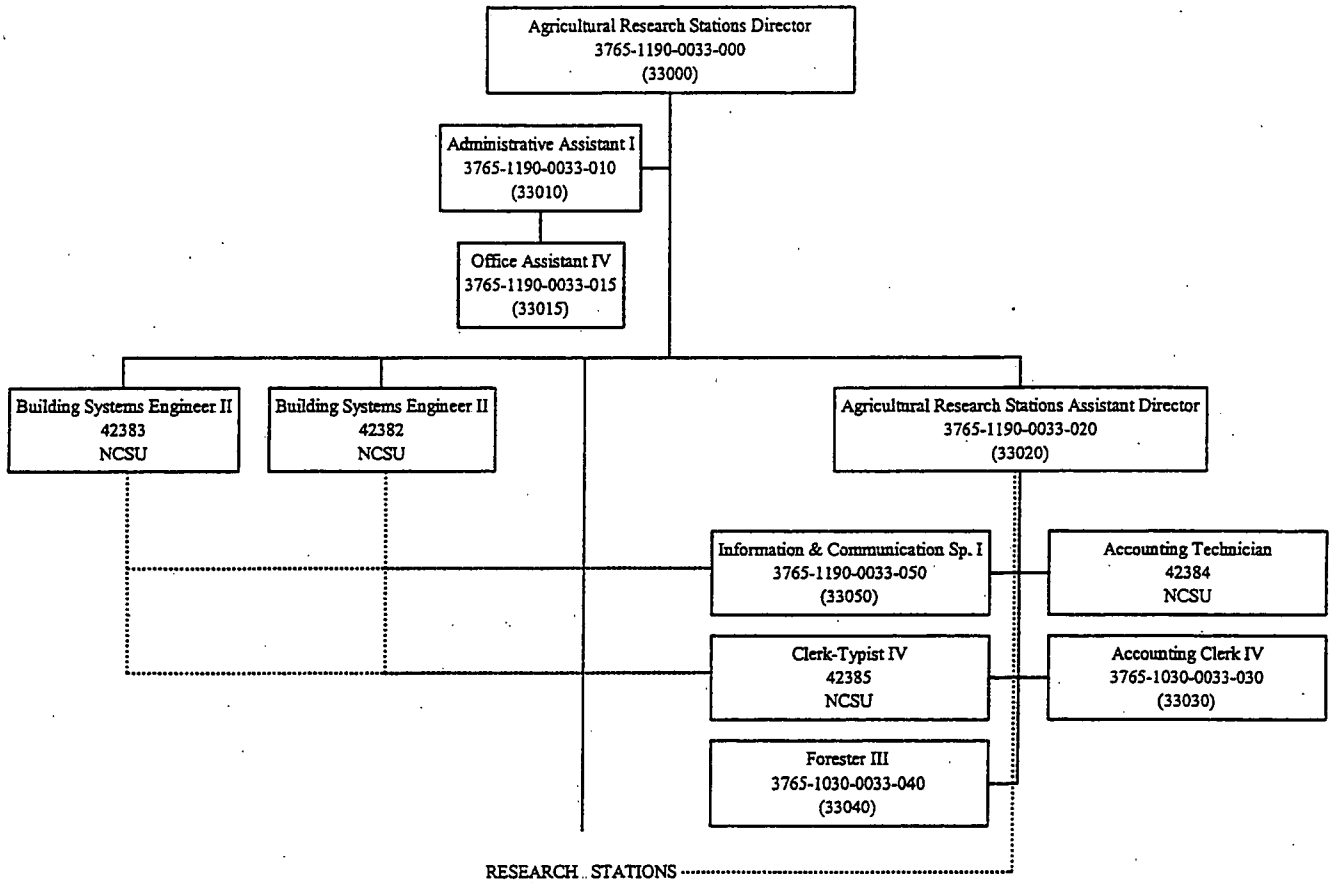
18. Umstead Farm Unit
2652 Old 75 Hwy; Butner, NC 27509-1650
PHONE: (919) 575-3180
Reid Evans, Ph.D.; Supt.

AG-51

www.ncagr.com/research

Research Stations Division
Overview

AG-52



Border Belt Tobacco Research Station (NCDA)	Mountain Horticultural Crops Research Station (NCSU)
Horticultural Crops Research Station (NCSU) Castle Hayne	Horticultural Crops Research Station (NCDA) Clinton
Lower Coastal Plain Research Station (NCSU)	Oxford Tobacco Research Station (NCDA)
Upper Piedmont Research Station (NCSU)	Upper Coastal Research Station (NCDA)
Upper Mountain Research Station (NCDA)	Central Crops Research Station (NCSU)
Mountain Research Station (NCDA)	Peanut Belt Research Station (NCDA)
Piedmont Research Station (NCDA)	Sandhills Research Station (NCSU)
Tidewater Research Station (NCDA)	Caswell Research Station (NCDA)
Umstead Research Station (NCDA)	Cherry Research Station (NCDA)

See organizational Charts for each individual station.

Attachment F

Meg Scott Phipps, Commissioner
Carl V. Tart Jr., Director

RS 1

Working Together for One Cause

NCDA & CS • NC STATE UNIVERSITY • NC A&T

RESEARCH STATIONS DIVISION

Our Mission —
To manage crop and livestock facilities that serve as a platform for agricultural research to make farming more efficient, productive, and profitable, while maintaining a sound environment and providing consumers with safe and affordable products.

The USDA has documented that consumers reap the rewards of tax dollars invested in agricultural research, with at least a 35% annual rate of return.

There are more than
1,800 RESEARCH PROJECTS
currently underway at our statewide locations. Researchers would not be able to conduct their work without our facilities and equipment, support staff, and management team.

At our 18 locations across the state, we facilitate and support research staff from NCSU, NC A&T, and the USDA to conduct research on:

- fruit, row crops, and other horticultural commodities;
- pasture and feed variables to adequately support livestock research efforts;
- the efficiency of feed conversion, breeding, finishing, and facility design of both fisheries and livestock; and to
- improve and maintain forestry research sites through the implementation of best management practices (BMP).



1.5 million acres of NC farmland

are included in the federal Conversation and Wetland Reserve Program. These croplands not only supply consumer products, but also provide food and habitat for an abundance of the state's wildlife. Research projects on our stations help farmers continue to be good stewards of the land by developing sound conservation practices that include no-till methods, windbreaks, and waterways.

Organically-grown products continue to gain in popularity with baby-boomers and the health conscious. **Our Goldsboro location, The Center for Environmental Farming Systems, is the largest land-grant research facility of its kind in the United States, with approximately 80 of its 2,000 acres certified organic land.** Organic production represents the largest growth segment nationwide in agri-culture, with the industry worth $5.5 billion and a growth rate of 20% per year for the past eight years.

"AGRICULTURAL RESEARCH IN NORTH CAROLINA IS MORE IMPORTANT THAN EVER. ONE OF THE MOST IMPORTANT RESEARCH TASKS WILL BE CONTRIBUTING TO THE SOLUTION OF THE LIVESTOCK WASTE PROBLEM. WE MUST START THINKING ABOUT THIS SITUATION ON THE SCALE THAT WE THINK OF HUMAN WASTE. AND WE MUST HAVE SOLUTIONS ON THAT SCALE."

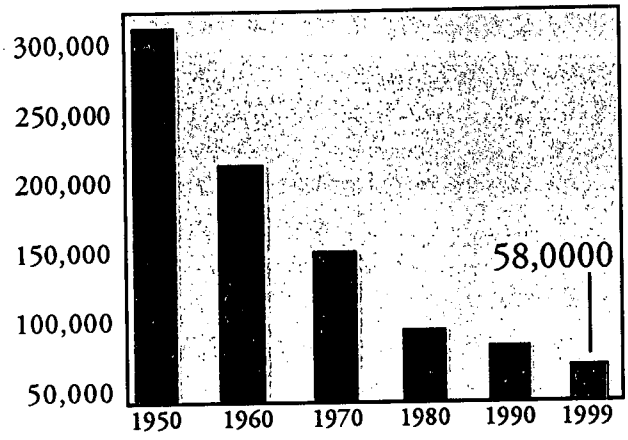
— NCDA & CS COMMISSIONER MEG SCOTT PHIPPS

In North Carolina, horticulture is a multi-million-dollar industry, and the demand has never been greater for plants adapted to the stress and strain of urban life. For decades, research has helped improve the urban landscape by introducing new plants and techniques for managing them.

— Dr. J. C. Wynne, Director, N.C. Agricultural Research Service/NCSU

Specialty crops research is giving N.C. farmers a new lease on the land. Ornamental, berry, herbs and spices, and turf grasses varieties are being studied at our locations across the state, with findings introduced to farmers on public Field Days.

NUMBER OF FARMS IN N.C.
1950 -1999



Due to urban development, farmland — and the number of farmers — continues to decrease. Research is vital in helping farmers make the most of their resources while continuing to feed a population that has grown in NC alone by 21.4% in the past 10 years, and who place a greater demand on quality and variety than ever before. The Research Stations Division helps 58,000 N.C. farmers grow consistently better consumer goods that include fruits; vegetables; hundreds of specialty crops; landscaping items from turf to pine needles; and dozens of aquaculture concerns.

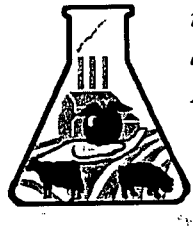
Consumers again reap the rewards of nutritious, affordable foods and plant products that use only 9.3 million of the state's 31 million acres.

Our 18 strategically located Research Stations and State Farms were visited by approximately **21,000 visitors** in 2000. From students to farming professionals, North Carolinians to world citizens from as far away as China, our stations educate, traine, and enlighten.

Our *Agricultural Awareness Days* program for school children is growing in popularity. We are educating THOUSANDS of county, private, and home-schooled students annually on the importance of agriculture in their daily lives. The message goes back to school, and into the homes, of every child.

During the 1999 Hurricane Floyd disaster, Research Station employees were in the field, on the phone, and in the news 24 hours/7 days a week for the duration and in the aftermath helping our citizens by

- rescuing livestock and humans from flood waters;
- delivering feed to stranded livestock;
- removing and disposing dead livestock;
- assisting NCDA & CS management in assessing damage and recommending financial aid;
- working with other state agencies to bring relief to those hard-hit by the storm; and
- communicating with worldwide media to relay accurate news on how the NCDA & CS was dealing with the crisis.



Our stations collect and report weather conditions around the clock for the National Weather Service and the NC Agricultural Weather Network. Hourly data is available to the world on the Internet.

NCDA & CS Research Stations Division

www.ncagr.com/research *We Keep NC Agriculture Growing!*

Sources: NCDA & CS Statistics; USDA; US Census Bureau

Prepared by the Research Stations Division/NCDA &CS 2/01

DIVISION OF RESEARCH STATIONS & STATE FARMS
OVERVIEW OF EXPANSION ITEMS

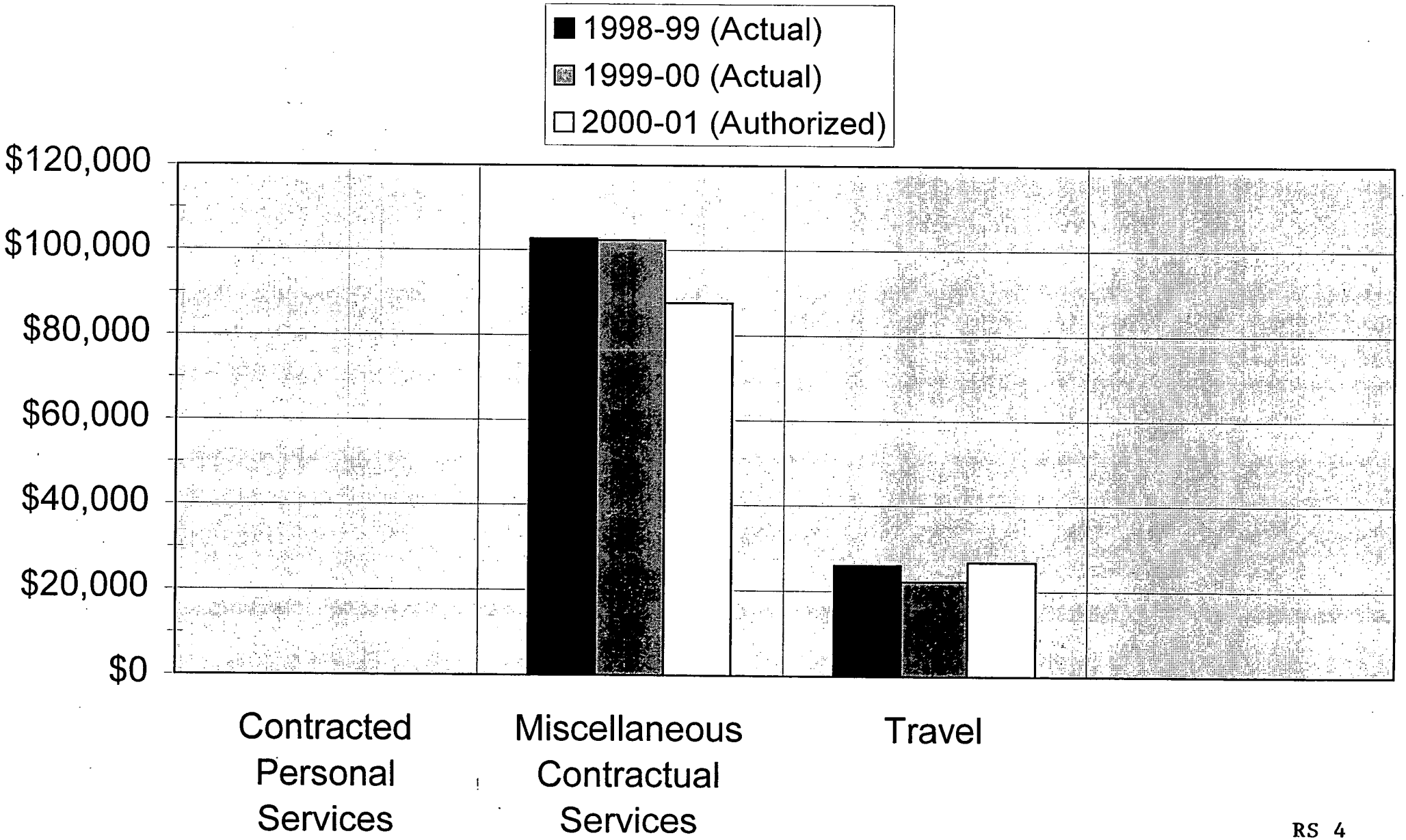
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Oxford Research Station Funds	196,346 R 17,000 NR	
2. Center for Environmental Farming	100,000 NR	
3. Vernon James Research & Extension Center-Phase II of the Headhouse-Greenhouse project	827,168 NR	

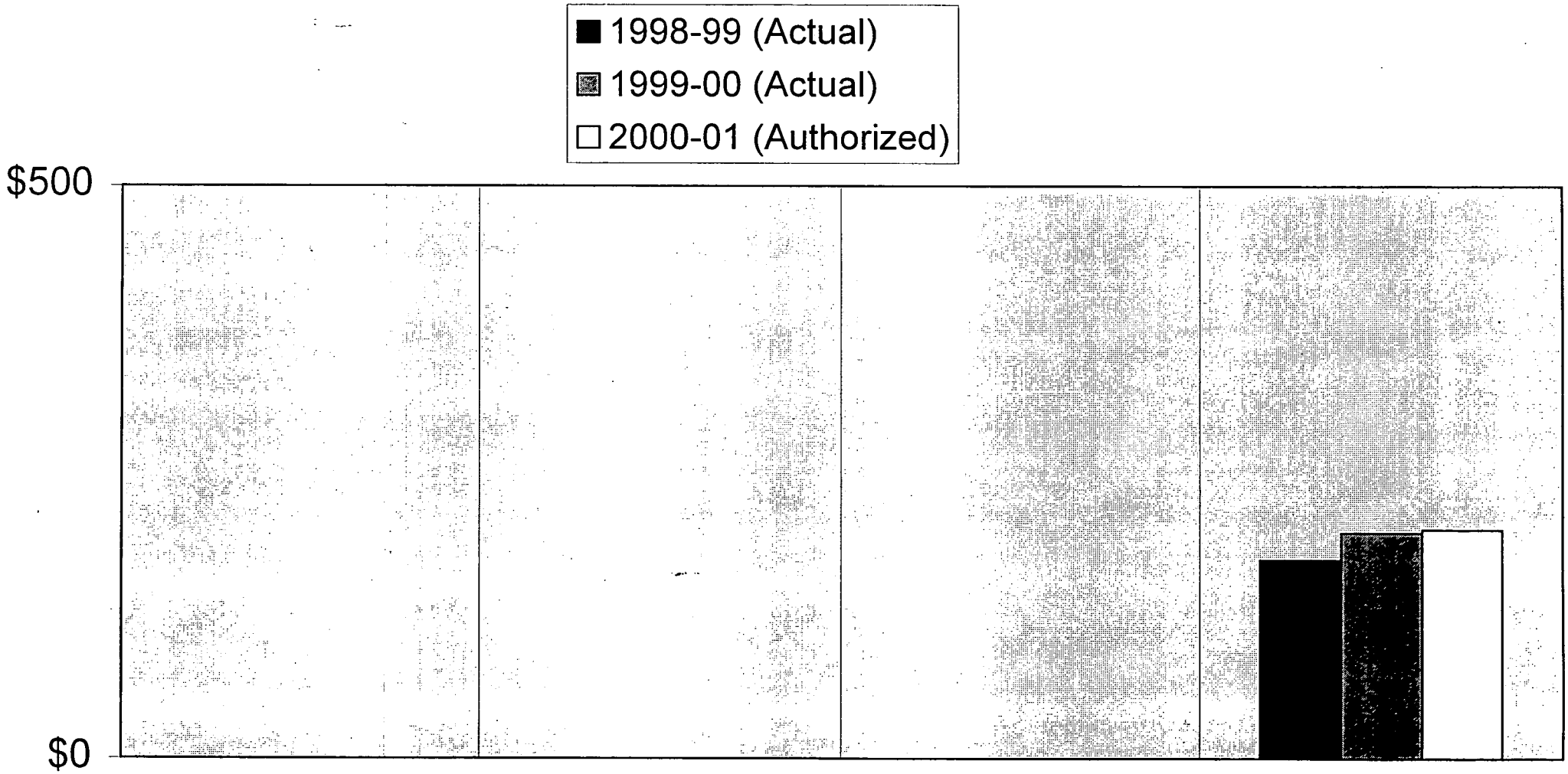
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99

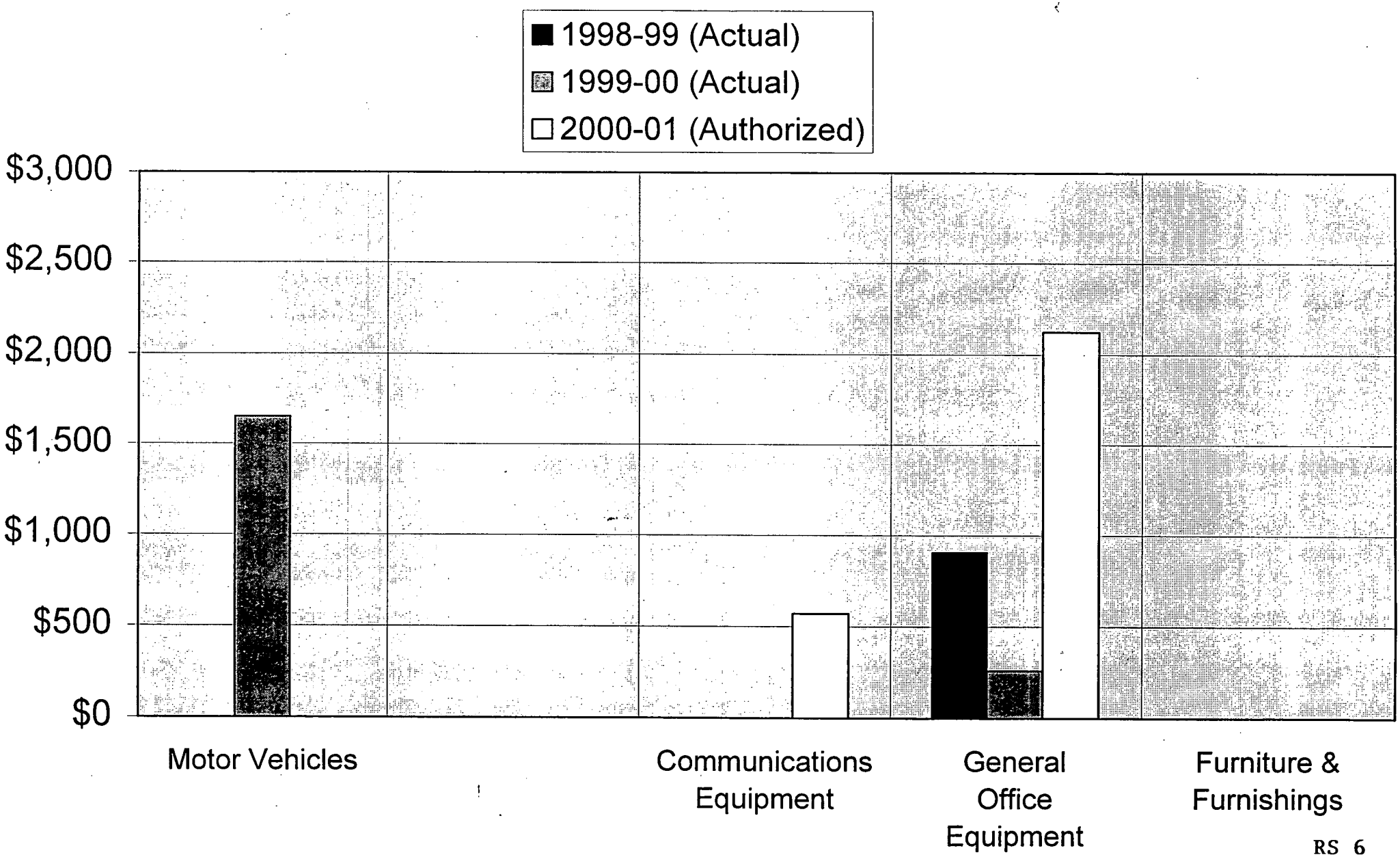
Agriculture & Consumer Services
Research Stations & State Farms
Comparison of Actual and Authorized Expenditures



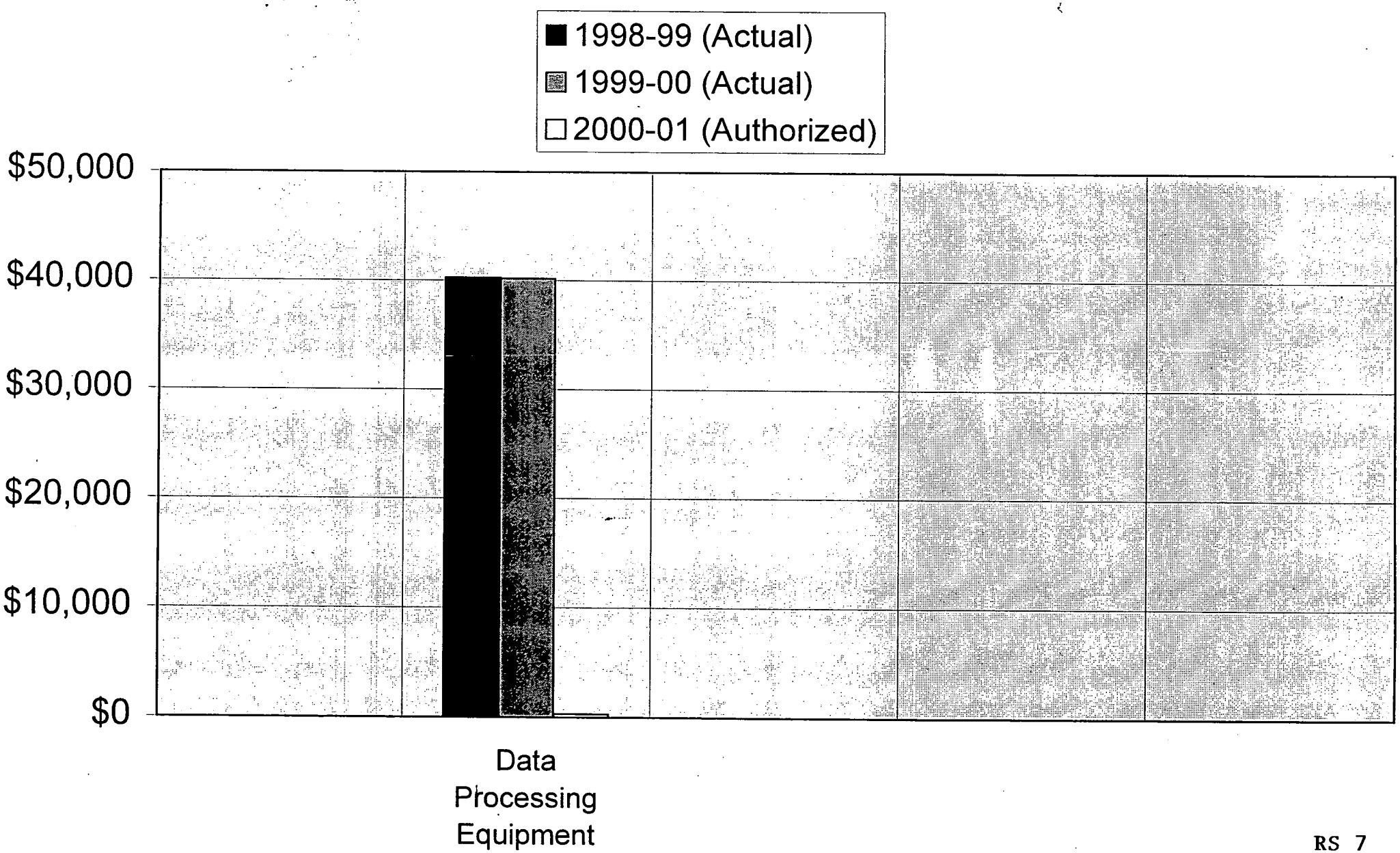
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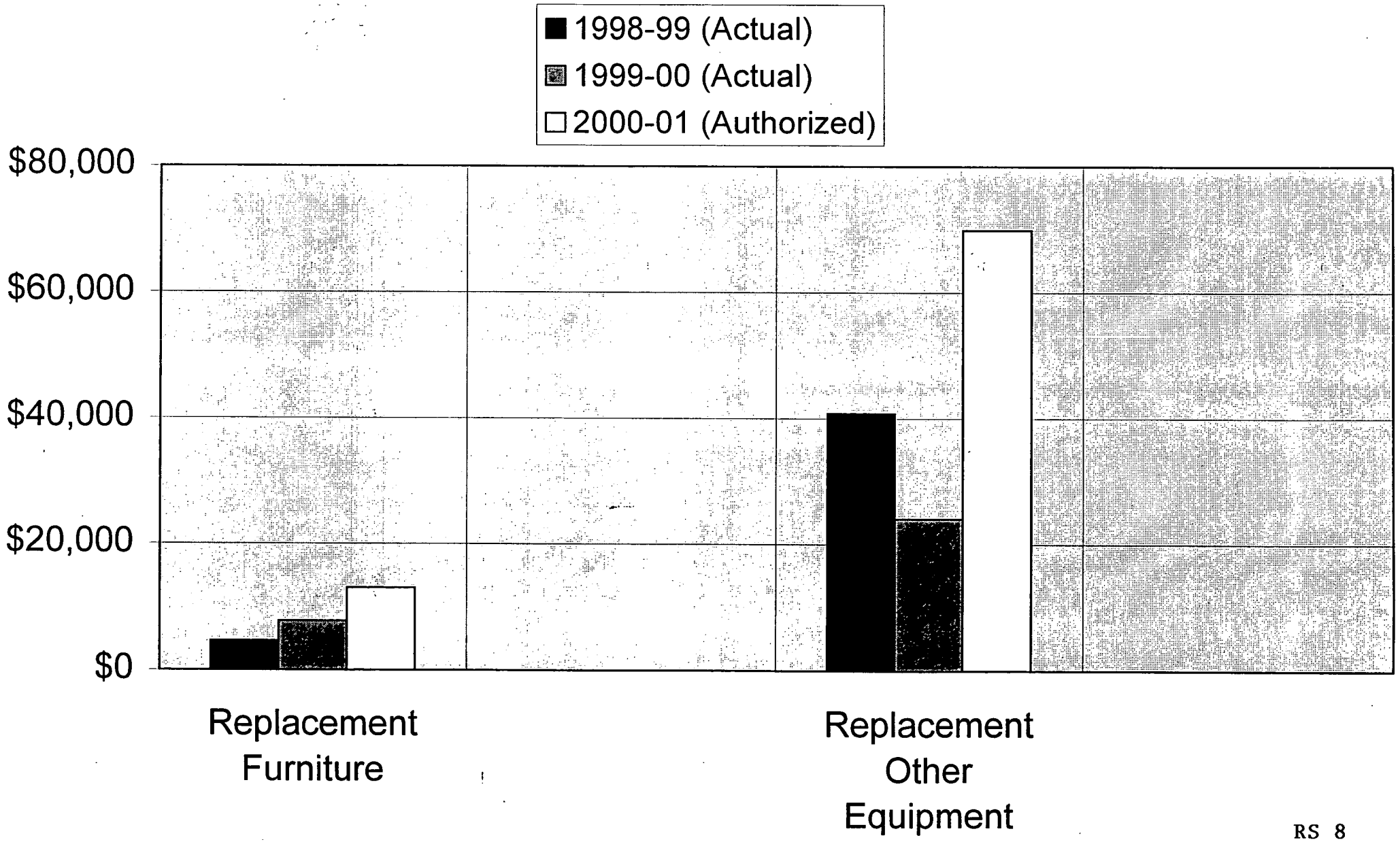
Agriculture & Consumer Services
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Comparison of Actual and Authorized Expenditures



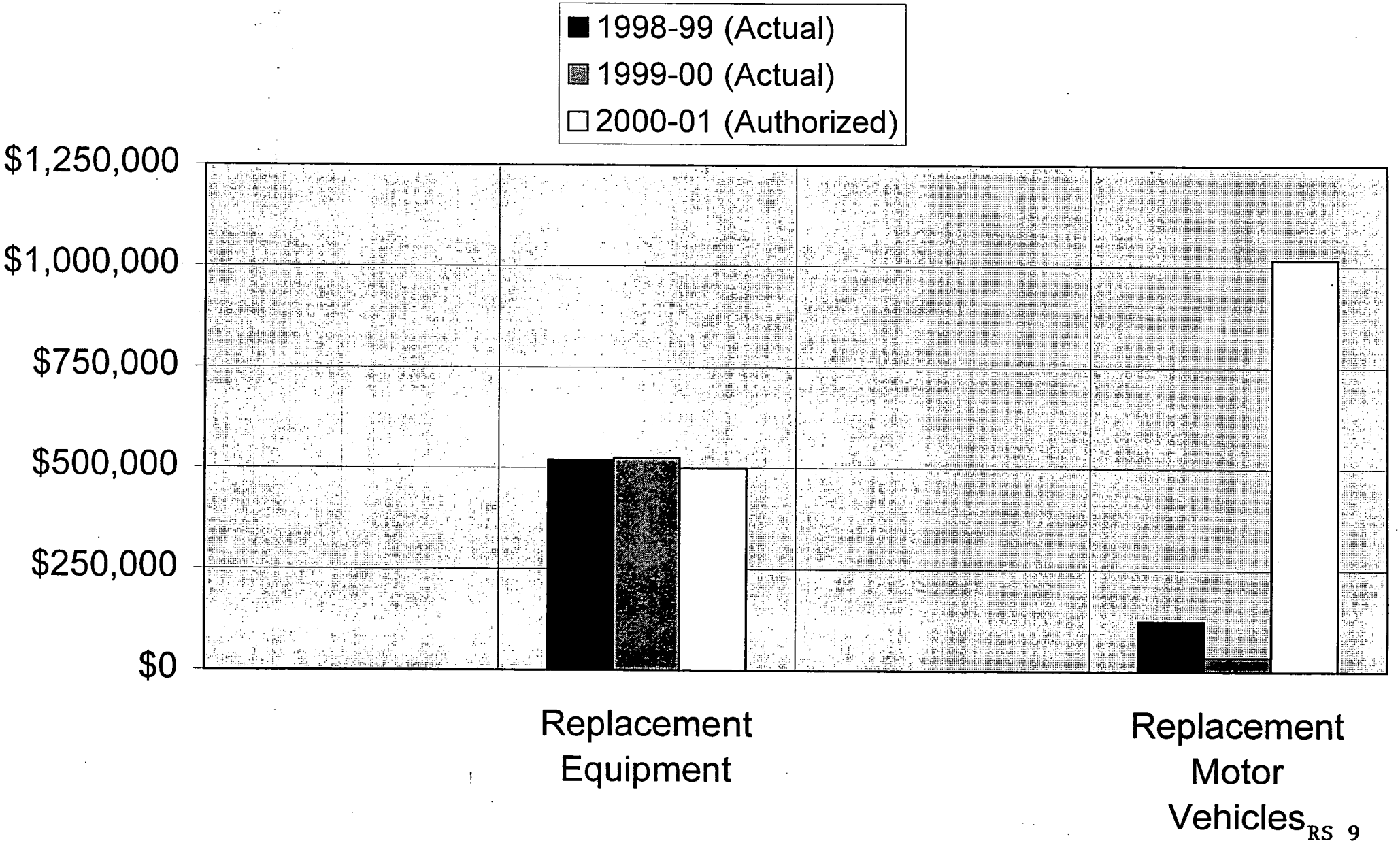
Agriculture & Consumer Services
Research Stations & State Farms
Comparison of Actual and Authorized Expenditures



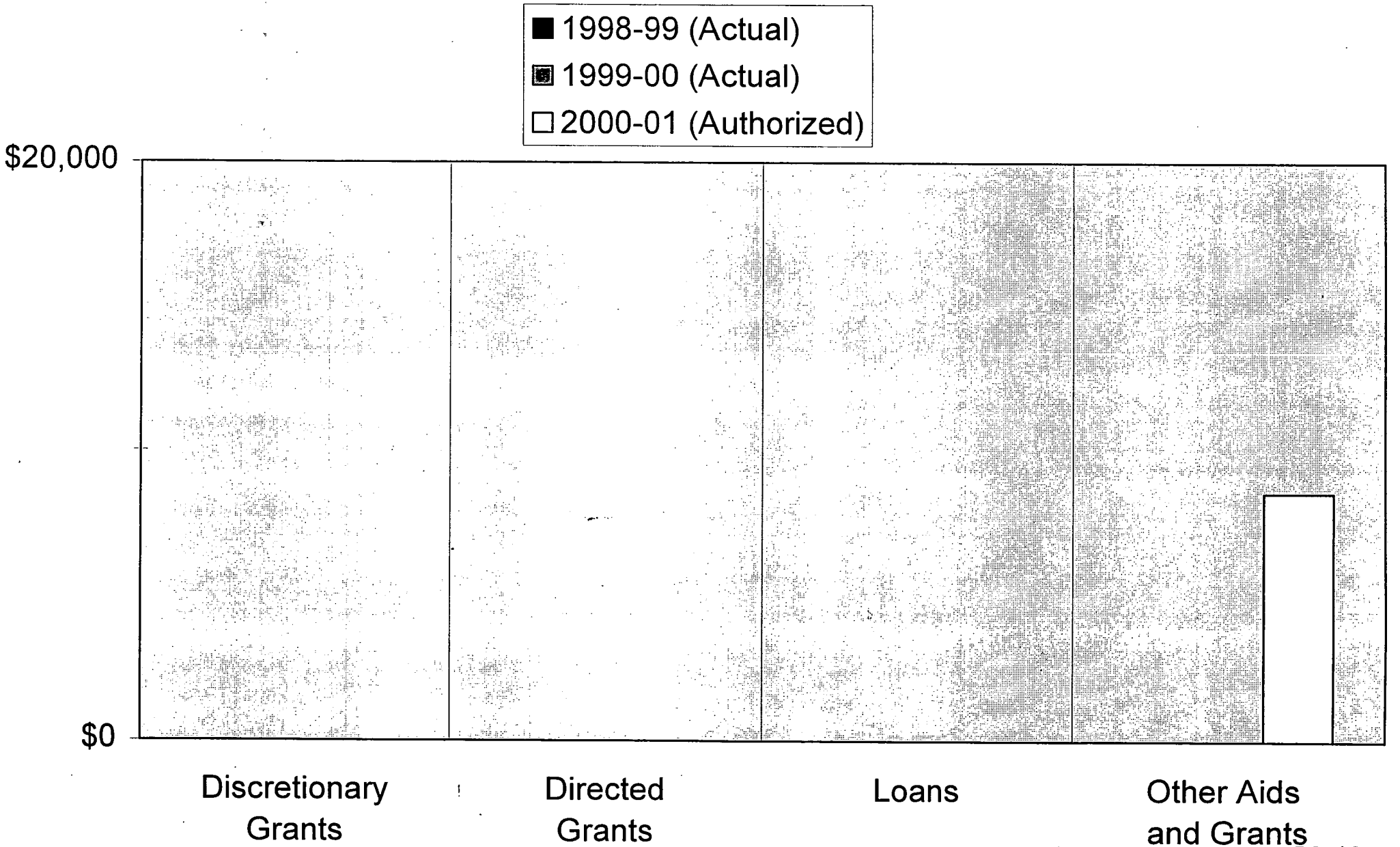
Agriculture & Consumer Services
Research Stations & State Farms
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Research Stations & State Farms
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Research Stations & State Farms
Comparison of Actual and Authorized Expenditures



NC Department of Agriculture & Consumer Services
Research Stations Division

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Performance Evaluation Service	09/10/1980		$75.00	07/01/1989	1	36	$2,700.00

PM

VISITOR REGISTRATION SHEET

NER
Name of Committee

3/14 2001
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bill McRae	NCDA & CS
Bill Dickerson	NCDA & CS
Betty Gautier	NCDA & CS
Susan Baker	NCDA & CS
Gene Cross	NCDA & CS, PID
Eddie Martin	NCDA & CS PID
Clara Gay	NCDA & CS
Walter Denny	NCDA & CS
Ben Williams	NCDA - CS
Alan Foster	NCDA - CS
Gayle Fitzgerald	OSBPM
David Keough	CALS - NC State
Dan Rabon	NCDA-CS
Vickie Darnell	NCDA & CS
Cecil Williams	NCDA CS
Joel Padmore	NCDA-CS
Carl Tart	NCDA & CS
Sandy Maddox	NCDA & CS
Pam Moore	NCDA & CS
David Hanger	OSBPM
Johnny Gray	OSBPM
Jim Newell	OSBPM
Kevin Leonard	NCDOL
N. Devin Smith	NCDA&CS

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 15, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairmen's Comments**

2. **Veterinary Services Division**
   Jennifer Willis, Fiscal Research
   Dr. David Marshall, Division Director

3. **Agronomic Service Division**
   Jennifer Willis, Fiscal Research
   Robert Reich, Division Director

4. **State Fair Division**
   Jennifer Willis, Fiscal Research
   Wesley Wyatt, Manager

5. **Committee Discussion**

6. **Closing Remarks**

7. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
March 15, 2001 - 8:30A.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 15, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Bill Owens, Stan Fox, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly and Roger West. Three Senate Members were present. A visitor's sheet is attached (ATTACHMENT I).

Representative Stan Fox chaired the meeting.

REVIEW OF NORTH CAROLINA DEPARTMENT OF AGRICULTURE (continued)

Veterinary Services Division

Chair Stan Fox recognized Ms. Jennifer Willis with Fiscal Research. Ms Willis did an overview of the Veterinary Services Division's purpose, budget, expenditures and the activities of its three subsections (ATTACHMENT II).

Chair Stan Fox called upon Dr. David Marshall, Director of the Veterinary Services Division, to further review the responsibilities and budget of the Division (ATTACHMENT III) as well as address the Foot and Mouth Disease and the Mad Cow Disease.

Senator Charlie Albertson expressed great concern regarding the possibility of an outbreak of Foot and Mouth Disease in North Carolina and asked Dr. Marshall if everything practical and reasonable is being done to prevent an outbreak.

Representative Nurham Warwick asked Dr. Marshall what is needed to intervene? He asked Dr. Marshall, if he needed authority to do whatever is necessary to be done working cooperatively with the U. S. Department of Agriculture. Dr. Marshall said they needed authority to do foot washing and to go on Military bases.

Representative Nurham Warwick asked Dr. Marshall and Commissioner Meg Scott Phipps, North Carolina Department of Agriculture, if they could bring to the Chairs of the NER Committee and the Chairs of House and Senate Agriculture and Environment Committees any recommendations they have on the Foot and Mouth Disease by Tuesday or Wednesday of next week.

Senator Weinstein asked Dr. Marshall to provide the NER Committee an explanation of what Foot and Mouth Disease is, how it is contracted by the animal, what effect it has on the animal and what effect it has on human beings that are exposed to an infected animal. He would like to know what are the dangers of exposure to the public so when committee members are asked about the disease by their constituents they will have information to share.

Chair Stan Fox asked that the requested information by reported back to the committee next Wednesday.

Representative Bill Owens questioned if there should be an adjustment on the fees charged for services provided by the Division. Chair Stan Fox said this should be looked into because the fees have not changed for ten to fifteen years.

Senator Charlie Albertson brought up the issue of West Nile Virus. Dr. Marshall said the virus is expected to become an issue this summer. Dr. Marshall said the West Nile Virus is more of a threat to public health and that testing is done by the Department of Health and Human Services (DHHS). DHHS has asked the Department of Agriculture to help in the testing of animals, specifically crows, by providing the animals' brains to DHHS for the testing.

Representative Nurham Warwick asked Dr. Marshall to bring back to the committee an explanation of what resources were needed to enhance laboratory capability to deal with the West Nile Virus.

Agronomic Division

Chair Stan Fox recognized Ms. Jennifer Willis, Fiscal Research, to present an overview of the Agronomic Division's purpose, budget, expenditures and the activities of its four subsections (ATTACHMENT IV).

Chair Stan Fox called upon Mr. Richard C. Reich, Director of the Agronomic Division to further review the responsibilities and budget of the Division (ATTACHMENT V).

Chair Stan Fox asked Mr. Reich if he would like to discuss the item brought before the committee by the fiscal staff regarding the Division providing both predictive and diagnostic soil testing services free of charge to all North Carolina citizens. Mr. Reich said the rationale is that everybody who buys lime and fertilizer in North Carolina pays a small assessment and that money goes back to the Division. Also, it would be expensive to handle fees on the 315,000 soil samples tested annually. A concern is the turnaround time, which is now 5 ½ weeks. Charging fees would require additional staff to handle the fee process. Mr. Reich said everyone benefits from testing soil samples. Chair Stan Fox said the fee charge is something that can be looked at later.

State Fair Division

Chair Stan Fox recognized Ms. Jennifer Willis, Fiscal Research, to discuss the activities, budget and expenditures of the State Fair Division (ATTACHMENT VI).

Mr. Wesley Wyatt, Manager, State Fair Division, was called upon to further review the activities, budget and expenditures of the Division (ATTACHMENT VII).

Committee Members were very complementary of the State Fair and the job Mr. Wyatt does. Mr. Wyatt said that $3M was needed just to start the Fair; to pay judges, show officials and the entertainment.

Chair Stan Fox adjourned the meeting at 9:50 a.m.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Linda A. Johnson
Linda A. Johnson, Committee Assistant

ATTACHMENT I

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — 03-15-01

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wesley Wyatt	NCDA+CS
Mike Pleasant	NCDA&CS
Jim Nowell	OSBPM
Johnny Gray	OSBPM
Richard C. Reich	NCDA+CS
Clara Day	NCDA+CS
Alan Foster	NCDA+CS
Reg Phipps	NCDA+CS
David Marshall	NCDA+CS
N. David Smith	NCDA&CS
Archis Watkins	SEANC
Buddy Humphrey	OSBPM
David Herlong	OSBPM
Karen Nolan	Grassroots Program (NCMCS)
Ross M. Smith	PCS Phosphate Co., Inc.
Henry M Lancaster	LCA
Lauren DeVivo	DENR
Steve Woodson	NC Farm Bureau Federation
[illegible]	DOL
Dale Fitzgerald	OSBPM
Cissy Porter	Bone & Associates
Jay Hobbs	NC Park Council

Department of Agriculture and Consumer Services

Veterinary Services Division					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	14,248,215	14,936,816	15,089,435	15,781,360	16,562,673
Less Receipts	(3,717,239)	(3,839,073)	(3,773,952)	(4,770,748)	(4,382,480)
State Appropriations	*10,530,976*	*11,097,743*	*11,315,483*	*11,010,612*	*12,180,193*
Positions	296.00	295.25	293.25	294.25	294.25

The Division of Veterinary Services controls and eradicates animal diseases for the protection of human and animal health, enhances the welfare of non-production pet animals, and protects public health and safety by inspection and regulation of the meat and poultry processing industries.

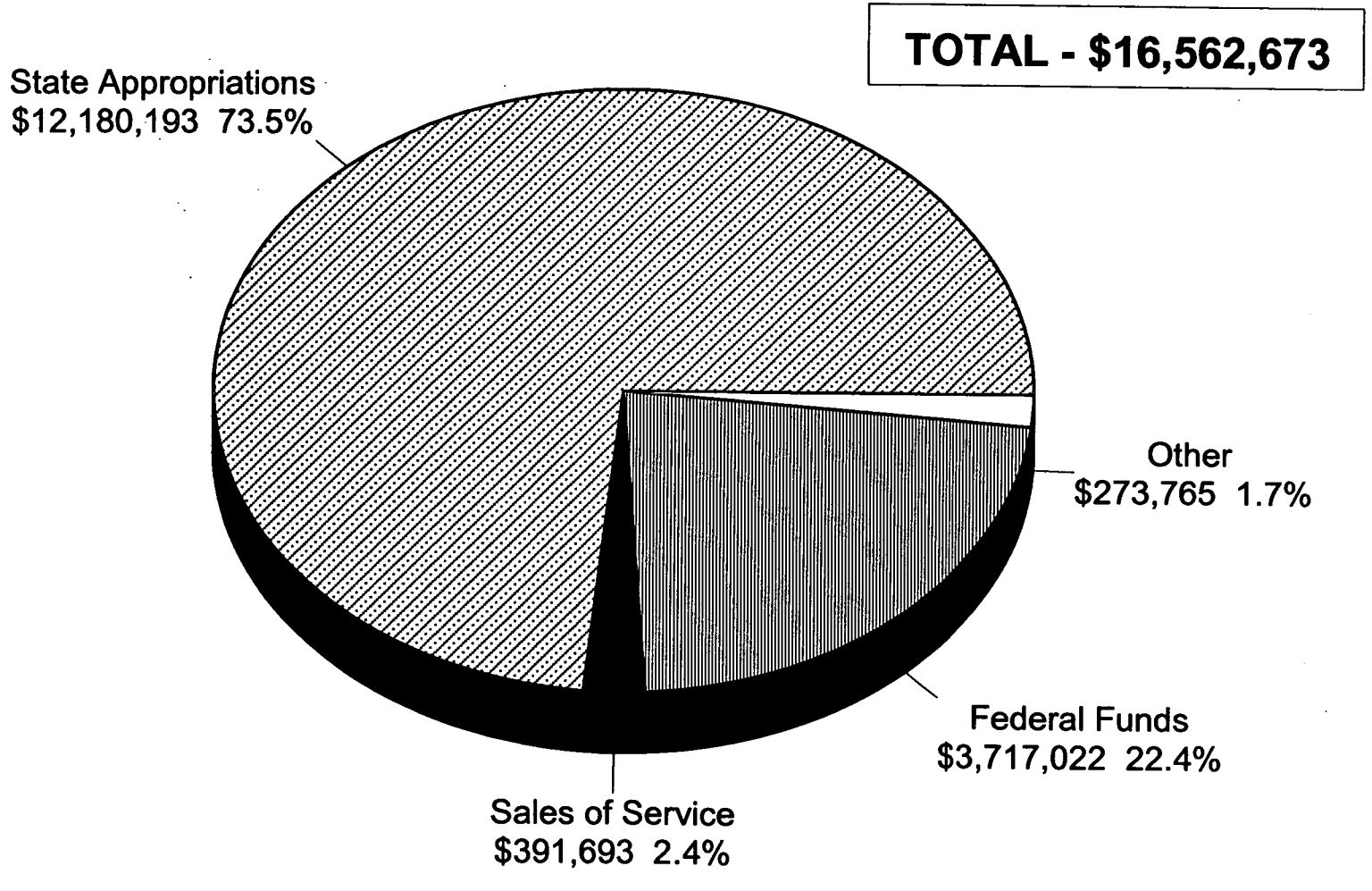
DIVISION ACTIVITIES

- **Field Forces** – Responsible for animal disease control and eradication programs. This section also enforces the Animal Welfare Act. Located throughout the state, veterinarians monitor disease outbreaks and administer animal health programs under the guidance of the State Veterinarian and in coordination with the USDA.

- **Meat and Poultry Inspection Service** – Provides oversight to state inspected meat slaughter and processing plants. This section also enforces the Talmadge-Aiken Act, which is a cooperative program with the USDA through which the state provides inspection coverage for selected federally inspected establishments to maximize efficiency. The cost of this program is shared with the USDA Food Safety Inspection Service.

- **Animal Disease Diagnostic Laboratory System.** – Assists owners and veterinarians in diagnosing diseases in livestock and poultry. This section also works to prevent outbreaks of foreign animal diseases through early detection. Rollins Laboratory, located in Raleigh, is the central lab. Other branch labs are strategically located across the state and accept all species (the only exception is the Robbins Lab, which specializes in poultry).

Veterinary Services
FY 2000-01 (Authorized) Fund Sources

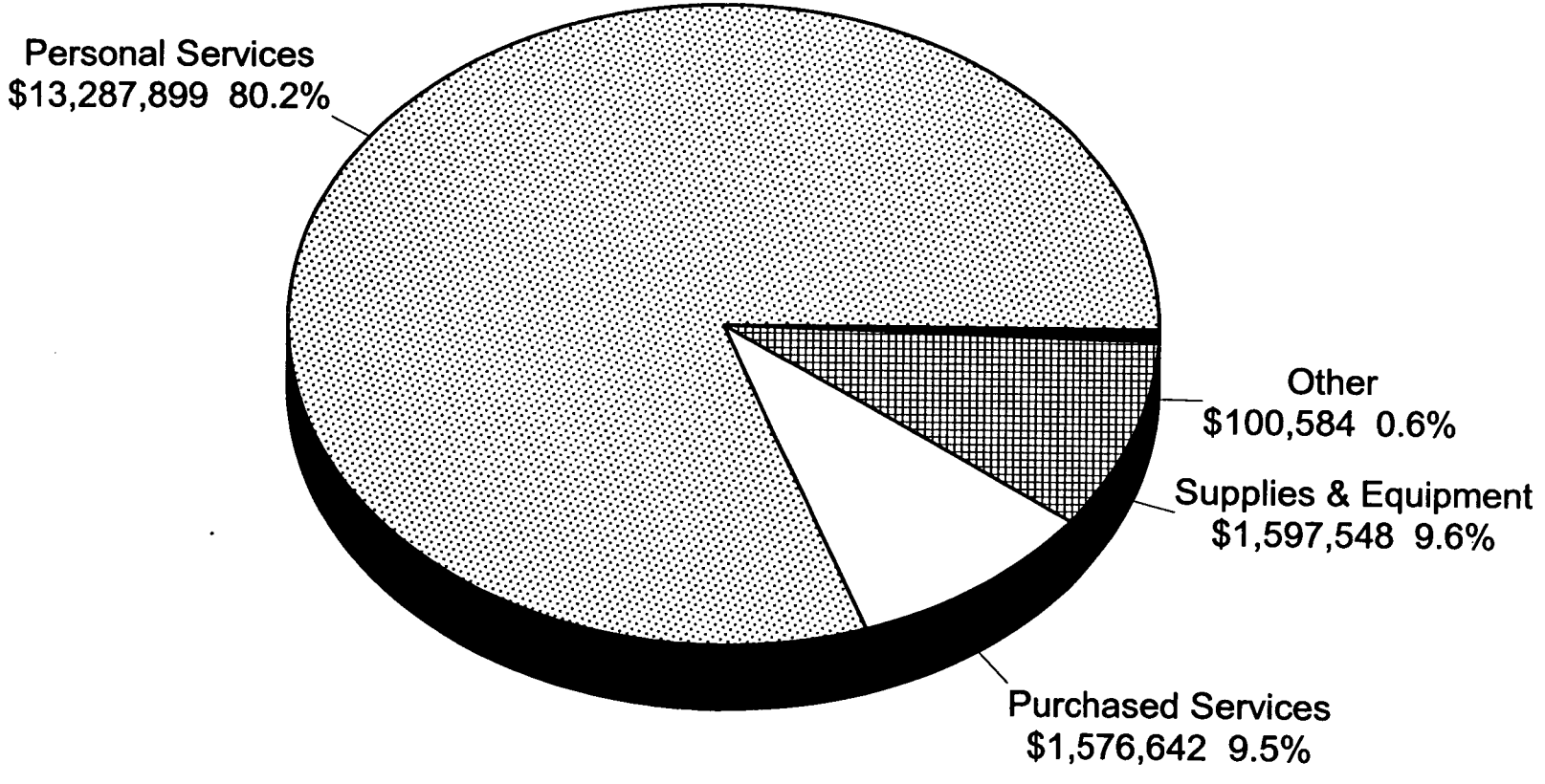


Fiscal Research Division - March 2001

Veterinary Services

FY 2000-01 (Authorized) Expenditures by Category

TOTAL - $16,562,673

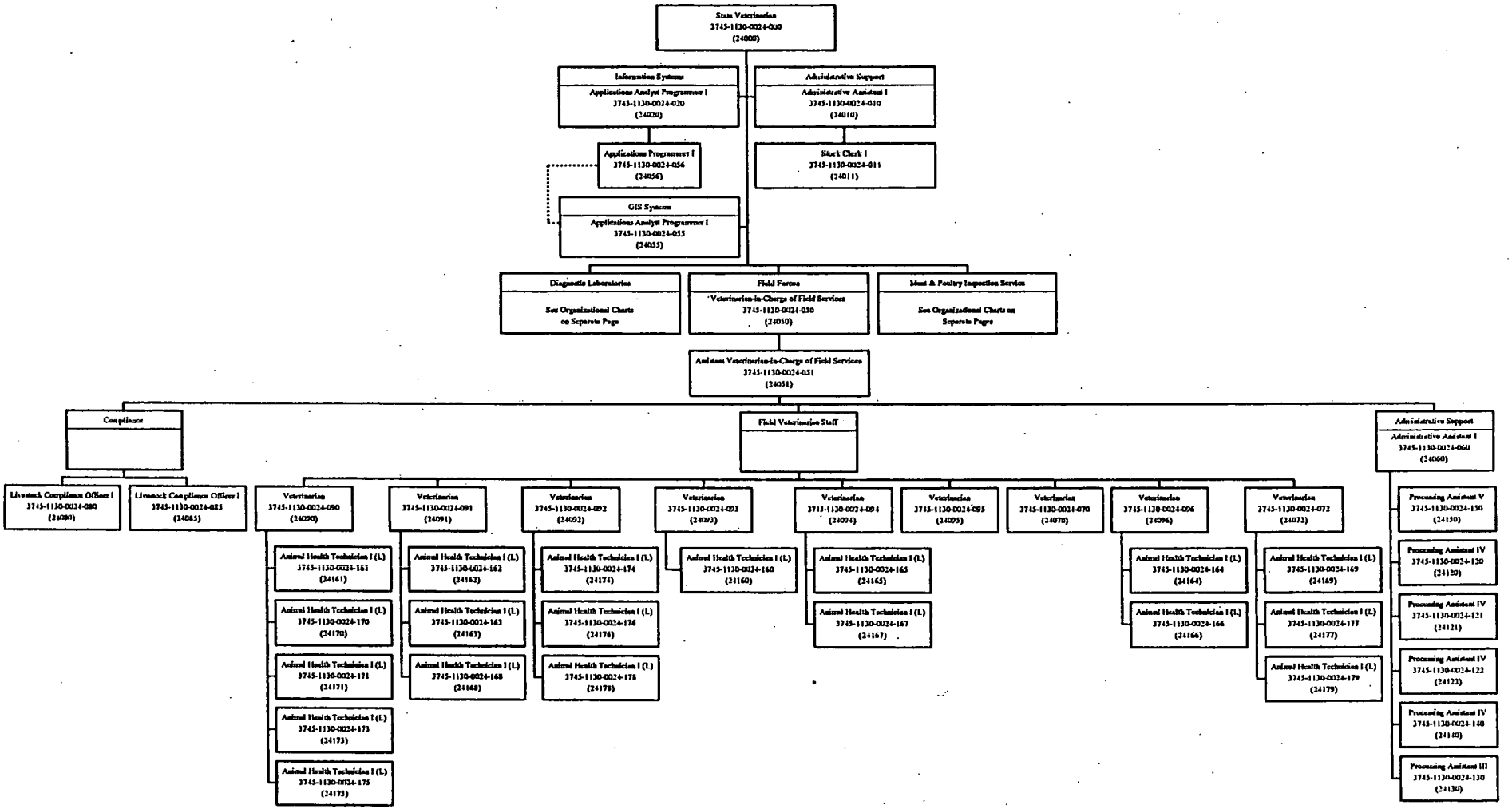


Fiscal Research Division - March 2001

VETERINARY SERVICES

POSITIONS VACANT FOR MORE THAN 6 MONTHS

Position	Fund Code	FTE	Date Vacated	Salary
1. Medical Lab Technician II	1130	1.00	4/17/00	$29,992


State Veterinarian
3745-1130-0024-000
(24000)
Information Systems
Applications Analyst Programmer I
3745-1130-0024-020
(24020)
Administrative Support
Administrative Assistant I
3745-1130-0024-010
(24010)
Applications Programmer I
3745-1130-0024-056
(24056)
Stock Clerk I
3745-1130-0024-011
(24011)
GIS Systems
Applications Analyst Programmer I
3745-1130-0024-055
(24055)
Diagnostic Laboratories
See Organizational Charts on Separate Page
Field Forces
Veterinarian-in-Charge of Field Services
3745-1130-0024-050
(24050)
Meat & Poultry Inspection Service
See Organizational Charts on Separate Page
Assistant Veterinarian-in-Charge of Field Services
3745-1130-0024-051
(24051)
Compliance
Field Veterinarian Staff
Administrative Support
Administrative Assistant I
3745-1130-0024-060
(24060)
Livestock Compliance Officer I
3745-1130-0024-080
(24080)
Livestock Compliance Officer I
3745-1130-0024-085
(24085)
Veterinarian
3745-1130-0024-090
(24090)
Veterinarian
3745-1130-0024-091
(24091)
Veterinarian
3745-1130-0024-092
(24092)
Veterinarian
3745-1130-0024-093
(24093)
Veterinarian
3745-1130-0024-094
(24094)
Veterinarian
3745-1130-0024-095
(24095)
Veterinarian
3745-1130-0024-070
(24070)
Veterinarian
3745-1130-0024-096
(24096)
Veterinarian
3745-1130-0024-072
(24072)
Animal Health Technician I (L)
3745-1130-0024-161
(24161)
Animal Health Technician I (L)
3745-1130-0024-170
(24170)
Animal Health Technician I (L)
3745-1130-0024-171
(24171)
Animal Health Technician I (L)
3745-1130-0024-173
(24173)
Animal Health Technician I (L)
3745-1130-0024-175
(24175)
Animal Health Technician I (L)
3745-1130-0024-162
(24162)
Animal Health Technician I (L)
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Animal Health Technician I (L)
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Animal Health Technician I (L)
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Animal Health Technician I (L)
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Animal Health Technician I (L)
3745-1130-0024-178
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Animal Health Technician I (L)
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Animal Health Technician I (L)
3745-1130-0024-165
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Animal Health Technician I (L)
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(24167)
Animal Health Technician I (L)
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Processing Assistant V
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Processing Assistant IV
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Processing Assistant IV
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(24121)
Processing Assistant IV
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(24122)
Processing Assistant IV
3745-1130-0024-140
(24140)
Processing Assistant III
3745-1130-0024-130
(24130)

AG-57

North Carolina Department of Agriculture & Consumer Services

Veterinary Division
P.O. Box 26026
Raleigh, North Carolina 27611

Telephone 919-733-7601
Facsimile 919-733-6431

Director – Dr. David T. Marshall, State Veterinarian

- The Veterinary Division is a regulatory agency consisting of three sections:
  - Field Services - responsible for animal disease control and eradication programs and enforcement of the Animal Welfare Act.
  - Diagnostic Laboratory System – seven diagnostic laboratories assisting owners and veterinarians in the diagnosis of diseases of livestock and poultry, and in preventing outbreaks of catastrophic foreign animal diseases through early detection.
  - Meat and Poultry Inspection Service – provides inspection oversight to state inspected slaughter and meat processing plants to ensure product wholesomeness.
- Cooperatively works with the United States Department of Agriculture (USDA) in accomplishing these goals.

Field Services Dr. Fred Kirkland, Director Telephone 919-733-7601
Facsimile 919-733-2277

- Field Services' primary focus is the administration of applicable laws and regulations to prevent and eliminate livestock diseases. Activities include:
  - Monitoring and testing at livestock markets and stockyards.
  - Surveillance of horse sales, markets, exhibitions, and shows.
  - Quarantine and investigation of disease outbreaks.
  - Approval and enforcement of interstate and intrastate livestock movement and health certificate requirements.
  - Licensing and enforcement of 451 livestock dealers, as well as rendering vehicles, dead animal disposal sites, and captive cervid (deer) owners. There is no license fee for livestock dealers.
- Receives federal funding assistance from the USDA Animal and Plant Health Inspection Service (APHIS) through cooperative agreements to enforce national brucellosis and pseudorabies (PRV) eradication efforts.
- Receives federal funding assistance from the National Parks Service through a cooperative agreement signed in 1996 for annual equine infectious anemia testing and monitoring of the wild ponies on Shackleford Banks.
- Licenses 85 pet shops, 260 boarding kennels, 30 pet dealers, and 53 privately owned animal shelters through the Animal Welfare Act. There is an annual license fee of $50 with the exception of the animal shelters which are not charged a license fee.
- There are currently 23 licensed livestock markets. These licenses are renewed annually at a fee of $100.
- We have 10 licensed renderers and 10 licensed collectors. The rendering type license costs $50 and does not have to be renewed annually. The rendering operations are inspected annually by the Rendering Inspection Committee to ensure compliance with the General Statutes.

- Geographic Information System (GIS) is a valuable resource for locating farms, plotting maps and routes. The GIS database and other geographical information proved very effective during the Hurricane Floyd disaster. We are in the process of converting data to GPS coordinates.
- Provides accredited veterinarians with equine and large animal health certificates for a fee of $6.50 per pad for equine and $5.00 per pad for large animal.
- Registers livestock brands (currently there are 141 registered brands) with an initial recording fee of $25.00 and then renewed in 10 year increments for $25.00.
- Staff: 8 field Veterinary Medical Officers (VMO's), 19 Animal Health Technicians (AHT's), 2 Compliance Officers (CO's), 10 administrative and support employees.

Diagnostic Laboratory System

Dr. Jo Anna Quinn, Director
Telephone 919-733-3986
Facsimile 919-733-0454

- A system of 7 laboratories providing diagnostic and regulatory testing for all animals.
- Rollins Laboratory, Blue Ridge Road, Raleigh is the hub facility offering comprehensive diagnostic services. Branch laboratories in Elkin, Arden, Monroe, Edenton, Rose Hill, and Robbins offer selected services specific to the type of animal industry in the area.
- Charges assessed for necropsy and diagnostic tests performed on non-food animals and for Equine Infectious Anemia serology. There are no charges for services performed on food animals.
- Administers the poultry health surveillance program utilizing 14 poultry inspectors for on-farm testing and regulatory control.
- The laboratory system employs 17 veterinarians of varied specialties, with a support staff of 86 technicians, serologists, virologists, microbiologists, and clerical personnel.
- Calendar Year 2000 workload:
  - Accessions (cases) 64,594
  - Necropsies 21,307
  - Bacteriology 74,243
  - Chemistry 2,193
  - Histology 16,605
  - Serology 1,709,177
  - Virology 598,839
- Veterinarians provide professional and consultative services to industry and private practitioners, and collaborate with N.C. State University on animal disease issues.

Meat and Poultry Inspection Services

Dr. Steven C. Wells, Director
Telephone 919-733-4136
Facsimile 919-715-0246

- Provide inspection oversight to state inspected meat slaughter and processing plants in N.C.
- Inspect all plants for sanitation, processing controls, labeling, restricted ingredients, rodent and pest control, and product wholesomeness.
- Conduct antemortem and postmortem examinations on all animals presented for slaughter. Retain and conduct veterinary dispositions on all diseased animals or those exhibiting abnormal conditions.
- Enforce the N.C. Compulsory Meat Inspection Law and the Poultry Products Inspection Act.
- Compliance monitoring activities:
  - Consumer complaints
  - Illegal Slaughter and processing
  - Registration of meat handlers

- Civil and criminal penalties

- Enforce the Talmadge Aiken Act, a cooperative program with the USDA in which the NCDA&CS provides inspection coverage in selected federally inspected establishments to maximize efficiency.
- Administer the microbiological sampling program (Listeria, Salmonella) on ready-to-eat product and carcasses.
- Funding is derived from a 50/50 reimbursable cost share agreement with the USDA Food Safety Inspection Service (FSIS).
- Total employees:
  - Veterinarians 11
  - Compliance Officers 4
  - Inspectors 101
  - Support and clerical 9
- Plant Summary:
  - State Inspected 117
  - Talmadge Aiken 70
  - Custom Exempt 34
- All poultry slaughter establishments and many larger red meat establishments are under USDA federal inspection jurisdiction, to which we have no authority.
- Provide liaison and cooperative services with the USDA-FSIS, county health departments, our Food and Drug Protection section, and the NCSU Food Science Department.

This division is a key player in the Emergency Response Plan as was demonstrated during the Hurricane Floyd disaster. As a result of this disaster, the State Animal Response Team (SART) was organized and is comprised of several of this division's employees.

ET 3

DIVISION OF VETERINARY SERVICES
OVERVIEW OF EXPANSION ITEMS

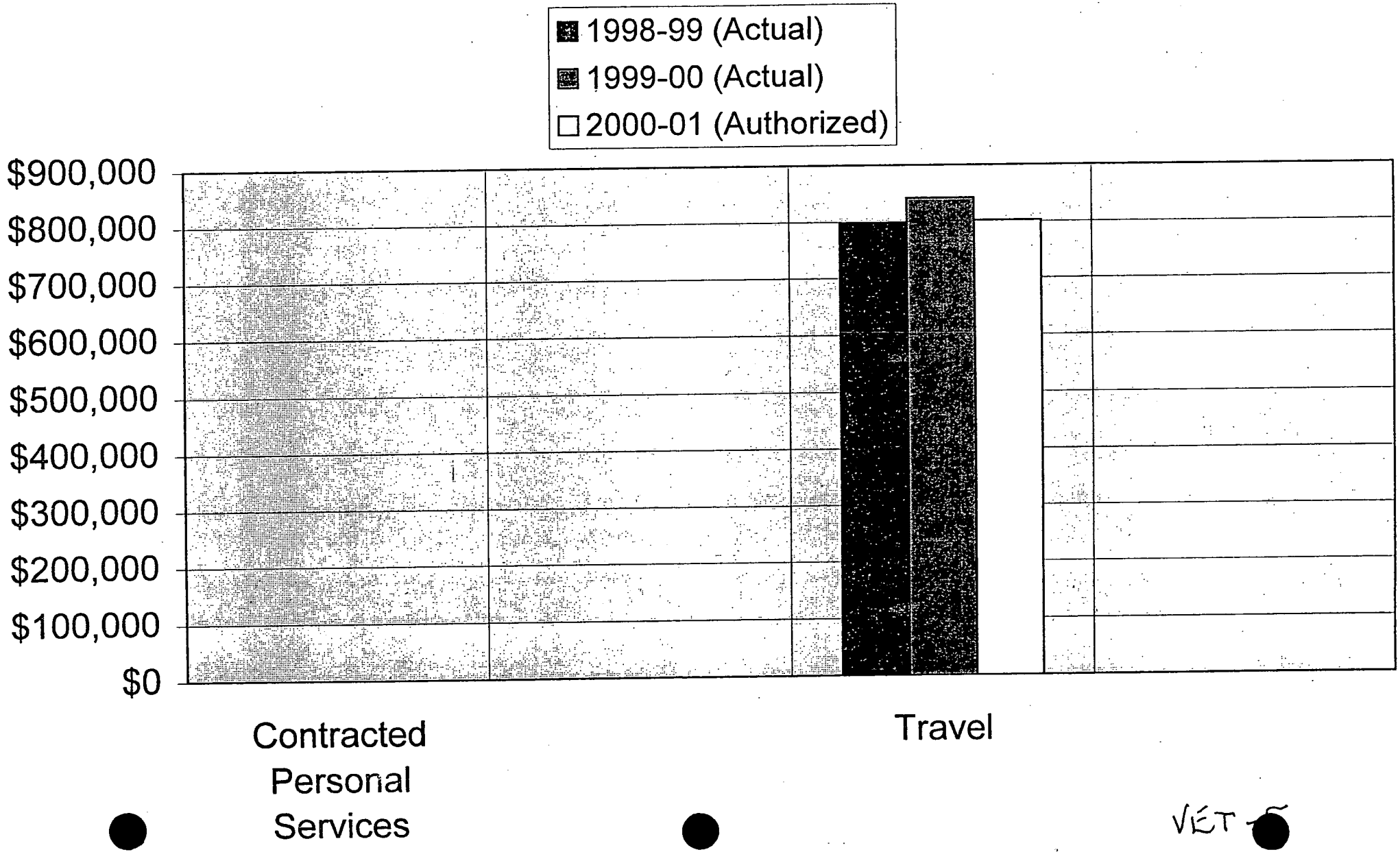
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Field Automation/Salmonella Sampling	133,035 R 313,773 NR	
2. Equine Infectious Anemia Funds	100,000 R	

New and Expanded Programs Since 1996

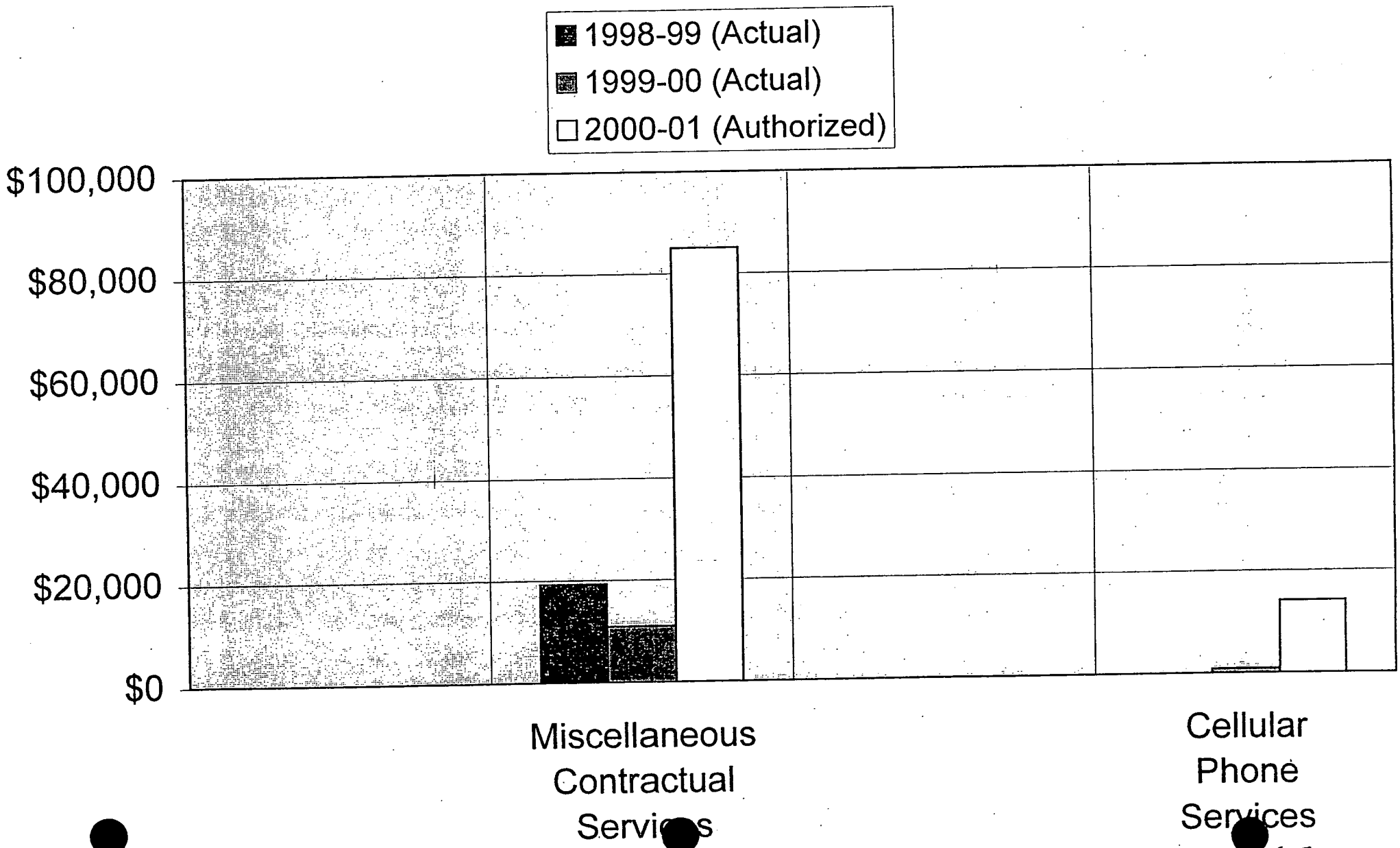
ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Meat & Poultry Inspection	256,395 R		
2. Mycoplasma and Bacteriology Funds	352,258 R		

Agriculture & Consumer Services
Veterinary Services
Comparison of Actual and Authorized Expenditures

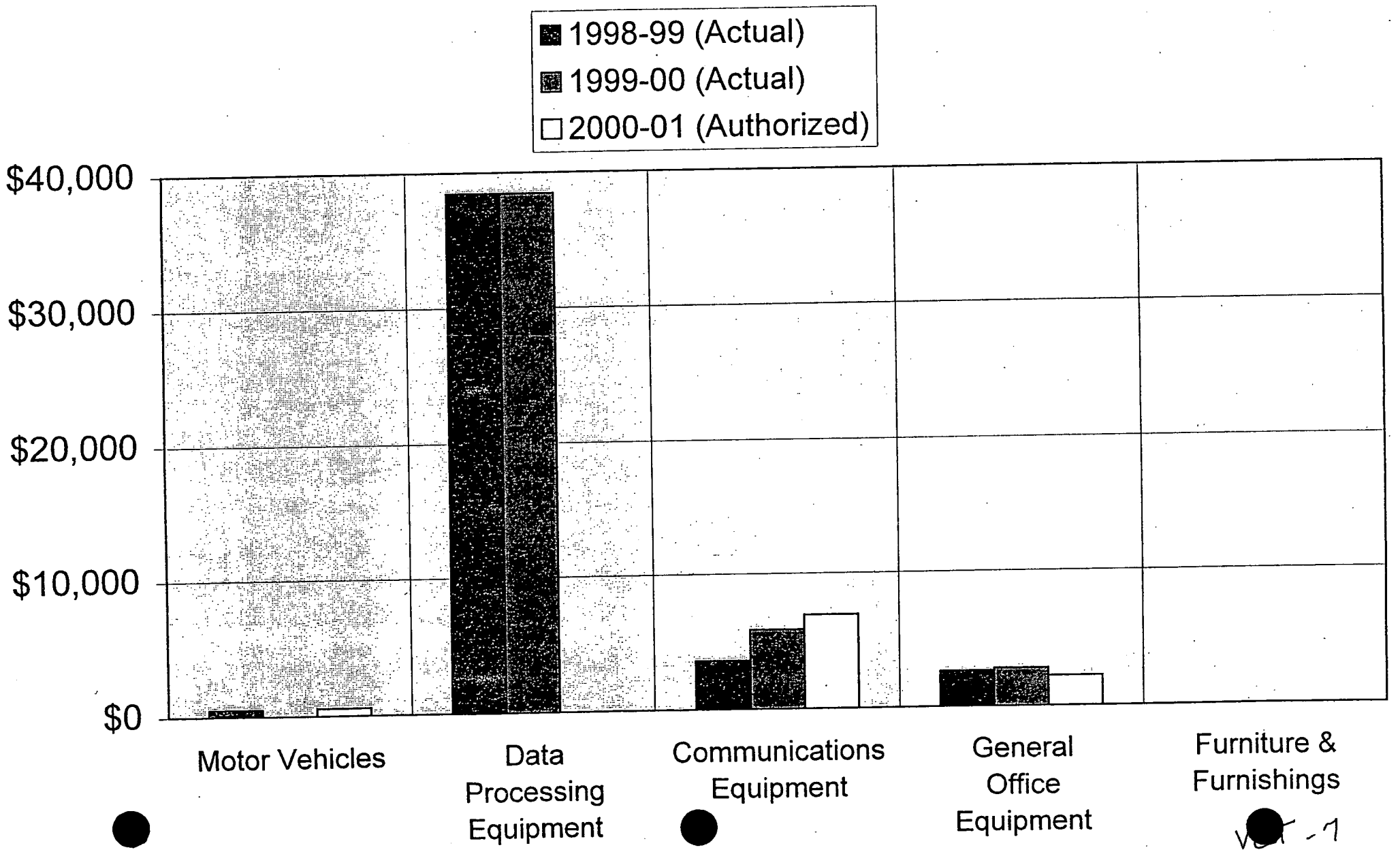


VET 5

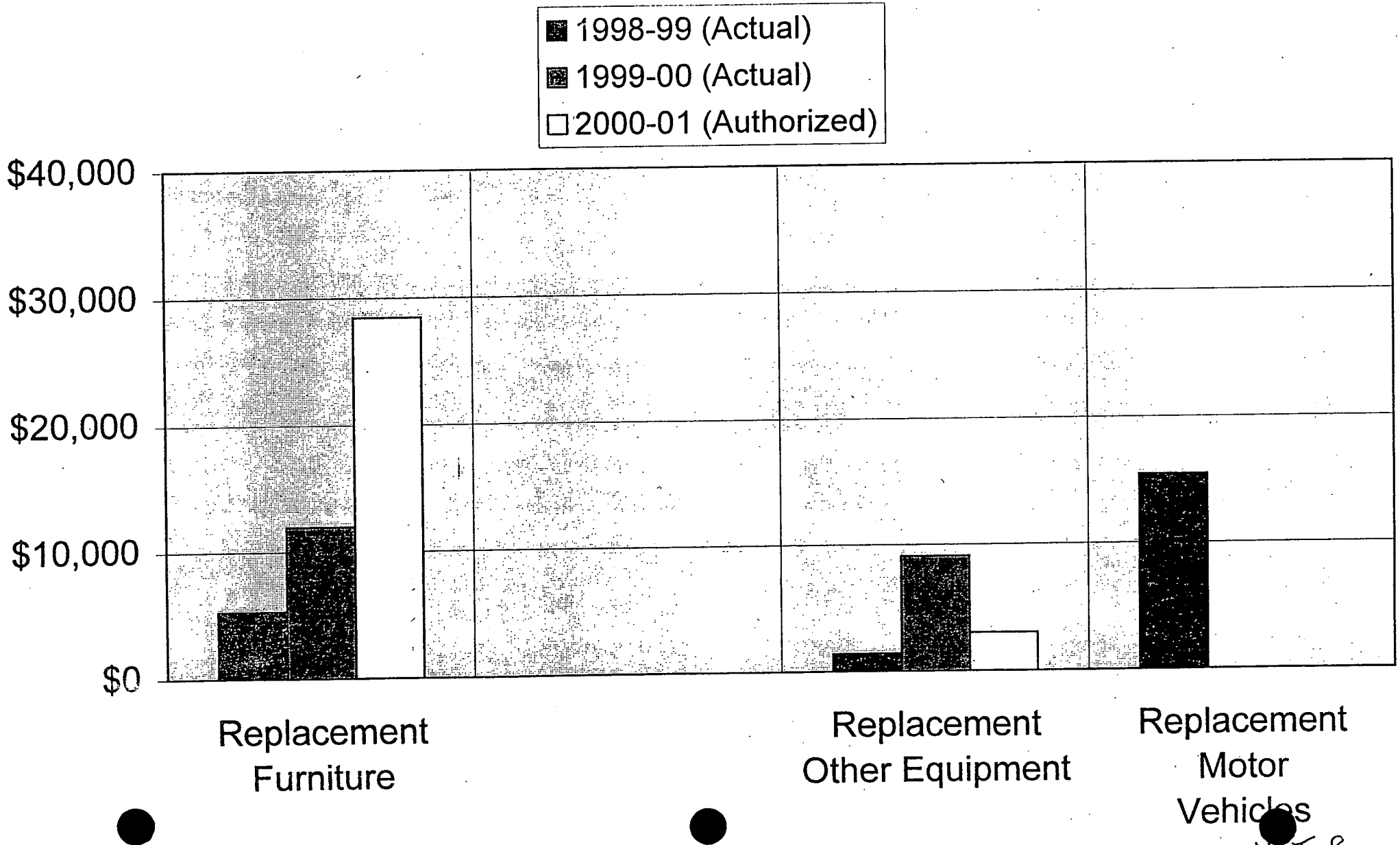
Agriculture & Consumer Services
Veterinary Services
Comparison of Actual and Authorized Expenditures



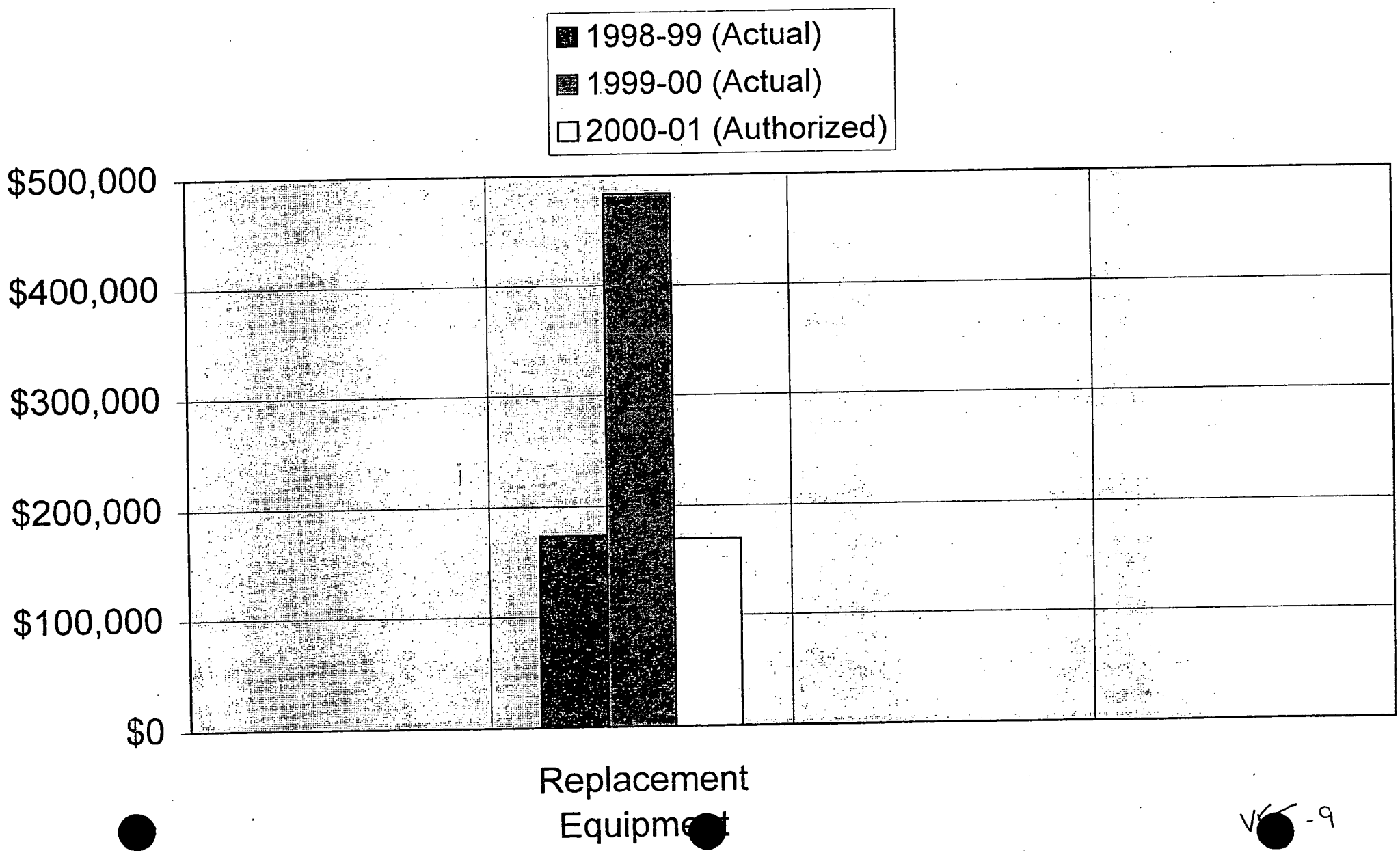
Agriculture & Consumer Services
Veterinary Services
Comparison of Actual and Authorized Expenditures



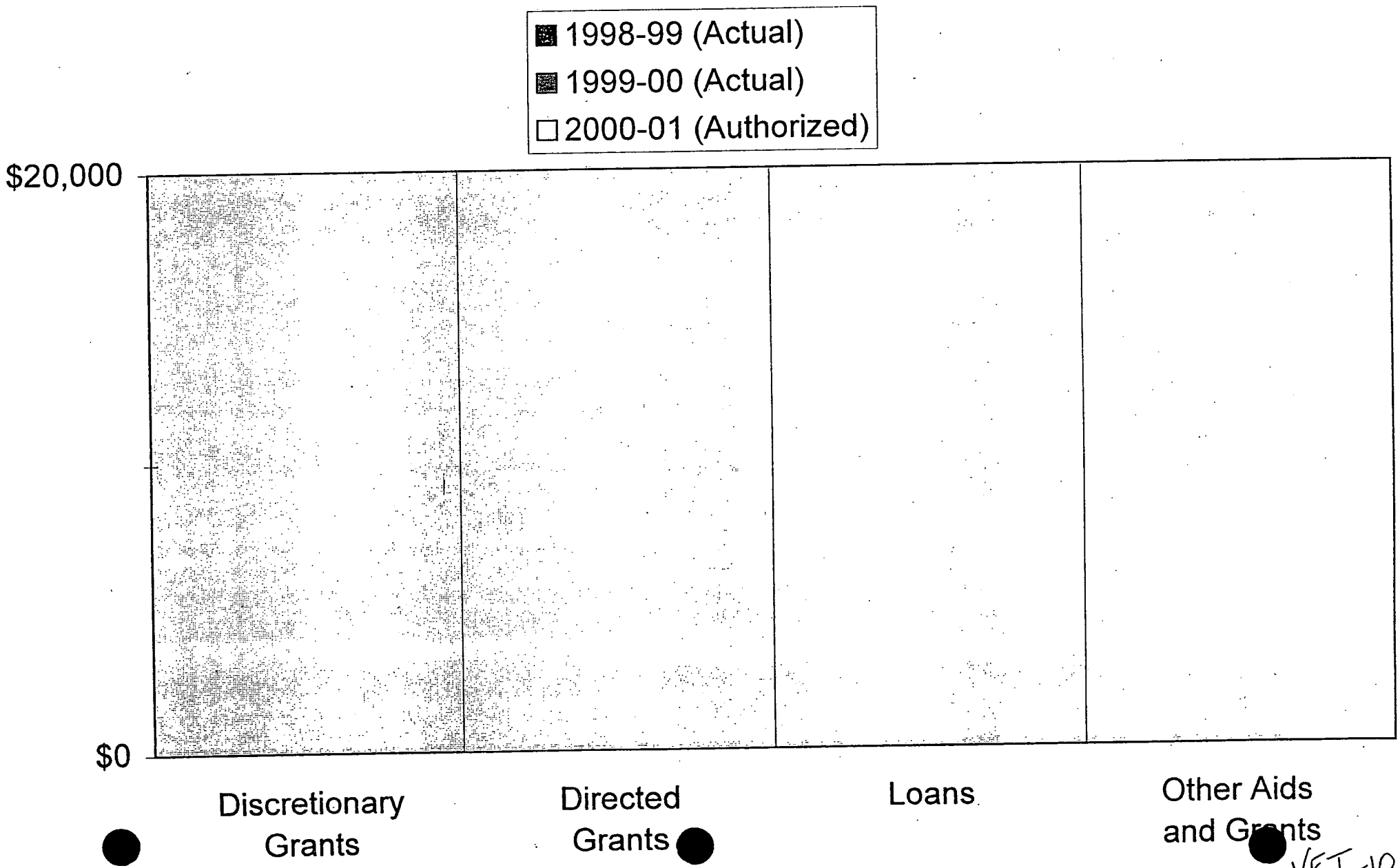
Agriculture & Consumer Services
Veterinary Services
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Veterinary Services
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Veterinary Services
Comparison of Actual and Authorized Expenditures



Agriculture and Consumer Services
Veterinary Division

Completed March 14, 2001

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Boarding Kennel	1979	G.S. 19A-28	$50.00	07/01/1989	Annually	260	$13,000.00
Public Auction License Fee	1979	G.S. 19A-28	$50.00	07/01/1989	Annually	0	$0.00
Cat & Dog Dealer	1979	G.S. 19A-29	$50.00	07/01/1989	Annually	30	$1,500.00
Pet Shop	1979	G.S. 19A-27	$50.00	07/01/1989	Annually	85	$4,250.00
Rendering Plant Permit	1953	G.S. 106-168.4	$50.00	None	One Time Only	1	$50.00
Vet Serv. Fee-Arizona Paracolon			$0.10	07/01/1989	Daily	752	$75.20
Vet Serv. Fee-Pullorum			$0.08	07/01/1989	Daily	361,624	$28,929.28
Pullorum On Farm Test Fee			varies		As Needed	20,510	$1,988.38
Vet Serv. Fee-M Synovia			$0.40	07/01/1989	Daily	492,456	$196,510.80
Vet Serv. Fee-EIA tests			$4.00	07/01/1989	Daily	19,997	$79,908.00
Vet Serv. Fee-S Typhimurium			$0.10	07/01/1989	Daily	2,431	$242.30
Vet Serv. Fee-N Strain M Meleagridis			$0.30	07/01/1989	Daily	89,672	$26,901.00
Brucellosis Testing Fee		G.S. 106-107	varies	07/01/1979	As Needed	0	$0.00
Hatchery License		G.S. 106-542	$25.00	07/01/1983	Annually	33	$825.00
Hatchery Chick and Egg Dealers		G.S. 106-542	$10.00	07/01/1983	Annually	45	$450.00
Necropsy Fee	08/15/1990		$20.00	None	Monthly	1,785	$35,700.00
Vet Serv.Fee-M Gallisep Plate/Elisa			$0.15	07/01/1989	Monthly	521,162	$77,918.10
Vet Serv.Fee-Mg, Ms, Mm-HI			$0.60	07/01/1989	Daily	11,783	$6,909.60
Public Livestock Market-Permit fee	1967	G.S. 106-416	$250.00	N/A	One Time Only	0	$0.00
Public Livestock Market-Annual fee	1941	G.S. 106-416	$100.00	N/A	Annually	23	$2,300.00
Recording of Livestock Brands	1935	G.S. 80-57	$25.00	1975	Daily	9	$225.00
Resale - Health Certificates		G.S. 106-307.1	$5.00	07/01/1969	Daily	489	$2,445.00
Histopathology Fee	08/15/1990		$10.00	None	Monthly	10,405	$104,050.00
CEM Cultures			$25.00		Daily	39	$975.00
Lab. Shipping & Handling Fee			varies		Daily	408	$4,358.50
Resale - Equine Health Certificates		G.S. 106-307.1	$6.50	N/A	Daily	248	$1,612.00
*Livestock Market Operation Fee		G.S. 106-408.1	$25.00 +	07/01/1971	Daily	36	$2,187.00
Civil Penalties	1995	Chapter 516	varies	N/A	Daily	21	$6,900.00

*Rescinded 9/1/2000

Department of Agriculture and Consumer Services

Agronomic Division					
					Current Fiscal Year
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	2000-2001 Authorized (December 2000)
Expenditures	2,694,922	3,120,014	3,480,492	3,495,118	3,680,641
Less Receipts	(321,938)	(326,577)	(350,546)	(337,366)	(323,001)
State Appropriations	*2,372,984*	*2,793,437*	*3,129,946*	*3,157,752*	*3,357,640*
Positions	52	58	62	62	62

The Agronomic Division provides specific analytical, diagnostic and advisory services that enhance agricultural productivity, promote responsible land management, and safeguard environmental quality. The Division's soil testing and waste analysis labs operate under DENR's wastewater certification program and are qualified to provide data for animal waste permit compliance.

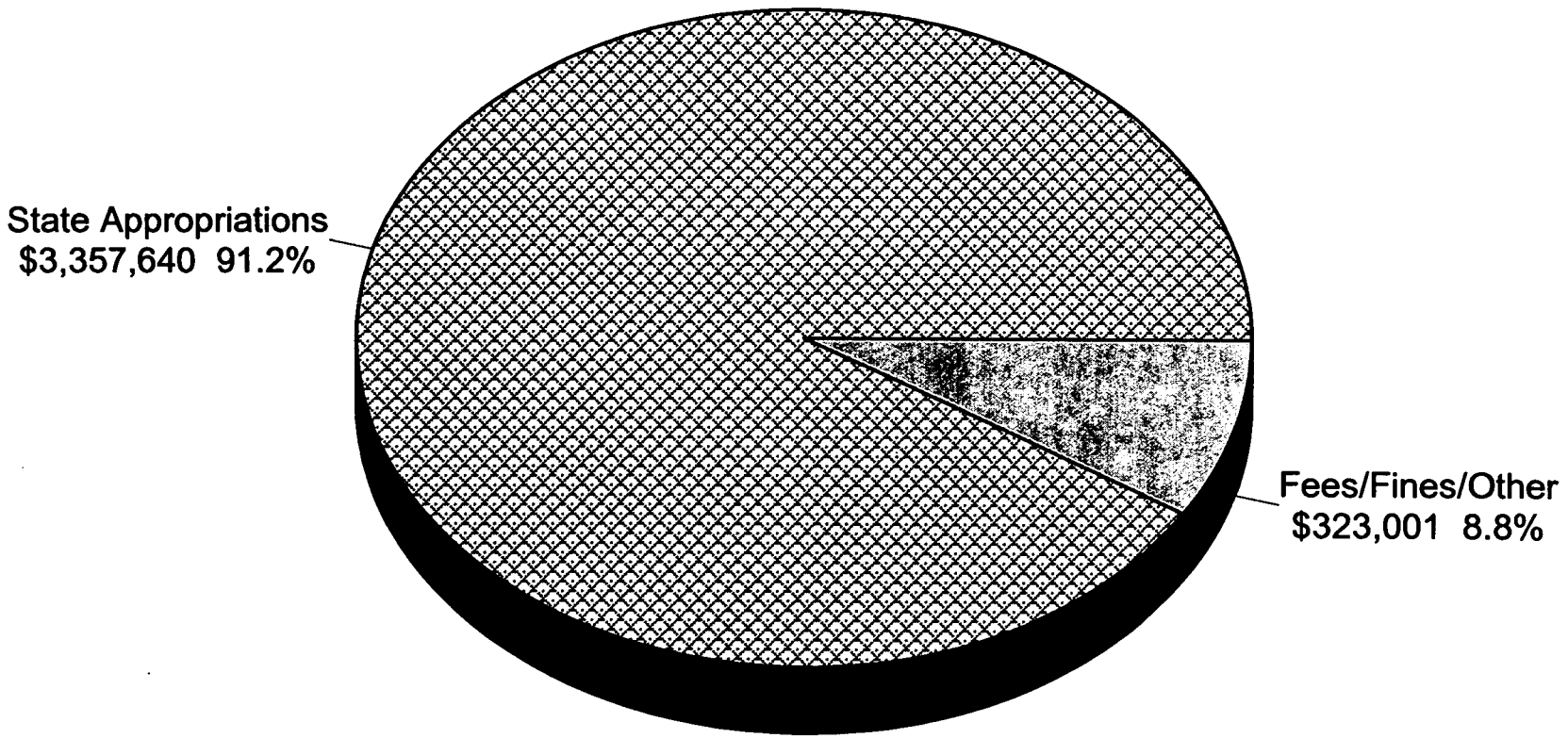
DIVISION ACTIVITIES

- **Soil Testing** – Measures soil nutrient content, pH, and acidity, and provides fertilizer and lime recommendations for specific crops and fields. The Division tests approximately 300,000 samples per year.
- **Plant, Waste, and Solution Analyses** – Measures the nutrient content of plant tissue to identify any deficiencies or toxicities, measures nutrient content and pH of water sources and of agricultural nutrient solutions, and provides recommendations for adjustment of crop fertilization programs and environmentally sound uses of waste materials as fertilizer.
- **Nematode Assay** – Provides microscopic analyses of soil samples for plant parasitic nematodes to help predict whether nematodes pose a threat to the next crop. The Division performs approximately 33,000 samples per year.
- **Field Services** –Advises and educates farmers, agribusiness, and citizens on agronomic sampling techniques and safe, cost-effective fertilization practices. The Department has 14 regional agronomists to perform these services.

Agronomic Services Division

FY 2000-01 (Authorized) Fund Sources

TOTAL - $3,680,641

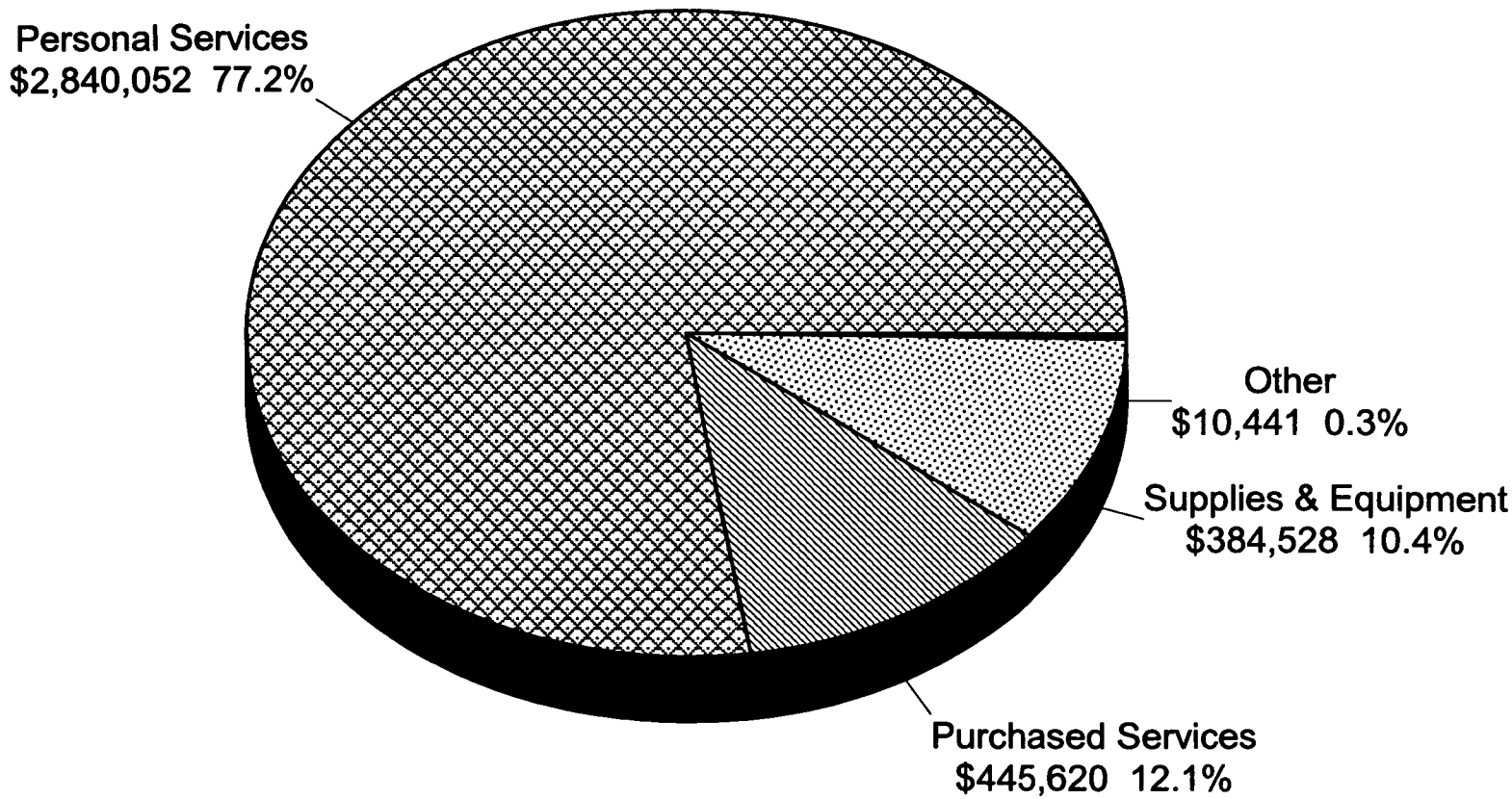


Fiscal Research Division - March 2001

Agronomic Services Division

FY 2000-01(Authorized) Expenditures By Category

TOTAL - $3,680,641



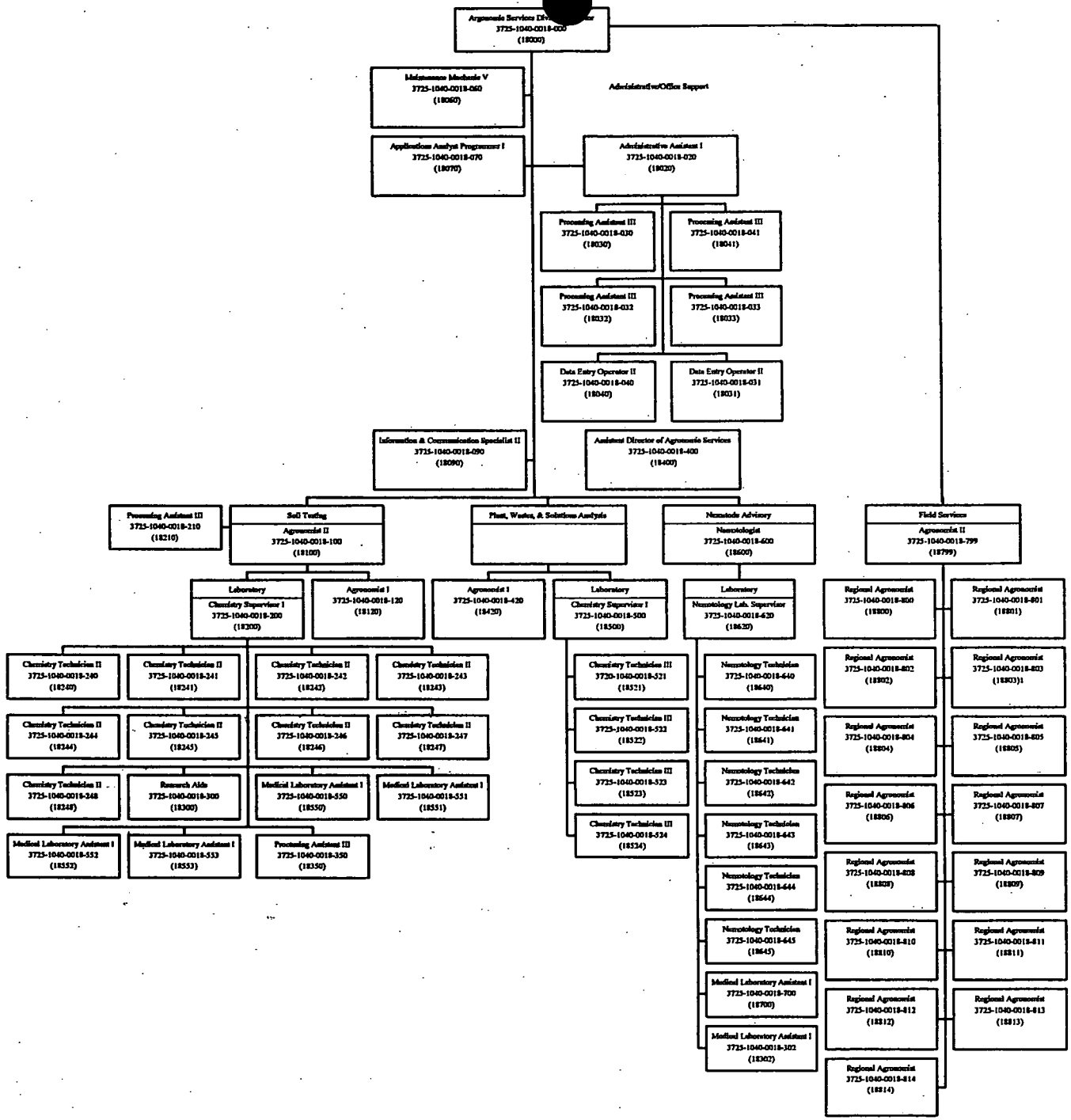
Fiscal Research Division - March 2001

AGRONOMIC DIVISION

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Agronomic Division provides both predictive and diagnostic soil testing services free of charge to all NC citizens. The Committee may wish to have the Division explain the rationale behind this free service and the feasibility of charging users for this service.

Agronomic Services Division



AG-62

North Carolina Department of Agriculture and Consumer Services
Agronomic Division

Director Richard C. Reich
4300 Reedy Creek Road
Raleigh, North Carolina 27607-6465

Telephone 919-733-2655
Facsimile 919-733-2837

Overview

The Agronomic Division provides specific analytical, diagnostic and advisory services that enhance agricultural productivity, promote responsible land management and safeguard environmental quality for all the citizens of North Carolina. We process thousands of soil, plant, waste, solution and nematode samples for farmers, homeowners and industry leaders. Our soil testing and waste analysis laboratories operate under NCDENR Division of Water Quality's wastewater certification program and are qualified to provide data for animal waste permit compliance. Our specialists provide technical advice and custom recommendations for efficient crop fertilization, bio-solid land applications and nematode management.

Diagnostic and Advisory Services

Soil Testing (about 300,000 samples per year)
- Measure soil nutrient content, weight per volume, pH, acidity, and humic matter on routine samples.
- Perform additional determinations such as nitrates, soluble salt concentration, etc. on diagnostic samples
- Provide precise fertilizer and lime recommendations for specific crops and fields

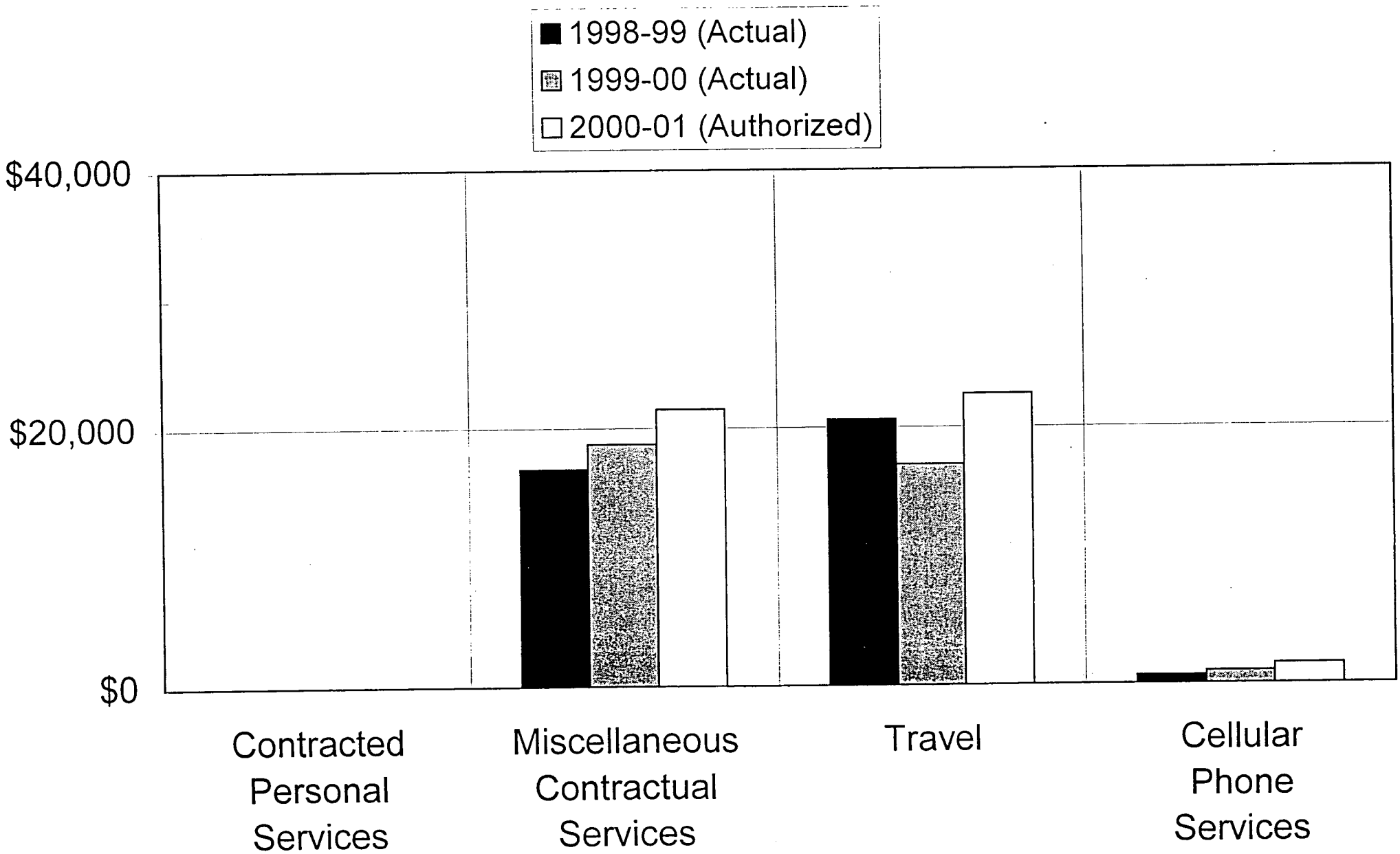
Plant, Waste and Solution Analyses (more than 33,500 samples per year)
- Measure nutrient content of plant tissue and identifies nutrient deficiencies and/or toxicities
- Determine nutrient content of animal, industrial, municipal and composted wastes, including calcium carbonate equivalence, heavy metal content, etc. as necessary for special applications
- Measure nutrient content as well as pH, hardness and soluble salt content of water sources (used for irrigation, greenhouses, animals, etc.) and of agricultural nutrient solutions
- Provide recommendations for adjustment of crop fertilization programs and environmentally sound use of waste materials as fertilizer
- Assess potential solution usage problems (e.g., in aquaculture, field irrigation or greenhouse crop production) and provide recommendations for improved management

Nematode Assay (about 33,000 samples per year)
- Use microscopic analysis to identify plant-parasitic nematodes in field soil samples and to estimate the population size and relative hazard for the next crop
- Provide recommendations for safe and effective control of plant-parasitic nematodes

Field Services
- 14 regional agronomists advise and educate farmers, agri-businesses, homeowners and other citizens regarding agronomic sampling techniques, environmentally safe and cost-effective fertilization practices, and the optimal implementation of agronomic recommendations.
- Provide about 17,000 direct contacts or consultations on nutrient, waste or agronomic management
- Conduct collaborative studies with farmers, university and key industries (74 field projects last year)

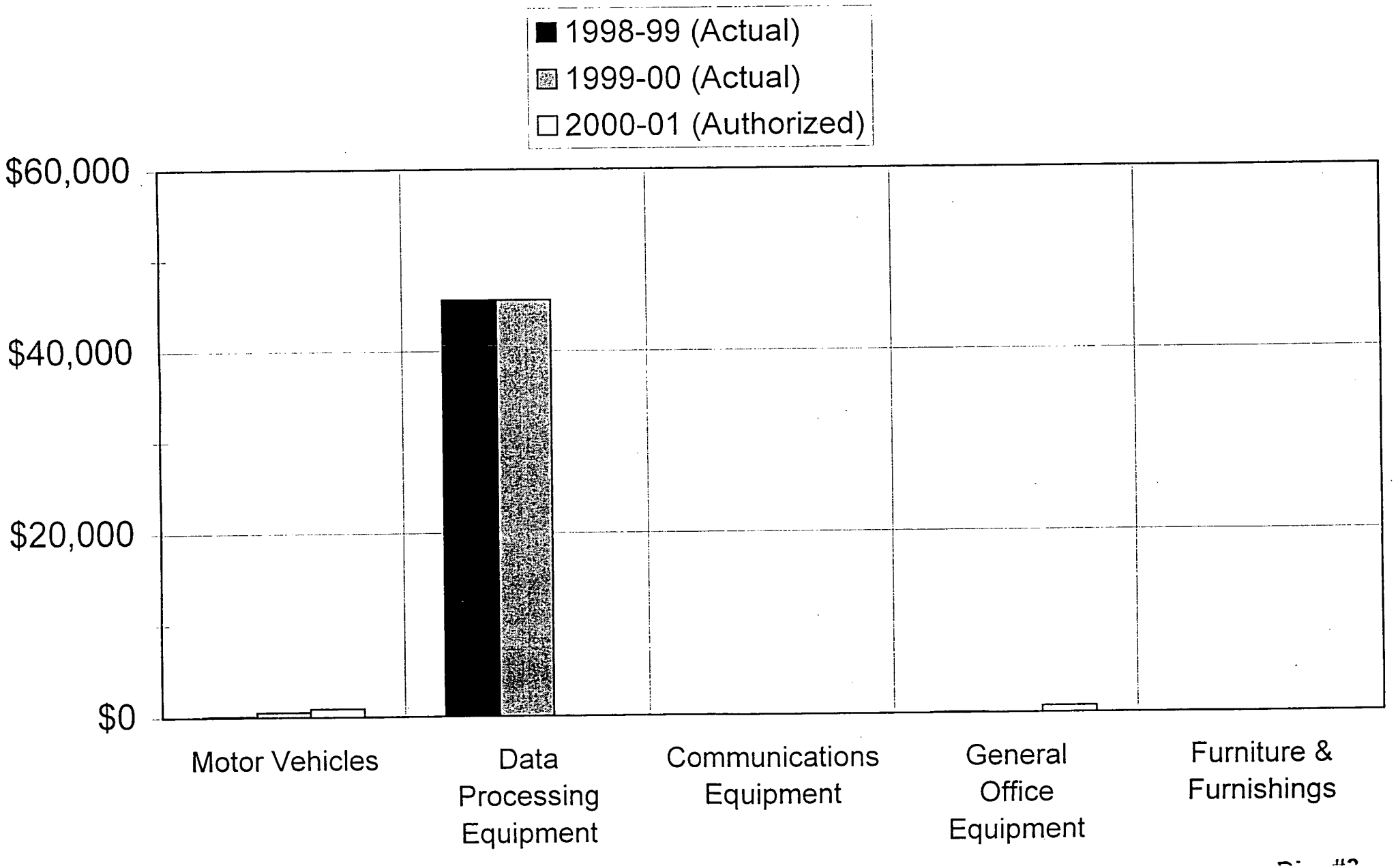
Outreach and Education
- Present displays at agricultural trade shows, field days, county fairs and professional meetings to educate and inform citizens of the scope of Agronomic Division services and their importance to environmental quality and efficient agricultural production
- Issue news releases, distribute leaflets and bulletins, participate on local advisory committees, and serve as technical advisors for river basin oversight, regional and state environmental projects
- Conduct tours of its laboratory facilities for students, researchers, commodity groups, gardeners, etc.
- Provide more than 55,600 advisory reports annually to state citizens

Agriculture & Consumer Services
Agronomic Services
Comparison of Actual and Authorized Expenditures

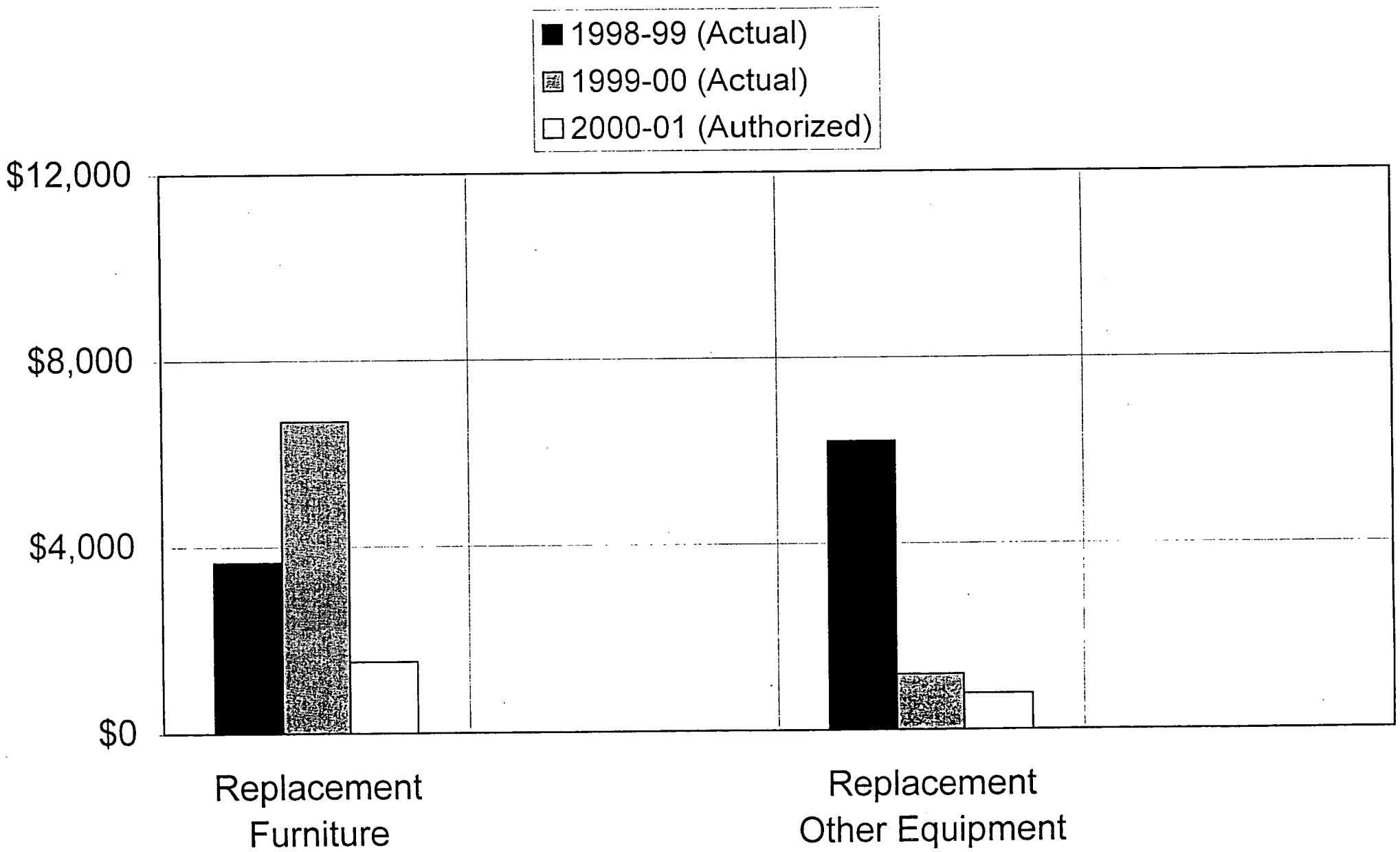


Agron. Div. #2

Agriculture & Consumer Services
Agronomic Services
Comparison of Actual and Authorized Expenditures

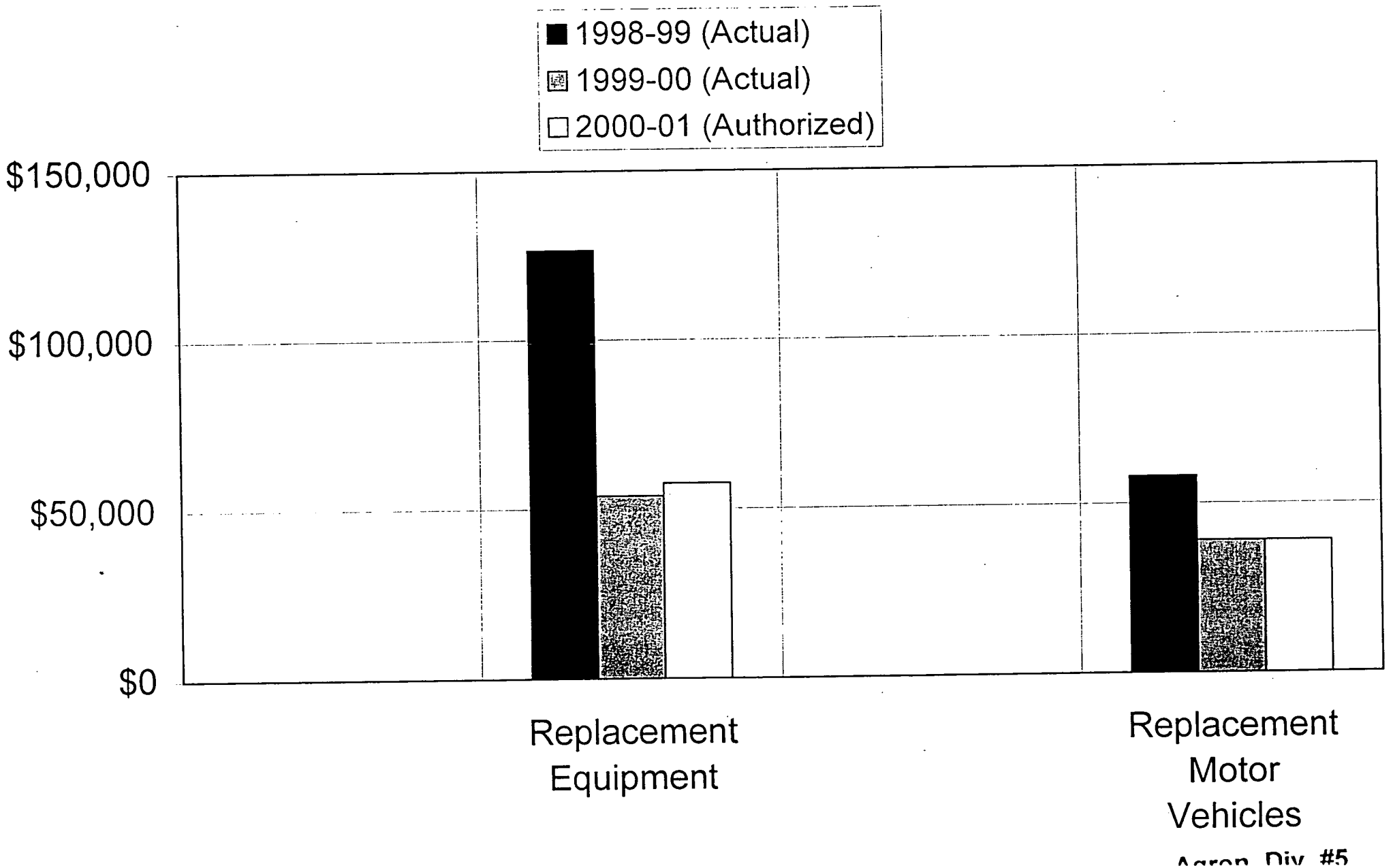


Agriculture & Consumer Services
Agronomic Services
Comparison of Actual and Authorized Expenditures



Agron. Div. #4

Agriculture & Consumer Services
Agronomic Services
Comparison of Actual and Authorized Expenditures

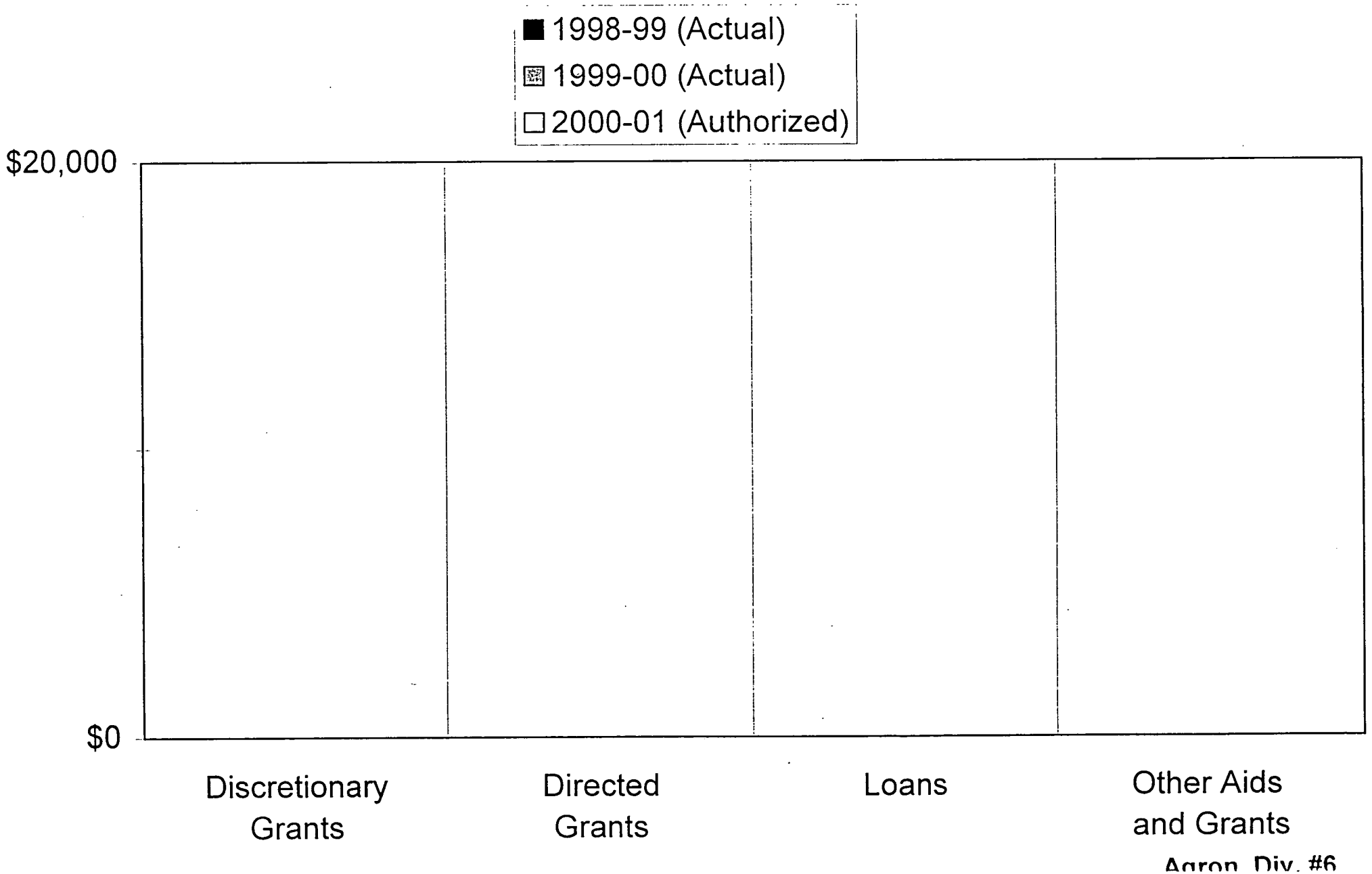


Agron Div #5

Agriculture & Consumer Services

Agronomic Services

Comparison of Actual and Authorized Expenditures



Department Name - Agriculture and Consumer Services
Division Name - Agronomic Services

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Nematode Assay	1973	106.22	$2.00	07/01/1989	Daily	30,183	$60,336
Plant Analysis	1973	106.22	$4.00	07/01/1989	Daily	12,711	$50,844
Waste Analysis	1973	106.22	$4.00	07/01/1989	Daily	18,305	$73,220
Solution Analysis	1973	106.22	$4.00	07/01/1989	Daily	1,890	$7,560

Department of Agriculture and Consumer Services

State Fair Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	8,579,349	7,548,618	8,999,073	8,701,845	9,978,399
Less Receipts	(8,634,594)	(7,909,387)	(9,563,403)	(9,009,373)	(9,232,637)
Cash Balance +/-	55,245	360,770	564,330	307,528	(745,762)
Positions	59	59	59	59	59

ACTIVITIES:

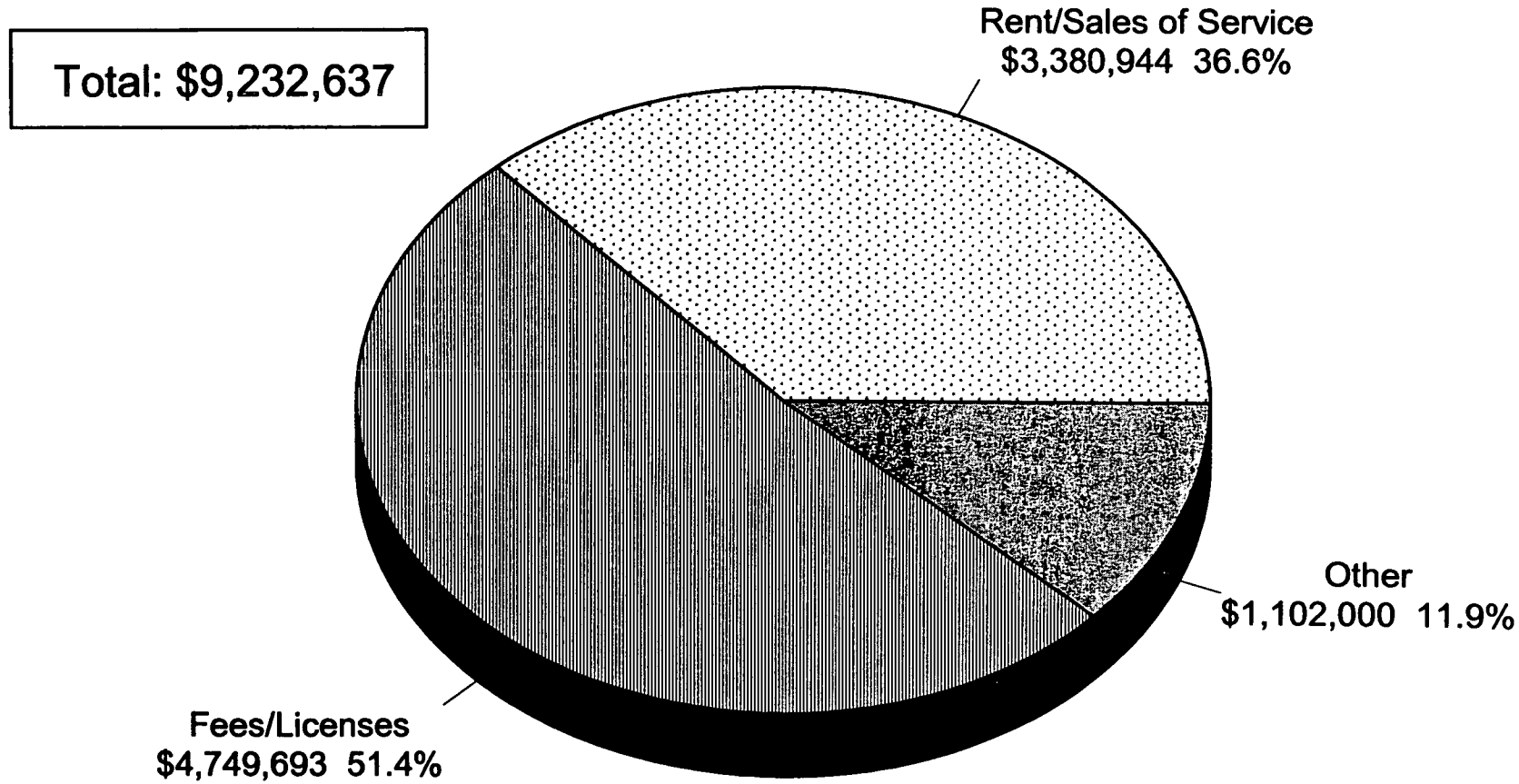
The State Fair Division is an Enterprise Fund whose purpose is to organize and operate the annual State Fair. During non-Fair time, the Division rents out the buildings and grounds in order to provide capital to operate the fairgrounds at a break-even point and to fund ground improvements.

The Governor James B. Hunt Horse Complex is located on Fair property and is designed for national and regional horse events. In addition to the 81,000 square foot enclosed arena, the Complex contains a covered warm-up arena, two outdoor warm-up arenas, 485 permanent and 400 portable stalls.

In 2000, the State Fair had record attendance of 846,724.

State Fair Division

FY 2000-01 Authorized Fund Sources

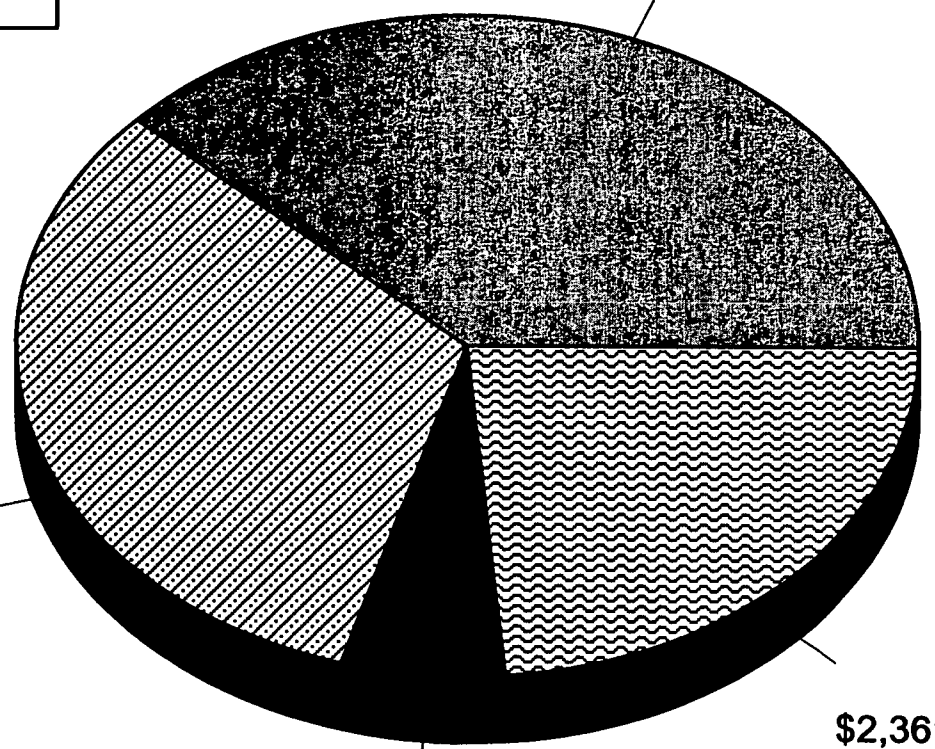


Fiscal Research Division, March 2001

State Fair Division

FY 2000-01 Authorized Expenditures by Category

Total: $9,978,399

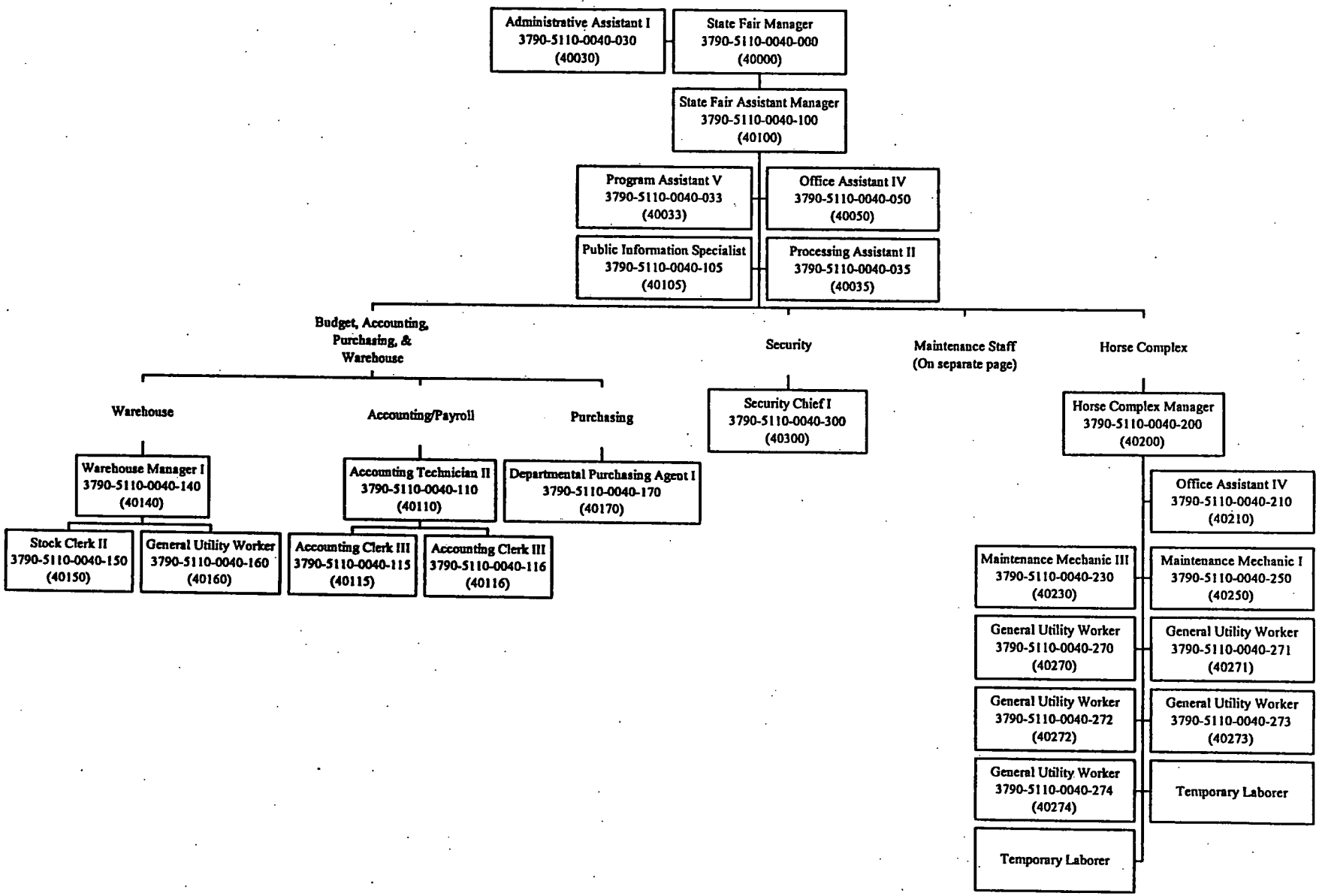


Fiscal Research Division, March 2001

Department of Agriculture and Consumer Services

State Fair Division - Cash Balance					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Year-to-Date
Beginning Balance	3,987,645	4,097,725	4,532,558	5,085,557	5,465,030
Receipts	8,634,594	7,909,532	9,563,403	9,009,373	7,884,965
Expenditures	(8,579,349)	(7,548,618)	(8,999,073)	(8,701,845)	(6,455,289)
Other	54,835	73,919	(11,331)	71,945	94,497
Ending Balance	$ 4,097,725	$ 4,532,558	$ 5,085,557	$ 5,465,030	$ 6,989,204

Note: 2000-01 is year-to-date as of 12/31/00


Administrative Assistant I
3790-5110-0040-030
(40030)
State Fair Manager
3790-5110-0040-000
(40000)
State Fair Assistant Manager
3790-5110-0040-100
(40100)
Program Assistant V
3790-5110-0040-033
(40033)
Office Assistant IV
3790-5110-0040-050
(40050)
Public Information Specialist
3790-5110-0040-105
(40105)
Processing Assistant II
3790-5110-0040-035
(40035)
Budget, Accounting, Purchasing, & Warehouse
Security
Maintenance Staff
(On separate page)
Horse Complex
Warehouse
Accounting/Payroll
Purchasing
Warehouse Manager I
3790-5110-0040-140
(40140)
Accounting Technician II
3790-5110-0040-110
(40110)
Departmental Purchasing Agent I
3790-5110-0040-170
(40170)
Security Chief I
3790-5110-0040-300
(40300)
Horse Complex Manager
3790-5110-0040-200
(40200)
Stock Clerk II
3790-5110-0040-150
(40150)
General Utility Worker
3790-5110-0040-160
(40160)
Accounting Clerk III
3790-5110-0040-115
(40115)
Accounting Clerk III
3790-5110-0040-116
(40116)
Office Assistant IV
3790-5110-0040-210
(40210)
Maintenance Mechanic III
3790-5110-0040-230
(40230)
Maintenance Mechanic I
3790-5110-0040-250
(40250)
General Utility Worker
3790-5110-0040-270
(40270)
General Utility Worker
3790-5110-0040-271
(40271)
General Utility Worker
3790-5110-0040-272
(40272)
General Utility Worker
3790-5110-0040-273
(40273)
General Utility Worker
3790-5110-0040-274
(40274)
Temporary Laborer
Temporary Laborer

AG-67

North Carolina Department of Agriculture and Consumer Services: State Fair Division

Manager Wesley Wyatt
1025 Blue Ridge Rd. Raleigh, NC 27607
Phone: 919-733-2145 Fax: 919-733-5079

SF-1

Business Functions:

- **To organize and operate the annual N.C. State Fair**
  - Annual 10-day agricultural fair that draws urban and rural people from all over the state.
  - The fair is a mixture of exhibits, livestock competitions, rides and entertainment.
  - Since 1990, fair attendance has averaged 715,562. In 2000, a record 846,724 people attended the fair.
  - Profits from the annual fair go to pay for over $500,000 in premiums and for building and grounds upkeep.
- **To rent out the building and grounds during non-fair time.**
  - The rental of the grounds allows the fairgrounds to operate at a break-even point, paying for salaries, some campus improvements such as landscaping, and building maintenance.
  - The fairgrounds hosts nearly 300 events yearly. These events include car shows, boat shows, gun shows, jewelry shows, book shows, auctions, antique collectibles shows and more.
    - Events are reasonably priced for the consumers and exhibitors. Most events are free or less than $5.
  - The Hunt Horse Complex operates at full capacity throughout the year. In 2000, the complex hosted more than 50 shows, including the State Fair Horse Show.
  - Nearly every weekend, the fairgrounds operates at or near capacity for building rentals.
    - The fairgrounds loses potential revenue every year because there is not enough space to book all building request.
    - In 1999, the General Assembly approved funding for an 80,000-sq. ft. multi-purpose building. These funds were reverted due to Hurricane Floyd.
  - The fairgrounds hosts the flea market every Saturday and Sunday, except for the month of October because of the fair, on the grounds and in the Commercial and Education buildings.
    - Operation of the flea market is contracted to a private company.
- **Employees:**
- The N.C. State Fair division has 35 permanent and 25 temporary employees.
  - Over half of the full-time and mostly all of the temporary employees work on maintenance of the main campus and horse complex.
- **Publications**
- The N.C. State Fair distributes several publications a year including:
  - Calendar of Events booklet
  - Premium Book
  - State Fair Press Kit (with Public Affairs Division)
  - State Fair Daily Schedule

DIVISION OF STATE FAIR
OVERVIEW OF EXPANSION ITEMS

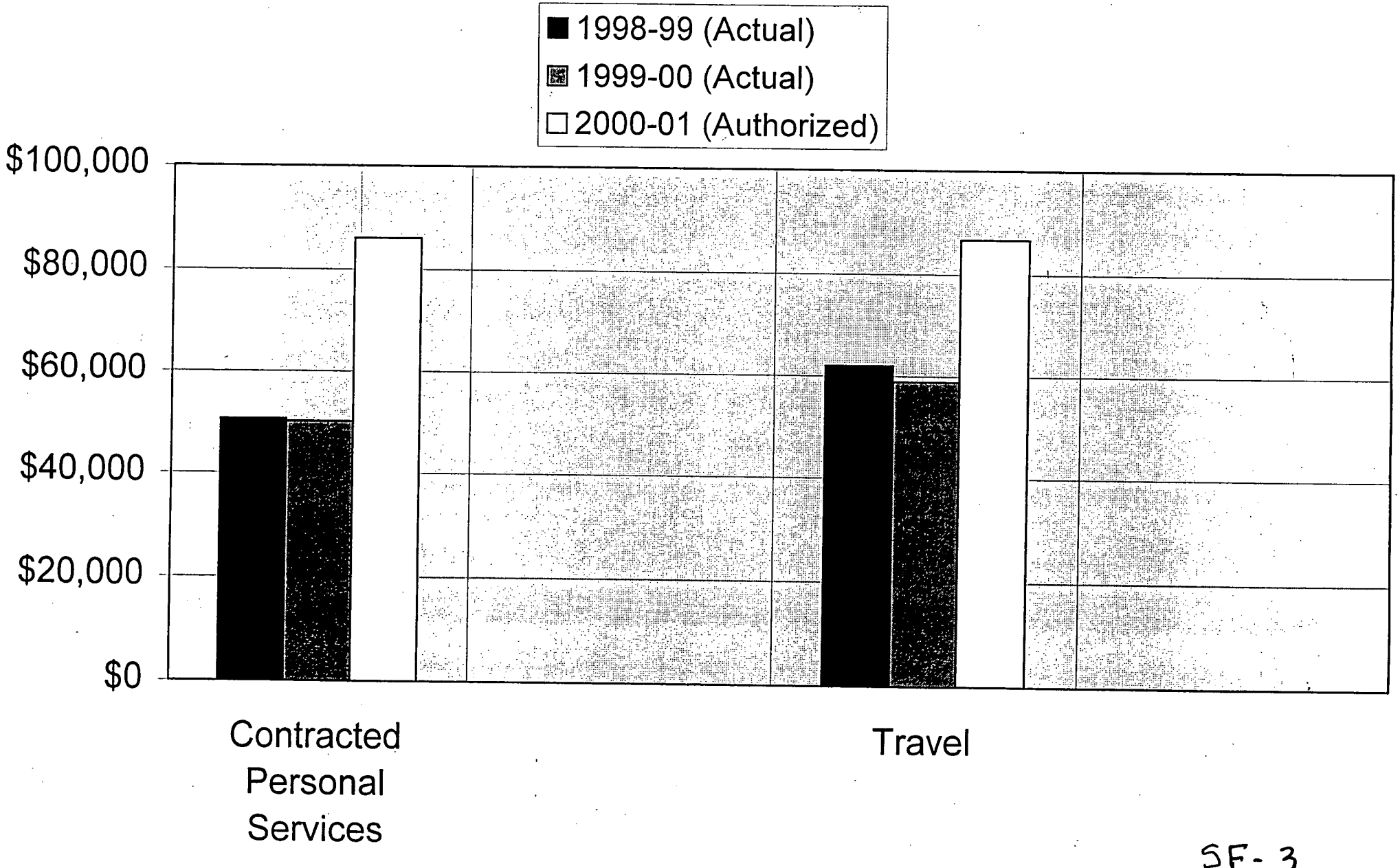
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Multipurpose Building on State Fairgrounds	9,500,000 NR	

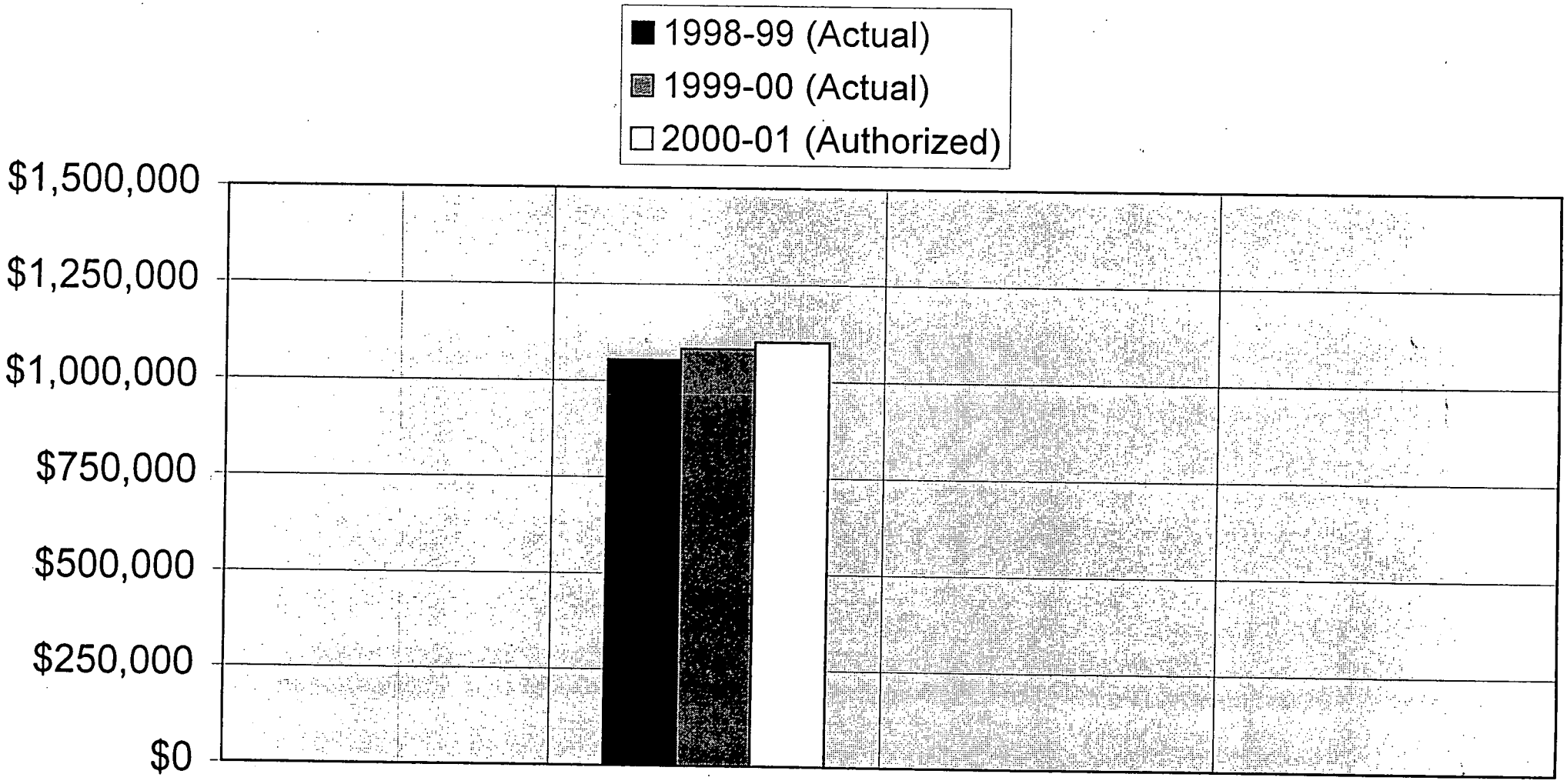
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99

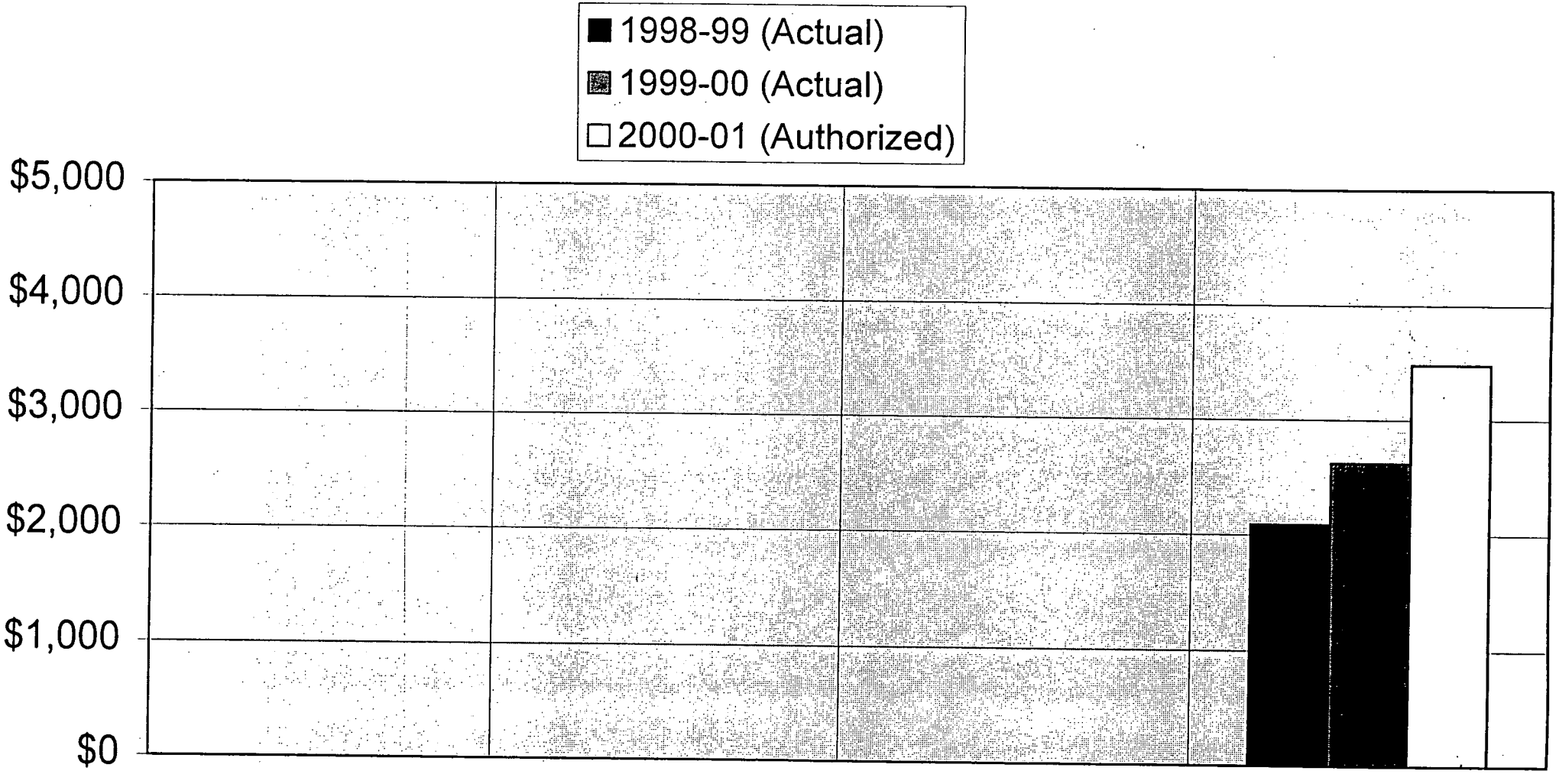
Agriculture & Consumer Services
State Fair
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
State Fair
Comparison of Actual and Authorized Expenditures

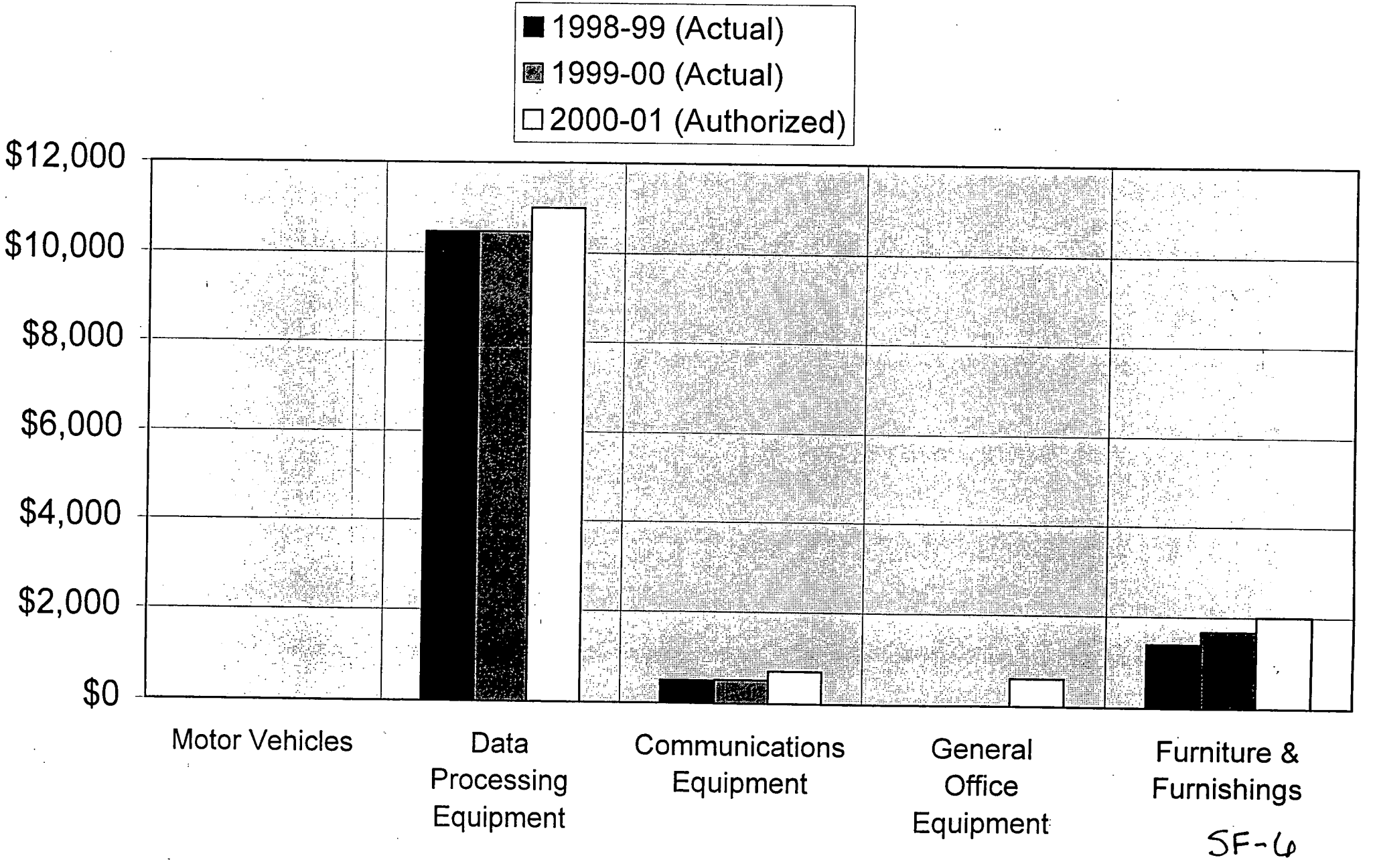


Agriculture & Consumer Services
State Fair
Comparison of Actual and Authorized Expenditures

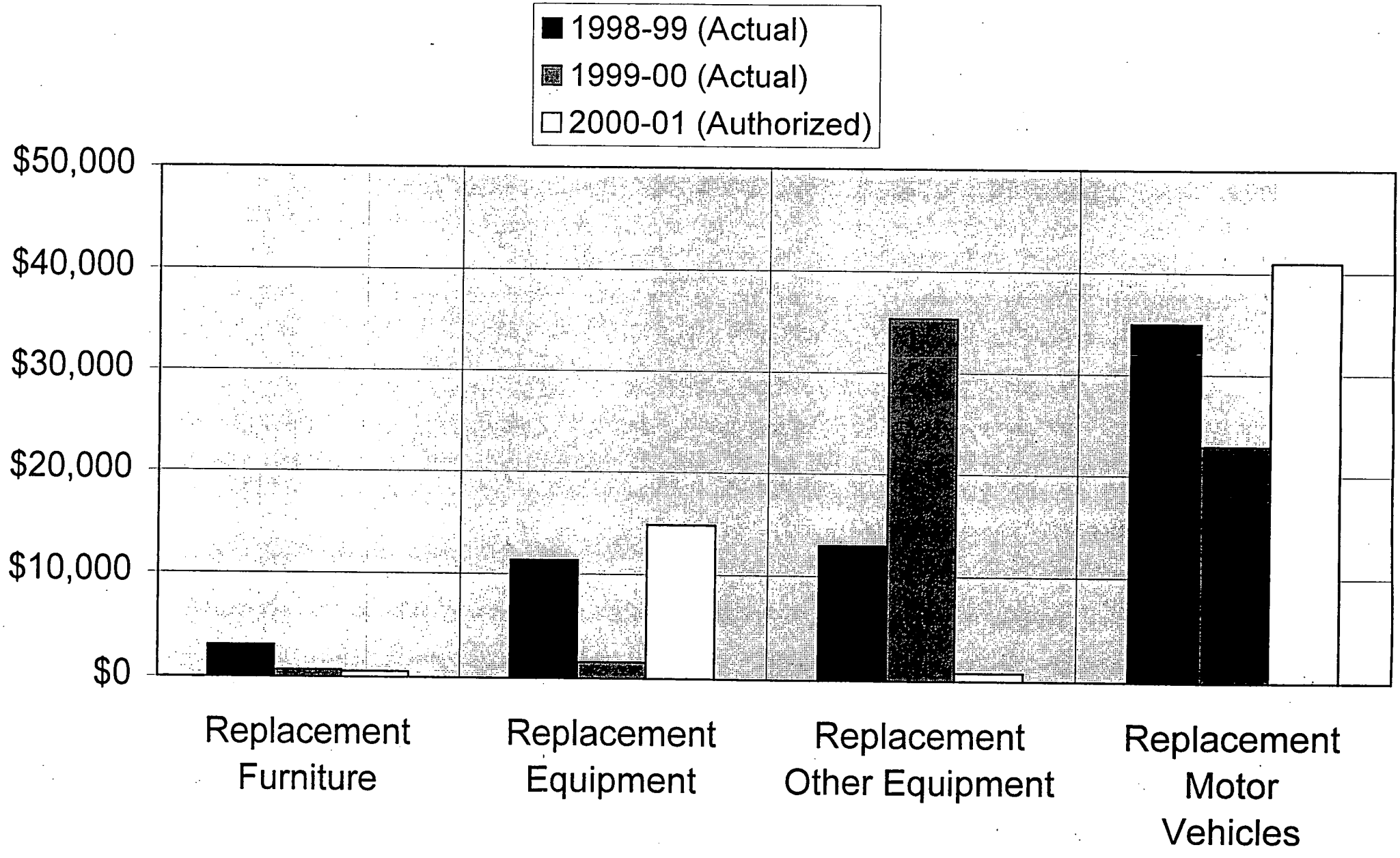


Cellular Phone Services

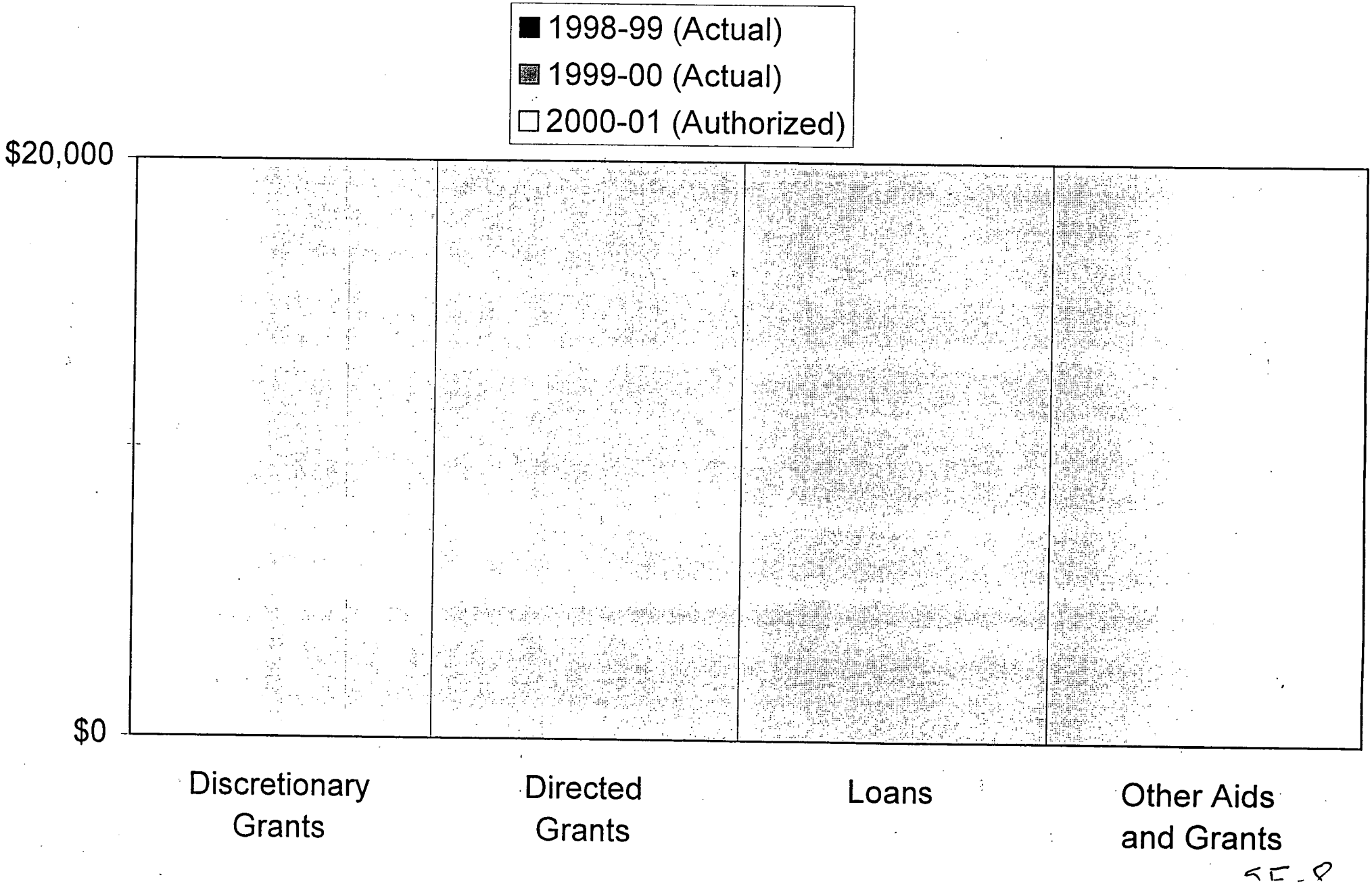
Agriculture & Consumer Services
State Fair
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
State Fair
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
State Fair
Comparison of Actual and Authorized Expenditures



Department Name :Agriculture & Consumer Services
Division Name : N C State Fair

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
J S Dorton Arena		Board of Agriculture	$1,200.00 or 10% ticket sales	01/01/2000	By Event	28	$ 103,463.93
Gov. W Kerr Scott Building		Board of Agriculture	$1,200.00 or 10% ticket sales	01/01/2000	By Event	57	$ 234,461.02
James A Graham Building		Board of Agriculture	$1,000.00 or 10% ticket sales	01/01/2000	By Event	38	$ 206,437.93
Flea Market		Conract	$17,702.13 or 50% of rent	10/01/1998	By Weekend	48	$ 822,611.77
Gov. Jim Holshouser Building		Board of Agriculture	$400.00 or 10% ticket sales	01/01/2000	By Event	32	$ 40,453.02
Harrill Youth Center		Board of Agriculture	$200.00	01/01/2000	By Event	65	$ 15,600.00
Grounds		Board of Agriculture	Based on what part used	01/01/2000	By Event	51	$ 121,054.49
Gov. James B. Hunt Horse Complex		Board of Agriculture	$800.00 or 10% ticket sales	01/01/2000	By Event	53	$ 119,303.34
Horse Stall Rentals		Board of Agriculture	Depends on number of days	01/01/2000	By Event	50	$ 264,934.00

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 21, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairmen's Comments**

2. **Structural Pest Division**
   Jennifer Willis, Fiscal Research
   Carl Falco, Division Director

3. **Veterinary Services Division**
   Follow-Up from Dr. David Marshall, Division Director, regarding Foot and Mouth Disease

4. **Governor's Recommended Reductions for Agriculture**
   Jennifer Willis, Fiscal Research

5. **Committee Discussion**

6. **Closing Remarks**

7. **Adjourn**

Minutes
Joint Appropriations Subcommittee on
Natural and Economic Resources
March 21, 2001 – 8:30 AM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 21, 2001 at 8:30 A.M. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracy Walker, Nurham Warwick, John Weatherly and Roger West.

Chair Stan Fox called the meeting to order. He called upon Jennifer Willis to review Structural Pest Division in Department of Agriculture and Consumer Services.

STRUCTURAL PEST DIVISION

Ms. Willis referred to AG-68 (ATTACHMENT I). The Structural Pest Control Division protects consumers and the environment by regulating the application of pesticides used to control structural pests. It is a regulatory division charged with administering the Structural Pest Control Act of 1955 and the Federal Insecticide, Fungicide and Rodenticide Act concerning the structural pest control industry. The Division's three primary program areas include:

- Competency and training requirements for structural pest control practitioners
- Compliance monitoring activities-covers routine inspection on licensees and non-commercial certified applicators, and responses to pesticide incident and consumer complaints.
- Consumer outreach and education – produces brochures that cover structural pest control topics for consumers.

Mr. Carl Falco, Director, Structural Pest Control Division, was recognized, and he shared SP-1 (ATTACHMENT II). Representative Underhill asked about the loss of one staff position and if it is needed, and it is. Representative Weatherly asked about the disagreement between structural and lawn applicators having to do with the use of pesticides. Mr. Falco thinks there is a continuing problem to a degree although we have not heard much about it lately. The disagreement was essentially that the ornamental and turf operators wanted to be able to treat for fleas and ticks outside, and our pesticide statute does not provide for that as it requires a structural pest control license. Representative Fox asked about the fee structure noting that one was changed in 1999 and the rest have not been changed since 1976 or 1989. He asked if the fees are correct for the present time? The fees have been compared periodically with the national organization of structural pest control regulatory programs. About every four years a nationwide survey is done, and overall our structure as a whole is one of the highest in the country. The instability of our workforce has also adversely affected us.

VETERINARY SERVICES DIVISION FOLLOW-UP
DR. DAVID MARSHALL, DIVISION DIRECTOR

The Chair called upon Dr. David Marshall, State Veterinarian, to update the committee on Foot and Mouth Disease. He reviewed Authority and Foot and Mouth Disease Issues (ATTACHMENT III and IV), and respectfully asked the committee to consider giving the Commissioner of Agriculture and the State Veterinarian authority to quarantine areas in addition to individual premises and to provide money requested on ATTACHMENT III. We need a Bio-Security Level III Lab in our state. Foot and Mouth Disease is considered so contagious that there is only one laboratory in the nation that is approved to test for it. It is the USDA facility off the coast of Long Island in Greenport, NY. We cannot test for Foot and Mouth in NC. We would not want to test here because of the nature of the virus. The Level III Lab would allow us to test for West Nile Virus and deer brains for chronic wasting disease and allow us to do advanced work on cattle showing central nervous systems signs where we could get involved in the Mad Cow Disease surveillance. Approximate cost is in neighborhood of $600,000 to $700,000 depending on the size of the lab. We are looking at 400 to 500 square feet range. Our lab system is starting to show its age, facilities are deteriorating and equipment is out of date. We also ask for a review of veterinary positions in the division primarily referring to those in the meat and poultry inspection as well as in the Diagnostic Lab System. We are having a severe problem of attracting and retaining veterinarians. The average veterinarian comes on at pay grade 78 starting at $45,000 per year range, and they can make $150,000 the first year anywhere in Raleigh. These are our immediate real needs.

The Chair asked the committee to address the authority issue, and Senator David Weinstein stated he would talk to Senator Charlie Albertson after the meeting and get some legislation drawn up from the Senate Agriculture Committee to give the Commissioner of Agriculture the authority requested. Representative Warwick stated he and Representative Dewey Hill have agreed to draw up legislation on the House side. Representative Warwick commended Dr. Marshall for the rapid response to the issue. Senator Swindell asked about vaccinating animals before the disease reaches us. Dr. Marshall stated there are seven serum types for Foot and Mouth virus. One vaccine does not fit all. We would have to use all seven vaccines on each animal. It is not a simple process. Countries that have given up on exporting their meat are using vaccines. Senator Horton thanked Dr. Marshall and suggested both Agriculture Committees meet jointly to work together. Also, they might consider quarantining up to 40 miles since that seems to be the limit and let them have the discretion within the 40 miles depending on climate. He also suggested a two-year sunset on the authority. Representative Weatherly saw on 60 Minutes II a program on Mad Cow Disease and that it is spread by animal parts used in feed and returning military spreading the disease on their shoes and that is parallel to us. He asked how long has this been in effect. Dr. Marshall saw the same program and it made his evening. It has been in effect for one day and is a direct result of Commissioner Phipps and his visit on Monday afternoon. Mr. David Smith will be going to Seymour Johnson Air Force Base on March 22, and we will be in the other two airports that receive international flights hopefully by the first of next week as well as the ports. We met with the Pope Air Force Base Information Officer and a USDA inspector.

Dr. Marshall respectfully requested a joint resolution from the General Assembly to Ann Vannaman, Secretary of Agriculture, and President George Bush expressing our concern that the USDA does its job at the ports and airports. We feel we are getting our state under control. He had an e-mail from the Florida State Vet and one from an NCSU professor. The NCSU professor intimated he had two friends come in from the UK early this week who arrived at Newark Airport and they just walked through. These people connect to all parts of the country. The USDA has to do its part. Representative Owens asked about the $100,000 dealing with the purchase and storage of core equipment and supplies request and asked about the possibility of going to State Purchase and Contract and let them get bids out on an as-needed basis and seeing if there is a supplier available on a short term without buying the equipment and paying somebody to store it. Representative Weatherly asked what methods would be used at ports where foreign sailors leave the ship and walk around in the area. Dr. Marshall stated we propose to control it the same way we have worked through the commercial airports and military bases. We have to understand what type of cargo is going in and assess the situation. We look for rats coming off the boats. At this point we will have to formulate a plan based on what we see. He does not have personnel to staff someone at each port. It will involved meeting with the Ports Authority, USDA agents, expressing our concern as to any concerns we see and encouraging them to do their job monitoring and achieving compliance the same way we did at Pope Air Force Base on March 19. Representative Warwick stated if there are several outbreaks it would seem to him additional attention may be needed. He asked that Dr. Marshall focus on what would be done if there are several outbreaks in the state at the Environment and Natural Resources Committee meeting on March 22. Representative Culp asked when was the last outbreak of Foot and Mouth Disease in NC. Dr. Marshall said the last outbreak was in California in 1929. There have been six total outbreaks in the US and all of them occurred between 1914 and 1929. We have never seen Foot and Mouth Disease in NC. Representative Walker asked if it would be possible to quarantine the sailors on the ships, and we currently have that authority. Mr. David McCloud, legal advisor at Agriculture and Consumer Services Department, says that once cargo clears customs and its procedures, it is considered on NC land and the Authority can quarantine the ship if there is a suspicion of a contagious disease. The question is the definition of suspicion. The Chair thanked Dr. Marshall for his presentation, and the committee will consider his requests.

GOVERNOR'S RECOMMENDED REDUCTION FOR AGRICULTURE

The Chair recognized Jennifer Willis who reviewed Governor's Recommended reductions for Department of Agriculture and Consumer Services (ATTACHMENT V). Under #1 there is a reduction of seven positions, already vacant, with exceptions of the Veterinary Lab Asst I and Veterinarian positions associated with the Edenton Lab that the Department is planning to close at reduction of $239,089. #2 Deals with various operating line items reductions across the Department and she can provide a copy to the subcommittee. #3 Increase various department receipts at $149,197 would affect the Marketing, Food and Drug, Agronomics, Structural Pests and Meat and Poultry Divisions. The Divisions would be directed to increase their budget receipts and take a

corresponding General Fund reduction. Total recommended reductions for the Department for 2001-03 are $850,000 and seven positions. Representative Mitchell asked in #3 if we are raising fees. Ms. Willis thinks it means Department is collecting more receipts than expected so Department will budget the over-realized receipts and then take a reduction in their General Fund budget. Representative Owens stated we might ask Agriculture to go back and review again the Hoof and Mouth Disease situation. We may need to keep the money in the Veterinary Services and see if some other area of the Department can offer up for this. He asked Mr. Weldon Denny to check on this.

The meeting adjourned at 9:35 AM.

Respectfully submitted,

Stan Fox

Representative Stan Fox, Chair

Mary Capps

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

Department of Agriculture and Consumer Services

Structural Pest Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)
Expenditures	932,088	972,705	1,183,770	1,172,196	1,113,478
Less Receipts	(490,170)	(398,140)	(493,031)	(545,306)	(470,864)
State Appropriations	*441,918*	*574,564*	*690,739*	*626,891*	*642,614*
Positions	21	21	25	22	22

The Structural Pest Control Division protects consumers and the environment by regulating the application of pesticides used to control structural pests. It is a regulatory division charged with administering the Structural Pest Control Act of 1955 and the Federal Insecticide, Fungicide and Rodenticide Act concerning the structural pest control industry.

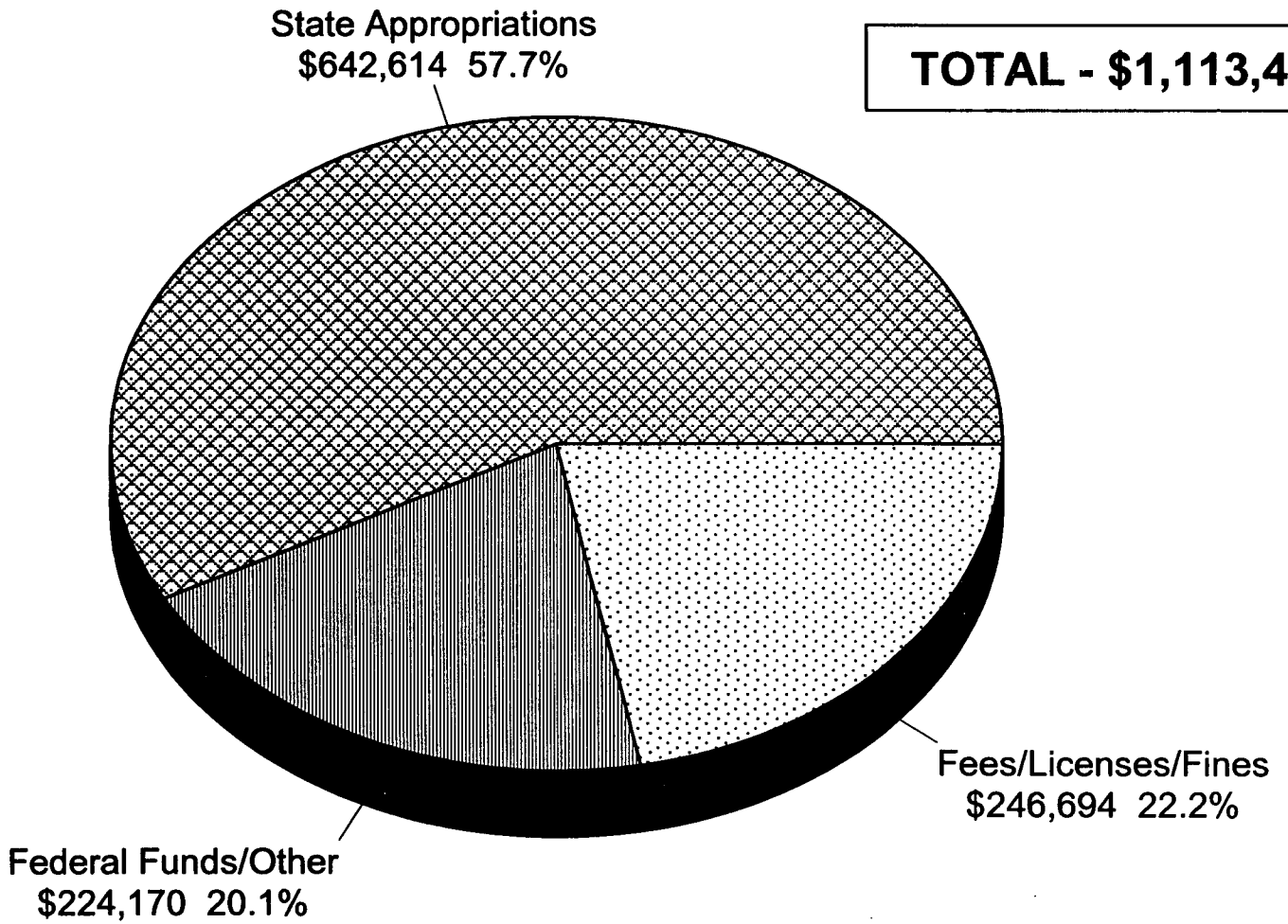
The Division's 3 primary program areas include:

- Competency and training requirements for structural pest control practitioners
- Compliance monitoring activities – Covers routine inspections on licensees and non-commercial certified applicators, and responses to pesticide incidents and consumer complaints.
- Consumer outreach and education – Produces brochures that cover structural pest control topics for consumers.

AG-68

ATTACHMENT I

Structural Pest Division
FY 2000-01 (Authorized) Fund Sources



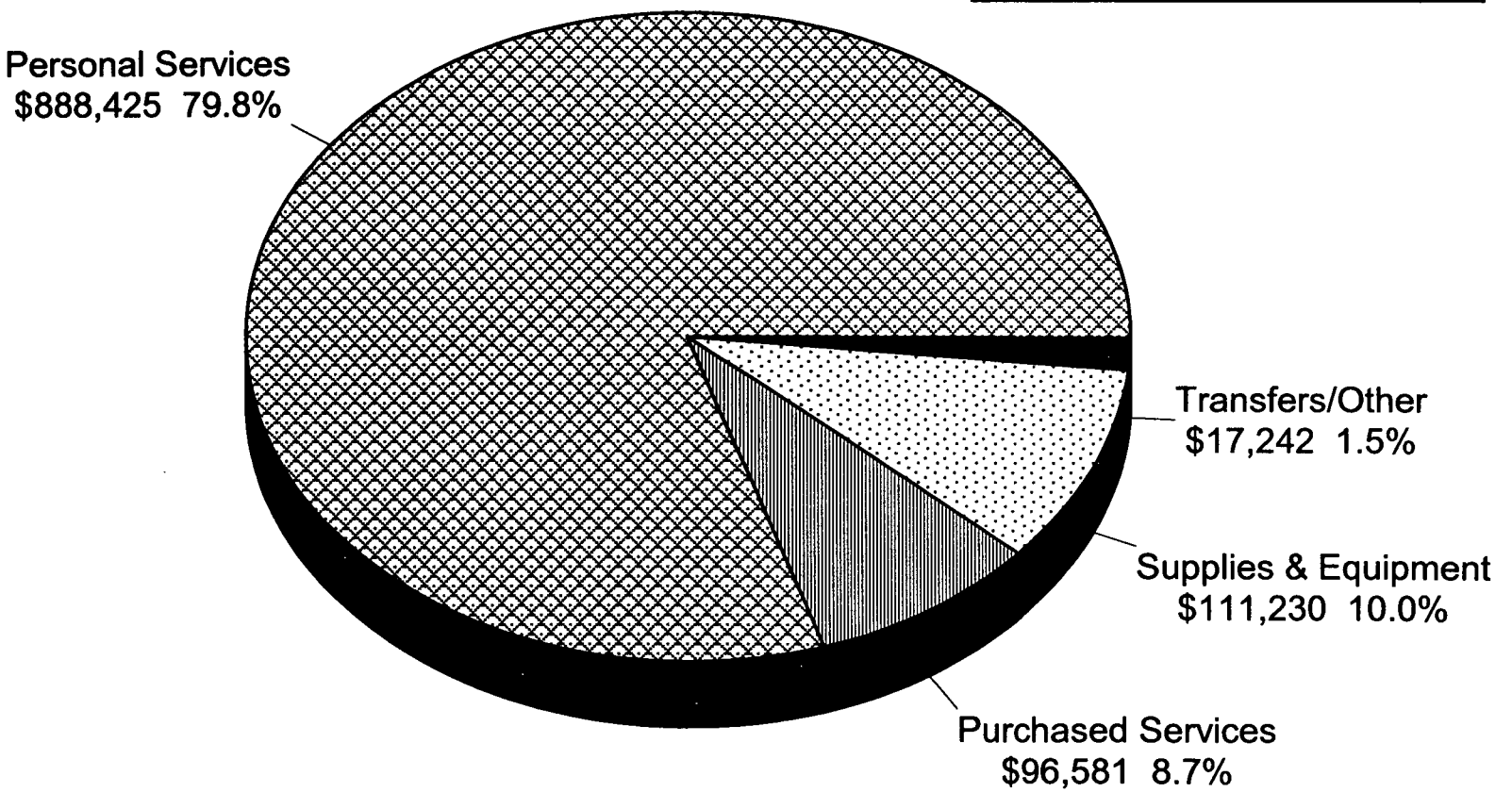
Fiscal Research Division - March 2001

AB-69

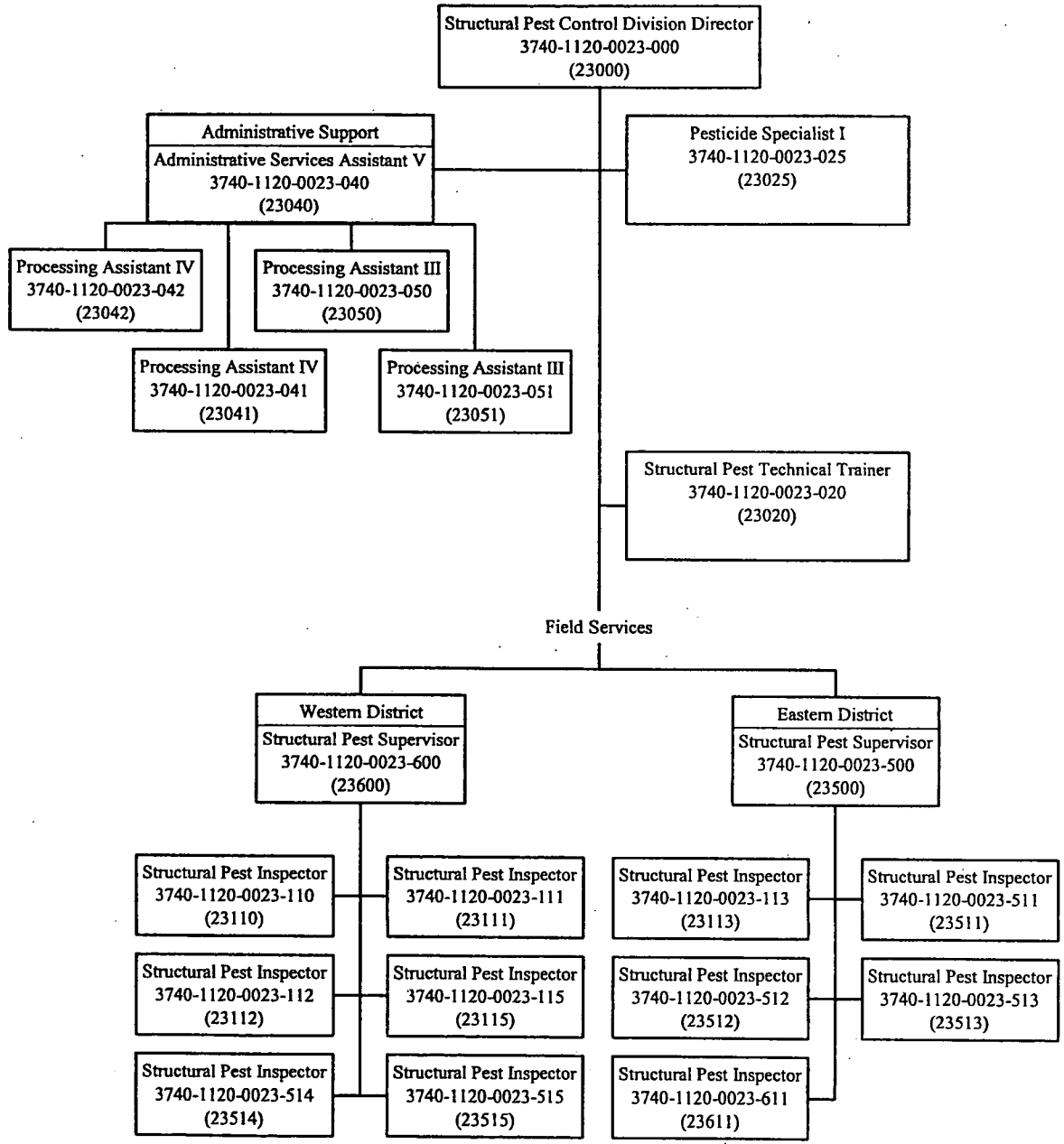
Structural Pest Division

FY 2000-01(Authorized) Expenditures By Category

TOTAL - $1,113,478



Fiscal Research Division - March 2001


Structural Pest Control Division Director
3740-1120-0023-000
(23000)
Administrative Support
Administrative Services Assistant V
3740-1120-0023-040
(23040)
Pesticide Specialist I
3740-1120-0023-025
(23025)
Processing Assistant IV
3740-1120-0023-042
(23042)
Processing Assistant III
3740-1120-0023-050
(23050)
Processing Assistant IV
3740-1120-0023-041
(23041)
Processing Assistant III
3740-1120-0023-051
(23051)
Structural Pest Technical Trainer
3740-1120-0023-020
(23020)
Field Services
Western District
Structural Pest Supervisor
3740-1120-0023-600
(23600)
Eastern District
Structural Pest Supervisor
3740-1120-0023-500
(23500)
Structural Pest Inspector
3740-1120-0023-110
(23110)
Structural Pest Inspector
3740-1120-0023-111
(23111)
Structural Pest Inspector
3740-1120-0023-112
(23112)
Structural Pest Inspector
3740-1120-0023-115
(23115)
Structural Pest Inspector
3740-1120-0023-514
(23514)
Structural Pest Inspector
3740-1120-0023-515
(23515)
Structural Pest Inspector
3740-1120-0023-113
(23113)
Structural Pest Inspector
3740-1120-0023-511
(23511)
Structural Pest Inspector
3740-1120-0023-512
(23512)
Structural Pest Inspector
3740-1120-0023-513
(23513)
Structural Pest Inspector
3740-1120-0023-611
(23611)

North Carolina Department of Agriculture & Consumer Services

Structural Pest Control Division
P.O. Box 27647
Raleigh, North Carolina 27611

Telephone 919-733-6100
Facsimile 919-733-0633

Director Carl E. Falco **e-mail: Carl.Falco@ncmail.net**

Division Overview

- The Structural Pest Control Division is a regulatory agency.
- Administers the Structural Pest Control Act of North Carolina of 1955, G.S. §106-65.22 et.seq. and the rules adopted thereunder by the Structural Pest Control Committee.
- Administers the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) concerning the structural pest control industry.
- Primary purpose is to protect the environment and the health and economic well being of North Carolina citizens.
- Three primary program areas:
  - Competency and training requirements for structural pest control practitioners
  - Compliance monitoring activities
  - Consumer outreach and education

Structural Pest Control Credentials

- Structural Pest Control is divided into three specialized areas or "phases":
  - Household Pest Control (P phase)
  - Wood-Destroying Organisms Control (W phase)
  - Fumigation (F phase)
- The law establishes three classes of structural pest control applicators, each with its own competency or training requirements
  - Licensees
  - Certified applicators (commercial and non-commercial)
  - Registered technicians
- Competency and training requirements
  - License
    - Two years of experience in the phase in which a license is desired
    - Qualify as a certified applicator in the phase in which the license is desired
    - Pass an examination in that phase (all examinations are written and administered by SPCD staff)
  - Certified applicator
    - Attend *Registered Technician School*, 8 hour school taught by SPCD personnel
    - Pass general competence and phase specific examinations
  - Registered technician
    - Complete "Introductory Training Workbook" written by SPCD staff (≈120 pp.)
    - Complete minimum of 24 hours of on the job training
    - Attend 8-hour Registered Technician School provided by SPCD staff

Compliance Monitoring Activities

- The compliance monitoring staff includes eleven Structural Pest Control Inspectors and two Field Supervisors, strategically located throughout the state
- Routine Inspections
  - Average of two times per year on all licensees
  - Once per year on non-commercial certified applicators
  - Inspect records, pesticide storage area, and treating equipment maintained by the licensee, and randomly selected sample of the wood-destroying organism treatments of licensees
- Pesticide Incidents and Consumer Complaints
  - Consumer complaints typically involve quality control issues, disputes concerning damage by wood-destroying organisms and/or differing opinions between pest control operators concerning inspections
  - Incidents investigated by the Division include pesticide spills, drift, disposal and alleged misapplication

Consumer Outreach and Education

- The Division has published seven brochures covering structural pest control topics to inform consumers about various treatment types, warranty, pesticide safety and inspection issues
- Quarterly *Structural Pest Control Bulletin* published for licensees and certified applicators
- Provide speakers for civic and professional organizations
- Promote sound structural pest control practices through the education of consumers

Structural Pest Control Program Statistics

Applicators Currently Holding Credentials	
Licensed PCOs	782
Certified Applicators	1,357
Registered Technicians	3,457

Inspection Data FY 1999—2000	
Household Pest Control	25
Wood Destroying Organism	5,453
Fumigation	15
Pesticide Equipment and Records	1,666
Pesticide Storage	1,082
Complaint Inspections	1,115

DIVISION OF STRUCTURAL PEST
OVERVIEW OF EXPANSION ITEMS

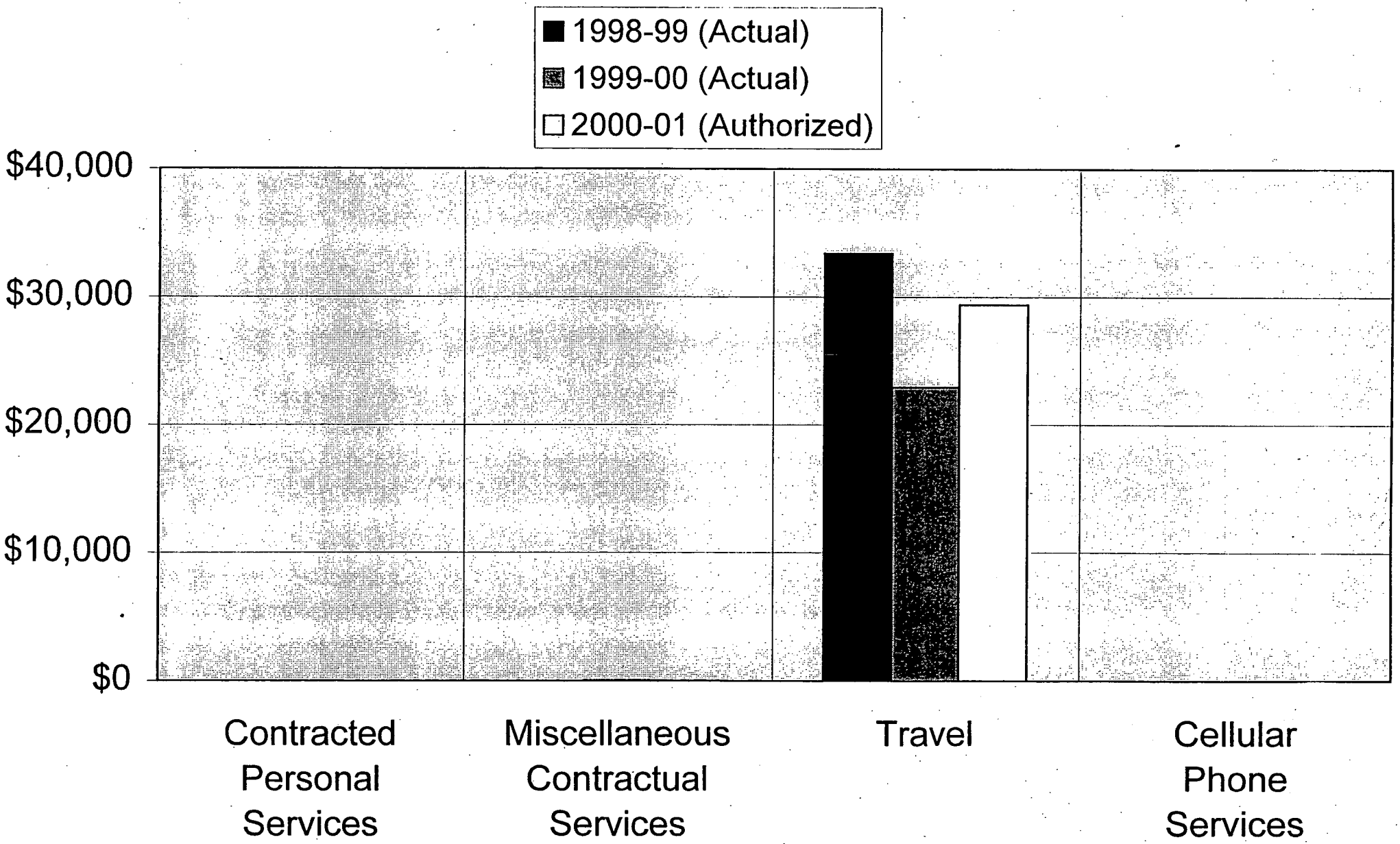
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01

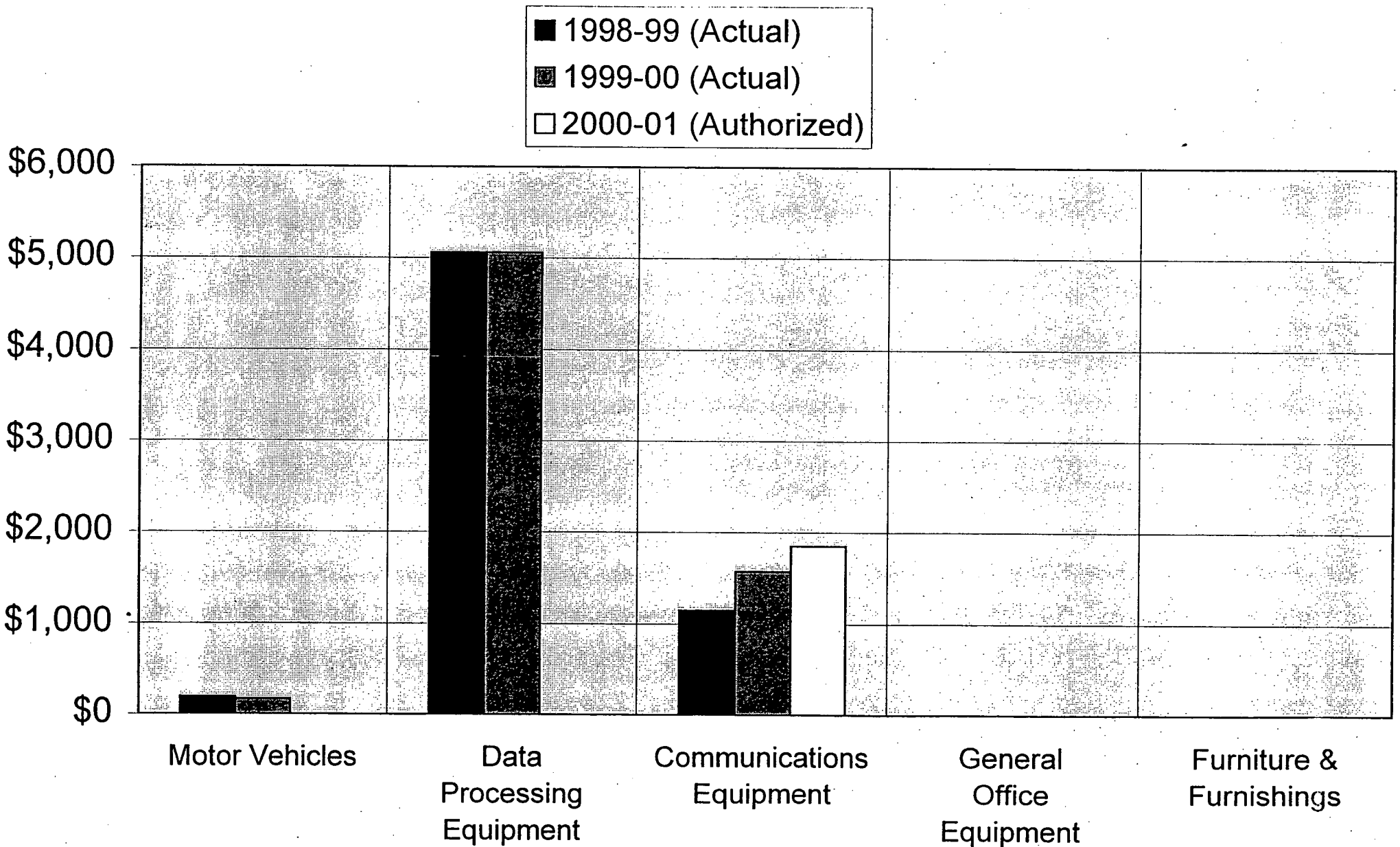
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Structural Pest Control Program Improvements			262,650 R

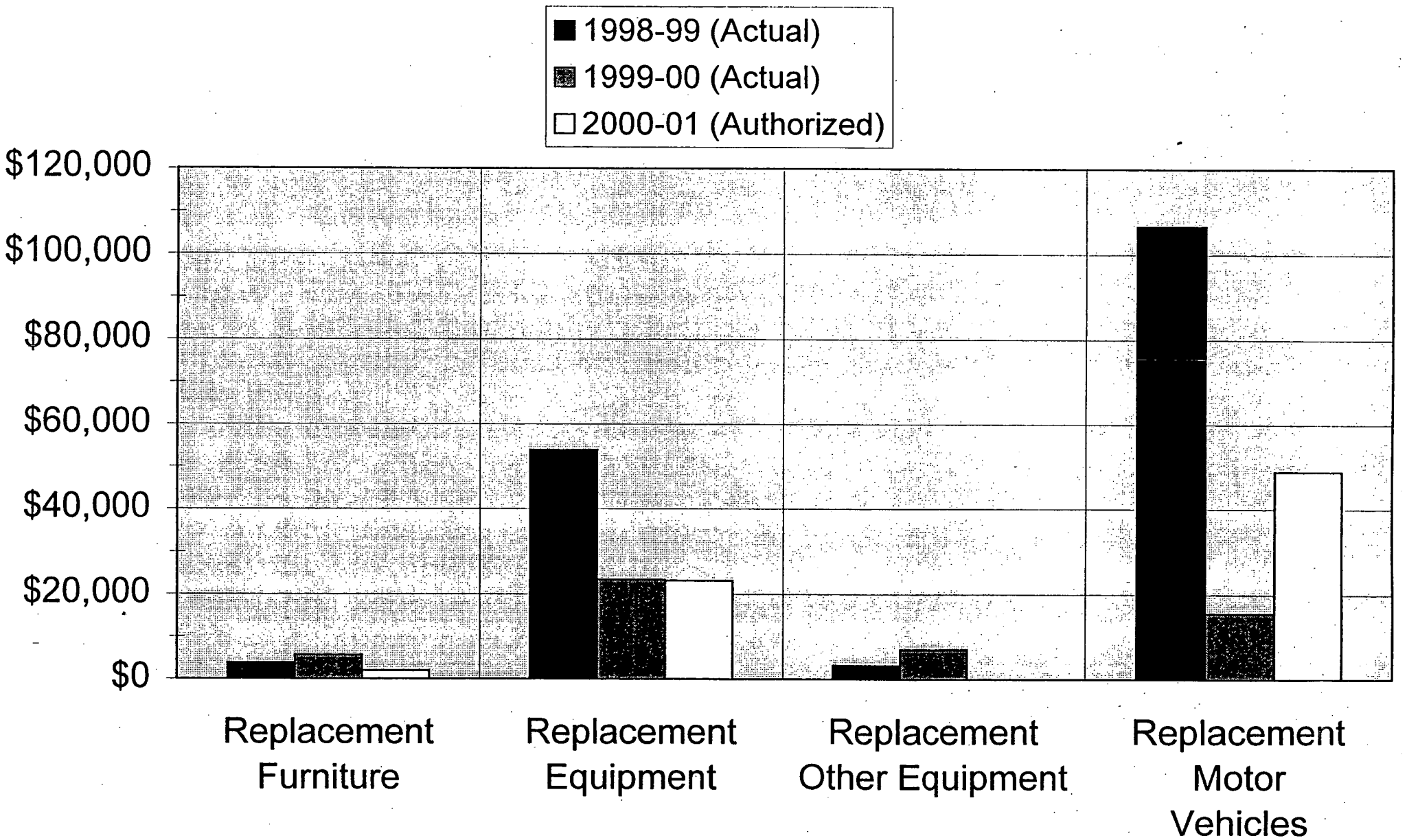
Agriculture & Consumer Services
Structural Pest
Comparison of Actual and Authorized Expenditures



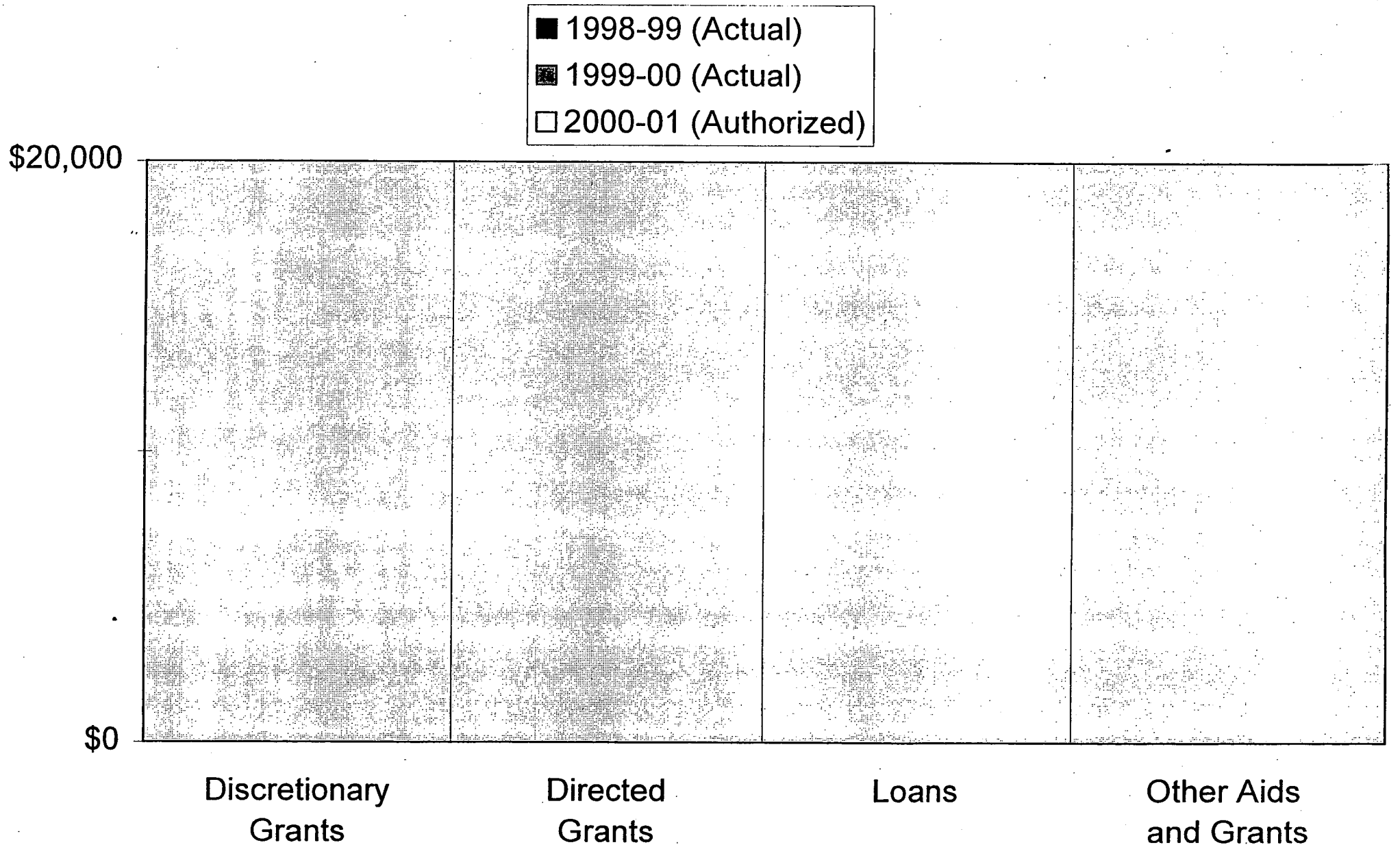
Agriculture & Consumer Services
Structural Pest
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Structural Pest
Comparison of Actual and Authorized Expenditures



Agriculture & Consumer Services
Structural Pest
Comparison of Actual and Authorized Expenditures



NCDA & CS
Structural Pest Control Division

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Structural Pest Control License Transfer Fee		106-65.31(b)	$10.00	10/01/89	Daily	[1]	[1, 2]
Structural Pest Control License Duplication Fee		106-65.31(b)	$10.00	07/01/89	Daily	[1]	[1, 2]
Strucctural Pest Control License - Phase 3		106-65.31(b)	$65.00	08/04/99	Daily	27	[1, 2]
Strucctural Pest Control License - Phase 2		106-65.31(b)	$65.00	08/04/99	Daily	602	[1, 2]
Strucctural Pest Control License - Phase 1		106-65.31(b)	$150.00	08/04/99	Daily	133	$157,050.00
Registered Technician ID Card Duplication Fee		106-65.31(b1)	$5.00	10/01/89	Daily	[1]	[1, 2]
Registered Technician ID Card		106-65.31(b1)	$25.00	07/01/89	Daily	2905	$77,955.00
Certified Applicators ID Card		106-65.31(a)	$30.00	07/01/76	Daily	1264	$43,450.00
Duplicate Certified ID Card		106-65.31(a)	$5.00	07/01/76	Daily	[1]	[1, 3]
Certified Applicators ID Card Transfer Fee		106-65.31(a)	$5.00	07/01/81	Daily	[1]	[1, 3]
Structural Pest Re-Inspection Fee		2NCAC 34.1103	$10.00	01/01/89	Daily	[1]	$6,835.00
Re-Inspection Fee - 2nd		2NCAC 34.1103(a)	$50.00	01/01/89	Daily	[1]	[1, 3]
Reinspection Fee - 3rd		2NCAC 34.1103(a)	$100.00	01/01/89	Daily	[1]	[1, 3]
Certified Applicator Exam		106-65.27(a)	$10.00	10/01/89	Monthly	758	$7,530.00
Structural Pest Control License Exam		106-65.27(b)	$25.00	10/01/89	Monthly	231	$6,110.00

[1] Unable to determine

[2] Included in total below

[3] Included in fee above

North Carolina Department of Agriculture & Consumer Services

Structural Pest Control Division
P.O. Box 27647
Raleigh, North Carolina 27611

Telephone 919-733-6100
Facsimile 919-733-0633

Director Carl E. Falco

e-mail: Carl.Falco@ncmail.net

Inspection Data FY 1995–96 through 1999–00					
INSPECTION TYPE	**FISCAL YEAR**				
	FY 95 - 96	**FY 96 - 97**	**FY 97 - 98**	**FY 98 - 99**	**FY 99 – 00[1]**
Household Pest Control	44	42	30	24	31
Wood Destroying Organism	9340	9104	8058	6555	6582
Fumigation	9	7	11	15	15
Pesticide, Equipment & Records	1763	1778	1570	1289	1517
Pesticide Storage	1257	1273	1139	909	1032
Complaint Inspections	732	792	705	624	914

[1] Revised data for 1999 – 2000.

ANIMAL DISEASE ISSUES
Veterinary Services Division
North Carolina Department of Agriculture and Consumer Services

1. Authority Issues

   - The Commissioner of Agriculture and the State Veterinarian already have the authority to quarantine any animal affected with or exposed to a contagious disease. However, we do not have the authority to quarantine areas. General Statute 106-401 should be amended to give the Commissioner or the State Veterinarian authority to quarantine areas in addition to individual premises.

   - Enact legislation authorizing the Commissioner of Agriculture to prohibit public assembly or exhibition of livestock when necessary to prevent the spread of disease.

2. Foot and Mouth Disease Issues

   - The Field Services Section operating budget needs to be increased immediately by $100,000 for travel and to purchase and store core equipment and supplies to deal with the sudden outbreak of a highly infectious disease. In the face of an emergency, authority is needed to obtain items outside the normal state purchasing process.

   - Establish a $500,000 reserve fund so that emergency expenditures could be made in the event of a disease outbreak. The fund would bridge the gap between the division's normal operating budget and emergency action by the Governor or the General Assembly.

   - Increase the amount budgeted for reimbursing local, private veterinarians to provide final disposition services on retained animals at state inspected slaughter plants ($10,000).

   - Maintain the cell phones currently used in the Veterinary Services Division.

   - An additional veterinarian position is needed for public outreach and producer education efforts ($100,000 salary, benefits, and overhead).

   - Additional funding is needed to provide all VMOs formal training in USDA Foreign Animal Disease diagnosis ($17,500).

   - The department needs relief in the amount of $500,000 from the amount targeted for reversion in the current budget year.

   - Provide funding to assist the State Animal Response Team (SART).

ATTACHMENT IV

Meg Scott Phipps
Commissioner

Weldon B. Denny
Chief Deputy Commissioner

North Carolina
Department of Agriculture
and Consumer Services
Veterinary Division

N. David Smith
Assistant Commissioner

Dr. David T. Marshall
State Veterinarian

March 21, 2001

TO: NERC Committee Members

FROM: David T. Marshall, D.V.M.
State Veterinarian

Dr. D.T. Marshall

SUBJECT: Foot and Mouth Disease (FMD) Information

Enclosed please find a FMD Fact Sheet, Question and Answer document, as well as copies of our NCDA&CS Veterinary Division press releases and electronic alerts. These will be beneficial in communications with your constituents with regard to the disease.

I also would encourage the visitation of our department web site at www.ncagr.com/vet, where press releases, links, and training videos may be accessed.

DTM/dw

Enclosures

FACTSHEET

APHIS

United States Department of Agriculture

Animal and Plant Health Inspection Service

March 2001

Foot-and-Mouth Disease

Foot-and-mouth disease (FMD) is a severe, highly communicable viral disease of cattle and swine. It also affects sheep, goats, deer, and other cloven-hooved ruminants. FMD is not recognized as a zoonotic disease.

This country has been free of FMD since 1929, when the last of nine U.S. outbreaks was eradicated.

The disease is characterized by fever and blister-like lesions followed by erosions on the tongue and lips, in the mouth, on the teats, and between the hooves. Many affected animals recover, but the disease leaves them debilitated. It causes severe losses in the production of meat and milk.

Because it spreads widely and rapidly and because it has grave economic as well as clinical consequences, FMD is one of the animal diseases that livestock owners dread most.

What Causes It

The disease is caused by a virus. The virus survives in lymph nodes and bone marrow at neutral pH, but destroyed in muscle when in pH<6.0 i.e. after rigor mortis. The virus can persist in contaminated fodder and the environment for up to one month, depending on the temperature and pH conditions.

There are at least seven separate types and many subtypes of the FMD virus. Immunity to one type does not protect an animal against other types.

How It Spreads

FMD viruses can be spread by animals, people, or materials that bring the virus into physical contact with susceptible animals. An outbreak can occur when:

- People wearing contaminated clothes or footwear or using contaminated equipment pass the virus to susceptible animals.
- Animals carrying the virus are introduced into susceptible herds.
- Contaminated facilities are used to hold susceptible animals.
- Contaminated vehicles are used to move susceptible animals.
- Raw or improperly cooked garbage containing infected meat or animal products is fed to susceptible animals.
- Susceptible animals are exposed to materials such as hay, feedstuffs, hides, or biologics contaminated with the virus.
- Susceptible animals drink common source contaminated water.
- A susceptible cow is inseminated by semen from an infected bull.

Signs

Vesicles (blisters) followed by erosions in the mouth or on the feet and the resulting excessive salivating or lameness are the best known signs of the disease. Often blisters may not be observed because they easily rupture, leading to erosions. Some of these other signs may appear in affected animals during an FMD outbreak:

- Temperatures rise markedly, then usually fall in about 2 to 3 days.
- Ruptured vesicles discharge either clear or cloudy fluid and leave raw, eroded areas surrounded by ragged fragments of loose tissue.
- Sticky, foamy, stringy saliva is produced.
- Consumption of feed is reduced because of painful tongue and mouth lesions.
- Lameness with reluctance to move is often observed.
- Abortions often occur.
- Milk flow of infected cows drops abruptly.
- Conception rates may be low.
- FMD can lead to myocarditis (inflammation of the muscular walls of the heart) and death, especially in newborn animals.

Animals do not normally regain lost weight for many months. Recovered cows seldom produce milk at their former rates.

Confusion With Other Diseases

FMD can be confused with several similar, but less harmful, diseases, such as vesicular stomatitis, bluetongue, bovine viral diarrhea, and foot rot in cattle, vesicular exanthema of swine, and swine

vesicular disease. Whenever mouth or feet blisters or other typical signs are observed and reported, laboratory tests must be completed to determine whether the disease causing them is FMD.

Where FMD Occurs

While the disease is widespread around the world, North America, Central America, Australia, New Zealand, Chile, and some countries in Europe are considered free of FMD. Various types of FMD virus have been identified in Africa, South America, Asia, and part of Europe.

Prevention and Control

FMD is one of the most difficult animal infections to control. Because the disease occurs in many parts of the world, there is always a chance of its accidental introduction into the United States.

Animals and animal byproducts from areas known to be infected are prohibited entry into this country.

Livestock animals in this country are highly susceptible to FMD viruses. If an outbreak occurred in the United States, this disease could spread rapidly to all sections of the country by routine livestock movements unless it was detected early and eradicated immediately.

If FMD were to spread unchecked, the economic impact could reach billions of dollars in the first year. Deer and wildlife populations could become infected rapidly and could be a source for reinfection of livestock.

What You Can Do

You can support U.S. efforts against FMD by:

- Watching for excessive salivating, lameness, and other signs of FMD in your herd; and
- Immediately reporting any unusual or suspicious signs of disease to your veterinarian, to State or Federal animal disease control officials, or to your county agricultural agent.

If FMD should appear in your animals, your report will set in motion an effective State and Federal eradication program.

Your participation is vital. Both the early recognition of disease signs and the prompt notification of veterinary officials are essential if eradication is to be carried out successfully. Your warning may prevent FMD from becoming established in the United States, or, if it does spread, reduce the time and money needed to wipe it out.

Additional Information

For more information about FMD, contact
USDA, APHIS, Veterinary Services
Emergency Programs
4700 River Road, Unit 41
Riverdale, MD 20737–1231
Telephone (301) 734–8073
Fax (301) 734–7817

Current information on animal diseases and suspected outbreaks is also available on the Internet at http://www.aphis.usda.gov.

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326–W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250–9410 or call (202) 720–5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FOR IMMEDIATE RELEASE
MONDAY, MARCH 5, 2001

NCDA&CS officials monitoring European foot-and-mouth disease situation

RALEIGH - Animal health officials in the Veterinary Division of the N.C. Department of Agriculture and Consumer Services are closely monitoring the recent outbreak of foot-and-mouth disease (FMD) in Britain. The disease was originally discovered in 27 pigs at a slaughterhouse in England on Feb. 19 and has since spread to Ireland and continental Europe.

"Over the weekend, foot-and-mouth disease was discovered in animals in Belgium and France," said Agriculture Commissioner Meg Scott Phipps. "Because the disease is easily transmitted to animals through clothes and shoes, it is possible the disease may be introduced in the U.S. The disease is not a threat to humans but would be a serious threat to the livestock industry in our state."

FMD is a severe, highly contagious viral disease of cattle, swine, sheep, goats, and deer characterized by blister-like lesions on the mouth, lips, tongue, teats, and between the hooves. There is no treatment for the disease and infected or exposed animals must be slaughtered, burned or buried, and all premises and equipment must be cleaned and disinfected. Vaccine can only be used in the face of an outbreak to help control the spread.

The last outbreak of FMD in the United States was in 1929. The virus has been active recently in Asia, Europe, Africa and South America. Mechanical transfer of the virus on the clothing, shoes, and other personal items of international travelers is a possible source of introduction. In 1999, 16.4 million passengers arrived in the U.S. on direct flights from the U.K. Smuggled meat and food items that elude USDA quarantine monitoring inspections are of particular concern.

The importation of affected animals or animal products from the U.K. has been addressed through a series of restrictions. The previous ban on British cattle and bovine meat products, in place since 1989 as the result of mad cow disease, was expanded on Jan. 29 to include swine, and products derived from swine, unless those products were processed in such a manner as to inactivate the FMD virus. Pork products that had already arrived in the U.S. from the U.K. are being quarantined at U.S. ports.

N.C. livestock producers are advised to strengthen farm biosecurity measures. Producers and farmers should be cautious and limit potential sources of introduction to their farms. Officials from the NCDA& CS Veterinary Division are advising farmers to be wary of used farm equipment that may have originated overseas, herd

additions of unknown origin, and people or employees who may have traveled internationally in recent months or who have relatives visiting from overseas. In addition, they should contact their veterinarian if livestock exhibit any symptoms of FMD including blister like lesions, excessive salivation, reluctance to eat, or lameness.

-2,3

Contact: Dr. David Marshall, state veterinarian, N.C. Department of Agriculture and Consumer Services, (919) 733-7601.

Subject: [Fwd: Foot-and Mouth Alert]
Date: Tue, 06 Mar 2001 12:36:45 -0500
From: Dianne Whitman <Dianne.Whitman@ncmail.net>
Organization: NCDA&CS
To: goatmon <goatmon@aol.com>, lowderwc <lowderwc@ncfb.com>,
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tmickey <tmickey@ibm.net>, mprasor <mprasor@cs.com>, nasda <nasda@patriot.net>,
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oscar_fletcher <oscar_fletcher@ncsu.edu>

Subject: Foot-and Mouth Alert
Date: Tue, 06 Mar 2001 08:54:32 -0800
From: David Marshall <David.Marshall@ncmail.net>
Organization: NCDA&CS
To: Dianne Whitman <Dianne.Whitman@ncmail.net>

FOR IMMEDIATE RELEASE

LIVESTOCK PRODUCERS ADVISED TO BE WARY
OF FOOT-AND-MOUTH DISEASE

Dr.David Marshall, North Carolina's state veterinarian, is cautioning livestock industry representatives and other citizens to aid in the effort to prevent the introduction of Foot-and Mouth disease (FMD) into the country.

Foot-and-Mouth disease is a highly contagious viral disease that affects all cloven hoofed animals, including swine, cattle, sheep, goats, and deer. Clinical signs include blisters and sores on the mouth, tongue, lips, teats, and between and around the claws. While not always fatal, animals that survive become debilitated , lose production capacity, and can serve as viral shedders in spreading the disease. Humans are not infected, and there is no treatment or approved vaccine for animal use.

"Foot-and mouth disease is probably considered as the most devastating of all livestock diseases, primarily because of it's highly infectious nature and the ability to infect multiple species," said Marshall. "We are extremely concerned here in North Carolina for a variety of reasons. Our large swine population, as well as the presence of numerous military bases puts us at high risk. In addition, a fair amount of our population travel overseas and we have a widespread international trade presence in meat and meat food items, as well as other agricultural products. The contagious nature of it is evident as we have seen it spread from one source premises in England on February 19th to the entirety of the United Kingdom, Belgium, and suspected cases in France and Denmark in a matter of weeks"

While the USDA has issued a ban on the importation of animals and animal related products from all countries with FMD, there are a variety of ways that it could enter the country. The virus can be mechanically transmitted on people's shoes, clothes, other personal effects, and equipment. It can remain airborne and spread up to a radius of approximately 40 miles. In addition, the feeding of contaminated food items and waste food products is a major source of spread. " I am particularly concerned with the introduction of the virus by animals and products originating in FMD affected countries entering the US secondarily through non infected countries," said Marshall. "It would be prudent to be wary of any imported agricultural or meat food product during this high risk period."

The North Carolina Department of Agriculture and Consumer Services is recommending the following precautions as an aid in preventing introduction:

---Increase farm biosecurity measures by limiting traffic and personal access of persons not directly affiliated with farm operations.
---Be aware of the international travel status of farm employees and restrict access if they have traveled overseas within the past 30 days.
---Limit introductions of new additions to the herd. If necessary, be

aware of the background and health status of the additions, isolating and observing them for a period of 10-14 days prior to introduction.
---Refrain from feeding to animals any garbage or waste food products of any type.
---Educate farm employees not to receive any gifts or products, particularly food or meat items, from relatives that may reside overseas.
---Restrict the purchase or use of feed, forage, hay, vaccines, and medications to those produced domestically. Purchase or lease no used farm equipment unless confident of it's domestic origin.

"While a safety net is in place to aid in the prevention of the introduction of this virus, the nature of this disease makes it vitally important that all North Carolinians, particularly those who travel internationally and are involved in the agricultural industry, become educated and aid in the effort on the local level," said Marshall. "This is a situation to be overly cautious and not take anything for granted."

Livestock owners are asked to be epecially observant of the health status of their animals and investigate any animal showing clinical signs suggestive of of FMD. Signs include blisters or sores on the muzzle, feet, teats, or mouth; lameness associated with foot lesions; or lack of appetite or excessive slobbering associated with mouth lesions. While other diseases can cause similar clinical signs, anything suspicious should be pursued through veterinary examination. Producers and veterinarians are encouraged to report any suspicious case to the NCDA&CS, Veterinary Division at (919) 733-7601.

FACTSHEET

APHIS

United States Department of Agriculture

Animal and Plant Health Inspection Service

March 2001

Foot-and-mouth disease Q's and A's

Q: What is foot-and-mouth disease (FMD)?
A: FMD is a highly contagious and economically devastating disease of cattle and swine. It also affects sheep, goats, deer, and other cloven-hooved ruminants. Many affected animals recover, but the disease leaves them debilitated. FMD causes severe losses in the production of meat and milk. Because it spreads widely and rapidly and because it has grave economic as well as physical consequences, FMD is one of the animal diseases that livestock owners dread most. The disease does not affect food safety or humans.

Q: What are the potential economic ramifications of an FMD outbreak in the United States?
A: An FMD outbreak in the United States could potentially cost the U.S. livestock industry billions of dollars in losses in the first year.

Q: Can people get the disease from animals?
A: It is not believed to readily affect humans. There was one recorded case in Britain in 1966. The effects of the disease for that person were similar to flu with some blisters. The disease has no implications for the human food chain. People, however, can spread the virus to animals because it can remain in human nasal passages for as long as 28 hours.

Q: How do you get rid of foot-and-mouth disease?
A: The virus can be killed off by heat, low humidity, or some disinfectants. It is only rarely fatal, although it is more likely to kill very young animals. There is no cure for the disease, and it usually runs its course in 2 or 3 weeks with most animals recovering, although some animals take up to 6 months to fully recover.

Q: If most animals don't die, why go to such great lengths to eradicate it?
A: The disease is highly contagious with nearly 100 percent of exposed animals becoming infected. If the disease became widespread in any country there would be disastrous economic consequences. For example, the most serious effects of the disease in dairy cattle are loss of milk and yield.

Q: What is the U.S. Department of Agriculture (USDA) doing to protect the United States from foot-and-mouth disease?
A: In order to protect U.S. livestock from the introduction of FMD, USDA implemented an interim rule on February 21, prohibiting or restricting the importation into the United States of live swine and ruminants and any fresh swine or ruminant meat (chilled or frozen) or products from Great Britain or Northern Ireland. USDA's FMD policy has been to be proactive and preventative. As a result, the interim rule is effective retroactively. Products dated after January 14 are not permitted entry into the United States. This rule has not yet been published in the *Federal Register.*

Q: What is USDA doing to prevent travelers from bringing FMD into the United States?
A: There is no change in the regulation regarding U.S. surveillance measures of travelers for FMD. However, ports of entry have been notified to enhance surveillance of travelers coming from Europe, particularly the United Kingdom (UK) because that area is now considered to be at high risk for FMD.

Q: What should travelers do if they are planning to visit a farm or are in contact with livestock while abroad?
A: All international travelers must state on their Customs declaration form whether or not they have been on a farm or in contact with livestock and if they are bringing any meat or dairy products from their travels back with them. APHIS officials will inspect the baggage of all travelers who indicate they have been on a farm or in contact with livestock. Any soiled footwear must be disinfected with detergent

and bleach. If travelers are around livestock in the UK and they have livestock at home in the United States, they should avoid contact with their animals for 5 days after returning. In addition, soiled clothing must be washed and disinfected prior to returning to the United States.

Q: Can travelers bring animal products back to the United States from Europe?
A: Any ruminant or swine products (cattle, sheep, goats, deer, and other cloven-hooved animals included), with the exception of hard cheeses and canned products with a shelf life, will be confiscated.

Q: How can farmers support USDA in its efforts to prevent FMD in the United States?
A: As always, farmers can support U.S. efforts against FMD by watching for excessive salivating, lameness, and other signs of FMD in their herd and immediately reporting any unusual or suspicious signs of disease to their veterinarian, State or Federal animal disease control officials, or their county agricultural agent. Garbage feeders are encouraged to fully cook their feed before giving it to livestock.

Additional Information

For more information about FMD, contact:

USDA, APHIS, Veterinary Services
Emergency Programs
4700 River Road, Unit 41
Riverdale, MD 20737-1231
Telephone (301) 734-8073
Fax (301) 734-7817

Current information on animal diseases and suspected outbreaks is also available on the Internet at http://www.aphis.usda.gov.

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FOOT AND MOUTH DISEASE PRECAUTIONARY UPDATE
March 17, 2001

North Carolina Department of Agriculture and Consumer Services animal health officials are continuing to advise livestock producers and citizens to take all precautions necessary as we continue to attempt to prevent the introduction of Foot and Mouth Disease (FMD) into our country.

As of this date, the outbreak in the United Kingdom has enveloped large portions of England, Wales, and Scotland, and has crossed the English Channel with one confirmed case in France. While endemic in much of the world over recent years, this latest event is particularly troubling because of the large amount of international trade and passenger movement between the U.S. and the affected area. The disease has not been detected in the U.S. since 1929.

FMD, while not infectious to humans, is one of the most devastating of livestock diseases because of its extremely contagious nature. Susceptible animals include most cloven (split) hoofed animals, including cattle, swine, sheep, goats, and deer. Horses are not affected. The disease causes blisters and sores around the feet, muzzle, mouth, and teats of infected animals. Animals that do not die become severely debilitated and lose production capacity.

There is no treatment for FMD, and vaccine is only authorized in the face of an outbreak when other eradication methods have failed. Animals become infected by direct contact with the virus, which can be carried in the air for distances up to 40 miles. The most common means of spread is mechanically through the movement of animals from one premise to another, or on farm equipment, bedding, feed, food items, waste, vehicles, or people's shoes, clothes, or other personal effects.

"Much has been accomplished over the past three weeks in an effort to prevent FMD from entering North Carolina, but we cannot afford to let our guard down," said Dr. David T. Marshall, State Veterinarian. "The financial repercussions could run in the billions of dollars if it were to emerge and gain a foothold in our country." Among the actions taken by the department include:

--Distribution of a FMD clinical signs manual with color photos to all meat inspection slaughter inspectors.

--Temporary reorganization of the Veterinary Division administrative structure by detailing Dr. Beth Yongue, Asst. Director of Meat Inspection, to full time FMD activities.

--Conferring with representatives of the major swine companies at the Pseudorabies Task Force meeting to discuss prevention strategies.

--Scheduling FMD refresher training for all Field Forces inspectors and veterinarians, to be conducted on March 20 and 22.

--Rescheduling the quarterly Meat and Poultry Inspection Service supervisors meeting to the week of March 29 to provide personnel with FMD training.

--Notified all state inspected and Talmadge-Aiken slaughter plants by formal letter of increased FMD surveillance and inspection activities on all animals presented to the plant for processing.

--NCDA&CS veterinarians visited both Raleigh-Durham and Charlotte International Airports and monitored incoming direct flights from England. U.S. Customs and USDA, APHIS (Animal Plant Health Inspection Service) disease prevention inspection protocols were observed for effectiveness.

--Dr. Marshall and N. David Smith, Deputy Commissioner, met with the USDA, APHIS, PPQ (Plant Protection and Quarantine) state director and conveyed their concerns and suggestions for improving the surveillance and prevention protocols at airports, seaports, and military bases.

--Scheduling visits, beginning the week of March 19, to all four N.C. military bases receiving incoming international flights.

--Distributed FMD fact sheets for posting at all livestock markets, and have instructed NCDA&CS livestock inspectors to increase their presence and educational efforts at these markets.

--Agreed to suspend routine nonessential NCDA&CS veterinarian and inspector swine farm visits in an effort to tighten biosecurity.

--Jointly conducting a FMD Emergency Response Workshop and tabletop exercise on March 29, in cooperation with NC Emergency Management (NCEM), SART (State Animal Response Team), the NCSU College of Veterinary Medicine, the Division of Motor Vehicles, the State Highway Patrol, and the N.C. National Guard.

--Developed a "FMD Alert" web site section, including links to NCDA&CS press releases, other sites, and an interactive FMD training module for veterinarians and producers. The site is located at www.ncagr.com/vet on the division's home page.

"North Carolinians are again reminded to be extremely diligent in their efforts to prevent introduction of this disease," said Commissioner of Agriculture Meg Scott Phipps. "While we cannot guarantee prevention, we all can work together to minimize the risk as much as humanly possible." Efforts to accomplish this goal include:

--Producers and veterinarians should become as familiar as possible with the disease by utilizing the previously mentioned training module on the department web site.

--Producers should observe their stock closely for symptoms and immediately contact their veterinarian if clinical signs are seen.

--New herd additions should be minimized or suspended. If new animals must be added, they should be limited to those of known background and isolated and observed for illness for 2 weeks prior to introduction.

--Refrain from feeding farm animals any garbage or waste food products of any type.

--Restrict the purchase of feed, forage, hay, or bedding materials to those of known domestic or local origin. If used equipment must be purchased, limit it to that of known local origin and thoroughly sanitize it prior to bringing on to the farm.

--Restrict the entry of any non- farm employee. Clean and disinfect shoes and clothing prior allowing entry of personnel to the animal holding areas of the premise.

--Thoroughly investigate the international travel status of farm employees. Prohibit them from accessing the premise for at least 7 days after returning from abroad. All clothing and personal items should be washed and disinfected upon reentry.

--Prohibit employees from receiving any gifts or food products from relatives residing overseas.

--Discontinue the practice of allowing free ranging dogs or pets on the farm premise. Limit wildlife entry to the farm as much as possible.

FOR MORE INFORMATION visit the Veterinary Division's web site at www.ncagr.com/vet. The division is also interested in learning of concerns or potential threats that require investigation. They can be reached at (919)733-7601 or by e-mail at david.marshall@ncmail.net.

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Agriculture and Consumer Services - Continued

Recommended Reductions:

		2001-02	2002-03
1.	**Abolish Positions** The listed positions can be abolished with minimal impact on the operation of the department or services provided to the citizens of the state. Federal-State Reporting Data Entry Sup I (1.0) Veterinary Services Veterinary Lab Asst I (1.0) Veterinarian (1.0) Meat & Poultry Inspectors (3.0) Seed Testing Agricultural Research Tech I (1.0) Number of Positions	$ (239,089) (7.0)	$ (239,089) (7.0)
2.	**Various Operating Line Items Across Department** The department will reduce various operating line items such as travel, supplies, equipment and telephone service that have the least impact on the operation.	$ (461,714)	$ (461,714)
3.	**Increase Various Departmental Receipts** The department will increase budgeted receipts in several programs that have underbudgeted receipts and reduce corresponding appropriations.	$ (149,197)	$ (149,197)
	Total Recommended Reductions Total Number of Positions	$ (850,000) (7.0)	$ (850,000) (7.0)

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
R. ROGERS	NCDENR
Jim Nowell	OSBPM
Buddy Humphrey	"
Buck Lattimore	NC Industrial Commission
Mark Foster	NCDA&CS
CARL E. FALCO	NCDA&CS
MIKE WATERS	N.C. RECREATION & PKS. Society
Wilson Denny	NCDA&CS
Craig May	NCDA&CS
Theresa Rostrazuen	Cap. Adv. Assn
Don H. Bart	DOC
KEVIN LEONARD	NCDOL
Grady McElhi	NC Conservation Network.
Pam Myers	NCACC
Ardis Watkins	SEANC
Margaret Wilson (RD)	KC LH NCHB

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 21, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairmen's Comments**

2. **Structural Pest Division**
   Jennifer Willis, Fiscal Research
   Carl Falco, Division Director

3. **Veterinary Services Division**
   Follow-Up from Dr. David Marshall, Division Director, regarding Foot and Mouth Disease

4. **Governor's Recommended Reductions for Agriculture**
   Jennifer Willis, Fiscal Research

5. **Committee Discussion**

6. **Closing Remarks**

7. **Adjourn**

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	2001-02	2002-03
1. **Abolish Positions** The listed positions can be abolished with minimal impact on the operation of the department or services provided to the citizens of the state. Federal-State Reporting Data Entry Sup I (1.0) Veterinary Services Veterinary Lab Asst I (1.0) Veterinarian (1.0) Meat & Poultry Inspectors (3.0) Seed Testing Agricultural Research Tech I (1.0) Number of Positions	$ (239,089) (7.0)	$ (239,089) (7.0)
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Total Recommended Reductions Total Number of Positions	$ (850,000) (7.0)	$ (850,000) (7.0)

ANIMAL DISEASE ISSUES
Veterinary Services Division
North Carolina Department of Agriculture and Consumer Services

1. Authority Issues

   - The Commissioner of Agriculture and the State Veterinarian already have the authority to quarantine any animal affected with or exposed to a contagious disease. However, we do not have the authority to quarantine areas. General Statute 106-401 should be amended to give the Commissioner or the State Veterinarian authority to quarantine areas in addition to individual premises.

   - Enact legislation authorizing the Commissioner of Agriculture to prohibit public assembly or exhibition of livestock when necessary to prevent the spread of disease.

2. Foot and Mouth Disease Issues

   - The Field Services Section operating budget needs to be increased immediately by $100,000 for travel and to purchase and store core equipment and supplies to deal with the sudden outbreak of a highly infectious disease. In the face of an emergency, authority is needed to obtain items outside the normal state purchasing process.

   - Establish a $500,000 reserve fund so that emergency expenditures could be made in the event of a disease outbreak. The fund would bridge the gap between the division's normal operating budget and emergency action by the Governor or the General Assembly.

   - Increase the amount budgeted for reimbursing local, private veterinarians to provide final disposition services on retained animals at state inspected slaughter plants ($10,000).

   - Maintain the cell phones currently used in the Veterinary Services Division.

   - An additional veterinarian position is needed for public outreach and producer education efforts ($100,000 salary, benefits, and overhead).

   - Additional funding is needed to provide all VMOs formal training in USDA Foreign Animal Disease diagnosis ($17,500).

   - The department needs relief in the amount of $500,000 from the amount targeted for reversion in the current budget year.

   - Provide funding to assist the State Animal Response Team (SART).

North Carolina Department of Agriculture & Consumer Services

Structural Pest Control Division
P.O. Box 27647
Raleigh, North Carolina 27611

Telephone 919-733-6100
Facsimile 919-733-0633

Director Carl E. Falco

e-mail: Carl.Falco@ncmail.net

Inspection Data FY 1995–96 through 1999–00					
INSPECTION TYPE	FISCAL YEAR				
	FY 95 - 96	FY 96 - 97	FY 97 - 98	FY 98 - 99	FY 99 – 00[1]
Household Pest Control	44	42	30	24	31
Wood Destroying Organism	9340	9104	8058	6555	6582
Fumigation	9	7	11	15	15
Pesticide, Equipment & Records	1763	1778	1570	1289	1517
Pesticide Storage	1257	1273	1139	909	1032
Complaint Inspections	732	792	705	624	914

[1] Revised data for 1999 – 2000.

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 22, 2001
Senator David Weinstein, Presiding

Begin Continuation Budget Review of the Department of Labor

1. **Chairman's Comments**

2. **Commissioner's Remarks**
   Cherie K. Berry, Labor Commissioner

3. **Division of Administration**
   Adam Levinson, Fiscal Research
   Becky Brown, Budget Officer

4. **Occupational Safety and Health Division**
   Adam Levinson, Fiscal Research
   Becky Brown, Budget Officer

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, March 22 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 22 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein called the meeting and introduced the pages. He announced that the Commissioner of Labor, Cherie K. Berry, would begin the meeting.

Adam Levinson, Fiscal Research, said the Committee would begin continuation budget review of the Department of Labor today and he then gave a brief overview of the Department. Mr. Levinson then introduced Commissioner Berry. She made some brief remarks regarding the Department of Labor. This is Attachment A of these minutes.

Adam Levinson, Fiscal Research, referred the Committee to the handout titled Division of Administration for the Department of Labor. This is Attachment B of these minutes.

Becky Brown, Budget Officer for the Department, presented the overview for this Division. This is Attachment C of these minutes. She said administrative functions include activities as program coordination and supervision, human resource management, budgeting and financial administration, public information, information technology, gathering and compiling statistical information concerning occupational injuries, illnesses, and fatalities in North Carolina industries, and providing mediation/arbitration services to North Carolina citizens.

Adam Levinson, Fiscal Research, presented the handout for the Occupational Safety and Health (OSH) Division. This is Attachment D of these minutes. He gave Division Activities, total budget by funding source, total budget by activity, and total budget expenditures by category. The OSH Division is composed of five components. They are the Agricultural Safety and Health, Occupational Safety and Health, Date Collection Program, OSHA Review Board, and Consultative Services. These are explained on page 1 of this handout.

Becky Brown, Budget Officer, was asked to give a more detailed overview on these programs. This is Attachment E of these minutes. She stated that the Division of Occupational Safety and Health is the lead state agency with responsibility of fostering safe and healthy workplaces for more than 3.5 million employees and migrant workers in over 180,000 workplaces in North Carolina. The mission is carried out through programs to educate, consult, develop awareness, and enforce compliance with safety, health, and agriculture laws, rules, regulations, and standards. These standards cover the spectrum of injury and illness data, training records, technical specifications, health risk exposures, life safety codes, and migrant housing.

The meeting adjourned at 9:15 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

NORTH CAROLINA DEPARTMENT OF LABOR

CHERIE K. BERRY
COMMISSIONER

(919) 733-0359
FAX: (919) 715-5629
CBERRY@MAIL.DOL.STATE.NC.US

March 16, 2001

Senator Bob L. Martin
410 Legislative Office Building
Raleigh, North Carolina 27601

Dear Senator Martin:

As a former legislator, I appreciate the challenges you are currently facing because of the budget shortfall. I do not envy the difficult choices you must make this year. In efforts to assist the Legislature, I asked my staff to identify ways in which we can meet—or go beyond—requested budget reductions without diminishing the high level of safety and training service the N.C. Department of Labor provides to the citizens of North Carolina.

We developed such a plan. Clyde Wagner, Elevator Inspection bureau chief, and his staff worked hard to develop a plan that will make the DOL Elevator Division 100 percent receipt-supported by 2003. If our proposal is approved, the legislature can save taxpayers $262,261 this coming FY01-02 and $968,823 in FY02-03. The proposal helps the Legislature with the budget crisis, and goes beyond the requested budget reduction without jeopardizing public safety.

To make this change possible, several legislative actions must occur.

(1) I am requesting that the Commissioner of Labor be given the authority to set the elevator inspection fee. (This is currently the only fee in the Department that the Commissioner does not have the authority to set.)

(2) This change must occur over a two-year cycle. A gradual realization of inspection receipts will allow the Department to sustain the elevator division without jeopardizing public safety.

(3) The number of elevator inspectors must remain at 30. To collect the necessary revenue to reach self-sustaining status, the Department must keep at 30 the number of elevator inspectors to address the current and projected inspection workload.

(4) The Governor's proposed budget provides that we reduce the DOL budget by $249,000 from office equipment and other receipts. This is not an optimal funding reduction. I would ask that the reduction be taken from the first installment of the elevator reduction in state appropriated money. In doing this, our Department will actually give back an additional $13,261 this year and $968,823 the following year.

The Department is currently scheduled to address the Natural & Economic Resources Committee March 20 – 23. I look forward to having this opportunity to discuss the proposal with you. In the meantime, I have enclosed a brief explanation of our proposed changes for your review. If you have any questions, comments or concerns, please feel free to contact me or a member of my staff, and we will get you an answer.

Sincerely,

Cherie Berry

Cherie K. Berry
Commissioner

Enclosure

NORTH CAROLINA DEPARTMENT OF LABOR

ELEVATOR AND AMUSEMENT DEVICE FEE SCHEDULE COMPARISON

	N.C. Current Fee	N.C. Proposed Fee		Current S.C. Fee		Current Ga. Fee
Traction Elevators			Traction Elevators		Traction Elevators	
1- 5 floors	$30.00	$155.00	2-5 floors	$125.00	1 floor and over	$130.00
6-10 floors	$40.00		6-12 floors	$150.00		
11-15 floors	$50.00	$200.00	13 floors and ove	$175.00		
16-20 floors	$60.00					
21 floors and ove	$70.00					
Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic			Special Inspection, Belt Lifts		Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic	
1-5 floors	$30.00	$118.00	1 floor and over	$200.00	1 floor and over	N/A
6-10 floors	$40.00					
11-15 floors	$50.00					
16-20 floors	$60.00					
21 floors and ove	$70.00					
Dumbwaiters, Handicap Lifts			Dumbwaiters/ Handicap Lifts		Dumbwaiters, Handicap Lifts	
1-5 floors	$30.00	$35.00	1 floor and over	$100/$75	1 floor and over	N/A
6-10 floors	$40.00					
11-15 floors	$50.00					
16-20 floors	$60.00					
21 floors and over	$70.00					
Amusement Devices			Amusement Devices		Amusement Devices	
Inflatable	$15.00	$100.00	Inflatable	N/A	Inflatable	$65.00
Kiddie Rides	$15.00	$30.00	Kiddie Rides	$50.00	Kiddie Rides	$65.00
Major Rides	$15.00	$60.00	Major Rides	$100.00	Major Rides	$65.00
Roller Coasters	N/A	N/A	Roller Coasters	$250.00	Roller Coasters	N/A

Proposed effective date: July 1, 2001.

Proposed inspection frequency: **Annually**

1) - Traction Elevators
   - Hydraulic Elevators, etc.
   - Dumbwaiters, Handicap Lifts

2) - Inflatables

Inspected each time set up

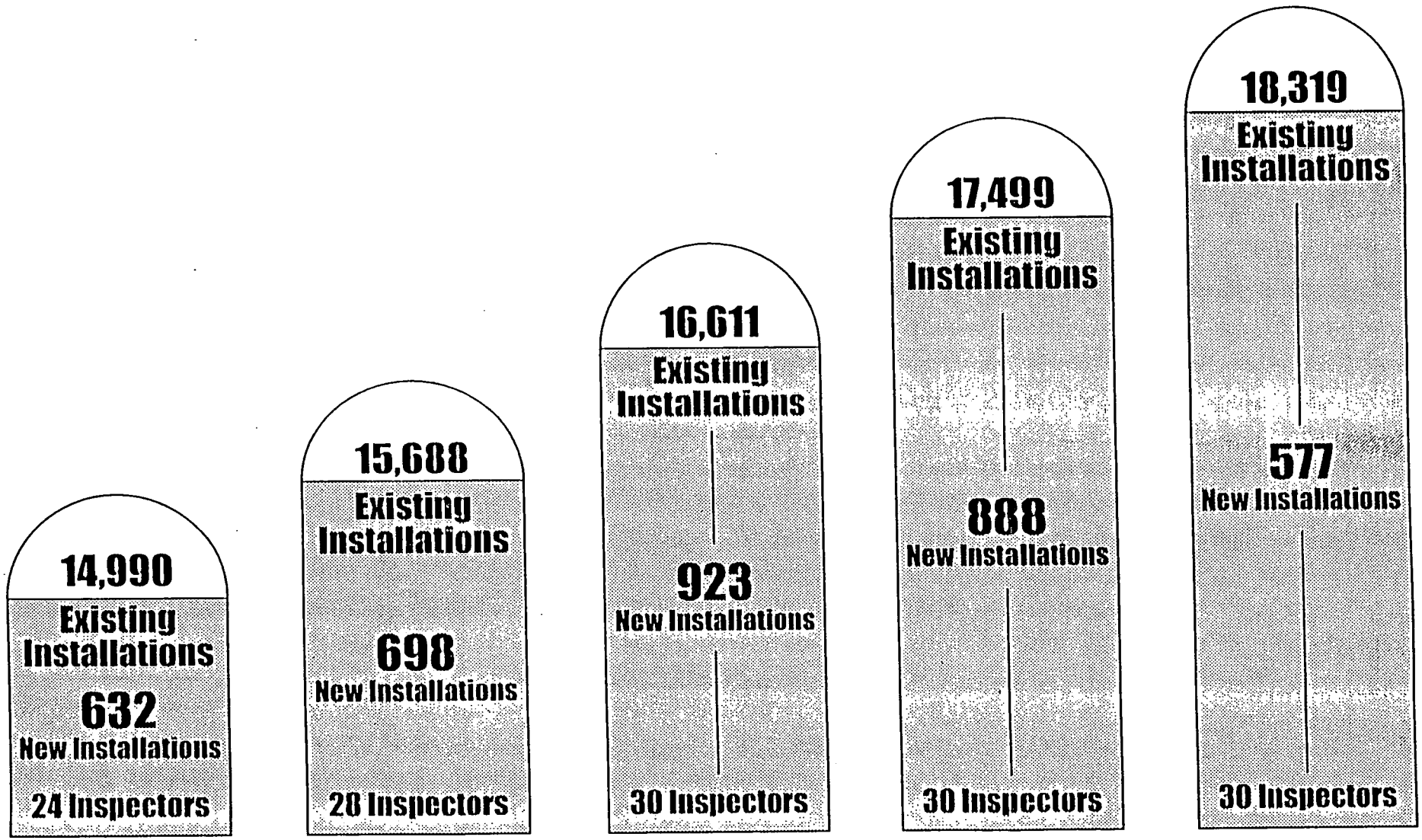
1) - Kiddie, Major Rides

Estimated Appropriations Savings:

2001-02	2002-03
$262,261	$968,823

BUREAU BECOMES 100% RECEIPT-SUPPORTED - 2002-03!

North Carolina Department of Labor
Elevator/Escalator* Inspections



* Installations include elevators, escalators, dumbwaiters, personal hoists, workmen's hoists, tv tower elevators, handicap lifts, moving walks and special equipment (stage lifts, etc.)

Attachment B

Department of Labor

Division of Administration						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	3,076,678	3,580,416	5,012,641	5,920,657	4,171,239	4,105,714
Less Receipts	(616,786)	(929,391)	(1,562,657)	(2,320,923)	(1,418,690)	(1,511,684)
State Appropriations	***2,459,892***	***2,651,025***	***3,449,985***	***3,599,734***	***2,752,549***	***2,594,030***
Positions	**57.0**	**58.7**	**63.0**	**62.0**	**62.0**	**62.0**

ACTIVITIES

Commissioner's Office - Establishes broad departmental policies and oversees their implementation.

Administrative Services - Provides budgetary, personnel, procurement, and other support functions to the Department's various divisions.

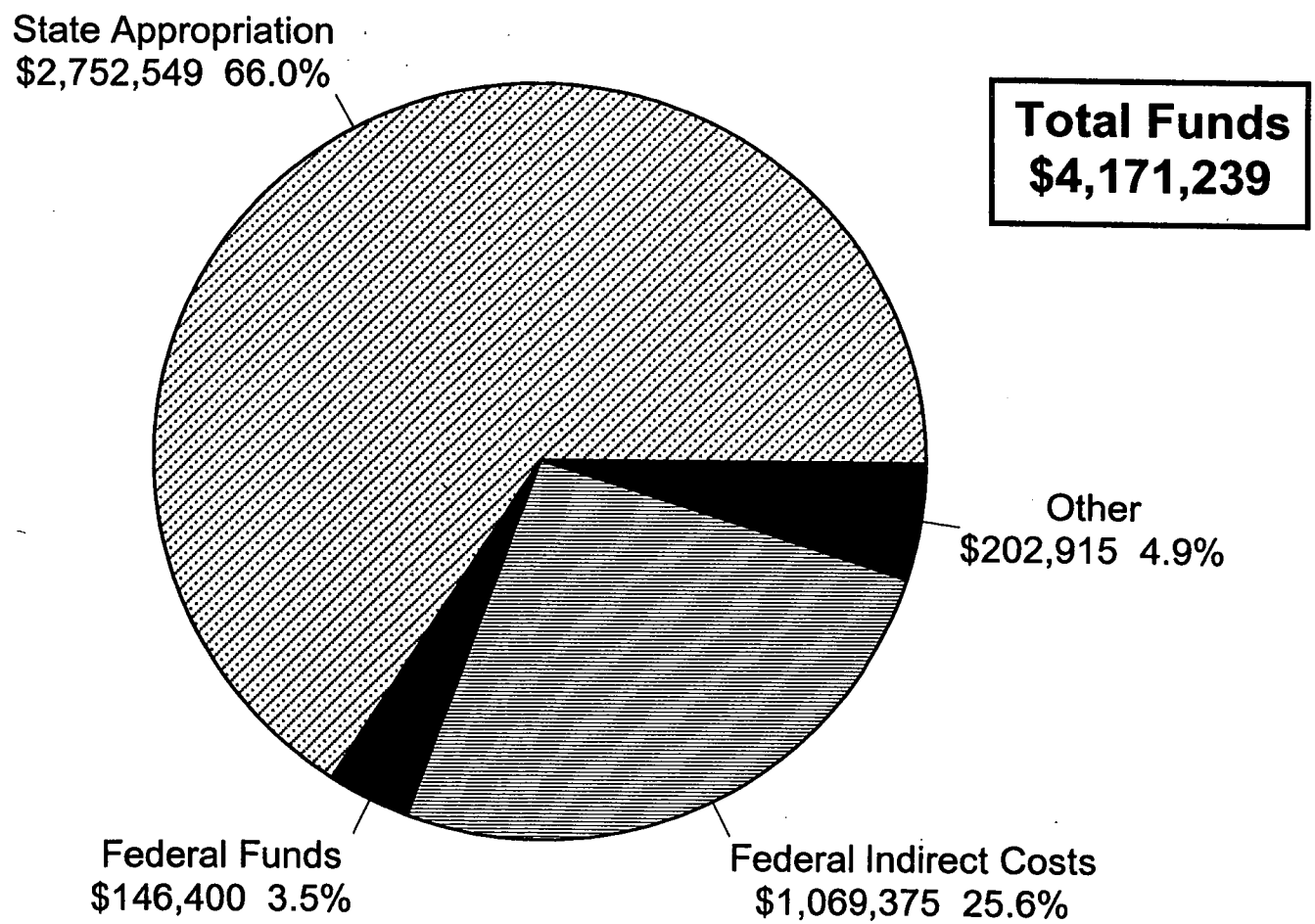
Information Office - Formerly "Communications," this is the public information arm of the Department.

Research and Information Technology Division - Provides management information systems support and statistical data for Departmental and public needs.

OSHA/BLS Statistical Program - Collects, compiles, and reports statistical information about occupational injuries, illnesses, and fatalities in North Carolina industries.

Arbitration/Conciliation - Provides mediation services to employers and employees involved in labor disputes. Also responsible for recommending private arbitrators for resolving labor dispute issues

Division of Administration
FY 2000-01 (Authorized) Total Budget
By Funding Source

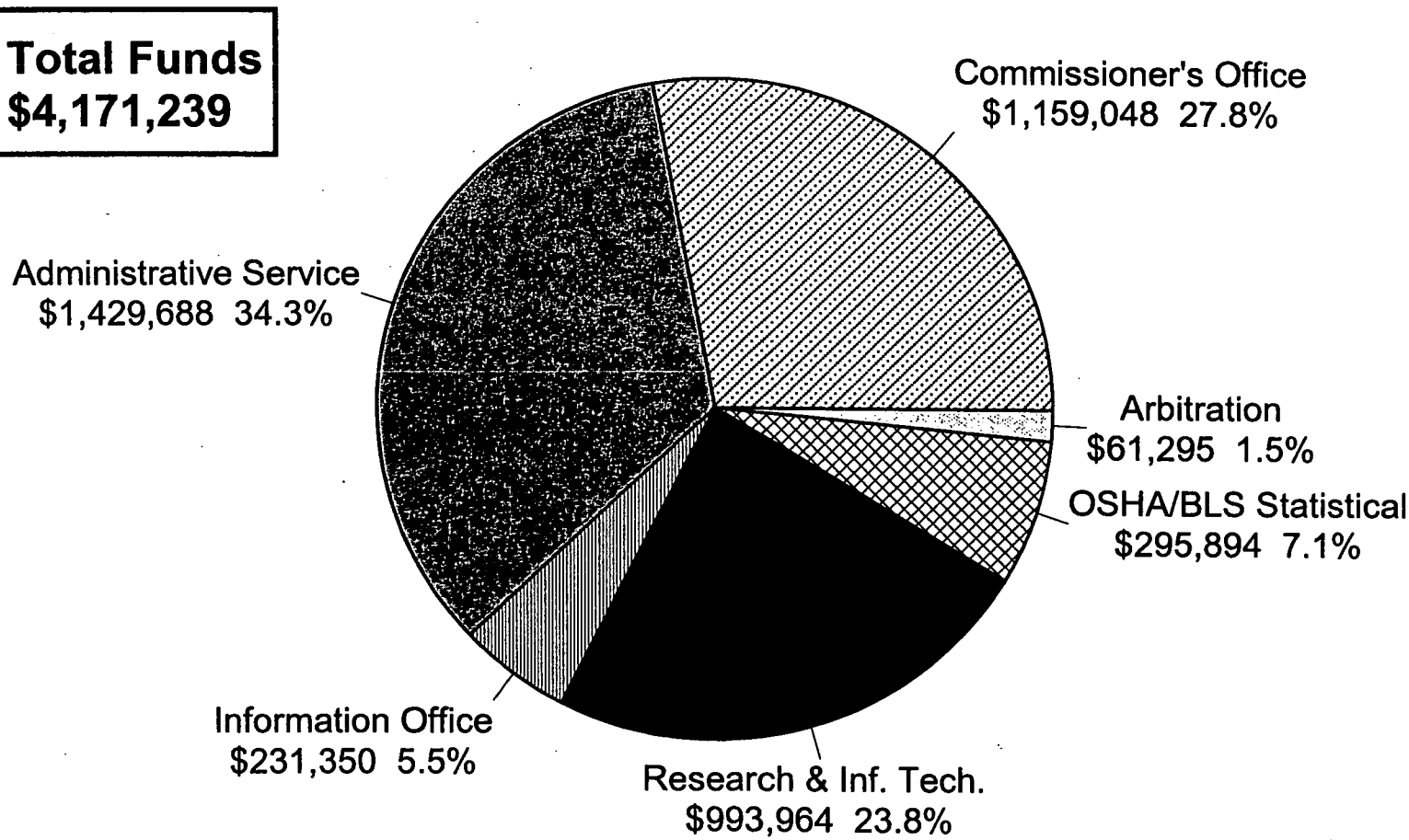


Fiscal Research Division - March 2001

Division of Administration

FY 2000-01 (Authorized) Total Budget Expenditures By Activity

Total Funds
$4,171,239

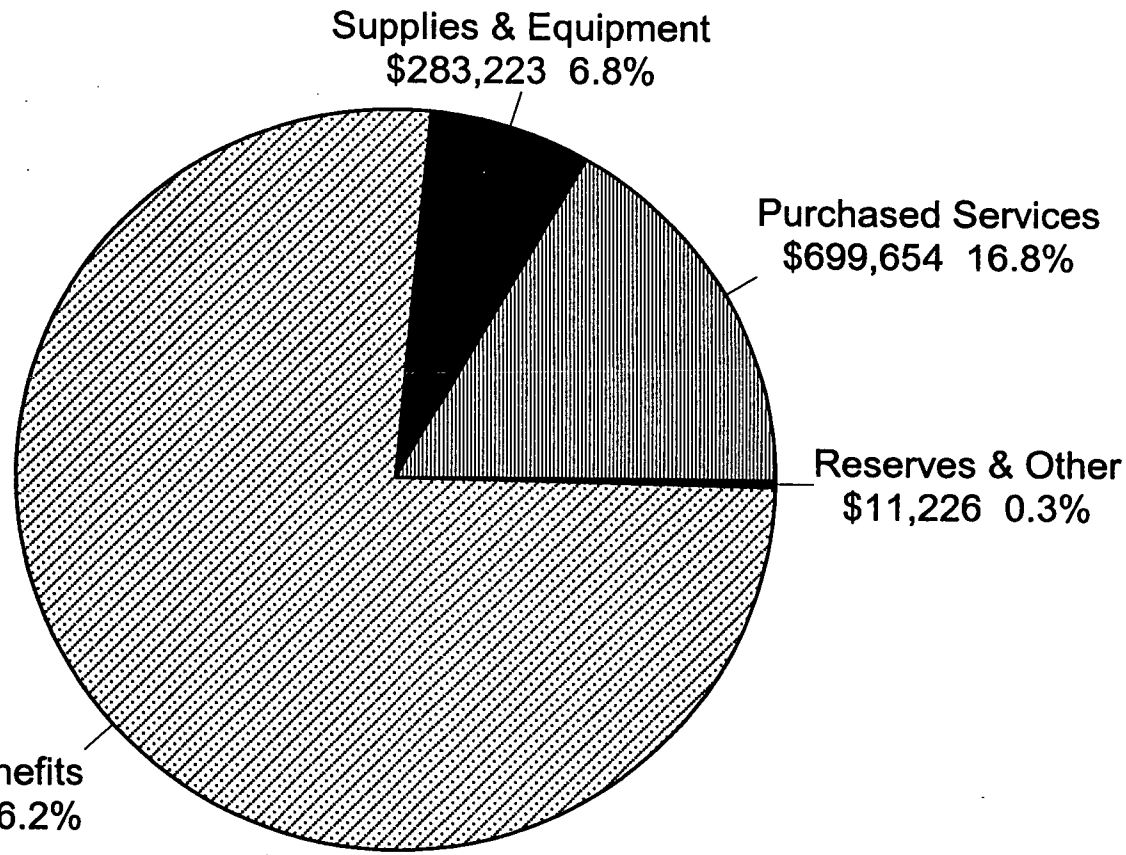


Fiscal Research Division - March 2001

Division of Administration

FY 2000-01 (Authorized) Total Budget Expenditures By Category

Total Funds
$4,171,239



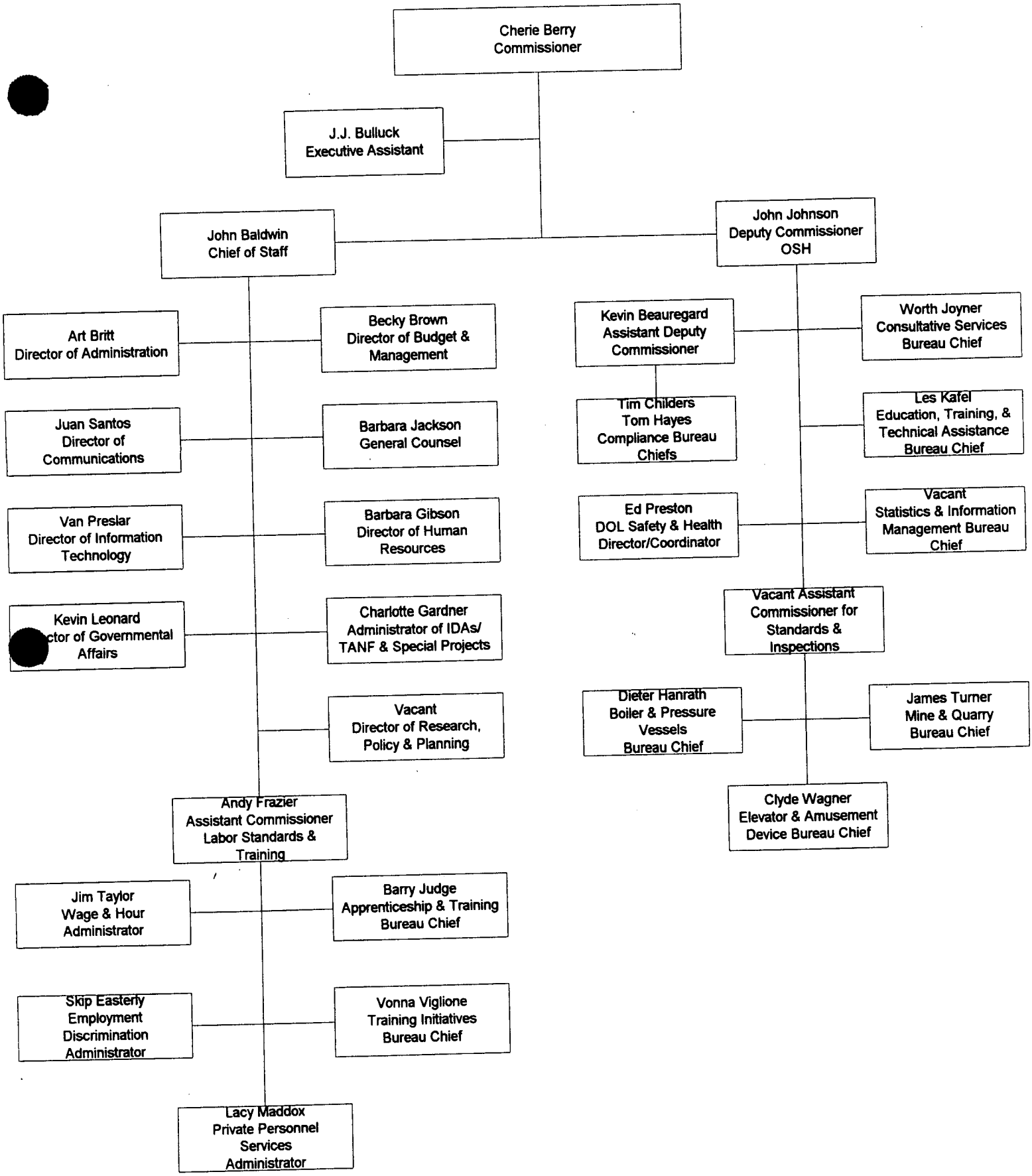
Fiscal Research Division - March 2001

DEPARTMENT OF LABOR
DIVISION OF ADMINISTRATION

Position	Fund	FTE	Date Vacated	Salary
Data Entry Operator II	1210	1.0	9/01/99	$21,096

	2001-02	2002-03
1. **Operating Efficiencies** Reductions in areas of equipment, software, library resources, and overtime pay.	(50,563)	(50,563)
2. **Increased Receipts** Increase budgeted receipts and take a corresponding cut in appropriation.	(93,961)	(93,961)
Total Recommended Reductions	(144,524)	(144,524)

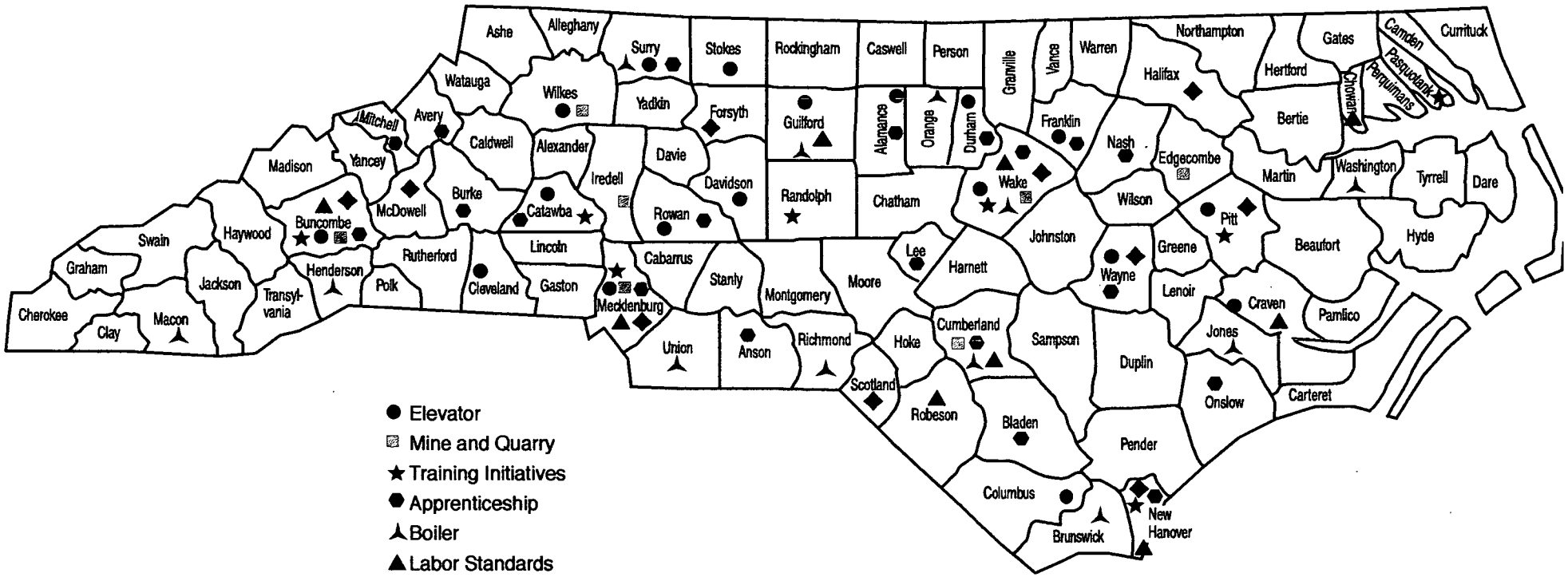
Attachment C



Department of Labor 3/19/01

A1

N.C. Department of Labor



A2

NORTH CAROLINA DEPARTMENT OF LABOR
Administration

Cherie K. Berry, Commissioner
4 West Edenton Street
Raleigh, NC 27601

Telephone: 919-733-0359
Facsimile: 919-733-6197

Overview
Administrative functions include such activities as program coordination and supervision, human resource management, budgeting and financial administration, public information, information technology, gathering and compiling statistical information concerning occupational injuries, illnesses, and fatalities in North Carolina industries, and providing mediation/arbitration services to North Carolina citizens.

Administrative Services

- Develop departmental policies, coordinate departmental programs with other governmental agencies, influence state and federal policy formulation on labor-related issues, provide fair and equitable representation on boards and commissions, establish and supervise policy for all divisions/bureaus as well as conduct periodic program review.
- Provide financial services for the department. Develop, process, and advocate program initiatives in the following areas: budgeting, purchasing, accounts receivable, accounts payable, payroll, and debt collection.
- Provide recruitment, salary administration, position classification, employee benefits, and advisory services.
- Develop safety and health policies, procedures, and work rules, based on applicable laws, regulations, codes, and standards in the health and safety area.
- Create and design informational products and projects that deliver accurate and timely facts about NCDOL programs and activities.
- Provide technical and operational support for information resources.
- Construct and maintain an effective information technology architecture.
- Collect, compile, and report statistical information about occupational injuries, illnesses, and fatalities in North Carolina industries, including construction statistics for all 100 counties, plus 45 cities and large employers in certain high hazard industries.
- Provide a specialized alternative to litigation by performing mediations or arbitrations.

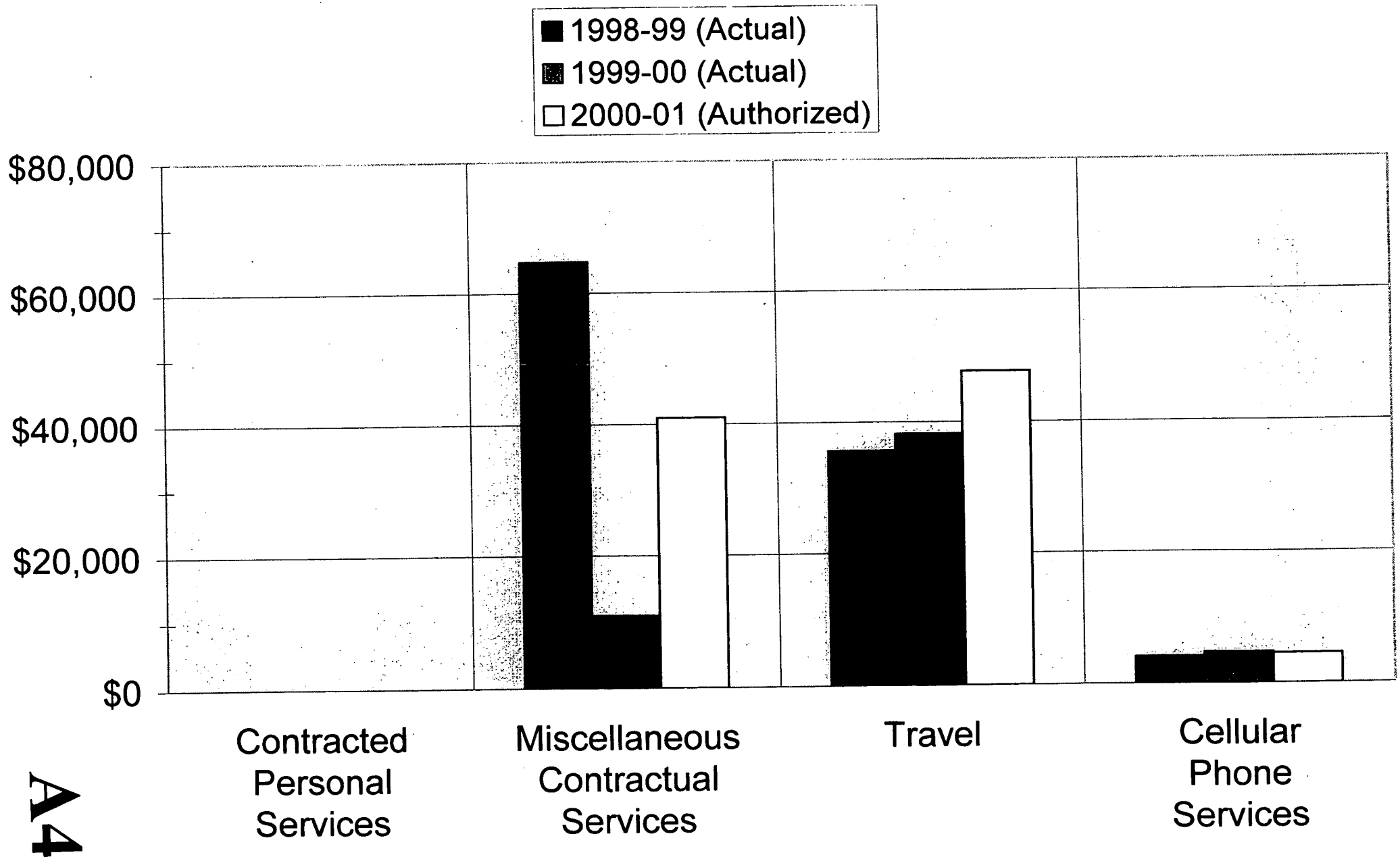
Outreach and Education

- Increase public awareness of N.C. Department of Labor programs and services.
- Provide employees with adequate budgetary and information resources to conduct day-to-day duties.

Administrative Contacts:

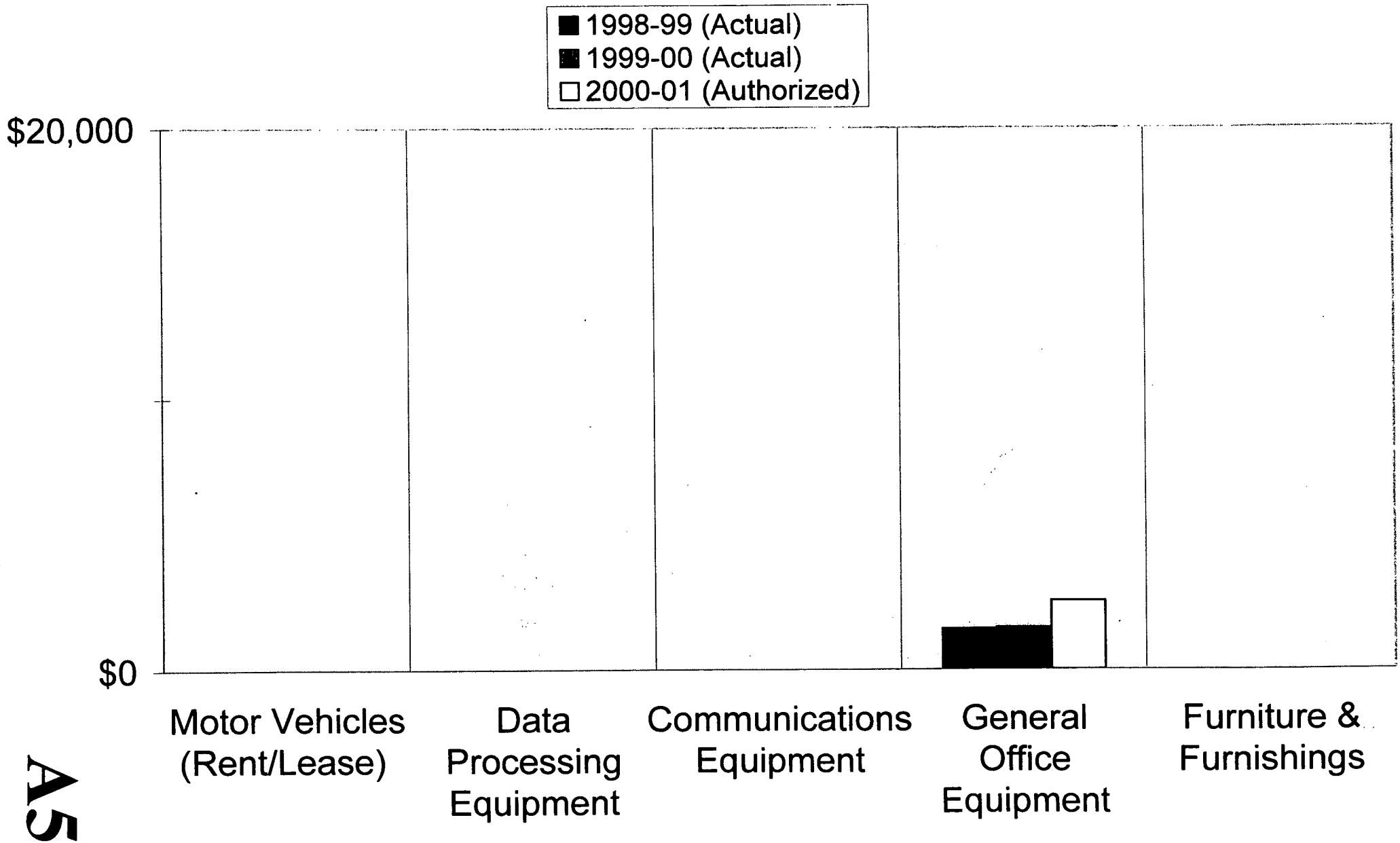
Cherie Berry	Commissioner	(919) 733-0359
John Baldwin	Chief of Staff	(919) 733-0364
Rebecca Brown	Budget & Mgmt. Director	(919) 733-7426
Barbara Gibson	Human Resources Director	(919) 733-6943
Van Preslar	Information Tech. Director	(919) 733-9562
Juan Santos	Asst. Commissioner, Communications	(919) 733-4904
Ed Preston	Departmental Safety Officer	(919) 715-8502

Department of Labor
Administration
Comparison of Actual and Authorized Expenditures

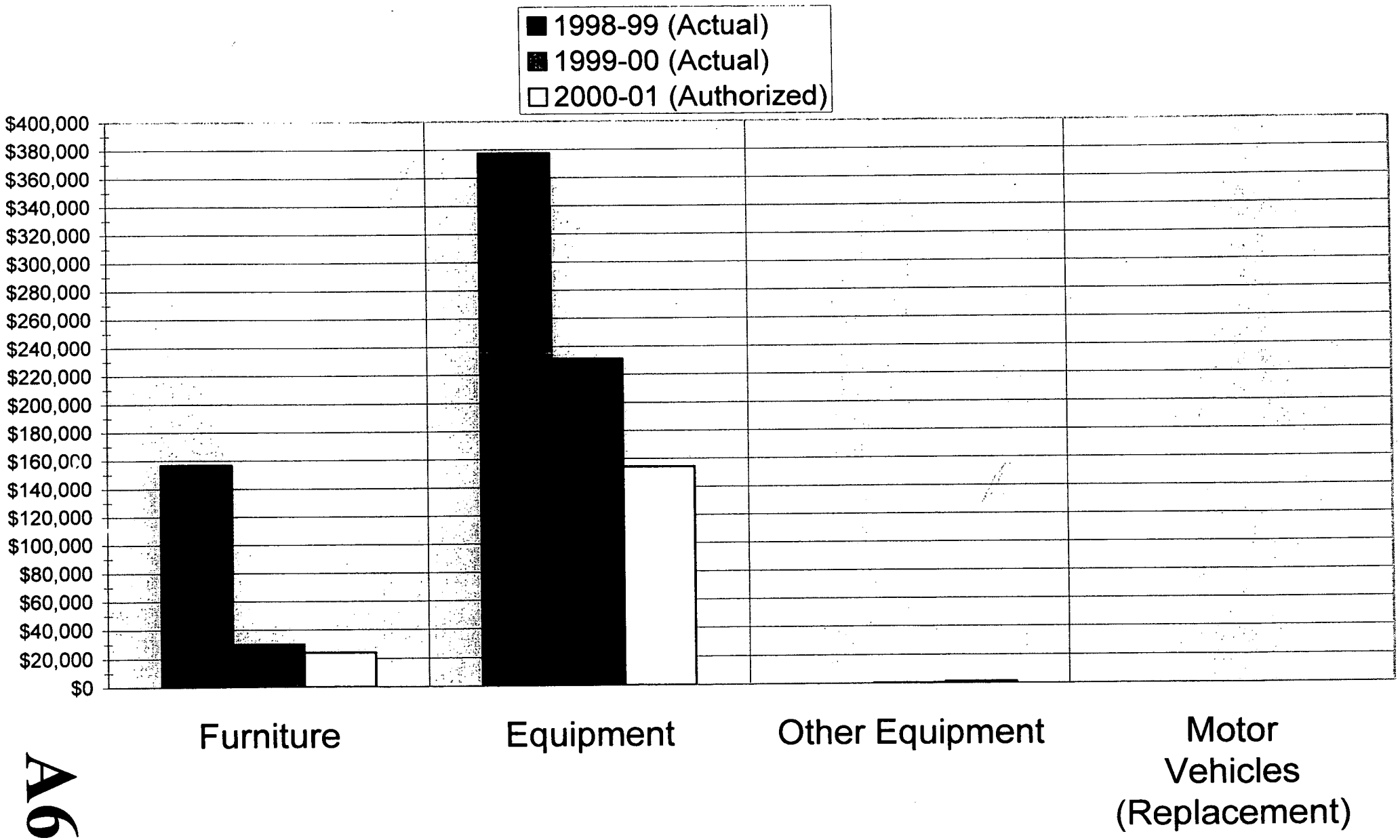


A4

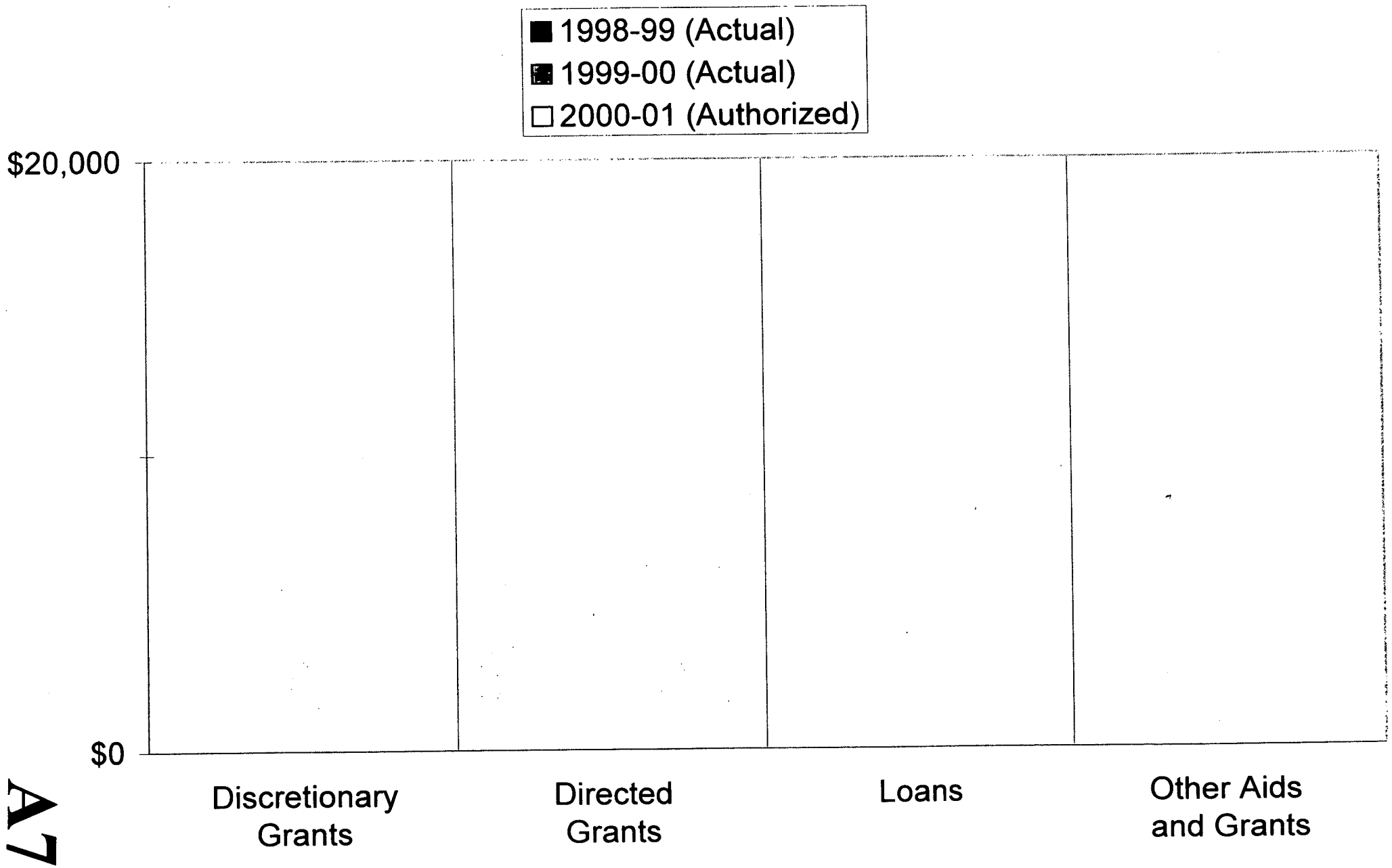
Department of Labor
Administration
Comparison of Actual and Authorized Expenditures



Department of Labor
Administration
Comparison of Actual and Authorized Expenditures



Department of Labor
Administration
Comparison of Actual and Authorized Expenditures



Attachment D

Department of Labor

Occupational Safety & Health (OSH) Division

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	13,222,083	13,568,620	13,455,662	14,148,409	14,939,312	14,369,672
Less Receipts	(4,985,272)	(5,186,341)	(5,352,859)	(5,577,295)	(5,563,210)	(5,549,612)
State Appropriations	***8,236,811***	***8,382,280***	***8,102,803***	***8,571,114***	***9,376,102***	***8,820,060***
Positions	225.0	234.4	232.0	231.0	231.0	231.0

DIVISION ACTIVITIES

Agricultural Safety and Health - Enforces the Migrant Housing Act of North Carolina, which requires safe and sanitary living conditions for migrant workers.

Occupational Safety and Health - Enforces safety and health regulations in the workplace by conducting inspections, identifying hazards, and ensuring that corrective action is taken.

Data Collection Program - Collects, manages, and analyzes labor-related data for a variety of purposes such as tracking occupational injury, illness, and fatality rates, and producing an inspection assignment schedule.

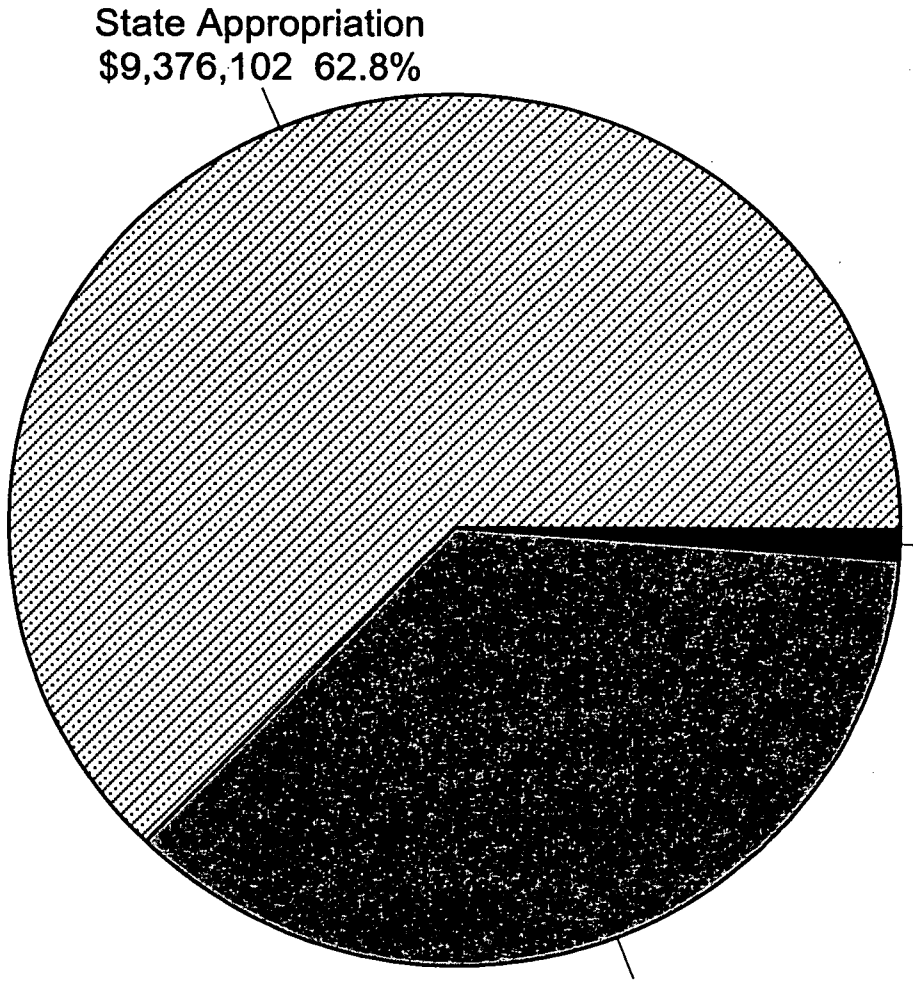
OSHA Review Board - Serves as the appeals review panel for contested violations issued to business by the OSHNC Division.

Consultative Services - Provides training sessions and on-site consultative services to employers seeking assistance in meeting workplace safety requirements.

Occupational Safety and Health Division

FY 2000-01 (Authorized) Total Budget

By Funding Source



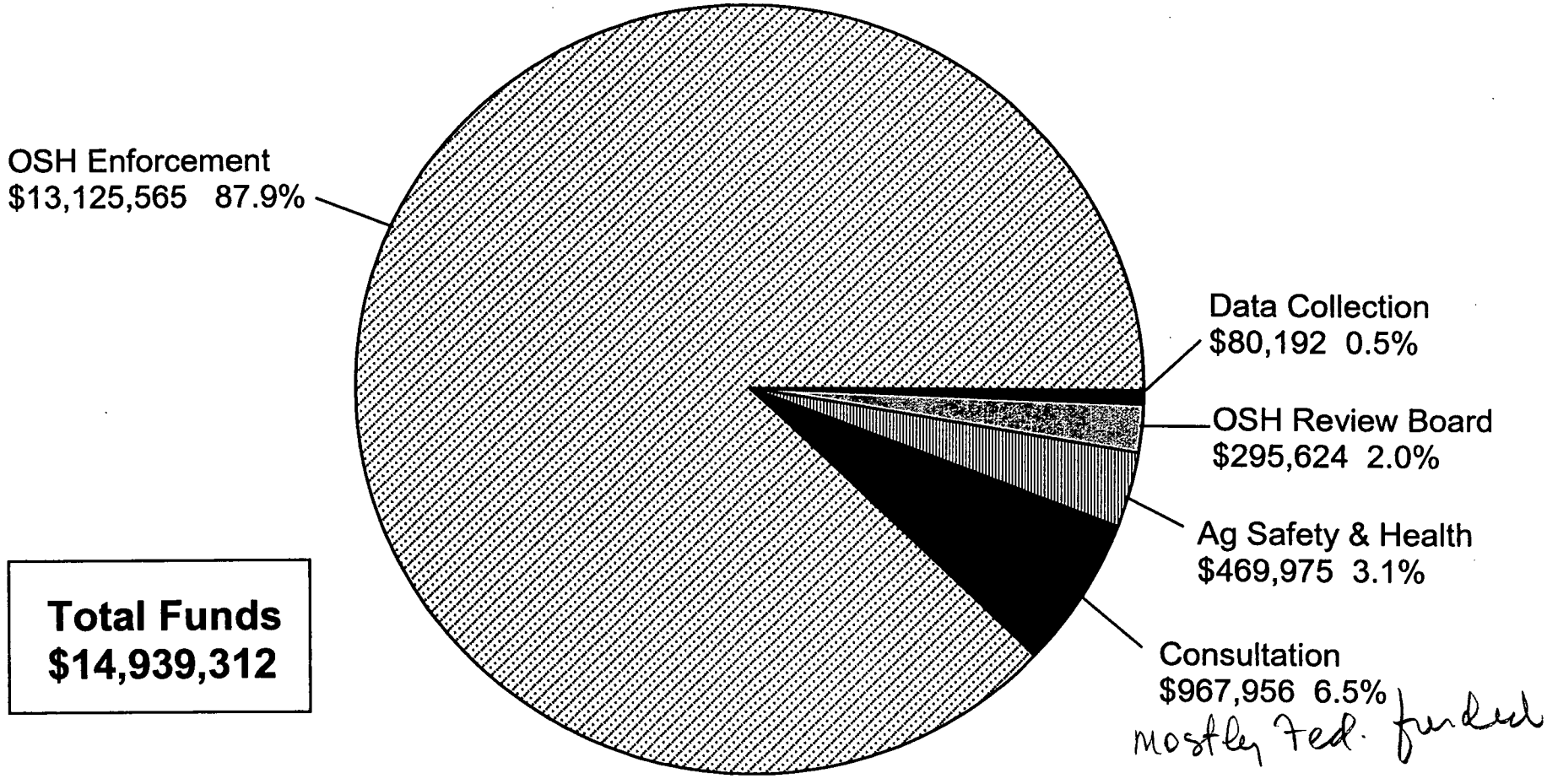
Total Funds
$14,939,312

Fiscal Research Division - March 2001

Occupational Safety and Health Division

FY 2000-01 (Authorized) Total Budget

By Activity



Total Funds
$14,939,312

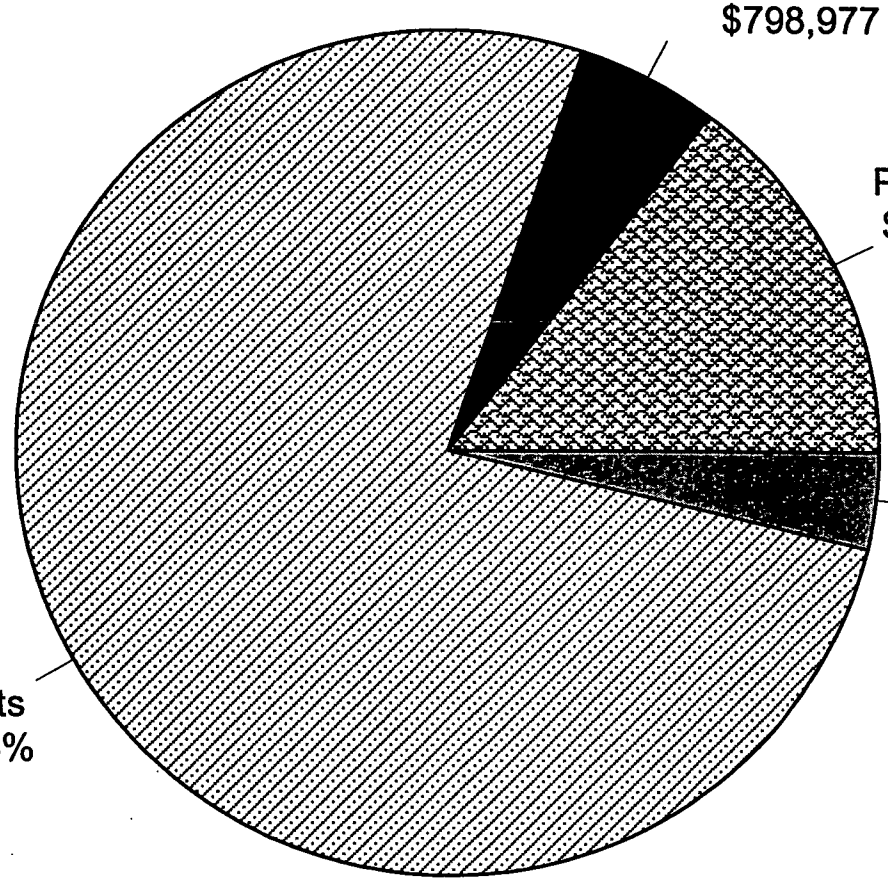
Fiscal Research Division - March 2001

Occupational Safety and Health Division

FY 2000-01 (Authorized) Total Budget

Expenditures By Category

Total Funds
$14,939,312



Fiscal Research Division - March 2001

DEPARTMENT OF LABOR
OCCUPATIONAL SAFETY & HEALTH (OSH) DIVISION

[redacted]

Position	Fund	FTE	Date Vacated	Salary
OSHA Safety Officer (4 mos)	1346	1.0	7/16/99	$11,787
Clerk Typist III (5 mos)	1346	1.0	8/31/99	$7,700
OSHA Safety Officer	1350	0.50	4/28/00	$19,180
OSHA Safety Officer	1352	1.0	5/5/00	$34,313
4 total positions		**3.5 FTE**		**$72,980**

[redacted]

	2001-02	2002-03
Operating Efficiencies Reductions in areas of equipment, software, library resources, and overtime pay.	(35,887)	(35,887)

Attachment E

NORTH CAROLINA DEPARTMENT OF LABOR
Occupational Safety and Health

John H. Johnson, Deputy Commissioner/Director
4 West Edenton Street
Raleigh, NC 27601-1092

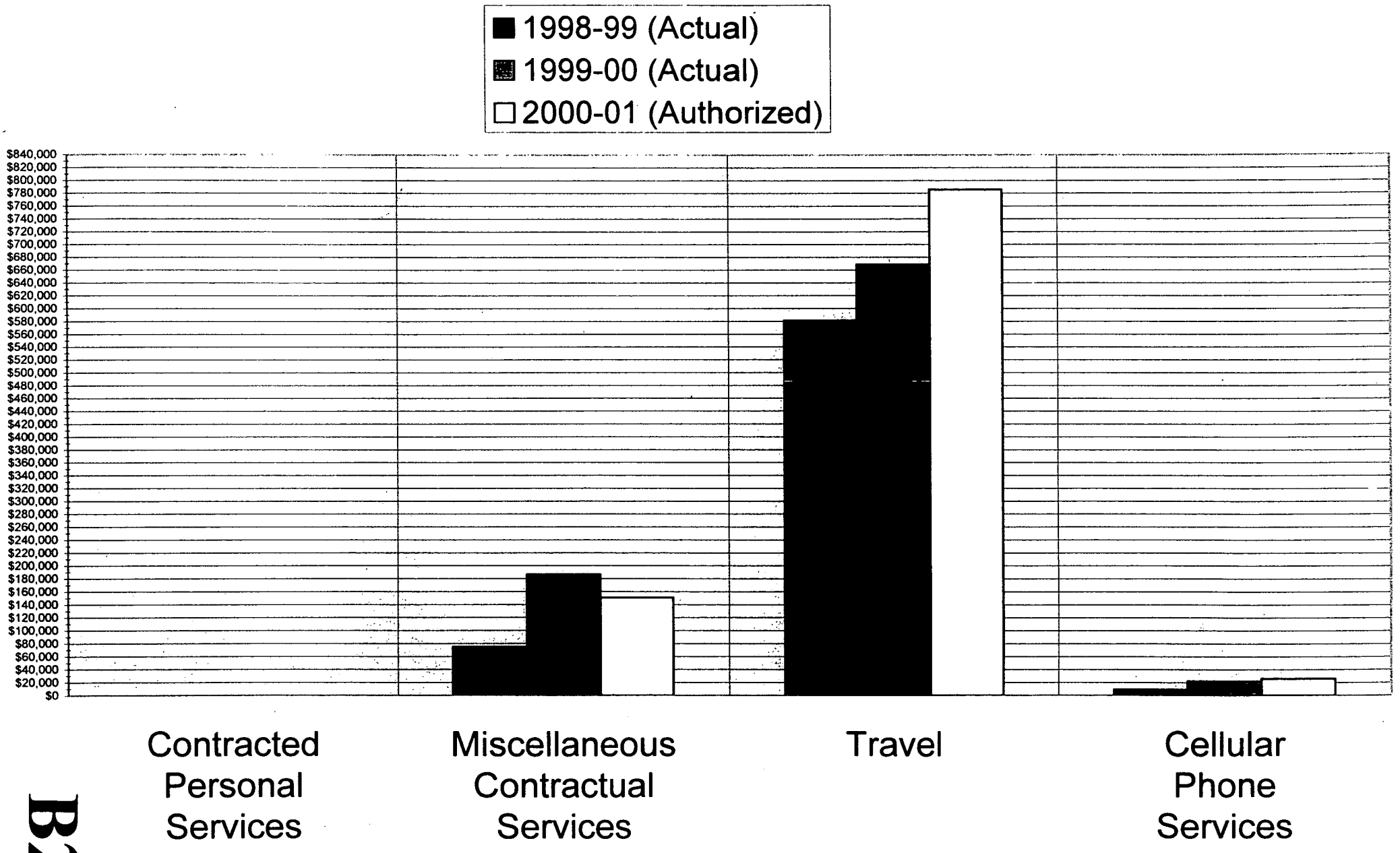
Telephone: 919-807-2900
Facsimile: 919-807-2955

Overview
The Division of Occupational Safety and Health is the lead state agency with responsibility of fostering safe and healthy workplaces for more than 3.5 million employees and migrant workers in over 180,000 workplaces in North Carolina. The mission is carried out through programs to educate, consult, develop awareness, and enforce compliance with safety, health, and agriculture laws, rules, regulations, and standards. These standards cover the spectrum of injury and illness data, training records, technical specifications, health risk exposures, life safety codes, and migrant housing.

Services
- Provide administrative activities necessary to manage and coordinate responsibilities of the Occupational Safety and Health bureaus.
- Enforce the Occupational Safety and Health Act of NC (GS 95-126 through 95-155) and other safety related regulations through on-site inspections.
- Provide employers with value-added, on-site safety and health consultation.
- Provide migrant housing pre-occupancy inspections and related services.
- Provide staff support to an appeals board appointed by the Governor to hear and judge contested cases under the OSH Act of North Carolina.
- Develop, analyze, and report North Carolina safety and health statistics and data
- Provide training to customers throughout the state on safety and health issues.

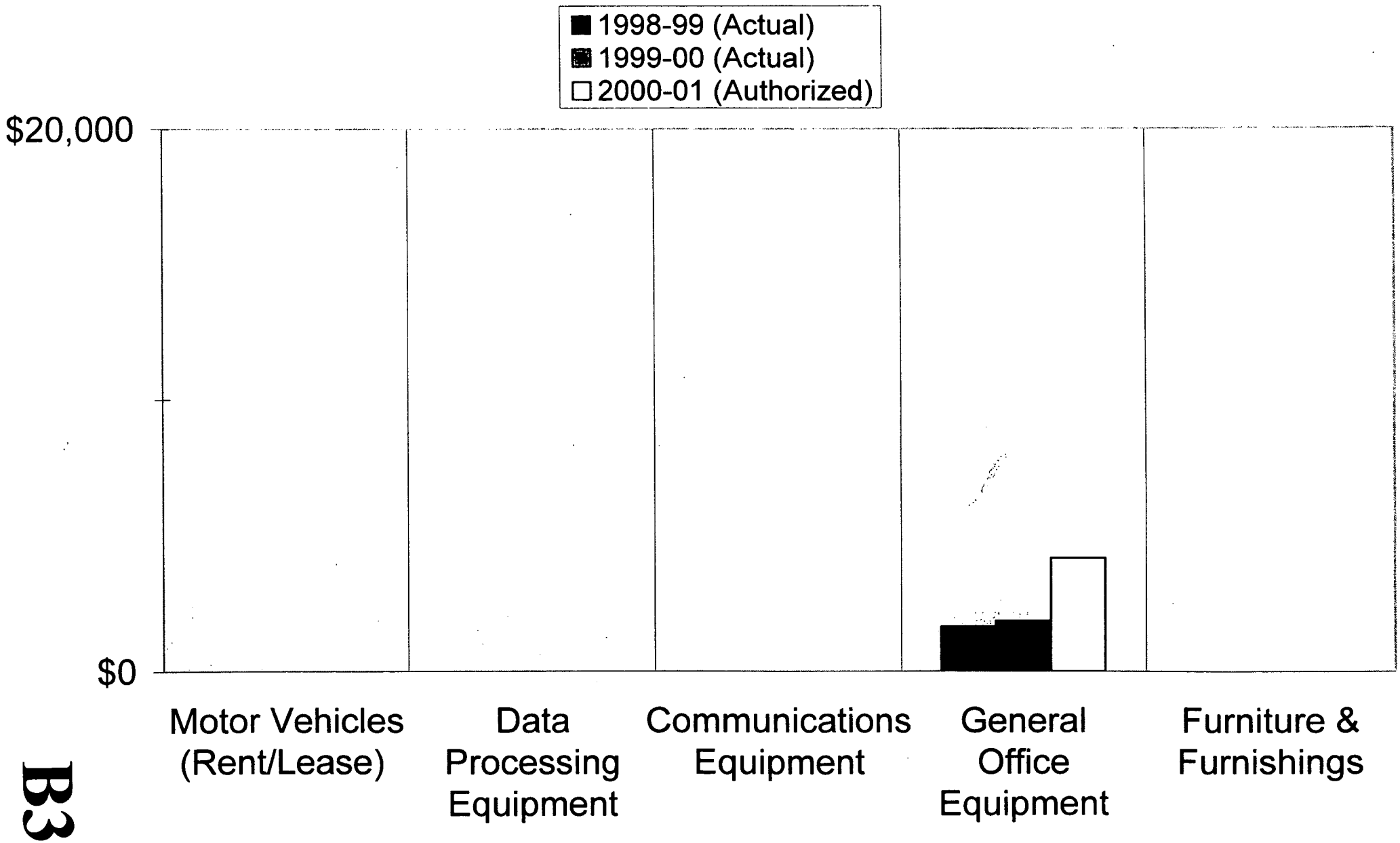
Outreach and Education
- Co-sponsor regional safety schools to better serve industry throughout the state.
- Recognize employers with exceptional safety and health performance in general industry, construction, and the public sector through the Carolina Star Program.
- Recognize employers that achieve and maintain good safety records through the Safety Awards Program.
- Sponsor the Gold Star Growers Program that recognizes farmers who are 100% in compliance (at the time of the pre-occupancy inspection) with the migrant housing standards. Many of these growers go beyond standard requirements.
- Provide value-added response to requests for information, data, analysis, or interpretation of standards from employees and employers of North Carolina.
- Improve workplace safety and health understanding, awareness, and commitment by training and educational outreach to over 12,000 employees per year.
- Work in partnership with educational institutions, other state or federal agencies, professional societies, and civic groups to improve workplace safety.

Department of Labor
Occupational Safety and Health
Comparison of Actual and Authorized Expenditures



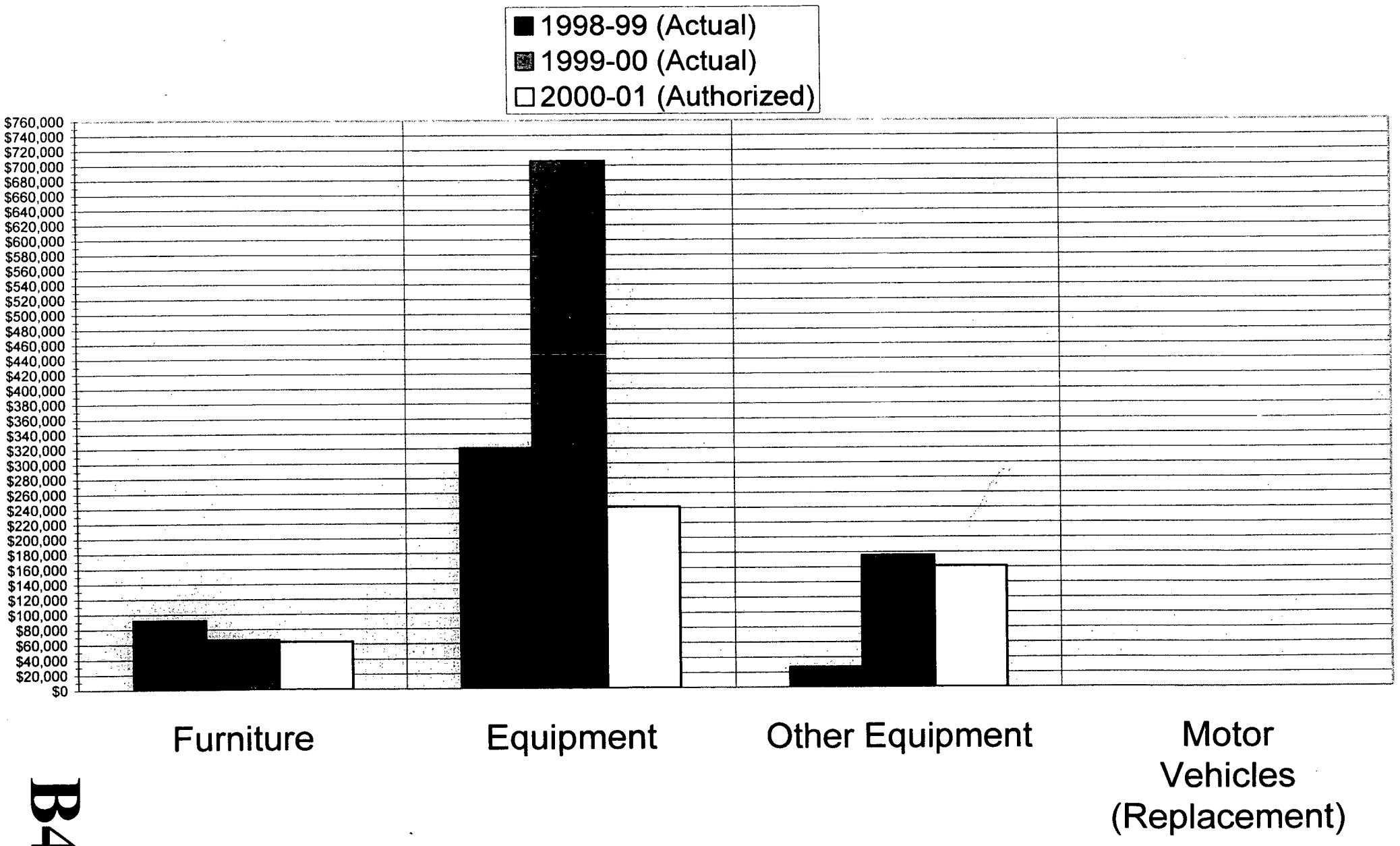
B2

Department of Labor
Occupational Safety and Health
Comparison of Actual and Authorized Expenditures



B3

Department of Labor
Occupational Safety and Health
Comparison of Actual and Authorized Expenditures



B4

VISITOR REGISTRATION SHEET

3/21/01

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
DON MOFFATT	DOC
JOHN H. JOHNSON	DOL
Rex BAKER	NC House
Johnny Gray	OSBPM
Becky Brown	DOL
[illegible]	DOL
[illegible]	DOA
John Cyrus	N.C. State Treasurer
JUAN SANTOS	DOL
Jim Johnson	FRD
Nancy Thompson	MCIC
Bob Watchorn	NC DOL
James Turner	NC DOL
Clyde Wagner	NC DOL
HENRY SASSER	NC DOL
JIM TAYLOR	NCDOL
SKIP EASTERLY	DOL
David HERLONG	OSBPM
Lacy Maddry	NCDOL
Wanda Davidson	NC DOL
[illegible]	NC DOL
Bucky Humphrey	OSBPM
Jim Nowell	OSBPM

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Steve Woodson	NC Farm Bureau Federation

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, March 27, 2001
Representative Bill Owens, Presiding

Continuation Budget Review of the Department of Labor

1. **Chairman's Comments**

2. **Elevator & Amusement Device Bureau**
   Adam Levinson, Fiscal Research
   Becky Brown, Budget Officer

3. **Mine & Quarry Bureau**
   Adam Levinson, Fiscal Research
   Becky Brown, Budget Officer

4. **Apprenticeship & Training Bureau**
   Adam Levinson, Fiscal Research
   Becky Brown, Budget Officer

5. **Labor Standards Bureau**
   Adam Levinson, Fiscal Research
   Becky Brown, Budget Officer

6. **Committee Discussion**

7. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
March 27, 2001 – 8:30A.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, March 27, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Bill Owens, Stan Fox, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly and Roger West. Five Senate Members were present. A visitor's sheet is attached (ATTACHMENT I).

Representative Bill Owens chaired the meeting.

Continuation Budget Review of the Department of Labor

Elevator and Amusement Device Bureau

Chair Bill Owens recognized Mr. Adam Levinson, Fiscal Research, to review the activities, budget and expenditures of the Elevator and Amusement Device Bureau (ATTACHMENT II).

Mr. Levinson recognized Ms. Becky Brown, Budget Officer, North Carolina Department of Labor, to review the Elevator and Amusement Device Bureau in more detail (ATTACHMENT III). Ms. Brown and Mr. Clyde Wagner, Director, of the Bureau responded to Committee Member questions about the frequency of elevator inspections and the fee charged for the inspection.

Chair Bill Owens asked Commissioner of Labor, Cherie Berry, for a listing of the number of inspections and the current fees. He also asked for a proposal on the number of inspections needed and the amount of increase in fees needed in order for the Bureau to be self-supporting. Commissioner Berry said this information is in today's handout.

Mine and Quarry Bureau

Mr. Adam Levinson, Fiscal Research, was recognized by Chair Bill Owens to review the activities, budget and expenditures of the Mine and Quarry Bureau (ATTACHMENT IV).

Ms. Becky Brown, Agency Budget Officer, reviewed the Mine and Quarry Bureau responsibilities and budget in more detail (ATTACHMENT V). Ms. Brown and Mr. James Turner, Director of the Bureau responded to committee members' questions.

Chair Bill Owens requested that Mr. Turner and Fiscal Research Staff prepare a report on the number of inspections done in the past year, and to find out if other States are charging fees for their inspections.

Apprenticeship and Training Bureau

Chair Bill Owens recognized Mr. Adam Levinson, Fiscal Research, to review the activities, budget and expenditures of the Apprenticeship and Training Bureau (ATTACHMENT VI).

Mr. Levinson recognized Ms. Becky Brown, Agency Budget Officer, to further review the Bureau activities, budget and expenditures of the Apprenticeship and Training Bureau (ATTACHMENT V). Mr. Barry Judge, Director, of the Bureau was recognized to respond to Committee Member questions.

Labor and Standards Bureau

Mr. Adam Levinson, Fiscal Research, was recognized to discuss the activities, budget and expenditures of the Labor and Standards Bureau (ATTACHMENT VI).

Ms. Becky Brown, Agency Budget Officer, reviewed the activities, budget and expenditures of the Bureau in more detail (ATTACHMENT VII). Mr. Jim Taylor, Administrator of the Wage and Hour Section, was recognized to respond to questions raised by Committee Members.

In concluding the review of the North Carolina Department of Labor, Ms. Brown said that if the increase in the elevator inspection fees become effective on July 1st of this year, they would like to replace the Governor's cut of $249,000 with these receipts. The Department can save $262,000 with the increased fees.

Chair Bill Owens asked Ms Brown to look at the vacant positions in their agency because the committee had to find an additional $4M in cuts over the amount proposed by the Governor.

Chair Bill Owens adjourned the meeting at 9:27 a.m.

Respectfully submitted,

Bill Owens
Representative Bill Owens, Chair

Linda A. Johnson
Linda A. Johnson, Committee Assistant

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — March 27, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JOHN H. JOHNSON	NC-DOL
Jane Sachs	NCDOL
SKIP EASTERLY	NCDOL
KEVIN G. LEONARD	NCDOL
ANN Q DUNCAN	NCDOL
Commissioner BERRY	NCDOL
Becky Brown	NCDOL
Jim Taylor	NCDOL
Clyde Wrenn	NCDOL
James Turner	NCDOL
Paul Hoban	NC DOL
MIKE WATERS	NCRPS
Nat Mead	Conservation Council of NC
Grady McCallie	N.C. Conservation Network
BUCK LATTIMORE	NC INDUSTRIAL COMMISSION
BARRY Judge	NCDOL
Bob WITCHGER	NCDOL - APPRENTICESHIP
GARY FRANKS	NCDOL
Wanda Taylor	NCDOL
HENRY SASSER	NCDOL/WAGE & HOUR
Gayle Fitzgerald	OSBPM
Johnny Gray	OSBPM
Buck Humphrey	OSBPM
Jim Mowell	OSBPM
Nancy Thompson	YMCA
Richard Street	Parker Poe Adams & Bernstein
Chris Rodgers	" "

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — March 27, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	N/A

Department of Labor

Elevator & Amusement Device Bureau						
	1996-97 Actual	19997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2002 Recommended
Expenditures	1,560,304	1,785,386	1,956,659	1,877,169	2,203,880	2,145,345
Less Receipts	(926,265)	(928,376)	(1,032,504)	(992,153)	(1,235,057)	(1,234,685)
State Appropriations	*634,038*	*857,010*	*924,155*	*885,016*	*968,823*	*910,660*
Positions	32.0	37.0	37.0	39.0	39.0	39.0

ACTIVITIES

The Elevator and Amusement Device Bureau is responsible for conducting safety inspections on elevators, escalators, workman's hoists, dumbwaiters, aerial passenger tramways, moving walks, handicap lifts, ski-lifts, amusement rides, and other similar devices operated across the state.

The Bureau conducts more than 28,000 inspections annually.

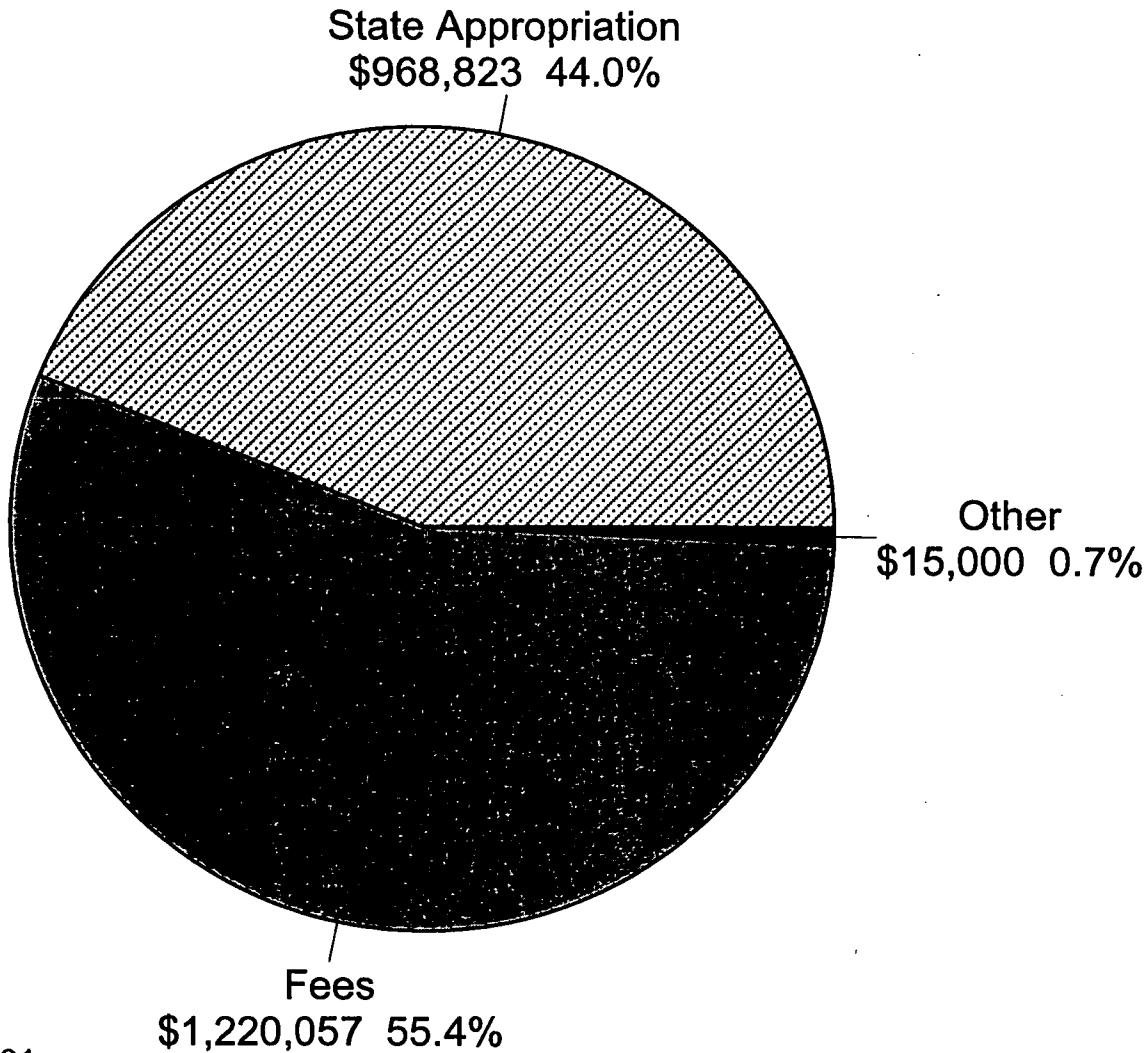
ATTACHMENT II

Elevator & Amusement Device Bureau

FY 2000-01 (Authorized) Total Budget

By Funding Source

Total Funds
$2,203,880



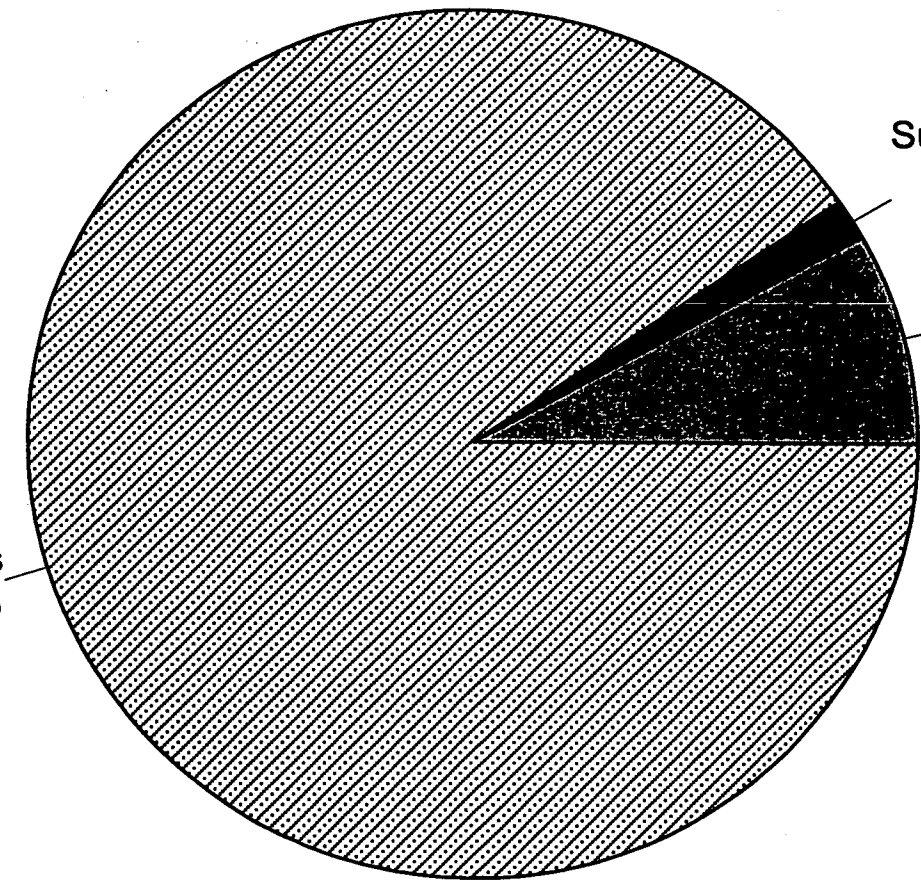
Fiscal Research Division - March 2001

Elevator & Amusement Device Bureau

FY 2000-01 (Authorized) Total Budget

Expenditures By Category

Total Funds
$2,203,880



Fiscal Research Division - March 2001

DEPARTMENT OF LABOR

ELEVATOR & AMUSEMENT DEVICE BUREAU

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The fees charged for Elevator and Amusement inspections are significantly lower than those charged in surrounding states for comparable services. During this Session, the Department will put forth a proposal to increase these fees in order to move the Elevator and Amusement Device Bureau toward self-sufficiency. In consideration of the Department's proposal, the Committee may wish to have the Department discuss the following central issues:

- **Consumer Response**: The Department anticipates support from the business community for the fee increase.
- **Inspection Standards**: In 1997, the Department was inspecting elevators, on average, every 10 months. In an effort to increase the frequency to every 6 months (the elevator industry standard) the Department proposed to use receipts generated by elevator inspection fees to hire four additional elevator inspectors and one administrative support person. The Department now suggests that annual inspections will be sufficient.
- **Fee-setting Authority**: The Commissioner does not have authority to raise Elevator and Amusement inspection fees (currently, these fees are set forth in statute). The proposed fee increases would require action by the legislature to either increase fees directly or grant the Commissioner the authority to do so.
- **Non-elevator fees**: What will happen to fees for other devices (amusement rides, etc.)?
- **Time Line**: When will the Elevator & Amusement Division achieve self-sufficiency?

NORTH CAROLINA DEPARTMENT OF LABOR

Elevator and Amusement Device Bureau

Clyde Wagner, Director
4 West Edenton Street
Raleigh, NC 27601-1092

Telephone: 919-807-2781
Facsimile: 919-807-2777

Overview

The Elevator & Amusement Device Bureau's primary objective is to safeguard employees and the public from serious and preventable injury due to exposure to unsafe conditions on and around elevators, escalators, dumbwaiters, aerial passenger tramways, workmen hoists, handicap lifts, amusement devices, and go karts. Total staff includes a director, assistant director, engineer, three clerical, three field supervisors, and 30 field inspectors located throughout the state.

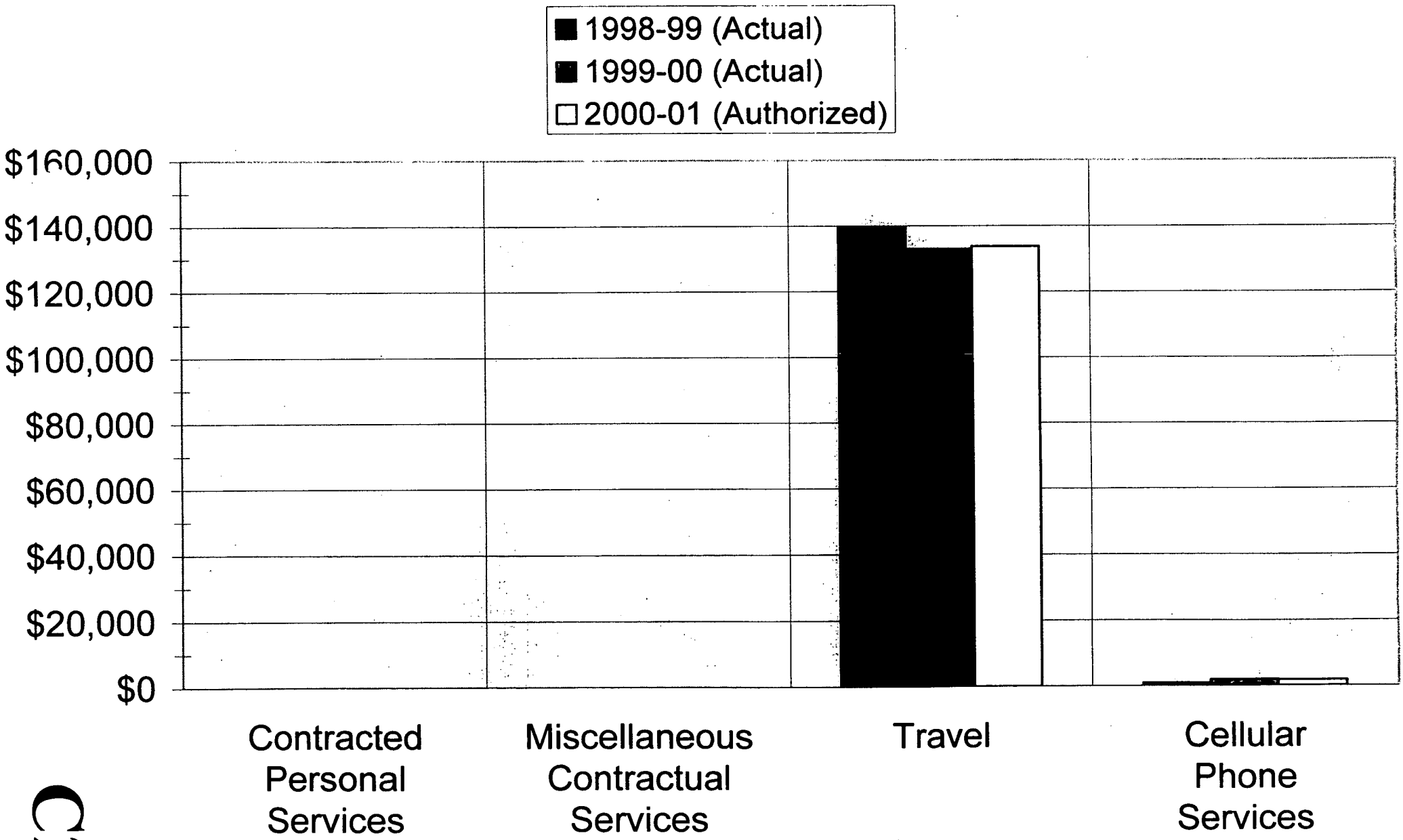
Administrative Services

- Conduct periodic inspections on all existing units.
- Conduct inspections and witness acceptance tests of new elevators, escalators, dumbwaiters, and handicap lifts installed in the state.
- Conduct safety inspections on all amusement rides.
- Conduct annual and follow-up inspections on all aerial passenger tramway units.
- Investigate accidents associated with elevators, tramways, and amusement devices.

Outreach and Education

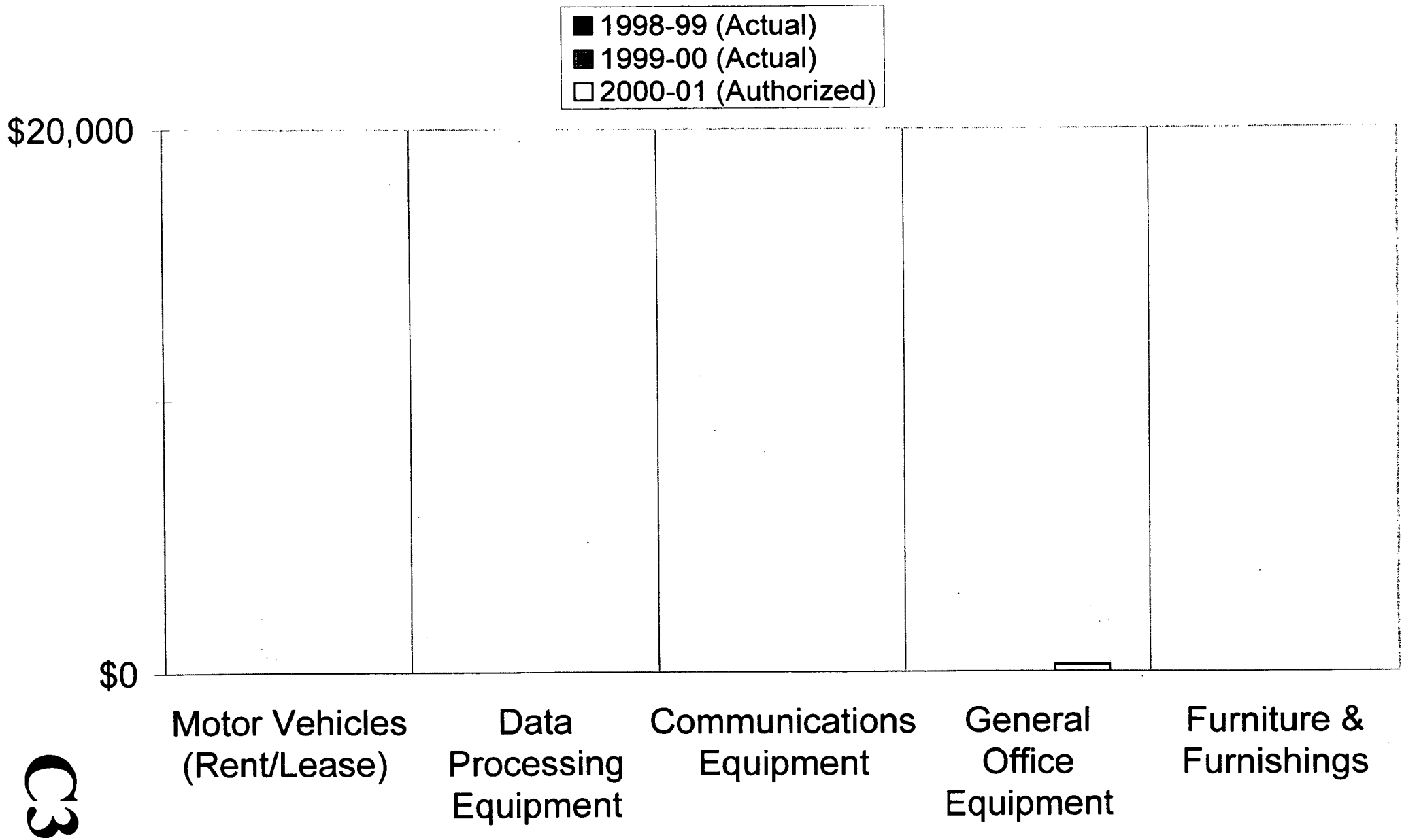
- Provide information to the general public served to increase awareness of elevator, tramway, amusement device and related equipment rules and procedures.
- Provide education and training on emergency response to building managers, fire departments and others upon request.

Department of Labor
Elevator & Amusement Device Bureau
Comparison of Actual and Authorized Expenditures



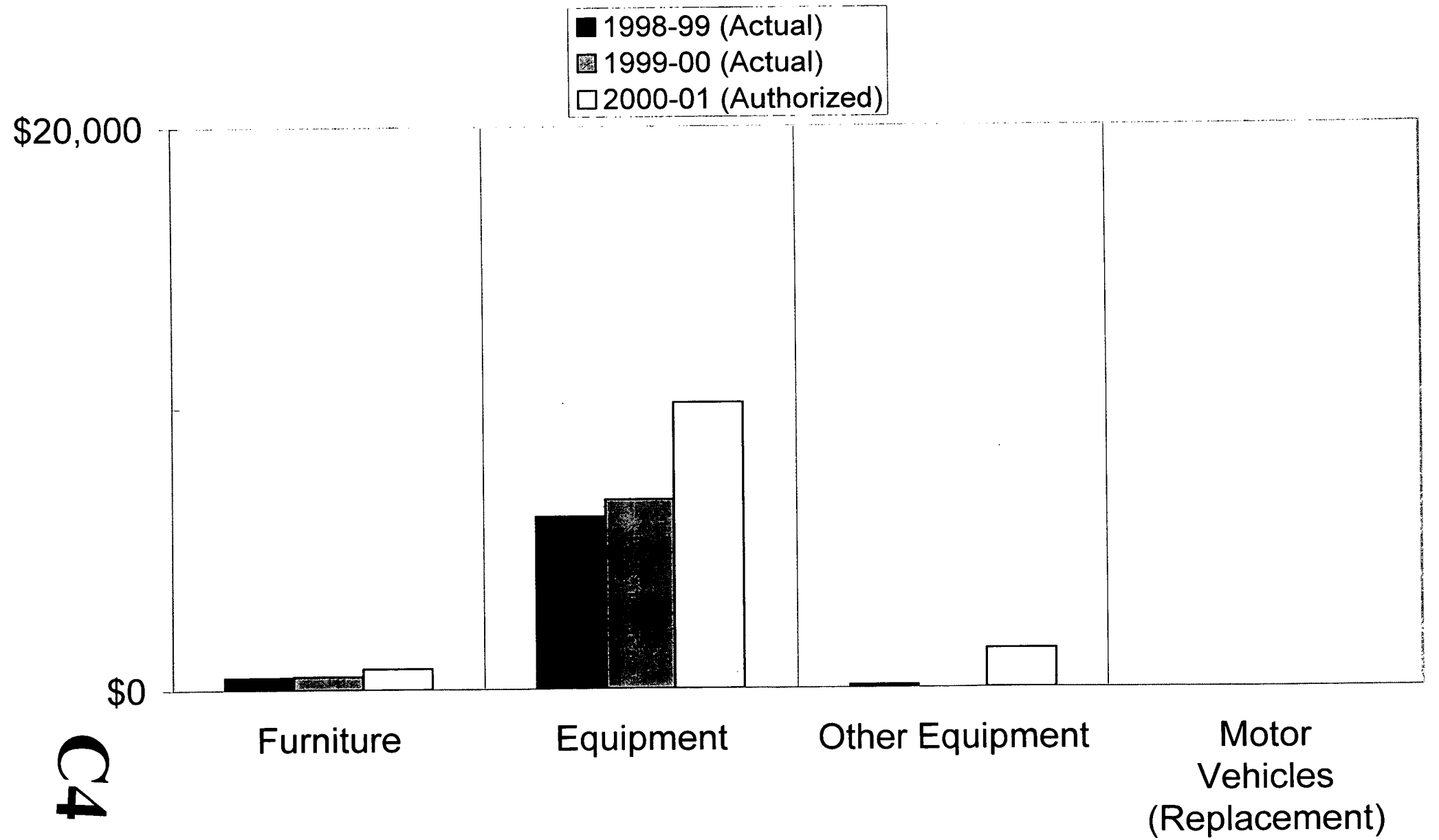
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Department of Labor
Elevator & Amusement Device Bureau
Comparison of Actual and Authorized Expenditures



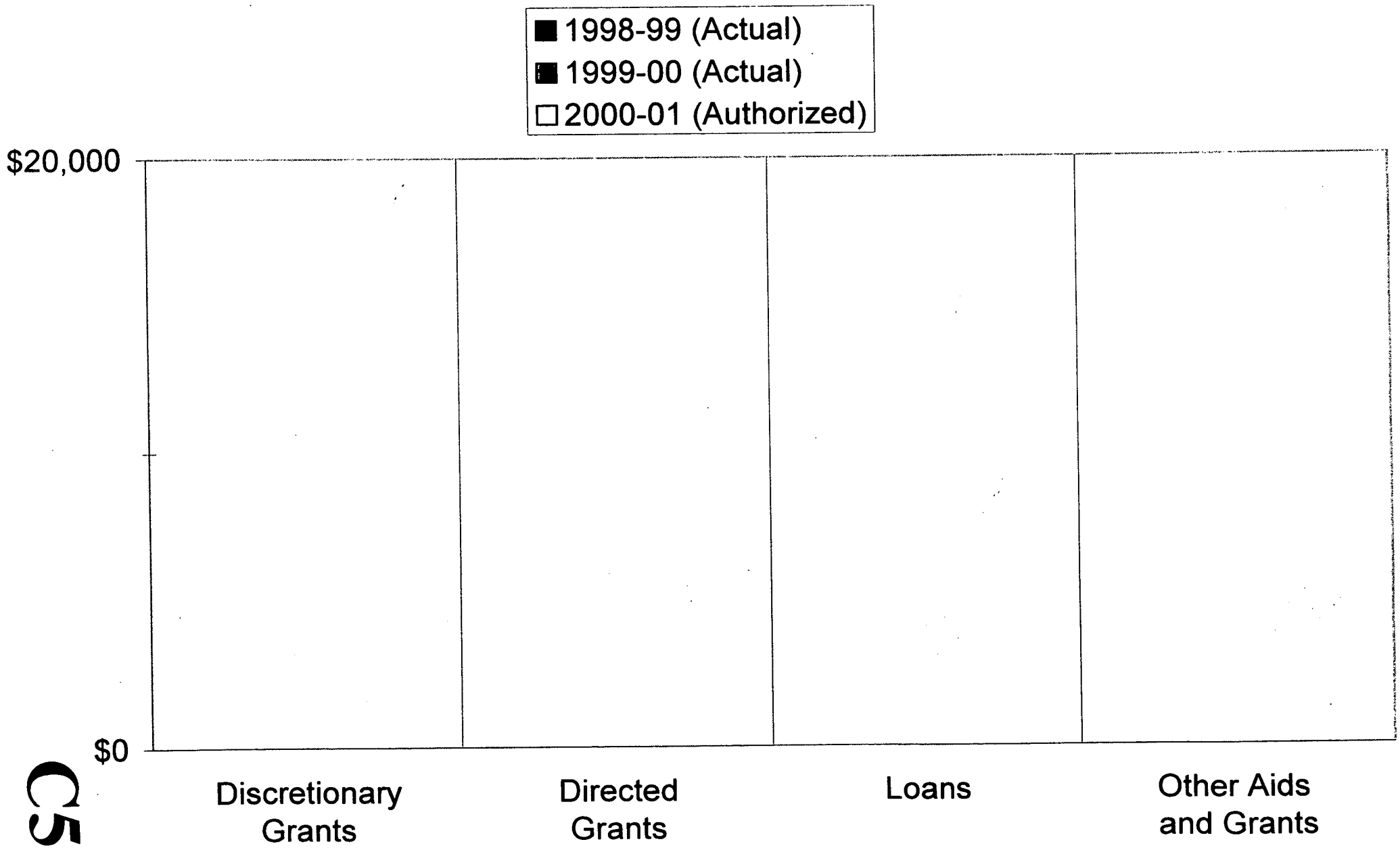
C3

Department of Labor
Elevator & Amusement Device Bureau
Comparison of Actual and Authorized Expenditures



C4

Department of Labor
Elevator & Amusement Device Bureau
Comparison of Actual and Authorized Expenditures



Department of Labor
Elevator and Amusement Device Bureau

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Elevator Inspection Fees	1/1/76	G.S. 95-105	Attached	7/1/93	Attached	N/A	$889,365
Amusement Device Fees	1/1/76	G.S. 95-106	Attached	7/1/93	Attached	N/A	$85,729

C6

XII. Inspection Service Fees.

Chapter 95, Article 14.

For information on Inspection Service Fees, contact the Elevator and Amusement Device Division. The division is located in Raleigh at 319 Chapanoke Road, Suite 102. Its mailing address is 4 West Edenton Street, Raleigh, NC 27601-1092. The division's telephone numbers are (919) 733-7394, (919) 662-4744, or 1-800-LABOR-NC.

§95-105. Elevator, escalator, dumbwaiter, and special equipment inspection fees.

The Department of Labor shall assess and collect the following inspection service fees for the installation and alteration of elevators, escalators, dumbwaiters that are not installed or altered in restaurants, and special equipment based on the cost of installation or alteration:

Cost of Installation or Alteration			Unit Fee
$0	–	$ 10,000	$ 100
10,001	–	30,000	150
30,001	–	50,000	200
50,001	–	80,000	250
80,001	–	100,000	300
Over 100,000			350

An additional fee of one hundred dollars ($100.00) shall be assessed for each follow-up inspection of a new installation required subsequent to the original inspection.

The Department of Labor shall assess and collect a fee of ten dollars ($10.00) for the periodic inspection of special equipment and shall assess and collect the following fees for the periodic inspection of elevators, escalators, and dumbwaiters:

Number of Building Floors	
1–5 Floors	$ 30
6–10 Floors	40
11–15 Floors	50
16–20 Floors	60
21 Floors and over	70

(1975, c. 777, s. 1; 1977, c. 983; 1983, c. 713, s. 52; 1989, c. 546, s. 1; 1993, c. 320, s. 4.)

§95-106. Amusement, aerial tramway, and inclined railroad inspection fees.

(a) The Department of Labor shall assess and collect the following inspection service fees for annual inspections for each location within the State of amusement devices, aerial passenger tramways, and inclined railroads:

Type Inspection	Unit Fee
Amusement Devices	$ 15
Gondolas, Chairlifts, and Inclined Railroads	137
J- or T-Bars	62
Rope Tows	31

(b) In the event that an amusement device owner or operator notifies the Department of Labor pursuant to G.S. 95-111.8 that he intends to operate one or more amusement devices for the public at a particular location and requests an inspection at a particular time:

(1) When the inspector arrives and no amusement devices are present, the Department shall assess a fee against the owner or operator to cover the cost of travel to and from the location at the mileage rate set forth in G.S. 138-6 plus an hourly rate of up to sixty dollars ($60.00) for each inspector for the time expended by the inspector in travelling to and from the location.

(2) When the inspector arrives and amusement devices are present, are not ready for inspection, but become ready for inspection before the inspector leaves, the Department shall assess a fee against the owner or operator to cover the time the inspector must wait before making the inspection at an hourly rate not to exceed sixty dollars ($60.00) for each inspector.

(3) When the inspector must make a return trip to a location because amusement devices were not ready for inspection when the inspector made a previous trip to the location, the Department shall assess a fee against the owner or operator to cover the cost of travel to and from the location in the amount set in subdivision (1) of this subsection.

(4) No fee shall be assessed pursuant to this subsection if the owner or operator has notified the Department of Labor at least 24 hours in advance that the amusement devices will not be present or that the devices will not be ready for inspection until a later specified time.

(c) The Commissioner of Labor may adopt rules to implement this section. The rules shall conform to Article 14B of this Chapter and shall promote the effective utilization of the staff of the Commissioner. (1975, c. 777, s. 2; 1983, c. 713, s. 53; 1989, c. 546, s. 2; 1991, c. 475; 1993, c. 320, s. 3.)

NORTH CAROLINA DEPARTMENT OF LABOR
ELEVATOR AND AMUSEMENT DEVICE FEE SCHEDULE COMPARISON

	N.C. Current Fee	Current S.C. Fee	Current Ga. Fee
Traction Elevators		**Traction Elevators**	**Traction Elevators**	
1- 5 floors	$30.00	2-5 floors	$125.00	1 floor and over	$130.00
6-10 floors	$40.00	6-12 floors	$150.00		
11-15 floors	$50.00	13 floors and ov	$175.00		
16-20 floors	$60.00				
21 floors and ov	$70.00				
Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic		**Special Inspection, Belt Lifts**		**Hydraulic Elevators, Belt Lifts, Escalators, Special, Units not identified as traction or hydraulic**	
1-5 floors	$30.00	1 floor and over	$200.00	1 floor and over	N/A
6-10 floors	$40.00				
11-15 floors	$50.00				
16-20 floors	$60.00				
21 floors and ov	$70.00				
Dumbwaiters, Handicap Lifts		**Dumbwaiters/ Handicap Lifts**		**Dumbwaiters, Handicap Lifts**	
1-5 floors	$30.00	1 floor and over	$100/$75	1 floor and over	N/A
6-10 floors	$40.00				
11-15 floors	$50.00				
16-20 floors	$60.00				
21 floors and over	$70.00				
Amusement Devices		**Amusement Devices**		**Amusement Devices**	
Inflatable	$15.00	Inflatable	N/A	Inflatable	$65.00
Kiddie Rides	$15.00	Kiddie Rides	$50.00	Kiddie Rides	$65.00
Major Rides	$15.00	Major Rides	$100.00	Major Rides	$65.00
Roller Coasters	N/A	Roller Coasters	$250.00	Roller Coasters	N/A

Proposed effective date: July 1, 2001.

Proposed inspection frequency: **Annually**

1) - Traction Elevators
- Hydraulic Elevators, etc.
- Dumbwaiters, Handicap Lifts

2) - Inflatables

Inspected each time set up

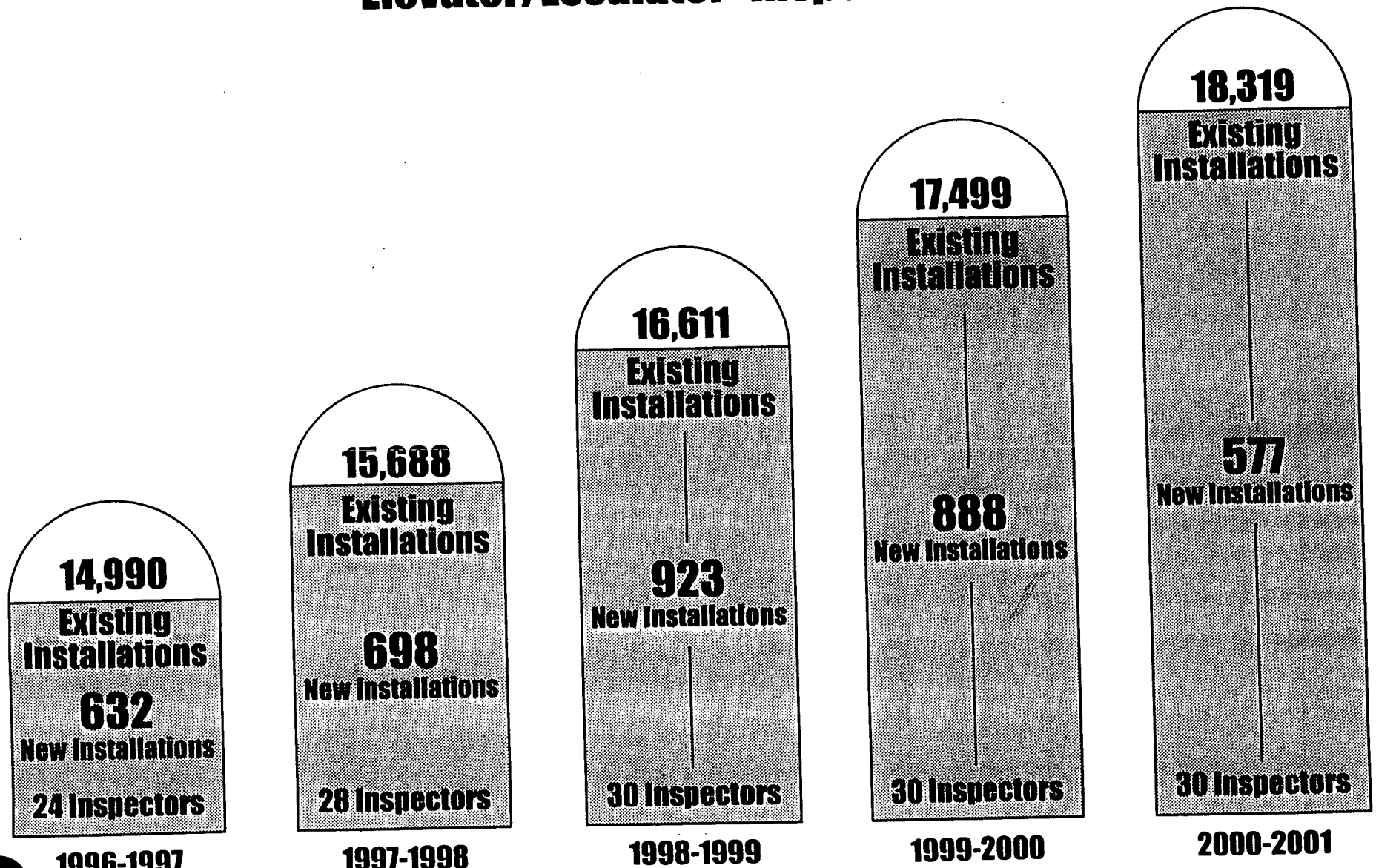
1) - Kiddie, Major Rides

Estimated Appropriations Savings:

2001-02	2002-03
$262,261	$968,823

BUREAU BECOMES 100% RECEIPT-SUPPORTED - 2002-03!

North Carolina Department of Labor
Elevator/Escalator* Inspections



* Installations include elevators, escalators, dumbwaiters, personal hoists, workmen's hoists, tv tower elevators, handicap lifts, moving walks and special equipment (stage lifts, etc.)

Department of Labor

Mine & Quarry Bureau	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	571,968	560,868	560,219	620,492	666,426	651,795
Less Receipts	(65,637)	(59,998)	(55,821)	(80,656)	(103,219)	(103,219)
State Appropriations	***506,332***	***500,870***	***504,398***	***539,836***	***563,207***	***548,576***
Positions	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**

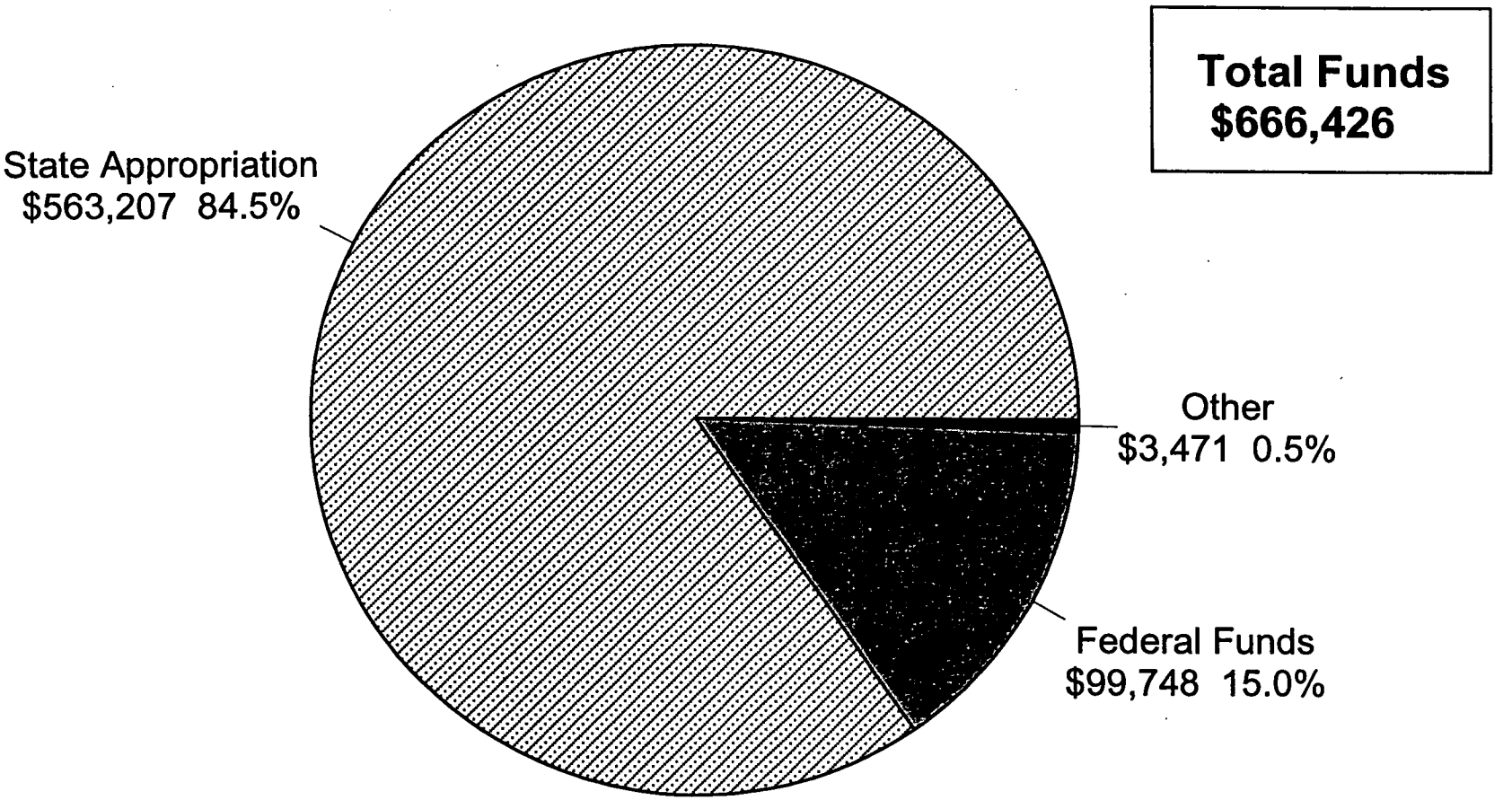
ACTIVITIES

The Mine & Quarry Bureau enforces the 1976 Mine Safety and Health Act of North Carolina through a program of inspections, education and training, technical assistance, and consultation. The Bureau also assists the mining industry in complying with the 1977 Federal Mine Safety and Health Act.

ATTACHMENT IV

Mine & Quarry Bureau

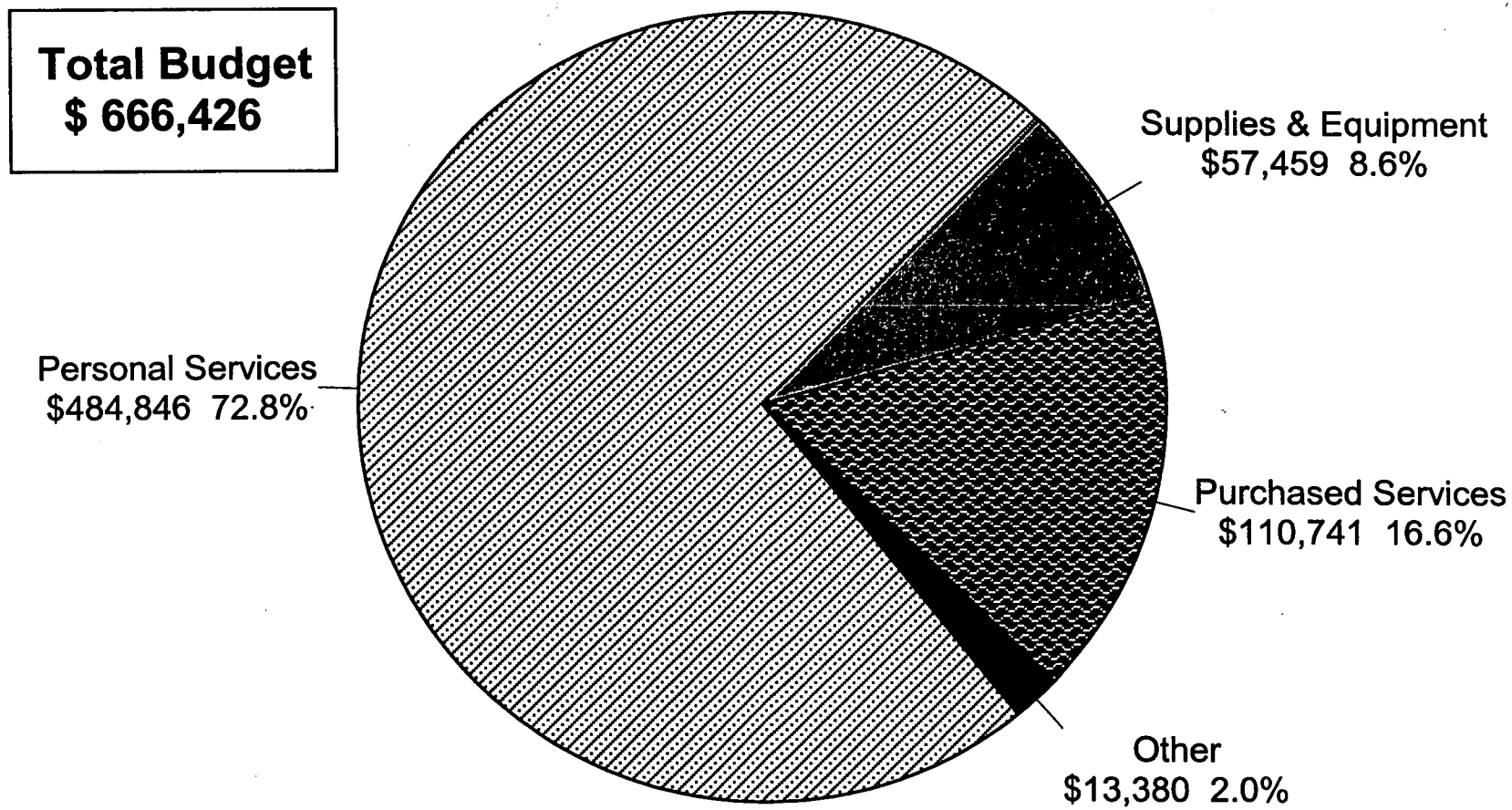
FY 2000-01 (Authorized) Total Budget By Funding Source



Fiscal Research Division - March 2001

Mine & Quarry Bureau

FY 2000-01 (Authorized) Total Budget
Expenditures By Category



Fiscal Research Division - March 2001

DEPARTMENT OF LABOR
MINE & QUARRY BUREAU

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Committee may wish to have the Department explain the manner in which the State and Federal governments work together to enforce the respective Mine Safety and Health Acts. In particular, the Committee may wish to evaluate how State enforcement and technical assistance programs are different from those provided by the Federal government.

In addition, the Committee may wish to consider whether the Mine and Quarry Bureau should charge fees, as the Boiler and Elevator Inspection Bureaus do, to recover the costs of services.

NORTH CAROLINA DEPARTMENT OF LABOR
Mine and Quarry Bureau

James H. Turner, Director
4 West Edenton Street
Raleigh, NC 27601-1092

Telephone: 919-807-2790
Facsimile: 919-807-2835

Overview

The Mine and Quarry Bureau offers a wide range of education and training programs, technical assistance and consultative services to implement the provisions of the 1976 Mine Safety and Health Act of North Carolina. The bureau's main objective is to reduce the number and severity of injuries and illnesses to workers in the North Carolina minerals industry. The total staff includes a director, assistant director, two clerical positions and six field representatives.

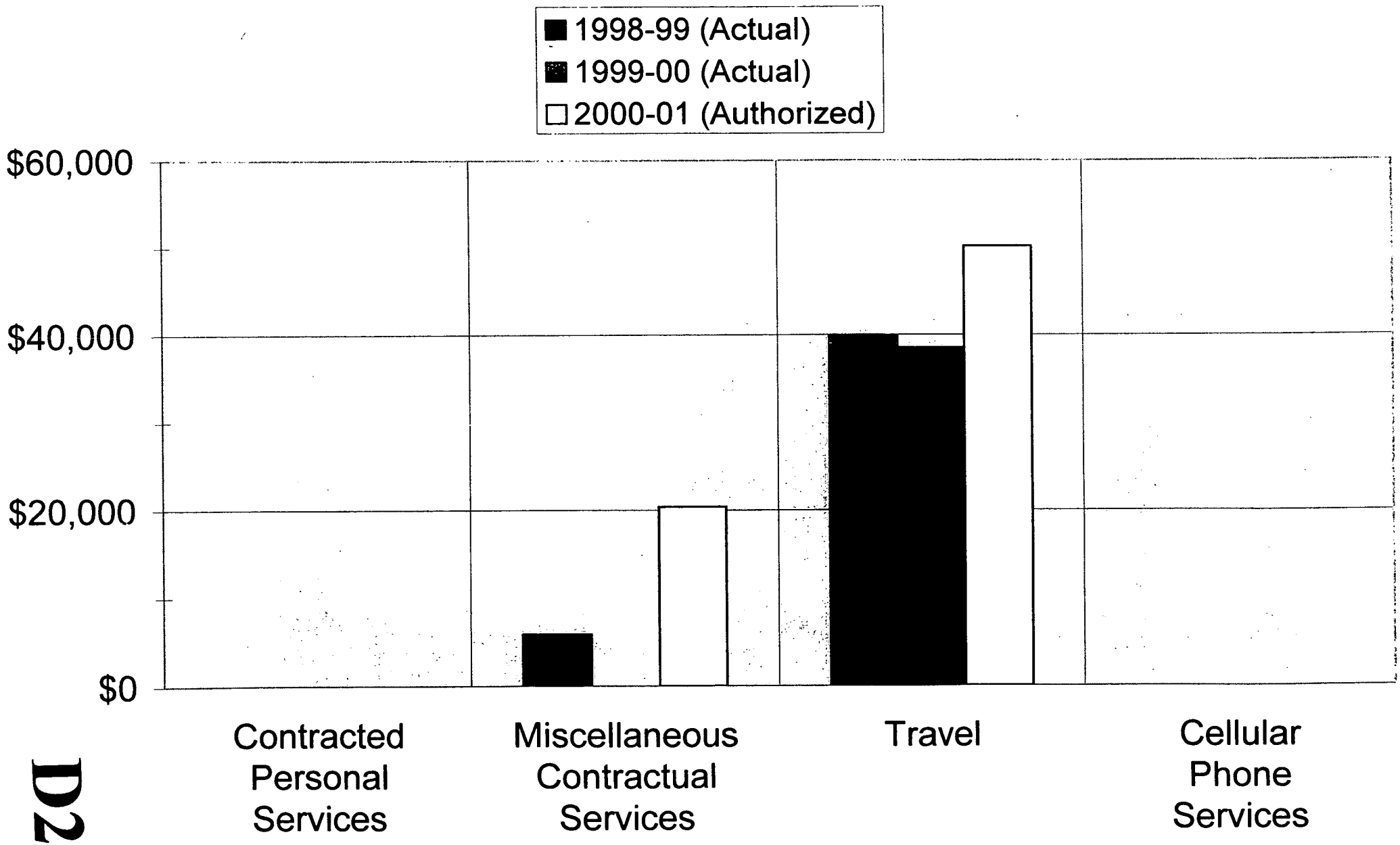
Administrative Services

- Provide education and training efforts for the minerals industry employees to meet mine training requirements.
- Increase technical assistance and general consultation to the active mine operations.
- Conduct inspections and evaluations of all active and abandoned mine and quarry sites.

Outreach and Education

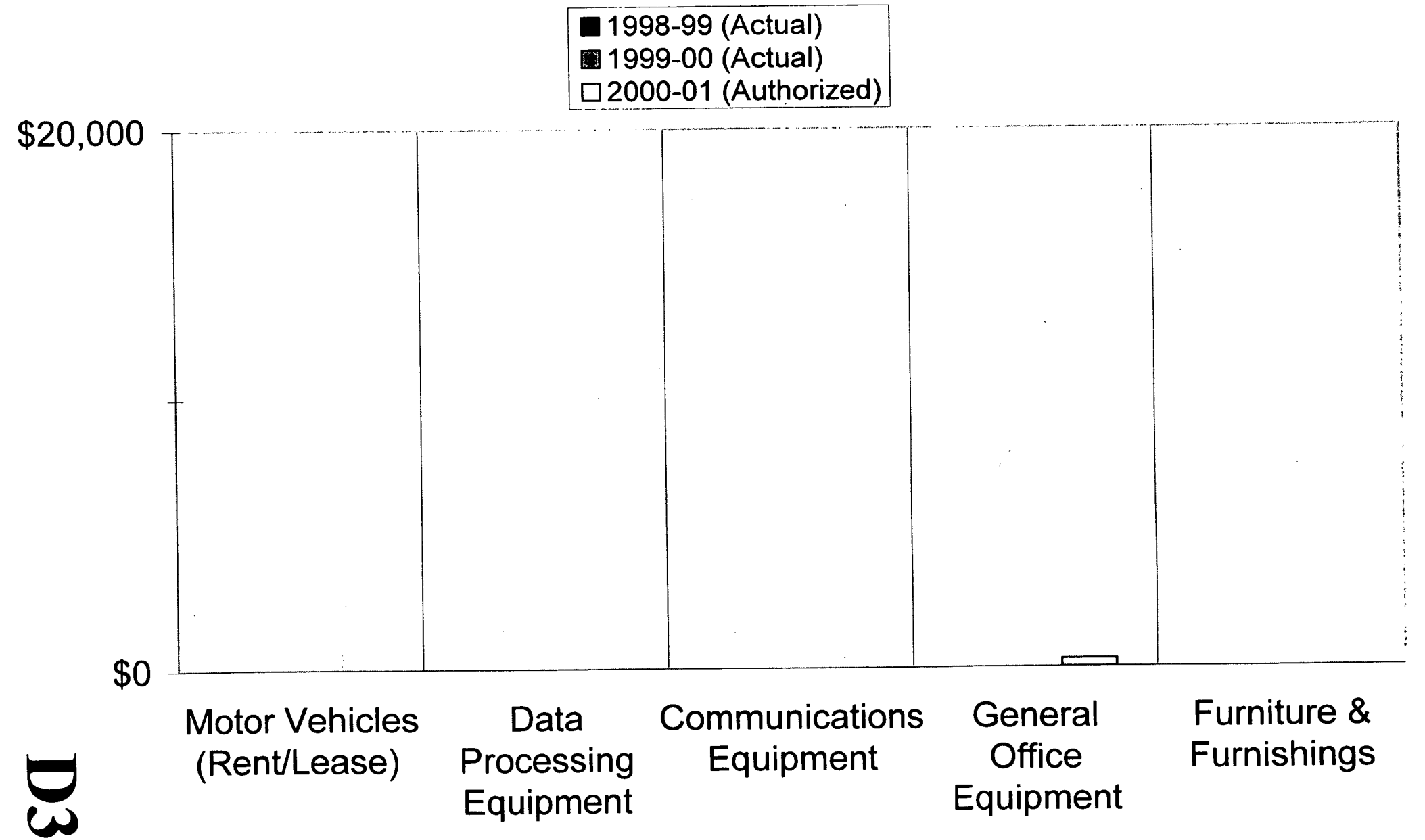
- Provide First Aid and CPR Training.
- Sponsor Explosive Schools throughout the State.
- Sponsor training in mining laws.
- Provide other mining-related training as required.

Department of Labor
Mine & Quarry Bureau
Comparison of Actual and Authorized Expenditures

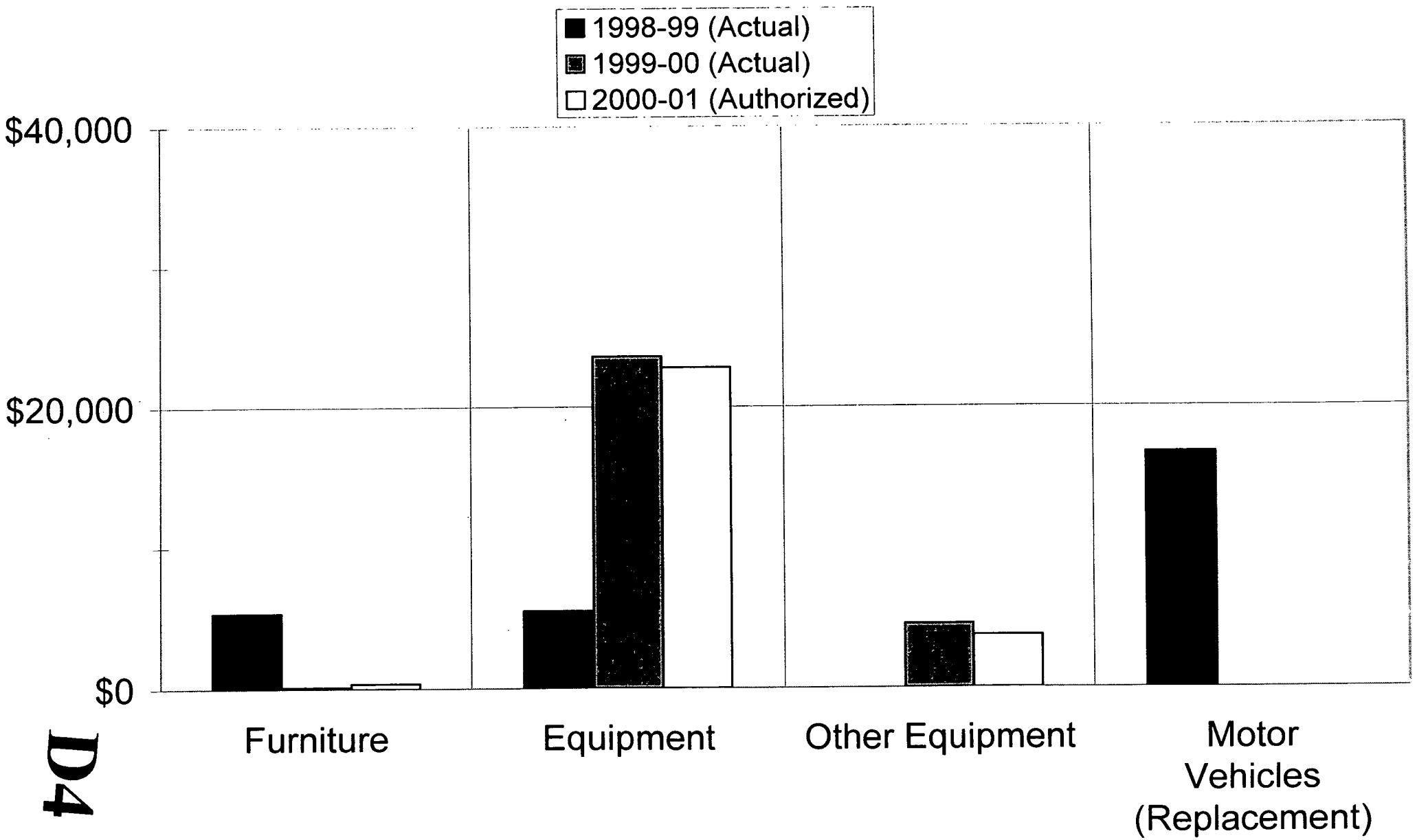


D2

Department of Labor
Mine & Quarry Bureau
Comparison of Actual and Authorized Expenditures

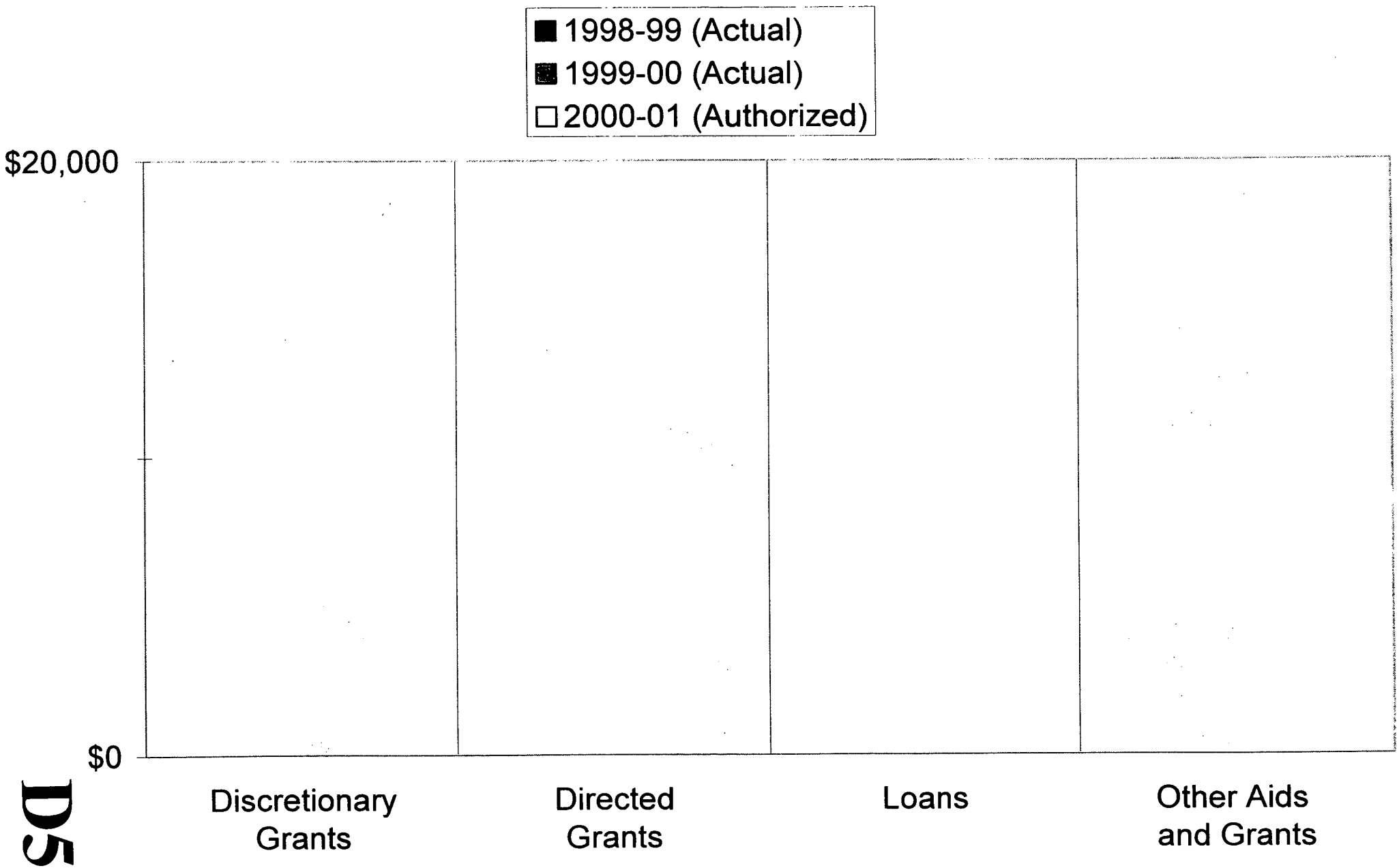


Department of Labor
Mine & Quarry Bureau
Comparison of Actual and Authorized Expenditures



D4

Department of Labor
Mine & Quarry Bureau
Comparison of Actual and Authorized Expenditures



Department of Labor

Apprenticeship & Training Bureau	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	939,322	1,125,666	1,897,938	1,911,486	1,964,488	1,942,183
Less Receipts	(11,677)	(527,656)	(1,039,998)	(900,208)	(966,491)	(966,491)
State Appropriations	***927,645***	***598,009***	***857,940***	***1,011,278***	***997,997***	***975,692***
Positions	**18.0**	**32.0**	**31.0**	**31.0**	**31.0**	**31.0**

ACTIVITIES

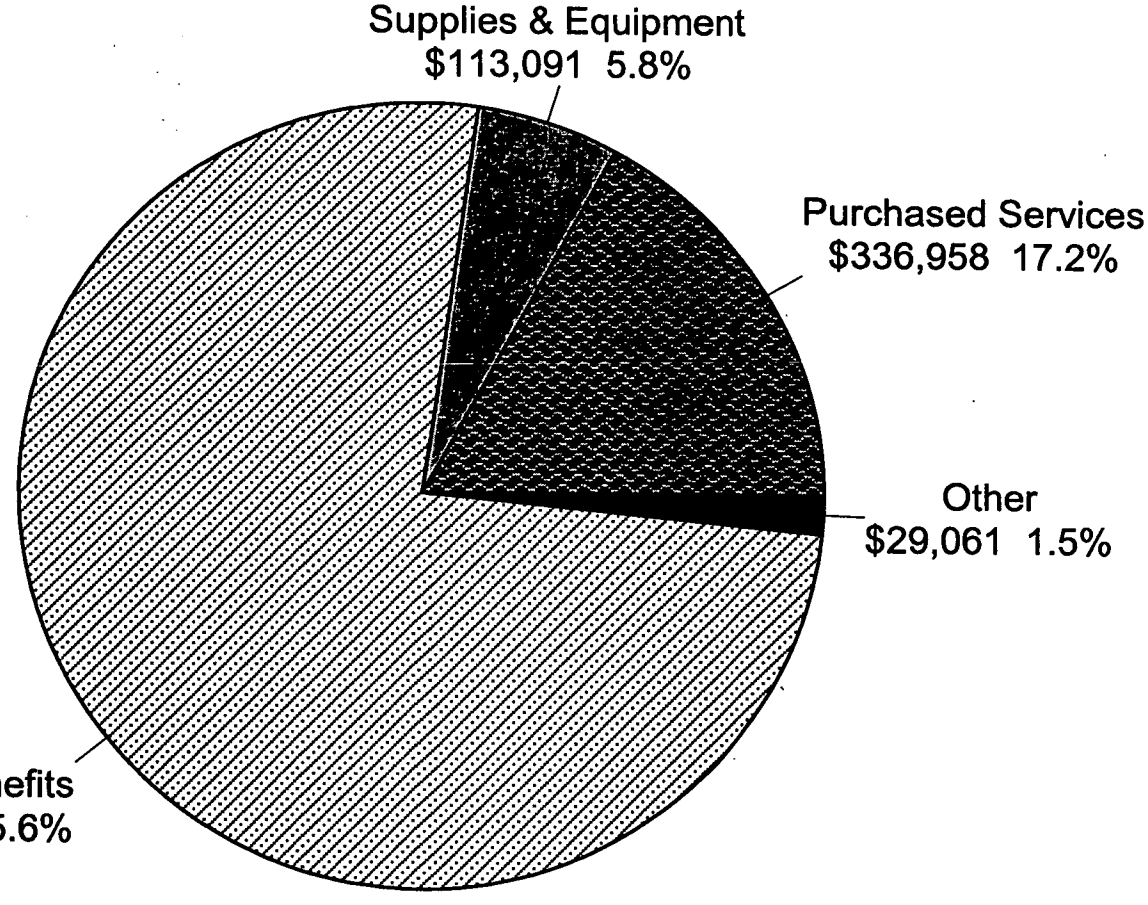
The Apprenticeship & Training Bureau promotes, monitors, and accredits voluntary apprenticeship programs established in both businesses and high schools around the state. The Youth Apprenticeship Program encourages high school juniors and seniors to connect with businesses that offer employment and training while a student is still in school. High school graduates can participate in the Adult Apprenticeship Program, which allows individuals to continue on-the-job training while continuing their education in the Community College system.

Apprenticeship and Training Bureau

FY 2000-01 (Authorized) Total Budget

Expenditures By Category

Total Budget
$1,964,488

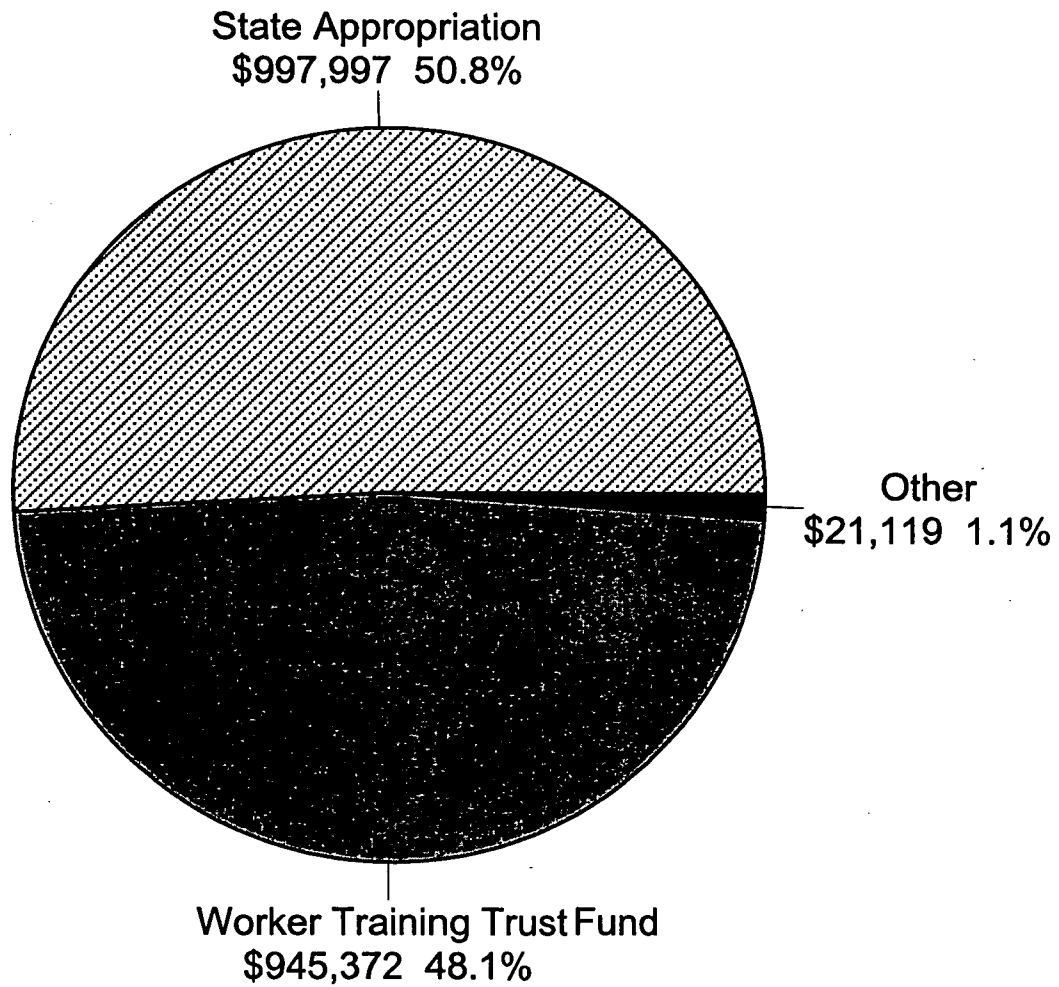


Fiscal Research Division - March 2001

Apprenticeship and Training Bureau

FY 2000-01 (Authorized) Total Budget By Funding Source

Total Budget
$1,964,488



Fiscal Research Division - March 2001

DEPARTMENT OF LABOR
APPRENTICESHIP & TRAINING BUREAU

POSITIONS VACANT FOR OVER 6 MONTHS

Position	Fund	FTE	Date Vacated	Salary
Apprenticeship Representative	1420	1.0	3/13/00	$29,957

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

In 1996, as part of the Department's request to expand Apprenticeship and Training with an appropriation from the Worker Training Trust Fund, the Bureau asserted that North Carolina would have 10,000 apprentices by the year 2000. The Committee may wish to have the Department report on their progress toward this goal.

NORTH CAROLINA DEPARTMENT OF LABOR
Apprenticeship and Training

Barry Judge, Director
4 West Edenton Street
Raleigh, NC 27601-1092

Telephone: 919-733-7533
Facsimile: 919-715-2926

Overview

The division's primary objective is to effectively provide North Carolina with qualified and trained journeymen to meet the skilled workforce needs of the state. The division promotes the establishment and registration of sound apprenticeship and training programs and provides assistance to employers throughout the state.

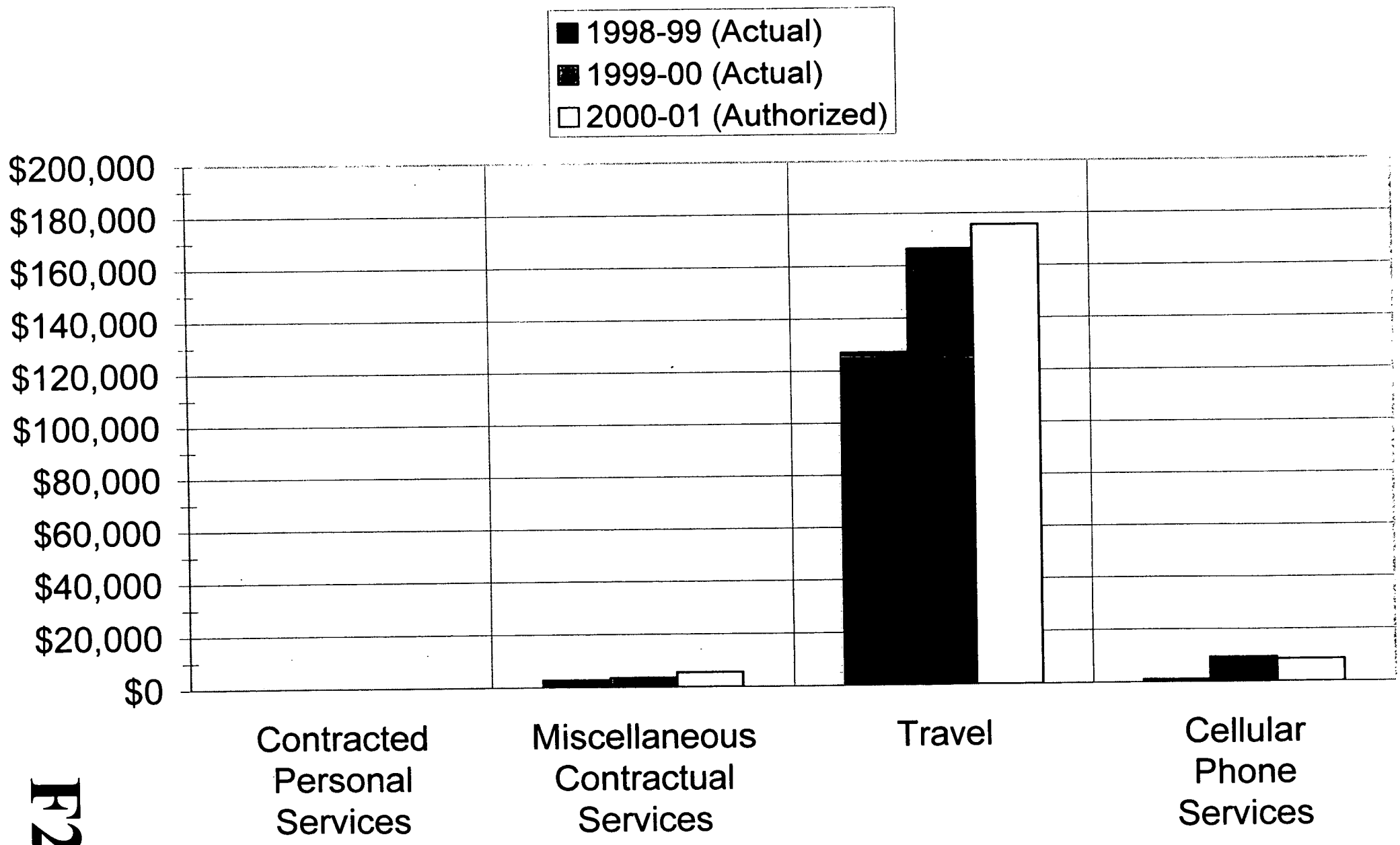
Administrative Services

- Promote apprenticeship programs throughout the state.
- Assist sponsors with the development, design, and implementation of apprenticeship programs.
- Register and monitor all apprenticeship programs.
- Verify standards of competency.

Outreach and Education

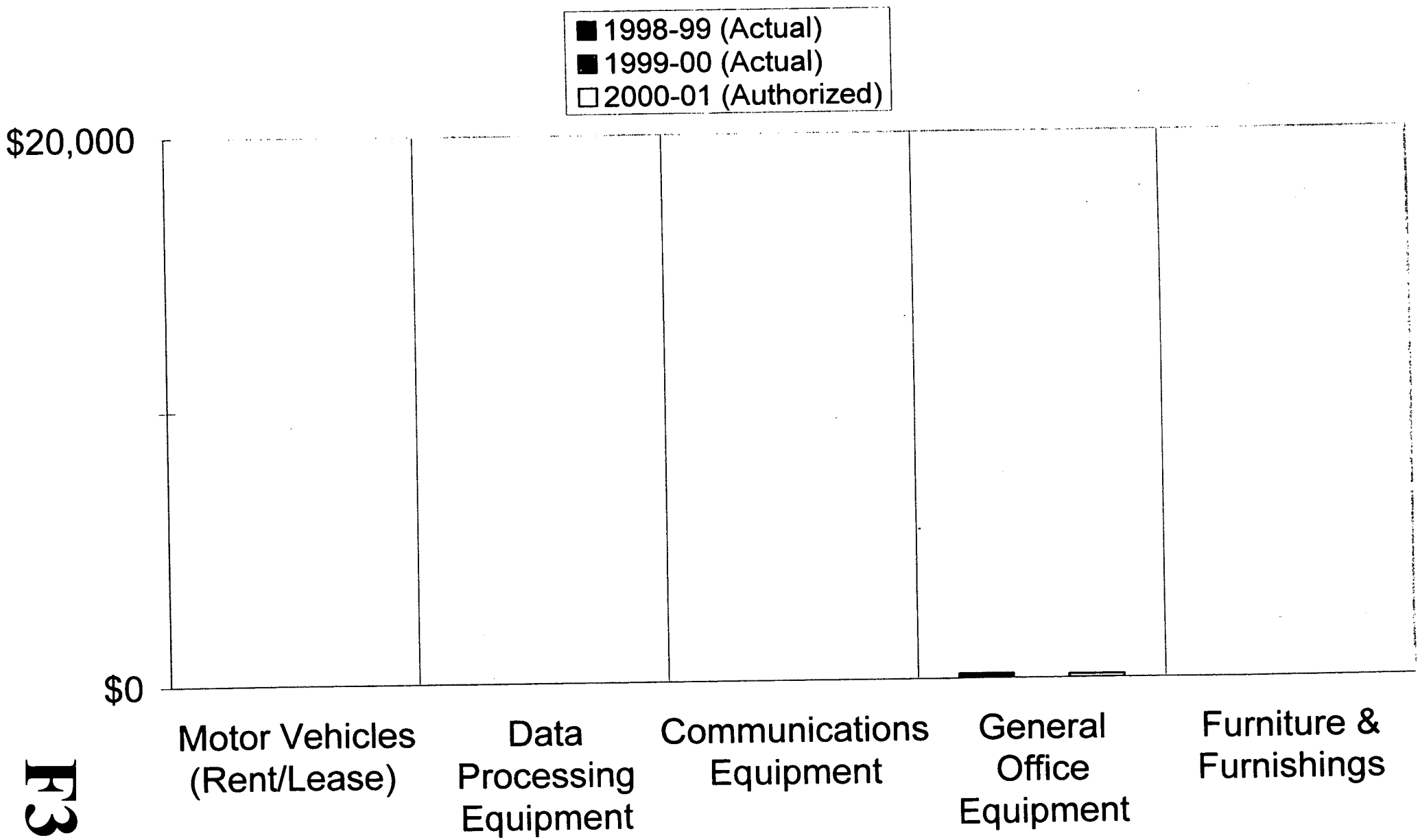
- Provide educational and training programs that will match (in timing, technical content, and geographical location) the needs of business and industry for skilled workers.
- Work with employers to help them meet their employee needs (apprentices) in both existing and emerging industries.

Department of Labor
Apprenticeship & Training
Comparison of Actual and Authorized Expenditures

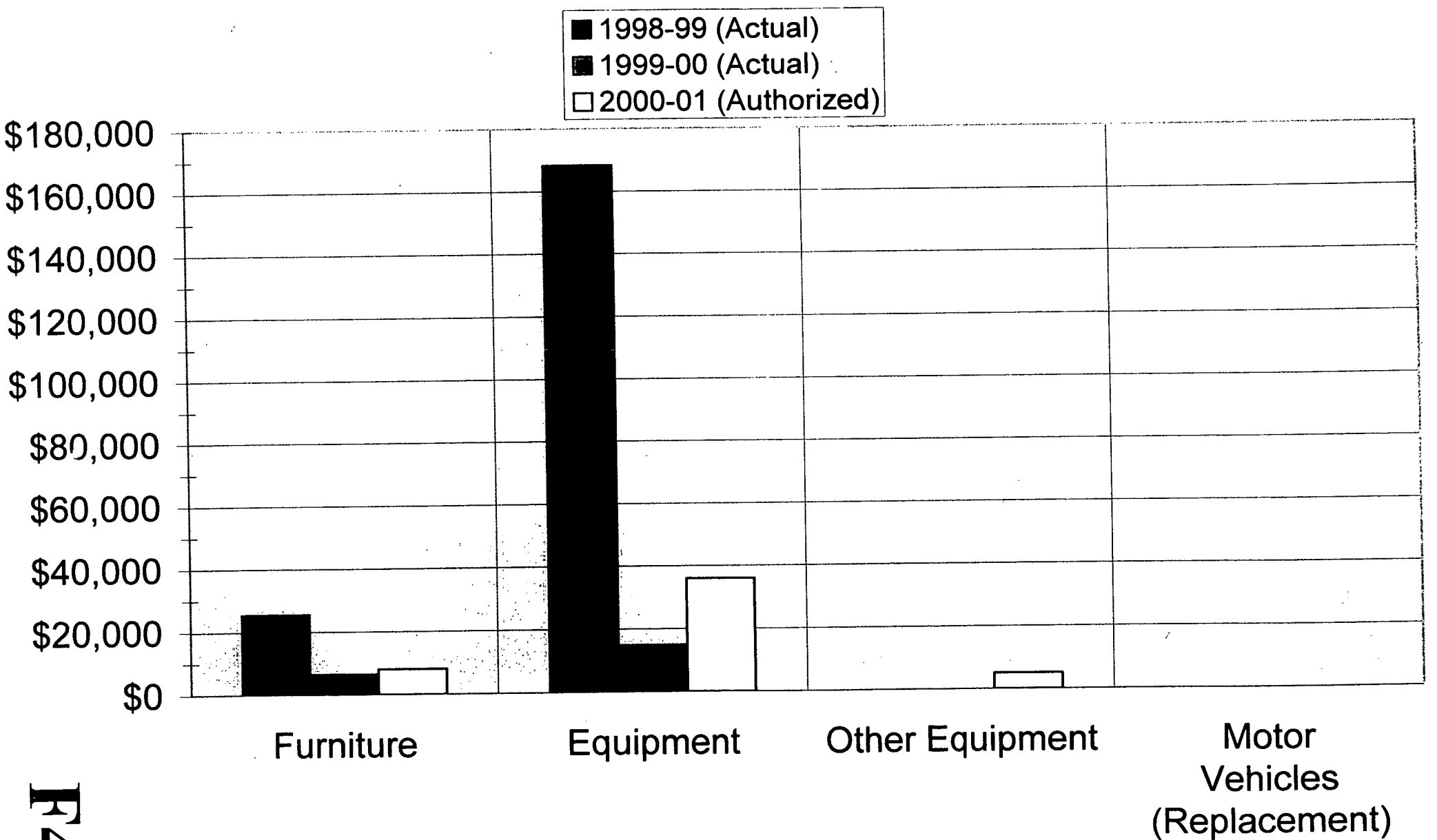


F2

Department of Labor
Apprenticeship & Training
Comparison of Actual and Authorized Expenditures

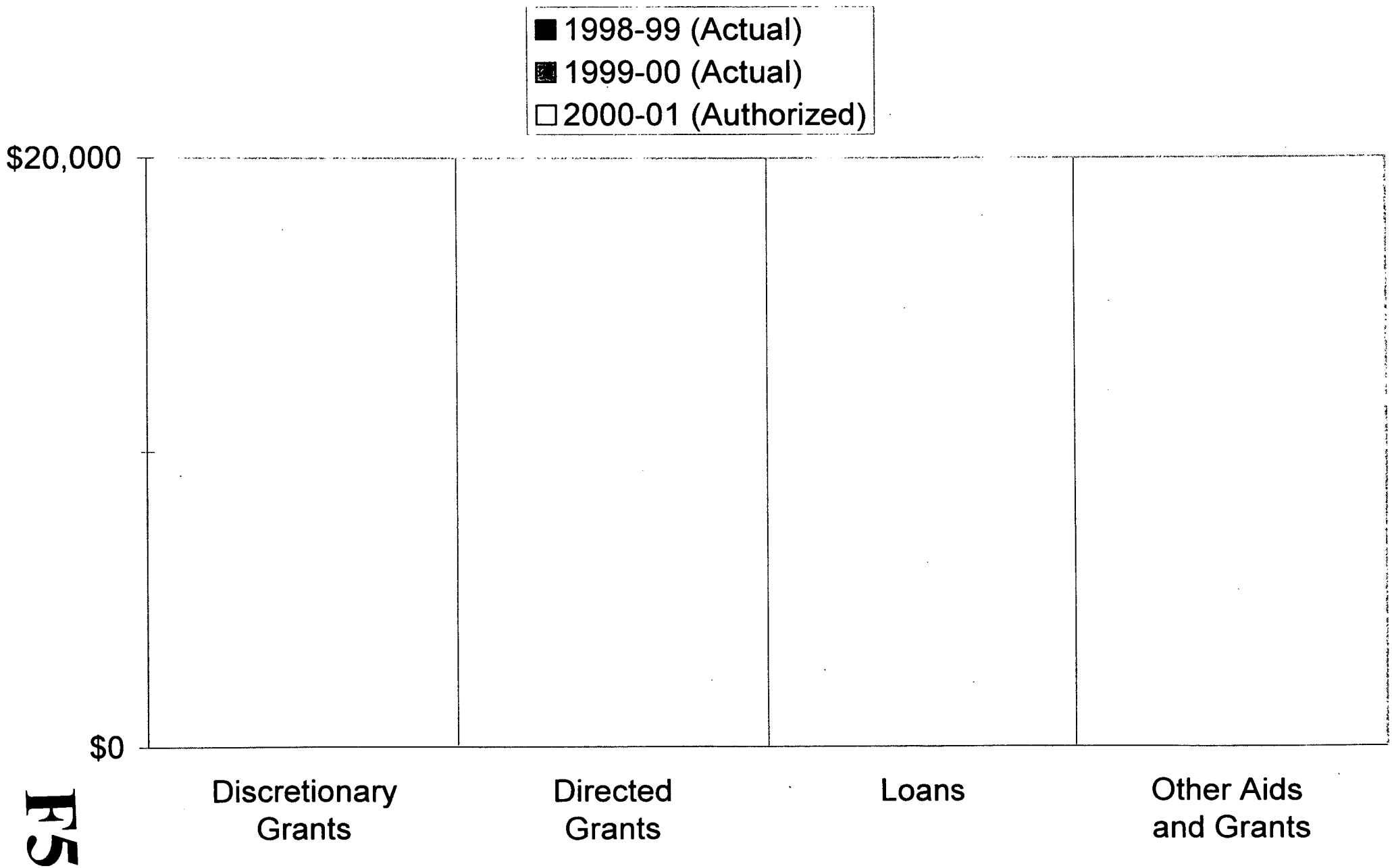


Department of Labor
Apprenticeship & Training
Comparison of Actual and Authorized Expenditures



F4

Department of Labor
Apprenticeship & Training
Comparison of Actual and Authorized Expenditures



Department of Labor

Labor Standards Bureau	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	2,257,744	2,326,688	2,402,343	2,452,893	2,524,372	2,494,298
Less Receipts	(5,094)	(75,297)	(37,437)	(41,374)	(2,080)	(2,080)
State Appropriations	***2,252,650***	***2,251,391***	***2,364,906***	***2,411,519***	***2,522,292***	***2,492,218***
Positions	48.0	48.0	48.0	48.0	48.0	48.0

ACTIVITIES

Wage & Hour - Investigates employer compliance with minimum wage and overtime laws, and complaints for non-payment of promised wages. Regulates youth employment requirements. Operates the Department's toll free number.

Workplace Retaliatory Discrimination (WORD) - Enforces the provisions of the Retaliatory Employment Discrimination Act, which prohibits employment discrimination against workers who exercise their rights under the Occupational Safety & Health Act, Mine Safety & Health Act, Wage & Hour Act, and/or Worker's Compensation Act.

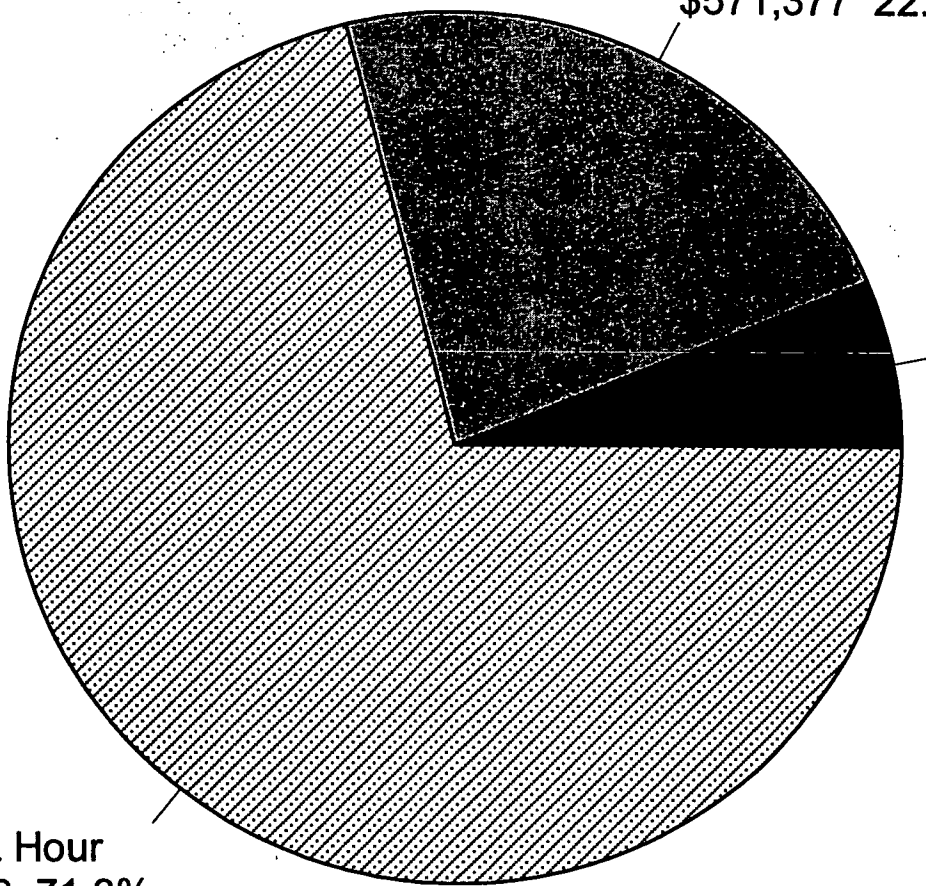
Private Personnel Service Office (PPS) - Provides regulatory oversight of private personnel employment agencies through complaint investigations and review and approval of license applicants, personnel contracts, and applicants for exemption. Also enforces the Controlled Substance Examination Act.

ATTACHMENT VIII

Labor Standards Bureau

FY 2000-01 (Authorized) Total Budget By Program Activity

Total Funds
$2,524,372



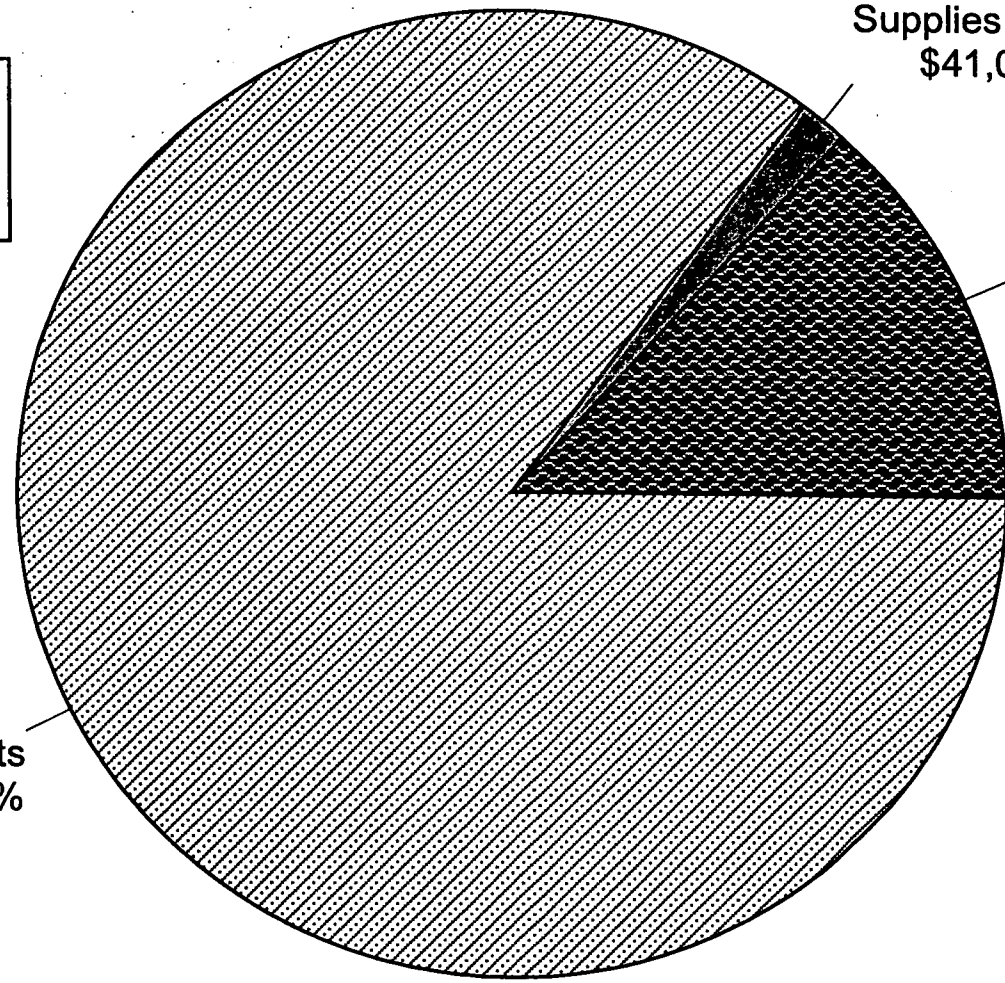
Fiscal Research Division - March 2001

Labor Standards Bureau

FY 2000-01 (Authorized) Total Budget

Expenditures By Category

Total Budget
$2,524,372



Fiscal Research Division - March 2001

NORTH CAROLINA DEPARTMENT OF LABOR
Labor Standards Bureau

4 West Edenton Street
Raleigh, North Carolina 27601-1092

Overview
The Labor Standards Bureau is made up of three separate units as follows: Wage and Hour, whose primary objective is to enhance the fairness of employment compensation and the safety and well-being of workers; Workplace Retaliatory Discrimination's (WORD) objective is to enhance public confidence in the ability to exercise employment related rights without retaliation; and Private Personnel Services (PPS), whose primary objective is to enhance the fairness of private employment services for all parties. In addition PPS enforces the Controlled Substance Examination Regulation Act that describes how employers are to conduct drug tests in the workplace.

Administrative Services

Wage and Hour

- Provide consultative services to the employment community through inquiry responses, public presentations, and technical assistance visits.
- Train and certify officials who issue youth employment certificates throughout the state.
- Conduct audits of employer payroll records and policies related to wages as needed.

WORD

- Investigate complaints from persons who allege that they have been retaliated against or discriminated against due to their involvement in activities protected under the OSH Act, Wage and Hour Act, Mine Safety and Health Act, Worker's Compensation Act, Genetic Testing Information, Sickle Cell Trait Discrimination, National Guard participation, and Juvenile Justice Act.
- Negotiate settlements.
- Recover economic losses for employees.
- Respond to inquiries from citizens, employees, and employers.

PPS

- Regulate segments of the private-sector employment service industry. Companies that charge job seekers a fee (directly or indirectly) for the service of helping to locate a job must obtain a regulatory license.
- Review and approve contracts and surety bonds.
- Monitor certification or notification of unlicensed services.
- Conduct investigations of complaints and other compliance issues.

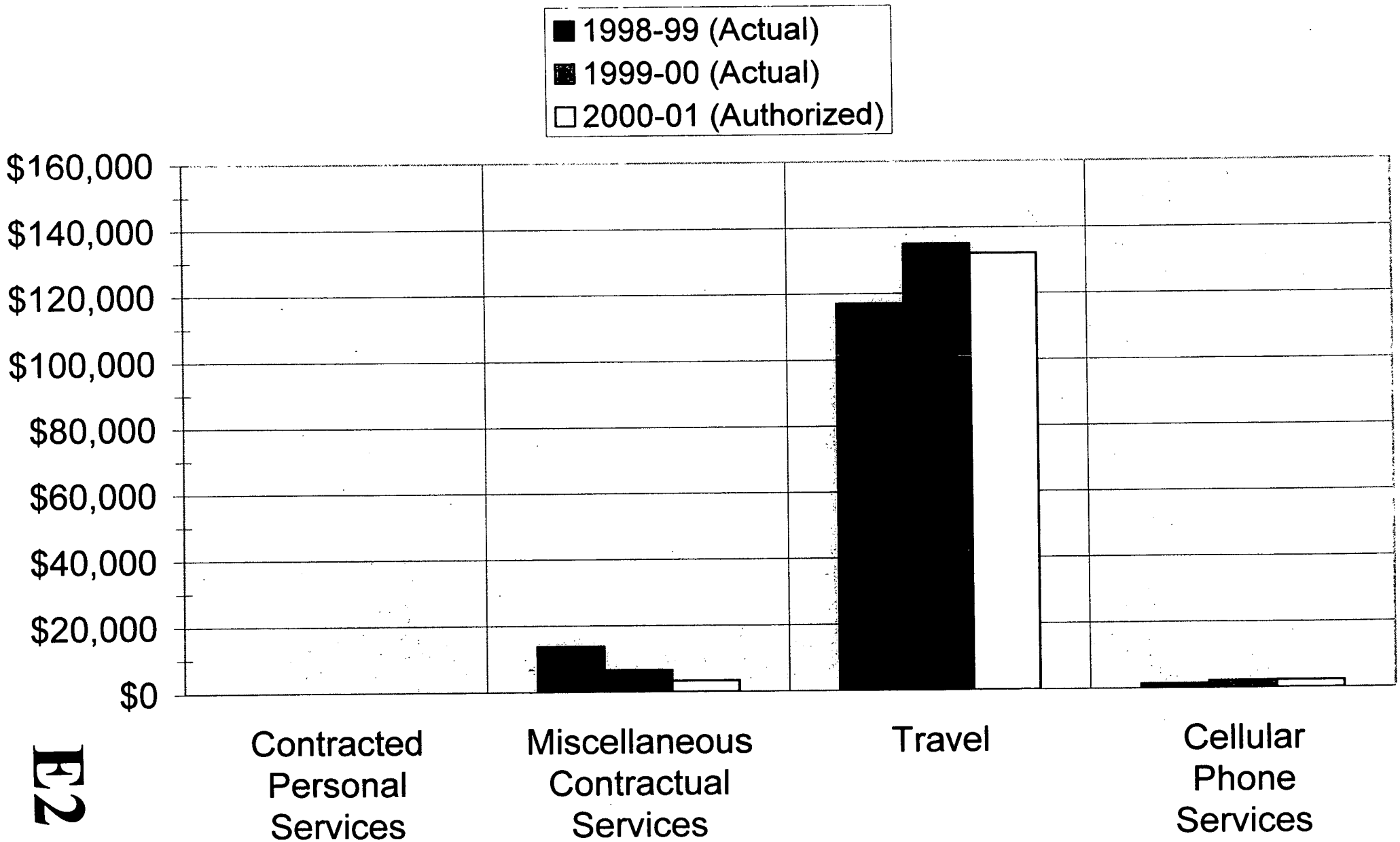
Outreach and Education

- Conduct training sessions throughout the state to educate the employment community on the requirements of state and federal wage and hour laws.
- Provide training on REDA to organizations as required.
- Provide brochures and other informational materials on various employment service issues.

Administration Contact

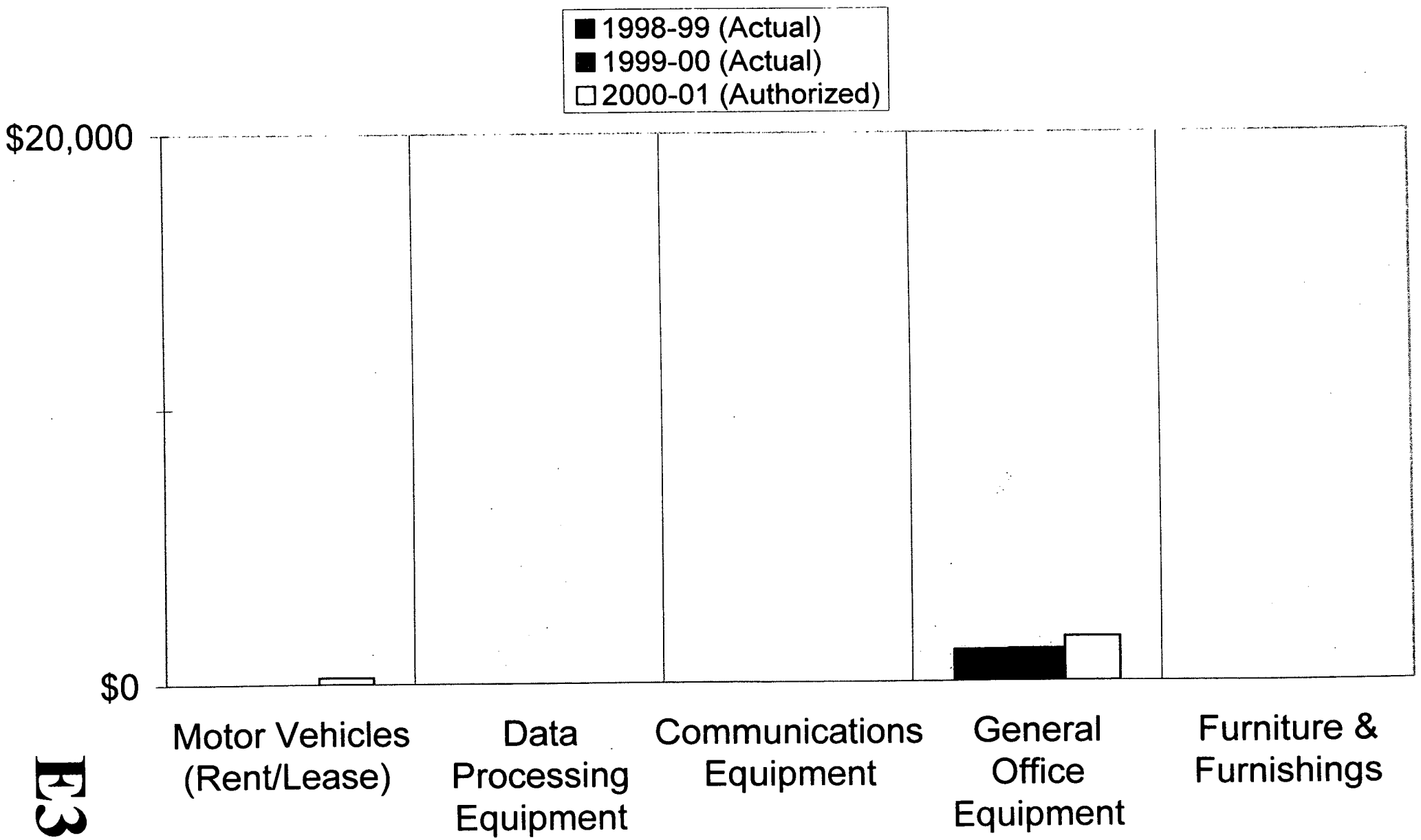
Jim Taylor	Wage and Hour	Telephone: 919-807-2801 Facsimile: 919-807-2786
Skip Easterly	WORD	Telephone: 919-807-2725 Facsimile: 919-807-2824
Elizabeth "Lacy" Maddox	PPS	Telephone: 919-807-2794 Facsimile: 919-807-2792

Department of Labor
Labor Standards Bureau
Comparison of Actual and Authorized Expenditures



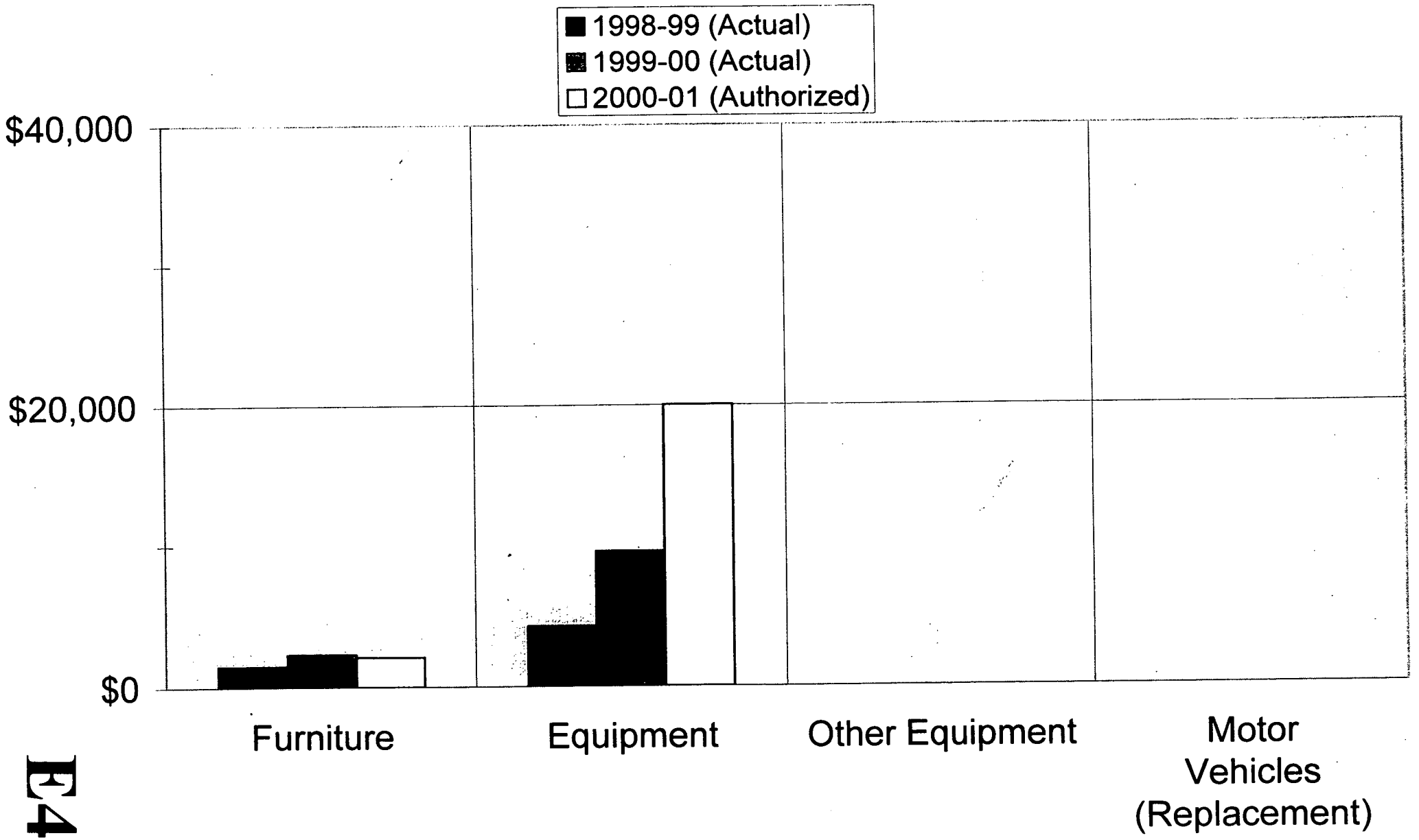
E2

Department of Labor
Labor Standards Bureau
Comparison of Actual and Authorized Expenditures

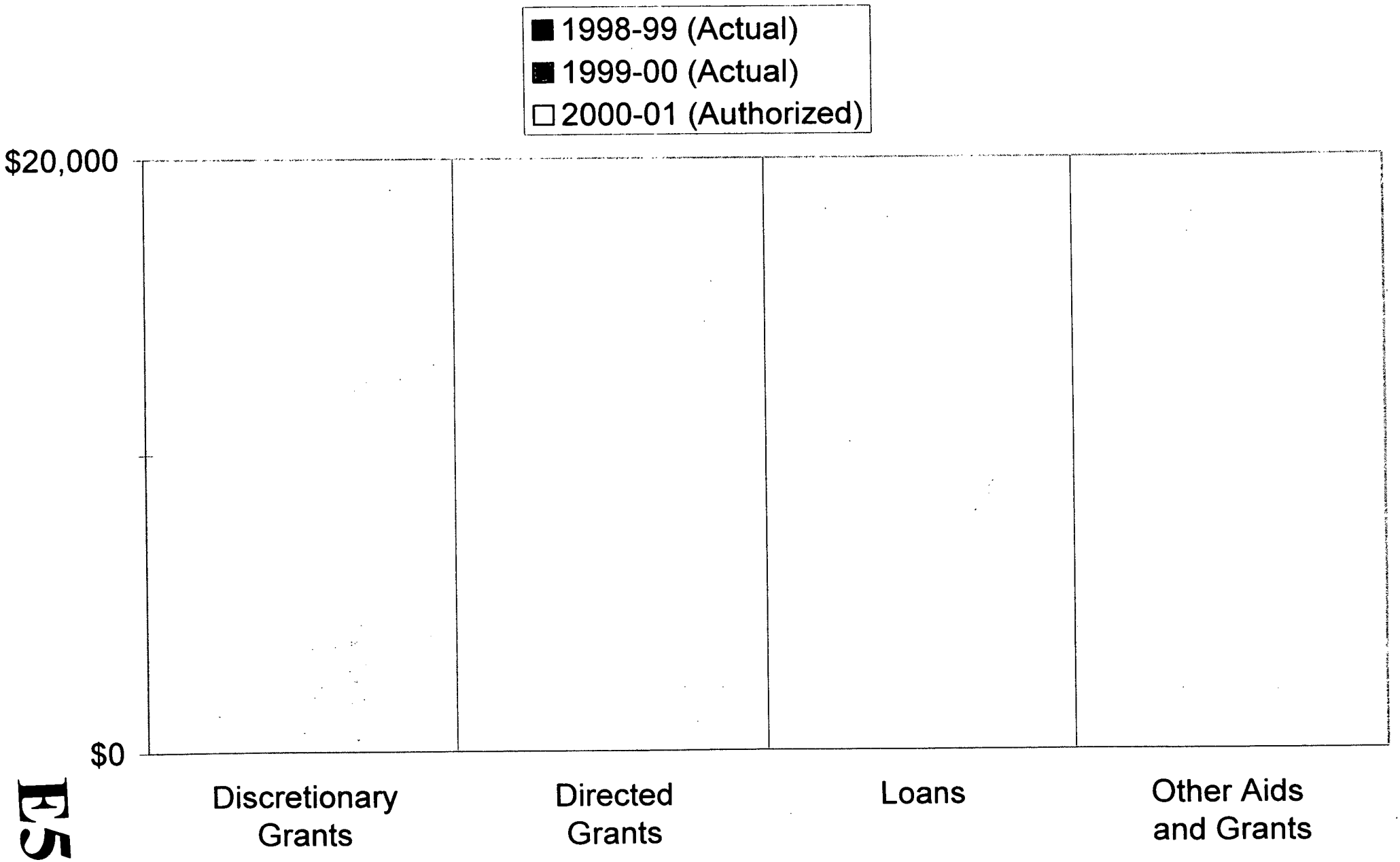


E3

Department of Labor
Labor Standards Bureau
Comparison of Actual and Authorized Expenditures



Department of Labor
Labor Standards Bureau
Comparison of Actual and Authorized Expenditures



DEPARTMENT OF LABOR
LABOR STANDARDS BUREAU
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Additional telephone funds for 1-800-LABOR-NC	$39,348 R		
2. Replace indirect cost receipts with state appropriations for 1 administrative position.	$30,138 R 1.00		
3. Fund additional 1-800-LABOR-NC telephone operator		$48,825 R 1.00	

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, March 28, 2001
Senator David Weinstein, Presiding

Begin Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **Secretary's Remarks**
   William G. Ross, DENR Secretary

3. **Departmental Administration**
   Jennifer Willis, Fiscal Research
   Dempsey Benton, Chief Deputy Secretary

4. **Division of Pollution Prevention and Environmental Assistance**
   Jennifer Hoffmann, Fiscal Research
   Gary Hunt, Division Director

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, March 28 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 22 at 8:30 a.m. in Room 423 of the Legislative Office Building. Three Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Mitchell, Underhill, Walker, Weatherly, and West were present.

Senator Weinstein called the meeting and introduced the pages. The Chairman said that the Committee would begin the continuation budget review of the Department of Environment and Natural Resources. He introduced Mr. William Ross, Secretary of the Department of Environment and Natural Resources, to address the Committee. Secretary Ross said DENR has 3,500 employees, 22 divisions, and a general fund budget of approximately $240 million, of which a $160 million is represented by appropriations. He said that in the Department they has adjusted the structure and the adjustments resulted in a leaner Department, making it more responsive and effective. In the restructuring, four positions were eliminated from the Secretary's office. Also, in that restructuring, most of the Divisions will now report directly to the Secretary's office.

Jennifer Willis, Fiscal Research, presented the budget overview of the Departmental Administration. This is Attachment A of these minutes. She said the Division activities conducted in Departmental Administration include Executive Offices, regional Field Offices, Administrative Services, Customer Services Center, and Public Affairs. The explanation of these activities is on page 1 of this attachment.

Dempsey Benton, Chief Deputy Secretary, reviewed their portion of the Departmental Administration. This is Attachment B of these minutes.

Jennifer Hoffmann, Fiscal Research, presented the budget overview of the Division of Pollution Prevention and Environmental Assistance. This is Attachment C of these minutes. Ms. Hoffmann said the mission of the Division of Pollution Prevention and Environmental Assistance is to protect the environment and conserve natural resources by providing technical assistance regarding the elimination, reduction, reuse and recycling of wastes and pollutants. Division activities include the Community and Business Assistance Section, Industrial Assistance section, and the Waste Reduction Partners. The explanation for these is on page 1 of this handout.

Gary Hunt, Division Director, was introduced and asked to provide the Committee with more details. This is Attachment D of these minutes. Mr. Hunt said the goal of this Division is to eliminate, reduce, reuse and recycle pollution before it enters the environment.

The meeting adjourned at 10:00 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

North Carolina Department of Environment and Natural Resources

List of Contacts

March 2001

Legislative and Intergovernmental Affairs
Richard Rogers, Director
919-715-4152
Laura DeVivo, Legislative Analyst
919-715-4189

Customer Service Center
Edythe McKinney, Director
919-733-0823
toll free 877-623-6789



SECRETARY'S OFFICE

Secretary	Bill Ross	919-715-4101
Chief Deputy Secretary	Dempsey Benton	919-733-4984
Asst. Secretary, Planning & Policy	Robin Smith	919-715-4140
Asst. Secretary, Customer Service & Education	Dewey Botts	919-715-4131
General Counsel	Daniel McLawhorn	919-715-4146
Senior Analyst	Anita Watkins	919-715-2613

ADMINISTRATION

BUDGET, PLANNING & ANALYSIS

Director	Jane Smith	919-733-8801
Assistant Director	Sherrill Harris	919-733-1705

CONTROLLER

Director	Rod Davis	919-733-4166
Assistant Controller	Rex Whaley	919-733-4170

CUSTOMER SERVICE CENTER

Director:	Edythe McKinney	919-733-0823
	Customer Service Center	877-623-6748

HUMAN RESOURCES

Director:	Harlan Frye	919-715-4501

INFORMATION TECHNOLOGY SERVICES

Director:	Bill Golden	919-715-0330

PURCHASE AND SERVICES

Director:	Laird Davison	919-715-3880

REGIONAL OFFICES

Locations:	Asheville	828-251-6208
	Fayetteville	910-486-1191
	Mooresville	704-663-1699
	Raleigh	919-571-4700
	Washington	252-946-6481
	Wilmington	910-395-3900
	Winston-Salem	336-771-4600

DENR PROGRAMS

AIR QUALITY

Mission: To protect and improve outdoor air quality in North Carolina.

Director:	Alan Klimek	919-715-6233
Deputy Director:	Keith Overcash	919-715-6290

COASTAL MANAGEMENT

Mission: Provides leadership and guidance in the protection, conservation and management of North Carolina's coastal resources, through a comprehensive planning and resource management program.

Director:	Donna Moffitt	919-733-2293
Assistant Director for Policy & Planning:	Steve Underwood	919-733-2293
Assistant Director for Permits & Enforcement:	Charles Jones	252-808-2808
Field Office Locations:	Elizabeth City	252-264-3901
	Morehead City	252-808-2808
	Washington	252-946-6481
	Wilmington	910-395-3900

ENVIRONMENTAL EDUCATION

Mission: Serves a coordinating role among schools, colleges, state and federal agencies, citizen groups, and the business/industrial community in promoting environmental education and natural resource stewardship.

Director:	Anne Taylor	919-733-0711
		800-482-8724

ENVIRONMENTAL HEALTH

Mission: To safeguard life, promote human health, and protect the environment through the practice of modern environmental health science, the technology, rules, public education, and above all, dedication to the public trust.

Director:	Linda Sewall	919-733-2352
Deputy Director:	Malcolm Blalock	919-715-0929

FOREST RESOURCES

Mission: To develop, protect, and manage the multiple resources of North Carolina's forests through professional stewardship, enhancing the quality of life for our citizens while ensuring the continuity of these vital resources.

Director:	Stanford Adams	919-733-2162 x 202
Deputy Director:	Derryl Walden	919-733-2162 x 204
Assistant Director:	Diane Beasley	919-733-2162 x 203

LAND RESOURCES

Mission: To promote the wise use and protection of North Carolina's land and geologic resources through scientific investigations and maps of the NC Geological Survey, and through the mining, dam safety, and sedimentation control programs of the Division's Land Quality Section. Public education in the earth sciences, and technical assistance in our regulatory programs, are essential elements of our mission.

Director:	Charles H. Gardner	919-733-4574

MARINE FISHERIES

Mission: To maintain, preserve, protect and develop all of North Carolina's marine and estuarine resources.

Director:	Preston Pate	252-726-7021
Deputy Director:	Mike Buhl	252-726-7021
Field Office Locations:	Columbia	252-796-1322
	Elizabeth City	252-264-3991
	Wanchese	252-473-5734
	Washington	252-946-6481
	Wilmington	910-395-3900

MUSEUM OF NATURAL SCIENCES

Mission: The Museum of Natural Sciences collects, studies and preserves the state's biological diversity, promotes environmental awareness, and strives to relate the natural sciences to everyday life. The museum pursues these missions in many ways: through exhibits, research, public programs and events, publications, education for students, and training for teachers.

Director:	Dr. Betsy Bennett	919-733-7450 x 200

NORTH CAROLINA AQUARIUMS

Mission: Located on Roanoke Island, at Pine Knoll Shores and Fort Fisher, the aquariums were established in 1976 to promote an awareness, understanding, and appreciation, and conservation of the diverse natural and cultural resources associated with North Carolina's ocean, estuaries, rivers, streams and other aquatic environments.

Director:	Rhett White	919-733-2290

Aquarium Locations:	Fort Fisher	252-458-8259
	Pine Knoll Shores	252-247-4004
	Roanoke Island	252-473-3494

NORTH CAROLINA ZOOLOGICAL PARK

Mission: To encourage the understanding of and the commitment to the conservation of the world's wildlife and wild places through the recognition of the interdependence of people and nature. Develop, maintain, and operate a major natural habitat zoological park that includes: a1500-acre site (500 acres developed), with 100 exhibits, divided between two continental areas – Africa and North America.

Director:	Dr. David Jones	336-879-7001
		800-488-0444

PARKS AND RECREATION

Mission: The North Carolina State Parks System exists for the enjoyment, education, health, and inspiration of all our citizens and visitors. The mission of the state parks system is to conserve and protect representative examples of the natural beauty, ecological features and recreational resources of statewide significance; to provide outdoor recreational opportunities in a safe and healthy environment; and to provide environmental education opportunities that promote stewardship of the state's natural heritage.

Director:	Dr. Phil McKnelly	919-733-4181

POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE

Mission: To protect the environment and conserve natural resources by providing technical assistance on the elimination, reduction, reuse, and recycling of wastes and pollutants.

Director:	Gary Hunt	919-715-6508
		800-763-0136

RADIATION PROTECTION

Mission: To reduce radiation exposure to citizens, radiation contamination to the environment, and to protect the public from radiation risks by providing consultative, regulatory, licensing, registrations, inspection and enforcement services, by monitoring and controlling environmental radiation, by responding to radiation accidents and emergencies, and by licensing and regulating the generation, management and practices for disposal of low-level radioactive waste.

Director:	Mel Fry	919-571-4141
Radiation Protection Manager:	Ed Burt	919-571-4141

SOIL AND WATER CONSERVATION

Mission: The Division of Soil and Water Conservation cooperates with federal agency and local partners to administer a comprehensive statewide program to protect and conserve the state's soil and water resources. The Division serves as staff for the North Carolina Soil and Water Conservation Commission to help deliver conservation programs at the local level. The Division provides leadership and assistance to the state's 96 local Soil and Water Conservation Districts and their state association in locally-led conservation by providing financial, technical and educational assistance to districts, landowners, agricultural producers and the general public. The Division delivers programs in non-point source pollution management, agricultural best management practices cost share, technical and engineering assistance, conservation easements, and environmental and conservation education.

Director:	David S. Vogel	919-715-6097
Assistant Director, Technical Programs	Carroll Pierce	919-715-6110
Assistance Director, Non-Point Source	David Williams	919-715-6103

WASTE MANAGEMENT

Mission: To prevent harmful releases of waste to the environment and clean up existing contamination.

Director:	William L. Meyer	919-733-4996 x 202
Acting Deputy Director:	Dexter Mathews	919-733-4996 x 203

WATER QUALITY

Mission: To preserve, protect and enhance North Carolina's water and groundwater resources through quality monitoring programs, efficient permitting, responsible management, fair and effective enforcement and excellence in public service.

Director:	Tommy Stevens	919-733-7015 x 203
Deputy Director:	Greg Thorpe	919-733-7015 x 204

WATER RESOURCES

Mission: To assure the conservation and productive use of the water resources of North Carolina.

Director:	John Morris	919-715-5422
Field Office Locations:	New Bern	252-672-4620

Attachment A

Department of Environment and Natural Resources

Departmental Administration

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	16,905,533	14,852,027	15,237,102	14,927,299	16,562,473	16,481,037
Less Receipts	(5,626,540)	(4,591,379)	(5,120,095)	(5,140,780)	(5,285,636)	(5,285,636)
State Appropriations	*11,278,993*	*10,260,647*	*10,117,007*	*9,786,519*	*11,276,837*	*11,195,401*
Positions	289.02	223.50	216.20	222.50	224.50	~~221.50~~ 217.50

**FY 2001-03 FIGURES INCLUDE GOVERNOR'S RECOMMENDED REDUCTIONS*

DIVISION ACTIVITIES

Executive Offices provide policy and management guidance for departmental programs, ensure that legislation is carried out, and implement policy directives of the Governor.

Regional Field Offices provide administrative support for Departmental staff located in the field.

Administrative Services provide support for Budget, Planning and Analysis, Information Technology, Purchasing Services, Controller's Office, and Human Resources.

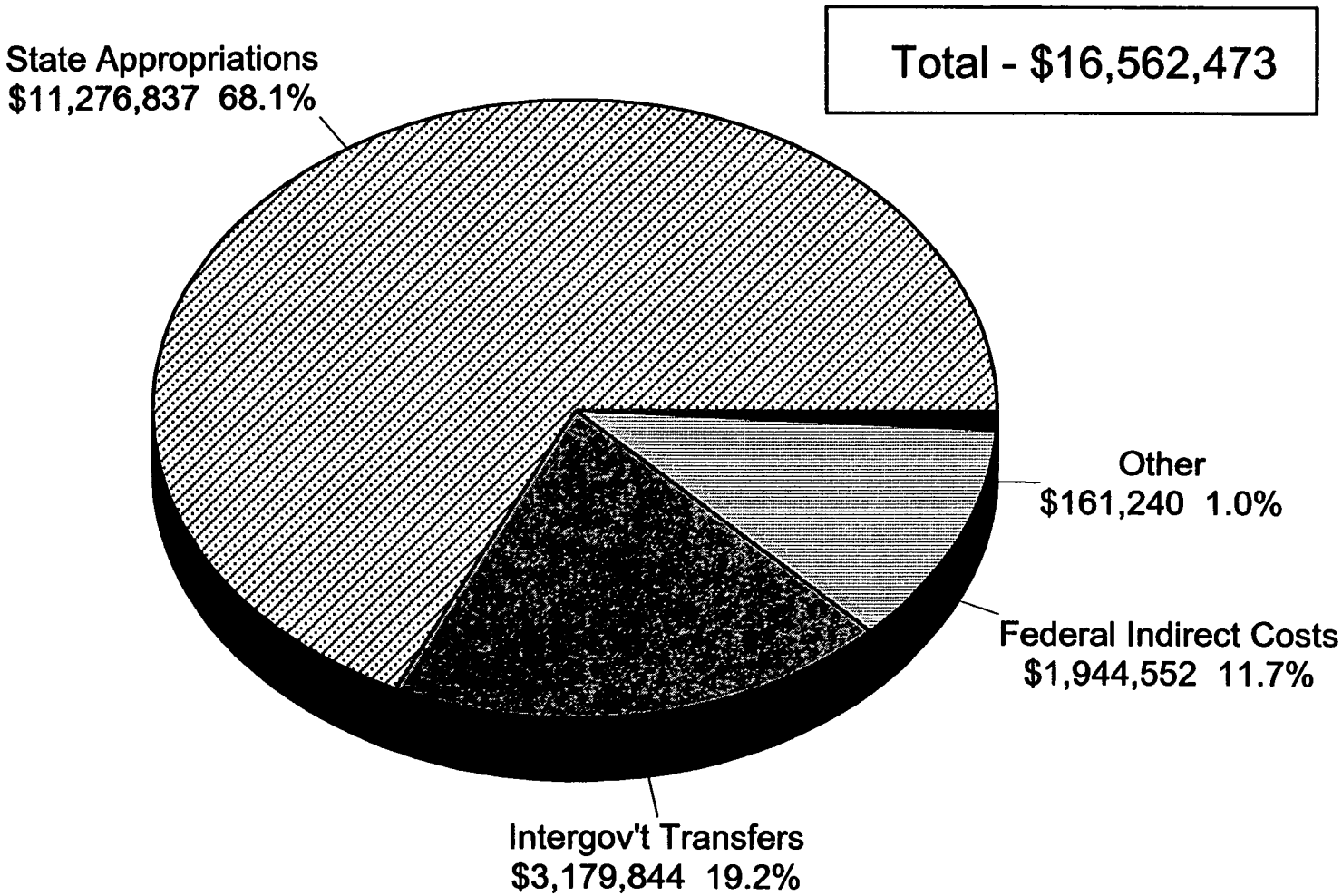
Customer Services Center serves as a single point of contact for all of the Department's programs and services. The One-Stop Permit program is located here.

Public Affairs conducts the public outreach programs of the Department, serving as the liaison to the media and to the general public.

how Dept. receives funding

Administration

FY 2000-01 (Authorized) Fund Sources

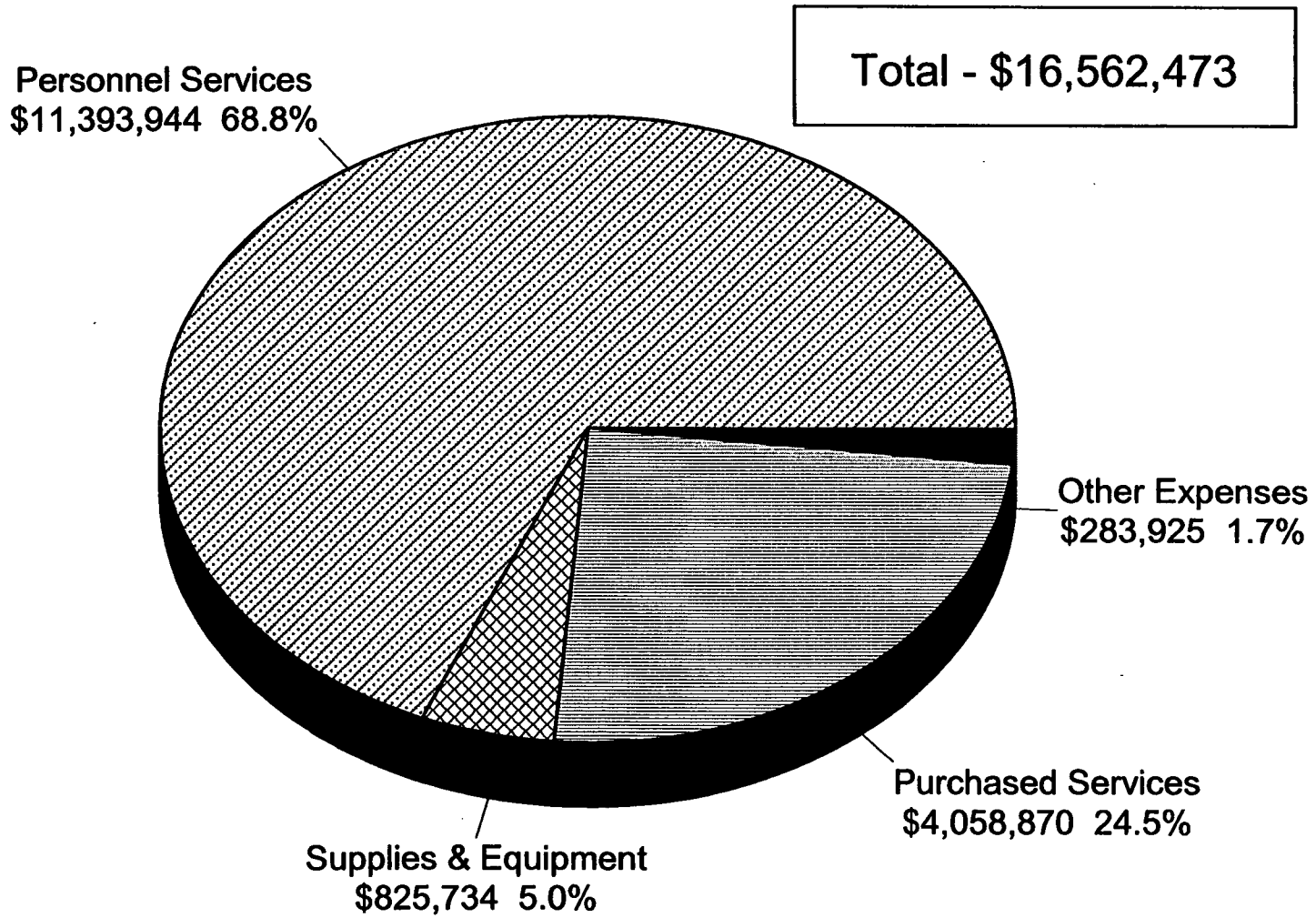


Fiscal Research Division - March 2001

How They Spend Their Money

Administration

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - March 2001

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
ADMINISTRATIVE SERVICES

GOVERNOR'S RECOMMENDED FY 2001-03 REDUCTIONS

	FY 2001-02	FY 2002-03
1. Abolish Deputy Secretary of Operations position.	($ 46,324) R -1.00	($ 46,324) R -1.00
2. Abolish Administrative Assistant Positions.	($ 45,000) R -2.00	($ 45,000) R -2.00
3. Abolish Agency Safety Program Director II.	($ 58,212) R -1.00	($ 58,212) R -1.00
Total Recommended Reductions	**($149,536) R -4.00**	**($149,536) R -4.00**

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

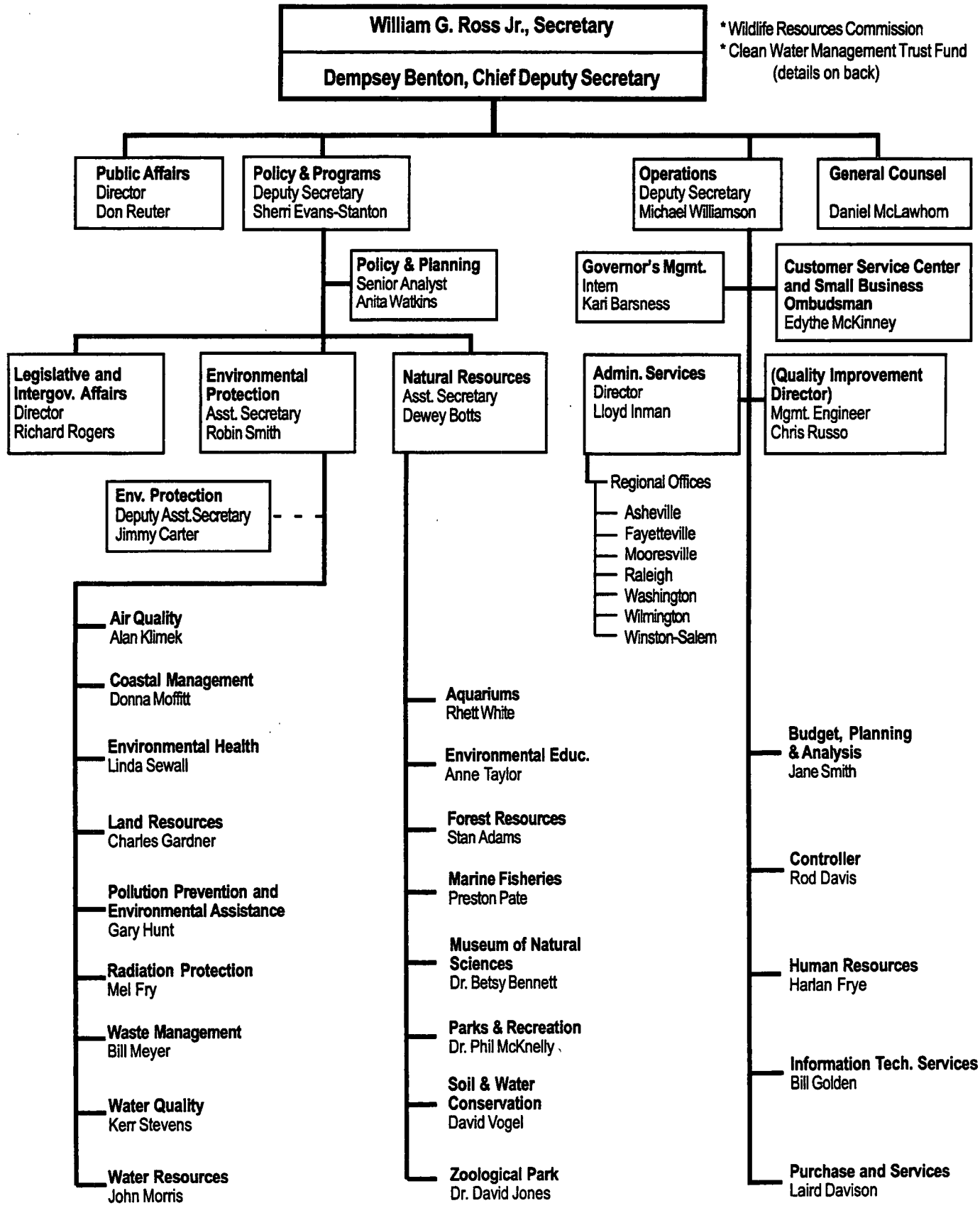
1. Organizational Chart Revisions – Pages E 5-6 reflect the organizational makeup of the Department in January 2001 and revised as of March 2001. The Committee may wish to have the Department comment on the "before" and "after" organizational structure, specifically what efficiencies have been or will be gained from this reorganization, and how the Department's span of control is affected.

2. Deputy Secretary for Operations position – The Governor's recommended continuation budget includes eliminating the position of Deputy Secretary for Operations which, prior to being vacated, was budgeted at $97,496. However, the Governor's budget only contains $46,324 of the budgeted $97,496 for this position. The Committee may wish to have the Department address the discrepancy between this budgeted salary and the amount recommended for reduction.

BEFORE

North Carolina
Department of Environment and Natural Resources

Organization Chart - January 2001

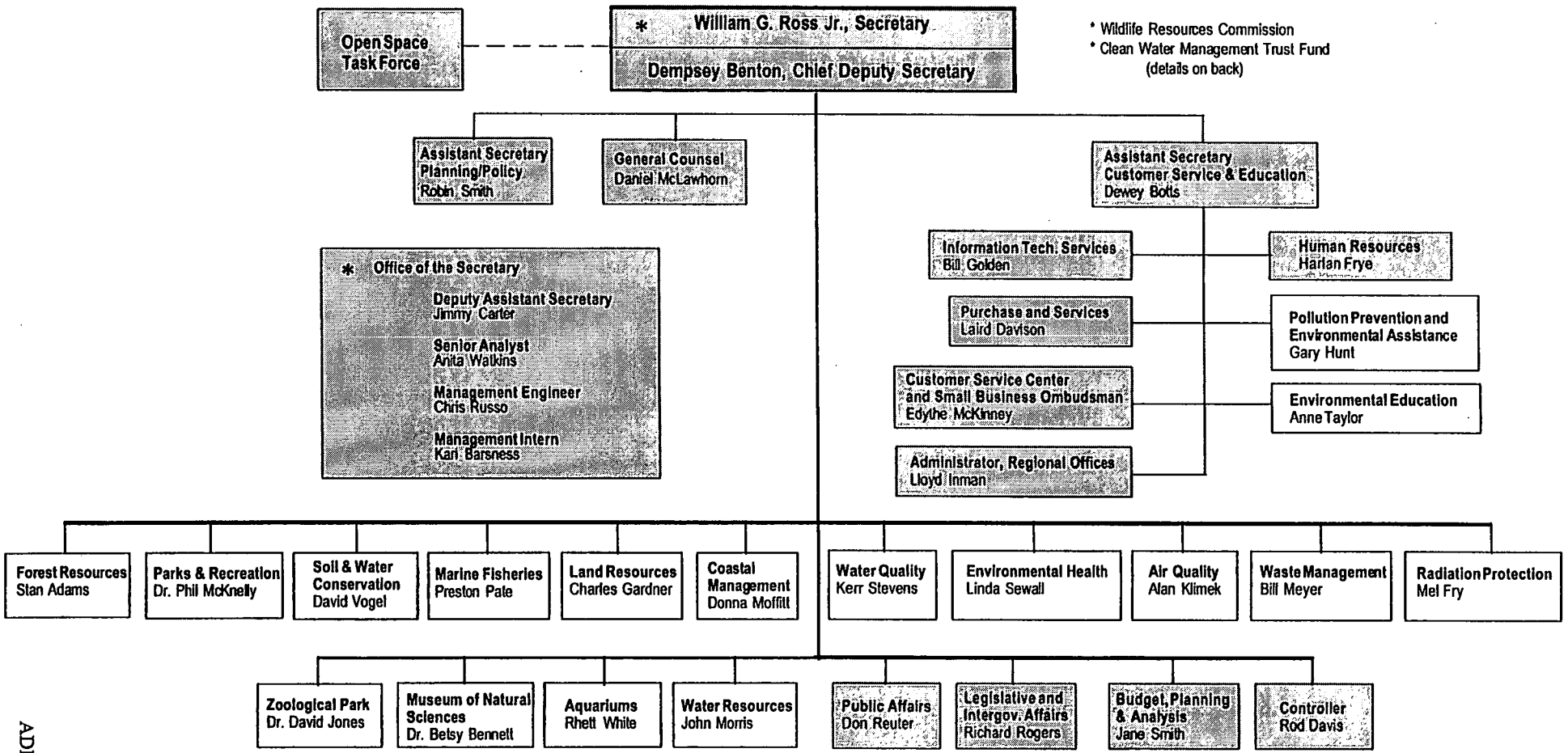


T-5

AFTER

North Carolina Department of Environment and Natural Resources

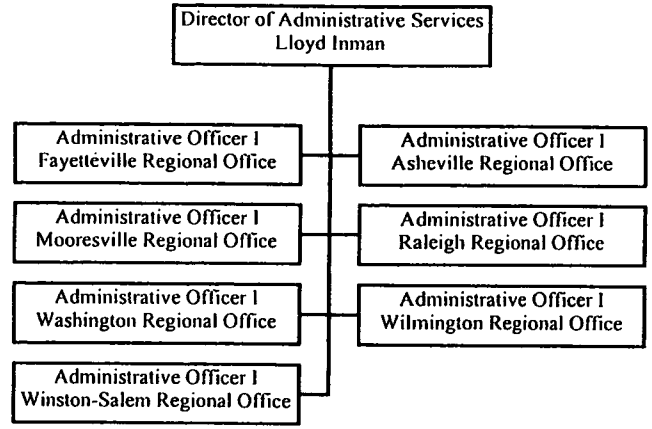
Organization Chart



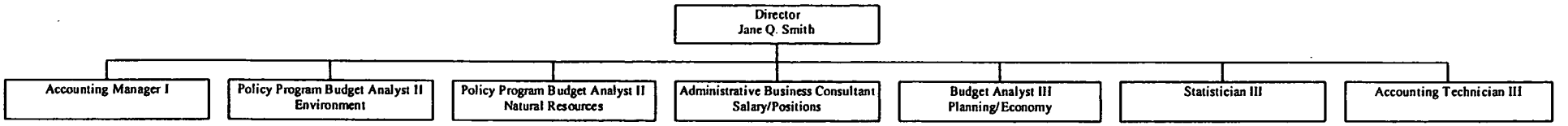
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E-6

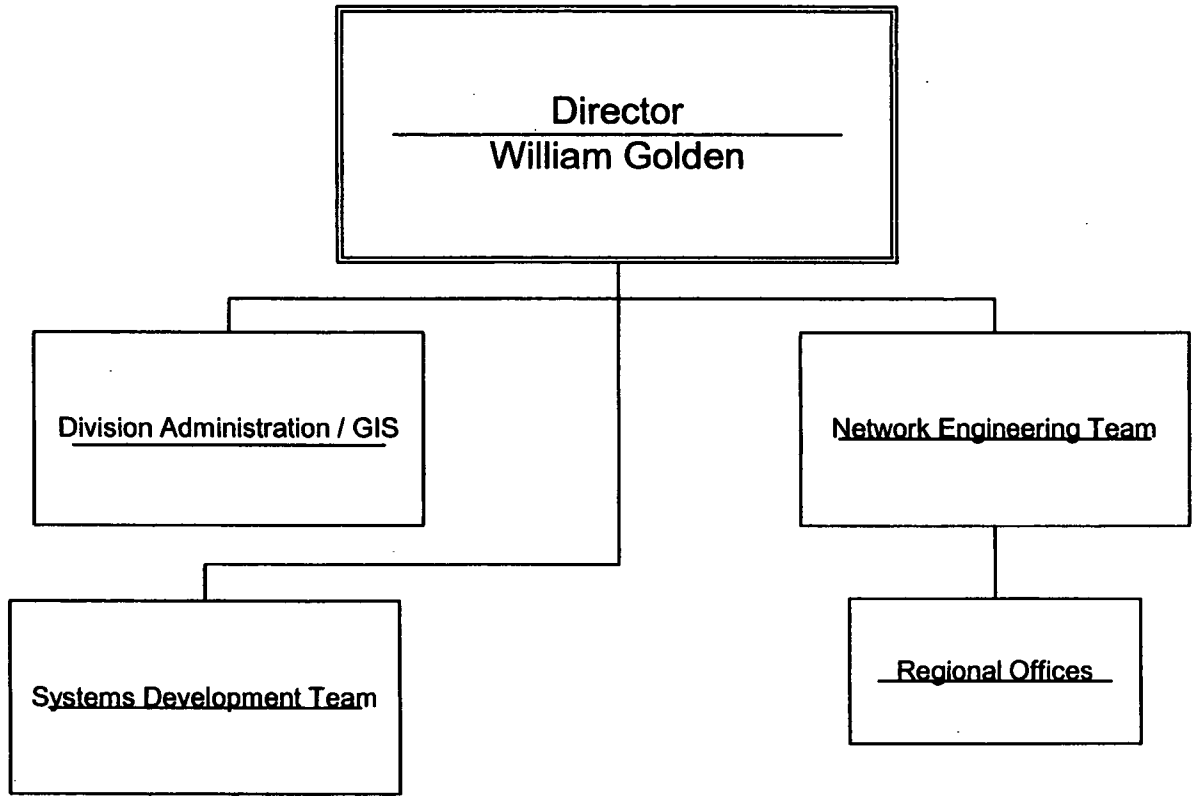
Regional Offices



Budget, Planning and Analysis



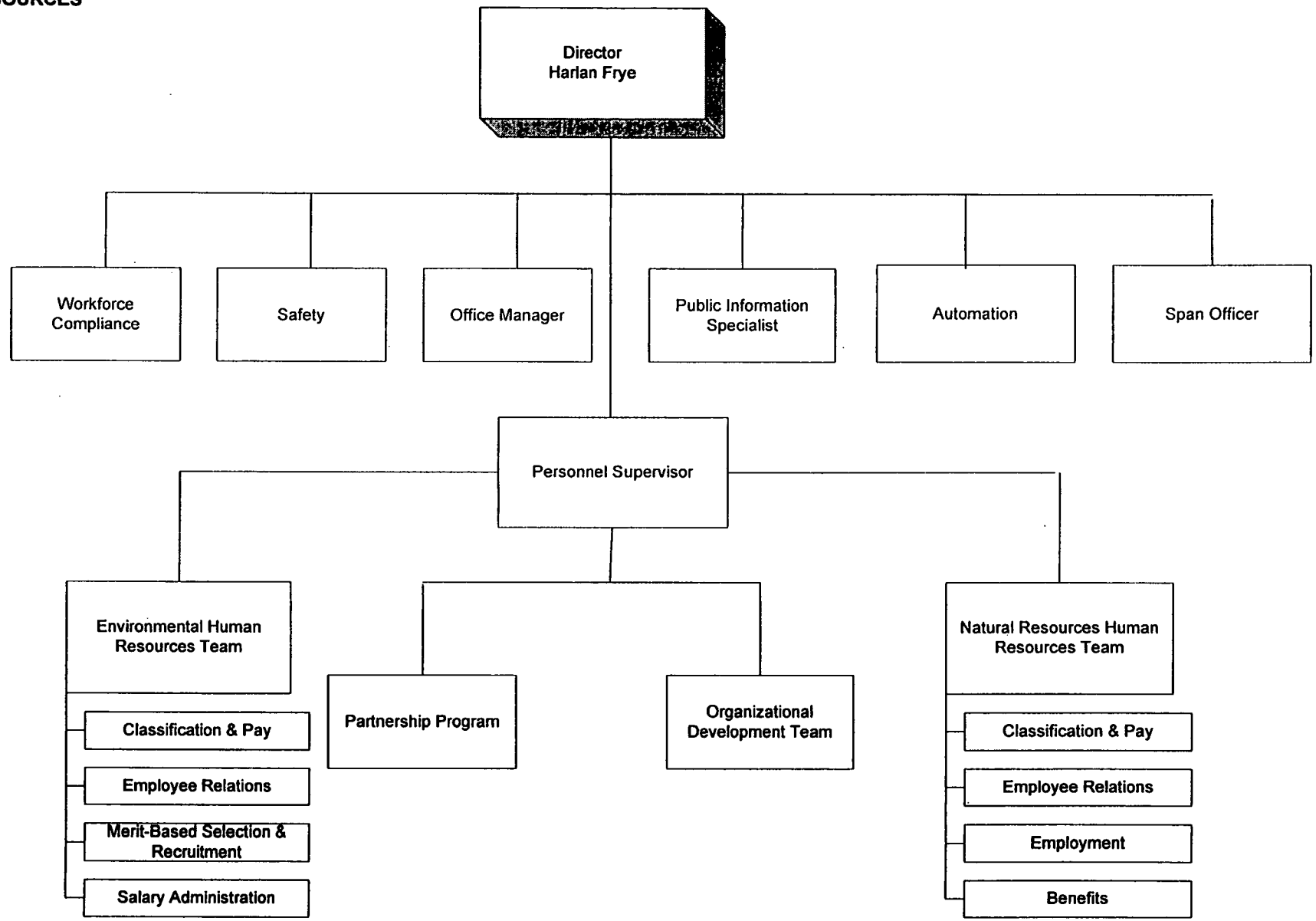
DIVISION OF INFORMATION TECHNOLOGY SERVICES



3/22/01

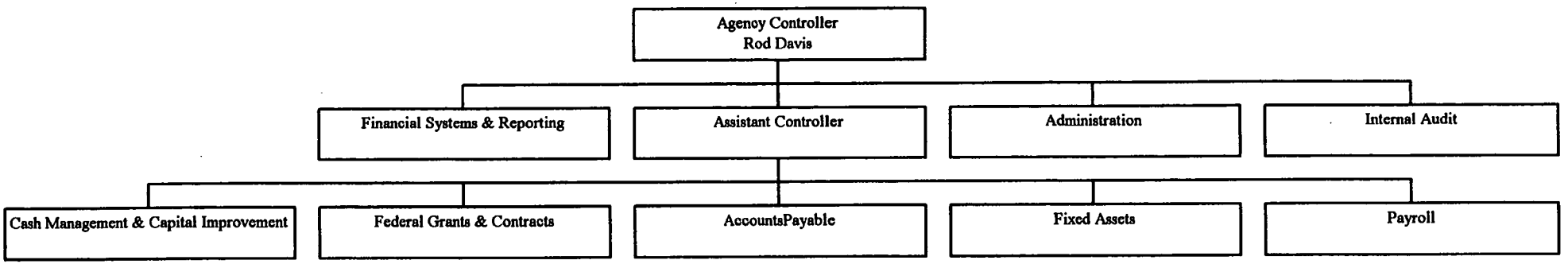
DEPT. OF ENVIRONMENT AND NATURAL RESOURCES

HUMAN RESOURCES

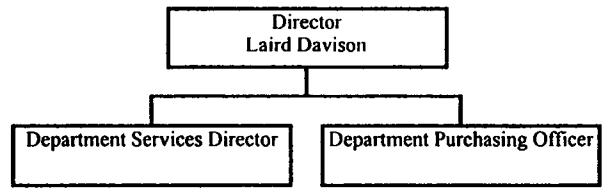


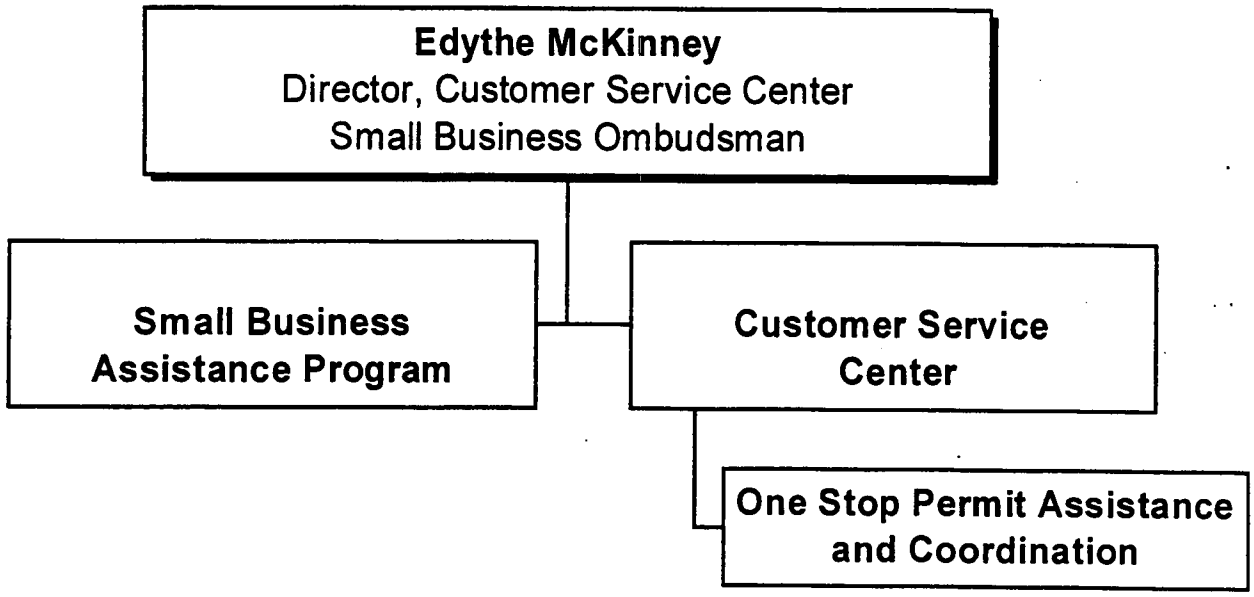
S/ORGCHART/HR4.VSD

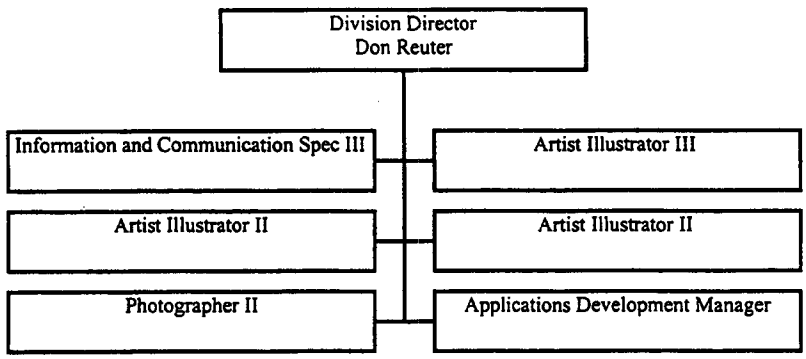
Office of the Controller

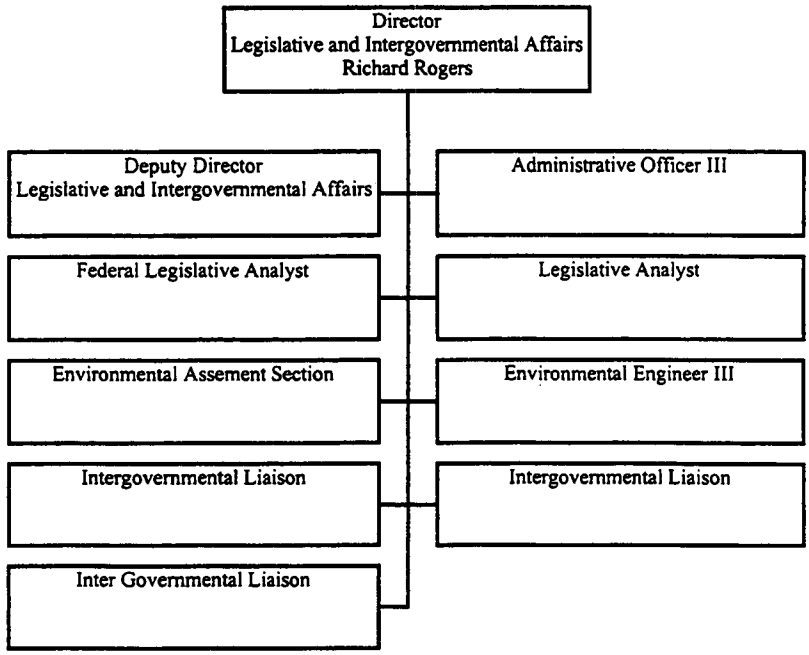


Division of Purchase and Services




Edythe McKinney
Director, Customer Service Center
Small Business Ombudsman
Small Business Assistance Program
Customer Service Center
One Stop Permit Assistance and Coordination


Division Director
Don Reuter
Information and Communication Spec III
Artist Illustrator III
Artist Illustrator II
Artist Illustrator II
Photographer II
Applications Development Manager


Director
Legislative and Intergovernmental Affairs
Richard Rogers
Deputy Director
Legislative and Intergovernmental Affairs
Administrative Officer III
Federal Legislative Analyst
Legislative Analyst
Environmental Assement Section
Environmental Engineer III
Intergovernmental Liaison
Intergovernmental Liaison
Inter Governmental Liaison

Attachment B

North Carolina Department of Environment and Natural Resources Administration

William G. Ross, Jr., Secretary
Dempsey E. Benton, Chief Deputy
523 N. Salisbury Street,
Raleigh, North Carolina 27604

Telephone 919-733-4984
Facsimile 919-733-4299

Overview

The Secretary of the Department recently announced changes to the organizational structure of the Department. Under this new organizational structure, the majority of divisions report directly to the Secretary and Chief Deputy Secretary. The only exception to this arrangement is a grouping of divisions that are primarily involved in customer service (internal and external) and educational activities. Divisions reporting to the Assistant Secretary for Customer Service and Education are: Information Technology, Human Resources, Purchase and Services, Customer Service Center and Small Business Ombudsman, administrative support for the 7 Regional Offices, Pollution Prevention and Environmental Assistance and Environmental Education.

Administration of the Department of Environment and Natural Resources consists of:

- Office of the Secretary and Chief Deputy Secretary
- Office of Assistant Secretary for Planning and Policy
- Office of General Counsel
- Office of Assistant Secretary for Customer Service & Education
- Office of Public Affairs
- Office of Legislative and Intergovernmental Affairs
- Division of Budget, Planning and Analysis
- Office of the Controller

The Office of the Secretary and Chief Deputy Secretary provides policy direction, financial oversight, and management direction to Divisions with respect to goals and objectives of the Department.

The Assistant Secretary for Planning and Policy provides leadership in the planning aspects of the Department and the policies that implement Department plans.

The Office of General Counsel provides legal advice to the Secretary and Department management in the operations of their programs.

The Assistant Secretary for Customer Service and Education is charged with continuing improvement in customer service, internal support services and environmental educational initiatives of the Department.

The Office of Public Affairs provides responses to media inquires regarding Department programs and manages the Department's web site.

The Office of Legislative and Intergovernmental Affairs provides responses to legislative inquiries, and acts as a community liaison between the Department and local governments.

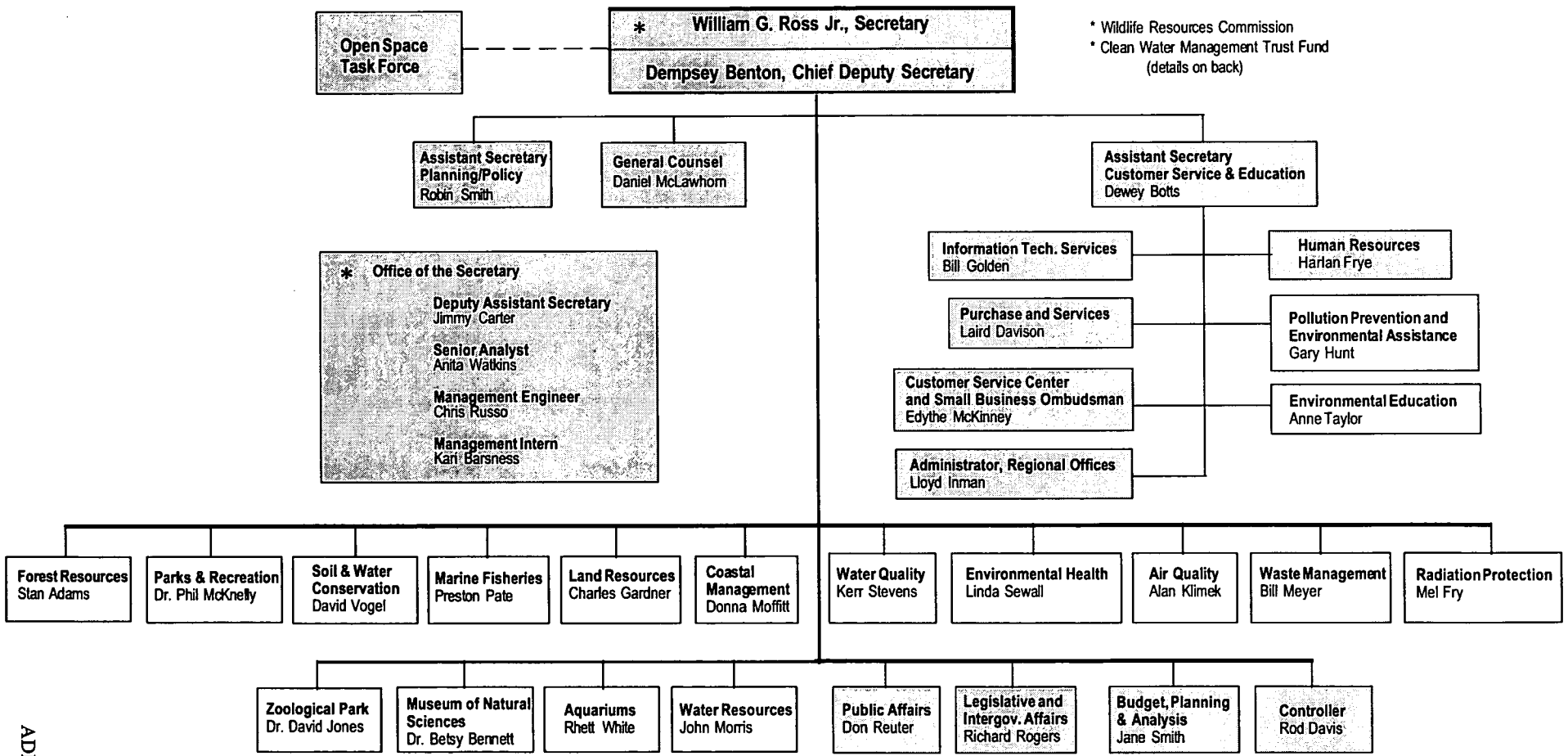
The Division of Budget, Planning and Analysis is responsible for development and administration of the Department's budgets. This includes Continuation, Expansion, Capital, Repair and Renovation and Performance Planning budgets.

The Office of the Controller is responsible for the maintenance of the Department's fiscal records, including the payment of bills, fixed asset inventory, and cash management.

The new organization reduces the levels of supervision in the Department by one level, and increases the span of control of senior management. Divisions are given more authority for operations of their programs, but included with this additional authority is more accountability for their decisions and actions.

North Carolina Department of Environment and Natural Resources

Organization Chart



3/27/01

DENR ADMINISTRATION
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
NONE		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
NONE			

ADMINISTRATION AND REGIONAL OFFICES
OVERVIEW OF REDUCTION ITEMS

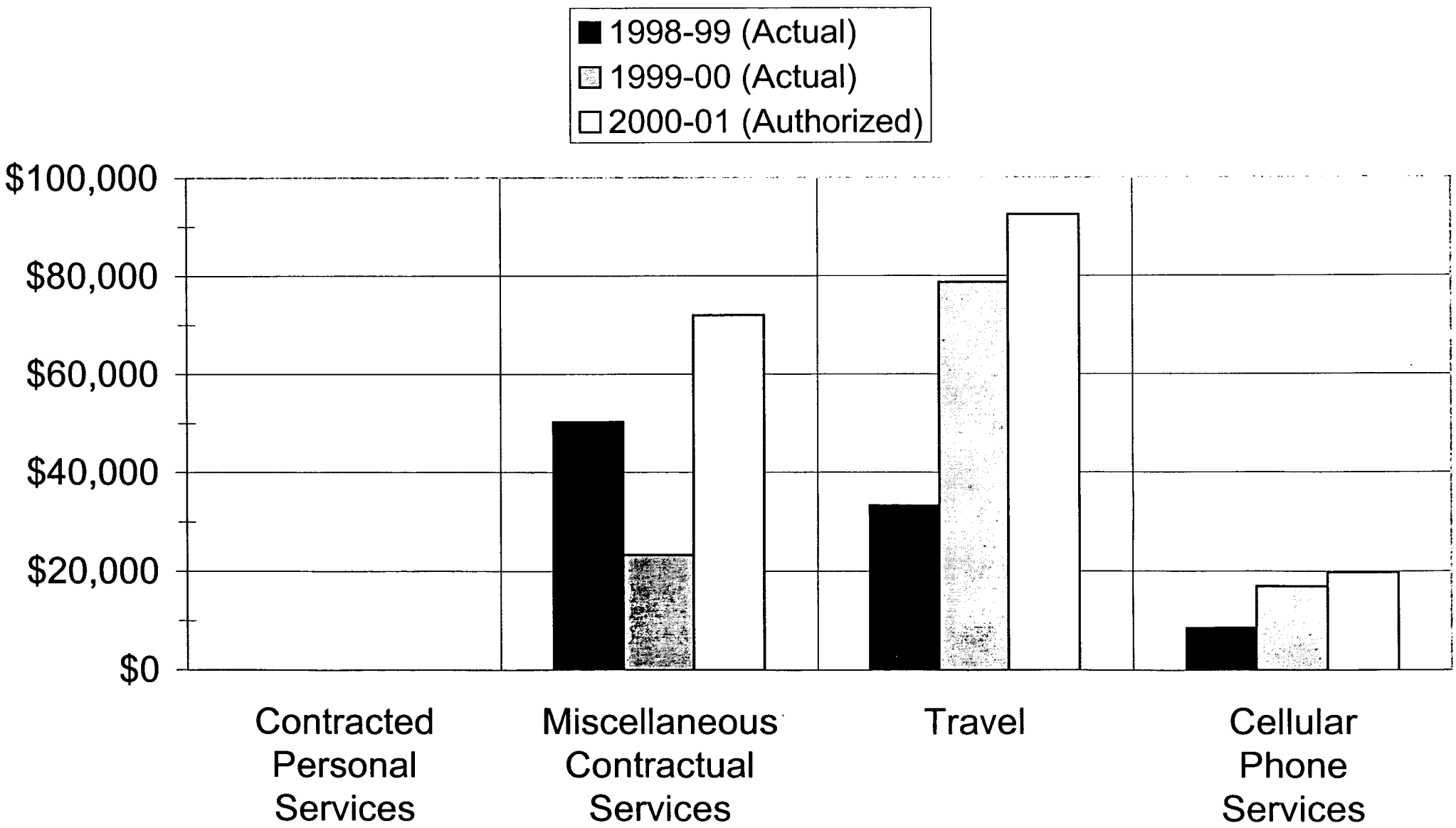
Current Biennium 1999-2001

REDUCTIONS ADMINISTRATION & REGIONAL OFFICES	FY 1999-00	FY 2000-01
1. Eliminate Vacant Positions & Salary Reserve	($66,715) (3.10)	
2.Shift position to receipts support	($69,644) (1)	

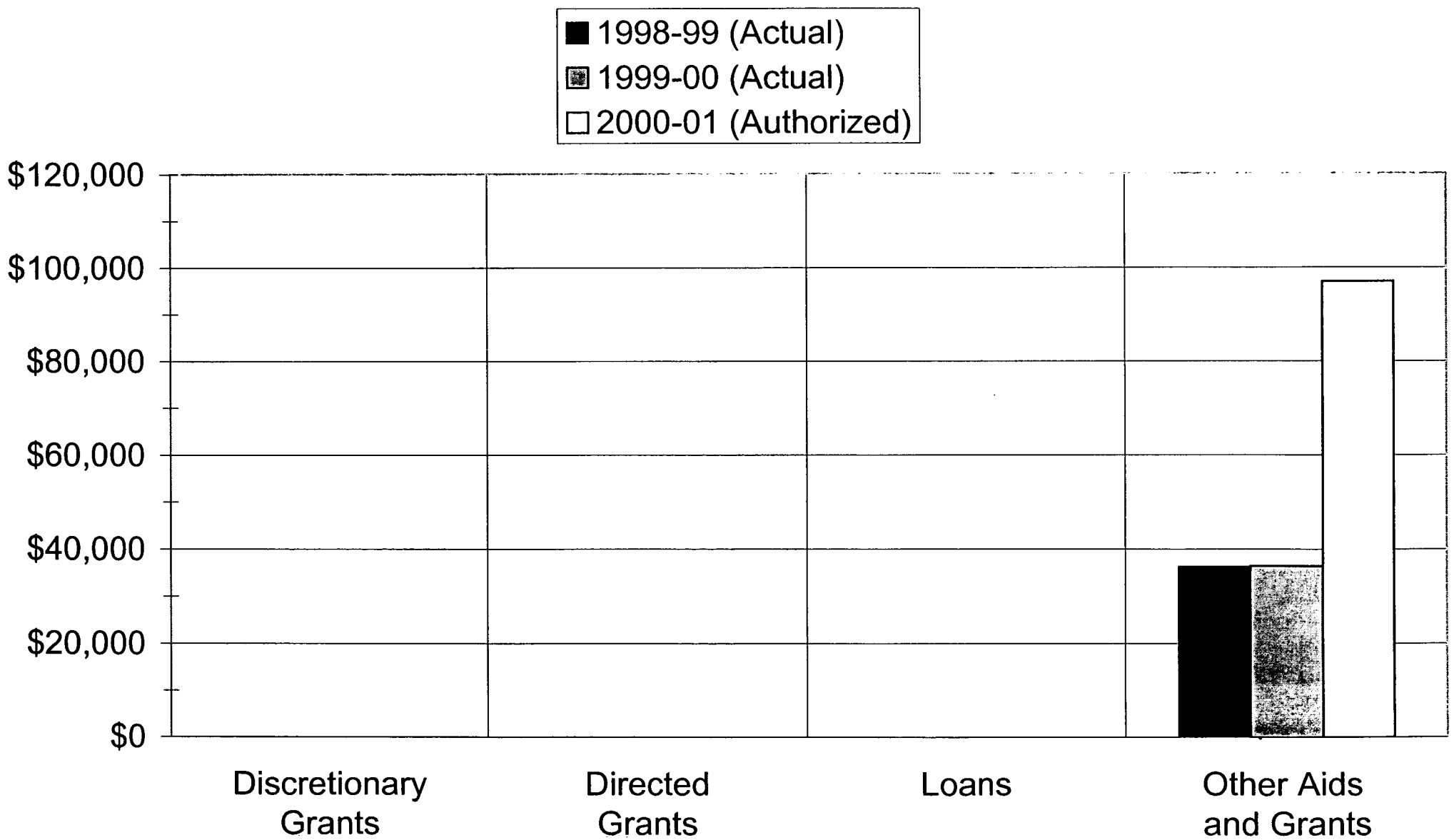
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1.Eliminate vacant position			($82,134) (1)
2. Eliminate Assistant Secretary and Staff positions			($204,726) (3)
3. Reduce Salary Reserve			($15,053)
4. Reduce Operating Funds			($31,416)
5. Reduce Positions		($257,808) (7)	

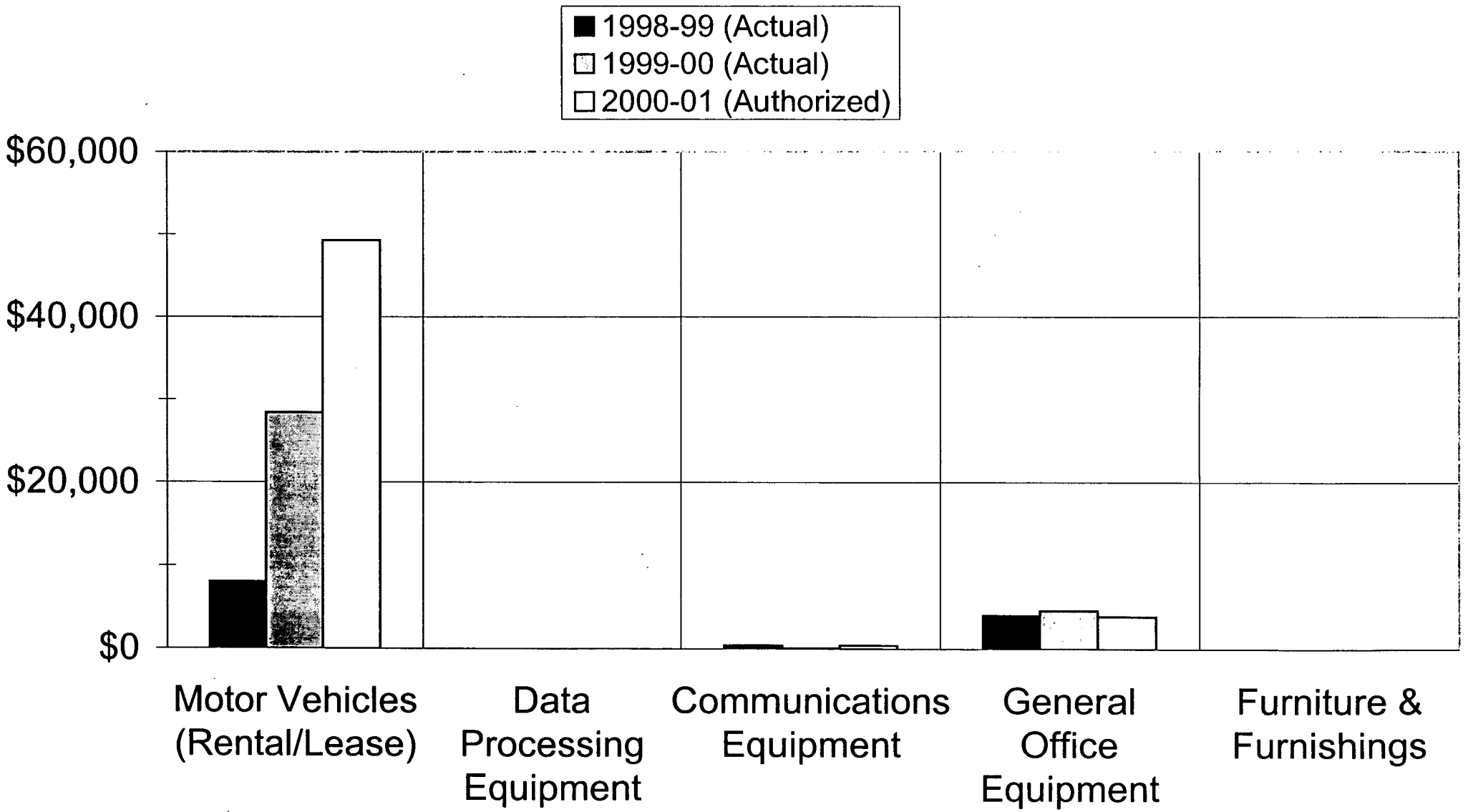
Department of Environment and Natural Resources
Administration
Comparison of Actual and Authorized Expenditures



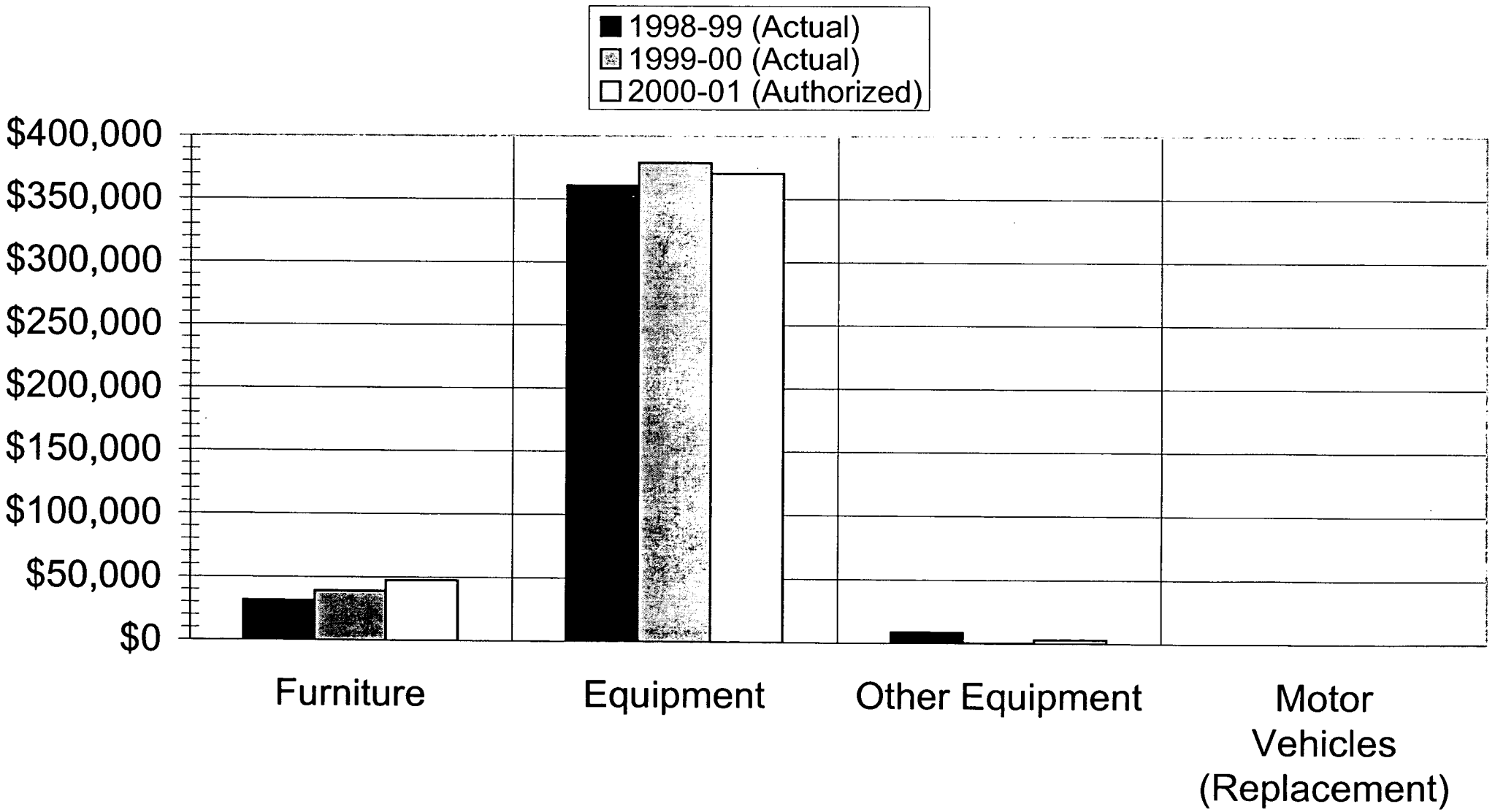
Department Environment and Natural Resources
Administration
Comparison of Actual and Authorized Expenditures



Department of Environment and Natural Resources
Administration
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natueral Resources
Administration
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment & Natural Resources
Administration

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE							

Attachment C

Department of Environment and Natural Resources

Division of Pollution Prevention and Environmental Assistance						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	2,565,636	2,359,736	2,238,570	2,323,882	2,279,964	2,288,285
Less Receipts	(933,463)	(743,560)	(619,900)	(813,296)	(672,634)	(672,634)
State Appropriations	*1,632,173*	*1,616,176*	*1,618,670*	*1,510,586*	*1,607,330*	*1,615,651*
Positions	34.00	37.00	35.00	30.79	28.79	28.79

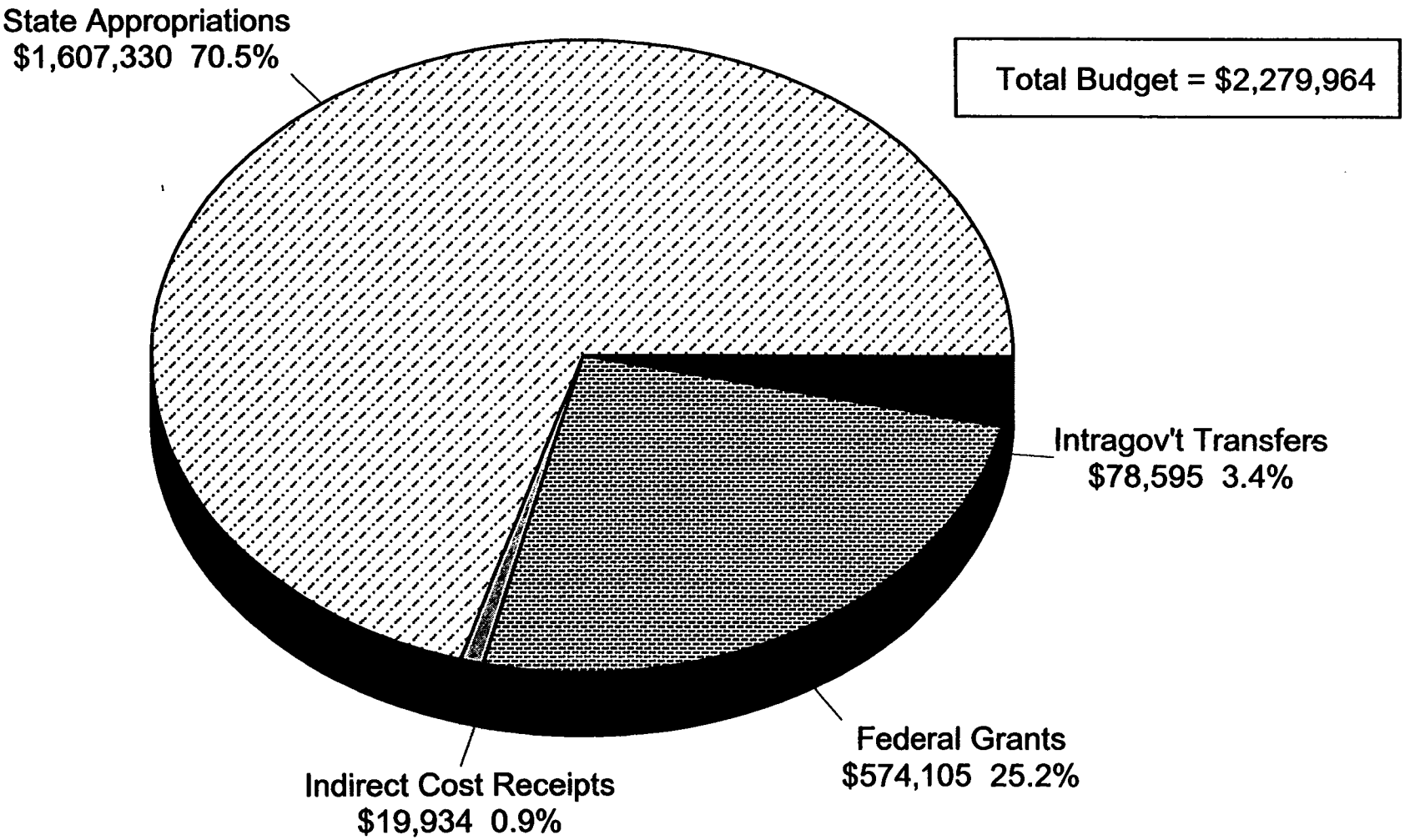
The mission of the Division of Pollution Prevention and Environmental Assistance is to protect the environment and conserve natural resources by providing technical assistance regarding the elimination, reduction, reuse and recycling of wastes and pollutants.

DIVISION ACTIVITIES

- **Community and Business Assistance Section** – Works with local governments and businesses to help them reduce waste and pollution, use resources efficiently, and build the recycling infrastructure. This Section is also responsible for administering the Solid Waste Management Trust Fund.
- **Industrial Assistance Section** – Responds to requests from businesses, industries, and governmental agencies on ways to reduce or eliminate waste and pollutants generated by their operations.
- **Waste Reduction Partners** - Performs water, waste and energy reduction assessments for public and private entities in Western NC through a unique program that utilizes retired professionals.

Pollution Prevention and Environmental Assistance

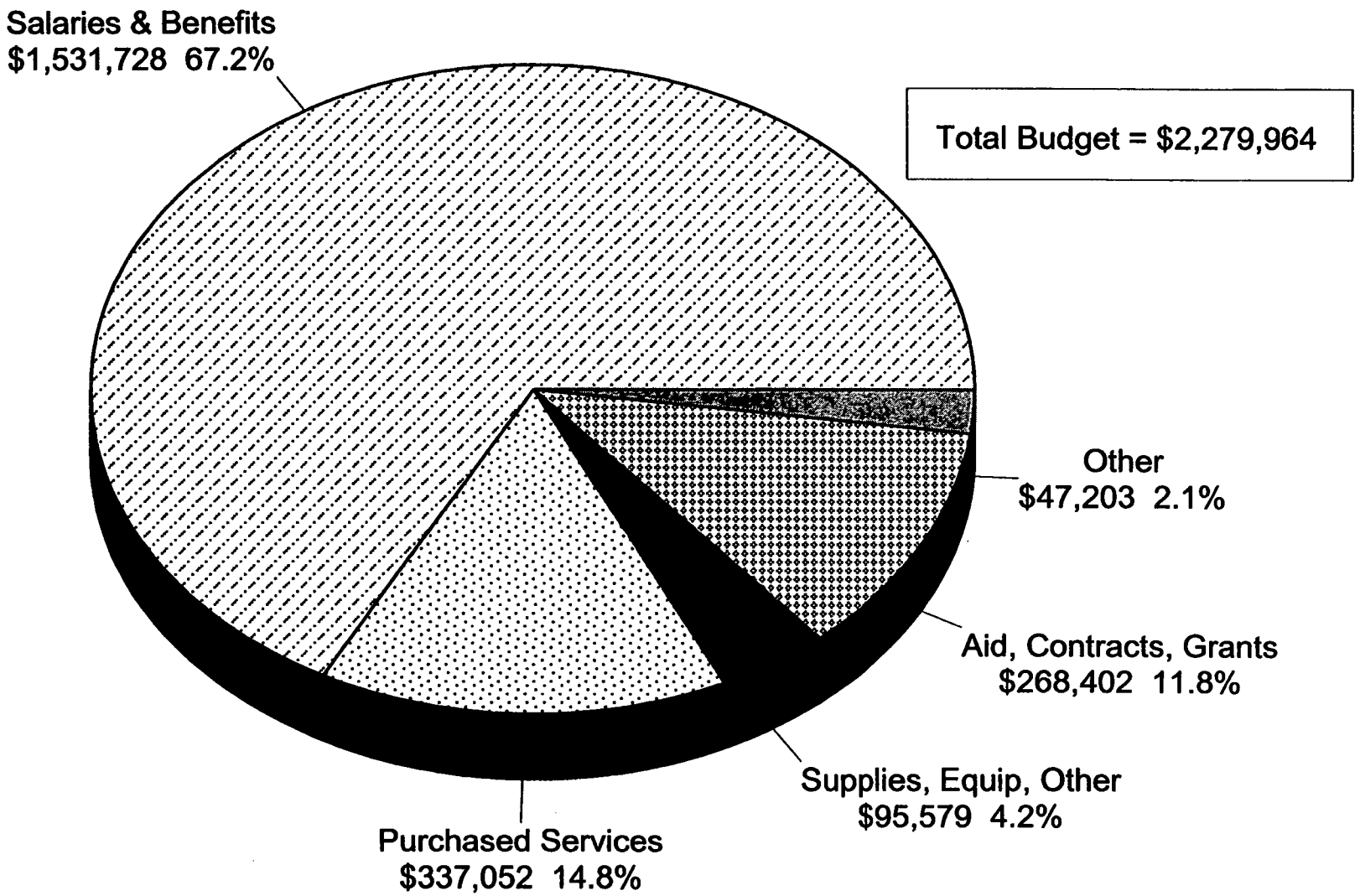
FY 2000-01 Authorized Fund Sources



Fiscal Research Division March 2001

Pollution Prevention and Environmental Assistance

FY 2000-01 Authorized Expenditures By Category



Fiscal Research Division March 2001

Department of Environment and Natural Resources

Division of Pollution Prevention and Environmental Assistance
Solid Waste Management Trust Fund

	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$849,135	$891,040	$833,566	$868,311	$847,922	$747,388
Expenditures / Liabilities	($593,646)	($848,568)	($661,601)	($619,988)	($864,715)	($714,284)
Change in Cash Balance +/-	$255,489	$42,472	$171,965	$248,324	($16,793)	$33,104
Year End Cash Balance	$1,100,484	$1,142,956	$1,314,921	$1,563,245	$1,546,452	$1,579,556
Encumbrances	($642,070)	($653,088)	($444,290)	($441,007)	($976,695)	($1,068,331)
Availability	$458,414	$489,868	$870,631	$1,122,238	$569,757	$511,224
Positions Supported	4.00	4.10	5.10	5.10	4.50	4.60

* **Note**: Positions funded through the Trust Fund support positions in the Divisions of Pollution Prevention and Envirnmental Assistance and Waste Management.

Special Fund Account - Solid Waste Management Trust Fund

Created: 1989

Statutory Authority: G.S. 130A-309.12

Purpose of Account: Funds are authorized to be used for the following activities:

1) Promote waste reduction and recycling including but not limited to public education programs and tech asst to local governments;
2) Research on the solid waste stream in North Carolina;
3) Activities related to the development of secondary materials markets;
4) Demonstration projects related to solid waste management; and
5) Research by accredited NC public and private colleges and universities.

Source of Funds: Trust Fund is authorized to receive funds from any of the following sources: 1) Funds appropriated by the GA; 2) contributions and grants from public and private sources; 3) five percent of the proceeds of the scrap tire disposal tax; 4) eight percent of the white goods disposal tax; and 5) a tax on newsprint that does contain recycled postconsumer recovered paper.

Attachment C

Department of Environment and Natural Resources

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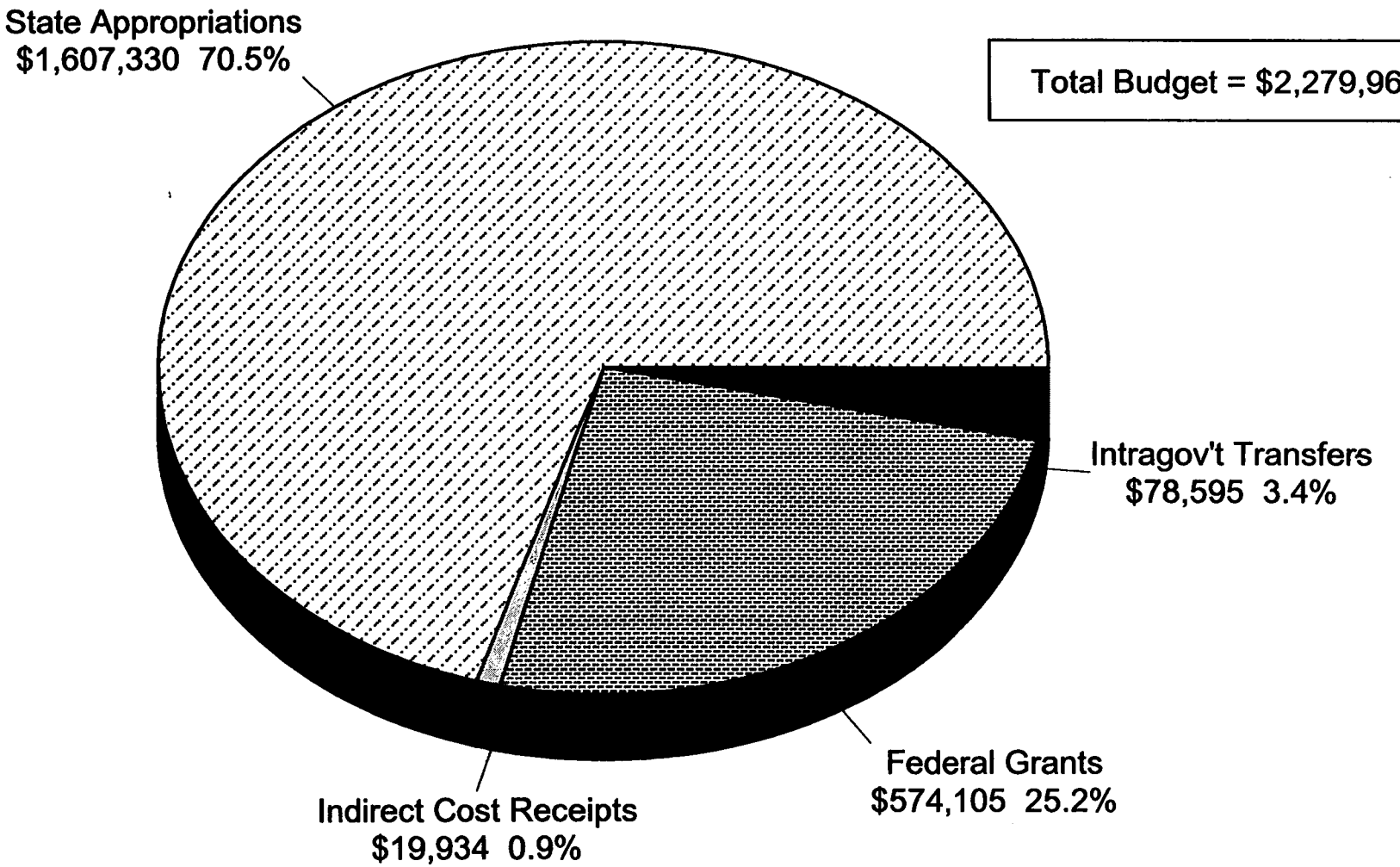
The mission of the Division of Pollution Prevention and Environmental Assistance is to protect the environment and conserve natural resources by providing technical assistance regarding the elimination, reduction, reuse and recycling of wastes and pollutants.

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- **Community and Business Assistance Section** – Works with local governments and businesses to help them reduce waste and pollution, use resources efficiently, and build the recycling infrastructure. This Section is also responsible for administering the Solid Waste Management Trust Fund.
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Pollution Prevention and Environmental Assistance

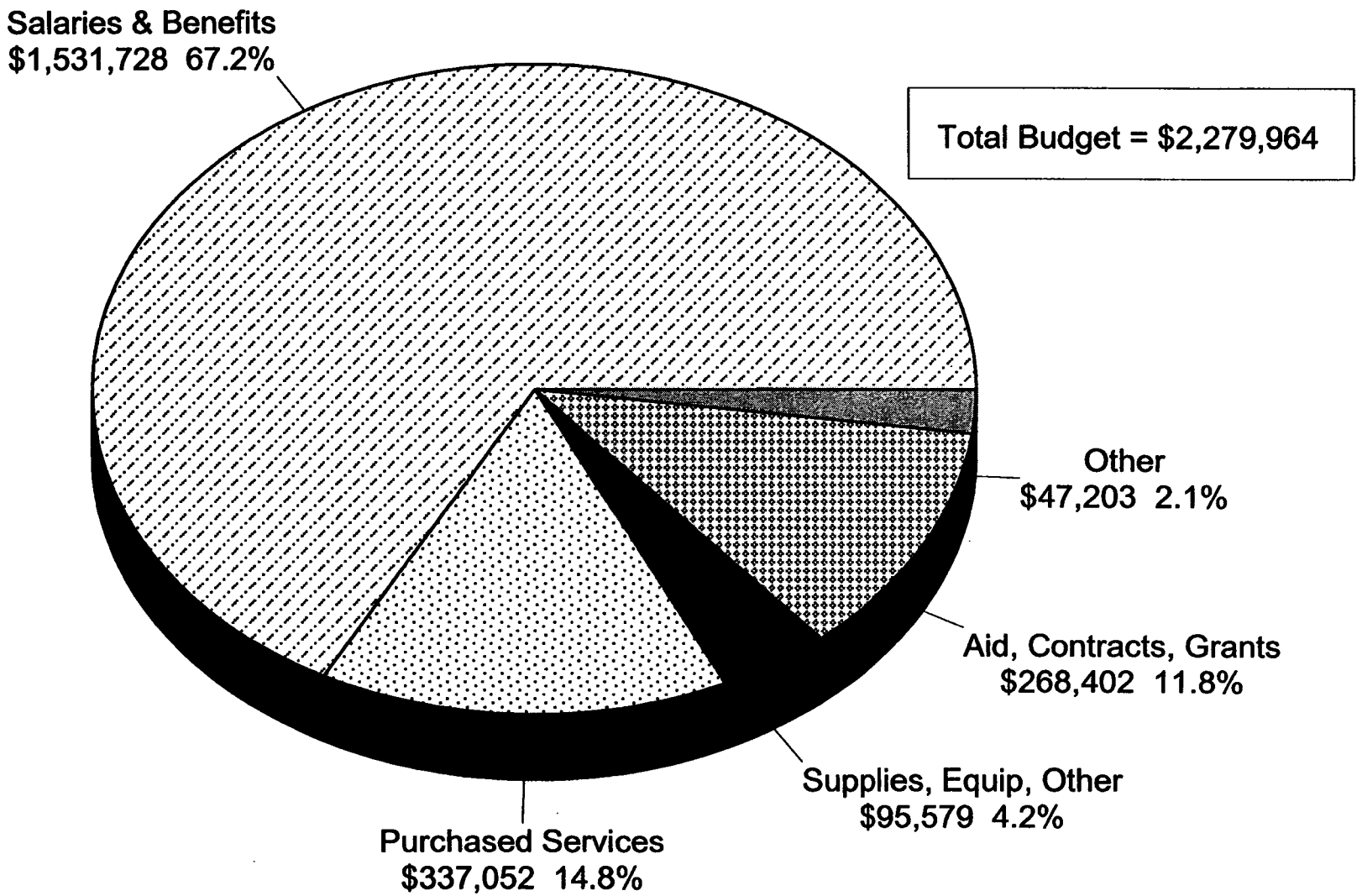
FY 2000-01 Authorized Fund Sources



Fiscal Research Division March 2001

Pollution Prevention and Environmental Assistance

FY 2000-01 Authorized Expenditures By Category



Fiscal Research Division March 2001

Department of Environment and Natural Resources

Division of Pollution Prevention and Environmental Assistance Solid Waste Management Trust Fund						
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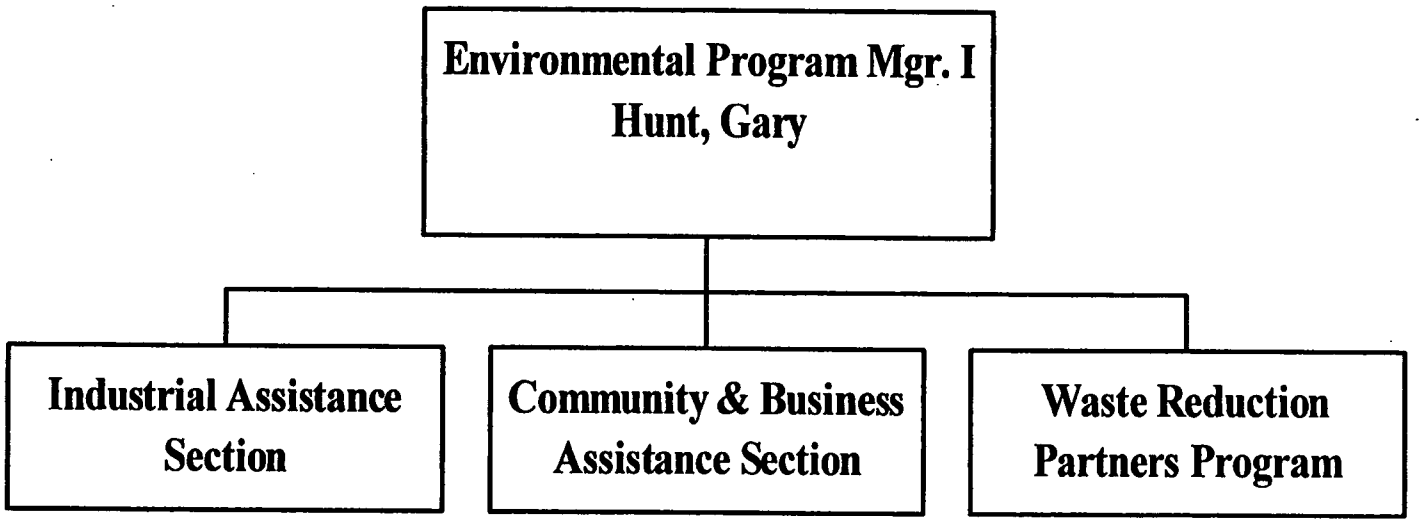
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Department of Environment and Natural Resources

Division of Pollution Prevention & Environmental Assistance



Attachment D

Department of Environmental and Natural Resources
Division of Pollution Prevention and Environmental Assistance
Director: Gary Hunt
Parker Lincoln Bldg
2728 Capital Boulevard
Raleigh, North Carolina 27604

Telephone: 919-715-6508
Fax: 919-715-6794

Overview:

Pollution prevention is the elimination, reduction, reuse and recycling of waste before treatment or disposal. Using this proactive preventative approach, the regulated community can cost effectively reduce operating and waste management costs, conserve natural resources, and reduce their environmental impact. This can lead to regulated entities reducing or eliminating their need for environmental permits, while protecting the environment, conserving scarce natural resources and ensuring a strong economy.

The focus of the Division of Pollution Prevention and Environmental Assistance (DPPEA) is different from the environmental regulatory agencies. Most of their resources are used to ensure the regulated community is in compliance, and to take any needed enforcement actions. DPPEA, on the other hand, is focused on helping regulated entities strive to improve their environmental management activities. The Division addresses all emissions to the environment (not just those that are regulated) and the conservation of natural resources. A DPPEA client can be a facility that is out of compliance and wants to use pollution prevention to return to, maintain, and even exceed compliance. It can be a regulated facility that recognizes the high cost of environmental management and wants to develop better and more cost effective approaches through pollution prevention. It can be a local government that wants to reduce its dependence on solid waste landfills or reduce the amount of sewer overflows. In all cases it is about striving to build a sustainable future for North Carolina

DPPEA provides businesses, industries, local governments and state agencies with the non-regulatory pollution prevention technical assistance they need. The Division's services include: on-site assessments, workshops, publications, technical assistance and access to financial resources. It also develops state wide pollution prevention solutions through a range of activites including: developing recycling markets, assisting with the development and implementation of Environmental Management Systems, conducting state wide workshops on critical issues, developing key training materials and programs, and reacting to pressing environmental needs, such as water shortages and sewer overflows. The Division is also a leader in making useful information available on our web site.

The Community and Business Assistance Section works directly with local governments, state agencies and businesses of all sizes to reduce solid waste generation and to build the recycling infrastructure in North Carolina.

The Industrial Assistance Section provides direct technical assistance to industries, businesses, and government agencies, on ways to eliminate or reduce air emissions, water pollutants, and solid and hazardous waste generated by their operations.

Waste Reduction Partners, in cooperation with the Land- of-Sky Regional Council, utilizes volunteer and retired engineers to perform water, waste, and energy reduction assessments for businesses, industries, institutions, and public entities throughout Western North Carolina.

Services (numbers for FY-2000)

- Provide non-regulatory technical assistance on pollution prevention to business, industries, local governments, and state agencies through on-site visits, waste assessments, and general request for help through phone calls, e-mails and faxes. (1,600 responses to requests for technical assistance).
- Develop outreach and training materials, such as fact sheets and manuals, and conduct training and workshops for businesses, industries, local governments, and state agencies on pollution prevention (126 outreach/training sessions and 52,000 publications distributed).
- Assist recycling businesses in the establishment of markets for discarded materials and promote the manufacture of products made from recyclable materials (53,000 tons of recycling capacity created).
- Through a user-friendly web site, make available technical and educational pollution prevention information (184,000 web site users).
- Promote and assist with the implementation of environmental management systems (EMS) by businesses, industries, local governments and state agencies (30 EMS certified facilities).
- Provide grants to businesses, industries, and local governments to develop / implement pollution prevention efforts (57 grants).

About 15% of the technical assistance on pollution prevention provided to business, industries, local governments, and state agencies is done through two regional staff in Asheville and Lexington.

DIVISION OF POLLUTION PREVENTION & ENVIRONMENTAL ASSISTANCE
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Recycling Business Assistance Center.	$170,000 R 3 positions		

DIVISION OF POLLUTION PREVENTION & ENVIRONMENTAL ASSISTANCE
OVERVIEW OF REDUCTION ITEMS

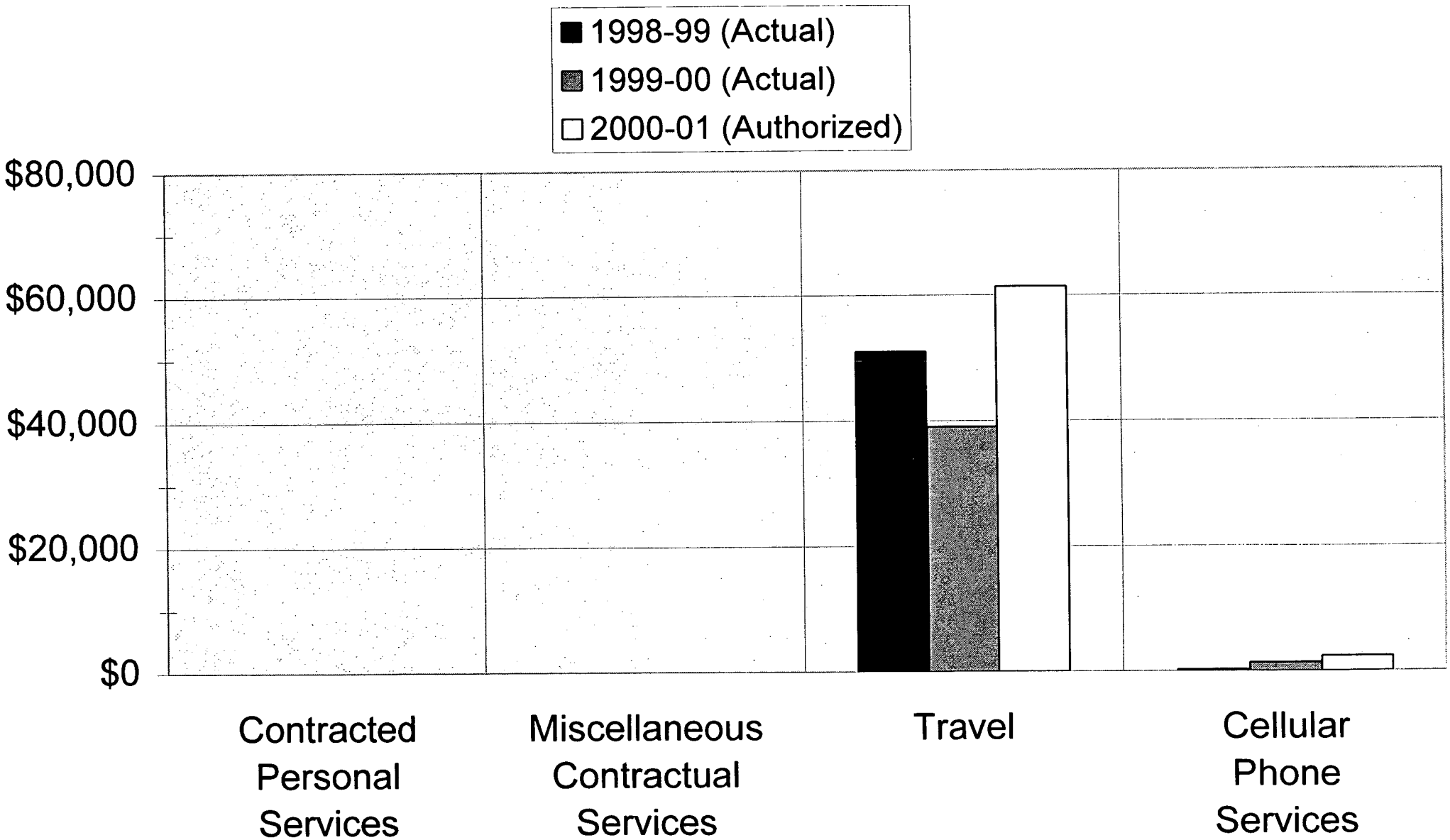
Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Reduce Challenge Grants	($70,000) R	

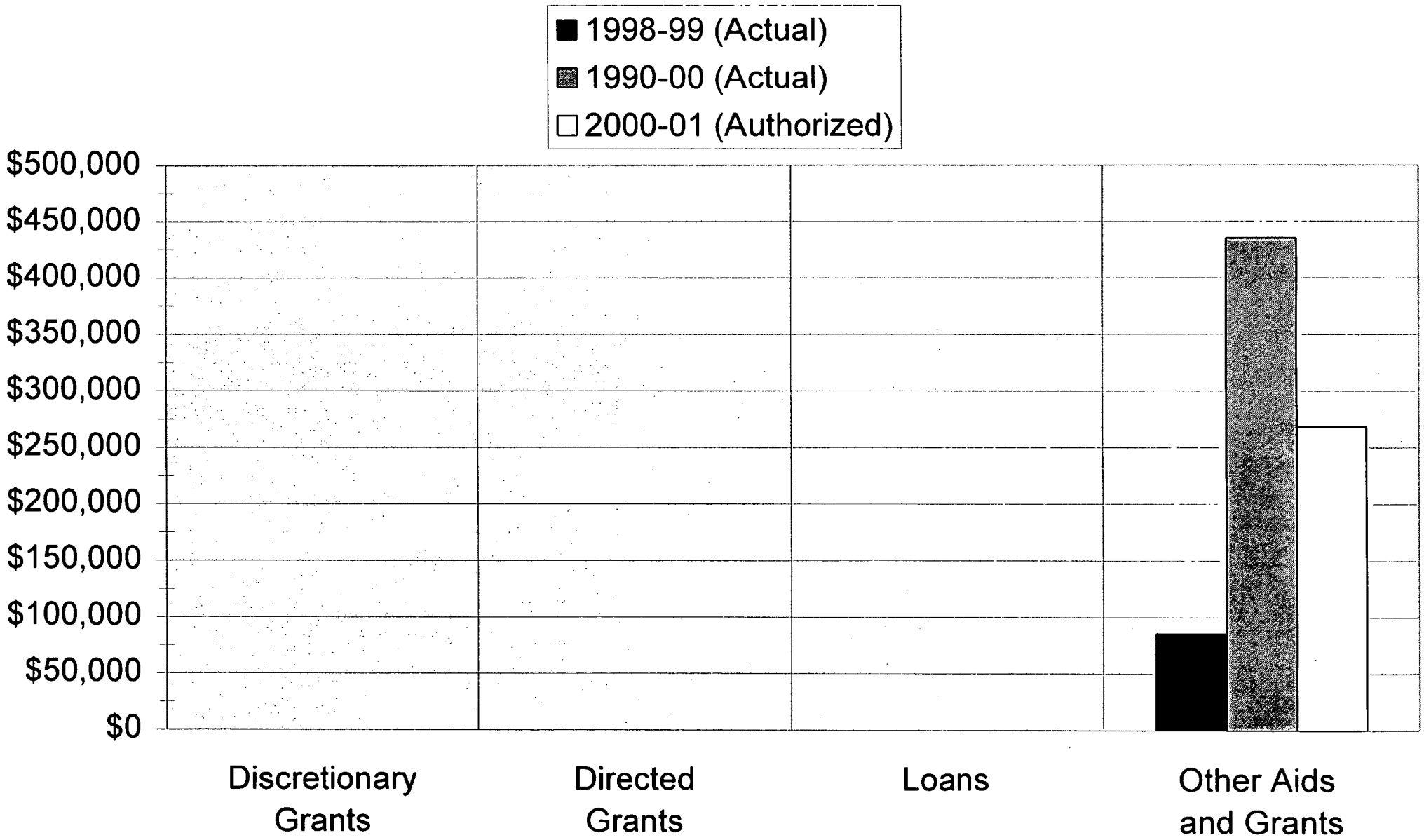
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Salaries		(19,800)R	
Reduce Operating		(2,332) R	
		(.5)	
2. Reduce Challenge Grants.			($24,362) R

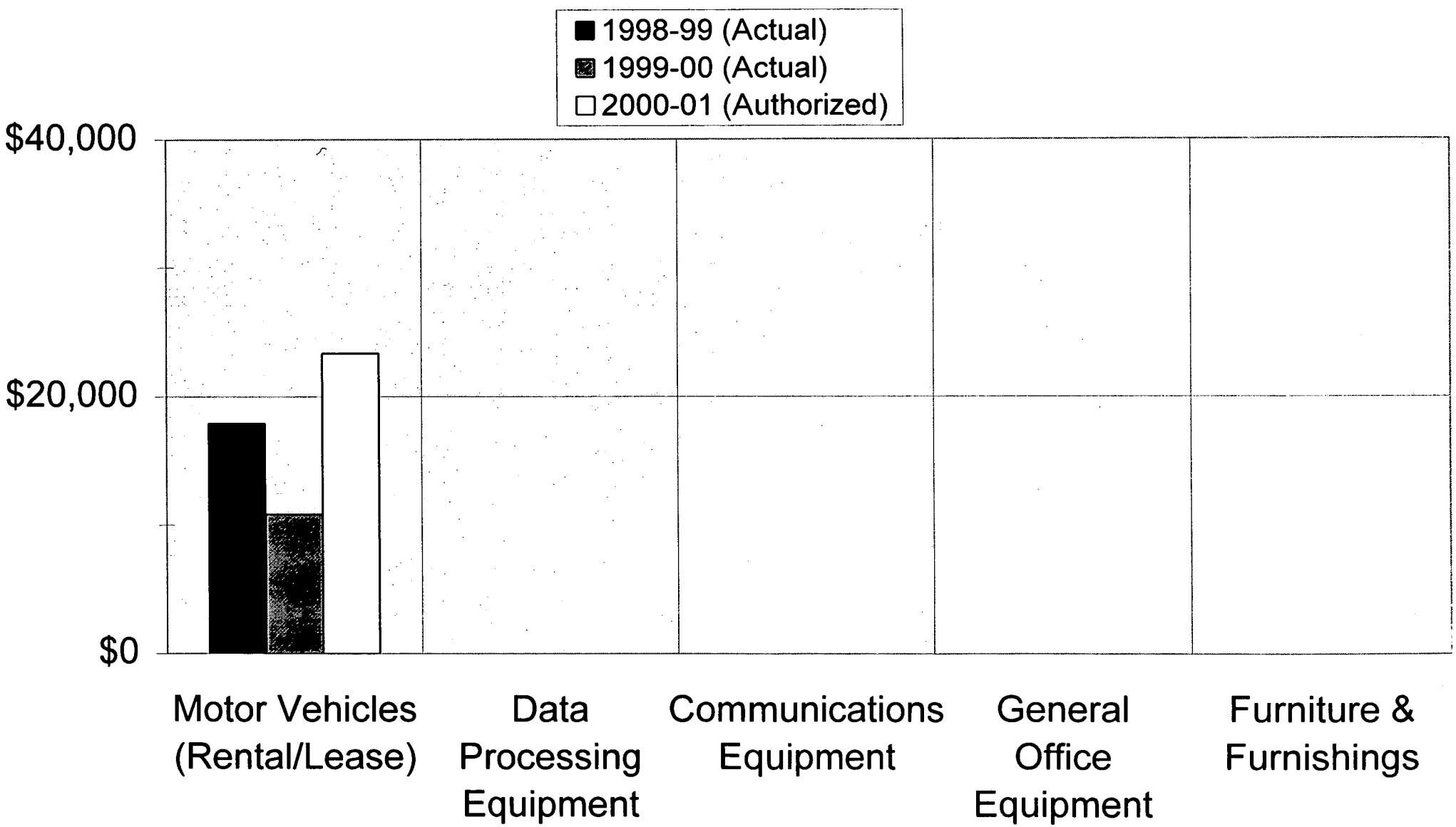
Department of Environment & Natural Resources
DPPEA
Comparison of Actual and Authorized Expenditures



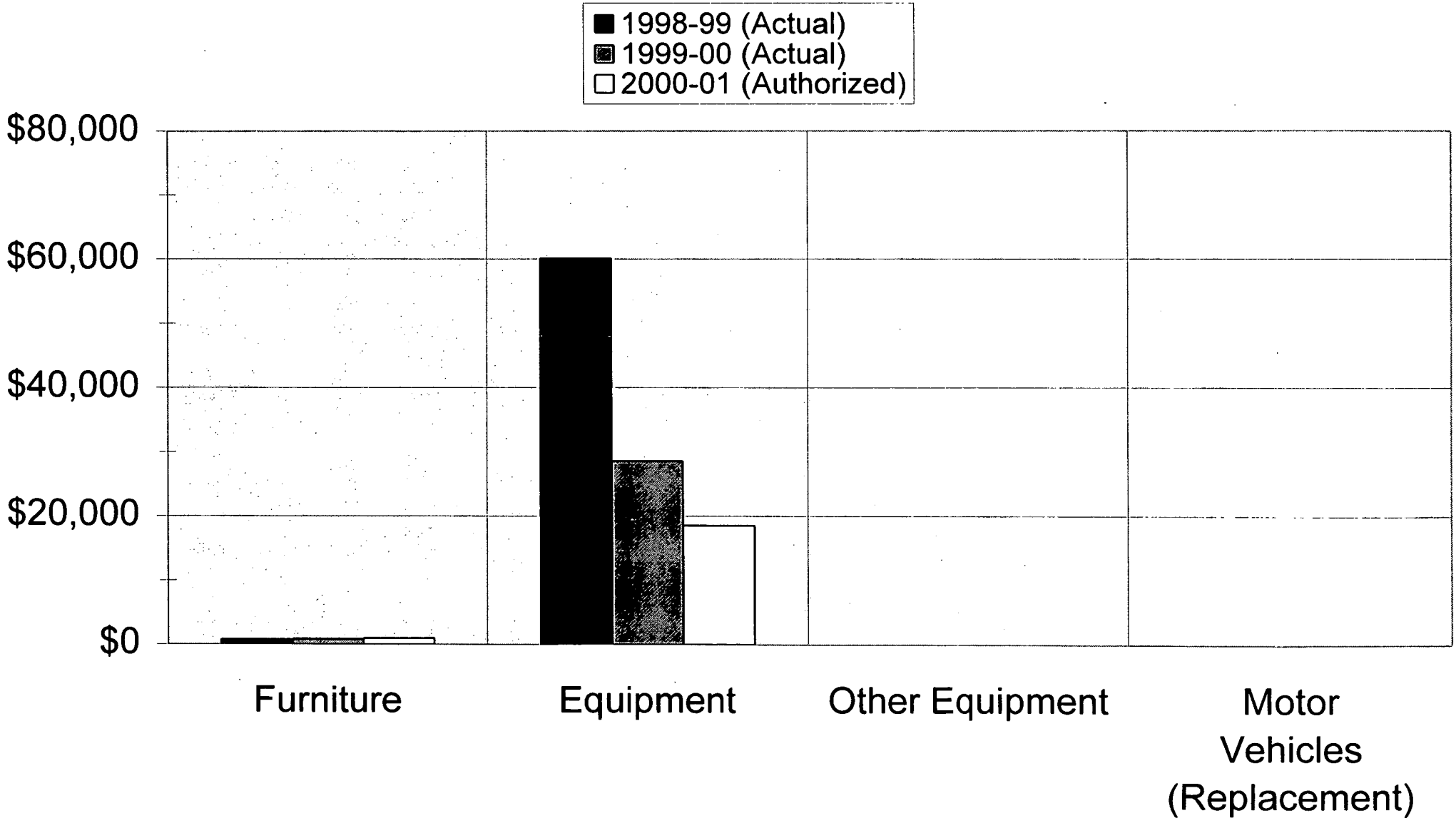
Department of Environment & Natural Resources
Division of PPEA
Comparison of Actual and Authorized Expenditures



Department of Environment & Natural Resources
DPPEA
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment & Natural Resources
DPPEA
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
Division of Pollution Prevention

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
	POLLUTION PREVENTION & ENVIRONMENTAL ASSISTANCE DOES NOT COLLECT FEES						

VISITOR REGISTRATION SHEET

EIR — 3/28/01

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
L Nobles	DENR
Paul Meyer	NC Acc
George Everett	Duke Energy
Laura DeVito	DENR
Don Holman	CGMTF
David Herlong	OSBPM
Jim Powell	OSBPM
Bethany Gray	OSBPM
Buddy Humphrey	"
Angie McMillan	The Nature Conservancy, NC Chapter
Nancy B Thompson	NMCIC
Karen Carpenter	NCPC
DON HOBART	DOC
Jim Johnson	FRD
Tom Duncan	DOA/WSR
Dempsey Benton	DENR
Jane Smith	DENR
Cathy Hardy	DENR
Gary Hunt	DENR
Shawn Johnson	DENR
Scott Mouw	DENR

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Lenette Sherwood	DENR/DPPEA
Bill Ross	DENR
Doug Lassiter	NC Septic Tank Assoc.
Ardis Watkins	SEANC

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, March 29, 2001
Representatives Stan Fox and Bill Owens, Presiding

Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **Division of Water Resources**
   Jennifer Hoffmann, Fiscal Research
   John Morris, Division Director

3. **Division of Environmental Health**
   Jennifer Hoffmann, Fiscal Research
   Linda Sewall, Division Director

4. **Division of Air Quality**
   Jennifer Hoffmann, Fiscal Research
   Alan Klimek, Division Director

5. **Committee Discussion**

6. **Adjourn**

Minutes
Joint Appropriations Subcommittee on
Natural and Economic Resources
March 29, 2001 – 8:30 AM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, March 29, 2001 at 8:30 AM in Room 423 of the Legislative Office Building. The following members were present: Chairs Stan Fox and Bill Owens, Vice-Chair Edith Warren, Representatives Culp, Mitchell, Underhill, Walker, Weatherly and West.

Chair Stan Fox called the meeting to order. He called upon Ms. Jennifer Hoffmann, Fiscal Research, to give an overview of the Division of Water Resources.

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

DIVISION OF WATER RESOURCES

Ms. Hoffmann reviewed the Division of Water Resources (ATTACHMENT I-E-21). The mission of the Division is to assure the conservation and productive use of the state's water resources through water supply planning, hydrologic analysis, technical assistance, financial assistance to local governments, and promotion of cooperative activities among, federal, state and local agencies. The Division is divided into three sections - Water Allocation Section, Water Projects Section and Water Supply Planning. The Division's current year authorized budget is about $3.2 million. Of this they expect to receive approximately $485,000 in receipts that leaves a difference of $2.7 million in State appropriations. The budget supports about 35 positions in the Division.

The Chair recognized Mr. John Morris, Director of Water Resources Division, and he thanked the committee for the opportunity to talk about the Division's responsibilities for water management. He shared ATTACHMENT II. The goal of the Division is to assure we have an adequate supply of water for North Carolina's future needs. This goal is approached through three types of activities – monitoring, planning and regulation. Monitoring is gauging how fast we are using our water. In order to keep tract of our surface water resources, we have a network of 77 stream gauges statewide. We keep the gauges in place for a long time so we have a record of floods and droughts that is statistically reliable. For ground water we also have a monitoring network. We have over 500 water monitoring wells that measure underground water levels. Our priorities for new monitoring wells are now in the Central Coastal Plain (Martin, Edgecombe, Duplin, Wayne and Wilson Counties) where we have a serious groundwater management problem. Planning is crucial in order to have an adequate supply of water for our needs. About 500 local governments prepare long range water supply plans. These plans are updated every five years, and we think they are getting better in quality. There is a lot of concern in the Cape Fear River Basin about allocating water from Jordan Lake. Good water conservation and looking at possibilities of reusing treated wastewater

are other areas of concern for the Division. The General Assembly has passed a number of regulatory acts that we administer. An example is the Water Use Act that is applied when an area in the state is overusing water. Our second major program is Water Resources Development. We work with local governments and sometime with the Corp of Engineers to plan and finance water development projects particularly for navigation, flood control, stream restoration, beach protection and aquatic weed control. Representative Weatherly asked about the aquifers being depleted, Senator Weinstein asked if the salt water line is moving inland, Representative Owens expressed his concern over travel in the budget, and Senator Horton asked about inter basin transfers of water.

DIVISION OF ENVIRONMENTAL HEALTH

Ms. Jennifer Hoffmann reviewed the Division of Environmental Health (ATTACHMENT III-E-26). Its mission is to safeguard life, promote human health, and protect the environment through the practice of modern environmental health science, and the use of technology, rules and public education. There are five sections: Environmental Health Services, On-Site Wastewater, Public Water Supply, Shellfish Sanitation and Pest Management.

The Chair recognized Ms. Linda Sewall, Director, Division of Environmental Health. ATTACHMENTS IV and V summarize the Division. On Page DEH-3 there is an overview of Expansion Items. The total number of positions has gone up due to additional federal grants even though some state funded positions have been cut. One reason the Travel and Motor Vehicles grafts appear higher in the current year than the actual expenses for last year was that towards the end of last year many of the bills were held and paid out of this fiscal year. Under Equipment some Hurricane Fran recovery money and Sentinel Chickens also provided funds to purchase things like mosquito sprayers and computers for local mosquito control programs. Representative Mitchell expressed support of the wastewater permit program and concern with shellfish inspections and he asked that someone look at this. Representative Owens has heard a bill may be introduced to increase the fees for Food & Lodging from $25 to $225, a big increase, and he asked Ms. Sewall what would be a reasonable increase. Ms. Sewall stated in order to support an additional position in each local health department to operate the food program and to provide the services that would allow the public direct access to all the information would come out to the $225 fee. It might be practical to have a sliding scale so small facilities are not hurt.

DIVISION OF AIR QUALITY

Ms. Hoffman reviewed the Division of Air Quality (ATTACHMENT VI-E-33). The mission of the Division is to conserve, protect and improve the State's air resources. The Division is responsible for four main activities:

1. Establishing ambient air quality standards and monitoring air quality
2. Permitting and inspecting stationary air emission sources

3. Establishing an inspection/maintenance program for motor vehicles in certain counties and
4. Determining appropriate controls to protect air quality standards through the use of modeling

The budget supports 296 positions and the Governor had no expansion or recommended reductions for the Division. The budget expenditures fluctuate yearly depending upon receipts taken in each year. The State Appropriations reveal a 63 percent drop from 1996-97 to the recommended Continuation Budget for 2001-03.

The Chair recognized Mr. Alan Klimek, Director, Division of Air Quality. He shared an overview (ATTACHMENT VII). Representative Weatherly did not totally understand the recent announcement that the Administration was reducing the amount of mercury and will this affect the standards the Division has in place or wants to have in place. Mr. Klimek said the Division would want to address the mercury issue. We have concerns. We have fish advisories in some waters and how much comes from air or other sources is a question of debate. Representative Mitchell said he was in Virginia last year and talked to an owner of an inspection station who said we are wasting money inspecting cars for emissions. He said new cars today are run by fuel injections and they do not have carburetors and will shut themselves down if there is a problem. The only cars using carburetors are NASCAR cars. He asked if the percentage of cars that we are actually finding in violation justifies the money our people have to spend? Mr. Klimek said there is a certain percentage that is fairly small. We want to turn in a plan EPA will accept that says we are in compliance. The kind of program we are going to with bill passed by Legislature is different from centralized programs. All 1996 cars and beyond have computer chips that can tell what is wrong with a car. Representative Mitchell asked if Georgia or Florida had dropped their emissions tests. Mr. Klimek does not know, but in Pennsylvania the test was very unpopular. The Division has a sophisticated agency with training courses that are offered only in New Jersey, Florida, California, and Virginia and travel expenditures are high.

The meeting adjourned at 9:50 AM.

Respectfully submitted,

Stan Fox

Representative Stan Fox, Chair

Mary Capps

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

Department of Environment and Natural Resources

Division of Water Resources						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	$3,643,254	$2,464,081	4,076,713	2,865,758	3,195,517	3,207,362
Less Receipts	($585,856)	($361,796)	(732,735)	(804,460)	(485,953)	(485,953)
State Appropriations	*$3,057,398*	*$2,102,285*	*3,343,978*	*2,061,297*	*2,709,564*	*2,721,409*
Positions	31.00	32.00	36.00	35.00	35.00	35.00

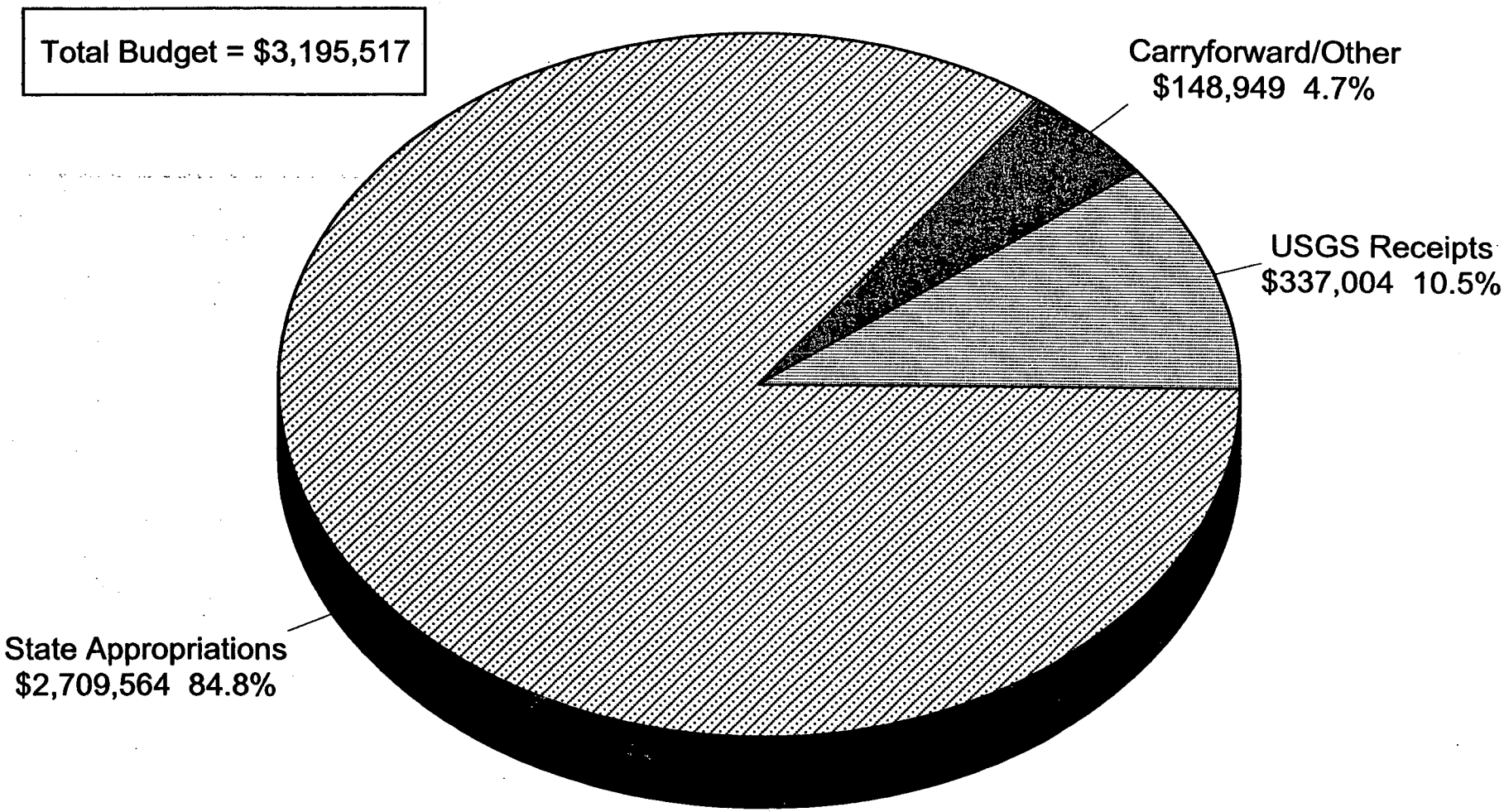
The mission of the Division is to assure the conservation and productive use of the state's water resources through water supply planning, hydrologic analysis, technical assistance, financial assistance to local governments, and promotion of cooperative activities among federal, state and local agencies

DIVISION ACTIVITIES

- **Water Allocation Section** – Evaluates surface and ground water resources through computer modeling, provides technical assistance to local governments on water management problems and coordinates the US Geological Survey Cooperative Program, which maintains the surface water gage and ground water monitoring well networks.
- **Water Projects Section** – Administers a variety of environmental water resources programs including the Water Resources Development Projects, the Aquatic Weed Control Program, the NC Rivers Assessment, Project WET, and Stream Watch.
- **Water Supply Planning** - Is responsible for Local Water Supply Plans, State Water Supply Plans, and the Registration of Water withdrawals and transfers.

Division of Water Resources

FY 2000-01 (Authorized) Funding Sources

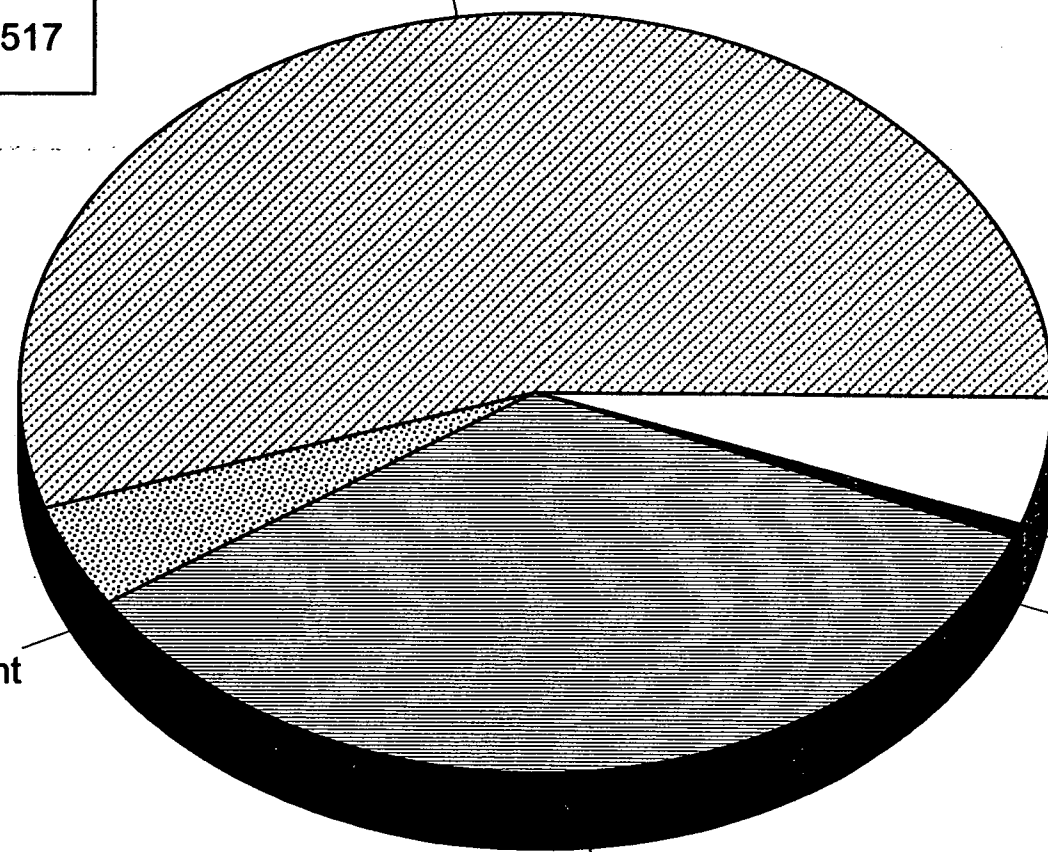


Fiscal Research Division -March 2001

Division of Water Resources

FY 2000-01 (Authorized) Expenditures By Category

Total Budget =$3,195,517



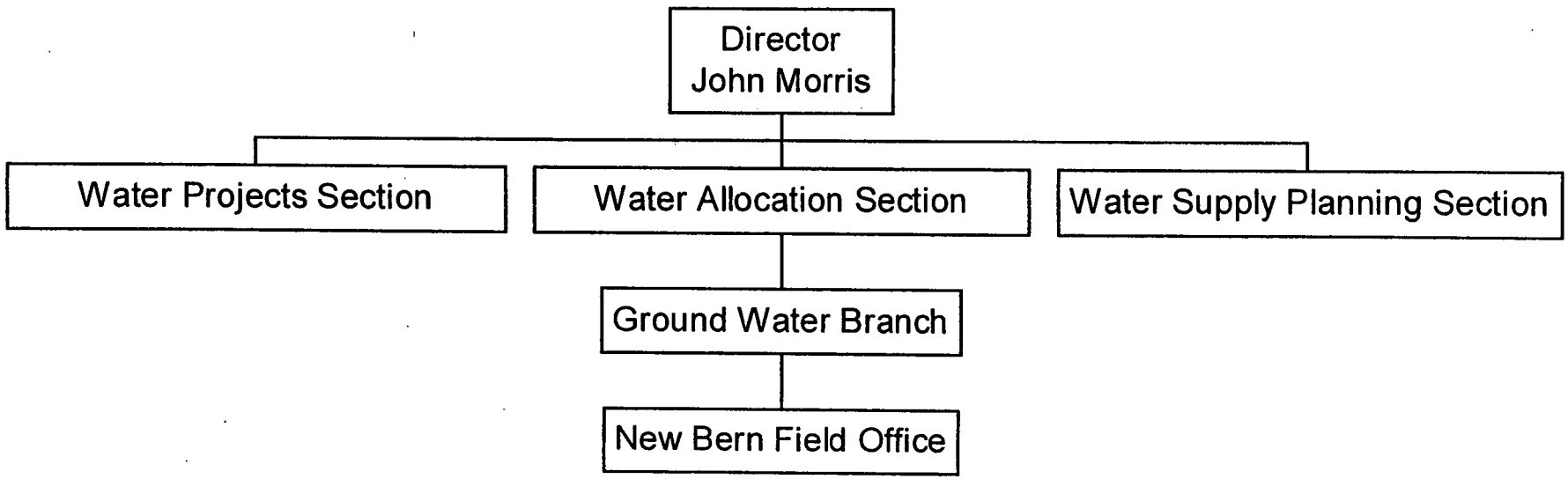
Fiscal Research Division - March 2001

DIVISION OF WATER RESOURCES

ITEMS FOR POTENTIAL COMMITTEE DISCUSSION

During the 2000-01 interim of the General Assembly, the joint NER Subcommittee met to discuss the proposed rules regarding the delineation of a water capacity use area in 15 counties in eastern NC, also known as the Central Coastal Plain Capacity Use Area. The Committee may wish to have the Division Director discuss the status of the rule since your last subcommittee meeting concerning this issue on August 30, 2000. You may also wish to have the Division Director comment on the progress of the Rural Center's steering committee in identifying alternative water sources for the counties affected by the rule.

DIVISION OF WATER RESOURCES



North Carolina Department of Environment and Natural Resources
Division of Water Resources

Director John N. Morris
1611 Mail Service Center
Raleigh, NC 27699-1611

Telephone: 919-733-4064
Facsimile: 919-733-3558

Overview

The mission of the Division of Water Resources is to assure the conservation and productive use of the water resources of North Carolina by water supply planning, hydrologic analysis, technical assistance to water users, administration of laws related to water allocation, financial assistance to local governments for constructing water resources development projects, and participation in cooperative water resources management activities with other local, federal, and state agencies.

Water Supply Planning

- Assist over 500 local governments to prepare water supply plans to assure that water needs can be met over a twenty-year planning period.
- Develop a State Water Supply Plan, using the local water supply plans as building blocks, to provide a status report on each river basin and to identify problems that need to be overcome to meet state water supply needs.
- Chair the State Drought Management Council and coordinate state agency responses to drought problems.
- Assist local governments and other water users with water supply problems, including determination of appropriate water sources, regional coordination, and correcting water leaks.
- Encourage and assist water users to practice good water conservation and water re-use measures.
- Develop and improve a state water use database, using data from water use registrations and other sources.

Water Allocation

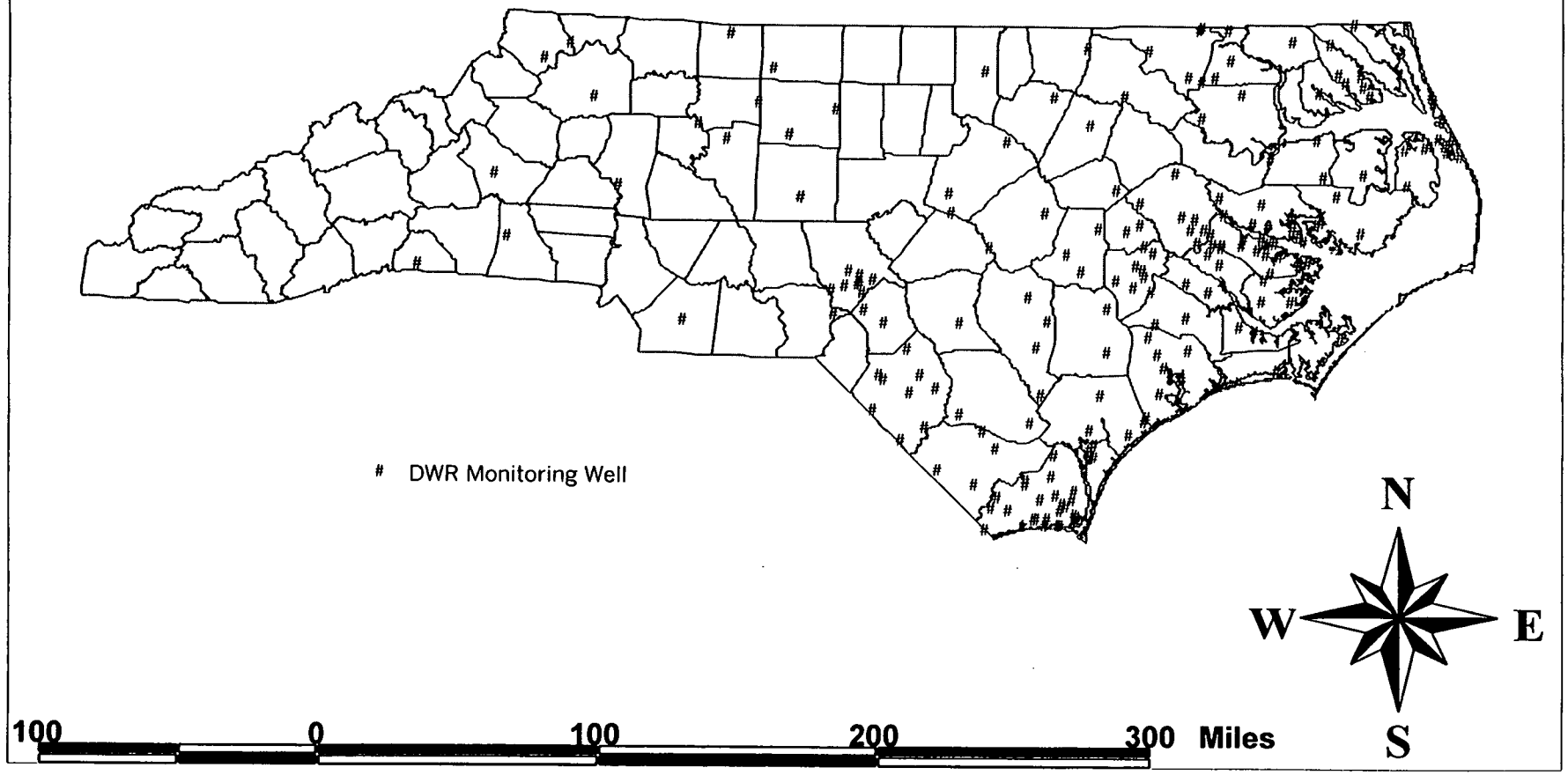
- Administer the Water Use Act of 1967 to assure that water resources are not depleted and to resolve harmful conflicts over water use.
- Administer the statute on interbasin transfers, providing technical analysis for Environmental Management Commission decisions. Two applications are now in progress and several more are expected to be filed soon.
- Participate with local governments and others in planning sustainable water supply sources for a fifteen-county region in the coastal plain of North Carolina, within which some aquifers can not continue to meet present demands.
- Monitor, maintain, and operate a ground water monitoring network of about 560 monitoring wells to determine the status of ground water supplies and to guide management. Improve the ground water network by adding about 10-15 new monitoring wells per year.

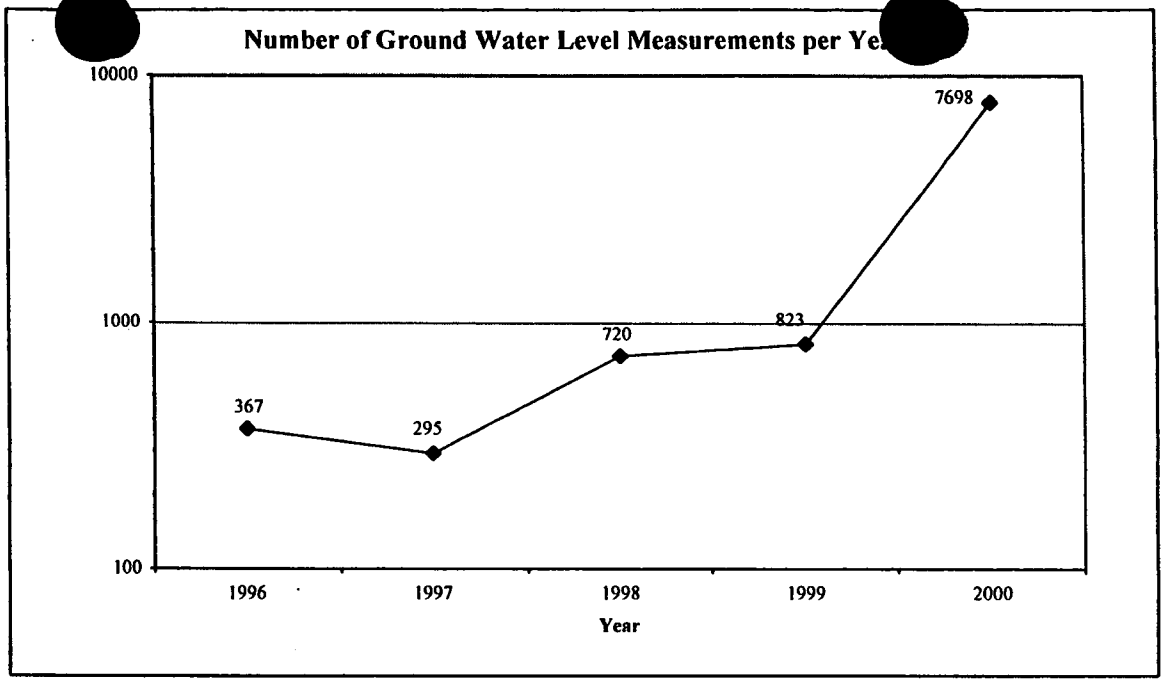
- Fund and operate a network of about 77 stream gages in partnership with the US Geological Survey to assess the availability of surface water resources and to provide a basis for planning for water supply, floods, droughts, and bridge construction.
- Carry out special basin-wide water management studies and hydrologic models where demands on water resources are intensive and complex. Current studies are underway in the Roanoke and Cape Fear Basins.

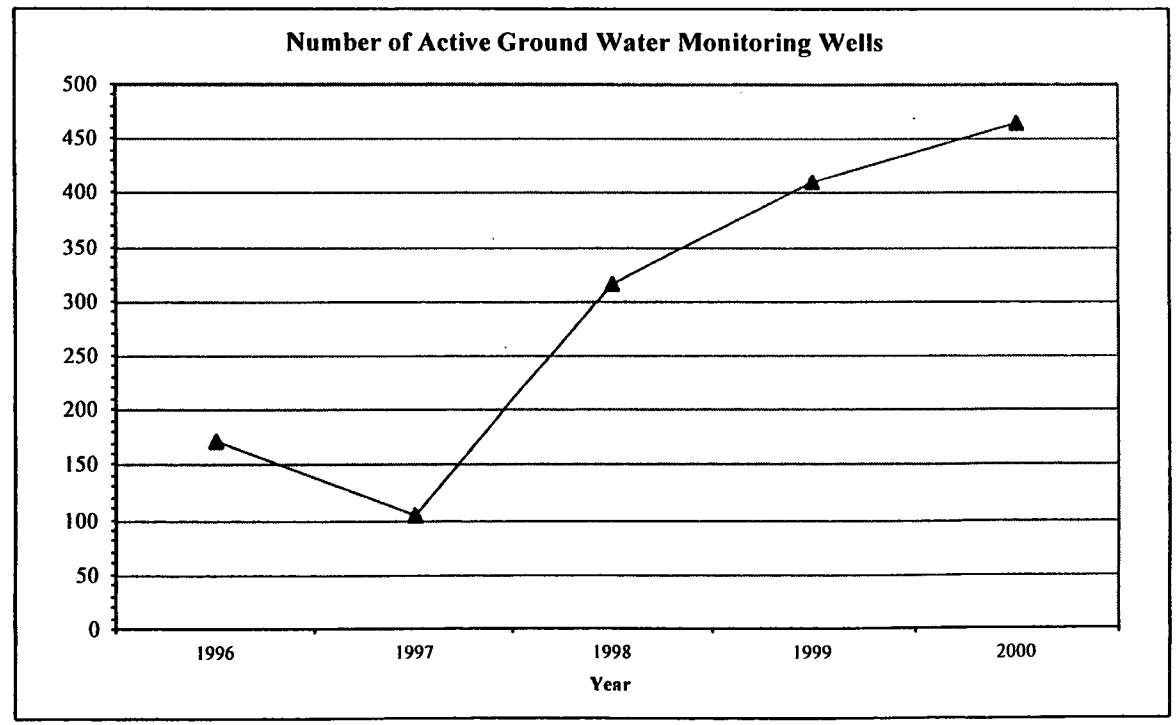
Water Projects

- Work in partnership with local governments and the US Army Corps of Engineers to fund beneficial water resources development projects for navigation, flood control, beach protection, and environmental restoration. The fiscal year 2001 program includes about $26 million in state funds to match about $75 million in federal funds and $5 million in local funds. This year's program includes 28 projects.
- Sponsor, plan, and finance major water development projects such as Wilmington Harbor and Morehead City Harbor in partnership with the US Army Corps of Engineers.
- Coordinate state participation in the relicensing of hydroelectric projects by the Federal Energy Regulatory Commission. Federal licenses have a big impact on the management of river basins. About 30 projects are now undergoing relicensing and many more will enter the process in the next few years.
- Work in partnership with local governments to control infestations of noxious aquatic weeds, which can render waterways useless and damage their ecology. This year DWR will assist with about 40 projects.
- Establish minimum flow requirements downstream from dams and water withdrawals to protect aquatic habitat and assure adequate water supplies for downstream users. This year about 40 evaluations will be done.
- Educate citizen groups about water resources issues and assist them in carrying out projects to improve water resources through the StreamWatch Program. The StreamWatch program now includes about 255 citizen groups.
- Provide high quality educational materials and ideas to classroom teachers through the ProjectWET Program to help teachers bring water resources issues into the classroom. In 2000, services were provided to about 170 teachers.

NC Division of Water Resources Monitoring Well Network



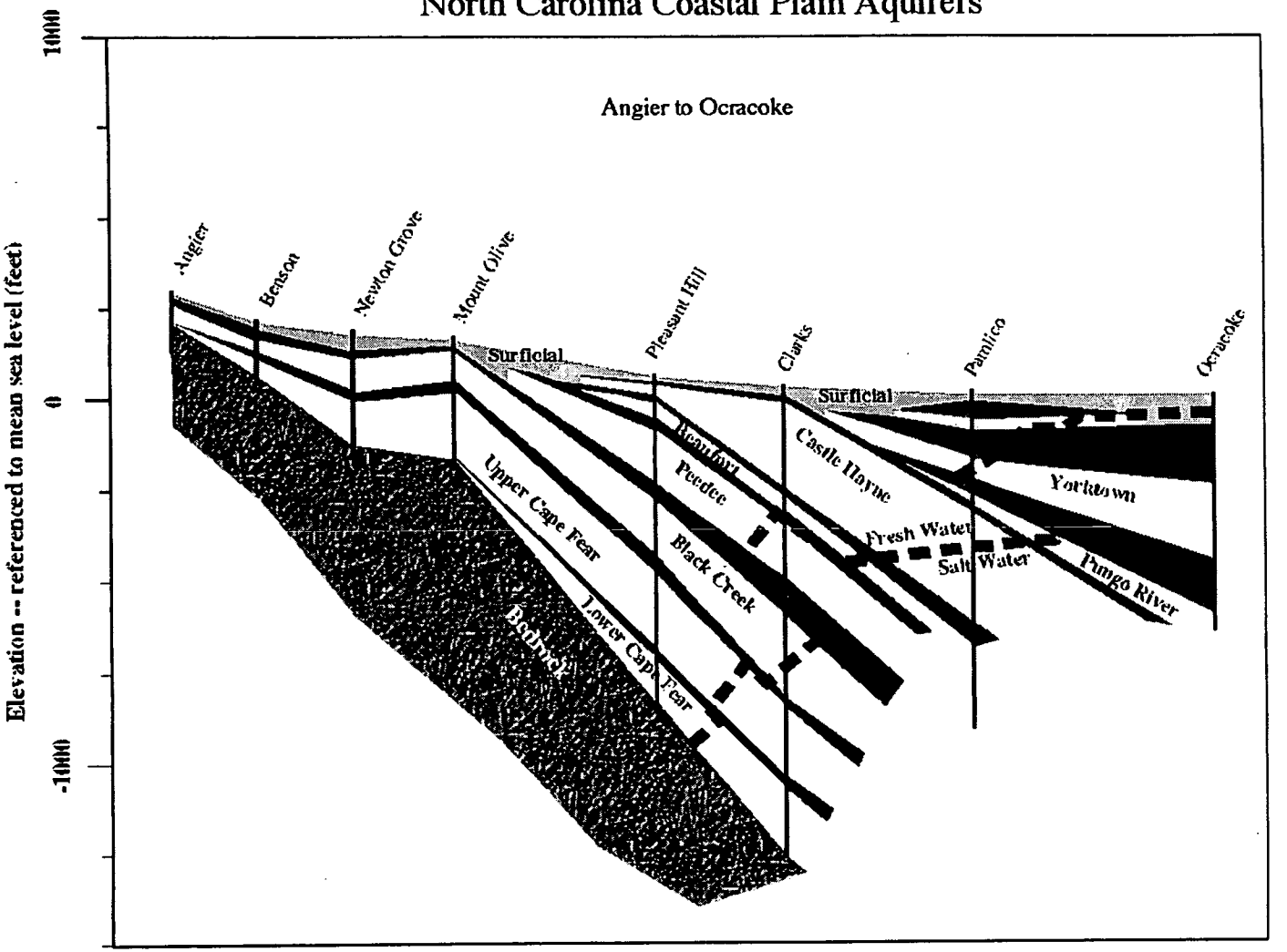




NC Division of Water Resources March 20, 2001

DWR-4

North Carolina Coastal Plain Aquifers



NC Division of Water Resources

DIVISION OF WATER RESOURCES
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
N/A		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Groundwater Resource Mgmt			$414,724 R 4.00
2. Real time Stream Gauge			$ 10,000 R
3. Reg. Groundwater Mgmt		$150,000 R 3.00	

DIVISION OF WATER RESOURCES
OVERVIEW OF REDUCTION ITEMS

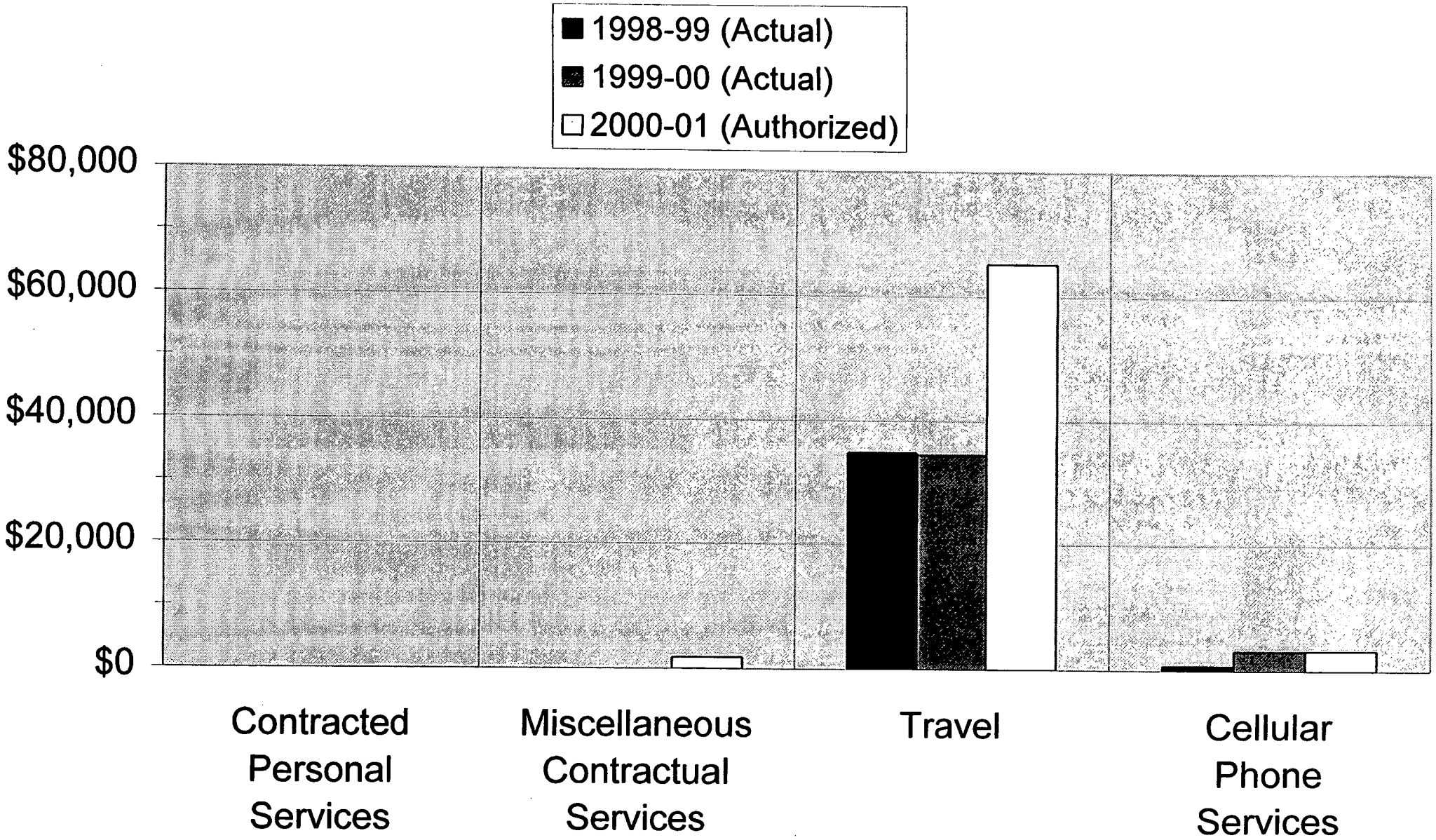
Current Biennium 1999-2001

SELECTED REDUCTION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Reduce Operating	(52,888) R	

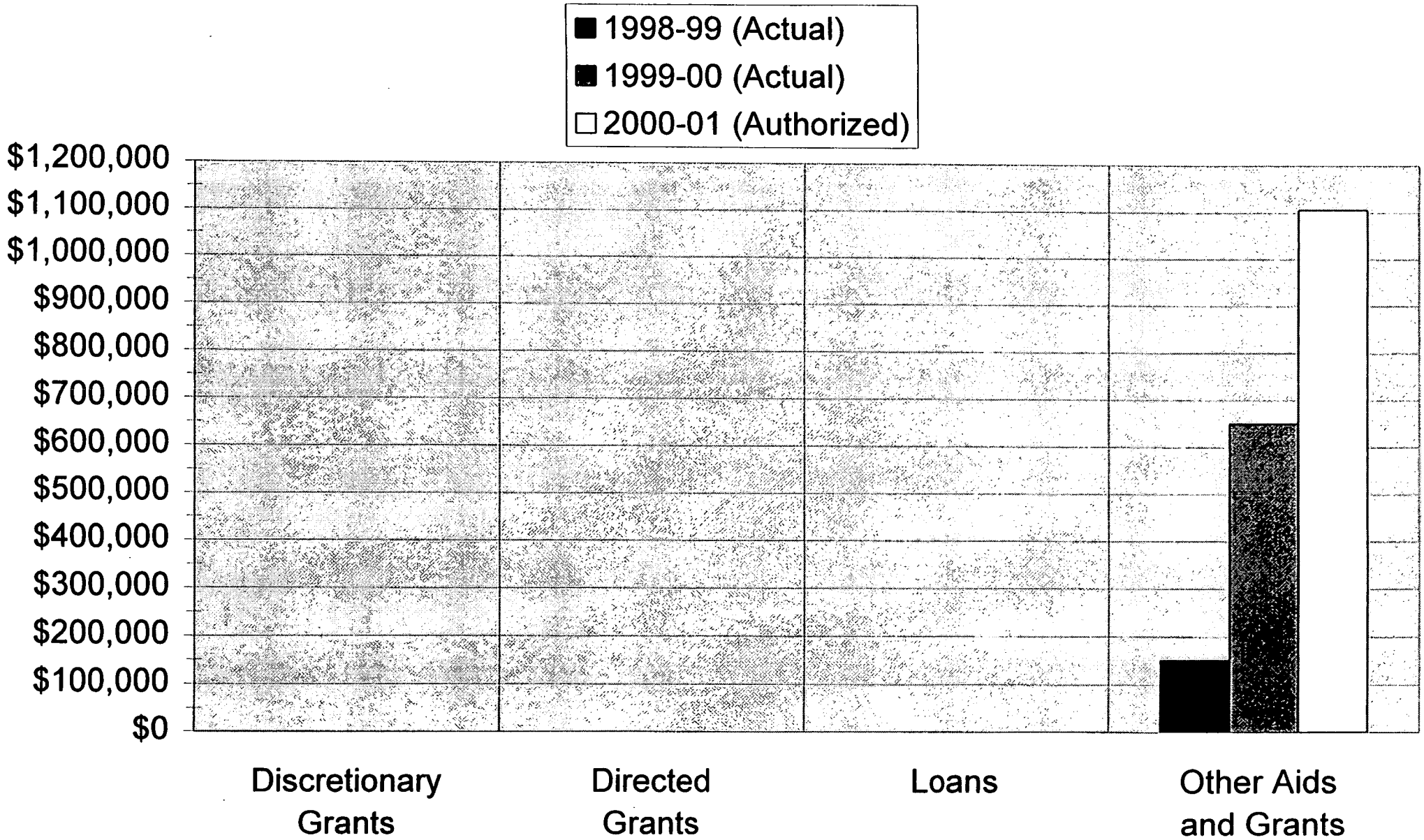
Reduction Items Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Salary/Span of Control/Operating Reductions		($29,971)	
		(1)	

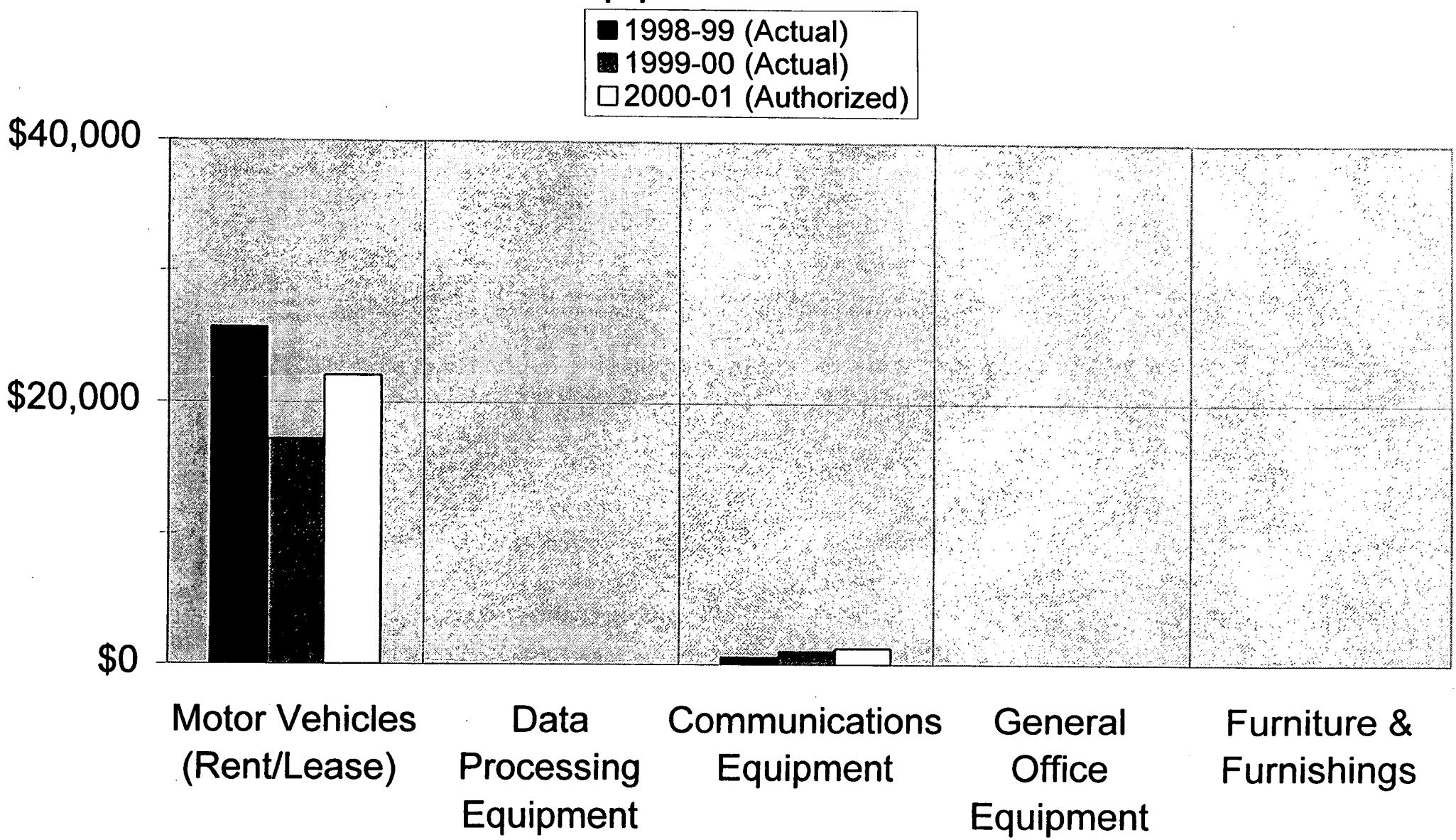
Department of Environment and Natural Resources
Division of Water Resources
Comparison of Actual and Authorized Expenditures



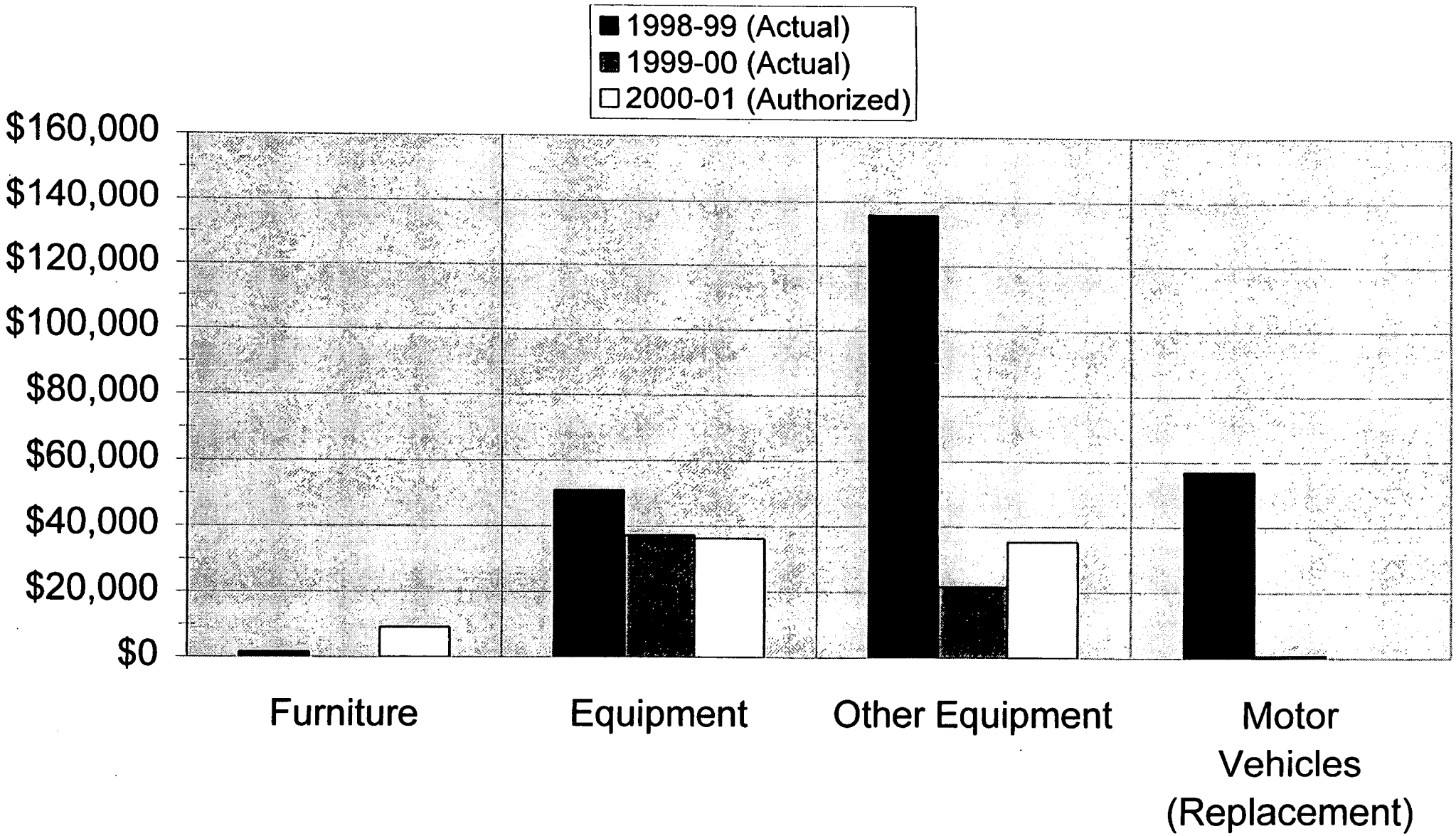
Department of Environment and Natural Resources
Division of Water Resources
Comparison of Actual and Authorized Expenditures



Department of Environment and Natural Resources
Division of Water Resources
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natural Resources
Division of Water Resources
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
Division of Water Resources

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999 2000
Registration of Water Withdrawals and Transfers	1991	143-215.22H	One-time $50 fee for each non-farming facility withdrawing 100,000 gallons per day or more	n/a	One-time charge	65 systems	$3,350

Department of Environment and Natural Resources

Division of Environmental Health

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	15,801,246	13,380,883	14,140,738	14,063,138	16,744,732	16,688,556
Less Receipts	(8,135,382)	(5,064,706)	(5,355,769)	(5,569,776)	(7,159,449)	(7,159,449)
Cash Balance +/-	0	207,684	61,535	61,155	0	0
State Appropriations	*7,665,864*	*8,523,861*	*8,846,504*	*8,554,517*	*9,585,283*	*9,529,107*
Positions	173.00	190.00	192.50	193.00	193.80	193.80

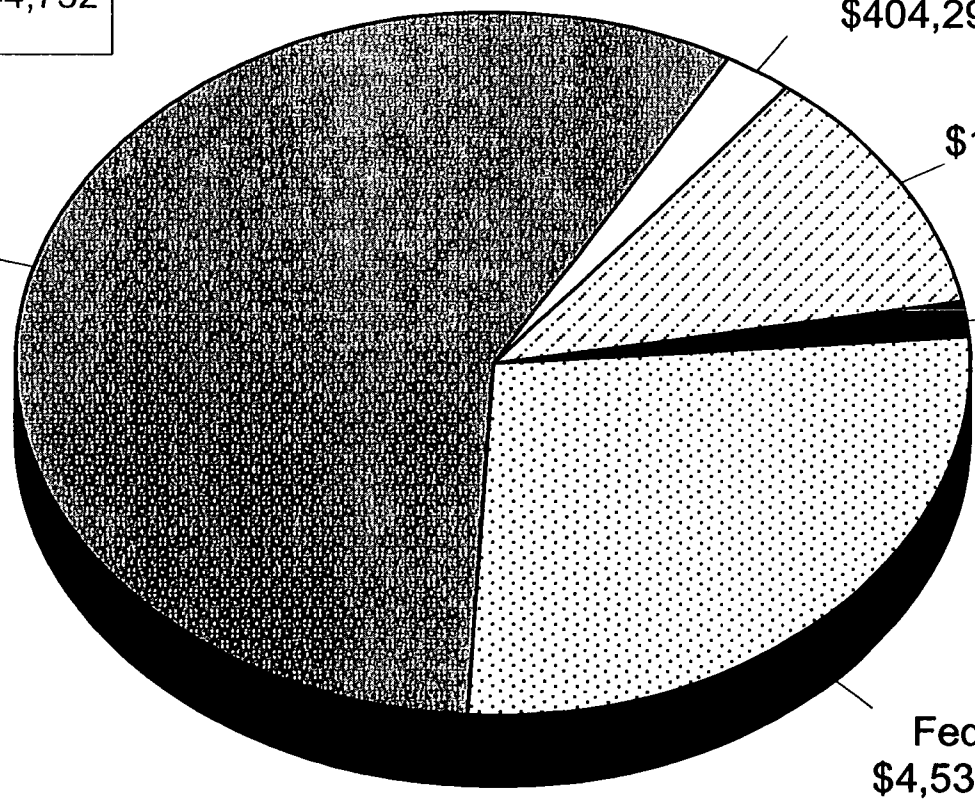
The mission of the Division of Environmental Health is to safeguard life, promote human health, and protect the environment through the practice of modern environmental health science, and the use of technology, rules and public education.

- **Environmental Health Services** – Monitors and oversees sanitation of food and lodging establishments; the processing and distribution of Grade A milk and milk products; the sanitary operation of public swimming pools, tattoo parlors, licensed child care centers and state institutions such as nursing and rest homes; and administers the Childhood Lead Poisoning Prevention Program.
- **On-Site Wastewater** - Administers a statewide program for the sanitary control of on-site wastewater treatment and disposal as a joint effort with local health departments. Provides technical assistance to locals including engineering plan review, soil/site evaluation, and second opinions. Provides regulatory oversight for subsurface disposal systems including, industrial systems.
- **Public Water Supply** – Permits, reviews and approves public water supply plans. Administers water system construction loan and grants program. Provides technical assistance in planning and designing water supply systems.
- **Shellfish Sanitation** – Conducts sanitary survey and classification of shellfish growing waters. Inspects and certifies shellfish processing plants. Monitors coastal recreation water quality.
- **Pest Management** – Provides technical and financial assistance to local health departments to control mosquitoes and other pests of public health significance. Also enforces NC Bedding Law.

ATTACHMENT III

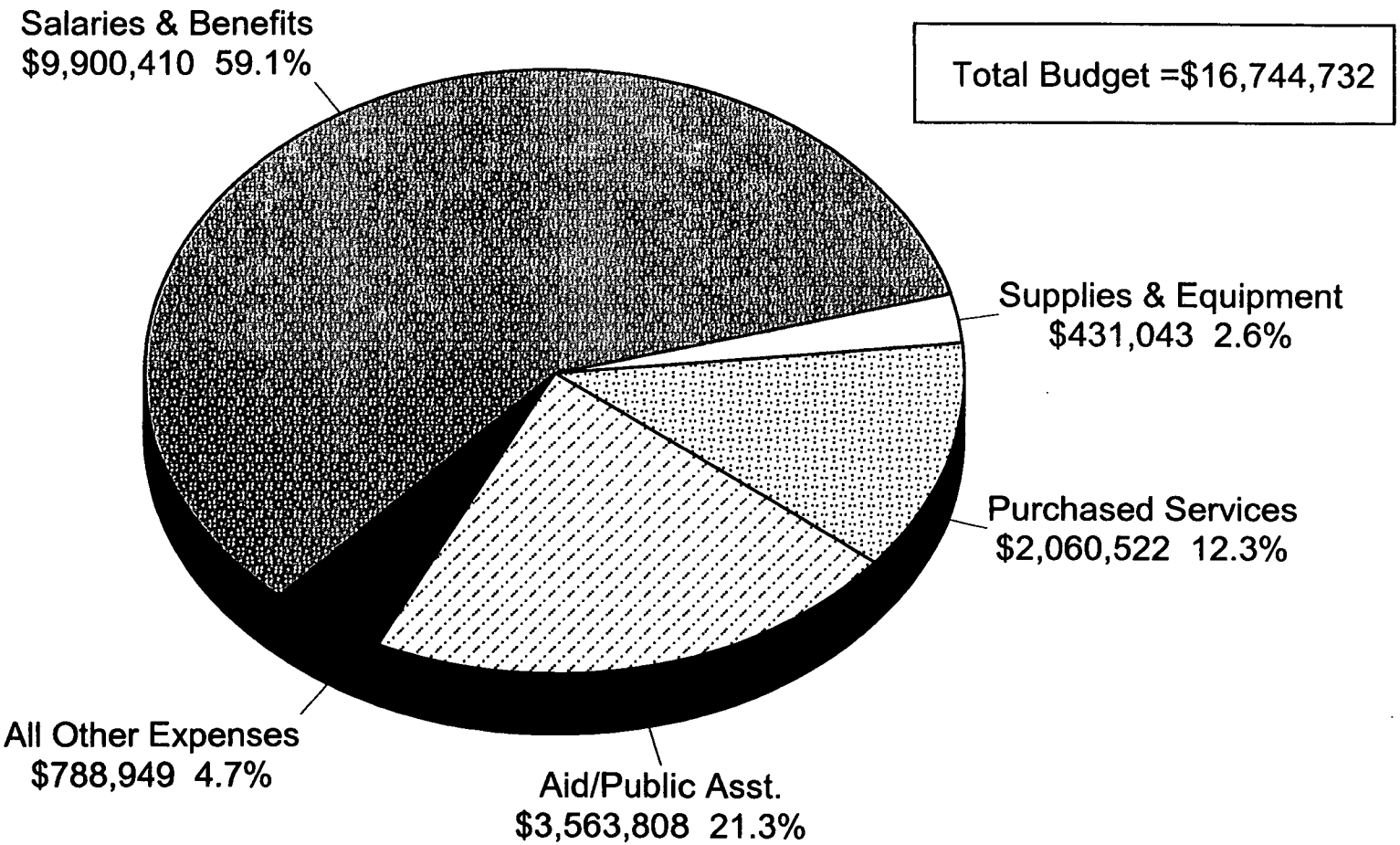
Division of Environmental Health
Sources of Funding
FY 2000-01 Authorized

Total Budget = $16,744,732



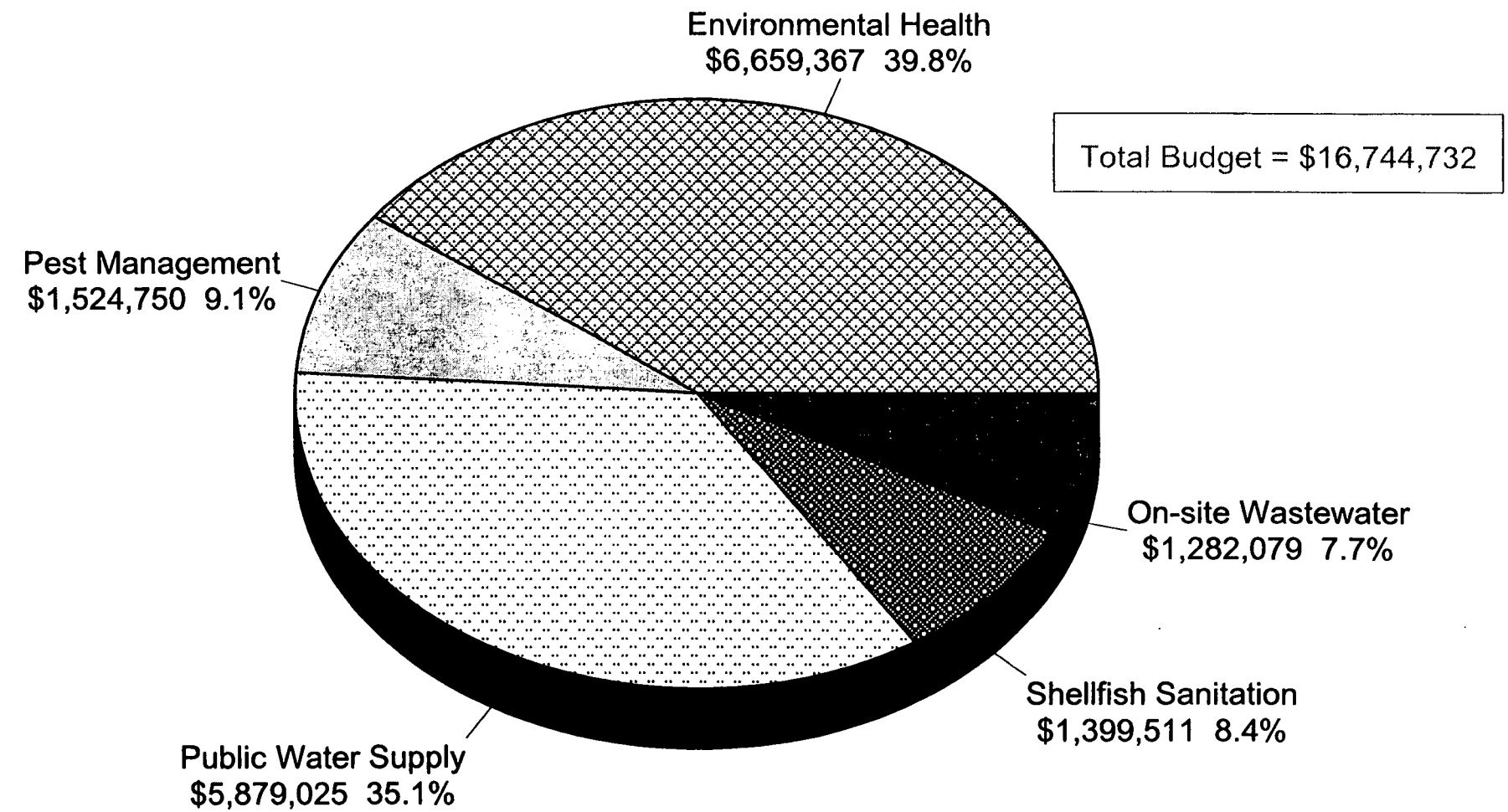
Fiscal Research Division -- March 2001

Division of Environmental Health
Expenditures by Category
FY 2000-01 Authorized



Fiscal Research Division -- March 2001

Division of Environmental Health
Total Budget by Program Area
FY 2000-01 Authorized



Fiscal Research Division -- March 2001

Items for Potential Committee Discussion

The Subcommittee may wish to have the Division Director address the following two items:

1. The Subcommittee heard briefly from the Veterinary Services Division regarding the potential outbreak of the West Nile Virus. The committee may wish to ask Linda Sewall, Director of the Division of Environmental Health, what role her Division plays in pest control, the likelihood of a West Nile Virus outbreak in North Carolina, its impact, if any, on human and animal life, and finally what preventive methods are being used to minimize the threat of this disease to NC citizens.

2. Before a business can manufacture mattresses, sleeping bags, sleeping pads, etc. in North Carolina or ship these items into NC, the business must obtain a Bedding Manufacturer's License from the Division of Environmental Health. The amount of the license fee is based on volume of bedding units manufactured, sold or sanitized in the State. By statute, these fees are deposited into a non-reverting account and are used for the salaries and expenses of inspectors and other employees who enforce the bedding laws of the state. Historically, actual expenditures have been lower than actual receipts creating a positive net change in the cash balance. The Committee may wish to have the Division Director comment on the growing cash balance in this special fund account.

Department of Environment and Natural Resources

Division of Environmental Health Bedding Law Account	1995-96 Actual *	1996-97 Actual *	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD
Total Fees Collected	$246,206	$275,575	$302,399	$360,699	$368,056	$339,094
Carryforward / Other	$259,365	$223,890	$190,213			
Expenditures	$505,571	$499,465	$287,384	$299,164	$306,901	$203,573
Change in Cash Balance +/-	$0	$0	$205,227	$61,535	$61,155	$135,521
Cash Balance Availability			$205,227	$266,762	$327,917	$463,437
Positions Supported	5.95	5.76	5.81	5.79	5.84	5.79

* Prior to FY 98, all fees collected were deposited into a General Fund account. Any receipts remaining at the end of the year were carried forward to the subsequent year. Authorization to deposit funds into a nonreverting account was clarified in the 1992 Regular Session (S.L. 1992-1039, Section 20.2).

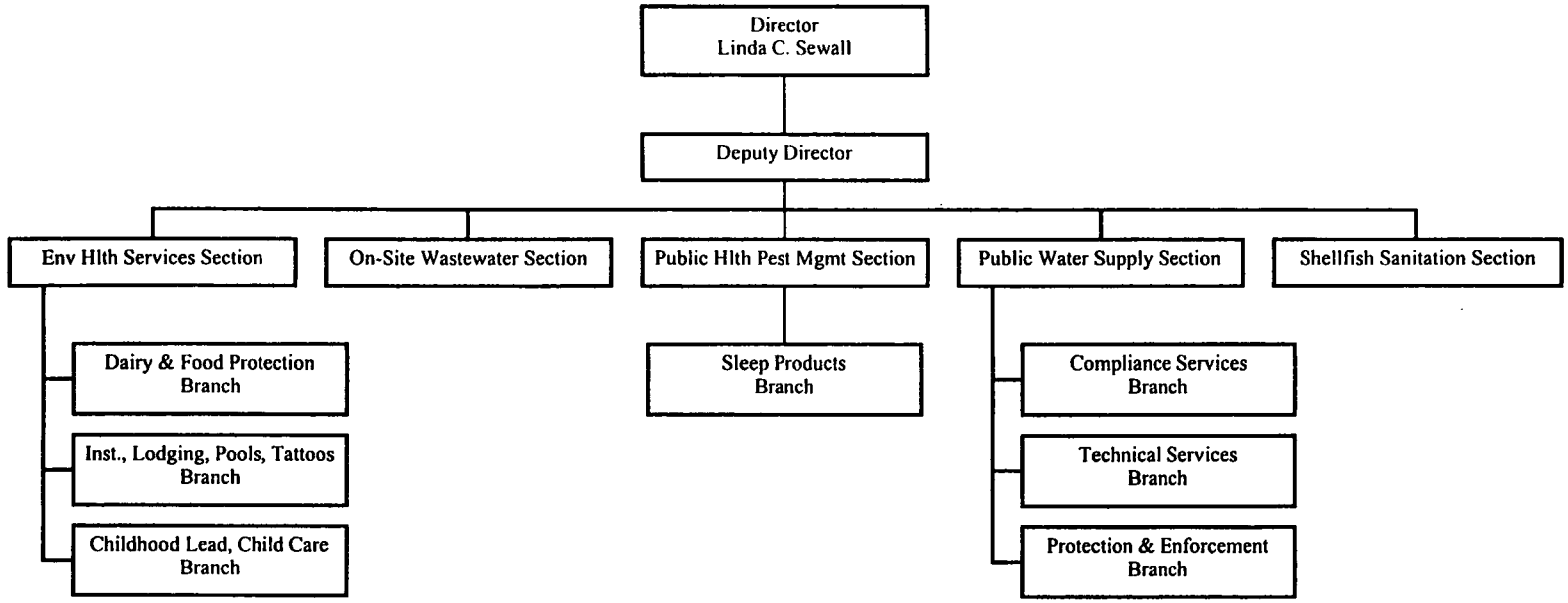
Special Fund Account - Bedding Law Account

Statutory Authority: G.S. 130A-269

Purpose of Fees: Funds are authorized to be used for the salaries and expenses of inspectors and other employees who enforce the bedding laws of the state. Funds can also be used for expenses connected with enforcement of the laws, including attorney's fees.

Fee Rate: New license fees are prorated for the length of time in business in a given year, but generally are equal to $720 for the first year of business. License renewal fees are based on the total number of bedding units manufactured, sold or sanitized in the State by the applicant during the preceding calendar year at the rate of $0.052 per bedding unit.

Date of Last Change: 1987


Director
Linda C. Sewall
Deputy Director
Env Hlth Services Section
On-Site Wastewater Section
Public Hlth Pest Mgmt Section
Public Water Supply Section
Shellfish Sanitation Section
Dairy & Food Protection Branch
Inst., Lodging, Pools, Tattoos Branch
Childhood Lead, Child Care Branch
Sleep Products Branch
Compliance Services Branch
Technical Services Branch
Protection & Enforcement Branch

PRESENTATION TO NER
DIVISION OF ENVIRONMENTAL HEALTH, DENR
Linda C Sewall, Director
March 29, 2001

The Division of Environmental Health has five sections and a division office. The sections implement a wide range of environmental health programs; some directly with the state staff and others through environmental health specialists employed by the local health departments. One of the division's principal responsibilities is training; especially training the local environmental health specialists who implement state laws and rules and the operators of public water systems.

In addition to administrative functions such as budget, personnel and purchasing, the 17 member division office staff includes a six person training office that provides the staffing for the Water Treatment Facility Operators Certification Board and coordinates the required training program for all new local environmental health specialists. This later program, known as "centralized training" was established in 1994. Although the continuation budget includes funds for only one annual offering of this six-week course, non-recurring funds appropriated for the past four years have allowed us to offer the class twice a year. This year we also obtained some one time funding from Department of Health and Human Services (DHHS) which allowed us to restructure the program into monthly modules and offer three complete cycles. This provides nine opportunities for local health departments to enroll new hires into the program. This change has been extremely popular. However, the budget for FY 2001-2003 provides funding for only one class per year.

The Public Water Supply Section (PWS) is the regulatory agency for the state's approximately 8,000 community and non-community public water systems. A public water system is a system that serves 15 or more connections or at least 25 people. The section enforces both the state and federal drinking water acts through programs including plan review, monitoring, inspections, technical assistance and training. In addition, the Section administers the drinking water portions of the Clean Water Bond and Federal State Revolving Funds. Most PWS program activities are conducted directly by the sections 98 position staff. Approximately half of the staff work from DENR's seven regional offices. Funding comes from appropriations, federal grants and operating permit fees. A limited amount of the federal grant money is used to contract with the local health departments to update state records on small non-community systems.

The Environmental Health Services Section includes the programs for food, lodging, Grade A Milk, public swimming pool, tattoo parlor, institutional and day care sanitation. In addition it administers the child lead identification and abatement program. For most of these programs a small state staff develops rules, provides training for local staff and provides "second opinions" at the request of the regulated community or the local health department. State staff rather than local staff implements the Grade A Milk program and inspects state owned facilities to assure that sanitary conditions are maintained. Of the staff of 52, 29 positions are located in the field. Funding comes from state appropriations, federal grants and fees. The section provides over $2.2 million in aid-to-counties funding to the local health departments through a variety of programs.

All 25 staff members of the Shellfish Sanitation and Recreational Water Quality Section are located in offices in Manteo, Morehead City and Wilmington. This section, which is entirely state funded, collects and analyzes water samples from coastal waters to determine if the waters should be open to the harvest of shellfish, conducts environmental surveys to identify sources of pollution, collects and analyzes meat samples from oysters, clams and crabs to determine the safety of the product and inspects facilities where shellfish and crabmeat are processed. The program operates in accordance with the Interstate Shellfish Sanitation Conference (ISSC) to assure that NC's shellfish can be sold out-of-state and that shellfish entering NC from other states and countries is safe. In addition, the section collects and analyzes samples from recreational waters in the coastal area to evaluate the safety of these waters for body contact

recreation. If samples indicate water quality concerns or if discharges that may represent a health threat are identified, signs are posted to alert the public to potential health concerns and the staff conducts surveys to determine the source of contamination. The fact that just 26 routine swimming advisories, 10 precautionary swimming advisories and eight point source swimming advisories have been issued since the program's inception in 1997 has served to confirm the cleanliness of NC's coastal waters. This has been helpful for tourism especially following negative publicity resulting from post hurricane flooding.

The On-Site Wastewater Section staff of 20 is primarily state funded although a federal grant funds one position. Eleven of the positions operate from DENR regional offices. The Central office staff has both field and office responsibilities. Subsurface wastewater systems (septic tank systems) are permitted by local health department employees authorized to enforce the state laws and rules administered by this section. Section responsibilities include training local staff; evaluating and assisting local programs; reviewing and approving technical plans and specifications for systems with capacities over 3000 gallons/day, industrial process wastewater systems, innovative and experimental systems, system components and other engineered systems, rule development and enforcement. In addition the state staff provides " second opinions" on sites at the request of the local health department or concerned citizens. The section also operates the Wastewater Discharge Elimination (WaDE) program to help identify failing systems and straight pipe discharges. This program's primary focus is in water supply watersheds in Western North Carolina. However, assistance can be provided to counties throughout the state that wish to establish local programs.

The Public Health Pest Management Section includes two programs: the Mosquito and Vector Control Program, and the Sleep Products Program. The Mosquito and Vector Control Program has eight technical and one office support staff. It provides technical assistance to local health departments, local mosquito and vector control programs, citizens, and businesses on the management of mosquitoes, ticks, rats, and other vectors of human disease. It also manages state financial aid for local mosquito control programs, manages the targeting of controls for insect and tick-transmitted diseases, and coordinates emergency mosquito-transmitted disease control after disasters, such as Hurricanes Fran and Floyd. The program has used disaster recovery funding, which ends June 30, to operate sentinel chicken flocks to target the control of mosquito-transmitted diseases, including West Nile Virus (WNV), a disease that has been a major public health problem in the Northeastern United States for the past two years. Staff also coordinates the collection of dead birds for analysis for WNV. Last fall one WNV positive crow was identified in Chatham County, and it is anticipated that WNV will become a major public health issue in NC in 2001. Although disaster recovery funds will continue to be available through June 30, 2001, continuation budget funds to support the sentinel flocks and associated EEE and WNV control targeting will not be available in the new fiscal year. The Centers for Disease Control (CDC) has awarded NC $89,000 of the estimated $750,000 needed to adequately target control for WNV and other mosquito-transmitted diseases in NC.

The Sleep Products Program has four inspectors, including one part-time coordinator, and one support staff. It enforces the Bedding Laws of NC and coordinates with federal and other state enforcement programs to insure that new sleep products are made of non-toxic and non-flammable materials and that used bedding articles, mostly mattresses, are safe and sanitary when resold to the public. The program, created at the request of the industry in 1937, enjoys strong support from manufacturers today. Manufacturers pay a pro-rated fee, based on business volume, to support the program. This fee, deposited in a special fund, follows economic trends and is highly cyclical, some years exceeding program spending and some years not meeting program needs. The fee was last increased in 1987.

North Carolina Department of Environment and Natural Resources
Division of Environmental Health

Director: Linda C. Sewall
2728 Capital Blvd.
1630 Mail Service Center
Raleigh, NC 27699-1630

Telephone 919-733-2870
Facsimile 919-715-3280

Overview

The Environmental Health Division's primary mission is to safeguard life, promote human health, and protect the environment through the practice of modern environmental health science, the use of technology, rules, public education, and dedication to the public trust. The Division consists of five sections: Environmental Health Services Section, On-Site Wastewater Section, Public Water Supply Section, Shellfish Sanitation Section and Public Health Pest Management Section. Each Section provides different services related to the promotion of human health and the environment within the State.

Environmental Health Services Section

- Grade A milk sanitation
- Training of and delegation of authority to local environmental health specialists
- Technical assistance to local health departments, other state agencies and the regulated community related to private water supplies, food, lodging and institutional sanitation, Grade A milk sanitation, public swimming pools, tattoo parlors and lead hazard identification and abatement
- Engineering review of plans and specifications for food, lodging and institutional facilities

On Site Wastewater Section

- Training of and delegation of authority to local environmental health specialists regarding on-site wastewater
- Technical assistance to local health departments, other state agencies and industry on soil suitability and other site considerations for on-site wastewater systems
- Engineering review of plans and specifications for wastewater systems 3,000 gallons or larger and industrial process wastewater systems designed to discharge below the ground surface

Public Water Supply Section

- Surveillance of all public water supplies
- Enforcement of public water supply rules
- Consultation services and technical assistance
- Review of technical plans and specifications for water supply construction
- Investigation of spills of hazardous substances that may affect public water supplies
- Training program for water works operators
- Water system construction loans and grants
- Assistance in the planning and designing of water supply systems

Shellfish Sanitation Section

- Sanitary surveillance and classification of shellfish growing waters
- Shoreline surveillance of pollution sources
- Tracking point source pollution movement and dispersion
- Inspection and certification of shellfish land crustacea plants
- Bacteriological analysis of shellfish and crustacea
- Review of CAMA, COE, Clearinghouse permit applications and projects related to coastal waters
- Technical assistance and training to local health departments, other agencies and industry related to shellfish sanitation
- Education of general pubic on shellfish sanitation
- Monitoring of coastal recreational water quality for bodily contact activities

Public Health Pest Management Section

- Technical and financial assistance to local health departments and local municipalities for the control of mosquitoes
- Assistance in developing mosquito control programs
- Assistance with programs controlling other vectors of public health significance
- Enforces North Carolina Bedding Law

3/7/2001

DIVISION OF ENVIRONMENTAL HEALTH
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Training Local Environmental Health Specialists	$100,000 NR	$100,000 NR

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Straight Pipe Elimination	$117,500 R 2.0		
2. Childhood Lead Exposure		$210,879 R 3.0	
3. OnSite Wastewater Programs		$226,212 R 4.0	
4. Support Local Health Dept. Program		$355,402 R 6.0	
5. Coastal Water Quality Monitoring		$337,566 R 6.0	

DIVISION OF ENVIRONMENTAL HEALTH
OVERVIEW OF REDUCTION ITEMS

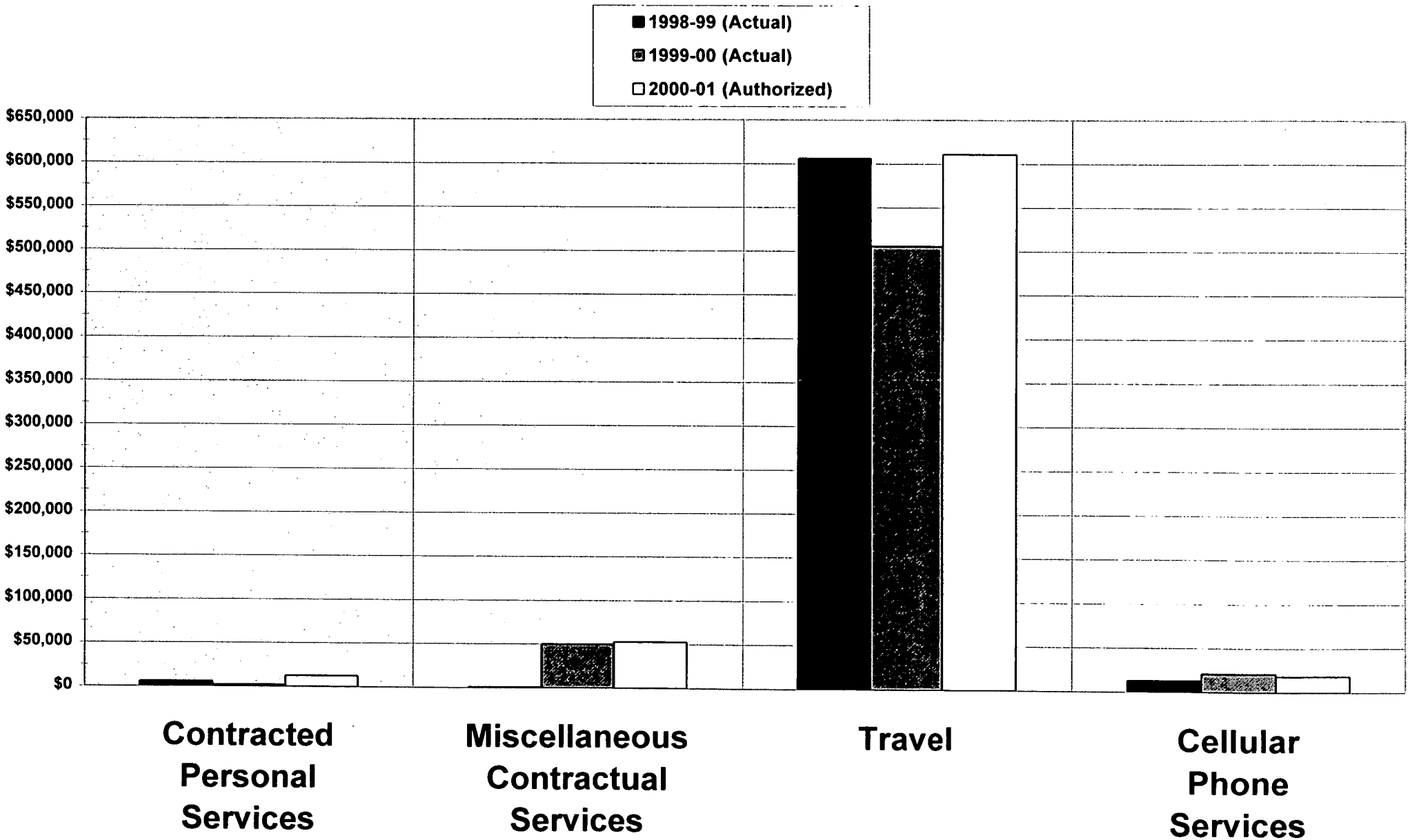
Current Biennium 1999-2001

SELECTED REDUCTIONS	FY 1999-00	FY 2000-01
1. Reduce Positions	($55,217) R -1.50	
2. Reduce Positions & Operating Expenses	($29,801) R -0.50	
3. Reduce Equipment	($25,725) R	

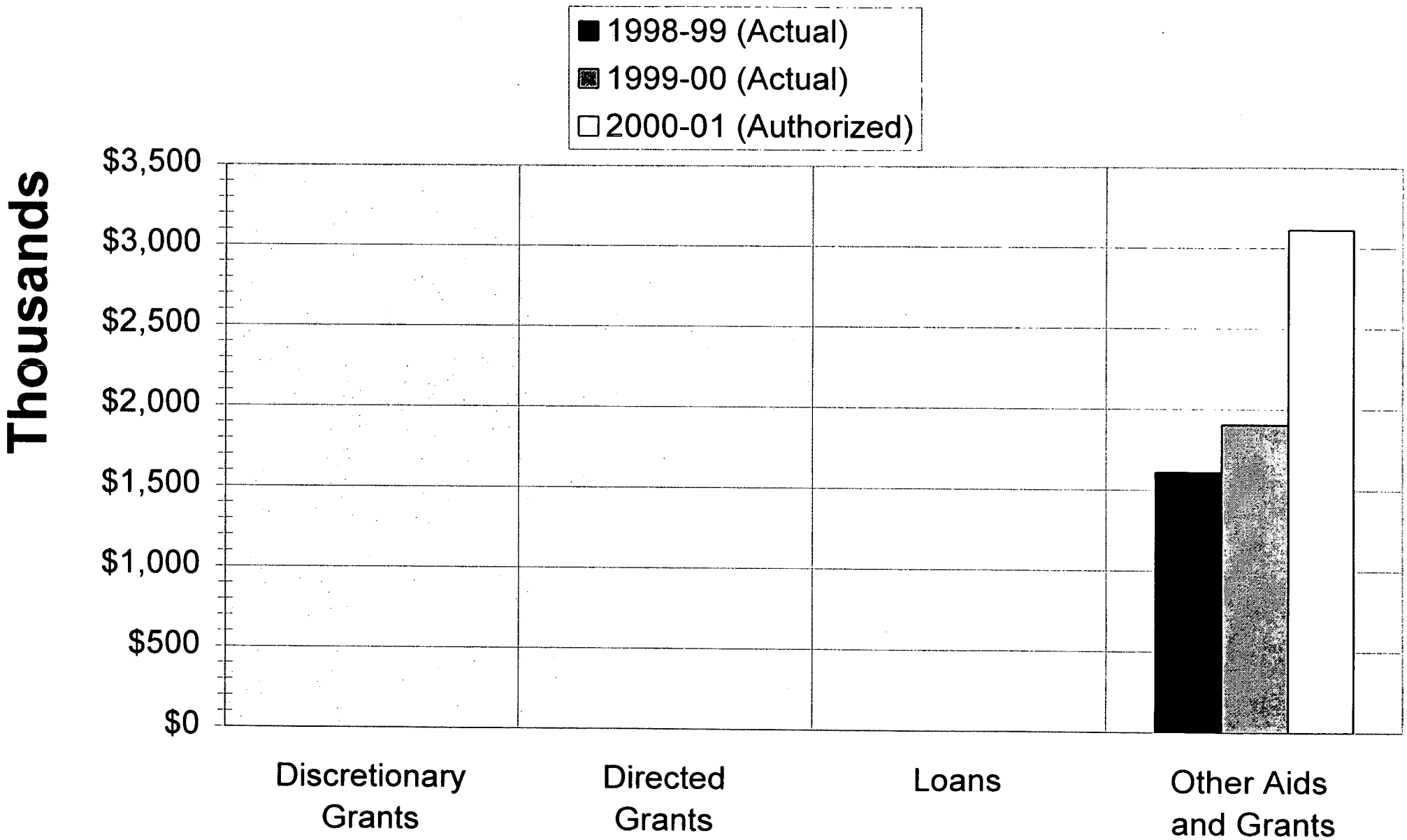
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Contracts	($276) R		
2. Salary/Span of Control Operating Reductions		($24,286) R (1)	
3. Reduce Positions & Operating Expenses			($72,210) R -0.50

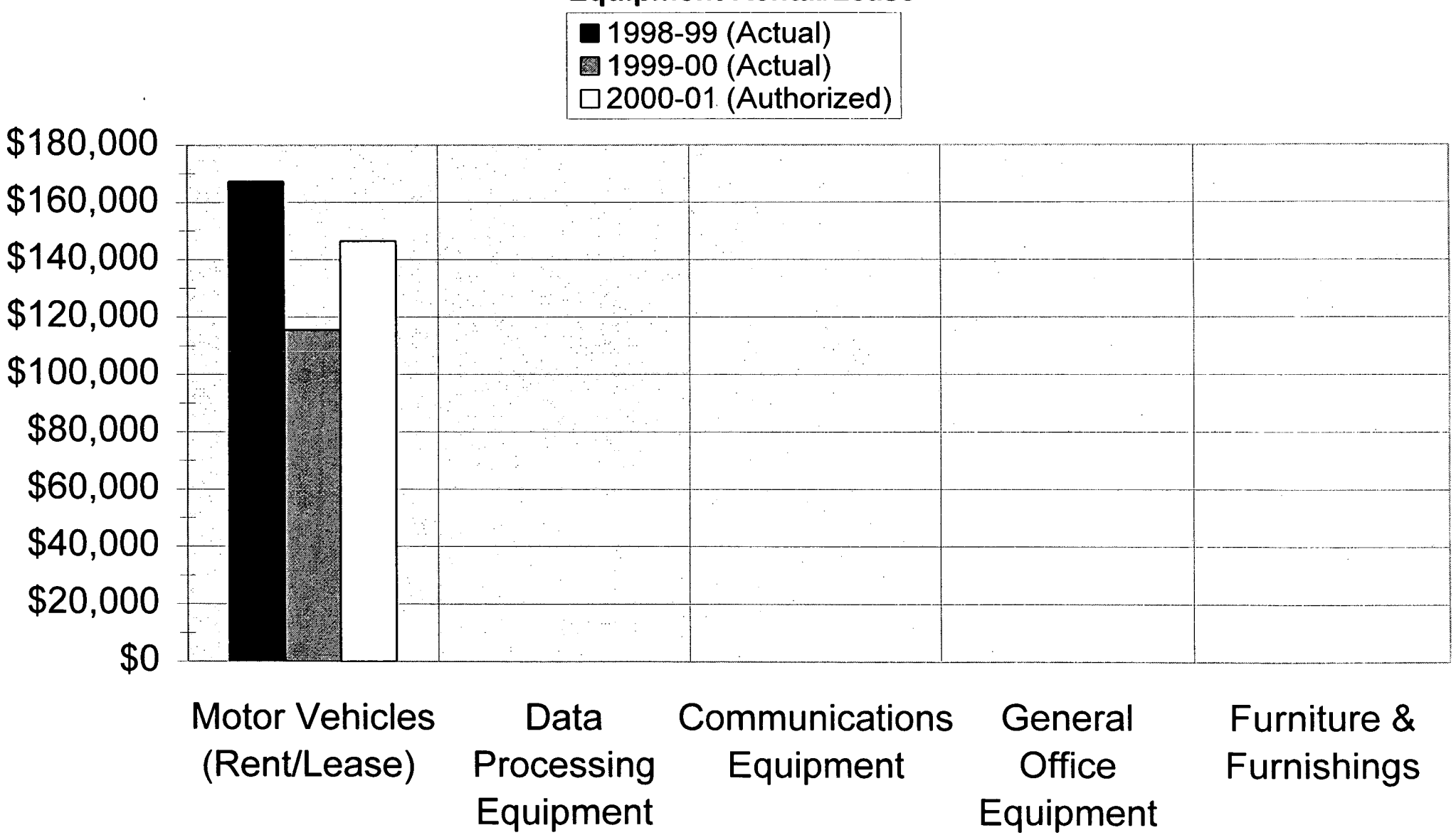
Department of Environment and Natural Resources
Division of Environmental Health
Comparison of Actual and Authorized Expenditures
Contractual Services and Travel Schedule



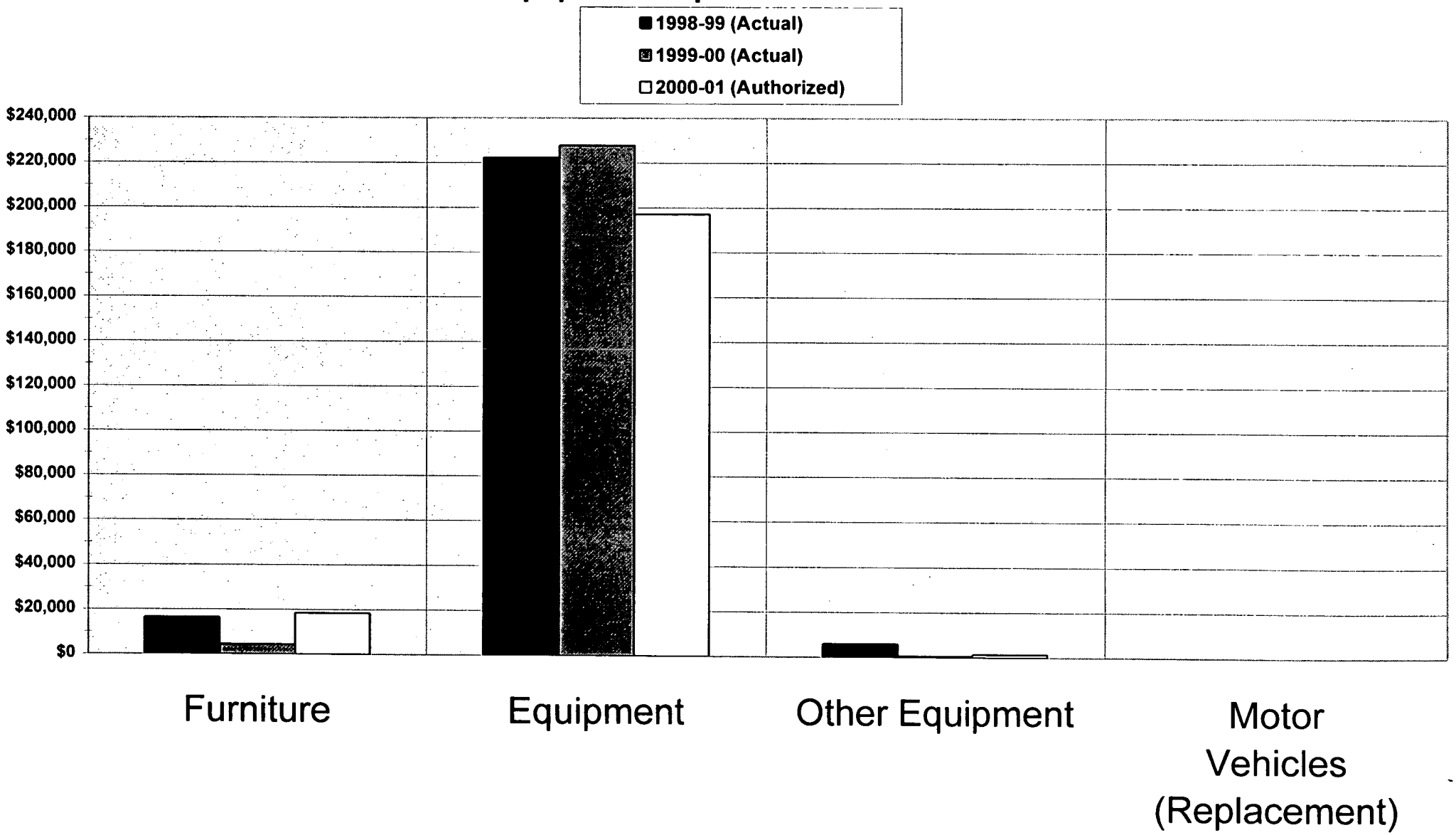
Department of Environment and Natural Resources
Division of Environmental Health
Comparison of Actual and Authorized Expenditures



Department of Environment and Natural Resources
Division of Environmental Health
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natural Resources
Division of Environmental Health
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
Division of Enviromental Health

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Water Treatment Facility Operator Certification	1980	G.S. 90A-27	$25	Aug-00	Annually	4581	$91,392
Exam Fee	1980	G.S. 90A-27	$30	Aug-00	Once/person	658	$13,140
Operating Permit Fee	1991	G.S. 130A-328	population rate/year	n/a	Annually	2412	$540,568
			<100 $150				
			101-500 $175				
			501-3300 $300				
			3301-5000 $450				
			5001-10,000 $550				
			10,001-50,000 $850				
Food & Lodging Fee	Apr-90	G.S. 130A-248(d)	$25	1990	Annually	26,000	$717,760
Bedding & Stamps (NC Bedding License & NC Sanitizer License)	1937	G.S. 130A-269	5.2 cents/unit	1987	Annually	792 Bedding	$392,085
						14 Sanitizer	$1,233

Department of Environment and Natural Resources

Division of Air Quality						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	23,024,005	27,287,993	21,724,110	23,094,644	27,716,147	27,724,992
Less Receipts	(24,057,362)	(26,018,725)	(19,895,380)	(20,478,955)	(27,187,762)	(27,187,762)
Cash Balance +/-	2,431,800	(280,870)	(934,617)	(1,895,480)	0	0
State Appropriations	*1,398,443*	*988,398*	*894,113*	*720,209*	*528,385*	*537,230*
Positions	280.75	286.00	295.00	294.00	296.00	296.00

DIVISION ACTIVITIES

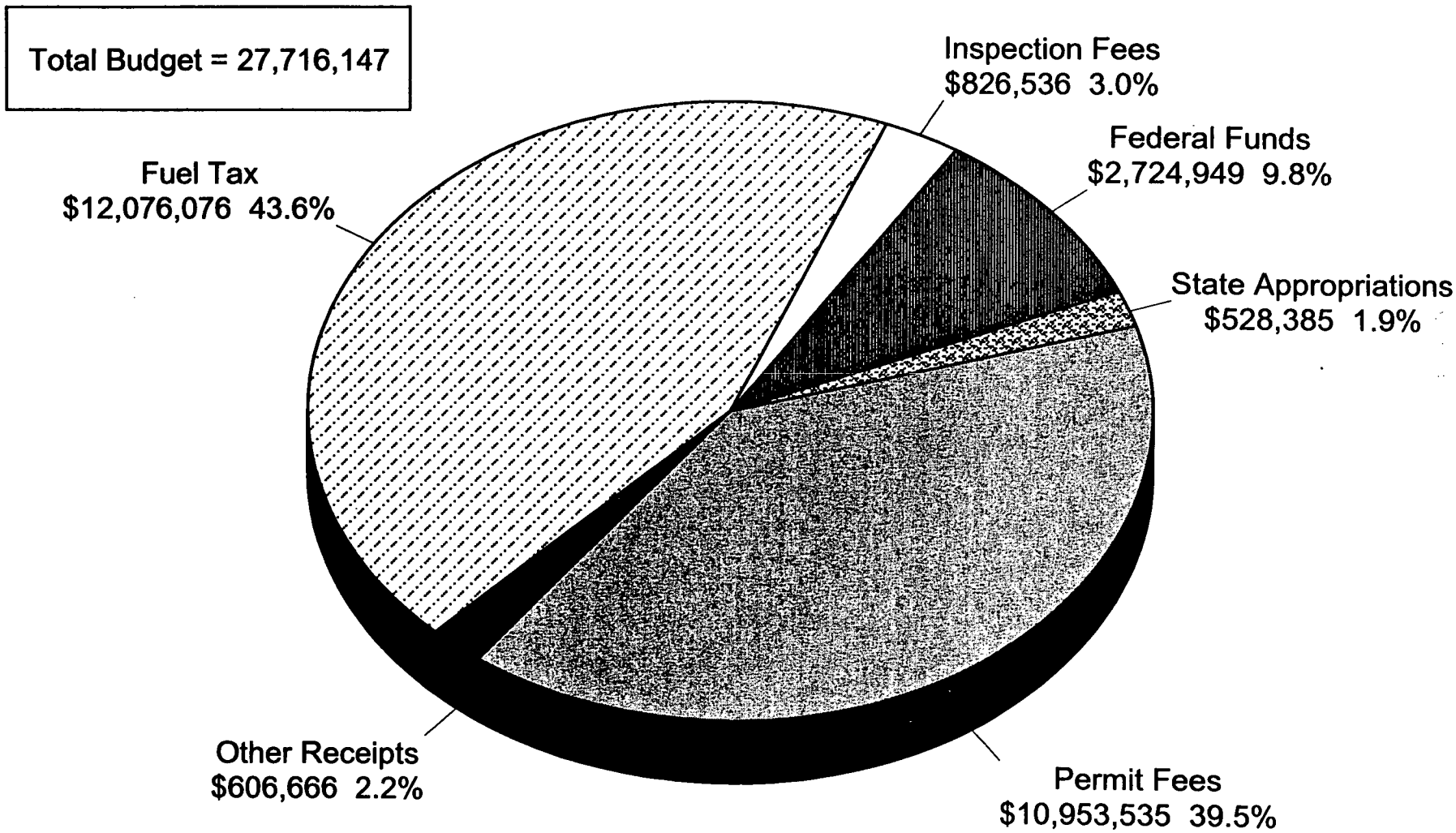
The mission of the Division of Air Quality is to conserve, protect and improve the State's air resources. To accomplish this mission, the Division is responsible for the following four main activities:

- Establishing ambient air quality standards and monitoring air quality,
- Permitting and inspecting stationary air emission sources,
- Establishing an inspection/maintenance program for motor vehicles in certain counties, and
- Determining appropriate controls to protect air quality standards through the use of modeling.

ATTACHMENT VI

Division of Air Quality

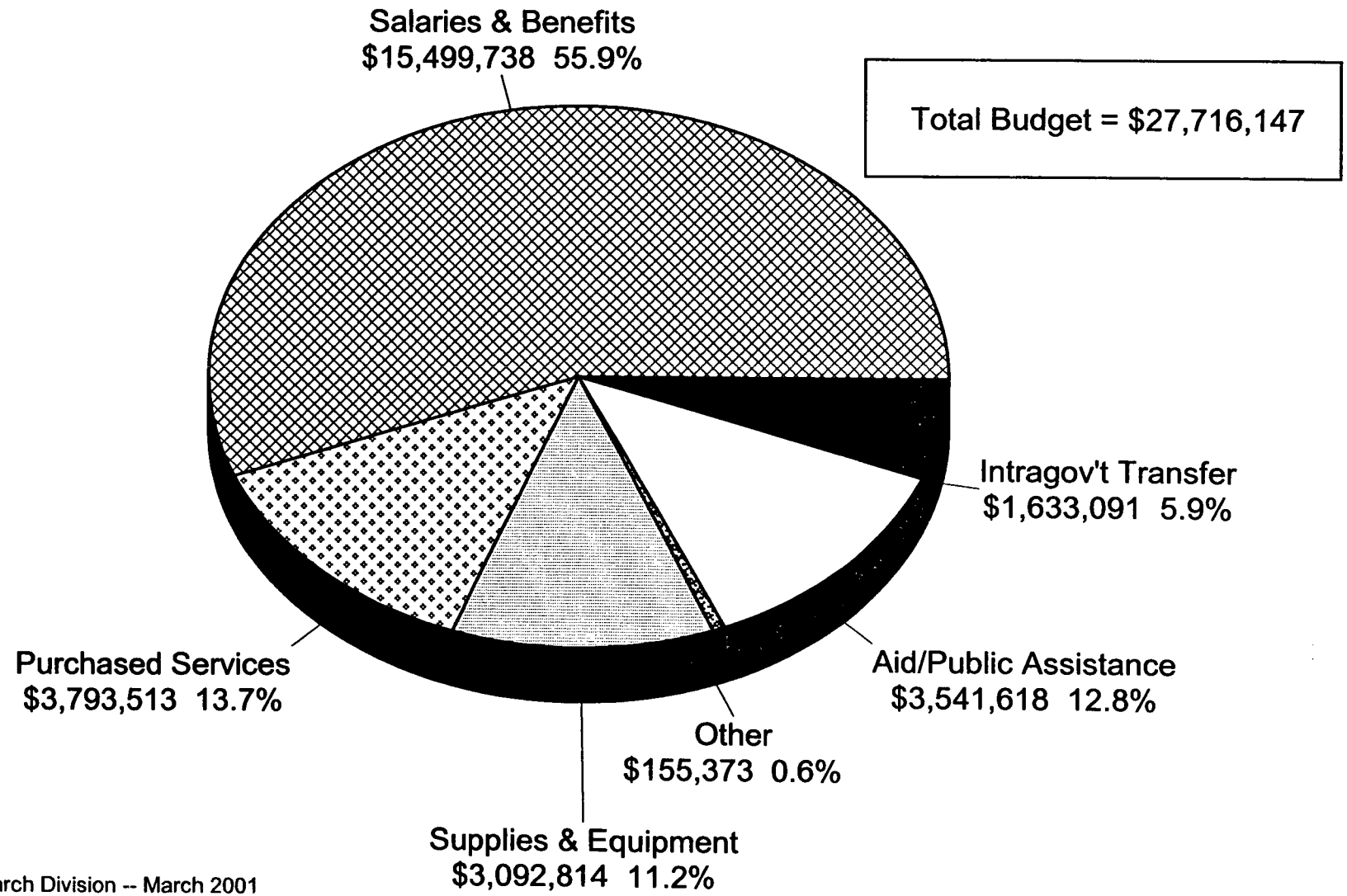
FY 2000-01 Authorized Fund Sources



Fiscal Research Division -- March 2001

Division of Air Quality

FY 2000-01 Authorized Expenditures by Category



Fiscal Research Division -- March 2001

DIVISION OF AIR QUALITY

Potential Items for Committee Discussion

1. The 1999 Session of the General Assembly passed SB953, the Ambient Air Quality Improvement Act. This Act, among other things, expanded the motor vehicle emissions inspection and maintenance program from the current 9 counties required to participate to an additional 39 counties to be phased in over a three-year period. The Committee may wish to have the Division Director comment on the need for the expansion, the air quality benefits to be gained and the status of the fee increase to cover expansion costs.

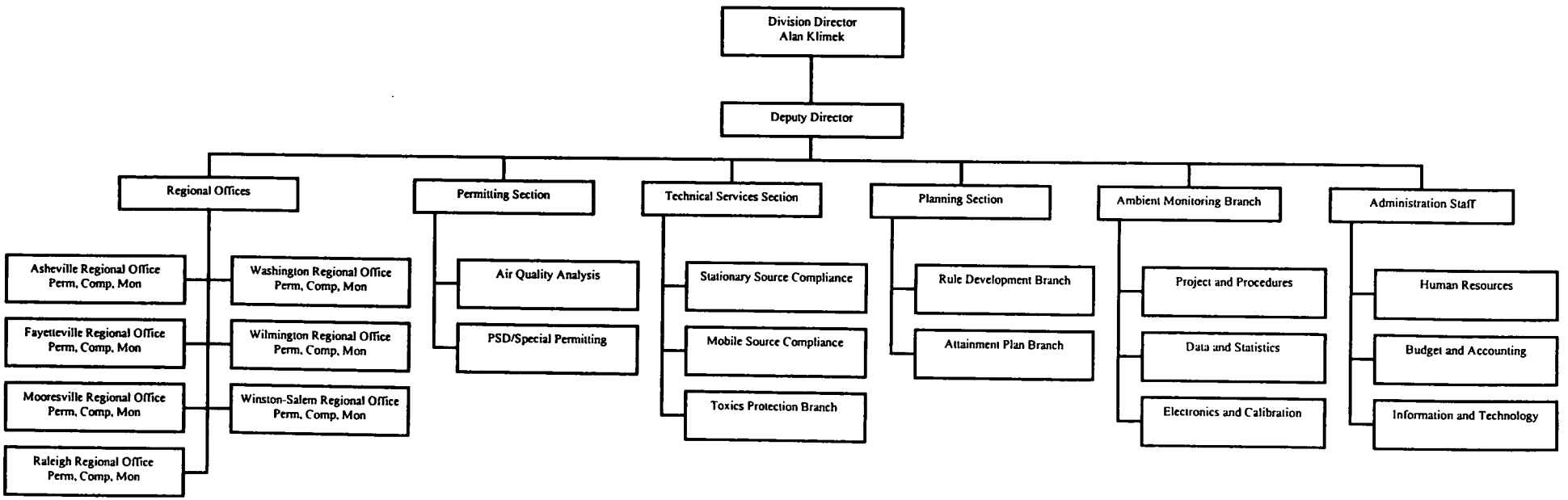
2. The Title V Program is a federally mandated program that requires facilities that emit large amounts/concentrations of pollutants to obtain a permit limiting the amount of different types of pollutants that they can release into the air. The Non-Title V Program is also a federally mandated program that regulates facilities that emit smaller amounts of pollutants. Fees collected from these two permits are deposited into separate non-reverting special funds. The Title V program is required by federal law to be entirely self-supporting and permit fees are restricted by the federal government to be used solely for permit program costs The Non-Title V Program does not contain a similar restriction. State law (G.S.143-215.3A) governs that Non-Title V permit fees be used to support the program. The Committee may wish to have the Division Director comment on the growing cash balance in the Non-Title V Permit account, the need for this cash balance, and any future plans the Division has for its use.

Department of Environment and Natural Resources

Division of Air Quality
Non-Title V Air Permtis

	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	23-Mar-01 Dec YTD
Total Fees Collected	$1,565,000	$1,397,846	$1,520,555	$1,046,957	$1,262,347	$858,423
Expenditures	($1,355,830)	($1,381,959)	($1,360,785)	($1,359,210)	($1,121,885)	($734,946)
Change In Cash Balance +/-	$209,170	$15,887	$159,770	($312,254)	$140,462	$123,477
Cash Balance Availability	$681,819	$697,706	$857,476	$545,222	$685,684	$809,162
Positions Supported *				21.00	21.00	21.00

* Prior to FY99, positions were not budgeted out of the special fund. Instead, fees collected were deposited into the special fund and then transferred to the Division of Air Quality's general fund account to support the Non-Title V Program.


Division Director
Alan Klimek
Deputy Director
Regional Offices
Asheville Regional Office
Perm, Comp, Mon
Fayetteville Regional Office
Perm, Comp, Mon
Mooresville Regional Office
Perm, Comp, Mon
Raleigh Regional Office
Perm, Comp, Mon
Washington Regional Office
Perm, Comp, Mon
Wilmington Regional Office
Perm, Comp, Mon
Winston-Salem Regional Office
Perm, Comp, Mon
Permitting Section
Air Quality Analysis
PSD/Special Permitting
Technical Services Section
Stationary Source Compliance
Mobile Source Compliance
Toxics Protection Branch
Planning Section
Rule Development Branch
Attainment Plan Branch
Ambient Monitoring Branch
Project and Procedures
Data and Statistics
Electronics and Calibration
Administration Staff
Human Resources
Budget and Accounting
Information and Technology

North Carolina Department of Environment and Natural Resources
Division of Air Quality

Director Alan Klimek
2728 Capital Boulevard
Raleigh, NC 27604

Telephone 919-733-3340
Facsimile 919-715-7175

Overview

The purpose of the Division of Air Quality is to conserve, protect, and improve the State's air resources. The goals of the Division are to attain clean and clear air to promote the citizens' health and welfare, to provide accessible, accurate, and useful information, data, and analyses, and to provide superior customer service and compliance assistance. The Division monitors the air quality of the State, performs planning and modeling to determine appropriate controls to protect air quality standards, permits stationary air emissions sources, inspects stationary air emissions sources, and establishes and evaluates the inspection/maintenance program for motor vehicles.

Much additional valuable information can be found on the Division of Air Quality website at http://daq.state.nc.us/

Services

Permit Stationary Air Emissions Sources (about 1600 permits issued per year)

- Assist owners of new and expanded sources to secure the necessary permits through conferences, literature, application forms, instructions and copies of rules, and participation in the DENR one-stop permit assistance service
- Issue permits after reviewing permit applications for compliance with air pollution control rules
- Hold public hearings and coordinate reviews by the U.S. Environmental Protection Agency, federal land managers, and other states', North Carolina, and local agencies, as required

Inspect Stationary Air Emissions Sources (about 2000 inspections per year)

- Perform periodic inspections of air emissions sources to verify compliance with rules and terms of permits
- Observe most and review all of the stack tests done by sources to measure emissions
- Prepare enforcement documents and carry out enforcement activities when necessary

Establish and Evaluate the Inspection/Maintenance Program for Motor Vehicles (2,076,000 per year emissions inspections in nine counties)

- Recommend the geographic areas, vehicle types and model years, pollutants, and test methods, to the General Assembly and formulate the resulting rules for the Environmental Management Commission to consider to obtain any necessary reductions in pollution levels to meet ambient standards
- Track and evaluate the actual performance of the inspection/maintenance program to determine whether the necessary emissions reductions are taking place
- Certify testing equipment and software produced by various manufacturers

Monitor the Ambient Air Quality of the State (102 monitors operated)

- Design, establish, operate, and audit, air monitoring devices in a Statewide monitoring network
- Collect, process, validate, analyze, and interpret, monitored air pollutant and other data into meaningful statistical summaries
- Overview ambient monitoring required to be done by others

Perform Planning and Modeling to Determine Appropriate Air Pollution Control Strategies and Rules to Protect Air Quality Standards

- Collect and analyze inventories of emissions from stationary, mobile, and natural sources
- Use sophisticated, supercomputer modeling of past and future emissions, meteorology, and past ambient pollutant concentrations to determine sets of strategies and rules needed to attain National Ambient Air Quality Standards
- Carry strategies and rules through the concept, stakeholder, public hearing, Environmental Management Commission, and other regulatory processes

<u>Outreach and Education</u>

- Provide, through the N.C. Air Awareness Program and its local Air Awareness Coalitions, a program informing the public, business, and industry, about air pollution, its causes, its effects, and what can be done to prevent it

RH34 2001 NER Committee Division Overview

DIVISION OF AIR QUALITY
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. No Expansion or Capital Improvements during these periods		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. No Expansion or Capital Improvements during these periods			

DIVISION OF AIR QUALITY
OVERVIEW OF REDUCTION ITEMS

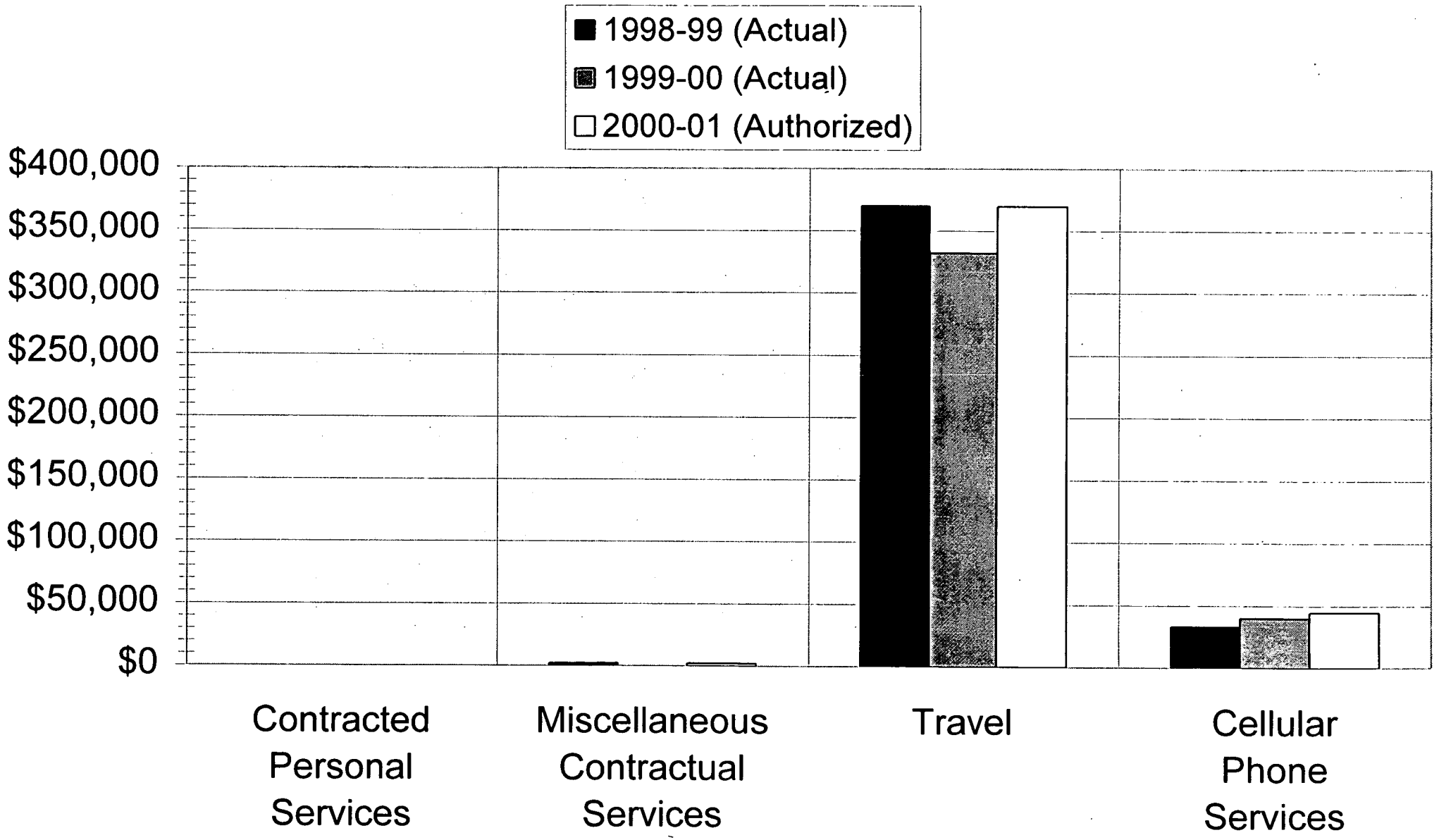
Current Biennium 1999-2001

REDUCTIONS	FY 1999-00	FY 2000-01
Shift funding for Environmental Chemist I position to fuel tax receipts	($38,992) R (1)	
Reduce general fund appropriation/increase receipts	($100,000) R	
Reduce general fund appropriation/increase receipts		($200,000) R (5)

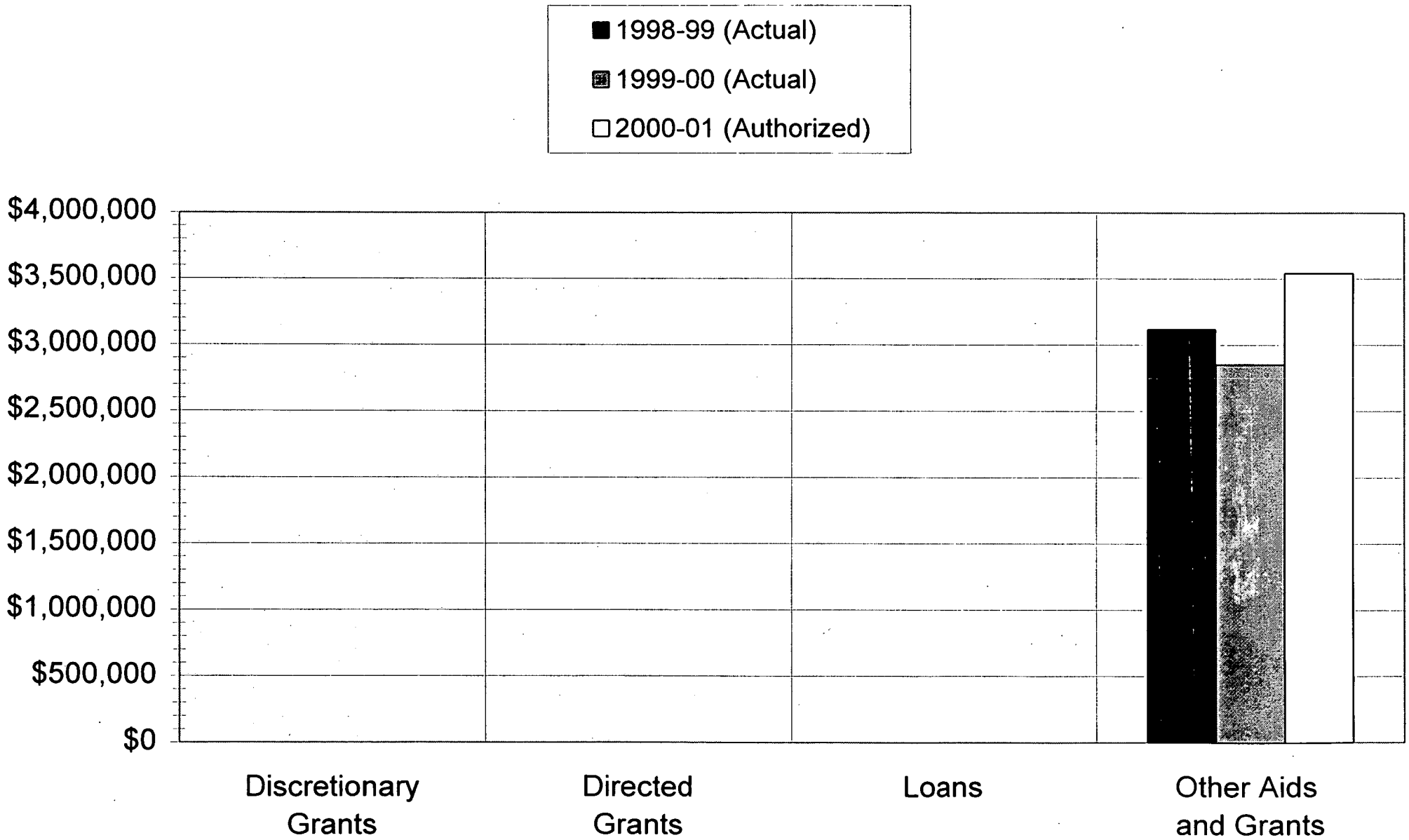
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
Reduce the General Fund Appropriation / Increase receipts		($200,000) R	
Salary/Span of Control/Operating Reduction		($19,105) R (1)	
Reduce Operating			($14,892) R

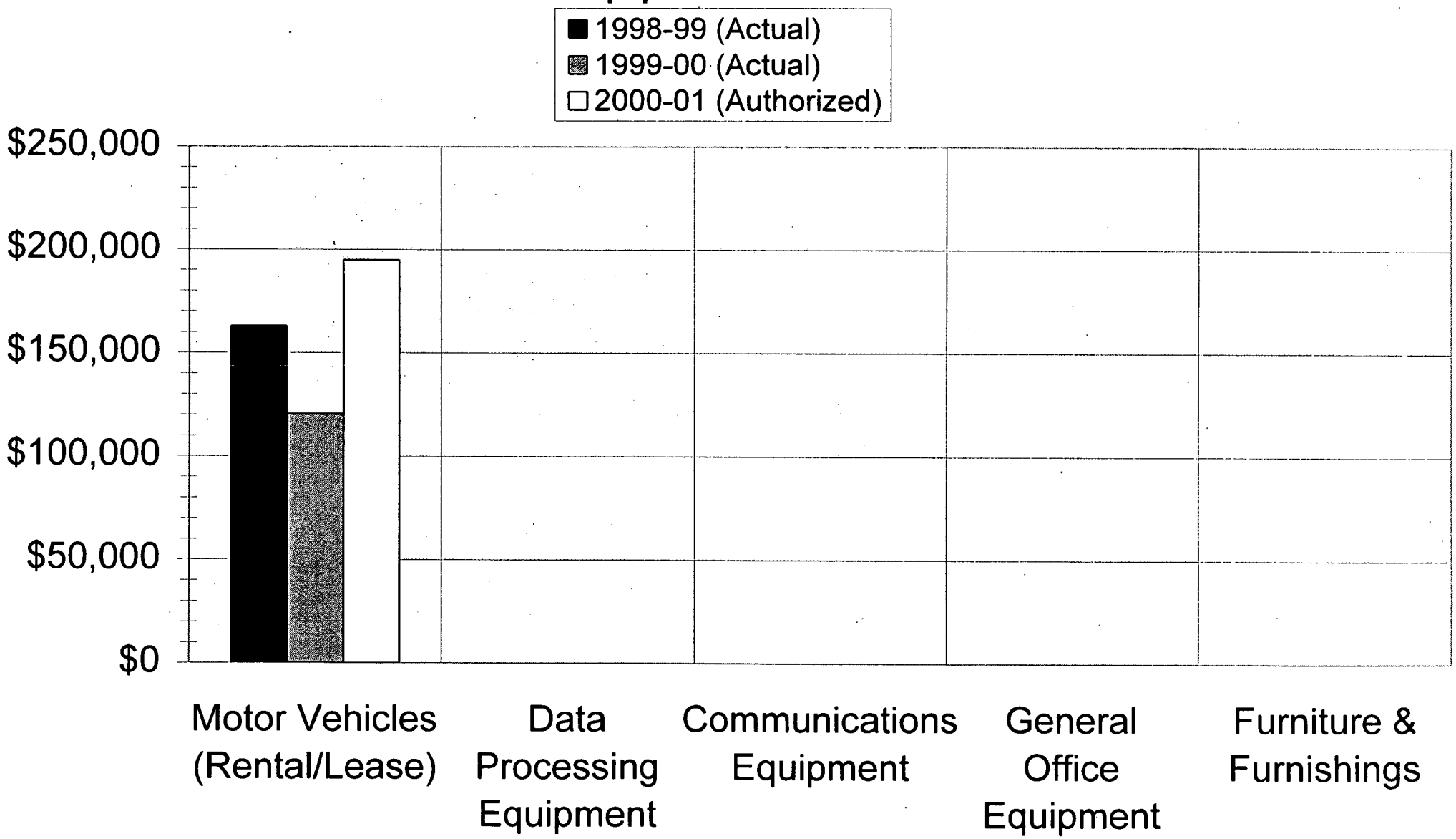
Department Name
Division of Air Quality
Comparison of Actual and Authorized Expenditures



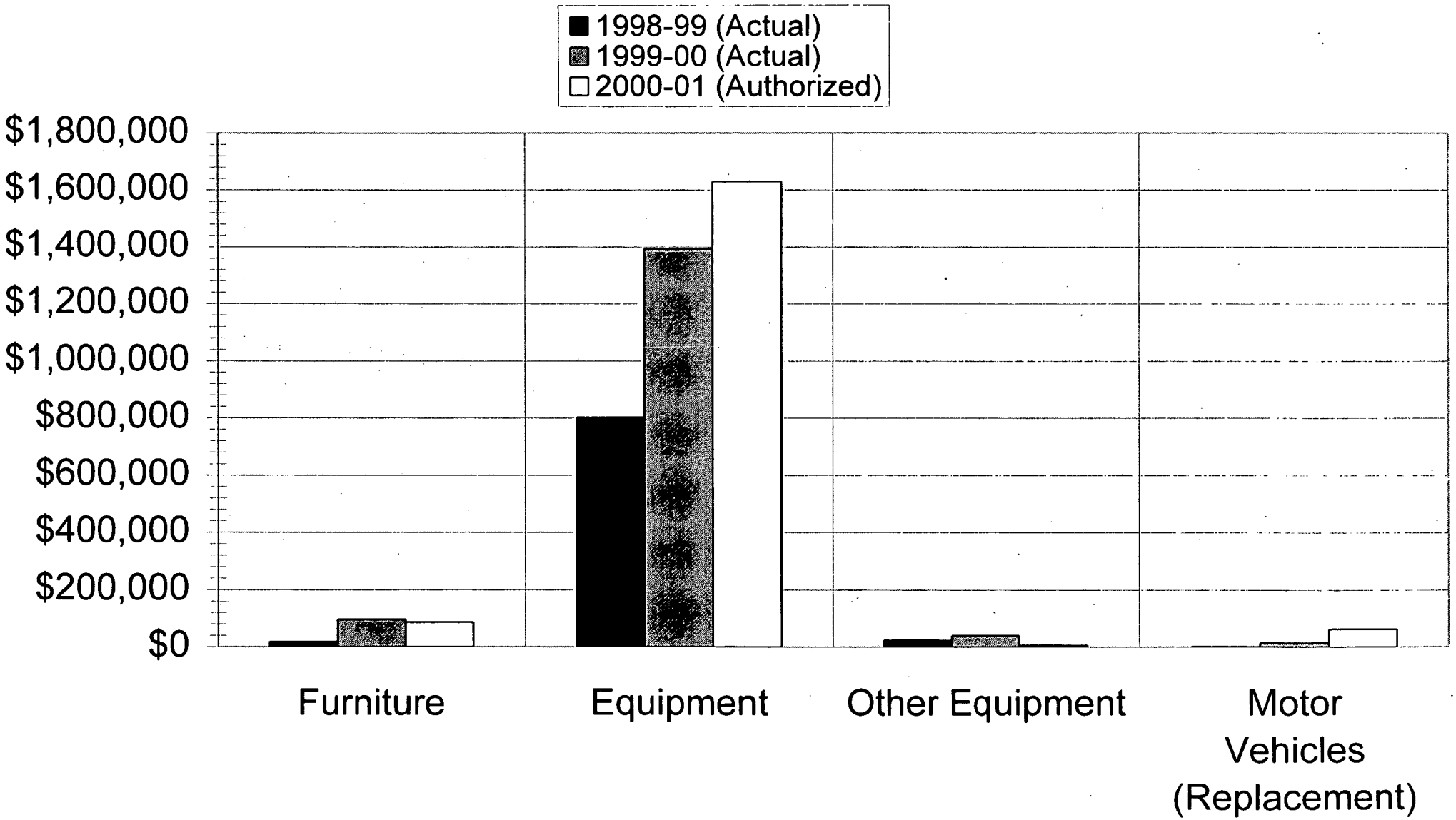
Department Name
Division of Air Quality
Comparison of Actual and Authorized Expenditures



Department Name
Division of Air Quality
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



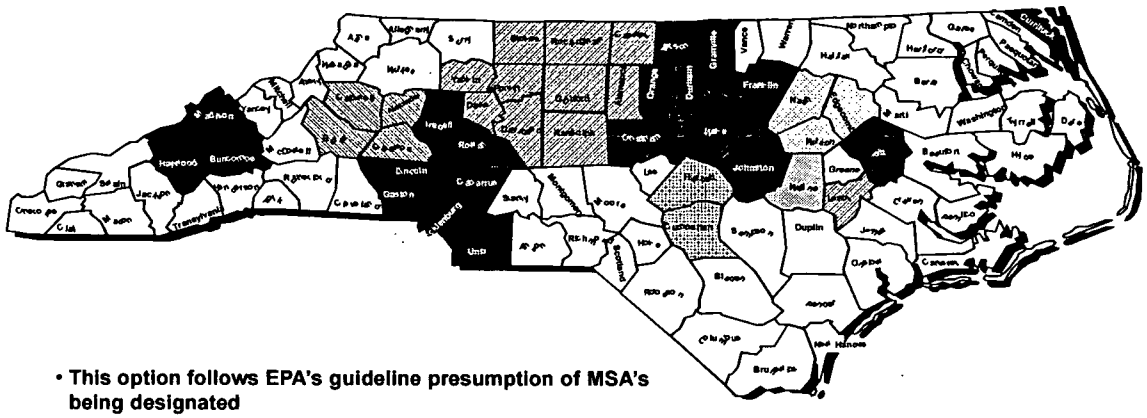
Department Name
Division of Air Quality
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF AIR QUALITY

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NON-TITLE V AIR PERMITS	8/1/88	143-215.3(a)(1b)					1,262,346
MONITORING FEE			$93.75 -$1500	03/08/94	1	2,771	
FEE CHARGED FOR ADMINISTERING AND MONITORING							
COMPLIANCE WITH TERMS OF AN AIR PERMIT							
APPLICATION FEE			$25 -$400	03/08/94	Once per	484	
FEE CHARGED FOR PROCESSING AN APPLICATION FOR AN AIR					application		
PERMIT							
TITLE V AIR PERMITS	3/8/94	143-215.3(a)(1d)					7,921,768
ANNUAL FEE			$6074+17.42	01/01/01	1	451	
FEE TO COVER THE COSTS OF ISSUING AND ADMINISTERING AN			per ton emitted				
AIR PERMIT							
APPLICATION FEE			$60 - $24062	01/01/01	Once per	145	
FEE CHARGED FOR PROCESSING AN APPLICATION FOR AN AIR					application		
PERMIT							
EMISSION INSPECTION CERTIFICATE FEE	12/1/82	20-183.7(c)(2)	$0.35 per sticker	12/01/82	1	2,025,757	709,015
FEE IS COLLECTED TO COVER COST OF ADMINISTERING THE							
INSPECTION/MAINTENANCE PROGRAM - COLLECTED BY DIVISION							
OF MOTOR VEHICLES AND TRANSFERRED TO DEHNR							
MAILING LIST FOR RULEMAKING NOTIFICATION FEE	4/1/95	150B-21.2(b)	$30	04/01/95	1	37	1,130

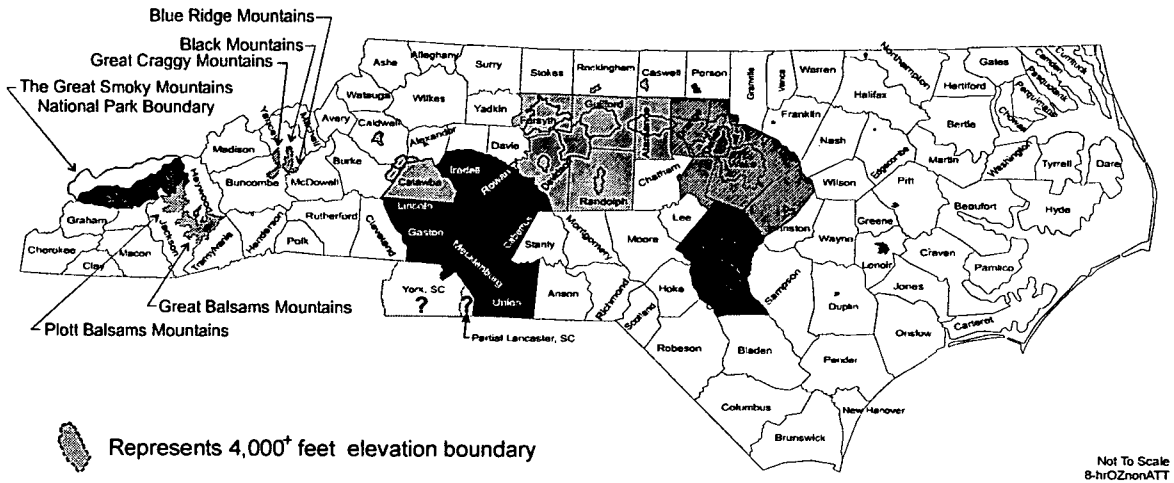
8-Hour Ozone Nonattainment Designations



- **This option follows EPA's guideline presumption of MSA's being designated**
- **Non-MSA counties with violating monitor - Caswell, Granville, Haywood, Lenoir**
- **Counties believed to contribute to problem - Harnett, Iredell, Wayne, Wilson**

Not To Scale
03/26/99
(01/05/00)

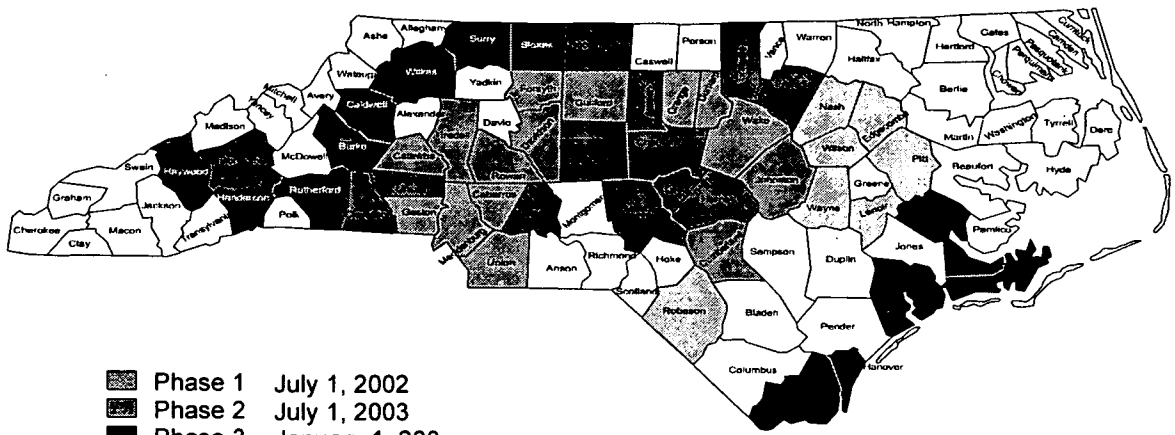
North Carolina's Recommendations to US-EPA on 8-hour Ozone Nonattainment Designations Consistent with Adoption and Implementation of the Governor's Clean Air Plan



Reductions in emissions will be required in areas as needed, even in areas not designated nonattainment, as part of the Governor's Clean Air Plan and as allowed by State Statutes.

DAQ-11

I/M County Phase-In



Phase 1	July 1, 2002
Phase 2	July 1, 2003
Phase 3	January 1, 200
Phase 4	July 1, 2004
Phase 5	January 1, 200
Phase 6	July 1, 2005
Phase 7	January 1, 200

Not To Scale
06/28/99

DAQ-12

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Laura DeVivo	DENR
Alan Klimek	DENR - DAQ
Russell Hageman	DENR - DAQ
Charles Valrie	DENR DAQ
David HERLONG	OSBPM
J.W. Reel	CWMTF
Johnny Gray	OSBPM
Buddy Hough	OSBPM
DON HOLBERT	DOC.
PRESTON HOWARD	MCIC
Nancy Thompson	MCIC
Angie McMillan	The Nature Conservancy NC Chapter
George Everett	Duke Energy
Tom Fransen	DENR-DWR
John Morris	DENR - DWR
R ROGERS	DENR
JANE Smith	DENR
CATHY HARDY	DENR
Linda Sewall	DEH/DENR
Nolen Newton	" "
Lucia Merritt	DEH/DENR
Gray McCallie	N.C. Conservation Network.
Becky Brown	Labor
Beth Bizzell	alley-associates
Artis Jatkins	SEANC
Brock Nicholson	DENR - DAQ

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 3, 2001
Senator David Weinstein, Presiding

Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **Division of Coastal Management**
   Jennifer Hoffmann, Fiscal Research
   Donna Moffitt, Division Director

3. **Division of Land Resources**
   Jennifer Hoffmann, Fiscal Research
   Charles Gardner, Division Director

4. **Division of Waste Management**
   Jennifer Hoffmann, Fiscal Research
   Bill Meyer, Division Director

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, April 3 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, April 3 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Hunter, Mitchell, Underhill, Walker, Weatherly, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and recognized the pages.

Jennifer Hoffmann, Fiscal Research, presented the overview of the continuation budget of the Division of Coastal Management. This is Attachment A of these minutes. She said the mission of the Division is to protect, conserve, and manage North Carolina's coastal resources through a comprehensive planning and resources management program for 20 coastal counties.

Donna Moffitt, Division Director, gave an overview of this Division. This is Attachment B of these minutes. She said the Division has been operating under the North Carolina Coastal Area Management Act for more than 26 years. They also operate under the federal Coastal Zone Management Act. She said they have 29 staff and 31 field staff in district offices located in Elizabeth City, Morehead City, Washington, and Wilmington. She said they operate under three sections. These sections include permitting and compliance section, administration section, and planning policy development and site management section.

Jennifer Hoffmann, Fiscal Research, presented the overview of the Division of Land Resources. This is Attachment C of these minutes. She said the mission of the Division is to promote the wise use and protection of NC's

land and geologic resources. The Division is divided into two sections: Geological Survey and Land Quality. The Geological Survey section examines, describes and maps the geology and mineral resources of the state, and publishes reports and maps. The Land Quality section administers and enforces the Sedimentation Pollution Control Act of 1973, the Mining Act of 1971 and the Dam Safety act of 1967.

Charles Gardner, Division Director and State Geologist, presented a more detailed overview of the budget for the Division. This is Attachment D of these minutes.

The meeting adjourned at 10:00 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Environment and Natural Resources

Division of Coastal Management						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	4,908,847	5,157,151	5,019,923	4,587,914	6,180,309	6,392,621
Less Receipts	(2,938,844)	(3,016,392)	(2,544,905)	(2,816,255)	(4,140,311)	(4,140,311)
State Appropriations	*1,970,003*	*2,140,759*	*2,475,018*	*1,771,660*	*2,039,998*	*2,252,310*
Positions	62.00	62.00	66.00	61.00	64.00	65.00

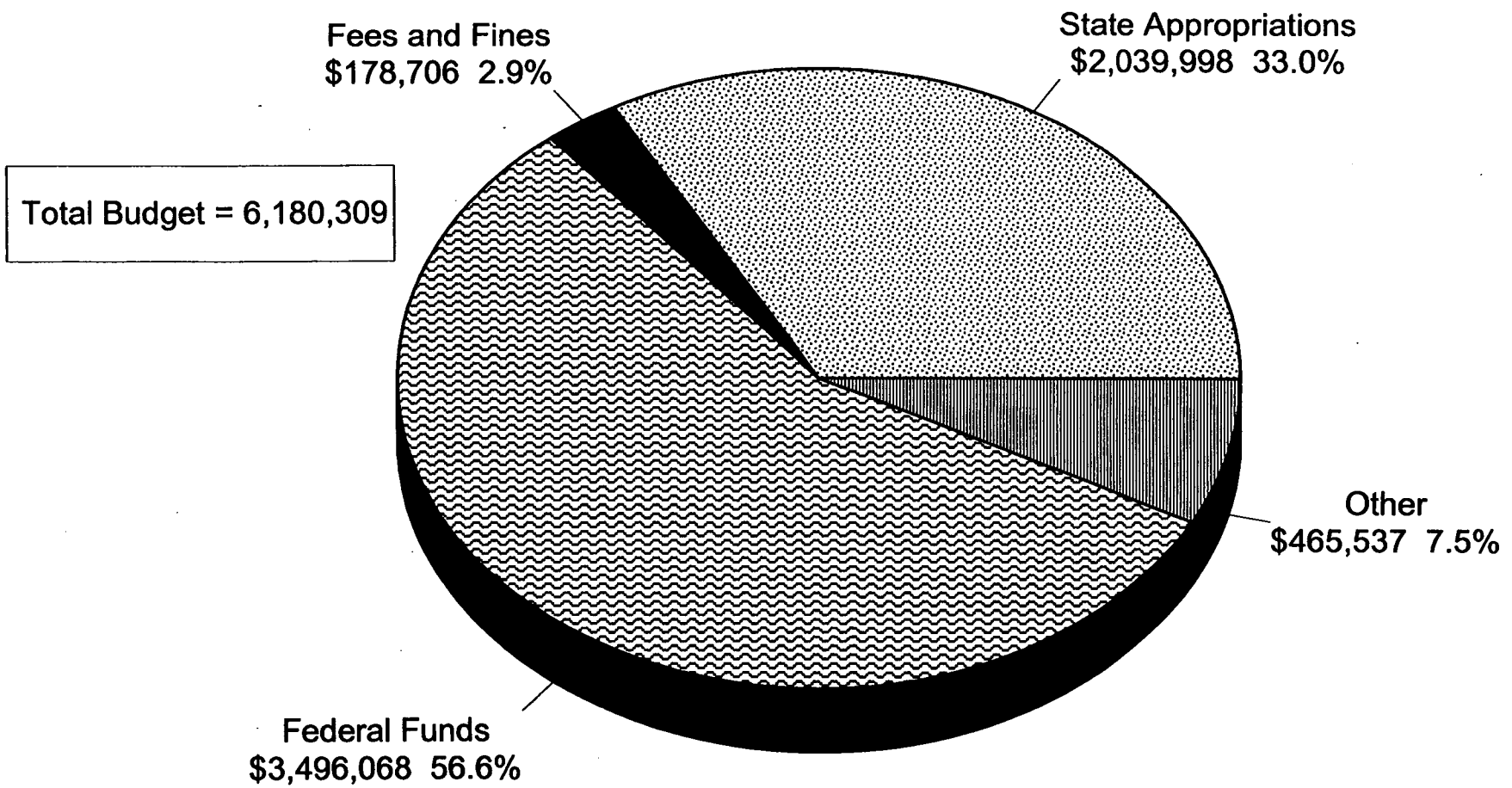
The mission of the Division of Coastal Management is to protect, conserve, and manage North Carolina's coastal resources through a comprehensive planning and resources management program for 20 coastal counties.

DIVISION ACTIVITIES

- Administers coastal development (CAMA) permits, ensures federal consistency with the NC Coastal Management Plan, and monitors permitted projects for compliance
- Conducts long range planning, technical studies and policy development
- Provides funding for the Public Beach and Coastal Waterfront Access Program
- Acquires and manages a system of coastal natural areas through the Coastal Reserve Program
- Provides technical and financial assistance to local governments for coastal land use planning

Division of Coastal Management

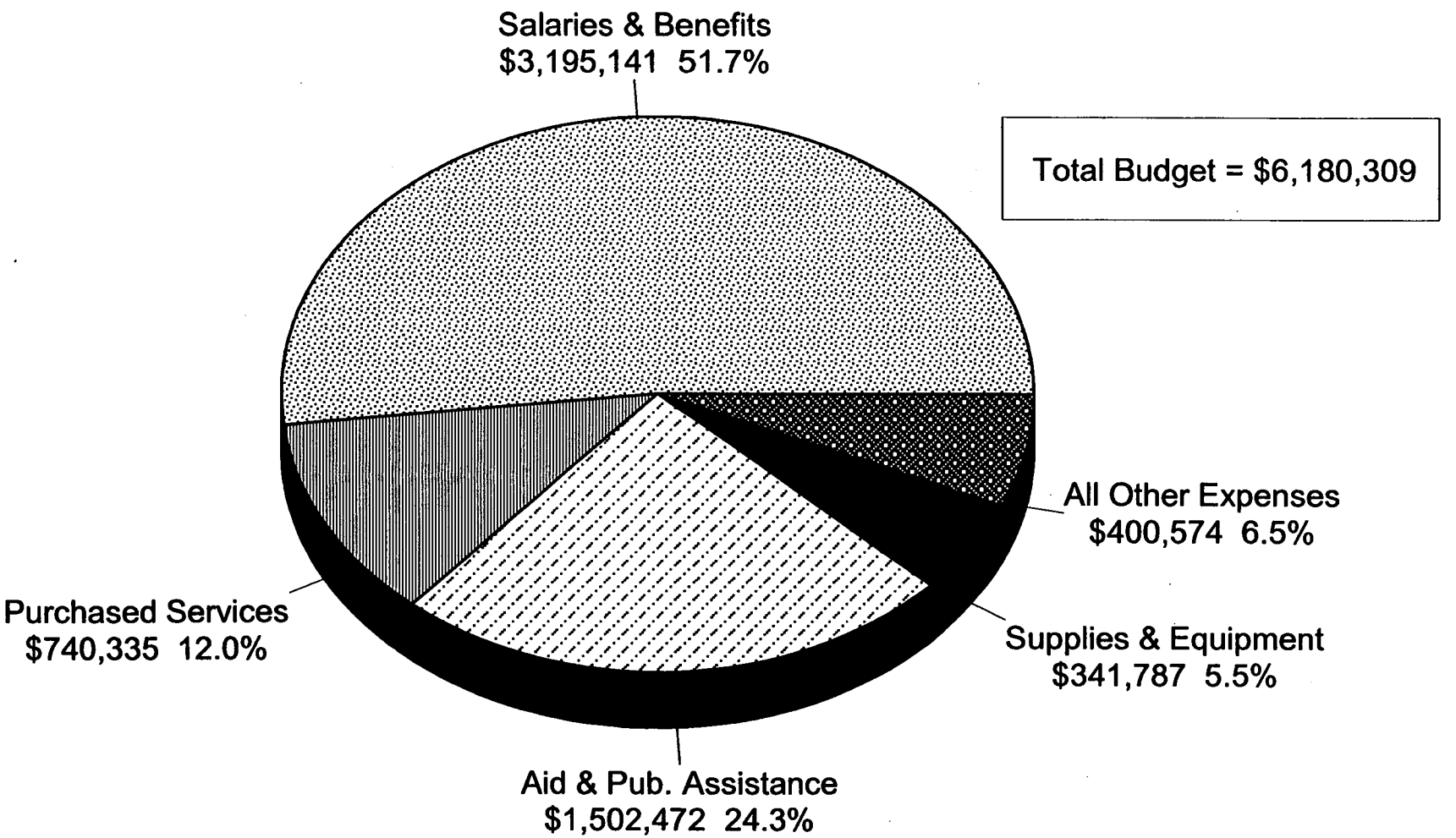
FY 2000-01(Authorized) Fund Sources



Fiscal Research Division - April 2001

Division of Coastal Management

FY 2000-01 (Authorized) Expenditures By Category



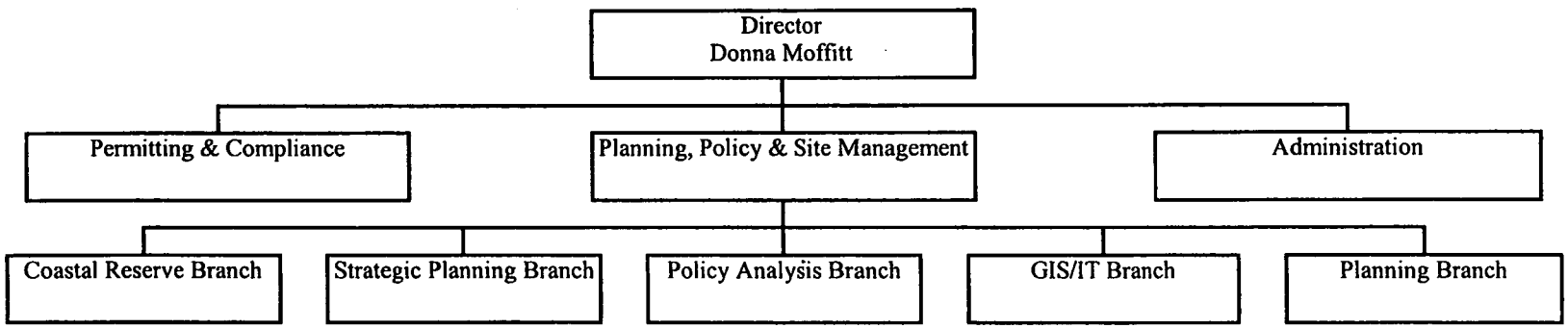
Fiscal Research Division - April 2001

DIVISION OF COASTAL MANAGEMENT

PROPOSED RECOMMENDATIONS FOR THE 2001-03 BIENNIUM

CONTINUATION BUDGET ITEMS	2001-02	2002-03
1. Operating Reserve for Preyer Buckridge	$101,845 R 1.00	$101,845 R 1.00

Division of Coastal Management



Attachment B

North Carolina Department of Environment and Natural Resources
Division of Coastal Management

Director: Donna D. Moffitt
1638 Mail Service Center
Raleigh, NC 27699-1638

e-mail: Donna.Moffitt@ncmail.net
Telephone: 919/733-2293
Facsimile: 919/733-1495
http://dcm2.enr.state.nc.us

Overview

The ***Division of Coastal Management (DCM)*** implements the North Carolina Coastal Management Program's goals of protecting coastal wetlands, estuarine and public trust waters, barrier islands, ocean resources, and other critical areas by administering coastal development (CAMA) permits, providing financial and technical assistance for local land-use planning, determining federal and state project consistency with the NC Coastal Management Program, managing a system of coastal natural areas, administering the public beach/waterfront access program, and providing staff services for the Coastal Resources Commission and the Coastal Resources Advisory Council. DCM is headquartered in Raleigh with district offices in Elizabeth City, Morehead City, Washington and Wilmington. Offices housing staff in the Coastal Reserve program are located in Beaufort, Kitty Hawk and Wilmington

The North Carolina ***Coastal Area Management Act (CAMA) of 1974*** established a resource management program for the state's 20 coastal counties. The North Carolina Coastal Management Program is also a federally-approved program that encompasses the administrative rules and policies of the Coastal Resources Commission, local land-use plans, and the enforceable rules and policies of other state resource agencies. This authority is granted through the federal Coastal Zone Management Act.

The ***Coastal Resources Commission (CRC)*** sets the policies under which the NC Coastal Management Program operates. The CRC consists of 15 members appointed to staggered four-year terms by the Governor, 13 of whom must be residents of the coastal area. The CRC was established under CAMA and meets bi-monthly.

The ***Coastal Resources Advisory Council (CRAC)*** advises the CRC on policy and rulemaking matters, and serves as the CRC's liaison with local governments in the coastal region. The CRAC consists of 45 members representing each of the 20 coastal counties, coastal councils of government, coastal cities/towns, the marine science community, and state agencies working with coastal resources.

Division Services (FY 1999-00 measures)

Issue coastal development permits within guidelines established by CAMA and CRC

- 100% of CAMA major and general permit applicants receive a site visit by DCM field staff
- 96.5% of CAMA major & general permits issued within 75 days of statutory deadline (5.7% issued by Raleigh staff; 48% issued by field staff)

- 257 state & federal projects reviewed for consistency with NC rules and policies (Ral)
- 1,362 CAMA general permits (48%) issued by field staff
- 1,304 CAMA minor permits (46%) issued mostly by local governments with DCM field staff oversight
- Approx. $130,000 provided to local governments participating in local minor permit programs (Ral/field)

Provide for a system of properly managed natural areas representative of coastal habitats

- 759 acres added to NC Coastal Reserve system resulting in total of 9 sites encompassing over 30,000 acres (Ral/field)
- 5,597 students and teachers participated in field & interpretive programs (field)
- 16,888 Coastal Reserve web site visits; recognized nationally by *USA Today* as a "hot site"
- Coastal Reserve education coordinator received 2000 Governor's Award of Excellence and named 2001 Wildlife Conservation Educator of the Year

Provide technical assistance and funding for development, update and implementation of local government land use plans in counties under CAMA jurisdiction

- Technical assistance provided by field planners to 19 local governments for CRC-approved land use plan updates and amendments
- $292,696 awarded to 20 local governments to implement portions of their land use plans (Ral/field)
- 20 CAMA counties mapped (and made available to local governments) for all wetland types, potential restoration sites, and relative importance of various wetland sites (Ral)

Ensure opportunities for North Carolinians and tourists to reach public trust waters and ocean and estuarine beaches

- 21 new CAMA beach/waterfront access projects added to system (Ral/field)
- Total of 268 CAMA funded handicapped accessible public beach and waterfront access areas in coastal NC
- Maps and descriptions of all CAMA funded public beach and waterfront access sites available via Internet (Ral)
- Over $1 million awarded to 16 local governments for public beach and waterfront access projects (Ral/field)

Help develop beach management strategy

- Developing baseline data for beach and inlet management strategy (Ral)
- Issued contracts for first controlled aerial photography of entire NC oceanfront (completed) and for digital orthophotography (completed by end of calendar year 2001) as part of DCM's five-year oceanfront erosion rate update (Ral)
- Current oceanfront erosion rate maps made available via Internet (Ral)

Assist Coastal Resources Commission/Advisory Council to develop and implement NC coastal management program

- Staffed six 3-day regular meetings of CRC/CRAC (Ral/field)
- Held 41 public hearings for adoption of new administrative rule establishing coastal shoreline area of environmental concern (Ral/field)
- Wrote and distributed to approx. 600 people 6 *CAMAgram* newsletters via mail and Internet (Ral)
- Issued 51 press releases and responded to numerous press inquiries (Ral)
- Distributed to over 550 persons 6 interested parties mailings (Ral)

DIVISION OF COASTAL MANAGEMENT
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
NOT APPLICABLE		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
NOT APPLICABLE			

DIVISION OF COASTAL MANAGEMENT
OVERVIEW OF REDUCTION ITEMS

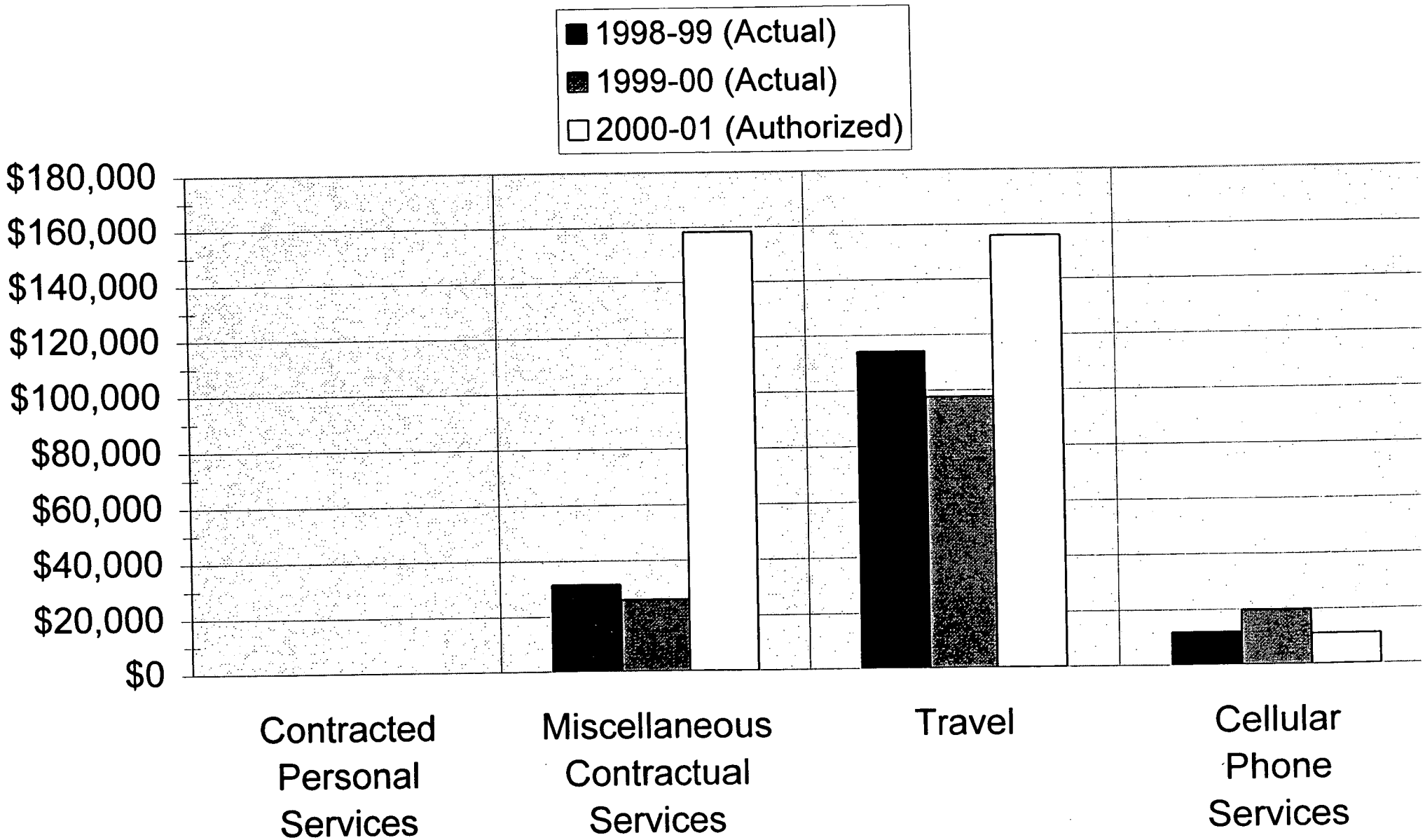
Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Reduce Land Use Planning Grants	($100,000) NR	
2. Land Use Planning Moratorium		($100,000) NR

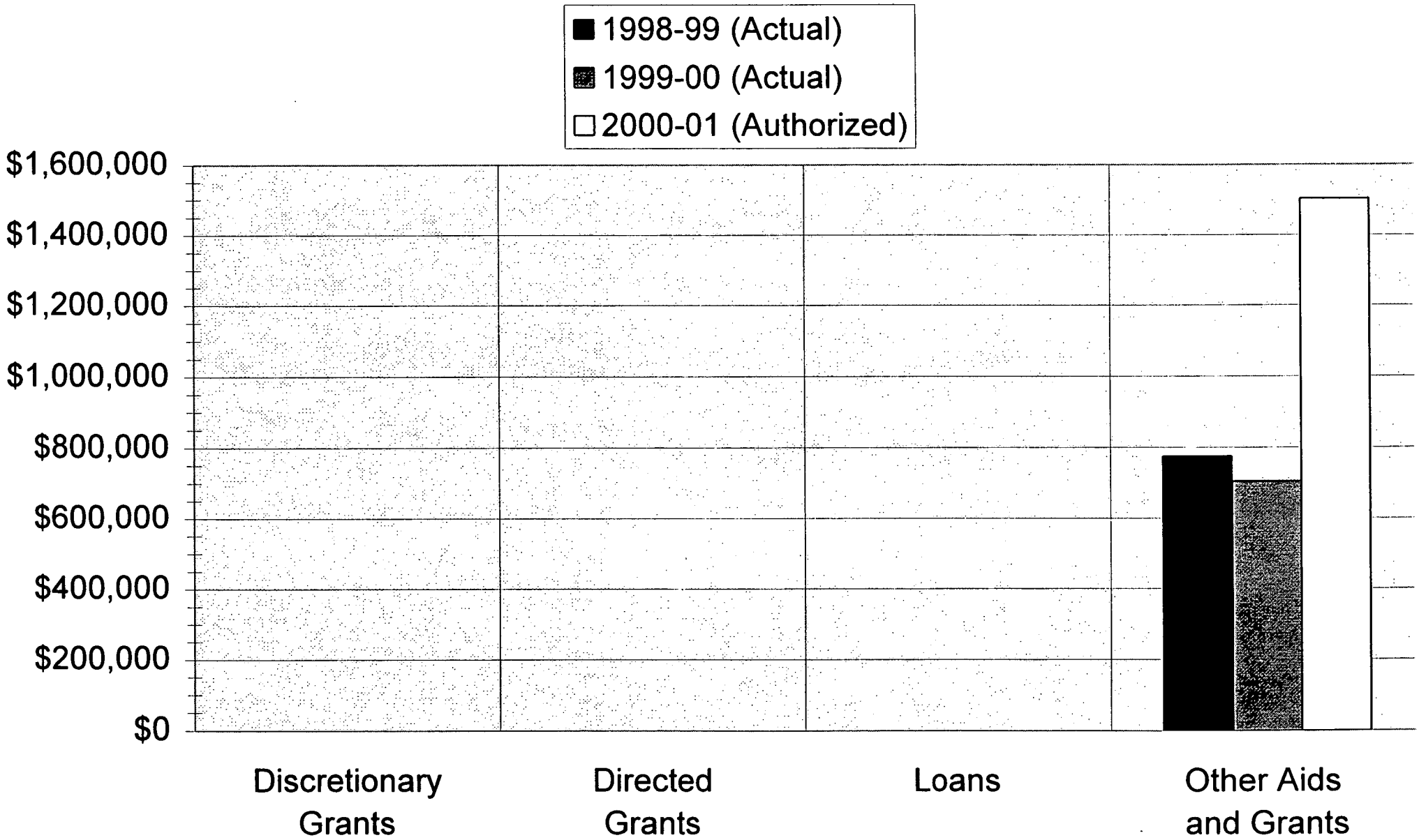
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Operating			($30,004) R
2. Salary/Span of Control/Operating Reductions		($25,068) R	
		(1.00)	

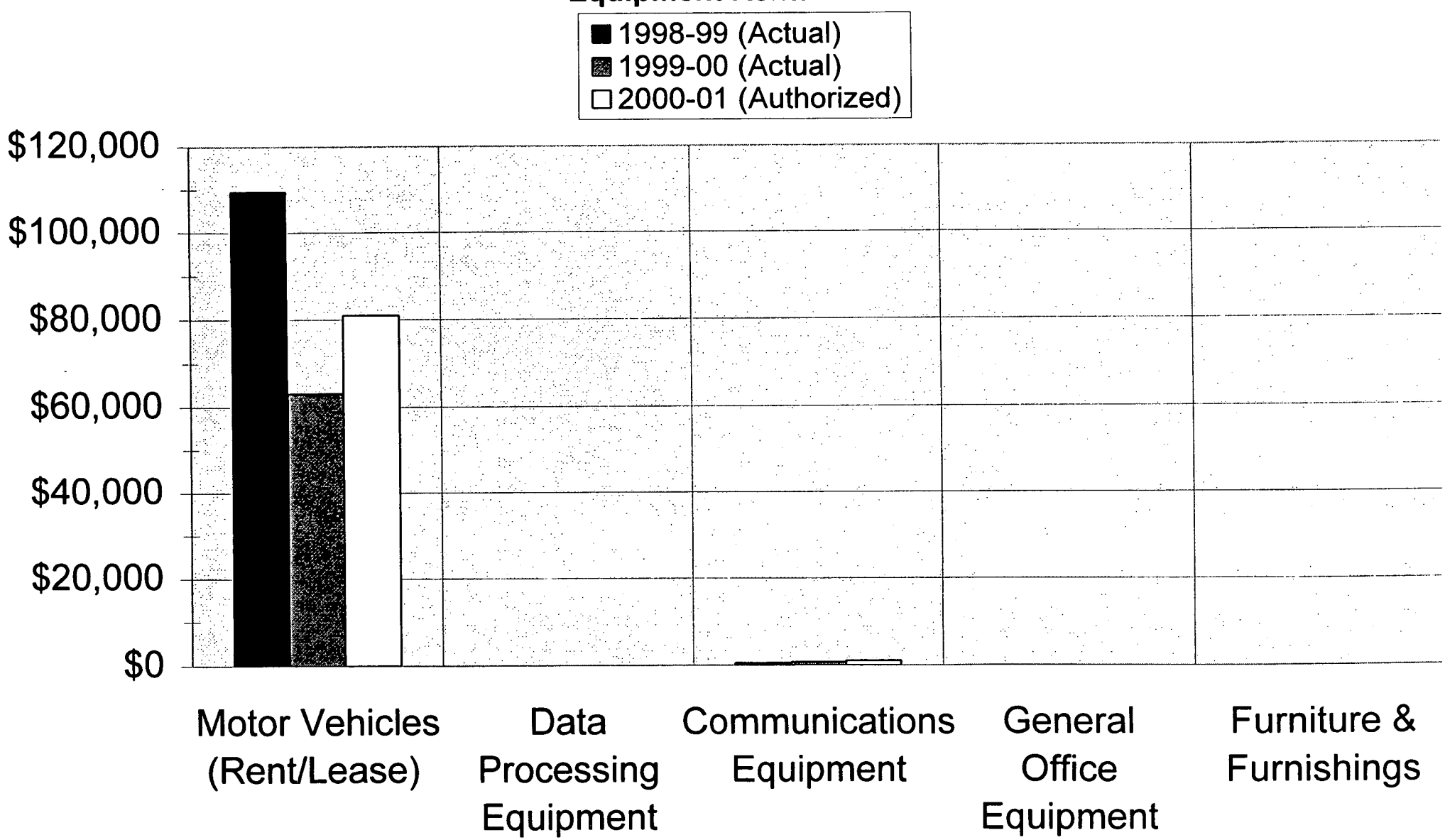
Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures



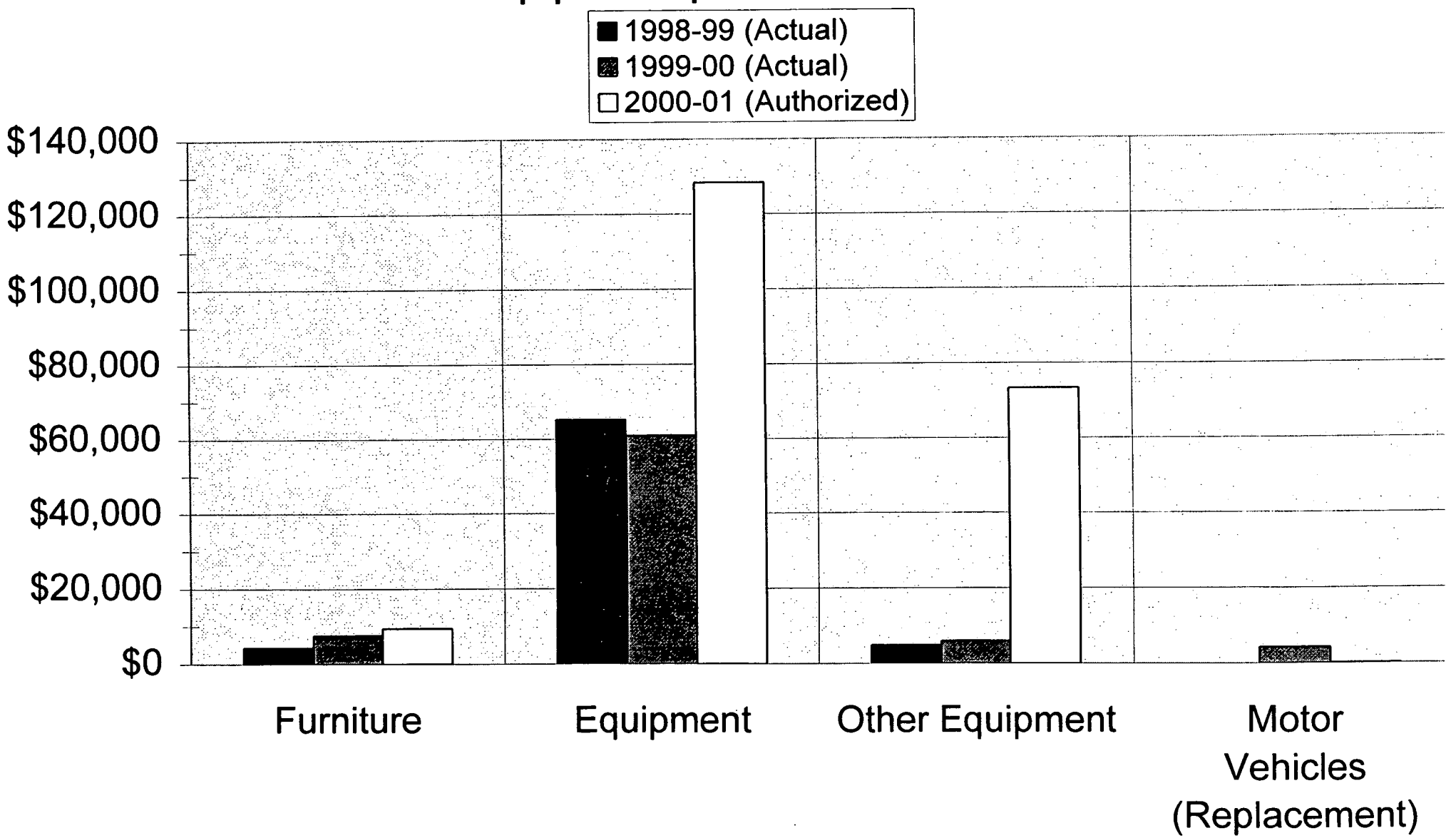
Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures



Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment & Natural Resources
Division of Coastal Management

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
CAMA Permit Fees	1974	G.S. 113A-119.1	$0 - $400	8/1/00	Daily	1678	179,070.00

CAMA Permit Fees

Permit Type	Fee
General Permit for certain post-storm redevelopment and recovery activities	$0
General Permit for placement of riprap to protect wetlands in estuarine and public trust waters	$50
All other General Permits	$100
Major Permit for private, non-commercial development that does not involve the filling or excavation of wetlands or open-water areas	$250
Major Permit for public or commercial development, or projects that involve the filling or excavation of: A) one acre or less of wetlands or open-water areas, or B) less than 150 linear feet of stream	$400
Major Permit for development that involves the filling or excavation of more than one acre of wetlands or open-water areas, or 150 linear feet or more of stream	$475
Minor Permit	$100
Major development extension request	$100
Minor modification to a Major Permit	$100
Major modification to a Major Permit	$250 $400 $475
Permit transfer	$100

Attachment C

Department of Environment and Natural Resources

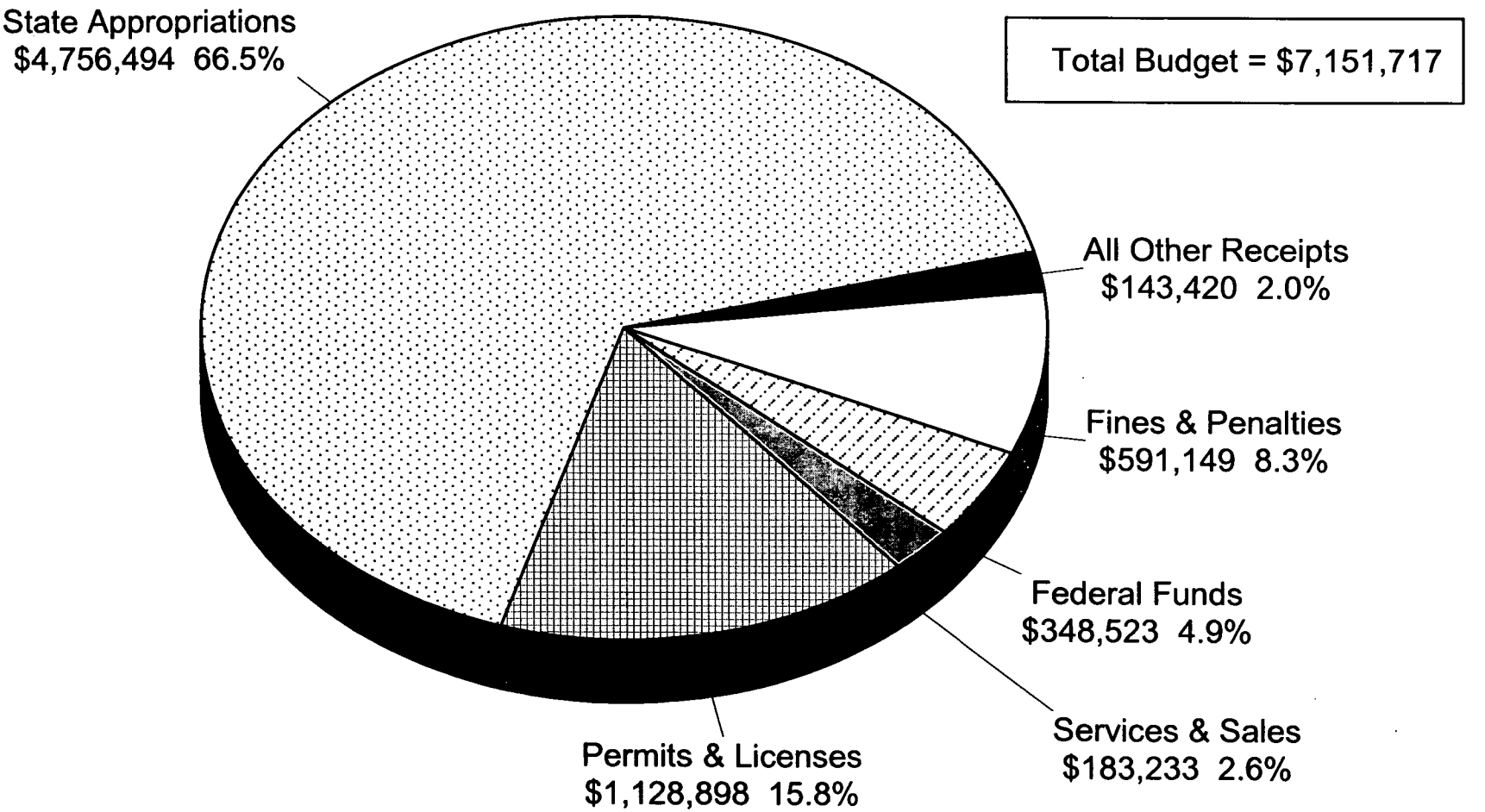
Division of Land Resources						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	4,744,458	4,382,668	5,493,602	6,223,904	7,151,717	7,114,246
Less Receipts	(1,305,492)	(1,470,927)	(1,611,724)	(1,838,338)	(2,395,223)	(2,395,223)
Cash Balance +/-	155,596	876,150	218,494	109,929	0	0
State Appropriations	*3,594,562*	*3,787,891*	*4,100,373*	*4,495,494*	*4,756,494*	*4,719,023*
Positions	74.00	74.00	81.00	93.00	95.00	94.00

The mission of the Division of Land Resources is to promote the wise use and protection of NC's land and geologic resources.

DIVISION ACTIVITIES

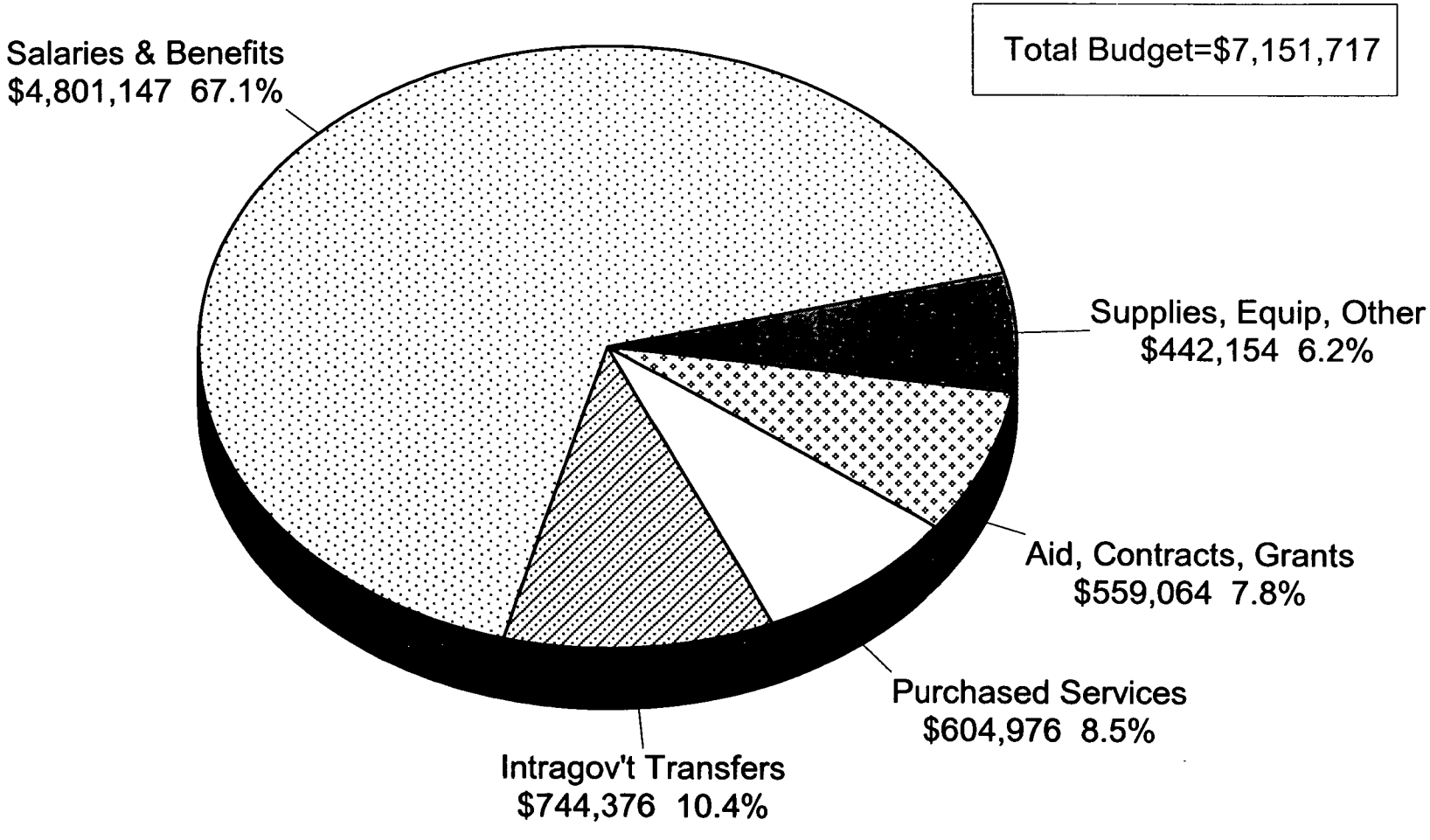
- **Geological Survey** – Examines, describes and maps the geology and mineral resources of the state, and publishes reports and maps. Also, administers cooperative geologic and topographic map agreements with federal, state and local agencies.
- **Land Quality** –Administers and enforces the Sedimentation Pollution Control Act of 1973, the Mining Act of 1971 and the Dam Safety Act of 1967. Primary duties of all three regulatory programs include advance permit or plan approval, routine on-site inspections of mines, dams and construction sites and enforcement actions as necessary.

Division of Land Resources
Fund Sources
FY 2000-01 Authorized



Fiscal Research Division -- April 2001

Division of Land Resources
Expenditures by Category
FY 2000-01 Authorized



Fiscal Research Division -- April 2001

DIVISION OF LAND RESOURCES

Positions Vacant for More Than Six Months

Position Classification	Date Vacated	Budgeted Salary
Environmental Engineer I	July 1, 1999	$37, 148

Governor's Proposed Recommendations for the Upcoming 2001-2003 Biennium

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 2001-02		FY 2002-03	
1. Abolish LLRW Position – Geologist III (includes salary and benefits)	($64,110) (1.00)	R	(64,110) (1.00)	R

DIVISION OF LAND RESOURCES

Items for Possible Committee Discussion

The Division of Land Resources has a number of non-reverting special funds with positive cash balances (see pages E49-E52). The Committee may wish to have the Division Director comment about each of these cash balances individually. Specifically, the Committee may be interested in learning why these special funds have growing cash balances, the Division's plans to use these balances, how much of these cash balances have been encumbered, and the potential impact on Division programs if cash balances are cut.

Department of Environment and Natural Resources

Division of Land Resources Sedimentation Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$481,824	$540,647	$598,180	$726,870	$749,411	$799,365
Expenditures	($293,510)	($483,594)	($517,511)	($518,222)	($626,289)	($507,552)
Change in Cash Balance +/-	$188,314	$57,053	$80,668	$208,648	$123,122	$291,813
Cash Balance Availability	$325,037	$382,091	$462,759	$671,407	$794,529	$1,086,342
Positions Supported	6.00	7.00	8.00	8.00	13.00	15.25

Special Fund Account - Sedimentation Account

Statutory Authority: G.S. 113A-54.2 (Authorizes the Sedimentation Control Commission to set a fee schedule and establishes a non-reverting account.)

Purpose of Fees: Funds are authorized to be used for the costs of administering the erosion and sedimentation control program.

Frequency of Collections: Per review and approval of an erosion control plan.

Fee Rate: $40 per acre. By statute, the application fee may not exceed $50 per acre of disturbed land shown on an erosion control plan or of land actually disturbed during the life of the project.

Date of Last Change: July 1, 2000

Department of Environment and Natural Resources

Division of Land Resources Mining Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$52,065	$56,090	$52,959	$81,740	$65,211	$40,714
Expenditures	($43,160)	($45,014)	($54,758)	($48,428)	($53,316)	($42,219)
Change in Cash Balance +/-	$8,904	$11,076	($1,800)	$33,312	$11,895	($1,504)
Cash Balance Availability	$9,311	$20,388	$18,588	$51,900	$63,796	$62,291
Positions Supported	1.00	1.00	1.00	1.00	1.00	1.00

Special Fund Account - Mining Account

Statutory Authority: G.S. 74-54.1 (Authorizes the Mining Commission to set a fee schedule & establishes a non-reverting account.)

Purpose of Fees: Funds are authorized to be used for the costs of administering the Mining Act of 1971. The total amount of permit fees collected for any fiscal year may not exceed one-third of the total personnel and administrative costs incurred by the Department for processing applications for permits, permit renewals and modifications, and related compliance costs in the prior fiscal year.

Fee Rate: New permits range between $150-$2,500; Renewal fees range between $100-$500. By statute, new permit applications can not exceed $2,500 and a renewal permit can not exceed $500.

Date of Last Change: November 1, 1990

Department of Environment and Natural Resources

Division of Land Resources Dam Safety Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$50,149	$45,839	$116,967	$78,773	$56,327	$125,981
Expenditures	($5,003)	($21,683)	($146,850)	($61,783)	($77,081)	($87,762)
Change in Cash Balance +/-	$45,146	$24,156	($29,883)	$16,989	($20,754)	$38,219
Cash Balance Availability	$147,232	$171,387	$141,504	$158,494	$137,739	$175,958
Positions Supported	0.00	0.50	1.00	1.00	1.00	1.00

Special Fund Account - Dam Safety Account

Statutory Authority: G.S. 143-215.28A (Authorizes the Environmental Management Commission to set a fee schedule and establishes a non-reverting account.)

Purpose of Fees: Funds are authorized to be used for administering the Dam Safety Program. The total amount of fees collected in any fiscal year may not exceed one-third of the total personnel and administrative costs incurred by the Department for processing the applications and for related compliance activities in the prior fiscal year.

Fee Rate: $200 application fee. By statute, the fee may not exceed $200 or two percent of the actual cost of construction or removal of the applicable dam.

Date of Last Change: November 1, 1990

Department of Environment and Natural Resources

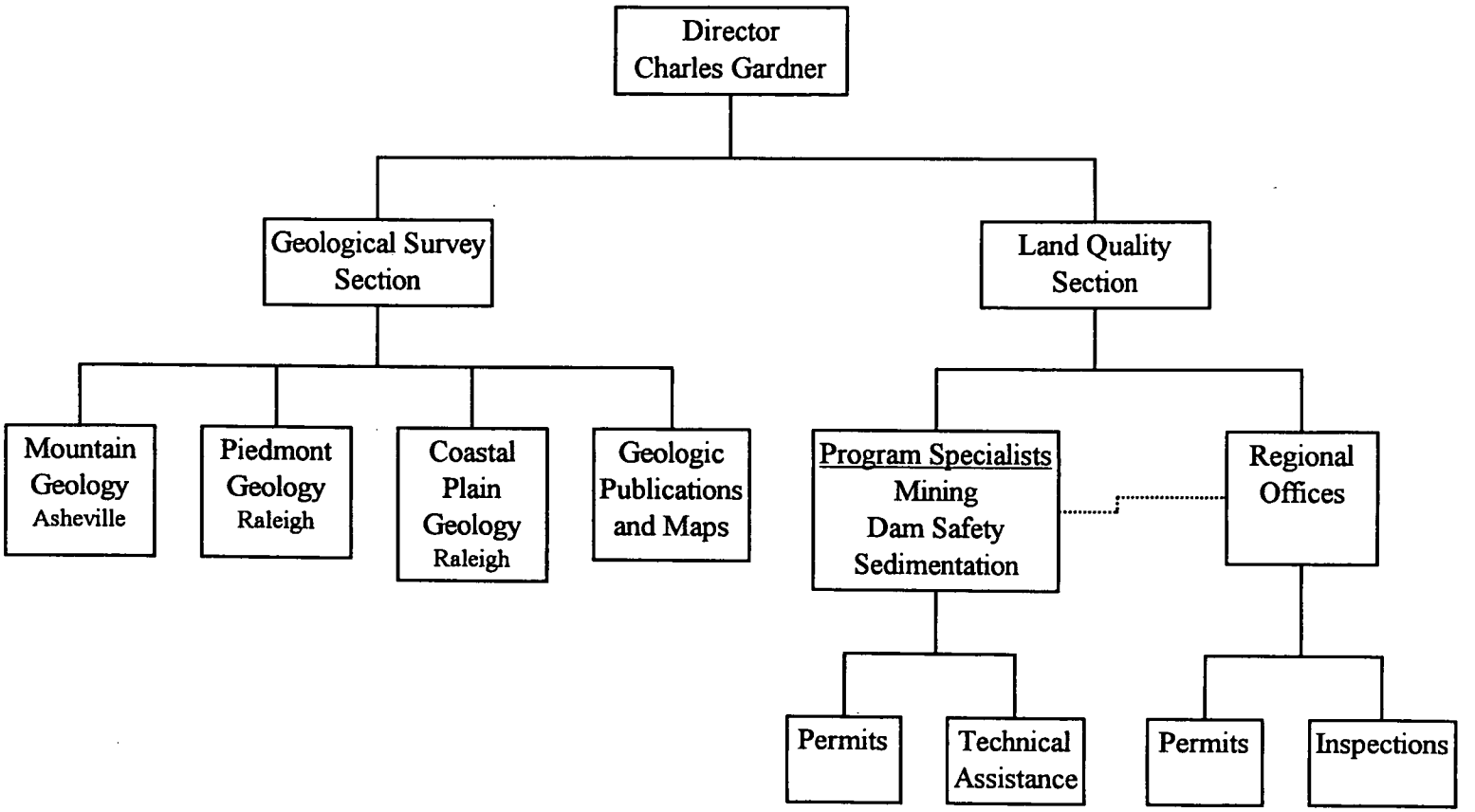
Division of Land Resources Land Environmental Controls	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Revenues	$350	$0	$0	$0	$0	$0
Expenditures	($314,385)	($4,228)	($45,083)	($36,582)	($5,302)	$0
Change in Cash Balance +/-	($314,035)	($4,228)	($45,083)	($36,582)	($5,302)	$0
Cash Balance Availability	$277,457	$273,228	$228,145	$191,563	$186,261	$186,261
Positions Supported	0.00	0.00	0.00	0.00	0.00	0.00

Special Fund Account - Land Environmental Controls

Statutory Authority: Prior to July 1, 1995, the Sedimentation Pollution Control Act of 1973 (SPCA) authorized the use of civil penalties to be used for the purpose of administering the SPCA. In 1994, the General Assembly amended the SPCA and directed that any civil penalties collected by Land Resources be credited to the state's General Fund. In 1996, in *Craven County Board of Education v. Boyles*, the NC Supreme Court held that the clear proceeds of all penalties and forfeitures in all cases, regardless of their nature, so long as they accrue to the State, are to be used for the public schools pursuant to Article I, Sec. 7 of the NC Constitution.

Purpose of Fees: Funds are used by the Sedimentation Control Commission for the purposes of education, technical assistance and research under the Sedimentation Pollution Control Act of 1973.

Division of Land Resources



Attachment D

N. C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF LAND RESOURCES

Charles H. Gardner, Director and State Geologist
512 North Salisbury Street
Raleigh, N.C. 27604-1148

Telephone: (919) 733-3833
Fascimile: (919) 715-8801

Overview

The Division of Land Resources assesses and supports wise use of the state's land, mineral, and related resources through effective implementation of programs related to sedimentation pollution control, mined land reclamation, dam safety, geological inventory and analysis, and mineral resources conservation and development. The Division surveys, maps, and protects the state's land and mineral resources through the programs and services of two sections. The Land Quality Section administers the *North Carolina Mining Act of 1971*, the *Sedimentation Pollution Control Act of 1973*, and the *Dam Safety Law of 1967*. Compliance with these laws is promoted through technical assistance, permits and inspections. The Geological Survey Section, also known as the North Carolina Geological Survey (NCGS), examines and field-maps the geology and minerals resources of the state and publishes related reports and maps. The NCGS administers the *North Carolina Oil and Gas Conservation Act,* related *Geophysical Exploration* requirements, and provides geologic hazards information to the Land Quality Section and other agencies. The NCGS provides unbiased and technically accurate earth science information for applications to societal needs. This includes geologic maps, mineral resources and geochemical information, topographic maps and digital products, and earth science information for public schools.

Land Quality Section

Erosion and Sedimentation Control Program

- Approval of erosion and sedimentation control plans and specifications by regional offices. (4640 plans reviewed in FY 99-00)
- Inspection of land disturbing activities through regional offices. (13,702 inspections in FY 99-00)
- Provide technical assistance using both regional and central office staff. (957 land developers and engineers attended Erosion and Sediment Control workshops in FY 99-00)
- Review of local governments' Erosion and Sedimentation Control programs by regional and central office staff. (25 of 42 local Erosion and Sediment Control programs reviewed in FY 99-00)

Dam Safety Program

- Approval of plans and specifications to construct, repair, modify and breach dams by central office. (112 applications in FY 99-00)
- Inspection of dams by regional offices. (2,666 dam inspections in FY 99-00)
- Encourage dam owners to maintain and repair dams to a safe condition through compliance

efforts by central and regional offices. (79% of high hazard dams were built or repaired under approved standards as of FY 99-00).

Mining Program

- Approval of plans and specifications for mining permits by central office. (368 permits issued in FY 99-00)
- Inspection of mine sites by regional offices. (766 mine inspections in FY 99-00)
- Ensure mined lands are reclaimed through compliance efforts by central and regional office. (710 acres reclaimed in FY 99-00)

Geological Survey Section

Geological Investigations – Rocks + Minerals are under the land –

- Conduct geological mapping in the coastal plain, piedmont, and mountain regions of the state from two regional offices and central office. (5 to 7 quadrangles per year)
- Respond to inquiries from the public, both technical and non-technical in nature, on mineral resources, geological hazards, the availability of geological, and geophysical data, and explanations to geological questions. (1500 per year)
- Provide geological investigations for other state agencies and local governments in response to requests for technical expertise in geological hazards and mineral resources. (Presently 3 on-going projects with NCDOT, Parks & Recreation and Division of Water Quality)
- Maintain electronic databases of geological information, archive professional literature concerning the geology of the state, and provide a repository for qualified researchers, of geological core samples (drill core, soil samples, rock samples), which have been collected in the state. (522,943 feet of rock core samples; 1200 geological publications; 61 gigabytes of geological data)
- Provide geological hazards review of new mine permits issued by the Land Quality Section as required by the *N.C. Mining Act of 1971*. (Approximately 100 new permits per year)

Publications

- Distribute topographical maps, geological maps, digital geological data, and professional publications to the public through a central maps and publications service. (10,000 maps and publications distributed per year)

Public Information

- Provide support to educators in earth science through workshops, public speaking, and invited lectures.
- Respond to requests from school children and teachers for rock samples and geological information.

- Maintain a world-wide web site for general geological information, frequently asked questions, digital maps, digital geologic data layers, and points of contact in the section. (Access to the site has risen from an average of 42,000 visits per month in 1999, to an average of 82,000 visits in 2000, to an average of over 100,000 visits per month in 2001.)

- Maintain a world-wide web site for general geological information, frequently asked questions, digital maps, digital geologic data layers, and points of contact in the section. (Access to the site has risen from an average of 42,000 visits per month in 1999, to an average of 82,000 visits in 2000, to an average of over 100,000 visits per month in 2001.)

DIVISION OF LAND RESOURCES
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Sedimentation & Erosion Control	$756,399 R	
	307,773 NR	
	10.00	

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Technical Assistance Public Awareness Program.	$175,000 R		
2. Dam Safety Inspections & Assistance.		$255,336 R	
		5.00	
3. Sedimentation Positions.			$225,712 R
			4.00

DIVISION OF LAND RESOURCES
OVERVIEW OF REDUCTION ITEMS

Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Reduction of operating support.	($65,696) R	
2. Reduction of LLRW position.	($42,907) R 1.00	
3. Shift position to receipts.	($52,929) R 1.00	

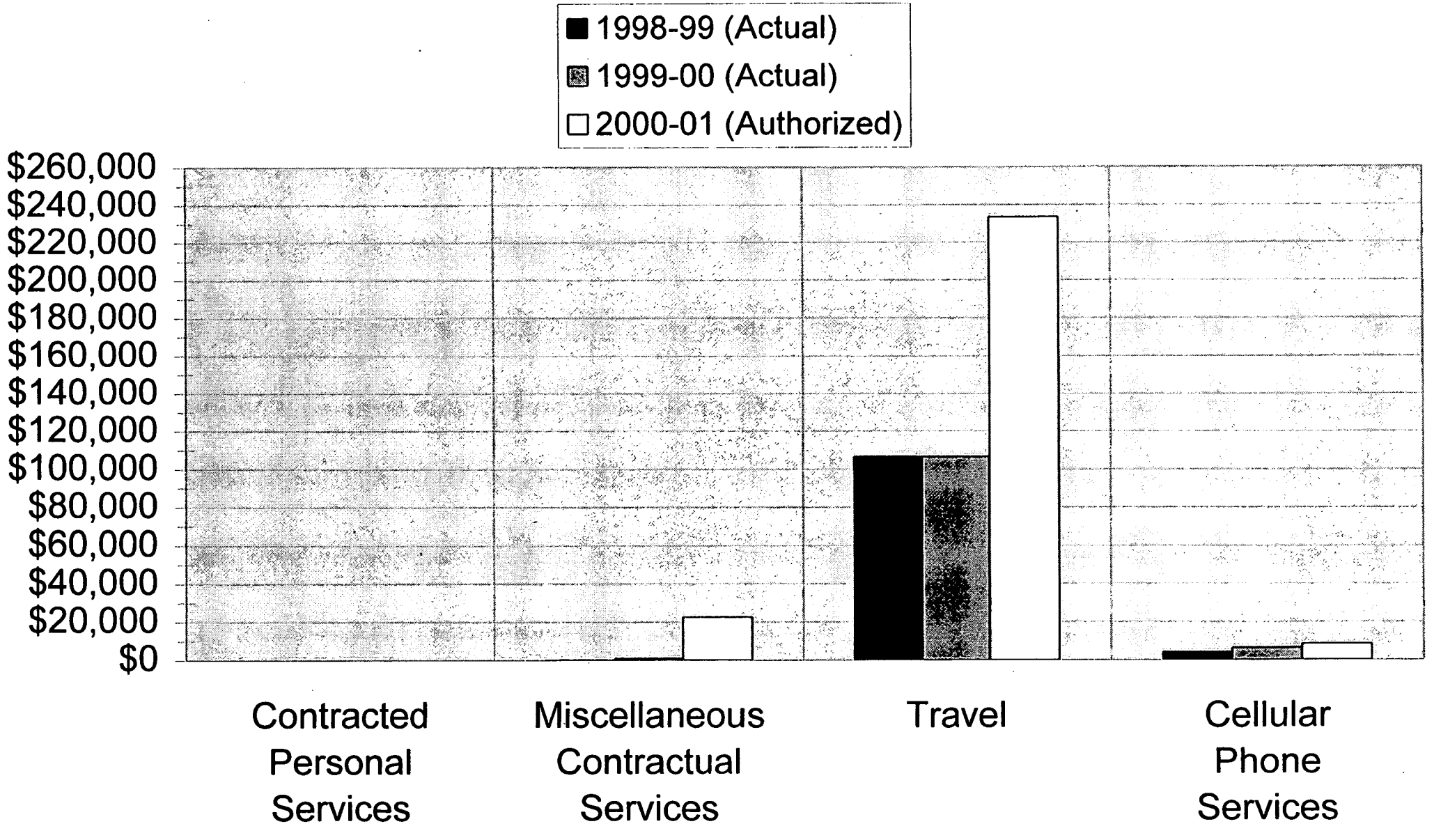
Reductions to Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduction of operational support.			($42,861) R
2. Low Level Position operational reduction.			($122,815) R (2)
3. Salary/Span of Control/Operating Reduction		($43,279) R ($12,124) R (1)	

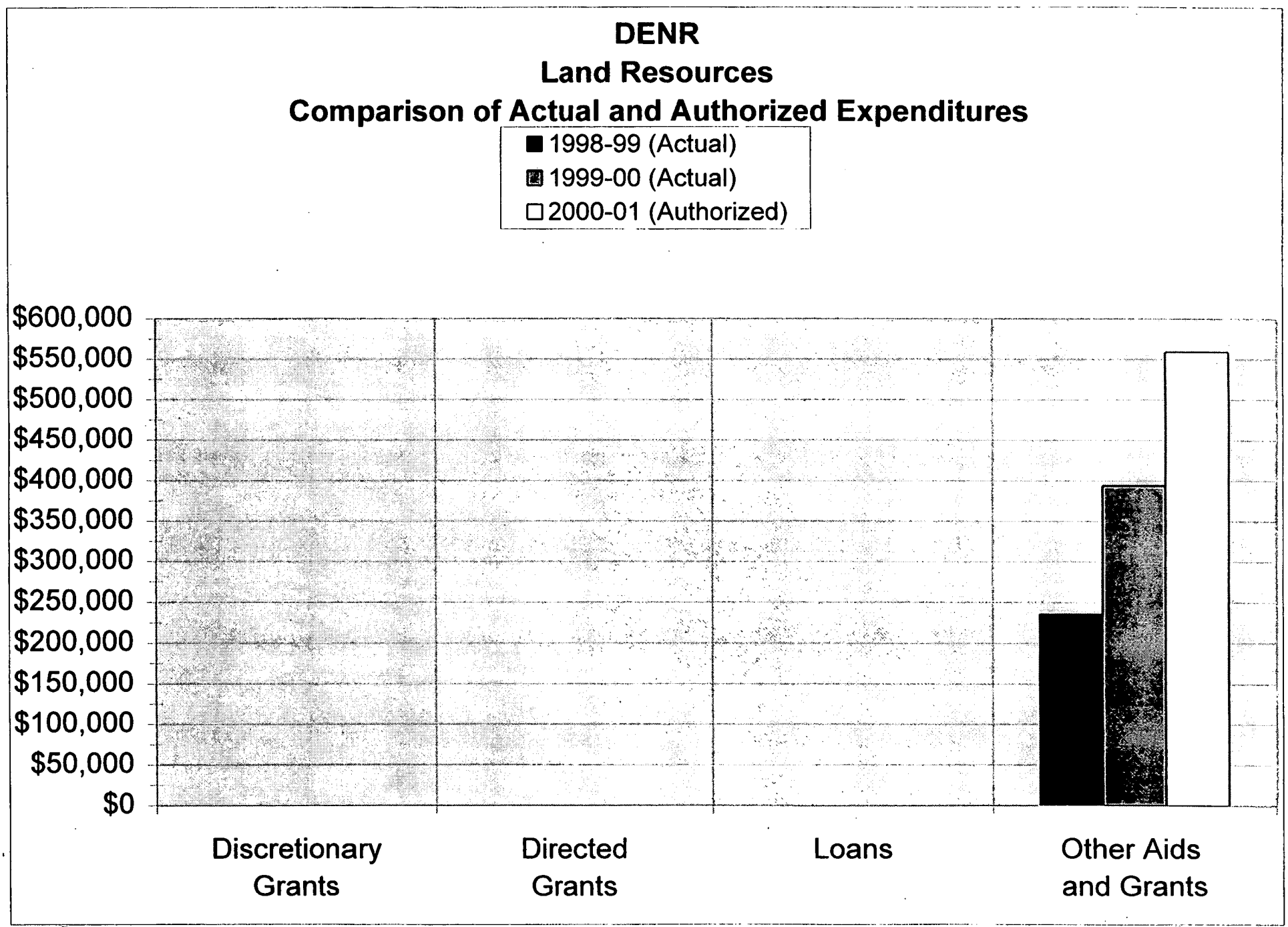
DENR

Land Resources

Comparison of Actual and Authorized Expenditures



DENR
Land Resources
Comparison of Actual and Authorized Expenditures

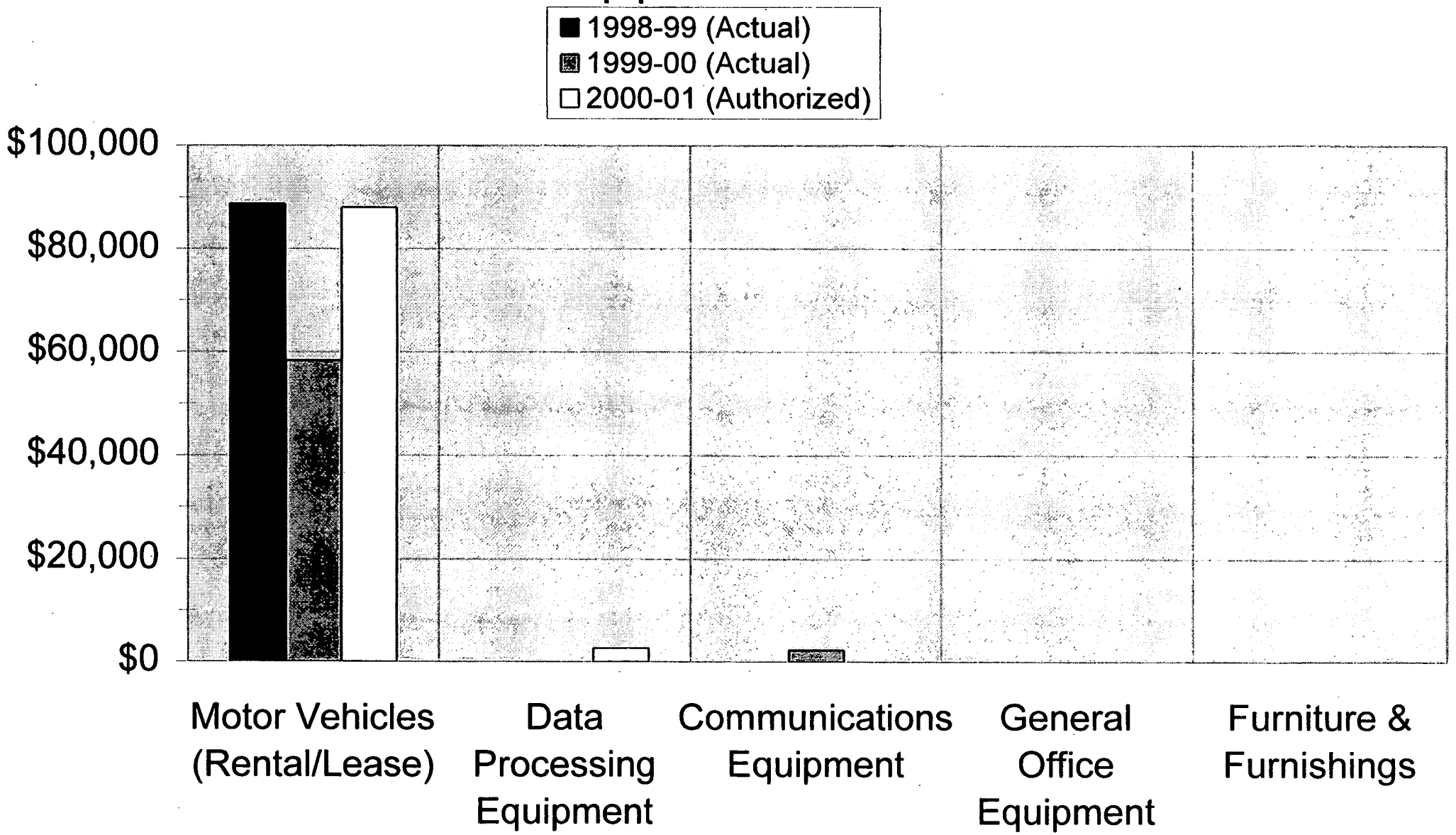


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Land Resources

Comparison of Actual and Authorized Expenditures

Equipment Rental/Lease

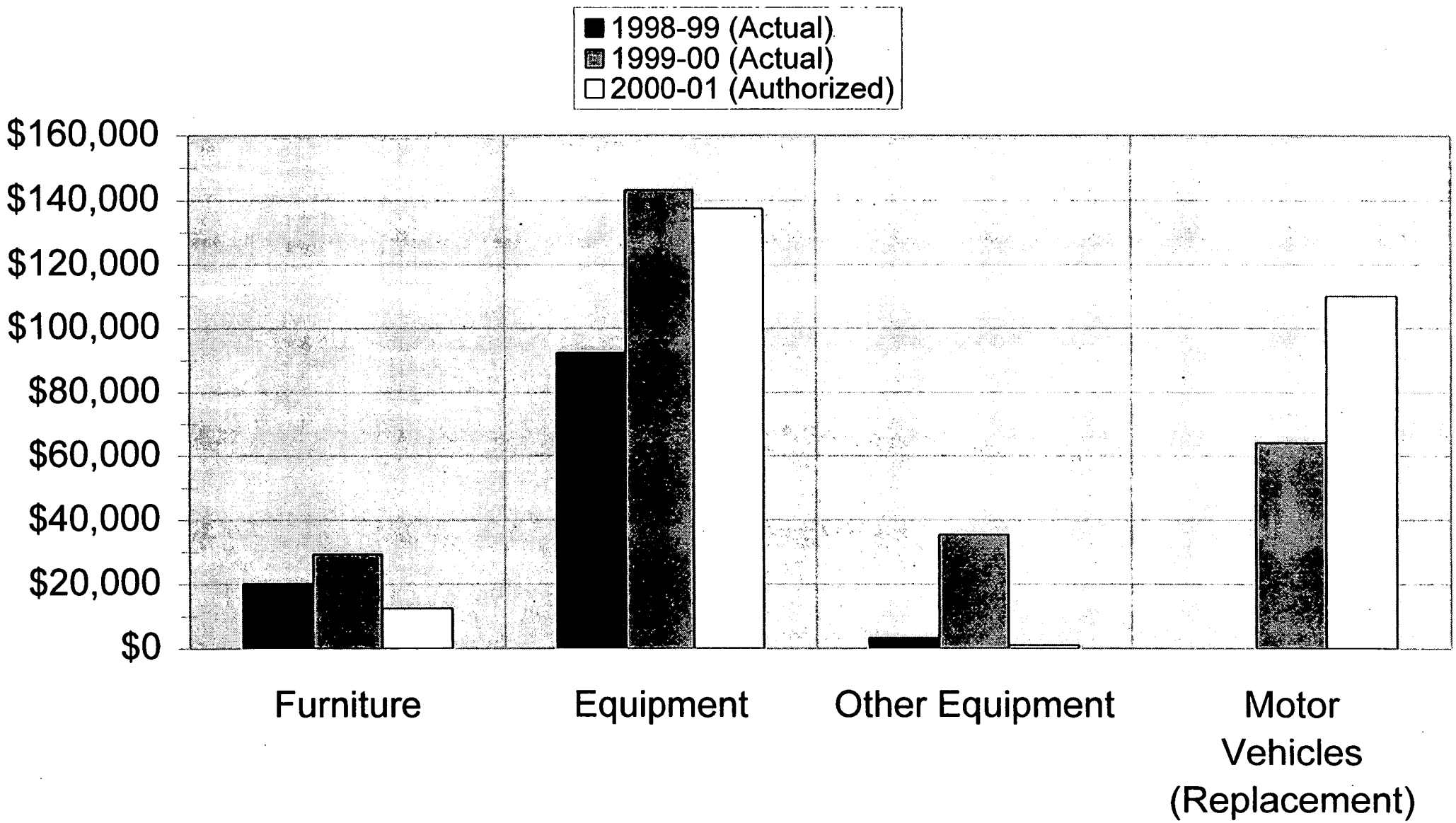


DENR

Land Resources

Comparison of Actual and Authorized Expenditures

Equipment Replacement Schedules



Dept. of Environment & Natural Resources
Land Resources

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Sedimentation Fees	11/1/90	GS 113A - 54.2	See attached list	1-Jul-00	Upon application	3522	$749,411.29
Dam Safety Fees	11/1/90	GS 143-215.28A	See attached list	no change	Upon application	36	$56,326.94
Mining Fees	11/1/90	GS 74-54.1	See attached list	no change	Upon application	185	$65,211.22

Fee Schedule

North Carolina Department of Environment and Natural Resources,
Division of Land Resources, Land Quality Section

Note: Payments may be made by check or money order to the N.C. Department of Environment and Natural Resources. Processing will not begin before payment is received.

Dams

There are two fees for processing applications for approval concerning dams: (1) the minimum application processing fee and (2) the additional application processing fee. These fees are described below.

- $200 non-refundable minimum application processing fee with filing of application for construction, enlargement, or removal of a dam.

The following additional application processing fees are due when the as-built plans are submitted and are based upon a percentage of the cost of construction, enlargement, or removal of a dam.

- 2% of the actual cost between $10,001 and $100,000;
- 1.5% of the actual cost between $100,001 and $500,000;
- 1.0% of the actual cost between $500,001 and $1,000,000;
- 0.5% of the actual cost over $1,000,001

The total fee amount cannot exceed $50,000.

Actual costs are based upon labor and materials associated with the construction, enlargement, or removal of a dam and appurtenances. The additional application fee must be submitted with an owner's certification form and accompanying documentation along with the as-built plans and the engineer's certification before final approval to impound or an approval of the breach will be granted.

Erosion & Sedimentation Control

- $40 non-refundable review processing fee for each acre of disturbed land or any part of an acre of disturbed land (including off-site borrow and waste areas). No processing fee will be charged for a revised plan unless the revised plan contains an increase in the number of acres to be disturbed.

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 3, 2001
Senator David Weinstein, Presiding

Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **Division of Coastal Management**
   Jennifer Hoffmann, Fiscal Research
   Donna Moffitt, Division Director

3. **Division of Land Resources**
   Jennifer Hoffmann, Fiscal Research
   Charles Gardner, Division Director

4. **Division of Waste Management**
   Jennifer Hoffmann, Fiscal Research
   Bill Meyer, Division Director

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, April 3 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, April 3 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Hunter, Mitchell, Underhill, Walker, Weatherly, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and recognized the pages.

Jennifer Hoffmann, Fiscal Research, presented the overview of the continuation budget of the Division of Coastal Management. This is Attachment A of these minutes. She said the mission of the Division is to protect, conserve, and manage North Carolina's coastal resources through a comprehensive planning and resources management program for 20 coastal counties.

Donna Moffitt, Division Director, gave an overview of this Division. This is Attachment B of these minutes. She said the Division has been operating under the North Carolina Coastal Area Management Act for more than 26 years. They also operate under the federal Coastal Zone Management Act. She said they have 29 staff and 31 field staff in district offices located in Elizabeth City, Morehead City, Washington, and Wilmington. She said they operate under three sections. These sections include permitting and compliance section, administration section, and planning policy development and site management section.

Jennifer Hoffmann, Fiscal Research, presented the overview of the Division of Land Resources. This is Attachment C of these minutes. She said the mission of the Division is to promote the wise use and protection of NC's

land and geologic resources. The Division is divided into two sections: Geological Survey and Land Quality. The Geological Survey section examines, describes and maps the geology and mineral resources of the state, and publishes reports and maps. The Land Quality section administers and enforces the Sedimentation Pollution Control Act of 1973, the Mining Act of 1971 and the Dam Safety act of 1967.

Charles Gardner, Division Director and State Geologist, presented a more detailed overview of the budget for the Division. This is Attachment D of these minutes.

The meeting adjourned at 10:00 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Environment and Natural Resources

Division of Coastal Management						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	4,908,847	5,157,151	5,019,923	4,587,914	6,180,309	6,392,621
Less Receipts	(2,938,844)	(3,016,392)	(2,544,905)	(2,816,255)	(4,140,311)	(4,140,311)
State Appropriations	*1,970,003*	*2,140,759*	*2,475,018*	*1,771,660*	*2,039,998*	*2,252,310*
Positions	62.00	62.00	66.00	61.00	64.00	65.00

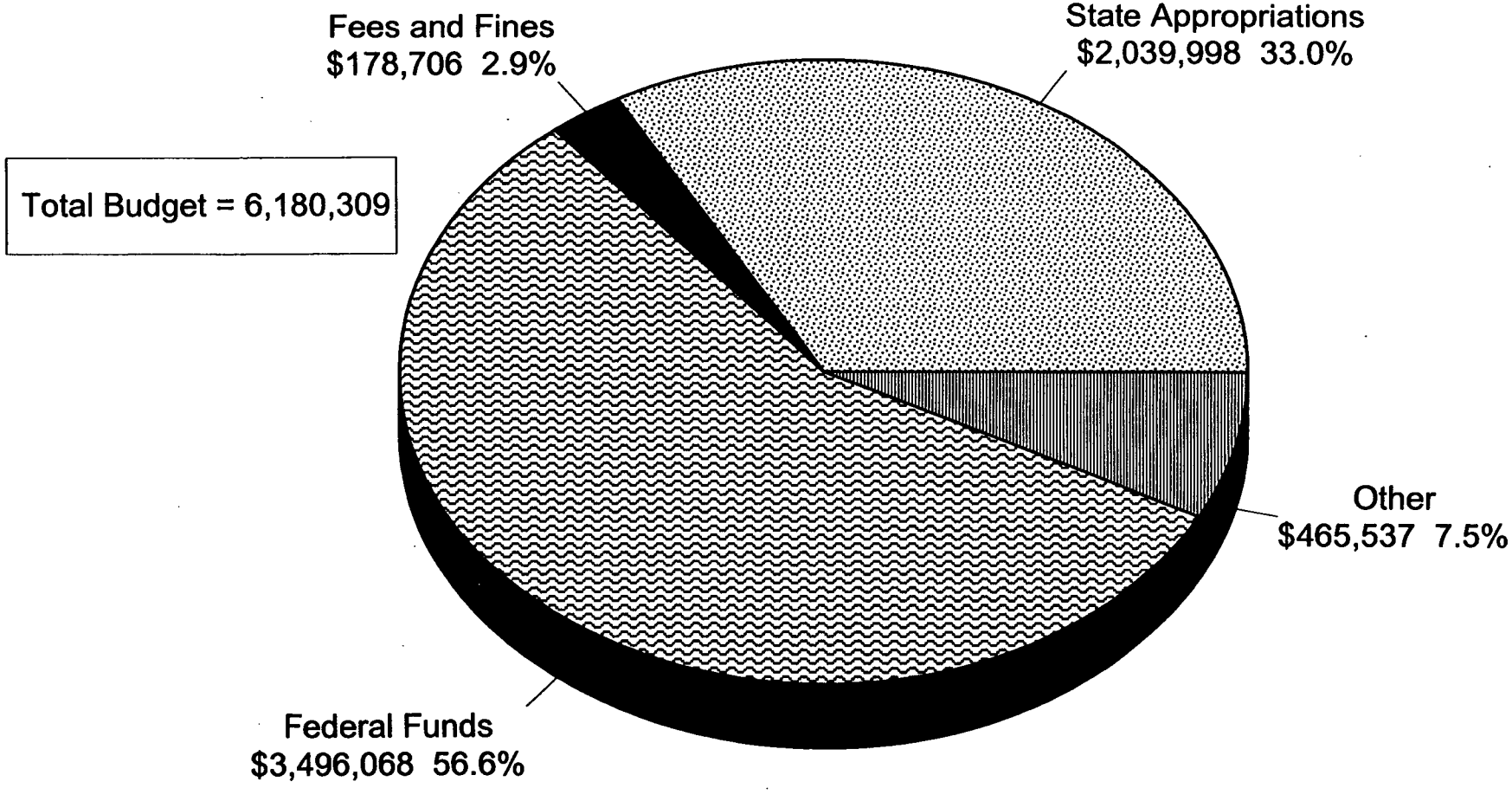
The mission of the Division of Coastal Management is to protect, conserve, and manage North Carolina's coastal resources through a comprehensive planning and resources management program for 20 coastal counties.

DIVISION ACTIVITIES

- Administers coastal development (CAMA) permits, ensures federal consistency with the NC Coastal Management Plan, and monitors permitted projects for compliance
- Conducts long range planning, technical studies and policy development
- Provides funding for the Public Beach and Coastal Waterfront Access Program
- Acquires and manages a system of coastal natural areas through the Coastal Reserve Program
- Provides technical and financial assistance to local governments for coastal land use planning

Division of Coastal Management

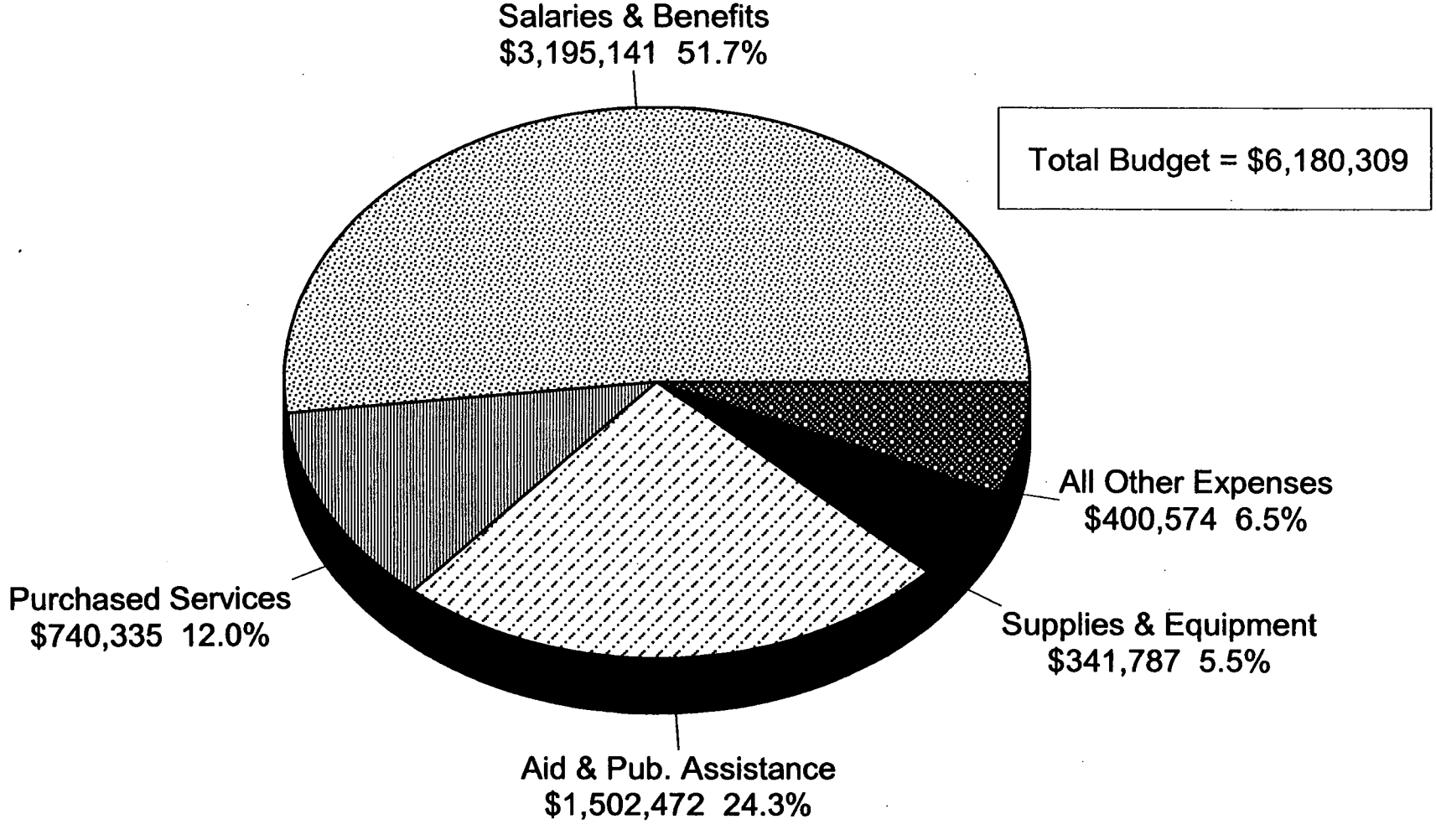
FY 2000-01(Authorized) Fund Sources



Fiscal Research Division - April 2001

Division of Coastal Management

FY 2000-01 (Authorized) Expenditures By Category



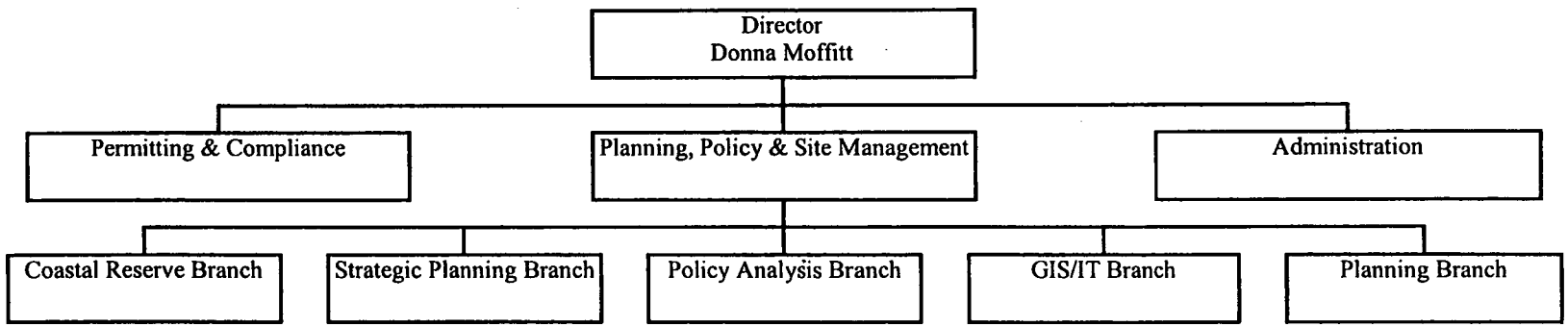
Fiscal Research Division - April 2001

DIVISION OF COASTAL MANAGEMENT

PROPOSED RECOMMENDATIONS FOR THE 2001-03 BIENNIUM

CONTINUATION BUDGET ITEMS	2001-02	2002-03
1. Operating Reserve for Preyer Buckridge	$101,845 R 1.00	$101,845 R 1.00

Division of Coastal Management



Attachment B

North Carolina Department of Environment and Natural Resources
Division of Coastal Management

Director: Donna D. Moffitt
1638 Mail Service Center
Raleigh, NC 27699-1638

e-mail: Donna.Moffitt@ncmail.net
Telephone: 919/733-2293
Facsimile: 919/733-1495
http://dcm2.enr.state.nc.us

Overview

The ***Division of Coastal Management (DCM)*** implements the North Carolina Coastal Management Program's goals of protecting coastal wetlands, estuarine and public trust waters, barrier islands, ocean resources, and other critical areas by administering coastal development (CAMA) permits, providing financial and technical assistance for local land-use planning, determining federal and state project consistency with the NC Coastal Management Program, managing a system of coastal natural areas, administering the public beach/waterfront access program, and providing staff services for the Coastal Resources Commission and the Coastal Resources Advisory Council. DCM is headquartered in Raleigh with district offices in Elizabeth City, Morehead City, Washington and Wilmington. Offices housing staff in the Coastal Reserve program are located in Beaufort, Kitty Hawk and Wilmington

The North Carolina ***Coastal Area Management Act (CAMA) of 1974*** established a resource management program for the state's 20 coastal counties. The North Carolina Coastal Management Program is also a federally-approved program that encompasses the administrative rules and policies of the Coastal Resources Commission, local land-use plans, and the enforceable rules and policies of other state resource agencies. This authority is granted through the federal Coastal Zone Management Act.

The ***Coastal Resources Commission (CRC)*** sets the policies under which the NC Coastal Management Program operates. The CRC consists of 15 members appointed to staggered four-year terms by the Governor, 13 of whom must be residents of the coastal area. The CRC was established under CAMA and meets bi-monthly.

The ***Coastal Resources Advisory Council (CRAC)*** advises the CRC on policy and rulemaking matters, and serves as the CRC's liaison with local governments in the coastal region. The CRAC consists of 45 members representing each of the 20 coastal counties, coastal councils of government, coastal cities/towns, the marine science community, and state agencies working with coastal resources.

Division Services (FY 1999-00 measures)

Issue coastal development permits within guidelines established by CAMA and CRC

- 100% of CAMA major and general permit applicants receive a site visit by DCM field staff
- 96.5% of CAMA major & general permits issued within 75 days of statutory deadline (5.7% issued by Raleigh staff; 48% issued by field staff)

- 257 state & federal projects reviewed for consistency with NC rules and policies (Ral)
- 1,362 CAMA general permits (48%) issued by field staff
- 1,304 CAMA minor permits (46%) issued mostly by local governments with DCM field staff oversight
- Approx. $130,000 provided to local governments participating in local minor permit programs (Ral/field)

Provide for a system of properly managed natural areas representative of coastal habitats

- 759 acres added to NC Coastal Reserve system resulting in total of 9 sites encompassing over 30,000 acres (Ral/field)
- 5,597 students and teachers participated in field & interpretive programs (field)
- 16,888 Coastal Reserve web site visits; recognized nationally by *USA Today* as a "hot site"
- Coastal Reserve education coordinator received 2000 Governor's Award of Excellence and named 2001 Wildlife Conservation Educator of the Year

Provide technical assistance and funding for development, update and implementation of local government land use plans in counties under CAMA jurisdiction

- Technical assistance provided by field planners to 19 local governments for CRC-approved land use plan updates and amendments
- $292,696 awarded to 20 local governments to implement portions of their land use plans (Ral/field)
- 20 CAMA counties mapped (and made available to local governments) for all wetland types, potential restoration sites, and relative importance of various wetland sites (Ral)

Ensure opportunities for North Carolinians and tourists to reach public trust waters and ocean and estuarine beaches

- 21 new CAMA beach/waterfront access projects added to system (Ral/field)
- Total of 268 CAMA funded handicapped accessible public beach and waterfront access areas in coastal NC
- Maps and descriptions of all CAMA funded public beach and waterfront access sites available via Internet (Ral)
- Over $1 million awarded to 16 local governments for public beach and waterfront access projects (Ral/field)

Help develop beach management strategy

- Developing baseline data for beach and inlet management strategy (Ral)
- Issued contracts for first controlled aerial photography of entire NC oceanfront (completed) and for digital orthophotography (completed by end of calendar year 2001) as part of DCM's five-year oceanfront erosion rate update (Ral)
- Current oceanfront erosion rate maps made available via Internet (Ral)

Assist Coastal Resources Commission/Advisory Council to develop and implement NC coastal management program

- Staffed six 3-day regular meetings of CRC/CRAC (Ral/field)
- Held 41 public hearings for adoption of new administrative rule establishing coastal shoreline area of environmental concern (Ral/field)
- Wrote and distributed to approx. 600 people 6 *CAMAgram* newsletters via mail and Internet (Ral)
- Issued 51 press releases and responded to numerous press inquiries (Ral)
- Distributed to over 550 persons 6 interested parties mailings (Ral)

DIVISION OF COASTAL MANAGEMENT
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
NOT APPLICABLE		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
NOT APPLICABLE			

DIVISION OF COASTAL MANAGEMENT
OVERVIEW OF REDUCTION ITEMS

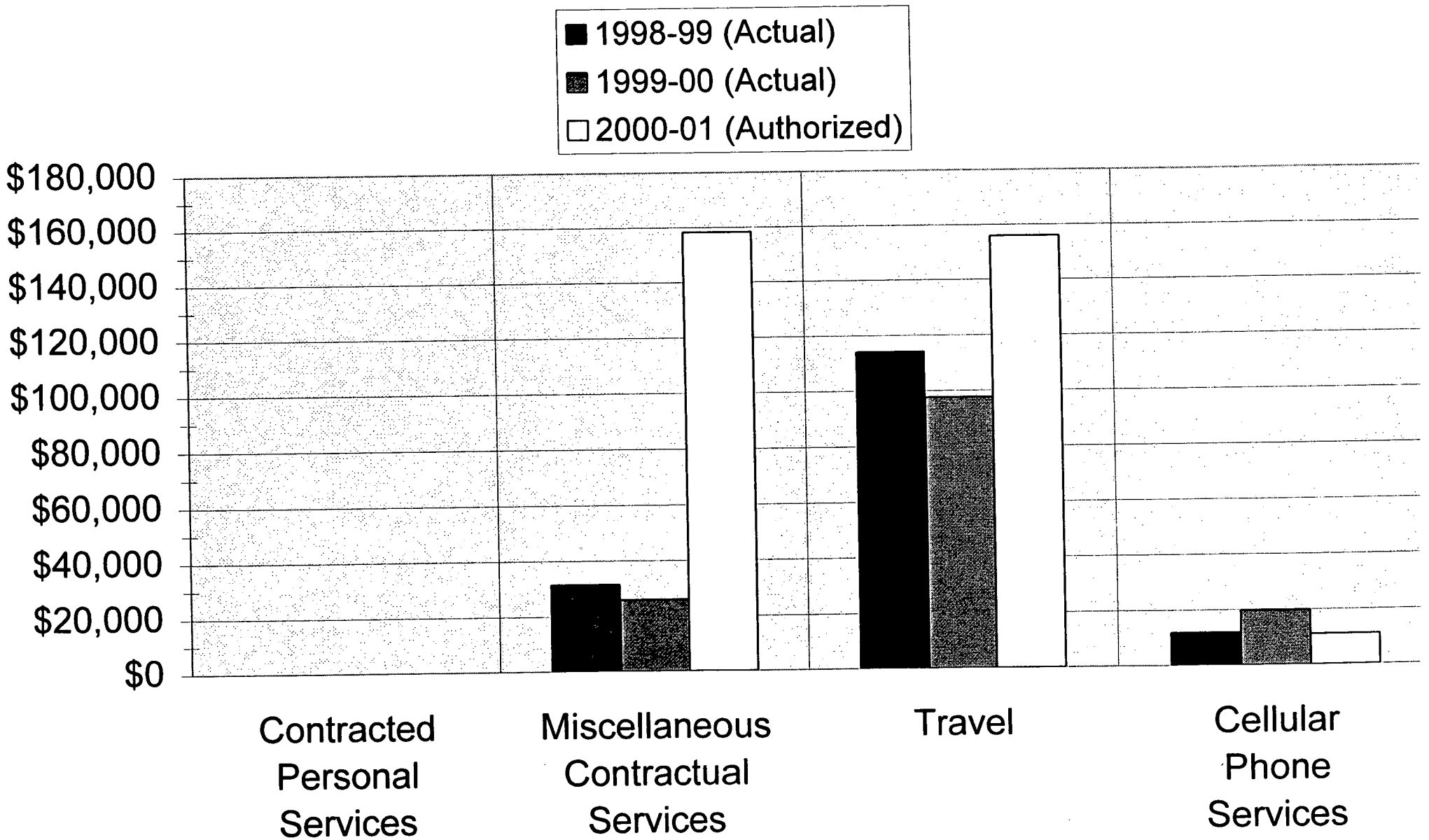
Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Reduce Land Use Planning Grants	($100,000) NR	
2. Land Use Planning Moratorium		($100,000) NR

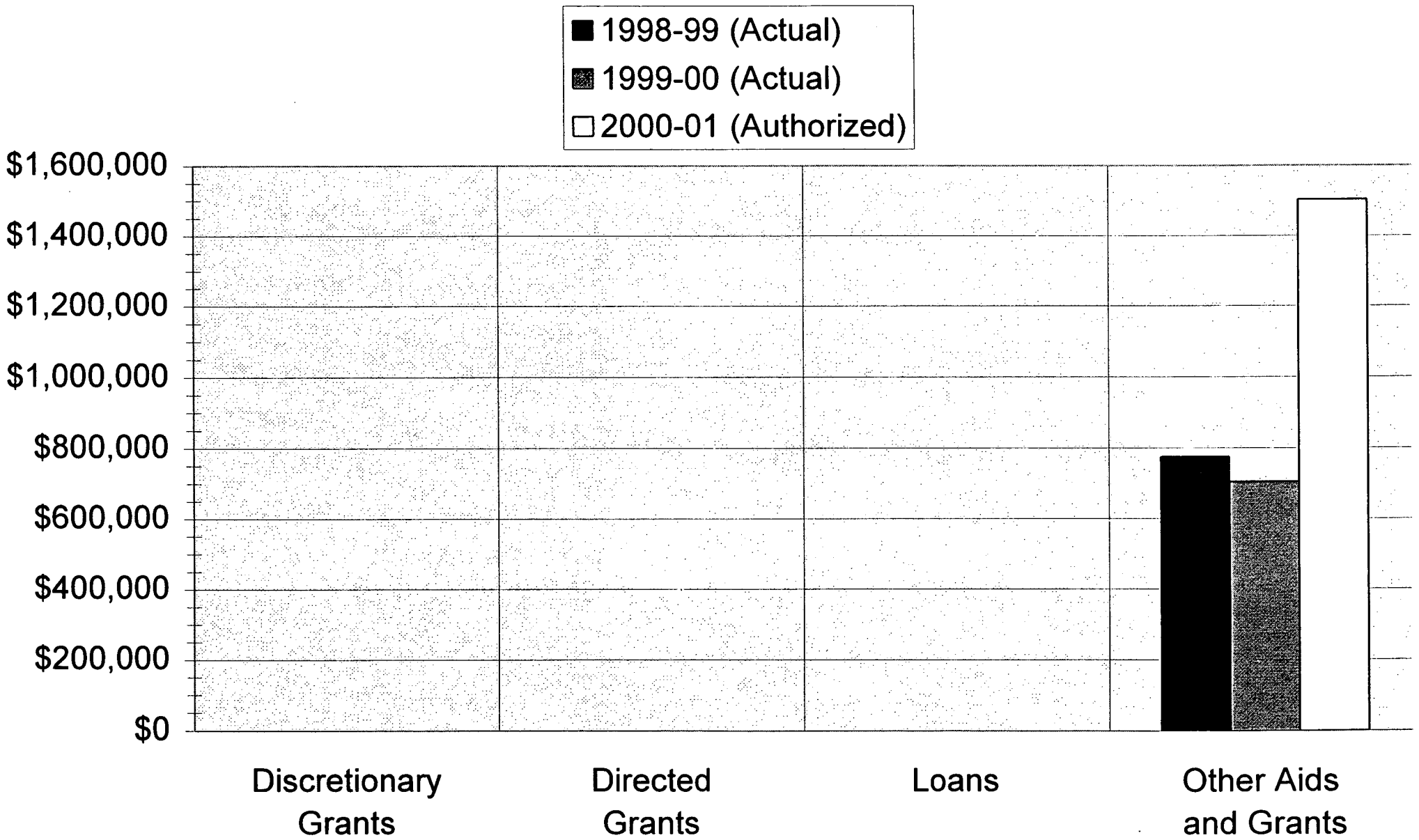
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Operating			($30,004) R
2. Salary/Span of Control/Operating Reductions		($25,068) R	
		(1.00)	

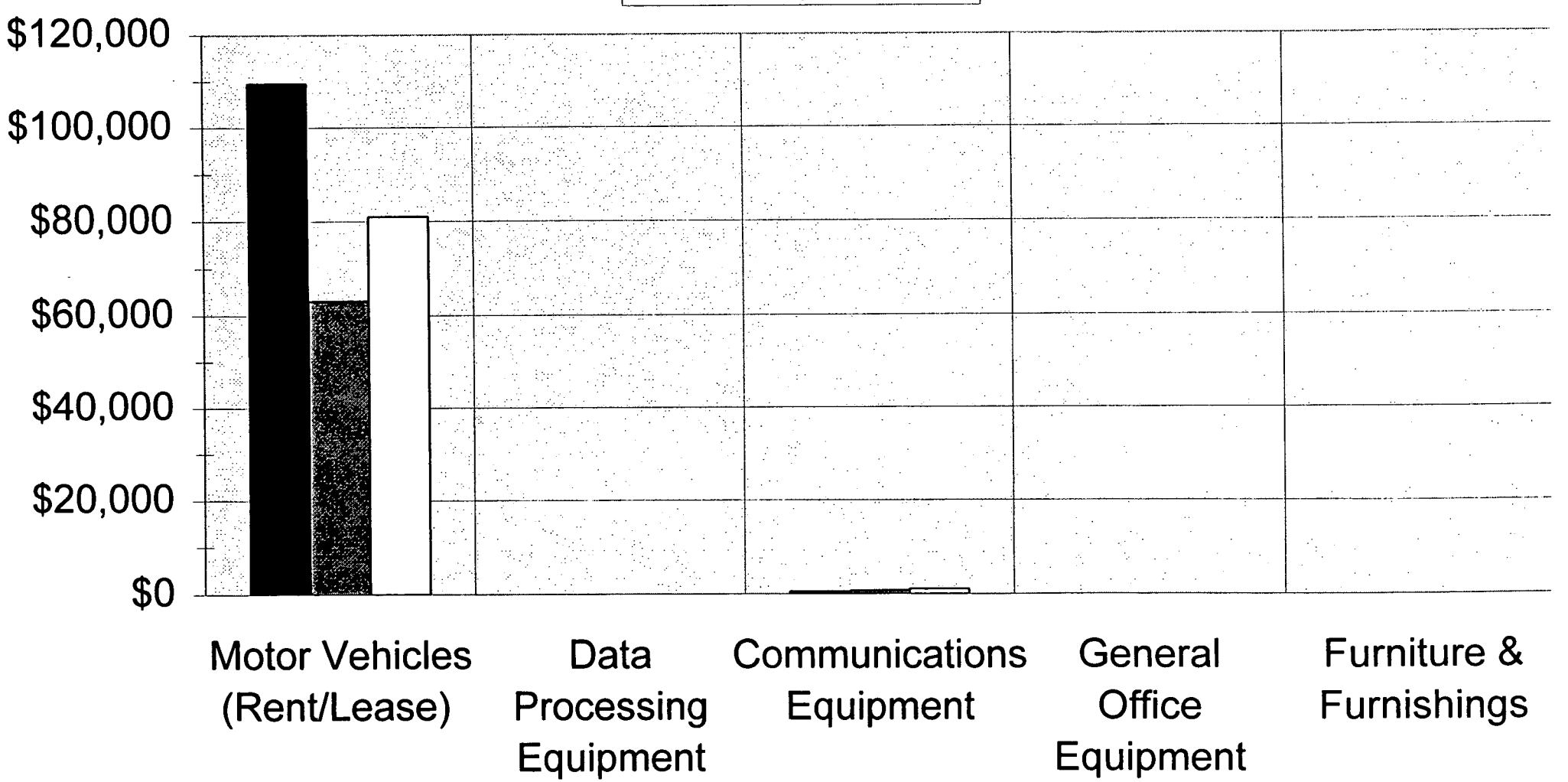
Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures



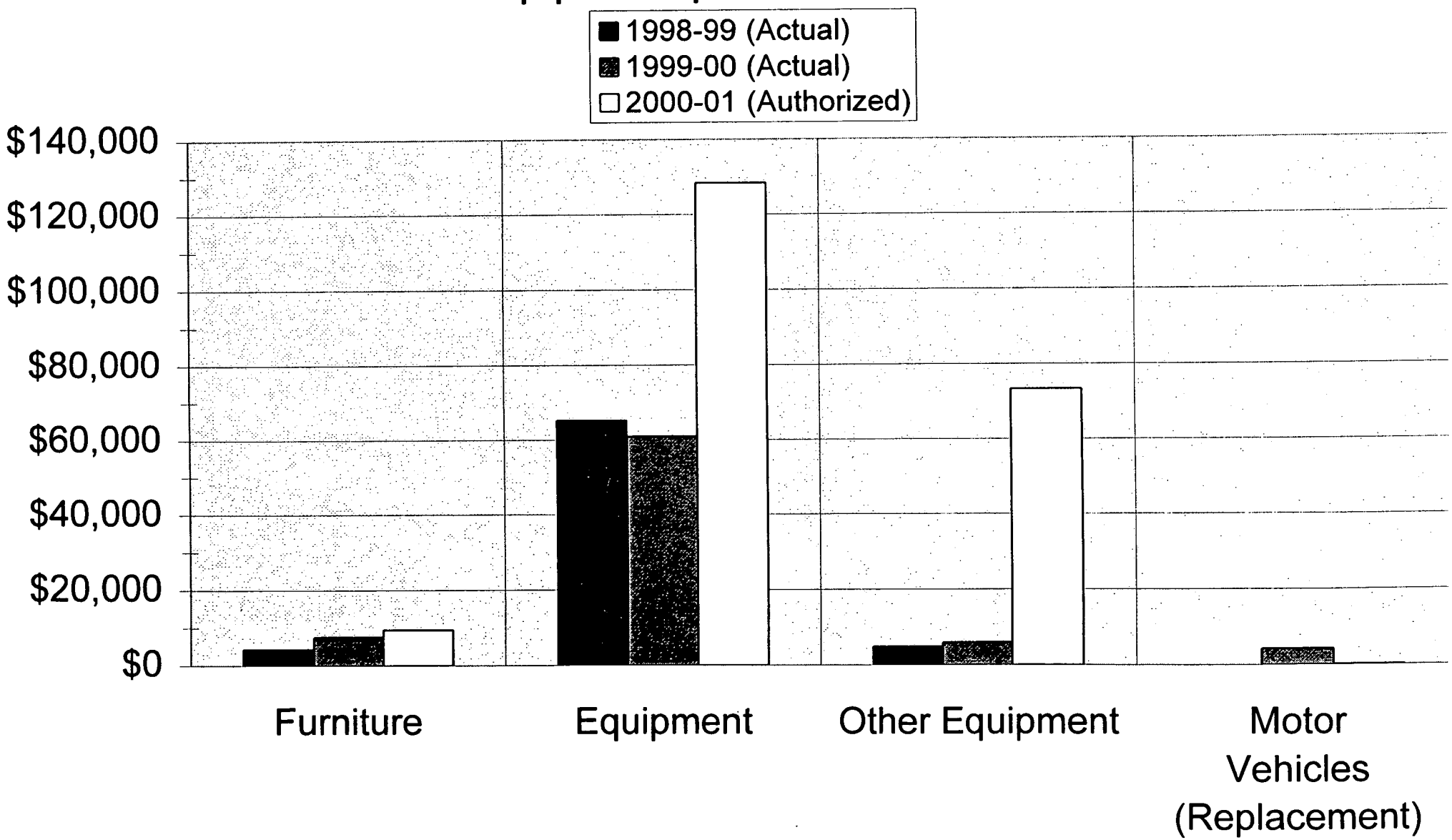
Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures



Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment & Natural Resources
Division of Coastal Management
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment & Natural Resources
Division of Coastal Management

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
CAMA Permit Fees	1974	G.S. 113A-119.1	$0 - $400	8/1/00	Daily	1678	179,070.00

CAMA Permit Fees

Permit Type	Fee
General Permit for certain post-storm redevelopment and recovery activities	$0
General Permit for placement of riprap to protect wetlands in estuarine and public trust waters	$50
All other General Permits	$100
Major Permit for private, non-commercial development that does not involve the filling or excavation of wetlands or open-water areas	$250
Major Permit for public or commercial development, or projects that involve the filling or excavation of: A) one acre or less of wetlands or open-water areas, or B) less than 150 linear feet of stream	$400
Major Permit for development that involves the filling or excavation of more than one acre of wetlands or open-water areas, or 150 linear feet or more of stream	$475
Minor Permit	$100
Major development extension request	$100
Minor modification to a Major Permit	$100
Major modification to a Major Permit	$250 $400 $475
Permit transfer	$100

Attachment C

Department of Environment and Natural Resources

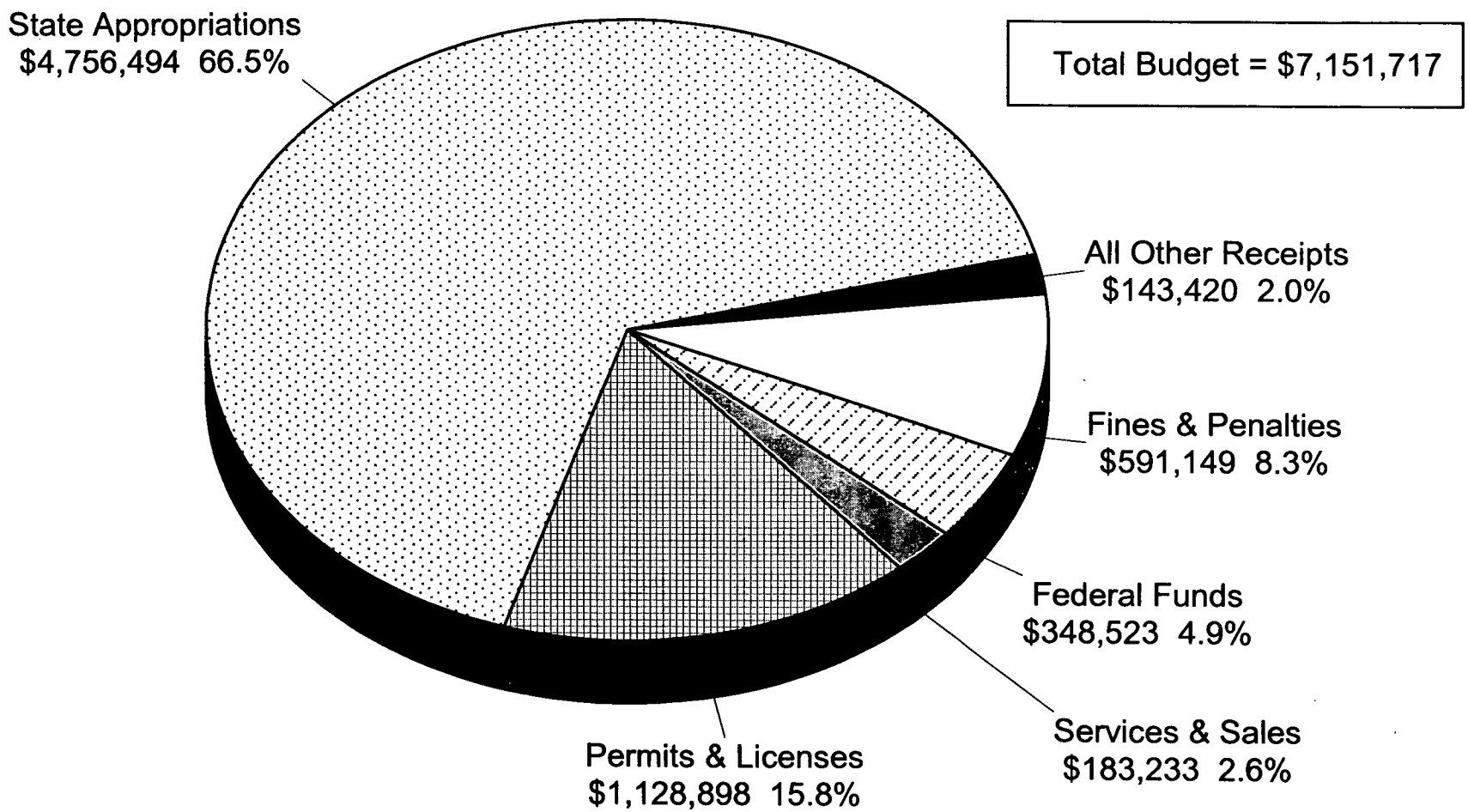
Division of Land Resources	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	4,744,458	4,382,668	5,493,602	6,223,904	7,151,717	7,114,246
Less Receipts	(1,305,492)	(1,470,927)	(1,611,724)	(1,838,338)	(2,395,223)	(2,395,223)
Cash Balance +/-	155,596	876,150	218,494	109,929	0	0
State Appropriations	*3,594,562*	*3,787,891*	*4,100,373*	*4,495,494*	*4,756,494*	*4,719,023*
Positions	74.00	74.00	81.00	93.00	95.00	94.00

The mission of the Division of Land Resources is to promote the wise use and protection of NC's land and geologic resources.

DIVISION ACTIVITIES

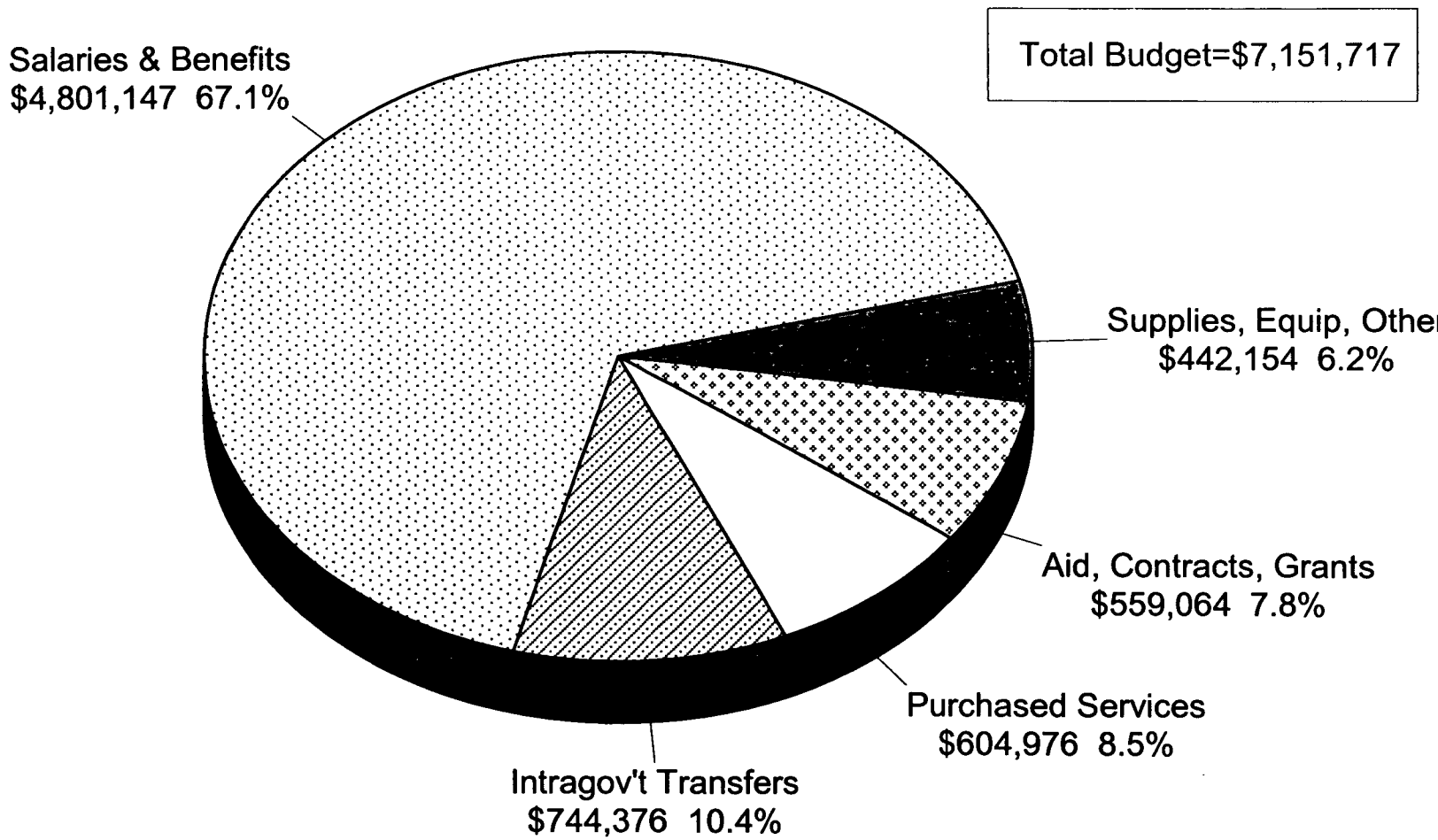
- **Geological Survey** – Examines, describes and maps the geology and mineral resources of the state, and publishes reports and maps. Also, administers cooperative geologic and topographic map agreements with federal, state and local agencies.
- **Land Quality** –Administers and enforces the Sedimentation Pollution Control Act of 1973, the Mining Act of 1971 and the Dam Safety Act of 1967. Primary duties of all three regulatory programs include advance permit or plan approval, routine on-site inspections of mines, dams and construction sites and enforcement actions as necessary.

Division of Land Resources
Fund Sources
FY 2000-01 Authorized



Fiscal Research Division -- April 2001

Division of Land Resources
Expenditures by Category
FY 2000-01 Authorized



Fiscal Research Division -- April 2001

DIVISION OF LAND RESOURCES

Positions Vacant for More Than Six Months

Position Classification	Date Vacated	Budgeted Salary
Environmental Engineer I	July 1, 1999	$37, 148

Governor's Proposed Recommendations for the Upcoming 2001-2003 Biennium

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 2001-02		FY 2002-03	
1. Abolish LLRW Position – Geologist III (includes salary and benefits)	($64,110) (1.00)	R	(64,110) (1.00)	R

DIVISION OF LAND RESOURCES

Items for Possible Committee Discussion

The Division of Land Resources has a number of non-reverting special funds with positive cash balances (see pages E49-E52). The Committee may wish to have the Division Director comment about each of these cash balances individually. Specifically, the Committee may be interested in learning why these special funds have growing cash balances, the Division's plans to use these balances, how much of these cash balances have been encumbered, and the potential impact on Division programs if cash balances are cut.

Department of Environment and Natural Resources

Division of Land Resources Sedimentation Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$481,824	$540,647	$598,180	$726,870	$749,411	$799,365
Expenditures	($293,510)	($483,594)	($517,511)	($518,222)	($626,289)	($507,552)
Change in Cash Balance +/-	$188,314	$57,053	$80,668	$208,648	$123,122	$291,813
Cash Balance Availability	$325,037	$382,091	$462,759	$671,407	$794,529	$1,086,342
Positions Supported	6.00	7.00	8.00	8.00	13.00	15.25

Special Fund Account - Sedimentation Account

Statutory Authority: G.S. 113A-54.2 (Authorizes the Sedimentation Control Commission to set a fee schedule and establishes a non-reverting account.)

Purpose of Fees: Funds are authorized to be used for the costs of administering the erosion and sedimentation control program.

Frequency of Collections: Per review and approval of an erosion control plan.

Fee Rate: $40 per acre. By statute, the application fee may not exceed $50 per acre of disturbed land shown on an erosion control plan or of land actually disturbed during the life of the project.

Date of Last Change: July 1, 2000

Department of Environment and Natural Resources

Division of Land Resources Mining Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$52,065	$56,090	$52,959	$81,740	$65,211	$40,714
Expenditures	($43,160)	($45,014)	($54,758)	($48,428)	($53,316)	($42,219)
Change in Cash Balance +/-	$8,904	$11,076	($1,800)	$33,312	$11,895	($1,504)
Cash Balance Availability	$9,311	$20,388	$18,588	$51,900	$63,796	$62,291
Positions Supported	1.00	1.00	1.00	1.00	1.00	1.00

Special Fund Account - Mining Account

Statutory Authority: G.S. 74-54.1 (Authorizes the Mining Commission to set a fee schedule & establishes a non-reverting account.)

Purpose of Fees: Funds are authorized to be used for the costs of administering the Mining Act of 1971. The total amount of permit fees collected for any fiscal year may not exceed one-third of the total personnel and administrative costs incurred by the Department for processing applications for permits, permit renewals and modifications, and related compliance costs in the prior fiscal year.

Fee Rate: New permits range between $150-$2,500; Renewal fees range between $100-$500. By statute, new permit applications can not exceed $2,500 and a renewal permit can not exceed $500.

Date of Last Change: November 1, 1990

Department of Environment and Natural Resources

Division of Land Resources Dam Safety Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Total Fees Collected	$50,149	$45,839	$116,967	$78,773	$56,327	$125,981
Expenditures	($5,003)	($21,683)	($146,850)	($61,783)	($77,081)	($87,762)
Change in Cash Balance +/-	$45,146	$24,156	($29,883)	$16,989	($20,754)	$38,219
Cash Balance Availability	$147,232	$171,387	$141,504	$158,494	$137,739	$175,958
Positions Supported	0.00	0.50	1.00	1.00	1.00	1.00

Special Fund Account - Dam Safety Account

Statutory Authority: G.S. 143-215.28A (Authorizes the Environmental Management Commission to set a fee schedule and establishes a non-reverting account.)

Purpose of Fees: Funds are authorized to be used for administering the Dam Safety Program. The total amount of fees collected in any fiscal year may not exceed one-third of the total personnel and administrative costs incurred by the Department for processing the applications and for related compliance activities in the prior fiscal year.

Fee Rate: $200 application fee. By statute, the fee may not exceed $200 or two percent of the actual cost of construction or removal of the applicable dam.

Date of Last Change: November 1, 1990

Department of Environment and Natural Resources

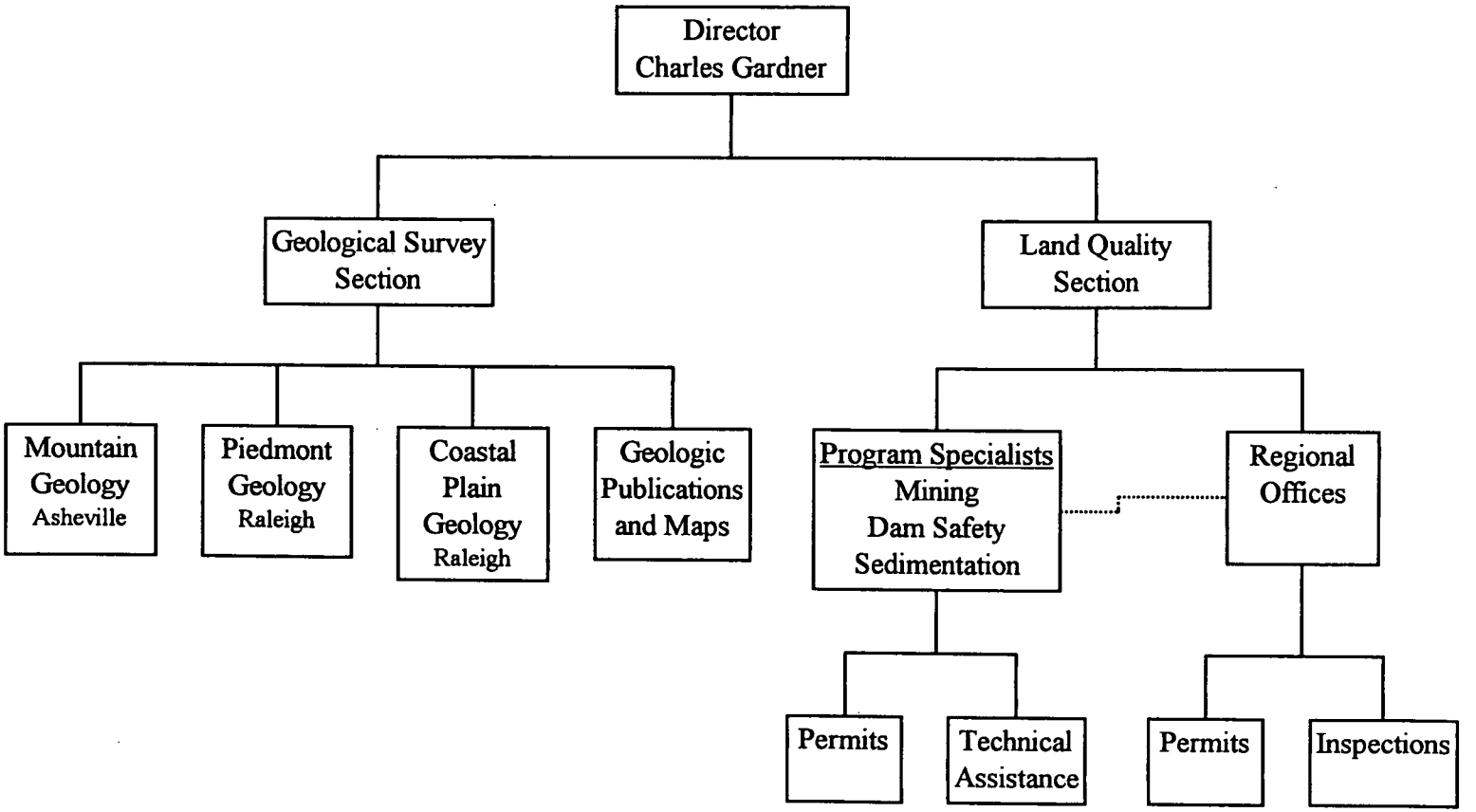
Division of Land Resources Land Environmental Controls	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 23, 2001 YTD Actual
Revenues	$350	$0	$0	$0	$0	$0
Expenditures	($314,385)	($4,228)	($45,083)	($36,582)	($5,302)	$0
Change in Cash Balance +/-	($314,035)	($4,228)	($45,083)	($36,582)	($5,302)	$0
Cash Balance Availability	$277,457	$273,228	$228,145	$191,563	$186,261	$186,261
Positions Supported	0.00	0.00	0.00	0.00	0.00	0.00

Special Fund Account - Land Environmental Controls

Statutory Authority: Prior to July 1, 1995, the Sedimentation Pollution Control Act of 1973 (SPCA) authorized the use of civil penalties to be used for the purpose of administering the SPCA. In 1994, the General Assembly amended the SPCA and directed that any civil penalties collected by Land Resources be credited to the state's General Fund. In 1996, in *Craven County Board of Education v. Boyles*, the NC Supreme Court held that the clear proceeds of all penalties and forfeitures in all cases, regardless of their nature, so long as they accrue to the State, are to be used for the public schools pursuant to Article I, Sec. 7 of the NC Constitution.

Purpose of Fees: Funds are used by the Sedimentation Control Commission for the purposes of education, technical assistance and research under the Sedimentation Pollution Control Act of 1973.

Division of Land Resources



MINING

- A non-refundable permit application fee when filing for a new mining permit, a major permit modification or a renewal permit is required as follows:

TYPE	ACRES*	NEW PERMIT	MAJOR MODIFICATION	RENEWAL
Clay	1 but less than 25	$500	$250	$250
	25 but less than 50	$1,000	$500	$500
	50 or more	$1,500	$500	$500
Sand & Gravel, Gemstone, and Borrow Pits	1 but less than 5	$150	$100	$100
	5 but less than 25	$250	$100	$100
	25 but less than 50	$500	$250	$500
	50 or more	$1,000	$500	$500
Quarry, Industrial Minerals, Dimension Stone	1 but less than 10	$250	$100	$100
	10 but less than 25	$1,000	$250	$500
	25 but less than 50	$1,500	$500	$500
	50 or more	$2,500	$500	$500
Peat & Phosphate	1 or more	$2,500	$500	$500
Gold (Heap Leach), Titanium & Others	1 or more	$2,500	$500	$500

- A non-refundable $50 permit application processing fee is required for minor modifications. Minor permit modifications include ownership transfers, name changes and bond substitutions. A minor permit modification also includes lands added to a permitted area, outside of the minimum permit buffer zone requirements, where no plans for mining related disturbance of the added lands have been approved. All other changes are considered major modifications.

- A non-refundable $50 permit application processing fee is required for permit renewal of an inactive site, provided that any previously disturbed areas have been reclaimed in an manner acceptable to the department.

* Acres for new permits and renewal permits mean the total acreage at the site. Acres for major modification of permits means that area of land affected by the modification within the permitted mine area, or any additional land that is to be disturbed and added to an existing permitted area, or both.

Revised 7/00

VISITOR REGISTRATION SHEET

Name of Committee NER

Date 4/03/01

VISITORS: Please sign below and return to Committee Clerk.

NAME NER.	FIRM OR STATE AGENCY AND ADDRESS
Doug Lassiter	NC Septic Tank Assoc.
Jane Smith	DENR
Cathey Cottle	DENR
Bill Meyer	DENR DWM
Brenda Renne	DWM
Jaye Poole	Div of Coastal Management
Donna Moffitt	DENR - Coastal Mgmt.
Preston Howard	MCIC
Lucius Pullen	Attorney NCMA
Buddy Humphrey	OSBPM
Johnny Garris	OSBPM
J.W Reel	CWMTF
David Harlow	OSBPM
Francis M. Morris Jr.	DENR - DLR
Rita O. Jones	DENR - Land Resources
Kenneth B. Taylor	DENR - DLR
Charles H. Gardner	DENR - DLR
Kim Hibbard	NCLM
R. Roberts	DFWR
Laura DeVine	DENR
Ardis [illegible]	SEANC
Fred Allen	NC Aggregates Assn.
Grady Miller	NE Cons. Ctr.

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 4, 2001
Representatives Stan Fox and Bill Owens, Presiding

Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **Division of Waste Management**
   Jennifer Hoffmann, Fiscal Research
   Bill Meyer, Division Director

3. **Division of Radiation Protection**
   Jennifer Hoffmann, Fiscal Research
   Mel Fry, Division Director

4. **Division of Water Quality**
   Jennifer Hoffmann, Fiscal Research
   Tommy Stevens, Division Director

5. **Committee Discussion**

6. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
April 4, 2001 - 8:30 A.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, April 4, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Bill Owens, Stan Fox, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly and Roger West. Three Senate Members were present. A visitor's sheet is attached (ATTACHMENT I).

Representative Bill Owens chaired the meeting.

Continuation Budget Review of the
Department of Environment and Natural Resources

Division of Water Quality

Chair Bill Owens recognized Ms. Jennifer Hoffman, Fiscal Research, to review the activities, budget and expenditures of the Division of Water Quality (ATTACHMENT II).

Ms. Hoffman recognized Mr. Tommy Stevens, Director, Division of Water Quality, to further review the Division's responsibilities and budget (ATTACHMENT III). Chair Bill Owens asked Mr. Stevens to provide a listing of the number of animal inspectors and the number of inspections.

Division of Waste Management

Chair Bill Owens recognized Ms. Hoffman to review the activities, budget and expenditures of the Division of Waste Management (ATTACHMENT IV). Ms. Hoffman called the committee's attention to an error in the handout on page E-54. The State Appropriation amount for 1999-2000 is $4,669,266. Another error in the handout was on page E-57. The Applications Analyst Programmer II vacant position listed is actually in the Division of Water Quality and is listed there also.

Chair Bill Owens recognized Mr. Bill Meyer, Director, Division of Waste Management, and commended Mr. Meyer on the great job being done in waste management. Mr. Meyer further reviewed the responsibilities of the Division (ATTACHMENT V).

Division of Radiation Protection

Ms. Hoffman was recognized by Chair Bill Owens to review the handout on the Division of Radiation Protection (ATTACHMENT VI). Chair Bill Owens questioned the fact that expenses incurred by personnel (travel, etc.) was not being cut while positions were being cut. He recommended this be looked into.

Ms. Hoffman recognized Mr. Richard M. Fry, Director, Division of Radiation Protection. He reviewed the activities of the Division and its budget and expenditures (ATTACHMENT VII). Mr. Fry answered questions raised by committee members.

Chair Bill Owens adjourned the meeting at 9:50 a.m.

Respectfully submitted,

Bill Owens
Representative Bill Owens, Chair

Linda A. Johnson
Linda A. Johnson, Committee Assistant

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 4, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Brenda Reeves	DWM
Bill Meyer	DWM DENR
Maureen Hollins	DRP
Ed Burt	DRP
Mel Fry	DRP- DENR
Jane L. Amerkhe	DENR
Cathey Cottle	DENR
Laura DeVries	DENR
David Herlong	OSBPM
[illegible]	CWMTF
J.W. Reed	CWMTF
Johnny Gray	OSBPM
Jim Nowell	OSBPM
Buddy Humphrey	OSBPM
[illegible]	[illegible]
Valerie Lancaster	DENR
Bobby Howe	"
Kent [illegible]	"
Bobbie Jo Moore	DENR-DWQ
Colen H. Sullins	DENR-DWQ
BRANDON THOMAS	SEANC
RON FERRELL	DENR-DWQ
George Everett	Duke Energy
Kim Hibbard	NCLM
Tommy Stan	
Nancy Thompson	LMCIC
Doug Cassto[illegible]	NC STA

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 4, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
R. Rogers	DENR
Angie McMillan	The Nature Conservancy, NC Chapter
John Bowdish	Alley Associates
Grady McMillan	N.C. Conservation Network
RB	NC FB
Jim Fain	DOC
Ed Regan	N.C.A.C.C.
Becki Street	PDA&CS
Brent Law	NC Commerce
[illegible]	DOW

Department of Environment and Natural Resources

Division of Water Quality

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec. 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	26,242,129	26,333,499	31,200,650	29,677,651	53,164,031	53,250,517
Less Receipts	(13,326,677)	(14,111,694)	(17,859,470)	(28,708,083)	(36,733,989)	(36,733,989)
Cash Balance +/-	42,889	543,429	3,992,019	13,640,531	0	0
State Appropriations	*12,958,341*	*12,765,234*	*17,333,199*	*14,610,100*	*16,430,042*	*16,516,528*
Less State NR	*(5,204,500)*	*(1,474,795)*	*(3,384,341)*	*(68,000)*	*0*	
Adjusted Appropriations	7,753,841	11,290,439	13,948,858	14,542,100	16,430,042	16,516,528
Positions	431.98	437.98	481.00	498.00	502.00	502.00

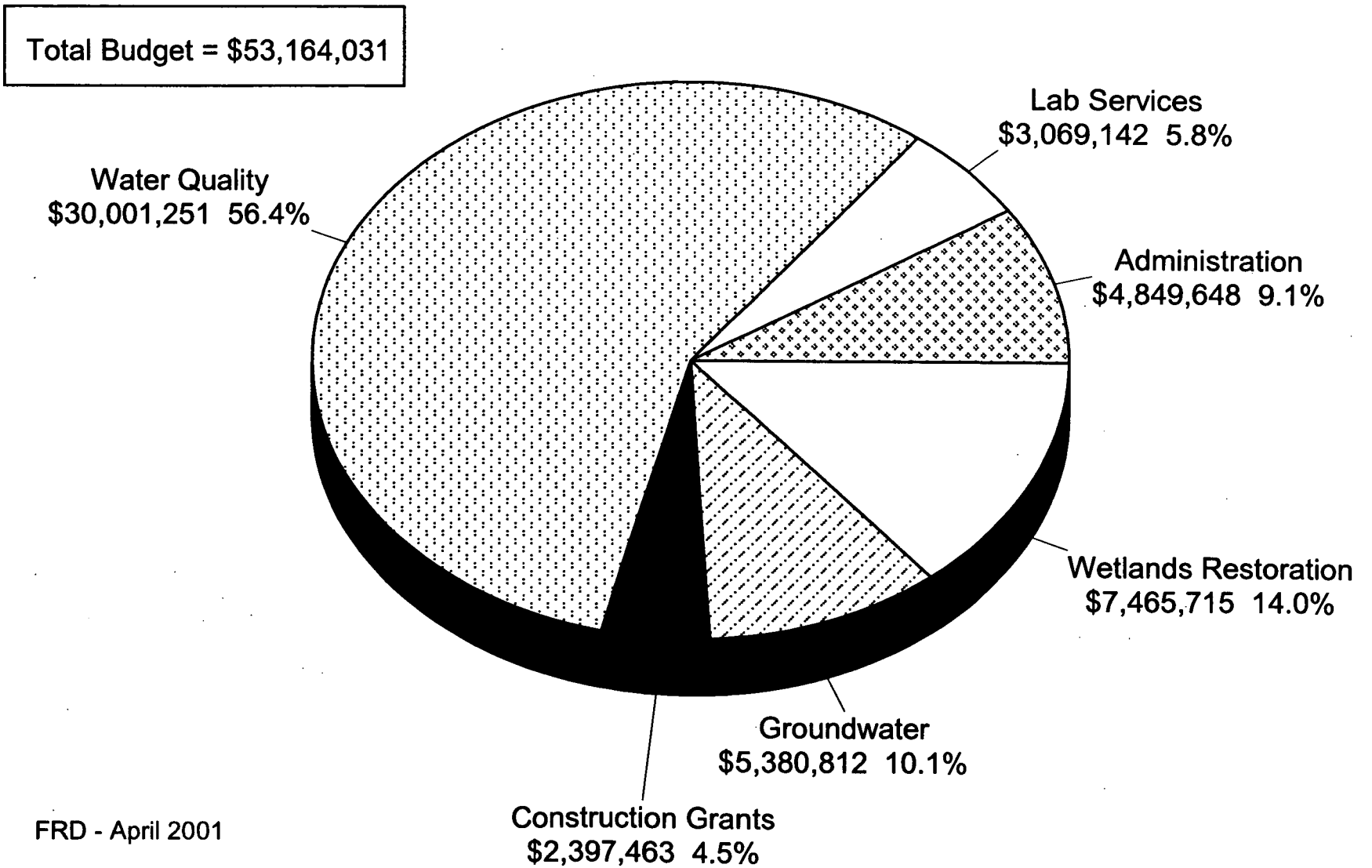
The Division is responsible for statewide regulatory programs in ground water and surface water quality protection.

DIVISION ACTIVITIES

- Issues permits to control sources of pollution, monitors compliance at permitted facilities, and pursues enforcement action for violations of environmental regulations
- Evaluates environmental quality
- Provides financial and technical assistance for publicly owned wastewater treatment facilities
- Operates an environmental laboratory
- Administers the Wetlands Restoration Program

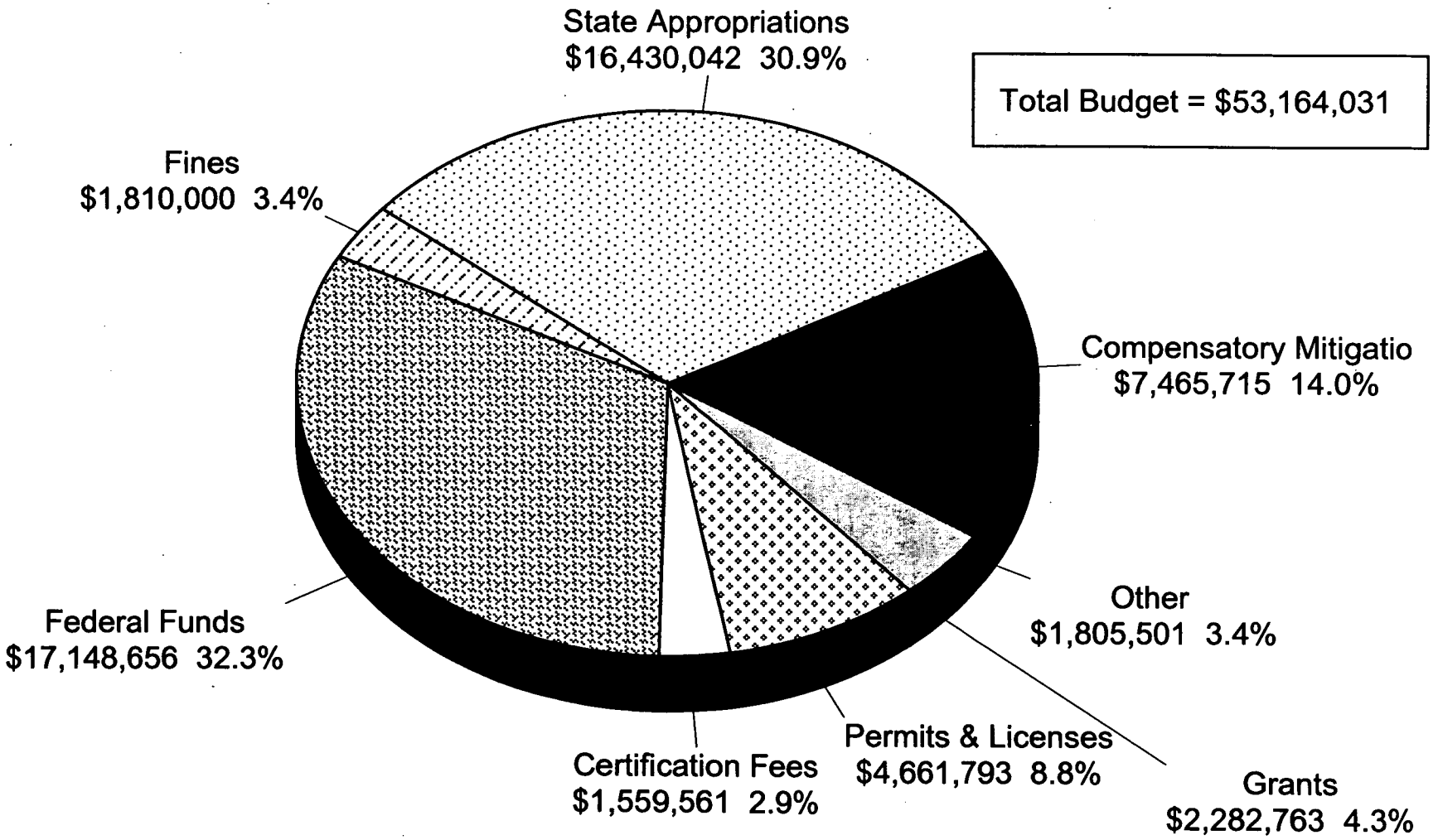
Division of Water Quality

FY 2000-01 Total Budget by Program Area



FRD - April 2001

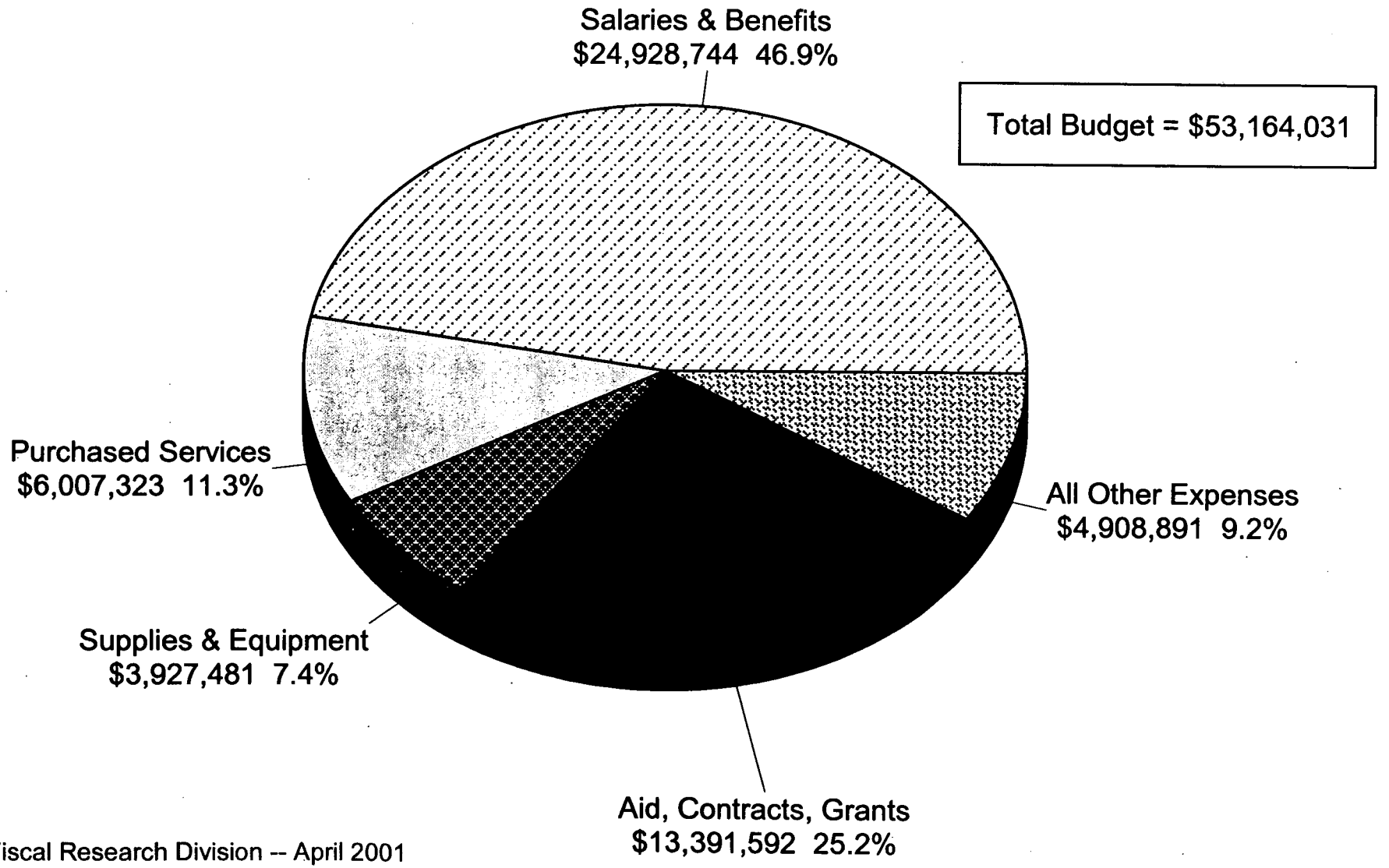
Division of Water Quality
FY 2000-01 Authorized Fund Sources



Fiscal Research Division -- April 2001

Division of Water Quality

FY 2000-01 Authorized Expenditures by Category



Fiscal Research Division -- April 2001

DIVISION OF WATER QUALITY

Positions Vacant for More Than Six Months

Position Classification	Date Vacated	Budgeted Salary
Environmental Engineer I	June 30, 2000	$39,936
Environmental Engineer I	May 1, 1999	$39,936
Environmental Engineer I	June 1, 2000	$39,936
Applications Analyst Programmer II (Position was authorized and funded, but not established by OSP.)	July 1, 1999	$44,552

Items for Possible Committee Discussion

1. Since the beginning of 1995-96 biennium, the Division of Water Quality (DWQ) has received approximately $5.3 million in recurring appropriations, a total of 86 new, permanent positions and $7.7 million in non-recurring funds. These appropriations have supported three main types of activities: water quality monitoring, compliance activities, and Basinwide data management. The Committee may wish to have the Division Director comment on how these appropriations and positions have been utilized and how they have enabled the Division to provide a better level of service. The Committee may also be interested in learning what impact these appropriations and positions have had on water quality in North Carolina.

2. The Division of Water Quality has a number of non-reverting special funds with positive cash balances (see pages E73-E77). The Committee may wish to have the Division Director comment about each of these cash balances individually. Specifically, the Committee may be interested in learning why these special funds have growing cash balances, the Division's plans to use these balances, how much of these cash balances have been encumbered, and the potential impact on Division programs if cash balances are reduced.

Department of Environment and Natural Resources

Division of Water Quality Water Permits	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 30, 2001 YTD Actual
Total Revenue	$2,649,752	$3,372,278	$2,817,316	$3,088,551	$4,213,780	$3,227,567
Expenditures / Liabilities	($2,886,558)	($3,124,465)	($3,389,632)	($3,312,230)	($3,299,331)	($2,507,215)
Change in Cash Balance +/-	($236,807)	$247,812	($572,316)	($223,679)	$914,449	$720,352
Year End Cash Balance	$1,451,570	$1,699,383	$1,127,066	$903,387	$1,817,836	$2,538,188
Encumbrances	$0	$0	$0	$0	$0	$0
Availability	$1,451,570	$1,699,383	$1,127,066	$903,387	$1,817,836	$2,538,188
Positions Supported*	n/a	n/a	n/a	n/a	n/a	n/a

* No positions are budgeted out of this account. Funds are transferred to a general fund account.

Special Fund Account - Water and Air Quality Account - Water Permit Fees

Created: 1987

Statutory Authority: G.S. 143-215.3 and 143-215.3A (Authorizes the Environmental Management Commission to adopt a fee schedule and collect fees. Requires that fees be credited to Water and Air Quality Account.)

Purpose of Account: Funds are authorized to be used for the costs of administering the permitting and compliance programs for the Water Quality Section.

Source of Funds: Funds from annual permit fees and project fees. Fees range from $50 to $2,865.

Department of Environment and Natural Resources

Division of Water Quality Wastewater Treatment Maintenance and Repair	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 30, 2001 YTD Actual
Total Revenue	$43,670	$59,141	$58,588	$22,456	$23,474	$18,844
Expenditures / Liabilities	$0	$0	$0	$0	$0	$0
Change in Cash Balance +/-	$43,670	$59,141	$58,588	$22,456	$23,474	$18,844
Year End Cash Balance	$247,862	$307,003	$365,590	$388,047	$411,521	$430,365
Encumbrances	$0	$0	$0	$0	$0	$0
Availability	$247,862	$307,003	$365,590	$388,047	$411,521	$430,365

Special Fund Account - Wastewater Treatment Works Emergency Maintenance, Operation and Repair Fund

Statutory Authority: G.S. 143-215.3B (Establishes the Wastewater Treatment Works Emergency Maintenance, Operation and Repair Fund as a nonlapsing, nonreverting, revolving fund.)

Purpose of Account: Funds can only be used for corrective actions at wastewater treatment plants of less than or equal to 100,000 gallons per day of flow when the permitees have violated the terms of the permit or the provisions of Article 21, Water and Air Resource The Environmental Management Commission may seek cost recovery from the permittee.

Source of Funds: A portion, not to exceed $100 per permit, of the specified permit fees from the Water Permit Fees are required to be deposited in the Fund.

Department of Environment and Natural Resources

Division of Water Quality Lab Certification Fee	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 30, 2001 YTD Actual
Total Revenue	$667,903	$614,600	$581,375	$552,325	$528,450	$498,200
Expenditures / Liabilities	($623,990)	($722,610)	($589,567)	($449,205)	($661,508)	($402,489)
Change in Cash Balance +/-	$43,913	($108,010)	($8,192)	$103,120	($133,058)	$95,711
Year End Cash Balance	$249,899	$141,889	$133,697	$236,816	$103,758	$199,470
Encumbrances		$0	$0	$0	$0	$0
Availability	$249,899	$141,889	$133,697	$236,816	$103,758	$199,470
Positions Supported*	n/a	n/a	n/a	n/a	n/a	n/a

* No positions are budgeted out of this account directly. Funds are transferred to a general fund account and support 11 positions within in the laboratory certification program.

Special Fund Account - Water and Air Quality Account - Lab Certification Fees

Created: 1976

Statutory Authority: G.S. 143-215.3(a)(1a) and 143-215.3(a)(10) (Authorizes the Environmental Management Commission to set a fee for annual laboratory certification and requires that fees collected be credited to the Department's Water and Air Account.)

Purpose of Account: Funds are authorized to be used for the costs of the laboratory certification program.

Source of Funds: Fees charged to commercial, industrial, municipal and private laboratories that generate and submit data relating to permits issued by DWQ. These laboratories are required to be certified by the Division.

Department of Environment and Natural Resources

Division of Water Quality
Well Drilling Contractor Certification Fees

	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 30, 2001 YTD Actual
Total Revenue			$26,362	$159,777	$118,251	$129,870
Expenditures			($23,905)	($40,428)	($85,176)	($92,681)
Change in Cash Balance +/-			$2,457	$119,349	$33,075	$37,189
Year End Cash Balance			$2,457	$121,806	$154,881	$192,069
Encumbrances			$0	($939)	($1,247)	($320)
Availability			$2,457	$121,806	$154,681	$191,749
Positions Supported			1.00	2.00	2.00	3.00

Special Fund Account - Well Construction Fund

Created: 1997

Statutory Authority: G.S. 87-98.7 (Authorizes the Environmental Management Commission to set a fee and establishes the Well Construction Fund as a nonreverting account.)

Purpose of Fees: Funds are authorized to be used for the costs of administering the Well Contractors Certification Act (Article 7A).

Frequency of Collections: Annual

Fee Rate: The Environmental Management Commission is authorized to set a fee for certification by examination, an annual renewal fee and a fee for temporary certification. By statute, the exam fee may not exceed $100, the renewal fee may not exceed $200 and the temporary certification fee may not exceed $100.

Department of Environment and Natural Resources

Division of Water Quality Oil Pollution Protection Fund	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Dec. YTD
Total Revenue	$25,417	$0	$3,500	$26,246	$0	$0
Expenditures /Adjustments	($24,378)	($15,305)	($4,991)	($5,076)	$21,226	$7,125
Change in Cash Balance +/-	$1,039	($15,305)	($1,491)	$21,170	$21,226	$7,125
Year End Cash Balance	$51,869	$36,564	$35,074	$56,244	$77,470	$84,594
Encumbrances	$0	$0	$0	$0	$0	$0
Availability	$51,869	$36,564	$35,074	$56,244	$77,470	$84,594

Special Fund Account - Oil or Other Hazardous Substances Pollution Protection Fund

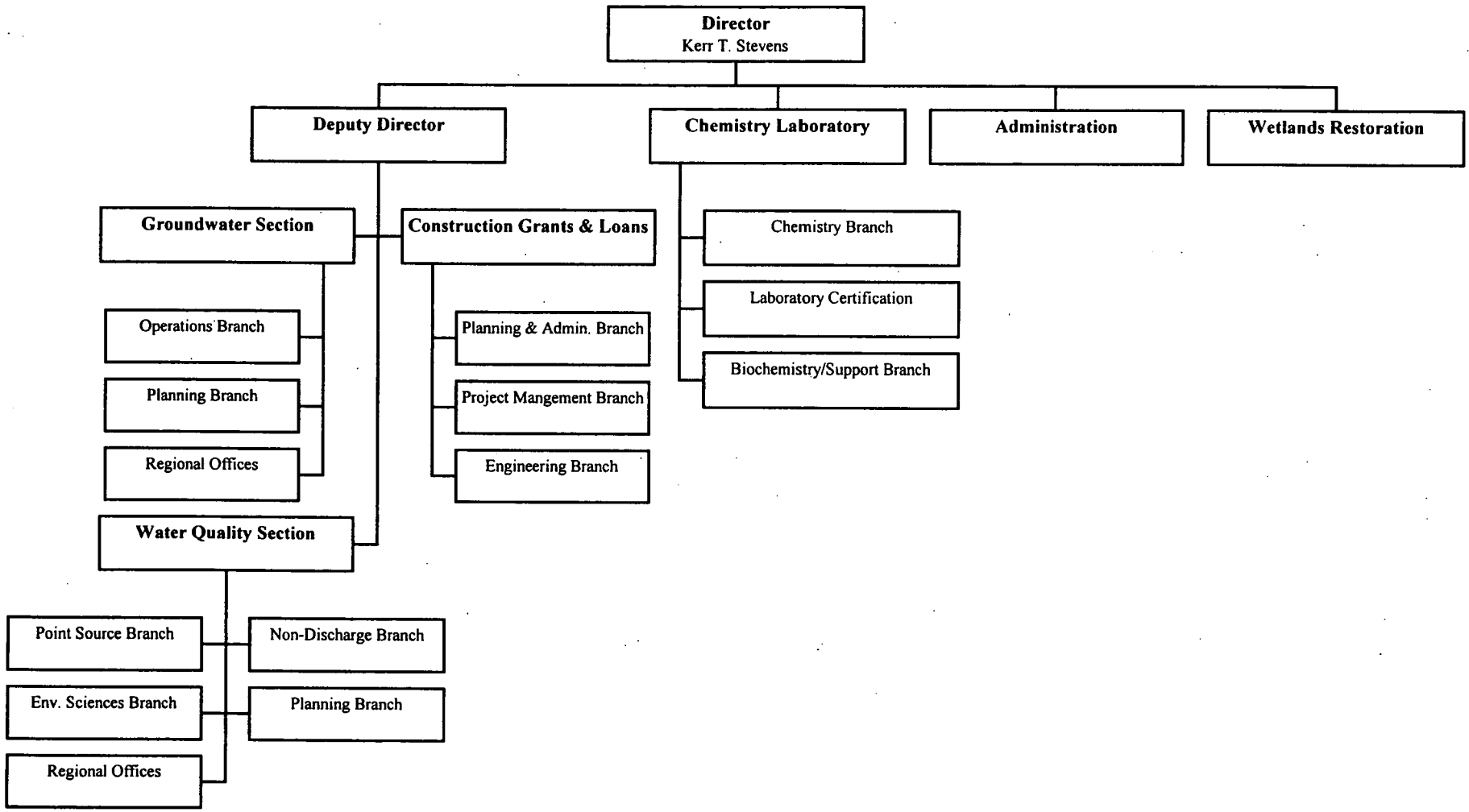
Created: 1973

Statutory Authority: G.S. 143-215.87 (Establishes the Oil or Other Hazardous Substances Pollution Protection Fund as a nonlapsing, revolving fund.)

Purpose of Account: Funds are authorized to be used to defray the expenses of any project or program for the containment, collection, dispersal or removal of oil or other hazardous substances discharged to the land or waters of the State. Funds are typically used to cleanup orphan spills where no responsible party can be determined.

Source of Funds: Fund is authorized to receive General Fund appropriations, fees, charges or other money made available to it except for the proceeds of civil penalties.

Division of Water Quality



Department of Environment & Natural Resources
Division of Water Quality

Director Kerr T. Stevens
1617 Mail Service Center
Raleigh, NC 27699

Telephone: 919/733-7015
Fax: 919/733-2496

The North Carolina Division of Water Quality (DWQ) in the Department of Environment and Natural Resources is the agency responsible for statewide groundwater and surface water protection. The agency has central offices in Raleigh and seven regional offices located across the state.

DWQ's mission is to preserve, protect and enhance North Carolina's water resources through quality monitoring programs, efficient permitting, responsible management, fair and effective enforcement, and excellence in public service.

The Division of Water Quality:

- Preserves water quality so that North Carolinians can have full use and enjoyment of their water resources.
- Enforces rules to assure that groundwaters, streams, rivers and other waterbodies meet state and federal standards.
- Monitors state waters and uses specialized biological, chemical and physical techniques to help design sound scientific strategies for water protection.
- Trains waste management professionals to operate with optimal environmental effectiveness.
- Protects wetlands, riparian buffers and other areas important to water and watershed integrity.
- Collaborates with local governments, environmental groups, business representatives and individuals to develop strategies to address water quality concerns.
- Educates the public about sources of water pollution and how personal efforts can improve and protect water quality.

DWQ is composed of five sections: Water Quality, Groundwater, Laboratory, Construction Grants and Loans, and the Wetlands Restoration Program. It administers the policies and rules that the state Environmental Management Commission has established. These policies and rules are designed to support the division in its resource protection, management, and regulatory efforts.

The **Water Quality Section** works to maintain, restore, protect and improve North Carolina's surface waters for full use and enjoyment of those who live in or visit the state. The section is responsible for developing water quality classifications and standards and water quality protection programs. The section also issues permits and handles associated enforcement and compliance. The section is divided into four branches:

- The *Planning Branch* develops basin plans for the state's 17 river basins. The branch also determines stream classifications and standards, use support ratings, and strategies for impaired waters identification and restoration. The branch also focuses on nonpoint sources of pollution. Residential lawns, parking areas, construction sites and farms can be sources for excess nutrients, sediment and other pollutants that enter waterbodies as a result of rain and snowmelt runoff. The Planning Branch was involved in the development of eight river basin plans, held approximately 15 public meeting and was involved in the reclassification of six streams in 2000.
- The *Point Source Branch* is concerned with permitting, compliance and enforcement of federal (National Pollutant Discharge Elimination System) and state regulations for municipal, industrial and domestic wastewater systems. The branch also administers stormwater and pretreatment regulations. The Point Source Branch issued over 1500 permit decisions in 2000 and assessed 641 civil penalties. The compliance rates for the NPDES program increased from 81% in 1997 to 87.4% in 2000.
- The *Non-discharge Branch* handles permitting, compliance and enforcement for non-discharge waste treatment including spray irrigation, residual application and reuse systems. These systems are sometimes used by animal operations or as parts of public wastewater treatment. Wetlands protection and technical assistance units are included in this branch. The Non-discharge Branch issued a total of

2275 permits including 1482 sewer line extensions, 273 non-animal systems, and 520 animal systems in 2000. Approximately 3500 inspections were also conducted in 2000. The Wetlands Unit issued 1069 General Certifications, 41 individual Certifications and 229 Neuse Buffer reviews in 2000.

- The *Environmental Sciences Branch* provides the section with scientific and technical support through a variety of specialized biological, chemical, and physical techniques and tests. Both the Pamlico and Neuse River rapid response teams also contribute to this effort. The Rapid Response teams responded to over 150 environmental incidents in 2000 including fish kills, algal blooms and other emergencies.

The **Groundwater Section** is responsible for the prevention and elimination of pollution in water resources that are below the earth's surface, known as aquifers, that supply wells and springs. Groundwater is the source of drinking and other household water for 50 percent of North Carolinians. Section staff promotes groundwater protection and restoration, enforces well construction rules, administers underground injection control, conducts groundwater quality monitoring, and develops and implements groundwater cleanup requirements. To protect this important resource, the Groundwater Section strives to:

- Prevent pollution of groundwater and protect the public health and environment by establishing appropriate rules and reviewing permits for waste treatment, storage, and disposal activities and performing compliance reviews. The Section has averaged more than 230 groundwater pollution reviews per year over the last five years and has seen an increase of 30 % in permits requiring review in the last 3 years.
- Minimize the impact to the public health and the environment from incidents of groundwater contamination through efficient, effective response, and requirements for remediation. More than 200 groundwater contamination incidents are reported to the Groundwater Section each year that threaten groundwater quality (these are in addition to those resulting from the failure of underground storage tanks). The Section reviews corrective action plans and approves closeout plans when cleanups have been completed.
- Maintain the quality of groundwater supplies for the benefit of the public and the environment by appropriate regulation of water supply wells and monitoring of groundwater resources. In support of the Well Driller Certification Commission, the Section has reviewed and certified more than 1000 drillers in the last year. Thirty counties in the State have adopted local well construction rules that meet State standards and currently eleven counties have local rules under development.

The **Laboratory Section** tests water samples to determine if pollution is present and, if it is, its type and amount. The Laboratory Section supports surface water and groundwater programs through a central laboratory in Raleigh and two regional laboratories, located in Asheville and Washington. The section conducts bacteriological, biochemical and a broad range of chemical analyses. Regional laboratories assist the central laboratory in handling time-sensitive samples and performing specific tests that are requested by regional offices near a field laboratory. The Laboratory Section performs approximately 225,000 individual analytical test annually. The section also administers a nationwide and statewide certification program to verify that correct procedures are used by commercial, industrial and municipal wastewater laboratories. Approximately 321 analytical laboratories are certified annually.

The **Construction Grants and Loans Section** is a non-regulatory unit. It operates as a financial and technical resource for publicly owned wastewater treatment facilities. The section administers two major programs that assist local governments, the federally funded Clean Water State Revolving Fund Program and the N.C. Clean Water Revolving Loan and Grant Program. These programs provide low interest loan and grant funds for wastewater treatment projects. In conjunction with the U.S. Environmental Protection Agency, the section has initiated the Municipal Compliance Initiative Program. It is a free technical assistance program to identify wastewater treatment facilities that are declining but not yet out of compliance.

The **Wetlands Restoration Program** works to restore wetland and stream functions and values lost through historic, current and future wetland impacts. The NCWRP also works to achieve a net increase in wetland acres and functions across North Carolina. The program provides a consistent approach to

address mitigation and may be required by law when dredging or filling of wetlands is authorized and increase the mitigation project's ecological effectiveness. In the search for wetland, riparian and stream restoration projects, NCWRP focuses on sites where projects can be most effective. Special attention is given to:

- Sites located within NCWRP priority watersheds for restoration.
- Streams or areas adjacent to streams that are degraded through bank erosion, channelization, lack of vegetated buffer or heavy sediment deposition.
- Areas in the headwaters of priority watersheds which have been altered (clear cut, farmed, channelized, ditched).
- The cost and difficulty of site restoration.
- Potential benefits of restoration for water quality improvement, flood prevention, fisheries and wildlife habitat, and recreational opportunities.

Wetland and stream restoration projects are guided by Basinwide Wetlands and Riparian Restoration Plans. These present a narrative overview of the river basin, including general information on existing water quality related problems, other water quality improvement efforts and a statement of the restoration goals to promote a comprehensive approach to the protection of natural resources.

DIVISION OF WATER QUALITY
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Protect Buffers & Wetlands	$339,467 R $46,000 NR 6.0	
2. Groundwater Quality Protection	$537,111 R $22,000 NR 8.0	$162,909 R

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Animal Waste Compliance (FY 95/96)	$424,792 R $34,500 NR 8		
2. Coastal Water Quality (FY 95/96)	$169,985 R 3		
3. Reserve for Animal Waste	$846,293 R 18.0		
4. Statewide Water Quality	$194,128 R $37,500 NR 1.0		

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
5. Wetlands Restoration Program	$500,000 R 8.0		
6. Basinwide Planning Data Management	$750,000 NR		
7. Assistance to municipalities in Neuse River Basin	$2,000,000 NR		
8. Basinwide Data Management		$260,846 R 1.0	$114,307 R 2.0
9. Wastewater Treatment System Operator Training		$474,795 NR	
10. Regional Wastewater Management		$1,000,000 NR	
11. Increase operating support			$250,533 R
12. Increase compliance & reduce spills			$332,280 R $28,000 NR 7.0
13. Groundwater Pollution Prevention			$721,479 R $256,587 NR 12.0
14. Neuse & Tar Pam Rapid Response			$544,634 R $226,774 NR 8.0
15. WQ Monitoring/Basinwide Data Mgmt			$164,080 R 2,872,980 NR 4.0

DIVISION OF WATER QUALITY
OVERVIEW OF REDUCTION ITEMS

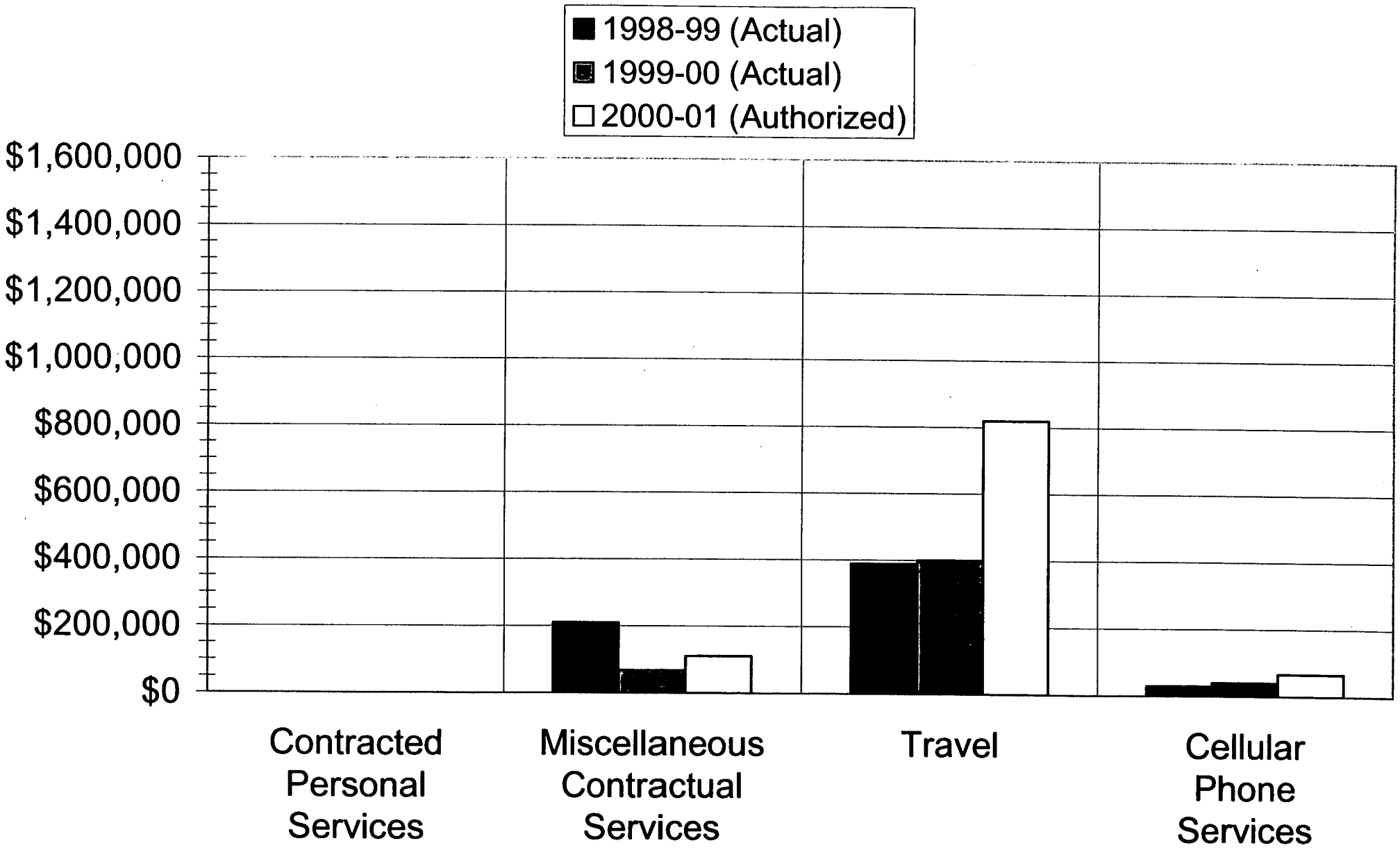
Current Biennium 1999-2001

SELECTED REDUCTIONS	FY 1999-00	FY 2000-01
1. Reduce Water Quality Positions	($120,749) R (3.0)	
2. Reduce replacement equipment	($300,000) NR	
3. Increase Animal Waste Receipts	($150,000) R	
4. Reduce Pesticide Positions	($100,000) R (2.0)	

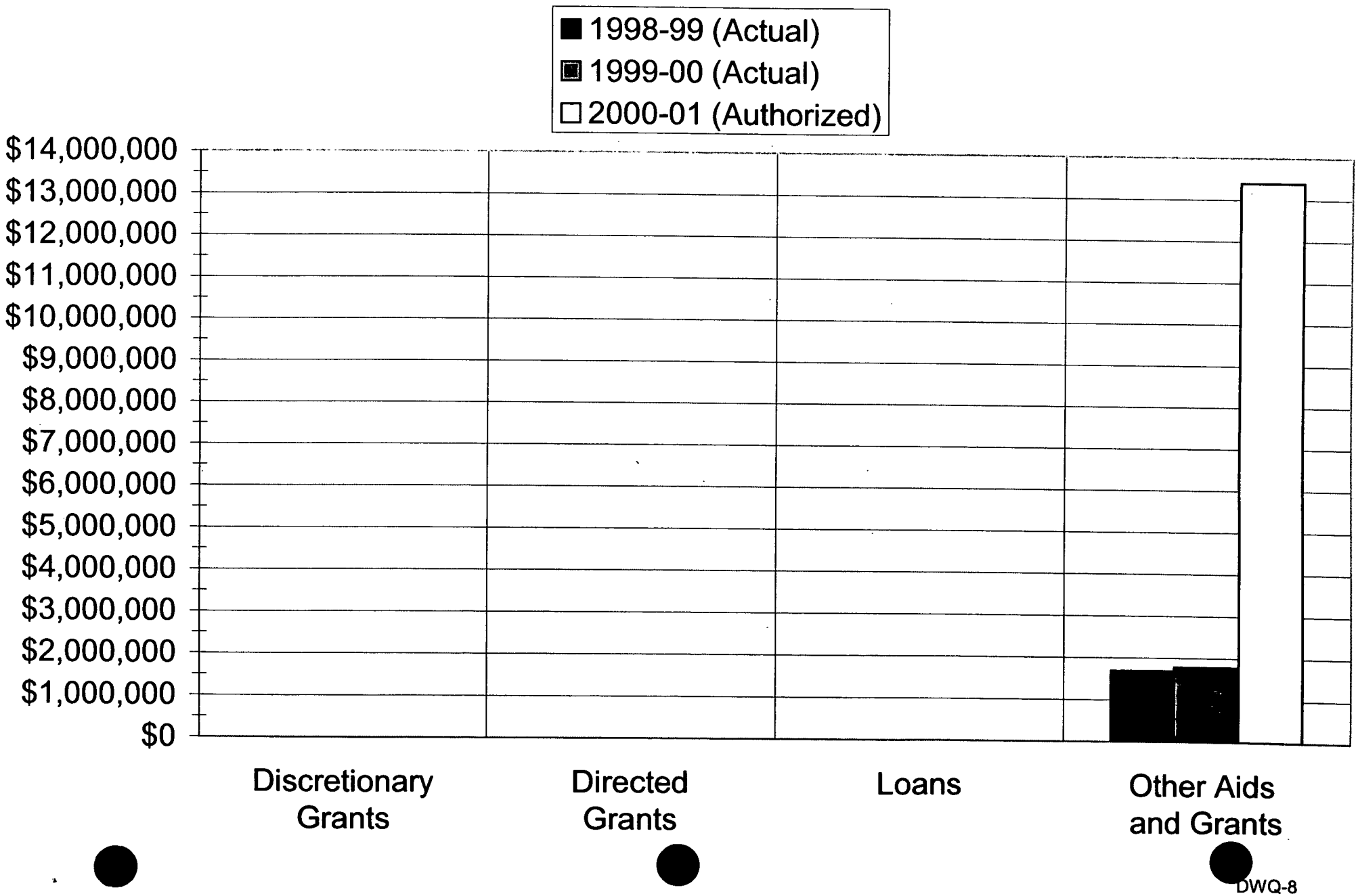
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Salary/Span of Control /Operating Reductions		($105,995) R ($69,625) R ($14,449) R (3.0)	
2. Low Level Operating Reduction			($50,000) R
3. Low Level Positions Reduction			($107,559) R (2.0)

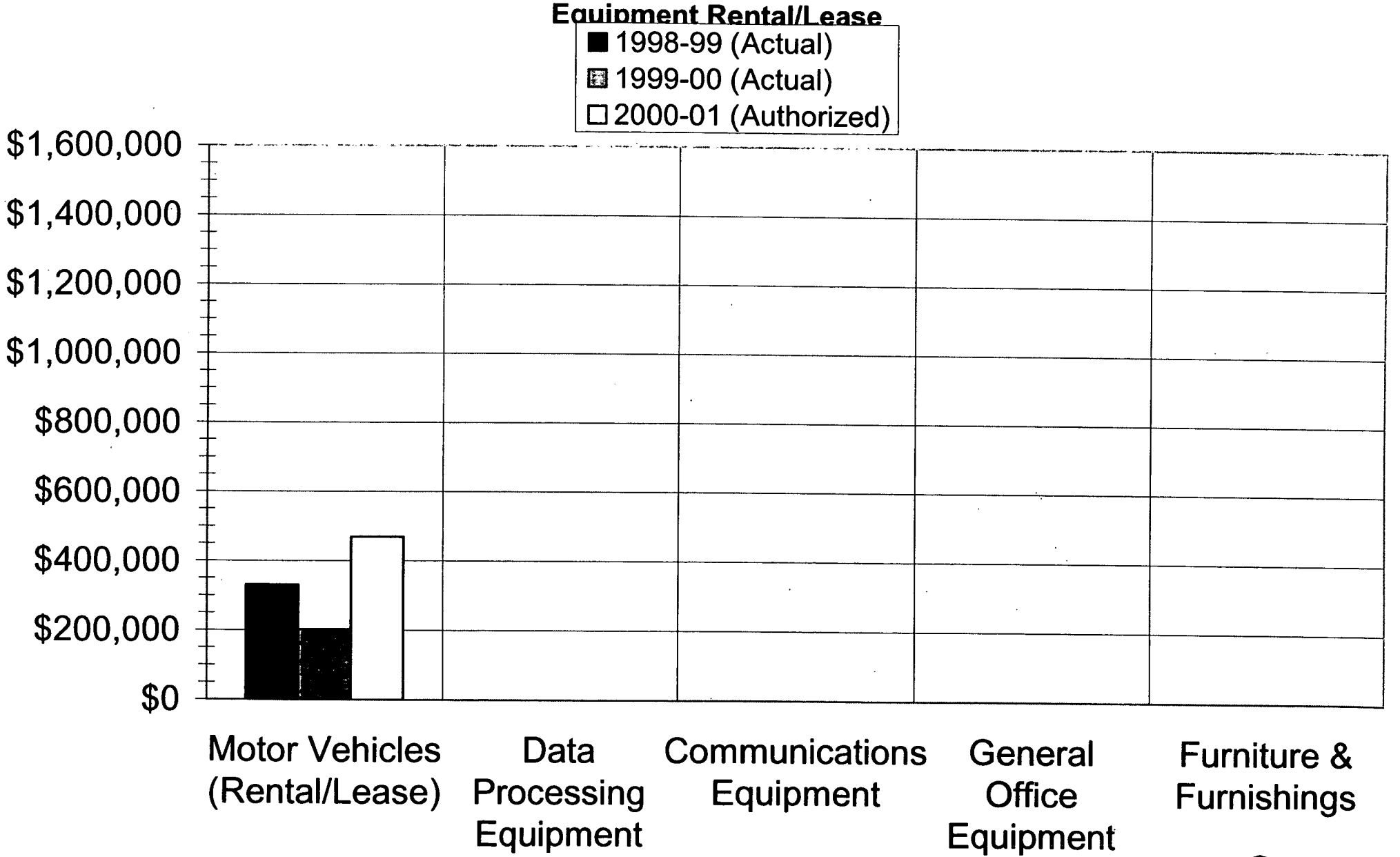
Department of Environment & Natural Resources
Division of Water Quality
Comparison of Actual and Authorized Expenditures



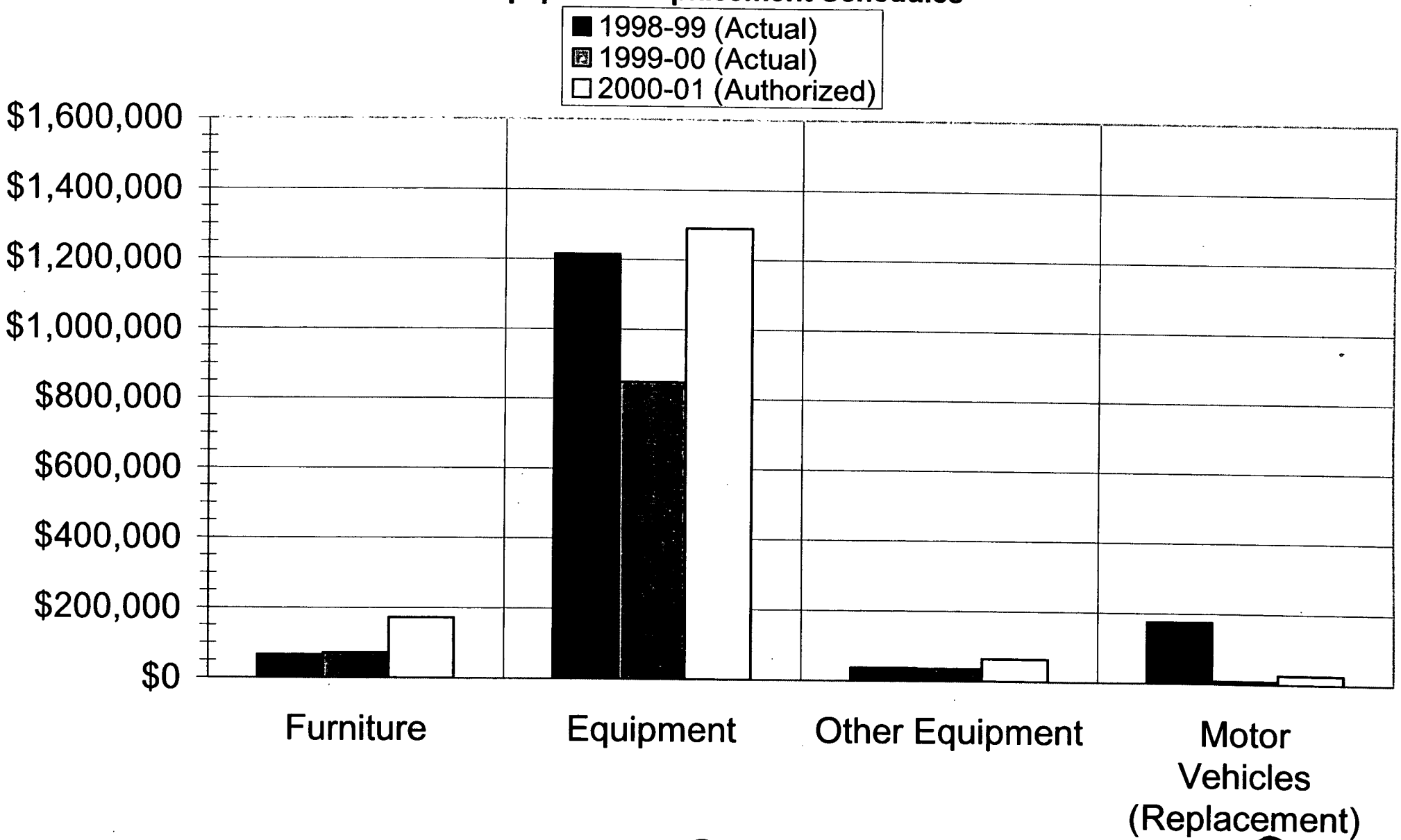
Department of Environment & Natural Resources
Division of Water Quality
Comparison of Actual and Authorized Expenditures



Department of Environment & Natural Resources
Division Water Quality
Comparison of Actual and Authorized Expenditures



Department of Environment & Natural Resources
Division of Water Quality
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment & Natural Resources
Division of Water Quality

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
2332 - Groundwater Protection Permit Fee	7/1/1991	GS 143-215.3(a)(1a)	$400.00	2/1/1993	Per Permit	11	$4,400.00
2130 - Well Contractors Certification Fee	8/4/1997	GS 87-98.9	$200.00	8/4/1997	Annual	1121	$224,250.00
2130 - Well Contractors Temporary Cert. Fee	8/4/1997	GS 87-98.9	$100.00	8/4/1997	One Time	0	$0.00
2130 - Well Contractors Exam Fee	8/4/1997	GS 87-98.9	$100 or $50	8/4/1997	Per Exam	347	$18,550.00
2335 - Laboratory Certification Fees	1976	GS 143-215.3(a)(1a) & 143-215.3(a)(10)	Varied	1992	Annual	321	$530,600.00
2341 - Water Permit Fees	1987	GS 143-215.3	$50 - $2,865	1/1/1999	Annual	9366	$4,213,540.02
6342 - Operators Certification Fees	1969	GS 90A-42 & 47	$10 - 300	1/1/1999	Annual	10307	$377,659.15
1690 - Bio Lab Certification Fee	1988	GS 143-215.3(a)	$400 - $500	10/1/1998	Annual	16	$19,600.00
2981 - Wetlands Restoration	8/1/1998	GS 143-214.11 & 12, GS 143.215.3	$125/linear foot of stream; $12,000/acre of non-riparian; $24,000/acre of riparian; $120,000/acre of SWL	N/A	As specified in 401 & 404 permits	57	$11,194,500.00

Department of Environment and Natural Resources

Division of Waste Management						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	15,955,995	16,353,750	16,476,400	16,315,671	20,691,876	20,720,854
Less Receipts	(10,738,715)	(11,509,211)	(11,841,202)	(12,488,818)	(15,968,730)	(15,968,730)
Cash Balance +/-	0	474,717	882,141	842,413	0	0
State Appropriations	*5,217,280*	*5,319,256*	*5,517,338*	*~~3,826,853~~* 4,669,246	*4,723,146*	*4,752,124*
Positions	260.00	260.00	262.00	263.00	260.00	260.00

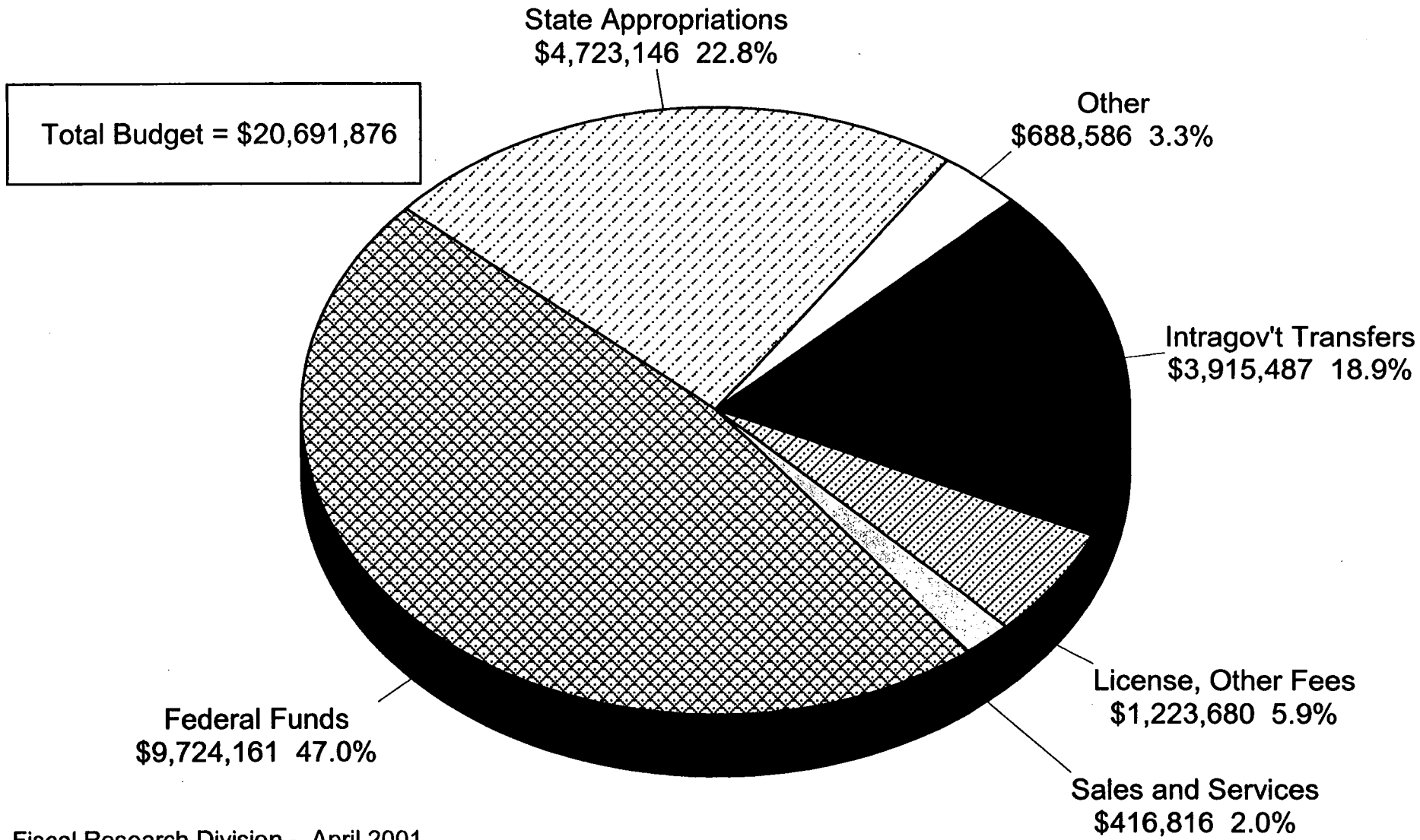
DIVISION ACTIVITIES

- Provides comprehensive plans for the management of solid and hazardous waste
- Evaluates uncontrolled hazardous waste sites in NC and provides for the clean-up of these sites
- Provides technical assistance to local governments and waste generators for waste minimization and management and certifies industrial recycling/reuse programs
- Permits and monitors solid waste facilities and sites and hazardous waste treatment, storage and disposal
- Administers the Underground Storage Tank program, including the Commercial and Non-Commercial UST Trust Funds

ATTACHMENT IV

Division of Waste Management

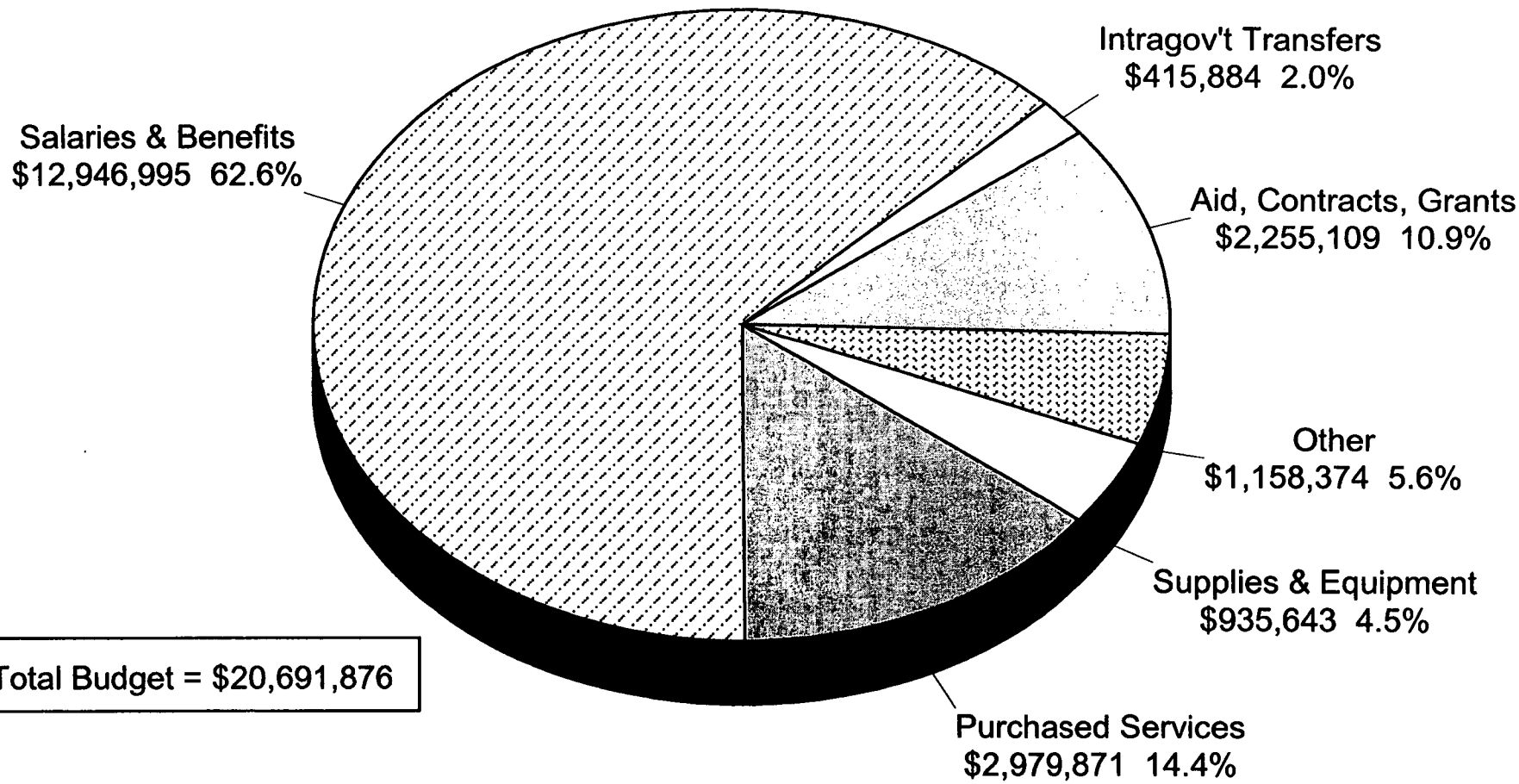
FY 2000-01 Authorized Sources of Funding



Fiscal Research Division - April 2001

Division of Waste Management

FY 2000-01 Authorized Expenditures By Category



Total Budget = $20,691,876

Fiscal Research Division - April 2001

DIVISION OF WASTE MANAGEMENT

POSITIONS VACANT FOR MORE THAN SIX MONTHS

Position Classification	Date Vacated	Budgeted Salary
Applications Analyst Programmer II	July 1, 1999	$44,552 (Water Quality
Environmental Technician II	August 1, 1999	$25,343 OK Position)
Environmental Technician III	April 1, 2000	$27,602 OK

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

The Division of Waste Management has a number of non-reverting trust funds with positive cash balances (see pages E58-E61). The Committee may wish to have the Division Director comment about each of these cash balances individually. Specifically, the Committee may be interested in learning why these special funds have growing cash balances, the Division's plans to use these balances, how much of these cash balances have been encumbered, and the potential impact on Division programs if cash balances are reduced.

Department of Environment and Natural Resources

Division of Waste Management Inactive Hazardous Sites Cleanup Fund	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 26,2001 YTD Actual
Total Revenue	$395,349	$456,449	$442,158	$647,039	$823,551	$614,711
Expenditures / Liabilities	$0	($325,822)	($169,831)	($454,690)	($505,771)	($542,330)
Change in Cash Balance +/-	$395,349	$130,627	$272,327	$192,349	$317,780	$72,381
Year End Cash Balance	$2,942,231	$3,072,858	$3,345,186	$3,537,535	$3,855,315	$3,927,696
Encumbrances	($9,950)	($334,572)	($317,781)	($312,006)	($241,710)	($600,001)
Availability	$2,932,281	$2,738,286	$3,027,405	$3,225,529	$3,613,605	$3,327,696

Special Fund Account - Inactive Hazardous Sites Cleanup Fund *

Created: 1987

Statutory Authority: G.S. 103A-310.11

Purpose of Account: Funds are authorized to be used by the Secretary for a number of purposes related to the cleanup of inactive hazardous waste sites including, but not limited to, the following: 1) the cost of any monitoring, testing, analysis and cleanup resulting from a release of a hazardous substance from an inactive hazardous site or waste disposal site when the responsible party is either unable to be located or is unable to take action, 2) the cost of cleanup of an imminent hazard which causes serious harm to the public health or environment, and 3) the cost of developing and implementing a remedial action program when the responsible party is unable or fails to do so.

Source of Funds: The Inactive Hazardous Sites Cleanup Fund is authorized to receive money from any of the following sources: appropriations, grants, fees, and other monies paid to it or recovered by or on behalf of the Department.

* Section 9 of SL 1989-286 replaced the Carolina Clean Drinking Water Fund (created in 1987) with the Inactive Hazardous Waste Sites Cleanup Fund and clarified that the fund be credited with interest by the State Treasurer.

Department of Environment and Natural Resources

Division of Waste Management Emergency Response Fund	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 26,2001 YTD Actual
Total Revenue	$241,352	$33,216	($36,962)	$42,700	$28,032	$21,776
Expenditures / Liabilities	($167,645)	($78,908)	$39,808	($53,576)	($39,304)	($7,261)
Change in Cash Balance +/-	$73,707	($45,692)	$2,847	($10,876)	($11,272)	$14,515
Year End Cash Balance	$545,692	$500,000	$502,847	$491,971	$480,698	$495,213
Encumbrances	($228,265)	($22,607)	$0	$0	($4,190)	$0
Availability	$317,427	$477,393	$502,847	$491,971	$476,508	$495,213

Special Fund Account - Emergency Response Fund*

Created: 1983

Statutory Authority: G.S. 103A-306

Purpose of Account: Funds are authorized to defray the expenses incurred by the Department in developing and implementing an emergency hazardous waste remedial plan and to reimburse any federal, State, or local agency and any agent or contractor for expenses incurred in developing and implementing such a plan.

Source of Funds: The Emergency Response Fund is authorized to receive money from any of the following sources: appropriations, grants, fees, charges and other money paid to or recovered by the Department pursuant to Article 9, Solid Waste Management. The Fund may not exceed $500,000. Money in excess of $500,000 is deposited in the Inactive Hazardous Sites Cleanup Fund.

* Section 1 of SL 1989-286 replaced the Hazardous Waste Site Remedial Fund (created in 1983) with the Emergency Response Fund and clarified that the fund be credited with interest by the State Treasurer. The 1989 Session Laws also raised the Fund's cap from $250,000 to $500,000.

Department of Environment and Natural Resources

Division of Waste Management Scrap Tire Disposal Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 26,2001 YTD Actual
Total Revenue	$2,322,389	$2,544,651	$2,501,999	$2,643,218	$2,842,216	$2,312,756
Expenditures / Liabilities	($2,061,672)	($1,673,965)	($1,780,356)	($1,881,873)	($2,067,325)	($2,194,622)
Change in Cash Balance +/-	$260,717	$870,686	$721,643	$761,345	$774,891	$118,133
Year End Cash Balance	$2,111,480	$2,982,166	$3,703,809	$4,465,154	$5,240,045	$5,358,179
Encumbrances	($1,038,439)	($1,228,488)	($1,341,408)	($475,169)	($1,084,712)	($709,866)
Availability	$1,073,041	$1,753,678	$2,362,401	$3,989,985	$4,155,334	$4,648,313

Special Fund Account - Scrap Tire Disposal Account

Created: 1993

Statutory Authority: G.S. 103A-309.63

Purpose of Account: Funds are authorized for two purposes: 1) up to 50 percent of the revenue in the account can be used to make grants to units of local governments to assist them in disposing of scrap tires, and 2) the remaining revenue may be used to clean-up scrap tire collection sites that the Department has determined are a nuisance.

Source of Funds: The Scrap Tire Management Account receives 27 percent of the net tax proceeds collected on the extra sales tax imposed on the sale of all new tires in North Carolina.

Department of Environment and Natural Resources

Division of Waste Management White Goods Management Account	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	March 26,2001 YTD Actual
Total Revenue	$1,503,976	$1,574,905	$1,476,208	$1,087,965	$3,088,450	$1,899,447
Expenditures / Liabilities	($300,603)	($814,697)	($1,089,245)	($532,365)	($2,395,464)	($1,037,086)
Change in Cash Balance +/-	$1,203,373	$760,208	$386,964	$555,600	$692,987	$862,361
Year End Cash Balance	$2,610,524	$3,370,732	$3,757,696	$4,313,296	$5,006,283	$5,868,644
Encumbrances	$0	$0	$0	$0	($11,318)	$0
Availability	$2,610,524	$3,370,732	$3,757,696	$4,313,296	$4,994,965	$5,868,644

Special Fund Account - White Goods Management Fund

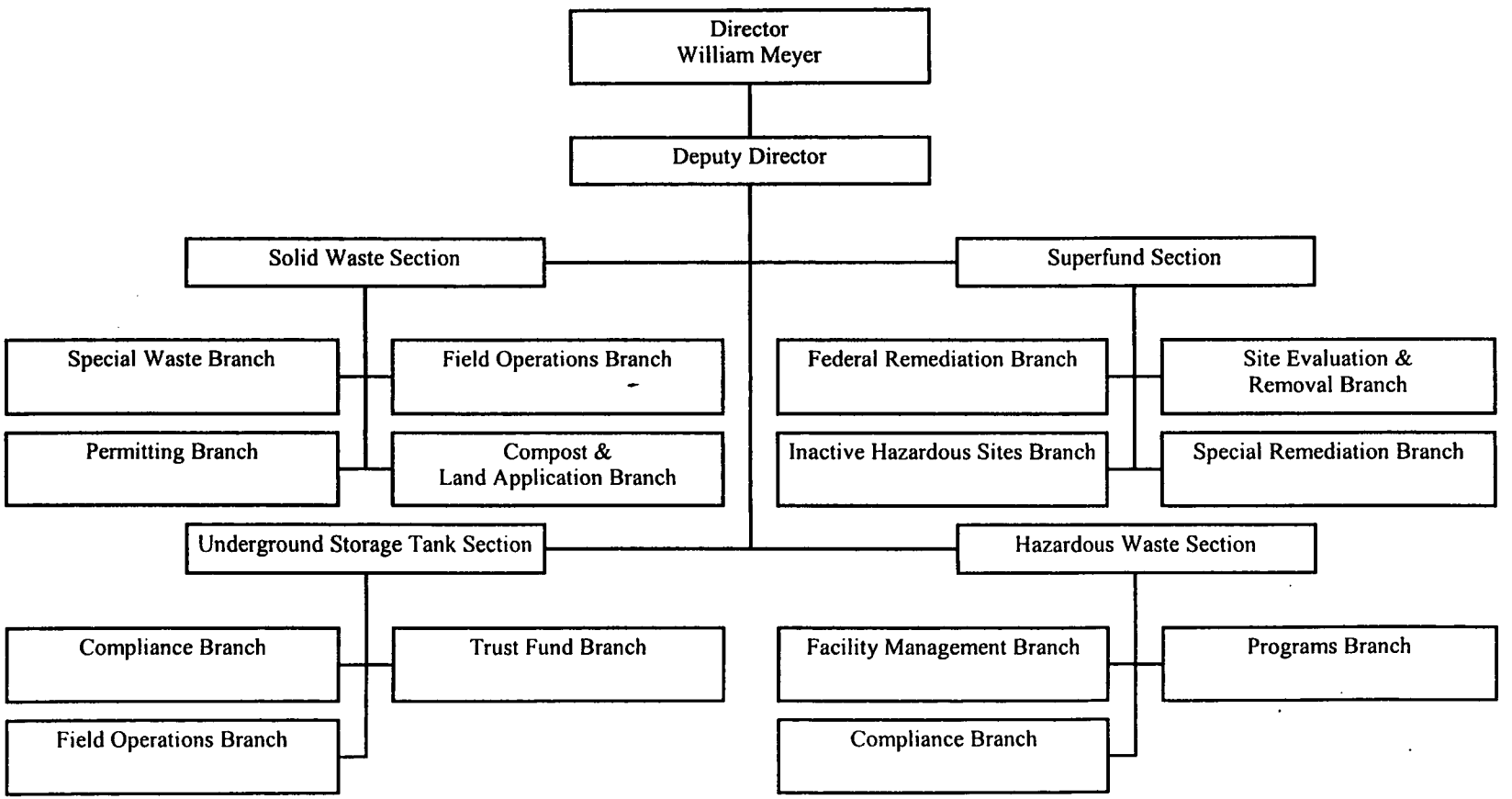
Created: 1993

Statutory Authority: G.S. 130A-309.83

Purpose of Account: Funds are used to make grants to units of local governments to assist them in managing discarded white goods.

Source of Funds: The White Goods Management Account receives 20 percent of the net tax proceeds from the $3.00 advance disposal tax collected when a new white good is sold.

DIVISION OF WASTE MANAGEMENT



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF WASTE MANAGEMENT

William L. Meyer, Director
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I. Overview

The Division of Waste Management is made up of the Hazardous Waste, Solid Waste, Superfund, and Underground Storage Tank Sections. The purpose of the Division is to ensure proper management of solid waste and underground storage tanks, as well as compliance at solid waste and underground storage tank facilities, to restore the environment through the remediation of releases from underground storage tanks and solid waste sites, and to increase the amount of wastes that are managed by options other than disposal.

II. Services of the Division

1. Permitting waste facilities. Facilities permitted include those managing or disposing of solid waste, hazardous waste, petroleum contaminated soil, and underground storage tank facilities.

2. Inspecting waste management facilities and enforcing waste management standards. Permitted facilities are inspected for compliance with rules, law, and permit conditions. Generators of hazardous waste are also inspected for compliance with regulations. Enforcement actions are taken to ensure required hazardous waste, solid waste, and underground storage tank rules and law are adhered to and remediation of releases of contaminants is accomplished.

3. Providing technical assistance to local governments and the regulated community for waste minimization and management.

4. Ensuring development and implementation of comprehensive plans for management and/or remediation of releases from waste sites. Plans for management of waste to result in reduction in the amount of waste disposed are reviewed and approved by the Division. Plans to remediate releases from waste sites that can cause environmental damage and endanger public health are reviewed and approved. A program for clean up of releases from dry cleaners has been recently established and best management practices have been established for these facilities.

5. Educating the public on proper and effective waste management. Division staff are called upon to speak to community and civic groups, provide information via the web, speak to school classes, provide literature, and other requests for public education.

6. Ensuring development and implementation of comprehensive plans for management of leaking UST facilities. Leaking underground storage tanks can contaminate water supplies and harm the environment. Plans for remediation of releases must be reviewed and implemented to result in protection of public health and the environment.

7. Implementing disbursements of trust funds for remediation of underground storage tank sites. The Division administers funds to assist in remediation of environmental contamination from releases from underground storage tanks. Staff must review and approve requests for funding based on regulatory requirements.

8. Providing grants to local governments for management of scrap tires and white goods. Grants are provided to establish collection sites for appliances and scrap tires primarily for shipment to recycling facilities. Funds are also used for clean up of illegally disposed scrap tire sites.

9. Facilitating cleanup and development of contaminated property. Through the Brownfields Program, the Division works with prospective developers interested in purchasing property which otherwise would sit idle due to contamination. The property is made safe for the proposed use and developed. Private investment in remediation is also leveraged through the use of a registration of environmental consultants. Registered environmental consultants can be selected by owners of contaminated sites for review and approval of remediation in lieu of state staff. This results in more sites being remediated in a shorter period of time.

10. Emergency response to waste management issues. The Division responds to calls involving immediate threat to the public from contamination due to releases from underground storage tanks, hazardous waste, and solid waste sites.

DIVISION OF WASTE MANAGEMENT
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
	No Expansion	No Expansion

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
	No Expansion	No Expansion	No Expansion

Division of Waste Management
Overview of Reduction Items

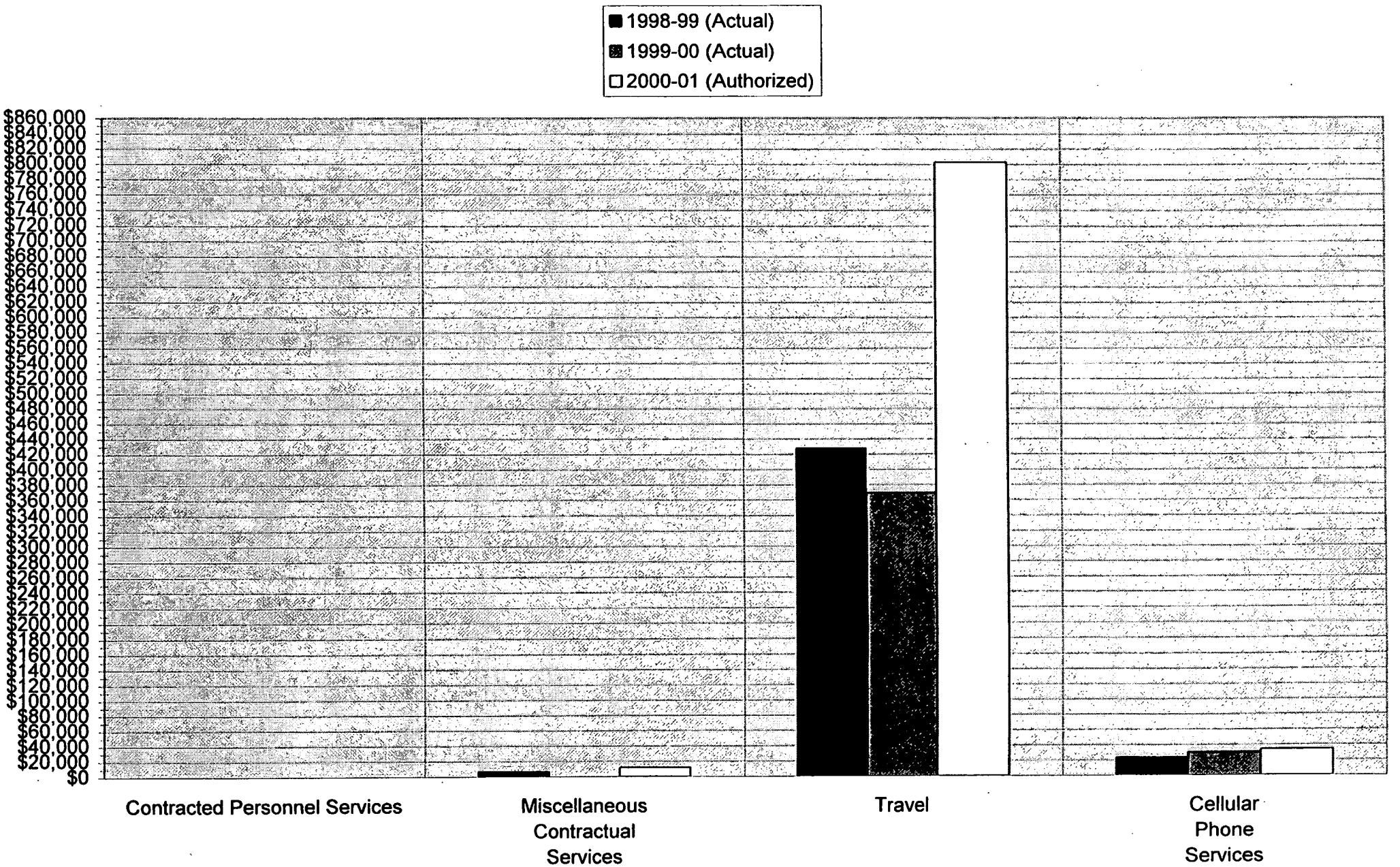
Current Biennium 1999-2001

Selected Reduction	FY 1999-00	FY 2000-01
1. Reduce Superfund Match	$800,000 R	
2. Reduce cash balance (Superfund match)	$200,000 NR	0

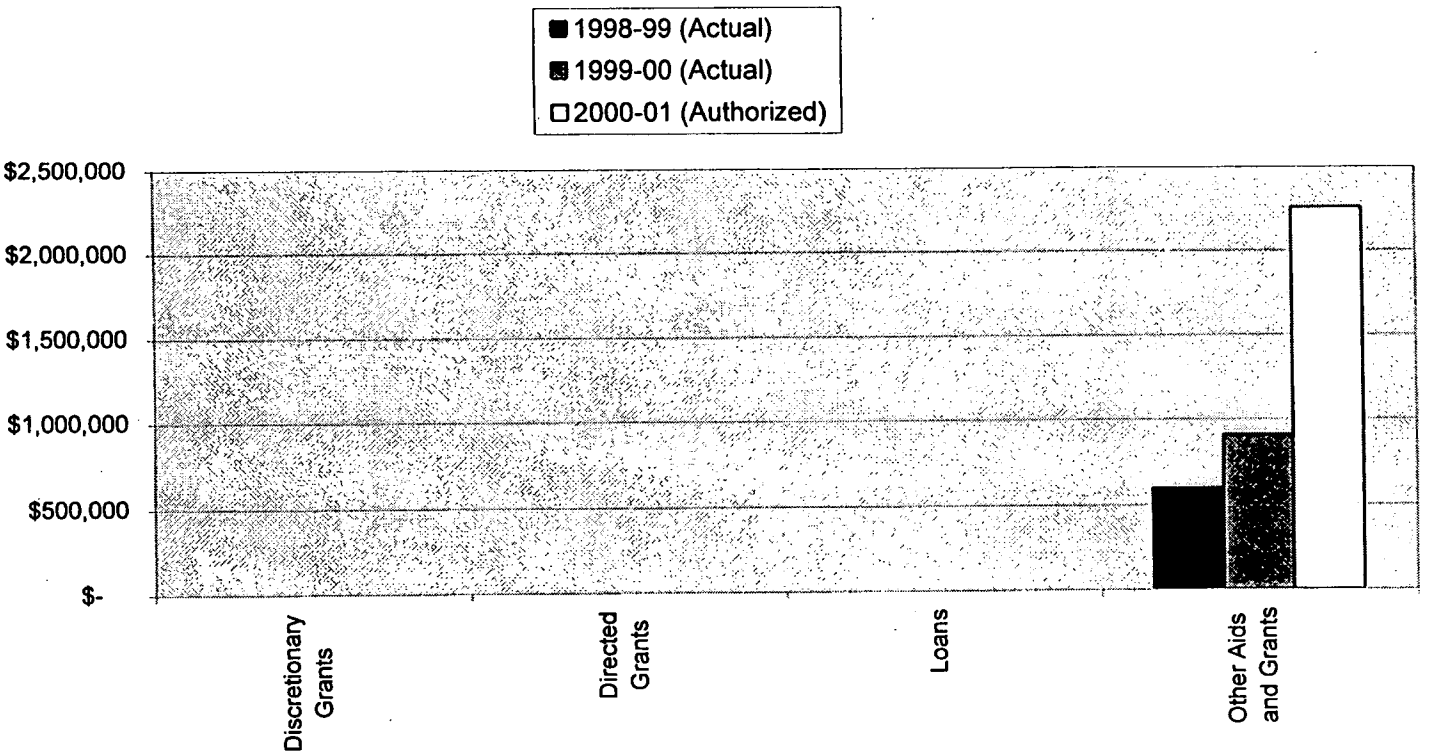
Reductions Since 1996

Item	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce 2 Hazardous Waste Positions (change Hazardous Waste report annual to biannual)	$69,568 R (2)	0	
2. Reduce computing consultant position			$45,095 R (1)

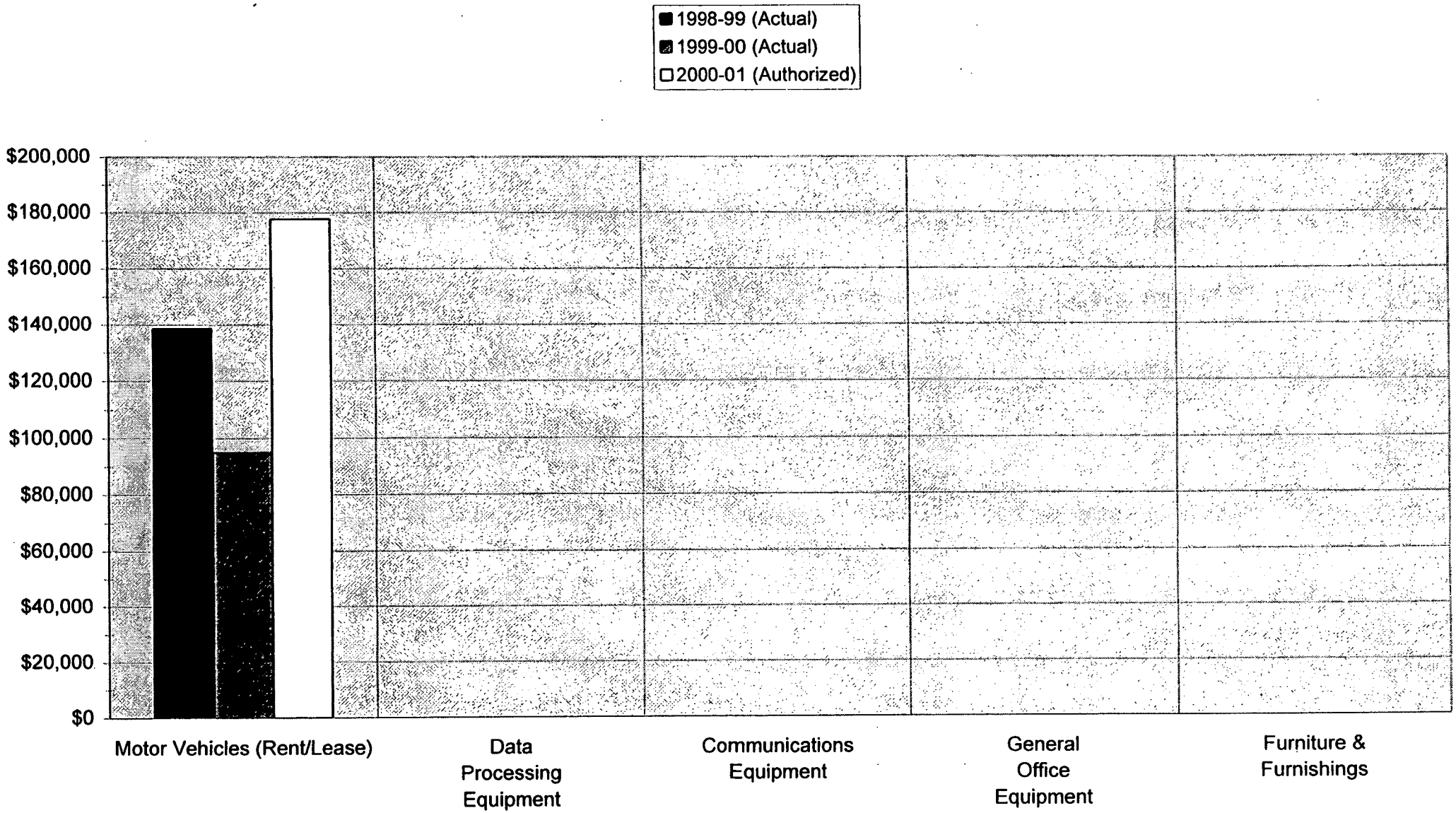
Department of Environment and Natural Resources
Division of Waste Management
Comparison of Actual and Authorized Expenditures
Contractual, Travel, Cellular



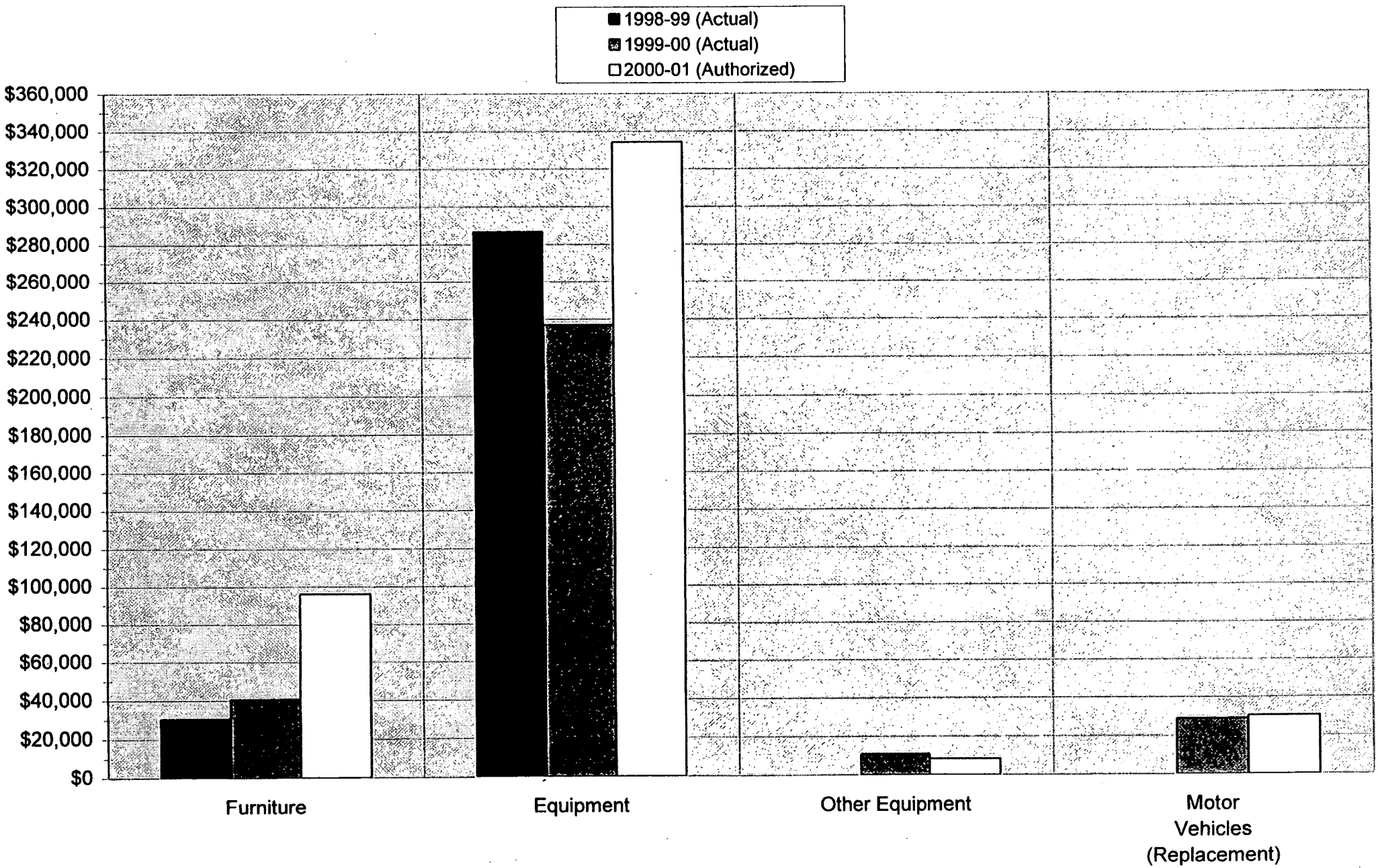
Department of Environment and Natural Resources
Division of Waste Management
Comparison of Actual and Authorized Expenditures
Grants, Loans, Aid



Department of Environment and Natural Resources
Division of Waste Management
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natural Resources
Division of Waste Management
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
Division of Waste Management

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Resident Inspector Fees	8/1/91	15A NCAC 13A.0117	$3 per ton plus fee for frequency of inspections (888 to 2664)	N/A	Monthly	144	291,419
Hazardous Waste Fees	7/1/88	G.S. 130A-294.1	$500 Lg. generator + $0.50 per ton to max 25,000 tons; $25 Sm. generator; transporters $600; tsd $1200 per activity; permit modification fee - $100-$5,000 based on class of modification	7/1/88	Annual	2,279	634,499
Septage Fees	7/1/89	G.S. 130A-291.1	300/yr. 1 truck; 400/yr. 2 trucks	N/A	Annual	405	145,200
UST Permit Fees	6/30/88	G.S. 143-215.94C	Tanks >3,500 $300/tank; <3,500 $200/tank	1/1/97	Quarterly for Annual Amt.	9,700	8,809,376

Department of Environment and Natural Resources

Division of Radiation Protection						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec. 2000)	Governor's 2001-2002 Recommended Con't Budget
Expenditures	3,672,757	3,320,274	2,634,500	2,722,381	2,829,775	2,800,532
Less Receipts	(1,465,418)	(1,409,953)	(1,438,280)	(1,468,127)	(1,664,859)	(1,664,859)
State Appropriations	*2,207,339*	*1,910,321*	*1,196,221*	*1,254,254*	*1,164,916*	*1,135,673*
Positions	53.00	53.00	47.00	45.00	45.00	44.00

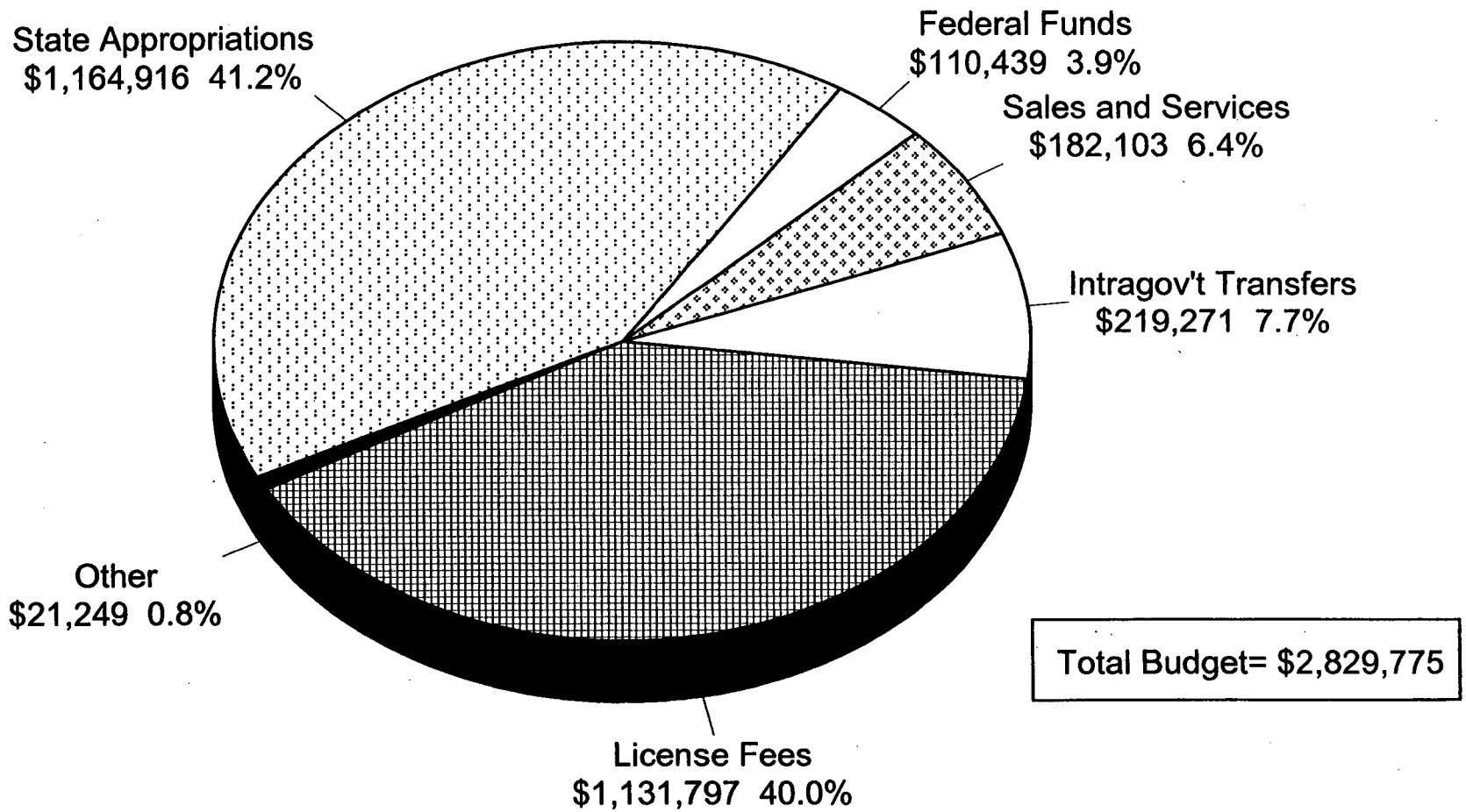
DIVISION ACTIVITIES

- Licensing, inspection and regulation of facilities that use radioactive materials (exceptions: Federal installations, Dept. of Defense materials, nuclear power reactors and nuclear fuel fabrication plants)
- Registration and regulation of x-ray machines, tanning equipment and providers of radiation-related services
- Environmental radiation surveillance statewide and site-specific monitoring and surveillance
- Response to radiation accidents and emergencies in cooperation with the Department of Crime Control and Public Safety

ATTACHMENT VI

Division of Radiation Protection

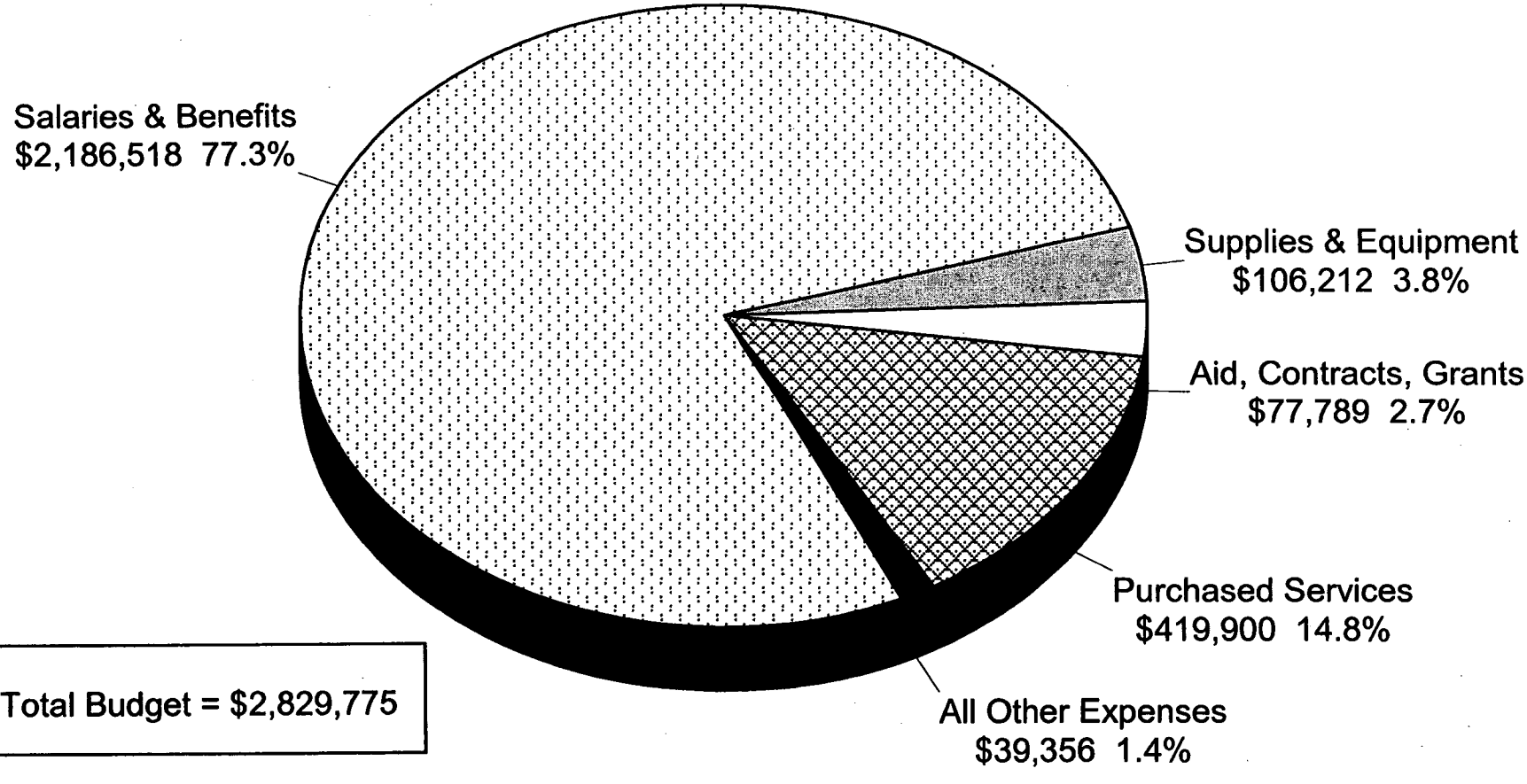
2000-01 Authorized Fund Sources



Fiscal Research Division -- April 2001

Division of Radiation Protection

2000-01 Authorized Expenditures By Category



Total Budget = $2,829,775

Fiscal Research Division April 2001

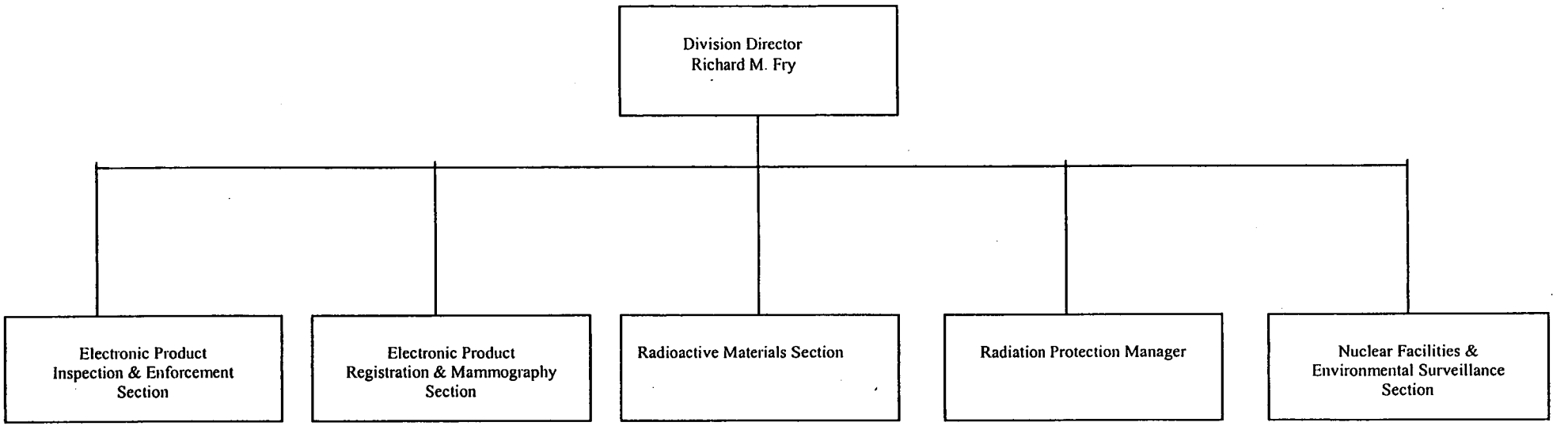
DIVISION OF RADIATION PROTECTION

Proposed Recommendations for the Upcoming 2001-2003 Biennium

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 2001-02		FY 2002-03	
1. Abolish LLRW Position – Radiological Health Specialist (includes salary and benefits)	($36,690) (1.00)	R	(36,690) (1.00)	R

Department of Environment and Natural Resources
CLASSIFICATION [redacted]ES
Fund 1755

Division of Radiation [redacted]tection
3825 Barrett Drive
Raleigh, NC 27609-[redacted]
Phone (919) 571-4141



* License and registration fee supported positions
** Grant supported positions

Richard M. Fry, Director
03/22/01

North Carolina Department of Environment and Natural Resources
Division of Radiation Protection

Director Richard M. Fry
1645 Mail Service Center
Raleigh, North Carolina 27699-1645

Telephone 919-571-4141
Facsimile 919-571-4148

Overview

The Division of Radiation Protection reduces radiation exposure to citizens, radiation contamination of the environment, and protects the public from radiation risks. The Division provides consultative, regulatory, licensing, registration, inspection and enforcement services, monitors and controls environmental radiation, by responding to radiation accidents and emergencies, and by licensing and regulating the generation, management, and disposal practices for low-level radioactive waste. The Division regulates the safe use of radiation producing equipment in industrial and medical facilities

Regulatory Services

Registration inspection, and enforcement of x-ray and tanning facilities and service companies (for x-ray over 5400 facilities and 17,000 machines, for tanning over 2500 facilities and 7500 machines)

- Register new x-ray facilities and register tanning facilities annually
- Maintain accurate database on each facility that includes description of the facility and equipment, inspection reports, violation and enforcement history, and correspondence
- Track the purchase, installation, servicing, and disposal of x-ray machines
- Inspect facilities and machines to protect the public and workers against over exposure to radiation (inspect about 5000 x-ray machines and 3100 tanning devices annually)
- Issue notices of violations and follow up with enforcement when necessary
- Provide technical assistance to facilities and operators to encourage x-ray exposure as low as reasonably achievable and responsible operation of tanning facilities
- Under contract with the US FDA, register, inspect, and technically assist mammography facilities

Licensure, inspection, and enforcement of radioactive material (under agreement with the US Nuclear Regulatory Commission) and particle accelerator facilities (about 900 general and 600 specific licensees)

- Regulate the receipt, possession, use, transfer, and disposal of radioactive material and particle accelerators and the generation, management, and practices for disposal of low-level radioactive waste
- Review and issue general licenses and requests for reciprocity from out-of-state licensees
- Conduct comprehensive reviews of applications for new specific licenses and five-year license renewals, review amendments to specific licenses
- Inspect specific licensees periodically, inspect general licensees as required
- Issue notices of violations and follow up with enforcement when necessary
- Review and certify new sealed radioactive sources manufactured in North Carolina

Develop and implement monitoring and evaluation programs for radiation and radioactive contamination in the statewide environment and in off-site environs of nuclear facilities (about 2700 samples per year)

- Collect, analyze, and interpret samples collected statewide and specifically around nuclear facilities to assess the potential for exposure of the general public to radiation in the environment
- Assist the public and consult state agencies to mitigate the exposure of citizens to radiation in water supplies
- Assist the public in dealing with indoor airborne radioactive radon gas problems

Respond to Radiation Accidents and Emergencies (approximately 50 incidents occur per year)

- Serve as the lead state agency for technical radiological response to all accidents and emergencies
- Conduct periodic drills for emergency response to accidents at fixed nuclear facilities in cooperation with local, state, and federal agencies and the nuclear utilities
- Investigate all reportable radioactive incidents and recommend safety improvements where necessary

Attachment IV Expansion Item
03/26/01

DIVISION OF RADIATION PROTECTION
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
None		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
None			

Attachment IV Reduction Item
03/27/01

DIVISION OF RADIATION PROTECTION
OVERVIEW OF REDUCTION ITEMS

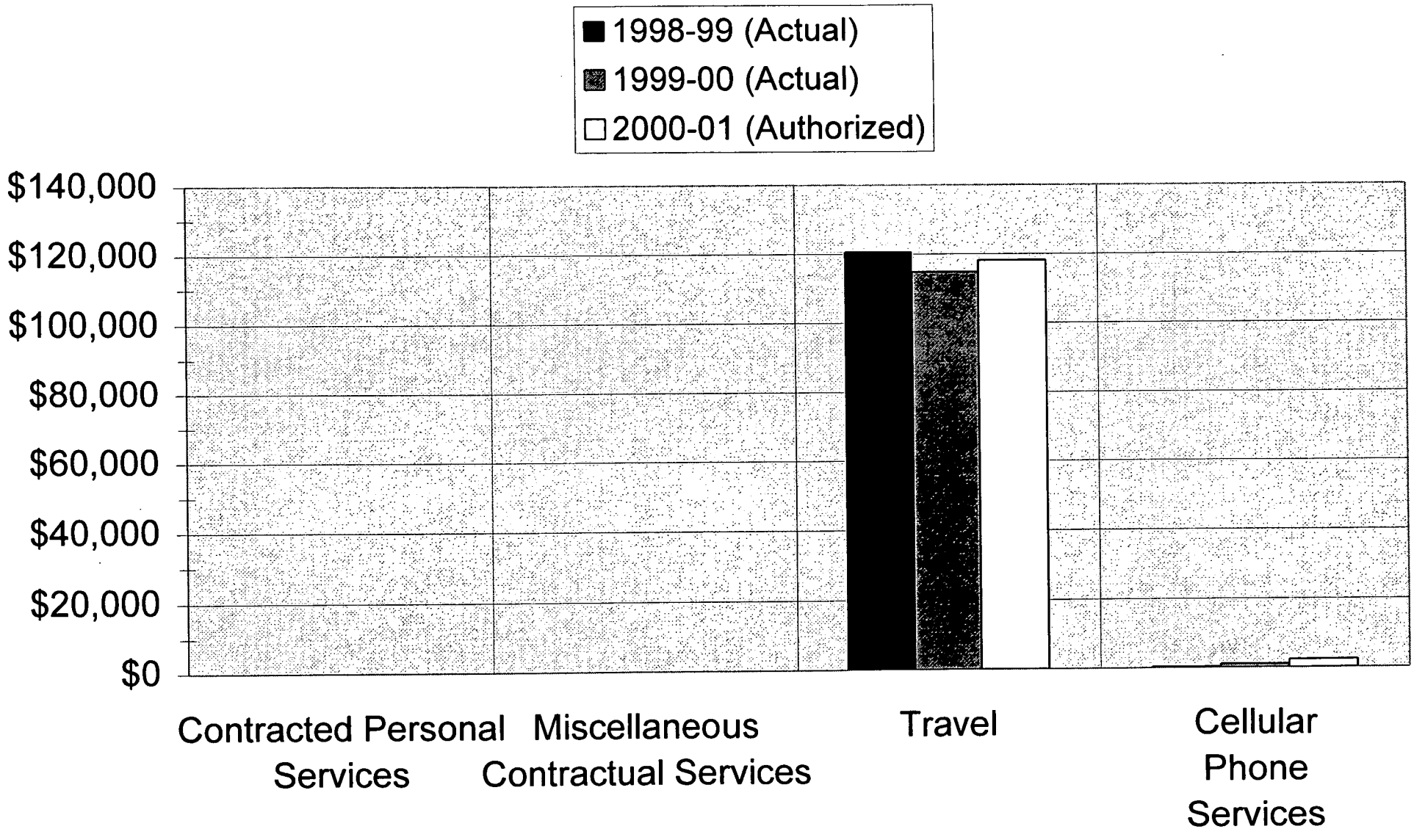
Current Biennium 1999-2001

REDUCTIONS	FY 1999-00	FY 2000-01
Reduce LLRW Positions	($67,016) R (2)	
Reduce Rent Increase	($17,275) R	($51,825)R

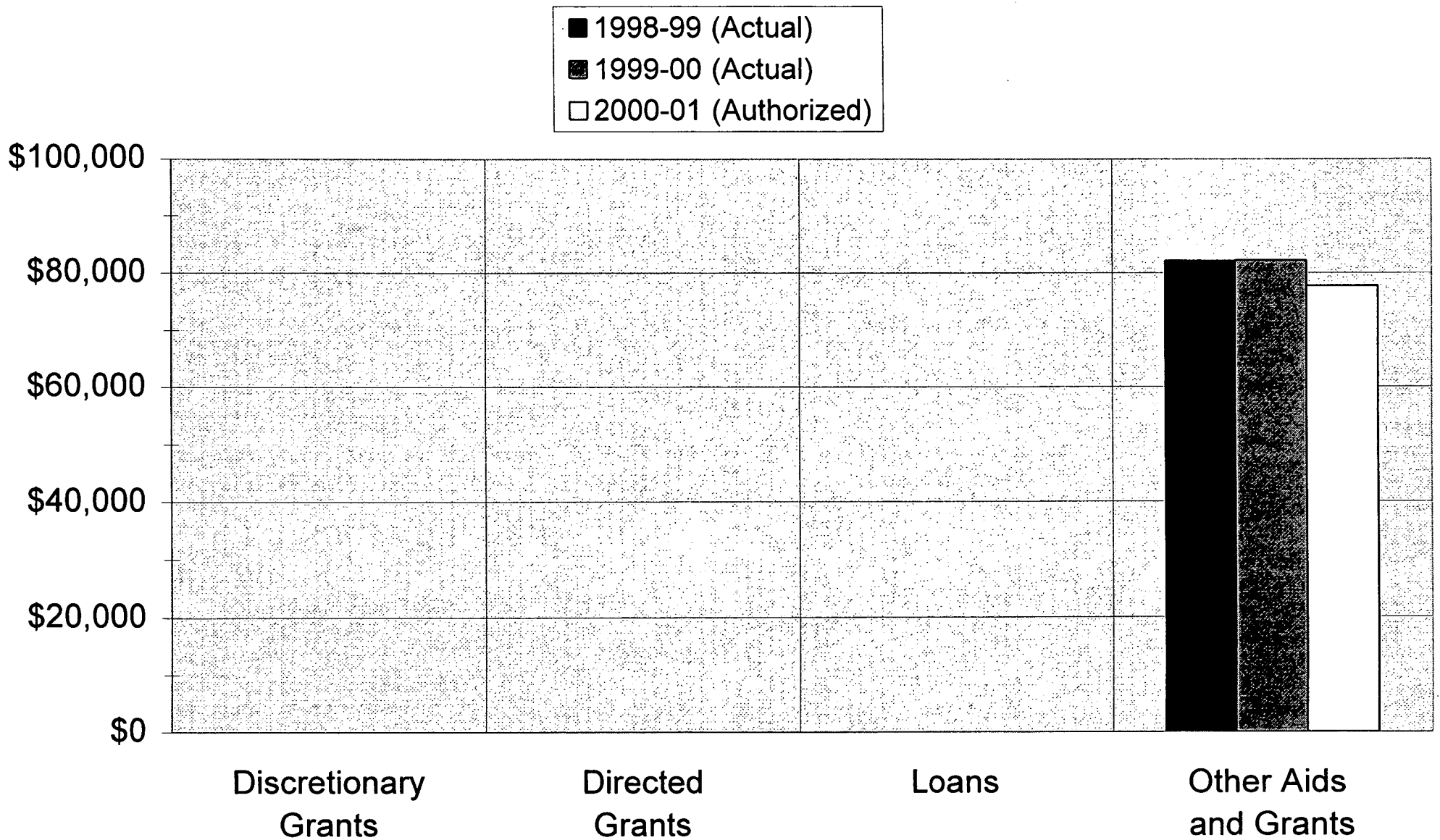
Reduction Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
Low-Level Radioactive Waste Positions			($767,472) R (5)
Salary/Span of Control/Operating Reductions		($59,477) ($25,094) (1)	

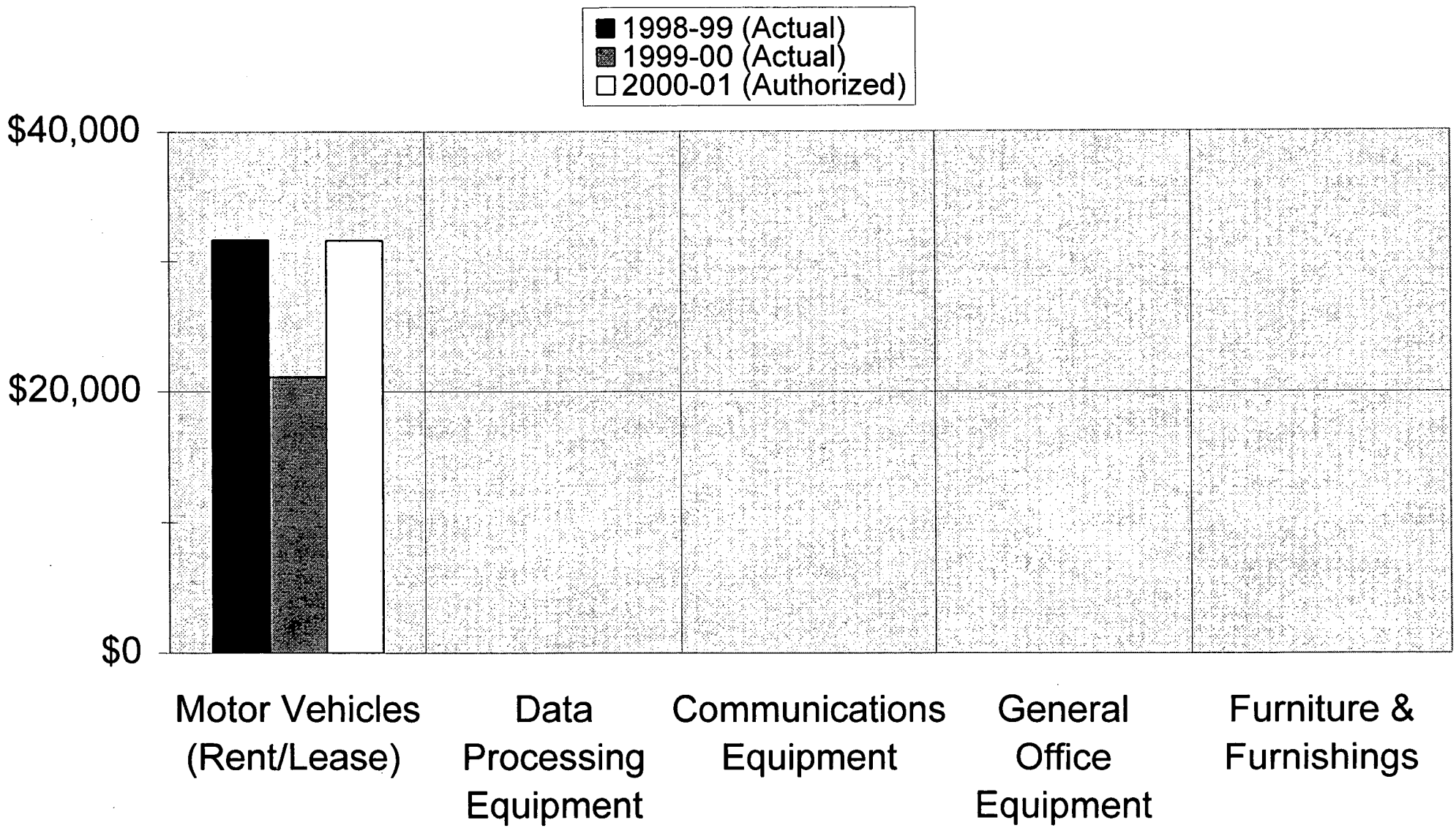
Department of Environment and Natural Resources
Division of Radiation Protection
Comparison of Actual and Authorized Expenditures



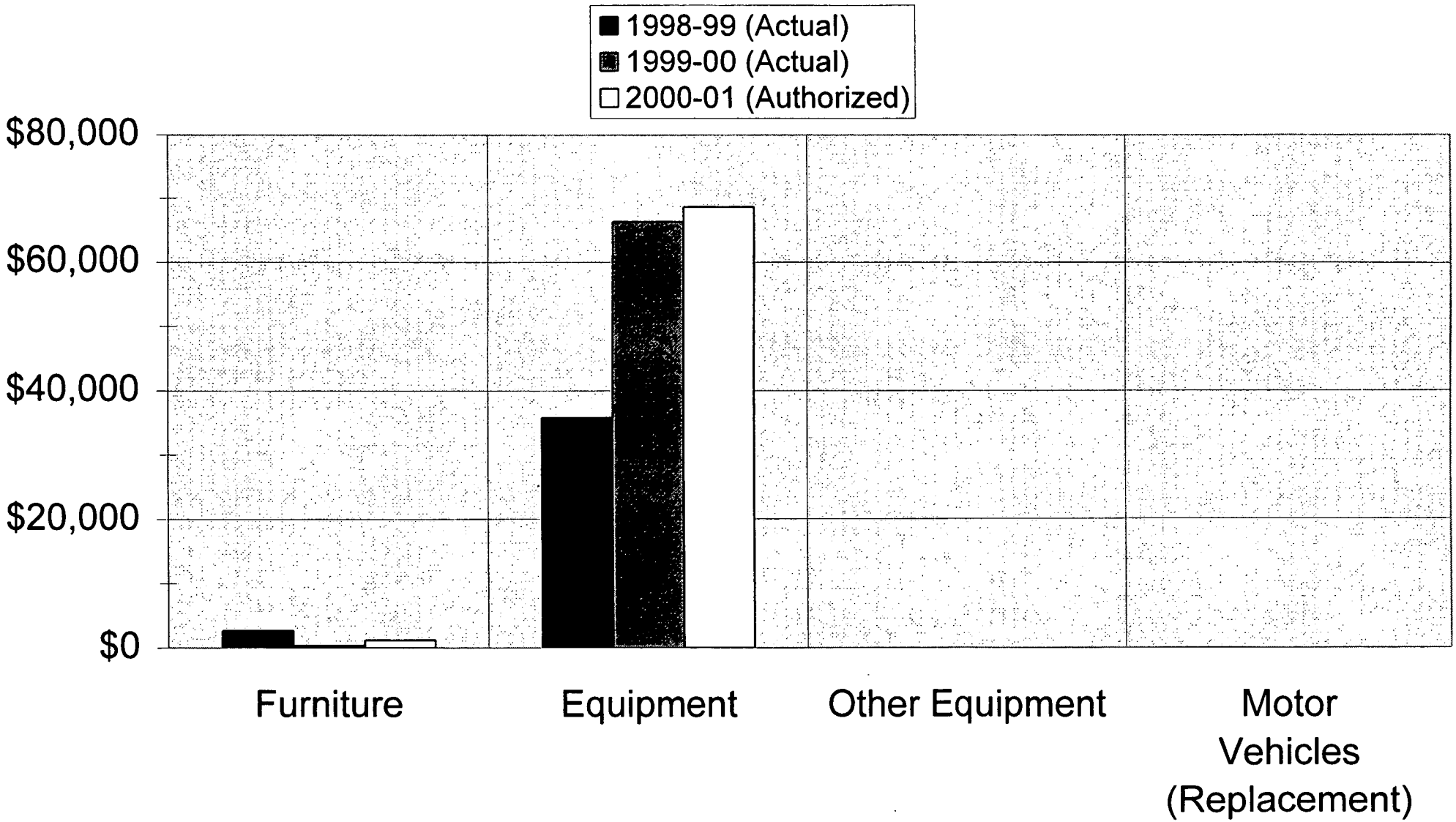
Department of Environmental and Natural Resources
Division of Radiation Protection
Comparison of Actual and Authorized Expenditures



Department of Environmental and Natural Resources
Division of Radiation Protection
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natural Resources
Division of Radiation Protection
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Attachment VII Existing Fees

Deparment of Environment and Natural Resources
Division of Radiation Protection

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Tanning Inspection Fees	1994	104E-19(a) 104E-9(a)(8	100+16 additional	1994	Annual	2489	315,007
X-Ray Inspection Fees	1982	104E-9(a)(8)	70-1150	1989	Annual	5627	554,246
RAM Inspection Fees	1982	104E-9(a)(8)	75-1175	1989	Annual	1073	186,587

See Attached Fee Rate Schedule

Tanning Inspection Fees Type of Registered Facility	Rate Facility Plus First Piece of Equip.	Each additional Equipment
Tanning Facility	$100.00	$16.00
Tanning Equipment Services Co.	$100.00	NA

X-Ray Inspection Fees Type of Registered Facility	Rate Facility Plus First Tube	Each additional Tube/Max 40
Educational	$50.00	$10.00
Government	$50.00	$10.00
Veterinarians	$50.00	$10.00
Clinics	$70.00	$12.50
Chiropractors	$70.00	$12.50
Dentist	$70.00	$12.50
Podiatrists	$70.00	$12.50
Industrial	$70.00	$12.50
Physicians	$70.00	$12.50
Other	$70.00	$12.50
Industrial Medical	$100.00	$17.50
Health Dept.	$100.00	$17.50
Services	$100.00	$0.00
Hospitals	$150.00	$22.50
Ind. Radiography	$150.00	$22.50

Radioactive Material Inspection Fees	Annual Fee	Additional Units
Specific license		
moisture-density gauges	$75.00	
gas chromatographs	$75.00	
services/consultants	$75.00	
other	$125.00	
industrial gauges	$175.00	
medical private practice	$200.00	
medical teletherapy with one teletherapy unit	$225.00	$50.00
educational institutions	$275.00	
medical institution other than teletherapy	$275.00	
manufacture or distribution	$325.00	
industrial radiography (in plant only)	$600.00	
industrial radiography(with temporary subsites)	$1,175.00	
Specific license other	$325.00	
Specific license of broad scope medical or academic	$925.00	
General Licenses		
industrial gauges	$75.00	
IN VITRO testing and others	$75.00	
Facility with one accelerator unit	$225.00	$50.00

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, April 5, 2001
Senator David Weinstein, Presiding

1. **Chairman's Comments**

2. **Partnership for the Sounds**
   Jennifer Hoffmann, Fiscal Research
   Jackie Peoples Woolard, Executive Director

3. **Water Quality Workgroup and RiverNet**
   Jennifer Hoffmann, Fiscal Research
   Bill Kreutzberger, Chair of the NC Water Quality Workgroup
   Bill Showers, Vice Chair of the NC Water Quality Workgroup

4. **Beaver Management Assistance Program**
   Jennifer Willis, Fiscal Research
   Jon Heisterberg, State Director
   USDA – Wildlife Services

5. **Clean Water Management Trust Fund**
   Jennifer Hoffmann, Fiscal Research
   Bill Holman, Executive Director

6. **Committee Discussion**

7. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, April 5 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, April 5 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Mitchell, Underhill, Walker, Weatherly, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and introduced the pages.

Chairman Weinstein said the Committee would begin with the meeting with the Partnership for the Sounds. Jennifer Hoffmann, Fiscal Research, presented the Partnership for the Sounds, Inc. This is Attachment A of these minutes. She said the Partnership for the Sounds is a non-profit organization whose mission is to promote ecotourism, environmental education and cultural history, as influenced by natural history in the Albemarle-Pamlico region of the state.

Jackie Peoples Woolard, Executive Director of the Partnership, spoke to the Committee about the history and objectives of the Partnership. This is Attachment B of these minutes.

Jennifer Hoffmann, Fiscal Research, next presented the North Carolina Water Quality workgroup Rivernet Monitoring System and Research Funds. This is Attachment C of these minutes. She said that this was a new program to the NER Subcommittee. It was created in 1999 through a Special Provision in the Budget Bill. An outline of the items in the Special Provision can be found on page E-79a of the handout. A copy of the Special Provision can be found on E-80 of the handout.

Bill Kreutzberger, Chair of the NC water Quality Workgroup, gave his presentation to the Committee. This is Attachment D of these minutes. He said the handout was a brief summary of his presentation.

Bill Showers, Vice Chair of the NC water Quality Workgroup, continued with the explanation of the handout on page 8. He talked about the status of the project, budget summary, and significant achievements that they have attained with the project.

Jennifer Willis, Fiscal Research, presented a summary of the funding of appropriations for the Beaver Management Assistance Program. This is Attachment E of these minutes.

Jon Heisterberg, State Director USDA Wildlife Services, highlighted a six-month update and line item budget for this program. This is Attachment F of these minutes.

Jennifer Hoffmann, Fiscal Research, gave a brief overview of the Clean Water Management Trust Fund. This is Attachment G of these minutes. She said this Fund was created in 1996 as an ongoing source of funds to preserve, protect, and improve the state's surface waters and to establish riparian buffers and greenways for environmental, educational, and recreational benefits. Ms. Hoffmann stated that the source of funding was a direct General Fund appropriation. This is explained on page E-94 of the handout. A history of funding for the Clean Water Management Trust Fund can be found on page E-95.

Bill Holman, Executive Director of the Clean Water Management Trust Fund (CWMTF), gave an update on the progress of the CWMTF. He presented a map with the CWMTF projects, approved as of January 2001. This is Attachment H of these minutes.

The meeting adjourned at 9:45 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Partnership for the Sounds, Inc.									
Actual General Fund Appropriations									Recom'd Budget
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-2003
Recurring	-	367,250	367,250	367,250	367,250	517,250	517,250	517,250	517,250
Nonrecurring	846,000	2,700,000	500,000	800,000	-	250,000	25,000		
Total	846,000	3,067,250	867,250	1,167,250	367,250	767,250	542,250		517,250

The Partnership for the Sounds is a nonprofit organization whose mission is to promote ecotourism, environmental education and cultural history, as influenced by natural history in the Albemarle-Pamlico region of the state.

PROGRAMS AND ACTIVITIES

- Planning, renovation, construction and operation of environmental/cultural education facilities
  - The North Carolina Estuarium, located in Washington
  - The Mattamuskeet Lodge, located on the Mattamuskeet National Wildlife Refuge near New Holland
  - The Columbia Theater Cultural Resources Center, located in Columbia
  - The Roanoke/Cashie River Center, located in Windsor
  - The Walter B Jones Sr. Center for the Sounds, located in Columbia
  - The Tyrell County Visitor's Center, located in Columbia
- Development and delivery of environmental education programs focused on the ecology in the Albremarle-Pamlico region
- Implementation of the Sustainable Economic Development program to promote the region as a tourist destination
- Fund raising to support facilities and program development

Attachment B

PARTNERSHIP *for the* Sounds

The Partnership for the Sounds (PfS) is a non-profit organization advancing sustainable local economic development throughout the Albemarle-Pamlico peninsula through the promotion of responsible nature-based tourism, environmental education and stewardship. The Partnership's goals are to establish nature-based tourism as a vital component of the economy and to broaden public understanding and enjoyment of the region's unique but vastly under-appreciated environment.

PfS was conceived in the early 1990's and formally incorporated in May of 1993. It arose from a situation where several localities on the peninsula were independently developing plans for educational centers that would interpret various aspects of the regional ecosystem. When representatives from these localities realized the parallel nature of their efforts, they decided to join together in developing a single broad-based program rather than to compete as separate entities for funding and support. They also recognized that the regional scope of their plans offered the opportunity to forge a type of development that would help energize and diversify the area's economy while protecting the environment and traditional ways of life.

The defining characteristic of the region is water, which surrounds the peninsula and covers much of the area in the form of lakes, swamps and rivers. There are 3,259 square miles of land and 3,000 square miles of open waters between the Albemarle and Pamlico Sounds and the Outer Banks. With tourism set to overtake agriculture as the largest industry in North Carolina, the Albemarle-Pamlico peninsula's strategic location on the Intracoastal Waterway and proximity to the Coast gives it great potential as a travel destination.

The Partnership's two key regional objectives, environmental education and nature-based tourism, emanate from four educational centers designed as gateways to the peninsula. Those centers are: the North Carolina Estuarium in Beaufort County, the Mattamuskeet Lodge in Hyde County, the Columbia Theater Cultural Resources Center in Tyrrell County, and the Roanoke/Cashie River Center in Bertie County. In addition, the Partnership manages the Tyrrell County DOT Visitor's Center and cooperates with the Pocosin Lakes National Wildlife Refuge in the operation of their headquarters, the Walter B. Jones Sr. Center for the Sounds.

Each of these facilities interprets a different aspect of the regional environment and the heritage of human interaction with that environment. They work cooperatively with existing parks and refuges in the region to create opportunities for people to enjoy the waters, wetlands and wildlife that are so abundant here. The facilities and natural areas combine with other attractions to provide a critical mass of activities that stimulate tourism from both within and outside the region. In addition, the Partnership facilitates initiatives that match local entrepreneurs with innovative ventures such as canoe outfitters, boating tours, etc., and provides technical and marketing assistance.

An intended by-product of this economic growth is an economics-based incentive for protecting the environment. While the agrarian heritage of the area has allowed for much of its natural beauty and gentle pace of life to remain intact, both of those desirable qualities could be

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undermined by looming growth pressures in coming years. If there is a substantial economic sector built around those qualities, however, good stewardship of them will be a priority among the region's citizens. We strongly believe that the dedicated protection of environmental quality and wildlife habitats cannot and never should be separated from the notion of rural progress in North Carolina.

The Partnership receives a generous appropriation from the General Assembly that enables us to operate our facilities and deliver our programs. That funding is vital because we cannot support the facilities on gate receipts or offer quality programs as long as we keep the admission fees affordable to everyone. These appropriations demonstrate that our legislators acknowledge that the economic and environmental health of eastern North Carolina makes an integral contribution to the vitality of the state as a whole. We are certainly pleased that our needs are being recognized, but we are more pleased to have the opportunity to develop projects that not only help sustain us, but also contribute to the well-being of all North Carolinians.

We understand that the presence of the Partnership is consequential because we help to:

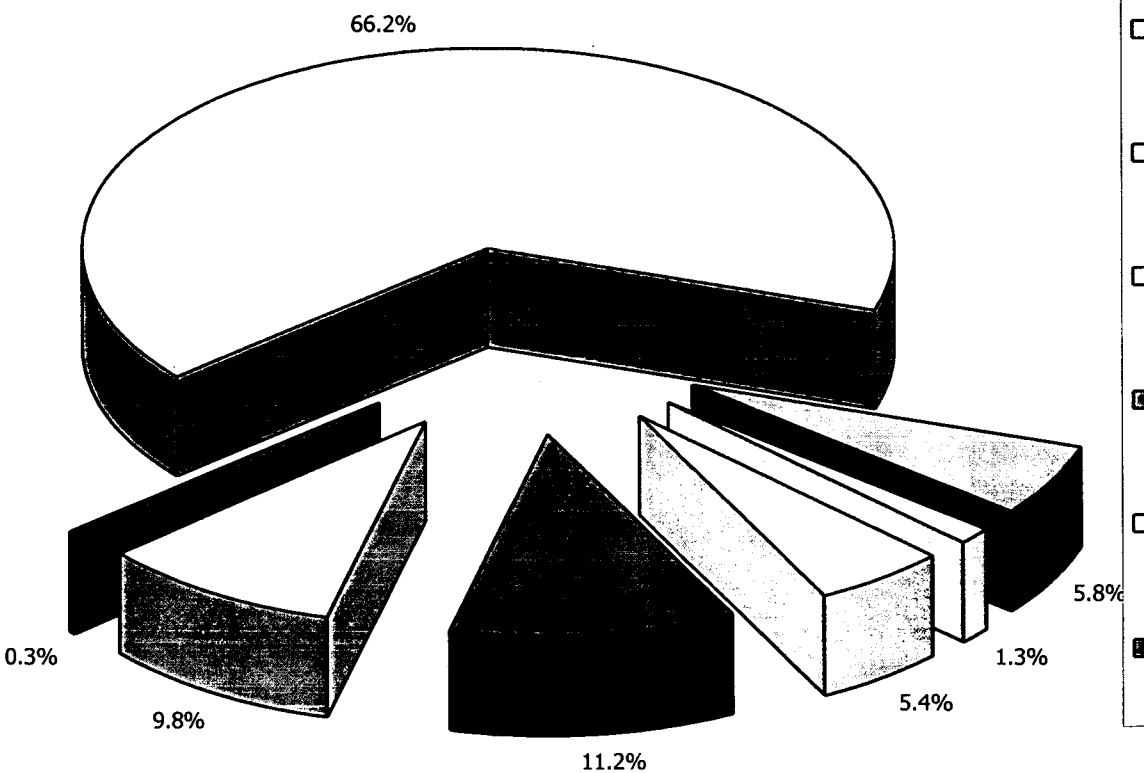
- sustain a way of life that provides income for families through fishing, farming and forestry and provides products for statewide consumption;
- stimulate pride and hope in overlooked communities;
- present environmental sciences as possible career opportunities for area youth;
- nurture future generations of environmental stewards;
- establish the East as a contributing partner in the State's economy;
- provide leadership development;
- offer cultural, educational, and recreational venues;
- facilitate technical services for emerging entrepreneurs;
- coordinate shared resources among community partners;
- provide hands-on education and exposure to wildlife and natural habitats;
- increase awareness of the importance of regional ecological systems;
- create an atmosphere of self-determination.

A Partnership staff member expresses our shared vision this way:

"We are trying to help our citizens utilize the relatively unspoiled natural environment as a way to increase their economic and spiritual well-being. Many of us who have been fortunate to live in eastern North Carolina for most of our lives appreciate the qualities of the wide-open spaces, the call of a Canada goose, or the sight of a cork bobbing on the water. To those who live in more urban areas, these are incredible blessings. We are trying to encourage visitors to come and enjoy the bounty of the area, to enjoy our hospitality, to spend money in local establishments, and to leave with a better understanding of our area. We are also trying to teach them the importance of good stewardship in this area and in their own hometowns. Everyone loves a good seafood dinner; but our job is to make sure that everyone learns that a clean estuary will keep those shrimp healthy and plentiful, and on our visitors' plates."

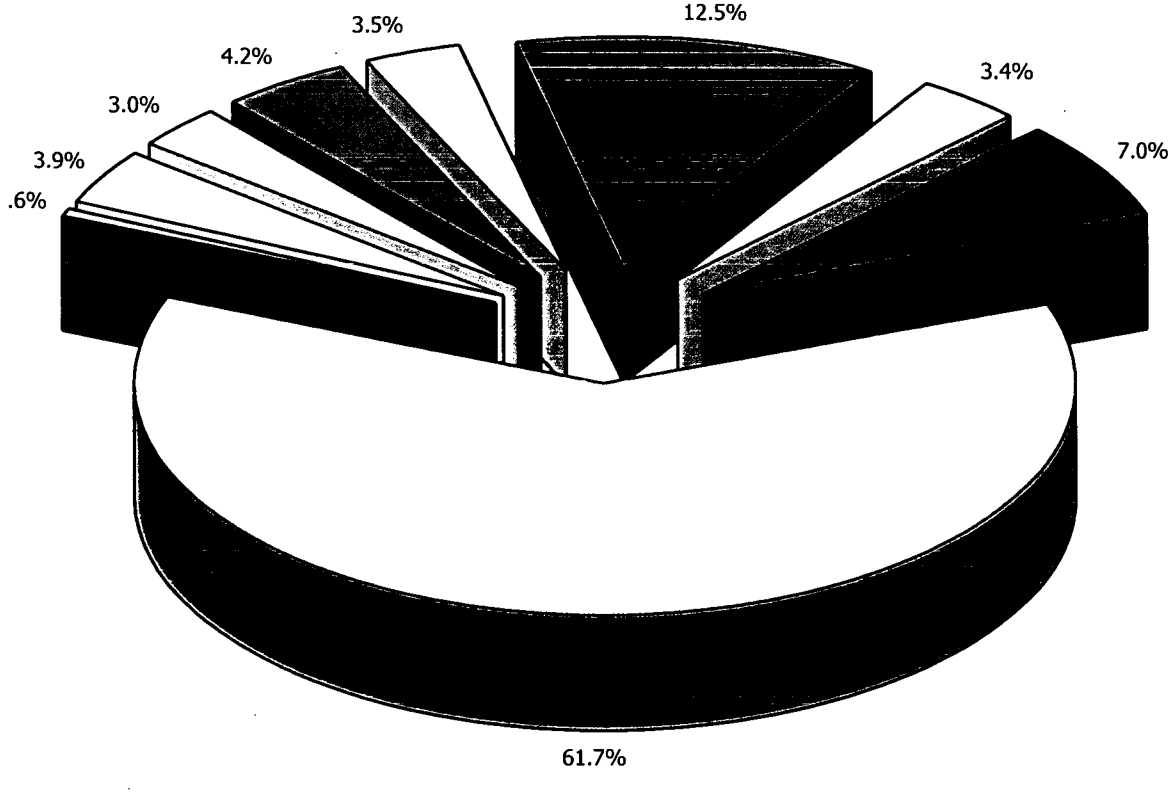
Partnership for the Sounds
2000/2001 Revenue Budget

Total $976,705



State Appropriation - DENR and DOT	$646,830	66.2%
Local Govt. and Other Appropriations	$56,500	5.8%
Interest Income	$13,050	1.3%
Fundraising, Dues and Contributions	$52,750	5.4%
Sales, Admissions and Programs	$109,110	11.2%
Grant Revenues	$95,465	9.8%
Other Revenues	$3,000	.3%

Partnership for the Sounds
2000/2001 Expense Budget



Salaries and Related Expenses	$603,046	61.7%
Governance	$5,450	.6%
Programs and Events	$38,350	3.9%
Equipment Purchases and Repairs	$29,670	3.0%
Gift Shop Expenses	$41,240	4.2%
Grant Expenses	$34,205	3.5%
Facility Operating Expenses	$122,568	12.5%
Marketing, PR and Promotion	$33,525	3.4%
General Operating Expenses	$68,651	7.0%

Total $976,705

PARTNERSHIP FOR THE SOUNDS

2000/2001 Budget Analysis by Function	Grand Total	% of Total Budget
Salaries and Related Expenses:		
Salaries, P/R Taxes & Emp. Benefits	597,645.77	61.19%
Employee Recruitment	300.00	0.03%
Staff Relations	100.00	0.01%
Contracted Services	5,000.00	0.51%
Total Salaries and Related Expenses	603,045.77	61.74%
Governance:		
Finance Committee	200.00	0.02%
Executive Committee	1,200.00	0.12%
Nominating Committee & Brd Dev	200.00	0.02%
Board of Directors	3,350.00	0.34%
Ad Hoc Committee	500.00	0.05%
Total Governance	5,450.00	0.56%
Programs and Events:		
Contract Services	3,650.00	0.37%
Aqua Lab Expenses	1,000.00	0.10%
Educational Supplies	4,900.00	0.50%
Hospitality	4,200.00	0.43%
Marketing and Advertising	4,350.00	0.45%
Publications	650.00	0.07%
Special Programs	19,600.00	2.01%
Total Programs and Events	38,350.00	3.93%
Equipment Purchases & Repairs:		
General Equipment	5,225.00	0.53%
Audio Visual Maintenance	4,000.00	0.41%
Furnishings/Fixtures	1,250.00	0.13%
Computer Repair/Replacement	9,800.00	1.00%
Software Purchase/Upgrade	9,395.00	0.96%
Total Equipment Purchases & Repairs	29,670.00	3.04%
Gift Shop Expenses:		
Gift Shop Inventory	33,000.00	3.38%
Gift Shop Related	2,400.00	0.25%
Gift Shop Sales Tax	3,840.00	0.39%
Charge Card Service	2,000.00	0.20%
Total Gift Shop Expenses	41,240.00	4.22%
Grant Expenses	34,205.00	3.50%

PARTNERSHIP FOR THE SOUNDS

2000/2001 Budget Analysis by Function	Grand Total	% of Total Budget
Facility Operating Expenses:		
Curatorial Expense	3,000.00	0.31%
Emergency Management	300.00	0.03%
Exhibit Improvements	5,500.00	0.56%
Exhibit Maintenance	2,800.00	0.29%
Insurance	21,348.00	2.19%
Janitorial	14,400.00	1.47%
Lawn Care	1,400.00	0.14%
Repairs and Maintenance	5,900.00	0.60%
Security	240.00	0.02%
Telephone	18,750.00	1.92%
Utilities and Rent	48,930.00	5.01%
Total Facility Operating Expenses	122,568.00	12.55%
Marketing, P/R and Promotion:		
Grand Opening	1,000.00	0.10%
Legislative Relations	50.00	0.01%
Marketing - Whole Organization	16,500.00	1.69%
Membership Related	10,000.00	1.02%
Newsletter	2,400.00	0.25%
Photos	1,000.00	0.10%
Public Relations/Promotions	2,575.00	0.26%
Total Marketing, P/R and Promotion	33,525.00	3.43%
Other Operating Expenses:		
Bank Service Charges	1,200.00	0.12%
Committee Expenses	1,000.00	0.10%
License	145.00	0.01%
Meetings/Conferences	4,550.00	0.47%
Office Supplies	10,215.23	1.05%
Postage	7,570.00	0.78%
Printing	6,750.00	0.69%
Professional Fees	7,500.00	0.77%
Publications	1,350.00	0.14%
Sales Tax	2,500.00	0.26%
Seminars and Training	4,200.00	0.43%
Subscriptions and Memberships	3,215.00	0.33%
Travel	14,400.00	1.47%
Uniforms	1,500.00	0.15%
Volunteer Related Exp/Contingency	2,556.00	0.26%
Total Other Operating Expenses	68,651.23	7.03%
Total Expenses	**976,705.00**	**100.00%**

Attachment C

North Carolina Water Quality Workgroup
Rivernet Monitoring System and Research Funds

- **Created** - 1999

- **Purpose of the North Carolina Water Quality Workgroup** -
  1. To address the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.
  2. To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
  3. To maintain a web-based water quality data distribution site.
  4. To organize and evaluate existing scientific and State agency water quality databases.
  5. To prioritize recognized knowledge gaps in water quality issues for immediate funding.

- **Source of Funding** - $700,000 recurring appropriation; Of this amount, $300,000 is transferred to North Carolina State University (NCSU) to use for operating costs of the Rivernet monitoring system and pilot project, and $400,000 is held in a reserve to fund research projects recommended for funding by the Workgroup. In 1999-2000, the General Assembly also appropriated $500,000 in nonrecurring funds for equipment and computer costs associated with the Rivernet pilot project.

- **Membership of Workgroup** – Fifteen members jointly appointed by the Chancellor of NCSU and the Secretary of the Department of Environment and Natural Resources (DENR). Members must be knowledgeable in one of the eight areas listed in Session Law 1999-237, Section 15.14.

- **Rivernet Pilot Project** – Section 15.14(f) of the SL 1999-237 directed the Water Quality Workgroup to develop a water quality monitoring system to be known as Rivernet and to implement this monitoring system pilot project in an area of impaired waters within one of the State's river basins. The Rivernet monitoring system had three requirements:
  1. It had to be designed to implement advances in monitoring technology and information management systems so that water quality and nutrient parameters are continuously monitored at each station and data sent back to a central computer server.
  2. It had to be coordinated with related data collection and monitoring activities of DENR, the Water Resources Research Institute, the Water Quality workgroup and other academic institutions and state government entities.
  3. It had to have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceeded defined limits.

- **Statutory Authority** – Session Law 1999-237, Section 15.14

- **Reporting Requirement** - Annually by January 30th to NER, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the NCSU Chancellor

Requested by: Representatives Fox, Owens, Easterling, Hardaway, Redwine, Hackney, Senators Martin of Pitt, Plyler, Perdue, Odom

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

Section 15.14.(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.
(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
(3) To maintain a web-based water quality data distribution site.
(4) To organize and evaluate existing scientific and State agency water quality databases.
(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Section 15.14.(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring and Permitting.
(2) Nutrient Management.
(3) Water Pollution Control.
(4) Waste Management.
(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-Based Data Dissemination.

Section 15.14.(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

Section 15.14.(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

Section 15.14.(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

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SL 1999-237
1999 Appropriations Act

Section 15.14.(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed.

Section 15.14.(g) For the 1999-2001 biennium, the North Carolina Water Quality Workgroup shall select as a pilot project site an area of impaired waters within one of the State's river basins based on criteria of the State's basinwide water quality management plans and shall implement a Rivernet monitoring system pilot project in those waters.

Section 15.14.(h) Of the funds appropriated by this act to the Department of Environment and Natural Resources, the sum of one million two hundred thousand dollars ($1,200,000) for the 1999-2000 fiscal year and the sum of seven hundred thousand dollars ($700,000) for the 2000-2001 fiscal year shall be used to implement this section. Those funds shall be allocated as follows:

(1) $300,000 shall be transferred for the 1999-2000 fiscal year and $300,000 for the 2000-2001 fiscal year to the Board of Governors of The University of North Carolina for North Carolina State University to use for operating costs of the Rivernet monitoring system and pilot project including personnel to maintain the system, archive, and disseminate the data.

(2) $500,000 for the 1999-2000 fiscal year only shall be transferred to the Board of Governors of The University of North Carolina to be used by North Carolina State University for the purchase of monitoring equipment, installation of the data transfer network, and for the installation of the computer hardware and software to archive the data and sustain the web-based data system.

(3) $400,000 for the 1999-2000 fiscal year and $400,000 for the 2000-2001 fiscal year shall be held in a reserve fund to be administered by the Scientific Advisory Council on Water Resources and Coastal Fisheries Management. Monies in the fund shall be used only for research projects recommended by the North Carolina Water Quality Workgroup. The Workgroup shall consider only new studies that promote collaborative work among the Department of Environment and Natural Resources and any constituent institution of The University of North Carolina to collectively close knowledge policy gaps with regard to the State's water quality and the nutrient levels of impaired waters.

Second Annual Report of the North Carolina Water Quality Workgroup

Introduction

The 1999 Session of the General Assembly established the North Carolina Water Quality Workgroup to initiate a Rivernet System and to identify knowledge gaps in water quality data. The budget provision provided $400,000 for FY 1999-2000 and $400,000 for FY 2000-2001 to evaluate existing data bases and to fund research projects that closes knowledge gaps with regards to the State's water quality in impaired waters. The budget provision also provided $500,000 in funds for equipment and $300,000 for the development and operation of the RiverNet System. This report provides an update on use of those funds to identify knowledge gaps and to fund cooperative research projects to address the gaps. This report also summarizes the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

Duties of North Carolina Water Quality Workgroup

The North Carolina Water Quality Workgroup was established to carry out the following duties:

1. To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy or water quality issues.
2. To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
3. To maintain a web-based water quality data distribution site.
4. To organize and evaluate existing scientific and State agency water quality databases.
5. To prioritize recognized knowledge gaps in water quality issues for immediate funding.

Reporting Requirements

Pursuant to House Bill 168 (Session Law 1999-237) the Chair of the North Carolina Water Quality Workgroup is required to report annually on January 30 to the following entities:

1. Scientific Advisory Council on Water Resources and Coastal Fisheries Management
2. Environmental Review Commission
3. Co-chairs of the Appropriations Subcommittees on Natural and Economic Resources
4. Chancellor of North Carolina State University or the Chancellor's designee

Purpose

The NCWQW is intended to promote more collaboration between various organizations, companies, state departments and universities (i.e. partnerships to fill information gaps).

Activities

Membership

The Water Quality Work Group was appointed by NCSU Chancellor Mary Anne Fox and DENR Secretary Bill Holman on November 9, 1999 as listed in last year's report. One member was replaced and one position remained vacant during most of 2000. The current members are listed below:

Bill Kreutzberger	CH2M HILL - Chair
Bill Showers	NCSU MEAS – Vice Chair
Barbara Doll	UNC Sea Grant
Jay Levine	NCSU CVM
Wayne Skaggs	NCSU CALS
Jean Spooner	NCSU CALS
Patrick Davis	Triangle J Council of Governments
Jimmie Overton	Division of Water Quality
Jerad Bales	USGS
Ron Lewis	Duke Power
Ken Reckhow	UNC WRRI
Steve Jadlocki	Charlotte Storm Water Services
Joan Willey	UNC-Wilmington
Kerry Smith	NCSU

Activities Summary

The Workgroup has met ten times since its appointment plus has had an additional meeting with DENR agencies and Commission members to discuss information gaps and research priorities. The meeting minutes are attached in **Appendix A** and the Commission/DENR agency minutes are in **Appendix B**.

Bill Kreutzberger of CH2M Hill continued to serve as Chair and Bill Showers continued to serve as Vice-Chair of the Workgroup.

The Legislation forming the NCWQW tasks the Workgroup in two areas. The first being the development of the RiverNet program that advances water quality monitoring technologies provides web-based data of impaired waters of the State. The second task of the group is identification of water quality data gaps that exits in current data. The Workgroup is to identify these areas and make grant support available to agency/university research teams so that the gaps can be alleviated resulting in more comprehensive water quality data to provide better fact based decisions regarding public policy.

With regard to RiverNet, the NCWQW has created a subcommittee composed of six members, chaired by Bill Showers, to develop a strategy for implementing the RiverNet Monitoring System that been reviewed by the entire Workgroup. One of the issues the subcommittee considered is location of the RiverNet system. The funds provided for the RiverNet project has purchased monitoring equipment for 10 stations with additional equipment for maintenance and unit change-

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out. Three stations are currently operating at Fort Barnwell on the Neuse mainstem, Seven Springs on the Neuse mainstem between Kinston and Goldsboro, and at Grifton on Contentnea Creek. The data from these station is available at the RiverNet web site - **http://rivernet.ncsu.edu**. The RiverNet program is working with the Department of Transportation to determine the safest means to fix the monitors to bridge abutments so that the monitors cannot be readily vandalized, will be reasonably secure during extreme flow events, and can be accessed safely. A Summary of the RiverNet Project and the station location plan attached in **Appendix C.**

The second tasked that has consumed much of the NCWQW time is identifying the knowledge gaps that are critical for quality data to make sound policy decision regarding water quality. The NCWQW developed a request for proposals (RFP) that provides specific criteria for evaluating research proposals as well as knowledge gap priorities that have been identified by the NCWQW. The 2000 RFP was issued in April 2000 and twenty-two (22) high quality proposals were received by the deadline in June 2000. The Workgroup recommended seven proposals to the North Carolina Scientific Advisory Council on Water Resources and Coastal Fisheries Management (Council) in late June 2000. In July 2000, the Council selected six of these proposals for funding. The 2000 RFP and list of proposals received are included in **Appendix D.** Table 1 below shows the projects that were funded.

Table 1. Research Projects Funded with Fiscal Year 1999-2000 Funds

Lead PI Name	Proposal Title	School	NCWQWG Recommendation
Amoozegar, Aziz	Movement of Pollutants from Septic Systems and Performance of Riparian Buffers in Suburban Settings	NC State	**Highly Recommended**
Benninger, Larry	Impact of Hurricane Floyd on Sediment Deposition, Erosion, and Benthic Nutrient Fluxes in Pamlico Sound, NC	UNC-CH	**Highly Recommended**
Devine, Hugh	An Environmental Water Quality Data Visualization System for Private Ground Water Supplies	NC State	**Recommended**
Hilger, Helene	Method Development to Determine Fecal Contaminant Source Information for TMDL Assessments	UNC Char	**Recommended**
Hunt, William F.	Field Study of Bio-Retention Pollutant Removal Ability	NC State	**Recommended**
Tomas, Carmelo	Harmful Algal Species from the New River and Cape Fear Estuaries	UNC-W	**Recommended**

These projects were all determined to provide information for important information gaps, showed a high level of collaboration with DENR agencies, and were all presented in high quality proposals. The projects addressed research gaps as follows:

- **Movement of Pollutants from Septic Systems and Performance of Riparian Buffers in Suburban Settings** – This project will provide important information on the contribution of septic tank systems to nutrient problems in river basins such as the Neuse and will determine the value of riparian buffers in reducing these nutrient contributions.
- **Impact of Hurricane Floyd on Sediment Deposition, Erosion, and Benthic Nutrient Fluxes in Pamlico Sound, NC** – This project provides key information to address long-term impacts from Hurricane Floyd that have been speculated by a number of researchers and agencies.
- **An Environmental Water Quality Data Visualization System for Private Ground Water Supplies** – After the flooding caused by Hurricane Floyd, it was determined that there were not good tools to evaluate problems with private water supply wells caused by the flooding. This project will create a tool that will allow more rapid identification of potentially impacted systems and quicker response to the public to address public health concerns.
- **Method Development to Determine Fecal Contaminant Source Information for TMDL Assessments** – This project will be extremely useful in evaluating the potential sources of indicators of fecal contamination, specifically human or types of animal populations. The methodology will be useful for determining strategies to improve waters that are considered impaired because of high levels of indicator bacteria.
- **Field Study of Bio-Retention Pollutant Removal Ability** – This project will provide quantitative data on the value of a new type of best management practice that is becoming popular for both new development as a practice for retro-fitting into already developed urban areas. Little data currently exists.
- **Harmful Algal Species from the New River and Cape Fear Estuaries** – Very little new taxonomic information has been developed on algal species in North Carolina estuaries since projects that were conducted in the late 1960s and early 1970s. This project will provide new information and tools for agencies to identifying potentially harmful algal species.

A second RFP was developed and issued in October 2000 and a total of twenty (20) proposals were received in December 2000. These proposals are currently under review with Workgroup recommendations planned for late February and final consideration by the Council in March 2000.currently under development and will be finalized and made available to the public in early February. The 2000 RFP, list of proposals received, and final list of funded projects is included in **Appendix E.**

Findings

The Workgroup is taking a two-prong approach to allocating the research grant funds. Understanding the need to get going on filling data gaps the NCWQW has developed an RFP with research priorities and criteria that will ensure short term results. Proposals were selected

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for funding by the Workgroup in June and finalized by the Council in July. These research projects were contracted in September 2000 and are all underway.

A second RFP allocating the second year of appropriations was issued in October 2000 and proposals were received in December 2000. Final selection and award of contracts for these proposal efforts is on track for completion in the first quarter of 2001.

Confirmation of Research Priorities

The Workgroup has recognized the need to identify information gaps in DENR programs and activities. In last years report, the Workgroup envisioned the development of a white paper to identify scientific information gaps in key DENR programs/activities that should be the basis for water quality monitoring and research priorities. It was thought that these scientific research priorities would be identified through a systematic review of current DENR programs and approaches, noting areas where gaps in knowledge may be addressed through new water quality monitoring and research.

It became apparent that the development of the white paper was a difficult task for the Workgroup given the need to move forward with awarding research contracts. It was decided that the Workgroup would move forward with development of research priorities for the RFP and then hold a work session with Chairs of key Regulatory Commissions for DENR and agency directors with regulatory requirements that influence water quality to examine information gaps and identify research priorities. The work session was held in October 2000.

Listing of Research Priorities for RFP. The Workgroup has developed a list of research priorities based on the individuals understanding of water quality problems and information gaps. These following research priorities were basically the same for both RFPs although they were refined somewhat after the:

1) **Land Use Patterns and Pollution Problem** – Document the relationship between land use patterns and water resources degradation in North Carolina's major watersheds over the last decade and compare the economic benefits that have accrued from the land use changes to the economic losses attributable to water quality degradation.

2) **Source Control vs. Downstream Control of Storm Water** – Compare the effectiveness and cost of on-site (at the source) stormwater control with regional (downstream) stormwater control for water quality purposes.

3) **Incentive Based Mitigation Practices (Land Use/Buffers)** - Evaluate and compare the effectiveness of voluntary and incentive-based pollution mitigation approaches (cost-sharing, etc.) and the "tradable permits" approach in reducing total pollutant loadings in North Carolina.

4) **Effects of Land-Use Practice on Hydrology, Aquatic Ecology, and Water Quality** - Describe and quantify the effects of changes in land use on stream hydrology, streambank erosion, and sediment and other pollutant concentrations in urban stormwater runoff. Evaluate the effectiveness of the use of best management practices in agriculture, forestry, and urbanizing areas in mitigating hydrologic impacts and pollutant inputs and meeting total maximum daily load limits and water quality standards.

5) **Development of Case Studies for Watershed Scale Hydrologic and Water Quality Modeling** – Develop case studies for the application of watershed-scale models to predict effects of land uses on hydrology and pollutant loading and the effectiveness of BMPs in mitigating those effects.

6) **Characterize the Fate of Nutrients Transported Downstream for Application in a Predictive Model** – Using experiments, monitoring, and/or modeling, characterize and quantify the instream transformation and transport of nutrients in major rivers in North Carolina, for the purpose of improving transport and fate modeling.

7) **Buffer Requirements (Non-Coastal Floodplains, Surface Waters, and Enhanced Wildlife Corridors)** - Determine what features (size, vegetation type, location, etc.) riparian buffers in the Piedmont and mountain regions of North Carolina must have to effectively reduce sediment, nutrients, toxic pollutants, and temperature of surface waters.

8) **Analysis of Cost to Control Pollutants** – Develop methodologies for comparing the incremental costs of controlling pollutants from point and nonpoint sources to effect water quality improvement at key locations within North Carolina's major watersheds.

9) **Pamlico Sound Monitoring (Baseline Data, Hurricane Floyd Impact)** – Design and implement a monitoring scheme (sampling times, locations, frequencies, and water quality parameters) to provide baseline data and to assess the extent of residual impacts that Hurricane Floyd had on the Pamlico Sound.

10) **DNA Testing for Biological Contaminants** – For selected surface waters that are rated as impaired due to fecal coliform standard violations, determine the genetic signatures and sources of fecal coliform bacteria present in those waters. Develop or contribute to a DNA database that can be used to identify sources of fecal contamination.

11) **GIS Quantification of Water Quality Data** - Acquire and format for use in a Geographic Information System water quality and human health data related to flooding from recent hurricanes.

12) **Application of Chlorophyll a as the Appropriate Benchmark** – Review the relevant literature concerning use of chlorophyll a or other potential parameters as indicators of productivity and water quality degradation. Complete a technical analysis and report on the appropriateness of the chlorophyll a water quality standard, or other alternative indicator for assessing productivity.

Agency/Commission Work Session Confirmation of Priorities. At the work session, represents of the commissions and agencies participated in a facilitated discussion of research issues. The discussion started with the Chair of the Workgroup reviewing the Research Priorities listed above. Then each Commission/agency representative discussed information gaps and priorities for their agency. Facilitators then lead the group in an effort to combine and streamline the priorities. The result was a list of research priorities and a list of issues for the general administration/General Assembly as follows.

Finalized Priority List

- What features of water quality drive a fish stock and what features of water quality effect a fish stock?

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- What are the automated monitoring tools available that provide equivalent information to human monitoring?

- Source identification, remediation, and alternative indicators (for pathogens and health effects for both recreational water quality and shellfish closures (waters closed) and drinking water

- Better quantification of urban storm water erosion, impacts on stream morphology and integration and identification of methods to mitigate impacts using multi-year research

- Cumulative impacts of development on natural resources of a determined area (long-term case study)

- Research to determine standards and technology to be used for BMPs (grasses, rapid growth ground cover, etc.)

- Collect data to determine effectiveness of BMPs including appropriate width and performance of buffers of different geographical areas and determine measures of success

- Evaluate the importance of woody debris on habitat, water quality and flow and its management

- Study/determine assimilative (BOD.) capacity/TMDL of major rivers (Roanoke)

- Research on sedimentation sources (pollution) from different sources and their relative contribution (statewide and watershed)

- Research to determine contribution of nutrients and sedimentation

- Relationships of chemical and microbiological water quality to human and animal health risks and determination of appropriate agency responses such as posting, recreational closing shellfish waters, and requiring drinking water treatment (fish consumption)

- Design of a system and measures of success (water quality standards) to evaluate the effect or outcome of water quality programs

- Research on the fate of nutrients caused by concentrated animal operations on a field-level scale (and air shed scales)

- Determine effects of regulated flow fluctuations (including hydroelectric peaking fluctuations) on fish habitat

- Water quality vs. types of BMPs

- Characterization of the fate of nutrients transported downstream for application in a predictive model – Using experiments, monitoring, and/or modeling, characterize and quantify the instream transformation and transport of nutrients in major rivers in North Carolina, for the purpose of improving transport and fate modeling.

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Issues for General Administration

- Monitoring management
- Funding for data
- Appropriate statewide buffers use and rules
- How do we decide where (which areas of the state) water quality management is needed

Workgroup Use of the List. The research priority list of the agencies/commissions has considerable overlap with the research priorities developed by the Workgroup. These Agency/Commission priorities will guide the workgroup as they select final proposals for funding for the second round of funding. These priorities will also be used for any future prioritization of research needs.

RiverNet

This continuous monitoring system will give researchers and water quality regulators a new understand of the processes effecting water quality. For example, how important are spills and accidental discharges to overall water quality conditions versus the long term, chronic point and non-point loading? What is the fine scale temporal and spatial variation of nutrient loading with different types of land use? How well can we estimate total maximum daily loads (TMDLs) of nitrogen and phosphorus? It will also give citizen environmental groups and educators such as high school science teachers access to water quality conditions in their area of the river or water shed. In combination with university extension and educational outreach groups, this data can be used to raise public awareness water quality issues. But most important, data will be available to policy makers in real time to answer questions about water quality problems. By installing a network of stations, spatial and temporal variability in nutrient loading and water quality can be assessed over the entire river basin. Operating this monitoring network over a period of time will assist in documenting the effect of new regulations enacted to improve water quality in North Carolina.

By wisely using state and national resources and by emphasizing results focused on the systematic application of research-based knowledge, we can expedite the timely resolution of our water quality problems and protect our invaluable water resources. By combining research efforts with educational outreach programs we can improve the public's understanding of water resource issues and the essential social, economic, and environmental value of local water resources for all persons and sectors of society.

Recommendations

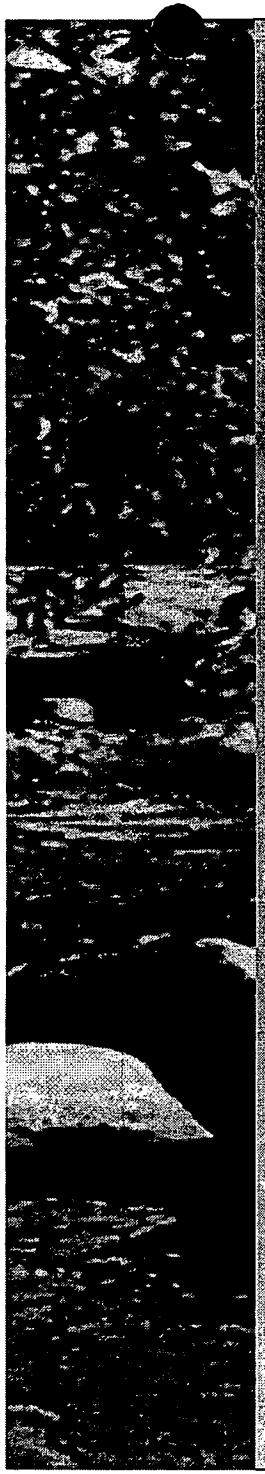
The Workgroup has worked hard to identify information gaps and research priorities, fund cooperative projects between universities of the UNC system and DENR agencies to address these priorities, and to confirm and add to the research priorities list by having a work session with Commission Chairs and agency directors in DENR. Continued funding of this cooperative agency/university research targeted at information gaps should continue. Late in the 2000-2001 fiscal year, results of the first year projects will be presented to the agencies for their comments and consideration

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A thorough plan for the deployment of Rivernet has been developed and is being implemented. Complete implementation will occur in the Spring of 2001. These monitors will provide valuable information by the teams working on nutrient management issues in the Neuse River Basin and the Upper Cape Fear. Continued funding for operation of the RiverNet system is recommended.

The Commission/Agency representatives developed additional recommendations for consideration by the General Administration and General Assembly. These recommendations should be considered as funding priorities are identified for the upcoming fiscal year.

Attachment D

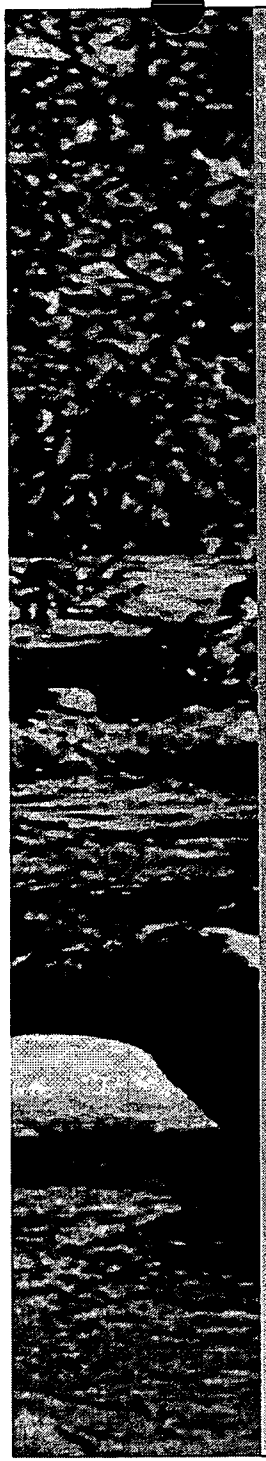


North Carolina Water Quality Workgroup

RIVERNET

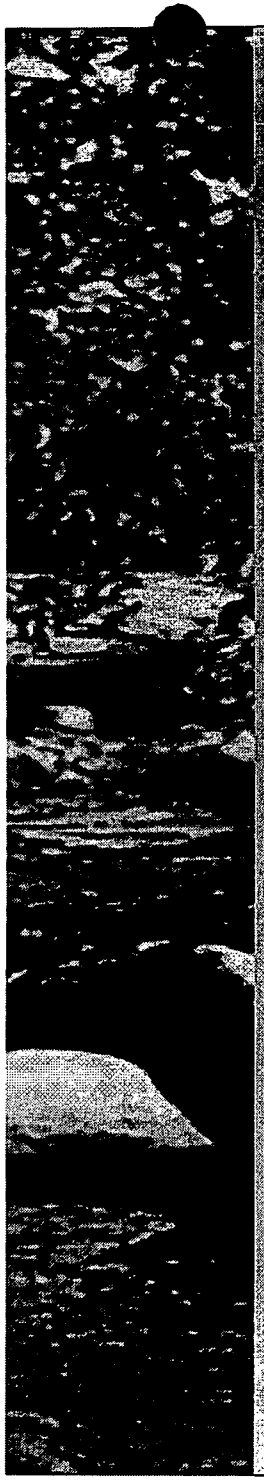
Presentation to the NER Appropriations Subcommittee

April 5, 2001



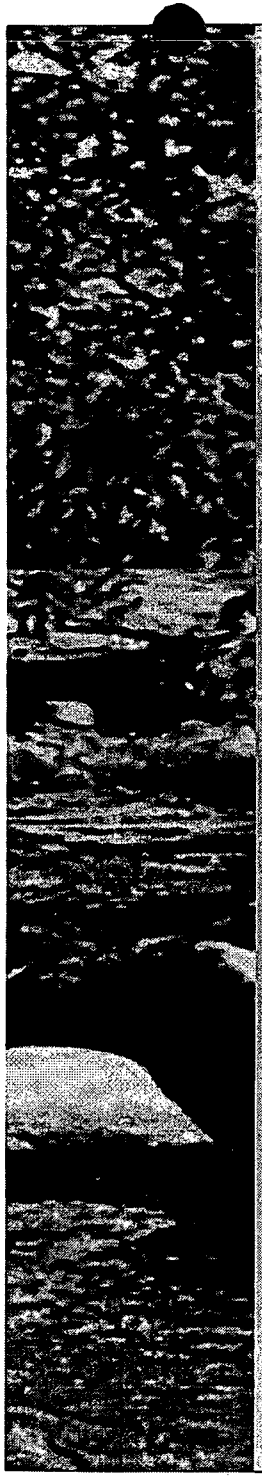
Background on NC WQWG

- Established by General Assembly in 1999 Session
- Purpose to promote more collaboration between state agencies and universities to fill information gaps
- Workgroup includes 14 members from agencies, universities, local government and industry
- Workgroup has had 11 meetings since formed in 1999



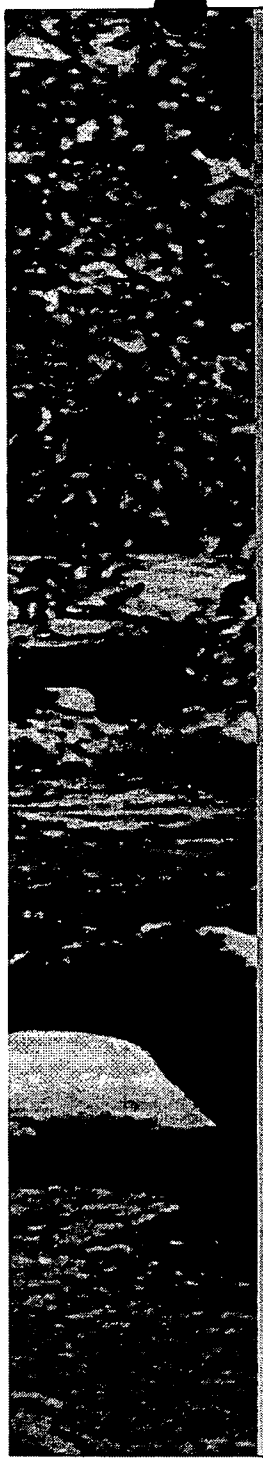
Duties of the Workgroup

- **Collaborative Research Grants**
  - Identify needs for scientific knowledge for public policy or water quality issues
  - Identify and prioritize knowledge gaps for water quality issues
  - Fund research projects
- **Rivernet**
  - Develop web-based data site
- **Other**
  - Organize existing scientific and State agency databases



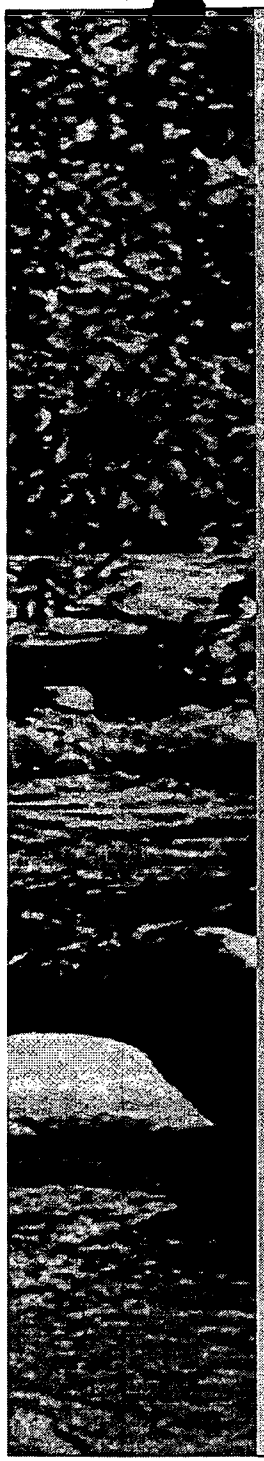
Research Program Progress

- Developed list of 12 Research Priorities
- Received 22 Proposals for $400,000 of FY1999-2000 Funds (July 2000)
- Funded 6 collaborative projects between UNC universities and DENR agencies (August 2000)
- Held a research priorities forum with DENR Commission Chairs and Agency representatives (October 2000)
- Slightly Revised 12 Research Priorities
- Received 20 Proposals for $400,00 of FY 2000-2001 (December 2000)
- Recommendations forwarded to the Scientific Advisory Council on Water Resources and Coastal Fisheries (February 2001)



FY 1999-2000 Funded Projects

Lead PI Name	Proposal Title	University	Collaborating Agency	Funding Level
Amoozegar, Aziz	Movement of Pollutants from Septic Systems and Performance of Riparian Buffers in Suburban Settings	NC State	DEH	$75,000
Benninger, Larry	Impact of Hurricane Floyd on Sediment Deposition, Erosion, and Benthic Nutrient Fluxes in Pamlico Sound, NC	UNC-CH	DWQ, DMF	$75,000
Devine, Hugh	An Environmental Water Quality Data Visualization System for Private Ground Water Supplies	NC State	DEH	$60,000
Hilger, Helene	Method Development to Determine Fecal Contaminant Source Information for TMDL Assessments	UNC Char	DWQ	$60,000
Hunt, William F.	Field Study of Bio-Retention Pollutant Removal Ability	NC State	DWQ	$60,000
Tomas, Carmelo	Harmful Algal Species from the New River and Cape Fear Estuaries	UNC-W	DWQ	$60,000
	Retained for Report Printing/Distribution			$10,000
Totals	**Awarded in August and September 2000 (through UNC WRRI)**			**$400,000**



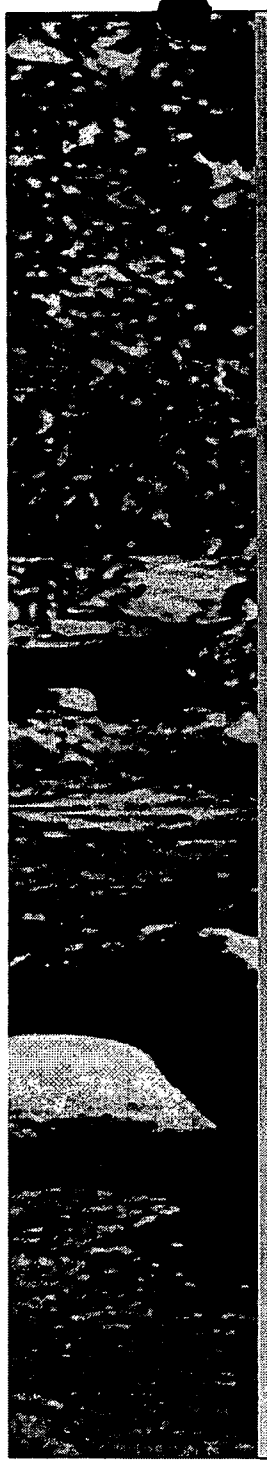
Priorities to be Addressed with FY 2000-2001 Funding

- **Buffer research**
  - Shrub buffer effectiveness for Nitrogen removal in the coastal plain
  - Piedmont buffer effectiveness
- **Land use/urbanization**
  - Statistical thresholds for urban impacts
  - Land use patterns/BMPs economic analysis for Upper Neuse
- **Small Marina impacts on Shellfish closures**
- **Nutrient transport in Coastal Plain**

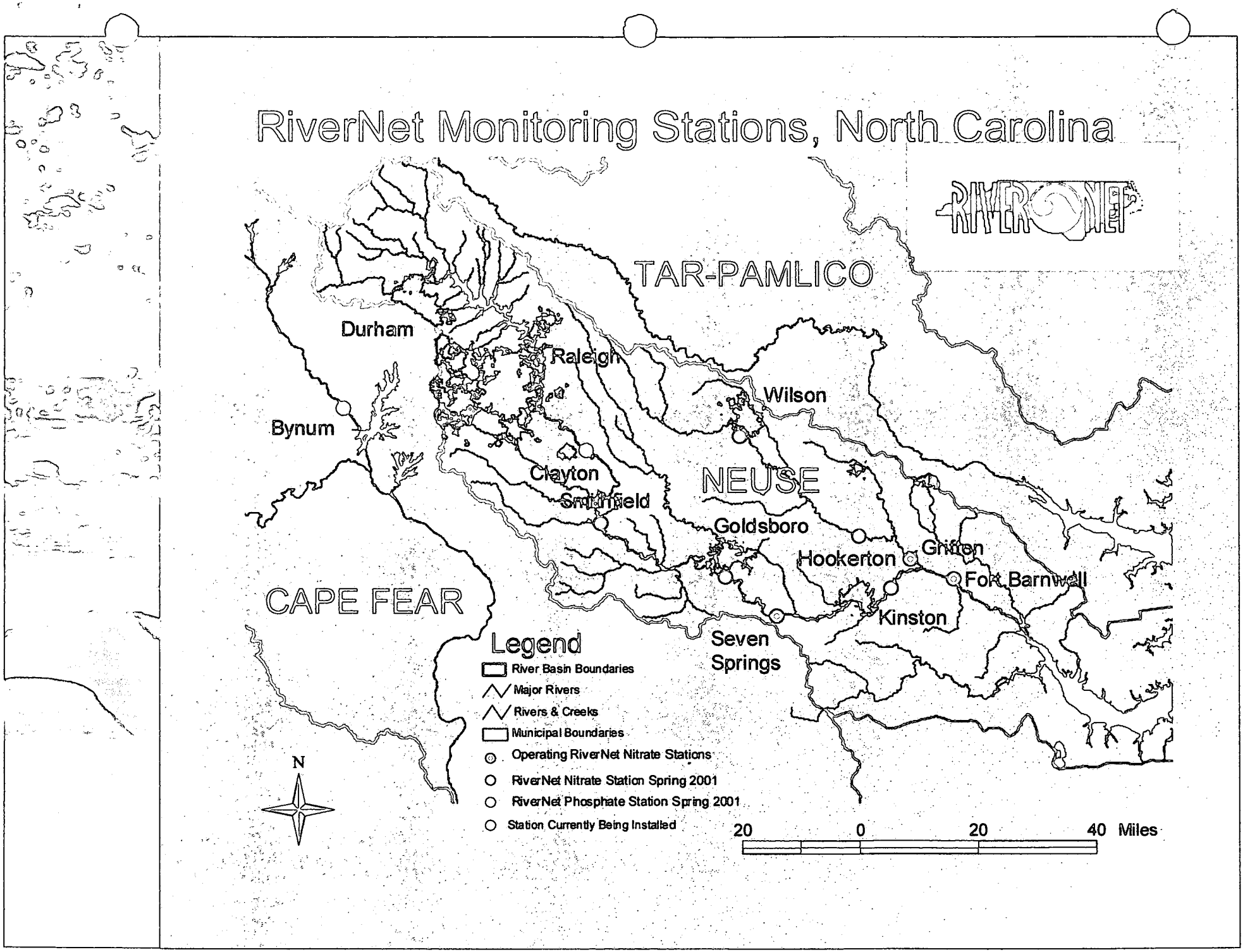


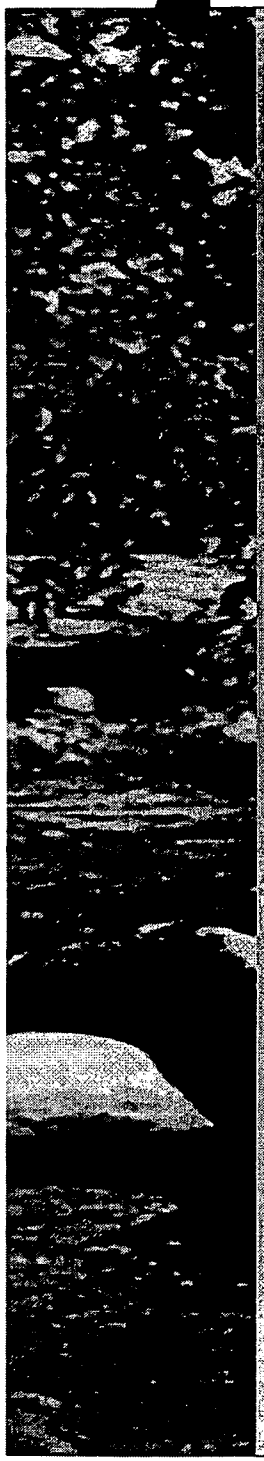
NC WQWG Progress Summary

- Tremendous progress in targeting research priorities
- Developed dialog with DENR agencies/Commissions that should be maintained
- Funded targeted, collaborative research projects for identified gaps
- Progress in developing a web-based system for Real-time data distribution



- **Status**
  - Completed pilot installation
  - Developed RiverNet deployment plan
  - 3 additional installations completed
  - Web-site distribution of data, plan & reports
- **Budget Summary**
- **Significant Achievements**
  - Nitrate variability – High & Low Flow
  - Sediment Events
  - Ammonium Events
  - Implications for Development of TMDL Limits


RiverNet Monitoring Stations, North Carolina
RIVERNET
TAR-PAMLICO
NEUSE
CAPE FEAR
Durham
Raleigh
Wilson
Bynum
Clayton
Smithfield
Goldsboro
Hookerton
Grifton
Fort Barnwell
Kinston
Seven Springs
Legend
River Basin Boundaries
Major Rivers
Rivers & Creeks
Municipal Boundaries
Operating RiverNet Nitrate Stations
RiverNet Nitrate Station Spring 2001
RiverNet Phosphate Station Spring 2001
Station Currently Being Installed
N
20 0 20 40 Miles



RiverNet Project Budget Summary

Description	Budget	Proj ToDate	Commitments	Balance	Balance 12-01
Salaries	$373,185	$142,227	$80,354	$150,605	$522
Fringe Benefits	$74,685	$23,360	$16,081	$35,244	$105
Salaries + Fringe	$447,870	$165,587	$96,435	$185,849	$627
	2x Faculty (Summer Salary)				
	5 technicians (34% Prog/Lab Manager, Field Elec Tech, Field Tech, Computer/WebMaster)				
	4 students (2 graduate, 2-4 undergraduate)				
Contracted Services	$0	$0	$0	$0	$0
Supplies	$95,905	$62,924	$32,065	$916	$0
	Campbell Scientific, Grainger, Lachet, Sigma Aldrich, Tacy Medical				
	Aesar/BioRan, Cole Parmer, Fischer Scientific, Costech				
	Electical Equipment, Shepard Electronic, CE Elantech, Microliter, IVA				
	Ocean Marine Industries, Thermoquest, Zellweger Analytics				
Domestic Travel	$10,000	$4,931	$5,000	$70	$0
Foreign Travel	$0	$0	$0	$0	$0
Other Travel	$0	$0	$0	$0	$0
Current Services	$22,000	$3,215	$19,000	-$215	-$215
	Shop Fees		*$1,783*		
	Cell phone (no toll)		*$1,432*		
	Repairs & Anal Charge		*$16,000*		
Fixed Charges	$10,000	$1,370	$8,250	$380	$380
	Insurance	*$1,370*			
Equipment	$512,647	$439,452	$72,356	$839	$839
	Gateway Computers		*$15,138*		
	Sun Microsystems		*$13,995*		
	International Ind/Ocean Marine		$282,052		
	YSI		$93,092		
	Campbell Scientific		$28,921		
	Isco Scientific		$10,687		
Student Aid	$1,578	$0	$220	$1,358	$0
Subcontracts	$0	$0	$0	$0	$0
Total Direct Costs	$1,100,000	$677,478	$233,326	$189,196	$1,630



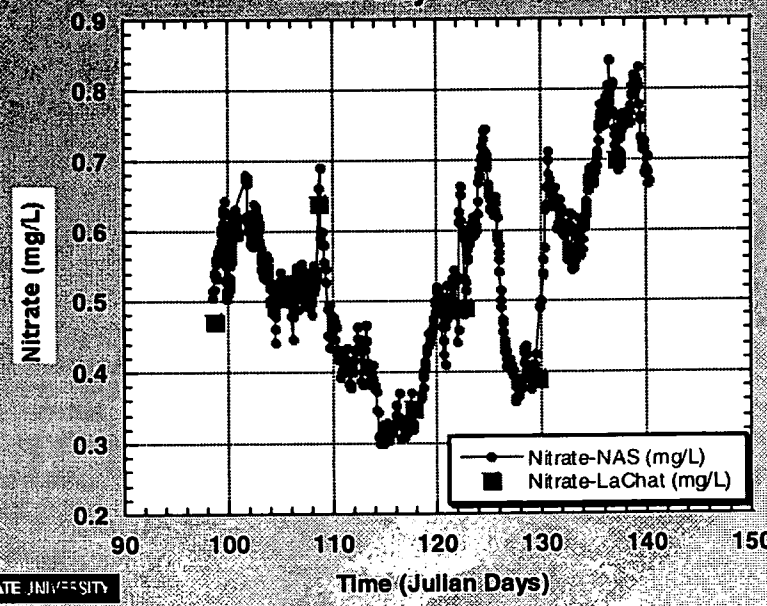
Data Available via Website

http://rivernet.ncsu.edu/

RiverNet Monitoring Stations Record Significant Variations over Short Time Scales in Nitrogen loading

RIVERNET

Neuse River: Seven Springs
Julian Day 98-140, 2000

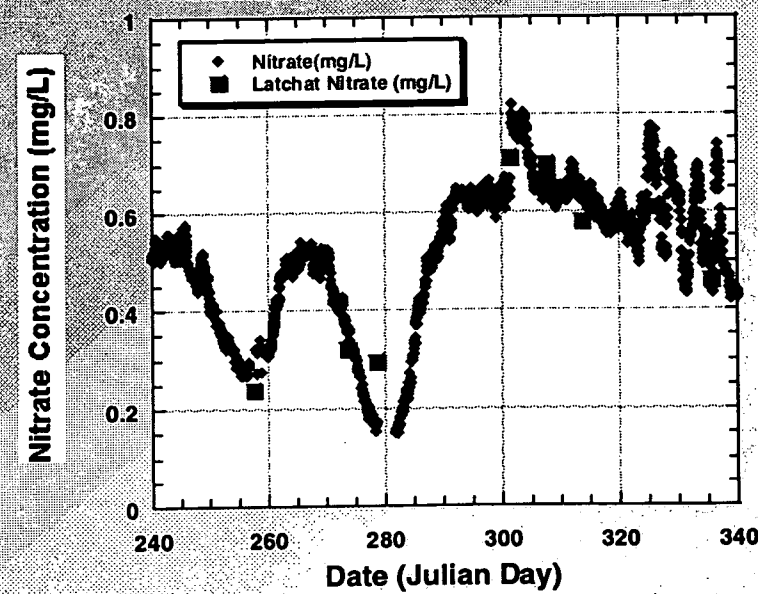


NC STATE UNIVERSITY

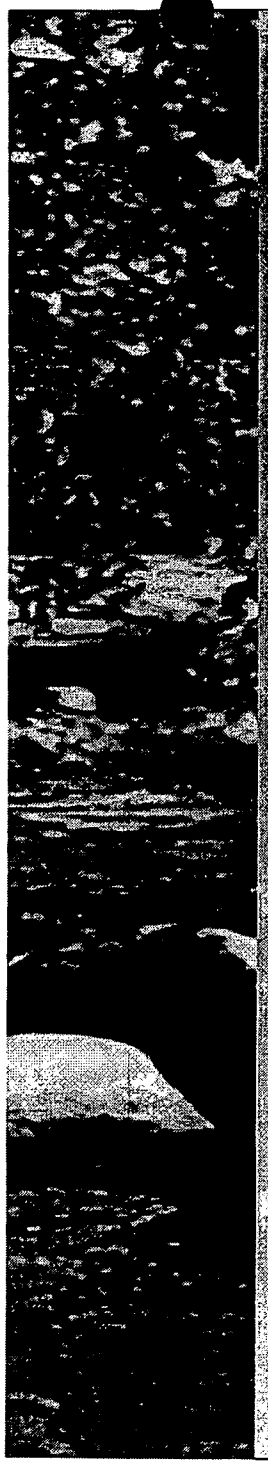
Low Flow Conditions

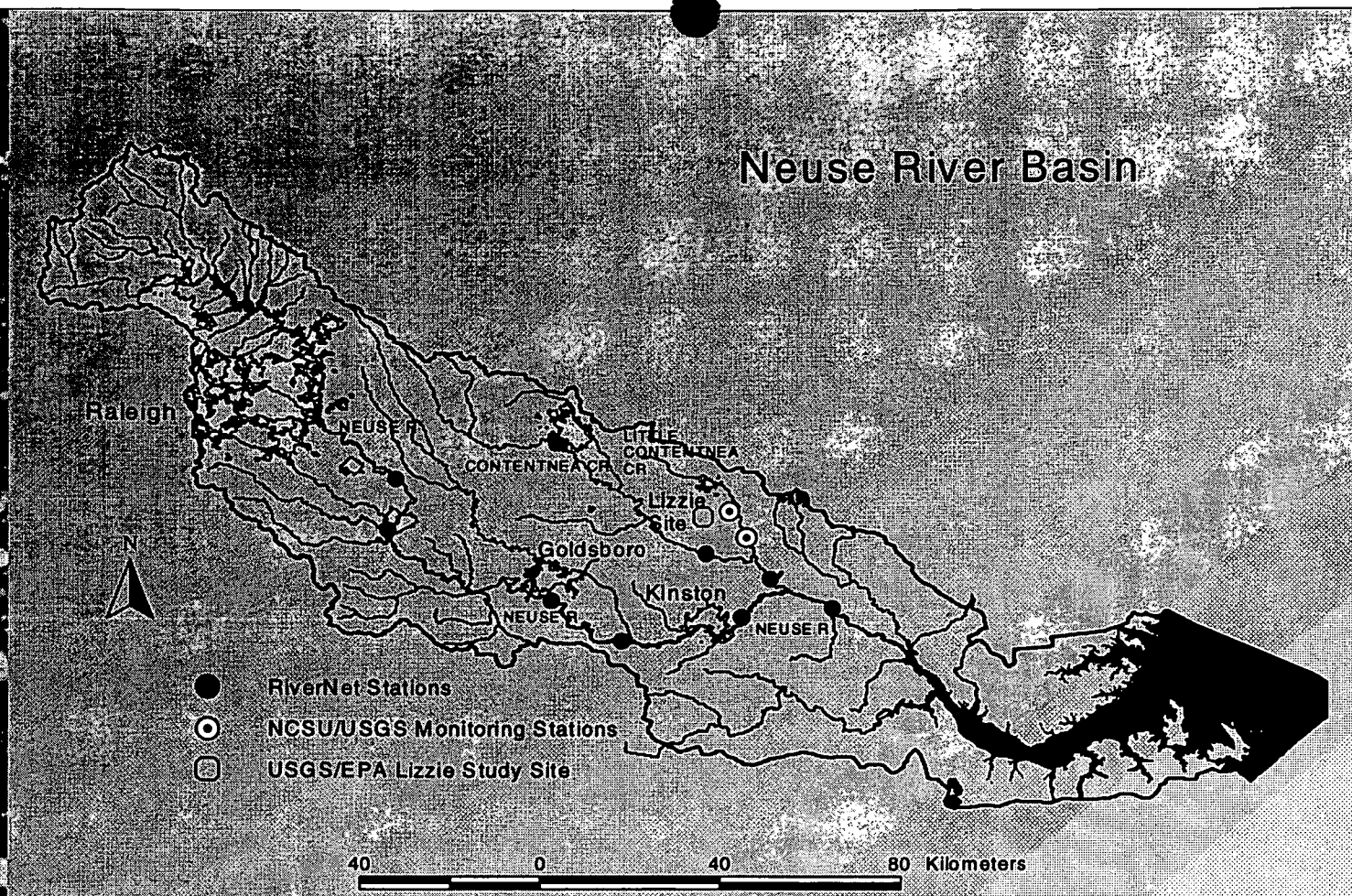
RIVERNET

Contentnea Creek, Grifton Monitoring Site



High Flow Conditions

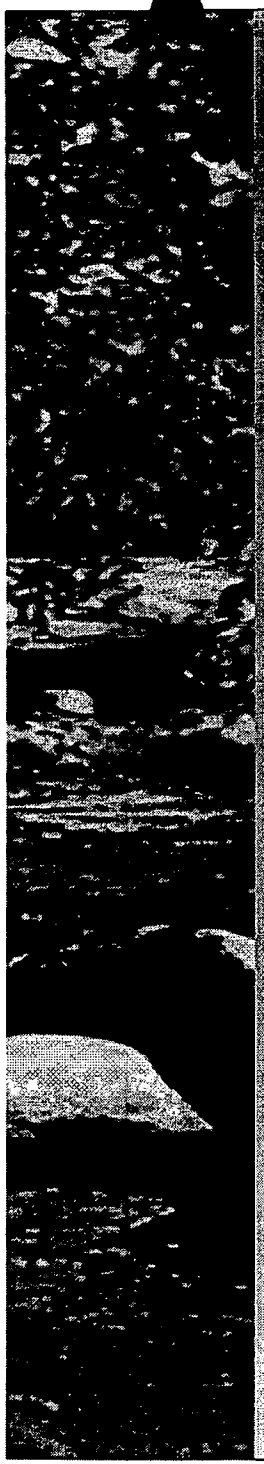


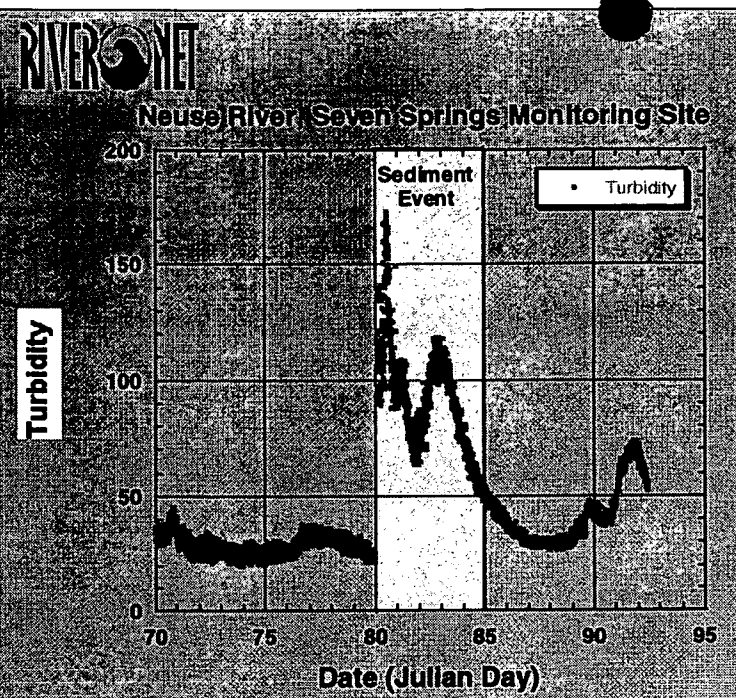


Cost Matching RiverNet Funds with Federal Funds

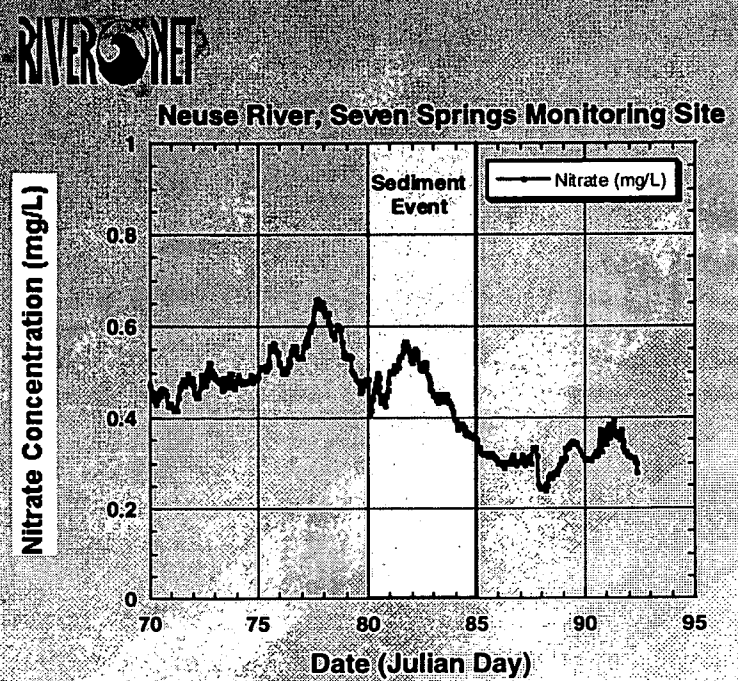
USGS Co-Operative Program $80,000

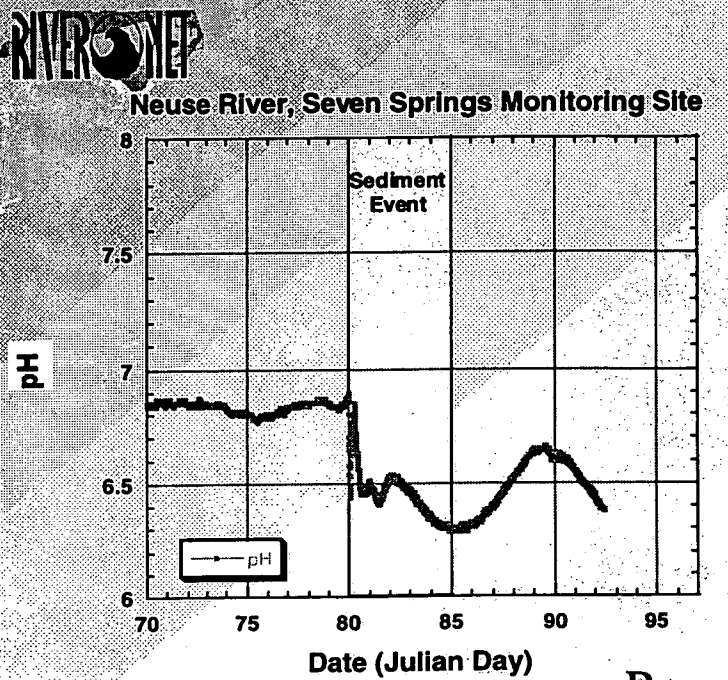
NIWR Grant Program $202,458 (Pending)

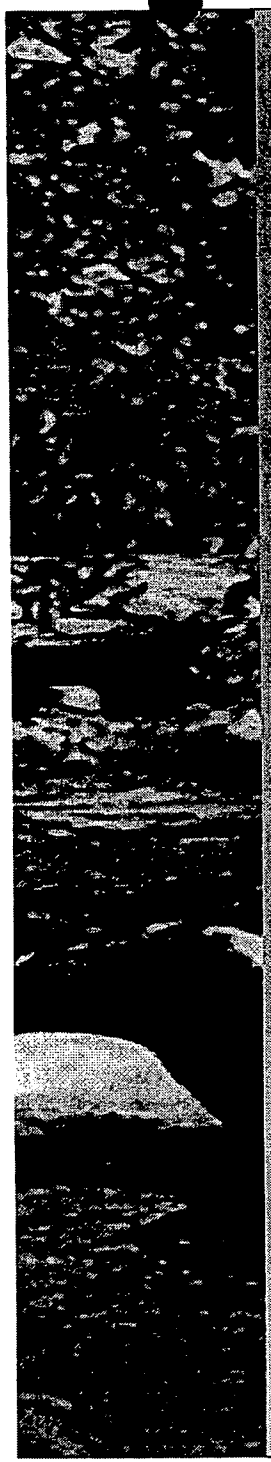




Detection of a sediment plume in the Neuse River at Seven Springs below Goldsboro

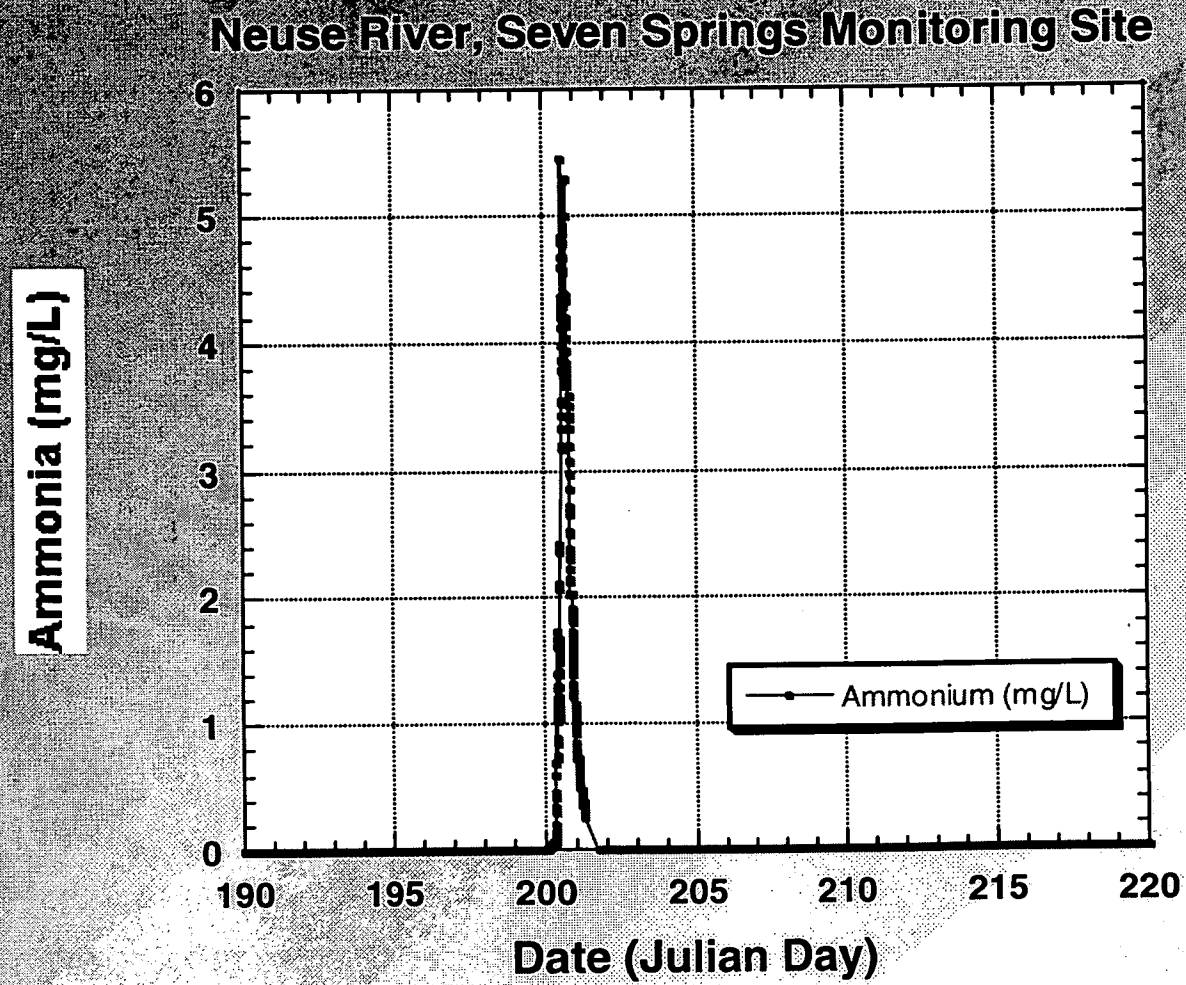






Spill Detection

RIVERNET





RIVERNET

Summary

1999-2000 Grant Period started 12-21-99

2000-2001 Grant Period started 12-1-00

at the end of 2001 Fiscal year 6 months salary funds will be unexpended

RiverNet Funds are being used as a match for Federal Funds

- USGS Co-Op Program $80,000
- NIWR Grant Program $200,000 [pending]
  - $1-$0.93 Match for 2001-2002 Period

Investment in Infrastructure (Equipment) has been made

- System will not operate without continuing funds

Real Time Water Quality Monitoring

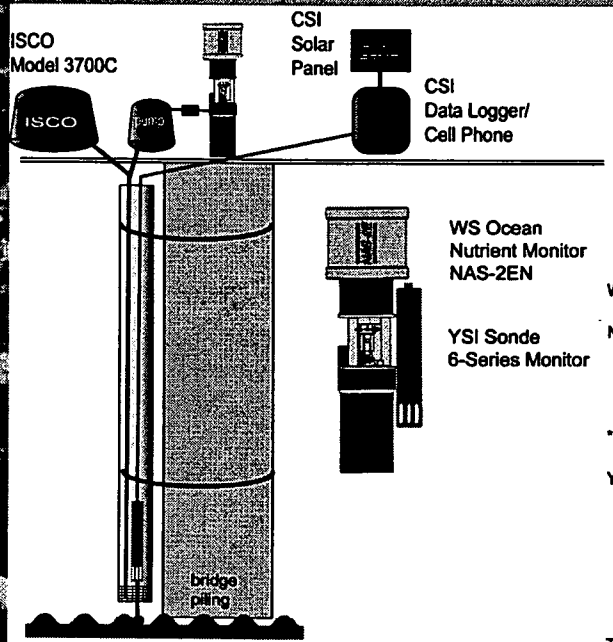
- Spill Detection
- Sediment Event Detection
- Monitoring through Hurricane (no land falls during past year)

TMDL Program

- Significant variation on hourly scale in nutrient loading
- EPA Mandates – NAS Committee Recommendations – June 2001
- State Mandate – 30% nitrogen loading reduction

Station Design

Upper Basin



RIVERONET

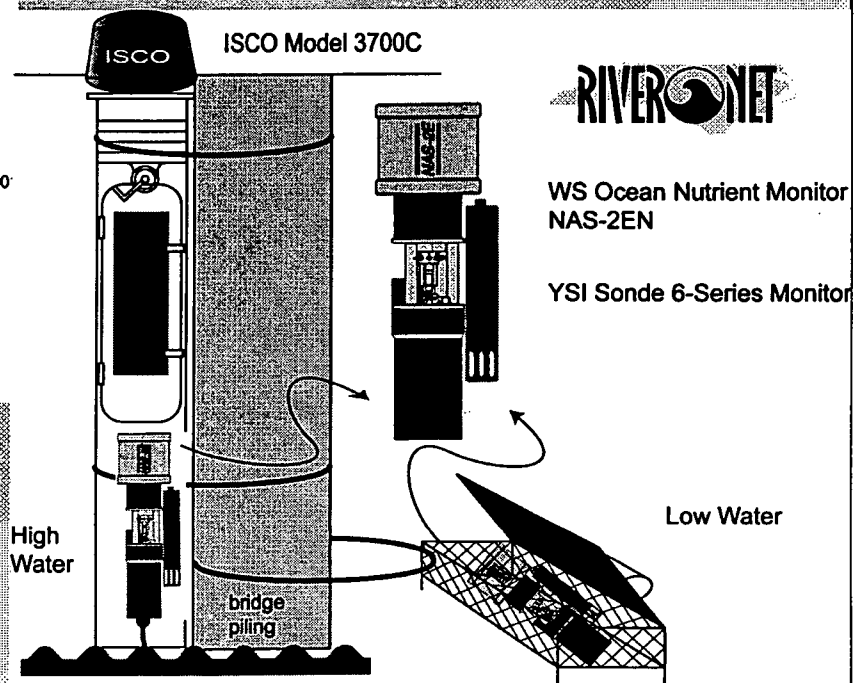
Above Water Station Design

Water Quality Parameters Measured

NAS - 2E Nutrient Sensor*
- Hourly Interval
Nitrate or
Phosphate or
Ammonium
* Multi-Chemistry available Spring 200

YSI 6920 Sonde
Temperature
Conductivity
pH
DO
Depth
Ion Selective Probe
Ammonia
Turbidity

Lower Basin



Attachment E

Wildlife Resources Commission

Beaver Management Assistance Program						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-03 Recommended Cont. Budget
State Appropriations	*450,000*	*450,000*	*500,000*	*500,000*	*500,000*	*500,000*

The Beaver Management Assistance Program (BMAP) began in 1992 as a $50,000 pilot project in 4 counties to provide assistance to private landowners in addressing beaver problems on their property. The program is supported through an annual appropriation to the Wildlife Resources Commission (WRC), which enters into a cooperative service agreement with the USDA's Animal and Plant Health Inspection Service/Wildlife Services for the actual administration and implementation of the program. Since its inception as a pilot project, BMAP has since expanded statewide and receives an ongoing appropriation of $500,000. In addition to providing landowner assistance, BMAP works closely with the North Carolina Department of Transportation to alleviate beaver damage to roads, right of ways, bridges and culverts.

Additional funding for the program comes from USDA Wildlife Services, NC DOT, participating NC counties, and private landowner cost-share collections.

In FY 2000-01, 40 counties participated in BMAP.

§ 113-291.10. Beaver Damage Control Advisory Board.

(a) There is established the Beaver Damage Control Advisory Board. The Board shall consist of nine members, as follows:

(1) The Executive Director of the North Carolina Wildlife Resources Commission, or his designee, who shall serve as chair;

(2) The Commissioner of Agriculture and Consumer Services, or a designee;

(3) The Director of the Division of Forest Resources of the Department of Environment and Natural Resources, or a designee;

(4) The Director of the Soil and Water Conservation Division of the Department of Environment and Natural Resources, or a designee;

(5) The Director of the North Carolina Cooperative Extension Service, or a designee;

(6) The Secretary of Transportation, or a designee;

(7) The State Director of the Wildlife Services Division of the Animal and Plant Health Inspection Service, U.S. Department of Agriculture, or a designee;

(8) The President of the North Carolina Farm Bureau Federation, Inc., or a designee, representing private landowners; and

(9) A representative of the North Carolina Forestry Association.

(b) The Beaver Damage Control Advisory Board shall develop a statewide program to control beaver damage on private and public lands. The Beaver Damage Control Advisory Board shall act in an advisory capacity to the Wildlife Resources Commission in the implementation of the program. In developing the program, the Board shall:

(1) Orient the program primarily toward public health and safety and toward landowner assistance, providing some relief to landowners through beaver control and management rather than eradication;

(2) Develop a priority system for responding to complaints about beaver damage;

(3) Develop a system for documenting all activities associated with beaver damage control, so as to facilitate evaluation of the program;

(4) Provide educational activities as a part of the program, such as printed materials, on-site instructions, and local workshops; and

(5) Provide for the hiring of personnel necessary to implement beaver damage control activities, administer the program, and set salaries of personnel.

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No later than March 15 of each year, the Board shall issue a report to the Wildlife Resources Commission, the Senate and House Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division on the results of the program during the preceding year.

(c) The Wildlife Resources Commission shall implement the program, and may enter a cooperative agreement with the Wildlife Services Division of the Animal and Plant Health Inspection Service, United States Department of Agriculture, to accomplish the program.

(d) Notwithstanding G.S. 113-291.6(d) or any other law, it is lawful to use snares when trapping beaver pursuant to the beaver damage control program developed pursuant to this section. The provisions of Chapter 218 of the 1975 Session Laws; Chapter 492 of the 1951 Session Laws, as amended by Chapter 506 of the 1955 Session Laws; and Chapter 1011 of the 1983 Session Laws do not apply to trapping carried out in implementing the beaver damage control program developed pursuant to this section.

(e) In case of any conflict between G.S. 113-291.6(a) and G.S. 113-291.6(b) and this section, this section prevails.

(f) Each county that volunteers to participate in this program for a given fiscal year shall provide written notification of its wish to participate no later than September 30 of that year and shall commit the sum of four thousand dollars ($4,000) in local funds no later than September 30 of that year.

(1991 (Reg. Sess., 1992), c. 1044, s. 69; 1993, c. 561, s. 111; 1993 (Reg. Sess., 1994), c. 769, s. 27.3; 1995, c. 358, s. 7; c. 437, s. 5; c. 467, s.4; c. 507, s. 26.6; 1996 Second Ex. Sess., c. 18, s. 27.15; 1997-256, s. 10; 1997-347, s. 6; 1997-401, s. 6; 1997-418, s. 5; 1997-443, c. 15.44; 1998-23, s. 16; 1998-212, s. 14.18(a)-(c), (e); 1999-237, s. 15.1(b), (c).)

Editor's Note. - Session Laws 1998-212, s. 14.18(c), effective July 1, 1998, provided that the Revisor of Statutes should codify c. 1044, s. 69 of the 1991 Session Laws, as amended, in Chapter 113 of the North Carolina General Statutes.

Session Laws 1998-212, s. 1.1 provides: "This act shall be known as the 'Current Operations Appropriations and Capital Improvement Appropriations Act of 1998'."

Session Laws 1998-212, s. 30.2 provides: "Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1998-99 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 1998-99 fiscal year."

Session Laws 1998-212, s. 30.5 contains a severability clause.

Session Laws 1999-237, s. 1.1 provides: "This act shall be known as the 'Current Operations and Capital Improvement Appropriations Act of 1999'."

Session Laws 1999-237, s. 30.4 contains a severability clause.

Effect of Amendments. - Session Laws 1999-237, ss. 15.1(b) and (c), effective July 1, 1999, substituted "Wildlife Services" for "Animal Damage Control" in subdivision (a)(7) and subsection (c).

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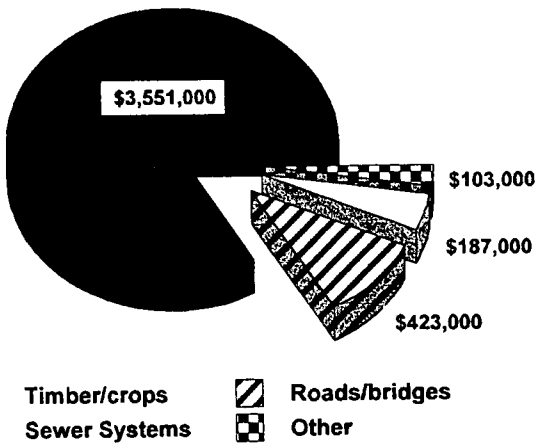
Attachment F

USDA United States Department of Agriculture

North Carolina Beaver Management Assistance Program (BMAP) Highlights Six Month Update (Oct. 2000 - Mar. 2001)

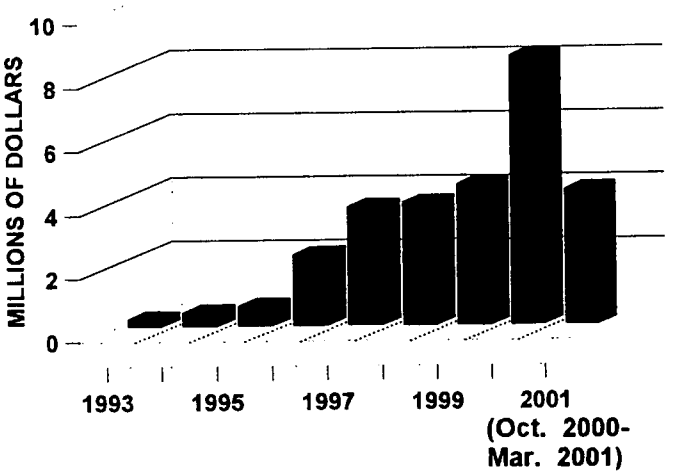
- Beaver in North Carolina cause millions of dollars in damage annually.
- To help alleviate beaver damage, the NC Legislature created the BMAP in July 1992. The BMAP is cooperatively funded by state, federal, county, and private cost-share funds.
- 976 beaver management projects were completed or are in progress with over 1,200 landholders and 71 city and county governments benefitting. An additional 1,289 DOT sites were monitored for beaver activities.
- BMAP activities prevented the loss of, or damage to, $4.3 million in resources; $9.25 saved for each $1.00 spent.

RESOURCES SAVED FROM BEAVER DAMAGE



- Half of all work conducted was at the request of the DOT, city and county governments, and other agencies.
- BMAP activities protected the driving public and saved the DOT an estimated $423,000 in repair costs by alleviating flooded roads and rights-of-ways.
- Specialized explosives were used to remove beaver dams within roadway culverts and pipes, underneath bridges and power lines, and in urban areas.
- Over 3,000 residents were educated about the benefits of beaver, beaver ecology, and damage management through BMAP talks, workshops, and displays. Hundreds of landholders have also been provided on-site individualized beaver damage management training since 1993.
- Sewer and/or water treatment and water shed storage facilities in Blowing Rock, Broadway, Franklin, Jacksonville, Louisburg, Mt. Olive, Macclesfield, Monroe, Murfreesboro, Oxford, Princeville, Rocky Mount, Roseboro, Sharpsburg, Siler City, Statesville, Warrenton, and Whiteville were saved from beaver-induced flooding and blockages averting nearly $200,000 in damages and repair costs.
- Since 1993, over $28 million in resources has been saved from beaver damage.

RESOURCES SAVED, FY 1993 - FY 2001



BEAVER MANAGEMENT ASSISTANCE PROGRAM EXPENDITURES
OCTOBER 1, 2000 - SEPTEMBER 30, 2001 (FEDERAL FY 2001)

	YEAR-TO-DATE (10/1/00-3/31/01)	UNEXPENDED (4/1/01-9/30/01)	TOTALS (10/1/00-9/30/01)
Salaries and Benefits	342,201	346,473	688,674
Travel & Transportation of Persons (per diem, commercial transport)	3,927	4,900	8,827
Transportation of Things (shipping)	71	150	221
Communications (tel. service)	5,786	5,786	11,572
Printing and Reproduction	0	1,000	1,000
Other Services			
Vehicle leases	11,602	11,602	23,204
Vehicle maintenance/repair	12,051	12,051	24,102
Other (training, non-vehicle repair)	358	2,500	2,858
Supplies and Materials			
Fuel for vehicles	28,661	28,661	57,322
Explosives related	14,700	12,000	26,700
Field supplies	18,345	15,000	33,345
Office supplies	1,276	1,276	2,552
Equipment			
Vehicles	17,591	12,378	29,969
Other	4,166	4,166	8,332
TOTALS	**460,735**	**457,943**	**918,678**

BMAP FUNDING SOURCES:

Appropriated NC General Funds to the Wildlife Res. Comm.:	500,000
NC Dept. of Transportation:	150,000
40 participating counties @ $4,000:	160,000
USDA Wildlife Services:	52,349 *
Private landholder cost-share collections (est. through 9/30/01):	60,000
Balance forward from last year (9/30/00):	(3,671)
TOTAL:	**918,678**

* The 52,349 is used predominantly for field equipment and supplies. USDA provides an additional 55,000 in administrative and supervisory support for the BMAP that is not included in the 52,349.

USDA United States Department of Agriculture

OBTAINING SERVICE

October 2000

Beaver Management Assistance Program

Since the first successful reintroduction of beaver into North Carolina in 1939, populations in the state have increased dramatically. Along with this population expansion has come an increase in benefits derived from beaver (e.g., increased wetland habitat for a variety of plant and animal species, reduced downstream sedimentation, improved water quality). However, detrimental impacts of beaver have also increased. For example, in 1997 landholders in eastern North Carolina reported that beaver damage to roads, agriculture and timber lands, drainage systems, landscape plantings, and other property exceeded $5 million. In 1995-96 the North Carolina Department of Transportation (DOT) spent over $1 million to repair roads damaged by beaver activities.

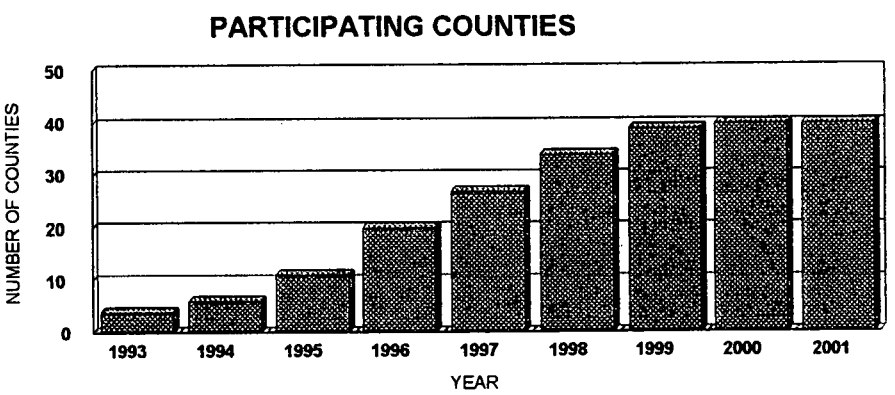
To address some of these problems, the North Carolina legislature in 1992 created the Beaver Damage Control Advisory Board with the charge to develop, implement, and oversee a program to manage beaver damage on public and private lands. The nine-member Advisory Board, composed of representatives from state and federal agencies and the private sector, established the Beaver Management Assistance Program (BMAP). A major goal of the BMAP is to educate the public and participating landholders about the best strategies for managing beaver damage including the pros and cons of removing beaver from their property. Wildlife specialists conduct programs and workshops on beaver damage management and beaver ecology for civic and professional organizations, schools, landholder groups, and others. When beaver damage is intolerable, wildlife specialists remove the offending animals and their dams using humane and environmentally acceptable methods.

Customers

The BMAP assists the DOT, city and county governments, soil and water conservation districts, private landholders, and others with beaver problems. The program is run by USDA Wildlife Services through a cooperative agreement with the North Carolina Wildlife Resources Commission. Funding comes from state, county, federal, and private sources.

How to Participate

All counties are eligible to participate in the program through an annual cost share assessment of $4,000 per county. Presently, 40 counties participate in the program. Individuals residing in these counties may obtain assistance with beaver damage by contacting their county Cooperative Extension or Soil and Water Conservation District office (listed on the back of this page). Statewide assistance with beaver damage problems is also provided to the DOT. All requests for assistance receive an immediate response, but due to current workloads the start of direct assistance activities may vary.



Cost Share

Participants in the program pay a small cost share for services. This cost share is $10/visit for up to 40 visits in a year. There are no charges for travel time. There is also a $75 charge for every dam requiring removal using explosives. The average cost share for landholders receiving services has been less than $90. Wildlife specialists have been averaging 10 visits over a 30-day period to resolve a nuisance beaver problem. There is no charge for the initial visit which usually will not exceed 4 hours. During this visit the wildlife specialist discusses with the landholder the positive and negative impacts of beaver and recommends the best course of action. If damage management activities are recommended, time and cost for activities are estimated, and the wildlife specialist begins work. Landholders wishing to conduct their own work are provided individualized training at no cost.

Assistance Priorities

Requests for assistance are handled on a first-come, first-served basis with top priority addressing threats to public heath and safety, particularly along highway rights-of-way and county-owned property. Work for individual landholders is next, followed by work for soil and water conservation districts, municipalities, corporate landholders, and others.

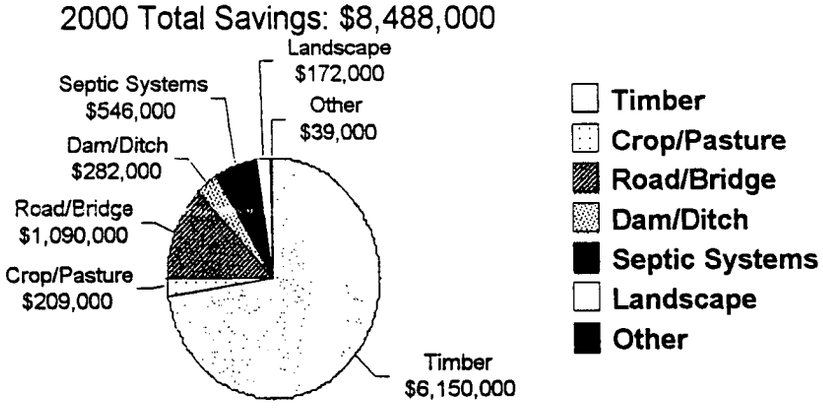
Additional Information

For additional information about the Beaver Management Assistance Program, please call or write the USDA Wildlife Services at 6213-E Angus Drive, Raleigh, NC 27617, tel. 919-786-4480, or the NC Wildlife Resources Commission, Division of Wildlife Management at 512 N. Salisbury Street, Raleigh, NC 27604-1188, tel. 919-733-7291.

To Request Assistance

Beaufort	252-946-0111
Bertie	252-794-5317
Bladen	910-862-4591
Brunswick	910-253-2610
Carteret	919-728-8421
Chowan	252-482-8431
Columbus	910-640-6605
Craven	252-633-1477
Cumberland	910-484-7156
Duplin	910-296-2143
Edgecombe	252-641-7819
Franklin	919-496-3344
Granville	919-603-1350
Halifax	252-583-5161
Harnett	910-893-7530
Hertford	252-358-7822
Hoke	910-875-3461
Iredell	704-873-6761
Johnston	919-989-6897
Lee	919-775-5624
Lenoir	252-527-2191
Martin	252-792-1621
Moore	910-947-3188
Nash	252-459-9811
New Hanover	910-452-6393
Northampton	252-534-2711
Onslow	910-455-5873
Pamlico	252-745-4121
Pasquotank	252-338-3954
Pender	910-259-1235
Perquimans	252-426-5428
Pitt	252-757-2800
Robeson	910-671-3276
Sampson	910-592-7161
Scotland	910-277-2422
Union	704-283-3801
Wake	919-250-1067
Wayne	919-731-1520
Wilson	252-237-5147
Vance	252-492-2141

Resources Saved From Beaver Damage



($8.78 SAVED FOR EVERY $1.00 SPENT)

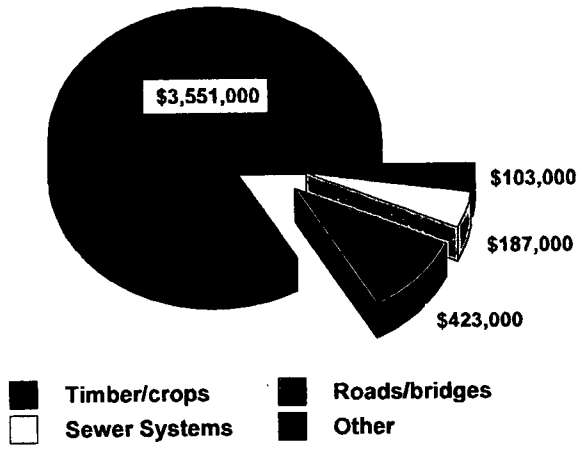


USDA United States Department of Agriculture

North Carolina Beaver Management Assistance Program (BMAP) Highlights Six Month Update (Oct. 2000 - Mar. 2001)

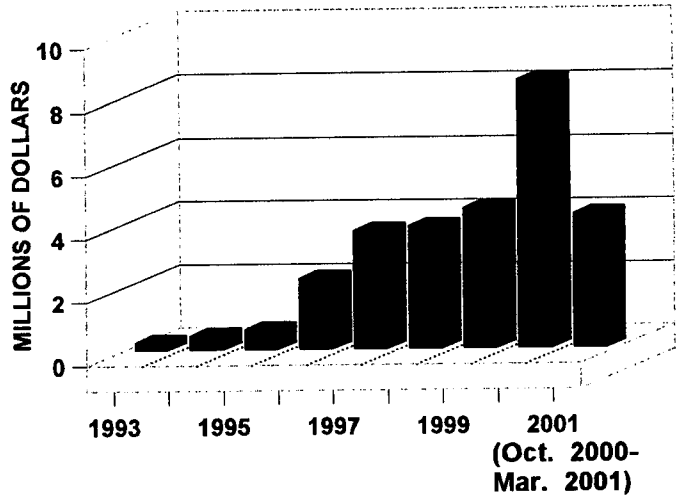
- Beaver in North Carolina cause millions of dollars in damage annually.
- To help alleviate beaver damage, the NC Legislature created the BMAP in July 1992. The BMAP is cooperatively funded by state, federal, county, and private cost-share funds.
- 976 beaver management projects were completed or are in progress with over 1,200 landholders and 71 city and county governments benefitting. An additional 1,289 DOT sites were monitored for beaver activities.
- BMAP activities prevented the loss of, or damage to, $4.3 million in resources; $9.25 saved for each $1.00 spent.

RESOURCES SAVED FROM BEAVER DAMAGE



- Half of all work conducted was at the request of the DOT, city and county governments, and other agencies.
- BMAP activities protected the driving public and saved the DOT an estimated $423,000 in repair costs by alleviating flooded roads and rights-of-ways.
- Specialized explosives were used to remove beaver dams within roadway culverts and pipes, underneath bridges and power lines, and in urban areas.
- Over 3,000 residents were educated about the benefits of beaver, beaver ecology, and damage management through BMAP talks, workshops, and displays. Hundreds of landholders have also been provided on-site individualized beaver damage management training since 1993.
- Sewer and/or water treatment and water shed storage facilities in Blowing Rock, Broadway, Franklin, Jacksonville, Louisburg, Mt. Olive, Macclesfield, Monroe, Murfreesboro, Oxford, Princeville, Rocky Mount, Roseboro, Sharpsburg, Siler City, Statesville, Warrenton, and Whiteville were saved from beaver-induced flooding and blockages averting nearly $200,000 in damages and repair costs.
- Since 1993, over $28 million in resources has been saved from beaver damage.

RESOURCES SAVED, FY 1993 - FY 2001



BEAVER MANAGEMENT ASSISTANCE PROGRAM EXPENDITURES
OCTOBER 1, 2000 - SEPTEMBER 30, 2001 (FEDERAL FY 2001)

	YEAR-TO-DATE (10/1/00-3/31/01)	UNEXPENDED (4/1/01-9/30/01)	TOTALS (10/1/00-9/30/01)
Salaries and Benefits	342,201	346,473	688,674
Travel & Transportation of Persons (per diem, commercial transport)	3,927	4,900	8,827
Transportation of Things (shipping)	71	150	221
Communications (tel. service)	5,786	5,786	11,572
Printing and Reproduction	0	1,000	1,000
Other Services			
Vehicle leases	11,602	11,602	23,204
Vehicle maintenance/repair	12,051	12,051	24,102
Other (training, non-vehicle repair)	358	2,500	2,858
Supplies and Materials			
Fuel for vehicles	28,661	28,661	57,322
Explosives related	14,700	12,000	26,700
Field supplies	18,345	15,000	33,345
Office supplies	1,276	1,276	2,552
Equipment			
Vehicles	17,591	12,378	29,969
Other	4,166	4,166	8,332
TOTALS	**460,735**	**457,943**	**918,678**

BMAP FUNDING SOURCES:

Appropriated NC General Funds to the Wildlife Res. Comm.:	500,000
NC Dept. of Transportation:	150,000
40 participating counties @ $4,000:	160,000
USDA Wildlife Services:	52,349 *
Private landholder cost-share collections (est. through 9/30/01):	60,000
Balance forward from last year (9/30/00):	(3,671)
TOTAL:	**918,678**

* The 52,349 is used predominantly for field equipment and supplies. USDA provides an additional 55,000 in administrative and supervisory support for the BMAP that is not included in the 52,349.

USDA United States Department of Agriculture

OBTAINING SERVICE

October 2000

NORTH CAROLINA Wildlife RESOURCES COMMISSION

Beaver Management Assistance Program

Since the first successful reintroduction of beaver into North Carolina in 1939, populations in the state have increased dramatically. Along with this population expansion has come an increase in benefits derived from beaver (e.g., increased wetland habitat for a variety of plant and animal species, reduced downstream sedimentation, improved water quality). However, detrimental impacts of beaver have also increased. For example, in 1997 landholders in eastern North Carolina reported that beaver damage to roads, agriculture and timber lands, drainage systems, landscape plantings, and other property exceeded $5 million. In 1995-96 the North Carolina Department of Transportation (DOT) spent over $1 million to repair roads damaged by beaver activities.

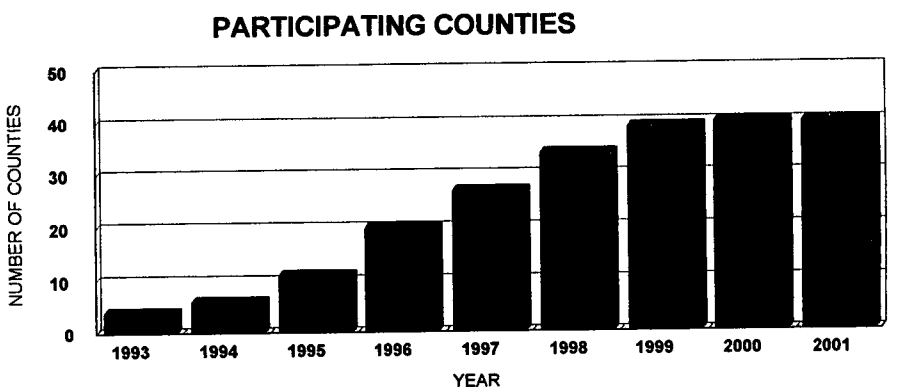
To address some of these problems, the North Carolina legislature in 1992 created the Beaver Damage Control Advisory Board with the charge to develop, implement, and oversee a program to manage beaver damage on public and private lands. The nine-member Advisory Board, composed of representatives from state and federal agencies and the private sector, established the Beaver Management Assistance Program (BMAP). A major goal of the BMAP is to educate the public and participating landholders about the best strategies for managing beaver damage including the pros and cons of removing beaver from their property. Wildlife specialists conduct programs and workshops on beaver damage management and beaver ecology for civic and professional organizations, schools, landholder groups, and others. When beaver damage is intolerable, wildlife specialists remove the offending animals and their dams using humane and environmentally acceptable methods.

Customers

The BMAP assists the DOT, city and county governments, soil and water conservation districts, private landholders, and others with beaver problems. The program is run by USDA Wildlife Services through a cooperative agreement with the North Carolina Wildlife Resources Commission. Funding comes from state, county, federal, and private sources.

How to Participate

All counties are eligible to participate in the program through an annual cost share assessment of $4,000 per county. Presently, 40 counties participate in the program. Individuals residing in these counties may obtain assistance with beaver damage by contacting their county Cooperative Extension or Soil and Water Conservation District office (listed on the back of this page). Statewide assistance with beaver damage problems is also provided to the DOT. All requests for assistance receive an immediate response, but due to current workloads the start of direct assistance activities may vary.



Cost Share

Participants in the program pay a small cost share for services. This cost share is $10/visit for up to 40 visits in a year. There are no charges for travel time. There is also a $75 charge for every dam requiring removal using explosives. The average cost share for landholders receiving services has been less than $90. Wildlife specialists have been averaging 10 visits over a 30-day period to resolve a nuisance beaver problem. There is no charge for the initial visit which usually will not exceed 4 hours. During this visit the wildlife specialist discusses with the landholder the positive and negative impacts of beaver and recommends the best course of action. If damage management activities are recommended, time and cost for activities are estimated, and the wildlife specialist begins work. Landholders wishing to conduct their own work are provided individualized training at no cost.

Assistance Priorities

Requests for assistance are handled on a first-come, first-served basis with top priority addressing threats to public heath and safety, particularly along highway rights-of-way and county-owned property. Work for individual landholders is next, followed by work for soil and water conservation districts, municipalities, corporate landholders, and others.

Additional Information

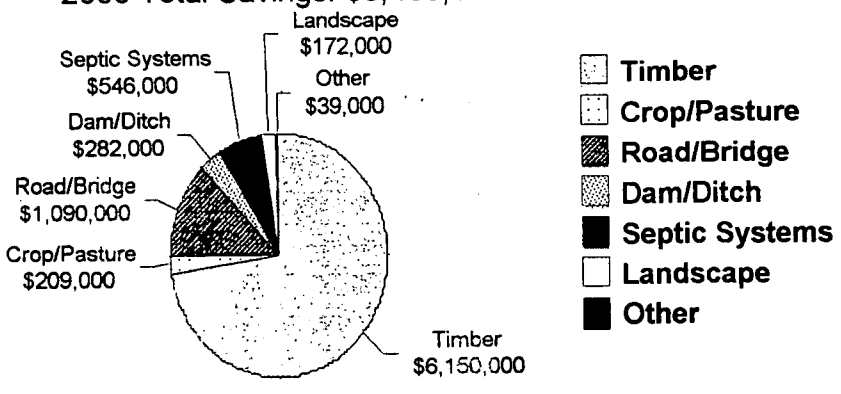
For additional information about the Beaver Management Assistance Program, please call or write the USDA Wildlife Services at 6213-E Angus Drive, Raleigh, NC 27617, tel. 919-786-4480, or the NC Wildlife Resources Commission, Division of Wildlife Management at 512 N. Salisbury Street, Raleigh, NC 27604-1188, tel. 919-733-7291.

To Request Assistance

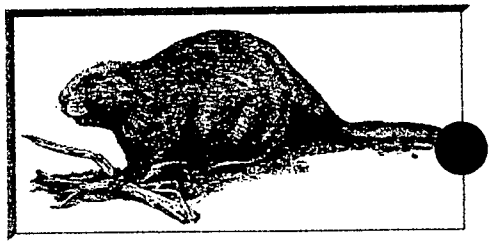
Beaufort	252-946-0111
Bertie	252-794-5317
Bladen	910-862-4591
Brunswick	910-253-2610
Carteret	919-728-8421
Chowan	252-482-8431
Columbus	910-640-6605
Craven	252-633-1477
Cumberland	910-484-7156
Duplin	910-296-2143
Edgecombe	252-641-7819
Franklin	919-496-3344
Granville	919-603-1350
Halifax	252-583-5161
Harnett	910-893-7530
Hertford	252-358-7822
Hoke	910-875-3461
Iredell	704-873-6761
Johnston	919-989-6897
Lee	919-775-5624
Lenoir	252-527-2191
Martin	252-792-1621
Moore	910-947-3188
Nash	252-459-9811
New Hanover	910-452-6393
Northampton	252-534-2711
Onslow	910-455-5873
Pamlico	252-745-4121
Pasquotank	252-338-3954
Pender	910-259-1235
Perquimans	252-426-5428
Pitt	252-757-2800
Robeson	910-671-3276
Sampson	910-592-7161
Scotland	910-277-2422
Union	704-283-3801
Wake	919-250-1067
Wayne	919-731-1520
Wilson	252-237-5147
Vance	252-492-2141

Resources Saved From Beaver Damage

2000 Total Savings: $8,488,000



($8.78 SAVED FOR EVERY $1.00 SPENT)

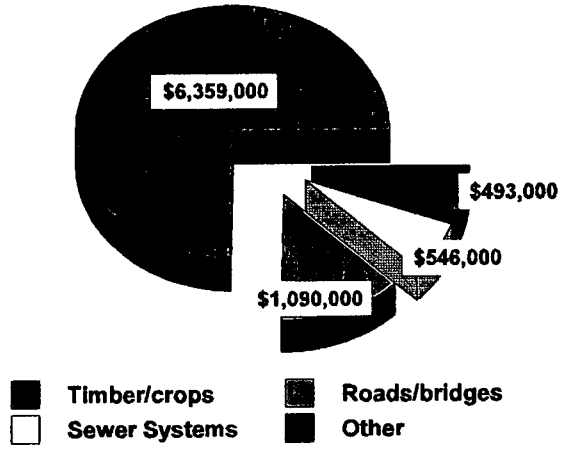


USDA United States Department of Agriculture

North Carolina Beaver Management Assistance Program (BMAP) Highlights October 1999 - September 2000 (FY 2000)

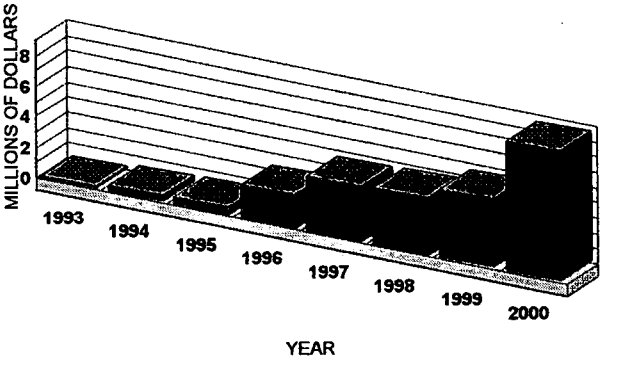
- Beaver in North Carolina cause millions of dollars in damage annually.
- To help alleviate beaver damage, the NC Legislature created the BMAP in July 1992. The BMAP is cooperatively funded by state, federal, county, and private cost-share funds.
- In FY 2000, 1,343 beaver management projects were completed or in progress with over 1,700 landholders and 73 city and county governments benefitting. An additional 1,200 DOT sites were monitored for beaver activities.
- In FY 2000, BMAP activities prevented the loss of, or damage to, $8.5 million in resources; $8.78 saved for each $1 spent.

RESOURCES SAVED FROM BEAVER DAMAGE



- Sixty percent of all work conducted was at the request of the DOT, city and county governments, and other agencies.
- In FY 2000, BMAP activities protected the driving public and saved the DOT an estimated $1.1 million in repair costs by alleviating flooded roadways.
- In FY 2000, over 1,800 residents were educated about the benefits of beaver, beaver ecology, and damage management through BMAP talks and workshops. Hundreds of landholders have also been provided on-site individualized beaver damage management training since 1993.
- Clinton, Farmville, Warsaw, Broadway, and Roseboro city sewer/water treatment facilities were saved from beaver-induced flooding averting $500,000 in damages.
- Assistance was provided the Town of Princeville where beaver took advantage of downed trees from Hurricane Floyd to build dams and flood 40 acres including a city park. The flooding was alleviated after removing the beaver and their dams.
- Since July 1992, over $24 million in resources has been saved from beaver damage.

RESOURCES SAVED 1993 - 2000
Total Savings: $24,233,000



- BMAP employees received USDA's highest award, the 2000 Secretary of Agriculture's Honor Award for Emergency Response and Heroism, for service to the people of NC in the aftermath of Hurricane Floyd.

NORTH CAROLINA BEAVER MANAGEMENT ASSISTANCE PROGRAM
EIGHTH ANNUAL REPORT
October 1, 1999 - September 30, 2000

The North Carolina Beaver Management Assistance Program (BMAP) was created by state legislation in 1992 with the express purpose of helping manage ever-increasing problems caused by beaver on private and public lands. The primary focus of the program is oriented towards public health and safety and assistance to landholders experiencing beaver damage problems. Because of practical and ecological considerations, the program is designed to assist the NC Dept. of Transportation (DOT), local governments, private landholders, and others address specific beaver damage problems rather than eradicate beaver populations. Since 1992 the BMAP has grown tenfold from four counties in 1992-93 to 40 in 1999-2000. At the same time, BMAP services to the DOT has grown from four counties in 1992-93 to all 100 counties in 1999-2000.

The BMAP is a truly cooperative endeavor funded by the NC Wildlife Resources Commission (WRC), DOT, USDA Wildlife Services, participating counties, and cost-share collections from private landholders, businesses, municipalities, and others (Table 1). The program is administered by Wildlife Services through a cooperative agreement with the WRC. In 1999-2000 BMAP services were available to the DOT in all 100 counties in North Carolina as well as landholders, local governments, soil and water conservation districts, and others in the 40 counties who opted to contribute $4,000 each to the program (Table 2).

The BMAP is overseen by an Advisory Board made up of representatives from the WRC, NC Dept. of Agriculture, DOT, NC Division of Forest Resources, NC Soil and Water Conservation Division, NC Cooperative Extension Service, NC Farm Bureau Federation, NC Forestry Association, and USDA Wildlife Services. The Board met twice this fiscal year to review program accomplishments and make recommendations on future activities to the Executive Director of the WRC.

This report summarizes BMAP accomplishments from October 1999 through September 2000, the federal fiscal year.

PROGRAM ACTIVITIES AND ACCOMPLISHMENTS

BMAP PARTICIPANTS

Demand for BMAP services continues to increase. Beaver damage control activities were conducted in 61 counties under 1,165 DOT, private, or other (county, municipal, state) agreements (Table 2) with 5,236 beaver being removed. This work also benefited an additional 377 adjacent landholders where wildlife specialists worked on private properties adjoining DOT rights-of-way and other private property to resolve beaver damage. An average of 10 site visits were needed to resolve a beaver damage problem. As of September 30, 2000, 178 beaver damage projects were in progress.

BMAP wildlife specialists investigated 60 sites where they did not conduct direct operational assistance. At these sites they either found no beaver problems, taught the landholder to do the work themselves, chose not to do the work because of ecological considerations, or found the landholder unwilling to follow through on the agreement.

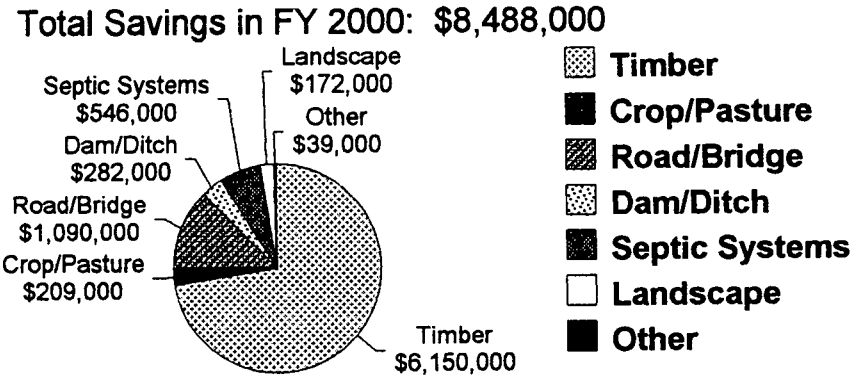
BMAP participating cost-share fees collected from landholders and others receiving direct operational assistance ranged from $25 to $1,500 with an average cost share of $92 (includes explosive costs) to resolve a beaver damage problem. A total of 1,641 beaver dams (DOT=969, non-DOT=672) backing up water and flooding croplands, timber, public roads and highways, sewer and septic systems, and other lands were removed manually or with explosives. Of these 1,641 beaver dams, 581 (DOT=313, non-DOT=268) were removed with explosives and 1,060 (DOT=656, non-DOT=404) were removed manually.

DAMAGE ECONOMICS

Wildlife specialists continue to use a work sheet developed in conjunction with the NC Division of Forest Resources and NC Dept. of Agriculture to help estimate the value of BMAP services, measured as prevented expenditures or losses, to timber and other agricultural resources. We are confident that our measurements are more realistic and reliable than landholder estimates. However, some prevented losses or prevented expenditures such as those to roadways, water treatment facilities, drainage control structures, hog lagoons, or sewer systems were better estimated by the DOT or other resource owners.

In FY 2000 wildlife specialists and cooperators reported that BMAP services prevented the impending loss or repair expenditures of an estimated $8.5 million in timber and other agricultural resources, roads and bridges, crops and pasture, dams and ditches, sewer systems, landscape plantings, and other resources such as homes, airport runways, golf courses, and clay pits.

Resources Saved From Beaver Damage



Comparing BMAP expenditures to savings, the estimated cost-benefit ratio was a favorable 1 to 8.8, or for every $1.00 spent, $8.78 in resources was saved. Also, the benefits of BMAP services reported by the DOT do not include projected future savings estimates, which can be significant. Further, the cost-benefit ratio does not measure the benefits of educational activities such as training individuals to take care of their own beaver damage problems.

CUSTOMER SERVICE

To improve communications between BMAP wildlife specialists, the Cooperative Extension Service, county officials, and DOT personnel, home and cellular telephone numbers for each wildlife specialist have been provided to those officials listed above. Wildlife specialists are encouraged to make weekly or at least biweekly visits with their appropriate contacts. DOT officials in Raleigh have urged county DOT personnel to contact BMAP specialists for any beaver damage problems they might encounter. BMAP specialists also keep private landholders advised of any work in progress. DOT personnel are encouraged to contact their appropriate wildlife specialist immediately at the first sign of beaver activity.

EDUCATIONAL ACTIVITIES

Another important aspect of the BMAP has been to educate the public as well as participating landholders and others about both the positive and negative benefits of beaver activity on their land so that they can make an informed decision as to whether beaver removal is the best alternative. If landholders or others opt to remove the beaver, they are given the option to either conduct the work themselves at no cost or to have a BMAP wildlife specialist perform the work for a nominal cost share. Because of the demand for BMAP services, landholders are encouraged to conduct the work themselves. As part of this effort BMAP wildlife specialists presented 44 talks to civic and school organizations, private and professional groups, and governmental agencies on beaver habits, ecology, and damage management. More than 1,800 people attended those presentations. Wildlife specialists were interviewed by the news media (television, newspaper, radio) on 25 occasions.

OTHER ACTIVITIES

In FY 2000 wildlife specialists built and installed eight water control devices (six DOT, two non-DOT) to help alleviate flooding caused by beaver activities. Of the seven water control devices installed in DOT culverts and pipes in previous years, one remains operational, three are of limited value because beaver constructed dams downstream of the devices thereby backing up water and defeating the purpose of the devices, and three were removed because of vandalism or abandonment by beaver.

The Advisory Board recommended that beaver trapped under the BMAP be sold to help defray some of the expenses of the program. This program did not take place this year due to low fur

prices. Because of positive comments from cooperators, we will conduct this program again if and when the fur market makes it economically feasible.

SPECIAL INTEREST

Hurricane Floyd in September 1999 and the snow storm of the century in January 2000 wreaked havoc with our efforts to keep on top of beaver problems. Many of our wildlife specialists in eastern North Carolina were unable to conduct beaver damage control work for 1-2 months due to continual flooding in October and snow cover in January. Three of our BMAP employees lost their homes to the flood waters. The BMAP lost 3 vehicles and thousands of dollars of equipment to the flooding. Fortunately, we were able to replace the vehicles and other equipment using emergency funds made available from USDA APHIS. This saved the BMAP $85,000 in losses. During the floods our employees spent approximately 40 man weeks assisting the NC National Guard, Federal Emergency Management Administration (FEMA), the NC Dept. of Agriculture, the NCDOT, and various local groups and agencies conduct a variety of hurricane relief activities including searches for survivors, clean up of animal carcasses, and delivery of food and other services to those in need. USDA APHIS and FEMA also covered salary costs for these employees thus saving further BMAP expenditures. These natural disasters created a major backlog of beaver damage management projects for that lasted into early summer.

BMAP assistance was provided to the Town of Princeville where beaver took advantage of downed trees from Hurricane Floyd to construct new dams and flood parts of the Town. Princeville, chartered in 1885 as one of the first cities in the United States to be founded by former slaves, was declared a disaster area when 900 households, businesses, and city facilities were damaged or destroyed by flooding in September 1999 as a result of a breached dike caused by torrential rains from Hurricane Floyd. Princeville was one of the heaviest hit areas with $120 million in damages and became a focal point for relief efforts by federal, state, local, and private agencies. Beaver compounded the damage by building dams that backed up water and inundated over 40 acres of the Town including a city park. After being contacted by the Town, BMAP wildlife specialists were able to resolve the problem by removing beaver and four dams that were backing up the water.

Wildlife Services employees in North Carolina received the 2000 Secretary of Agriculuture's Annual Honor Award for Emergency Response and Heroism for extraordinary service to the State of North Carolina during the aftermath of Hurricane Floyd. This is the highest award the Department can bestow.

City sewer lines and treated effluent discharge from facilities in Clinton, Farmville, Warsaw, and Roseboro were flooded and/or backed up due to beaver dams. Several of these municipalities were facing extensive fines by state regulators because of beaver induced flooding, and in at least one instance beaver flooding threatened shutting down the facility. Beaver and their dams were removed from these sites resulting in averted damages and losses estimated at $500,000.

On February 1, 2000 beaver activity apparently was to blame for a serious train derailment near Parmele in Pitt County. According to the Federal Railroad Administration, investigators believe burrowing activity and beaver dams backed water up against the trestle, weakening the structure and causing the wreck. Fifteen cars of the 38-car train jumped the tracks and plunged into Grindle Creek. The derailment sparked a fire that burned for 11 hours in two cars carrying terephthalic acid. Over 30,000 gallons of ethylene glycol, a component of antifreeze, spilled into the creek from another car. Unfortunately CSX Railroad had not requested BMAP services.

PROGRAM FUNDING SOURCES AND EXPENDITURES

Table 1 outlines program funding sources and expenditures incurred October 1999 through September 2000. Twenty-five full or part-time wildlife specialists worked 22.4 staff years while two clerical staff worked 1.5 staff years on the BMAP. WS State Director Jon Heisterberg provided overall program supervision. BMAP funding covered salaries of all field and clerical personnel plus a portion of District Supervisor Menke's salary.

As of the end of September 2000, $7,717 in landholder cost share fees remained uncollected. Landholders who do not pay for services will be ineligible to receive future BMAP services.

CONCLUSIONS AND RECOMMENDATIONS

The BMAP continues to be a popular program among landholders, counties, municipalities, businesses, and the DOT. Landholders requesting BMAP services are threatened with significant losses as a result of beaver activity as is evident by the value set on BMAP services.

Wildlife specialists cover up to four counties each and spend a significant amount of time (up to 50%) driving to and from sites. Contacting landholders also can be quite time consuming. The DOT can help us do our job more efficiently by helping contact landholders adjacent to highway rights-of-way for permission to conduct work.

Solving beaver damage problems for the DOT sometimes requires that BMAP specialists work off of rights-of-way on adjacent private lands. In these cases, the landholder is not charged for this work. Increasingly, landholders with beaver damage problems are claiming that their beaver problems should be worked at no charge because the damage is affecting the highway rights-of-way. In many cases, this is true and the landholder is not charged for services. However, in increasing numbers, landholders are claiming that their beaver damage problems are affecting the highway rights-of-way even when there is no obvious affect. This puts the BMAP specialist in the sometimes difficult position of telling the landholder that he feels there is no affect on the highway, and any work that is to be done will have to be paid by the landholder. Such landholders sometimes try to put pressure on the DOT to do something about the landholder's beaver problem at no charge, and the DOT in turn puts pressure on the BMAP specialist. Obviously, such scenarios require the close cooperation of the BMAP specialist and the DOT.

The use of more advanced dam removal techniques and explosive detonating systems has led to an increase in explosives cost, but it has also allowed for the safer and more efficient removal of beaver dams. For example, using customized charges and delayed detonators has allowed BMAP specialists to safely remove beaver dams within pipes and culverts that otherwise would have been difficult, if not impossible, to remove using conventional techniques. This has resulted in considerable savings to the DOT who sometimes had to dig up and replace such pipes.

As in previous years, BMAP participants continued to show little interest in conducting beaver damage management activities themselves. This is most likely because of a lack of ability and/or time. BMAP wildlife specialists will, however, continue to make concerted efforts to encourage individuals to solve their own problems through on site training and damage management workshops.

We are gradually improving our vehicle fleet with newer and more dependable vehicles. In FY 2000 we were able to purchase three new vehicles to replace high mileage vehicles. Also, we received emergency funds from APHIS to purchase another three vehicles that will be used to replace three that were destroyed by Hurricane Floyd. We also operate four lease vehicles. However, we still operate seven vehicles with odometer readings over 100,000 miles. Keeping these vehicles in service can be an expensive proposition, and we will continue to look for better vehicles through various surplus and new vehicle outlets.

Table 1. Beaver Management Assistance Program (BMAP) funding sources and expenditures, October 1, 1999 - September 30, 2000.

Expenditure Type	Expenditures (a) by Funding Source: WRC/DOT Counties	Wildlife Services (WS)	WS Cost-Share Collections
Salaries and Benefits	-639,238	-1,768	-32,390
Travel (per diem, commercial transport.)	-8,479		-3,556
Transportation (personal veh. mileage, freight)	-1,926		-0
Communications	-7,715		-0
Printing and Reproduction	0		-300
Other Services (vehicle leases, vehicle and equipment repair/maintenance, technical training, etc.)	-45,589	-5,690	-0
Supplies and Materials (fuel, trap supplies, tools, explosives, miscellaneous)	-79,473	-12,837	-133
Equipment (vehicles, ATV's, explosive storage building, other)	-2,552	-114,631	-10,303
Total Spent (10/1/99 - 9/30/00)	-784,972	-134,926	-46,682
Balance Forward (10/1/99)	10,339	0	10,152
Amount Funded (10/1/99 - 9/30/00) (b)	760,000	134,926 (c)	44,411 (d)
BALANCE (10/1/00)	-14,633	0	7,881

(a) Expenditure figures are preliminary and subject to adjustment.

(b) Funding Source:

NCWRC	NCDOT	COUNTIES	WS	WS COLLECTIONS	TOTAL
$500,000	$100,000	$160,000	$134,926	$44,411	$939,337

(c) Includes $85,027 in additional funds received from USDA, APHIS to replace Hurricane Floyd damaged vehicles, supplies and equipment. Paid for with emergency funds in September 1999, for use by the BMAP in FY 2000.

d) BMAP cost-share collections by Wildlife Services from landholders, municipalities, and other sources.

Table 2. DOT and non-DOT agreements worked under the BMAP, October 1999 - September 2000. BMAP participating counties are listed by name.

County	No. of Agreements Completed by County DOT	Non-DOT (a)	Adjacent (b)	Rework (c)
Beaufort	6	4	0	4
Bertie	39	13	52	32
Bladen	21	18	0	18
Brunswick	23	16	0	28
Carteret	4	0	0	4
Chowan	20	5	57	20
Columbus (d)	65	14	5	24
Craven	25	6	0	25
Cumberland	9	38	5	14
Duplin	26	23	16	3
Edgecombe	20	12	7	16
Franklin	9	16	0	8
Granville	4	9	0	4
Greene	5	3	6	1
Halifax	31	25	13	16
Harnett	15	17	2	17
Hertford	34	9	48	24
Hoke	10	0	2	0
Johnston	9	8	9	4
Jones	5	5	0	6
Lee	3	6	0	1
Lenoir	15	11	10	1
Martin	7	6	11	3
Moore (e)	4	3	1	3
Nash	15	20	4	14
New Hanover	9	10	0	6
Northampton	14	14	6	0
Onslow (d)	4	28	0	0
Pamlico	2	5	0	4
Pender (d)	8	43	1	2
Perquimans (e)	4	3	6	1
Pitt	19	16	4	9
Robeson	14	14	3	14
Sampson	36	10	27	7
Scotland	1	0	0	1
Union	9	11	1	7
Vance (e)	0	2	0	0

County	No. of Agreements Completed by County DOT	Non-DOT (a)	Adjacent (b)	Rework (c)
Wake	6	26	22	8
Wayne	11	13	23	4
Wilson	12	5	6	5
Other Non-Participating Counties (DOT only) (f)	105	--	30	28
TOTALS:	**678**	**487**	**377**	**386**

(a) A non-DOT agreement is defined as an individual landholder, business, local government, or other non-DOT entity. Most non-DOT agreements are with private landholders and may include several noncontiguous areas. Agreements with local governments sometimes involve numerous landholders.

(b) An adjacent agreement involves private properties along DOT rights-of-way or next to private landholders where BMAP wildlife specialists had to work for the DOT or another private landholder requesting services to resolve beaver damage. In most cases all parties benefited from the work.

(c) A rework involves a revisit to a site sometime after the initial beaver damage management work was completed. This could be anywhere from 1 month to 8 years later, depending on when the site was last worked.

(d) County pays for additional BMAP services.

(e) First year BMAP counties. Work first began in October or November 1999 in Moore and Perquimans County and February 2000 in Vance County.

(f) Number of agreements completed in non-participating DOT-only counties:

Alamance=3	Anson=8	Buncombe=4	Cabarrus=3	Caswell=6	Chatham=7
Cherokee=4	Clay=8	Forsyth=1	Gates=10	Graham=2	Iredell=1
Jackson=2	Macon=25	Orange=5	Pasquotank=1	Randolph=4	Rockingham=1
Stanly=3	Transylvania=2	Warren=5			

Prepared by Todd A. Menke, District Supervisor and Jon F. Heisterberg, State Director
US Department of Agriculture/Wildlife Services

December 31, 2000

BOB ETHERIDGE
2D DISTRICT, NORTH CAROLINA

COMMITTEE ON AGRICULTURE
SUBCOMMITTEES:
LIVESTOCK AND HORTICULTURE
RISK MANAGEMENT, RESEARCH, AND SPECIALTY CROPS

COMMITTEE ON SCIENCE
SUBCOMMITTEES:
BASIC RESEARCH
SPACE AND AERONAUTICS

REGIONAL WHIP



1641 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-4531

DISTRICT OFFICES:
SUITE 490
225 HILLSBOROUGH STREET
RALEIGH, NC 27603
(919) 829-9122

P.O. BOX 1258
607 NORTH 1ST STREET
LILLINGTON, NC 27546
(910) 814-0335

www.house.gov/etheridge

Congress of the United States
House of Representatives
Washington, DC 20515

March 21, 2001

Mr. Larry T. Bullock
7528 Fiesta Way
Raleigh, NC 27615-3326

Dear Mr. Bullock:

Thank you for your letter highlighting the benefits of the Beaver Management Assistance Program (BMAP) to you and your farm. It was good to hear from you.

I share your concern about the destructive impact beavers can have on farmland through their damming activities. Through such programs as BMAP, it is possible to mitigate the damage by these animals to the surrounding countryside.

As you know, BMAP is a program administered by the U.S. Department of Agriculture's (USDA) Animal, Plant, Health Inspection Service (APHIS). When the full U.S. House of Representatives considers funding for the USDA, you can be sure I will work to support funding for APHIS and the programs it manages.

Again, thank you for contacting me regarding this matter. Please continue to let me know your views about other issues that concern you. I look forward to hearing from you soon.

Sincerely,

Bob Etheridge
Member of Congress

BE:co

2-20-01

The Honorable Bob Etheridge
United States Congress
Washington, DC 20510

Dear Congressman Etheridge

Since 1979, I have actively pursued establishing a plantation of Loblolly pines on the family's 189 acre farm. After harvesting the timber in 1985 in the lowlands along Robertson Creek, we replanted with Loblolly pines in the winter of 1985-86. Robertson Creek runs through our farm and is located in the Neuse River Basin. Prior to 1985, we had very little damage in the lowland areas due to beaver activity. The lowlands are excellent growing sites for pine trees. By 1992, the pine seedlings had grown to 15-20 feet tall.

In 1990, the beavers continued to build dams in the lowland areas along Robertson Creek and a smaller creek which fed into Robertson Creek. I tried getting help from local trappers but was unsuccessful. In October 1999, I was introduced to Frank Newell and Anthony Steed who both work for the US Department of Agriculture Wildlife Services, which specializes in controlling beaver activities in Granville and surrounding counties in North Carolina. I signed a contract titled "Agreement for Control of Animal Damage on Private Property". They agreed the damage which involved about thirty acres of prime timber growing land was extensive. Due to the water build-up on these thirty acres, I have lost approximately15,000 trees of pulp wood quality (fifteen year old trees), with a market value of $7,000-$10,000.

Enclosed are photos of the swamp land created by beavers damming Robertson Creek and a plantation of pines at another farm site which were also planted in 1985. What a contrast! Also included is a map drawn by a forester who helps manage our NC Tree Farm #4811. The map indicates that about 20% of our farm is now under water because of these varmints.

Our farm is not an isolated example of beaver destruction. Adjoining farms and other low lying areas in many NC counties are now under water. Our only hope in rescuing these swamps from the beavers' persistent destruction is for the USDA to continue to fund the Beaver Management Assistance Program (BMAP).Thanks to Frank Newell and Anthony Steed, I plan to replant these areas for future generations to enjoy.

Respectfully,

Larry D. Bullock

Larry D. Bullock
7528 Fiesta Way
Raleigh, NC 27615-3326

Tree Farm- Granville County, NC
Registration # 4811





RECEIVED JUL 2 1 2000

TOWN OF PRINCEVILLE

Mayor:
Delia Perkins
Mayor Pro-Tem/Commissioner:
Milton Johnson (Ward 3)

Commissioners:
Linda Worsley (Ward 1)
Ann Brown Howell (Ward 2)
Priscilla J. Everette (Ward 4)

July 18, 2000

Jon Heistenberg
USDA APHIS
Wildlife Services
6213 East Angus Dr
Raleigh, NC 27613

Dear Mr. Heistenberg:

The Town Of Princeville appreciates the assistance provided to us in helping to restore drainage by removing beaver dams in Princeville. Mr. Shane Smith worked diligently to remove the dams and beavers that flooded the park and adjacent areas between US258 and the Tar River. They have also agreed to help us with our beaver problem that is preventing the proper drainage of the Southern Terrace and the southeast area of town.

We understand that this work is normally on a fee basis and that these charges have been waived for our town. In these economically hard times after the flood, we appreciate your donation of services and look forward to your assistance with our continuing beaver problems.

Thank you,

Delia Perkins

Delia Perkins, Mayor
Town of Princeville

United States Department of Agriculture
Natural Resources Conservation Service
241 Sunset Avenue, Suite 105
Federal Building
Asheboro, North Carolina 27203

Phone (336)318-6490 Fax (336)318-6494

Jon Heisterberg
USDA APHIS
Wildlife Services
6213 E Angus Drive
Raleigh, NC 27613

March 1, 2000

Dear Mr. Heisterberg:

I would like to take this opportunity to thank you and several of your employees who provided assistance in the removal of beavers from the streams and drainage ditches in the Town of Princeville, North Carolina. I am a USDA-NRCS employee of 23 years and I am currently detailed to provide damage assessment and construction inspection for several eastern North Carolina devastated by Hurricane Floyd and the flooding which occurred on or about September 17, 1999.

While working on the damage assessment for the Town of Princeville in December 1999, I found in addition to the downed trees and debris in the stream channels, that beavers had built dams and caused flooding on most of the channels. This flooding made it impossible for us to conduct the necessary surveying to plan and do the cost estimates for our projects.

Mr. Shane Smith from your agency was contacted and Shane met with A. B. Whitley and myself and assessed the beaver problem. Shane immediately went to work to help solve this problem. The charges for the cost of doing this work were waived making the work a reality for Princeville whose financial resources are very limited. As you are aware Princeville is a small town in Edgecombe County which was virtually destroyed when the dike along the Tar River broke during the storms. Shane spent several days trapping and working to control the beaver problems in Princeville. Also, two other employees of Wildlife Services Mr. Frank Newell and Mr. Sam Wiseman, came over and assisted Shane with the removal of several beaver dams.

All of these employees were very professional and went above and beyond the call of duty to perform their jobs. You are very fortunate to have such highly qualified and motivated individuals working for you.

While in Edgecombe County I also met Mr. Stanley Garner who invited me to his home for dinner. Shane Smith has had me over to his home for dinner on several occasions. A friendship has developed between these individuals and myself which will last a lifetime. In the mountains of North Carolina where I was raised we have a saying for people like this, "They are good folks."

Again, I would like to extend my sincere appreciation to you and your employees for the great job you did for the residents of Princeville. Keep up the good work!

Sincerely,

Bill Timpson

Bill Timpson
Soil Conservation Technician

H. HAZEN BLODGETT
City Manager

City of Whiteville

317 S. Madison Street
P.O. Box 607
Whiteville, North Carolina 28472
Phone: (910) 642-8046
Fax: (910) 642-8048

April 3, 2001

Mr. John S. Heisterberg
USDA, APHIS, Wildlife Services
6213-E Angus Drive
Raleigh, NC 27613

Dear Mr. Heisterberg:

The beaver management assistance program (BMAP) has been invaluable to the City of Whiteville in reducing our flood hazard. The City of Whiteville has swamps on three of its sides. It is imperative that the BMAP continue in order to keep the swamps free of beavers.

If prior to Hurricane Floyd the City had an aggressive beaver management program, we may have been able to reduce flooding in downtown and the surrounding residential areas. We are committed to contributing $4,000 annually to the BMAP in order to manage beavers outside our city limits because of the potential impact they could have on flooding in Whiteville.

Approximately five years ago, wildlife services did a lot of beaver management work in the Soules Swamp. So far this fiscal year, 62 beavers have been removed and four dams have been blown up. Without this program, the City would not have near as an effective program to rid beavers from our area.

Thank you for all your work in the recent past. The BMAP Program is critical to Whiteville.

Sincerely,

Hazen Blodgett
City Manager

COUNTY COMMISSIONERS
Delma G. Collins, Chairman
Joseph R. McLaughlin, Vice Chairman
Jack T. Bright
Fred A Holt
W.C. Jarman



Onslow County Administration
Ronald B. Lewis, Manager
Jeffrey L. Hudson, Deputy County Manager
Letitia M. Black, Clerk to the Board

COUNTY OF ONSLOW

April 3, 2001

Mr. Jon Heisterberg, State Director
USDA – Wildlife Services
6213-E Angus Drive
Raleigh, NC 27617

Dear Mr. Heisterberg:

The Onslow County Board of Commissioners is fully aware of the tight budget restraints that must be taken during the rest of this fiscal year, but for the next fiscal year as well. I believe everyone is willing to "tighten the belts" to accomplish this goal.

The Commissioners encourage you to continue financial support of the Beaver Management Program (B-MAP). This is a very critical and extremely valuable program for this County. Without this program the streams, creeks, and drainage issues will become more of a problem instead of a solution.

The Commissioners have instructed staff to prepare letters for members of the General Assembly serving Onslow County. In addition, the Commissioners are urging citizens to submit letters of support to the Onslow County Legislative Delegation to continue this vital B-MAP program.

Sincerely,

Ronald B. Lewis
Onslow County Manager

/lmb
c: The Honorable Onslow County commissioners

118 Old Bridge Street ♦ Jacksonville, NC 28540-4259 ♦ Telephone: (910) 347-4717 ♦ Fax: (910) 455-7878

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY
GOVERNOR

LYNDO TIPPETT
SECRETARY

March 26, 2001

Jon F. Heisterberg, State Director
U. S. Department of Agriculture
Wildlife Services

Dear Mr. Heisterberg:

I would like to take this opportunity to thank you for the assistance and service your department has provided to my county in the past few years. We have realized an enormous cost saving as a result of your service in the elimination of beavers along our roadways. In the past we would remove a dam with a backhoe crew and have to return again and again to remove the same dam. Your trappers not only remove the dams for us, which is a tremendous help, but also remove the beavers and prevent rebuilding. When I use our crews to remove dams, I am losing equipment and man hour time that could better be utilized on road maintenance and construction. The average cost for me to use my equipment and men to remove dams is approximately $1400 per day. I have not had to use my crews on beaver control problems since we began to use your services. I hope that you will be able to continue this service to the Department of Transportation. Thank you very much.

Sincerely,

Wayne H. Lynch
Road Maintenance Supervisor
NC Department of Transportation
Macon County

RECEIVED MAR 2 4 2001

North Carolina Cooperative Extension Service

NC STATE UNIVERSITY

College of Agriculture and Life Sciences

Lee County Center
North Carolina Cooperative Extension Service
College of Agriculture and Life Sciences
2420 Tramway Road
Sanford, NC 27330-9174
Phone: (919) 775-5624
FAX: (919) 775-1302
www.ces.ncsu.edu/lee

March 23, 2001

Jon Heisterberg
State Director
USDA- Wildlife Services
6213 E. Angus Drive
Raleigh, NC 27617

Dear Jon:

Lee County Commissioners have funded the Beaver Management Assistance Program for the past three years. The Lee County Cooperative Extension service has requested funding for this program again for the 2001-2002 budget.

Landowners who have participated in this program are very satisfied with the services they have received from Nick Walters. Lee County landowners and Commissioners support this much needed program and recommend continued support for the BMAP program on the state level.

Sincerely,

John V. Hall

John V. Hall
County Extension Director

JVH/rmg

Employment and program opportunities are offered to all people regardless of race, color, national origin, sex, age, or disability.
North Carolina State University, North Carolina A&T State University, U.S. Department of Agriculture, and local governments cooperating.

Harold Harrington, Mayor

Anita B. Harry, Clerk

The Town of Broadway

P. O. Box 130
Broadway, North Carolina 27505
Telephone: (919) 258-9922 • Fax: (919) 258-9831

March 26,2001

Mr. John Heisterberg,
State Director
USDA Wildlife Service
6213-Suite E Angus Drive
Raleigh, NC 27617

Dear John:

The purpose of this letter is to express the gratitude of the Town of Broadway for your department's help in our beaver eradication efforts.

Your man in our region, Mr. Nick Walters, has eliminated a large problem for our waste water treatment plant. The beavers had dammed a creek causing the water to back up over several manholes on our outfall lines. This was causing excessive infiltration to our plant located on Daniel's Creek. Mr. Walters was notified and very quickly trapped the animals and removed the dam. This is the second time in four years that the wildlife service has helped us with this problem.

It is services such as yours that seldom receive the credit due for the fine job done. Again, thank you for your help in this matter and if we can be of service to you in Broadway do not hesitate to call.

Yours truly,

Bob Stevens
Town Manager

jb

Town of Angier

Post Office Box 278
Angier, North Carolina 27501
919 - 639 - 2071

Ty Cobb
Mayor

Board of
Commissioners

Connie M. Burch
Wanda Gregory
Alan Hargis
Roger Wimberley

Thomas S. Taylor
Town Administrator

Jean J. Matthews
Town Clerk

March 30, 2001

Jon Heisterberg, State Director
USDA Wildlife Services
6213 E. Angus Dr.
Raleigh, NC 27617

Dear Mr. Heisterberg

I am writing this letter in reference to the outstanding service that your staff provided to the Town of Angier during two recent beaver problems. The Town had problems with two beaver dams stopping water from draining in two large drainage ditches. Upon contacting your office, Mr. Nick Waters came down and accessed this situation and alleviated our problem very professionally and in a timely manner. I could not imagine how much a private certified company would have charged to come down to Angier and take care of this problem. It is very uplifting and comforting to know that your department is here for assistance to help small municipalities, which have many budget constraints. The Town of Angier could probably not afford a private company's fee in order to handle these sometimes often beaver problems.

Thank you so much for your assistance and we look forward to working with you for any wildlife problems in the future. Please feel free to call me if you have any questions or concerns.

Sincerely,

Coley B. Price
Assistant Town Administrator

cbp

ONSLOW COUNTY DAILY NEWS
APRIL 2, 2001

Wildlife position in jeopardy

Budget cuts may claim job of beaver keeper

BY JENNIFER FRIEND
DAILY NEWS STAFF

Onslow County administrators are urging state legislators not to cut what they call a vital program to the county.

Because of the recent state budget cuts, Onslow County Manager Ron Lewis said he is concerned that the state may consider cutting the county's full-time beaver trapper, who helps control the beaver population through the USDA's beaver management assistance program.



Lewis

"We've made a big impact, but there's still a long way to go," Lewis said of the program.

On March 31, 2000, the county entered into an agreement with the USDA to hire a full-time beaver trapper to help control the beaver population while also reducing flood damage caused by beaver-built dams.

The one-year contract expired Saturday, and at the Board of Commissioners meeting tonight, the commissioners will consider extending that contract for another year. The total cost to the county for the program is $50,000.

Crucial program in Onslow

Lewis is concerned that the program may be cut as legislators look for "every possible place where they can whittle a little off" to make up for the state's budget shortfall.

"The program is very important, and we want that to continue," Lewis said. The county's administration office is sending a letter to the Onslow County legislators requesting their support to continue the program. The county is also encouraging property owners who have benefited from the program to write the legislators in support of the program.

The county has participated in the program since its inception in 1992. At that time, there was a beaver trapper who worked in four counties — including Onslow — and was not making any progress, said J.R. Batchelor, supervisor of the county's Mosquito and Vector Control Department.

Batchelor said the beaver population has exploded in the past few years because of the hurricanes, which caused flooding and downed trees, creating an ideal locale for

SEE POSITION / 2A

■ POSITION / FROM 1A

beavers.

That coupled with the fact that beavers do not have any predators in Onslow County has caused a serious overpopulation problem.

"We have just about got overrun by them now," Batchelor said.

The beavers have increased the flooding and drainage problems caused by the hurricanes. They use the fallen trees and storm debris to build dams and cause further flooding of business and residential properties as well as forcing septic tanks to overflow, said Jon Heitserberg, state director for the USDA's Wildlife Services.

"It's such an emergency now, mainly because of the hurricanes, and the beavers are taking advantage of that by building dams and flooding every place," Heitserberg said.

He added that, in the past, beaver fur was considerably valuable and, as a result, the beaver population was under control because it was profitable for trappers. Nowadays, beaver fur is used less in the fashion industry, causing a decrease in trapping. As a result, the number of beavers is skyrocketing.

Heitserberg would not go into details about how the beaver maintenance assistance program helps counties control beaver populations, because an injunction ordered by the Farm Bureau does not allow USDA employees to talk about specific programs such as the beaver control program.

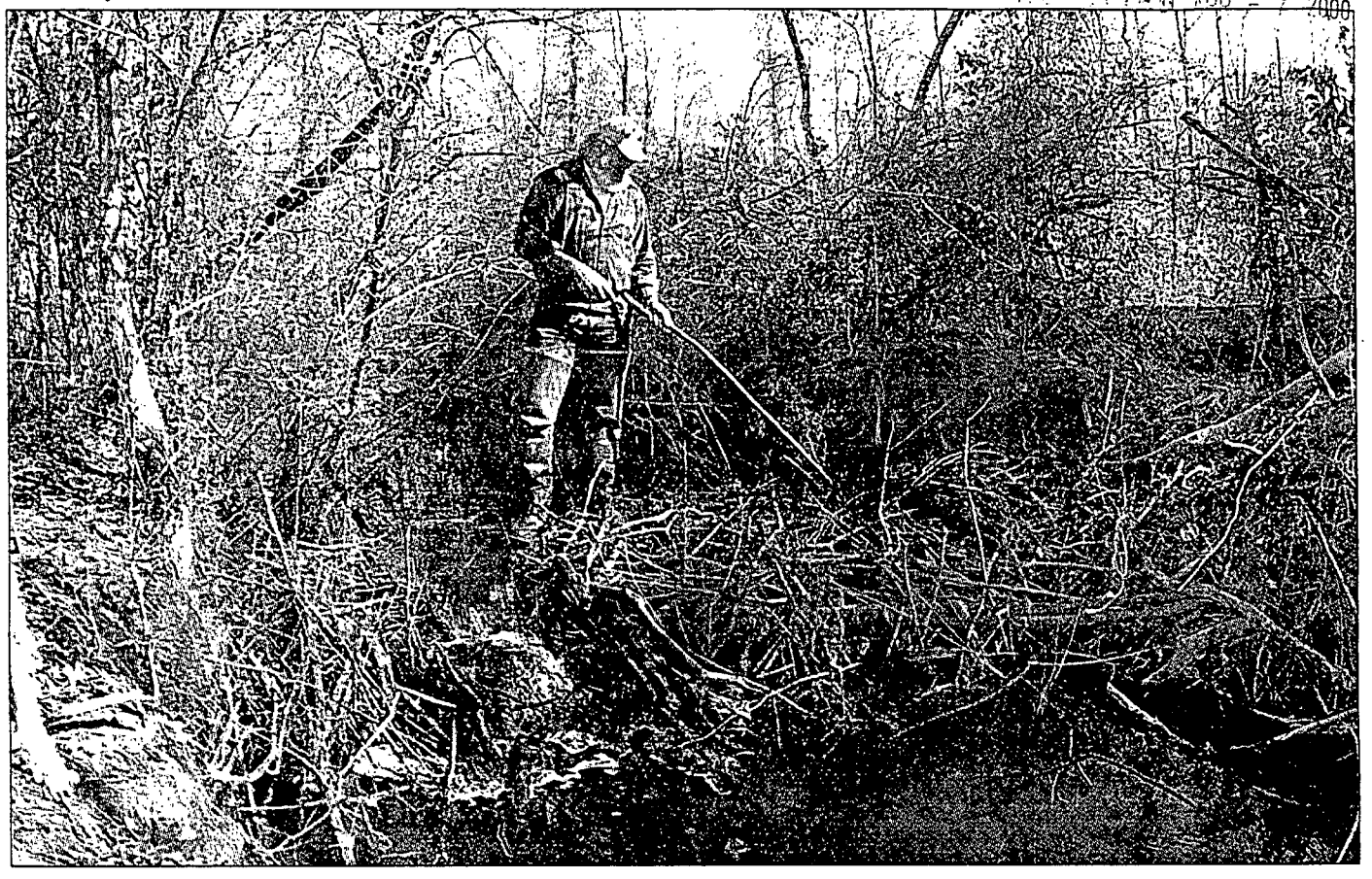
The state's beaver management policy states, "Beaver damage management techniques are used selectively to ensure public safety and minimize detrimental affects on other animals."

Anyone interested in sending a letter to the local legislators regarding the beaver management assistance program can call the county administration office at 347-4717 for addresses. The commissioners meet at 6:30 tonight at the E.W. Summersill Building in Jacksonville.

The Robesonian
March 28, 2000

Beware of buck-toothed rodents

RECEIVED APR - 7 2000



STAFF PHOTO BY STEVE HUMBERT

Charles Gray, a wildlife control officer with the U.S. Department of Agriculture, stands on a beaver dam behind the Walnut Cove subdivision. Gray plans to trap the beavers and then blow up the dams, which have become a nuisance to residents.

Beaver problem to be blown away

DONNIE BYERS
STAFF WRITER

LUMBERTON — Charles Gray walked doggedly through the woods with rubber hip-waders on and a walking stick in hand. His goal was to make it to the water's edge to survey the damage.

When he got there, he strained to touch the bottom of the murky creek bed with his four-foot-walking stick.

"I can't even touch it," Gray said Friday. "That's a pretty steep drop-off."

The high water level is the result of nearby beaver dams in the creek, he said. It seems several of the furry little rodents have swam upstream from the Lumber River in recent months and decided to settle.

City officials said the animals have since erected several dams along Five Mile Branch, Ivey's Branch and Jacob Swamp inside city limits. As a result, nearby residences have been flooded after heavy rains. Local leaders and residents now want the animals and their handiwork gone.



GRAY

Gray, a wildlife control officer with the U.S. Department of Agriculture, was hired to do the job.

He plans to trap the rogue beavers and then blow up the remaining dams, Gray said. The blasting begins 7 a.m. Tuesday.

The city couldn't have picked a better man for the job since Gray, 52, has been trapping wild animals since he was a teen-ager growing up in Rowland.

"That's how I paid for my first bicycle," Gray said with a chuckle. "Rabbit furs went for 25 cents and raccoons for 15 cents. That's how we made our spending money."

Gray said there isn't a demand for beaver pelts, so nobody traps them commercially. That is why beavers have become such a problem in the state.

He already has trapped 17 beavers in a creek bed behind the Walnut Cove subdivision off Fayetteville Road during the past month. He caught another seven in South Lumberton near Alamac Road but believes there are several more.

He uses spring-loaded traps and wire snares to capture the animals either under

Please see **BEAVERS**, Page 8A

BEAVERS

FROM PAGE 1A

water or on dry land near the dams they have built. All of the captured animals eventually are destroyed.

Gray said some animals he captures can be relocated to other parts of the state, but that isn't an option with beavers.

"One man's problem will turn into another man's problem if we let them go again," he said.

Dams

Gray inspected the flooding behind the Walnut Cove subdivision and Carroll Middle School on Friday. Both areas looked like swampy marshes because of all the stagnant water.

One of the dams Gray checked on was 10 feet across and sturdy enough to support his weight as he walked across it. The mound of brush, twigs and mud was slowing the rushing water almost to a standstill on the high side.

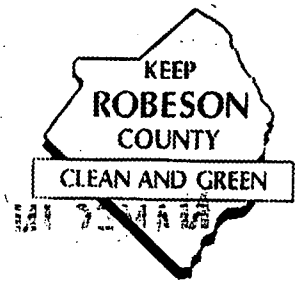
"Beavers hate to walk, so he'll build a dam anywhere there is rushing water," Gray said. "He likes the water level steady so he can live in there and feed in there and raise their young."

Gray must blast apart the dams with explosives because of their toughness. The work includes digging holes in the top of the dams and pouring in a liquid and plastic explosive mixture.

When this is done, the volatile recipe will be primed with detonating cord. The explosive will not be detonated until everyone is at least 250 feet away. Gray said the explosions aren't that loud, but nearby residents can expect some noise.

Residents better get used to the noise because odds are he will have to do the work again someday.

"I'd say my work is good for about a year, before the beavers come back again," Gray said.



The REGION

Compiled from staff and wire service reports

PENDER COUNTY

Wildlife specialist to track down beavers

BURGAW – They're back.

After several months of intensive beaver trapping and destruction of dams along the flood-prone Burgaw Creek watershed earlier this year, the industrious rodents have been spotted again in the watershed.

While the county knew it couldn't completely eradicate the beavers, the speed in which they have bounced back has surprised some county officials.

With beaver complaints also on the rise from the eastern part of the county, Pender County has renewed its contract with the U.S. Department of Agriculture for a dedicated wildlife specialist to help in controlling their numbers.

The $36,000 contract, managed by the USDA, covers the specialist's wages, benefits and supplies.

The county also will continue to participate in the multiagency Beaver Management Assistance Program, which calls for sharing a wildlife specialist with several other neighboring counties.

In a new twist, Pender County landowners will no longer have to pay for specialists working on their land. They previously were charged $6 an hour.

Pender County Commissioner Stephen Holland said the contract for a full-time specialist for the county, which was adopted earlier this year as a stop-gap solution to increased flooding problems, might have to become a permanent county requirement.

"Unless the North Carolina Wildlife Resources Commission can teach beavers not to block streams, I don't see us ever getting out of this business," he said.

Since being reintroduced into North Carolina in 1939, beavers have flourished.

Now in much of the state, as in Pender County, their numbers are reaching pest proportions.

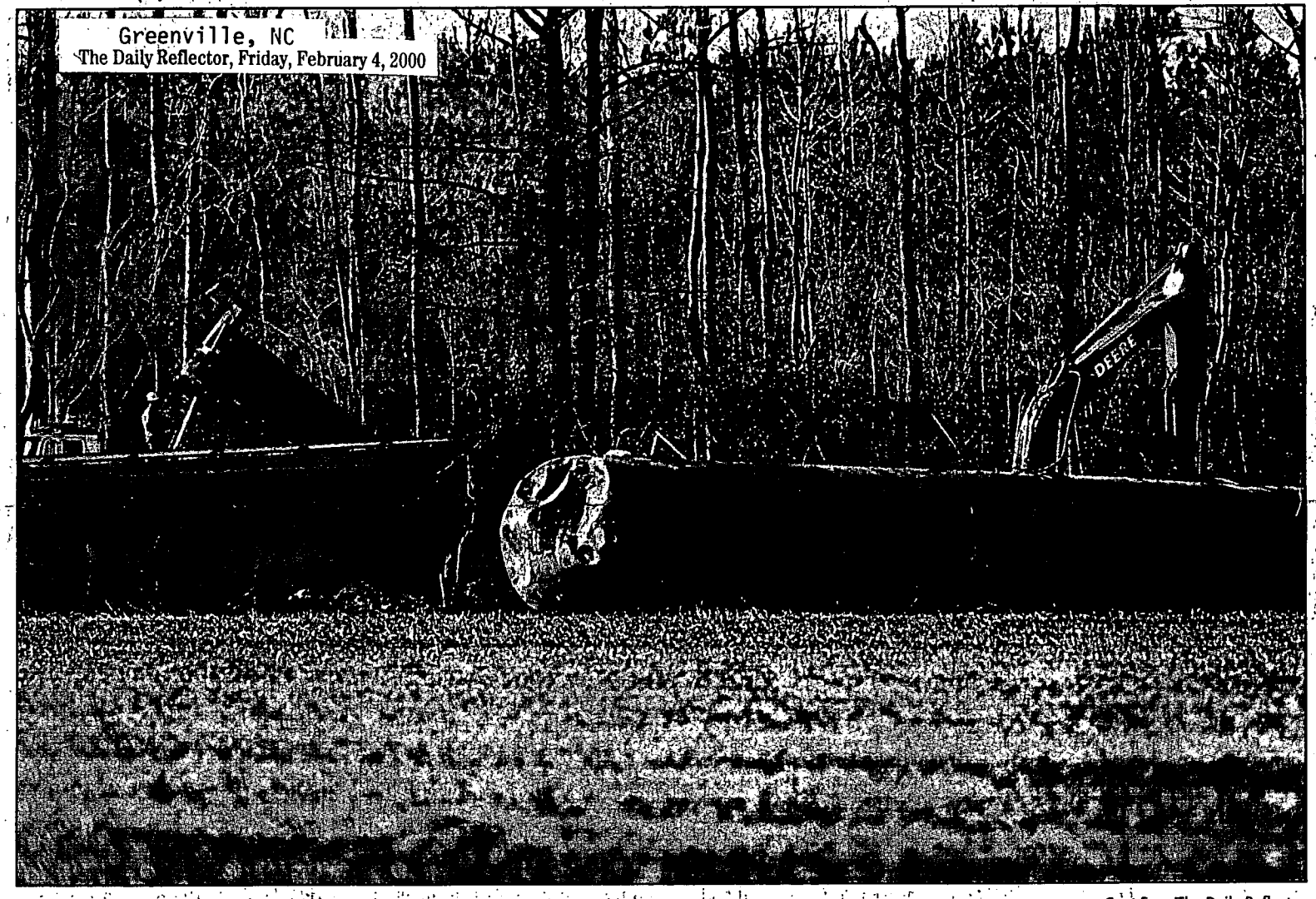
But with no market for their pelts or meat and with almost no natural predators, trapping is about the only way to control their numbers.

Mr. Holland said up until about 15 years ago, there were hardly any beavers in Pender County.

"Now there is no stopping these guys," he said.

Landowners with beaver problems should contact Assistant County Manager Karen Barnhill at 259-1401.

Beavers may have contributed to wreck



Greg Eans/The Daily Reflector

CARS FROM Tuesday's train derailment near Whitehurst Station in Pitt County still lie near the CSX Railroad tracks and Grindle Creek as workers clean up the wreckage. Below, Jan Tracy of Big Oak Road said she wants more information about the fumes she inhaled after the accident.

■ Burrowing under the trestle's approach is one of the causes investigators are looking into, according to the director of public affairs for the Federal Railroad Administration.

By Judy Royal
The Daily Reflector

BETHEL — Beavers burrowing near train tracks are one possible cause of a Tuesday derailment that sparked a chemical fire and contaminated a creek.

Burrowing or tunneling under the approach to a CSX trestle may have contributed to the train wreck, said Pamela Barry, director of public affairs for the Federal Railroad Administration.

But it's just one of the causes investigators are looking at, Barry said. They have reached no conclusions about why 15 cars of the 38-car train jumped the tracks and plunged into Grindle Creek in a swampy area about three miles south of Parmele.

Officials may have more definite clues about the cause by today, she said.

The derailment sparked a fire that burned for 11 hours in two cars carrying terephthalic acid. About 30,000 gallons of ethylene glycol, a component of antifreeze, spilled into the creek from another car.

Crews are working around the clock to clean the site and repair the trestle near where most of the cars wrecked. Investigators have not said if the bridge failed or if the derailment caused the collapse.

On Thursday, crews had cleared all cars from the tracks and replaced panels on almost all of the 580 feet of missing track, said Gary Sease, a spokesman for CSX, which owns the train and tracks.

The railroad hoped to complete the repairs late Thursday and have the tracks operating again by early afternoon today, he said.

Residents and others around Whitehurst Station have speculated since the wreck that beavers are to blame.

See TRAIN, A9

TRAIN

Sease says he's not aware of complaints

Continued from A1

Many think dams built by the animals around the trestle may have weakened the structure, but Barry said she has heard no such reports.

Johnny James, who lives at the corner of Big Oak and Staton Mill roads, said he thinks beaver dams may be one of a series of factors that deteriorated the trestle's structure. He thinks water in several ditches that meet in the area and September's floodwaters also contributed.

He said he saw 10 feet of water "right up underneath the trestle" as recently as two weeks ago when he was hunting in the area.

James, who was among residents of 15 households evacuated for more than a day, said others have complained about animals in that area before the accident.

"This beaver problem has come up in that canal before," he said. "I know in my mind it could have been prevented. It should have been fixed a long time ago."

Irvin James, Johnny James' uncle and a Robersonville resident who owns land adjacent to the site of the train accident, said he told a man riding in a truck on the tracks in early fall about beavers building a dam "up against the trestle."

He said he believed the man was a railroad inspector.

"I just asked him were they going to do anything about that dam against the bridge back there, and he really didn't give me an answer," Irvin James said. "Anybody can see the water backed up against it."

He said the water from the dam had washed out some of the railroad bed. Irvin James said he saw the trestle as recently as two weeks ago.

Tim Wilson, a wildlife specialist with the U.S. Department of Agriculture's beaver management program, said beavers are a big problem for people all over the area.

"They're everywhere," he said. "They're all over Pitt County. Every county in eastern North Carolina is full of them."

Wilson, who responds to complaints, said he has done some work for the owner of a cow pasture near Staton Mill and Big Oak roads, near the scene of train accident. Beaver dams were backing water up into the cow pasture, he said.

The N.C. Department of Transportation also has called on him to help with problems beavers have caused on roadways, Wilson said. He said the dam will "undermine the road and make it start settling in."

Wilson provides traps and other methods to control the beaver population to those who request help, he said.

B.B. Tetterton, chairman of the Grindle Creek drainage district, said lots of farmers have complained among themselves about the beavers, but he does not know of anyone who has contacted CSX.

"We do have a problem with beavers in Grindle Creek, and it's a big problem," he said. "If you tear that beaver dam down today, they'll come out tonight and build it back."

Ed Congleton, a member of the Carolina Township Volunteer Fire Department, said he heard several people say they had contacted the railroad about the beavers when he was working a roadblock after the accident.

Sease said he was not aware of any complaints about beavers around the tracks in that area. In fact, he said he did not know that the Federal Railroad Administration was focusing on the animals as part of the investigation.

The FRA is the primary investigating agency in the accident, while CSX is conducting its own investigation.

Sease said Wednesday that investigators have ruled out speed as a factor after determining that the train was traveling less than the 40 mph speed limit when it derailed.

e Department and Veterans' Affairs look at joining forces to save taxpayers money — see

THE SAMPSON INDEPENDENT

esday, July 5, 2000 Clinton, North Ca

County's beaver problem still exists

Maintenance program is working, wildlife officer says, but there's still quite a beaver population

By **L.E. BROWN, JR.**
Staff Writer

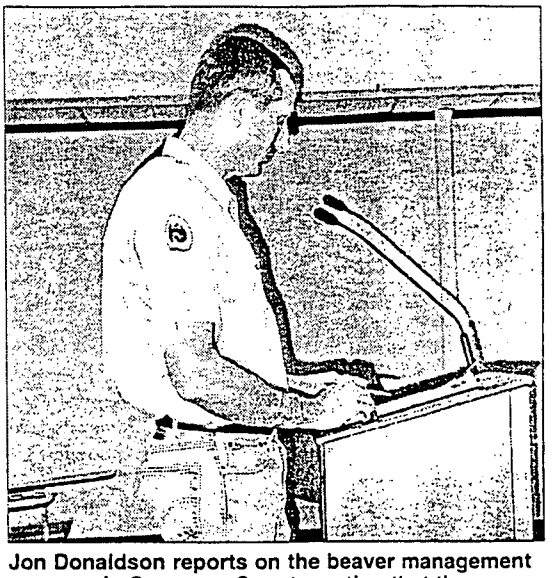
Jon Donaldson, beaver management specialist with the U.S. Department of Agriculture's (USDA) Wildlife Services, told county commissioners Monday that the excess population of beavers still exists, but added, "As far as population is concerned, I would like to think we have it somewhat in check, if that is possible."

Donaldson works under the Beaver Assistance Program, a cooperative venture between the USDA, the state Wildlife Resources Commission and the state Department of Transportation (DOT). He is assigned to both Sampson and Duplin counties.

He emphasized that the beaver management program does not involve killing or trapping all beavers. "We are not here to eradicate the beaver. We're here mainly as a management program," he said.

He reported that, from October 1999 through May 2000, 59 beaver control pro-

See EMS, page A2



Jon Donaldson reports on the beaver management program in Sampson County, noting that the program is not intended to remove all beavers, but to control their population and limit the damage they do.

Continued from page A1

jects have been tackled. They involved 29 on DOT rights of way, 17 on adjacent property to its right of way or next to private property and 10 on private property. Private property, said Donaldson, is defined as an individual landholder, business, local government, or other non-state entity. He added that one project was within Clinton City limits, involving sewer lines, and one involved Roseboro's waste water treatment facility.

Donaldson said during the eight-month period 68 beaver dams were removed, 49 of them manually and 19 by explosives.

He presented a report that projects savings as a result of the projects during the eight-month period.

Projected savings involving sewer lines and landscape are $262,000; timber, $98,000; roads/bridges, $26,000; dams/ditches, $11,000; and crops/pastures, $2,000.

This is a projected total savings of $399,000, and includes a projected savings of $250,000 as a result of the Roseboro project and $10,000 as a result of the Clinton project.

FEBRUARY 22, 2000
THE DAILY NEWS



THE DAILY NEWS/DON BRYAN

opped up: Hurricane debris and other trash along with a growing beaver population have combined to clog the New River and ıer Onslow County waterways.

Onslow commits to cleanup

'ounty will seek federal, state help in waterway clearing effort

ROCHELLE CONVERSE
LY NEWS STAFF

The Onslow County Board of Commis-ıners made a commitment Monday to nfront an ongoing problem — clearing unty waterways and dealing with the :aver population.

Commissioners decided to seek a con-ıct for at least two full-time beaver trap-ers provided through the USDA. They so decided to continue appropriating at ast $100,000 for debris removal in the ıunty budget each year and seek feder- and state help in paying to ease the lemma.

The moves came before a large audi-ıce of county residents seeking help in earing the New River and other water-ays of storm debris and beaver dams. ost said the problem helped create ıoding after Hurricane Floyd in September.

"The people across the county want to know what's going to happen to their streams," said Delma Collins, a Jacksonville police deputy chief who is a Republican candidate for commissioner. "It seems like it has not been addressed significantly at this point.

"I also know the suffering that's going happen when it starts to rain again and we get another Hurricane Floyd. That takes a commitment. A commitment from the commissioners that you're not going to let it happen."

Collins said the issue has been present for some time. And Commissioner Ernie Wright agreed.

The commissioners were given a presentation by Deputy County Manager Jeff Hudson, who gave the history of the beaver population. He said the first step, however, begins by trapping and removing beavers.

"Even the laziest beaver can go out into the streams and build a sizable dam," Hudson said. "The fact is, you must first take care of the beavers before you clear the debris."

After discussion, the commissioners decided to send letters asking for help to all of Onslow County's delegation in the General Assembly and members the U.S. House and Senate. Commissioner Paul Starzynski made the recommendation that the county send letters and contact the governor, lieutenant governor and speaker of the house, along with a request for a visit to Onslow County where they can face those who want action.

"You need to look them in the eye and tell them, 'we're not asking for help, we're demanding it,'" Starzynski said.

Up! Up! and Away!

USDA Wildlife Services Explosive Experts Blow Up Beaver Dams

by Sheila C. Young
Staff Writer

Take a bunch of hungry beavers foraging on fallen limbs and whittling others to build a dam in a conducive well-adapted habitat and you are guaranteed of two things -- beaver population will increase and flooding in low lying areas will occur.

That is what USDA Wildlife Services have been helping Duplin landowners battle since the Duplin County Commissioners approved the cost share program two years ago. The county pays $4,000 a year to be part of the program and landowners as well as NC DOT bear a small amount of the cost for removal of the beaver and an additional $75 for every dam that needs to be removed with the use of explosives.

Hear Any Loud Booms Lately?

Last week explosive experts with the USDA Wildlife Services blew up 10 dams in various locations throughout the county. After the explosion, roadside culverts were free of rising waters and the once-bogged creeks began to flow freely again.

Wildlife Specialist/Explosive Expert Tim Wilson from Greenville came to Duplin to set charges at many of the numerous dam sites.

At one dam in particular, it took eight pounds of ammonium nitrate mixed with nitrate methane to remove the woven wedged sticks and packed mud. (One pound of the charge equals to two and half sticks of dynamite.)

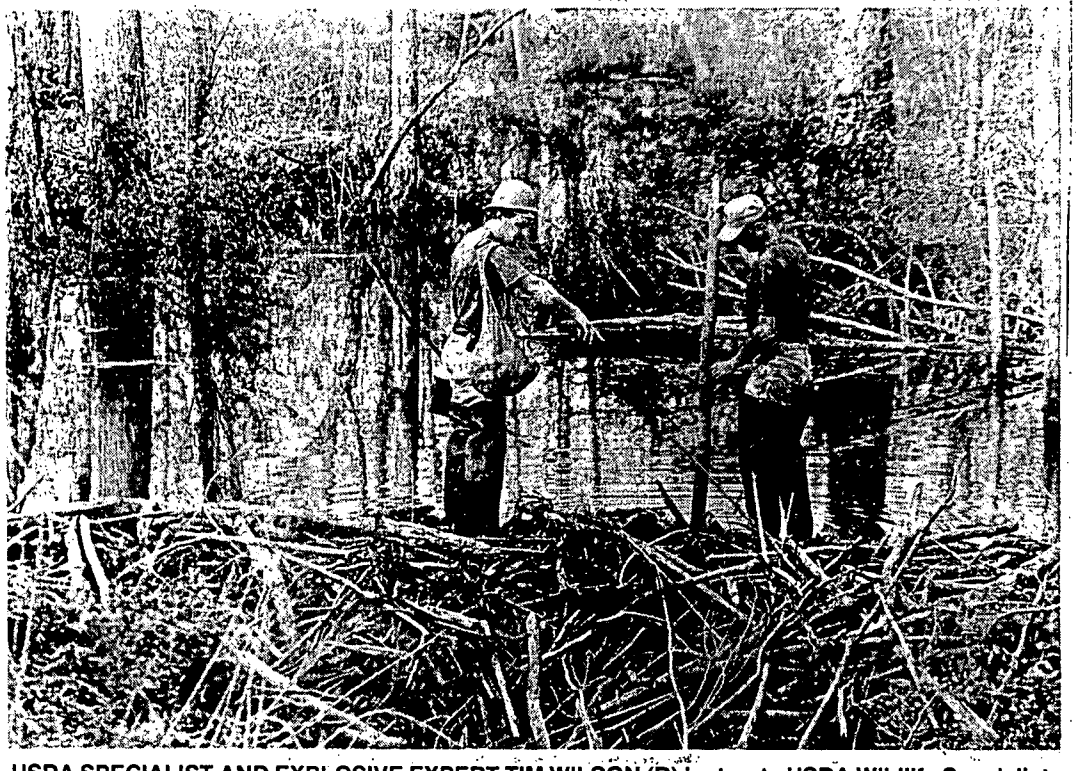
"The explosive is very effective and safer to handle," said Wilson who has successfully been blowing dams for years. "At least 50 or more," he said.

Herman Strickland, another USDA explosives expert and trapper, was also in Duplin blowing dams. There were plenty of sticks flying, along with mud and stagnated water.

USDA Emphasizes Beaver Management

"The program is not about eradicating beaver," emphasized Wildlife Specialist Jon Donaldson of the USDA Wildlife Services. "It is about educating the public and landholders about both the positive and negative consequences of beaver damage management," he pointed out.

As part of this effort, the wildlife specialists give presentations to civic and school organizations, private and professional groups, and governmental agencies on beaver habits, ecology, and damage management.



USDA SPECIALIST AND EXPLOSIVE EXPERT TIM WILSON (R) instructs USDA Wildlife Specialist Jon Donaldson to make a series of holes in the dam so he can place the explosive charges. On this particular site located on Dr. Williams Road, north of Kenansville, seven pounds of explosives were used. This creek had been plagued with beavers and two large dams had been constructed. The beavers were first removed and then the dams destroyed. (Staff photo by Sheila C. Young)

In 1992 the North Carolina legislature created the Beaver Damage Control Advisory Board with the charge to develop, implement, and oversee a program to manage beaver damage on public and private lands. The nine-member advisory board, composed of representatives from state and federal agencies and the private sector, established the Beaver Management Assistance Program (BMAP). A major emphasis has always been in educating the public and talking with participating landholders about the best strategies for managing beaver damage including the pros and cons of removing beaver from the property.

"Just because the landowner thinks there is a beaver problem, we don't always agree," added Donaldson.

When beaver damage is intolerable, wildlife specialists remove the offending animals and their dams using humane and environmental acceptable methods.

The program is run by USDA Wildlife Services through a cooperative agreement with the North Carolina Wildlife Resources Commission. Funding comes from state, county, federal and private sources.

In Duplin, if a citizen is interested in having beavers removed from his property all he needs to do is contact the Duplin Cooperative Extension office.

Trapping Results

The ideal season to trap beaver is in the winter months, but Donaldson says he works the traps all year to provide a check and balance. In the summer months, the beavers are less active and are more difficult to trap, he says.

"The beaver problem is tremendous in Duplin," said Donaldson to the Duplin County Board of Commissioners in their April 17 meeting.

From October 1999 to March 2000 there have been 34 projects completed by USDA Wildlife Services. Eleven of those have been with NC DOT and 23 with private landowners. There are currently 14 jobs in progress. Donaldson said apologetically to the board that there are 11 on backlog.

"Resources have been saved since the inception of this program in Duplin," said Donaldson.

"Over $160,000 has been saved altogether -- $78,000 in timber, $10,000 in crops/pasture, $15,000 in roads/bridges, $7,000 in dams/ditches and $50,000 at water treatment plants.

"The beaver can become a nuisance if not controlled," said Donaldson who told the Commissioners that adding another trapper to the project would be beneficial.

Dale Dixon, a Wallace resident who has already been trapping beaver in Onslow County and some in Duplin, expressed an interest in trapping in Duplin should funds become available.

Dixon has been working with Herman Strickland, supervisor of BMAP in southeastern part of North Carolina which covers 13 counties.

"I have said it before and I say it once again, the beaver problem is like fighting fire ants," said Strickland, "You'll never be rid of them, but they can be brought under control."

County Commissioner D. J. Fussell asked Dixon if they could find the money, would he be interested working in Duplin. "Why certainly, sir," said Dixon, quickly adding that Duplin was his home and he would very much like to work in the county in which he lives.

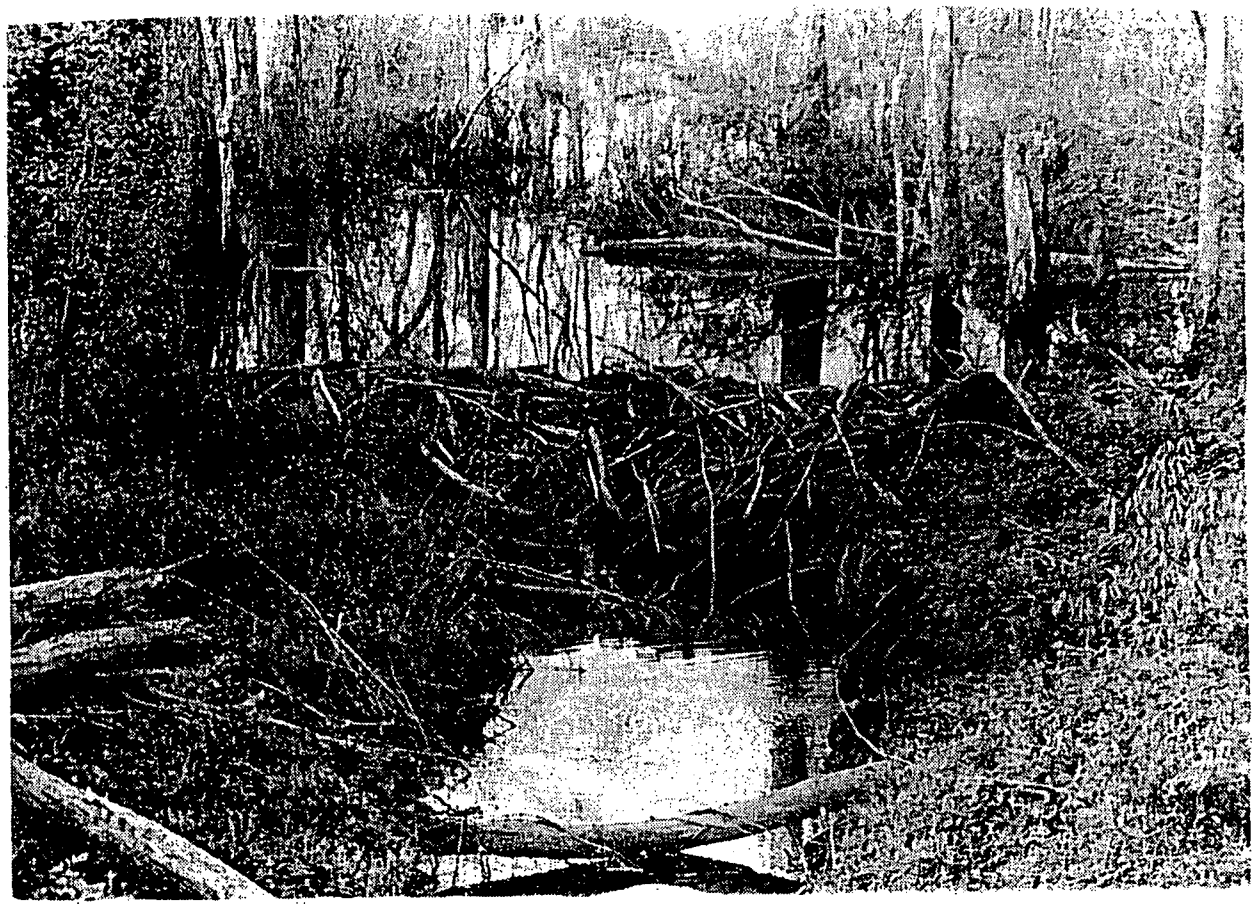
Strickland said there are sub contracting initiatives that could help the county save money should they wish to hire an additional trapper.

"I'm all for it," said Commissioner Arliss Albertson. "Beaver complaints have been running me crazy. I have seen first hand the problem Duplin is having with beavers."

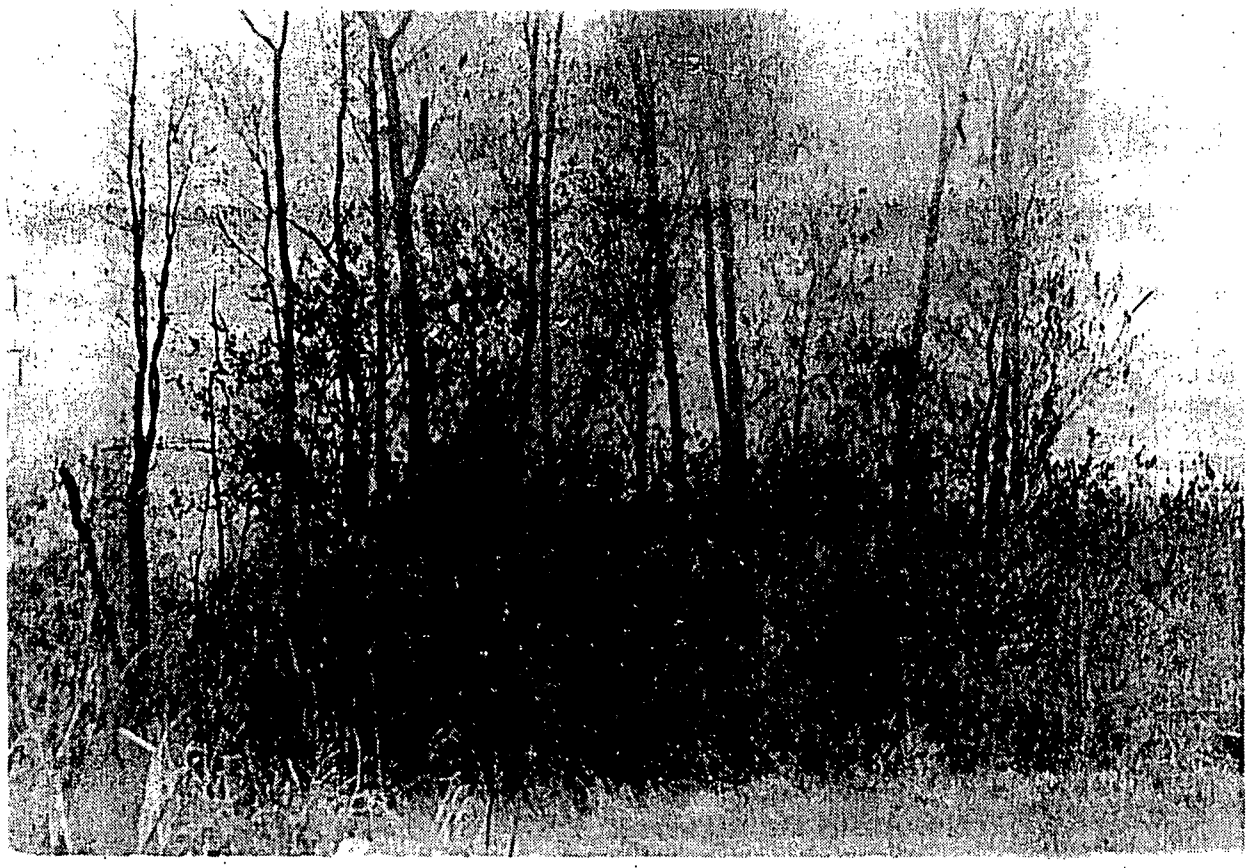
"We certainly do not advocate that all be removed, but a reduction sure would be nice," said Commissioner H.C. Powers. "Let us see if we can get this thing back in control."

Donaldson, who works Duplin and Sampson counties, said that beaver removal [at the present] is relatively a one-man operation and "assistance from others is much needed and most appreciated."

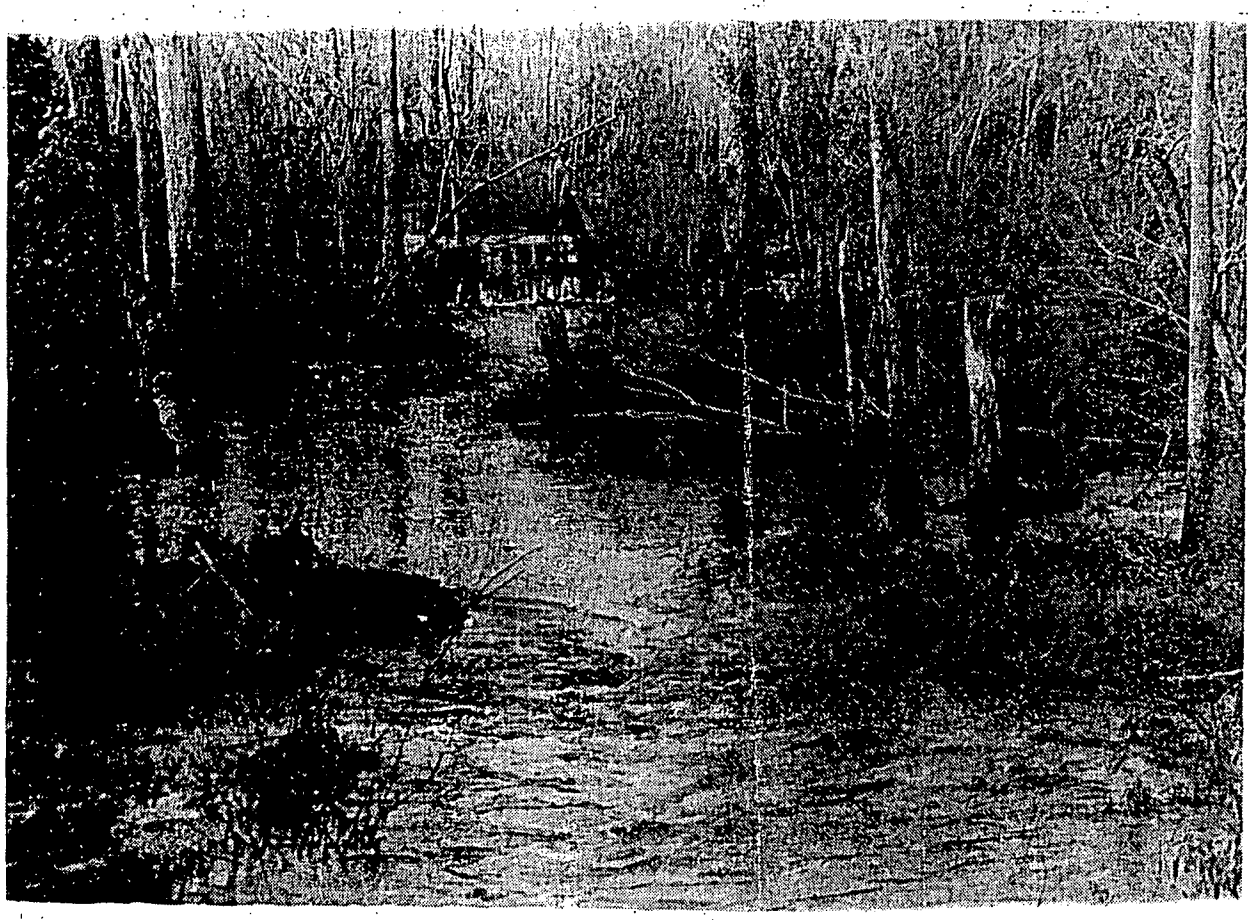
The Board made no motions in regards to hiring additonal trappers. They did defer the matter to County Manager Jim Barnhardt who will be looking to see in what financial capacity the county could participate.



DAMS CAN SURE BACK UP WATER and flood timberland, destroy crops, flood roads, and backlog water treatment plants. The USDA Wildlife Service has completed 34 projects in Duplin to eliminate dams created by beavers. Eleven were for NC DOT and twenty-three for private landowners. (Staff photo by Sheila C. Young)



THERE SHE BLOWS! Explosives are a powerful tool to dislodge beaver dams. This dam was being blown on Merritt Road, west of Rose Hill. It doesn't take much water to flood the flat landscape which is a hinderance to farmers trying to raise a crop. (Staff photo by Sheila C. Young)



THIS IS HOW EFFECTIVE AMMONIUM NITRATE AND NITRATE METHANE, an explosive compound, is when used to blow out dams built by pesky beavers. This particular dam had flooded hundreds of acres, causing the landowner to lose valuable timber. (Staff photo by Sheila C. Young)

The Chatham Record

Published at Pittsboro, North Carolina 27312

Thursday, August 7, 1997

Tests show beaver that attacked Jordan Lake swimmer was rabid

By Randall Rigsbee

Tests have confirmed a beaver who attacked a teen-age swimmer at Jordan Lake last week was rabid.

The Friday afternoon attack — the second incident this summer involving an infected beaver at Jordan Lake and only the second reported incident of a rabid beaver in state history — prompted park officials to close the much-used Ebenezer Church swimming area off Secondary Road 1001 indefinitely.

Andrew Hall, 15, of Sanford was injured in the attack, which occurred shortly after 1 p.m. Hall was swimming with several others and didn't see the beaver approaching in the water.

The beaver bit the youth's arm, officials said. He suffered several bites and began receiving the six-shot rabies vaccination at Western Wake Medical Center in Cary shortly after the attack. The bites required stitches.

While the Ebenezer site is now closed to swimmers and boaters, sites at Parker's Creek and Seaforth remain open. Still, park officials are doing their best to warn visitors of the potential dangers posed by animals carrying the virus, said park administrator Michael Seigh.

Seigh said he will take his time in determining when to re-open the Ebenezer location.

"I don't want to be too hasty," Seigh said earlier this week. "I want to do everything I can do to prevent what happened to that young man happening to anyone else. He went through an awful lot. It will be closed until we determine we think it's safe."

Following the aquatic attack, park rangers trailed the suspect beaver to a cove, where a ranger shot and killed the animal. Chatham County animal control officer Michael Yarborough retrieved the carcass and transported it to a lab in Raleigh for testing.

That test revealed Saturday afternoon that the animal was rabid, said county animal control supervisor Randee Linke.

Chatham County is leading the state in the number of reported rabies cases. Since Jan. 1, there have been 104 rabies cases confirmed in the county.

With the Friday incident, the second within a span of several weeks involving a rabid beaver at the lake, Seigh said visitors to Jordan Lake are receiving a crash course in the dangers of rabies.

"We've got fliers out," he said. "They mention things like not to touch any dead or sick animals. And all pets in the park are to be on a leash."

Meanwhile, lake officials have also this week enlisted the aid of the U.S. Department of Agriculture in assessing and handling the rabies problem in the lake's environs.

"One of their employees who deals with nuisance animals will be looking at existing beaver lodges and will help us come up with a plan of action," Seigh said.

That plan may include trapping some animals, he said.

In June, the first rabid beaver in state history attacked two boaters at Jordan Lake, trying to enter their craft. The boaters, both of whom received treatment for exposure to the deadly virus, managed to kill the animal after the attack.

Serving Eastern and Northern Chatham County Since 1878

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Vol. 120 • No. 33 USPS 101-220

Beavers hampering drainage in Princeville, an official says

The Associated Press

PRINCEVILLE — First there was the hurricane, then came the flood, and now the beavers are here.

Up to 50 of the furry rodents have taken up residence along streams in the heart of Princeville. The animals gnaw down trees with their chisel-like teeth and build canals and dams to form ponds.

That is believed to be one big reason water has been slow to drain from the land in the flooded town, said A.B. Whitley, district conservationist with the U.S. Department of Agriculture.

The beavers and the town's lingering drainage problems from Hurricane Floyd — whose floodwaters forced Princeville's temporary abandonment — were discussed Monday night at the town Board of Commissioners meeting. The commissioners voted unanimously to accept a county-funded drainage assistance program.

Although the USDA and other state conservation officials can barely keep up with the beavers, they have managed to dispose of a dozen of them and blow up four of their dams.

But Whitley said a new batch of young beavers likely will paddle downstream by spring and rebuild the ruptured dams.

Debris from Floyd has contributed to the problem of the clogged ditches as well, officials said.

To address the drainage problem, Whitley and other conservation officials have removed storm debris from four town drains and will focus on flood control inside the town's two-mile Tar River dike.

The work will prevent intermittent flooding two or three times a year, focusing on removing water from the dike and diverting it back into the river.

"It will protect the town from normal types of rainfall, but not anything like Floyd," said Whitley.

The USDA office also will repair old drainage systems that are overgrown with vegetation or covered by homes. As a result, rainwater empties into yards with no drainage outlet.

Finally, Whitley said several state and county agencies must educate the community about the benefits of a properly functioning drainage system.

The USDA's debris and beaver removal will be fruitless if the drainage outlets aren't properly maintained, he added.

BLADEN FAYETTEVILLE OBSERVER-TIMES
TUESDAY, SEPTEMBER 21, 1999

Beaver program shows its teeth

By Jefferson Weaver
Correspondent

ELIZABETHTOWN — Bladen County's 1998-99 investment in a beaver control program saved residents over $310,000 as of Aug. 31, according to wildlife specialist Gerald "Butch" Adams.

The program cost $4,000 in tax money, he said.

Adams presented a report on the program to county commissioners Monday. Adams serves parts of Bladen, Columbus and Robeson counties.

When the Beaver Management Assistance Program was established in 1992, about 15 counties participated. Now, 39 counties take part, Adams said. Fifteen specialists are employed in trapping and relocating beavers statewide.

Landowners or government agencies such as the Department of Transportation must request assistance from the beaver management program before specialists can begin removing the animals. The trapper then meets with the person requesting the removal to discuss the best ways to control the animals, either though relocation, destruction of dams or trapping.

Adams said program specialists removed 216 beavers and destroyed 95 dams during the past year in Bladen County. Savings from the program included $229,538 in timber, $23,580 in pasture and crop lands, $48,700 in road and bridge repairs, and $9,100 in personal property, he said.

Attachment G

Clean Water Management Trust Fund

- **Created** - 1996

- **Purpose** - To preserve, protect and improve the state's surface waters and to establish riparian buffers and greenways for environmental, educational and recreational benefits.

- **Source of Funding** - $40 million direct appropriation effective July 1, 2001; $70 million direct appropriation effective July 2002; $100 million direct appropriation effective in July 2003 [Section 7.7, S.L. 2000-67]. Prior to July 1,2001, the CWMTF received 6.5% of the year-end General Fund credit balance [G.S. 143-15.3B] and investment earnings [G.S. 113-145.3(b)]; the minimum earmarking was set at $30 million [G.S. 143-15.3B].

- **Statutory Authority** - G.S. 113-145.1 through G.S. 113-145.8

- **Governance** - Eighteen member Board of Trustees appointed by the Governor and the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives; Advisory Council [G.S. 113-145.8]

- **Allocation of Funds** - Funds may be used to:
  1) acquire conservation easements and land for riparian buffers
  2) repair failing wastewater treatment systems, septic tank systems and eliminate illegal drainage connections
  3) coordinate with other public programs with similar purpose
  4) restore previously degraded lands
  5) improve stormwater control and management practices
  6) facilitate pollution reduction planning efforts

- **Eligibility** - Any of the following are eligible to receive grants from the trust fund:
  1) State agency;
  2) Local government unit or other political subdivision of the state;
  3) Nonprofit corporation whose primary purpose is the conservation, preservation, and restoration of the State's environment and natural resources.

- **Administrative Costs** - May use up to 2% of the trust fund balance as of July 1, not to exceed $850,000 annually for administrative and operating costs.

- **Reporting Requirement** - Annually by November 1st and quarterly to Gov Ops, ERC, NER and FRD

Department of Environment and Natural Resources

Clean Water Management Trust Fund

Summary of Receipts and Operating Expenses	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	Current FY 2000-01 Dec 2000* YTD	Governor's 2001-2003 Recom'd Con't Budget
Earmarking from Year-end GF Credit Balance	$37,900,000	$49,354,893	$47,397,819	$30,000,000	$30,000,000	$30,000,000
Interest Earnings	$431,482	$7,127,746	$7,383,747	$8,255,033	$4,555,460	
Other/Petty Cash		$500	$500	$500	$1,128	
Total Available	$38,331,482	$56,483,139	$54,782,066	$38,255,533	$34,556,588	$30,000,000
Administrative Expenses	$51,101	$519,524	$675,116	$661,896	$320,213	
Grant Funds Expended	$0	$11,274,480	$19,625,214	$19,572,298	$27,355,739	
Total Expended	$51,101	$11,794,004	$20,300,330	$20,234,195	$27,675,953	
Cash Balance	$38,280,381	$82,969,515	$117,451,251	$135,472,589	$142,353,225	
Grants Funds Encumbered	(20,132)	(11,805,528)	(61,178,652)	(116,743,260)	(120,019,952)	
Unencumbered Funds	$38,260,248	$71,163,987	$56,272,599	$18,729,330	$22,333,273	
Positions	5.00	8.00	9.25	9.25	9.25	

Reflects year to date actual interest earnings for the 2000-01 fiscal year.

CLEAN WATER MANAGEMENT TRUST FUND

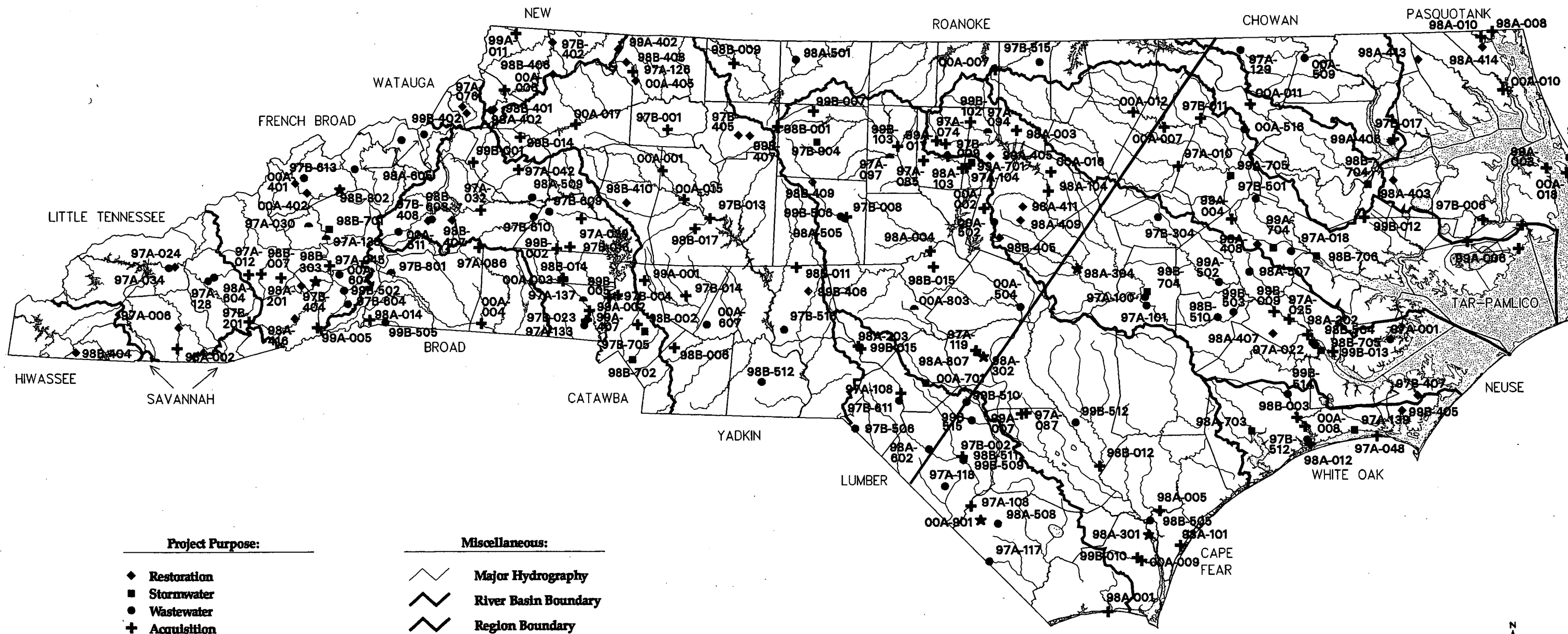
Item for Potential Committee Discussion

Since its creation in 1996, the Clean Water Management Trust Fund (CWMTF) has received over $222 million in General Fund money to clean up pollution in the State's surface waters and to protect and conserve those waters that are not yet polluted. Given the State's significant investment in the CWMTF, the Committee may wish to have the Executive Director discuss the following:

1. What impact the CWMTF's grants have had on cleaning up pollution in the State's surface waters?
2. What impact the CWMTF's grants have had on protecting and conserving waters not yet polluted? and,
3. How the CWMTF knows that its grants are improving the State's surface waters?

Clean Water Management Trust Fund Projects

(Approved as of January 2001)



Project Purpose:

- Restoration
- Stormwater
- Wastewater
- Acquisition
- Planning
- Coordinate Public Programs

Miscellaneous:

- Major Hydrography
- River Basin Boundary
- Region Boundary
- County Boundary

SCALE 1:2,000,000

0 50 100 MILES

Map Prepared January 2001 by the N.C. Center for Geographic Information & Analysis * 301 N. Wilmington St. * Raleigh, N.C. 27601 * (919)733-2090

VISITOR REGISTRATION SHEET

NER — 4/5/01

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Robin Pasquarello	Commerce
Don Hobart	"
Angie McMillan	The Nature Conservancy, NC Chapter
Carolyn Simmons	The Partnership for the Sounds
Dan Holman	CWMTF
Bill Showers	NCSU
L. Rogers	DENR
Bill Kreutzberger	CH2M Hill
J.W. Reel	CWMTF
Cathey Cottle	DENR
Jane Smith	DENR
Beth Bagwell	[illegible] Associates
Todd Menke	USDA - Wildlife Services
Jon Heidenberg	" " "
Mike Waters	NCEPS
Preston Howard	MCIC
Nancy Hummer	MCIC
Paula Brown	WRRI
Buddy Dumont	OSBPM
Jim Mowell	OSBPM
Johnny Gray	OSBPM

VISITOR REGISTRATION SHEET

Name of Committee | Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Henry M Lancaster	LCA
David Herlows	OSBPM
Mark Fleming	NC State University

Box Contents

2001-02 Standing Committee Minutes (Item 25894)

Box 5

1. 2001 Joint Appropriations – Natural & Economic Resources (begin April 10, 2001)
2. 2002 Joint Appropriations – Natural & Economic Resources
3. 2001 Joint Appropriations – Transportation
4. 2002 Joint Appropriations – Transportation
5. 2001 Senate Agriculture/Environment/Nat. Resources
6. 2002 Senate Agriculture/Environment/Nat. Resources

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 10, 2001
Representatives Stan Fox and Bill Owens, Presiding

Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **Office of Environmental Education**
   Jennifer Willis, Fiscal Research
   Anne Taylor, Director

3. **North Carolina Zoological Park**
   Jennifer Willis, Fiscal Research
   Dr. David Jones, Director

4. **Division of Parks and Recreation**
   Jennifer Willis, Fiscal Research
   Dr. Phil McKnelly, Division Director

5. **Committee Discussion**

6. **Adjourn**

Minutes
Joint Appropriations Subcommittee on
Natural and Economic Resources
April 10, 2001 – 8:30 AM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, April 10, 2001 at 8:30 AM in Room 423 in the Legislative Office Building. The following members were present: Chairs Stan Fox and Bill Owens, Vice-Chair Edith Warren, Representatives Culp, Hunter, Mitchell, Underhill, Walker, Weatherly, and West.

Chair Stan Fox called the meeting to order and called upon Jennifer Willis, Fiscal Research, to give an overview of the Office of Environmental Education.

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

OFFICE OF ENVIRONMENTAL EDUCATION

Ms. Willis reviewed the Office of Environmental Education (ATTACHMENT I E-97). The Office of Environmental Education serves a coordinating role among schools, colleges, state and federal agencies, citizens groups and business/industrial community in promoting environmental education and natural resource stewardship. It promotes education and awareness of North Carolina's environment to students and adults in each of the state's river basins, serves as a clearinghouse for environmental education resources, and administers the Project Tomorrow grant program.

Ms. Anne Taylor, Director of the Office of Environmental Education, was recognized, and she stated the mandates of the office are set forth in the Environmental Education Act. There are 10 full time employees and a public management fellow from Meredith College. Ms. Taylor reviewed the office's handout (ATTACHMENT II). Standards have been established for the environmental educator profession. There are over 1,200 certified environmental educators enrolled and 230 have completed the 200 hours of training. Eighty-seven counties are covered. Students are experiencing outdoors learning programs. International Paper has funded an environmental education kit that goes out to fifth grade students, and over 700,000 students have been reached. Adults, the hardest group to reach, are learning their ecological address and the consequences of their environmental actions through knowing the river basin, our partnership with DOT, river basin signs and maps. Representative Owens asked if there are vacancies in the office, and Ms. Taylor said one position is frozen.

NORTH CAROLINA ZOOLOGICAL PARK

Ms. Willis was called upon to give an overview of the North Carolina Zoological Park (ATTACHMENT III E-100). The purpose of the North Carolina Zoo is to develop, maintain and operate a major habitat zoological park that provides a meaningful and accessible recreational and educational outlet for citizens and tourists. It is located in

Asheboro and provides unique educational opportunities for the state school system and the general public and makes research concerning plant and animal life available to the scientific community.

Dr. David Jones, Zoo Director, was recognized and he reviewed (ATTACHMENT IV). The Zoo is a splendid facility and much of the credit is due to the Legislature and its predecessors. The Zoo hosts and entertains about one-tenth of the state's population every year, varying between 600,000-800,000 people every year depending on the new openings. The Zoo Council has agreed to increase admission fees for adults from $8 to $10 and for children from $5 to $6 as of July 1, 2001. Depending upon attendance the revenue increase would be between $600,000 and $900,000. The Council would like to propose to the Legislature that the Zoo retain half of the sum for additional marketing and special events. Representative Mitchell noted that the Zoo gets roughly 70% of its budget from the state and how does this compare with other zoos in the country. Dr. Jones stated it varies from National Zoo in Washington which is completely free and gets all its funding through the Smithsonian to most zoos which get 40-50%. We are more expensive than most zoos because we are rural, there are greater distances to travel and we do not have millions in population from which to draw. Representative Mitchell asked if we have looked into naming rights, and Dr. Jones said the new African Entrance Plaza opening soon received $1 M from Wachovia, and BB&T gave the new Chimp Exhibit $750,000. Representatives Culp and Warren commended Dr. Jones for the educational components at the Zoo and for the wonderful resource it is for school children. Representative Owens asked if there is a foundation to help generate revenue. The Zoo raised $3 M in private money this year. There are 1,200 life members in the Zoo Society, which is the support group. There is about $5 M in the Endowment Club. The Lion's Pride Club is for people who plan to leave the Zoo money. Dr. Jones' ambition before he retires is to get the endowment fund up to $100 M. The Society Board has asked that all legacy money go into endowment, and only 5 % will be released per year. Representative Hunter asked what is being done to draw children outside the 100-mile radius to the Zoo. Dr. Jones said about 10% attendance comes from outside the 100 miles radius. Wilmington and Asheville send 2% and the coastal counties send less. The Zoo could outreach to these areas if it had sufficient staff. The website is wonderful, but it does not take the place of being at the Zoo. Representative Culp again commended Dr. Jones and the wonderful resources the Zoo. The Chair asked if any members had a question about the gate increase, and no one did.

DIVISION OF PARKS AND RECREATION

Ms. Willis gave an overview of the Division of Parks and Recreation. The Division is responsible for identifying and protecting high quality examples of the state's natural resources and for promoting the outdoor recreational opportunities throughout the state (ATTACHMENT V E-105). The Division manages 61 statewide units in the State Parks System, 34 of which are operated by permanent staff. It provides regional and local parks and recreation providers with training, technical assistance and support for planning and design. It inventories, catalogues, and facilitates protection of rare and outstanding elements of the natural diversity of the state through the Natural Heritage

Program. Also, the Division provides staff support to the administering boards of the Natural Heritage Trust Fund and the Parks and Recreation Trust Fund.

Dr. Phil McKnelly, Division Director, Division of Parks and Recreation, was recognized, and he shared (ATTACHMENT VI). He stated last year State Parks had over 14,000,000 visits and over 250,000 people took part in formal environmental education and outdoor education programs. We have not increased our fees. Typically we take a poll about every four years of surrounding states and the federal agencies and include private camp grounds trying to make sure that we are equitable but not under cutting private entities. Grants to local governments found in the Park and Recreation Trust Fund usually are not awarded until May so quite often the contracts are not signed until the next fiscal year. This is a request of the local governments. There were no questions from subcommittee members.

Ms. Willis shared a brief summary of DENR (ATTACHMENT VII), prepared by Mr. Dempsey Benton, DENR Deputy Secretary, at the request of Senator Weinstein.

The meeting adjourned at 9:30 AM.

Stan Fox
Representative Stan Fox, Chair

Mary Capps
Mary Capps, Committee Assistant

Representative Bill Owens, Chair

Department of Environment and Natural Resources

Office of Environmental Education

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	608,479	811,683	887,273	711,939	929,910	733,473
Less Receipts	(62,150)	(15,017)	(80,133)	(11,000)	(94,000)	(93,999)
State Appropriations	*546,328*	*796,666*	*807,140*	*700,939*	*835,910*	*639,474*
Positions	10	10	10	11	11	11

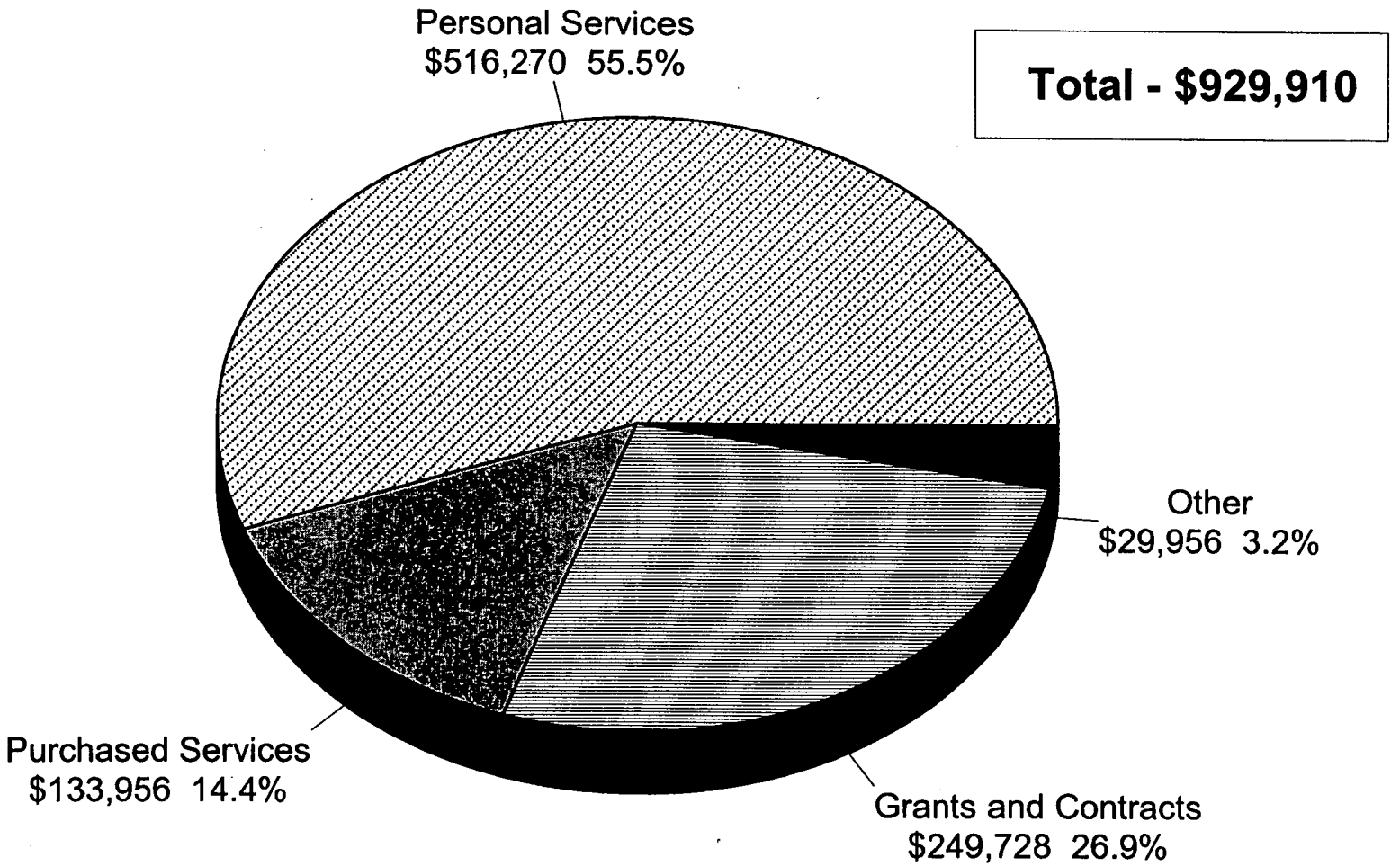
The Office of Environmental Education serves a coordinating role among schools, colleges, state and federal agencies, citizens groups, and the business/industrial community in promoting environmental education and natural resource stewardship.

PROGRAMS AND ACTIVITIES

- Promotes education and awareness of North Carolina's environment to students and adults in each of the state's river basins.
- Serves as a clearinghouse for environmental education resources.
  - Produces the Teachers' Guide to Environmental Education and Citizens' Guide to Environmental Education Centers to inform the public about environmental education resources in their area of the state.
- Administers the Project Tomorrow grant program.

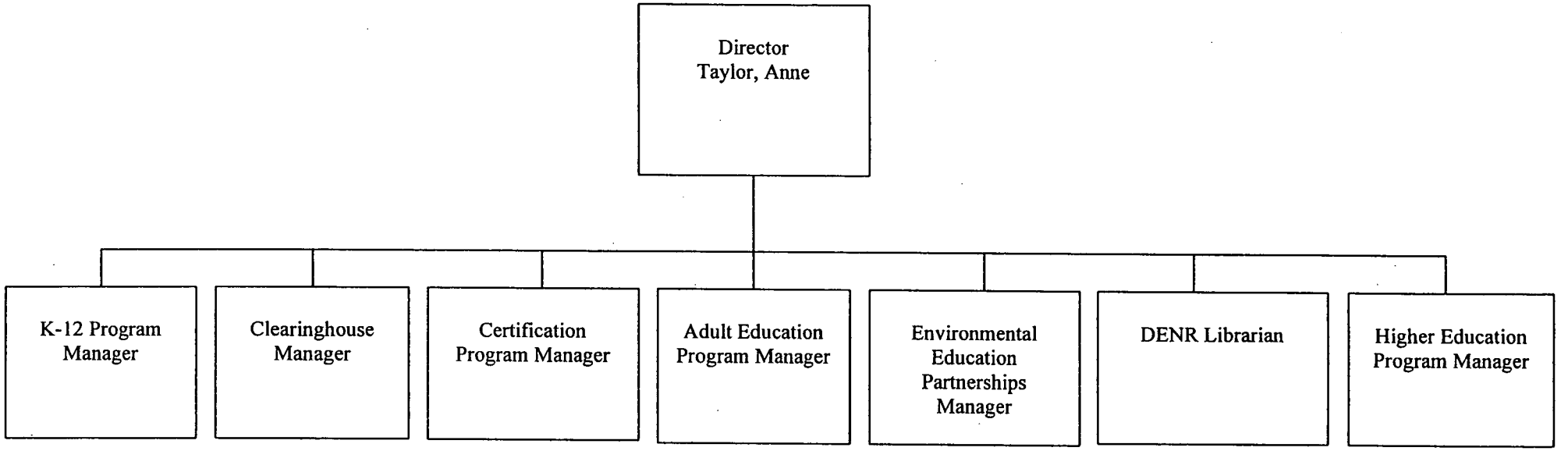
Office of Environmental Education

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

Office of Environmental Education



North Carolina Department of Environment and Natural Resources
Office of Environmental Education

Director Anne Taylor
1609 Mail Service Center, Raleigh, NC 27699-1609

Phone: 919-733-0711
Fax: 919-733-1616

Overview

The Office of Environmental Education serves a coordinating role among schools, colleges, state and federal agencies, citizen groups, and the business/industrial community in promoting environmental education and natural resource stewardship. As a guardian of the North Carolina Environmental Education Plan, the Office looks to that plan's fourteen objectives to guide its efforts. The following items describe the services of the Office:

The North Carolina Environmental Education Plan (1300 citizens participated in development process)

- Developed in response to the Environmental Education Act of 1993, each objective of the Plan was formulated from the ideas and experiences of educators, citizens, and representatives of business, industry, and government agencies.
- Implementation of the 14 objectives is ongoing, including the following items.

North Carolina Environmental Education Clearinghouse (1600 website visits per month)

- The Clearinghouse provides access in an interactive electronic format on the World Wide Web via the NC Environmental Education Clearinghouse website at <http://www.ee.enr.state.nc.us>, to assist the public in finding available environmental education resources
- Responds to messages and questions, provides EE resources, and provides the curriculum correlation guide for the use in K-12 environmental education.
- Provides the NC Environmental Education electronic mail list with updates and environmental education discussions over the Internet.
- Provides monthly environmental education News Tips to 613 newsletter editors for use in organization newsletters or bulletins.

The Environmental Education Advisory Council (EEAC) (1,706 cumulative attendees since 1993)

- The EEAC meets every two months at different environmental education centers around the state and promotes environmental education partnerships, networking and collaboration among education, business, government and nonprofit representatives.
- Meetings are open to anyone interested in environmental education.

The NC Department of Environment and Natural Resources Library

- Provides a model environmental education collection (857 cataloged items)
- Provides access to a reviewed bibliography and listing of environmental education materials via the library's website at <http://www.ee.enr.state.nc.us/library> with links to environmental education resources (600 website visits per month)
- Provides materials from the collection to employees and the public through interlibrary loan. Also receives requests for materials from citizens in other states, including Maine, Florida and Alaska.
- Conducts environmental education professional development to provide government employees with environmental education skills to better engage their audiences in their professional presentations. (164 people attended workshops this fiscal year)

Environmental Education Certification Program (1120 enrolled; 289 achieved certification)

- Recognizes educators who complete 200 hours of requirements in environmental education skill areas.
- Certification requires completion of environmental education workshops, outdoor environmental education experiences, demonstration of teaching skills, and a community project.
- Establishes eligibility criteria and quality standards for teacher training workshop sponsors.

Environmental Education Model Library Grants (392 grants awarded in 84 counties)

- Available to NC K-12 schools, public libraries, and Environmental Education Centers, the Project Tomorrow Model Environmental Education Library program provides financial support to build science-based environmental education collections.
- Assists in developing and enhancing model environmental education library collections, field trips to environmental education centers, and materials for hands-on learning activities that promote problem solving and critical thinking.
- The Environmental Education Bibliography is available in print and via the Office web site.

Adult Education Program: Discover Your Ecological Address

- A 5-year adult curriculum designed to help citizens understand the environmental consequences of their actions.
- A curriculum that describes several components of our ecological address, including river basins, topography, wetlands, groundwater, biodiversity, soil, air, and climate. (distributed 21,250 copies of brochure describing the program and 14,000 river basin posters upon request)
- Collaborates with DOT to place River Basin identification signs in each of NC's 17 River Basins.

Teacher's Guide to Environmental Education Programs and Resources (55,000 copies distributed on request)

- K-12 programs and resources of the North Carolina Zoo, Aquariums, Museum of Natural Sciences, Parks and Recreation, Forest Resources, Land Resources, Wildlife Resources, Soil and Water Conservation, Air Quality, Water Quality, Coastal Management, Environmental Health, Pollution Prevention and Environmental Assistance, and Environmental Education are catalogued for easy reference.
- The guide is organized into four main categories: Environmental Education Programs and Activities That Come To You, Environmental Education Field Trips and Site Visits, Educational Opportunities For Teachers, and Environmental Education Support Materials. It is also available via the Office web site.

Guide to Environmental Education Centers in North Carolina (61,000 copies distributed on request)

- The Guide provides program information, site features, directions, contact information, state location map, and a matrix of 26 services for over 154 Environmental Education Centers across North Carolina.
- The Office serves as DENR liaison with the NC Association of Environmental Education Centers.

Environmental Education Correlation (distributed 1,200 diskettes)

- This database correlates activities in the teacher manuals of Project Learning Tree, Project WILD, Aquatic WILD, Project Estuary, Sound Ideas and eight State Park Environmental Education Learning Experiences (EELEs) with the 1996 Standard Course of Study objectives for Science, Social Studies, Mathematics and English Language Arts. Integrates environmental education into North Carolina's competency-based curriculum.
- The correlation is available free of charge on computer diskette or by downloading from the Internet.

Love-A-Tree (distributed 6,500 kits per year, reaching over 981,000 students in 6 years)

- Environmental education resources and materials are produced through a partnership with International Paper that provides environmental education activity kits to North Carolina's 5th grade teachers. The kits are distributed through Environmental Education Centers across the state.
- Each year's kit focuses on a different component of the Discover Your Ecological Address curriculum, and includes many activities, materials, and resources from DENR divisions.
- NCDENR Divisions with environmental education programs contribute activities to the kits each year. Other governmental divisions, as well as private organizations, provide materials and support for Love-A-Tree kits each year.

Access and Explore NC Specific Environmental Data Using Geographic Information Systems

- Train educators to discover and analyze environmental data for North Carolina using Geographic Information Systems (GIS) and other tools.
- Activities and materials motivate and enable teachers and students to use GIS software in interactive visual explorations of research-quality data describing North Carolina's complex environment.
- Workshops and materials focus on specific components of the environment, such as river basins, water quality, waste management, hazardous wastes, and air quality.

OFFICE OF ENVIRONMENTAL EDUCATION
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Environmental Education Library Grants Program	$200,000 NR	$200,000NR

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Environmental Education Library Grants Program		$200,000 NR	$200,000 NR

DENR Office of Environmental Education
Overview of Reduction Items

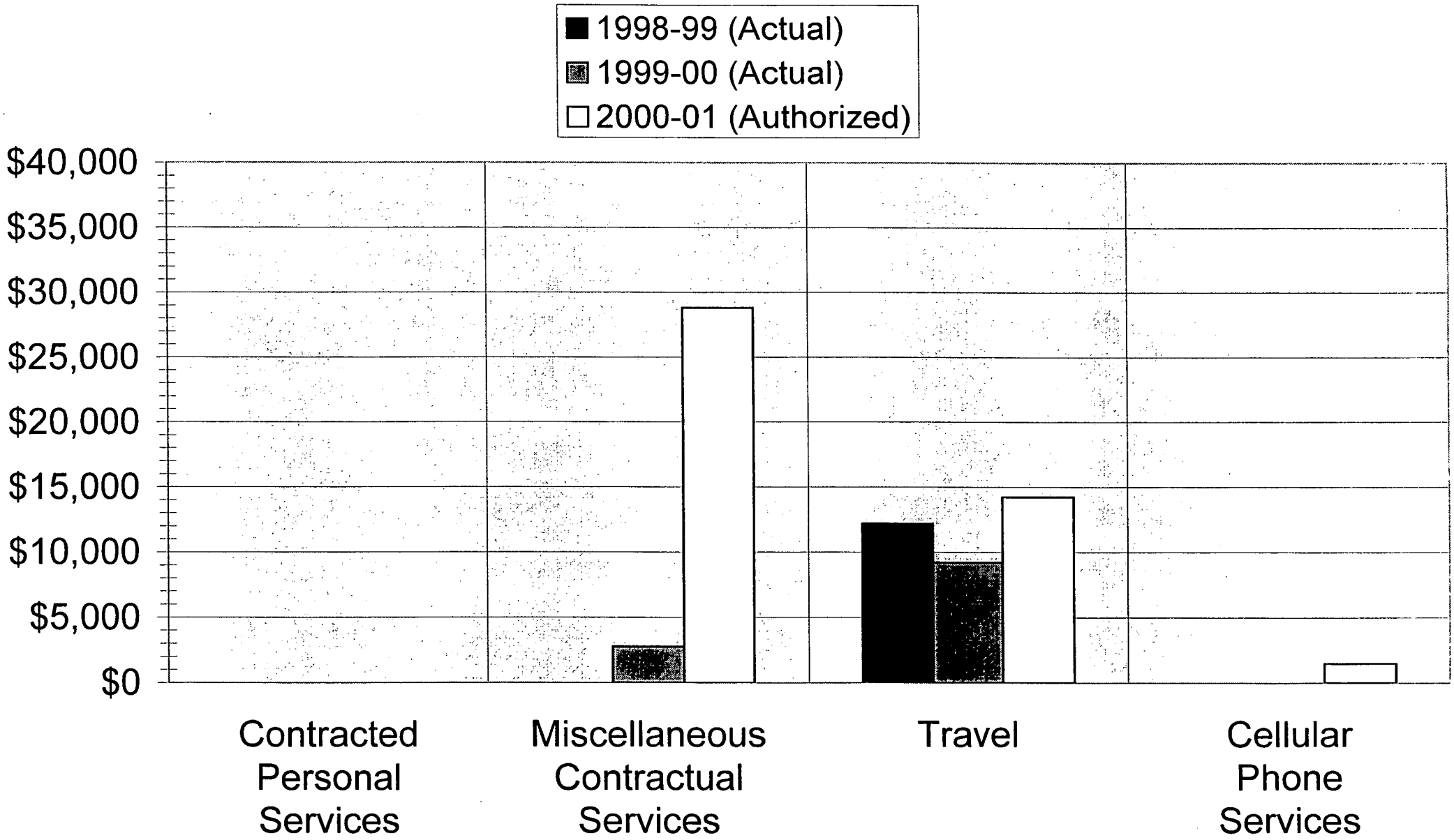
Current Biennium 1999-2001

Selected Reduction	FY 1999-00	FY 2000-01
1. Reduce Operations	($6,291) R	

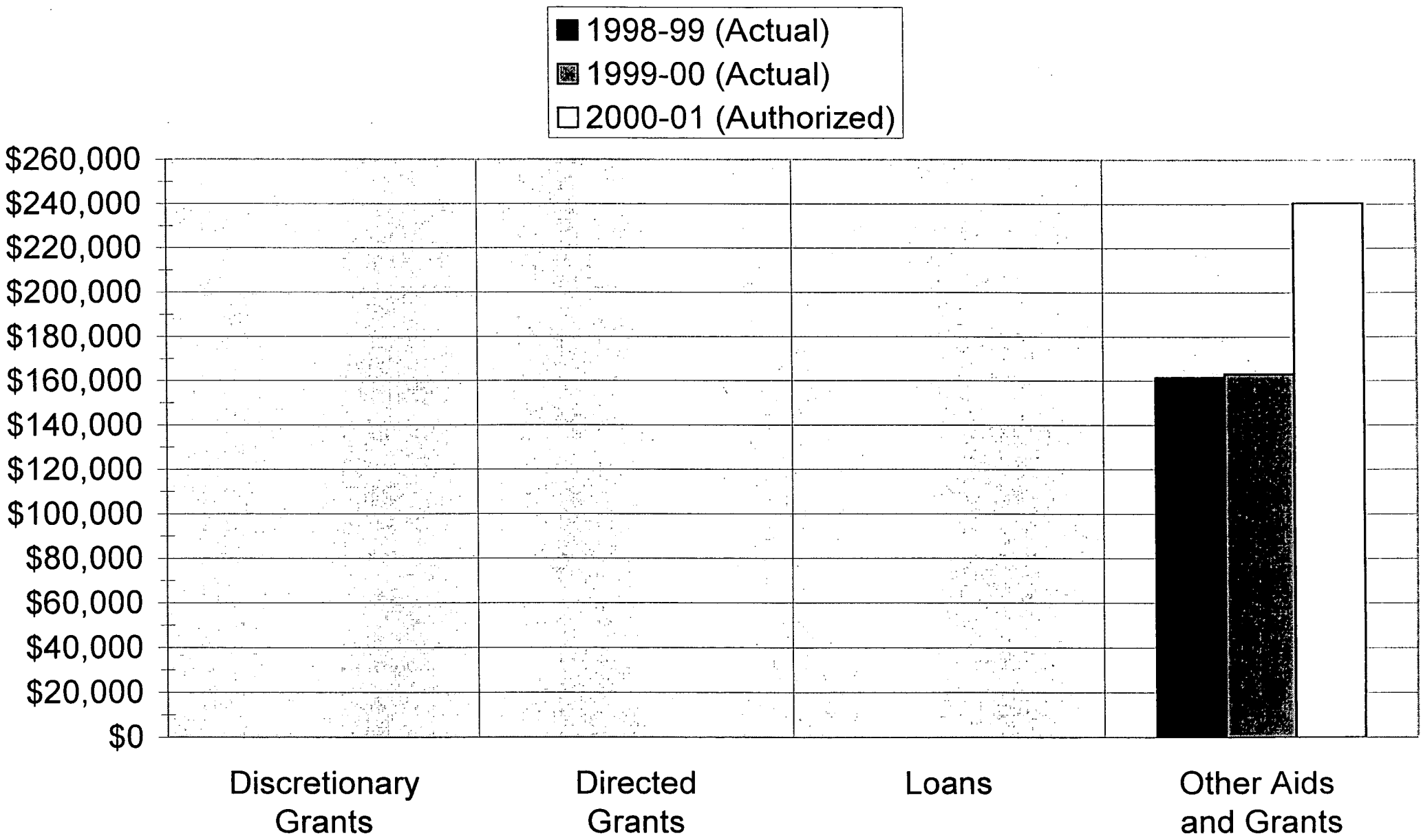
Reduction in Programs Since 1996

Item	FY 1996-97	FY 1997-98	FY 1998-99
1. Salary/Span of Control/Operating Reductions			
Project Tomorrow grants and contracts		($25,000)	

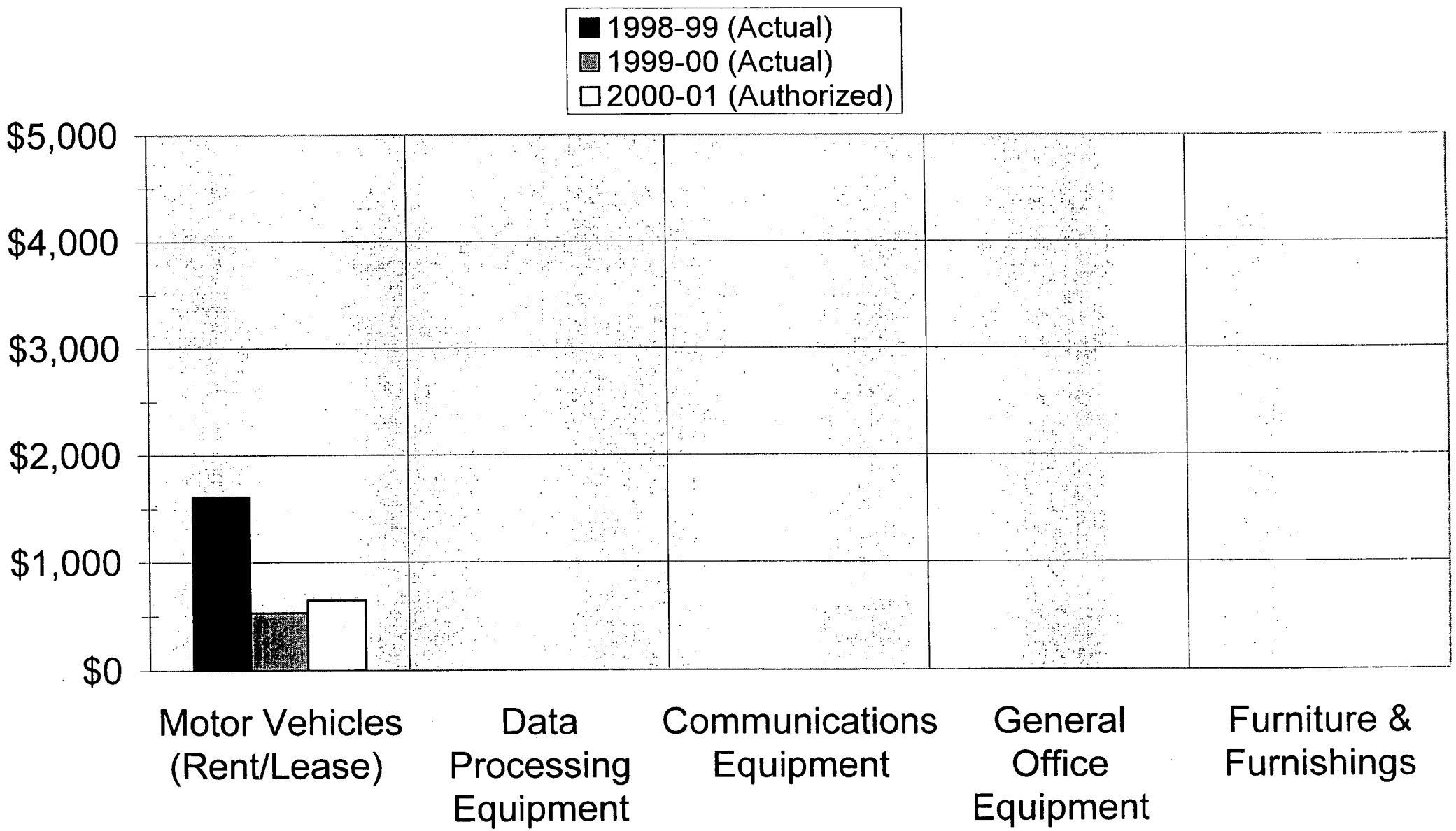
ENVIRONMENT AND NATURAL RESOURCES
ENVIRONMENTAL EDUCATION
Comparison of Actual and Authorized Expenditures



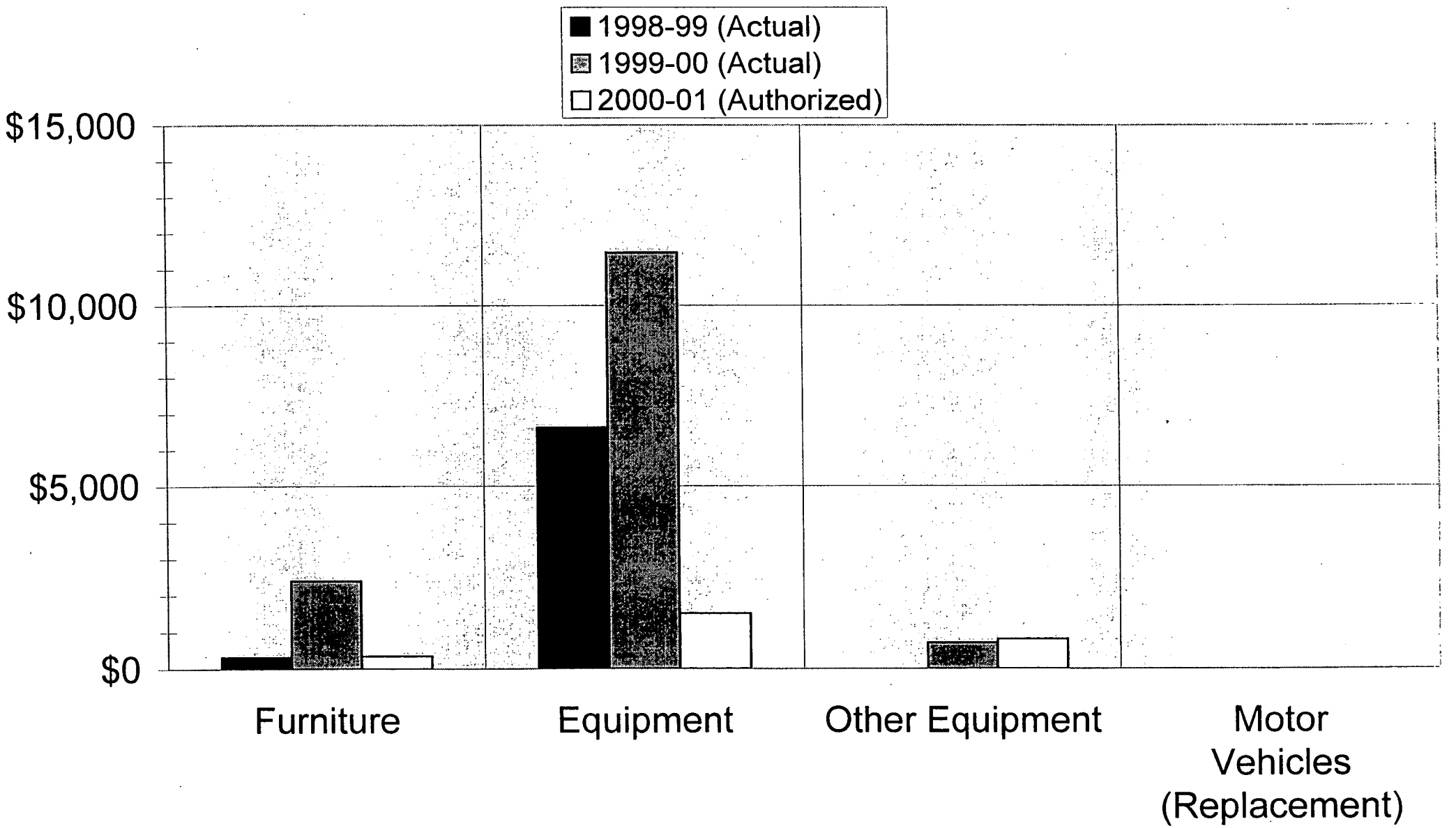
ENVIRONMENT AND NATURAL RESOURCES
ENVIRONMENTAL EDUCATION
Comparison of Actual and Authorized Expenditures



ENVIRONMENT AND NATURAL RESOURCES
ENVIRONMENTAL EDUCATION
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



ENVIRONMENT AND NATURAL RESOURCES
ENVIRONMENTAL EDUCATION
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
OFFICE OF ENVIRONMENTAL EDUCATION

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE							

Department of Environment and Natural Resources

North Carolina Zoological Park

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized ((December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	11,175,760	13,358,265	13,428,402	13,505,010	14,299,440	14,404,798
Less Receipts	(4,644,697)	(4,889,350)	(4,502,412)	(4,428,525)	(4,415,245)	(4,310,585)
State Appropriations	*6,531,063*	*8,468,915*	*8,925,990*	*9,076,485*	*9,884,195*	*10,094,213*
Positions	269.50	264.75	271.75	268.75	268.75	268.75

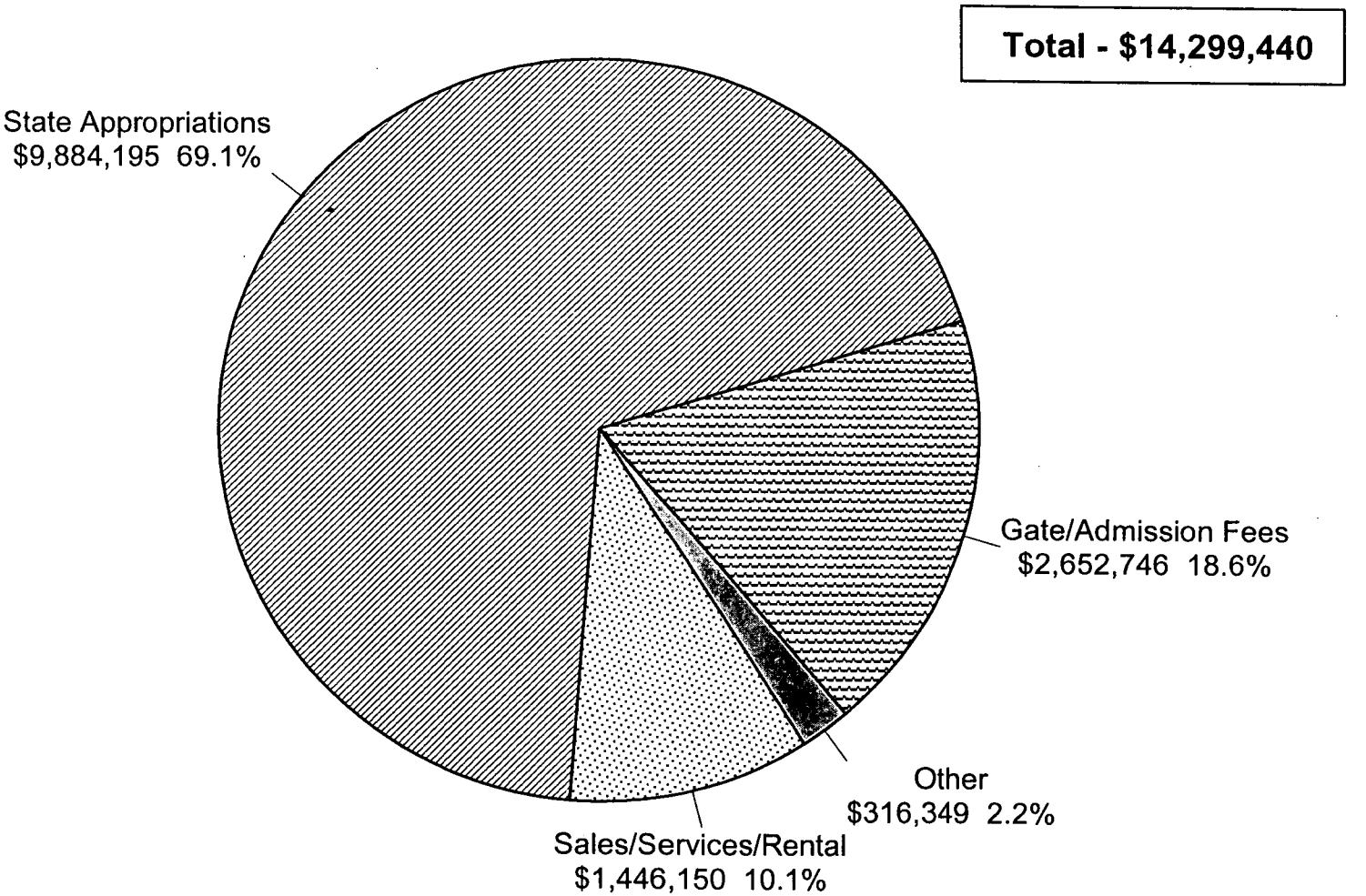
The purpose of the North Carolina Zoo is to develop, maintain and operate a major habitat zoological park that provides a meaningful and accessible recreational and educational outlet for citizens and tourists. Located in Asheboro, the Zoo provides unique educational opportunities for the state school system and the general public, and makes research concerning plant and animal life available to the scientific community.

DIVISION ACTIVITIES:

- Host 700,000 visitors per year
- Design, construct and interpret natural habitat exhibits
- Develop and provide environmental educational programs
- Develop and conduct conservation and research programs

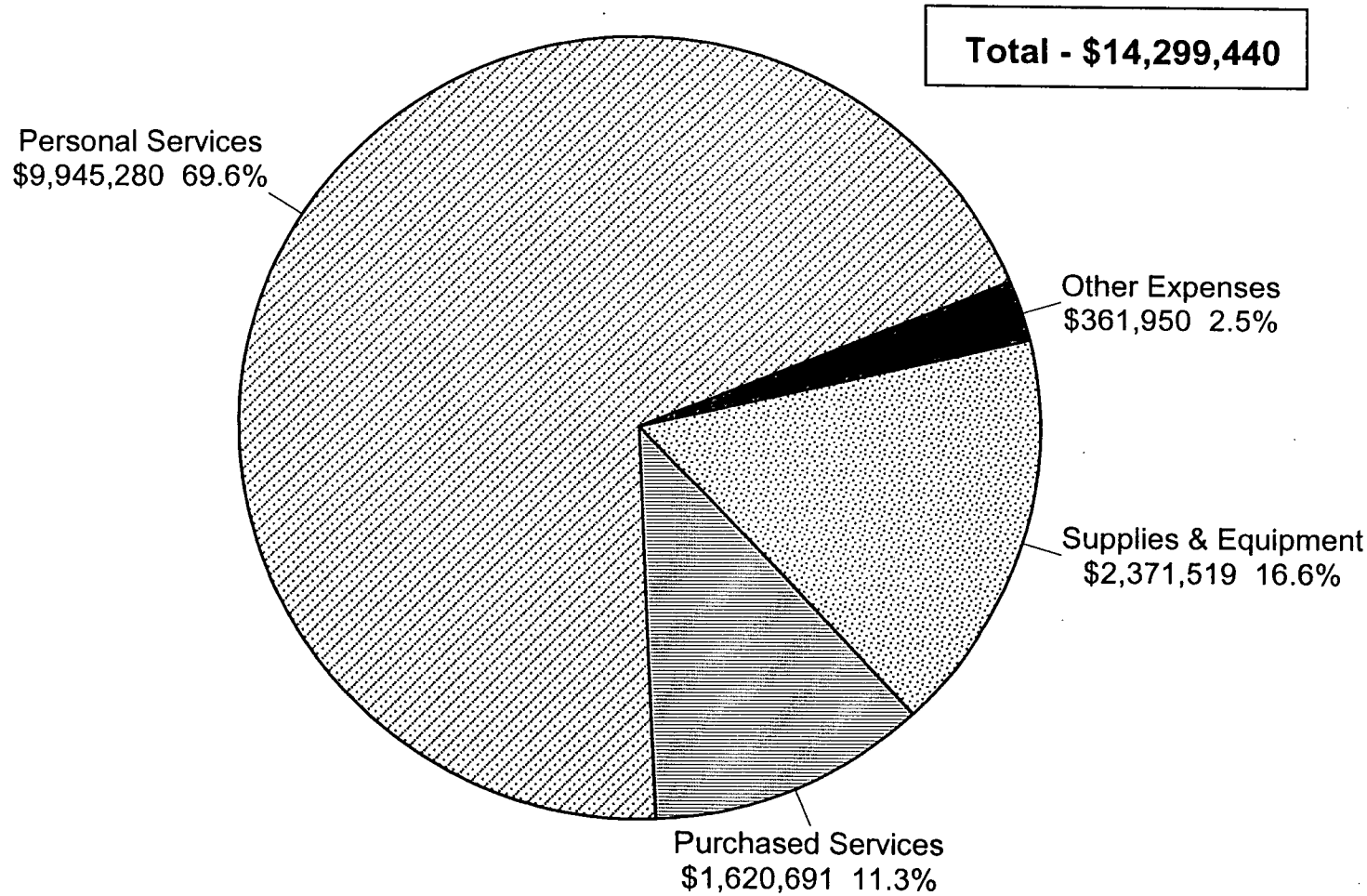
North Carolina Zoological Park

FY 2000-01 (Authorized) Fund Sources



North Carolina Zoological Park

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
NORTH CAROLINA ZOOLOGICAL PARK

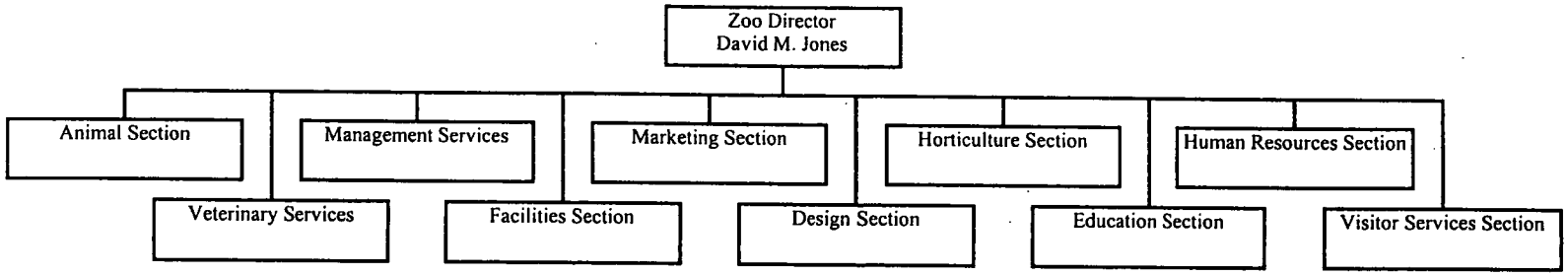
PROPOSED RECOMMENDATIONS FOR THE 2001-03 BIENNIUM

	FY 2001-02	FY 2002-03
1. Operating Reserve for African Village, Mammal Propagation Facility, and Avian Propagation.	$ 154,869 R	$ 154,869 R

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

Extensive renovations in the Africa area have taken place at the NC Zoo in the past 2 years, with over $10.7 million coming from the Repairs and Renovations account, Special Zoo Funds, and Zoo Society funds. The Committee may wish to have the Zoo Director provide (1) brief comments on the progression of renovations/improvements to date on Africa, (2) an update on the Zoo events leading up to the reopening of Africa, and (3) comment further on how the Governor's recommended operating reserve funds will be utilized.

North Carolina Zoological Park



North Carolina Department of Environment and Natural Resources
NC Zoological Park

Director David M. Jones
4401 Zoo Parkway
Asheboro, NC 27203

Telephone 336 879-7100
Fax 336 879-2891

Overview

The purpose of the NC Zoological Park is to develop, maintain, and operate a major natural habitat zoological park. Currently 500 acres of the 1500-acre site are developed into 100 exhibits divided between two continental areas – Africa and North America. Open to the public 364 days a year, the Zoo is designed to portray animals in their natural setting with extensive interpretation explaining the animals and plants and their interrelationship to their habitat and other living things including humans. The Zoo provides a meaningful and accessible recreational and educational outlet for citizens and tourists. It also provides unique environmental education opportunities for the state school system through in-Park programs, out of Park classroom programs, teacher training, hands-on field programs, and specialized websites. The Zoo participates in habitat and species conservation and research programs both on-site and in the field in partnership with local, regional, State, national and international organizations.

Services

Operation of the Zoo as a place of fun and discovery with exceptional customer service in a manner that maximizes income and minimizes costs.

- 700,000 visitors per year
- Zoo admission revenues $2.8 million per year
- Zoo other revenues including Gift Sales and Food Commission $1.7 million per year
- Twenty one special events and 90,000 participants per year
- Sixty TV segments and sixty newspaper columns provided per year resulting in 1,700 segments broadcast and columns printed per year

Design, construction, and interpretation of natural habitat exhibits displaying a diversity of animals and plants in natural settings that convey the connection between people and nature.

- Eleven habitat clusters, 88 exhibits and ten interpretative areas
- Animal collection containing 1,450 animals
- Plant collection containing 62,000 plants

Development and provision of environmental educational programs including on-site and outreach educational programs, workshops, teacher training and electronic media for school groups, teachers, community leaders, and the general public.

- 120,000 school group visitors per year

- 3,000 educators participating in environmental education instructional workshops (with CEU credits) per year
- 100,000 contact hours with participants in structured environmental education programs per year principally through the five targeted elementary schools
- 5,000 participants in classes/programs (teachers, students, adults) on-site per year
- 14,000 volunteer hours per year
- 720,000 Zoo web site visits per year
- 65,000 information requests from the general public per year

Development and conduction of conservation and research programs that use innovative ways of protecting habitats and species both locally and globally.

- Thirty one conservation activities (SSPs, TAGs, Studbooks) per year
- Fifteen field programs per year
- Thirty five research projects per year

Development and leadership of partnerships and programs that promote both a healthy environment and a healthy economy.

- Five sustainability and tourism partnerships and projects per year

DIVISION OF N C ZOOLOGICAL PARK
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. None		

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. None			

DIVISION OF N C ZOOLOGICAL PARK
OVERVIEW OF REDUCTION ITEMS

Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Reduce Vacant Position	($8,614) R	
	(0.5)	
2. Reduce Equipment	($92,487) R	

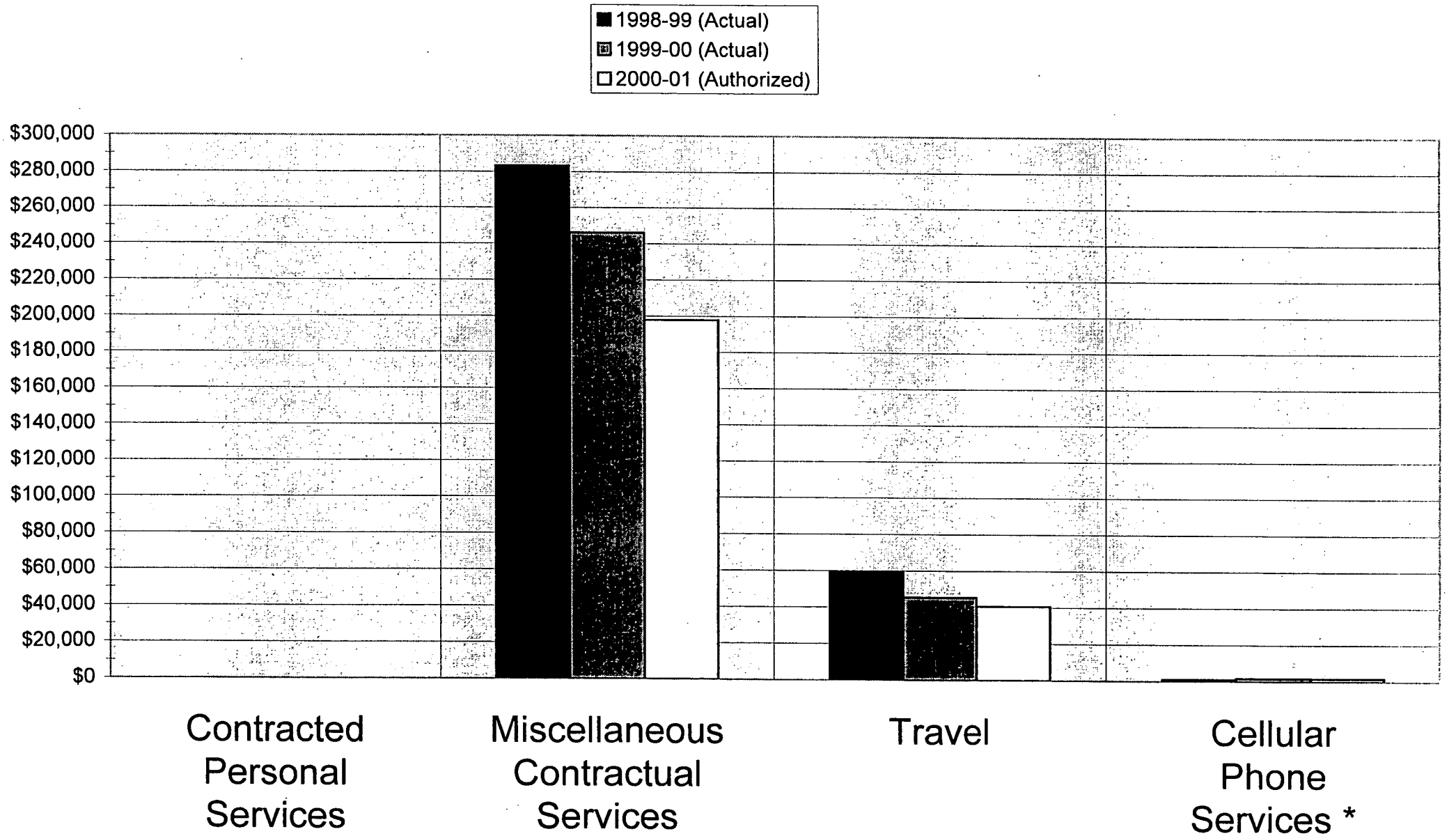
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Equipment			($133,079) R
2. Increase Receipts	($33,182) R		
3. Privatization of Food Services	($108,182) R		
	(10.00)		
4. Salary/Span of Control/Operating Reductions		($85,000) R	
		(3.55)	

DENR

North Carolina Zoological Park

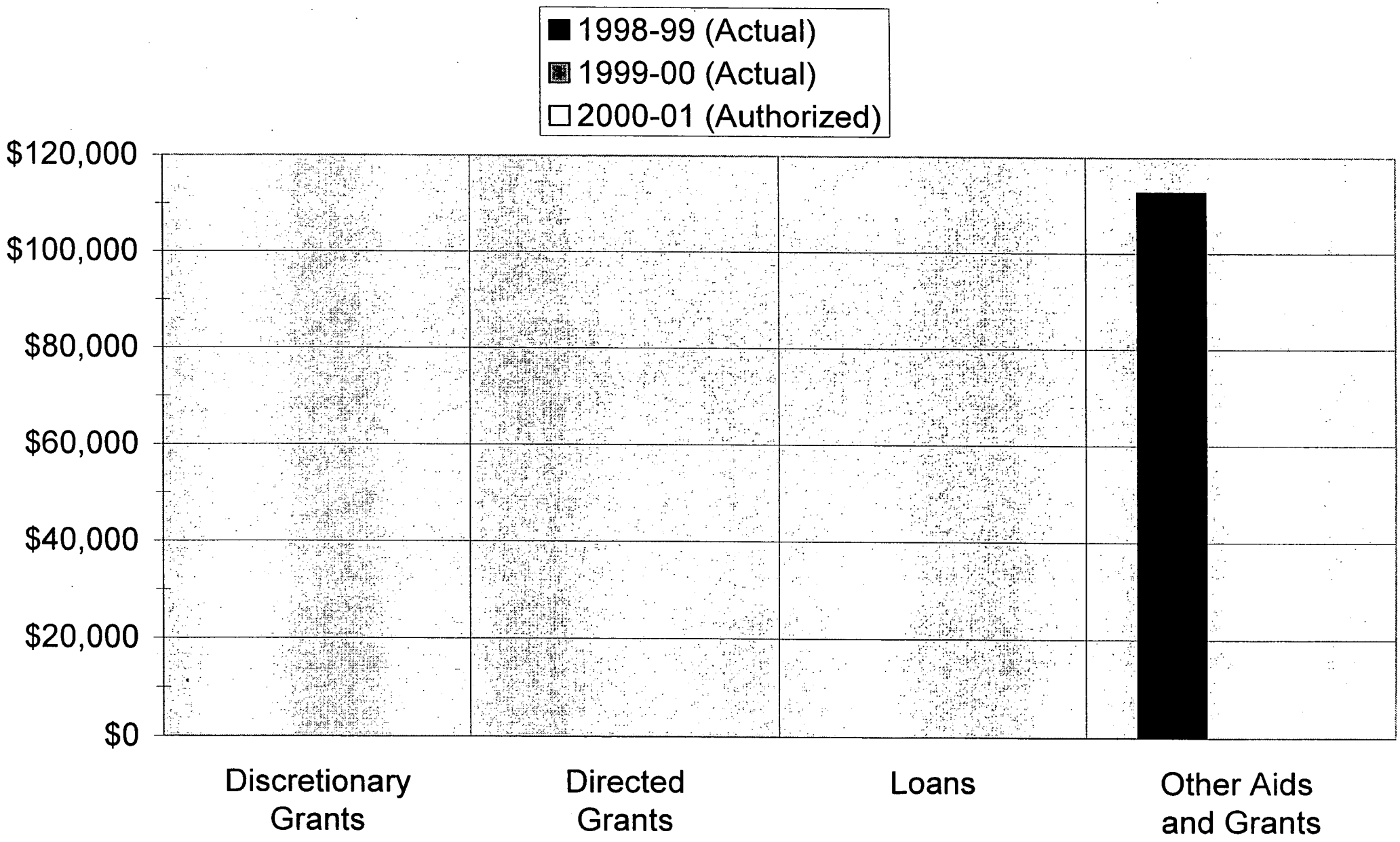
Comparison of Actual and Authorized Expenditures



DENR

North Carolina Zoological Park

Comparison of Actual and Authorized Expenditures

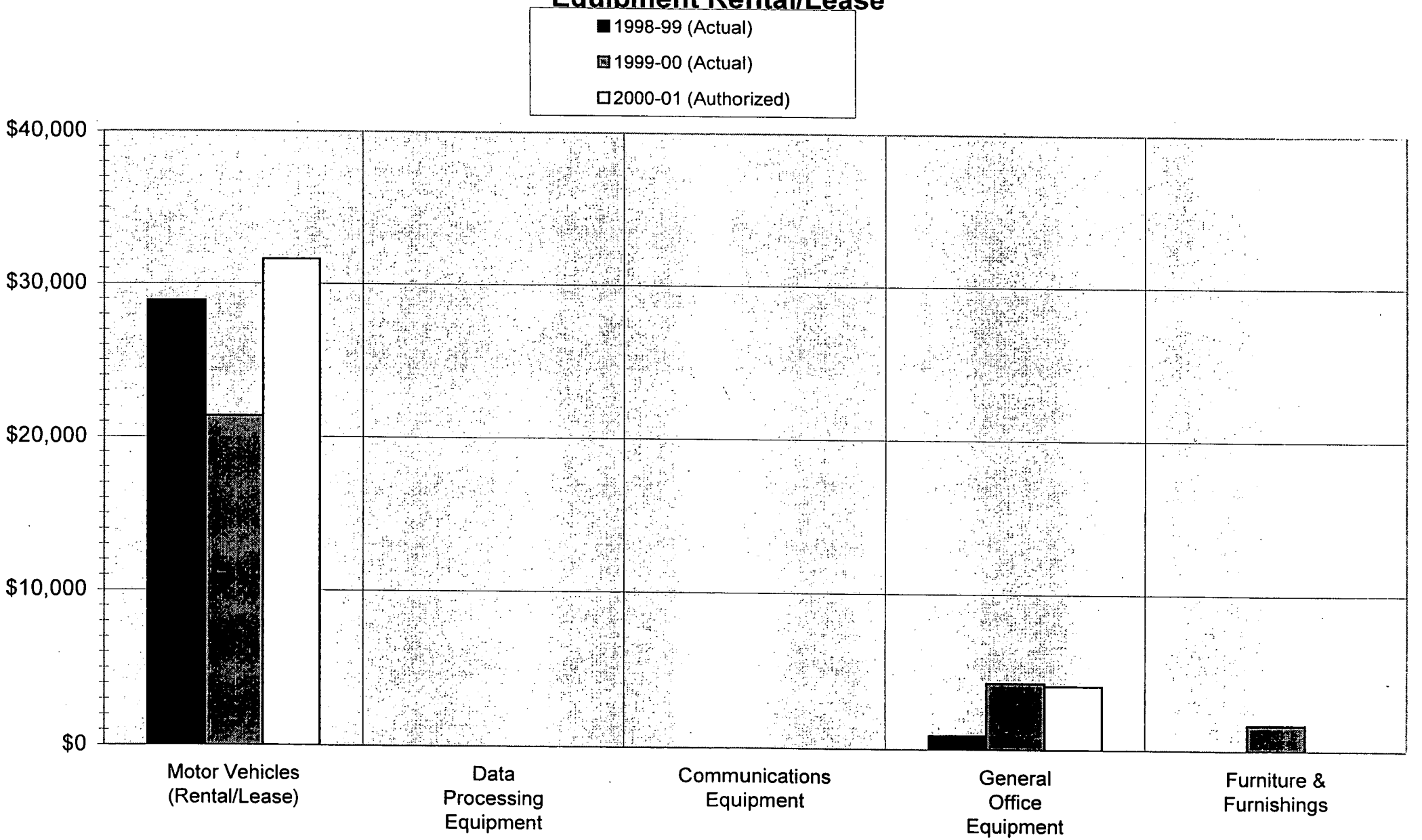


DENR

North Carolina Zoological Park

Comparison of Actual and Authorized Expenditures

Equipment Rental/Lease

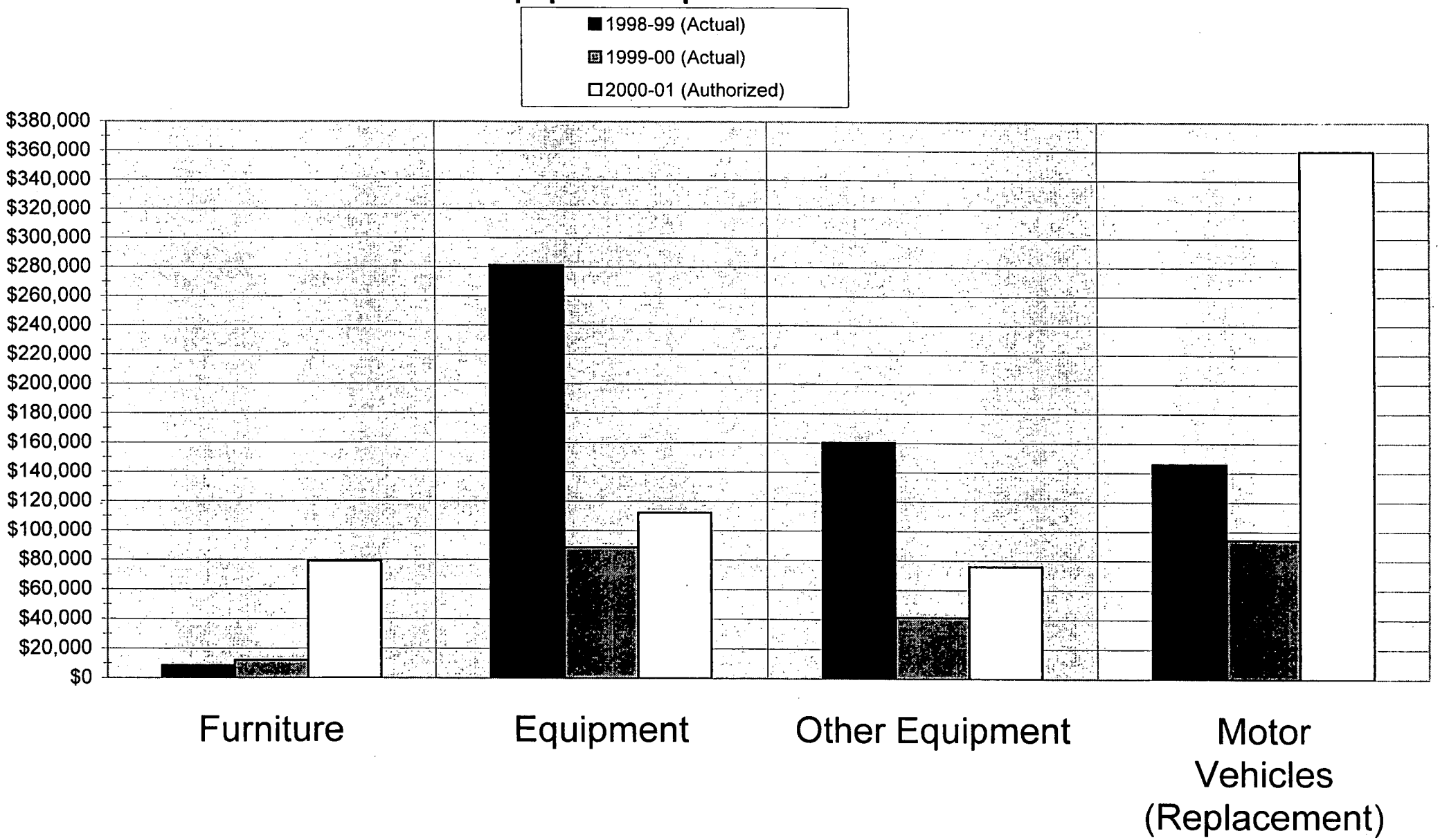


DENR

North Carolina Zoological Park

Comparison of Actual and Authorized Expenditures

Equipment Replacement Schedules



Department of Environment and Natural Resources
NC Zoological Park

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Zoo Admission	Jun-80	NCGS 143B-335 (2a)	$8 Adults, $5 Child / Seniors	May-95	Daily	364 days per year	$2,491,671
Zoo Admission Increase	Jun-80	NCGS 143B-335 (2a)	$10 Adults, $6 Child / Seniors	1-Jul	Daily	364 days per year	NA

Department of Environment and Natural Resources

Division of Parks and Recreation

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	15,406,889	20,494,186	24,412,758	22,635,281	32,641,109	26,482,271
Less Receipts	(3,509,495)	(4,247,166)	(7,818,291)	(4,885,751)	(12,656,091)	(5,392,091)
State Appropriations	*11,897,394*	*16,247,019*	*16,594,466*	*17,749,530*	*19,985,018*	*21,090,180*
Positions	308	365	376	397	411	411

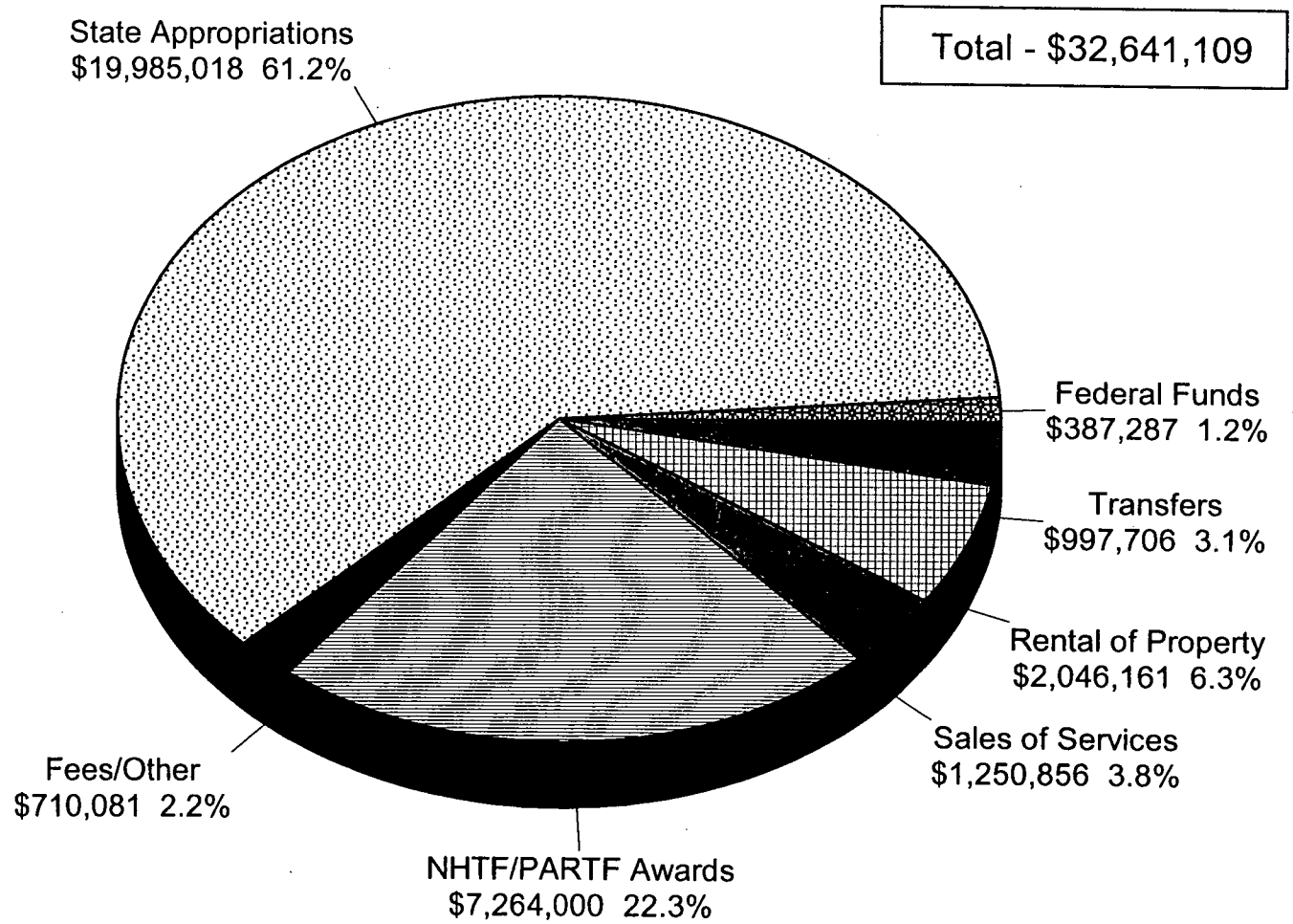
The Division of Parks and Recreation is responsible for identifying and protecting high quality examples of the state's natural resources and for promoting the outdoor recreational opportunities throughout the state.

DIVISION ACTIVITIES:

- Manages 61 statewide units in the State Parks System, 34 of which are operated by permanent staff.
- Provides regional and local parks and recreation providers with training, technical assistance, and support for planning and design.
- Inventories, catalogues, and facilitates protection of rare and outstanding elements of the natural diversity of the state through the Natural Heritage Program.
- Provides staff support to the administering boards of the Natural Heritage Trust Fund and the Parks and Recreation Trust Fund.

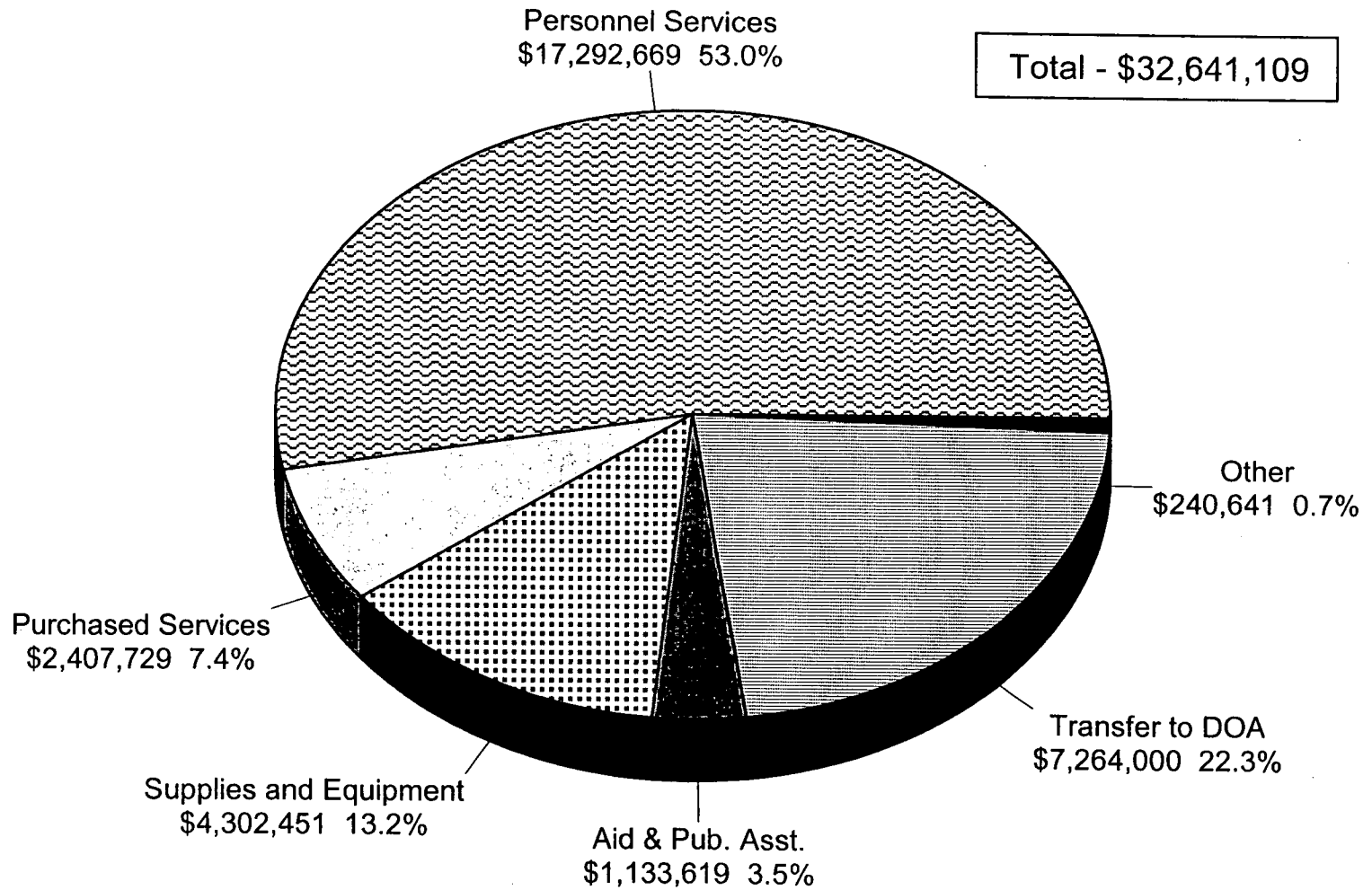
Division of Parks and Recreation

FY 2000-01 (Authorized) Fund Sources



Division of Parks and Recreation

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF PARKS AND RECREATION

PROPOSED RECOMMENDATIONS FOR THE 2001-03 BIENNIUM

MAJOR CONTINUATION BUDGET INCREASES	2001-02	2002-03
1. State Parks Operating Reserve	$1,013,671 R	$1,013,671 R

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

1. As indicated above, the Governor's recommended FY 2001-03 budget includes a $1.01 million operating reserve for the Division of Parks and Recreation. Given that the recommended operating reserve is approximately 50% less than the projected requirements for the State Parks System, the Committee may wish to have the Division comment on how this operating reserve will be utilized, how many employees the Division anticipates adding each fiscal year through this reserve, and what the current operating needs are for the Division.

2. The Parks and Recreation Trust Fund was created in 1994 to fund improvements in the North Carolina State Parks System, to provide assistance to local governments with recreation projects, and to support the Public Beach and Coastal Waterfront Access Program. The Natural Heritage Trust Fund was created in 1987 to serve as a supplemental funding source for state agencies to acquire and protect natural areas and to conduct inventories on natural heritage areas. Both Trust Funds are supported, in whole or part, through the state's share of the deed stamp tax (75% and 25%, respectively).

   The Committee may wish to have the Division comment on the cash balances in the Funds, the Division's plans for these balances, an estimate of encumbrances/commitments within these cash balances, and the potential impact on programs if cash balances are reduced.

Department of Environment and Natural Resources

Division of Parks and Recreation Parks and Recreation Trust Fund (PARTF)					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01* Year-to-Date
Beginning Balance	$293	$7,098,427	$15,280,664	$15,929,814	$23,289,122
Receipts	$18,057,792	$20,849,952	$24,446,066	$25,797,321	$13,481,494
Expenditures	($10,959,658)	($12,667,714)	($23,796,916)	($18,438,013)	($26,527,594)
Change in Cash Balance	*$7,098,134*	*$8,182,237*	*$649,150*	*$7,359,307*	*($13,046,099)*
Ending Balance	**$7,098,427**	**$15,280,664**	**$15,929,814**	**$23,289,122**	**$10,243,023**

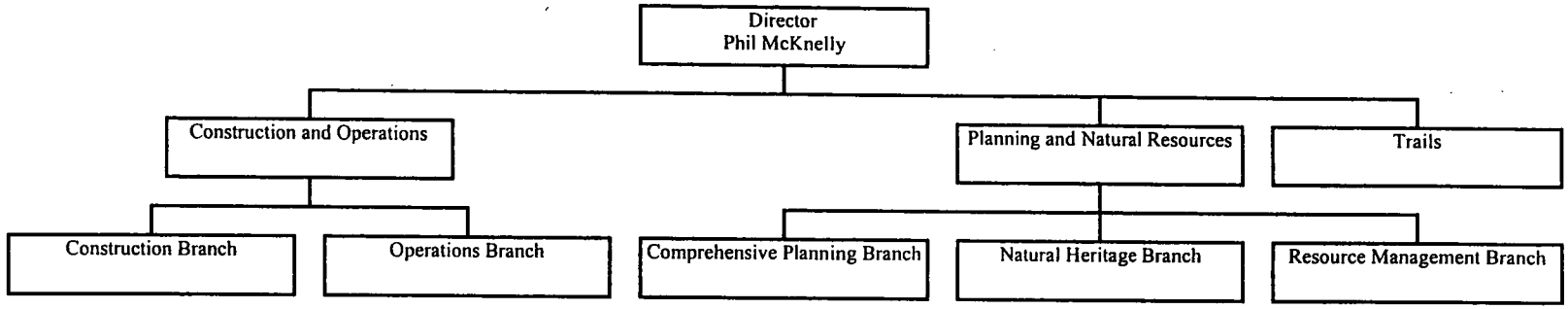
Note: 2000-01 is year-to-date as of March 2001

Department of Environment and Natural Resources

Division of Parks and Recreation Natural Heritage Trust Fund					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01* Year-to-Date
Beginning Balance	$4,162,365	$10,015,539	$11,923,396	$13,830,233	$19,661,657
Receipts	$8,549,650	$9,960,822	$11,549,502	$12,714,599	$7,762,489
Expenditures	($2,696,476)	($8,052,965)	($9,642,665)	($6,883,176)	($13,839,776)
Change in Cash Balance	*$5,853,174*	*$1,907,857*	*$1,906,837*	*$5,831,424*	*($6,077,287)*
Ending Balance	**$10,015,539**	**$11,923,396**	**$13,830,233**	**$19,661,657**	**$13,584,370**

Note: 2000-01 is year-to-date as of March 2001

Division of Parks and Recreation



Department of Environment and Natural Resources
Division of Parks and Recreation

Director Philip K. McKnelly
1615 Mail Service Center
Raleigh, North Carolina 27699-1615
Telephone (919) 715-8710
Facsimile (919) 715-3085

Overview

The Division of Parks and recreation protects North Carolina's natural diversity, provides and promotes outdoor recreation opportunities throughout the state, and exemplifies and encourages good stewardship of natural resources for all citizens of and visitors to the State of North Carolina. The division inventories and encourages the protection of the state's natural heritage. It is responsible for 61 management units in the state parks system, 34 of which are operated by permanent staff. The division provides technical assistance related to local park and recreation issues and promotes the development and management of a statewide system of trails and provides staff support to the boards appointed to administer the Natural Heritage Trust Fund and the Parks and Recreation Trust Fund.

Visitor Services

State Park Operations

- The North Carolina State Parks System hosted over 14 million visits in 2000.
- Over 260,000 visitors participated in environmental education and interpretation programs.
- 6,126 acres were added to the State Parks System during calendar year 2000.

Technical Assistance

- Staff responded to over 3,000 requests for planning and training assistance from local parks and recreation departments.
- Ten workshops were conducted for local parks and recreation professionals. Video teleconferences were used for several of these programs to make them more accessible to local governments.
- Staff responded to over 1,600 requests for information from the Natural Heritage database from government agencies, planners, and private land owners.
- Parks and Recreation Trust Fund grants were awarded to 46 local governments for more than $7.5 million.
- Thirty-five Natural Heritage Trust Fund grants valued at $13.49 million were awarded to six state agencies.
- Recreation Trails Program grants from the federal government of $1,108,762 were awarded to 29 state and local agencies.
- Adopt-A-Trail grants valued at $139,785 were awarded to 39 groups and organizations to encourage volunteer and local assistance in building and maintaining the state's system of trails.
- Staff completed 358 environmental reviews for proposed construction and development projects.

Natural Heritage Inventories

- Inventories of 59 counties have been completed and another nine are currently underway.
- Over 19,000 occurrences of 1,411 different elements were tracked and mapped.
- Three hundred forty nine areas including 593,669 acres are voluntarily protected as Registered Natural Areas.
- Seventy-three areas covering 119,510 acres are permanently protected as Dedicated State Nature Preserves.

DIVISION OF PARKS AND RECREATION
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Expand Natural Heritage	$ 50,000 NR	
2. Delay in Operating Reserve		$876,598 R
3. Increase in Operating Reserve		$65,969 R
4. Increase in Operating Reserve		$365,500 NR

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Law Enforcement Salary Adjustment		$677,599 R	

DIVISION OF PARKS AND RECREATION
OVERVIEW OF REDUCTION ITEMS

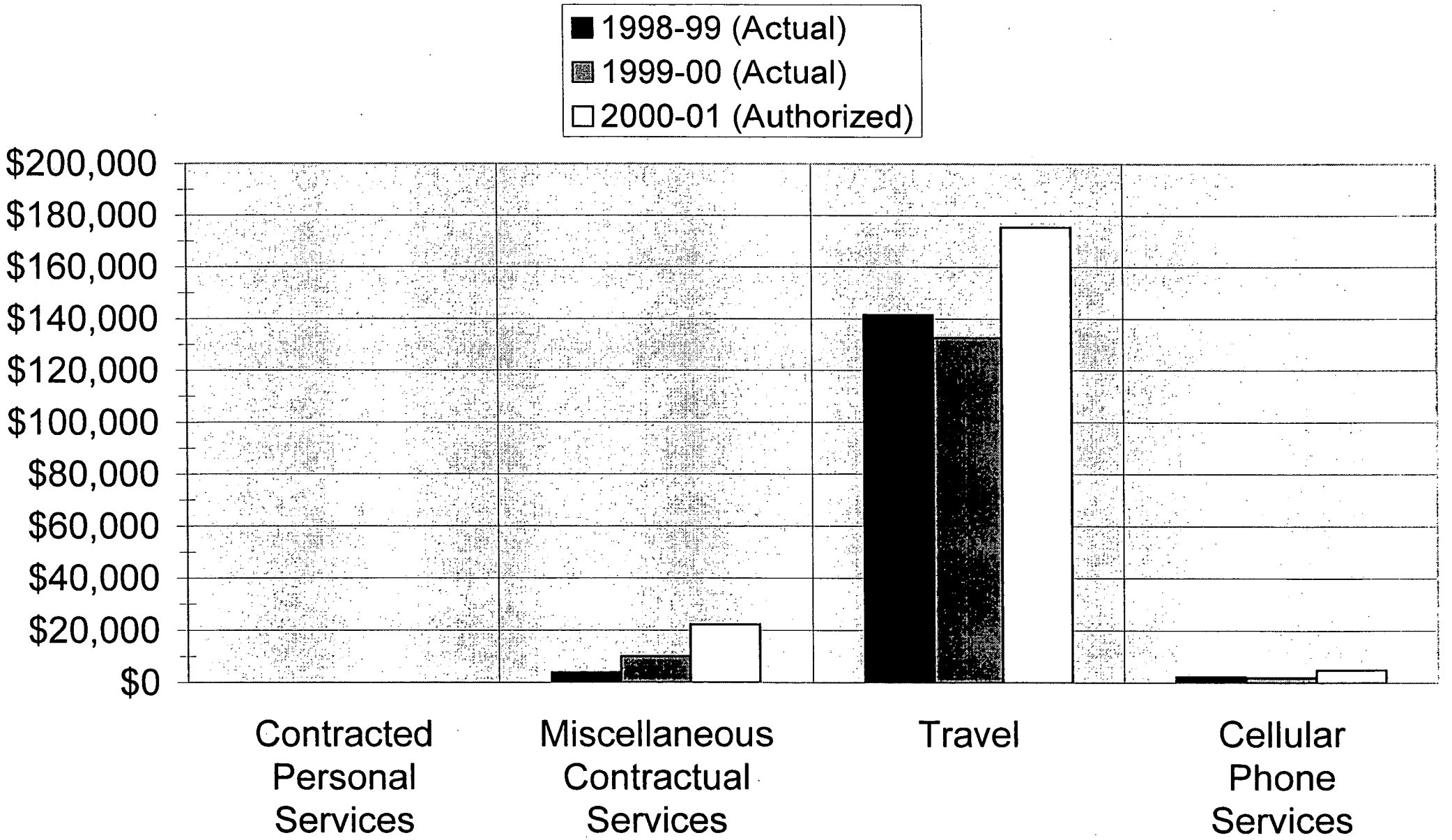
Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Delay in Capital Project		$(100,000) R
2. Reduce Position (1)	$(22,948) R	
3. Delay in Operating Reserve	$(876,598) R	

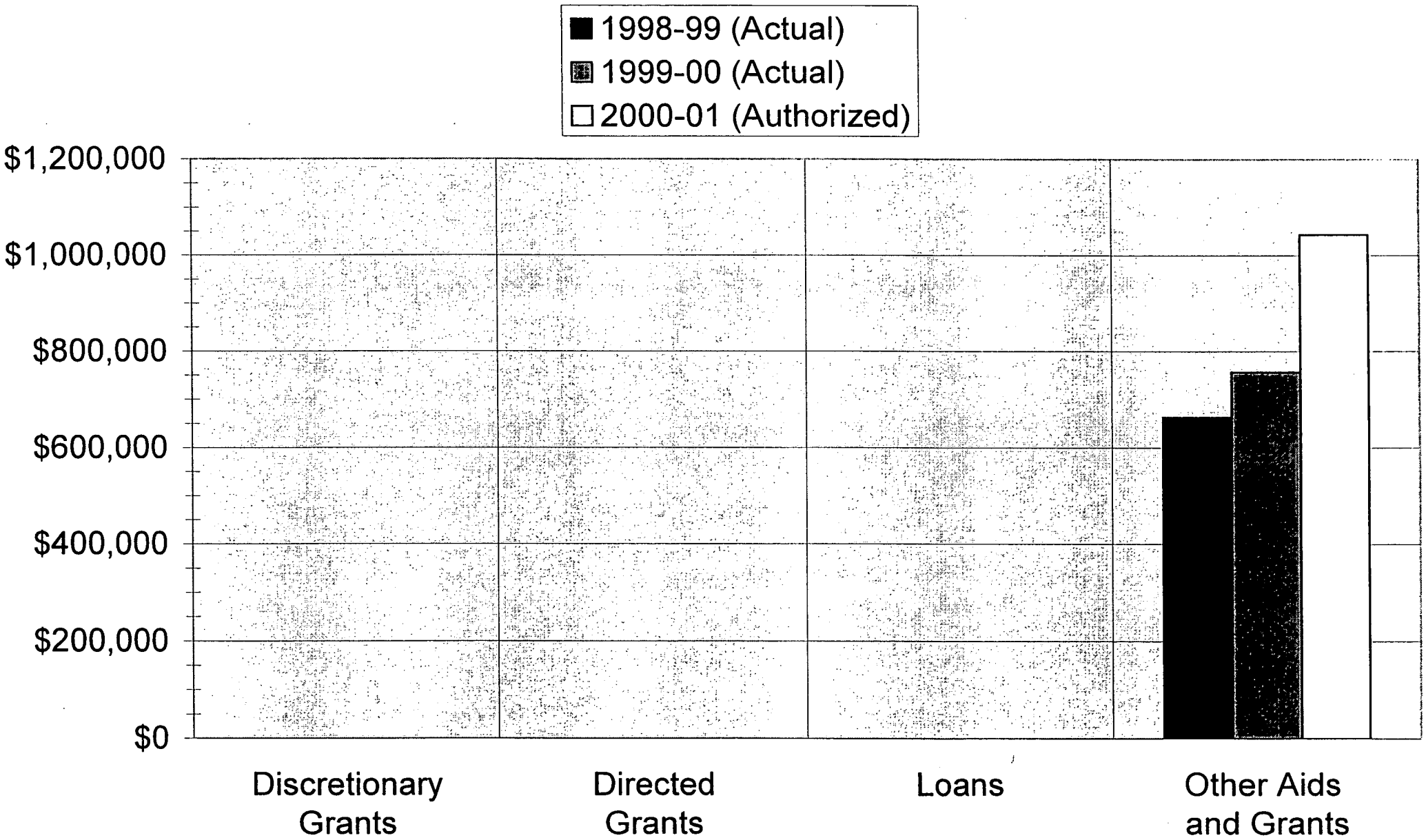
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Increase Receipts			$(100,000) R
2. Salary/Span of Control/Operating Reductions Increase Receipts		$(140,000) R	

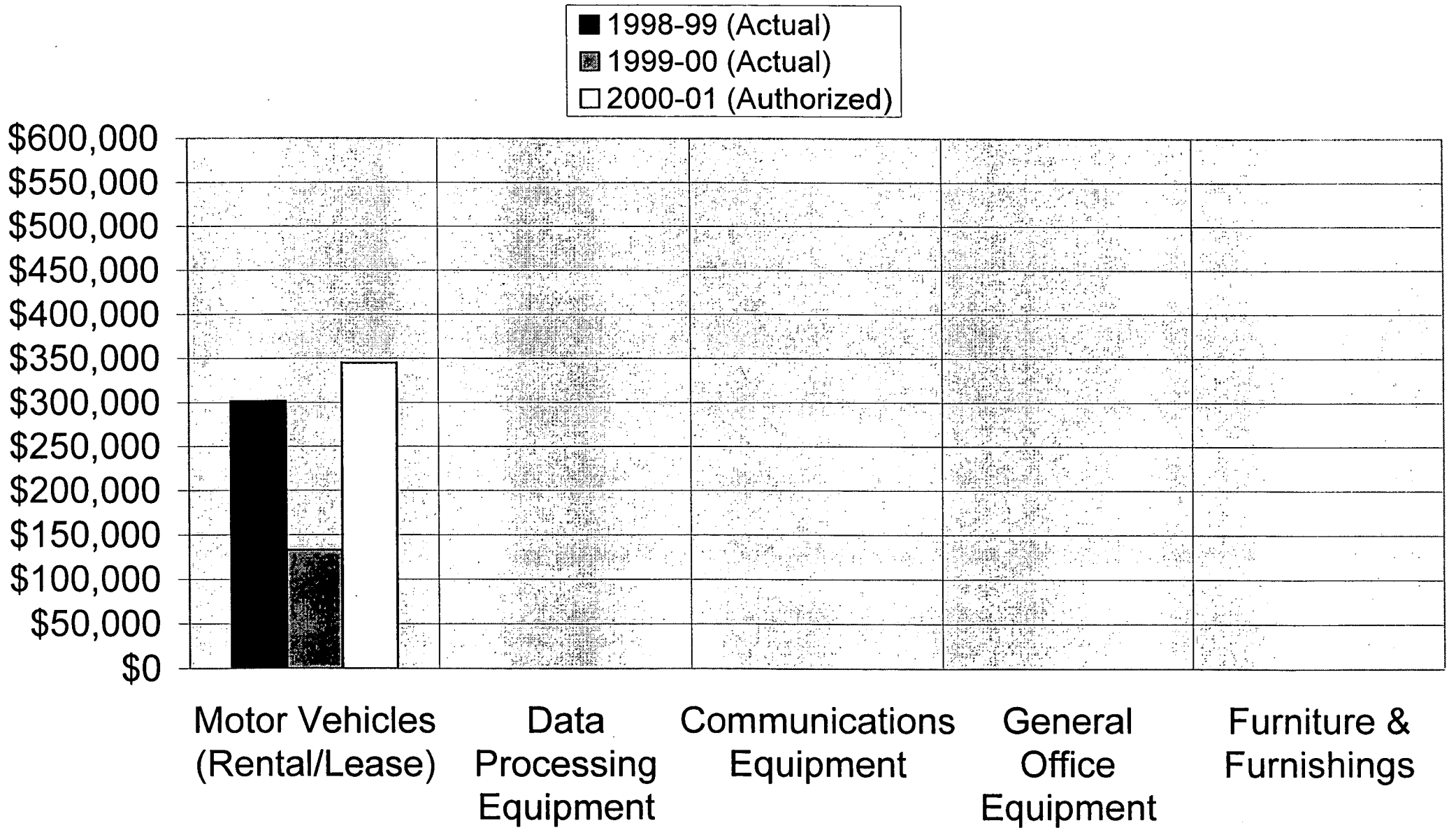
Department of Environment and Natural Resources
Division of Parks and Recreation
Comparison of Actual and Authorized Expenditures



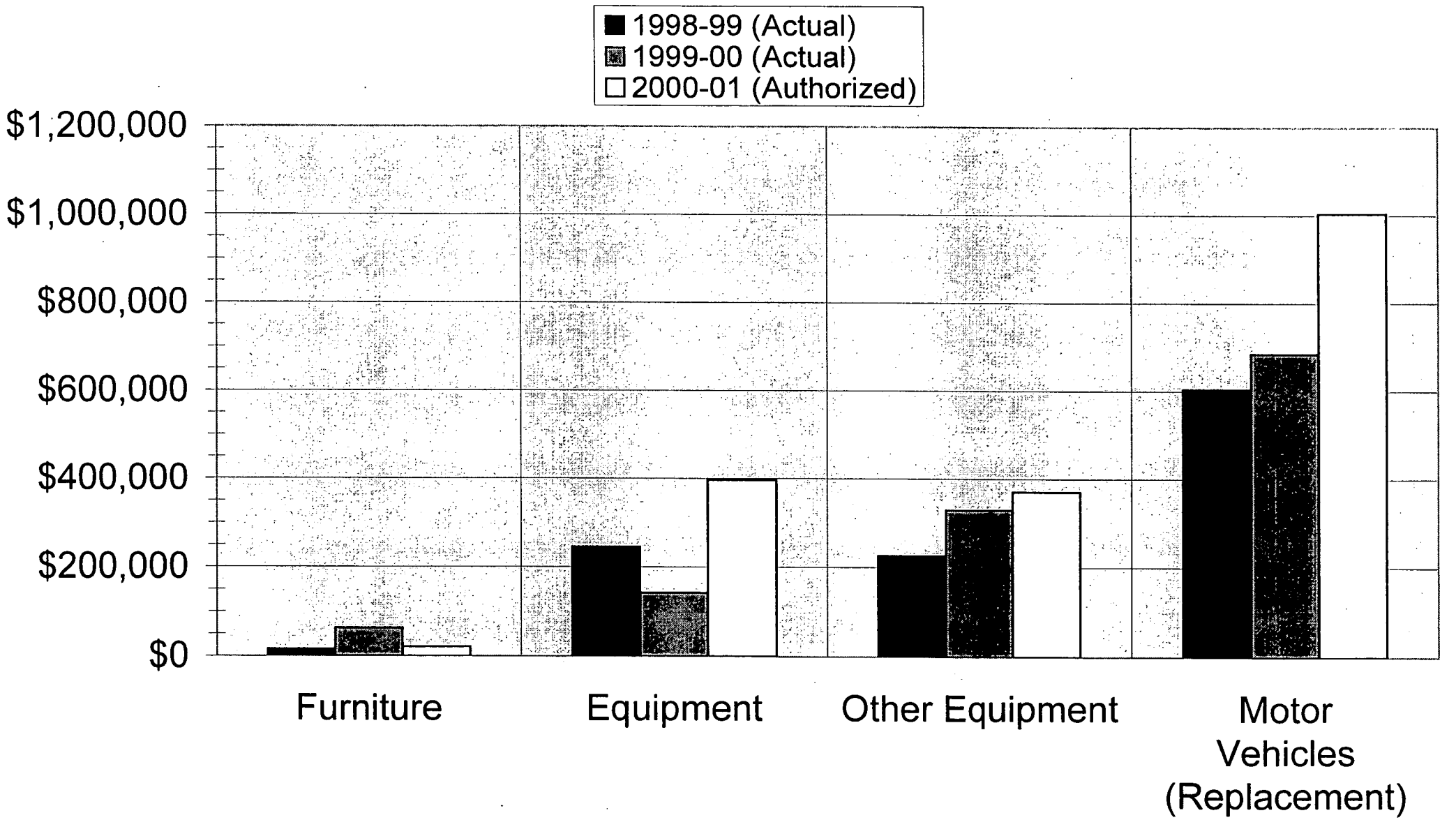
Department of Environment and Natural Resources
Division of Parks and Recreation
Comparison of Actual and Authorized Expenditures



Department of Environment and Natural Resources
Division of Parks and Recreation
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natural Resources
Division of Parks and Recreation
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
Division of Parks and Recreation

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Family Camping w/o hook-ups	Effective 2/1/76	G.S. 113-35	Facilities $12/site, primitive $8/site	4/97	Daily	36,811	$441,735
Family Camping w/hook-ups	Effective 2/1/76	G.S. 113-35	$17/site ($3 senior discount)	4/97	Daily	62,763	$1,066,972
Cabins/Group Camps	Effective 2/1/76	G.S. 113-35	Camps $35-90, Cabins $60/day $300/wk	4/97	Daily/Weekly	2,582	$94,454
Equipment Rental	Effective 2/1/76	G.S.113-35	various	4/97	Daily		$41,360
Entrance Fees	Effective 2/1 /76	G.S.113-35	$4/car $10/bus	4/97	Daily	131,886	$527,544
Ferry Fees (Hammocks Beach)	Effective 2/1/76	G.S.113-35	$2/adult $1/child	4/97	Daily	27,970	$41,955
Pier Permits	Effective 2/1/76	G.S.113-35	$15-60/yr $60 new	4/97	Annually	709	$35,470

Fee Title/Description	Date created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected in 2000
Special Activity Permits	Effective 2/1/76	G.S.113-35	$25 plus expenses	4/97	Activity	985	$32,298
Entrance Fees	Effective 2/1/76	G.S.113-35	$4/car; $3/sr.; & $10/bus	4/97	Daily		
Ferry (Hammocks Beach)	Effective 2/1/76	G.S.113-35	$2/adult; $1/child or senior	4/97	Daily		

N.C. Department of Environment and Natural Resources

General Overview: The N.C. Department of Environment and Natural Resources (DENR) is the lead stewardship agency for the preservation and protection of North Carolina's outstanding natural resources. The organization, which has over 3,400 employees working in facilities from the mountains to the coast, administers regulatory programs designed to protect air quality, water quality, and the public's health. DENR also offers technical assistance to businesses, farmers, local governments, and the public and encourages responsible behavior with respect to the environment through education programs provided at DENR facilities and through the state's school system. Through its natural resource divisions, DENR works to protect fish, wildlife and wilderness areas. The agency's activities range from helping to make sure drinking water is safe to managing state parks and forests for safe and enjoyable outdoor recreation experiences.

Environmental Protection: Today's pressure on a fragile environment, however, demands sensible programs that preserve and protect the environment resources vital to all North Carolinians. The divisions of air and water quality issue permits, monitor permit compliance, evaluate water and air quality and are the state's enforcement agency for violators of federal and state water, groundwater and air quality regulations. Water quality technicians and scientists also provide technical aid to publicly owned and municipal wastewater and water treatment plants. The Division of Air Quality protects air quality through technical assistance to industries and enforcement of state and federal air quality standards. The department also administers the water/wastewater infrastructure financing support program with funds made available by the General assembly and the federal government.

Two divisions of the department target the handling and disposal of the growing volume of wastes in North Carolina. The Division of Waste Management regulates the management of hazardous and solid wastes in North Carolina: its Superfund Section evaluates uncontrolled hazardous waste sites. The Division of Pollution Prevention and Environmental Assistance offers technical assistance and waste reduction technology grants for businesses, industries and governments to develop cost-effective ways to meet environmental regulations. Its focus is on Reduce, Reuse, Recycle.

DENR's Coastal Management Division is responsible for the environmental health of 20 coastal counties, working with local governments to strengthen the relationship between tourism and the environment. The division oversees development helps plan for future growth, and manages the state's coastal reserves.

The discovery of x-rays and radioactivity has spawned an array of environmental concerns and hazards not faced by other generations. The Division of Radiation Protection confronts that task with a radiation surveillance and control program to license, regulate and monitor radiation hazards to North Carolinians.

The Division of Land Resources guards our state's mineral and land resources. Its staff directs programs to monitor dam safety, regulate mining, reclaim abandoned mines, control sediment and erosion, and to carefully survey our land resources. Their efforts of preservation and protection work in tandem with those of our Division of Water Resources. The hydrologists and scientists of the division catalogue our water supplies, plan for its future use, carry out extensive water conservation programs, and take any environmental steps necessary to keep our water pure and usable.

The tie between environment and health is monitored by our Division of Environmental Health. Its duties involve guarding against environmental hazards to our health that range from the quality of our drinking water to the safety of the food we eat in restaurants. Protection extends to programs to protect our public water supplies, assure safe sanitation standards for our shellfish, control pests and to offer technical assistance to those who operate our wastewater treatment plants.

Natural Resources Management, Environmental Education and Recreation - The gifts of nature bestowed upon North Carolina are the building blocks of the environment that serves us. The goal of protecting and preserving those natural resources is a fundamental responsibility for DENR.

The Division of Marine Fisheries establishes and enforces rules governing coastal fisheries; with programs focusing on scientific research, cultivation, and harvesting and marketing of shellfish and finfish. Our Division of Soil and Water Conservation conducts programs to slow the loss of millions of tons of topsoil yearly across North Carolina, to control agriculture pollution to protect our watersheds and to map our wetlands.

The Division of Forest Resources protects and develops the state's forest resources. Its programs include forest management, assistance to private landowners, reforestation, forest fire prevention and suppression, and control of forest insects and diseases. From the mountains to the coast, the Division of Parks and Recreation administers a diverse system of 30 state-operated parks, 14 natural areas, seven state lakes, a state trails network, natural and scenic rivers and four recreation areas, encompassing more about 165,000 acres. The division offers a wide-ranging series of outdoors education courses and provides recreational opportunities to 12 million visitors each year.

The N.C. Zoological Park, a 1,500-acre facility with 100 exhibits which attracts about 700,000 visitors and provides educational programs to 120,000 schoolchildren each year, displays representative species of animal and plant life from around the world; doing so in balance with programs that stress conservation, preservation and protection of endangered and threatened plant and animal species.

The Office of Environmental Education is a clearinghouse for environmental education programs and materials available to North Carolinians. Pulling together a successful mix of private business and government resources, the office provides educators, students and the public with environmental educational experiences.

North Carolina's brand-new 20,000-square foot Museum of Natural Sciences in downtown Raleigh puts a growing collection natural resources in North Carolina and other Southeastern states on display at the North Carolina State Museum of Natural Sciences in downtown Raleigh. Three coastal aquariums (at Pine Knoll Shores, Fort Fisher and Roanoke Island) are managed by our North Carolina aquariums to promote appreciation for the fragile coastal environment – the state's ocean, estuaries, rivers and streams.

Administrative Services: Administration of programs operated by more than 3,400 employees demands attention to procedure and accountability. The Office of the Controller and Division of Budget Planning and Analysis spotlight the importance of a goal of: "Efficiency and Effectiveness." Taking care of the department's need for procurement, property, and office service needs is the work of the Division of Purchase and Services. Providing a comprehensive package of personnel services is the focus of the Division of Human Resources. In today's business world, it's difficult to keep pace with the advances of computers and their ability to simplify work. That task is carried out by the department's Information Technology Services.

VISITOR REGISTRATION SHEET

NER
Name of Committee

4/10/01
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Tom.	DENR. (Zoo)
Mary Joan Pugh	" "
Sharon Springs	DENR/Office of Env. Education
Anne Taylor	DENR/Office of Env. Education
Steve Woodson	NC Farm Bureau Federation
MIKE WATERS	NCRPS
Chris Rodgers	Parker Poe et al
Becky Stuart	Parker Poe Adams & Bernstein
LYMAN COOPER	CSX CORP.
John Bowdish	Alley Associates
Jane Smith	DENR
Cathey Cottle	DENR
ERA NOLAN	GRASSROOTS MUSEUMS
TRIL MCKNEELY	DENR/DPR
LEWIS LEDFORD	DENR/DPR
Lynn DeVos	DENR
L. LOCKS	DENR
David Horney	OSBM
Burley Humphrey	OSBM
Johnny Gray	OSBM
Stewart Dickinson	DOC - Commerce Finance Div.
Nancy Thompson	NCIC
Jan Hurley	NCAC
Emily Ellis	N.C. CWT
[illegible]	DOL
[illegible]	CWMTF

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 11, 2001
Senator David Weinstein, Presiding

Continuation Budget Review of the Department of Environment and Natural Resources

1. **Chairman's Comments**

2. **North Carolina Aquariums**
   Jennifer Willis, Fiscal Research
   Rhett White, Director

3. **Museum of Natural Sciences**
   Jennifer Willis, Fiscal Research
   Dr. Betsy Bennett, Director

4. **Division of Forest Resources**
   Jennifer Willis, Fiscal Research
   Stan Adams, Division Director

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, April 11 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, April 11 at 8:30 a.m. in Room 423 of the Legislative Office Building. Three Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and recognized the pages.

Jennifer Willis, Fiscal Research, gave an overview of the budget for the North Carolina Aquariums. This is Attachment A of these minutes. She stated that the Aquariums are three state-supported facilities that provide a variety of educational opportunities. Activities at the Aquariums are designed to create an awareness, understanding, and appreciation of North Carolina's diverse aquatic resources. The three Aquariums are located at Roanoke Island, Fort Fisher, and Pine Knoll Shores.

Rhett White, Director of the North Carolina Aquariums, gave a brief overview and line item budget of the Aquariums. This is Attachment B of these minutes.

Jennifer Willis, Fiscal Research, was recognized to present the overview of the budget for the Museum of Natural Sciences. This is Attachment C of these minutes. The Museum of Natural Sciences maintains the state's collections of animal, fossils, rocks, and minerals, and conducts research regarding the natural history of North Carolina. In April 2000, the Museum opened a new 200,000 square foot facility on Jones Street.

Dr. Betsy Bennett, Director of the Museum of Natural Sciences, presented the line item budget for the Museum. This is Attachment D of these minutes. Dr. Bennett said that the NC General Assembly founded the North Carolina state Museum of Natural Sciences in 1879 "to illustrate...and keep a collection of the natural history of the State."

Jennifer Willis, Fiscal Research, concluded the presentations with the Division of Forest Resources. This is Attachment E of these minutes. She said this Division has the lead role in managing, protecting and developing the forest resources of the state. Ms. Willis said this was the largest Division in the Department of Environment and Natural Resources.

Stan Adams, Division Director, was recognized to give a brief overview of the Division. This is Attachment F of these minutes. He said the Division is directly involved with forest management assistance to private landowners, reforestation services, forest fire prevention and suppression, and insect and disease control programs. They are also involved in the operation of tree seedling nurseries, long range forestry planning and technical development, water quality compliance monitoring, urban forestry assistance, training, and support to volunteer fire departments and forestry education.

Mr. Adams said the Division's annual operating budget exceeds $50 million dollars. It is made up of 189 individual budgets in 14 different funds. Being partially receipt funded, the actual amount varies within the year.

The meeting adjourned at 10:00 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Environment and Natural Resources

North Carolina Aquariums

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	3,765,983	3,867,821	3,712,379	4,687,420	7,373,133	7,660,685
Less Receipts	(1,455,558)	(1,546,816)	(1,260,686)	(923,681)	(1,669,343)	(1,614,818)
Cash Balance +/-	52,564	198,581	180,248	(138,317)	0	0
State Appropriations	*2,362,990*	*2,519,586*	*2,631,941*	*3,625,421*	*5,703,790*	*6,045,867*
Positions	48.75	48.75	48.75	76.75	79.75	79.75

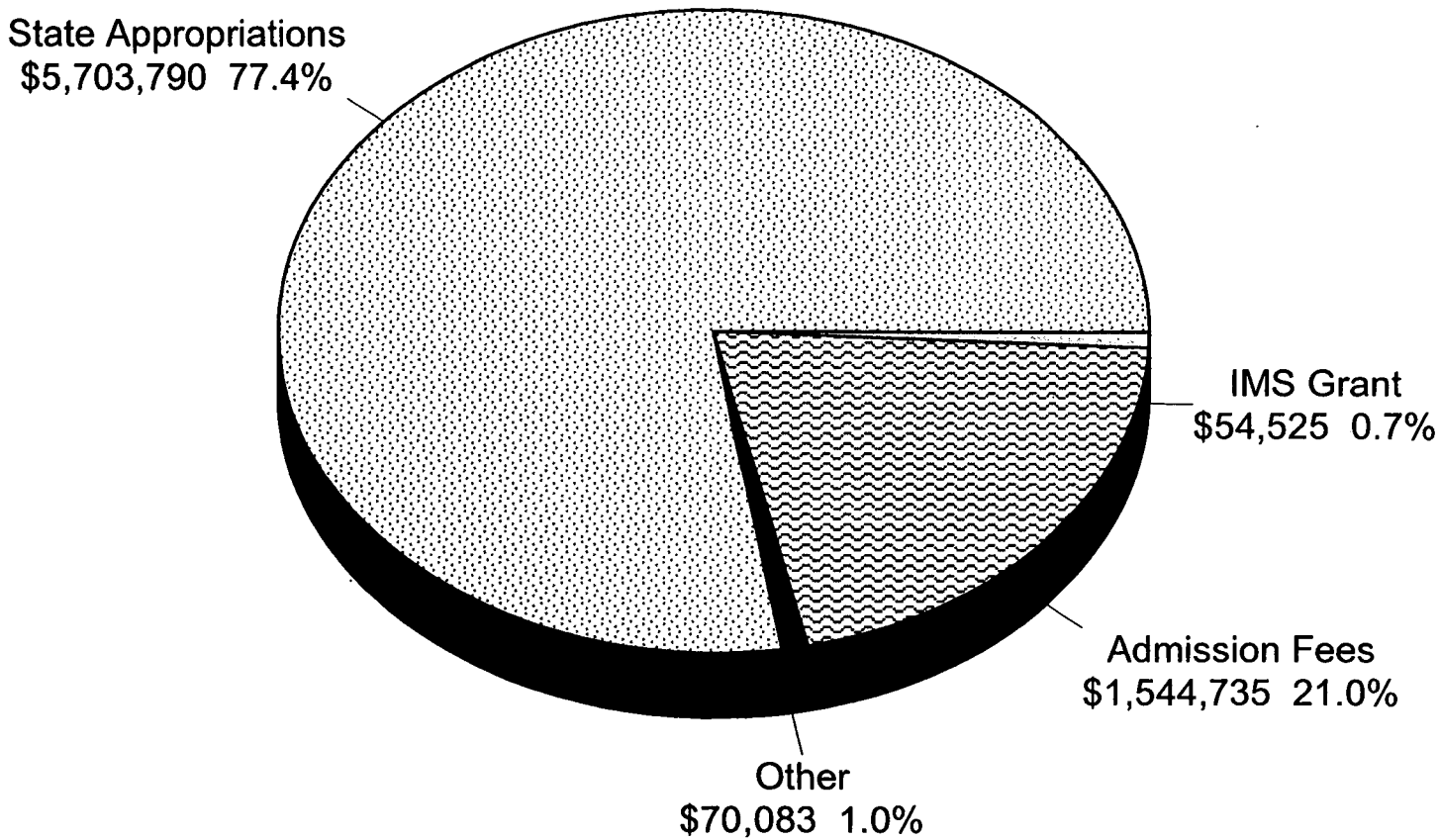
The North Carolina Aquariums are three state-supported facilities that provide a variety of educational opportunities including aquariums, exhibits, field experiences, lectures, films and school programs. Activities at the Aquariums are designed to create an awareness, understanding, and appreciation of North Carolina's diverse aquatic resources.

The Aquariums are located at Roanoke Island (Dare County), Fort Fisher (New Hanover County), and Pine Knoll Shores (Carteret County).

North Carolina Aquariums

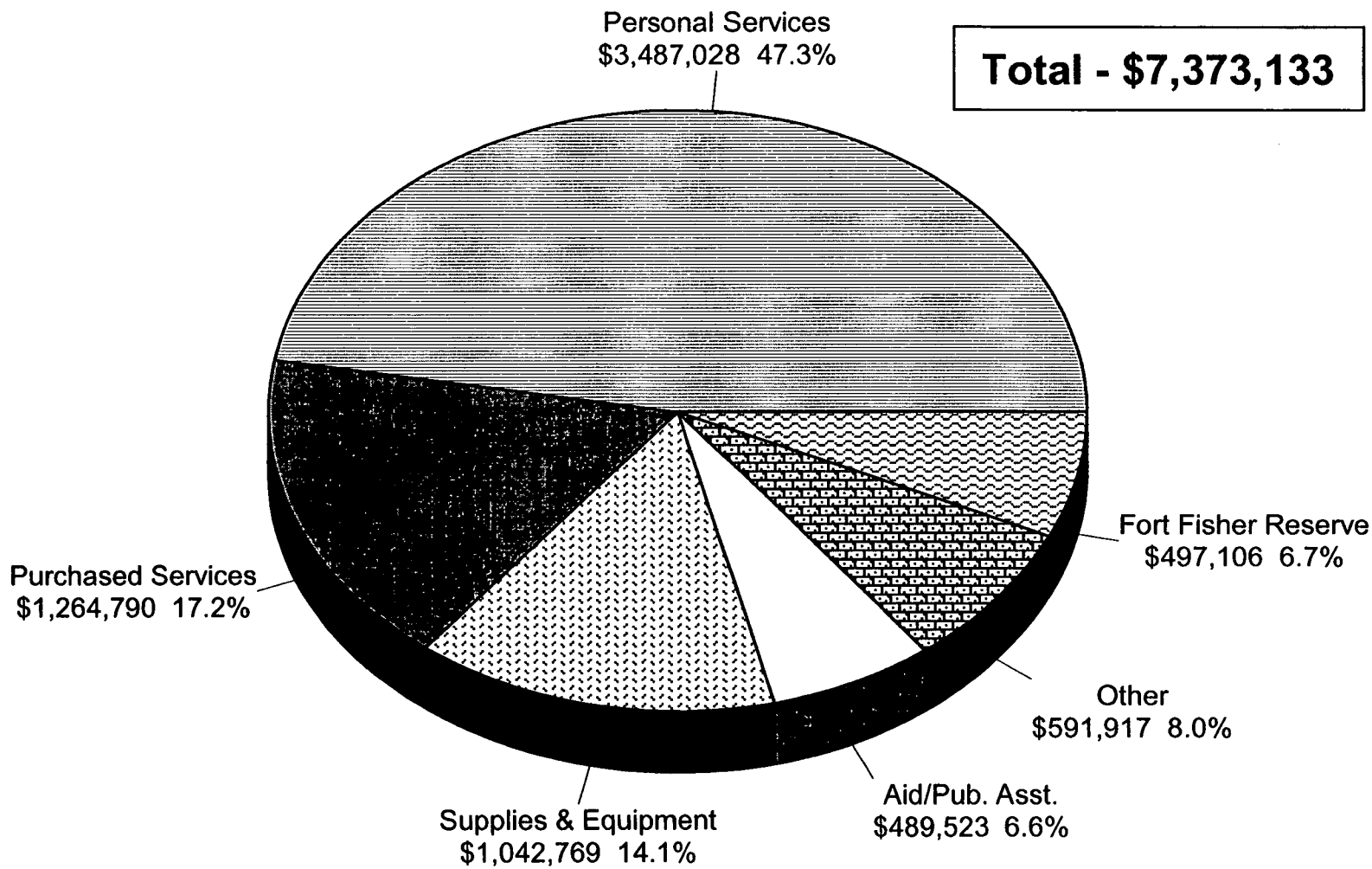
FY 2000-01 (Authorized) Fund Sources

Total - $7,373,133



North Carolina Aquariums

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
NORTH CAROLINA AQUARIUMS

PROPOSED RECOMMENDATIONS FOR THE FY 2001-03 BIENNIUM

MAJOR CONTINUATION BUDGET RECOMMENDATIONS	2001-02	2002-2003
Operating Reserve – Annualization of Fort Fisher positions.	$268,988 R	$268,988 R

ITEMS FOR COMMITTEE DISCUSSION

1. The Committee may wish to have the Division provide (1) an update on the Roanoke Island Aquarium which reopened in 2000, (2) a status report on the progress to date on the Fort Fisher Aquarium construction and the time frame for completion, and (3) general comments on the activities at the Pine Knoll Shores Aquarium in light of the capital appropriations reverting to the Hurricane Floyd Reserve Fund in 1999.

2. Aquarium Special Fund – G.S. 143B-289.44 established the North Carolina Aquariums Fund as a special, nonreverting fund that may be used, upon authorization from the General Assembly, for repairs, maintenance, exhibit construction, and operating expenses at the Aquariums. The Fund may also be used to match private dollars raised for these purposes.

   The Committee may wish to have the Division Director comment on the cash balance in the fund ($1.8 million as of March 2001), and the planned uses of these funds.

Department of Environment and Natural Resources

North Carolina Aquariums - Special Fund					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01* Year-to-Date
Beginning Balance	$1,036,537	$1,089,101	$1,287,682	$1,467,930	$1,329,613
Receipts	$1,365,541	$1,430,369	$1,174,746	$874,879	$1,046,121
Expenditures	($1,312,976)	($1,231,788)	($994,498)	($1,013,196)	($505,593)
Change in Cash Balance	*$52,564*	*$198,581*	*$180,248*	*($138,317)*	*$540,529*
Ending Balance	**$1,089,101**	**$1,287,682**	**$1,467,930**	**$1,329,613**	**$1,870,141**

Note: 2000-01 is year-to-date as of March 2001

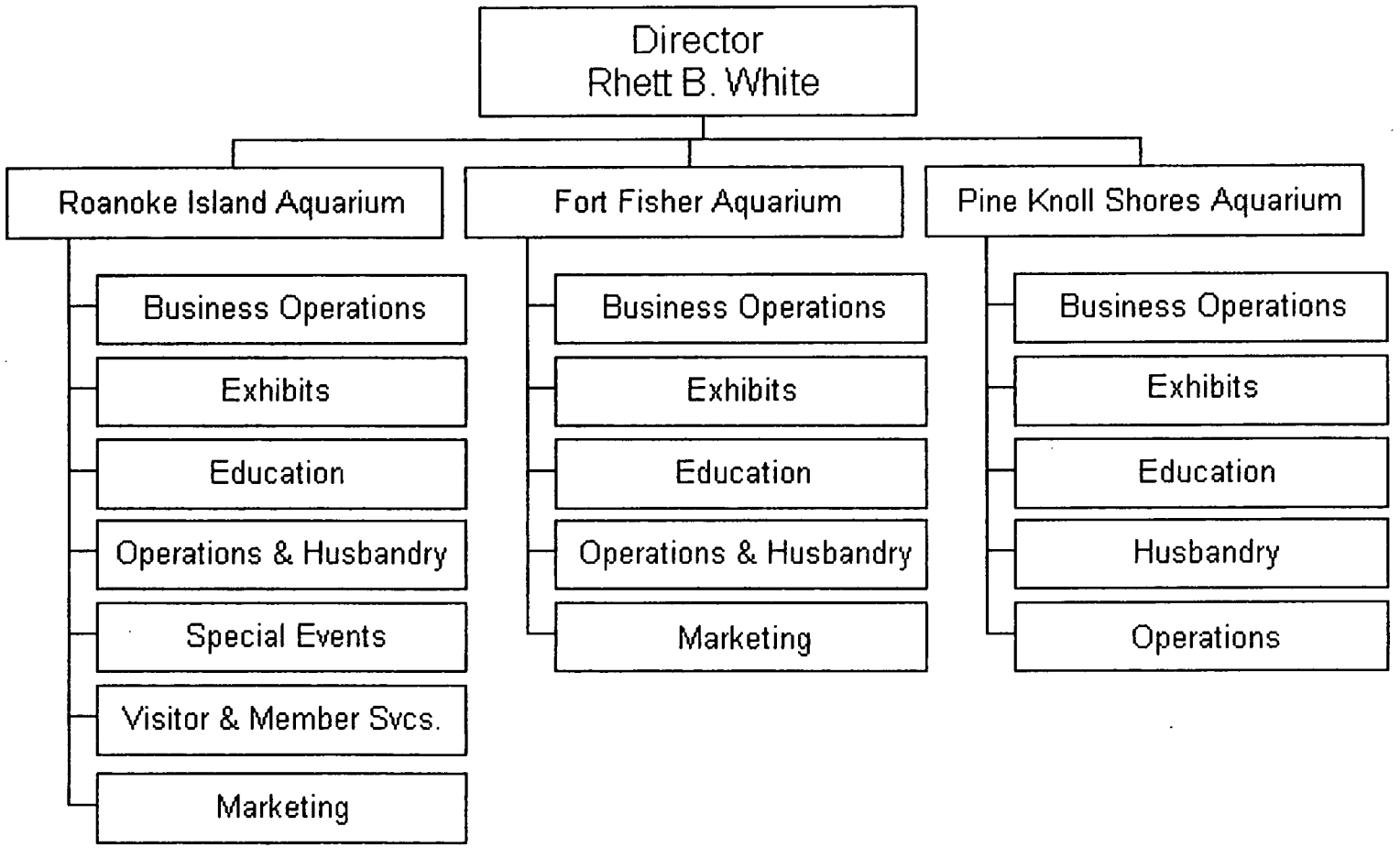
Statutory Authority: G.S. 143B-289.44

Purpose of Fund: For repair, maintenance, educational exhibit construction, and operational expenses at existing Aquariums and to match private funds that are raised for these purposes.

Authorization of Fees: Secretary of DENR may expend funds only upon authorization of the General Assembly.

Reporting Requirements: By September 30 of each year to the Joint Legislative Commission on Governmental Operations, the House and Senate Subcommittees on Natural and Economic Resources, and the Fiscal Research Division.

North Carolina Aquariums Division



Attachment 13

North Carolina Department of Environment & Natural Resources
North Carolina Aquariums Division

Director Rhett B. White
417 N. Blount Street
Raleigh, NC 27601

Telephone: 919/733-2290
Facsimile: 919/733-4271

OVERVIEW

The North Carolina Aquariums' purpose is to provide a unique experience of live native (North Carolina) aquatic animals, multiple facilities, family entertainment, environmental education and economic benefit to the community and state in a not-for-profit governmental context. This is accomplished at the three North Carolina Aquariums located on Roanoke Island and at Pine Knoll Shores and Fort Fisher.

The North Carolina Aquariums are unique in being state-operated and multiple facilities. They are also unique in their emphasis upon aquatic educational programming for school groups and general public visitors. Over 150,000 visitors participate in staff conducted programs each year, a number that will increase dramatically when expansion of the three Aquariums is complete.

The North Carolina Aquarium on Roanoke Island re-opened following a $14.5 million expansion, last May. The expansion doubled the facility size and added a 285,000-gallon "Graveyard of the Atlantic" ocean tank, with large sharks, groupers, sea turtles, Red Drum and hundreds of schooling fish. Species increased from 75 to 250 with over 2,500 specimens on display. Visitation in the nine months following re-opening reached 373,000 and the Aquarium is on target for setting attendance and programming records.

Expansion of the North Carolina Aquarium at Fort Fisher is over 60% completed. The project is on budget and on schedule for completion in December of this year. Projections are for over a half-million visitors at Fort Fisher during its first year of post-expansion re-opening. In addition to a large ocean tank, the aquarium will feature a 20,000 sq. ft. natural habitat with live native plants and freshwater fish and animal life from the Cape Fear River basin.

The North Carolina Aquarium at Pine Knoll Shores awaits expansion re-funding. Meanwhile educational activities including off-site beach, marsh and on-the-water programs are offered.

SERVICES

The North Carolina Aquariums provide displays and exhibits that interpret the natural and cultural resources associated with the States' estuaries, rivers, streams, and other aquatic environments. Environmental education programs are conducted for school

groups who come from across the state, as well as for youth and college groups, special interest organizations and the general public.

Popular programs include visitors interacting with volunteer SCUBA divers in the "Graveyard of the Atlantic" exhibit tank, on-board collecting cruises and day trips to Cape Lookout, canoe trips through marshes teaming with live marine life and live animal presentations at the Aquariums. Outreach programs are conducted statewide. Other popular programs include "Sleep with the Sharks" (a sleepover for youth groups), "Breakfast with the Fishes", surf fishing weekend workshops and seafood preparation programs.

Educational activity is performed at the three Aquariums. The Division Office supports these programs.

The Aquariums are also supported by the non-profit North Carolina Aquarium Society, through memberships, fundraising and support of educational exhibits and programs.

NORTH CAROLINA AQUARIUMS DIVISION
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Expansion of North Carolina Aquarium/Roanoke Island	$14.5 million NR	
2. Expansion of North Carolina Aquarium/Fort Fisher		$17.5 million NR
3. Continuation Reserves for NCA/Roanoke Island Expansion	$ 1,821,159 NR	
4. Continuation Reserves for NCA/Fort Fisher Expansion		$ 1,020,142 NR

New and Expanded Programs Since 1996

ITEM

None

NORTH CAROLINA AQUARIUMS DIVISIONS
OVERVIEW OF REDUCTION ITEMS

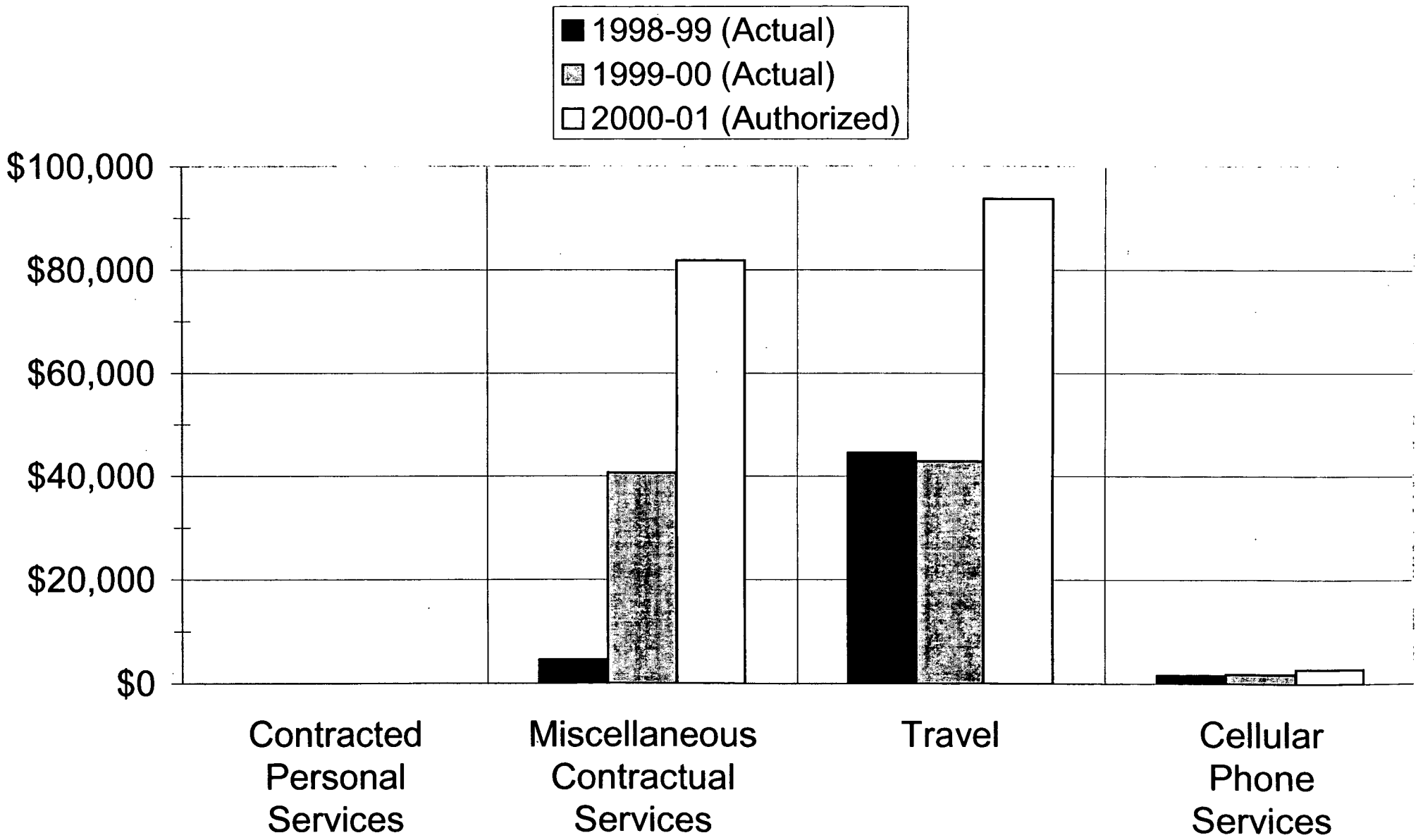
Current Biennium 1999-2001

SELECTED REDUCTION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
Delay in Capital Projects/NC Aquarium at Pine Knoll Shores due to Hurricane Floyd		($14,541,385) R
Repair and Renovation Reduction Delay in Repair and Renovation Projects at 3 NC Aquariums		($1,330,848) R
Reduction in Operating NC Aquariums	($88,009) R	
NC Aquarium at Pine Knoll Shores Continuation Reserves for Expansion		($1,569,337) R

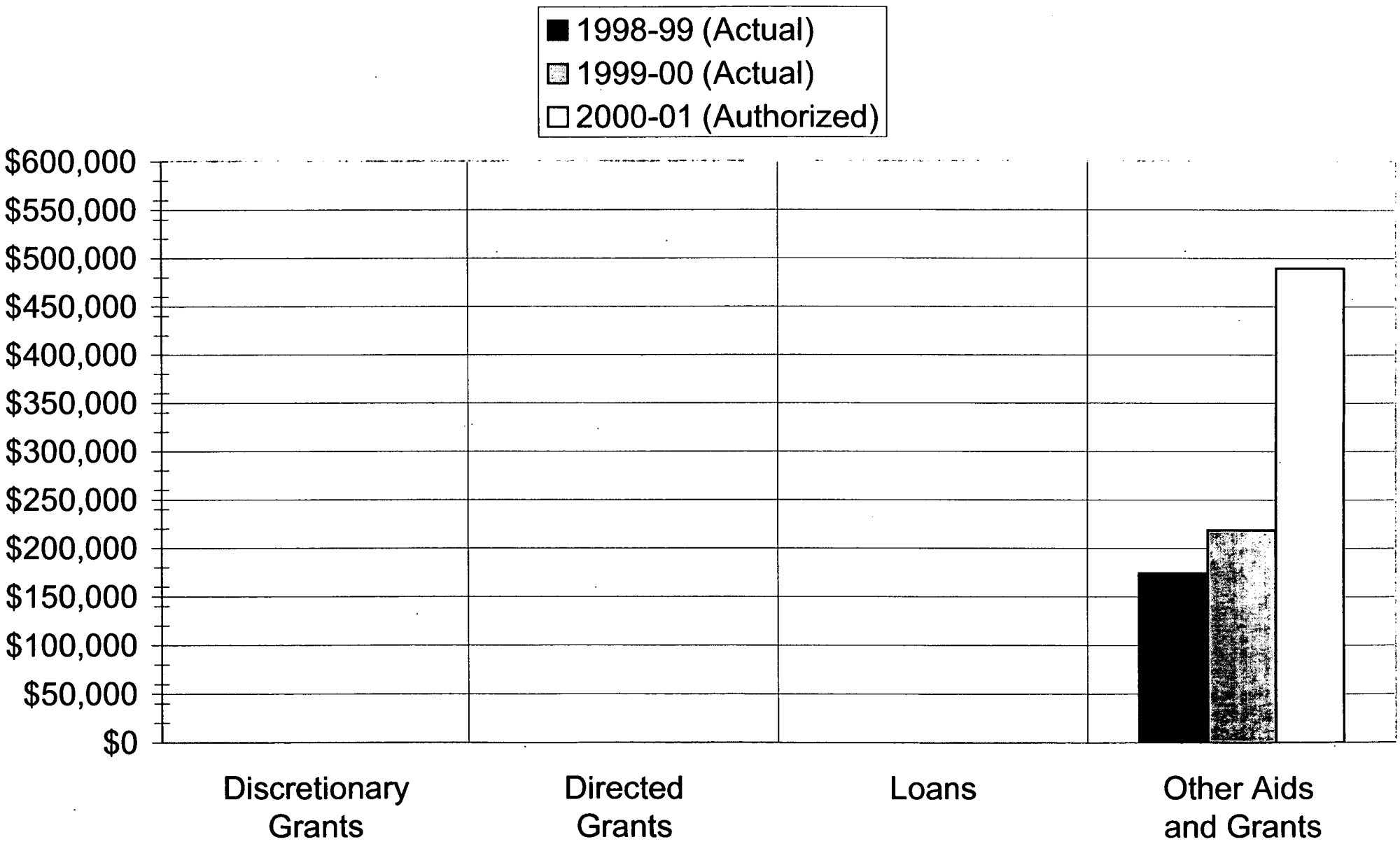
Budget Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Salary/Span of Control/Operating Reductions			
Supplies and Materials		($41,777) R	

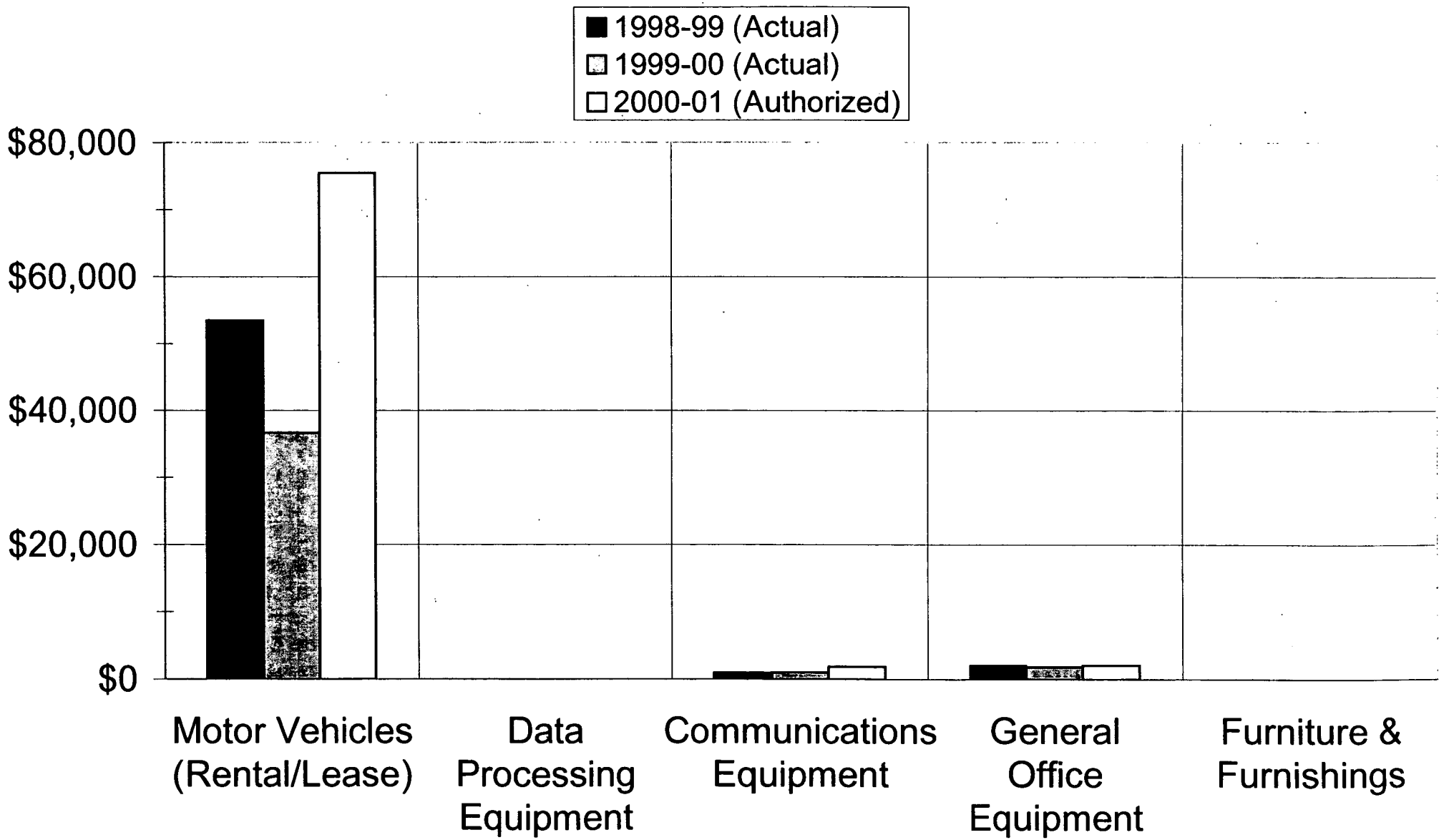
Dept. of Environment & Natural Resources
N. C. Aquariums
Comparison of Actual and Authorized Expenditures



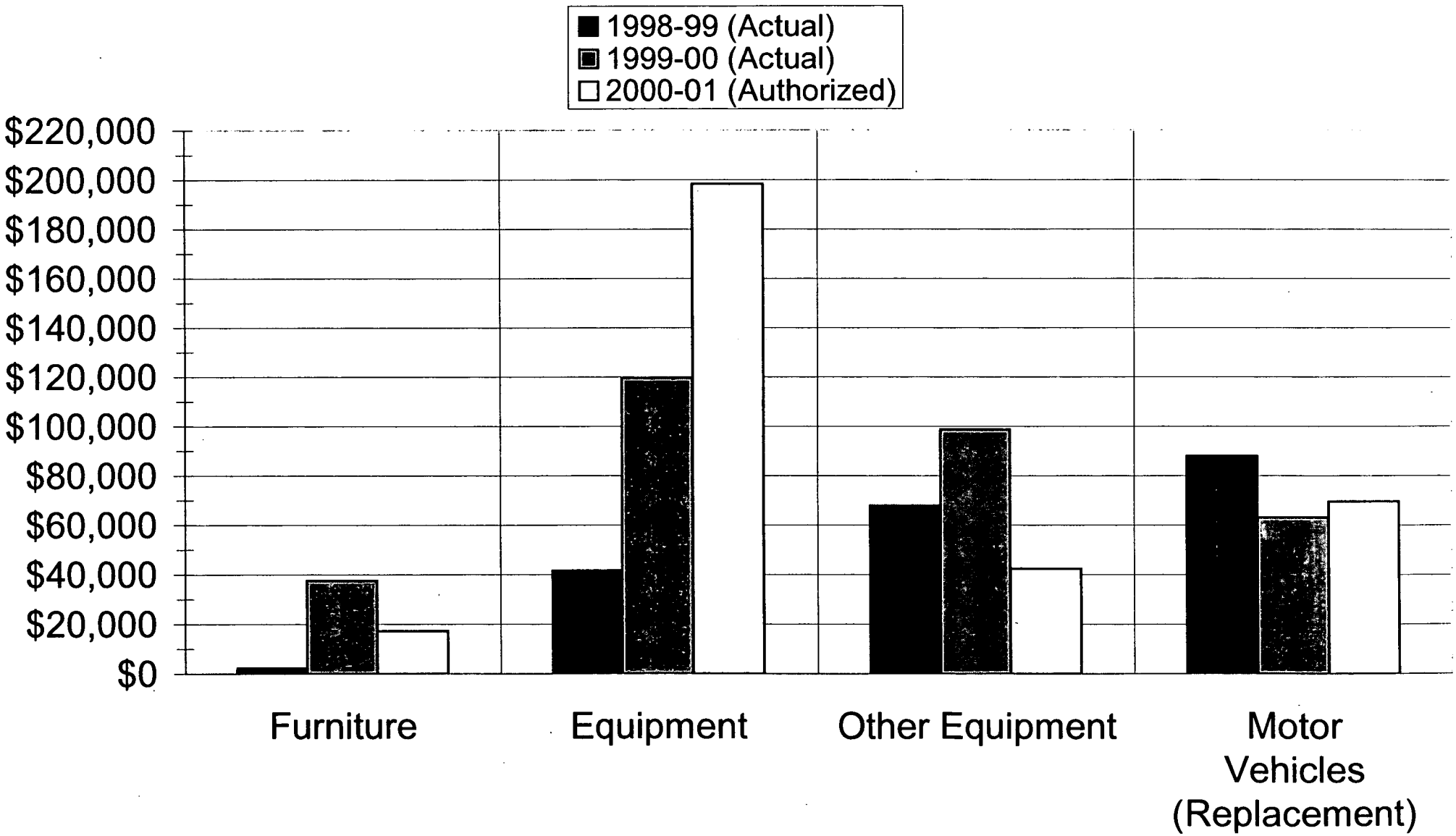
Dept. of Environment & Natural Resources
N. C. Aquariums
Comparison of Actual and Authorized Expenditures



Dept. of Environment & Natural Resources
N. C. Aquariums
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Dept. of Environment & Natural Resources
N. C. Aquariums
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
N. C. Aquariums

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Admission Fees	1994	GS 143B-390-17		FY-99-00	daily	621,927	$ 874,879.00
Pine Knoll Shores			$3.00 Adults				
"			$2.00 Sr. Citizens				
"			& Military				
"			$1.00 Ages 6-18				
Roanoke Island			$4.00 Adults				
"			$3.00 Sr. Citizens				
"			& Military				
"			$2.00 Ages 6-18				
Special Activities	1984	N/A	VARIES	N/A	on going	17,312	$ 77,905.00

Attachment C

Department of Environment and Natural Resources

Museum of Natural Sciences

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	4,118,268	7,586,172	7,992,391	9,497,814	10,410,946	10,911,384
Less Receipts	(245,050)	(302,771)	(361,573)	(15,228)	(350,110)	(350,110)
Less Grassroots Appropriations	*(500,000)*	*(3,250,000)*	*(2,260,000)*	*(3,487,501)*	*(3,670,000)*	*(3,420,000)*
Revised State Appropriations	3,373,218	4,033,401	5,370,818	5,995,085	6,390,836	7,141,274
Positions	69.00	81.00	100.50	103.75	103.50	113.50

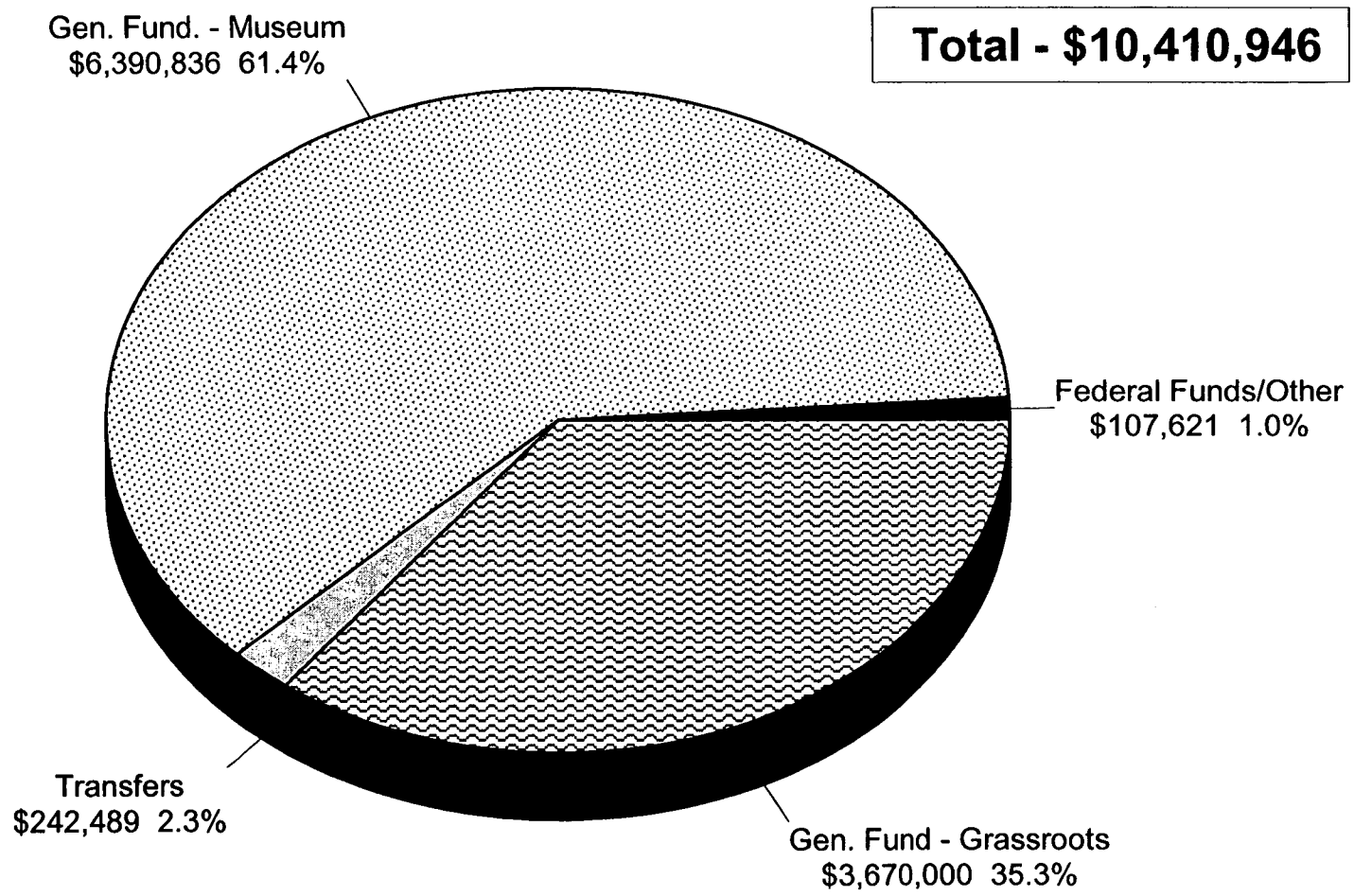
The Museum of Natural Sciences maintains the state's collections of animals, fossils, rocks, and minerals, and conducts research regarding the natural history of North Carolina. The Museum supports "hands on" natural sciences programs statewide for students, teachers, and the general public as well as workshops, interpretive exhibits, publications and media contacts, and biological research and survey work. In April 2000, the Museum opened a new 200,000 square foot facility on Jones Street.

Since FY 1992-93, the General Assembly has also supported the Grassroots Science Museums Collaborative. The Collaborative is an association of science museums and nature centers across the state that work to improve the public understanding of science and technology, and to enhance science education in schools and communities throughout North Carolina.

The General Assembly provided Columbus County with two appropriations totaling $1.25 million to develop a Museum of Forestry in Whiteville. In 1998, the legislature directed that this Museum become a satellite of the state Museum of Natural Sciences.

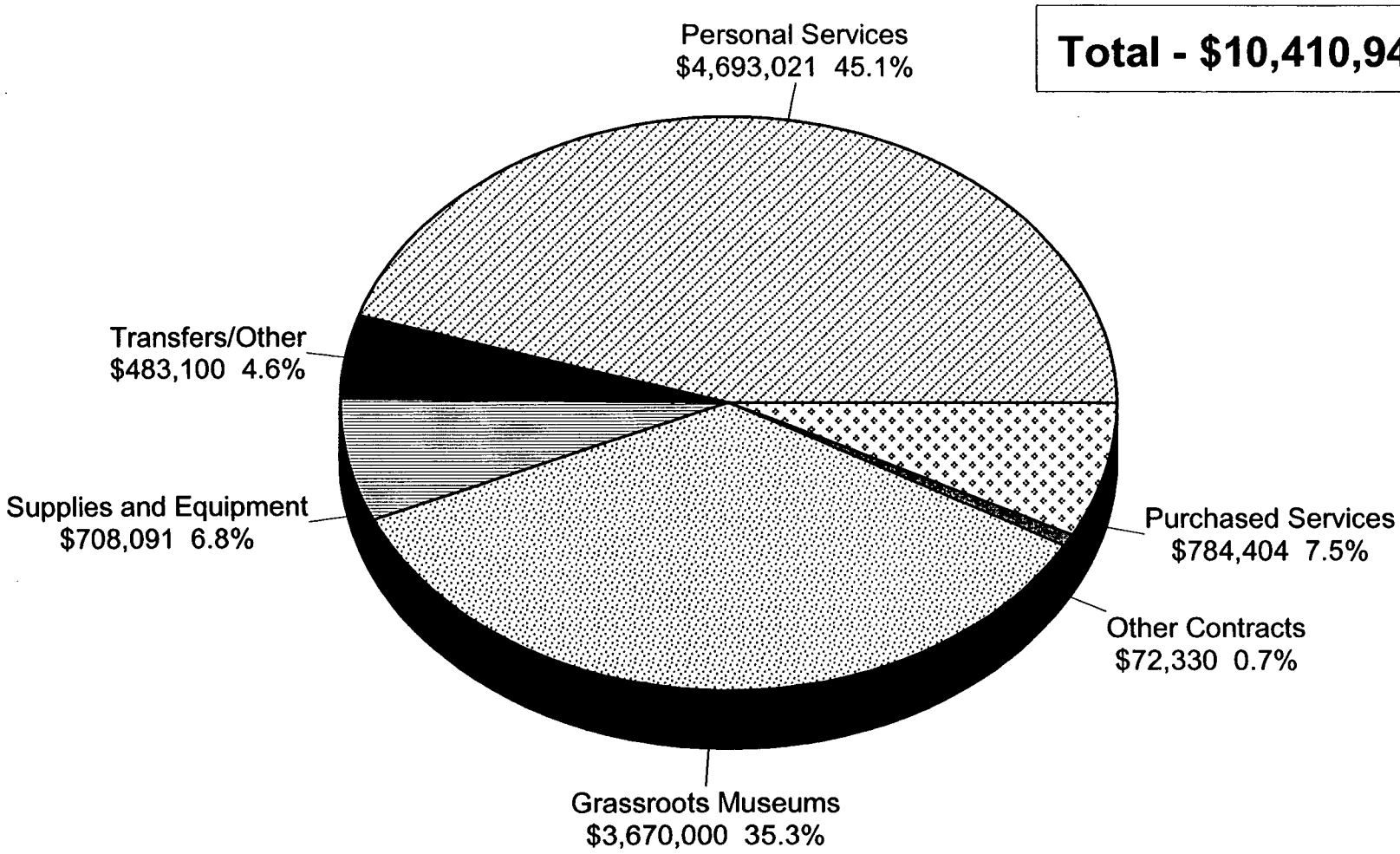
Museum of Natural Sciences

FY 2000-01 (Authorized) Fund Sources



Museum of Natural Sciences

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
MUSEUM OF NATURAL SCIENCES

GOVERNOR'S RECOMMENDATIONS FOR FY 2001-03

MAJOR CONTINUATION BUDGET INCREASES	2001-02	2002-2003
1. Museum Operating Reserve	$ 377,205 R	$ 377,205 R
	6.00	6.00
2. Museum of Forestry – Columbus County	$ 345,000 R	$ 345,000 R
	4.00	4.00

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

1. Operating Reserves for FY 2001-03 – The Governor's recommended FY 2001-03 budget includes two operating reserves totaling $722,205 and 10 additional positions for the Museum of Natural Sciences and the Museum of Forestry. The Committee may wish to have the Department provide an update on activity at both facilities and comment on the need for these reserves.

2. Grassroots Science Museums Collaborative – As previously mentioned, the General Assembly has provided both recurring and nonrecurring funds to support a specified list of Grassroots Science Museums (see page E-122 for a history of appropriations since 1996-97). The continuation budget includes $3,420,000 to support 16 museums across the state. Currently, 4 museums in the Collaborative do not receive state funding, as they were recently admitted to the Collaborative. The Committee may wish to have the President of the Collaborative comment on the process through which museums are admitted into the Collaborative, the level of participation in the Collaborative organization by the 20 museums, and the appropriateness of the current funding level.

Grassroots Science Museums History of State Appropriations Since 1996

	Museum	County	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
1	Aurora Fossil Museum	Beaufort	-		-	64,066	64,066
2	Cape Fear Museum	New Hanover	50,000	188,500	131,831	203,944	203,944
3	Catawba Science Center	Catawba	50,000	190,500	115,614	179,172	179,172
4	Colburn Gem and Mineral Museum	Buncombe	-		-	63,942	63,942
5	Discovery Place	Mecklenburg	50,000	887,250	584,070	776,577	776,577
6	Granville County Museum - Harris Gallery	Granville	-		-	54,420	54,420
7	Health Adventure of Pack Place	Buncombe	35,000	162,500	114,177	210,860	210,860
8	Imagination Station	Wilson	50,000	111,000	88,276	108,202	108,202
9	Iredell County Children's Museum	Iredell	-	56,500	53,935	56,243	56,243
10	Museum of Coastal Carolina	Brunswick	-	66,750	59,513	318,274	318,274
11	Nat Sci. Ctr Greensboro	Guilford	50,000	333,000	210,232	321,802	321,802
12	NC Museum of Life & Science	Durham	50,000	398,750	274,371	465,240	465,240
13	Rocky Mount Children's Museum	Edgecombe	50,000	109,750	84,414	98,007	98,007
14	Schiele Museum	Gastonia	50,000	383,750	250,812	381,489	381,489
15	SciWorks Center	Forsyth	50,000	231,000	156,434	247,501	247,501
16	WNC Nature Center	Buncombe	15,000	130,750	136,321	120,261	120,261
	Total		500,000	3,250,000	2,260,000	3,670,000	3,670,000

The NC State Museum of Natural Sciences adminsters the Grassroots Museums Collaborative

E-122

Grassroots Science Museums Collaborative

In 1990, eight science and technology centers in North Carolina associated in order to strengthen the programs of each and to establish a Grassroots Science Museums Collaborative. In June of 1992, the N.C. General Assembly authorized an appropriation to support the museums of the statewide collaborative. In the 1999-2000 biennium, sixteen science museums received support to strengthen their programs and to promote science education, both at participating institutions and throughout the State of North Carolina.

The goals of GSMC are to:

- Improve the public understanding of science and technology.
- Enhance science education in schools and communities throughout the state of North Carolina.
- Enhance member institution's efforts to develop exhibits, programs and scientific collections that focus on the basic sciences and related technological applications.
- Serve as a vehicle for planning and conducting cooperative projects that strengthen services provided by member institutions across North Carolina.

Grassroots museums annually serve millions of citizens through general visitation, teacher training and special programs. Programs include both onsite and offsite presentations and reach students in every North Carolina school district. As a public/private alliance, for every state dollar allocated to Grassroots museums, the institutions raise twelve dollars from private support. Through Grassroots, North Carolina science centers are addressing statewide issues relating to museums, tourism, industry, and basic math/science instruction.

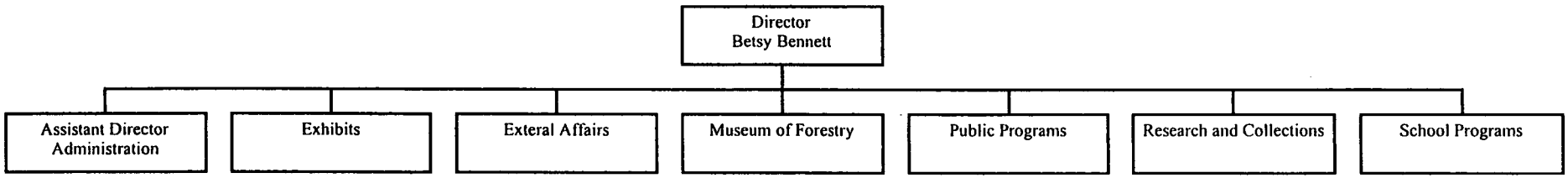
The Grassroots Science Museums Collaborative is pursuing new initiatives to enhance the quality of science education in North Carolina. The Collaborative has undertaken it's first statewide programming initiative. The museums committed financial resources, received an endowment from the Burroughs Wellcome Fund and received a National Science Foundation Grant for Mathematics is Easy As Pi—a statewide initiative that many of you participated in here in Raleigh on March 14—Pi Day!

The Grassroots Science Museums Collaborative is totally unique among museums nationwide. Statewide interest continues to increase by similar science institutions to participate with the Collaborative and its programs. Ongoing support from the State has made all of this possible.

FXN 3/30/01

E-123

North Carolina Museum of Natural Sciences - Revised



E-124

Attachment D

NC Department of Environment and Natural Resources
North Carolina Museum of Natural Sciences

Director Betsy Bennett
11 West Jones Street **Telephone 919-733-7450, Ext. 200**
Raleigh, North Carolina 27601-1029 **Facsimile 919-733-1573**

Overview

The purpose of the North Carolina State Museum of Natural Sciences is to enhance the public's understanding and appreciation of the natural environment in ways that emphasize the biodiversity of North Carolina and the south eastern United States and relates the region to the natural world as a whole. The NC General Assembly founded the North Carolina State Museum of Natural Sciences in 1879 "to illustrate...and keep a collection of the natural history of the State."

On April 7, 2000, the Museum opened a new 200,000 square foot facility. In August 1999, the Museum opened a 18,000 square foot research lab on 23 acres off Reedy Creek Road. Museum public hours are 9 a.m. to 5 p.m. Monday to Saturday, and noon to 5 p.m. Sunday. Since the opening of the new facility, the Museum has greeted over 880,000 visitors and served over 134,000 participants in off-site programs.

In the 1999 legislative session, the Museum of Forestry in Whiteville, North Carolina, was made a satellite museum of the NC Museum of Natural Sciences. Prior to that in 1998, $1 million was appropriated in capital funds for a museum facility and the first year's operating budget. Educational programming and exhibit planning have begun and the Columbus County community has demonstrated excellent support for the project.

Research, Education, Exhibit, Publication Services

Research and Collections

- The Museum is a research institution legislated to "keep...a collection to illustrate the natural history of North Carolina."
- The State's natural history research collections constitute a data base spanning more than 122 years containing over one million specimens comprised of mammals, birds, amphibians, reptiles, fishes, invertebrates, fossils, rocks, and minerals.
- Specimens play a major role in basic biodiversity research and are essential reference materials for environmental agencies, scientists, and universities who document environmental conditions affecting us all.
- Research scientists present results of research to the public through scholarly and popular publications, scientific literate exhibits, and educational programming.

Education and Outreach

- The Museum provides hands-on educational opportunities at the Museum and in statewide outreach programs to families and adults, students, teachers and special populations.
- The Museum provides in-depth, experiential learning opportunities for **teachers** that complement the state's science education reforms and include *the Educators of Excellence Programs, Teacher Treks, Residential Workshops, and Using the Outdoors to Teach Experiential Science (UTOTES)*
- Programs at the Museum for **students** are designed to meet objectives of the current North Carolina Science Curriculum *(Discovery Fun, Curiosity Classes and Natural History Investigations,*

Distance Learning to Schools, Programs to libraries and community centers, Girls in Science, Junior Curators, Intern Programs).

- For the **general public**, the education staff offers classes, workshops and trips *(examples: classes, special events, and auditorium programs for families; summer programs for preschool through 8th grade, adult workshops, naturalist-guided field trips, North Carolina Habitat Workshops, and programs for special populations).*

Exhibits

- Exhibits foster public understanding and appreciation of the natural environment using specimens and habitats of North Carolina to interpret scientific principles.
- Traveling exhibits are brought to the Museum to bring new leaning opportunities to visitors and new exhibits are created by the Museum to travel across the state.

Publications, Awareness and Support

- Publications inform the general public about the natural history of North Carolina (examples: The *Naturalist; State Symbols Brochure).*
- Award winning website provides easily accessible information about the Museum and North Carolina's natural history.
- Friends of the Museum, a private non-profit support group, successfully raised over $21 million in non-state funds for exhibits for the new Museum and continues to support the Museum through membership and special projects.

DIVISION : MUSEUM OF NATURAL SCIENCES
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Science Museum – Capital Improvements	$3,300,000 NR	
2. Science Museum – Upfit and Exhibits	700,000 NR	
3. Museum of Forestry	250,000 NR	
4. Grassroots Science Program	2,785,000 R	$35,000 R
	250,000 NR	250,000 NR

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Grassroots Science Program		100,000 R	35,000 R
		2,650,000 NR	1,625,000 NR

DIVISION: MUSEUM OF NATURAL SCIENCES
OVERVIEW OF REDUCTION ITEMS

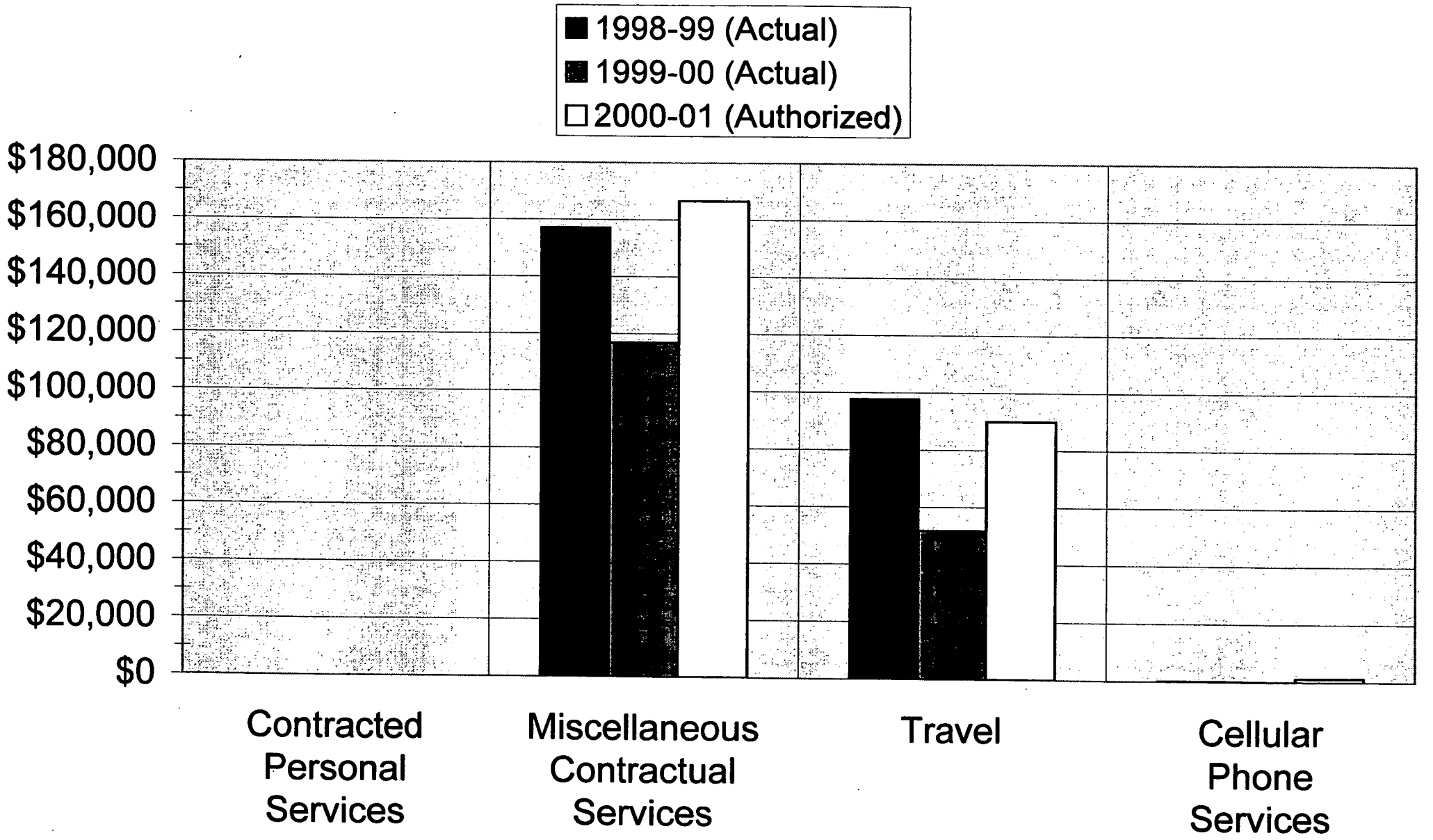
Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Positions - Lost	($103,126) R (2.00)	

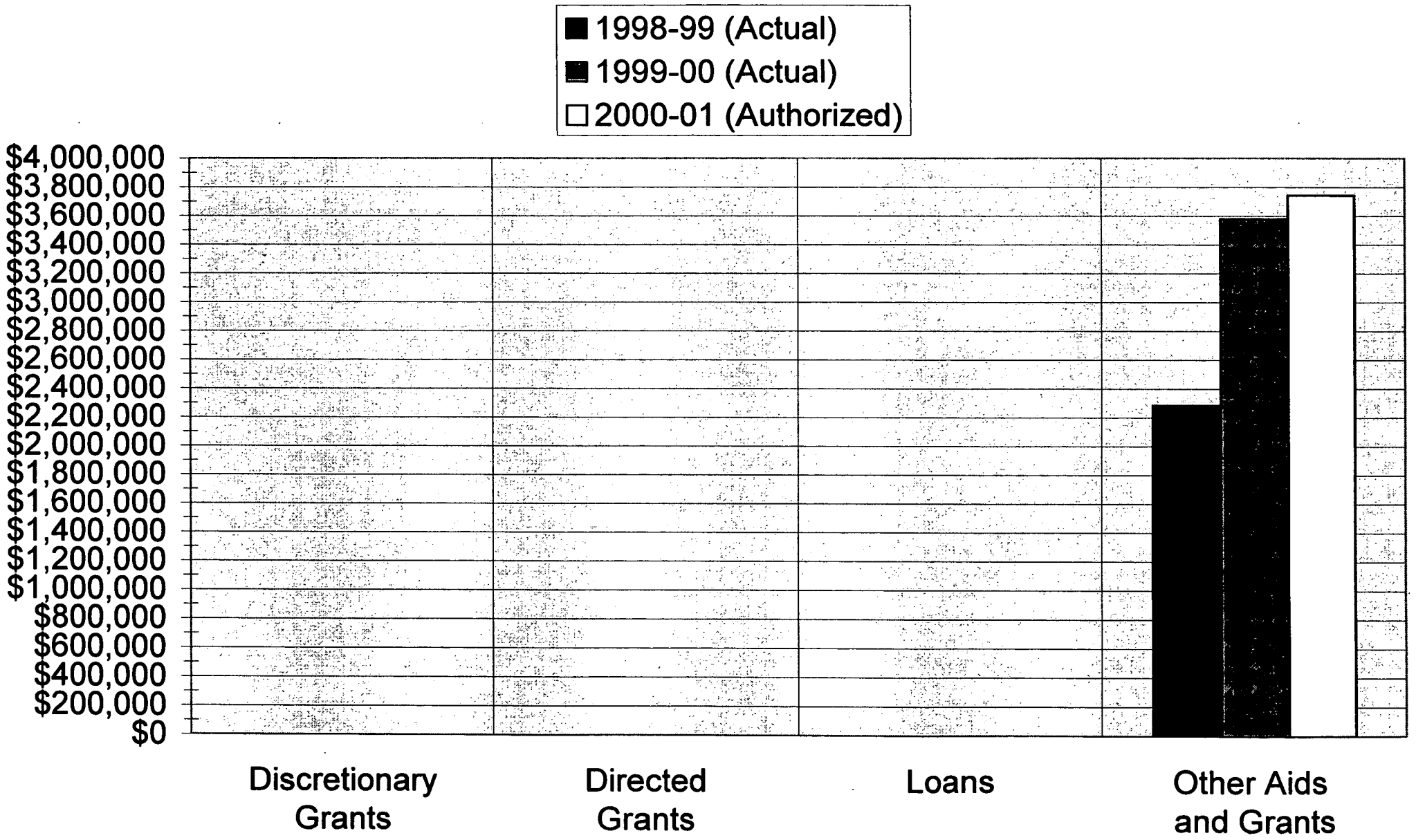
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Positions - Lost	($19,466) R (1.00)		
2. **Salary/Span of Control/Operating Reduction**			
Natural Science Education Curator		($56,524) R (1.00)	
Temporary Wages		($50,000) R	
3. Operations – Reduce supplies and equipment	($9,569) .R		($39,513) R

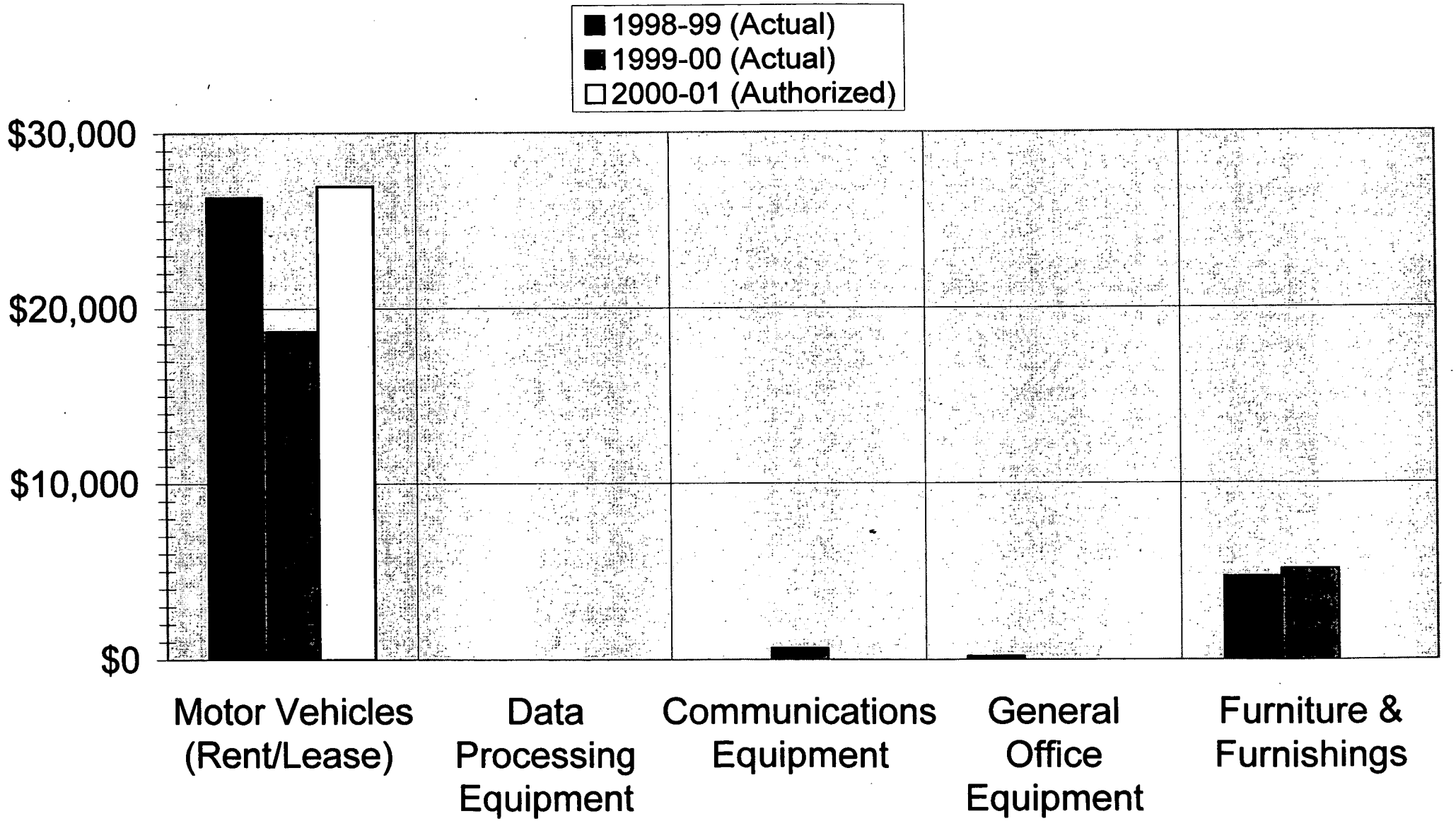
Department of Environment and Natural Resources
NC Museum of Natural Sciences
Comparison of Actual and Authorized Expenditures



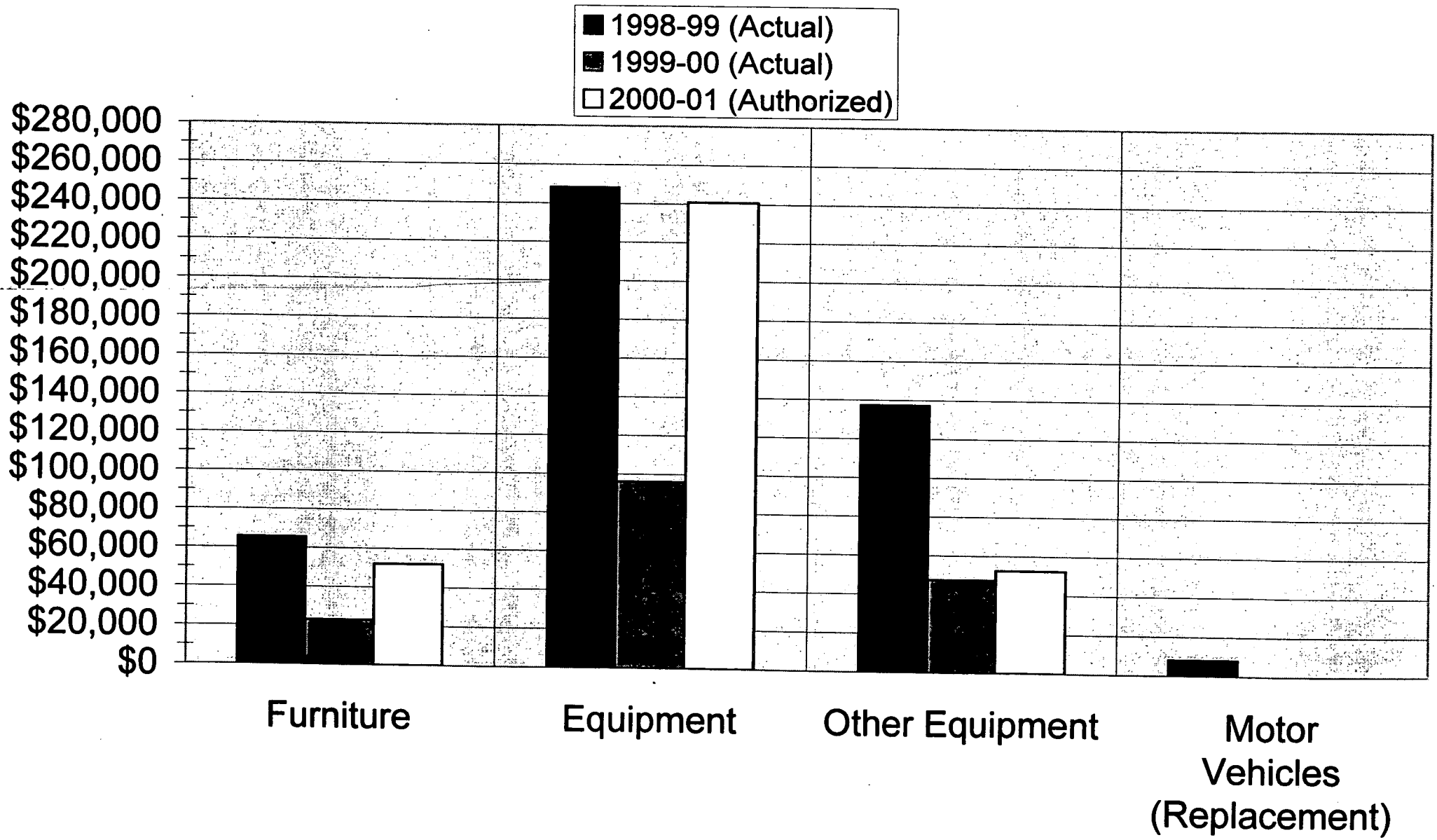
Department of Environment and Natural Resources
NC Museum of Natural Sciences
Comparison of Actual and Authorized Expenditures



Department of Environment and Natural Resources
NC Museum of Natural Sciences
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment and Natural Resources
NC Museum of Natural Sciences
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment and Natural Resources
Museum of Natural Sciences

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Curiosity Classes	1977		$25/class	1991	2-3 times week	120	$3,000
Assembly Classes	1997		$250 & travel	1997	as requested	4	850
Discovery Classes	1991		$25/class	1991	each class	180	2492
Naturalist in Schools	1993		$200/program	1997	3/wk for 10 wks	30	6000
One Day Teacher Treks	1980s		$10/person	1996	each person	50	500
Overnite/Weekend TT	1980s		$30-150/person	1998	each person	40	4250
Extended Teacher Treks	1978		$300-350/person	1998	each person	20	6500
Using Your School Grnds-&NLH	1980		$150/school	1998	each school	10	1500
UTOTES	1991		$400/school	1999	each school	10	4000
Educators For Excellence	1992		$500-600/person	1992	each person	23	12,700
Outreach (19 separate programs)	1980		$65-75/program	1998	each program	458	32060
Underserved Populations	1997		$65-75/program	1997	each program	37	2590
Field Trips/ Classes	1977		$2-45/person	1998	each person	922	20,745

Attachment E

Department of Environment and Natural Resources

Division of Forest Resources						
	1996-7 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	42,694,922	47,854,328	49,346,803	49,252,847	65,909,271	54,020,748
Less Receipts	(16,423,924)	(13,321,078)	(19,558,166)	(19,181,016)	(32,288,809)	(19,788,809)
Cash Balance +/-	(338,731)	(4,205,034)	478,445	609,517	0	0
State Appropriations	*25,932,267*	*30,328,215*	*30,267,082*	*30,681,348*	*33,620,462*	*34,231,939*
Positions	681	668	677	683	686	694

The Division of Forest Resources has the lead role in managing, protecting and developing the forest resources of the state.

DIVISION ACTIVITIES

Field Operations – The Division carries out its mission and programs through 3 regional offices, 13 district offices, and through county forest rangers. Each county shares in the cost of the county program, depending upon the county tax base.

Forest Management – The objectives of this program are to establish and perpetually maintain maximum productivity of the natural resources of all forestland in the state.

Fire Program – The Division provides direct fire suppression on 18.7 million acres of forestland. This program also includes forest fire prevention activities, training and support of fire departments and emergency response for all natural disasters.

DIVISION ACTIVITIES (CONTINUED)

Forestry Stewardship Program – This program provides landowners with "on-the-ground" assistance in planning activities to enhance and protect the timber, soil and water, wildlife, fish and recreational values of their land.

Educational State Forests - The Division operates a system of six Educational State Forests (ESFs) designed to teach the public - especially school children - about the forest environment.

Bladen Lakes State Forest – The Division operates this land as a commercial demonstration forest. The 32,000-acre area is used for planting, cultural practices, and forest stand development, as well as research and development of innovative forest management procedures.

Tree and Seedling Nurseries – The objectives of these programs are: 1) to produce and sell at cost to the state's landowners a wide variety of forest tree seedlings and Christmas tree species for forest regeneration, 2) wetlands mitigation and research, and 3) to administer the Division's forest tree genetics activities.

B.R.I.D.G.E. Program - The Young Offenders Forest Conservation Program is a cooperative effort with the Division of Prisons to train and utilize non-violent young inmates in protecting and managing the forest resources of the state.

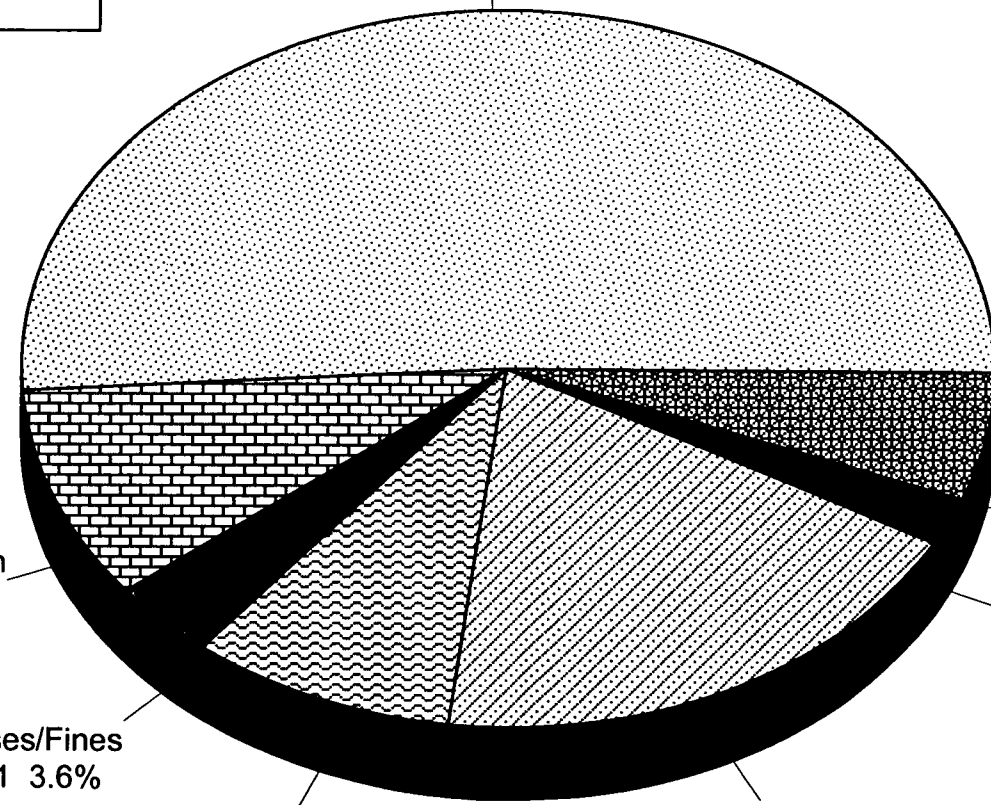
Urban Forestry – The Urban and Community Forestry Program promotes optimum forest resource management in NC communities by offering technical assistance, educational opportunities and program support to municipalities, organizations, agencies and industries.

Insect and Disease Control – The Division has primary responsibility for monitoring and taking appropriate control action on outbreaks of pests and disease that are harmful to North Carolina forests.

Division of Forest Resources

FY 2000-01 (Authorized) Fund Sources

Total - $65,909,271

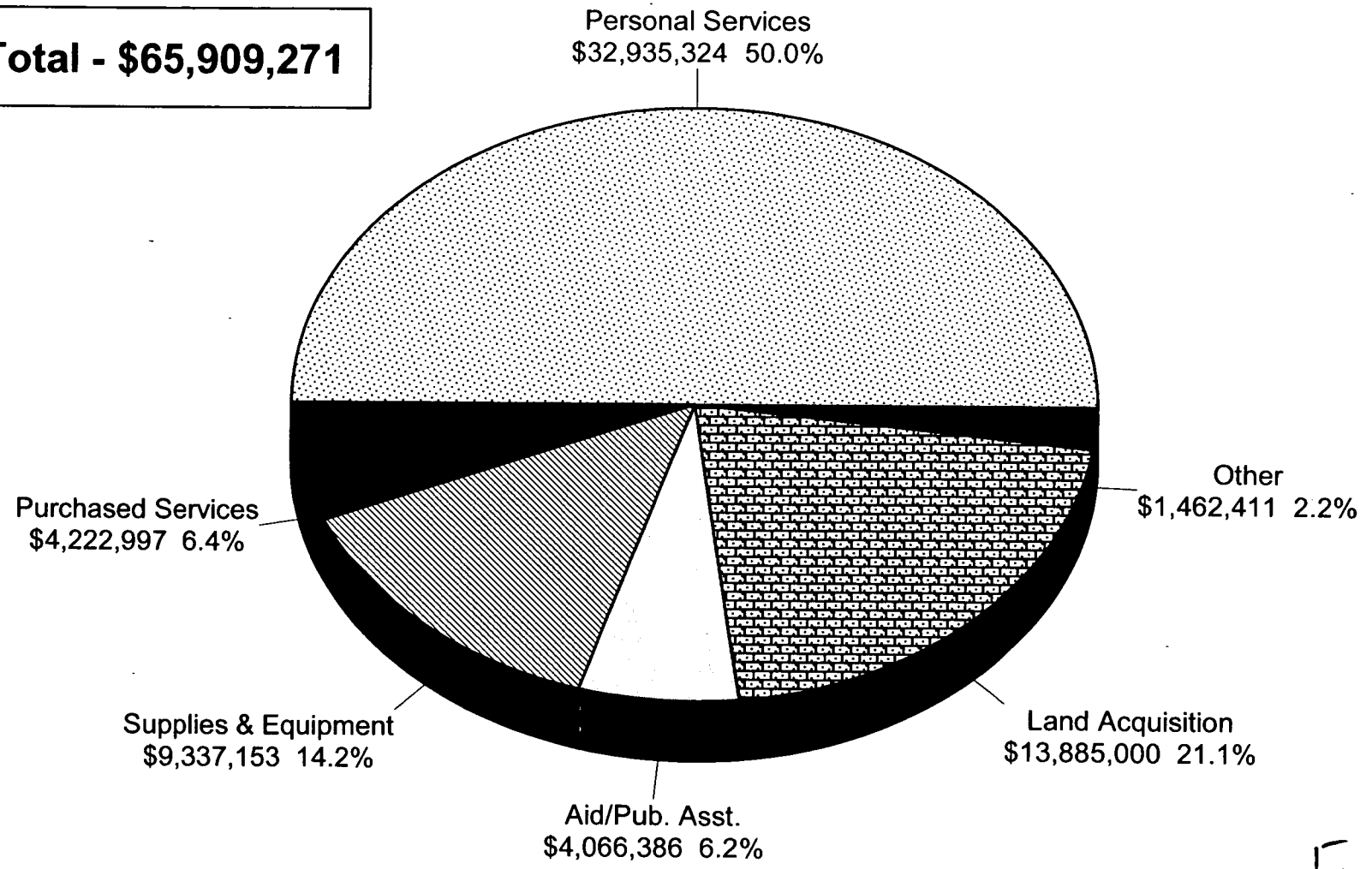


Fiscal Research Division - April 2001

Division of Forest Resources

FY 2000-02 (Authorized) Expenditures by Category

Total - $65,909,271



Fiscal Research Division - April 2001

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF FOREST RESOURCES

GOVERNOR'S MAJOR CONTINUATION BUDGET INCREASES - FY 2001-03

	2001-02	2002-03
1. DuPont State Forest Operating Reserve	$467,090 R	$467,090 R
	7.00	8.00

ITEMS FOR COMMITTEE DISCUSSION

1. DuPont Reserve – The Governor's recommended budget contains a reserve for the operations at DuPont State Forest. The Committee may wish to have the Division provide them with an update on activities at the State Forest, specifically commenting on how the site is currently being managed.

2. Forest Development Fund – The 1977 General Assembly created the Forest Development Fund (G.S. 113A-183) as a special fund that provides financial assistance to private landowners to encourage the development of the state's forest resources through the Forest Development Program (FDP) Under the FDP, a landowner is partially reimbursed for the costs of site preparation, seedling purchases, tree planting, release of desirable seedlings from competing vegetation, or any other work needed to establish a new forest. To qualify for this assistance, the landowner must have a forest management plan approved by the Division. The Forest Development Fund is supported through annual state appropriations ($689,500) and assessments on primary forest products processed from North Carolina timber.

   The Committee may wish to have the Division comment on the balance in the fund ($6.5 million as of 3/26/01), the plans for spending down that cash balance, and the feasibility of reducing the amount of General Fund appropriations transferred to the Fund.

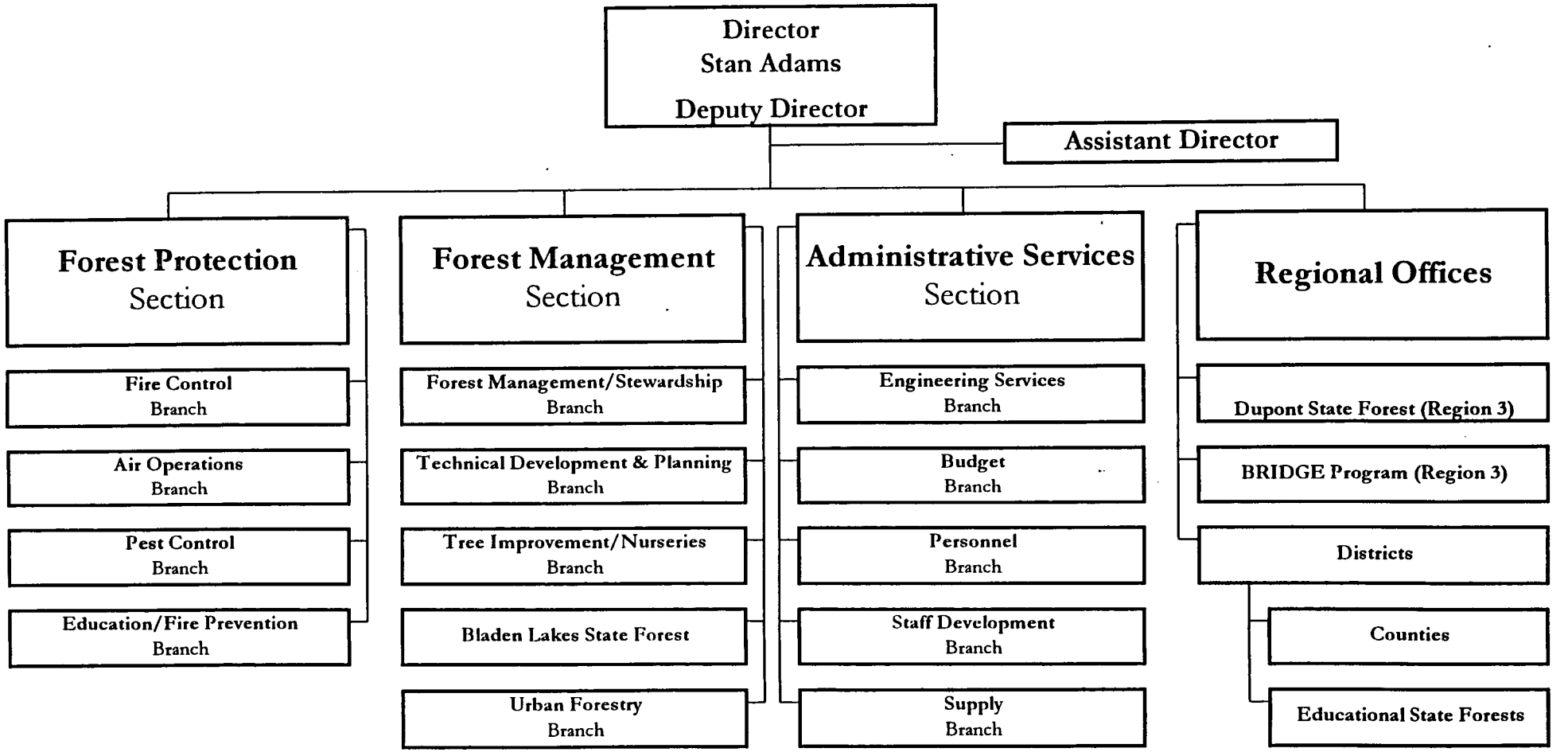
Department of Environment and Natural Resources

Division of Forest Resources Forest Development Fund					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01* Year-to-Date
Beginning Balance	$4,544,199	$4,205,034	$4,587,548	$5,065,993	$5,267,707
Receipts	$2,669,559	$337,971	$2,992,414	$2,782,340	$2,590,958
Expenditures	($3,008,289)	($4,543,005)	($2,513,969)	($2,580,626)	($1,361,525)
Other	($434)	$0	$0	$0	$0
Change in Cash Balance	*($338,731)*	*($4,205,034)*	*$478,445*	*$201,714*	*$1,229,433*
Ending Balance	**$4,205,034**	**$0**	**$5,065,993**	**$5,267,707**	**$6,497,140**

Note: 2000-01is year-to-date as of 3/26/01

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Division of Forest Resources



E-131

Attachment F

North Carolina Department of Environment and Natural Resources

Division of Forest Resources
1616 Mail Service Center
Raleigh, NC 27699-1616

Telephone: 919/733-2162
Facsimile: 919/715-4350

Director: Stan Adams

Division Overviews

North Carolina's forestland is one of the greatest influences on the state providing great economic value and adds immeasurably to the quality of life for its citizens. The Division of Forest Resources' primary purpose is to ensure adequate and quality forest resources for the state to meet present and future needs. Forestry is the second largest industry in the state, contributing over $20 billion annually to the state's economy and providing 144,000 jobs for North Carolinians. The Division of Forest Resources is mandated and directed by Chapters 77, 113 and 143 of the North Carolina General Statutes and by Title 15, Chapter 9 of the North Carolina Administrative Code to protect, manage and conserve the forest resources of the state. The processes used to accomplish this mandate involve management of existing resources, development and creation of new and better forests, and protection of these valuable resources.

The primary emphasis in conducting the programs under these objectives is directed at the 664,000 forest landowners who collectively own 11.54 million acres (69%) of the state's 16.77 million acres of privately owned forest land. Some 454,000 owners of less than 10 acres each control 1 million acres while 210,000 owners of 10 or more acres each control 10.54 million acres.

The Division of Forest Resources is directly involved with forest management assistance to private landowners, reforestation services, forest fire prevention and suppression, and insect and disease control programs. The Division also is involved in the operation of tree seedling nurseries, long range forestry planning and technical development, water quality compliance monitoring, urban forestry assistance, training, and support to volunteer fire departments and forestry education.

The Division's annual operating budget exceeds $50 million dollars. It is made up of 189 individual budgets in 14 different funds. Being partially receipt funded, the actual amount varies within the year.

The Division is organized into three Regional Offices – Coastal (Kinston), Piedmont (Jordan Lake) and Mountain (Asheville); thirteen District Offices headquartered at Asheville, Lenoir, Rockingham, New Bern, Rocky Mount, Fayetteville, Elizabeth City, Whiteville, Sylva, Lexington, Hillsborough, Mount Holly and Fairfield; and a county headquarters office in each of the 100 counties. The Raleigh Office consists of a Director's Office, three sections – Administrative Services, Forest Protection and Forest Management/Forest Development; who provide staff and technical support to the field organization.

Each county signs an agreement with the Division and shares in the cost of the county program. The county share varies from 25 to 40% depending on the tax base of the county. All personnel employed in the counties are state employees; however, the county board of commissioners participates in the selection of the county ranger.

The county ranger is responsible for carrying out all Division programs within his or her county. The county ranger is a forest technician who has completed either a two-year forest technician course at a technical school or a comparable in-service training program administered by the Division.

Professional assistance in technical areas is provided by foresters and specialists on the district staff which is responsible for managing all programs administered by the counties within that district.

FOREST MANAGEMENT PROGRAMS

(10,000+ landowners/500,000+ acres serviced each year)

- Forest Management Plans for Private Landowners
- Forestation Services
- Forest Development Cost-Share Program
- Forest Stewardship
- Urban and Community Forestry
- Forest Seedling Nurseries
- Tree Improvement
- State Forest Management
- Technology Development
- Resource Data Collection and Management
- Forest Practices Guidelines for Water Quality (B.M.P.'s)

FOREST PROTECTION PROGRAMS

(±5000 fires/year/18.7 million acres protected)

- Forest Fire Prevention and Suppression
- Young Offenders Forest Conservation Program (BRIDGE)
- Smoke Management
- Training and Support to VFD's
- Information and Education
- Aviation
- Forest Pest and Disease Control
- Educational State Forests

Program delivery is provided by field units located in all 100 counties while planning, coordination and oversight is provided by Central Office.

DIVISION OF FOREST RESOURCES
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Asst. County Ranger	$23,309 R	$0.00
2. County Ranger Support	25,511 NR	$0.00

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. CL-215			$160,000 NR
2. D-12 Helicopter Funds		$282,560 NR	$167,890 R
			(2 pos.)
3. Water Quality Foresters			$344,286 R
			(7pos.)
			$71,200 NR
4. Asst. County Ranger Dist 10		$19,028 R	
		(1 pos.)	
		$21,900 NR	
5. Operating for CL-215		$706,950 R	
		(4 pos.)	
		$81,750 NR	

6. Equipment		$500,000 NR
7. Communication Equipment		$150,000 NR
8. Rural Community Fire		$100,000 R
9. Warren County Headquarters	$46,000 NR	
10. Asst. Co Ranger District 2	$34,539 R	
	(1 pos)	
	$21,901 NR	

DIVISION OF FOREST RESOURCES
OVERVIEW OF REDUCTION ITEMS

Current Biennium 1999-2001

REDUCTION ITEMS	FY 1999-00	FY 2000-01
1. Equipment		($475,693) R
2. Pos. & Sal Res.	($51,966) R (1pos)	
3. Delay Helicopter	($2,100,000) NR	
4. Reduce Operating and Equipment	($ 400,000) R	
5. Reduce Operating and Equipment	($180,000) NR	

Reductions Since 1996

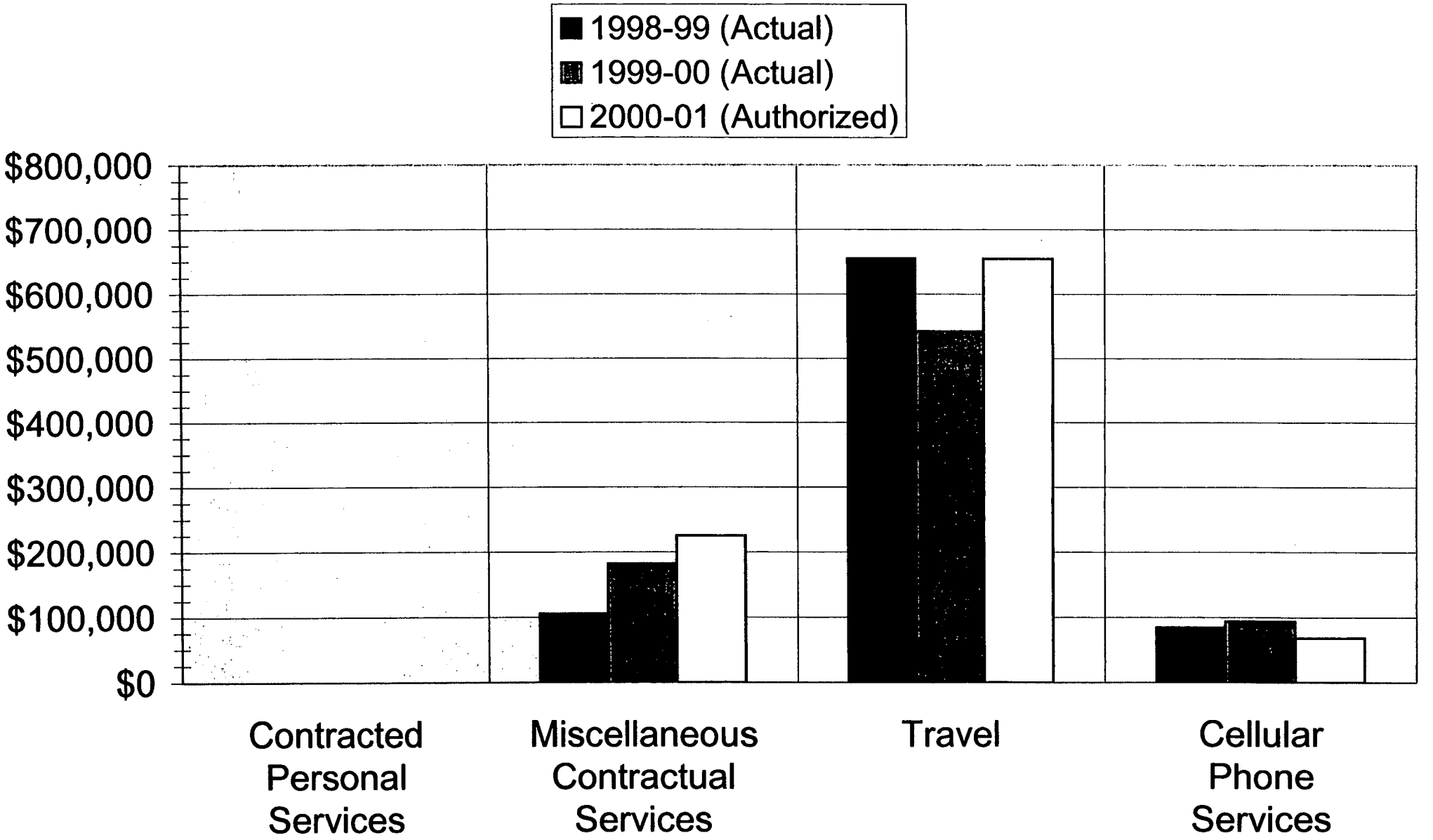
ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Operating			($311,034) R
2. Increase Receipts/decrease appropriations		($120,000) R	
3. Equipment		($500,000) R	
4. Communication equipment		($200,000) R	
5. Communication equipment		($140,000) R	
6. Bladen Co Position (Shift to receipts)	($45,084) R (1 pos)		
7. Reduce Motor Vehicles	($452,760) R		
8. Reduce Fire Towers	($363,292) R		

9. Abolish Field Operations Position	($216,545) R
	(7 pos)
10. Abolish Admin. Position	($49,439) R
	(2 pos)
11. Abolish Forestation Position	($25,371) R
	(1 pos)
12. Abolish Nursery Position	($89,335) R
	(2 pos)
13. Bladen Lakes State Forest	($41,405) R
	(2 pos)
14. Reduce Supplies and Equipment	($39,803) R
15. Bladen Lakes State Forest Position	($45,084) R
	(1 pos)

DNR

Division of Forest Resources

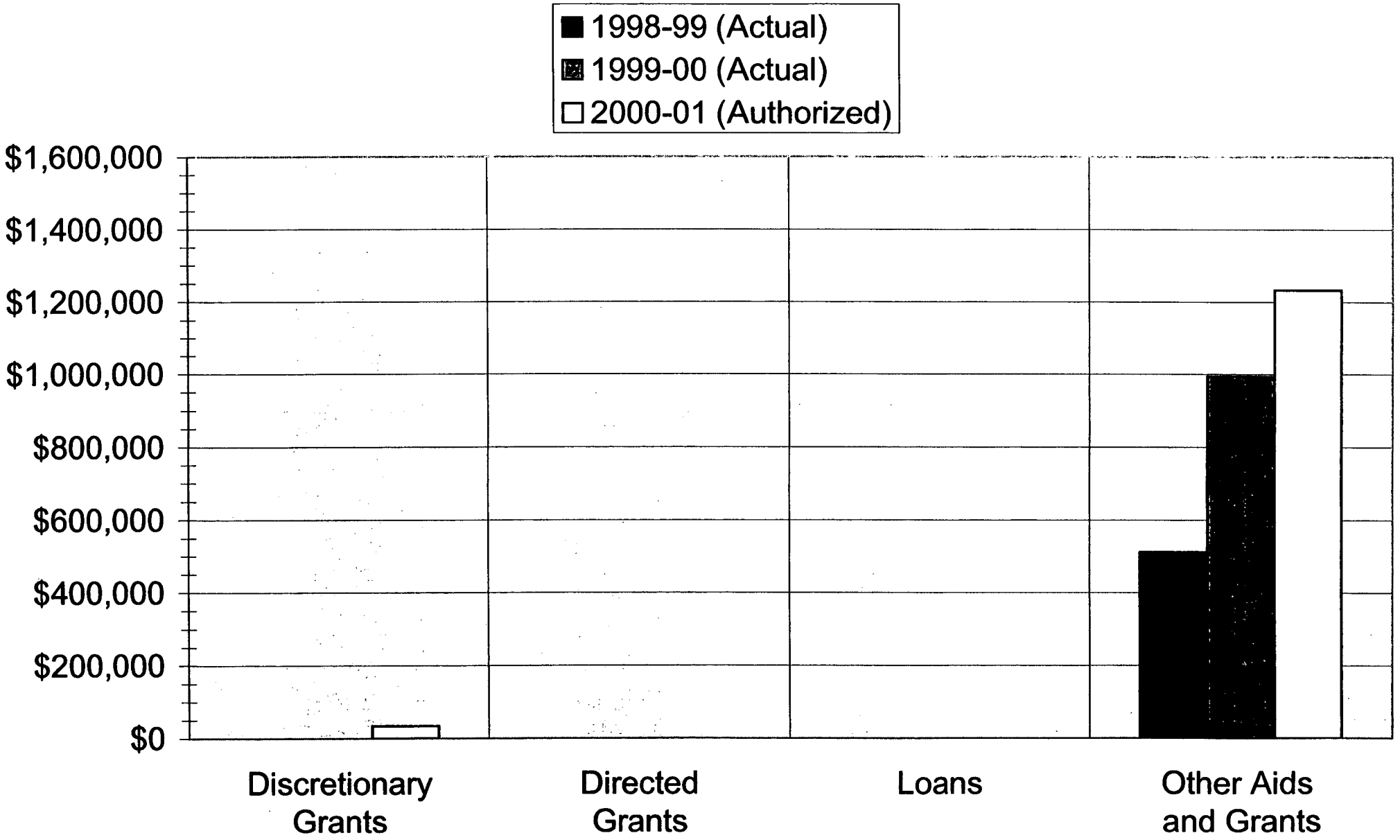
Comparison of Actual and Authorized Expenditures



DNR

Division of Forest Resources

Comparison of Actual and Authorized Expenditures

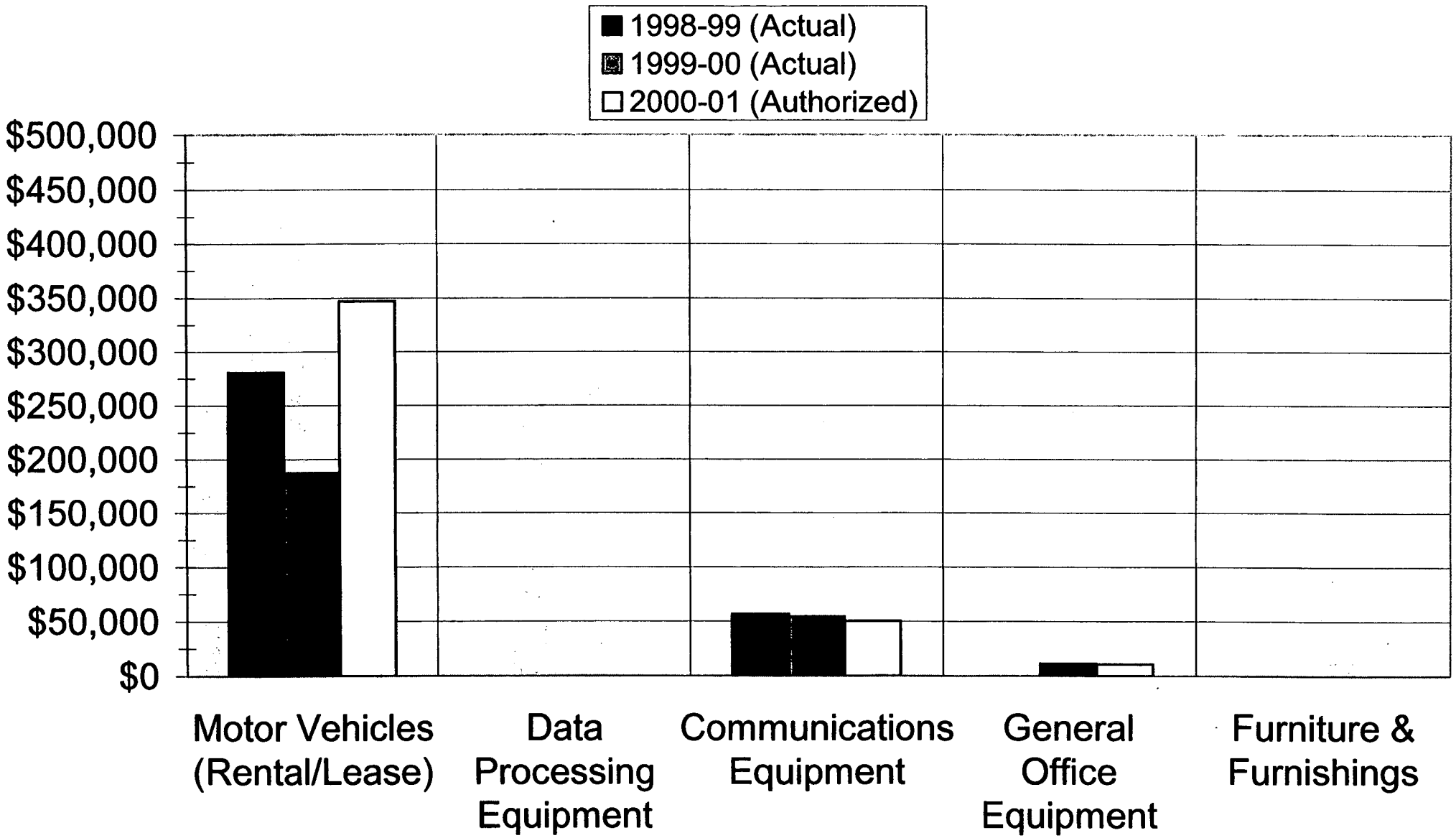


DCNR

Division of Forest Resources

Comparison of Actual and Authorized Expenditures

Equipment Rental/Lease

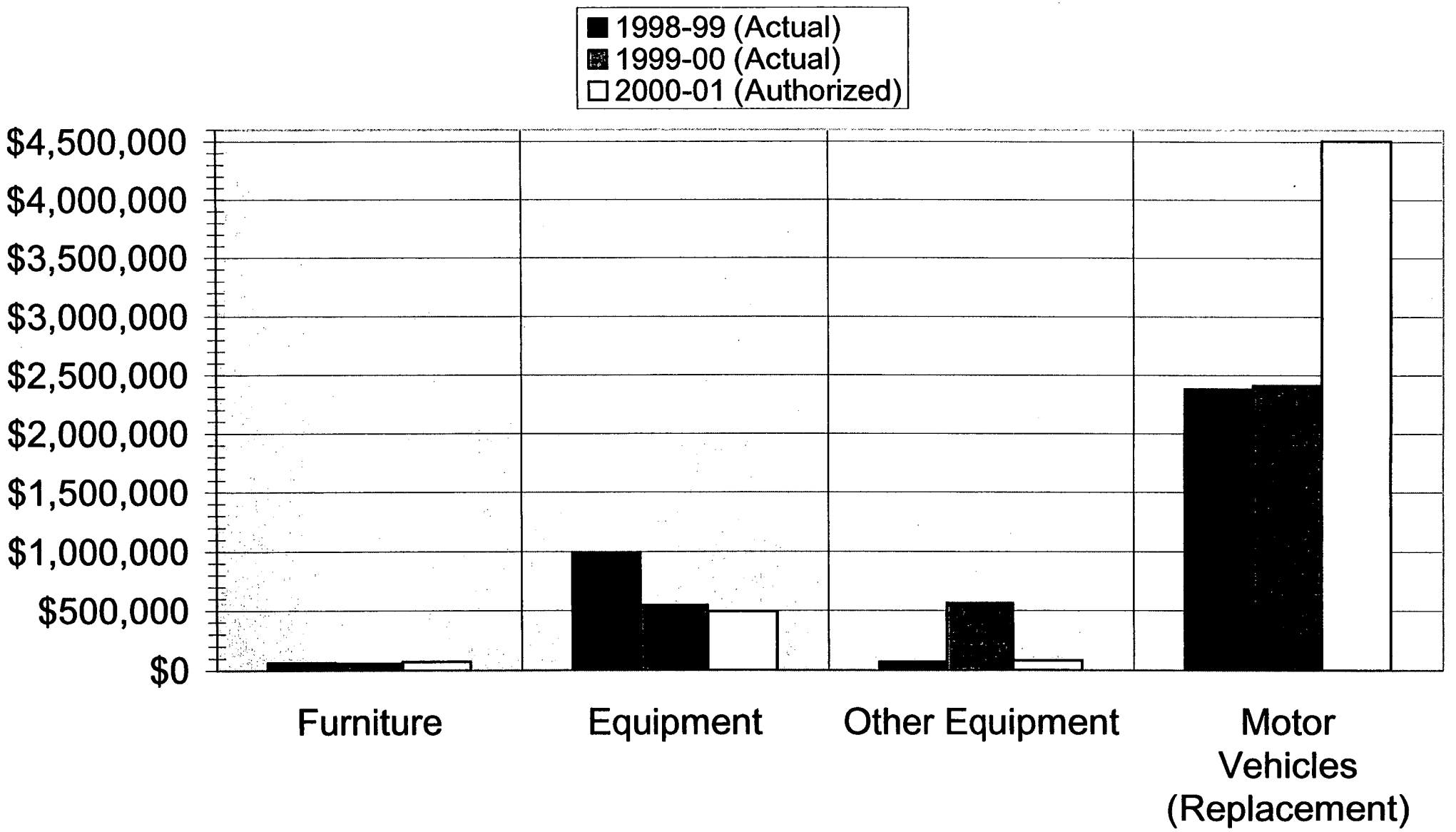


DNR

Division of Forest Resources

Comparison of Actual and Authorized Expenditures

Equipment Replacement Schedules



Department of Environment and Natural Resources
Division of Forest Resosurces

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
No Fees							

North Carolina Divisi of Forest Resources

North Carolina's Tanker 215 (Super Scooper) Actions in 1999 & 2000

1999

2000

NCFS CL-215 Used in this County

Grape Vine Fire(10/30/2000)
4 Drops
5 Structures Threatened/Saved
Value= $350,000

Raspberry Fire (3/19/99)
2 Drops
1 Structures Threatened/Saved
Value= $150,000

Water Tank Fire (3/30/99)
6 Drops
3 Structures Threatened/Saved
Value= $500,000

Tipton Hill Fire (10/31/2000)
25 Drops
238 Structures Threatened/Saved
Value= $7,000,000

Sparta Fire (10/31/2000)
2 Drops
3 Structures Threatened/Saved
Value= $500,000

Wilbar Fire (11/1/2000)
6 Drops
3 Structures Threatened/Saved
Value= $310,000

Spring Creek Fire(10/30/2000)
11 Drops
2 Structures Threatened/Saved
Value= $175,000

Ralph Fire (4/16/99)
5 Drops
3 Structures Threatened/Saved
Value= $450,000

Painter Fire (3/18/99)
4 Drops

Old Beech Mtn. Fire(2/26/2000)
10 Drops
1 Structures Threatened/Saved
Value= $150,000

Buck Mtn.(Project)Fire(4/12/99)
32 Drops
33 Structures Threatened/Saved
Value= $3,000,000

VFD Fire (2/26/2000)
4 Drops
2 Structures Threatened/Saved
Value= $150,000

Antler Fire (3/18/99)
2 Drops
4 Structures Threatened/Saved
Value= $1,000,000

Bend Fire (3/9/2000)
10 Drops
5 Structures Threatened/Saved
Value= $500,000

Hidden Brook Fire (3/7/2000)
8 Drops
5 Structures Threatened/Saved
Value= $500,000

Merritt Creek Fire (11/2/99)
15 Drops
7 Structures Threatened/Saved
Value= $900,000

Amber Fire (4/5/99)
4 Drops

Bluff Mountain Fire(2/26/2000)
2 Drops
3 Structures Threatened/Saved
Value= $500,000

Rocky Top Fire(2/26/2000)
9 Drops
2 Structures Threatened/Saved
Value= $100,000

Rocky Top Fire (3/28/99)
4 Drops

Turkey Trail Fire (3/20/99)
4 Drops
4 Structures Threatened/Saved
Value= $1,020,000

Metcalf Creek Fire (2/26/2000)
3 Drops
4 Structures Threatened/Saved
Value= $150,000

Blevins Creek Fire(2/26/2000)
1 Drops

Hickory Nut Mtn. Fire (4/23/99)
11 Drops

Wesser Creek Fire (4/11/99)
5 Drops
7 Structures Threatened/Saved
Value= $695,000

Mayton King Fire (3/6/2000)
5 Drops
2 Structures Threatened/Saved
Value= $50,000

Copperhead Fire (5/24/99)

McConnell Fire (4/10/2000)
5 Drops
1 Structures Threatened/Saved
Value= $175,000

East Alarka Fire (4/5/99)
5 Drops

Mill Creek Fire (10/31/99)
4 Drops
3 Structures Threatened/Saved
Value= $309,400

Smurl Fire (4/7/2000)
3 Drops
6 Structures Threatened/Saved
Value= $500,000

Windy Hill Fire (4/6/2000)
3 Drops
3 Structures Threatened/Saved
Value= $50,000

Holbert Cove Fire (3/2/2000)
6 Drops
2 Structures Threatened/Saved
Value= $150,000

Hill Fire (3/2/2000)
4 Drops

Mautsby Fire (3/11/2000)
6 Drops
50 Structures Threatened/Saved
Value= $5,000,000

Bald Fire (4/1/2000)
6 Drops
1 Structures Threatened/Saved
Value= $25,000

Deep Creek Fire (4/11/99)
6 Drops
50 Structures Threatened/Saved
Value= $4,750,000

Mountain Creek Fire (4/5/99)
7 Drops
6 Structures Threatened/Saved
Value= $850,000

Helicopter Fire (4/12/99)
6 Drops
13 Structures Threatened/Saved
Value= $1,000,000

Dejaun Fire (3/10/2000)
6 Drops
23 Structures Threatened/Saved
Value= $2,000,000

Green Snake Fire (3/30/99)
4 Drops
8 Structures Threatened/Saved
Value= $1,000,000

Radisill Hill Fire (3/6/2000)
5 Drops
11 Structures Threatened/Saved
Value= $1,000,000

Christian Creek Fire (4/11/99)
2 Drops
31 Structures Threatened/Saved
Value= $3,800,000

Singecat Fire(USFS) (4/19/99)
15 Drops
5 Structures Threatened/Saved
Value= $500,000

Singecat Fire(USFS) (4/21/99)
20 Drops
5 Structures Threatened/Saved
Value= $500,000

First Airplane Fire (12/1/98)
2 Drops
3 Structures Threatened/Saved
Value= $300,000

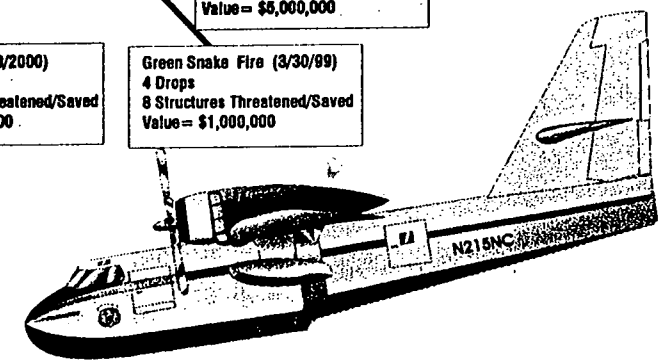
ASHE
ALLEGHANY
SURRY
STOKES
ROCKINGHAM
CASWELL
PERSON
GRANVILLE
WATAUGA
WILKES
YADKIN
FORSYTH
GUILFORD
ORANGE
ALAMANCE
DURHAM
MITCHELL
AVERY
CALDWELL
ANDER
DAVIE
DAVIDSON
RANDOLPH
CHATHAM
WAKE
YANCEY
BUNCOMBE
MCDOWELL
BURKE
ROWAN
SWAIN
HAYWOOD
RUTHERFORD
LINCOLN
CABARRUS
STANLY
MONT-GOMERY
MOORE
LEE
HARNETT
GRAHAM
JACKSON
HEND-ERSON
POLK
CLEVELAND
GASTON
MECKLEN-BURG
CHEROKEE
MACON
TRAN-SYLVANIA
CLAY
UNION
ANSON
RICHMOND
HOKE

NORTH CAROLINA FOREST SERVICE N C

TOTALS:

Structures Threatened/Saved: 600
Value Threatened/Saved: $46,891,000.00

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1/17/01

DFR-12

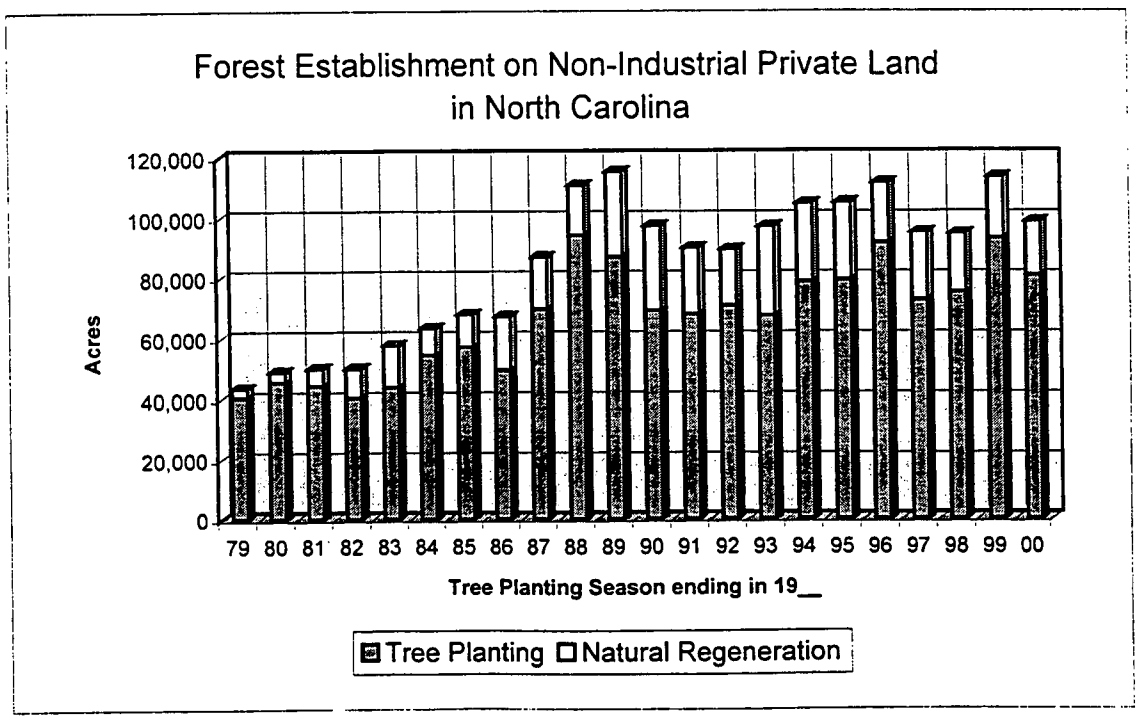
DFR - 13

ACRES OF TREE PLANTING AND NATURAL REGENERATION ON PRIVATE NON-INDUSTIAL LAND IN NORTH CAROLINA

PLANTING SEASON	ACRES PLANTED*		TOTAL ACRES PLANTED	ACRES NATURAL REGENERATION	TOTAL ACRES FOREST ESTAB.
	FDP**	OTHER			
1978-79	7,175	33,337	40,512	2,922	43,434
1979-80	17,544	27,954	45,498	3,427	48,925
1980-81	18,123	26,289	44,412	5,555	49,967
1981-82	15,670	24,862	40,532	9,491	50,023
1982-83	14,732	29,191	43,923	13,760	57,683
1983-84	22,170	32,216	54,386	8,910	63,296
1984-85	25,508	31,628	57,136	10,800	67,936
1985-86	23,795	25,633	49,428	17,816	67,244
1986-87	29,306	40,441	69,747	17,073	86,820
1987-88	38,732	55,385	94,117	16,603	110,720
1988-89	38,636	48,292	86,928	28,330	115,258
1989-90	33,866	35,317	69,183	28,183	97,366
1990-91	40,933	27,029	67,962	21,957	89,919
1991-92	41,668	29,202	70,870	18,485	89,355
1992-93	40,240	27,135	67,375	29,854	97,229
1993-94	44,457	34,117	78,574	26,106	104,680
1994-95	56,292	22,966	79,258	25,841	105,099
1995-96	67,868	23,713	91,581	20,020	111,601
1996-97	54,073	18,581	72,654	22,459	95,113
1997-98	60,952	14,244	75,196	19,402	94,598
1998-99	45,802	47,257	93,059	20,402	113,461
1999-00	48,263	32,403	80,666	18,056	98,722

* Includes direct seeding

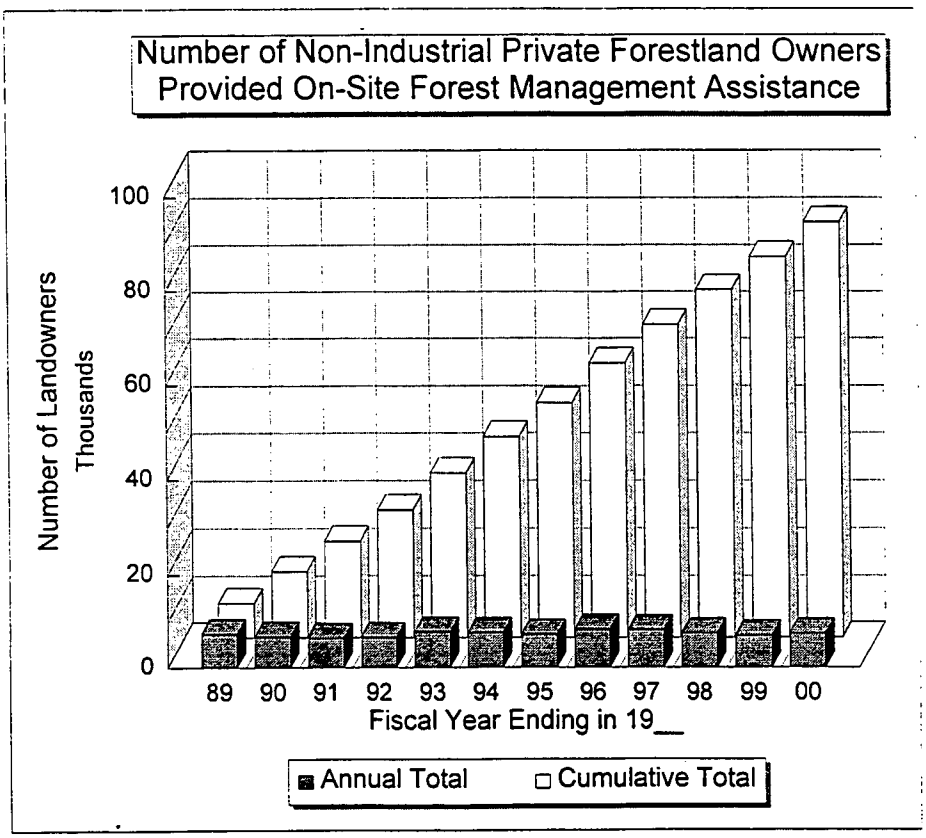
** Forest Development Program



DFR - 14

Number of Non-Industrial Private Forestland Owners Provided On-Site Forest Management Assistance

Fiscal Year	Number of Landowners	Cumulative Total
1988-89	7,342	7,342
1989-90	6,771	14,113
1990-91	6,389	20,502
1991-92	6,605	27,107
1992-93	7,745	34,852
1993-94	7,603	42,455
1994-95	7,205	49,660
1995-96	8,328	57,988
1996-97	8,179	66,167
1997-98	7,502	73,669
1998-99	6,974	80,643
1999-00	7,413	88,056

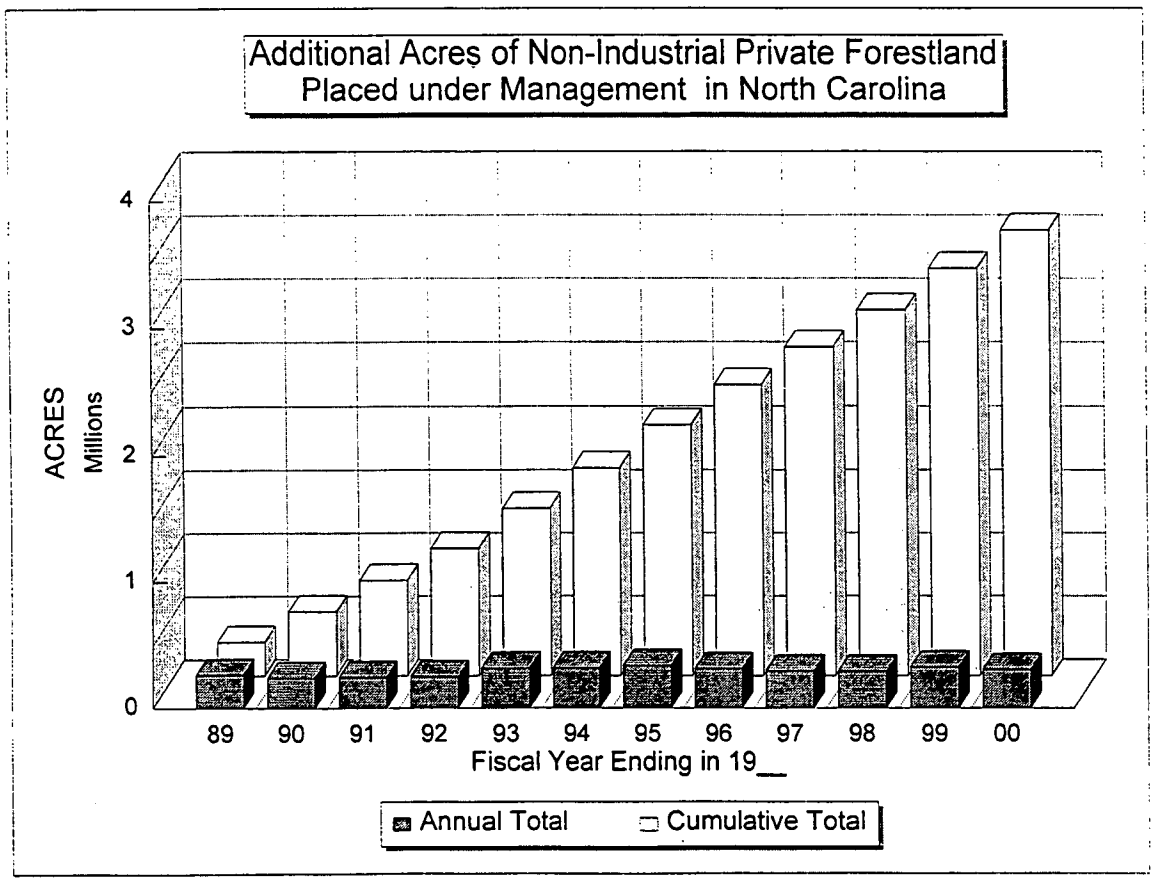


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DFR-15

Additional Acres of Non-Industrial Private Forestland Placed under Management in North Carolina

Fiscal Year	Total Acres	Cumulative Total
1988-89	266,382	266,382
1989-90	239,952	506,334
1990-91	246,136	752,470
1991-92	252,104	1,004,574
1992-93	317,433	1,322,007
1993-94	320,086	1,642,093
1994-95	339,280	1,981,373
1995-96	312,323	2,293,696
1996-97	294,132	2,587,828
1997-98	291,463	2,879,291
1998-99	326,038	3,205,329
1999-00	304,919	3,510,248



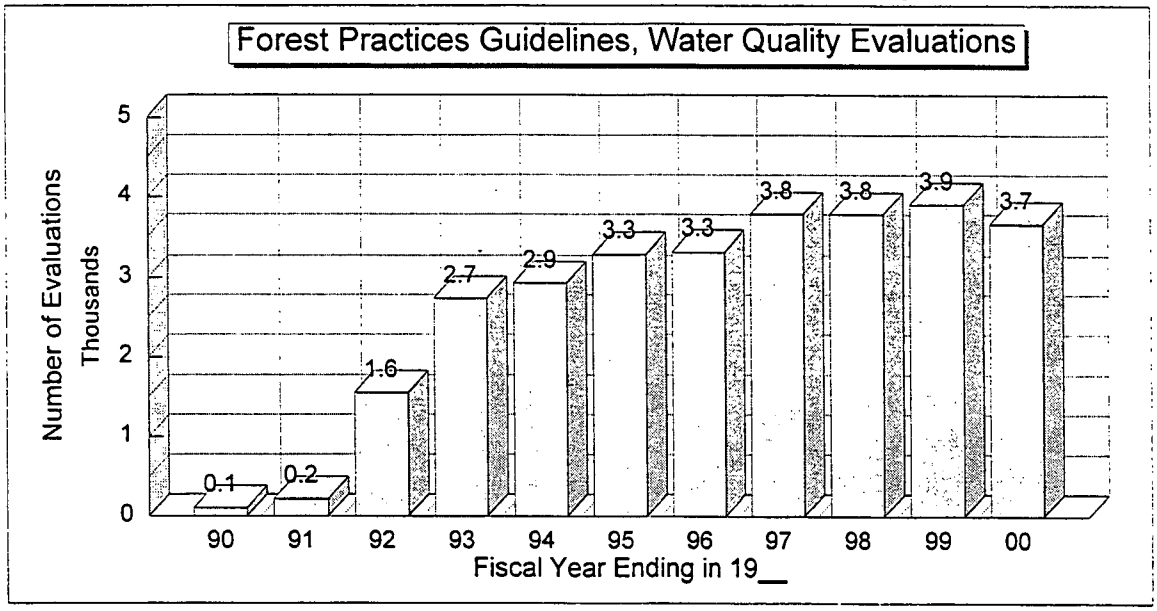
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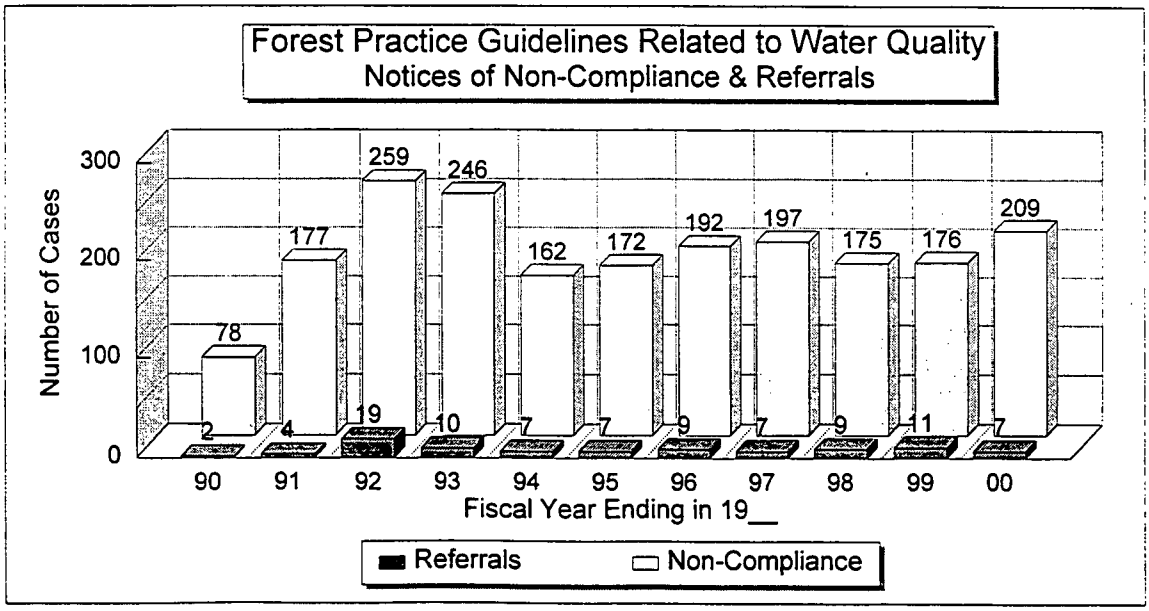
DFR - 16

Forest Practice Guidelines Related to Water Quality
Evaluations, Notices of Non-Compliance, and Referrals

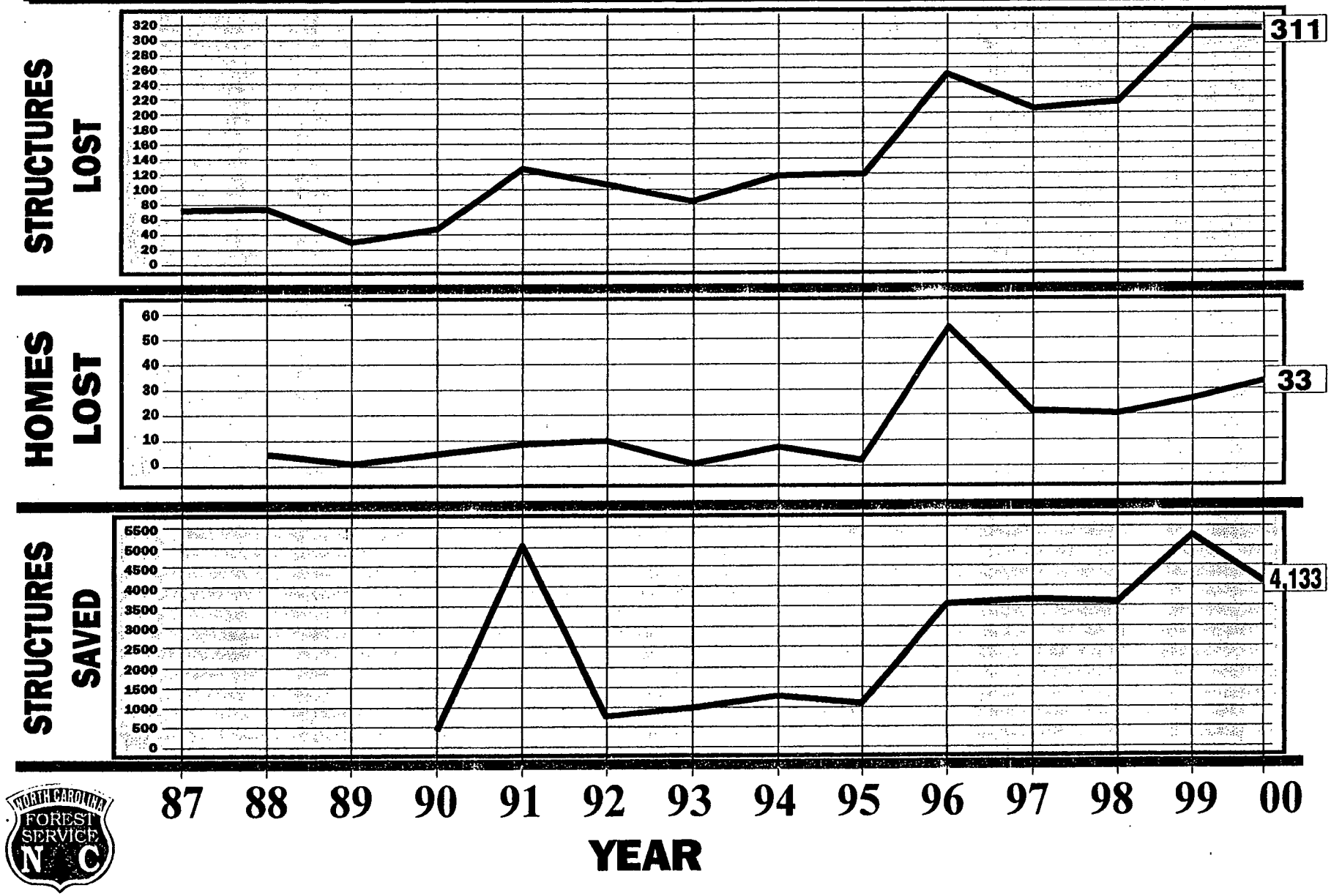
Fiscal Year	Water Quality Evaluations	Notices of Non-Compliance	Referrals for Enforcement	Percent Non-Compliance
1989-90	107	78	2	72.9%
1990-91	222	177	4	79.7%
1991-92	1,551	259	19	16.7%
1992-93	2,735	246	10	9.0%
1993-94	2,926	162	7	5.5%
1994-95	3,287	172	7	5.2%
1995-96	3,318	192	9	5.8%
1996-97	3,779	197	7	5.2%
1997-98	3,782	175	9	4.6%
1998-99	3,904	176	11	4.5%
1999-00	3,662	209	7	5.7%

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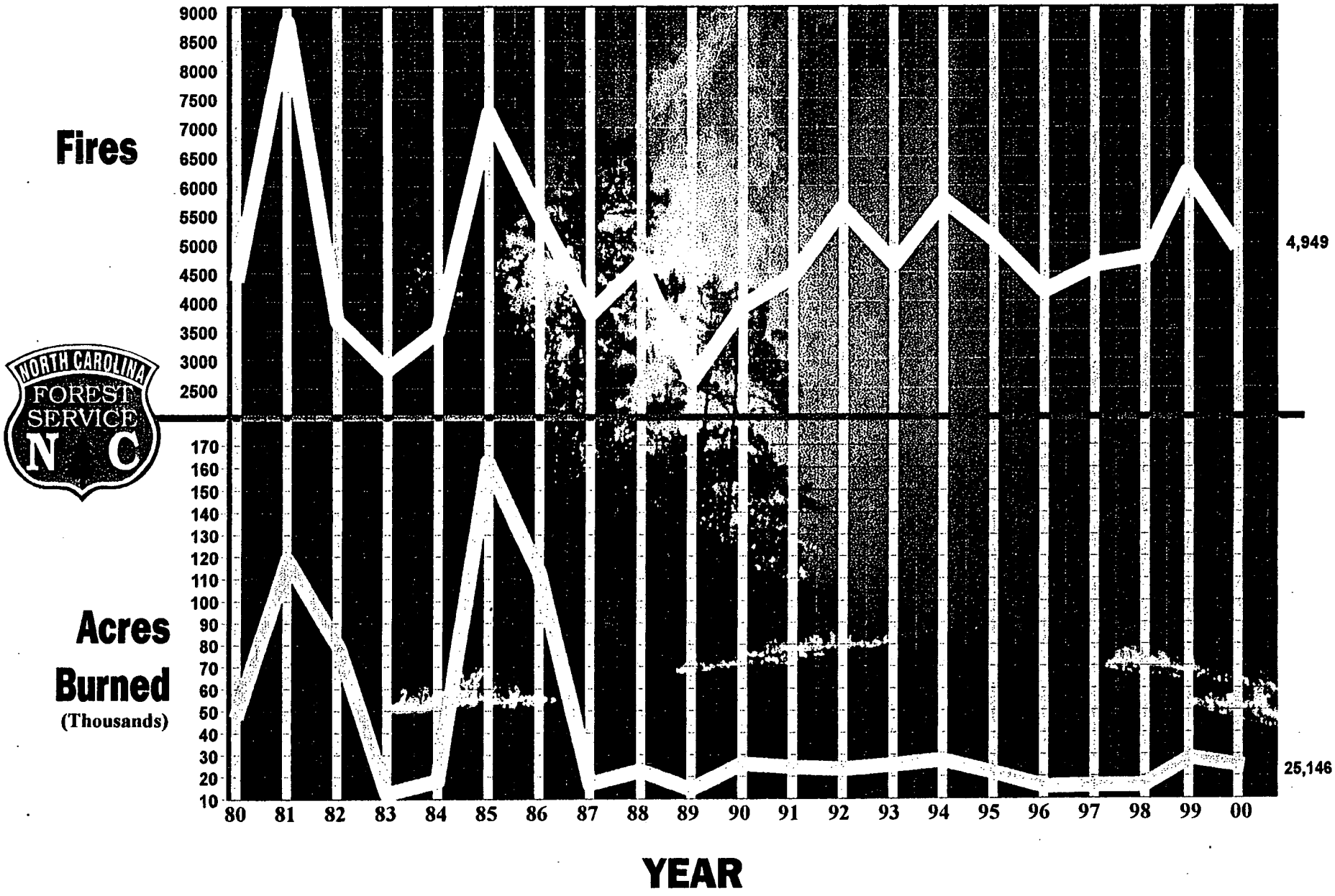
Structures Lost, Homes Lost, and Structures Saved



NORTH CAROLINA FOREST SERVICE N C

DFR-17

Summary of Fires & Acres Burned 1980-2000



DFR-18

VISITOR REGISTRATION SHEET

NER
Name of Committee

4-11-01
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Newell	OSBPM
Johnny Gray	OSBPM
Buddy Humphrey	"
Rhett B. White	NC ~~AQUARIUMS~~
Jane Smith	DENR
Cathey Cothle	DENR
Michelle Frazier	NC Bar Assoc.
John McMillan	MFRS PM.
Walt Sturgeon	NCMNS
Betsy Bennett	NCMNS
HARRY WARREN	North Carolina Museum of Forestry
Ben Sanford	Sci Works / Grassroots Science Museums
FRAN NOCAN	GRASSROOTS SCIENCE MUSEUMS
Ginger Lattrell	NC Museum of Forestry
Cathy Graham	" "
Chad Bryant	Forest Resources
Dianne Beasley	Forest Resources
Stan Adams	Forest Resources
John Bowdish	Alley Associates
Mac Ellis	Commerce - Fiscal Mgt.
Robin Pasquarello	Commerce
David Herlong	OSBPM
DON HOBART	DOC
RAY DENNY	DOC
Jerry Reynolds	Imagination Station Science Museum
Karl L. McKinnon	Natural Science Center of Greensboro
Thomas KRAKAUER	Museum of Life and Science,
D. Holmes	CWMTF

VISITOR REGISTRATION SHEET

NER
Name of Committee

4-11-01
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Freda Nicholson	Discovery Place, 301 N. Tryon St. Charlotte 28202
Joe McClees	McClees Consulting
DAVID HUSKINS	RIDGETOP ASSOCIATES
Bob Slocum	NC Forestry Association

Joint Appropriations Subcommittee on Natural and Economic Resources

Thursday, April 12, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairman's Comments**

2. **Division of Soil and Water Conservation**
   Jennifer Hoffmann, Fiscal Research
   David Vogel, Division Director

3. **Division of Marine Fisheries**
   Jennifer Hoffmann, Fiscal Research
   Pres Pate, Division Director

4. **Governor's Recommended Budget Reductions for DENR - FY 2001-03**
   Jennifer Hoffmann, Fiscal Research

5. **Department of Commerce**
   Secretary's Remarks
   Jim Fain, Commerce Secretary

6. **Committee Discussion**

7. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
April 12, 2001 - 8:30 A. M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, April 12, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Bill Owens, Stan Fox, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, John Weatherly and Roger West. Four Senate Members were present. A visitor's sheet is attached (ATTACHMENT I).

The meeting was co-chaired by Representatives Bill Owens and Stan Fox.

Continuation Budget Review of the
Department of Environment and Natural Resources

Division of Marine Fisheries

Chair Stan Fox recognized Ms. Jennifer Hoffman, Fiscal Research, to review the activities, budget and expenditures of the Division of Marine Fisheries (ATTACHMENT II).

Mr. Preston P. Pate, Jr., Director, Division of Marine Fisheries, was recognized by Chair Stan Fox to further review the responsibilities of the Division (ATTACHMENT III). Mr. Pate had with him Mr. Mike Buhl, Deputy Director, and Ms. Susan Guthrie, Budget Officer. Mr. Pate reviewed changes in the Division brought about by the Fisheries Reform Act of 1997. He stated that there were changes in the vacant positions summary. The Marine Fisheries Section Chief position has now been filled. The other three vacant positions have been on hold due to the lack of salary reserve funds needed to bring the salaries to the minimum level. Mr. Pate answered committee members' questions.

Chair Bill Owens recognized Ms. Hoffman to review the Division of Soil and Water Conservation (ATTACHMENT IV). Ms. Hoffman called the committee's attention to an error in the handout on page E-134. The figures do not add up to their total budget. Ms. Hoffman accidentally left out an expenditure of $400,000 that goes to aid all one hundred counties to support local Soil and Water District Programs.

Chair Bill Owens recognized Mr. David Vogel, Director, Division of Soil and Water Conservation. Mr. Vogel reviewed the activities, budget and expenditures of the Division (ATTACHMENT V). Mr. Vogel answered questions raised by committee members.

Summary of the Governor's Recommended Reductions for the Department of Environment and Natural Resources

Chair Bill Owens recognized Ms. Hoffman to review the Summary of the Governor's Recommended Reductions to the Department of Environment and Natural Resources (ATTACHMENT VI). Committee members raised no questions.

Department of Commerce

Chair Bill Owens recognized Secretary Jim Fain of the Department of Commerce. Secretary Fain gave an overview of the Department.

Secretary Fain stated the principles or concepts that will guide how they will manage the Department of Commerce. The mission statement of the Department is to improve the economic well being and quality of life for all North Carolinians. The Department's objectives or measure is to look at the net increase in quality jobs that they help foster in the State and the amount of new investments.

In order to achieve their objectives, they will provide program consultant to three constituencies: (l) companies, (2) communities, and (3) citizens. They will organize around providing services to these three constituencies, with service to citizens the most important through the Work Force Development Program.

Secretary Fain stated the Department is going through a self-assessment process. He stated you could look at the Department to continually change its organization in order to be more effective and more efficient. He closed by saying that when times are better they would like to come back and make a case for additional resources.

Chair Stan Fox asked if there were questions for Secretary Fain. Committee members' questions were discussed.

Chair Stan Fox adjourned the meeting at 9:49 a.m.

Respectfully submitted,

Representative Stan Fox, Chair

Representative Bill Owens, Chair

Linda A. Johnson, Committee Assistant

ATTACHMENT I

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 12, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	CWMTF
CLEVE SIMPSON	DEPT OF COMMERCE
David Herlong	OSBPM
Johnny Gray	OSBPM
Bucky Hunt	—
[illegible]	Fiscal Mgmt/Dept. of Commerce
Mac Ellis	Commerce - Fiscal Mgt.
Leslie Boney	NCDOC
Butch Burrell	alloy associates
Suzanne R. Cathcart	DENR - DMF
MICHAEL G. BUHL	DENR - DMF
[illegible]	DENR
Cathey Cothle	DENR
Jane Smith	DENR
BOB PEELE	COMMERCE
DON HART	"
Kay Emanuel	Ind. Commission / Commerce
Buck Lattimore	" " "
Scarlette Gardner	" " "
David Voyel	DENR DSWC
Debbie Mauberry	DENR DSWC
David Williams	" "
Ardis Watkins	SEANC
[illegible]	-MCIC
[illegible]	Parker Poe Adams & Bernstein
PS	NCFB
Steve Woodson	NCFB

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 12, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gayle Fitzgerald	OSBPM

Department of Environment and Natural Resources

Division of Marine Fisheries

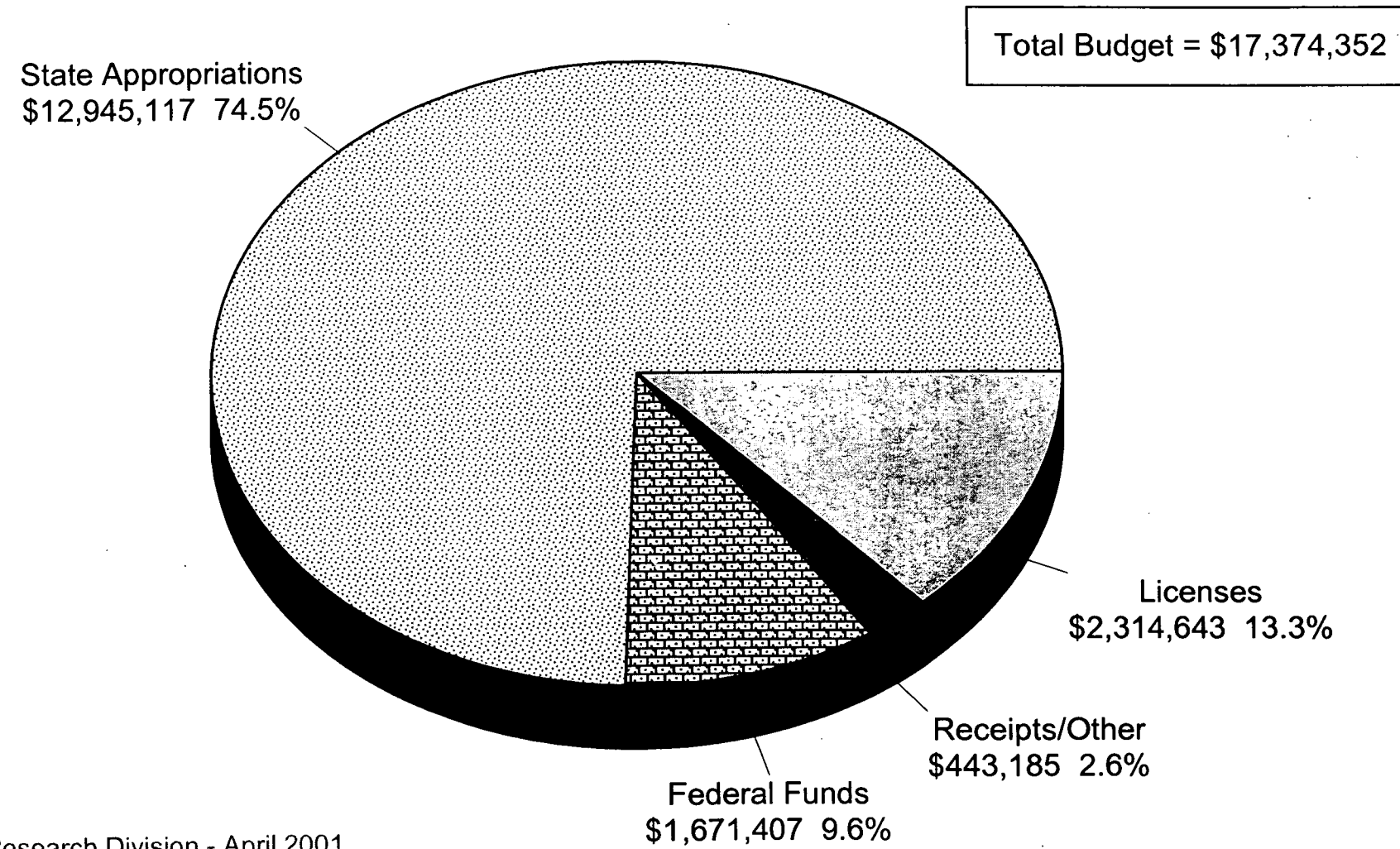
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec. 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	13,229,526	14,611,769	16,517,276	16,949,734	17,374,352	17,427,547
Less Receipts	(2,270,392)	(2,365,003)	(2,919,841)	(4,223,294)	(4,429,235)	(4,429,235)
State Appropriations	*10,959,134*	*12,246,766*	*13,597,434*	*12,726,440*	*12,945,117*	*12,998,312*
Less State ~~2000-01~~ NR	*0*	*(517,000)*	*(1,650,308)*	*(1,000,000)*		
Adjusted Appropriations	*10,959,134*	*11,729,766*	*11,947,126*	*11,726,440*	*12,945,117*	*12,998,312*
Positions	203.50	206.81	227.28	225.28	227.00	227.00

DIVISION ACTIVITIES

- Development of Fisheries Management Plans through fisheries research, resource monitoring, and collection of biological information.
- Administration of Shellfish programs including shellfish mapping, oyster disease control, oyster rehabilitation and shellfish lease investigations.
- Creation of a system of oceanic and estuarine artificial reefs.
- Development and coordination of the Coastal Habitat Protection Plans.
- Collection and processing of all commercial and recreational fisheries catch statistics, the sale of all commercial fishing licenses and the economic analyses of commercial and recreational fisheries.
- Law enforcement of the State's marine fisheries laws and rules. Jurisdiction includes all coastal waters and extends to three miles offshore.

Division of Marine Fisheries

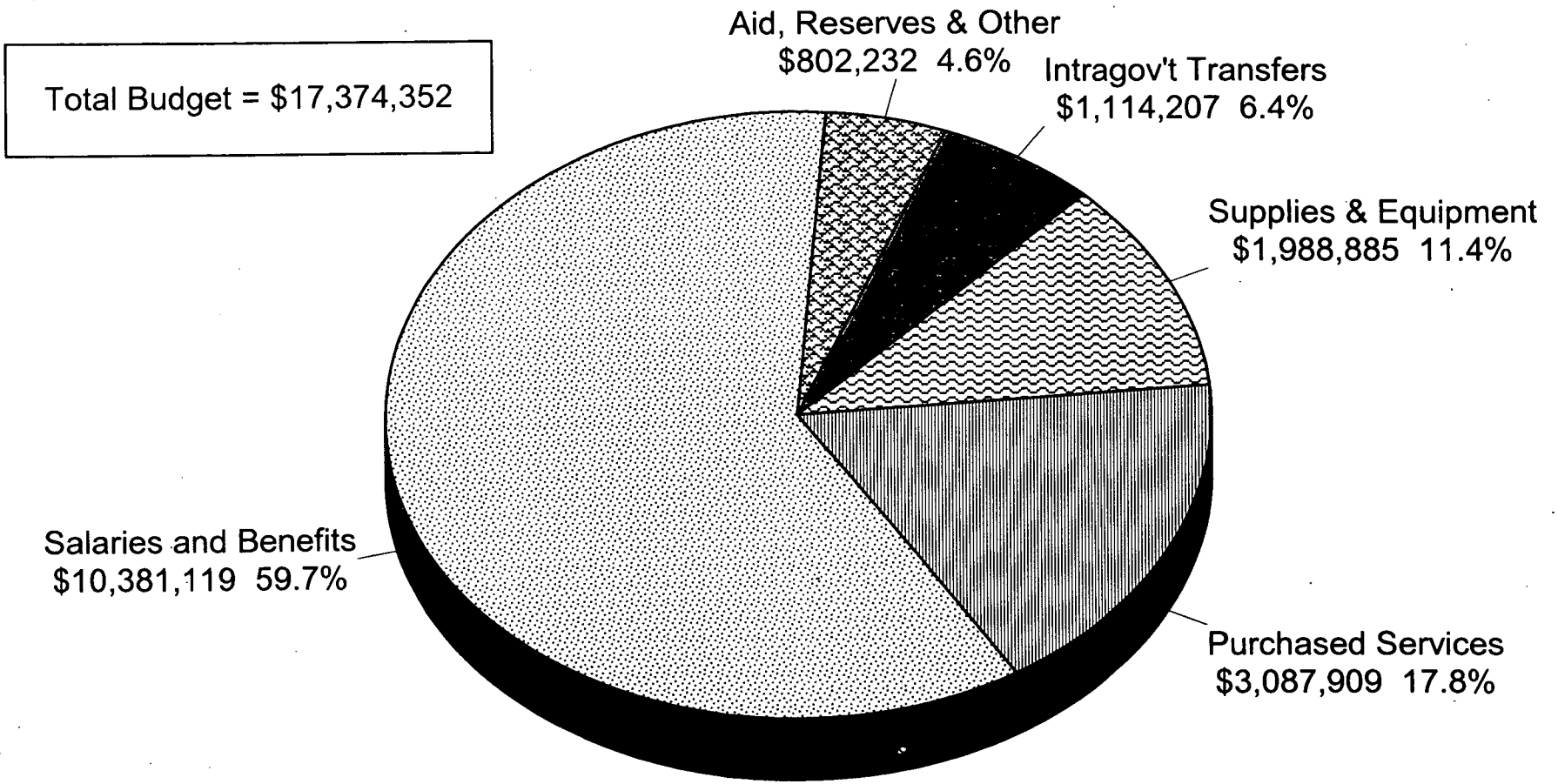
FY 2000-01 (Authorized) Sources of Funding



Fiscal Research Division - April 2001

Division of Marine Fisheries

FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

DIVISION OF MARINE FISHERIES

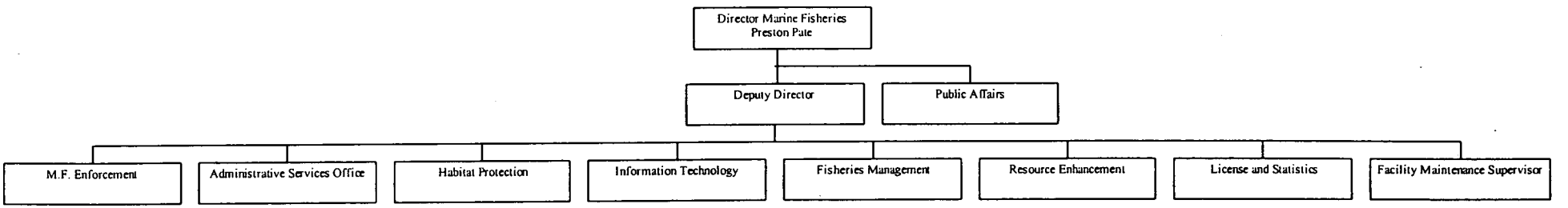
POSITIONS VACANT FOR MORE THAN SIX MONTHS

Position Classification	Date Vacated	Budgeted Salary
Information & Communication Specialist	March 9, 2000	$25,343
Data Entry Operator III	October 6, 1999	$19,951
Submerged Lands Program Director	November 30, 1999	$35,519
Marine Fisheries Section Chief	February 1, 1999	$38,891

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

Since 1997, the General Assembly has appropriated over $225,000 in recurring funds and close to $3 million in nonrecurring funds, and authorized the use of $750,000 in license receipts to support the development and maintenance of the Fisheries Information Network (FIN). The Committee may wish to have the Division provide an update on the FIN system and how this system has enhanced their ability to collect and analyze data for the preparation of fisheries management plans, coastal habitat plans, license sales, and other Division programs.

Division of Marine Fisheries



North Carolina Department of Environment and Natural Resources
Division of Marine Fisheries

Director Preston P. Pate, Jr.
3441 Arendell Street
Morehead City, North Carolina 28557

Telephone 252-726-7021
Facsimile 252-726-0254

Overview

The Division of Marine Fisheries (DMF) is responsible for the stewardship of the state's marine and estuarine fisheries in all coastal waters with jurisdiction extending 3 miles off shore in the Atlantic Ocean. DMF is an extremely diverse regulatory agency with a broad scope of services and functions which include fisheries research and conservation planning, fisheries management, harvest monitoring, protecting and enhancing fisheries habitats, licensing and permitting fisheries participants and the enforcement of fisheries rules and statutes. The DMF is also responsible for administrative support to the North Carolina Marine Fisheries Commission and coordination with numerous federal and regional agencies, councils and commissions, including the Atlantic States Marine Fisheries Commission, the South Atlantic Fisheries Management Council, the Mid-Atlantic Fisheries Management Council, the National Marine Fisheries Service and the U.S. Fish and Wildlife Service. The DMF shares joint jurisdiction in some waters with the North Carolina Wildlife Resources Commission.

Fisheries Management

Biological Research

- Determine the character and condition of key coastal fisheries species and species groups.
- Over 8,000 fisheries independent biological samples collected per year to assess fish stock status and characterization.
- Over 2,500 fisheries dependent biological samples collected per year to assess commercial harvest and stock status.
- Over 10,500 new biological samples entered into fisheries database per year.
- Manage computer records of over 239,000 biological samples for reference.
- Conduct gear research to develop fishing gear and techniques compatible with conservation goals.

Fisheries Management Measures

- Prepare and review Fisheries Management Plans (FMPs) for all recreationally and commercially significant fisheries as required by the Fisheries Reform Act of 1997.
- Over 200 proclamations issued per year implementing conservation measures such as size and creel limits, commercial fishing gear restrictions, seasons, and open or closed areas.
- Recommend changes to fisheries rules and statutes through the Marine Fisheries Commission.
- Conduct over 150 public meetings per year to discuss fisheries conservation issues.
- Annually assess the status of 35 commercially and recreationally significant fisheries species or species groups.

Federal and Regional Councils and Commissions

- Participate in 22 federal and inter-jurisdictional programs.
- Represent North Carolina fisheries interests in the Atlantic States Marine Fisheries Commission.
- Represent North Carolina fisheries interests in the South Atlantic Fisheries Management Council.
- Represent North Carolina fisheries interests in the Mid-Atlantic Fisheries Management Council.
- Participate in the Atlantic Coast Cooperative Statistics Program.

Resource Enhancement

Shellfish Restoration

- Restore native shellfish species to habitats favorable to their recovery and growth.
- Plant over 380,000 bushels of clutch material annually to provide favorable habitat for oyster reproduction and growth.
- Relocate over 20,000 bushels of seed oysters to aid stock recovery.
- Issue and administer over 300 shellfish leases and franchises to encourage mariculture operations.
- Map over 16,000 acres (cumulative) of shellfish habitat for fisheries and habitat planning purposes.

Artificial Reefs

- Create and develop structure suitable for marine fisheries species reproduction and stock growth.
- Manage 48 coastal artificial reefs to provide fish habitat for the benefit of commercial and recreational fishermen.
- Expand 10 artificial reefs per year by deploying up to 5,000 tons of reef construction material to enhanced fisheries habitat.
- Maintain navigation buoys on artificial reefs for the benefit of the fishing and boating public, and as required by federal permitting rules.

Shellfish Disease

- Monitor shellfish stocks for the presence of parasitic disease or other factors that may inhibit shellfish restoration and recovery.
- Tested over 4,000 oyster samples from 64 coastal locations for the presence of parasitic disease.

Habitat Protection

- Protect coastal habitat essential to estuarine and marine fisheries.
- Develop Coastal Habitat Protection Plans (CHPPs) as required by the Fisheries Reform Act of 1997 in conjunction with the Coastal Resources and Environmental Management Commissions.
- Review 1,700 habitat alteration documents annually.

Licensing and Statistics

- Quantify and characterize fisheries participation and harvest.
- Issue over 38,000 fishing licenses and permits annually.
- Collect daily harvest data from over 800 commercial seafood dealers statewide.
- Collect and process over 250,000 commercial fisheries harvest data collection forms per year to monitor the daily, seasonal and yearly take of fisheries resources by commercial fishermen.
- Provide data to satisfy over 1,100 requests per year by the public, scientists, legislators, etc. for fisheries harvest, participation, effort, licensing and socio-economical information.
- Conduct over 21,000 interviews per year with recreational fishermen to estimate recreational harvest.
- Conduct socio-economic surveys and studies to evaluate the impact of fisheries conservation measures.

Law Enforcement

- Ensure compliance with fisheries conservation and seafood safety rules and statutes.
- Conduct over 120,000 inspections of recreational and commercial fishermen and seafood dealers annually to ensure compliance with fisheries rules and statutes.
- Conduct over 82,000 hours of law enforcement patrol of state coastal waters per year by boat, aircraft and wheeled vehicle to ensure compliance with fisheries conservation measures and to protect the public from contaminated seafood.
- Inform the fishing public through contact by individual officers of fisheries conservation measures and their importance in resource conservation.

Public Information

- Provide real-time information concerning fisheries issues and conservation measures to over 7,000 full time commercial fishermen and 1.5 million recreational anglers.
- Educate the public (over 200,000 contacts per year) about fisheries conservation issues through media interviews, participation in fishing and boating events, educational presentations at schools and civic organizations, and by responding to requests for information.
- Provide electronic notification directly to nearly 1,000 concerned subscribers about fisheries management measures and events.
- Issue over 200 news releases per year to inform the public of significant fisheries conservation issues and events.
- Maintain a public information web site for fisheries information that receives over 1,000,000 page requests annually (nearly 3,000 page requests per day).

DIVISION OF MARINE FISHERIES
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Information Technology Funding (FIN)	$1,000,000 NR	$0

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Information Technology Funding (FIN)		$155,000 R	$72,223 R
		$500,000 NR	$1,492,508 NR
		2.00	2.00
2. Additional funding for Marine Fisheries Commission		$230,475 R	
		$17,000 NR	
		2.00	
3. Replace P/V Royal Shoal with 50' Patrol Vessel		$500,000 NR	$97,436 R
			2.00
4. License Administration Funding			$246,088 R
			6.00
5. Fisheries Management Plan Funding			$540,158 R
			$142,500 NR
			10.00
6. Coastal Habitat Plan Funding			$160,170 R
			$15,300 NR
			3.00

DIVISION OF MARINE FISHERIES
OVERVIEW OF REDUCTION ITEMS

Current Biennium 1999-2001

REDUCTIONS IN FUNDING	FY 1999-00	FY 2000-01
1. Reduce Research Vessel Crewmember	($25,555) R	
	(1.00)	
2. Reduce appropriations in Marine Patrol	($150,000) R	
3. Increase License Receipts in Marine Patrol	$150,000 R	

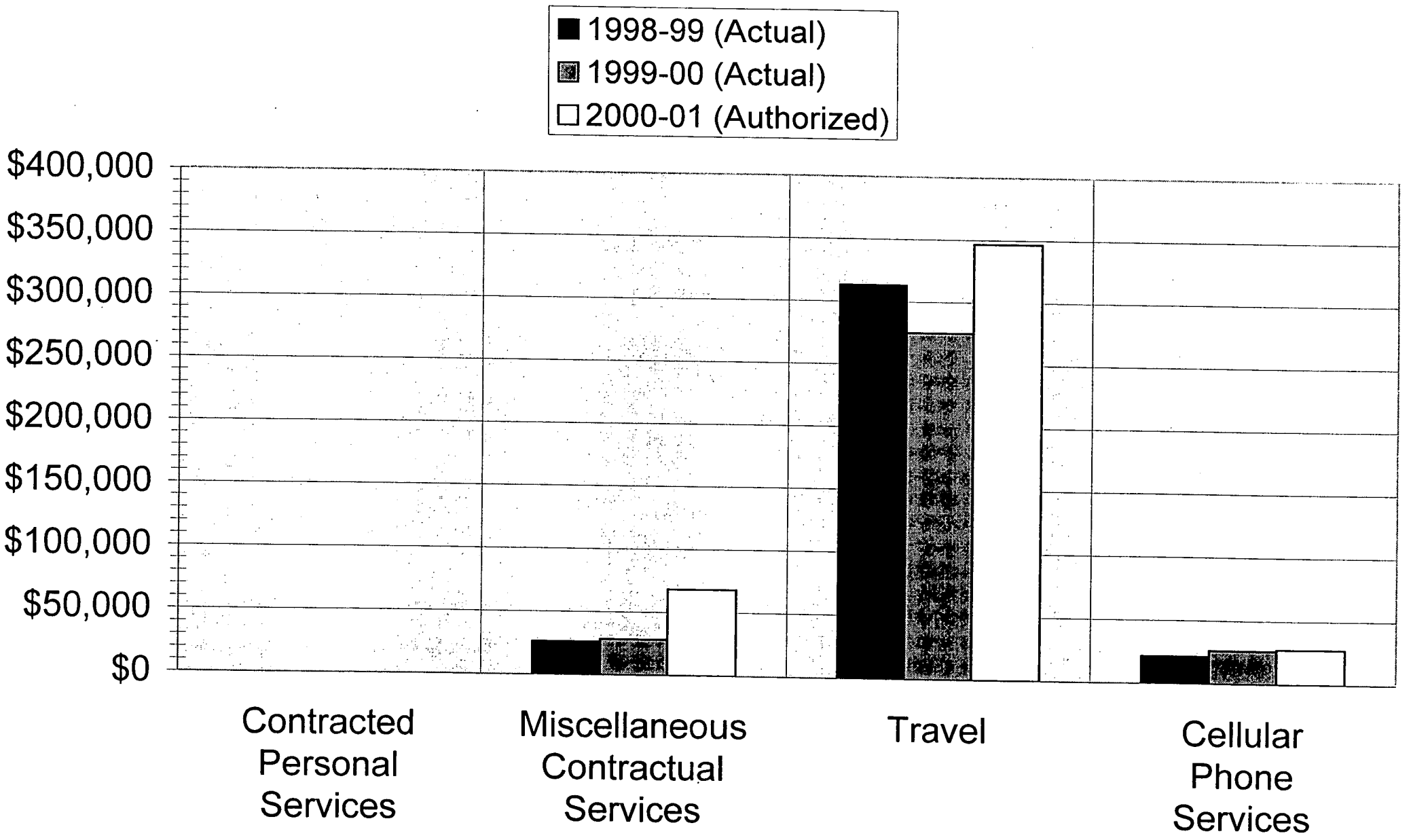
Budget Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Reduce Marine Patrol Equipment Budget		($187,321) R	
2. Reduce Moratorium Steering Committee from budget		($25,000) R	
3. Salary/Span of Control/Operating Reductions			
Salary Reserve		(13,861) R	
Oyster Rehabilitation Operating Funds		($133,655) R	
4. Reduce Marine Fisheries Operating Budget			($130,000) R

DENR

Marine Fisheries

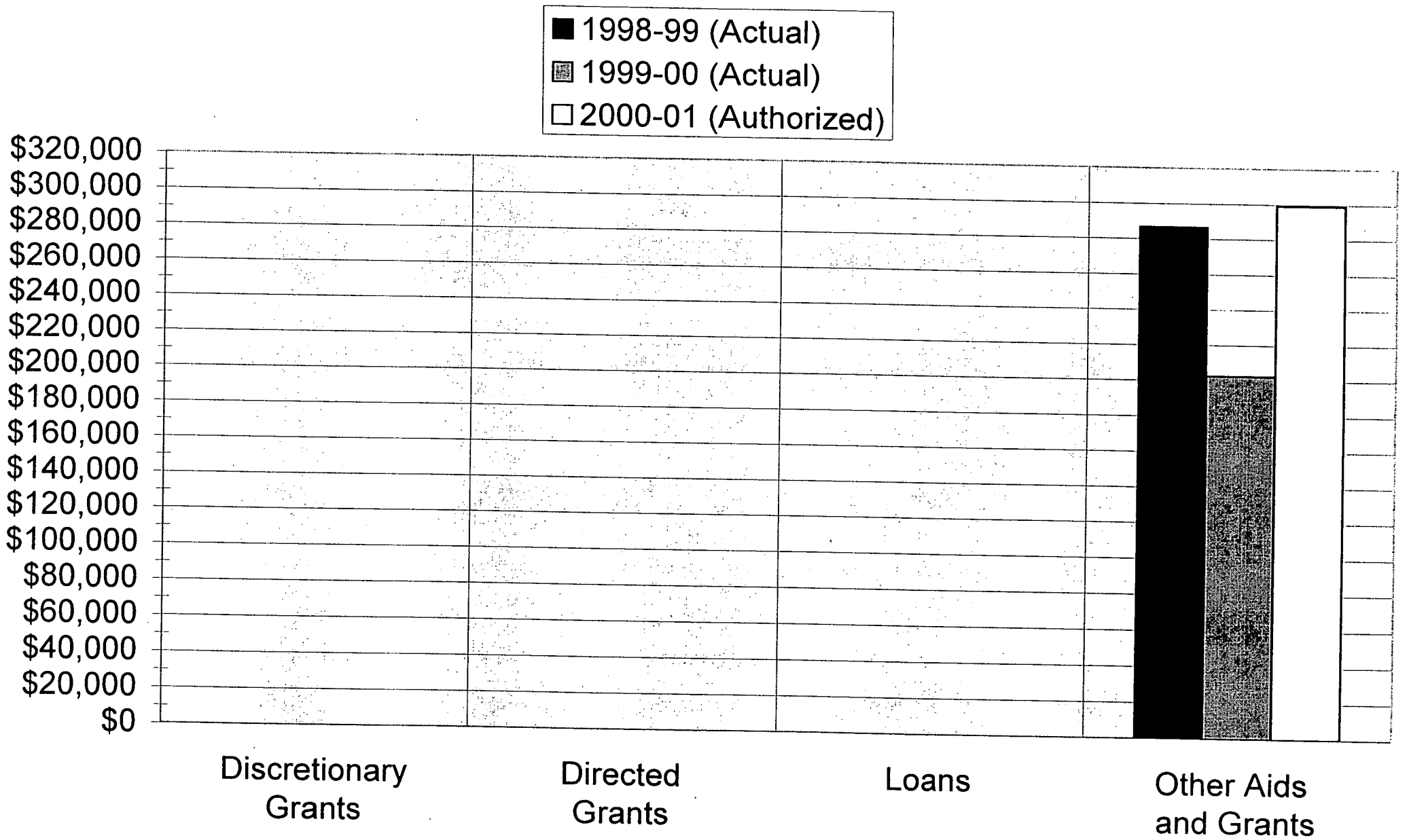
Comparison of Actual and Authorized Expenditures



DNR

Marine Fisheries

Comparison of Actual and Authorized Expenditures

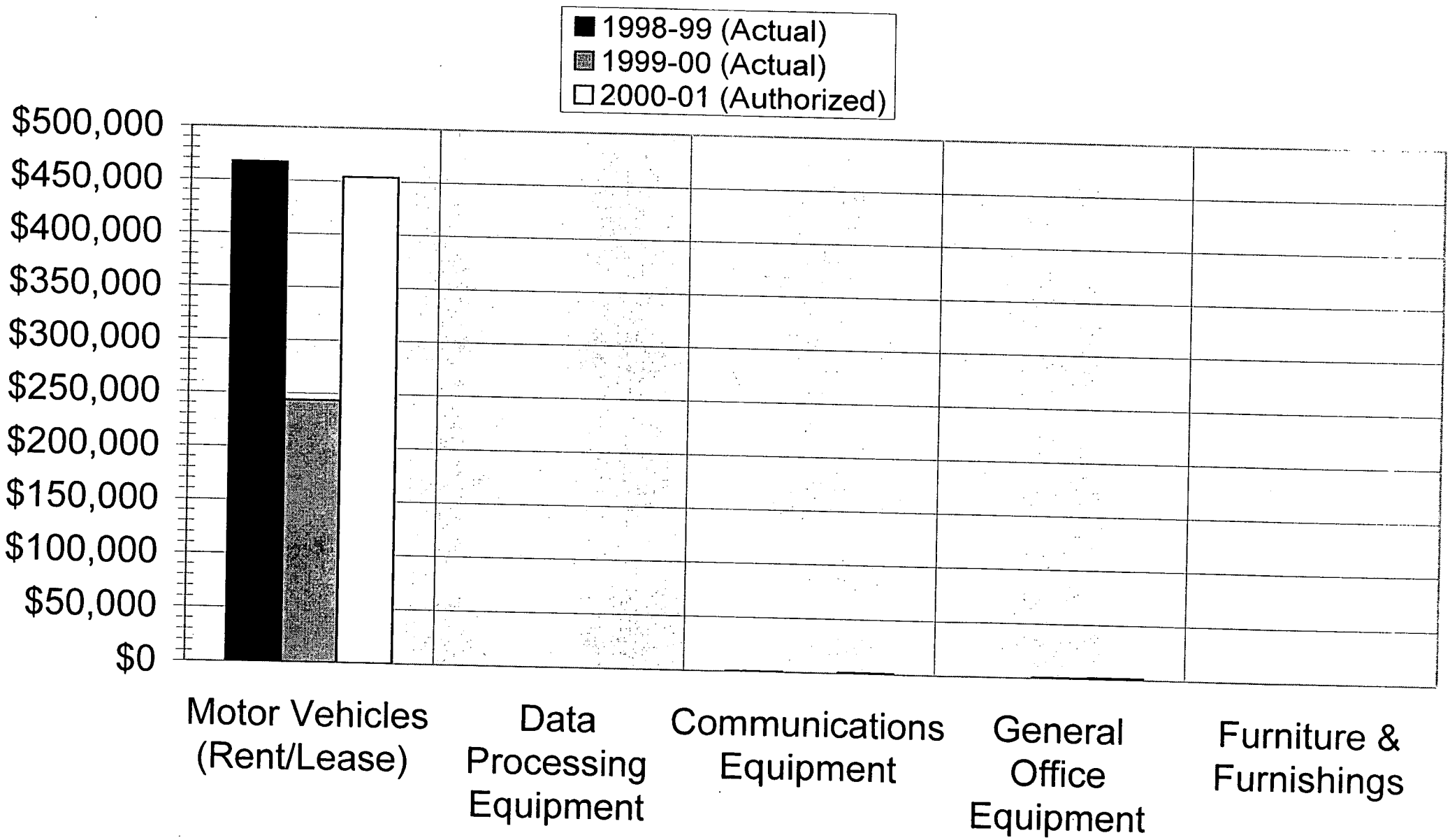


DNR

Marine Fisheries

Comparison of Actual and Authorized Expenditures

Equipment Rental/Lease

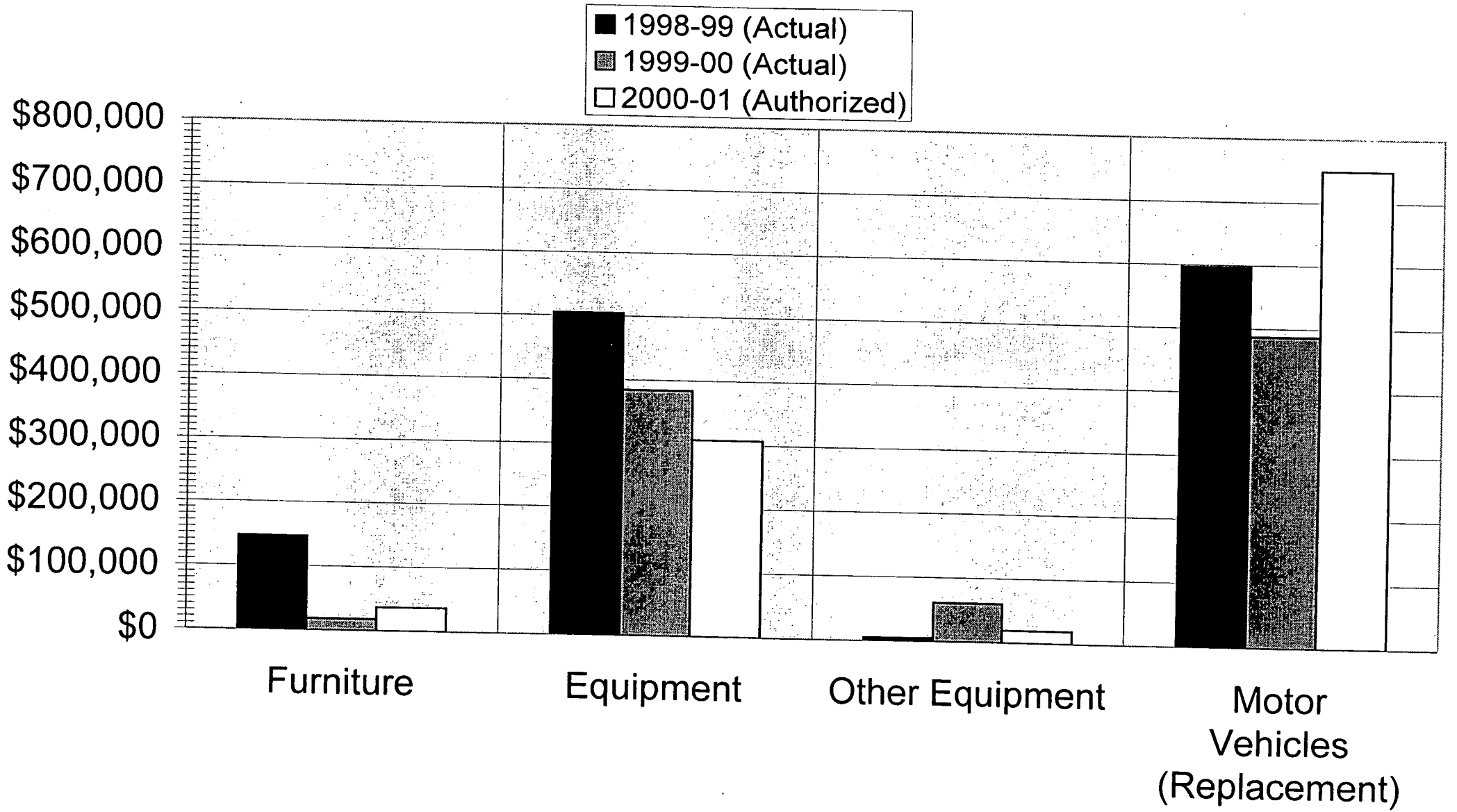


DNR

Marine Fisheries

Comparison of Actual and Authorized Expenditures

Equipment Replacement Schedules



DENR
Marine Fisheries

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Standard Commercial Fishing	Session Laws	113-168.2	$200.00	1-Jul-99	1	6,989	$1,344,650.00
License (SCFL)	1997-400						
Retired Standard Commercial	Session Laws	113-168.3	$100.00	1-Jul-99	0	515	$50,640.00
Fishing License (RSCFL)	1997-400						
License Endorsements for	Session Laws	113-168.5		1-Jul-99	1	7,204	$0.00
Standard Commercial Fishing	1997-400						
License:							
Menhaden Endorsments			$2.00 per tons		1	5	$2,070.00
Shellfish Endorsements			0		1		
Commercial Fishing Vessel	Session Laws	113-168.6	$1.00 per ft	1-Jul-99	as needed	8,941	$376,847.00
Registration (CFVR)	1997-400		$1.50 per ft				
			$3.00 per ft.				
			$6.00 per ft.				
Menhaden License for	Session Laws						
Non-residents not eligible for a	1997-400	113-169	$2.00 per tons	1-Jul-99	1	14	$16,672.00
SCFL							
Shellfish License for North	Session Laws	113-169.2	$25.00	1-Jul-99	1	2,097	$51,125.00
Carolina Residents without a	1997-400						
SCFL							
Licenses for Fish Dealers	Session Laws	113-169.3	7 categories @	1-Jul-99	as needed	339	$99,556.00
	1997-400	113-169.3	$50.00				
			1 category @$300				
Licensing of Ocean Fishing Piers	Session Laws	113-169.4	$.50 cents per	1-Jul-99	1	25	$9,281.50
	1997-400		linear foot				

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Land or Sell license	Session Laws	113-169.5	$200.00 or amount	1-Jul-99	1	62	$14,145.00
	1997-400		equal to non-resident				
			fee charged by				
			non-resident's state				
Spotter Plane Licenses	Session Laws						
	1997-400	113-171.1	$100.00	1-Jul-99	1	15	$1,500.00
Recreational Commercial Gear	Session Laws	113-173	Resident fee $35.00	1-Jul-99	1	6,775	$236,242.00
License	1997-400	113-173	Nonresident fee				
			$250.00				
Sale of Fish (Recreational Fishing	Session Laws	113-168.4	$100.00	1-Jul-99	1	30	$2,800.00
Tournament License)	1997-400						
Non-resident Standard	Session Laws	113-168.2	$800.00 or the	1-Jul-99	1	67	$18,506.00
Commercial Fishing License	1997-400		amount charged				
			to a resident of this				
			state in the non-				
			residents state				
Nonresident Retired Standard	Session Laws	113-168.3	$800.00 or the	1-Jul-99	1	3	$1,050.00
Commercial Fishing License	1997-400		amount charged				
			to a resident of this				
			state in the non-				
			residents state				
License to Land Flounder	Chapter 576 of	Chapter 576 (3) (2)	No fee	1-Jul-95	1	132	$0.00
	1994 Session Law						
Replacement License	Session Law	113-168.1 (h)	$10.00	1-Jul-99	as needed	981	$9,810.00
	1997-400						
License Transfers	NCAC 3O.0108 (a)		$10.00	1-Jul-99	as needed	1,034	$10,340.00
**Interim Crab License	Session Law	113-168.2	$7.50	1-Jul-99	1	3,555	$28,051.50
	1998-225, 5.5	editor's note					

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
**Non-resident Crab License	Session Law	113-168.2	$100.00	1-Jul-99	1	9	$900.00
	1998-225, 5.5	editor's note					
**Interim Crab License Transfer	Session Law	113-168.2	$7.50	1-Jul-99	as needed	4	$308.00
	1998-225, 5.5						
Returned Check Processing Fee	25-3-506	25-3-506	$20.00	1-Jul-95	as required	11	$220.00
	1995						
** The Interim Crab License expired as of October 1, 2000.							
Shellfish Bottom Leases Rental	Early 1960s	G.S. 113-202	$1.00/acre first portion		1	270	$9,372.18
Fees			of a year				
			$1.00/acre first full year				
			$5.00/acre every year af				
			$100 application fee				
			$50 renewal fee				
Shellfish Water Column Admend-	Session Law	G.S. 113-202	$100 admendment fee		1	7	$6,599.00
ments - Shellfish Bottom Leases	1993		$100/acre years 1-4				
			$500/acre years 5+				
			$50 renewal fee every 5 yrs				

Department of Environment and Natural Resources

Division of Soil and Water Conservation

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec. 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	20,483,689	14,350,194	12,999,167	12,709,330	18,981,249	18,998,924
Less Receipts	(106,283)	(278,550)	(272,322)	(318,473)	(6,054,434)	(6,054,434)
Cash Balance +/-			116,019	(36,399)		
State Appropriations	*20,377,406*	*14,071,644*	*12,842,864*	*12,354,459*	*12,926,815*	*12,944,490*
Less State NR	*(9,373,250)*	*(2,053,000)*	*(732,500)*	*(153,000)*	*0*	*0*
Adjusted Appropriation	*11,004,156*	*12,018,644*	*12,110,364*	*12,201,459*	*12,926,815*	*12,944,490*
Positions	59.50	58.50	59.00	63.50	63.00	63.00

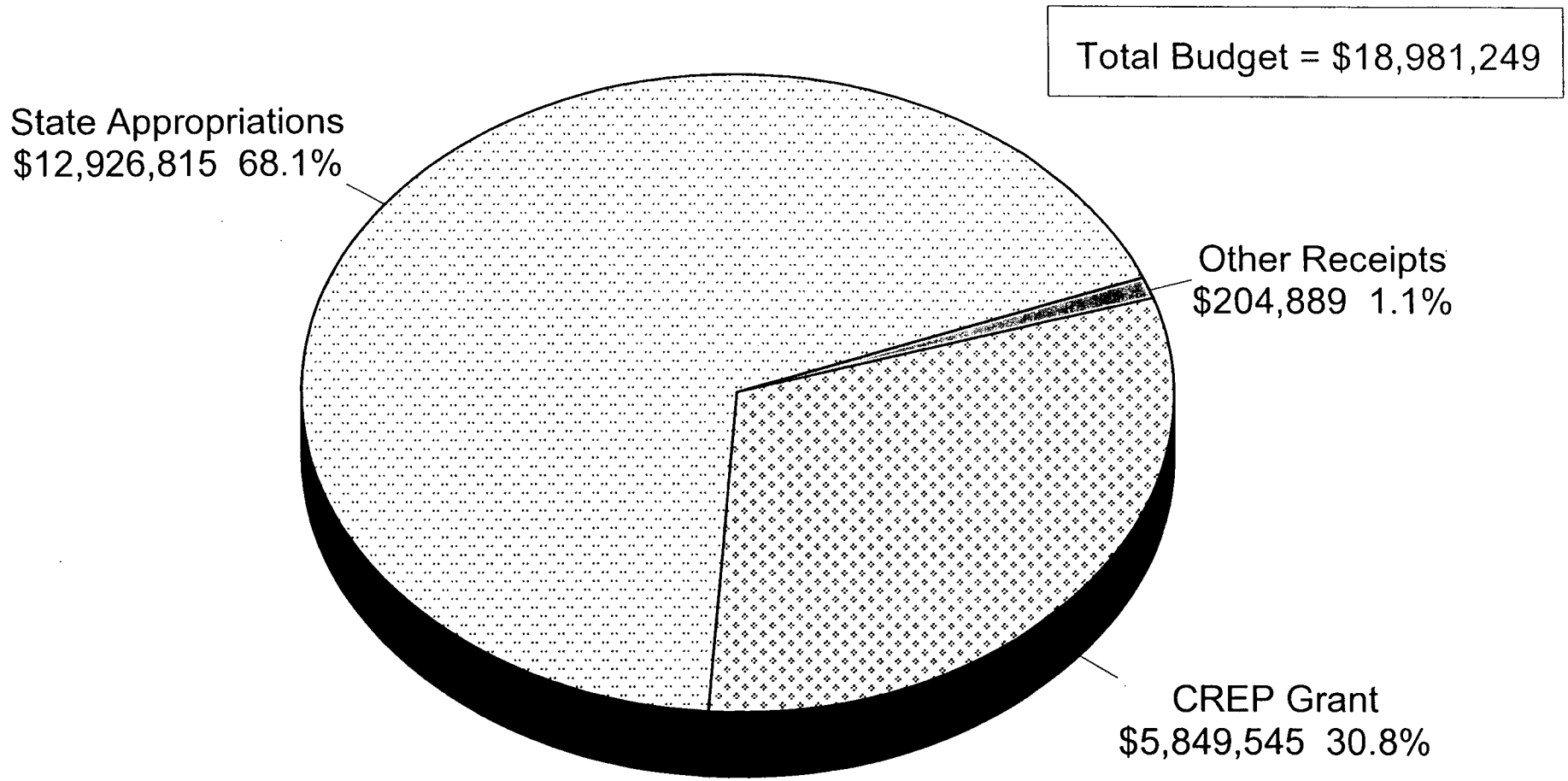
DIVISION ACTIVITIES

- Administers the Agriculture Cost Share Program – A program that provides financial and technical assistance to landowners in the installation of BMPs to address nonpoint source pollution problems.
- Administers the Conservation Reserve Enhancement Program (CREP) - A state-federal partnership to enroll 100,000 acres of agricultural croplands adjacent to the State's waters and wetlands in long-term conservation agreements and to install BMPs.
- Conducts operation reviews of animal waste facilities
- Provides support to local Soil and Water Conservation District programs
- Partners with the federal and local governments to inventory, document, interpret and disseminate information about soils

ATTACHMENT IV

Division of Soil and Water Conservation

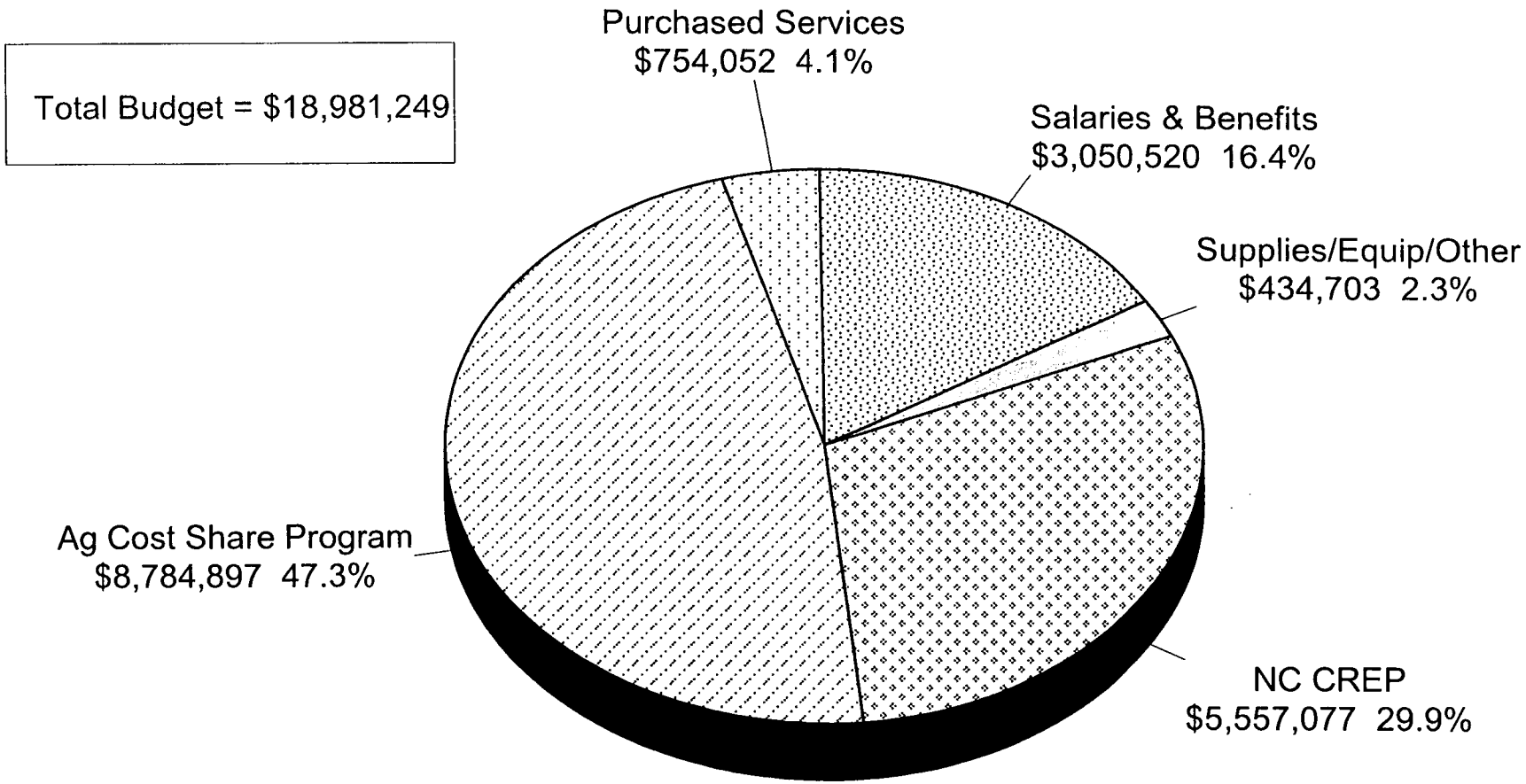
FY 2000-01 Authorized Fund Sources



Fiscal Research Division -- April 2001

Division of Soil and Water Conservation

FY 2000-01 Authorized Expenditures by Category

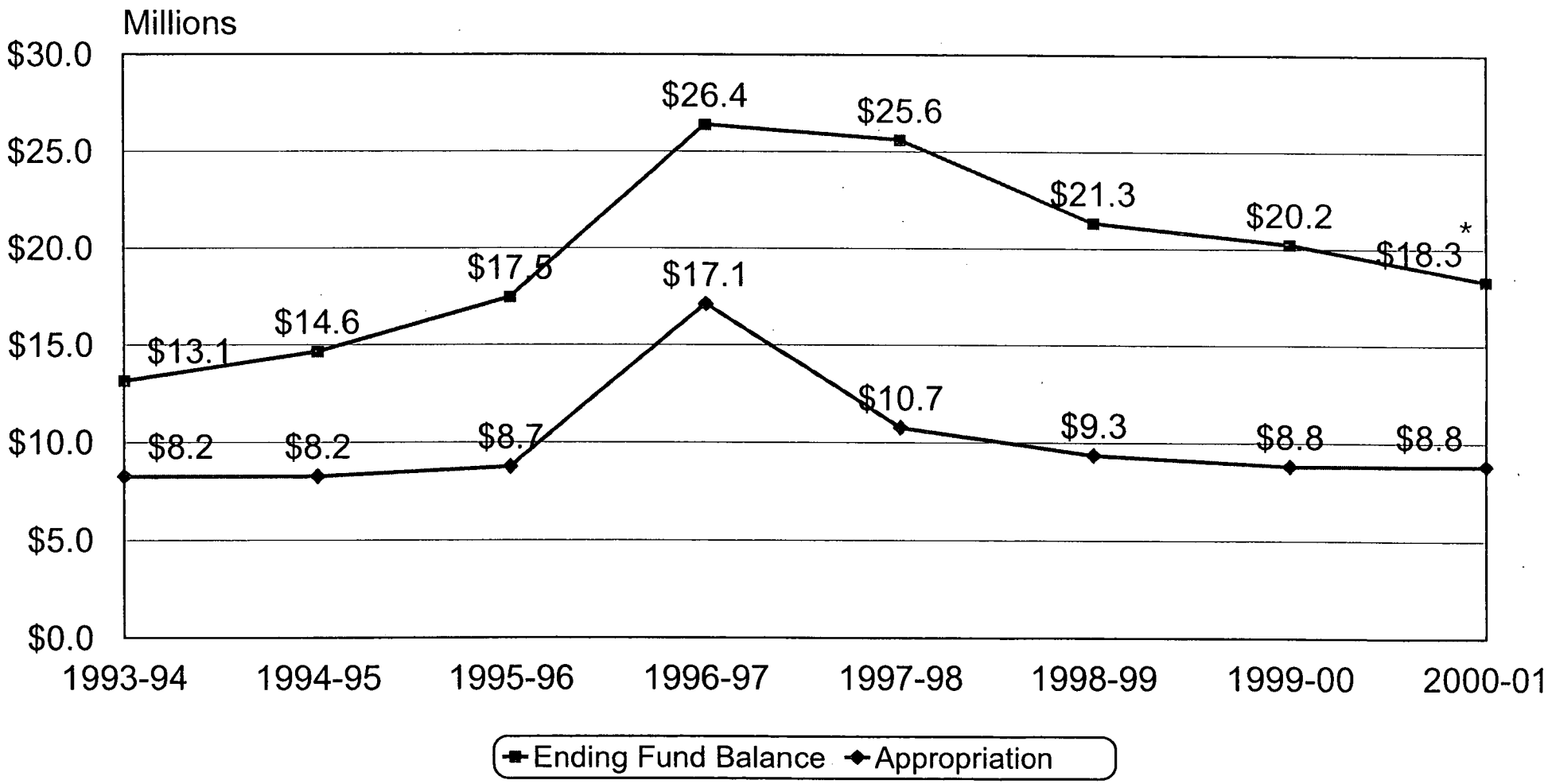


Fiscal Research Division --April 2001

Division of Soil and Water Conservation

Agriculture Cost Share Program

Annual State Appropriations and Year-end Cash Balances



Fiscal Research Division --April 2001

* Cash Balance as of 12/31/00

DIVISION OF SOIL AND WATER CONSERVATION

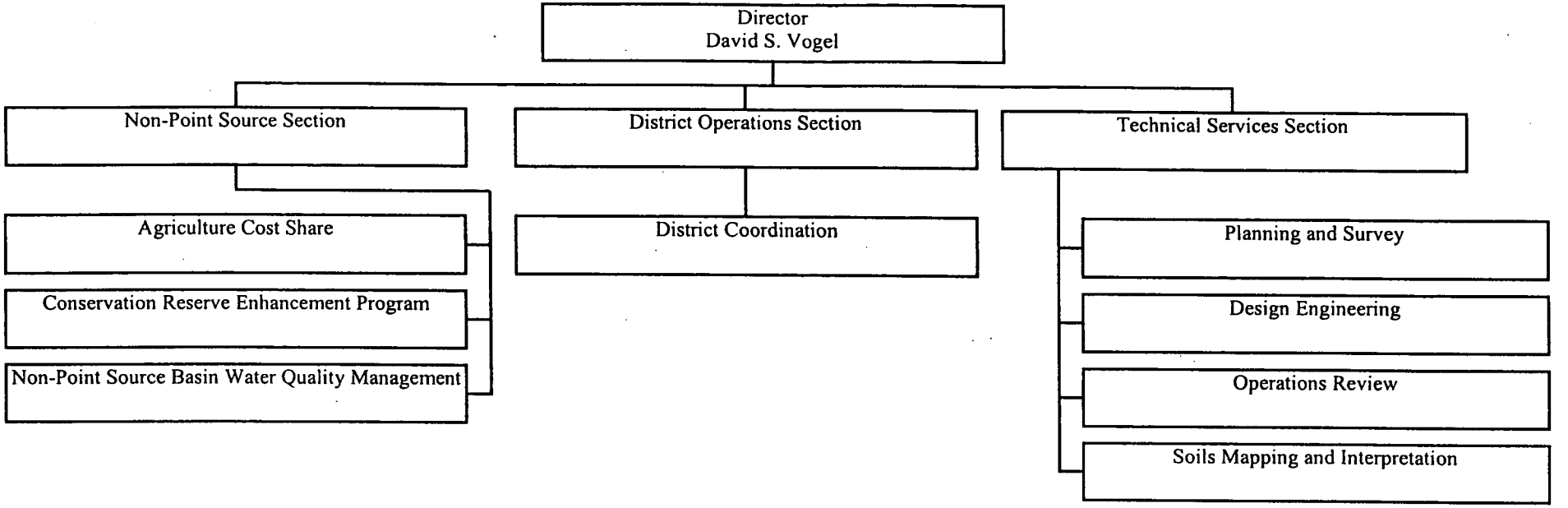
POSITIONS VACANT FOR MORE THAN SIX MONTHS

Position Classification	Date Vacated	Budgeted Salary
Environmental Supervisor I	June 30, 2000	$43,031

ITEM FOR POTENTIAL COMMITTEE DISCUSSION

The Agriculture Cost Share Program (ACSP) provides both financial incentives and technical assistance to farmers to encourage the installation of best management practices (BMPs) on their farmland to protect water quality by controlling agricultural nonpoint source pollution. For each of the past two years, this program has received over $8.8 million in recurring General Fund appropriations. Of this $8.8 million, $6.9 million are financial assistance funds to support the State's share of installing BMPs on farm operations and $1.875 million are technical assistance funds to support the State's share of local Ag Cost Share technicians. Last year, the General Assembly approved a one-time transfer of $240,000 from the financial assistance funds to technical assistance funds to cover a shortfall in 2000-2001. At that time, the Committee was told that this $240,000 was a recurring shortfall.

Given that there is no money in the Governor's continuation budget to cover this shortfall in the upcoming biennium, the Committee may wish to have the Division Director discuss whether this shortfall still exists and at what amount. In addition, the Committee may be interested in learning how these shortfalls were created, recommendations for covering the shortfall in the 2001-2003 biennium, and the Division's plans for avoiding this situation in the future.


Director
David S. Vogel
Non-Point Source Section
District Operations Section
Technical Services Section
Agriculture Cost Share
Conservation Reserve Enhancement Program
Non-Point Source Basin Water Quality Management
District Coordination
Planning and Survey
Design Engineering
Operations Review
Soils Mapping and Interpretation

North Carolina Department of Environment and Natural Resources
Division of Soil and Water Conservation

Director David S. Vogel
1614 Mail Service Center
Raleigh, North Carolina 27699-1614

Telephone: 919/733-2302
Facsimile: 919/715-3559

Overview

The Division of Soil and Water Conservation cooperates with federal agency and local partners to administer a comprehensive statewide program to protect and conserve the state's soil and water resources. The Division serves as staff for the North Carolina Soil and Water Conservation Commission to help deliver conservation programs at the local level. The Division provides leadership and assistance to the state's 96 local Soil and Water Conservation Districts and their state association in locally-led conservation by providing financial, technical and educational assistance to districts, landowners, agricultural producers and the general public. The Division delivers: nonpoint source pollution management programs , cost share for agricultural best management practices, technical and engineering assistance, soil surveys, conservation easements, and environmental and conservation education.

Services Provided by the Division

Support for District Programs
The Division provides coordination and support for programs administered through the state's 96 Soil and Water Conservation Districts. The Division employs 8 area coordinators (one stationed in each of the eight geographical areas of the state) and a District Operations Section Chief. Each of the Area Coordinators works directly with 10-16 Soil and and Water Conservation Districts to support the following services.

- supports the activities of the 96 local Soil and Water Conservation districts across the state and serves as staff for the N.C. Association of Soil and Water Conservation Districts. The 96 districts encompass all of the state's 100 counties. District Supervisors are responsible for administering the local program in partnership with the county, state and federal government. The partnership works to encourage landowners to practice sound stewardship through implementation of voluntary incentive based programs.
- provide assistance and support for educational conservation programs at the local level (i.e., working with local school systems sponsoring poster, essay, and speech contest; envirothon competitions, and resource conservation workshop.)

North Carolina Agriculture Cost Share Program (ACSP)
The Division administers the ACSP to assist agricultural landowners and operators to install best management practices to reduce water quality impacts from sediment, nutrients, and other nonpoint source pollutants associated with agriculture. The program is operated cooperatively with the Soil and Water Conservation Commission and the 96

Soil and Water Conservation Districts in North Carolina who select projects to be funded and administer technical assistance to assist with installation by farmers.

- A portion of the appropriation for the ACSP is budgeted to cost share with farmers for installing practices.
- The remainder of the appropriation is budgeted to cost share with local soil and water conservation districts to match salaries and operating expenses for district staff to provide technical assistance. In FY 2001, the program provided state match for 130 local district staff (120.1 FTE).
- The Division has a staff of five Agriculture Cost Share Technicians (Environmental Tech. III) and one Processing Assistant IV who assist with program development, implementation, and delivery under the supervision of the Assistant Director for Nonpoint Source Programs. Each year the Division processes between 2,000 and 2,500 contracts with agricultural landowners.

Conservation Reserve Enhancement Program (CREP)

The Division coordinates the state portion of the CREP which is a federal and state partnership whose goal is to restore and protect 100,000 acres of riparian buffers adjacent to farmland. Interested landowners can agree to restore riparian buffers and protect them for 10, 15, or 30 years or perpetually. State and federal incentives increase with the length of the protection offered.

- The Division has a staff of 9 (1 Environmental Supervisor II, 3 Environmental Specialist II, 1 Processing Assistant IV, 1 Agency Legal Specialist, and 3 Paralegals) to administer contracts, perform site evaluations, and perform necessary legal work to acquire conservation easements for 30-year and permanent offers.
- This effort contributes to the state's goal of preserving 1 million acres of open space by 2010.
- CREP staff are also contributing to the Program to Acquire Conservation Easements on Swine Operations in the 100-year Floodplain.

Basin Coordination for Neuse and Tar-Pamlico

The Division provides coordination to assist farmers and local advisory committees to achieve reductions in nutrient loading to the Neuse and Tar-Pamlico River Basins and to achieve compliance with agriculture nutrient reduction rules.

- Division staff devoted to this function include one Environmental Supervisor I for the Neuse Basin and one Environmental Specialist II for the Tar-Pamlico Basin.

Other Nonpoint Source Pollution Reduction Efforts

The Division also provides coordination for Soil and Water Conservation District involvement in development and implementation of DENR's Basin Plans and other specific water quality initiatives.

- The Division is coordinating a project to assess and develop action plans to address streams impaired due to sediment related to agricultural sources.
- The Division also assists Districts to access funding sources (e.g., EPA 319, CWMTF, NC Wetlands Restoration Program) to accelerate their ability to address

local water quality concerns.

- The Division employs one Environmental Specialist II (paid using federal funds) to carry out this function.

Technical Services

The technical services are provided by a staff of approximately 30 people. The Assistant Director, an office support person, an Economist, a Watershed Conservationist and an Environmental Engineer makeup the headquarters staff. The field staff consists of three survey technicians; six design engineers; eight operations reviewers; and eight soil survey staff members.

- provide technical assistance to districts through various efforts. Support the planning and implementation of the Public Law 566 Small Watershed Program, which is under the authority of the USDA Natural Resources Conservation Service (NRCS). PL 566 projects address community-wide natural resource problems such as flooding, erosion and water quality.
- aids districts by developing resource management projects using other federal, state and/or local funding sources and provide technical guidance in an effort to assist livestock producers with developing animal waste management plans and conducting operational reviews.
- produce and deliver scientifically based soil surveys which provide information to help society understand, value and wisely manage soil resources. The Survey Program is a partnership effort among federal, state, and local governments to inventory, document and interpret soils and to disseminate, publish and promote use of information about soils. The cost of conducting soil surveys is divided equally between the county, the NRCS and the Division of Soil and Water Conservation.

DIVISION OF SOIL AND WATER CONSERVATION

OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. North Carolina Agriculture Cost Share Technical Assistance	50,000 R 0.0	
2. North Carolina Conservation Reserve Enhancement Program (CREP)	353,044 R 153,000 NR 4.0	

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Technical Assistance Animal Operations	1,167,500 NR		
2. Ag Cost Share Program	5,750,000 NR		
3. Ag Cost Share Technical Assistance	200,000 R		
4. Ag Cost Share Neuse River Basin	1,750,000 NR		
5. District Support Increase (Matching Funds)	200,000 R		
6. Increase in Staff and Operating	194,250 R 5,750 NR 4.0		

7. Soil Survey Buncombe County	100,000	NR			
8. Animal Waste Permitting and Compliance	704,473 14.0	R			
9. North Carolina Agriculture Cost Share Animal Operations			2,000,000 0.0	NR	
10. North Carolina Agriculture Cost Share Technical Assistance			$300,000 0.0	R	
11. Soil and Water Conservation Districts Travel			$50,000 0.0	NR	
12. Area 3 Soil and Water Regional Coordinator			$43,600 3,000 1.0	R NR	
13. North Carolina Agriculture Cost Share Financial Assistance					$500,000 0.0 NR
14. North Carolina Agriculture Cost Share Technical Assistance					$100,000 0.0 NR
15. Neuse and Tar-Pamlico Accountability					$75,000 0.0 NR
16. Soil and Water Conservation Districts Travel					$50,000 0.0 NR
17. Junaluska Creek Restoration					$7,5000 0.0 NR

DIVISION OF SOIL AND WATER CONSERVATION

OVERVIEW OF REDUCTION ITEMS

Current Biennium 1999-2001

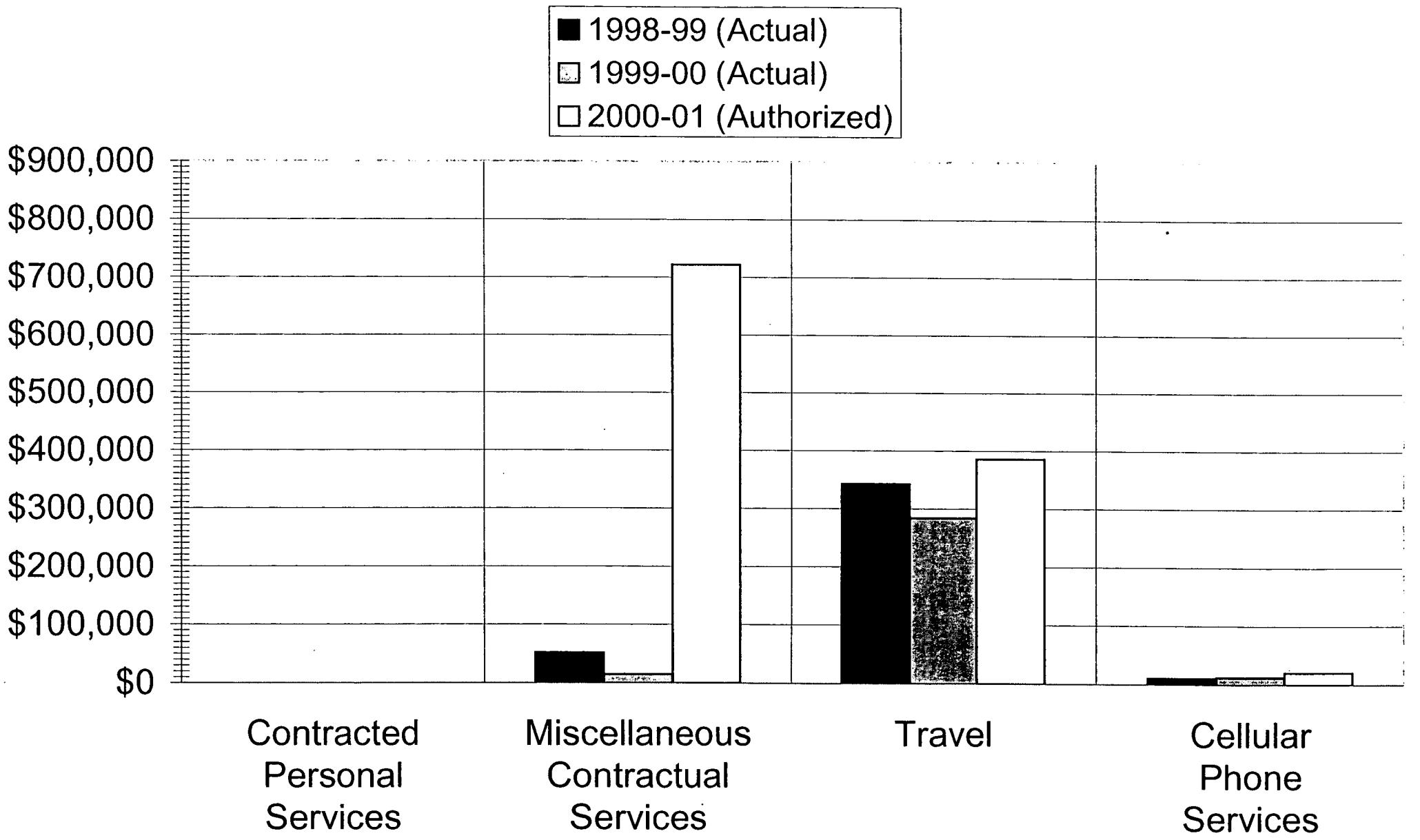
REDUCTION ITEMS

None

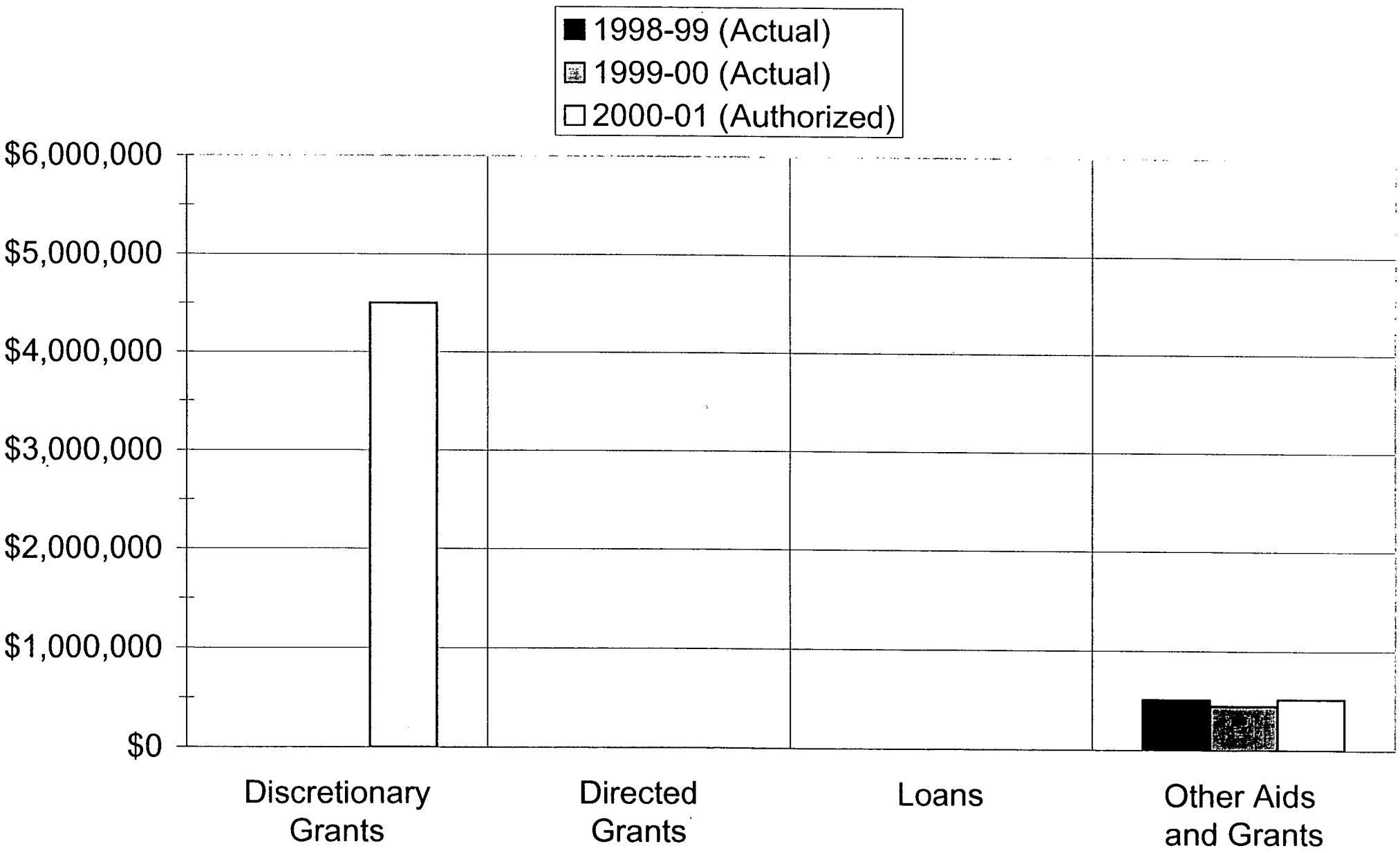
Reductions Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. .0200 Animal Operations Positions			($185,445) R (5.5)
2. Salary/Span of Control/Operating Reductions Equipment, supplies & travel funds		($56,875) R	

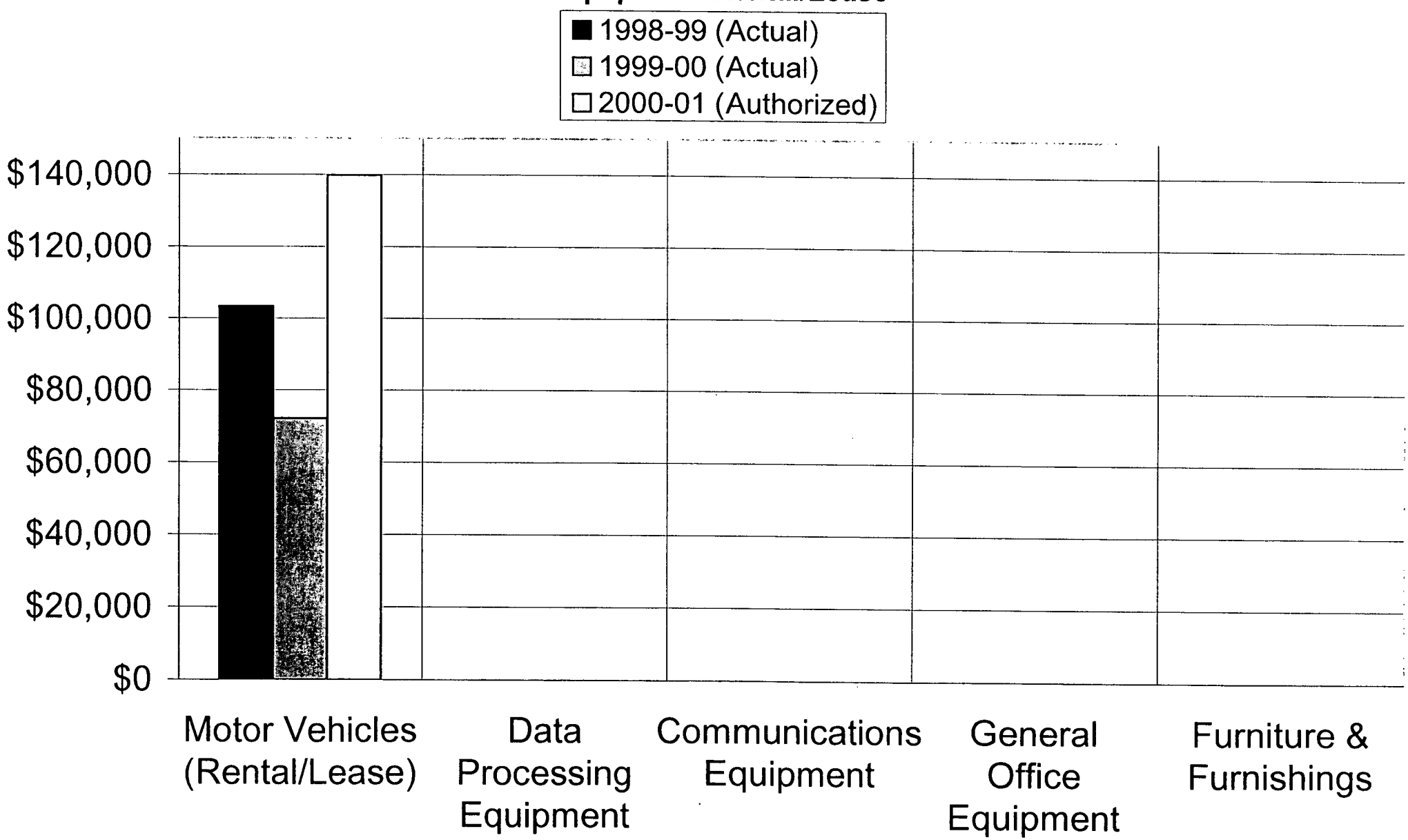
Department of Environment & Natural Resources
Division of Soil and Water Conservation
Comparison of Actual and Authorized Expenditures



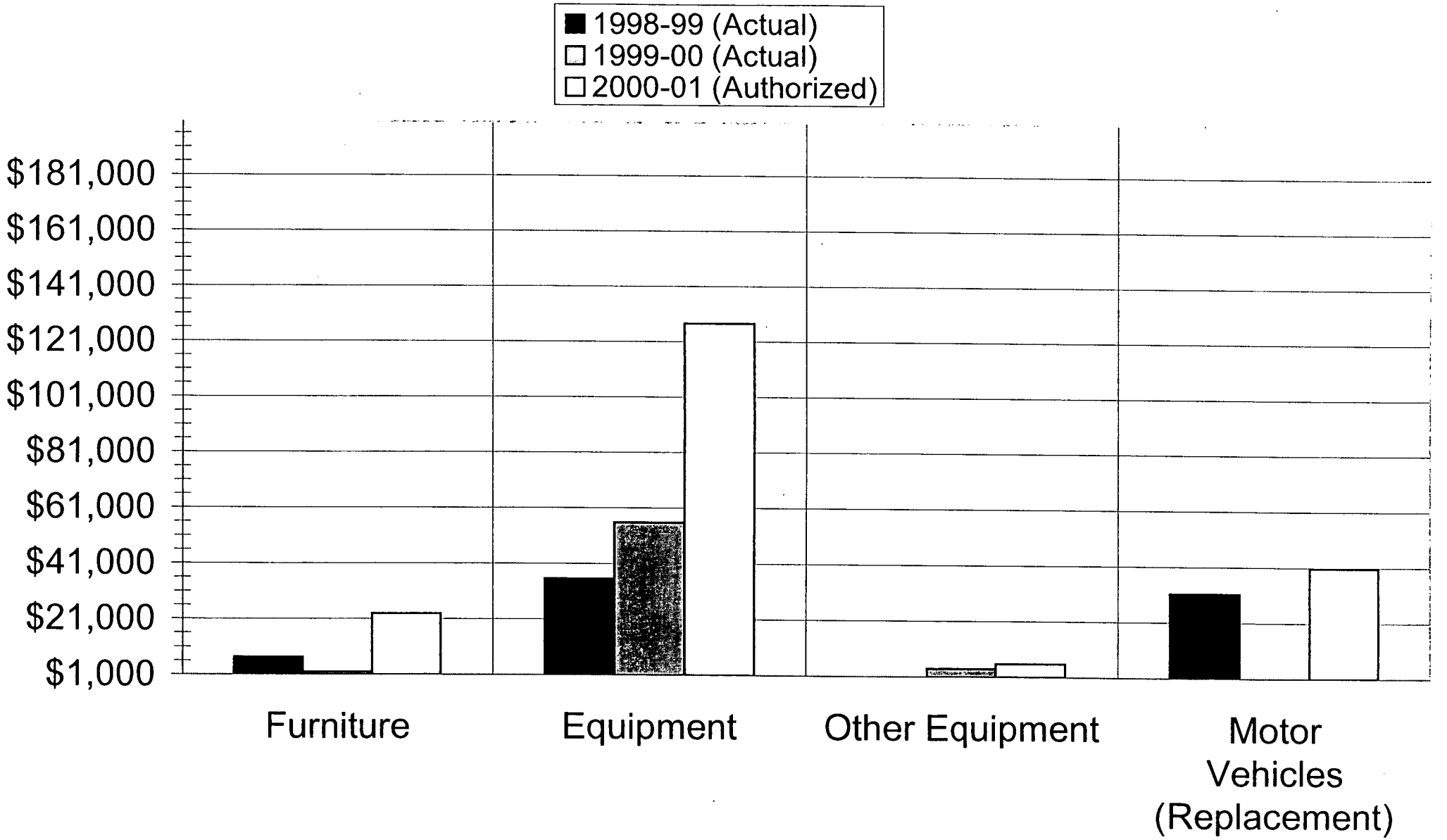
Department of Environment & Natural Resources
Division of Soil and Water Conservation
Comparison of Actual and Authorized Expenditures



Department of Environment & Natural Resources
Division Soil and Water Conservation
Comparison of Actual and Authorized Expenditures
Equipment Rental/Lease



Department of Environment & Natural Resources
Division of Soil and Water Conservation
Comparison of Actual and Authorized Expenditures
Equipment Replacement Schedules



Department of Environment & Natural Resources
Division of Soil and Water Conservation

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
Note: The Division of Soil and Water Conservation does not collect fees for the program we administer.							

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Environment and Natural Resources - Continued

Recommended Reductions:

	2001-02	2002-03
1. **Implement Lease-Purchase Arrangement for Purchase of Major Equipment** Replacement schedules have been protracted due to shortage of funds, rendering some equipment dangerous for continued operation. It is important that the department be able to replace equipment more rapidly. Moving to a lease purchase arrangement will allow more equipment to be replaced more quickly spreading the cost over a longer period of time.	$ (2,873,500)	$ (2,873,500)
2. **Abolish Remaining Low-Level Radiation Positions** The department has two remaining low-level radiation positions that have not been abolished. Since the state is not proceeding with the siting of a low level radioactive waste site, these positions are no longer required for their original purpose.		
Land Resources		
Geologist III (1.0)		
Radiation Protection		
Radiological Health Spec (1.0)	$ (100,800)	$ (100,800)
Number of Positions	(2.0)	(2.0)
3. **Abolish Deputy Secretary of Operations** The department is reviewing its organization and has determined that the position of Deputy Secretary for Operations is no longer required.	$ (46,324)	$ (46,324)
Number of Positions	(1.0)	(1.0)

Recommended Reductions – Continued:

	2001-02	2002-03
4. **Abolish Administrative Assistant Positions** The department has reviewed the administrative support for the management of the department. It has been determined that two administrative support positions can be abolished without affecting operations.		
Number of Positions	$ (45,000) (2.0)	$ (45,000) (2.0)
5. **Abolish Agency Safety Program Director II** The department has reviewed its organization and has determined that it can abolish the position of Department Safety Officer and reassign the duties of this position to the Director of Disaster Recovery.		
Number of Positions	$ (58,212) (1.0)	$ (58,212) (1.0)
Total Recommended Reductions	$ (3,123,836)	$ (3,123,836)
Total Number of Positions	(6.0)	(6.0)

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, April 17, 2001
Senator David Weinstein, Presiding

Continuation Budget Review of the Department of Commerce

1. **Chairman's Comments**

2. **Administrative Programs**
   Adam Levinson, Fiscal Research
   Robin Pasquarello, Chief Fiscal Officer/Acting Assistant Sec. for Admin.

3. **Business and Industry Division**
   Adam Levinson, Fiscal Research
   Ray Denny, Division Director

4. **Center for Entrepreneurship and Technology (CET)**
   Adam Levinson, Fiscal Research
   Ray Denny, Business and Industry Division Director

5. **Commerce Finance Center**
   Adam Levinson, Fiscal Research
   Stewart Dickinson, Division Director

6. **Committee Discussion**

7. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, April 17 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, April 17 at 8:30 a.m. in Room 423 of the Legislative Office Building. Three Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Hunter, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and recognized the pages.

Adam Levinson, Fiscal Research, began the meeting with the continuation budget review of the Department of Commerce. He gave an overview of the Administrative Programs in the Department of Commerce. This is Attachment A of these minutes.

Robin Pasquarello, Chief Fiscal Officer, was recognized to give an overview of the Administrative Programs. This is Attachment B of these minutes. She said that the Administration provides support and overall policy direction to operational programs of the Department of Commerce, and provides accountability for the resources appropriated to the Department. Administrative services provided include budgeting, accounting, and purchasing functions; public-information services; personnel management; information-systems management; economic policy research; and assistance to independent boards and commissions.

Adam Levinson, Fiscal Research, presented the overview for the Business and Industry (B&I) Program. This is Attachment C of these minutes. Mr. Levinson explained that the reference was to programs as opposed to division, because it actually contains two divisions: Business and Industry and Marketing and Customer Service.

Adam Levinson, Fiscal Research, continued with the presentation for the Center for Entrepreneurship and Technology (CET). This is Attachment D of these minutes. He stated that the Governor had recommended abolishing CET and transferring three positions to the Business & Industry Division to improve service to existing industries. Mr. Levinson said the total savings would be $376,698. He said transferring these three positions to B&I was technically an expansion of that Division's budget. This transfer would increase B&I's budget by $248,158.

Ray Denny, Business and Industry Division Director, was recognized to give an overview of both the Business and Industry Division and the Center for Entrepreneurship and Technology. This is Attachment E of these minutes. This handout is self-explanatory.

Adam Levinson, Fiscal Research, was recognized to give the presentation on the budget review for the Commerce Finance Center. This is Attachment F of these minutes. He said the activities of the Commerce Finance Center were to administer a number of industrial incentive financing programs designed to assist local governments and new, expanding, and relocating private businesses create and/or retain jobs in North Carolina.

Stewart Dickinson, Division Director, was recognized to give a brief overview of the Division. This is Attachment G of these minutes. He said the Commerce Finance Center was established in 1993 and has expanded its duties over the last seven or eight years. The CFC administers the state's Industrial Revenue Bond program, Community Development block Grants, Jobs Tax Credits, Machinery and Investment Tax Credits, Worker Training Tax Credits, Research and Development tax Credits and Industrial Development Funds. CFC also acts as staff to the North Carolina Private Activity Volume Bond Cap committee as defined in the Tax Reform Act of 1984.

The meeting adjourned at 9:45 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Commerce

Administrative Programs						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	2,216,381	2,097,205	2,240,932	3,949,782	3,926,374	3,912,750
Less Receipts	(718,742)	(622,542)	(661,060)	(895,268)	(885,305)	(885,844)
State Appropriations	***1,497,639***	***1,474,663***	***1,579,872***	***3,054,514***	***3,041,069***	***3,026,906***
Positions	**35.0**	**34.0**	**35.0**	**55.0**	**56.0**	**56.0**

PROGRAMS AND ACTIVITIES

Fiscal Management - Performs all accounting, budgeting, and purchasing functions for the Department.

Human Resources - Performs all Departmental personnel functions, including recruitment and employee relations, position classification, and fringe benefit administration.

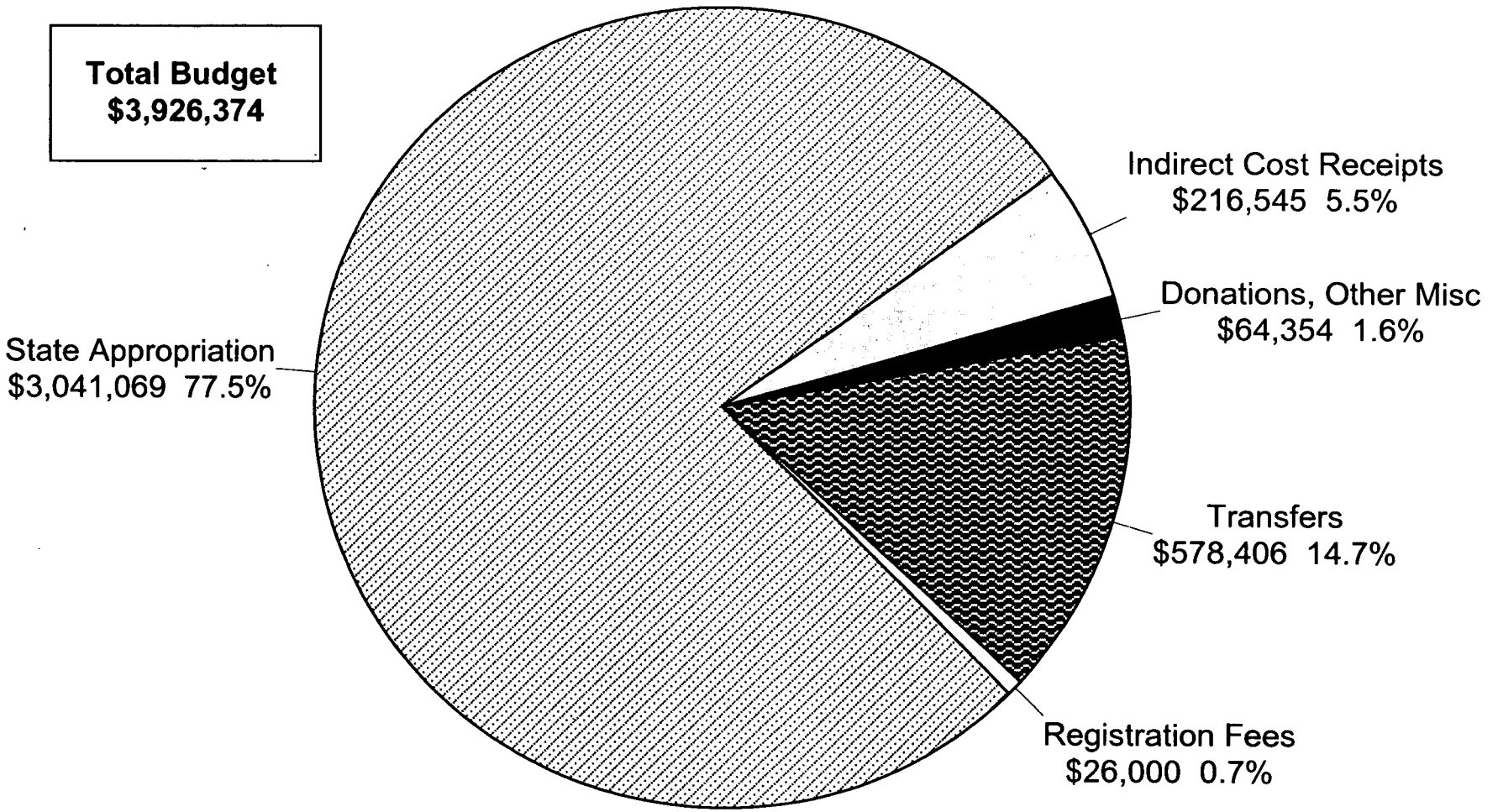
Management Information Systems (MIS) - Provides all of the Department's information technology services, including LAN management, project management functions for applications development, maintenance of personal computers and peripherals, and graphics design and reproduction.

Policy, Research, and Strategic Planning – Collects, maintains, and analyzes data on the state's economy, and monitors national and global economic trends. Provides information in support of Departmental policy formation and strategic planning. Collaborates with other state agencies to staff the North Carolina Economic Development Board.

Public Affairs – Conducts public outreach programs for Department by informing news media and public about Department programs.

Administrative Programs

FY 2000-2001 (Authorized) Total Budget
By Funding Source

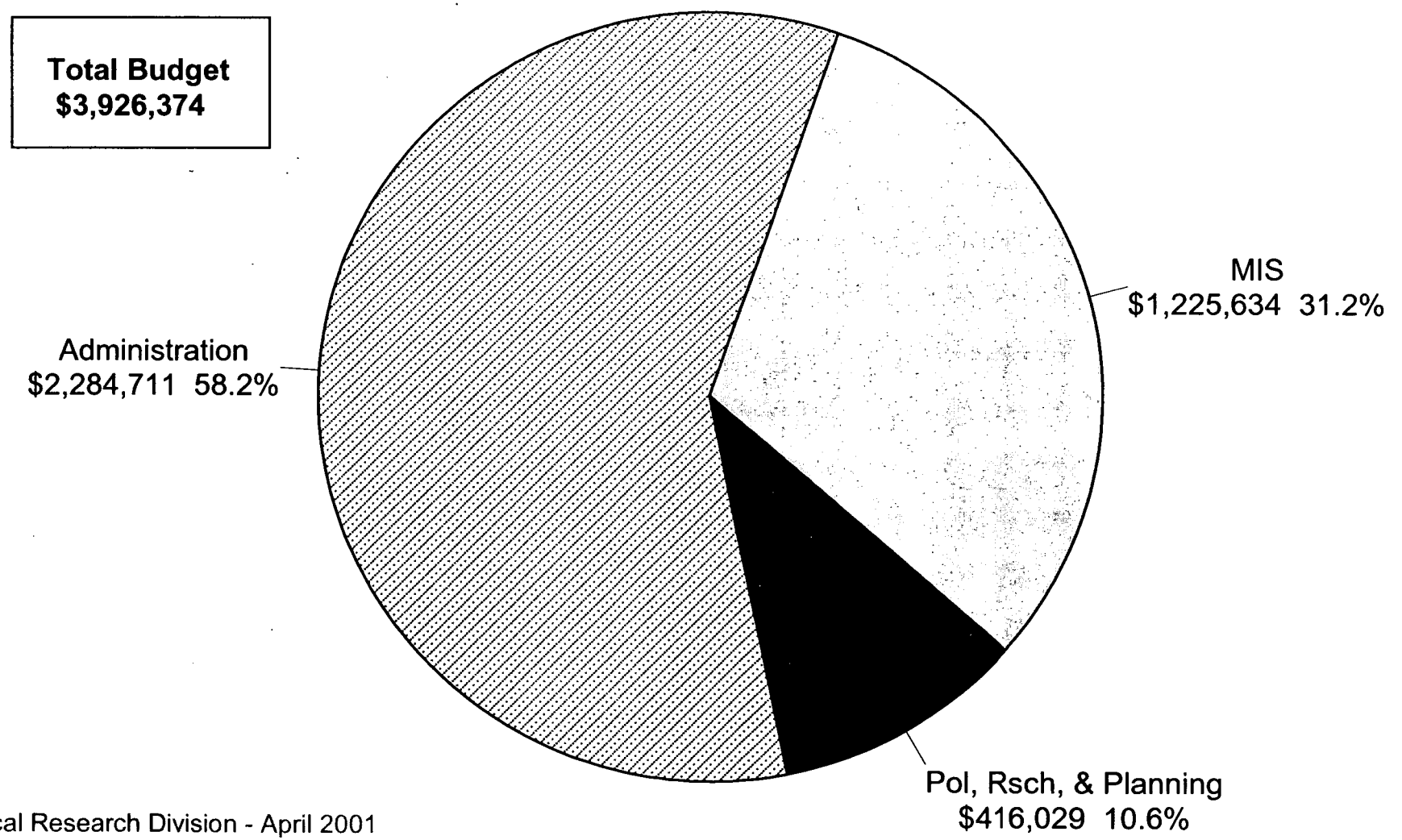


Fiscal Research Division - April 2001

Administrative Programs

FY 2000-2001 (Authorized) Total Budget

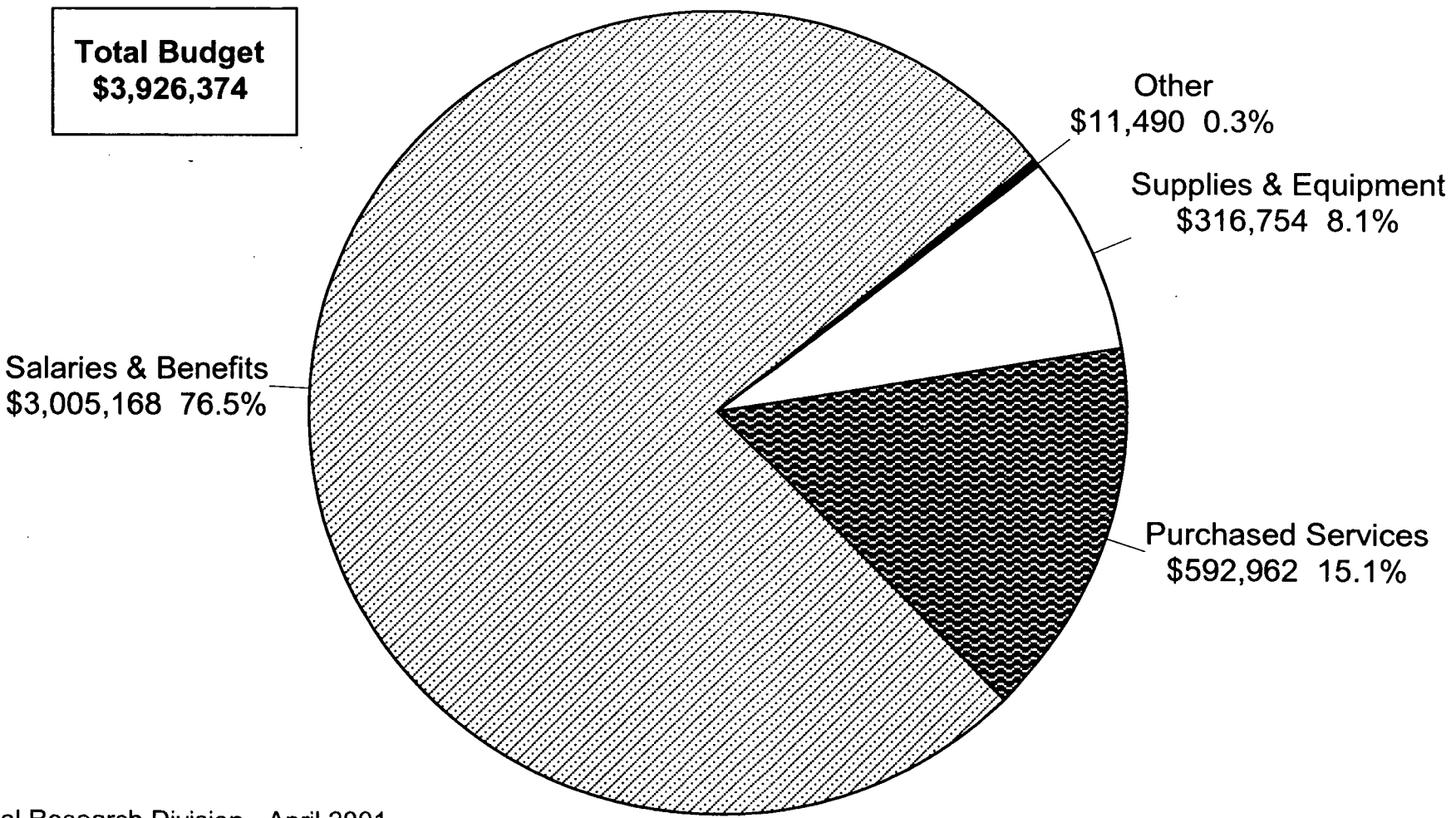
By Program



Fiscal Research Division - April 2001

Administrative Programs

FY 2000-2001 (Authorized) Total Budget
Expenditures By Category

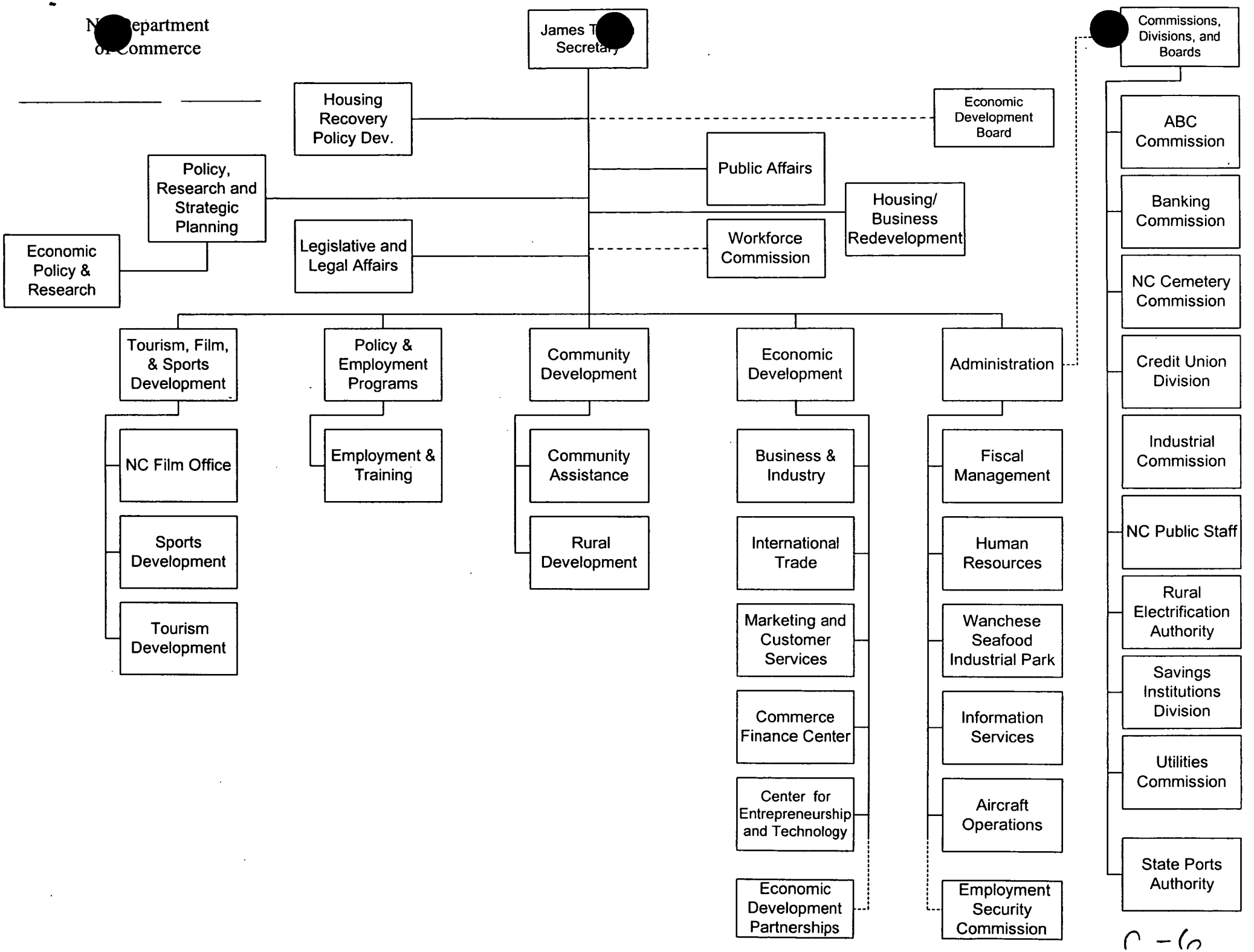


Fiscal Research Division - April 2001

Department of Commerce
Administrative Programs

Positions Vacant for Over 6 Months

Position	Date Vacated	Budgeted Salary
Applications Analyst Programmer II	May 31, 2000	$47,834

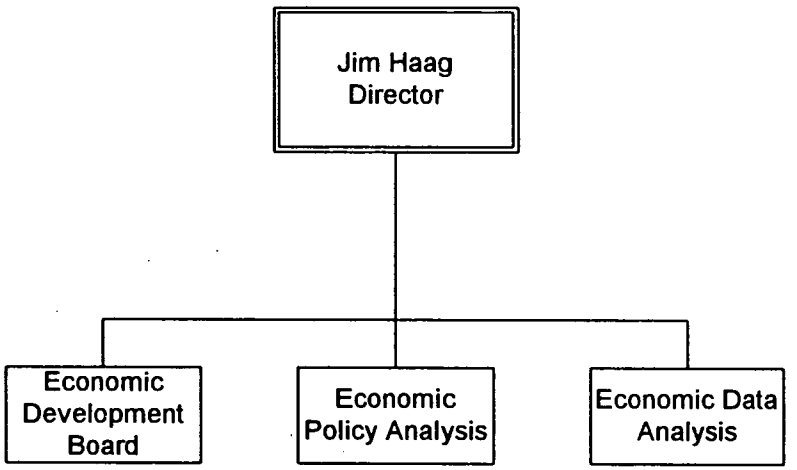

N[redacted]epartment
of Commerce
James T[redacted]
Secretary
Commissions, Divisions, and Boards
Housing Recovery Policy Dev.
Economic Development Board
Public Affairs
Policy, Research and Strategic Planning
Housing/ Business Redevelopment
Economic Policy & Research
Legislative and Legal Affairs
Workforce Commission
Tourism, Film, & Sports Development
Policy & Employment Programs
Community Development
Economic Development
Administration
NC Film Office
Employment & Training
Community Assistance
Business & Industry
Fiscal Management
Sports Development
Rural Development
International Trade
Human Resources
Tourism Development
Marketing and Customer Services
Wanchese Seafood Industrial Park
Commerce Finance Center
Information Services
Center for Entrepreneurship and Technology
Aircraft Operations
Economic Development Partnerships
Employment Security Commission
ABC Commission
Banking Commission
NC Cemetery Commission
Credit Union Division
Industrial Commission
NC Public Staff
Rural Electrification Authority
Savings Institutions Division
Utilities Commission
State Ports Authority

C-6

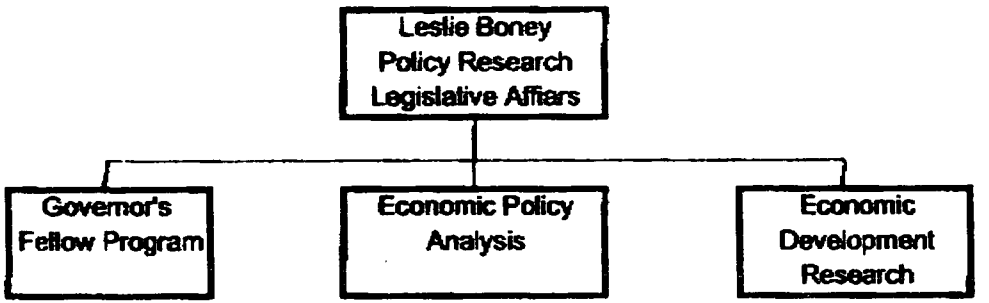
NC Dep[illegible]nt of Com[illegible]

Policy and Research

Signature _____ Date _____



NC Department of Commerce
Policy and Research



Attachment B

North Carolina Department of Commerce
Administration

Asst. Secretary for Administration- Vacant
Acting Asst. Sec. for Administration- Robin D. Pasquarello, CFO
Email: rpasquarello@nccommerce.com

4301 Mail Service Center
Raleigh, N.C. 27699-4301

Telephone: 919-733-4151
Fax: 919-733-8356

Overview
Administration provides support and overall policy direction to operational programs of the Department of Commerce, and provides accountability for the resources appropriated to the Department. Administrative services provided include budgeting, accounting and purchasing functions; public-information services; personnel management; information-systems management; economic policy research; and assistance to independent boards and commissions.

Fiscal Management
- Responsible for the accounting, budgeting and purchasing functions of the Department.

Public Affairs
- Conducts the public-outreach programs of the Department by informing the news media and public about Department programs, utilizing press releases, news conferences and responses to direct inquiries.

Management Information Services (MIS)
- Responsible for all information technology services within the Department. This includes LAN management, project management functions for applications development, maintenance of personal computers and peripherals, and graphics design and reproduction. Provides technical support for all data-processing activities, including determination and acquisition of equipment for the department.

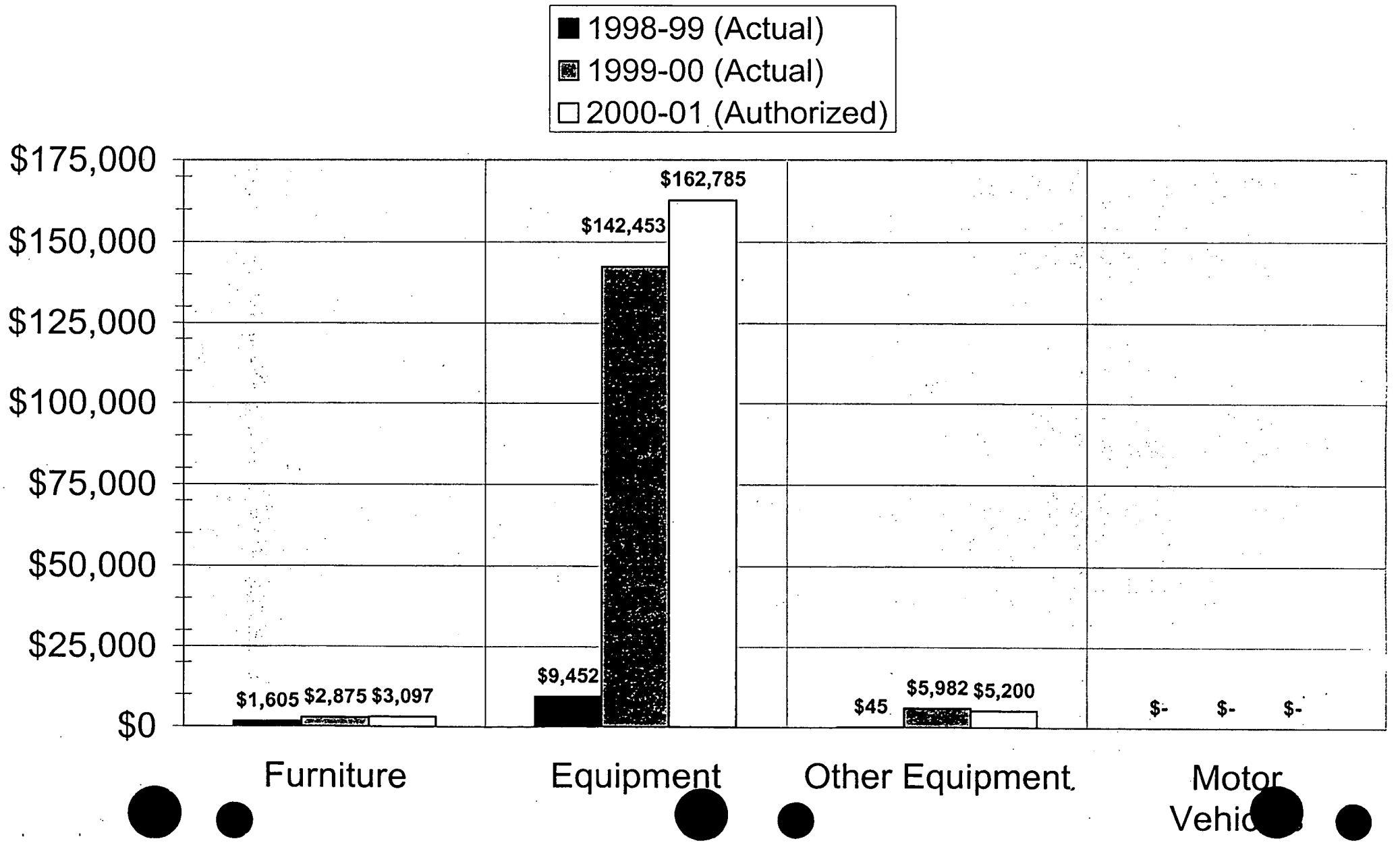
Human Resources
- Performs personnel functions for the Department, including recruitment and employee relations, position classification, and fringe benefit administration.

Economic Policy and Research
- Identifies and analyzes key economic trends in the state, and assesses the impact of regional and global trends on economic growth. Conducts research on trends affecting the state and makes policy recommendations on using research to make intelligent policy decisions.

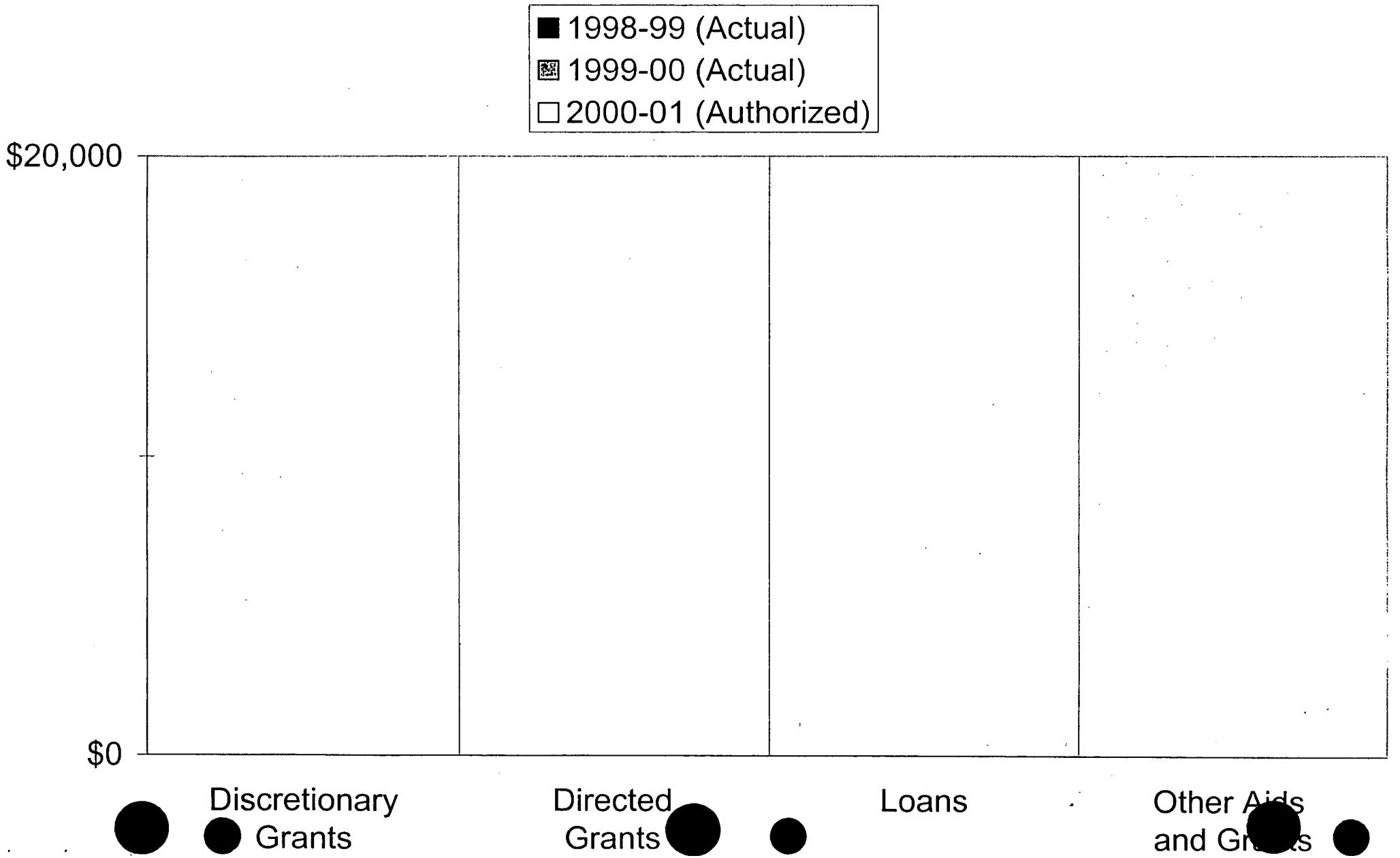
Boards and Commissions

- In addition to all major state government programs designed to develop and promote economic development in North Carolina, the Department also serves as the administrative organization for a variety of agencies related to economic development and the workplace, as well as the Employment Security Commission.
- Agencies report directly to their respective Boards and Commissions, rather than to the Secretary of Commerce, receiving administrative oversight from the Department through the Assistant Secretary for Administration
- The regulatory agencies use their authority independently of the Department to hold hearings and engage in rulemaking. Administrative Services provides management functions and services for those agencies.
- Among the Department's most important non-regulatory agencies are the divisions traditionally engaged in economic development. These are supervised by the Secretary and the Board of Economic Development.

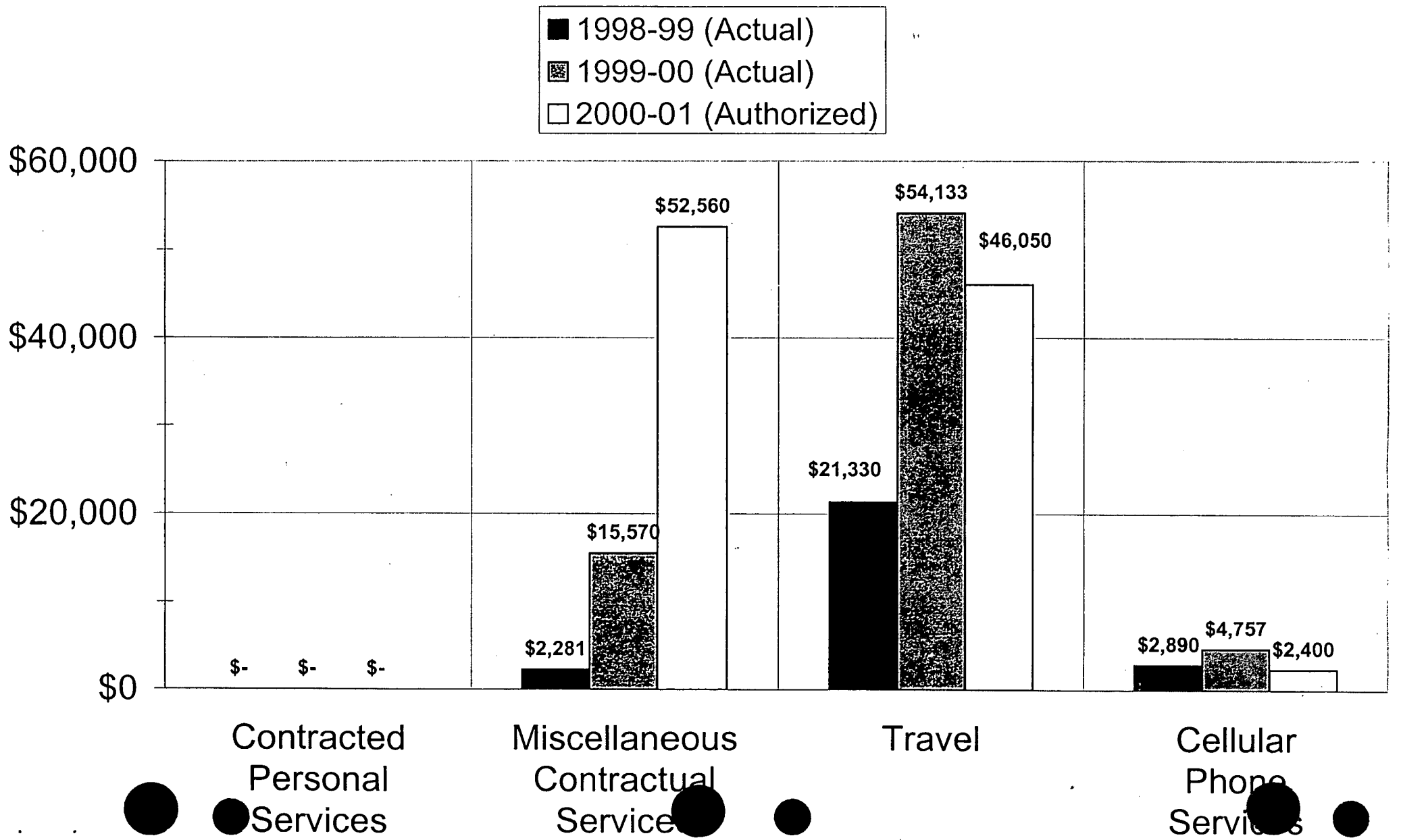
Department Name
Administrative Services
Comparison of Actual and Authorized Expenditures



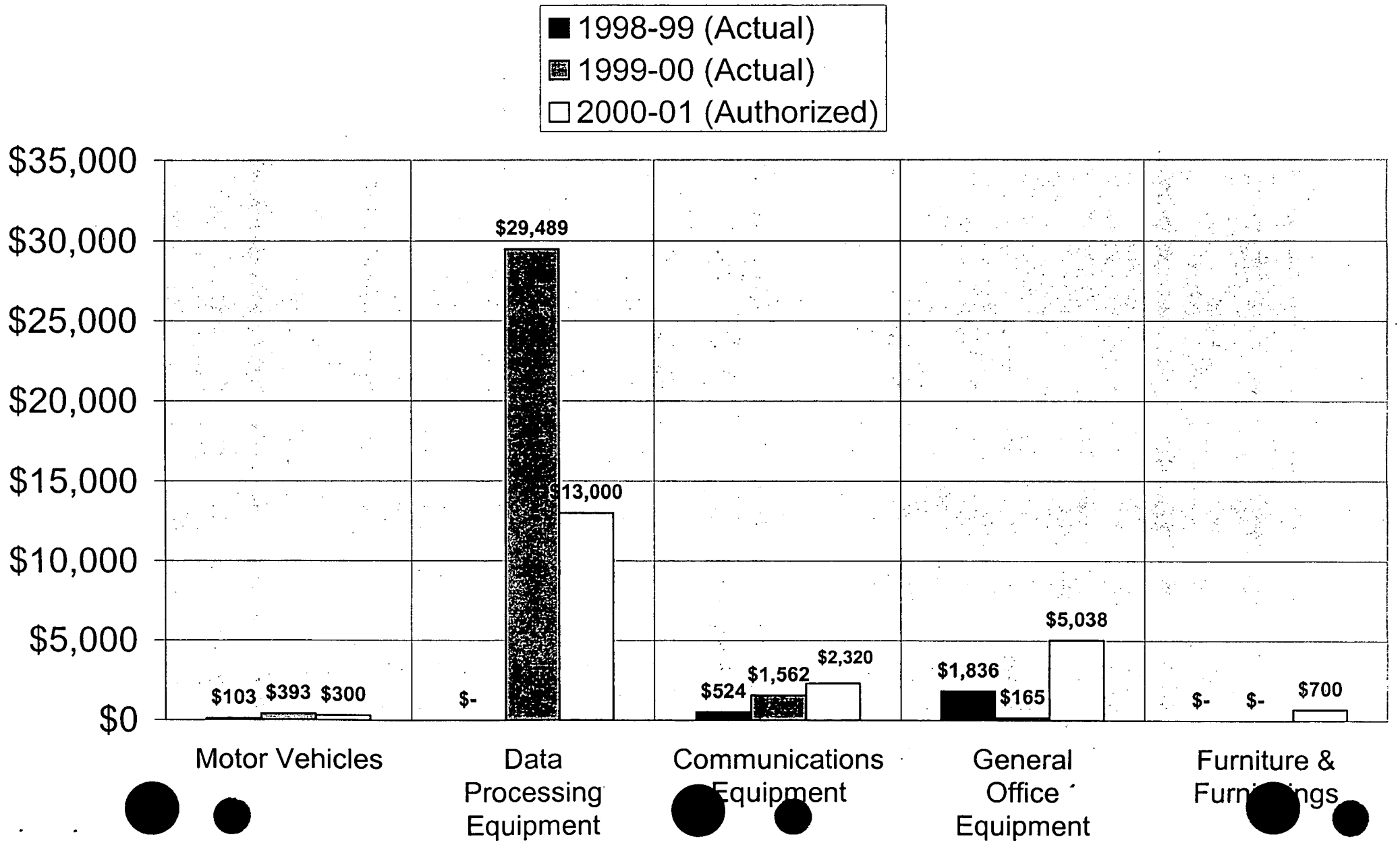
Department of Commerce
Administrative Services
Comparison of Actual and Authorized Expenditures



Department of Commerce
Administrative Services
Comparison of Actual and Authorized Expenditures



Department of Commerce
Administrative Services
Comparison of Actual and Authorized Expenditures



Department of Commerce
Administration

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE										

Attachment C

Department of Commerce

Business & Industry (B&I) Program						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	8,212,131	7,850,874	11,911,916	12,568,224	13,797,226	11,734,984
Less Receipts	(2,698,812)	(2,242,708)	(3,659,553)	(4,996,642)	(6,093,420)	(6,093,420)
State Appropriations	***5,513,319***	***5,608,166***	***8,252,363***	***7,571,582***	***7,703,806***	***5,641,564***
Positions	**64.0**	**64.0**	**64.0**	**53.5**	**53.5**	**55.5**

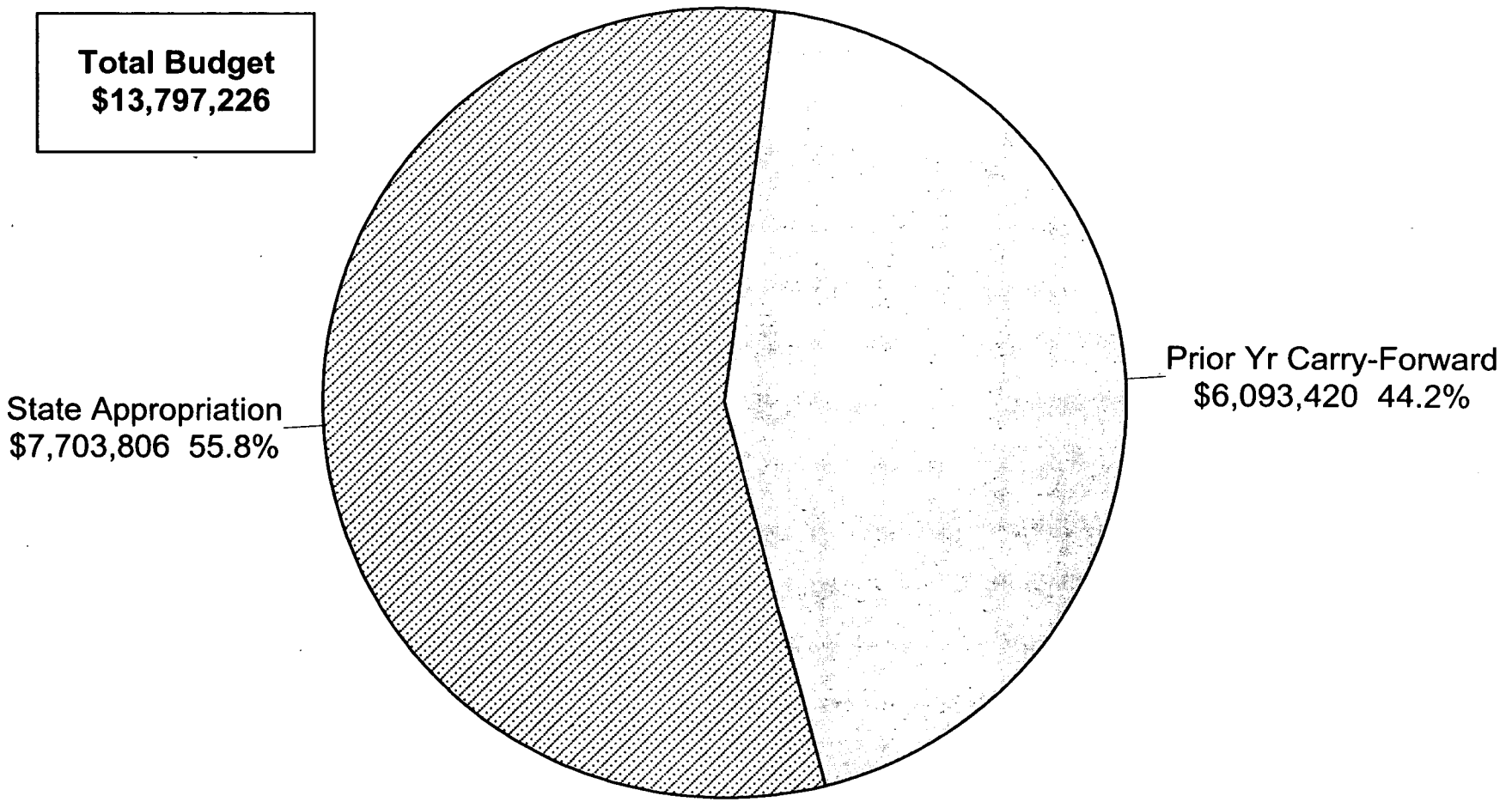
PROGRAMS AND ACTIVITIES

Business & Industry (B&I) - Operates nine in-state regional offices. Encourages new and existing commercial enterprises from outside of North Carolina to relocate to the state. Recruits foreign-based firms though offices in Frankfurt, Tokyo, and Toronto. Helps North Carolina businesses expand their capital investment and create jobs.

Marketing and Customer Service – Researches media outlets and places advertisements depicting North Carolina as a desirable business location. Develops and produces materials, such as brochures, used by Economic Development staff when working to attract business to the state. Serves as first point of contact for businesses inquiring about expansion or relocation to North Carolina.

Business & Industry

FY 2000-2001 (Authorized) Total Budget
By Funding Source

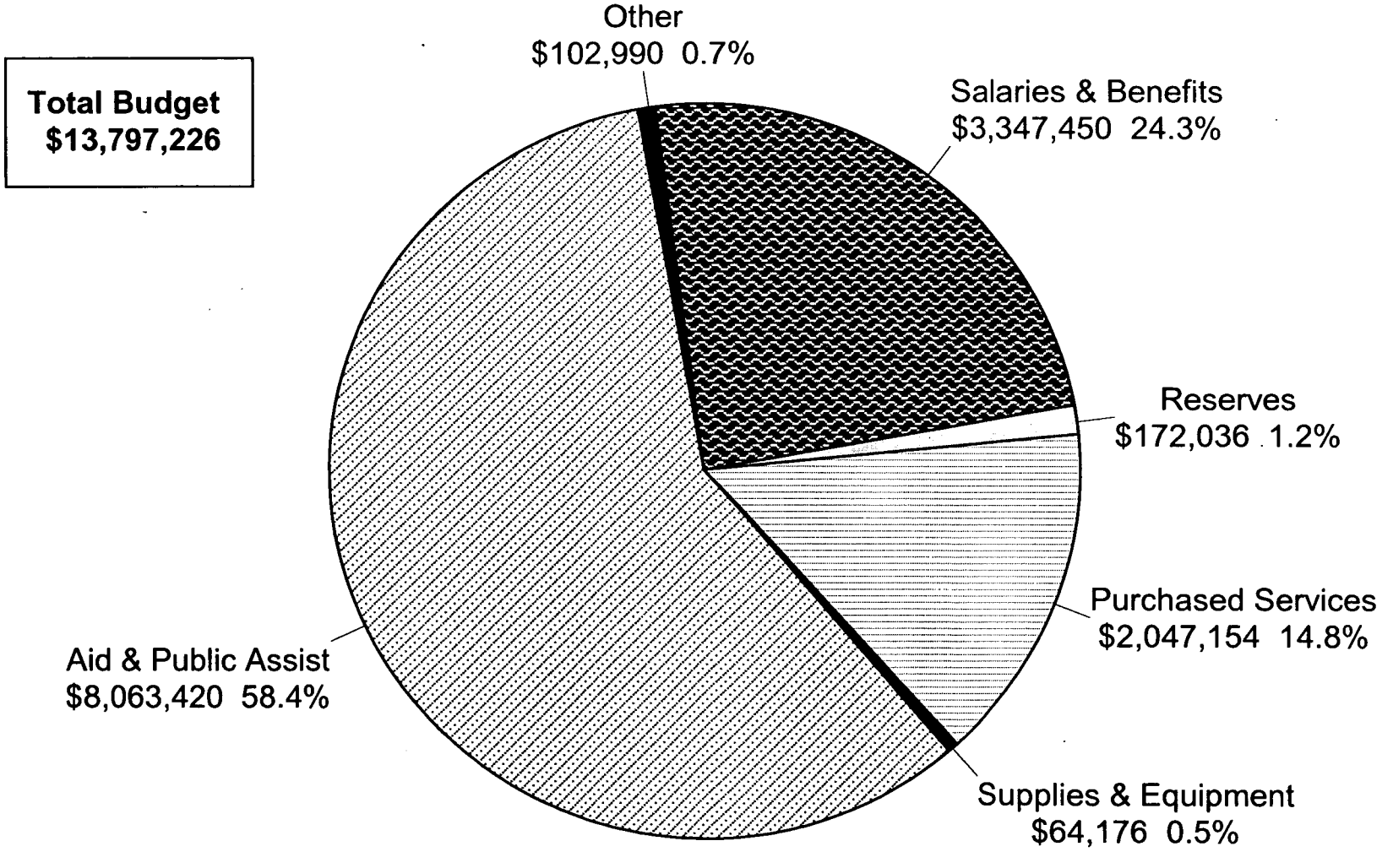


Fiscal Research Division - April 2001

Business & Industry

FY 2000-2001 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - April 2001

Department of Commerce
Business & Industry Program

Governor's Recommendations for the 2001-03 Biennium

	2001-02	2002-03
Abolish vacant Industrial Development Rep. II position	($49,272)	($49,272)

Note: This position has been vacant since **September 30, 1997**.

Items for Possible Committee Discussion

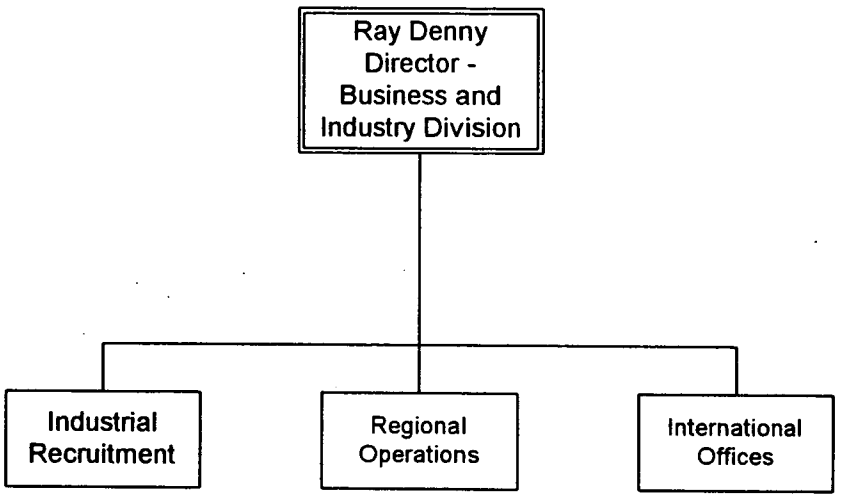
1. The Industrial Recruitment Competitive Fund is budgeted in B&I, but administered through the Commerce Finance Center. This arrangement makes the B&I budget appear significantly larger than it actually is, while underestimating both the true size of the Finance Center's budget and its administrative responsibility. The Committee may wish to have the Department explain why these two Division budgets are organized in this way. The Committee may further wish to consider directing the Department to transfer the Competitive Fund to the Commerce Finance Center budget, so that Division funding more accurately reflect Division function.

2. The Marketing and Customer Service program is broken out as a Division separate from B&I. Given that this program's primary function is to support B&I, the Committee may wish to have the Department explain why Marketing needs to be its own Division.

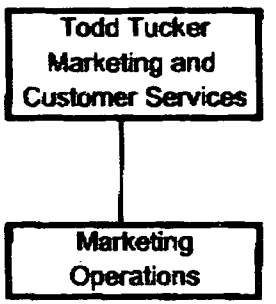
NC Dep[redacted]nt of
Cor[redacted]e

Business and Industry

Signature _____ Date _____



NC Department of Commerce
Marketing and Customer Service



Attachment D

Department of Commerce

Center for Entrepreneurship & Technology (CET)	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended
Expenditures	708,690	552,361	935,320	799,983	922,543	0
Less Receipts	(365,787)	(220,046)	(272,732)	(2,551)	(300,000)	0
State Appropriations	***342,903***	***332,315***	***662,588***	***797,432***	***622,543***	***0***
Positions	**3.0**	**3.0**	**3.0**	**4.0**	**4.0**	**0.0**

ACTIVITIES

Entrepreneurial Development - Work with regional and local economic developers to assist the expansion of existing entrepreneurial firms and to recruit out-of-state entrepreneurial companies to North Carolina.

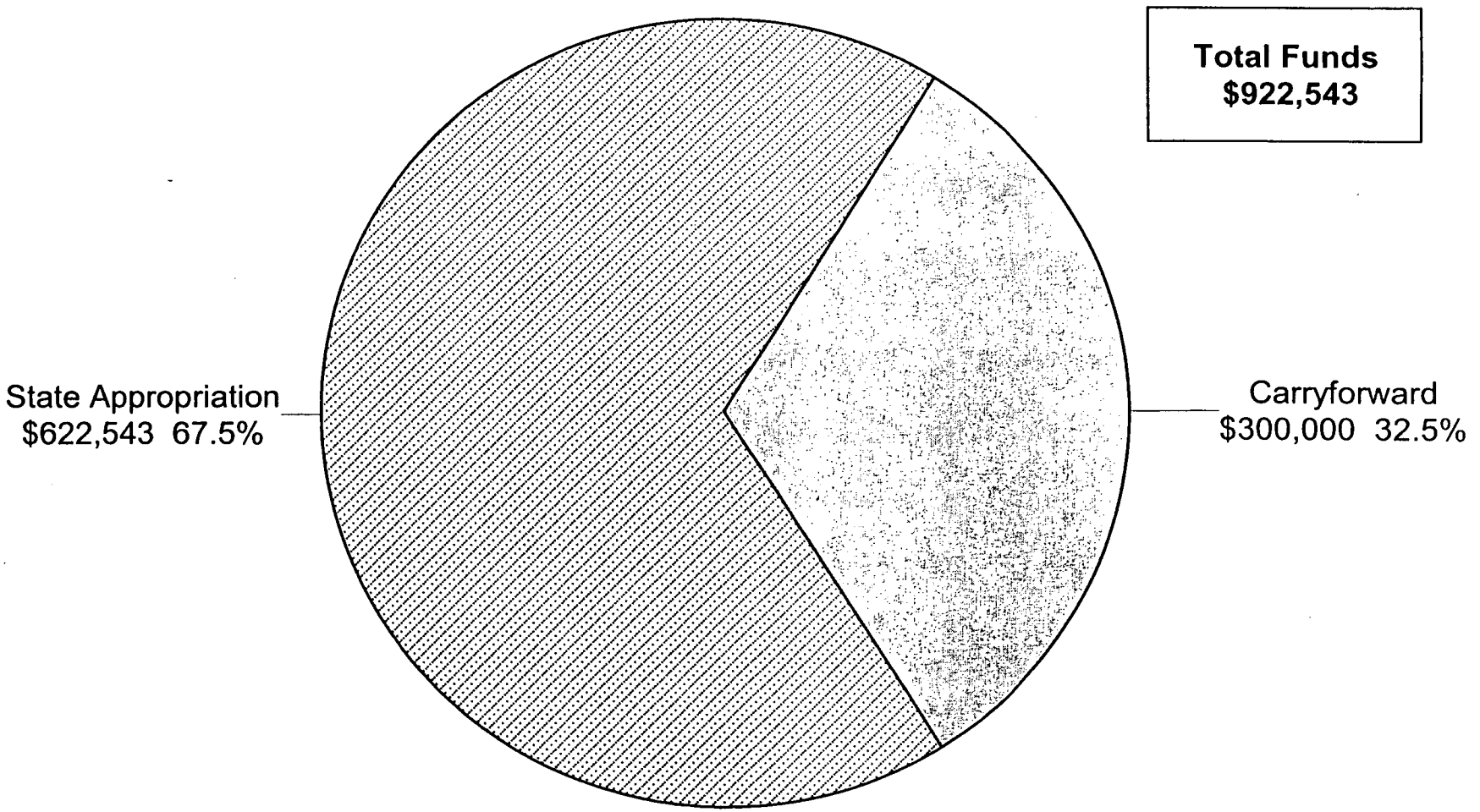
Entrepreneurial Finance - Design and propose activities aimed at increasing the availability of equity capital and other forms of start-up financing for North Carolina entrepreneurial companies.

Entrepreneurial Strategy Development - Implement "North Carolina Entrepreneurship Initiative" to better coordinate the state's various resources devoted to entrepreneurial and technology-based economic development and make then more readily available to client enterprises.

Center for Entrepreneurship and Technology

FY 2000-01 (Authorized) Total Budget

By Funding Source

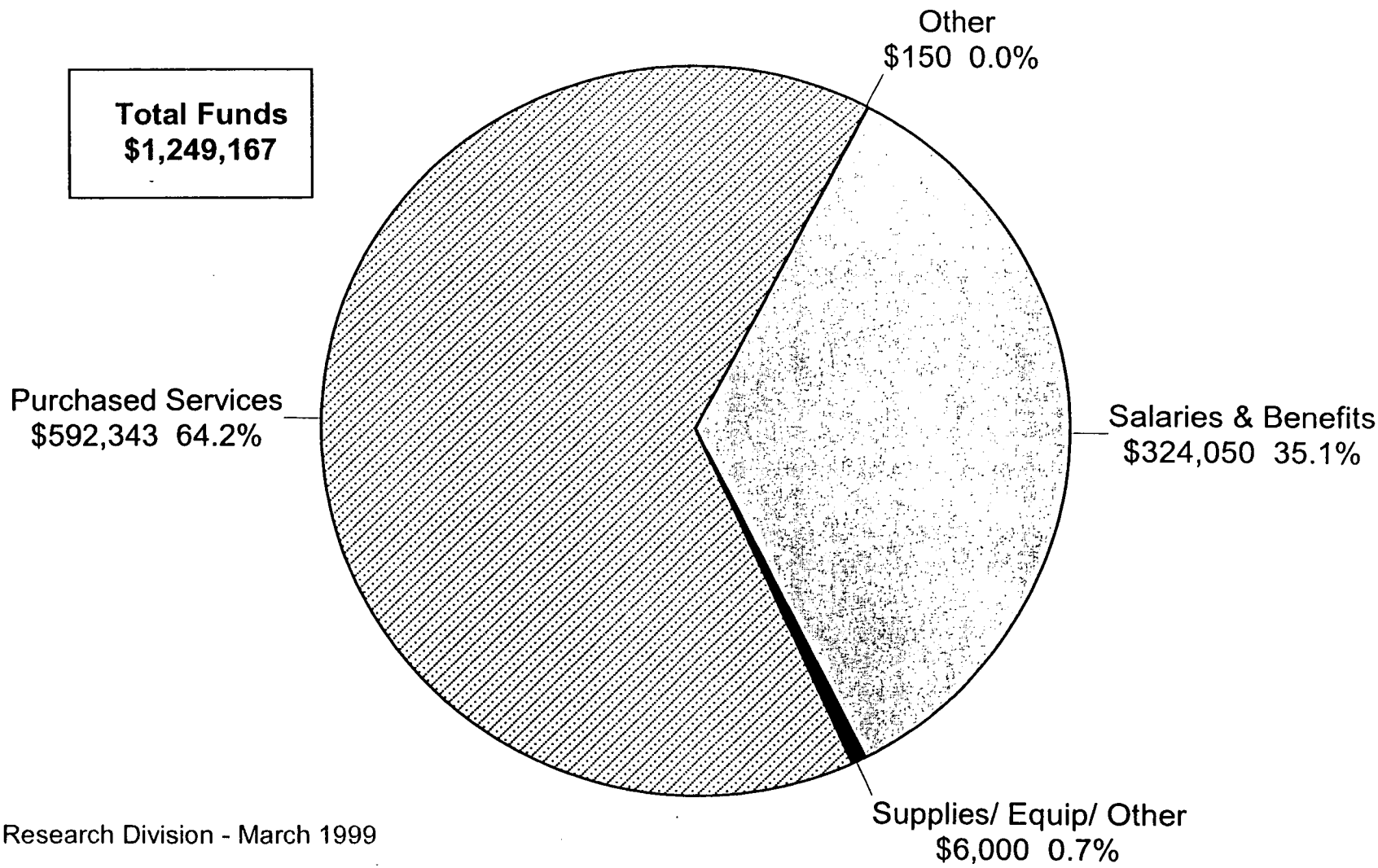


Fiscal Research Division - April 2001

Center for Entrepreneurship and Technology

FY 1998-99 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - March 1999

Department of Commerce

Center for Entrepreneurship and Technology

Governor's Recommendations for 2001-03 Biennium

	2001-02	2002-03
Abolish CET and transfer three positions to the Business & Industry (B&I) Division to improve service to existing industries. Funding can be eliminated as follows:		
Economic Developer position (1.0 FTE)	($77,451)	($77,451)
Operating Line Items	($99,247)	($99,247)
Reserve for New and Emerging Industries	($200,000)	($200,000)
	($376,698)	**($376,698)**

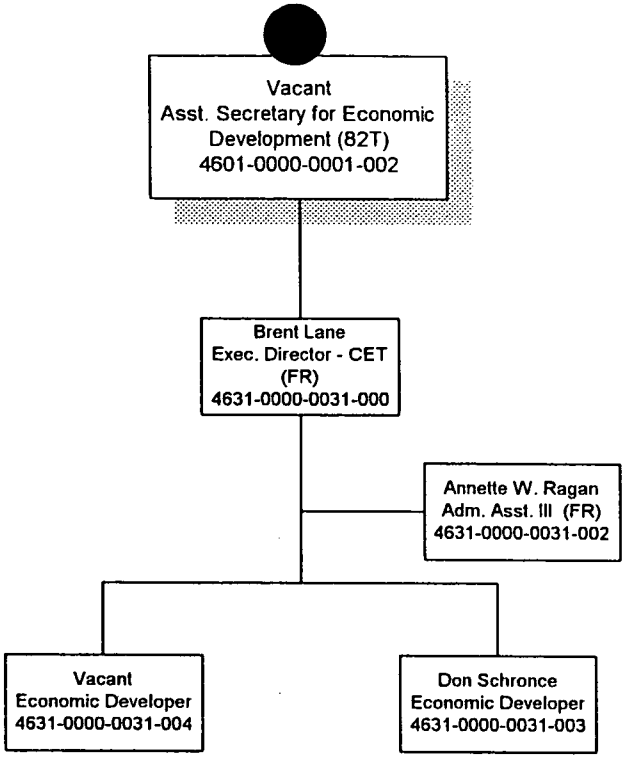
****Note:** Transferring three positions to B&I effectively increases that Division's budget by **$248,158**. This is the amount that would remain in CET after the Governor's recommended cuts if the Governor were not also recommending that CET be abolished.

Items for Possible Committee Discussion

Transferring three positions to B&I is technically an expansion of that Division's budget. The Committee may therefore wish to consider the abolishment of CET and the expansion of B&I as two separate actions, each accompanied by its own separate justification. In this light, the Committee may wish to consider the abolishment of CET during the continuation review, while treating the proposal to transfer positions as the expansion item that it appears to be. If the Committee wishes to take this approach, you may wish to have the Department explain why CET is not simply abolished in its entirety. During expansion budget review, the Committee could invite the Department to justify the $248,158 increase in the B&I budget.

NC Departm[redacted] of Commer[redacted]
Center for Entrepreneurship & Technology

Signature _____ Date _____



Attachment E

North Carolina Department Of Commerce
Business and Industry Division

Director: E. Ray Denny
4310 Mail Service Center
Raleigh, NC 27699-4310

Telephone: 919-733-7978
Fax: 919-733-9265
Email: rdenny@nccommerce.com

Overview

The Business and Industry Division is North Carolina's lead economic-development agency and has the responsibility and accountability of serving as the Governor's economic development arm. The Division relies on partnering with dozens of public- and private-sector allies throughout state, national, and global marketplaces. The Division's work plan can be divided into three primary elements: (1) community and product readiness, (2) business/industry recruitment, and (3) existing industry services.

Community/Product Readiness

- Assist counties and municipalities with economic-development strategic planning.
- Manage the Department's statewide Certified Site Program, which allows a client to begin construction immediately through sites that have already received the necessary permitting. As appropriate, consult with community leadership concerning development of speculative industrial buildings.
- Provide assistance with local and regional marketing materials.
- Assist with identifying and securing grants and loans for infrastructure improvements.

Business/Industry Recruitment

- Through international marketing offices in Frankfurt, Tokyo, and Toronto, attract new investments that have, for the past decade, accounted for approximately 20 percent of the state's total new investment.
- During the past three years, the Business and Industry staff has played a significant role in the location of approximately 125 new and expansion projects each year. Annual average investment: $1.5 billion. Average annual new jobs created: 10,000.
- In collaboration with economic development allies, staff leads numerous national and international marketing missions annually.
- Business and Industry recruitment staff often advise local leadership concerning ways to improve a community's competitive advantage.

Existing Industry Services

- Located in nine regional offices in the seven regions (three in the Advantage West Region), regional representatives meet with approximately 3,000 existing industries on an annual basis, providing information and assistance.
- Regional representatives facilitate the delivery of services from more than 35 state and federal agencies to the state's existing industry.
- Regional officers assist with the expansion of approximately 75 firms annually.
- Regional representatives provide information on economic and industry trends to management that often result in new policies and programs for the state's business community.

- The Center for Entrepreneurship and Technology, also housed in Commerce and charged with developing programs to create more small business and entrepreneurial development for disadvantaged persons in inner cities and rural areas, has traditionally worked closely with the Business and Industry Division. Because of the nature of their supporting work, Governor Easley and Secretary Fain have proposed consolidation of the Center for Entrepreneurship and Technology into the Business and Industry Division.

North Carolina Department Of Commerce
Marketing and Customer Services Division

Director: Todd M. Tucker
4310 Mail Service Center
Raleigh, NC 27699-4310

Telephone: 919-733-4947
Fax: 919-733-9299
Email: ttucker@nccommerce.com

Overview

The Marketing and Customer Services Division works as a service operation for the economic development divisions within the Department of Commerce. The Division has the responsibility to assist the Business and Industry Development Division and the International Trade Division in their marketing plans and customer support. The Division also works with many public and private organizations to accomplish the different goals for each division. The Division has two primary functions: marketing and customer service support.

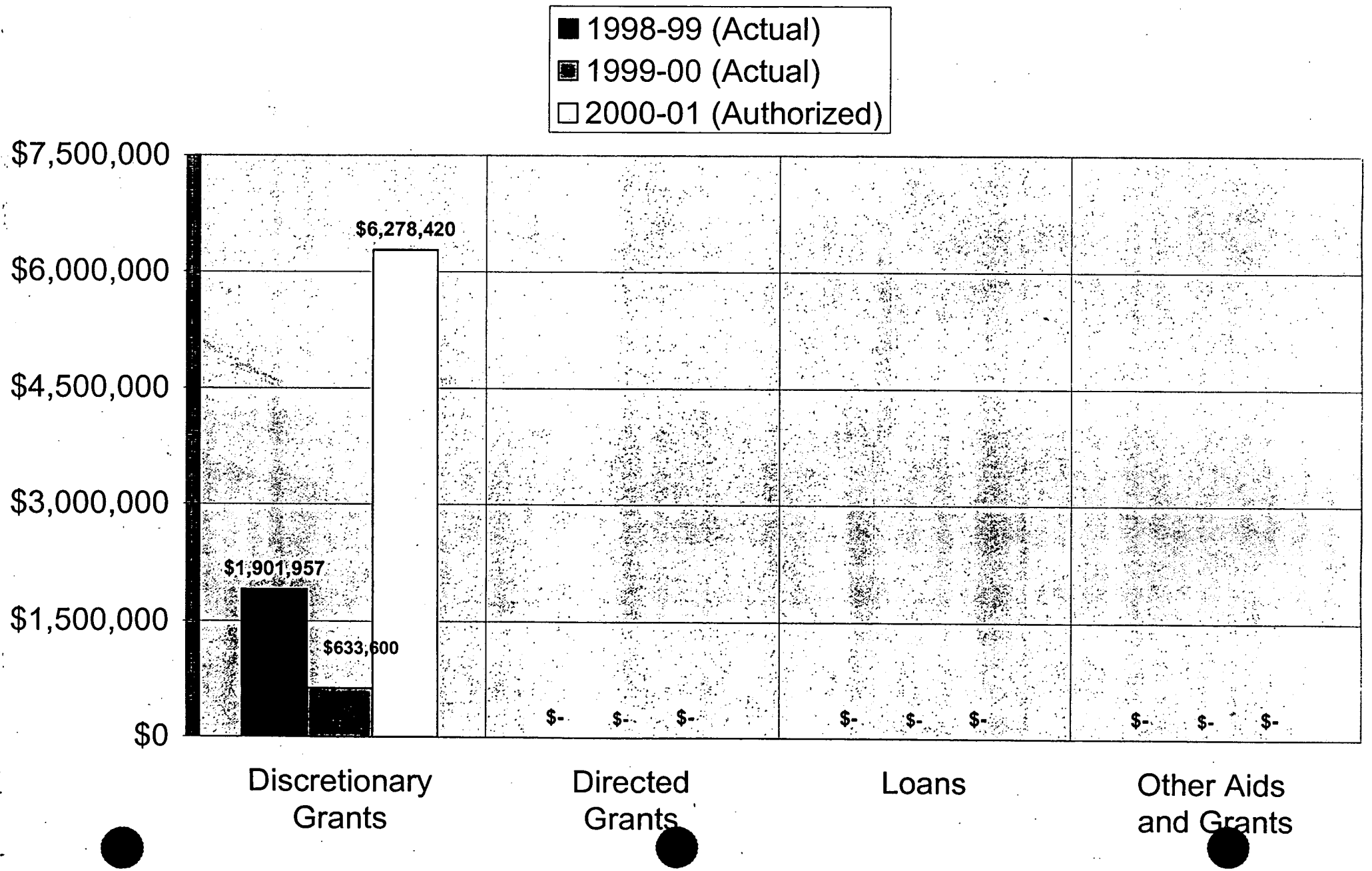
Marketing

- Create and distribute marketing materials such as brochures, publications, and advertisements for print media.
- Design and maintain websites for external and internal use, as well as any other electronic media.
- Design and administer any programs related to our website, such as the award winning www.ncsitesearch.com -- a statewide industrial building and sites database that is used by our development staff, as well as external users.
- Help organize and administer all special events, trade shows, and foreign missions.
- Act as the lead organization for Team North Carolina, a marketing group formed by the Department of Commerce and the seven regional partnerships.

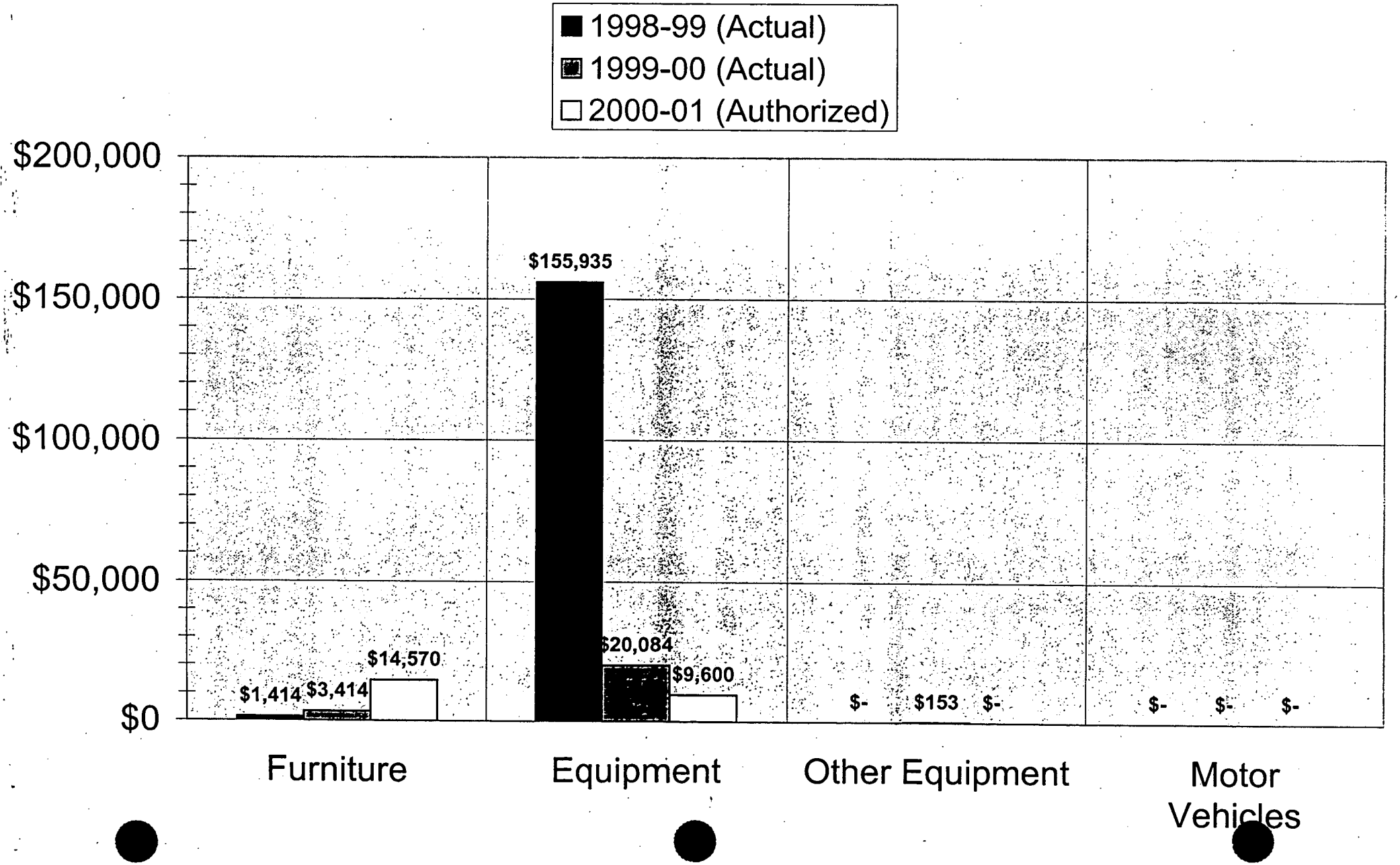
Customer Service

- Act as the first point of contact for clients that are interested in locating or expanding a business in North Carolina.
- Respond to general inquiries about North Carolina by phone, mail, email, and web site contacts.
- Work with the Director of Industrial Recruitment to assign projects to the Raleigh and Regional development staff.
- Design and administer the Project Management and Lead Management systems that are used by the Business and Industry Development Division.
- Track project data to help us understand where our business is coming from, and to determine the best course of action for using our marketing dollars.

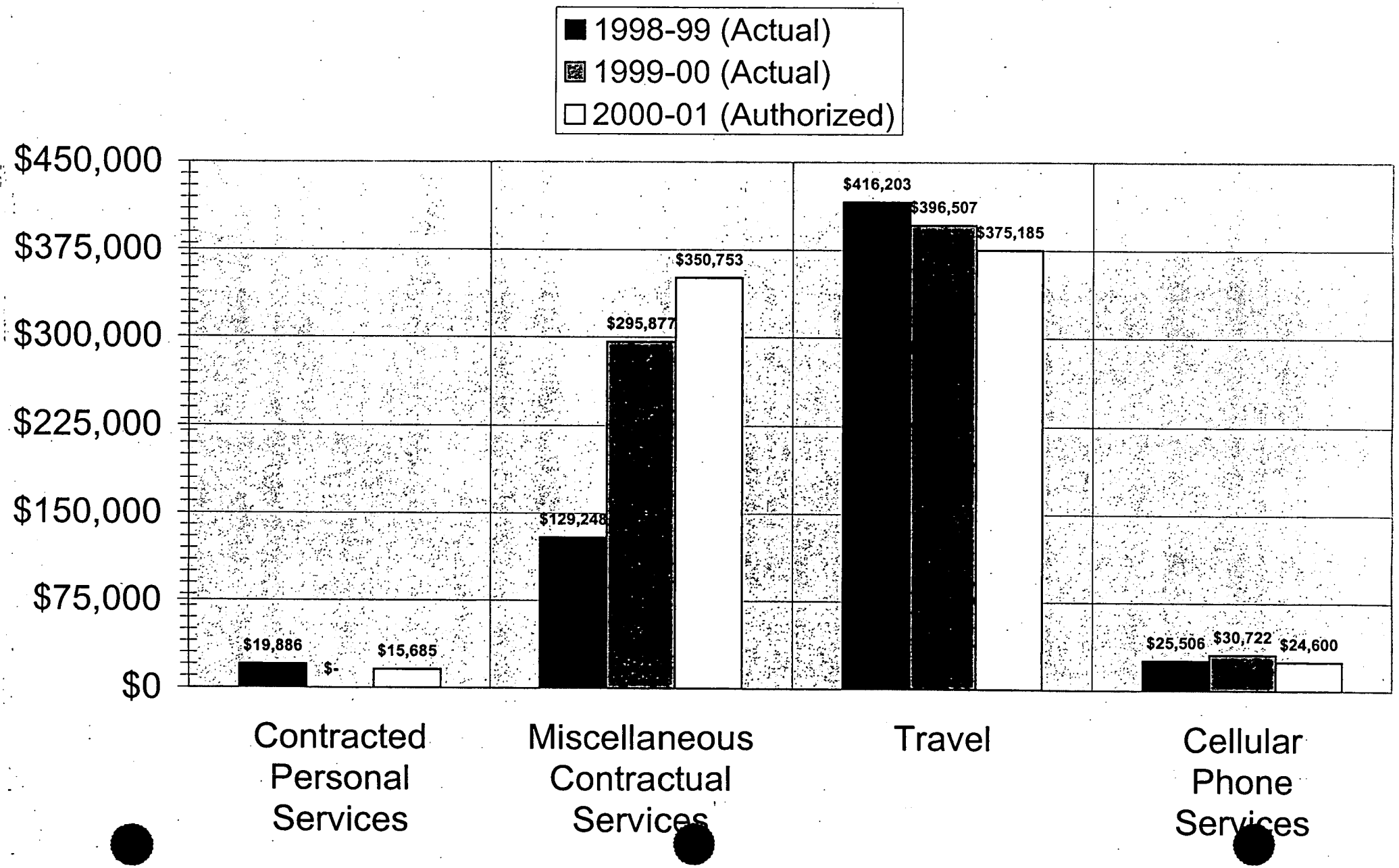
Department of Commerce
Business & Industry Development
Comparison of Actual and Authorized Expenditures



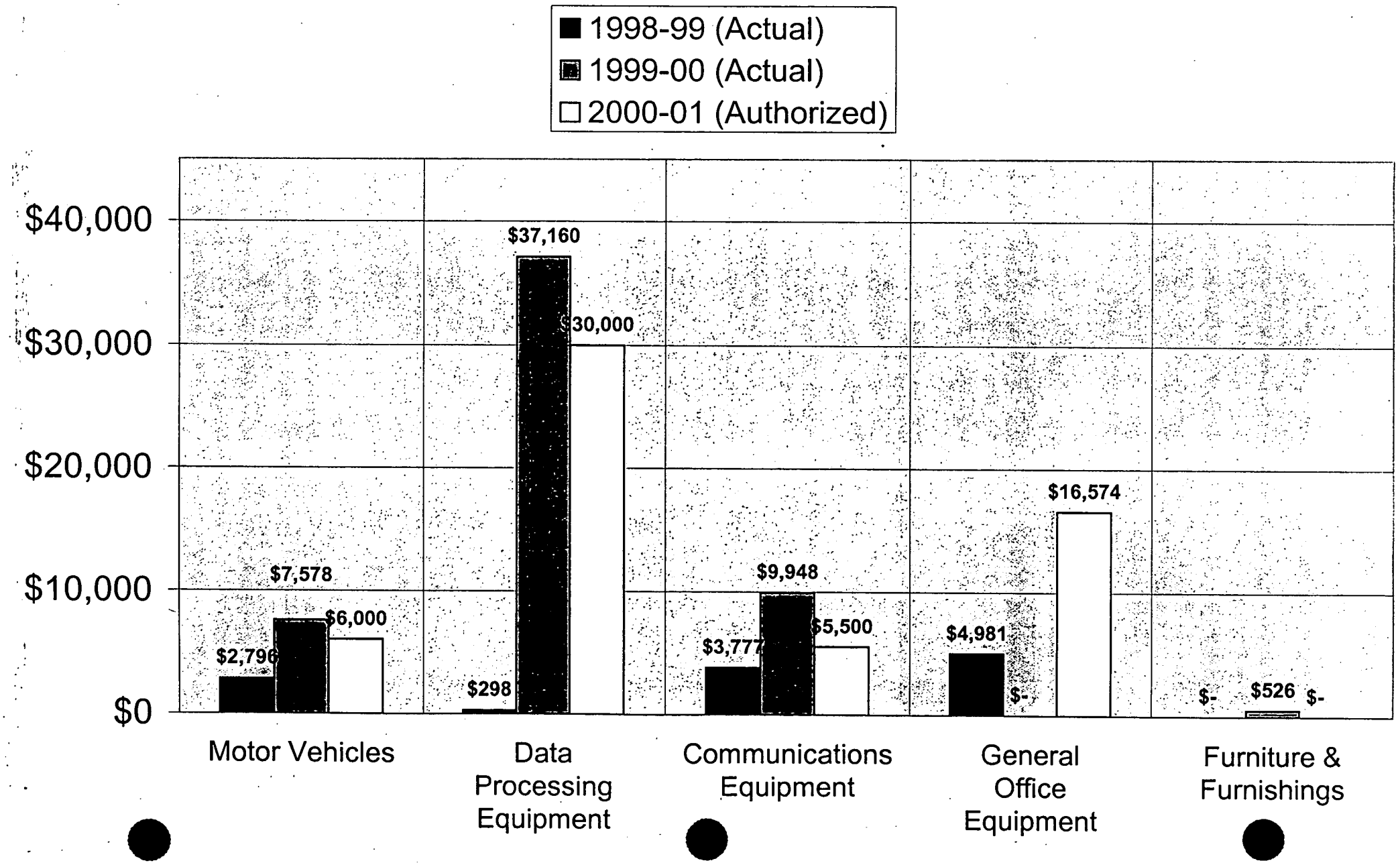
Department of Commerce
Business & Industry Development
Comparison of Actual and Authorized Expenditures



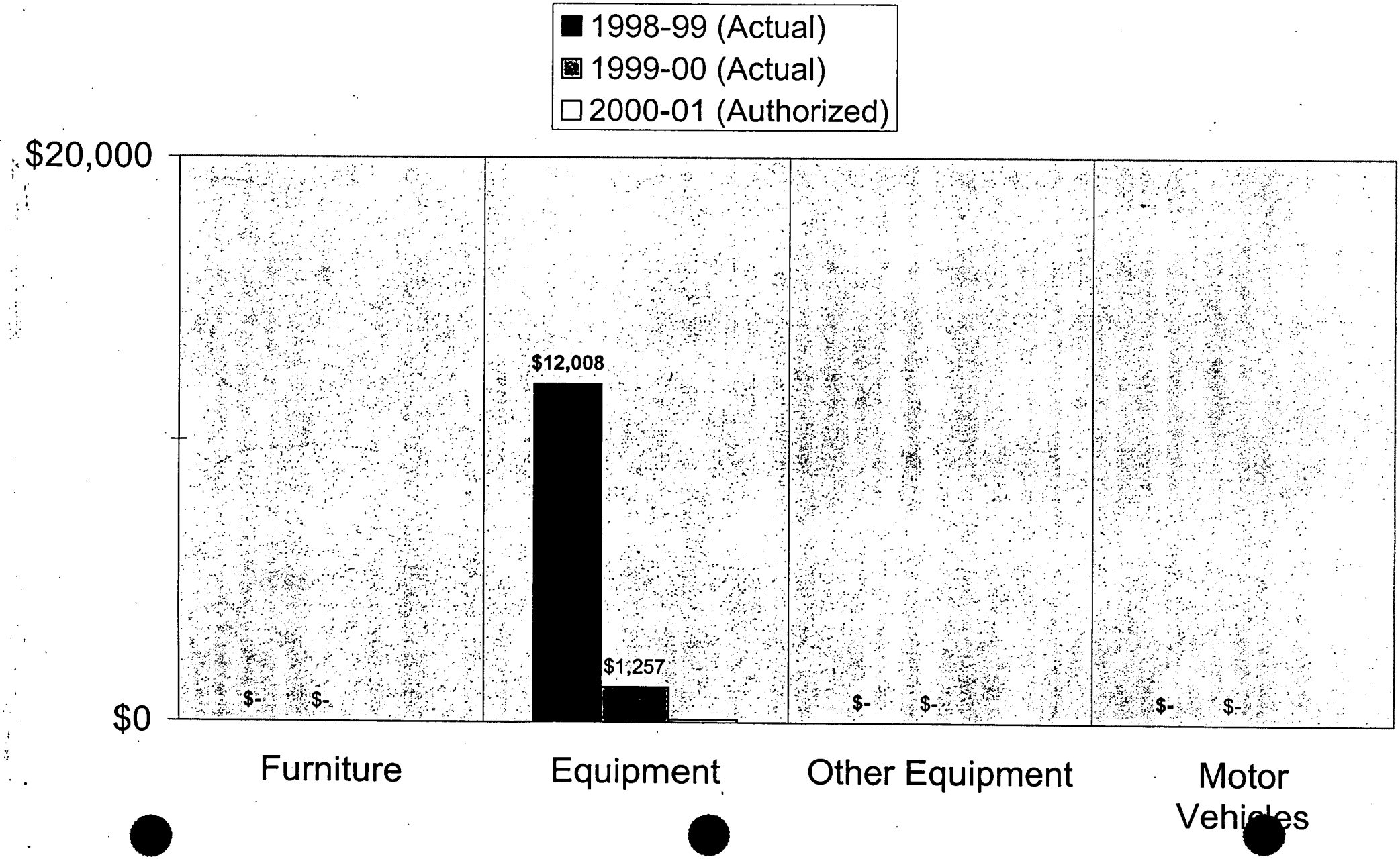
Department of Commerce
Business & Industry Development
Comparison of Actual and Authorized Expenditures



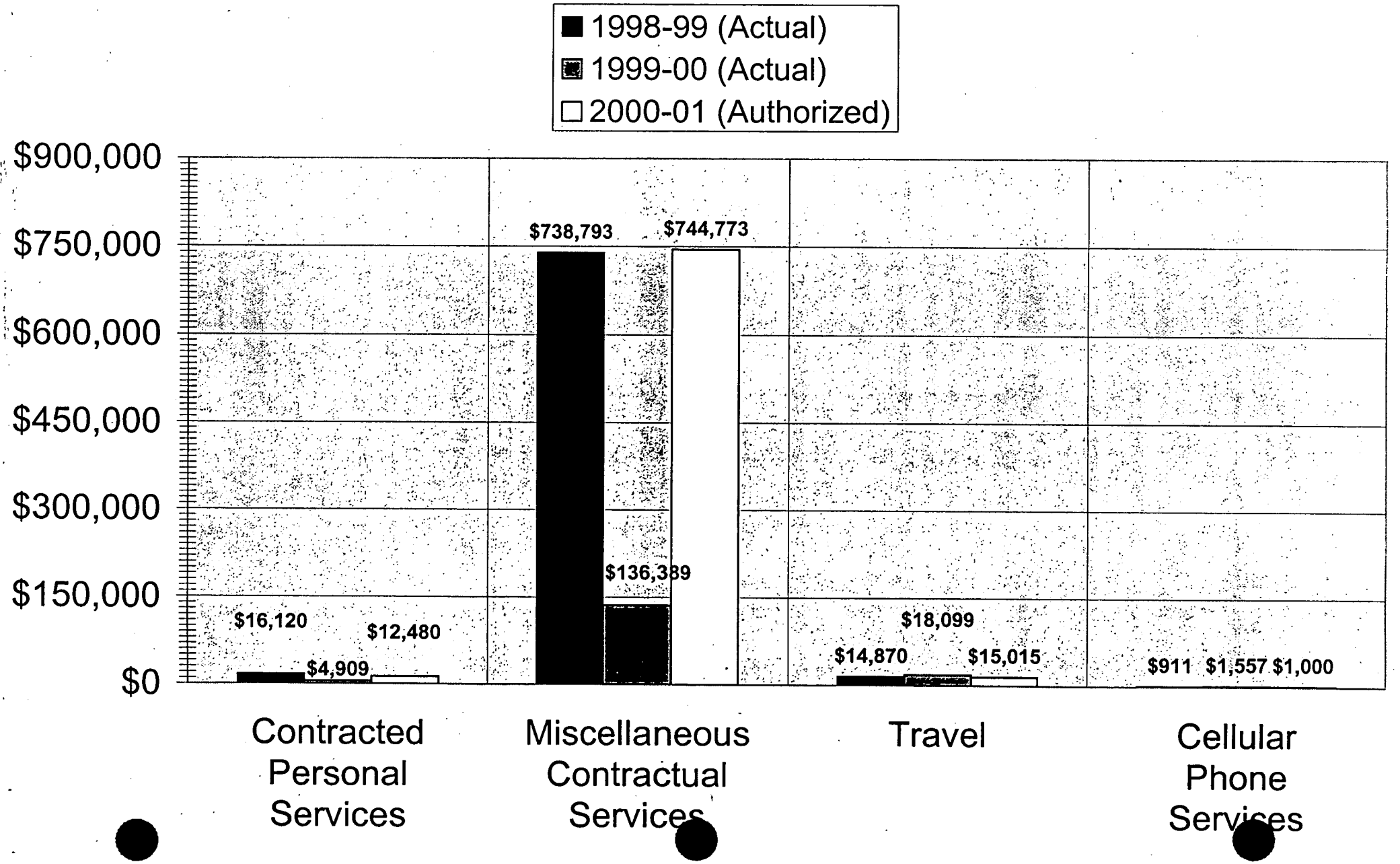
Department of Commerce
Business & Industry Development
Comparison of Actual and Authorized Expenditures



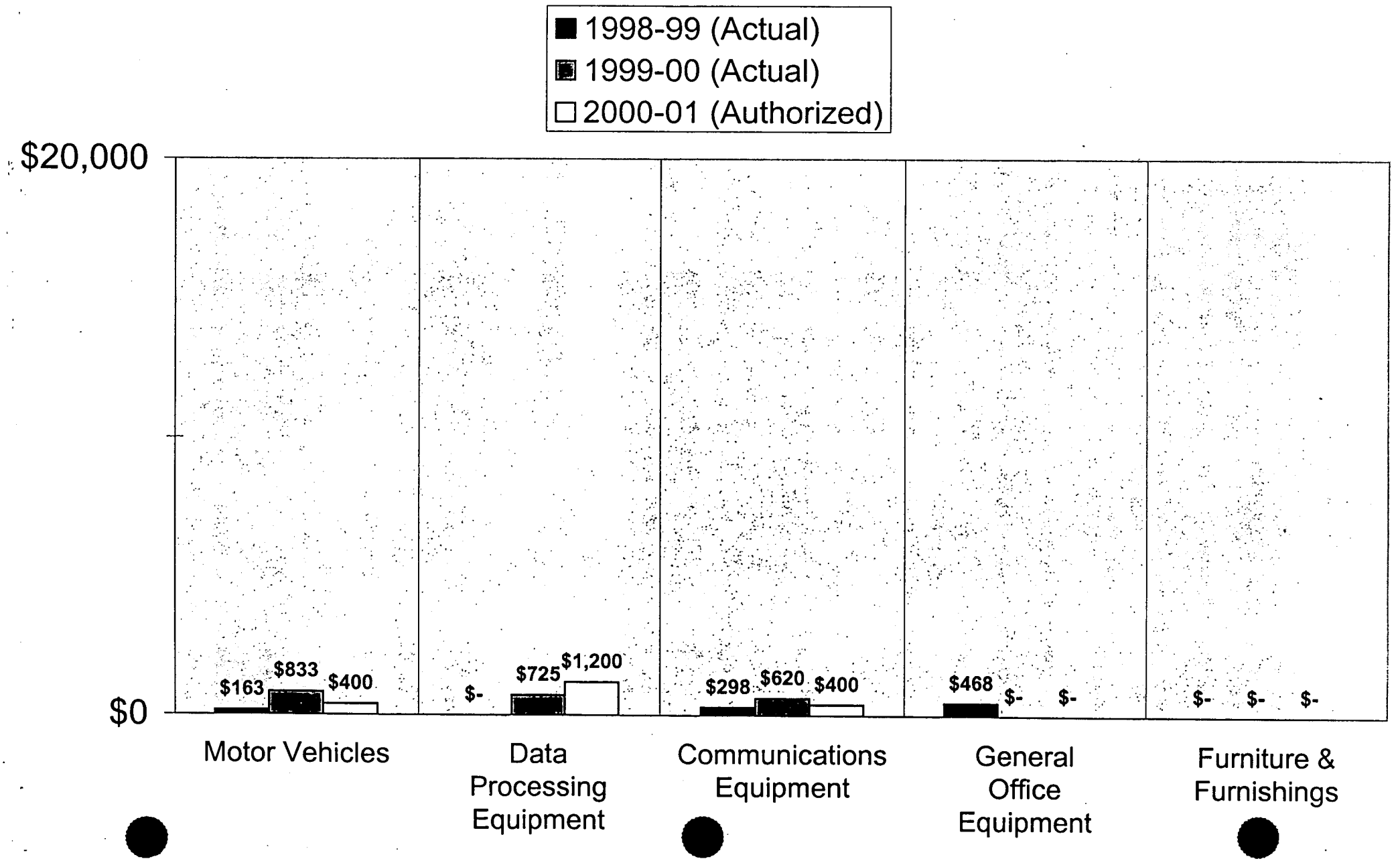
Department of Commerce
Center for Entrepreneurship & Technology
Comparison of Actual and Authorized Expenditures



Department of Commerce
Center for Entrepreneurship & Technology
Comparison of Actual and Authorized Expenditures



Department of Commerce
Center for Entrepreneurship & Technology
Comparison of Actual and Authorized Expenditures



DIVISION OF BUSINESS AND INDUSTRY
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Marketing and Trade Missions	$250,000 NR	
2. Marketing and Trade Missions	$250,000 R	
3. Industrial Recruitment Competitive Fund	$2,000,000 NR	

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Regional Office Staff Support		22,100 R	3,900 R
2. Marketing Missions and Trade		$80,000 R	$20,000 R

DIVISION OF ECONOMIC DEVELOPMENT
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. New and Emerging Industry		$300,000 R	

NC ALLIANCE FOR COMPETITIVE TECHNOLOGY (NCACT)
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01

New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Recurring Funding Support testing.		$375,000 R	

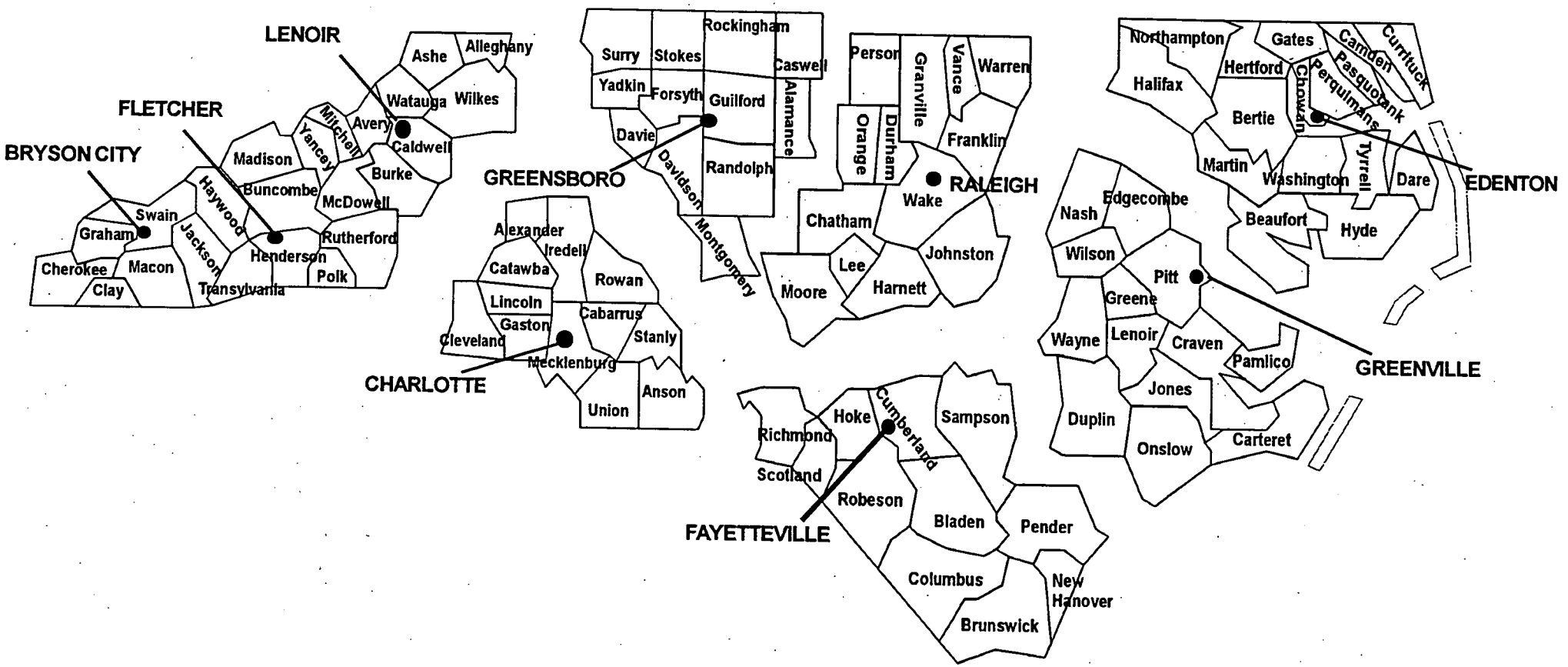
Department of Commerce
Business & Industry Division

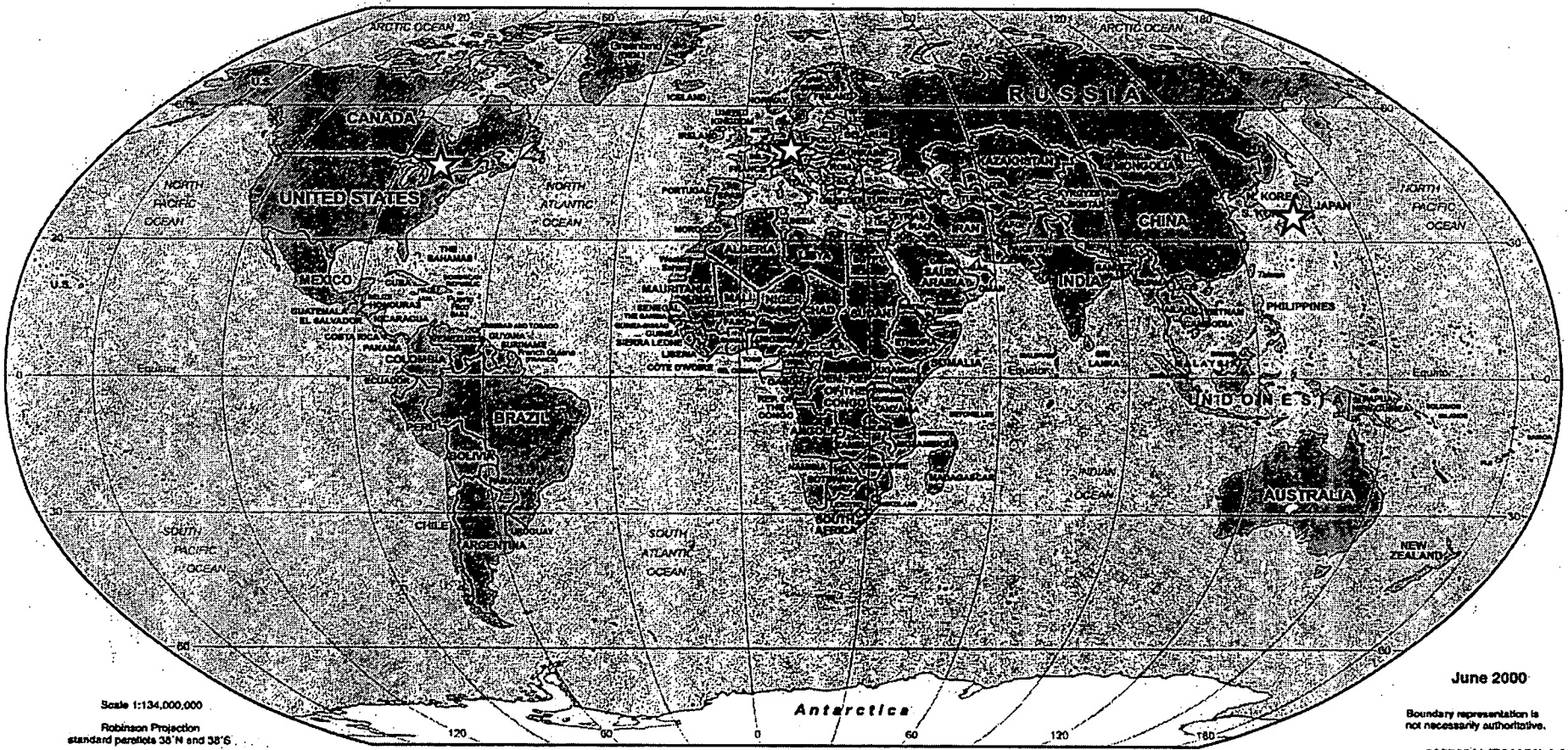
Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE										

Department of Commerce
Center for Entrepreneurship & Technology

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE										

DEPARTMENT OF COMMERCE
REGIONAL OFFICES





☆ - **Business/Industry Development Division Foreign Offices (Frankfurt, Tokyo, & Toronto)**

Attachment F

Department of Commerce

Commerce Finance Center	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	4,581,242	6,296,082	5,467,453	10,548,848	11,422,164	11,421,231
Less Receipts	(313,775)	(1,002,031)	(1,667,210)	(8,174,967)	(8,989,722)	(8,990,799)
State Appropriations	***4,267,467***	***5,294,051***	***3,800,243***	***2,373,881***	***2,432,442***	***2,430,432***
Positions	**6.0**	**6.0**	**6.0**	**11.0**	**11.0**	**11.0**

ACTIVITIES

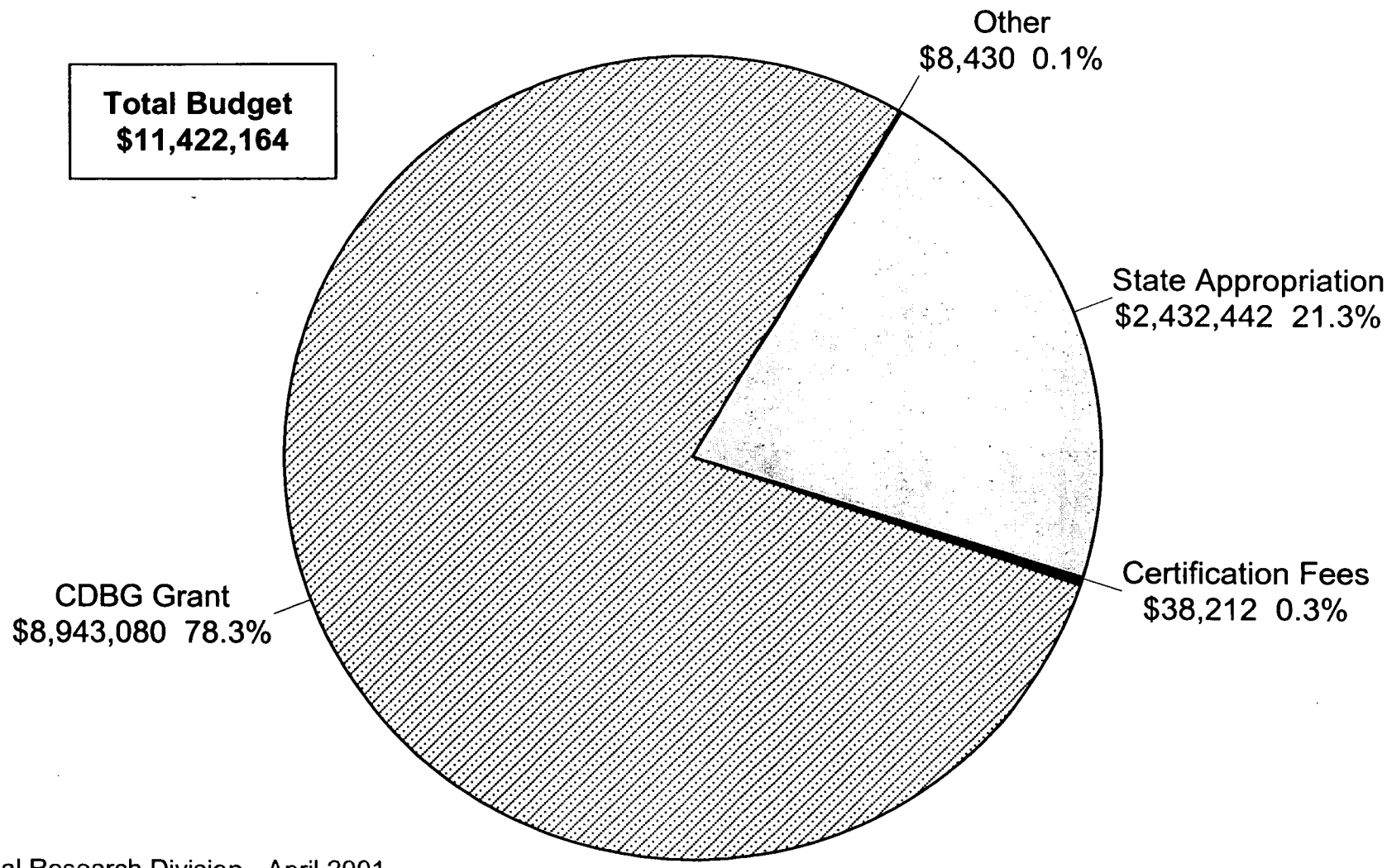
The Commerce Finance Center (CFC) administers a number of industrial incentive financing programs designed to assist local governments and new, expanding, and relocating private businesses create and/or retain jobs in North Carolina.

Local governments can receive grants through the Community Development Block Grant (CDBG) Program and grants and loans from the Industrial Development Fund (IDF).

New and expanding **private industrial and commercial firms** can access competitive rate loans through the Industrial Revenue Bond and Business Energy Loan programs. Qualifying businesses can also receive economic development tax credits as provided for by the William S. Lee Act (S.L 1999-360; modified in S.L. 2000-56 and S.L. 2000-173).

Commerce Finance Center

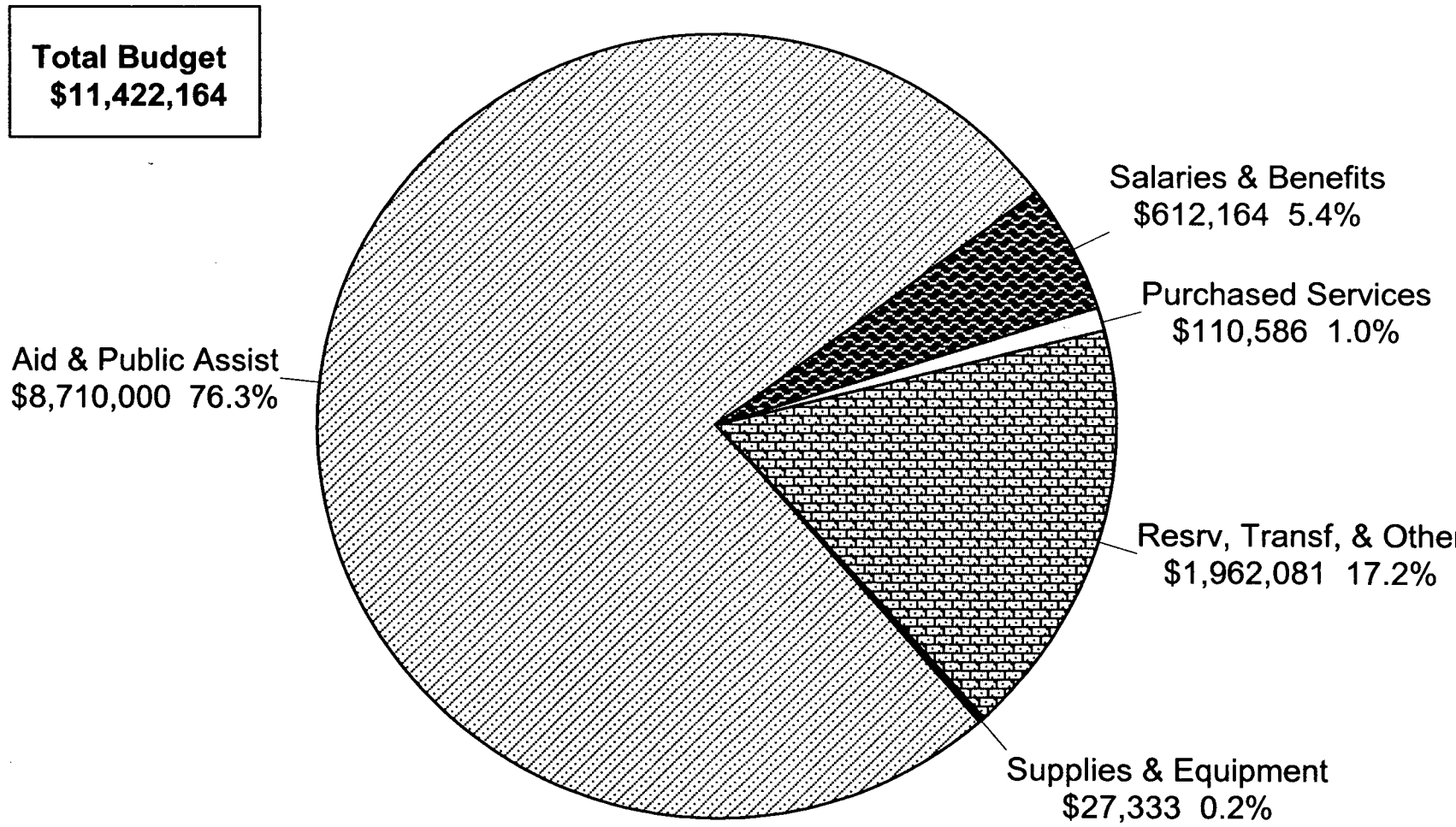
FY 2000-2001 (Authorized) Total Budget
By Funding Source



Fiscal Research Division - April 2001

Commerce Finance Center

FY 2000-2001 (Authorized) Total Budget
Expenditures By Category

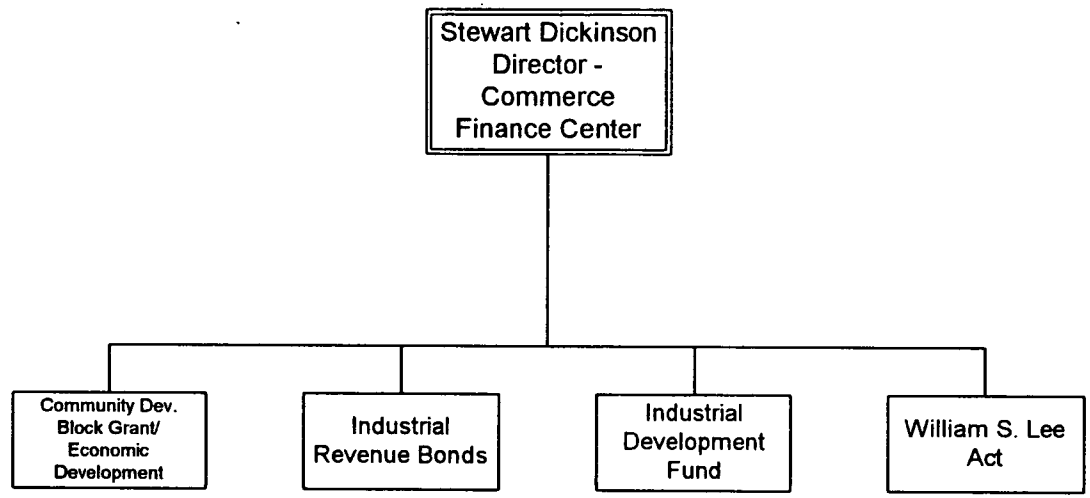


Fiscal Research Division - April 2001

NC Department of Commerce

Commerce Finance Center

Signature _____ Date _____



Attachment G

North Carolina Department of Commerce
Commerce Finance Division

Executive Director – Stewart Dickinson
4318 Mail Service Center
Raleigh, NC 27601

Telephone: 919-715-6560
Fax: 919-715-5297
Email: sdickinson@nccommerce.com

Overview

The objective of the CFC is to provide a "one-stop" financial center through which existing employers and relocating companies can learn of the financing alternatives available in North Carolina. It is CFC's responsibility to encourage and facilitate decisions to create new jobs and save existing jobs, and to entice better paying jobs for North Carolina citizens by prospective employers.

The Commerce Finance Center (CFC) administers the state's Industrial Revenue Bond program, Community Development Block Grants, Jobs Tax Credits, Machinery and Investment Tax Credits, Worker Training Tax Credits, Research and Development Tax Credits and Industrial Development Funds. CFC also acts as staff to the North Carolina Private Activity Volume Bond Cap committee as defined in the Tax Reform Act of 1984.

Financing and Incentive Programs

The financing and incentive programs under the direction of the CFC are comprised of three categories -- industrial bond issues, loans and grants, and tax credits.

Industrial Revenue Bond Issues

Industrial Revenue Bonds fund financing for manufacturing companies expanding their capital assets (real estate or machinery and equipment) at a tax-exempt rate of interest.

Loan and Grant Programs

- *Community Development Block Grants /Economic Development (CDBG-ED)*: Federal HUD funds for infrastructure grants to local units of government for water/sewer, rail extension, or natural gas lines for the expansion of N.C. companies that commit to create new full-time jobs. Sixty percent of the jobs must go to persons of low to moderate-income status. Loans are given to businesses for the acquisition of fixed assets (machinery and equipment).

- *Industrial Development Fund/Utility Fund (IDF):* Infrastructure grants to local units of government for water/sewer, rail extension, natural gas lines or electric upgrades for N.C. businesses committing to create full-time jobs in economic Tiers 1, 2, and 3. Loans are made to businesses for building upgrades or the acquisition of new machinery and equipment. The IDF loan must be matched by a bank loan of equal or greater amount and the IDF loan is administered by the bank.

- *Shell Building Revolving Loan Fund:* Loans made to assist local government in the construction of a shell building for the marketing of business parks.

- *Technical assistance*: Advise businesses, local economic developers and state economic developers on alternative ways for NC businesses to acquire financing for projects.

Tax Credits

Administration of the 1996 William S. Lee Quality Jobs and Expansion Act, the 1998 Economic Opportunity Act and the Widely Shared Prosperity Act of 1999:

- Jobs Creation Tax Credit
- Machinery and Equipment Investment Tax Credit
- Research and Development Tax Credit
- Worker Training Tax Credit
- Central Administrative Office Tax Credit
- Eligibility Requirements for all Tax Credits

INDUSTRIAL FINANCE CENTER
OVERVIEW OF EXPANSION ITEMS

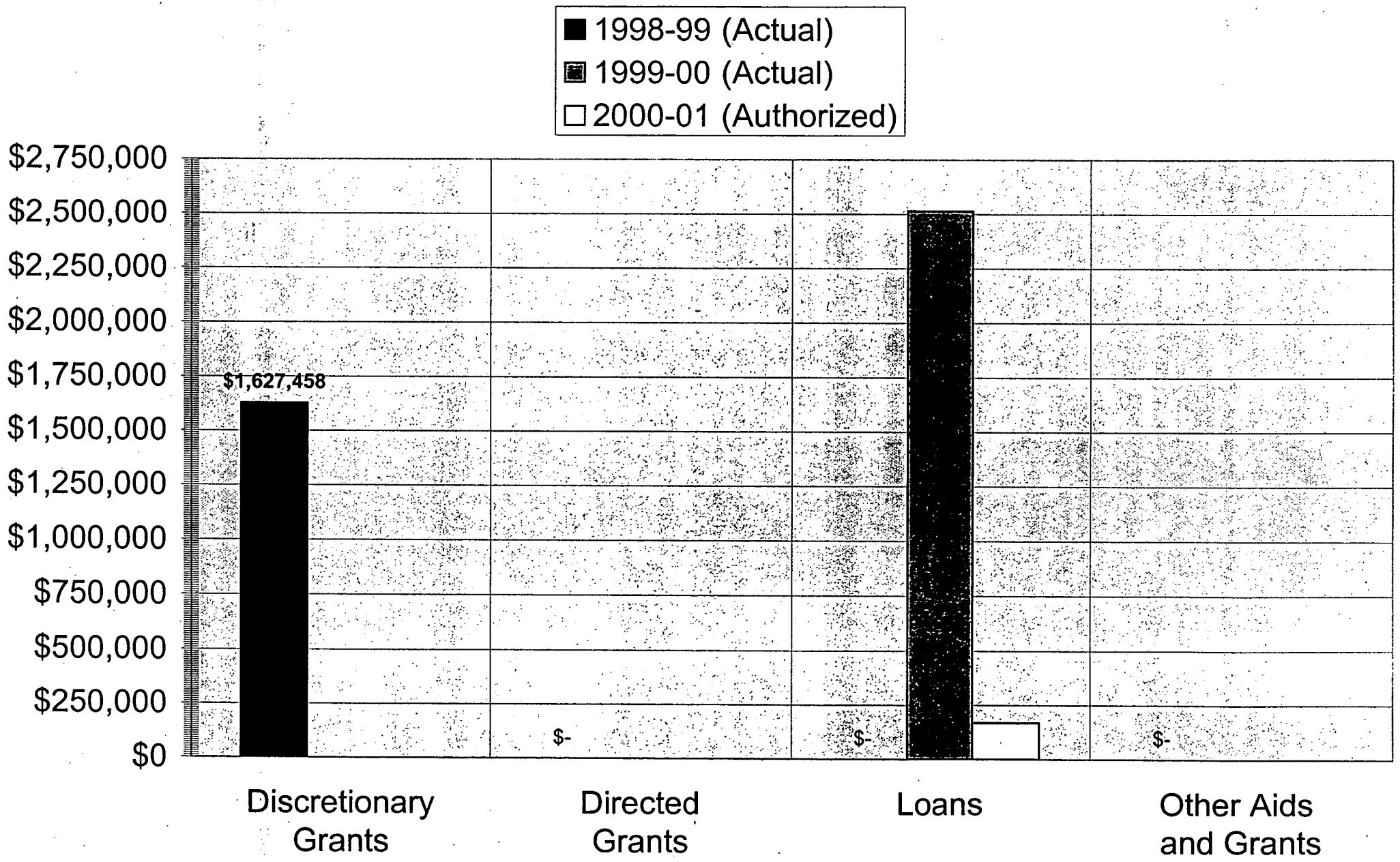
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Job Loss Assistance funds	$500,000 NR	

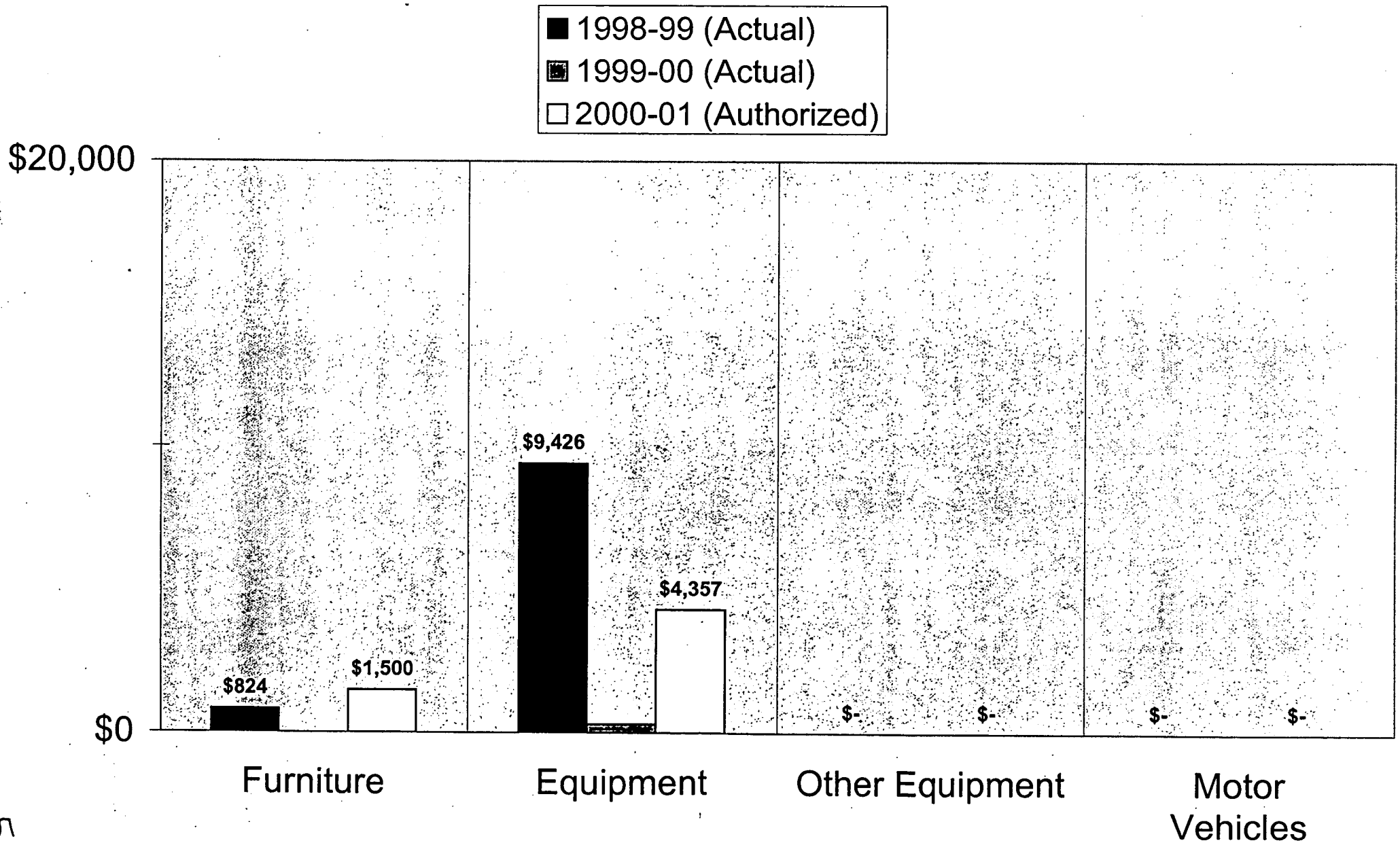
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Increase operating support		$50,000 R	

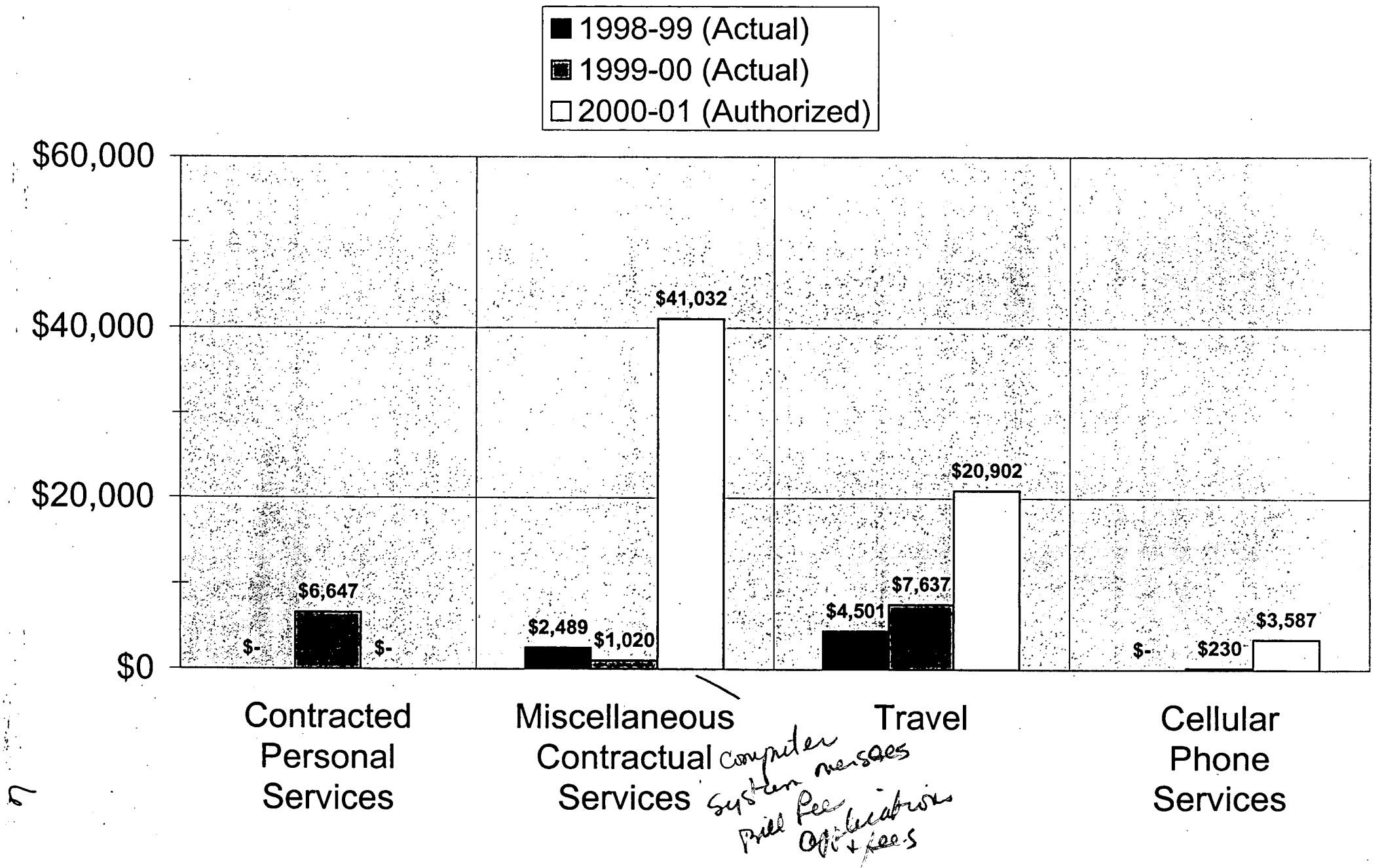
Department of Commerce
Commerce Finance Center
Comparison of Actual and Authorized Expenditures



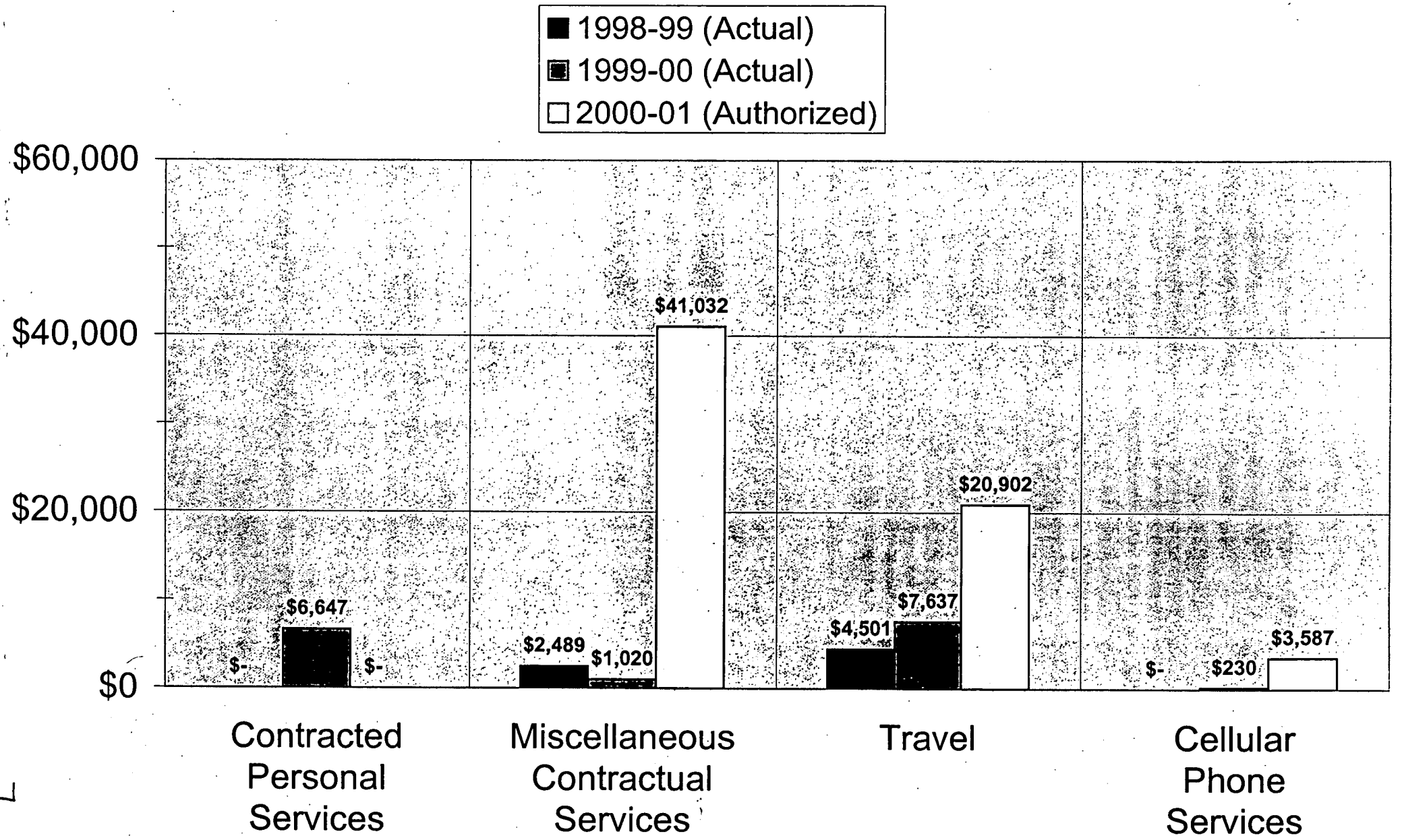
Department of Commerce
Commerce Finance Center
Comparison of Actual and Authorized Expenditures



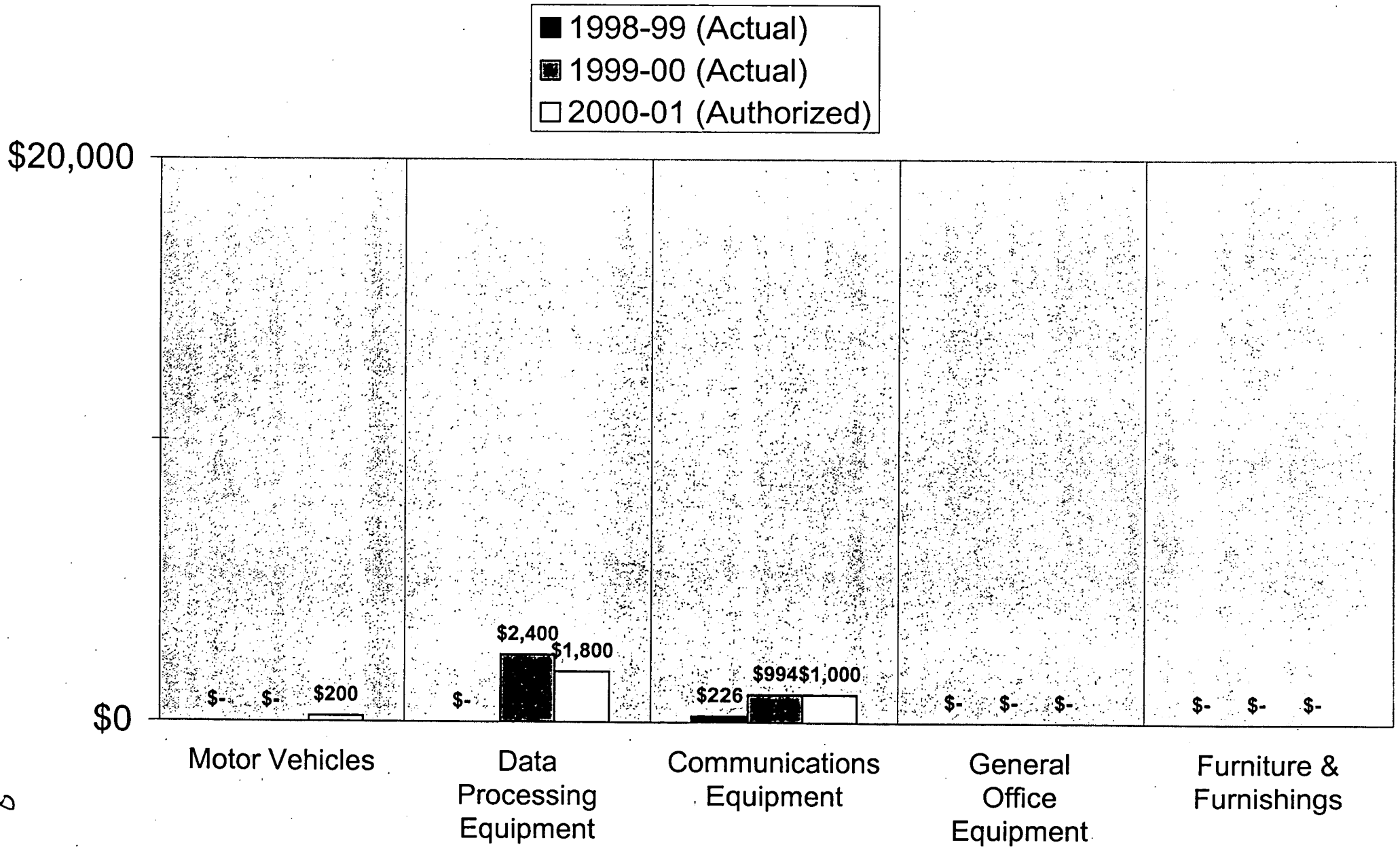
Department of Commerce
Commerce Finance Center
Comparison of Actual and Authorized Expenditures



Department of Commerce
Commerce Finance Center
Comparison of Actual and Authorized Expenditures



Department of Commerce
Commerce Finance Center
Comparison of Actual and Authorized Expenditures

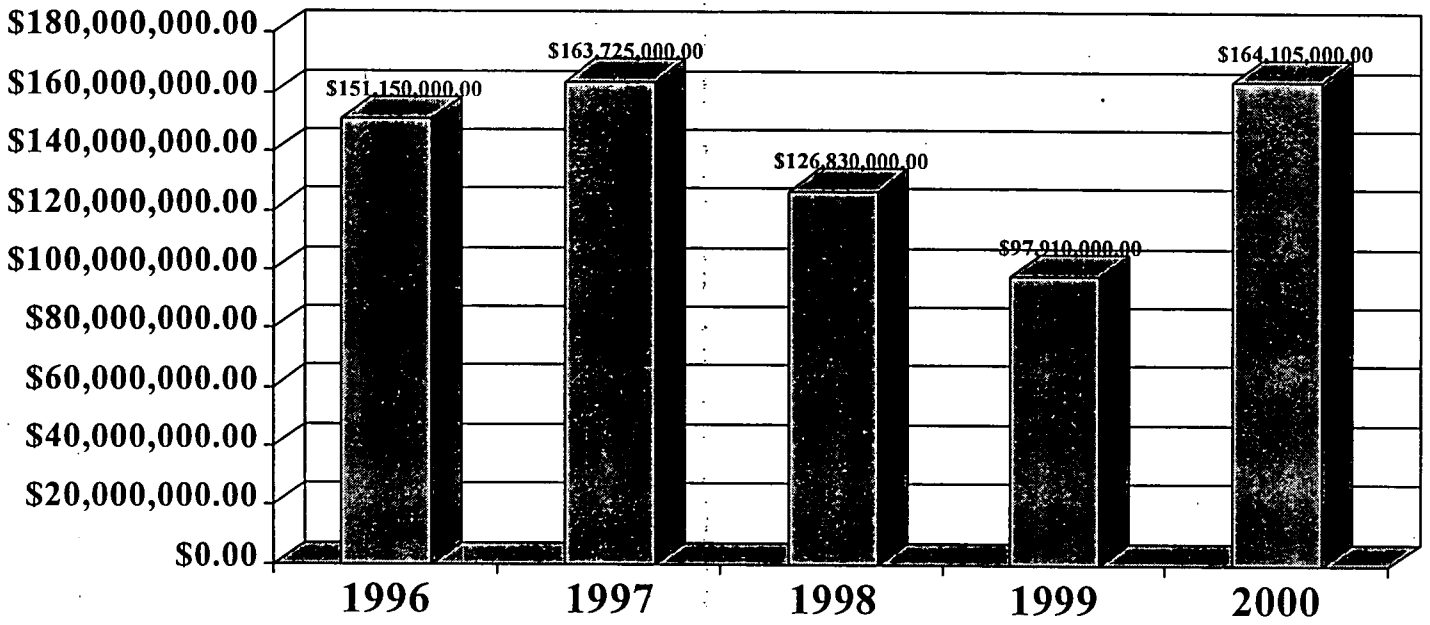


Department of Commerce
Commerce Finance Center

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE										

6

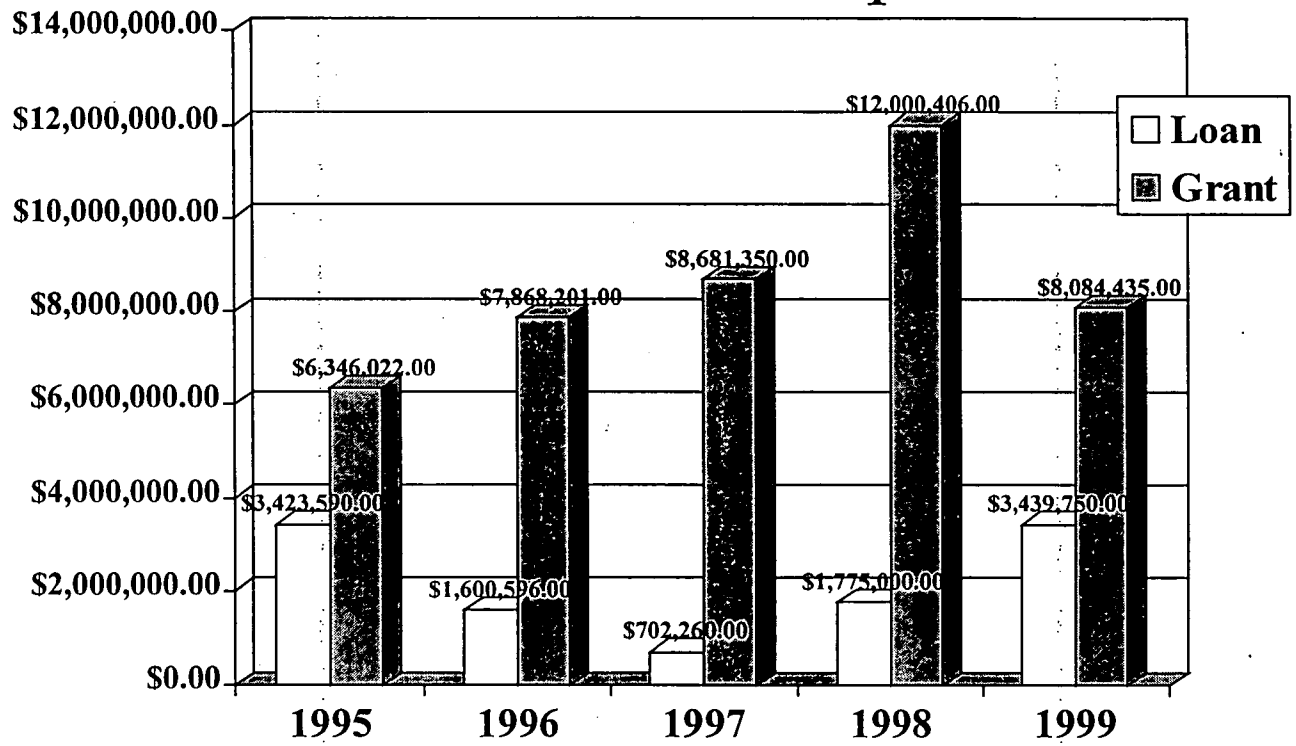
Industrial Revenue Bonds



Number Issued:	26	39	36	27	22

Community Development Block Grant

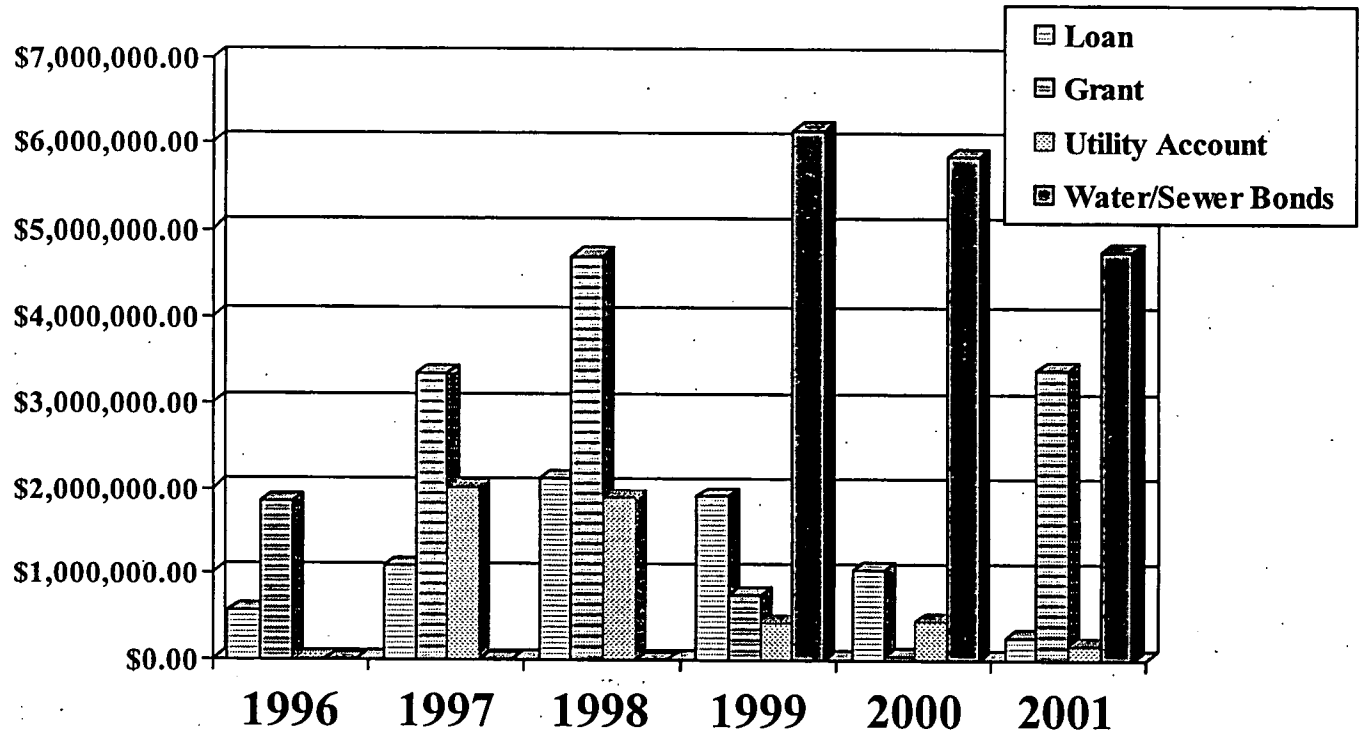
Economic Development



	1995	1996	1997	1998	1999
Number of Loans:	7	4	2	3	5
Number of Grants:	21	18	20	34	20

Industrial Development Fund

	1996	1997	1998	1999	2000	2001
Loan	$554,200.00	$1,071,266.00	$2,114,000.00	$1,920,000.00	$1,030,000.00	$250,000.00
Grant	$1,843,521.00	$3,345,247.00	$4,687,124.00	$729,785.00	$38,889.00	$3,389,564.00
Utility Account	$0.00	$2,000,000.00	$1,884,090.00	$405,605.00	$431,000.00	$150,000.00
Water Bonds	$0.00	$0.00	$0.00	$6,139,580.00	$5,831,831.00	$4,739,750.00



Number of Loans:	10	8	12	6	6	1
Grants:	12	20	18	6	1	11
Utility Account:	0	5	7	3	3	1
Water/Sewer Bonds:	0	0	0	18	20	13

VISITOR REGISTRATION SHEET

NER — 4-17-01

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Robin Pasquarello	Commerce - Fiscal
Stewart Dickinson	Commerce Finance
Don Hibbert	DOC
RAY DENNY	DOC Bus - Industry
Chris Kendrick	Commerce - Fiscal
Mac Ellis	Commerce - Fiscal Mgt.
SUSAN PERRY COLE	NCACDC - Raleigh
Chet Mottershead	Commerce - Human Resources
TAD BOGGS	COMMERCE - PUBLIC AFFAIRS
Buckley Humphrey	OSBPM
Johnny Gray	OSBPM
Jim Nowell	OSBPM
Kay Emanuel	Commerce - Industrial Comm.
Ebonie Alexander	NC Initiative
Gayle Fitzgerald	OSBPM
Beth Bigelow	Allen Associates
Barbie Street	Parker Poe ADAMS & Bernstein
Jan Harris	LA Hurst / ESOC
Kevin Leonard	NCDOC
John Allen	Allen Associates
Carole Lawler	EGHS

VISITOR REGISTRATION SHEET

NER 4/17/01

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Doug Lassiter	NC Septic Tank Assoc.
Linda Gunn	NC IMED
Laura DeVivo	DENR
Jerry Hardesty	NC Pork Council
Paul Moya	NCACC
Grady McCallie	N.C. Conservation Network.

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 18, 2001
Representatives Stan Fox and Bill Owens, Presiding

Continuation Budget Review of the Department of Commerce

1. **Chairman's Comments**

2. **Executive Aircraft Operations**
   Jennifer Willis, Fiscal Research
   Robin Pasquarello, Chief Fiscal Officer/Acting Assistant Sec. for Admin.

3. **Division of Tourism, Film and Sports Development**
   Jennifer Hoffmann Fiscal Research
   Lynn Minges, Division Director

4. **Workforce Development Division**
   Adam Levinson, Fiscal Research
   Wayne Daves, Retired/Acting Division Director

5. **International Trade Division**
   Adam Levinson, Fiscal Research
   Peter Cunningham, Division Director

6. **Committee Discussion**

7. **Adjourn**

Minutes
Joint Appropriations Subcommittee on
Natural and Economic Resources
April 18, 2001 – 8:30 AM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, April 18, 2001 at 8:30 AM in Room 423 in the Legislative Office Building. The following members were present: Chairs Stan Fox and Bill Owens, Vice-Chair Edith Warren, Representatives Culp, Hunter, Mitchell, Underhill, Walker, and West.

Chair Stan Fox called the meeting to order and called upon Ms. Jennifer Willis, Fiscal Research, to give an overview of the Executive Aircraft Operations Division in the Department of Commerce.

DEPARTMENT OF COMMERCE

EXECUTIVE AIRCRAFT OPERATIONS DIVISION

Ms. Willis reviewed Executive Aircraft Operations (ATTACHMENT I C-24). The purpose of the Executive Aircraft Operations is to provide safe and convenient air travel for state officials and agency representatives as well as for corporate clients of the Economic Development Program. Aircraft personnel from the program also provide special assistance in law enforcement and emergency situations. Ms. Robin Pasquarello, Chief Fiscal Officer/Acting Assistant Secretary for Administration, was recognized and she stated the primary mission of the division is to promote economic growth in NC. The Executive Aircraft Division assists the Business and Industry Division in marketing NC and its industrial sites in a highly competitive environment (ATTACHMENT II). The Division of Tourism, Film and Sports Development, to support the state's film industry by helping producers scout potential locations for films, also use aircraft services. All flights scheduled on the aircraft must be for official state business. Representative Mitchell asked what criteria was used when the state's aircraft flew people for a news briefing regarding Hurricane Floyd. Ms. Pasquarello said it would have been under an emergency category, but she does not know the specifics. Representative Culp asked if the same pilots are used for all types of aircraft. Ms. Pasquarello stated some pilots are utilized as fixed wing pilots and some for helicopter only. In times of emergency we trade out with DOT. Representative Owens asked about the consolidation with the Department of Transportation and which department would house the operation. Mr. Don Hobart was recognized, and with respect to discussions with DOT, the Commerce Department has been in discussions about the aircrafts operating out of a single terminal at RDU for about six months. We are in the process of discussing savings. The immediate cost savings that could be gained would be about $50,000 in rent for the hangar and possible further savings include decreased training expenses, maintenance, tools, repairs and bulk purchase of fuel. Missions of the two departments are significantly different. DOT's primary mission involves photography of aerial photos of intersections and highway sections. The primary mission of the Commerce Department

is the state's business and industry recruitment effort and providing executive aircraft services. In response to Representative Mitchell's request regarding use of the aircraft in Hurricane Floyd related activities, the typical priorities are listed in the handout and there is a pecking order. If the aircraft is used by state officials who are not Cabinet members or elected officials or in the Business and Industry Division, one can assume that on that day the aircraft was not requested by the higher priorities. Representative Owens asked that the study be shared with the staff so we can have the potential savings to use in the budget.

DIVISION OF TOURISM, FILM AND SPORTS DEVELOPMENT

Ms. Jennifer Hoffman presented the Division of Tourism, Film and Sports Development (ATTACHMENT III C-31). The division's activities include:

- Tourism development which promotes NC as travel destination through domestic and international marketing efforts and produces information material to help potential visitors plan their stay.

- Welcome Centers, located at all interstate entries to NC, provide visitors with literature, maps, information and assistance to encourage them to spend additional time and travel dollars in the state.

- The NC Film Office recruits major Hollywood studio productions, television commercial shoots and theatrical and television films to the state and provides assistance with motion picture and television production activity.

- Sports Development markets NC to promoters and organizers as a destination for sporting events.

Ms. Lynn Minges, Executive Director, Division of Tourism, Film and Sports Development, was recognized, and she stated tourism is a growth industry for the state with up to $12 B a year in NC. Tax revenue collections are up six percent from 1999 to 2000. The tourism industry contributed $678 M in state taxes. So for the $10 M invested in tourism marketing and promotion, this is a good return. Ms. Minges shared (ATTACHMENT IV). Tourism supports as an industry almost 200,000 jobs in the state. NC is the seventh most visited state in the nation.

Last year the film industry contributed $250 M, and the state ranks number three behind California and New York in terms of amount of filming done in our state. We had 68 major productions done last year including Hannibal and Dawson's Creek, a series produced in the Wilmington area in its fourth year.

We are involved in bringing high caliber sporting events into the state that create revenues, generate economic impact and help to bring sponsorship dollars. The US Women's Open will be held at the Pine Needles Resort in Pinehurst. It will bring 150,000 visitors to the state with an economic impact from $45 to $60 M. We are

looking forward to 2005 and laying groundwork for plans when we will host the US Men's Open.

Senator Albertson asked if we do surveys to determine what it is that makes our state so attractive to visitors. Ms. Minges said we do a lot of research in this area and overwhelmingly every focus group tell us there are three main reasons they choose to visit NC: natural scenic beauty, rest and relaxation and good travel value. People perceive they can get a lot of travel experience in the state for their money. Senator Albertson also asked if there is any negative perception of our state. Ms. Minges stated the image of NC as unspoiled for its natural scenic beauty, environmental issues, and beach erosion are concerns. Representative Fox asked if advertising is handled in-house, and it is contracted out. Representative Owens noted receipts are down, and Ms. Minges said a lot of this is from specialized license plates sales and the receipts are down. Ms Jennifer Hoffman replied that in 1998-99 there was large prior year carry forwards. Representative Culp asked what a full-page ad in Southern Living costs, and it is usually around $30,000. Representative Fox asked about the count at the Welcome Centers, and there is a little strip that runs off the exit and the national calculation is 2.4. Representative Culp noted around Greensboro there are a lot of billboards advertising SC, and do we use billboards?. The Tourism Division does not utilize billboards. SC is losing market share to NC, and it has designated NC as a target.

WORKFORCE DEVELOPMENT DIVISION

The Chair recognized Mr. Adam Levinson, Fiscal Research, who shared (ATTACHMENT V C-36). The Division of Workforce Development has two main programs. The Commission on Workforce Development is comprised of 38 members from the business community, state workforce agencies, educational institutions, labor organizations, and the community at large. It recommends policies and strategies designed to create an integrated, accessible system of workforce development programming. The Division of Employment and Training administers the WIA, federal Welfare-to-Work funds, and the state Employment and Training Grant Program. It collaborates with local Workforce Development Boards to fund a variety of workforce development programs.

Mr. Wayne Daves, Retired/Acting Division Director, was introduced and he shared (ATTACHMENT VI). The Division of Employment and Training is the operations arm for the Workforce Investment Act. The division passes these funds to 25 local Workforce Boards that cover all 100 counties in the state. County Commissioners in respective counties appoint the boards, and the boards plan programs and enter into contracts and provide Workforce development services. Dislocated workers are the most significant problem in the state now. Last year we had over 33,000 individuals that lost their jobs due to plant closings. Over 500 firms closed and had permanent layoffs. In the future we are looking at significant retraining. The Welfare to Work program is funded for two years for $25 M at the federal level in two installments to the state. The state has multi years to spend the money. The activity in that was not as high as anticipated because of the hot economy. Now that the economy is cooling, we are seeing more

activity. The NC Employment and Training Grant Program funded at $2.4 M comes from the Worker Training Trust Fund. Last year this committee allocated $13 M for this program. The Workforce Commission houses the Governor's Work First Business Council. Mr. Daves reviewed ATTACHMENT VI, and Senator Swindell asked about the Job Ready Program and what is Commerce's role in talking to businesses about Targeted Job Tax Credit (TJTC) and about taking advantage of Enterprise Zones? Mr. Daves answered that Employment Security Commission is involved with TJTC, but Workforce Development is closely involved in the One Stop Career Centers because they are a partner, and we try to do a good job in marketing of the information flow. The Job Ready initiative was an attempt to alert parents to information that not every student would go to a four-year college and require a four-year degree to be successful in the workplace. There was an attempt to market two years of continuing education, but we ran into trouble because it appeared we tried to track young people from an early age. We had to combat that erroneous information. It is a local initiative of parents, chambers of commerce, and the private sector all working together.

INTERNATIONAL TRADE DIVISION

Mr. Levinson reviewed International Trade Division handout (ATTACHMENT VII C-40). The Division seeks to increase exports by NC manufacturers and service companies, particularly small and medium size firms. In service of this goal, the Division operates trade offices in Raleigh, High Point, and six foreign countries, participates in trade shows around the world, and administers the Export Ready program, a partnership with the Community College System and Small Business Network that offers companies education and assistance in every facet of the export process.

Mr. Peter Cunningham, Director, International Trade Division was recognized, and he reported good news for international trade for NC. In 2000 we have increased our exports roughly 20 percent. We are at approximately $17.9 B in exports. The focus of the division is working with companies throughout the state that are either involved in exporting or would like to learn more about the process (ATTACHMENT VIII). Our largest export countries are Canada and Mexico where we have seen enormous growth over 26 percent due to the NAFTA agreement. Our office in Mexico has been very helpful. Japan, United Kingdom and Germany round out the top five export markets. We export primarily electrical machinery, chemicals and tobacco. We have helped thus far this fiscal year over 480 companies establish international business relationships. With the 480 companies we had over $7.3 M in actual sales that have been generated through the efforts of the trade shows as well as working one-on-one with the talented foreign trade representatives. The actual results compared to the level of appropriation show a 2.75 percent return on investment. For every dollar we invest in the program we are seeing roughly 2.75 dollars back this fiscal year. This number is increasing as we reach out to more companies. We have not taken any major trade missions during this fiscal year, and travel is down significantly. We are focused on trade shows as opposed to trade missions. Chairman Fox asked how increase in exports to Mexico compares to the increase in imports of furniture from Mexico. Mr. Cunningham does not know, but he will get the data and share same.

The meeting adjourned at 9:50 AM.

Stan Fox

Representative, Stan Fox,Chair

Mary Capps

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

Department of Commerce

Executive Aircraft Operations

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	1,050,299	1,241,235	2,237,414	2,765,581	2,661,915	2,664,415
Less Receipts	(271,970)	(308,493)	(523,242)	(510,576)	(352,317)	(352,317)
State Appropriations	*778,329*	*932,742*	*1,714,172*	*2,255,005*	*2,309,598*	*2,312,098*
Positions	8	8	8	8	8	8

DIVISION ACTIVITIES

The purpose of the Executive Aircraft Operation is to provide safe and convenient air travel for state officials and agency representatives as well as for corporate clients of the Economic Development Program. Aircraft personnel from the program also provide special assistance in law enforcement and emergency situations.

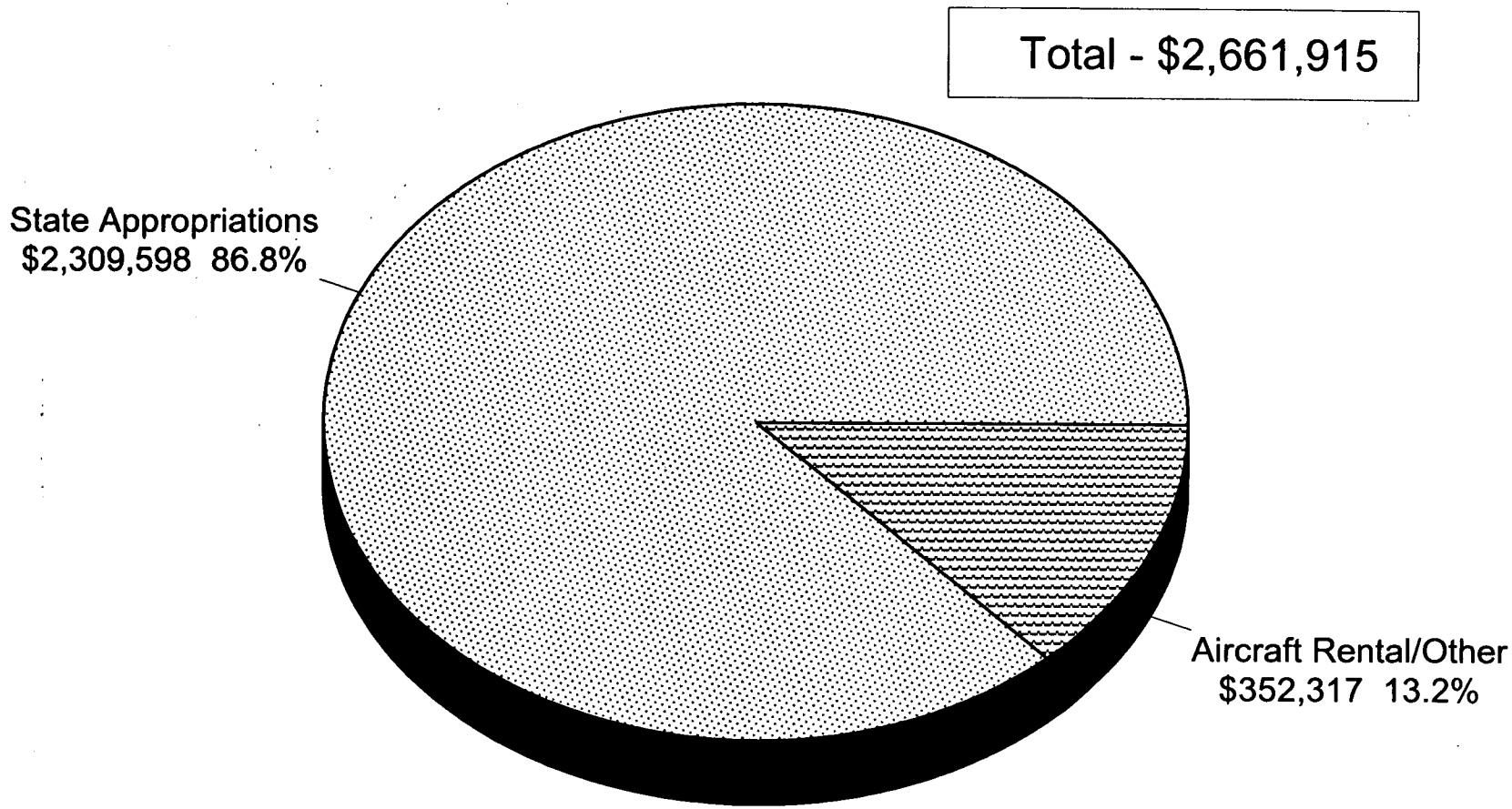
Aircraft owned by the Department includes the following:

- King Air Beachcraft 200 (1982)
- Cessna Citation Bravo C-550 (1998)
- Sikorsky S76 (1998)
- Bell 206 Longranger (1986)

A copy of the Executive Aircraft Operation Statement of Policy is attached.

ATTACHMENT I

Executive Aircraft Operations
FY 2000-01 (Authorized) Fund Sources

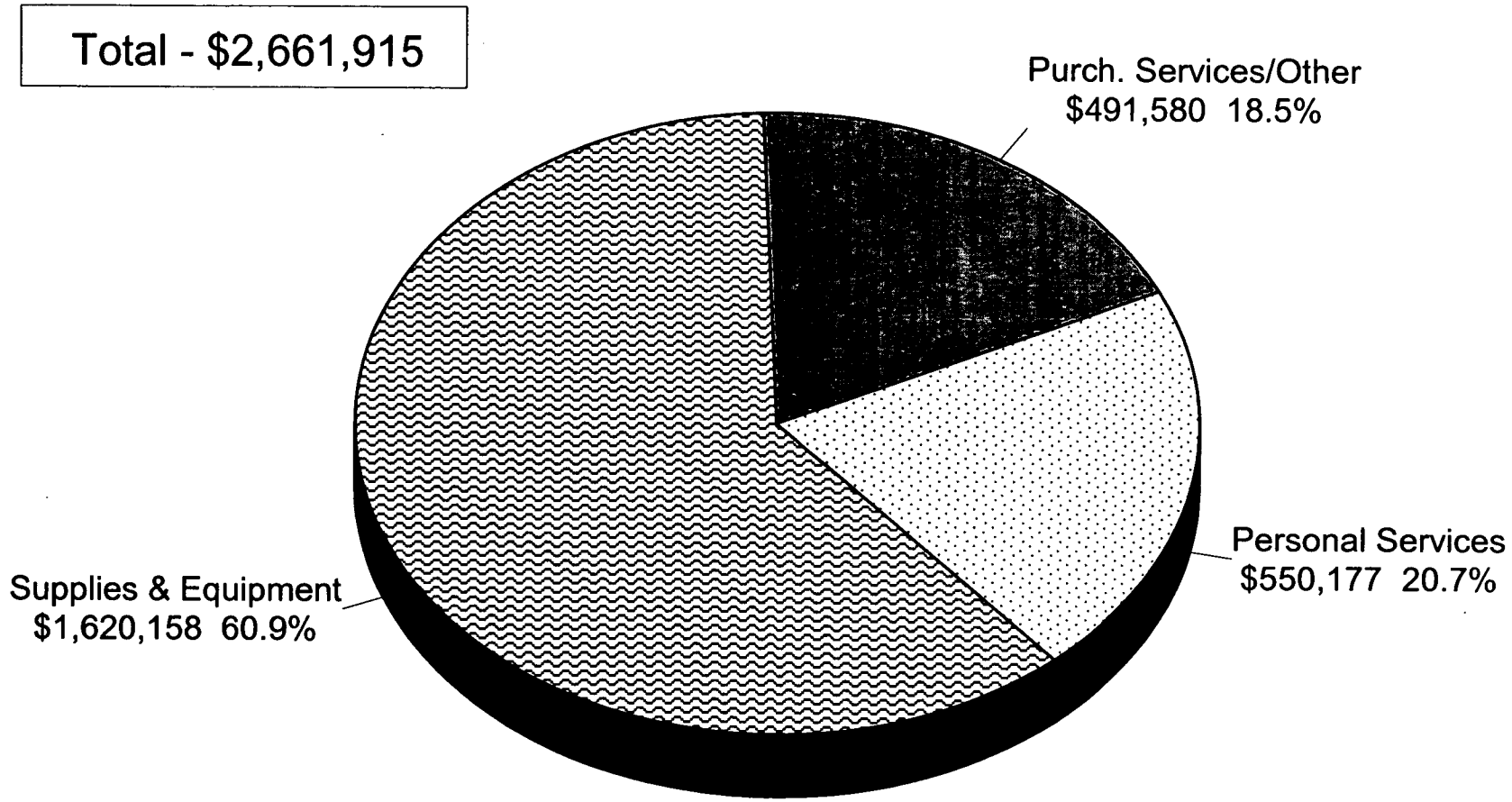


Fiscal Research Division - April 2001

Executive Aircraft Operations

FY 2000-01 (Authorized) Expenditures By Category

Total - $2,661,915



Fiscal Research Division - April 2001

ITEMS FOR POSSIBLE COMMITTEE DISCUSSION

1. The Committee may wish to ask the Department to review the policies regarding operation of the Executive Aircraft, including priorities for usage.

2. The Department of Commerce and Department of Transportation are currently exploring the possibility of consolidating aircraft operations. The Committee may wish to have the Department provide an update on these ongoing discussions and the areas in which savings could be realized, should the two operations merge into one.

North Carolina
Department of Commerce

Michael F. Easley, Governor

James T. Fain III, Secretary

EXECUTIVE AIRCRAFT OPERATION STATEMENT OF POLICY

WHEREAS, the North Carolina Department of Commerce is responsible for the Economic Development Program for the State; and

WHEREAS, the Executive Aircraft Operation was placed in the Department of Commerce in order to be able to quickly and efficiently respond to the Economic Development needs; and

WHEREAS, these needs can be anytime, including weekends, nights, holidays and many times on very short notice;

NOW, THEREFORE, BE IT RESOLVED, the following policy for assignment and usage of the State Executive Aircraft will be established:

FIRST priority shall be to meet the requirements of the North Carolina Department of Commerce as determined by the Secretary of Commerce.

SECOND priority shall be to provide air transportation for the Governor.

THIRD priority shall be to provide air transportation for the Lieutenant Governor. President Pro Tempore and the Speaker of the House in the performance of their official duties.

FOURTH priority shall be to provide air transportation to Cabinet Members and Council of State Members not involved with economic development functions.

FIFTH priority shall be to provide air transportation to other State Officials on a first-come first- serve basic as may be deemed appropriate and/or necessary with the express approval of the Cabinet Secretary or Council of State Member from whose Department the request originates.

SIXTH priority shall be to provide use of aircraft for drug interdiction duties.

C-28

North Carolina. A Better Place To Be
301 North Wilmington Street • 4301 Mail Service Center • Raleigh, North Carolina 27699-4301
Tel: (919) 733-4151•Fax: (919) 733-8356
An Equal Opportunity/Affirmative Action Employer

It is understood that emergency and disaster assistance will take precedence over all other uses when there is eminent danger to life or property. The Secretary of Commerce or his representative will make such judgements. The Secretary of Commerce, the Deputy Secretary of Commerce, or their designees, may schedule and reschedule all flights in accordance with the above priority list.

All flight scheduled must be for official state business.

Effective May 11, 1998, rates to be charged for all users outside the North Carolina Department of Commerce are as follows:

King Air	B-200	$400.00 per hour
Citation Bravo	C-550	$550.00 per hour
Sikorsky	S-76 Helicopter	$550.00 per hour
Bell 206L	Helicopter	$400.00 per hour

$200.00 per night charge for all flight requiring an overnight stay by flight crew.

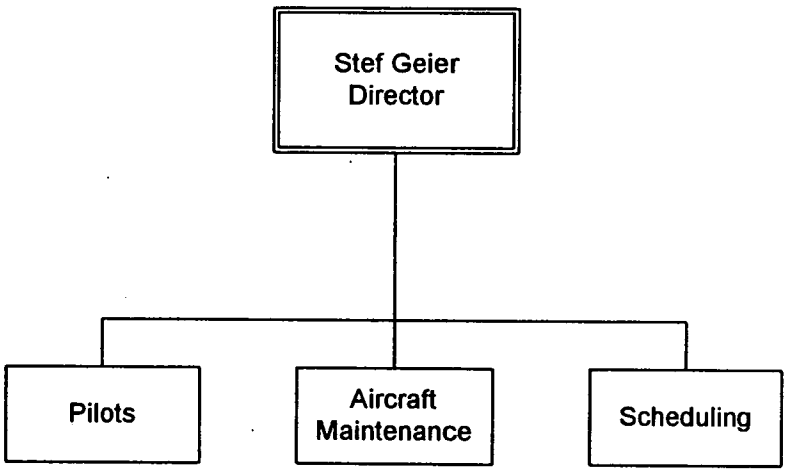
James T Fain III
Secretary

Revised
March 20, 2001

NC D[redacted]of
C[redacted]

Executive Aircraft

Signature _____ Date _____



North Carolina Department of Commerce
Executive Aircraft Division

Stef Geier, Director
4301 Mail Service Center
Raleigh, NC 27699-4301

Phone: 919-733-3308
Fax: 919-733-8356
e-mail: sgeier@mindspring.com

Overview

The primary mission of the Executive Aircraft Division is to promote economic growth in North Carolina. Executive Aircraft assists the Business and Industry Division in marketing North Carolina and its industrial sites in a highly competitive environment. Aircraft services also are used by the Division of Tourism, Film and Sports Development to support the state's film industry by helping producers scout potential locations for films.

All flights scheduled on the aircraft must be for official state business.

Functions

- Operates a fleet of aircraft to fly corporate clients involved in economic development activities, state officials and agency representatives on official duty, and to provide emergency and law enforcement support.
- Maintains a system to track maintenance and inspection requirements for each aircraft as well as spare parts inventory, and performs as much aircraft maintenance as possible with program mechanics and personnel
- Coordinates required training of pilots and maintenance mechanics.

Statement Of Policy

According to the official Executive Aircraft Operation Statement of Policy, economic-development needs are the first priority for assignment and usage of the aircraft. However, the statement also recognizes that "emergency and disaster assistance will take precedence over all other uses when there is eminent danger to life or property."

In order of preference, use of the aircraft is granted for:

1. Economic development needs.
2. Air transportation for the Governor.
3. Air transportation for the Lt. Governor, Speaker of the House and President Pro Tempore of the Senate.
4. Air transportation for Cabinet and Council of State members.
5. Air transportation for other state officials with approval of the relevant Cabinet or Council of State member.
6. Drug interdiction duties.

Cost Savings Opportunity

Over the past several months, the Department of Commerce and the Department of Transportation have been discussing the prospect of coordinating their respective aircraft operations out of a single hangar at RDU Airport. The two aircraft operations have different missions specific to their departments, but an opportunity for current and future savings to the state may exist. Discussions will take place over the next several weeks that could lead to a memorandum of agreement regarding terms under which the departments could share space in the DOT hangar. Cost savings in the short run would be the elimination of hangar and office rent, and the departments will explore whether sharing space and coordinating activities could create other efficiencies.

DIVISION OF EXECUTIVE AIRCRAFT
OVERVIEW OF EXPANSION ITEMS

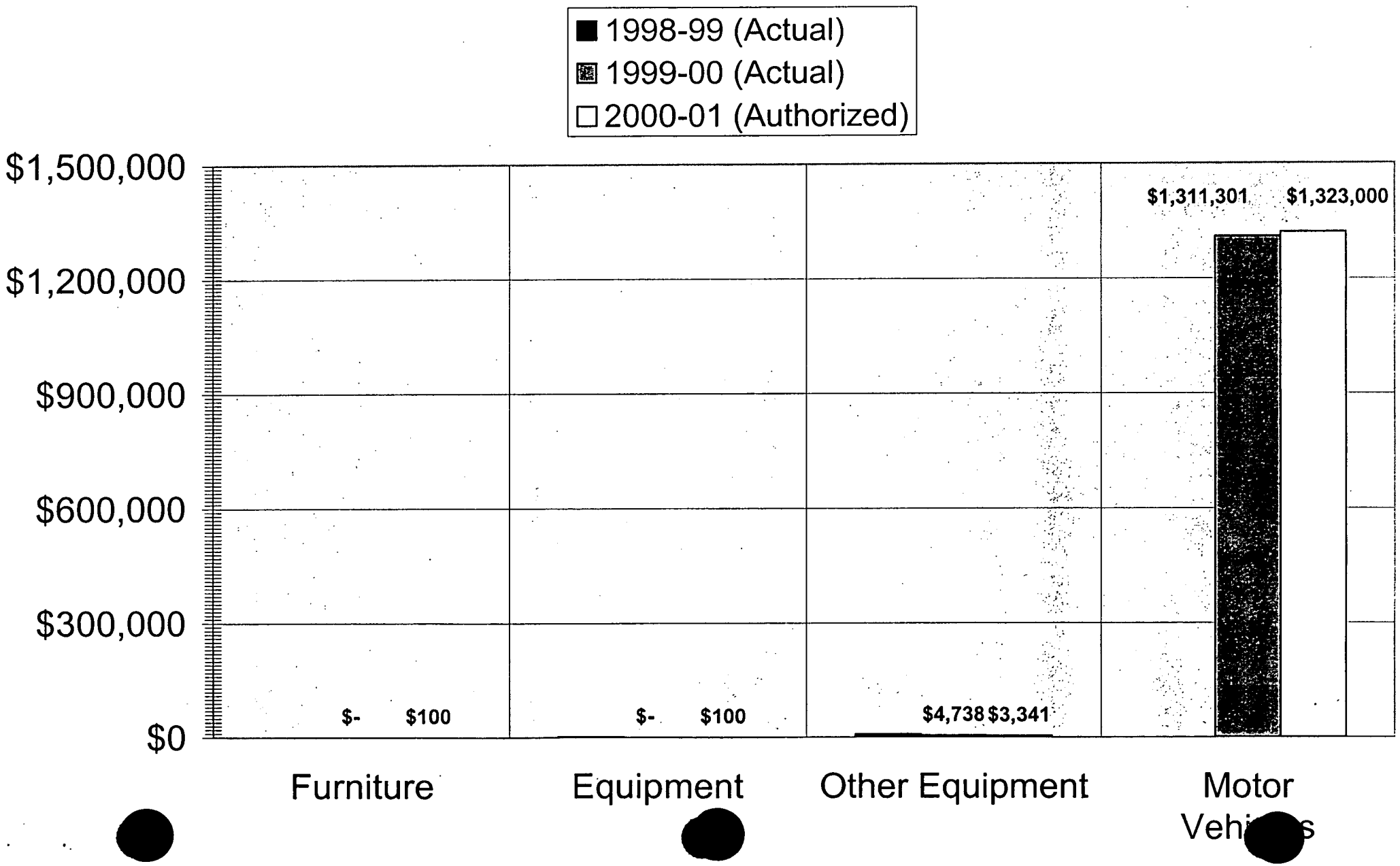
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01

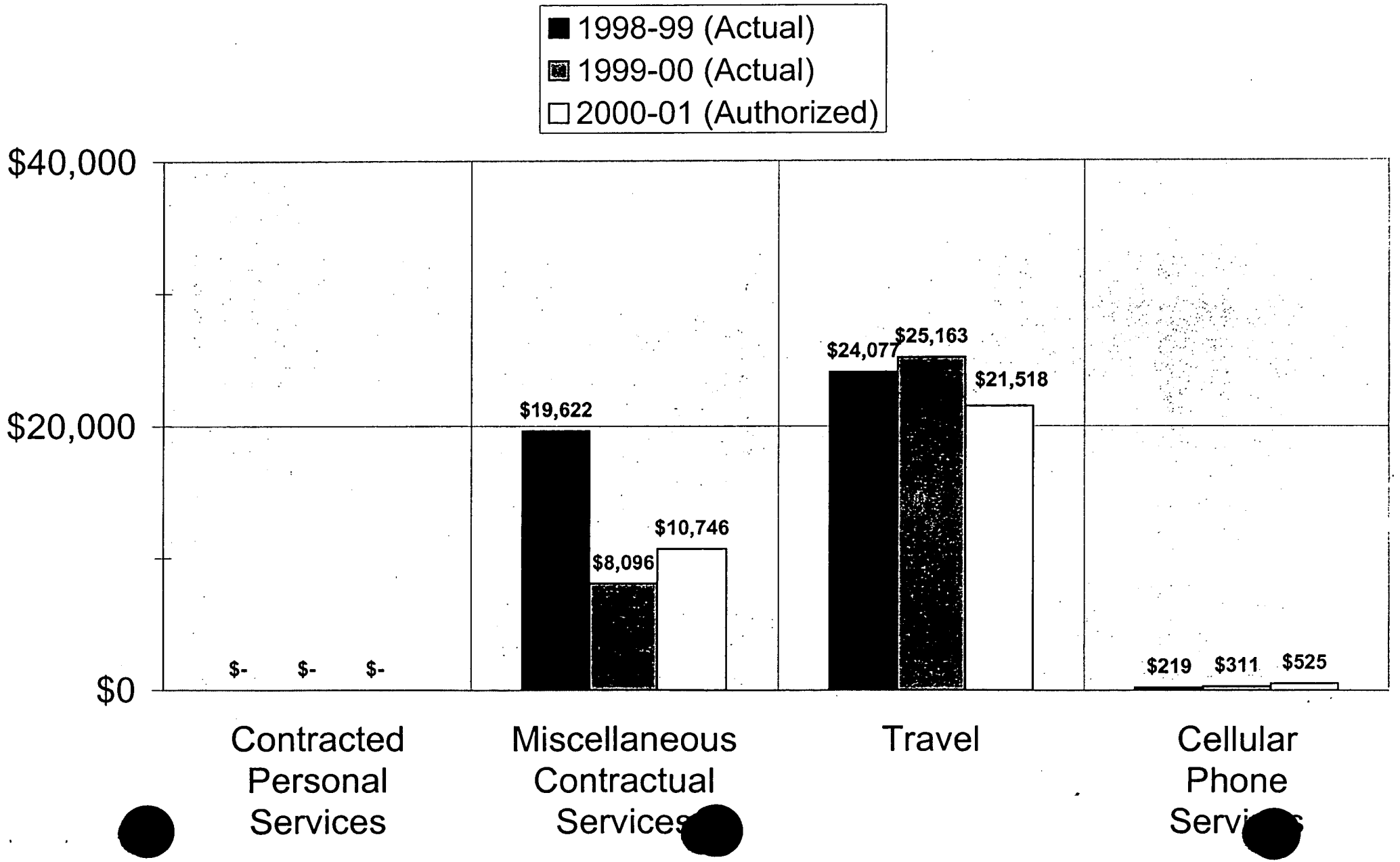
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Additional funds for Lease		$350,000 R	

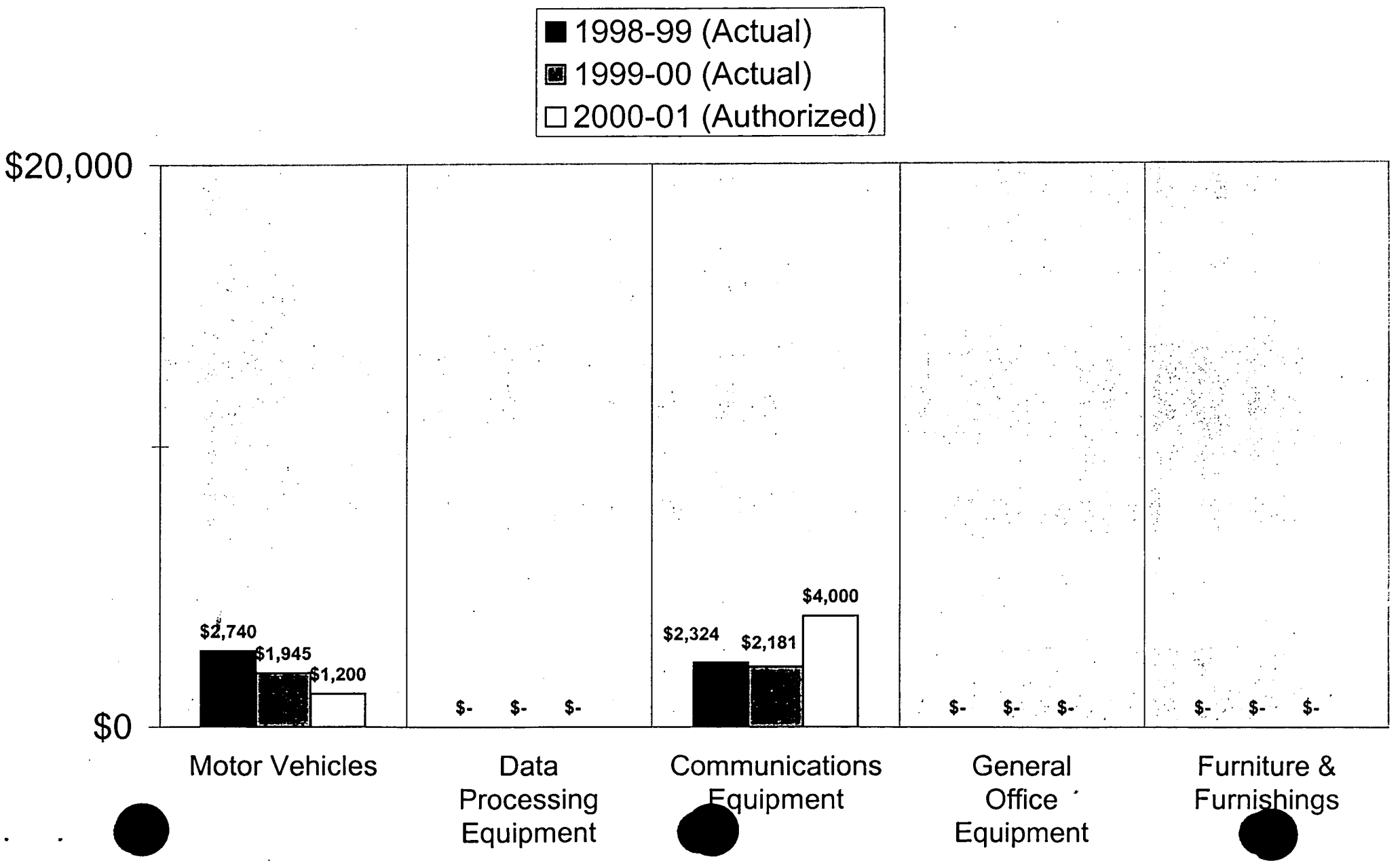
Department of Commerce
Executive Aircraft Operations
Comparison of Actual and Authorized Expenditures



Department of Commerce
Executive Aircraft Operations
Comparison of Actual and Authorized Expenditures



Department of Commerce
Executive Aircraft Operations
Comparison of Actual and Authorized Expenditures



Department of Commerce
Executive Aircraft Operations

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
REIMBURSE AIRCRAFT RENT			$400/HR.	750/HR.	750/HR.	850/HR		AS NEEDED		$ 432,462.23
			$550/HR.		550/HR.	985/HR.				
					300HR.	850/HR				

Department of Commerce

Division of Tourism, Flim and Sports Development						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec. 2000)	Governor's 2001-2003 Recom'd Con't Budget
Expenditures	8,991,115	12,014,925	12,213,778	12,070,530	11,738,307	11,257,151
Less Receipts	(724,564)	(663,242)	(1,142,146)	(1,410,208)	(574,115)	(574,115)
State Appropriations	*8,266,551*	*11,351,683*	*11,071,632*	*10,660,323*	*11,164,192*	*10,683,036*
Positions	67.00	72.00	74.00	79.00	79.00	79.00

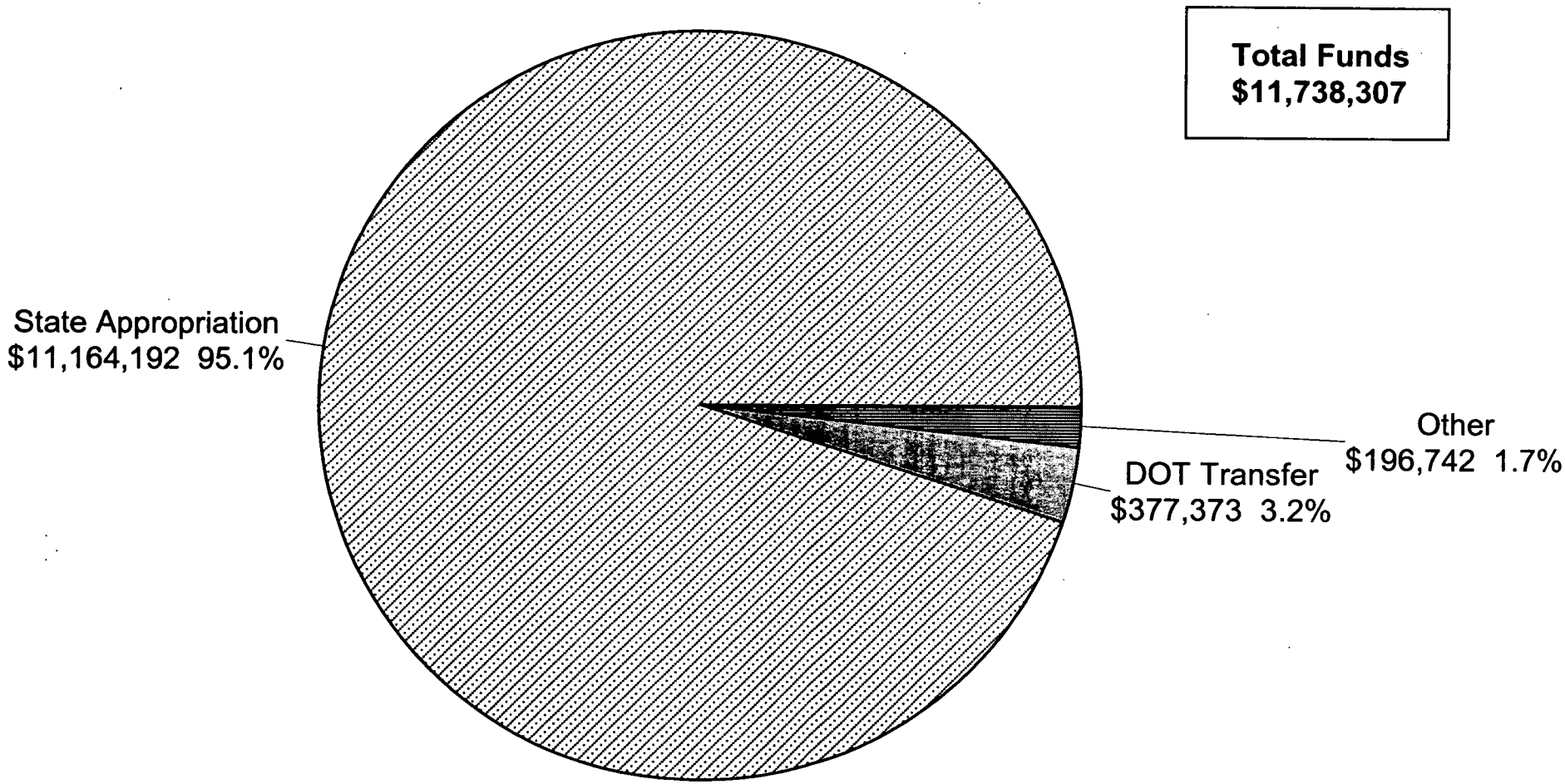
DIVISION ACTIVITIES

- **Tourism Development** promotes North Carolina as travel destination through domestic and international marketing efforts and produces informational material to help potential visitors plan their stay.
- **Welcome Centers**, located at all interstate entries to North Carolina, provide visitors with literature, maps, information and assistance to encourage them to spend additional time and travel dollars in the state.
- **The North Carolina Film Office** recruits major Hollywood studio productions, television commercial shoots and theatrical and television films to the state and provides assistance with motion picture and television production activity.
- **Sports Development** markets North Carolina to promoters and organizers as a destination for sporting events.

Tourism, Film & Sports Development

FY 2000-01 (Authorized) Total Budget

By Funding Source

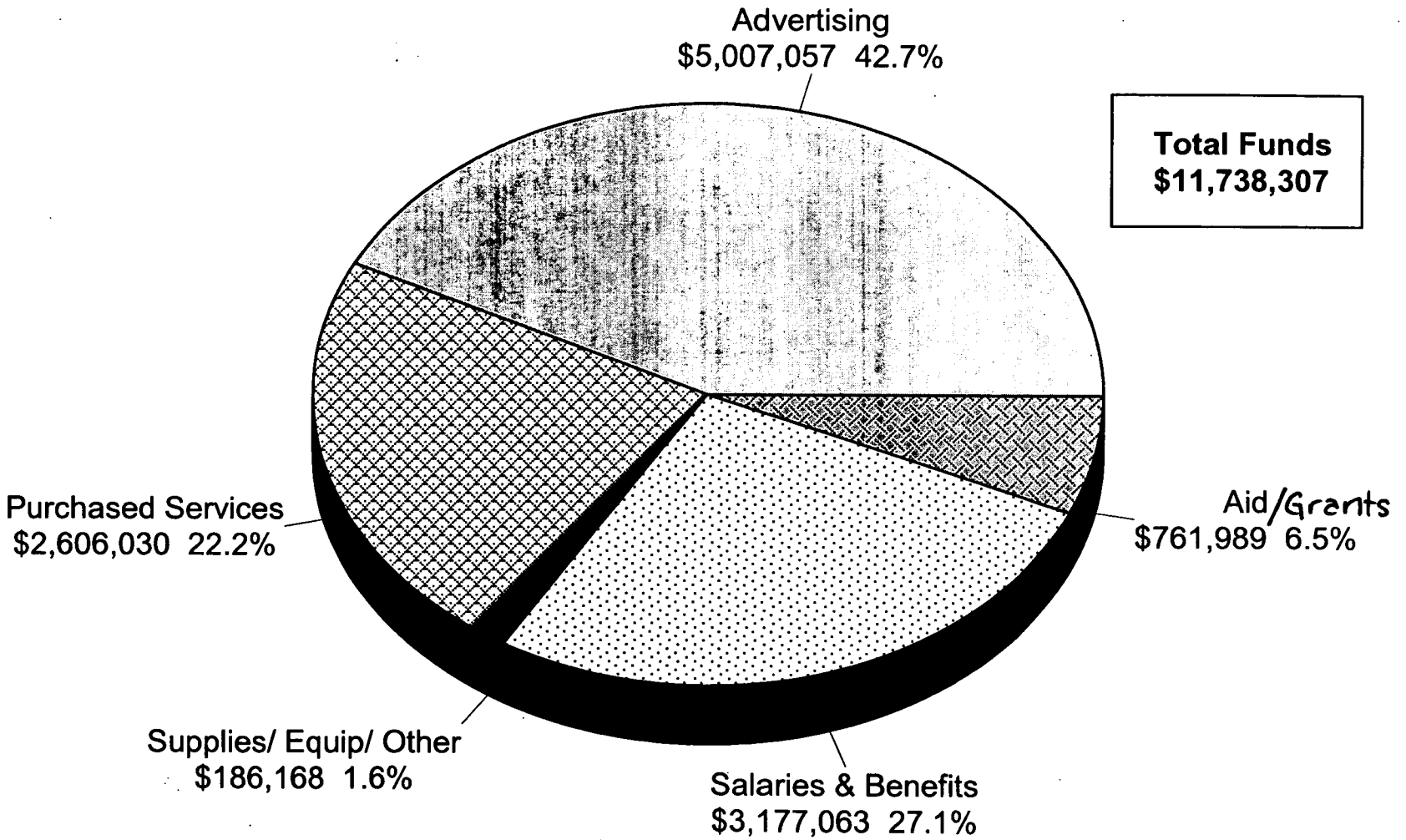


Fiscal Research Division -April 2001

Tourism, Film & Sports Development

FY 2000-01 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - April 2001

DIVISION OF TOURISM, FILM AND SPORTS DEVELOPMENT

PROPOSED RECOMMENDATIONS FOR THE UPCOMING 2001-03 BIENNIUM

GOVERNOR'S RECOMMENDED REDUCTIONS	FY 2001-02	FY 2002-03
1. Reduce Printing Costs	($150,000)	($150,000)

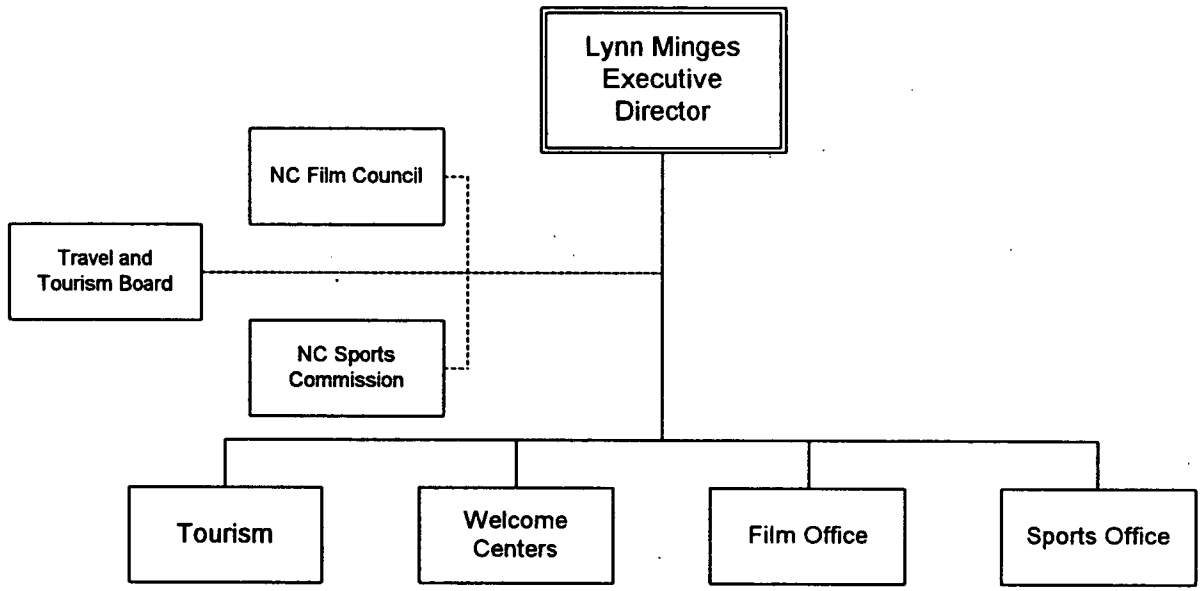
ITEMS FOR POTENTIAL COMMITTEE DISCUSSION

During the 1999 Session, the General Assembly appropriated $200,000 and 4 new positions to the Division of Tourism, Film and Sports Development to expand the Heritage Tourism Program to site new sites. One of these sites was to be located in eastern NC, one in western NC and the remaining two sites were to be designated by the Secretary of Commerce. The Committee may wish to have the Division Director provide an update on this expansion item, specifically where the new sites are located and the impact these new sites have had on tourism in those areas.

NC D[redacted] of C[redacted]

Tourism, Film, and Sports Development

Signature _____ Date _____



North Carolina Department of Commerce
Tourism, Film & Sports Development Division

Director: Lynn Minges
4324 Mail Service Center
301 North Wilmington St.
Raleigh, NC 27699-4324

Telephone: 919-733-4151
Fax: 919-733-8582
Email: lminges@nccommerce.com
Website: www.visitnc.com

Overview

The Tourism, Film & Sports Development Division works in cooperation with strategic planners to strengthen the state's tourism, film and sports industries. In 1999, these industries were responsible for $644.4 million in state tax revenue and $303 million in local tax revenue and the creation of more than 198,000 full-time and seasonal/part-time positions. In 1999, 44.4 million people visited North Carolina.

Tourism

- Oversees a tourism marketing and advertising campaign including regional and national print and broadcast campaigns focusing on the state as a travel destination. This marketing campaign is coupled with an international marketing effort developed in 1994 which includes sales missions, familiarization tours for travel agents and travel writers, and trade show participation.
- Provides financial, technical and educational assistance to foster Tourism, Film & Sports Development activities as tools for economic growth in all areas of the state.
- Staffs eight Welcome Centers along interstate corridors, which assist nine million visitors annually.

Film

- Markets and promotes economic development and job opportunities by working to enhance the state's film industry, encouraging production statewide.
- Helped make North Carolina the third-largest filmmaking state in the country. Since 1980, film production has contributed more than $5.5 billion in direct revenue to local economies. Over the past 20 years, North Carolina's return on investment has been $1100 for every $1 spent.
- Creates jobs through supporting the activity of seven studio complexes, nearly 400 production service and support companies, and a permanent resident crew base of over 1500 professionals to work with. In-state film production activity created an estimated 27,500 jobs for North Carolinians in 1999 alone.
- Markets globally with a newly formatted state film and video directory, a new website, international tradeshows in the U.S. and Europe, and an expanded advertising campaign aimed at the burgeoning worldwide independent film market.

Sports Development

- Encourages economic development through the promotion of events involving amateur, collegiate and professional sports organizations.
- Has hosted a number of internationally renowned sporting events, such as the men's U.S. Open golf tournament, the Tour DuPont and the Special Olympics World Summer Games,

along with other large-scale events such as Cycle North Carolina, the NC State Games and others.

DIVISION OF TOURISM, FILM & SPORTS
OVERVIEW OF EXPANSION ITEMS

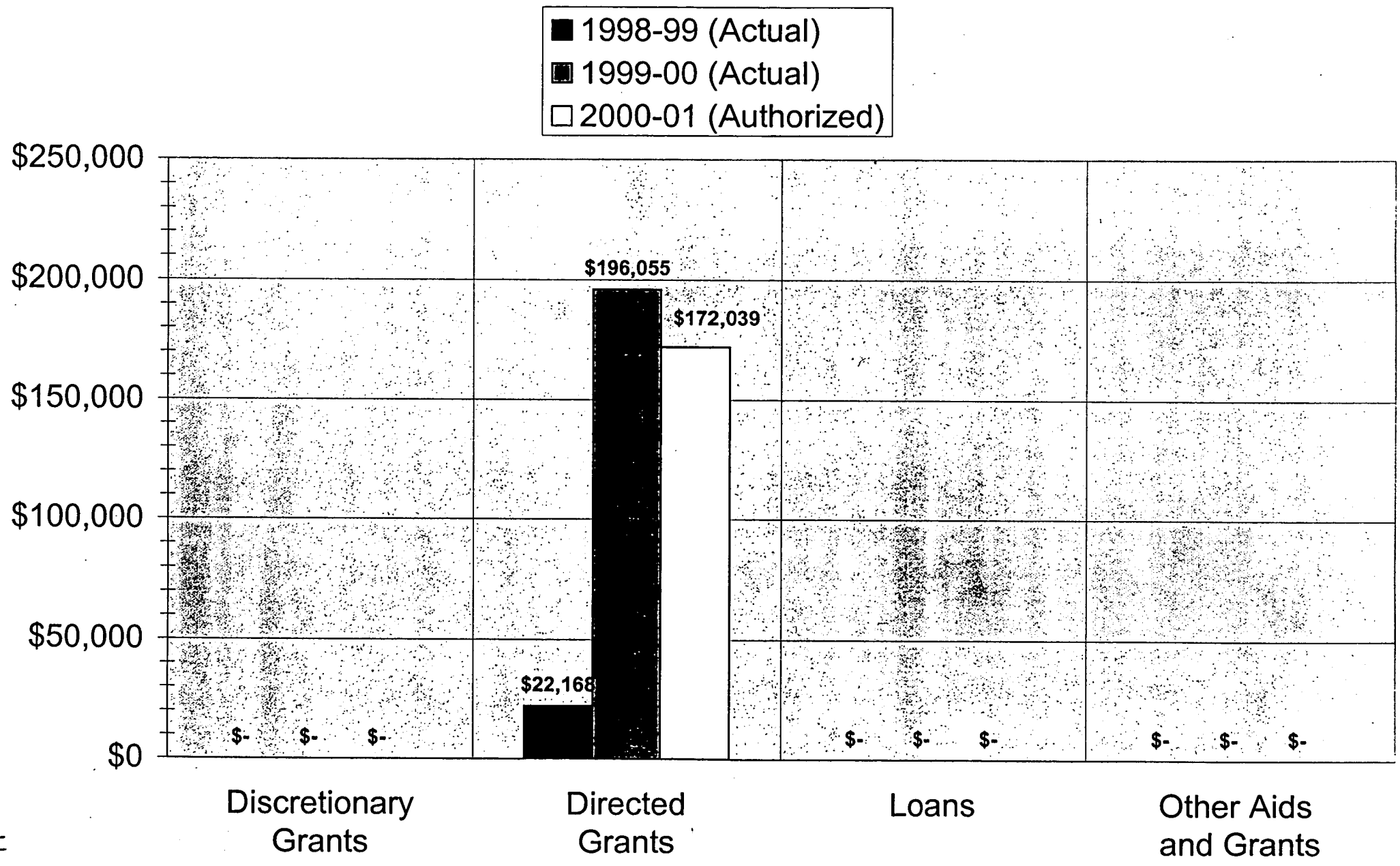
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
1. Heritage Tourism	$200,000 R	
2. Advertising & Marketing funds	$2,000,000 R	
3. Rural Tourism Redevelopment Grants	$300,000 NR	

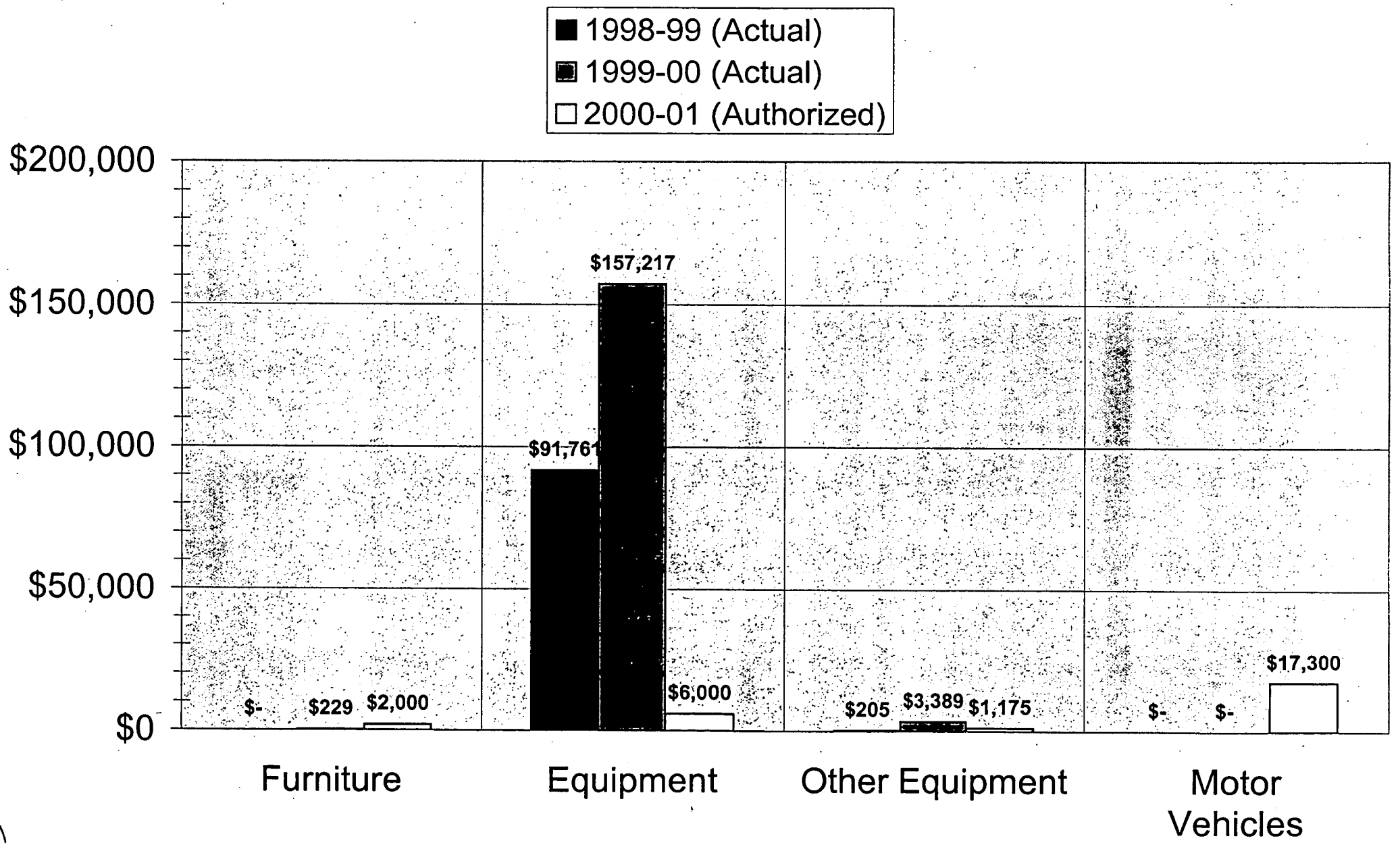
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Heritage Tourism		$300,000 R	
2. Film Office			$64,803 R

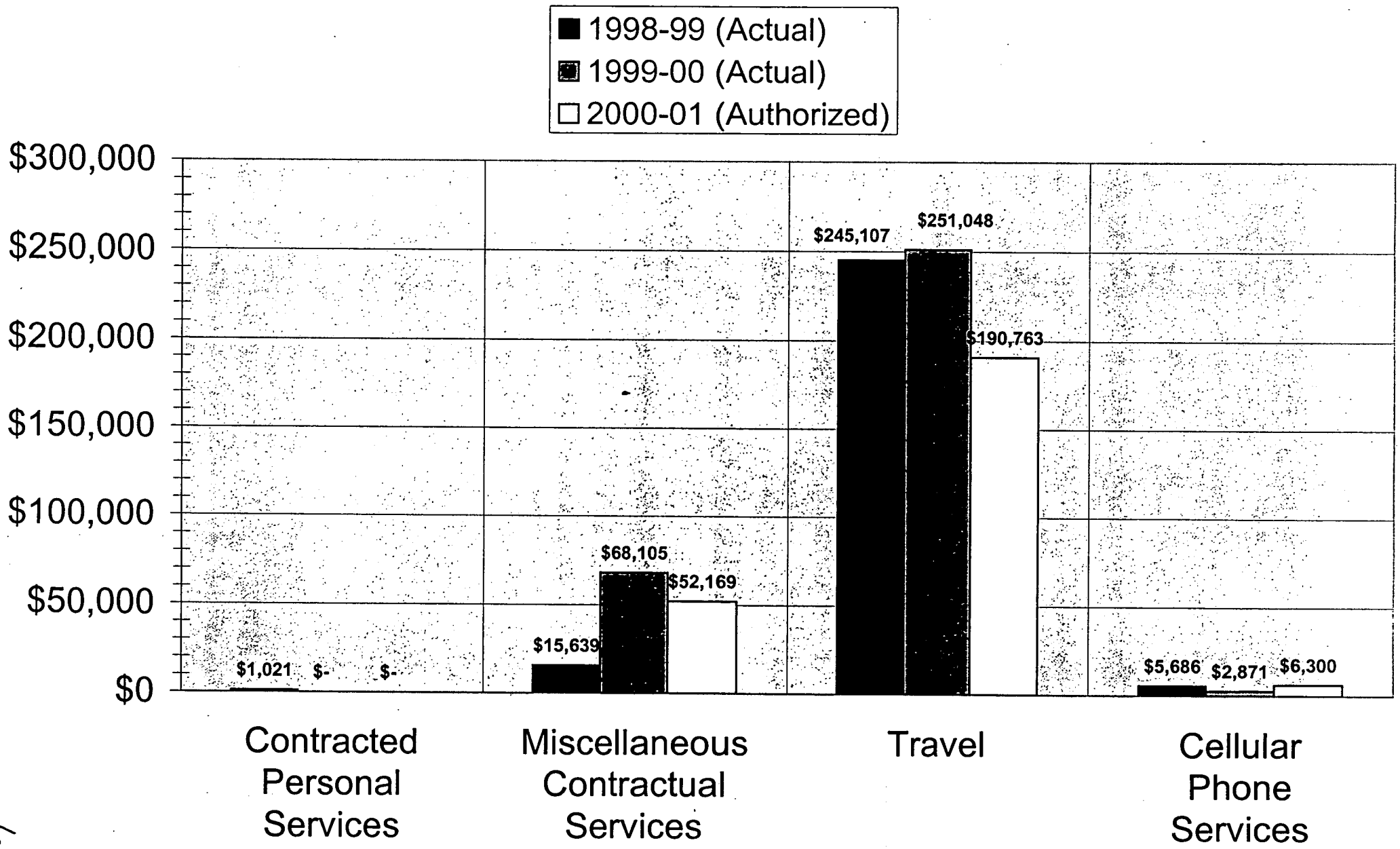
Department of Commerce
Tourism, Film & Sports Development
Comparison of Actual and Authorized Expenditures



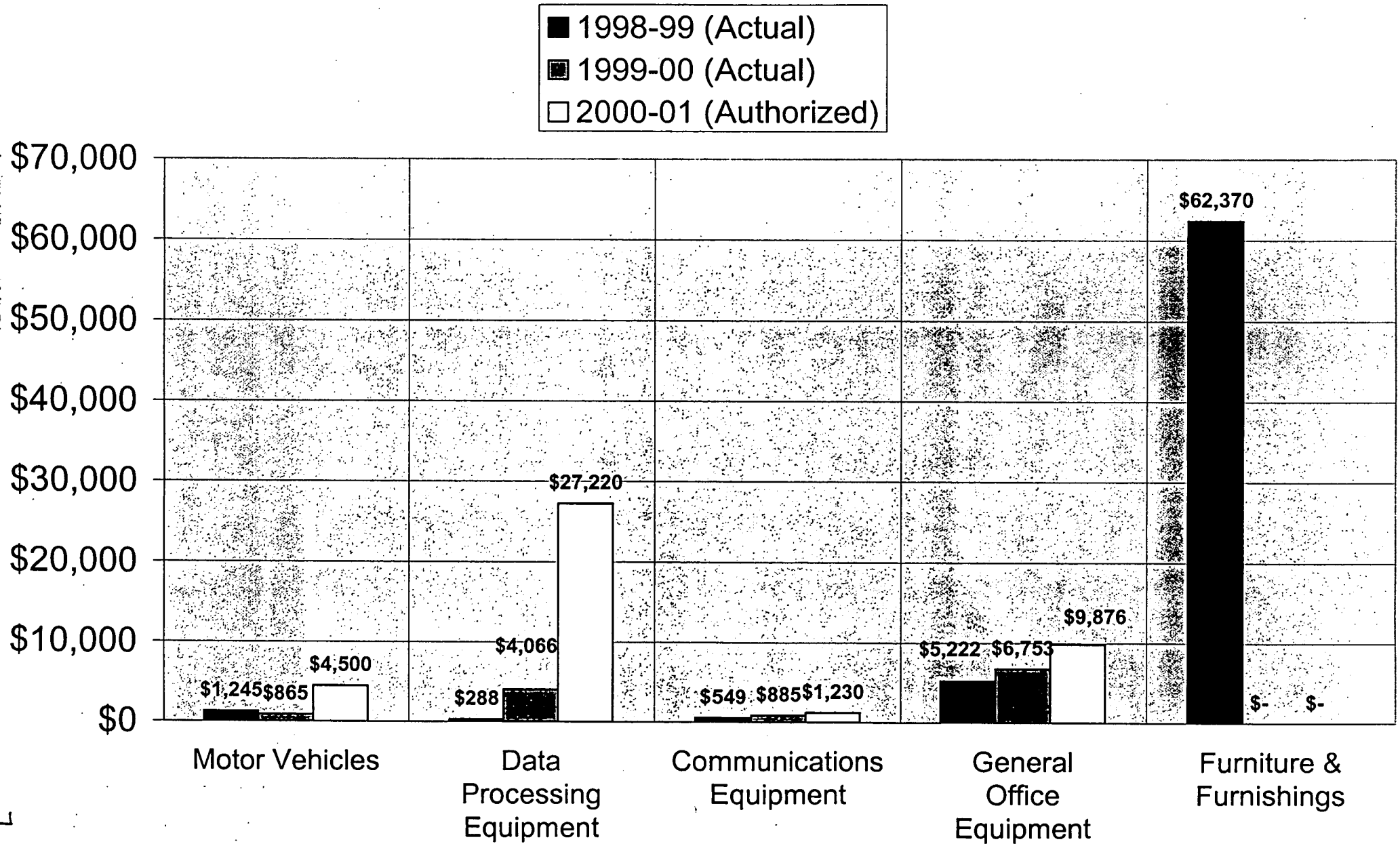
Department of Commerce
Tourism, Film & Sports Development
Comparison of Actual and Authorized Expenditures



Department of Commerce
Tourism, Film & Sports Development
Comparison of Actual and Authorized Expenditures



Department of Commerce
Tourism, Film & Sports Development
Comparison of Actual and Authorized Expenditures



Department of Commerce
Tourism, Film & Sports Development

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
SALE OF PUBLICATIONS		APA	$3EA	n/a	n/a	n/a	1992	RANDOM*	457	1,454.67

1,454.67

Department of Commerce

Division of Workforce Development	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	55,862,843	60,012,387	62,516,472	69,388,263	38,593,077	38,592,809
Less Receipts	(55,836,145)	(59,202,918)	(62,097,634)	(69,617,818)	(38,499,639)	(38,499,865)
State Appropriations	***101,806***	***87,952***	***108,351***	***605,403***	***93,438***	***92,944***
Positions	**43.0**	**42.0**	**46.0**	**49.0**	**51.0**	**51.0**

PROGRAMS AND ACTIVITIES

Commission on Workforce Development – Comprised of 38 members from the business community, state workforce agencies, educational institutions, labor organizations, and community at large. Recommends policies and strategies designed to create an integrated, accessible system of workforce development programming. Provides oversight for agencies and organizations operating federally-funded or State-funded workforce development programs, including the State's JobLink (One-Stop) Career Center system. Serves as the Workforce Development Board for purposes of the Workforce Investment Act (WIA) of 1998. Responsible for developing the biennial Comprehensive Workforce Development Plan. Funds Work First Business Council.

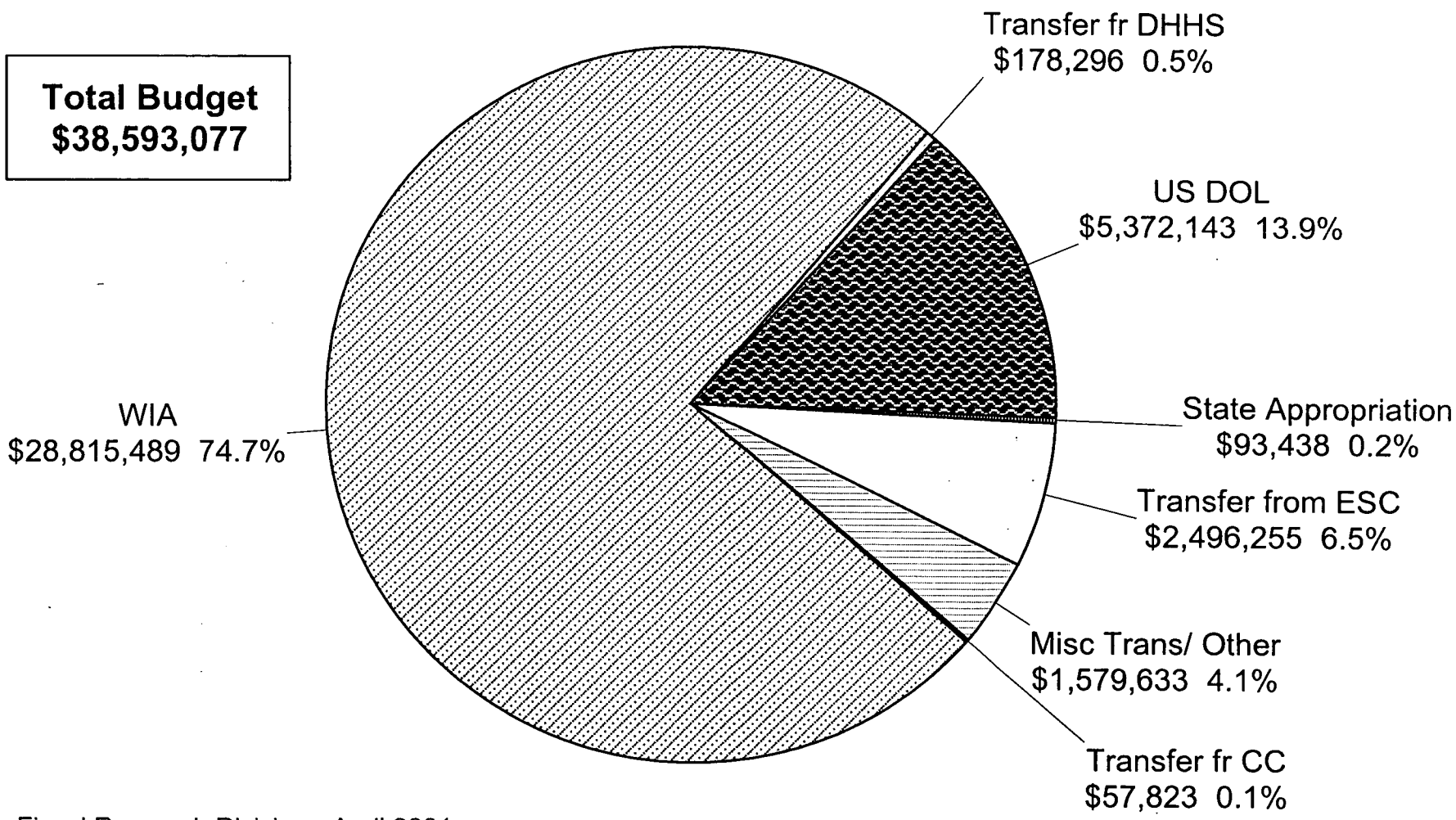
Division of Employment and Training – Administers the WIA, federal Welfare-to-Work funds, and the state Employment and Training Grant Program. Collaborates with local Workforce Development Boards to fund a variety of workforce development programs.

ATTACHMENT V

Workforce Development

FY 2000-01 (Authorized) Total Budget

Fund Sources

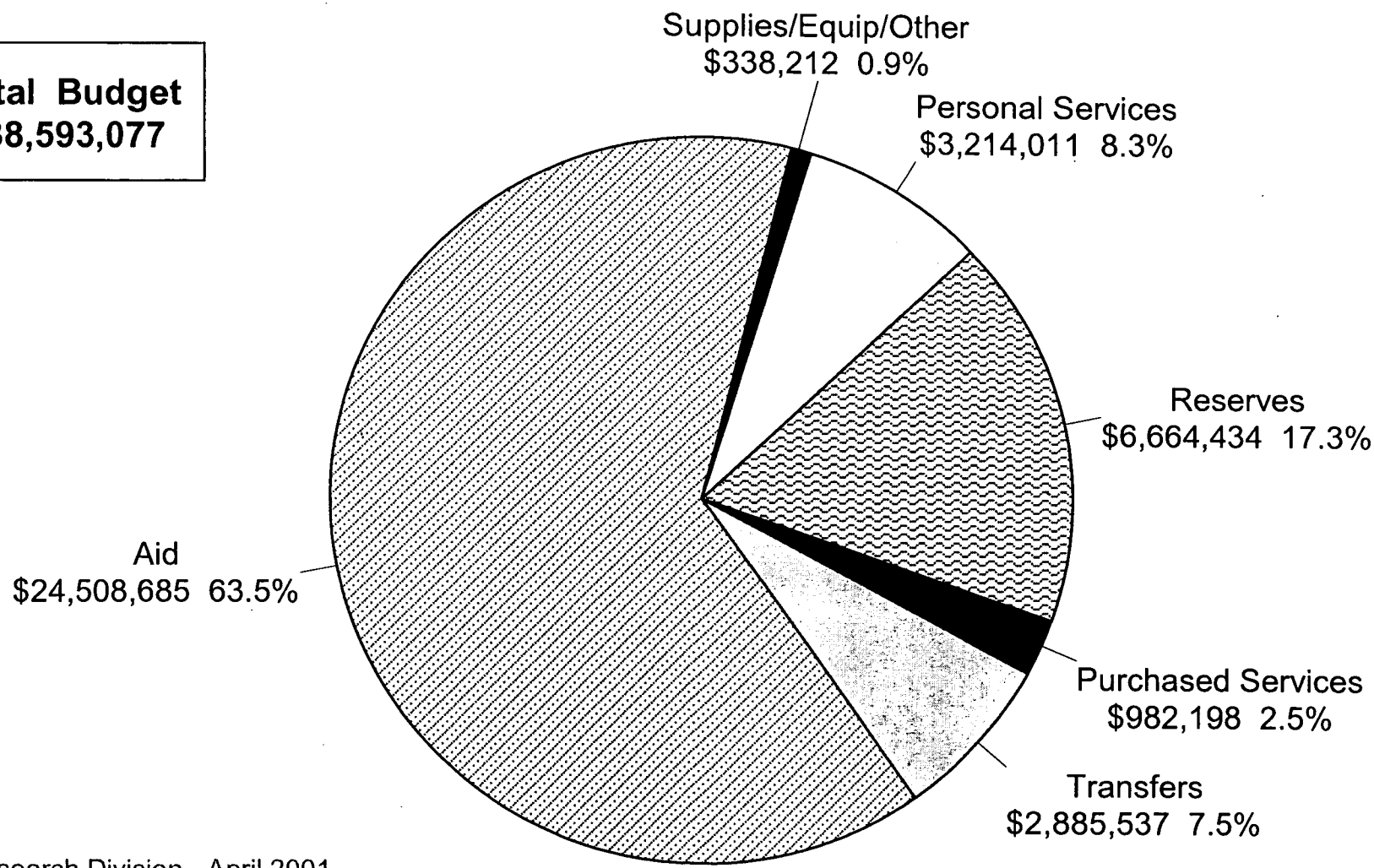


Fiscal Research Division - April 2001

Workforce Development

FY 2000-01 (Authorized) Total Budget
Expenditures By Category

Total Budget
$38,593,077

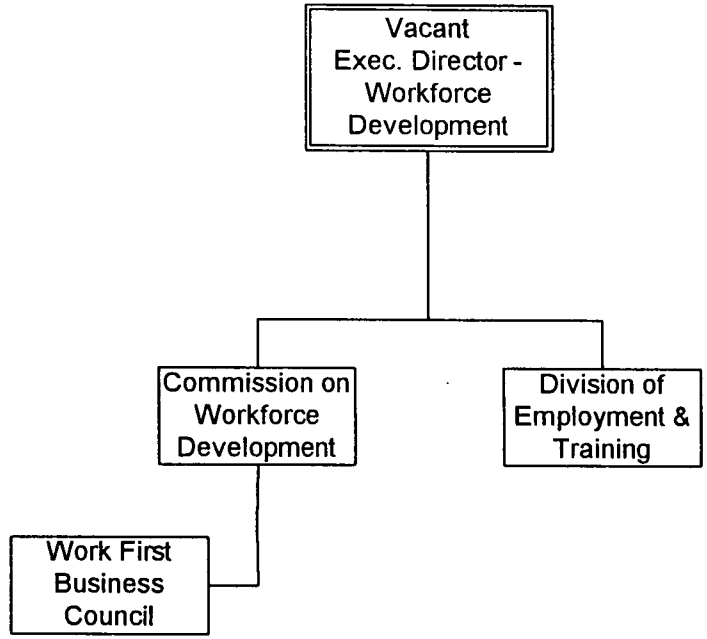


Fiscal Research Division - April 2001

NC D[redacted]t of
C[redacted]e

Workforce Development

Signature _____ Date _____



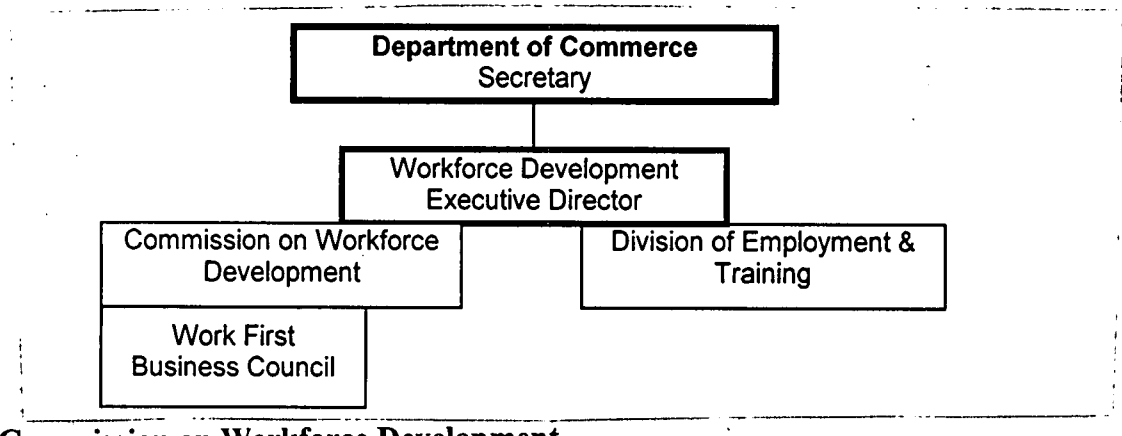
North Carolina Department of Commerce
Workforce Development

Executive Director – Vacant
4327 Mail Service Center
Raleigh, NC 27699-4327

Telephone: (919) 715-3300
Facsimile: (919) 715-3974

Overview

Workforce Development in the Department of Commerce includes the Commission on Workforce Development and the Division of Employment and Training. These two divisions report to the Executive Director for Workforce Development who reports to the Secretary of the Department. Also housed within Workforce Development is the Governor's Work First Business Council.



Commission on Workforce Development

The N.C. Commission on Workforce Development is charged with creating an effective, coherent and comprehensive workforce development system for the extensive array of workforce programs administered through various state and local agencies. The Commission advises the Governor, General Assembly, state agencies and private business about policies, programs and strategies to better prepare the state's current and future workforce to succeed in a competitive economy. The federal Workforce Investment Act of 1998 and General Statute 143B-438.10 designate the Commission as the state's workforce investment board and provide oversight for the state's One-Stop Career Center system.

Additional Responsibilities

- The Commission is responsible for developing the biennial Comprehensive Workforce Development Plan. The biennial plan is submitted to the General Assembly by April 1 in even numbered years, falling in the short session cycle of the General Assembly. The plan includes an assessment of current programs and policies; recommendations on biennial goals, objectives, funding changes, and success strategies cover three broad categories of the workforce system (emerging workforce, existing workforce, and workforce system infrastructure).

- The Commission's duties include reviewing the plans and programs of agencies and organizations operating federal- or state-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination. The biennial Workforce Development Inventory reports to the Governor, General Assembly, and state workforce agencies on funding, expenditures, clients served, target populations, services, outcomes, and performance of these workforce programs.

- The Commission produces a Biennial Report capturing the achievements and outcomes of the Commission and state and local workforce agencies in meeting the goals, objectives, policies, and recommendations in the biennial Workforce Development Plan.

- The Commission also includes the state's JobLink (One-Stop) Career Center Unit that provides oversight, technical assistance, and evaluation of the state's One-Stop Career Center system, called JobLink. The federal Workforce Investment Act of 1998 mandates a One-Stop Career Center delivery structure for 19 federally funded workforce programs.

- Additionally, the Commission includes the Workforce Development Institute that provides training and staff capacity building for the JobLink Career Center system. Also, the Commission supports the Work First Business Council that brings private sector support to the State's welfare reform initiatives.

Financial Support
Financial support for the Commission comes from three primary sources. These funding sources include the federal Workforce Investment Act of 1998, other state agencies federal workforce development programs, and the General Assembly.

Division of Employment and Training

The Division of Employment and Training administers a statewide system of workforce programs that prepare citizens facing economic disadvantage, job loss, and other serious barriers to employment for participation in the labor force. These programs provide services that result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

The Division of Employment and Training is the state's administrative agency and grants recipient for the federal Workforce Investment Act funds, the Federal Welfare-to-Work funds and the state Employment and Training Grant Program. The Division also staffs the state's required Dislocated Worker Unit to provide support to employers and employees involved in closures and layoffs.

The Division supports and oversees a substate-delivery structure of 25 Local Areas (map provided, each of which has a Workforce Development Board. These boards are appointed by local elected officials and serve all 100 counties in the state. Local

partnerships with Community Colleges, the Employment Security Commission, Vocational Rehabilitation, Social Services and Community Based Organizations form the cornerstone of the new workforce investment system, a One-Stop Service Delivery system. The One-Stop Service Delivery unifies numerous training, education and employment programs into a single, customer-friendly system in each community. Citizens are served in a variety of workforce programs administered by the Division of Employment and Training:

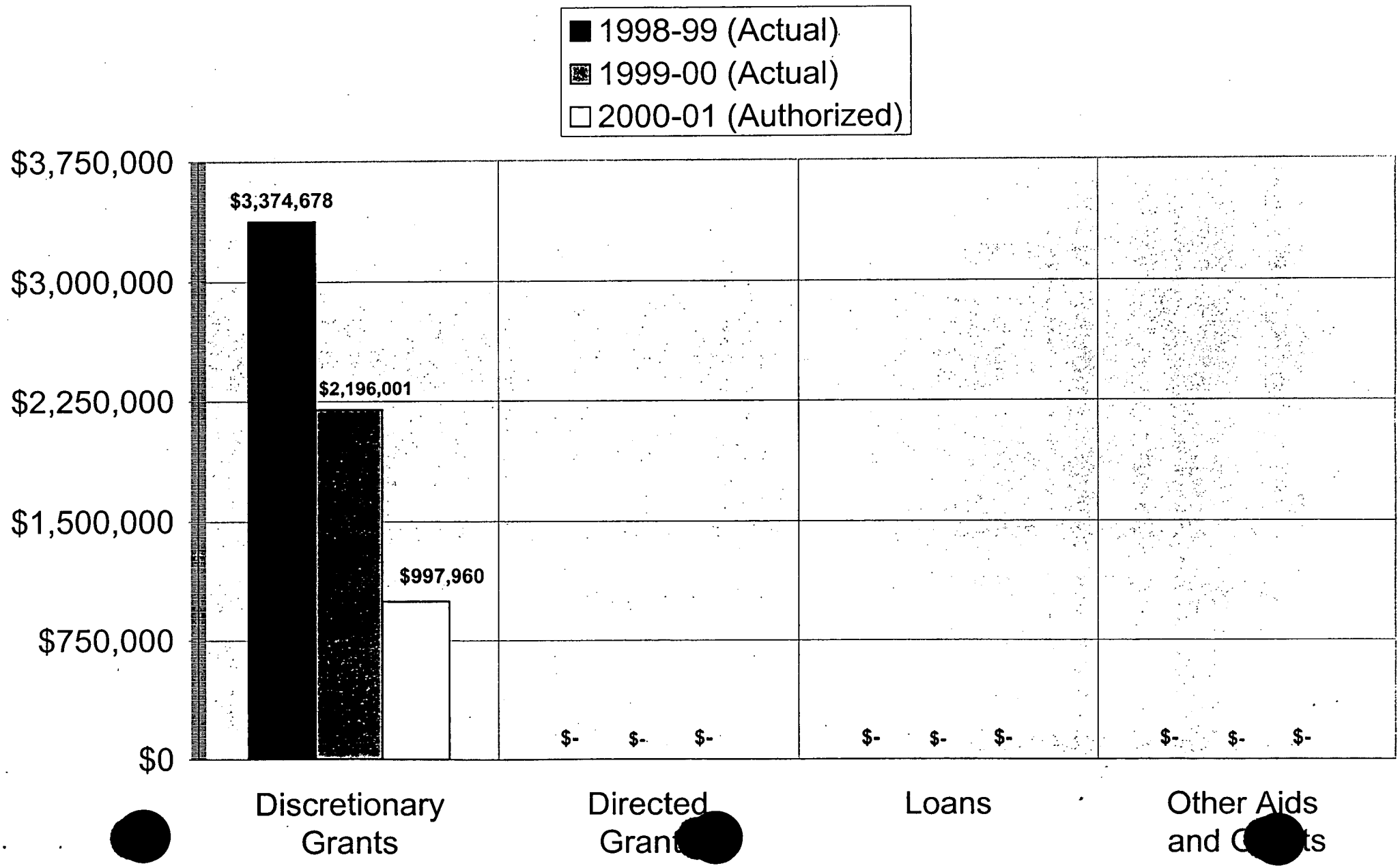
Programs

- The federal **Workforce Investment Act of 1998** (WIA) superseded the Job Training Partnership Act (JTPA) and amended the Wagner-Peyser Act, reforming Federal job training programs to create a new, comprehensive workforce system. The reformed system is intended to be customer-focused, to help Americans access the tools they need to manage their careers through information and high quality services and to help U. S. companies find skilled workers.

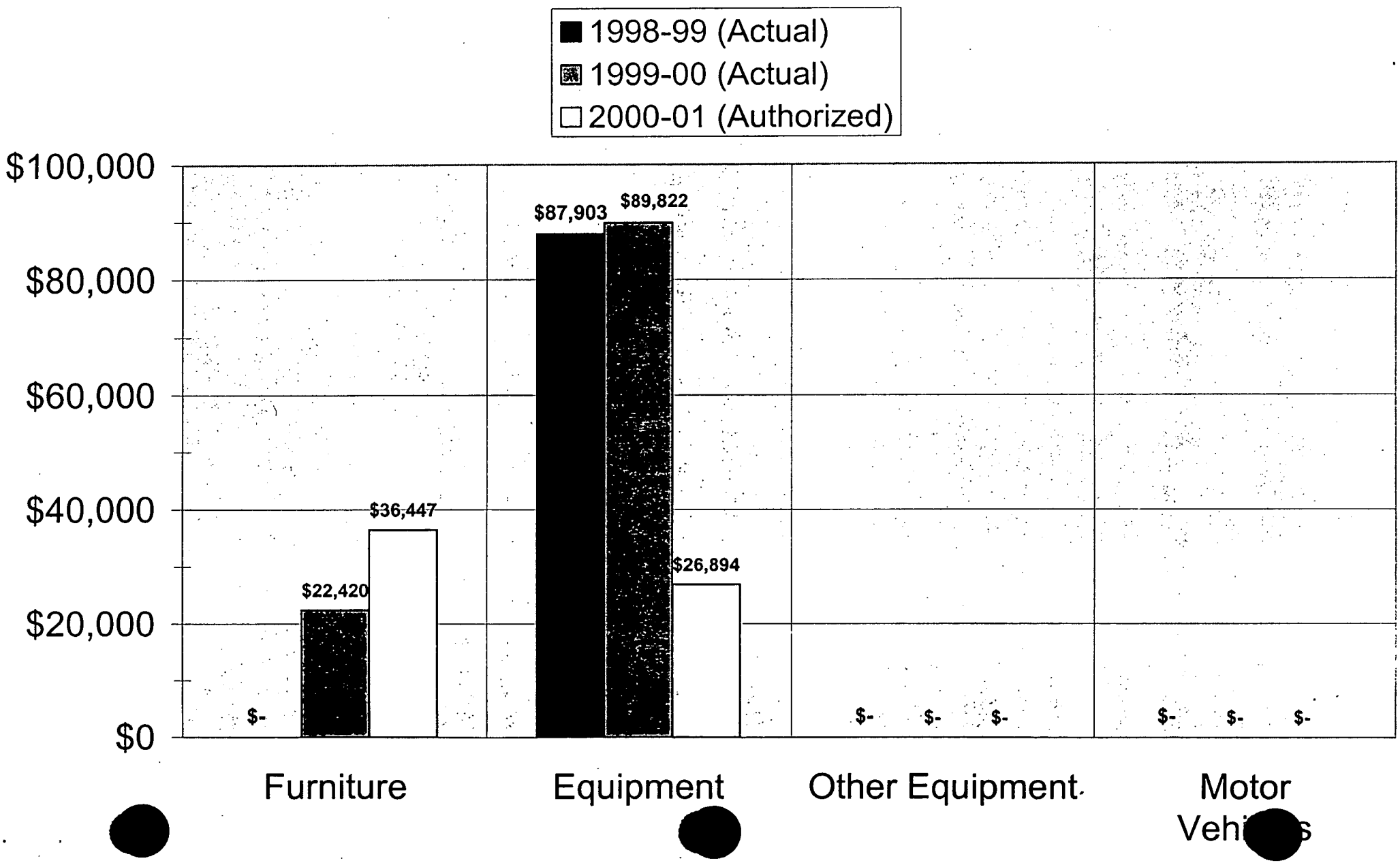
- Federal **Welfare-to-Work Programs** (authorized under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) are designed to facilitate the placement of hard-to-employ welfare recipients and certain noncustodial parents into transitional employment opportunities, which will lead to lasting unsubsidized employment and self-sufficiency.

- **North Carolina Employment and Training Grant Program** – This state legislation authorizes Worker Training Trust funds to complement services provided through the Workforce Investment Act.

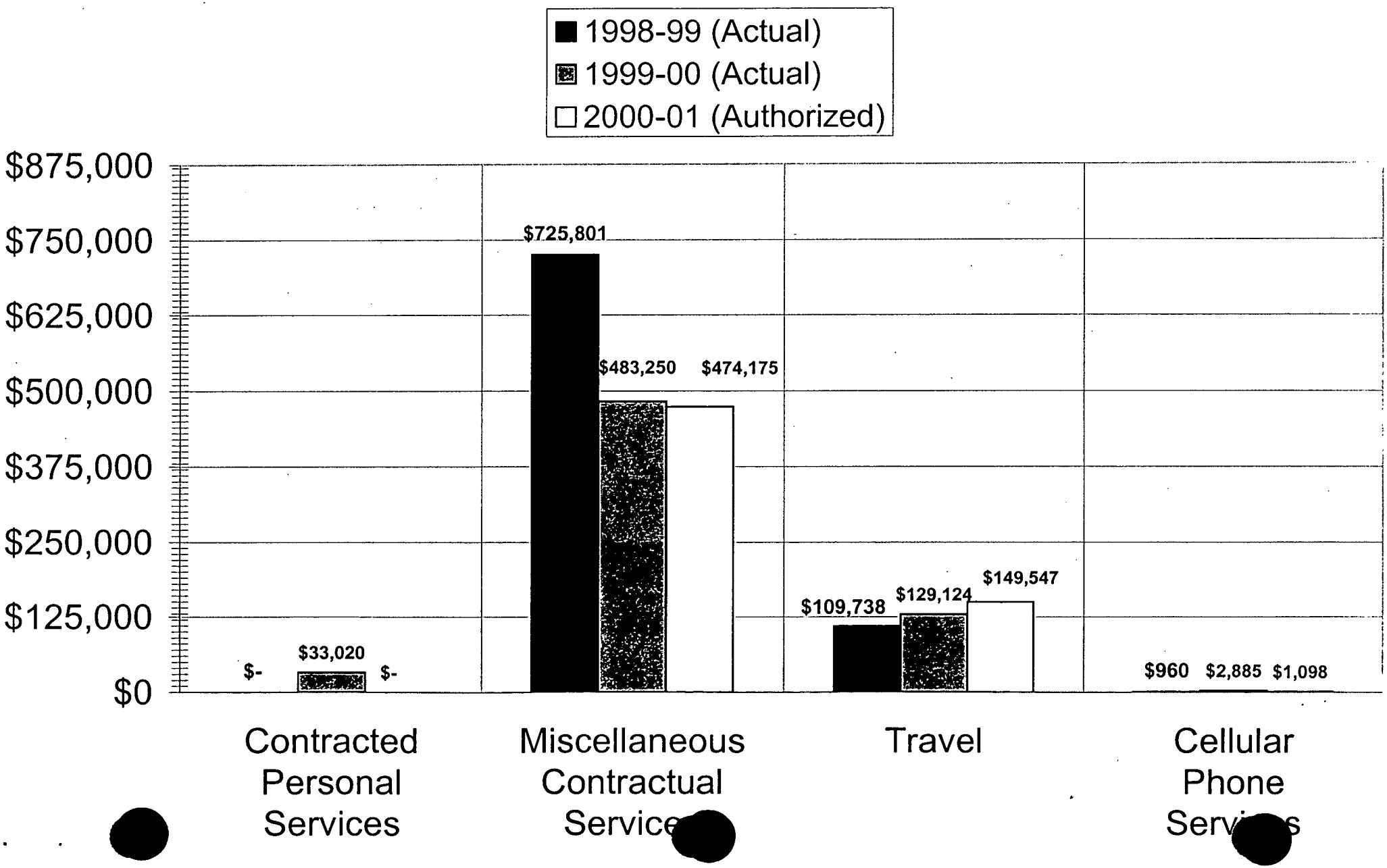
Department of Commerce
Commission on Workforce Developement
Comparison of Actual and Authorized Expenditures



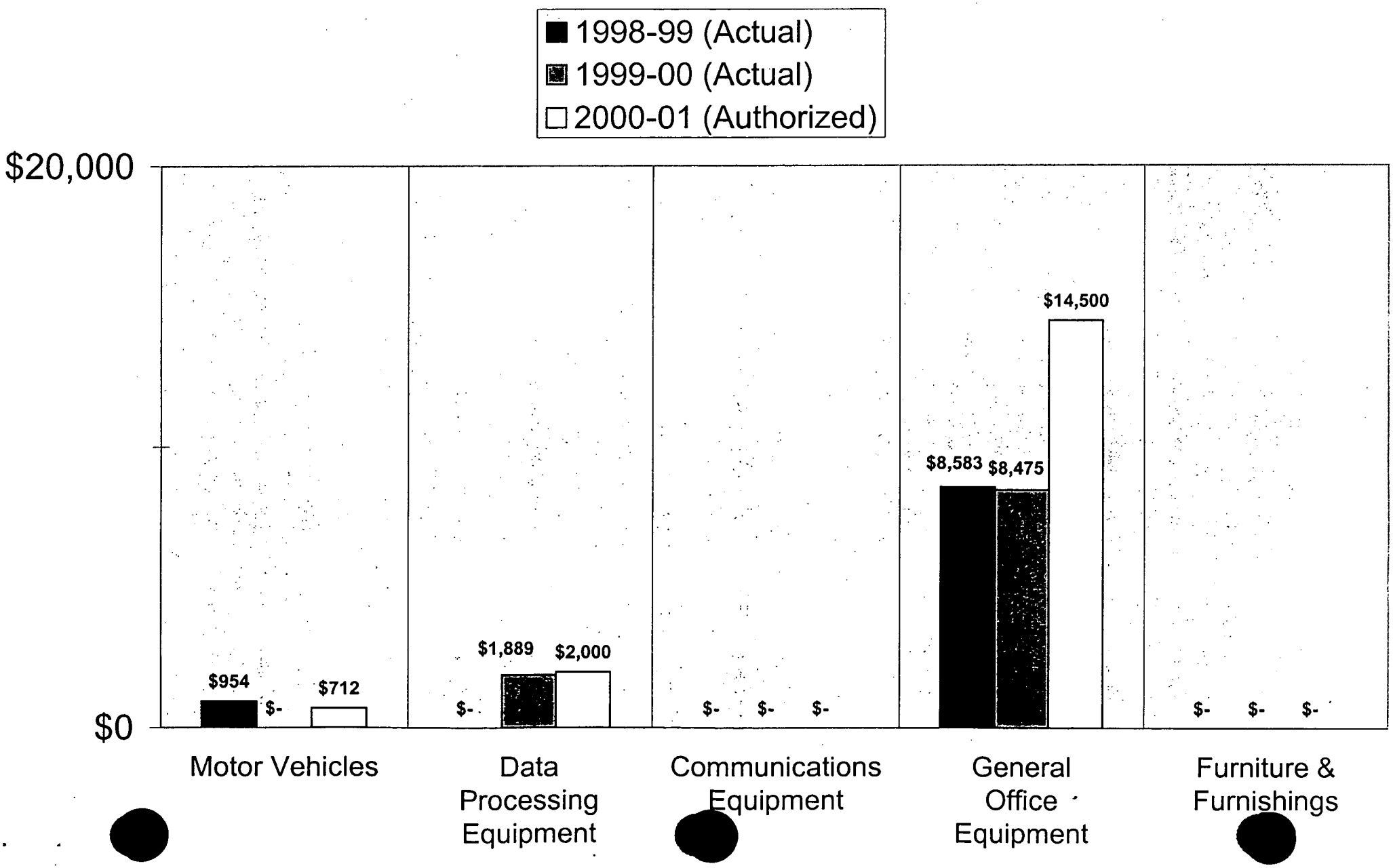
Department of Commerce
Commission on Workforce Development
Comparison of Actual and Authorized Expenditures



Department of Commerce
Commission on Workforce Development
Comparison of Actual and Authorized Expenditures



Department of Commerce
Commission on Workforce Development
Comparison of Actual and Authorized Expenditures



Department of Commerce
Workforce Development

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE										

Department of Commerce

International Trade Division	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	3,073,322	3,101,299	3,707,977	3,161,434	3,043,124	3,043,482
Less Receipts	(674,453)	(107,419)	(547,719)	(621,858)	(368,287)	(368,287)
State Appropriations	***2,398,869***	***2,993,880***	***3,160,258***	***2,539,576***	***2,674,837***	***2,675,195***
Positions	**14.0**	**14.0**	**14.0**	**12.0**	**12.0**	**12.0**

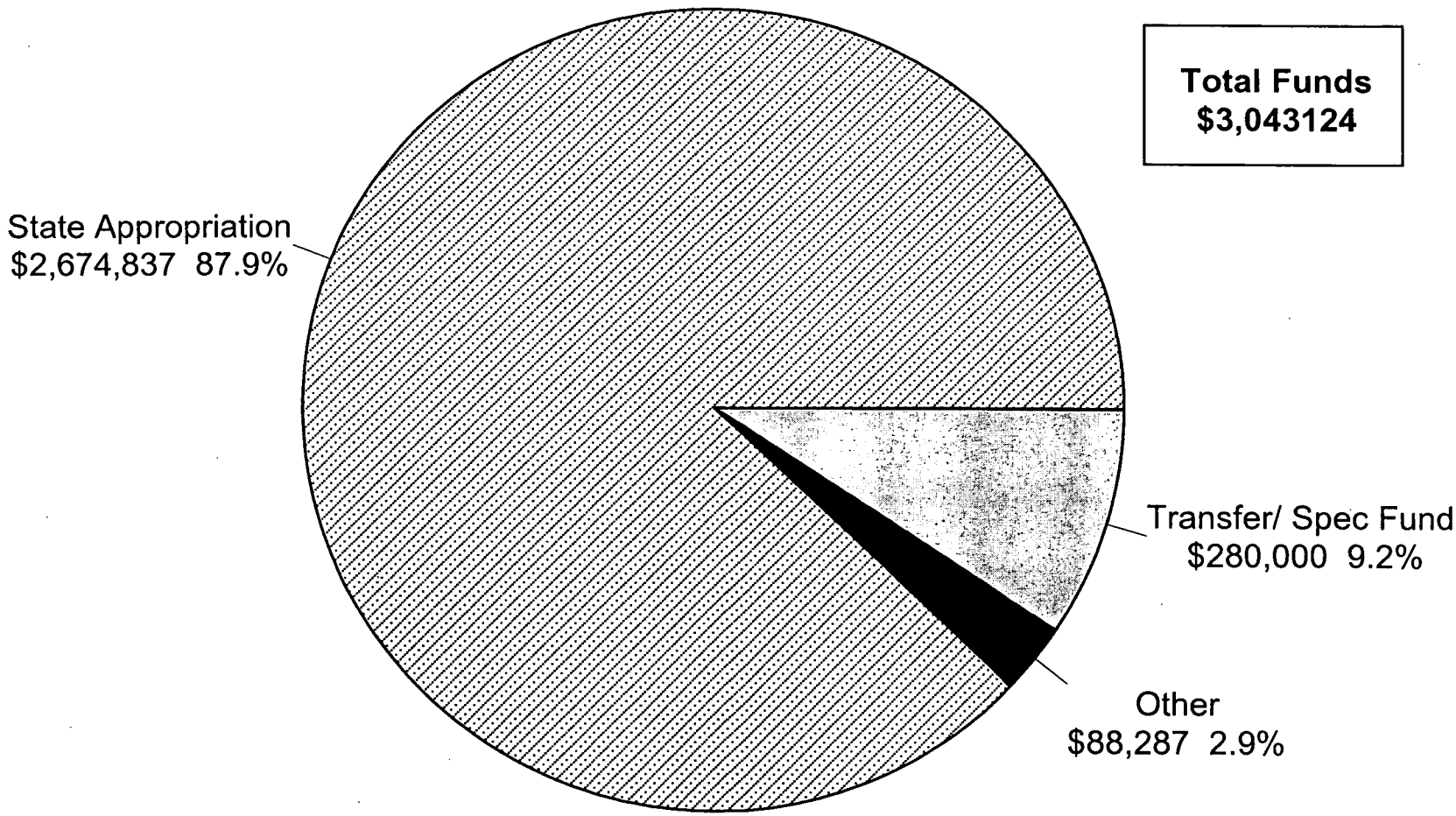
ACTIVITIES

The International Trade Division seeks to increase exports by North Carolina manufacturers and service companies, particularly small and medium size firms. In service of this goal, the Division operates trade offices in Raleigh, High Point, and six foreign countries, participates in trade shows around the world, and administers the Export Ready program, a partnership with the Community College System and Small Business Network that offers companies education and assistance in every facet of the export process.

International Trade Division

FY 2000-01 (Authorized) Total Budget

By Funding Source

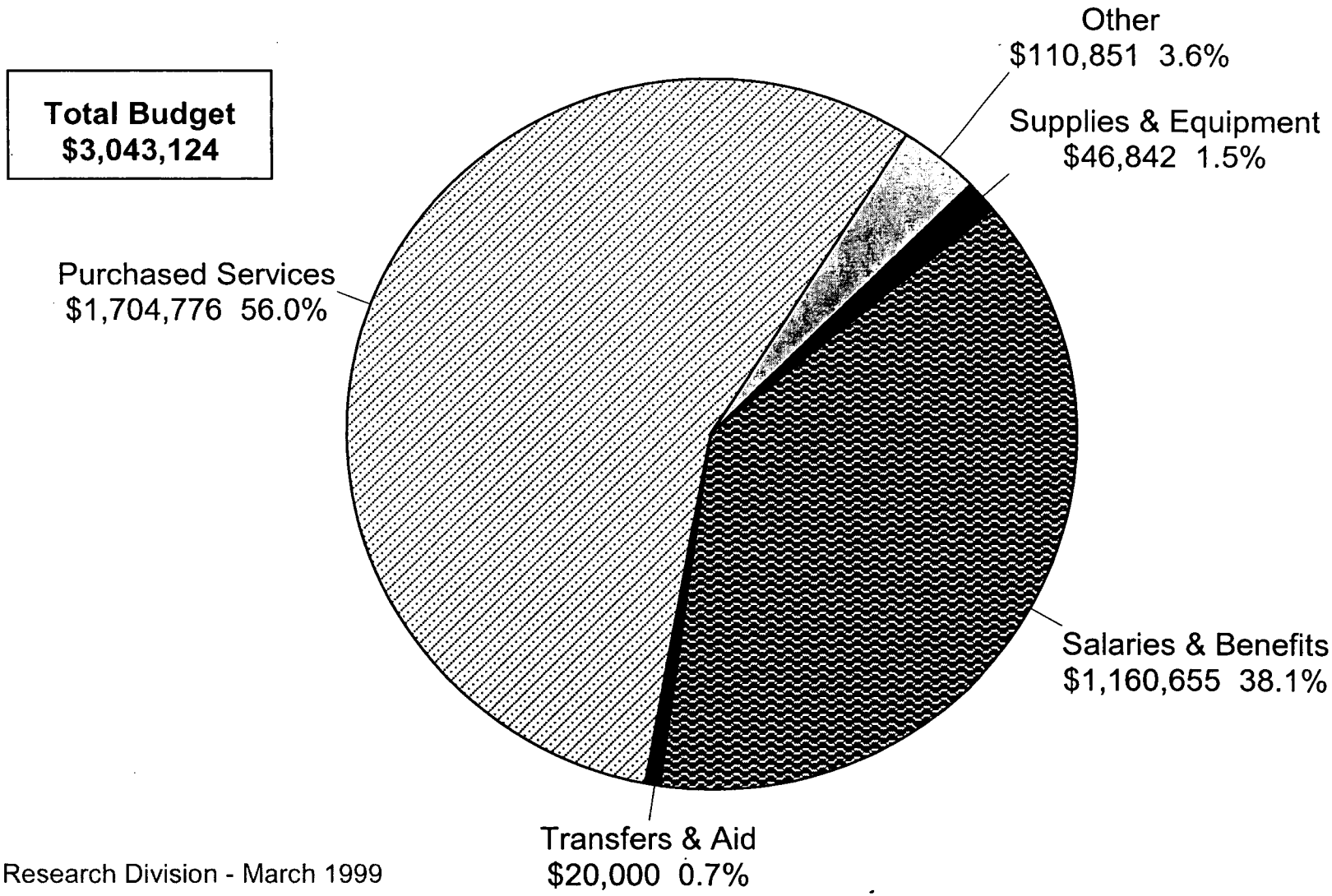


Fiscal Research Division - April 2001

International Trade Division

FY 1998-99 (Authorized)

Expenditures By Category



Fiscal Research Division - March 1999

Department of Commerce
International Trade Division

Items for Possible Committee Discussion

The Division budgets revenue each year in the form of a transfer from an "unbudgeted" special fund that collects registration fees from Division-sponsored trade shows. The annual transfer from the special fund reimburses the Division's budgeted expenditures for trade shows. In this way, the trade shows are self-sufficient. In each of the past five fiscal years, including the current year, the shows have in fact made increasing amounts of profit. This is reflected by the growing surplus of receipts over expenditures that have accrued in the special fund (see attached chart). The Committee may wish to consider making a one-time non-recurring reduction of this cash balance.

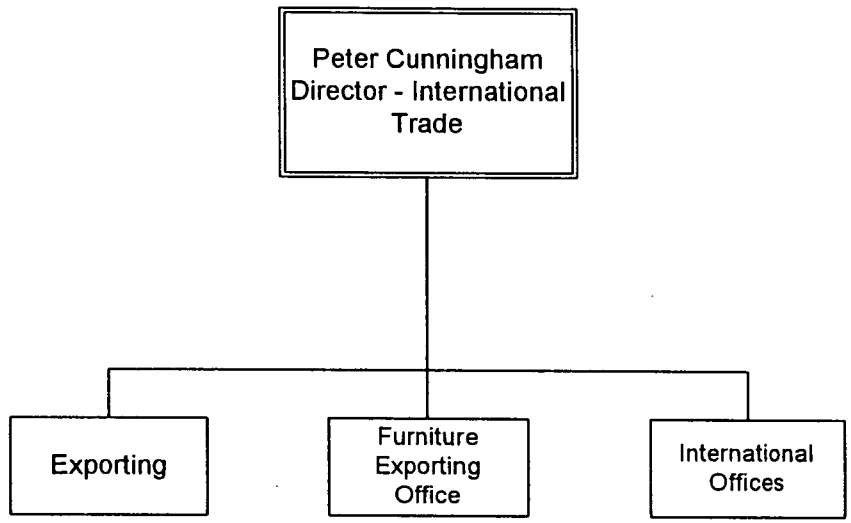
Department of Commerce

International Trade Division International Trade Show Fund	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Authorized
Beginning Balance	$26,823	$74,153	$281,290	$513,187	$727,073
Total Fees Collected	$640,330	$457,137	$549,897	$693,886	$292,767
Expenditures	$593,000	$250,000	$318,000	$480,000	$280,000
Change in Cash Balance +/-	$47,330	$207,137	$231,897	$213,886	$12,767
Cash Balance Availability	**$74,153**	**$281,290**	**$513,187**	**$727,073**	**$739,840**

NC D[redacted]t of C[redacted]

International Trade

Signature _____ Date _____



North Carolina Department of Commerce
International Trade Division

Director: Peter Cunningham
4320 Mail Service Center
301 N Wilmington St.
Raleigh, NC 27699-4320

Telephone: 919-715-5742
Fax: 919-733-0110
Email:pcunningham@nccommerce.com
Website: www.exportnc.com

Overview

The International Trade Division works with North Carolina companies in taking advantage of worldwide exporting and marketing opportunities. The division utilizes a staff of experienced and multilingual consultants, including North Carolina-based trade consultants and six foreign office representatives based around the world. It offers quality export assistance to North Carolina-based companies to assist their success in the global marketplace.

Division Highlights: July 2000-March 2001:

- So far this fiscal year, ITD has helped 424 firms statewide to generate $6,441,013 in actual sales and $30,226,820 in projected sales. These results are directly linked to the services provided by the industry-focused international trade consultants and six foreign trade representatives in Canada, Mexico, Japan, Germany, China and Korea.
- For every $1 invested in the program $2.40 has come back thus far this year ($6,441,013/$2,674,837 appropriation).

International Trade Services to Existing Industry in North Carolina:

- **International Trade Counseling and Referral**- Trade consultants in the Division are focused on key industry sectors and have extensive industry and international business experience to help educate and guide North Carolina companies to succeed overseas.
- **Distributor and Agency Searches through Foreign Offices**- North Carolina-based industry consultants, working with our six foreign representatives, match export-ready NC firms with partners overseas to generate sales for these companies. NC's foreign offices are located in Mexico City, Toronto, Frankfurt, Tokyo, Hong Kong and Korea and are committed to helping clients establish strategic distribution channels in the company's identified best foreign markets. NC's foreign offices also maintain relationships with buyers and agents and have real-time knowledge of the market opportunities available for NC companies. Foreign office directors review trade policies which affect the market circumstances, assist foreign buyers in procurement of NC products, and promote brand awareness of North Carolina.
- **Trade Events and Trade Show assistance**- The Division leads delegations of NC firms to trade shows worldwide. One show, the EXINTEX event in November 2000, generated more than $1 million in actual sales for 28 firms. At the trade shows the division works proactively to match attendees and exhibitors with our NC clients to meet their objectives.
- **Education and Training**- The Department, in partnership with the NC Community College System, has developed a statewide training program to help North Carolina

companies qualify as Export Ready, essential in order to access the services offered by the International Trade Division. To date, this training program has helped more that 500 firms receive export training.

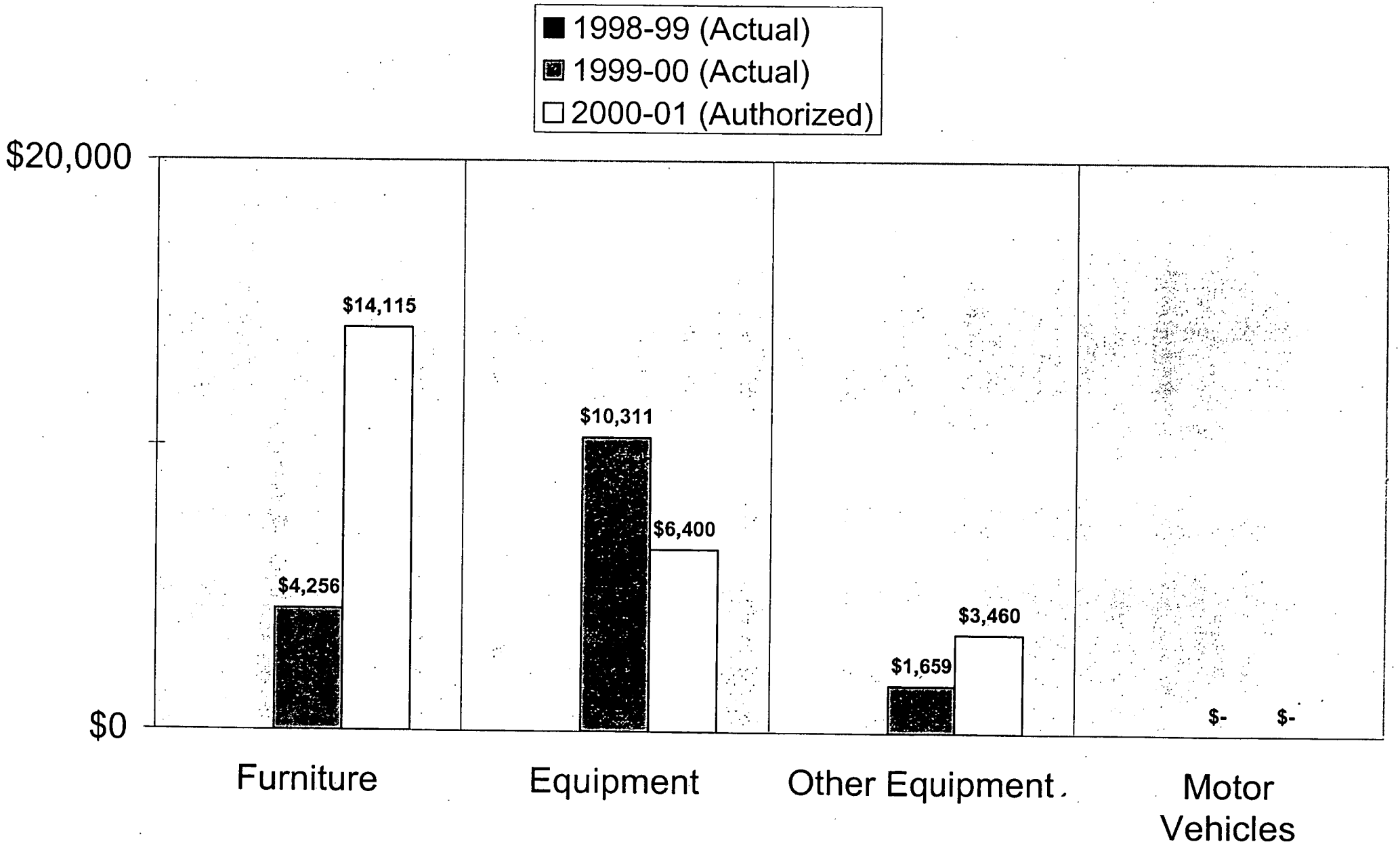
- **Export Financing** –The International Trade Division works closely with the US Export Import Bank, the export finance program of the Small Business and Technology Development Center and the Small Business Administration to deliver export financing services to NC exporters typically before they go overseas to meet with partners.
- **Advocacy**-In many countries, government officials are treated with special respect and they have the tools to help open doors for NC firms wishing to do business. Our foreign trade representatives work with foreign governments to advocate on behalf of our exporters, reduce bureaucratic red tape and help them compete on a level playing field with other foreign competitors.

Major New Division Initiatives:

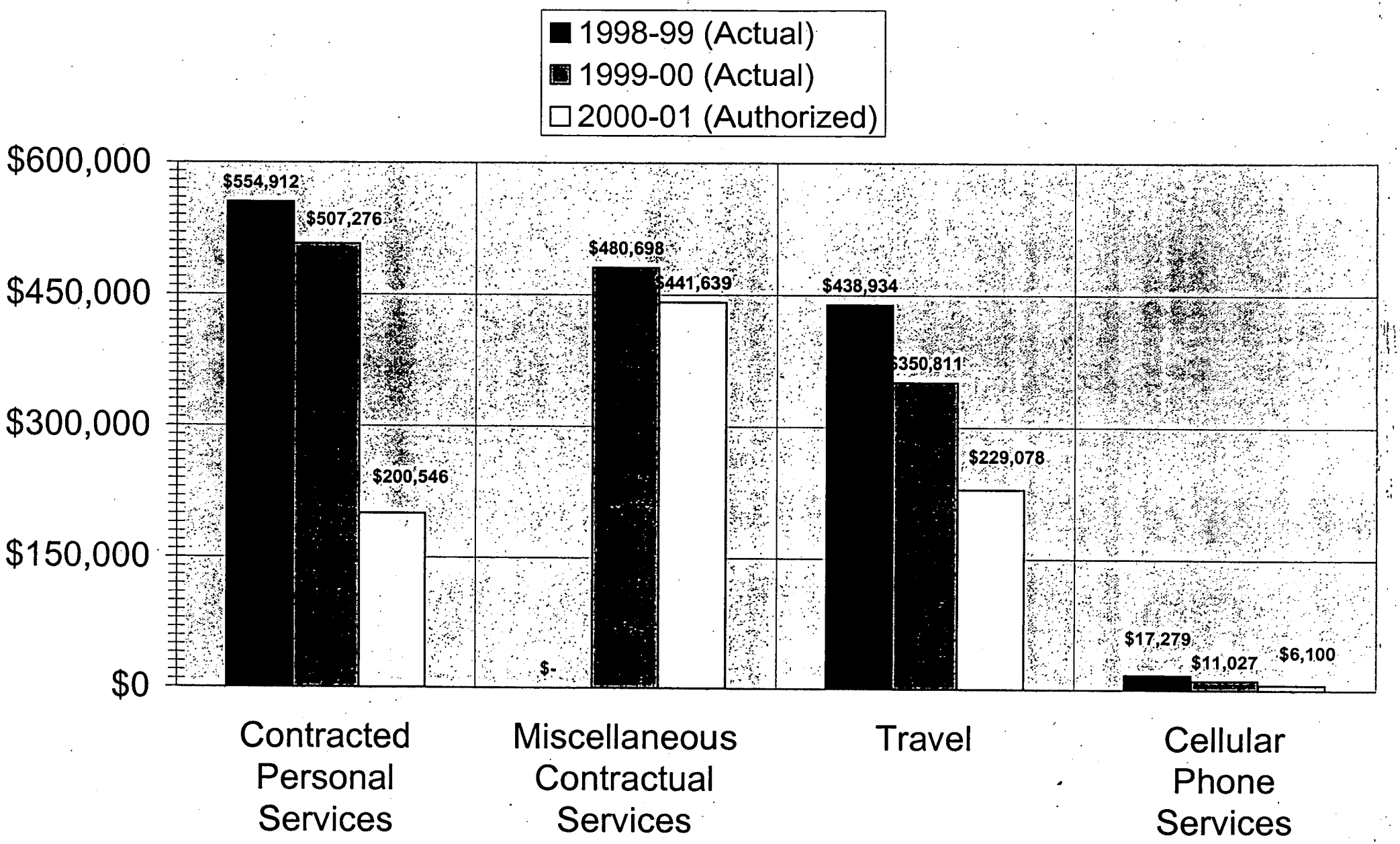
International Trade Division Road Show

- Developed in Fall 2000, the Traveling Road Show's goal is to visit each of the seven economic development regions to meet with NC companies interested in learning about market opportunities. These visits are conducted as one-on-one meetings with foreign trade representatives from our six overseas offices as well as our North Carolina-based trade consultants.
- These visits increase awareness among businesses statewide about the Division's services and help find partners to attend trade shows, to collect market intelligence and ultimately generate sales in the overseas markets where we have a presence. Road Shows have also helped our public and private partners statewide to work together to help our businesses succeed in generating more sales worldwide.
- The Fall 2000 Road Show assisted 83 client firms statewide. To date, the Division is scheduled to meet with 82 firms – including 67 new clients and 15 existing clients statewide – for the Spring 2001 Road Show.

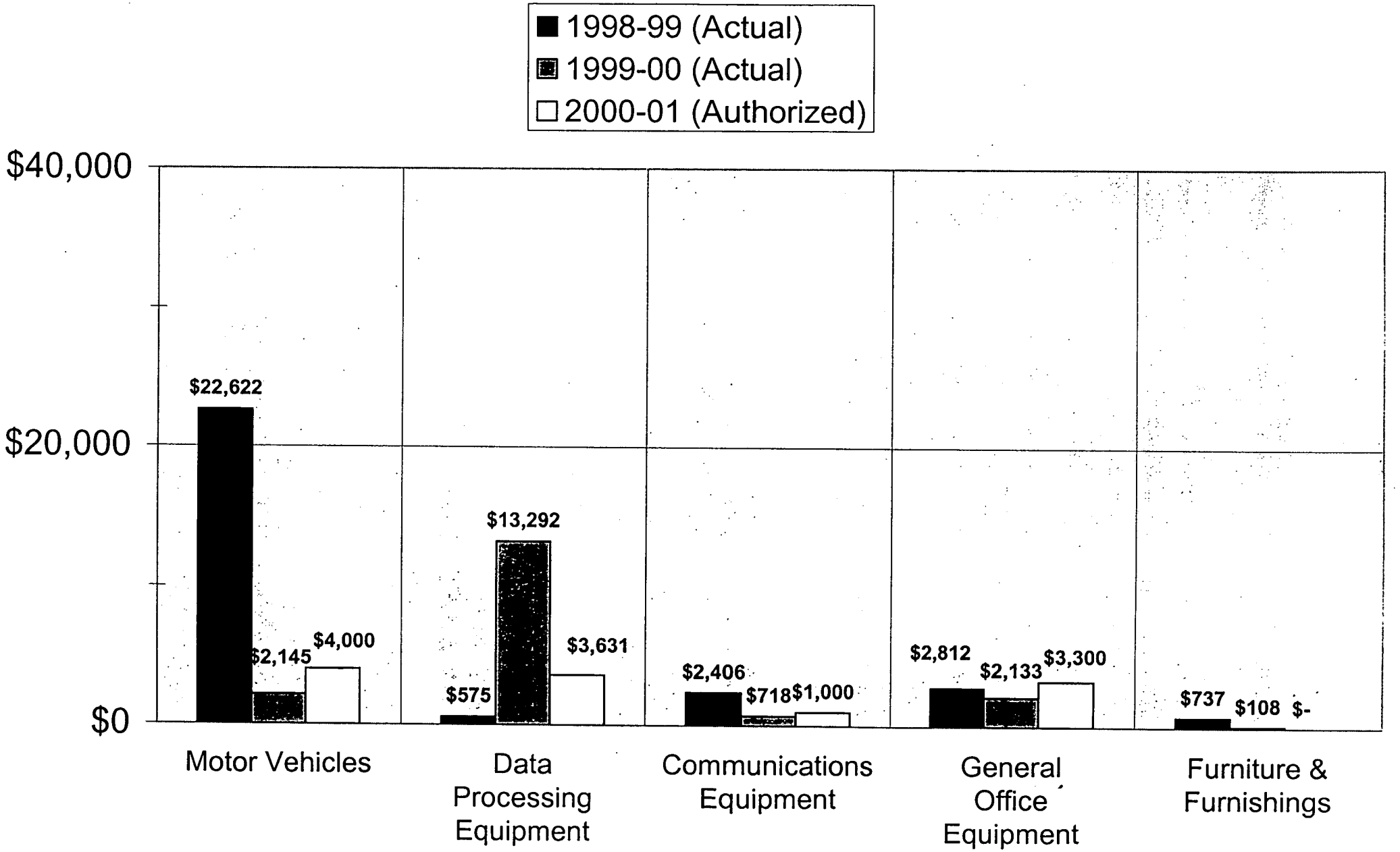
Department of Commerce
International Trade
Comparison of Actual and Authorized Expenditures



Department of Commerce
International Trade
Comparison of Actual and Authorized Expenditures



Department of Commerce
International Trade
Comparison of Actual and Authorized Expenditures



Department of Commerce
International Trade Division

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
NONE										

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 18, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jack Holtzman	NCACDC
Robin Pasquarello	Commerce
Lynn Mings	Commerce
Wayne Davis	COMMERCE
Michael Ahern	Commerce
CLEVE SIMPSON	COMMERCE
Chet Mottershead	Commerce
Mac Ellis	✓
Ebonie Alexander	NCCDI
Barb Fitzgerald	OSBPM
Buck LATTIMORE	NC INDUSTRIAL COMMISSION
Johnny Gray	OSBPM
Buddy Humphrey	"
Jim Nowell	OSBPM
Jim Fain	DOC
Paul [illegible]	DET
Doug Carter	NCSTA
Mark Fleming	NC State University
Leslie Bancroft	NCDOC
Pete Cunningham	NCDOC
Ken Melton	Allen Associates
Kevin Howell	Gov's office
[illegible]	DOL
Angie McMillan	The Nature Conservancy, NC Chapter
Angela Batten	Dept. of Commerce
Joe M[illegible]	TDA
A Rasheed	NCCDI
Jean M Kellin	Moore & Van Allen

Joint Appropriations Subcommittee on Natural and Economic Resources

Wednesday, April 19, 2001
Senator David Weinstein, Presiding

Continuation Budget Review of the Department of Commerce and Housing Finance Agency

1. **Chairman's Comments**

2. **Wanchese Seafood Industrial Park**
   Jennifer Hoffmann, Fiscal Research
   Bob Peele, Interim Director

3. **Industrial Commission**
   Adam Levinson, Fiscal Research
   Buck Lattimore, Chairman

4. **Division of Community Assistance**
   Jennifer Willis, Fiscal Research
   Bill McNeil, Division Director

5. **Housing Finance Agency**
   Jennifer Willis, Fiscal Research
   Bob Kucab, Executive Director

6. **Committee Discussion**

7. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, April 19 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, April 19 at 8:30 a.m. in Room 423 of the Legislative Office Building. Four Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Hunter, Mitchell, Underhill, Walker, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and introduced the pages.

Jennifer Hoffmann, Fiscal Research, presented the overview of the Wanchese Seafood Industrial Park. This is Attachment A of these minutes. She said the Wanchese Seafood industrial Park is designed to be commercial seafood and marine industrial facility that supports the state's commercial fishing and seafood processing industries. Their current year authorized budget is just over $1.2 million less receipts of $771,748 for a remaining state appropriation of just over $465,793.

Bob Peele, Interim Director, gave an overview of the Wanchese Seafood Industrial Park. This is Attachment B of these minutes. Mr. Peele spoke on both the Industrial Park and the Oregon Inlet Project. He is coordinator of the Oregon Inlet Project, which is the project to build jetties at Oregon Inlet, and he is also acting Director of the Wanchese Seafood Park. The Wanchese Seafood Industrial Park opened in 1981, offering facilities and lots for commercial seafood businesses. In 1995, the General Assembly expanded the clientele base for the Park to include "marine-related" businesses. In 1998, the NC General Assembly named the NC Department of Commerce as the lead state agency for the stabilization of the Oregon Inlet. An annual appropriation was made available to the Department to use

to pursue inlet stabilization. In May 1999, a project office was opened in the administrative office building of the Wanchese Seafood Industrial Park.

Adam Levinson, Fiscal Research, presented an overview of the Industrial Commission. This is Attachment C of these minutes. Mr. Levinson said the Industrial Commission was established by the General assembly in 1929 to administer the state workers' Compensation Act, which provides for the timely administration and adjudication of non-contested and contested workers' compensation claims. The Commission also administers tort claims against the state, and compensation claims filed by the following parties: families of law enforcement officers, fire fighters, rescue squad workers, and children who have sustained vaccine-related injuries, and persons erroneously convicted of felonies. The Commission's 136 employees process approximately 95,000workers' compensation and tort claims annually.

Buck Lattimore, Chairman, was recognized to give a brief overview of the Industrial Commission. This is Attachment D of these minutes.

Jennifer Willis, Fiscal Research, presented the overview for the Division of Community Assistance. This is Attachment E of these minutes. She stated that the Division of Community Assistance provides aid to North Carolina's local governments across the state in the areas of community development, growth management, downtown revitalization, and economic development through the Community Development Block Grant (CDBG) program, the Main Street program, and the Community Planning Program.

Bill McNeil, Division Director, reviewed the programs for the Division of Community Assistance. This is Attachment F of these minutes. He said their programs consisted of three main customer groups: companies, communities, and citizens. He said local communities were their main customers. They provide them with professional services and grant funds to help them be participants and partners in economic development. He said they have the main programs: Community Planning Programs, Main Street, and Community Development Block Grant Program.

Jennifer Willis, Fiscal Research, was recognized to present the North Carolina Housing Finance Agency. This is Attachment G of these minutes. She stated that the North Carolina Housing finance Agency (NC HFA) was created by the General Assembly in 1973 to increase the supply of

affordable housing for the state' low and moderate income citizens. The Agency provides both financial and technical assistance for the development and purchase of affordable housing. Funding for Agency programs and operations comes from program fees, earnings from tax-exempt bond sales, federal funds, and the Housing Trust Fund. General Fund appropriations are used for two purposes: 1, to match federal HOME program to finance new affordable housing units and to rehabilitate existing units for low and moderate income households, and 2, to support the Housing Trust Fund. Both HOME and Housing Trust Fund state appropriations are directly invested in "brick and mortar"; no funds are used for staff and operating costs.

Bob Kucab, Executive Director, reviewed the fiscal year 2001-2003 budget of the Housing Finance Agency. This is Attachment H of these minutes. He said the agency was about 26 years old. He said the agency was a self-supporting public agency with a wide range of activities from providing mortgages to first time homebuyers to providing financing for properties with supportive services for those with special needs.

The meeting adjourned at 9:45 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

Department of Commerce

Wanchese Seafood Industrial Park						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current FY 2000-2001 Authorized (Dec. 2000)	Governor's 2001-2003 Recommended Con't Budget
Expenditures	381,534	393,467	724,377	1,167,525	1,238,554	1,237,541
Less Receipts	(257,932)	(282,883)	(270,200)	(731,360)	(771,748)	(771,748)
State Appropriations	*123,602*	*110,584*	*454,177*	*436,165*	*466,806*	*465,793*
Positions	3.00	3.00	5.00	5.00	5.00	5.00

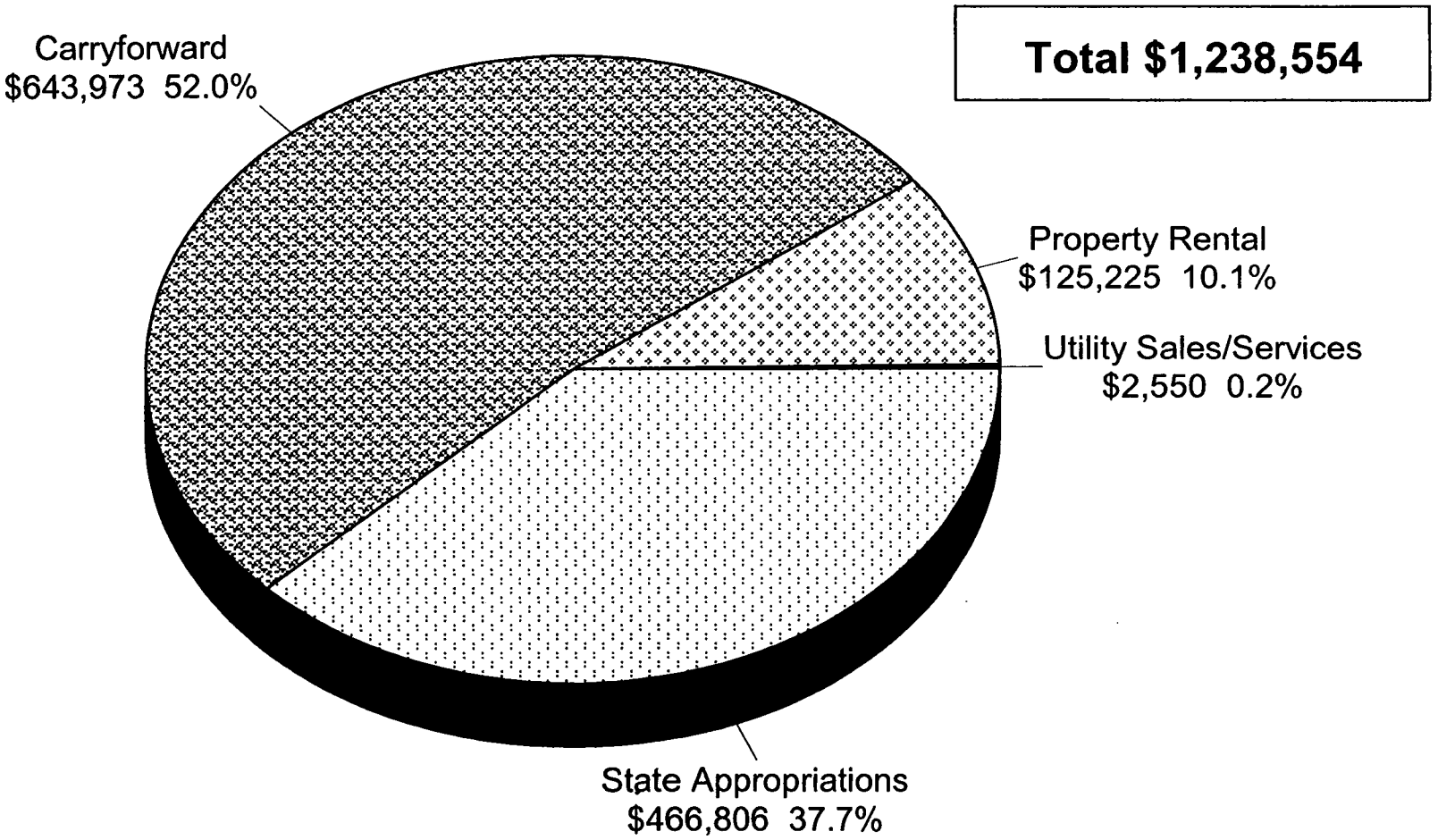
DIVISION ACTIVITIES

The Wanchese Seafood Industrial Park is designed to be a commercial seafood and marine industrial facility that supports the state's commercial fishing and seafood processing industries.

Wanchese Seafood Industrial Park

Sources of Funding

FY 2000-01 Authorized



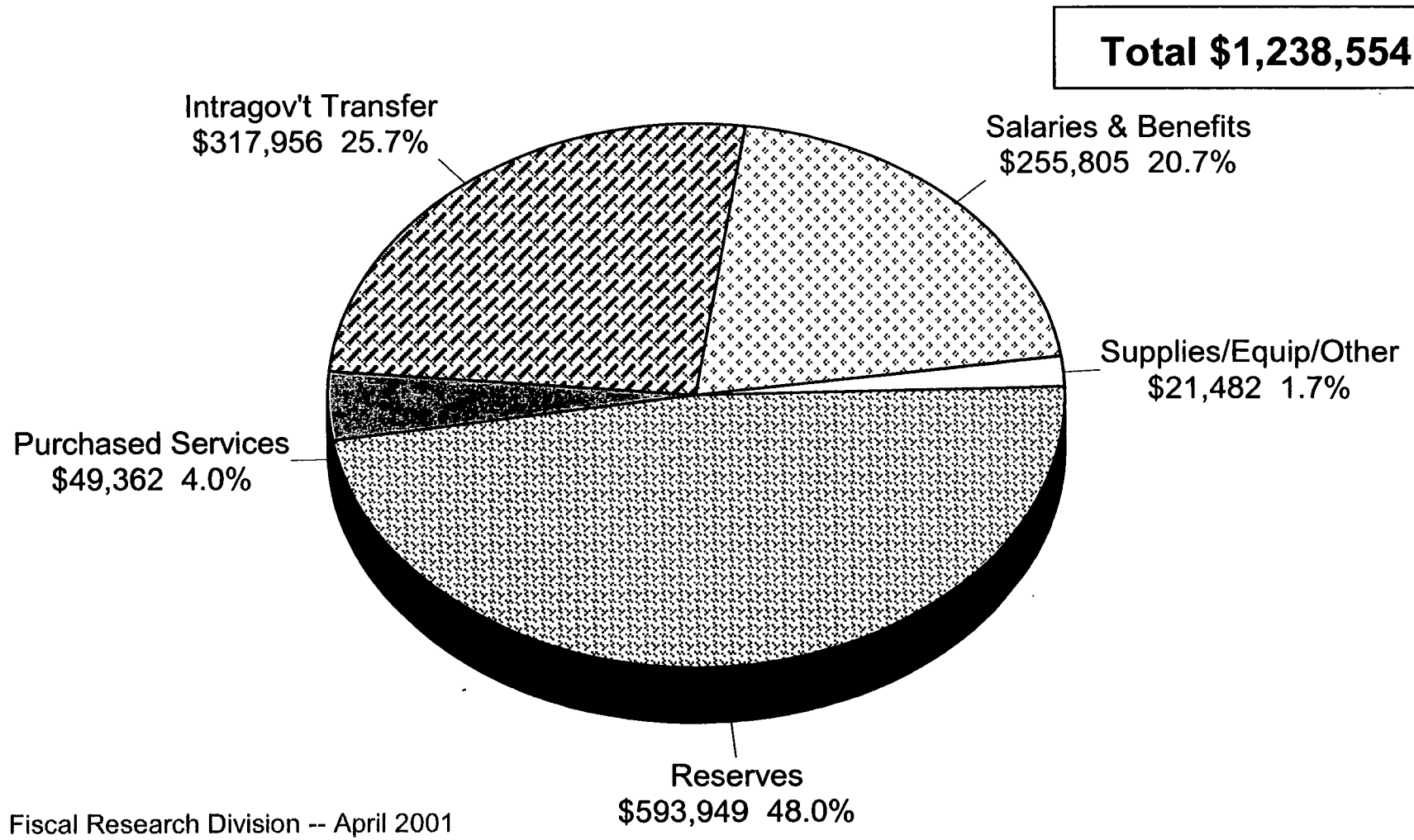
Fiscal Research Division -- April 2001

Wanchese Seafood Industrial Park

Expenditures by Category

FY 2000-01 Authorized Budget

Total $1,238,554



Fiscal Research Division -- April 2001

WANCHESE SEAFOOD INDUSTRIAL PARK

POSITIONS VACANT FOR MORE THAN SIX MONTHS

Position Classification	Date Vacated	Budgeted Salary
Community Development Specialist II	March 31, 2000	$59,532
Processing Assistant*	July 1, 1998	$25,673
		$85,205

(*Position was authorized and funded, but not established by OSP.)

ITEM FOR POTENTIAL COMMITTEE DISCUSSION

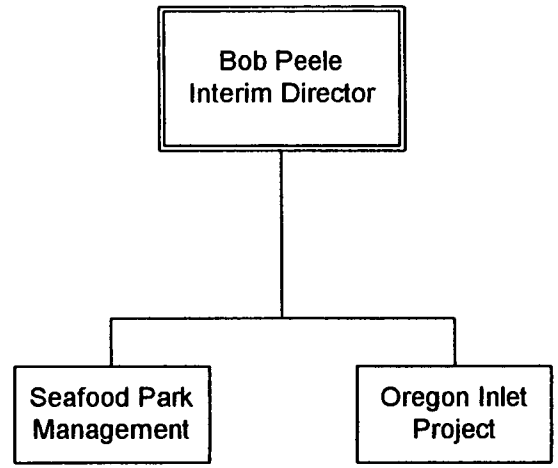
In 1999, the General Assembly appropriated $339,000 in recurring funds to the Wanchese Seafood Industrial Park to support two staff positions and operating expenses for the Oregon Inlet Stabilization Project. The Committee may wish to have the Interim Director provide an update on the status of the Stabilization Project in general. Specifically, the Committee may wish to know how much money has been spent to date since funds were initially appropriated for the Project in 1999.

NC Department of Comme

Wanchese Seafood Indutrial Park

Signature

Date



Attachment B

North Carolina Department Of Commerce
Wanchese Seafood Industrial Park

Director: Robert Peele
P.O. Box 547 P.O. Box 549
615 Harbor Road
Wanchese, NC 27981

Telephone: 252-473-5867
Fax: 252-473-6139
Email: seapark@pinn.net

Overview

Wanchese Seafood Industrial Park houses a variety of marine-related enterprises, including boat-building companies, commercial fisheries and other related businesses of Northeastern North Carolina. It is the only industrial complex in the region that offers extensive water access to its tenants. Its proximity to the Atlantic Ocean, the Intracoastal Waterway, and the region's sound systems make it ideal for assisting the operations of water-dependent industries.

The Wanchese Seafood Industrial Park opened in 1981, offering facilities and lots for commercial seafood businesses. In 1995, the General Assembly expanded the clientele base for the Park to include "marine-related" businesses.

Currently, 29 of the Park's 32 lots are leased. The Park has 18 tenants representing a wide range of businesses including, among others, welding and machine shops, a commercial-seafood buying and retail house, three boat-building operations, an office of the State Division of Marine Fisheries, a storage area for the US Coast Guard's buoy tender operation and a communications tower and radio operation.

Structure

- Operated by the NC Seafood Industrial Park Authority, an eleven-member board appointed by the Governor, President Pro Tempore of the Senate and Speaker of the House. The authority promotes, develops, constructs, equips, maintains and operates the seafood industrial parks statewide in order to increase waterborne seafood commerce.
- Set and regulate land lease fees, building rental fees, and make most operational decisions necessary to attract and keep tenants.

Oregon Inlet Project

In 1998 the NC General Assembly named the NC Department of Commerce as the lead state agency for the stabilization of the Oregon Inlet. An annual appropriation was made available to the Department to use to pursue inlet stabilization.

In May 1999, the Department of Commerce named a project team made up of departmental personnel, legal counsel, and a government relations specialist to review pending issues and pursue stabilization. A project office was opened in the administrative office building of the Wanchese Seafood Industrial Park.

Since May 1999, the project team has extensively researched the legal aspects of the issue and prepared to secure the permits necessary to undertake the projects. It has taken

steps to survey, record, and monitor the shoreline of the inlet, study mapping and aerial photographic information and analyze the economics of the project.

In previous fiscal years, the General Assembly has authorized unspent funding for the Oregon Inlet Project to be carried over into the next fiscal year to ensure the project has the resources necessary to secure the permits through whatever action may be required.

DIVISION OF WANCHESE SEAFOOD INDUSTRIAL PARK
OVERVIEW OF EXPANSION ITEMS

Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
NONE		

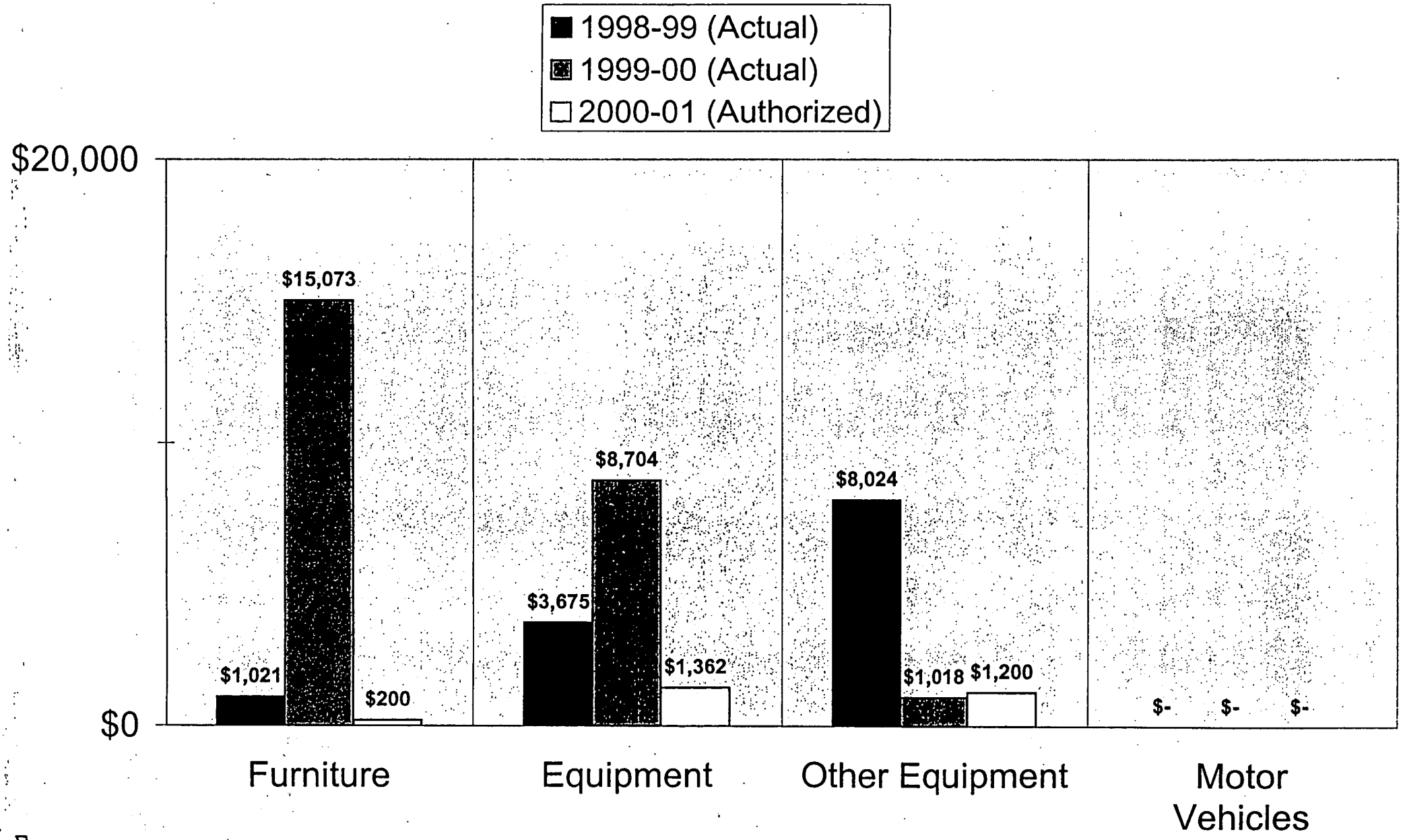
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Restore Governor's Reduction	$116,512 R	$122,594 R	
2. Oregon Inlet Project			$339,000 R

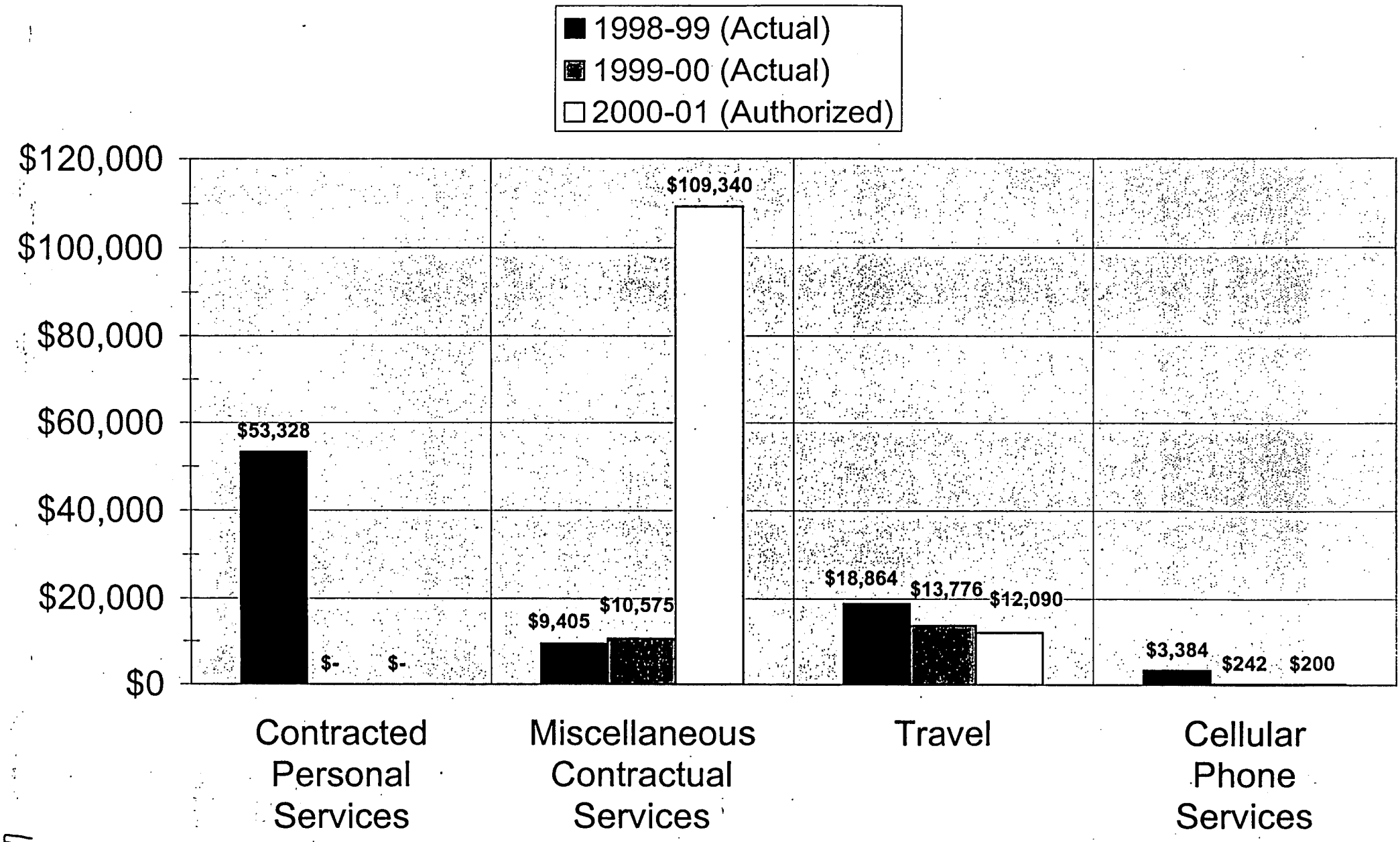
Department of Commerce
Wanchese Seafood Industrial Park

Fee Title/Description	Date Created	Statutory Authority	Fee Rate	South Carolina	Tennessee	Virginia	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
UTILITIES SALES & SERVICES		113-315.29	$1-2 PER.	n/a	n/a	$5 PER	1/1/89	MONTHLY	191	6,672.52
			1000 GALS			748 GALS				
RENTAL OF REAL PROPERTY		113.315.29	$.15-.26	n/a	n/a	$.30.9	3/1/94	MONTHLY	289	322,859.42
			PER SQ. FT			PER SQ. FT				
RENT PROP. -DOCK RENT FEE		113-315.29	$.15-.50 FT.	n/a	n/a	$.05-.15 FT	1/1/90	MONTHLY	2	731.50
			/ VESSEL			/VESSEL				

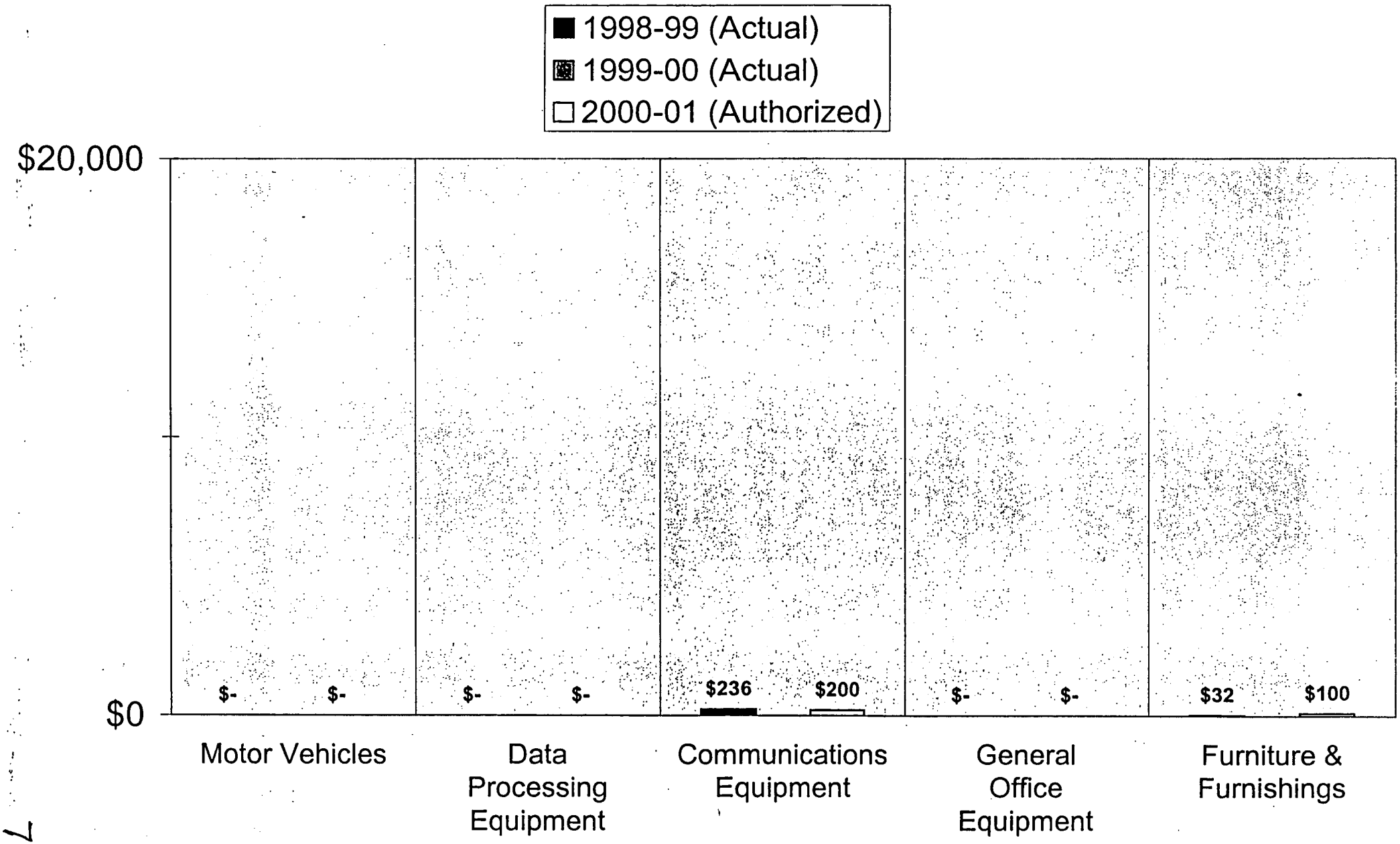
Department of Commerce
Wanchese Seafood Industrial Park
Comparison of Actual and Authorized Expenditures



Department of Commerce
Wanchese Seafood Industrial Park
Comparison of Actual and Authorized Expenditures



Department of Commerce
Wanchese Seafood Industrial Park
Comparison of Actual and Authorized Expenditures



Attachment C

Department of Commerce

Industrial Commission	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	9,721,195	9,148,601	8,498,807	8,485,745	8,556,748	8,454,217
Less Receipts	(2,965,967)	(3,012,049)	(2,462,400)	(2,119,927)	(1,773,507)	(1,774,584)
State Appropriations	***6,755,228***	***6,136,552***	***6,036,407***	***6,365,818***	***6,783,241***	***6,679,633***
Positions	**140.0**	**135.0**	**136.0**	**136.0**	**136.0**	**133.0**

ACTIVITIES

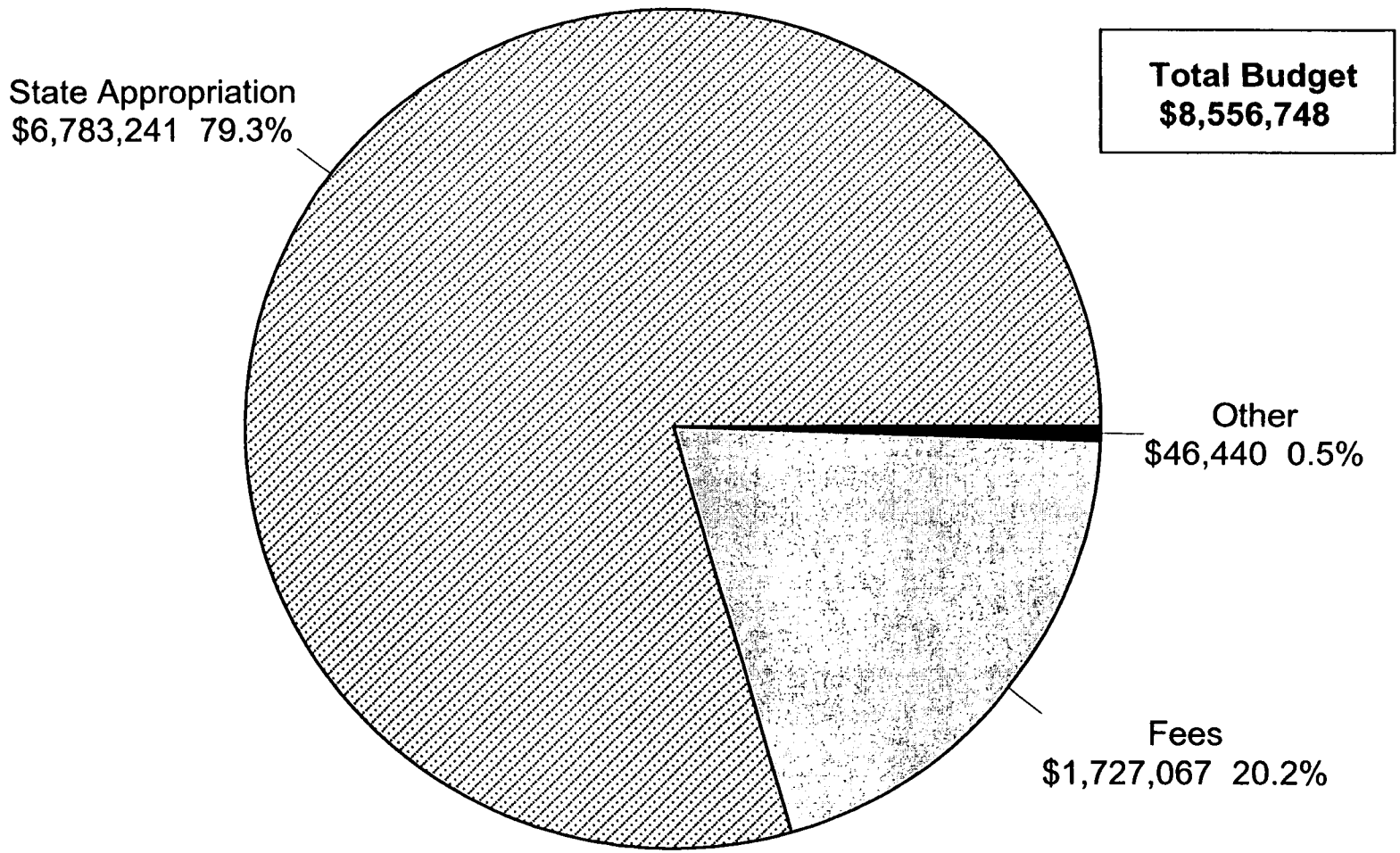
The Industrial Commission was established by the General Assembly in 1929 to administer the state Workers' Compensation Act, which provides for the timely administration and adjudication of non-contested and contested workers' compensation claims. The Commission also administers tort claims against the state, and compensation claims filed by the following parties:

- families of law enforcement officers, fire fighters, rescue squad workers, and children who have sustained vaccine-related injuries
- persons erroneously convicted of felonies.

The Commission's 136 employees process approximately 95,000 workers' compensation and tort claims annually.

Industrial Commission

FY 2000-2001 (Authorized) Total Budget
By Funding Source

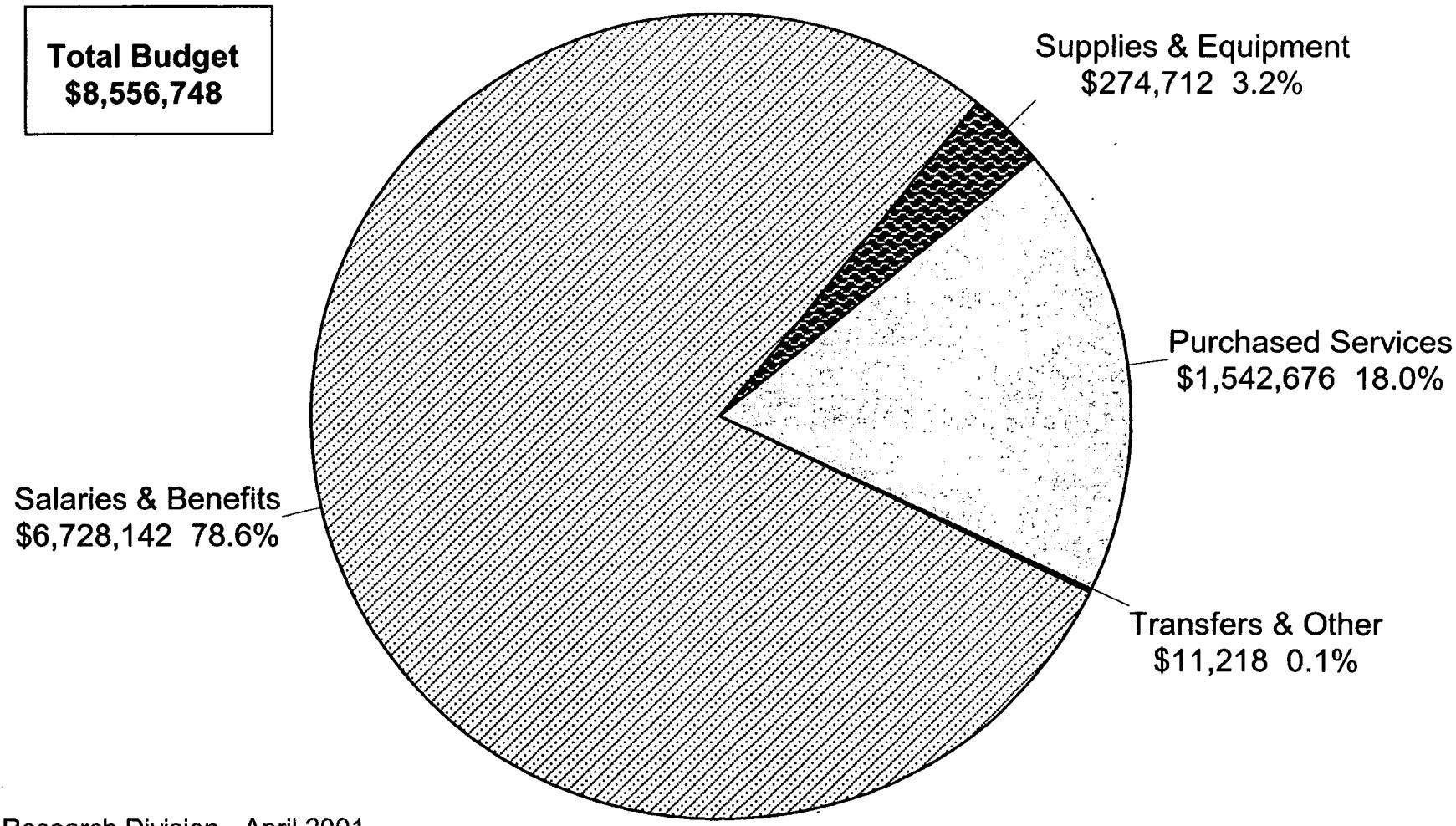


Fiscal Research Division - April 2001

Industrial Commission

FY 2000-2001 (Authorized) Total Budget

Expenditures By Category



Fiscal Research Division - April 2001

Department of Commerce
Industrial Commission

Positions Vacant for Over 6 Months

Position	Date Vacated	Budgeted Salary
Applications Analyst Programmer I	May 22, 2000	$63,351
Agency Legal Specialist	March 3, 2000	$36,144
		$99,495

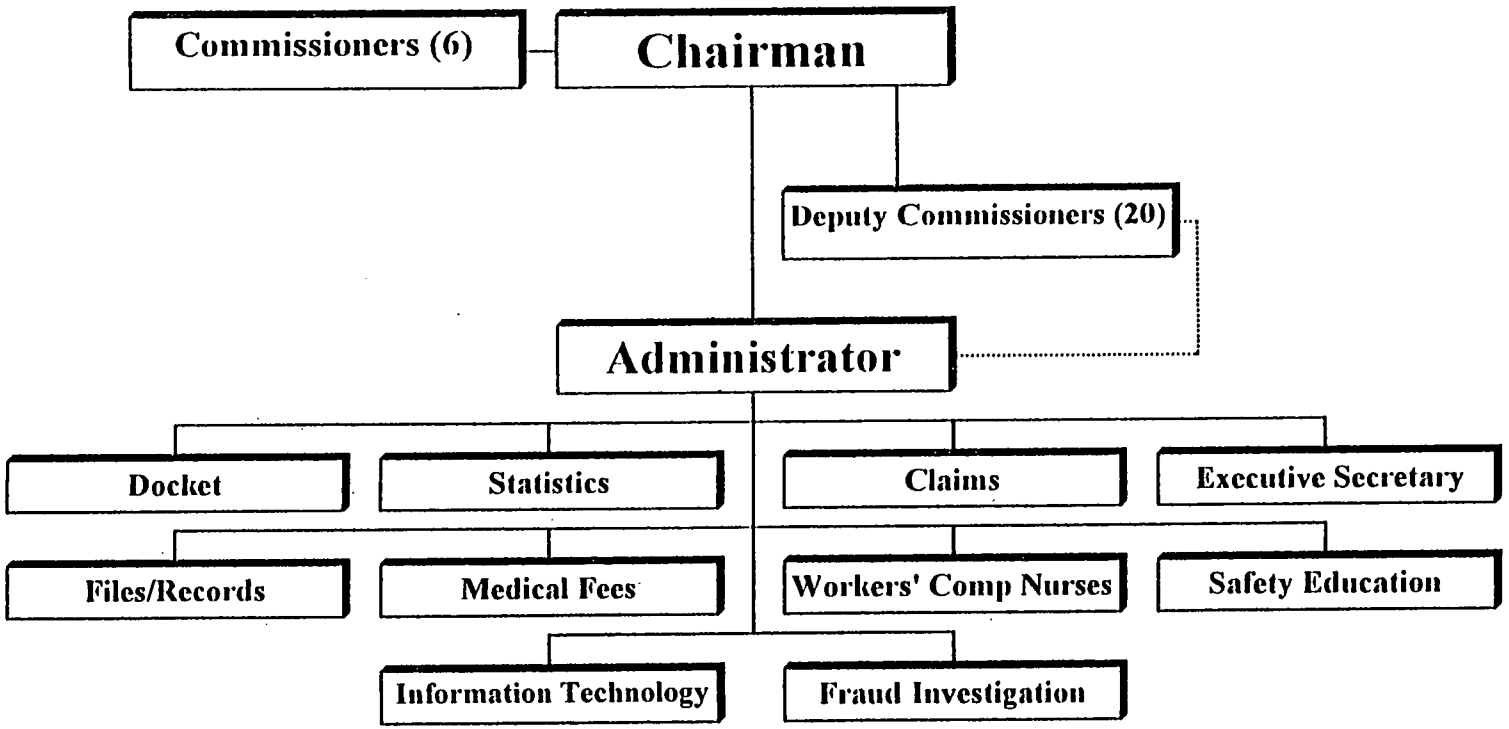
Governor's Recommendations for 2001-03 Biennium

	2001-02	2002-03
Abolish Vacant Positions		
Agency Legal Specialist I (1.0)	($44,061)	($44,061)
Processing Assistant III (1.0)	($27,672)	($27,672)
Data Control Clerk III (1.0)	($26,360)	($26,360)
	($98,093)	**($98,093)**

Items for Possible Committee Discussion

In light of the Governor's recommended cuts, the Committee may wish to have the Commission discuss what impact, if any, the reduction will have on program operations.

North Carolina Industrial Commission
Organization Chart



Attachment D

North Carolina Industrial Commission
430 North Salisbury Street, 6th Floor Dobbs Building, Raleigh, NC

Buck Lattimore, Chairman
Commissioners: Bernadine S. Ballance, Thomas J. Bolch, Laura K. Mavretic, Renee C. Riggsbee, Christopher Scott, Dianne C. Sellers

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Overview

The North Carolina Industrial Commission Administers

- **The Workers' Compensation Act**
- **The Tort Claims Act**
- **The Childhood Vaccine-Related Injury Act**
- **The Law Enforcement Officers', Firemen's, Rescue Squad Workers', And Civil Air Patrol Members' Death Benefit Act**
- **The Act to Compensate Individuals Erroneously Convicted of Felonies**

	FY 97-98	*FY 98-99*	*FY 99-00*	*FY 00-01*A*	*FY 00-01**P*
Total Workers' Compensation Claims	75,026	68,550	66,634	46,398	64,000
Total Tort Claims	660	674	650	378	600
Total Childhood Vaccine-Related Injury Claims	0	0	0	1	1
Total Death Benefit Claims	6	9	10	8	9
Total Erroneous Conviction Claims	3	0	1	1	2

**Actual thru 3/31/01* ***Projected FY00-01*

Adjudication and Administrative Handling of Cases

- **88% of Workers' Compensation claims are non-contested and handled administratively by the agency: assignment of claim number, approval of medical fees, determining disability ratings, etc.**
- **12% of workers' compensation claims are contested requiring adjudication**

Mediation

- **All contested cases are initially referred to mediation unless requested to be excused or the plaintiff is *Pro Se***
- **FY 99-00: 8703 cases ordered to mediation**
- **Mediation Settlement Rate for Cases actually mediated is 72-73%**
- **Mediation Settlement Rate Jumps to 82% when Cases that settle prior to mediation conference are included**
- **(For Comparison: Superior Court Mediation Program Settlement Rate 52%)**

Hearings

- Nineteen Deputy Commissioners (Hearing Officers) conduct contested case hearings across the state (usually in county injury/death occurred)
- Deputies hear contested cases that fail in or opt out of mediation
- FY 00-01: Estimate 1800 cases will be heard
- Caseload: Current

Speeding the Process

Effective August 2000 implemented the following guidelines:

- Schedule hearings within 60 days of mediation end or hearing request
- Close record in 60 days (including depositions, contentions, etc.)
- Write Opinion and Award in 60 days (statute sets 180 day maximum)
- RESULTS: Since August 2000, Deputy Commissioners have issued more opinions on average each month. A review shows the same Deputies produced an average of 90 opinions each month from August 2000 thru February 2001 compared to producing 63 monthly for the 7 previous months. That's a 43% Increase!

Office of the Executive Secretary

- Established a 5-7 day turn-around period for approval of Compromise Settlement Agreements concluding cases
- Jan-Dec, 2000: Approved 8610 compromise settlement agreements

Appeals

- Commissioners sit in 3-judge panels to hear appeals
- FY 99-00: Total of 555 appeals filed
- July 2000-January 2001: 402 appeals filed
- Opinions Issued by Commissioners since August 2000: 316
- Caseload: Current

Ombudsman Program

- 4 Ombudsmen handle over 30,000 calls annually
- Hired Spanish-speaking Ombudsman January 2001

Workers' Compensation Fraud

- Two Full-time Investigators
- Increased Convictions following General Assembly's action to make workers' compensation fraud a felony (previously a misdemeanor)
- Over 600 inquiries/complains received annually to investigate
- 37 cases resulting in civil penalties, November 2000-March 2001
- FY 00-01: Five (5) criminal convictions as of March 31
- Prevailing problem is non-insured employers

Safety Education

- **Accident prevention courses presented annually to 17,000 workers**
- **Goal: prevent accidents thus reduce workers' compensation claims.**
- **Industrial Commission plans, directs and manages the annual Statewide Safety Conference (four-day intense safety program presented FREE to over 2500 attendees annually), May 8-11, 2001, Koury Convention Center, Greensboro**

Citizen Assistance

North Carolina Industrial Commission

Workers' Compensation Help Line
1-800-688-8349 (Toll Free)
or 919-807-2501

Workers' Compensation Fraud Hot Line
1-888-891-4895 (Toll Free)
or 919-807-2570

Visit Our Web Site
(24-hour Workers' Compensation Help and Industrial Commission Information)
http://www.comp.state.nc.us

NORTH CAROLINA INDUSTRIAL COMMISSION
OVERVIEW OF EXPANSION ITEMS

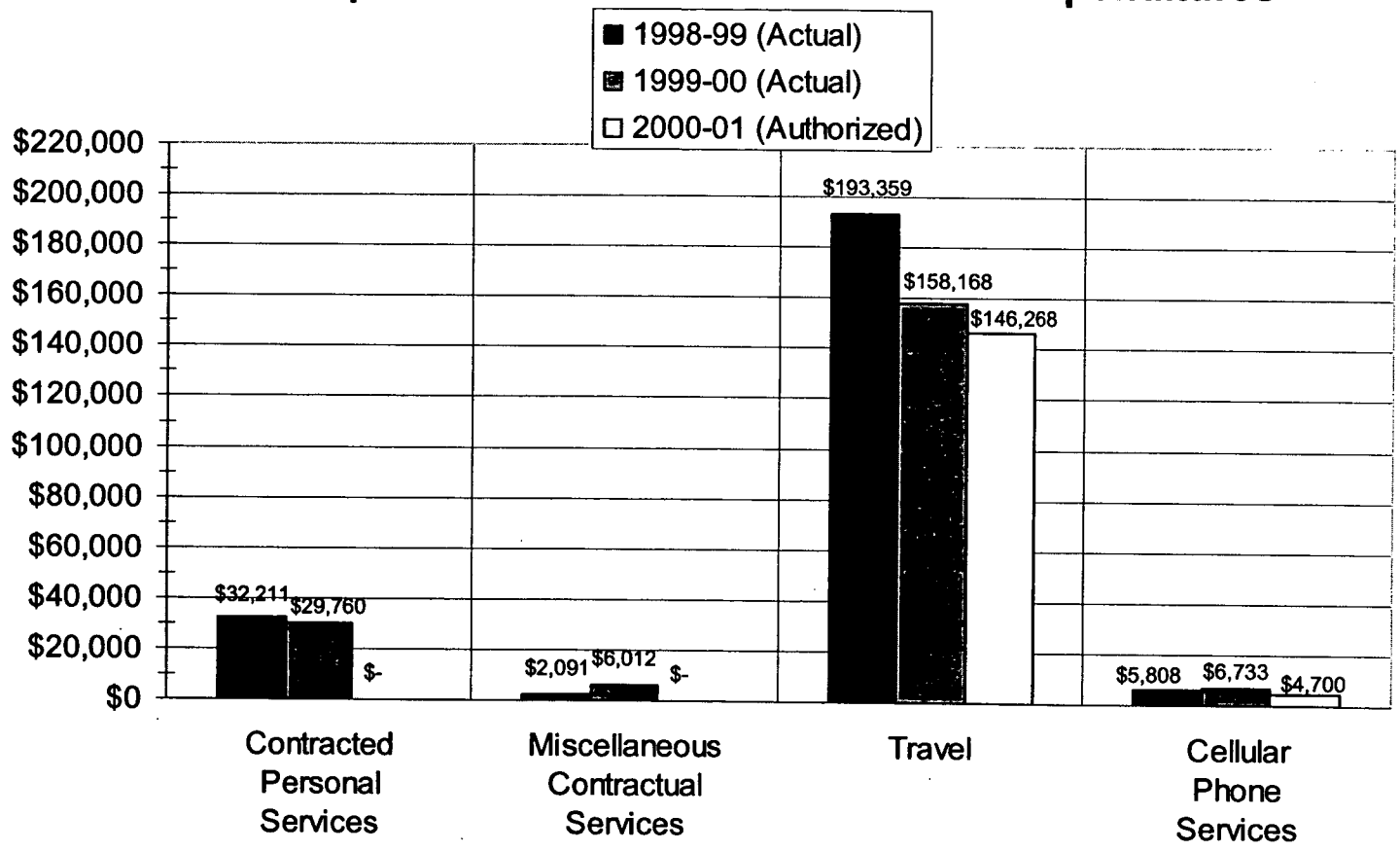
Current Biennium 1999-2001

SELECTED EXPANSION AND/OR CAPITAL IMPROVEMENTS	FY 1999-00	FY 2000-01
None	None	None

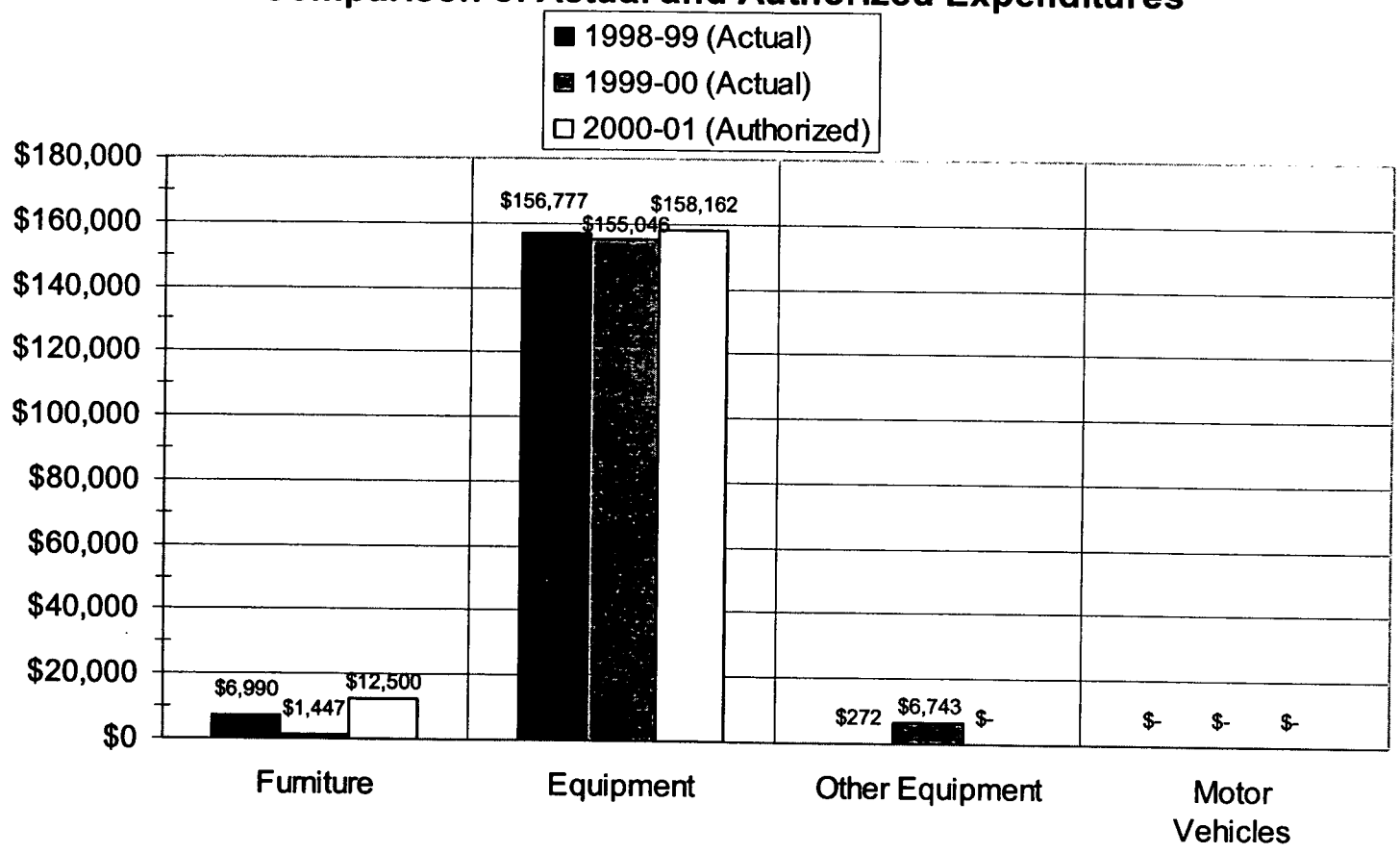
New and Expanded Programs Since 1996

ITEM	FY 1996-97	FY 1997-98	FY 1998-99
1. Fraud Investigations (3.00)	$100,000 R		
2. Additional Staff Support (6.00)	$167,041 R		
3. Industrial Commission Automation	$1,200,000 NR		
4. Industrial Commission Temporary Staff	$184,253 NR		
5. Additional Staff Support-Computer (1.00)	$38,744 R		
	$3,500 NR		
6. Increase Industrial Commissioners Salaries		$113,730 R	
7. Case Management System (3.00)		$638,571 R	
		$17,700 NR	
8. Temporary Positions		$100,000 NR	
9. Temporary Positions			$100,000 NR

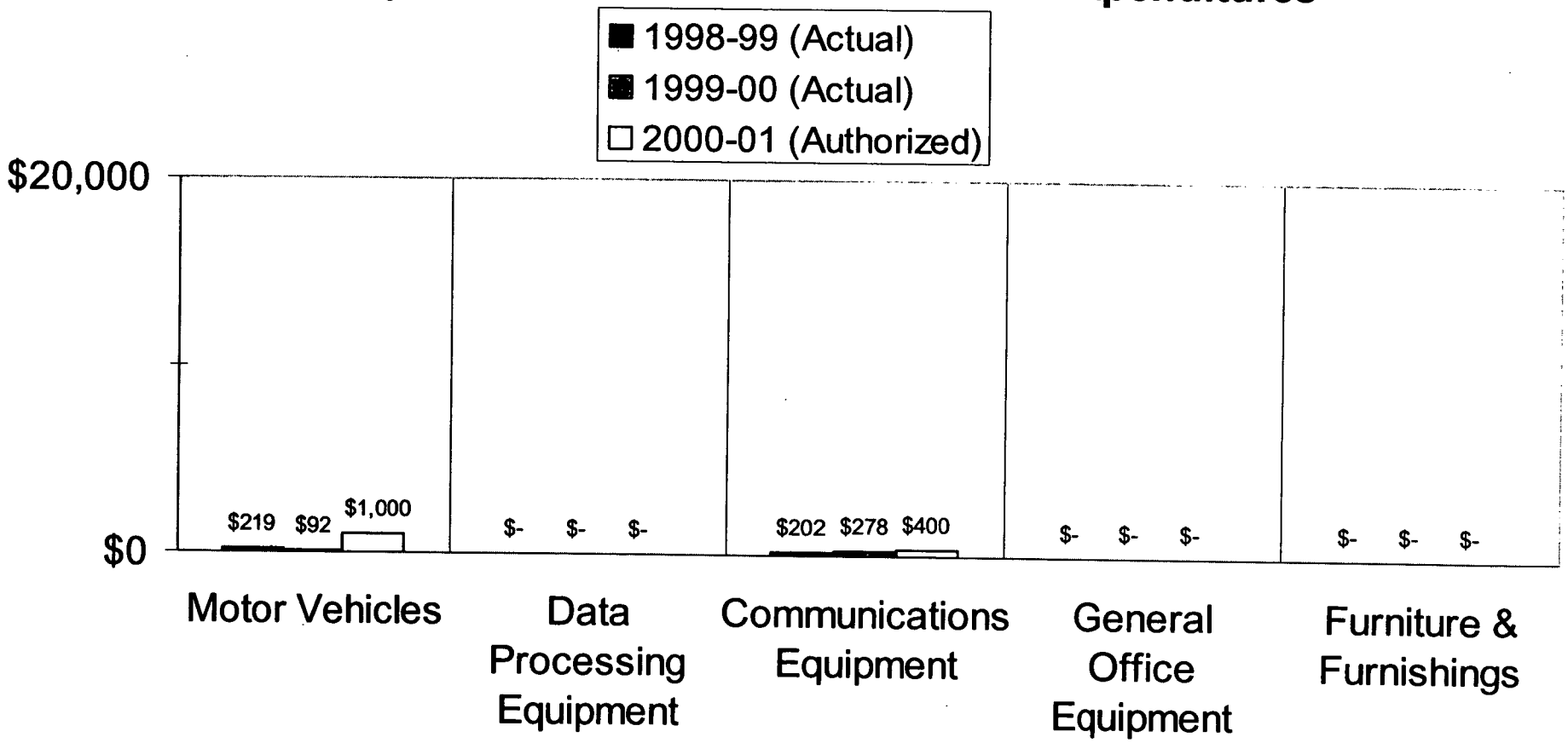
Department of Commerce
Industrial Commission
Comparison of Actual and Authorized Expenditures



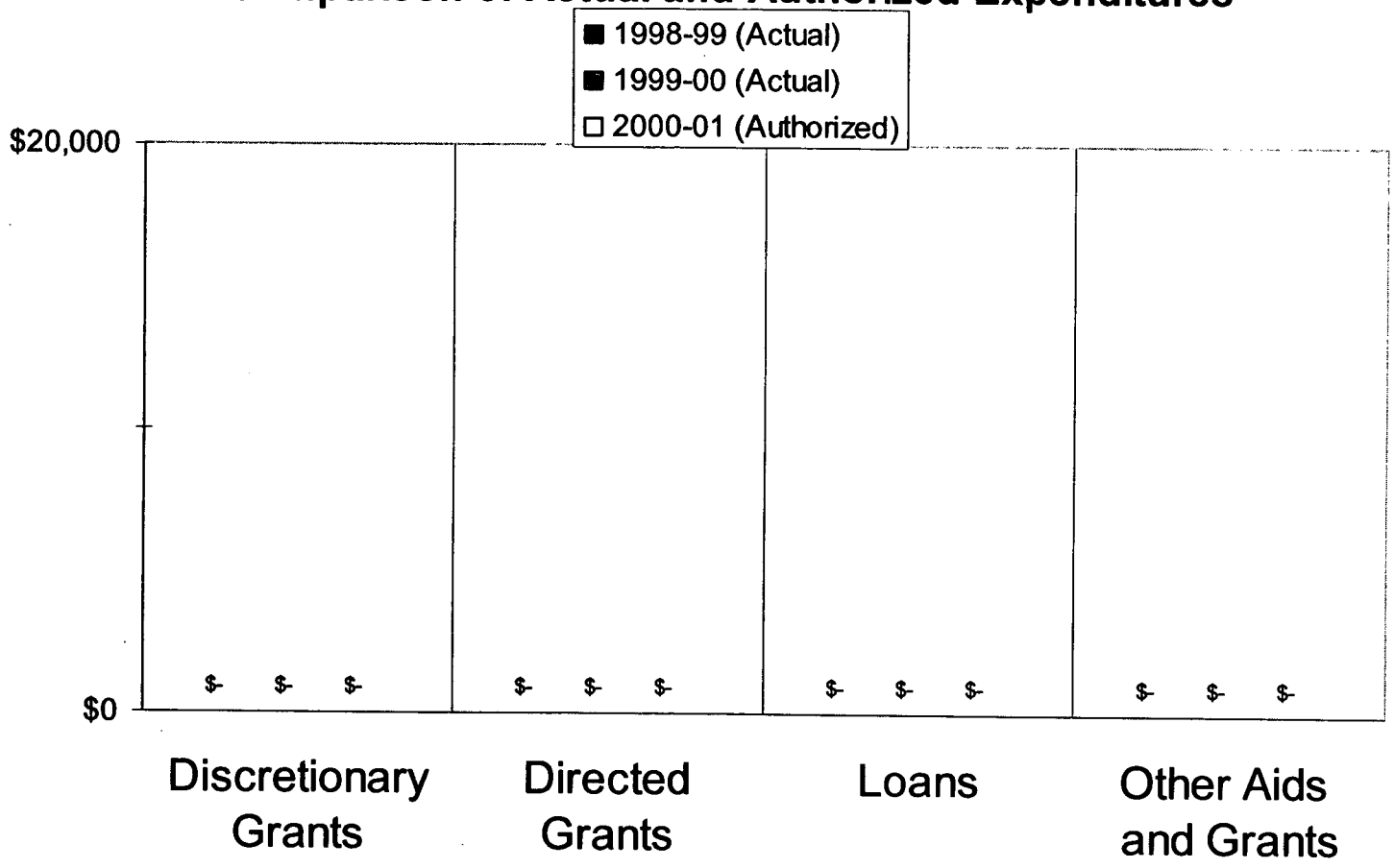
Department of Commerce
Industrial Commission
Comparison of Actual and Authorized Expenditures



Department of Commerce
Industrial Commission
Comparison of Actual and Authorized Expenditures



Department of Commerce
Industrial Commission
Comparison of Actual and Authorized Expenditures

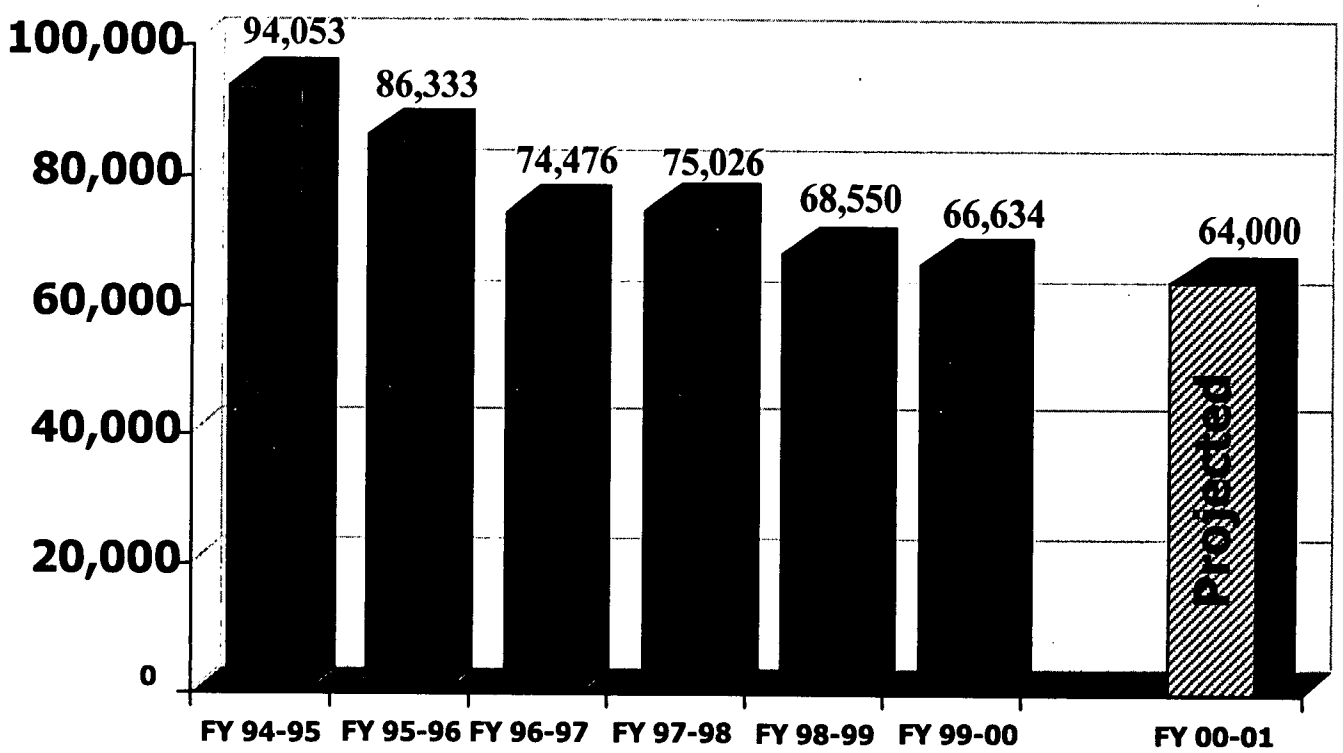


Department of Commerce
North Carolina Industrial Commission

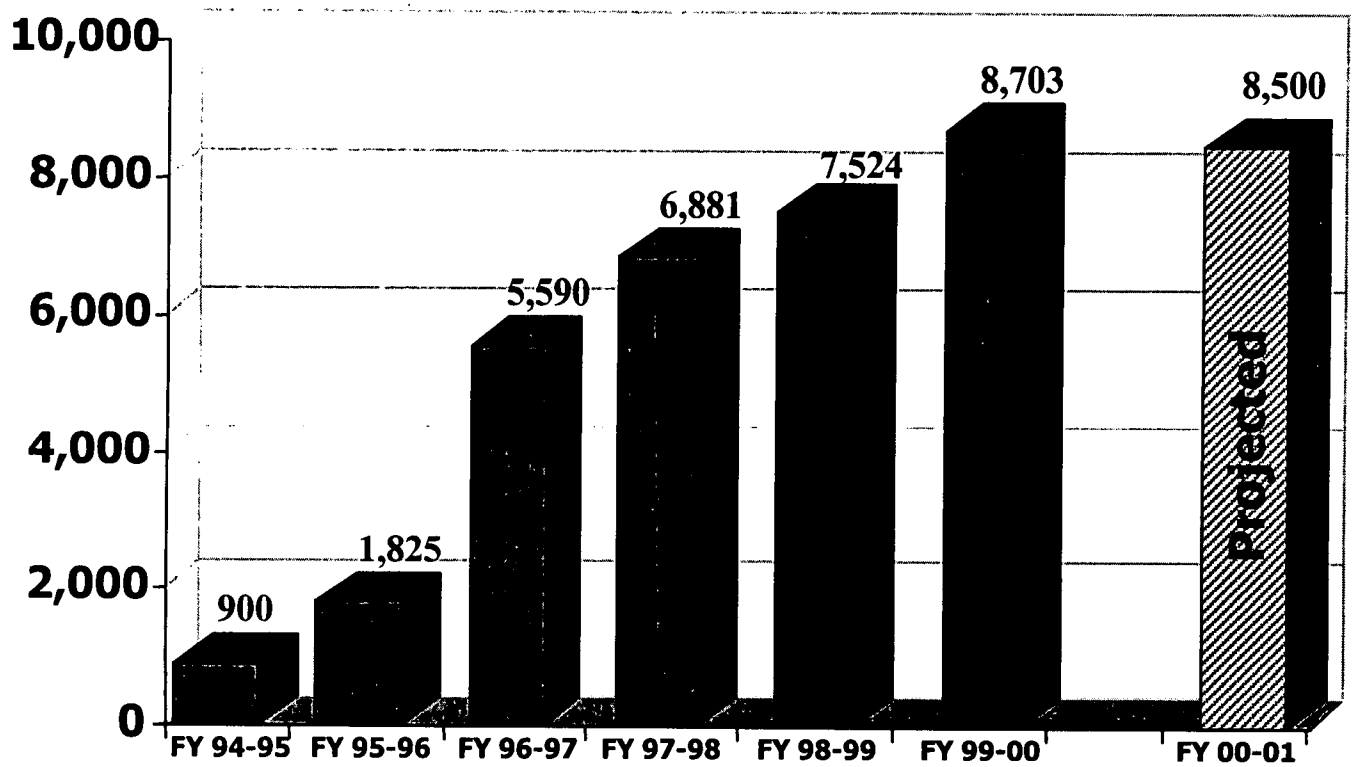
Fee Title/Description	Date Created	Statutory Authority	Fee Rate NC	Fee Rate SC	Fee Rate TN	Fee Rate VA	Date of Last Change in Fee Amount	Frequency of Collections	Total # of Collections	Total Amount Collected 1999-2000
I. Hearing/Filing/Order Fees										
1. Approval of Compromise Settlement Agreements	1929	97-80	$200	$0	$63.50	$0	March 2000	Per Agreement	8175	$1,635,000
2. Hearing Fee for first contested case hearing before deputy commissioner	1929	97-80	$120	$0	$37.50	$0	July 1998	Per Hearing	1581	$189,720
3. Hearing Fee for Appeal to Full Commission	1929	97-80	$220	$70	Variable	$0	July 1998	Per Hearing	226	$49,720
4. Form 24 Decision and Order	1929	97-80	$60	$0	$0	$0	April 2000	Per Order	149	$8,940
5. Tort Claim Filing Fee	1987	143-291.2(b)	$75	NA	NA	NA	2001 (Same as Superior Court filing fee)	Per Case	100	$7,500
II. Penalties & Fines	1929	18(h), 97-18(i), 97-21, 97-88.2, 97-88.3, 97-92, 97-94	$5-$1,000	$1-$1,000	$10-$100,000	Up to $5,000	1991	Per Case	N/A	$73,247
III. Sale of Data Processing Reports	1929	97-80	$15				1991	Per Order	1453	$21,795
IV. Sale of Forms & Statute Books	1929	97-80	$4 per 100 forms $17.50 per 500 forms $12 per statute book				1991	Per Order	NA	$8,404
V. Sale of Cassette Tape Recordings of Contested Case Hearings	1929	97-80	$15 for first tape $10 for additional tapes				1991	Per Order	NA	$26,220

North Carolina Industrial Commission

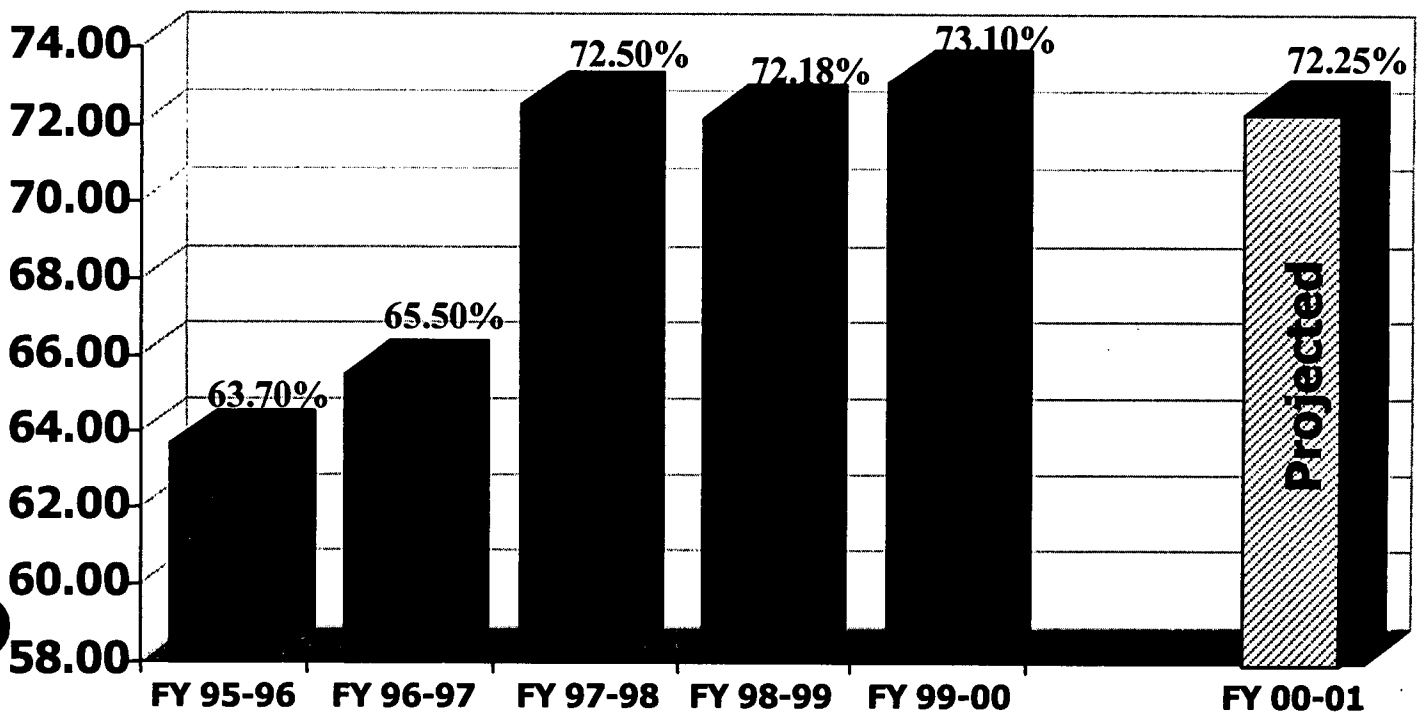
Total Number of Workers' Compensation Claims



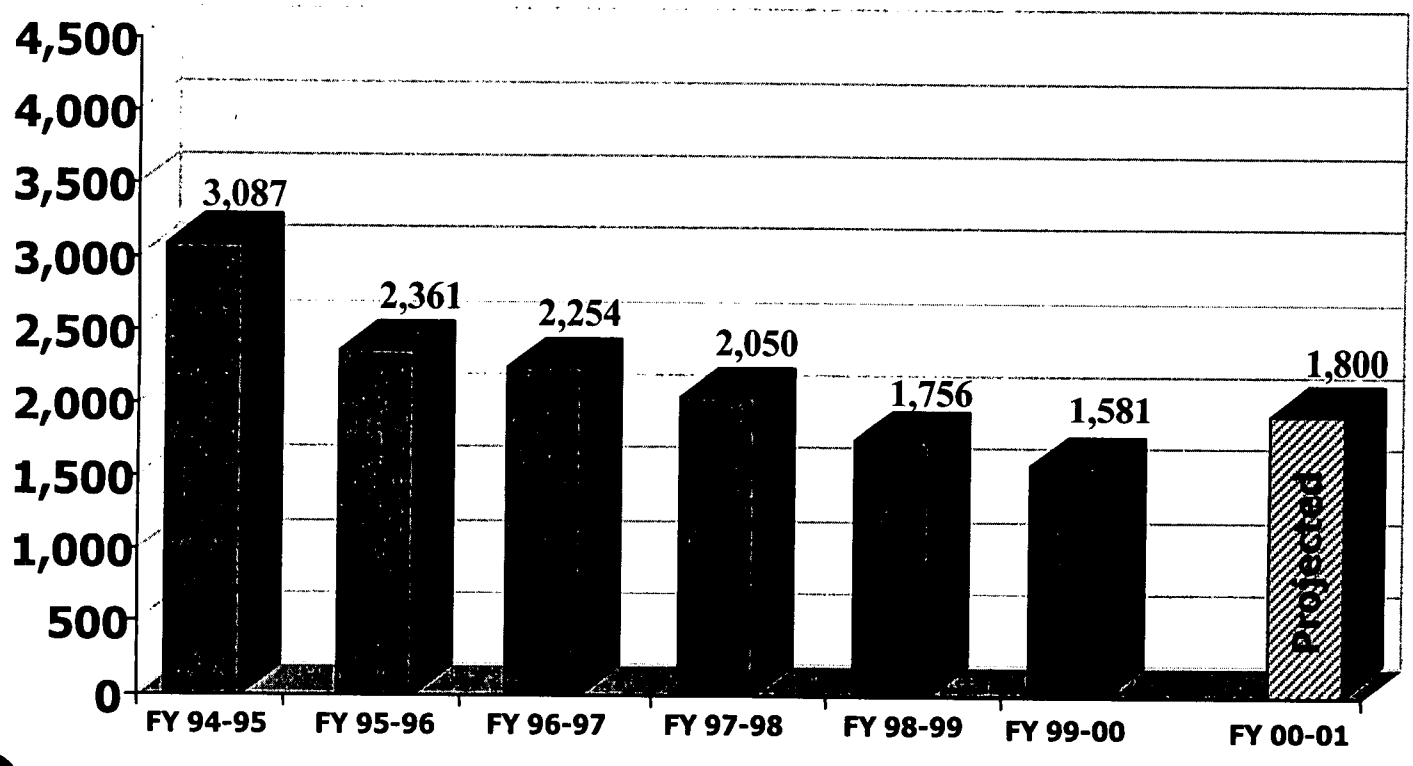
Workers' Compensation Cases Ordered to Mediation



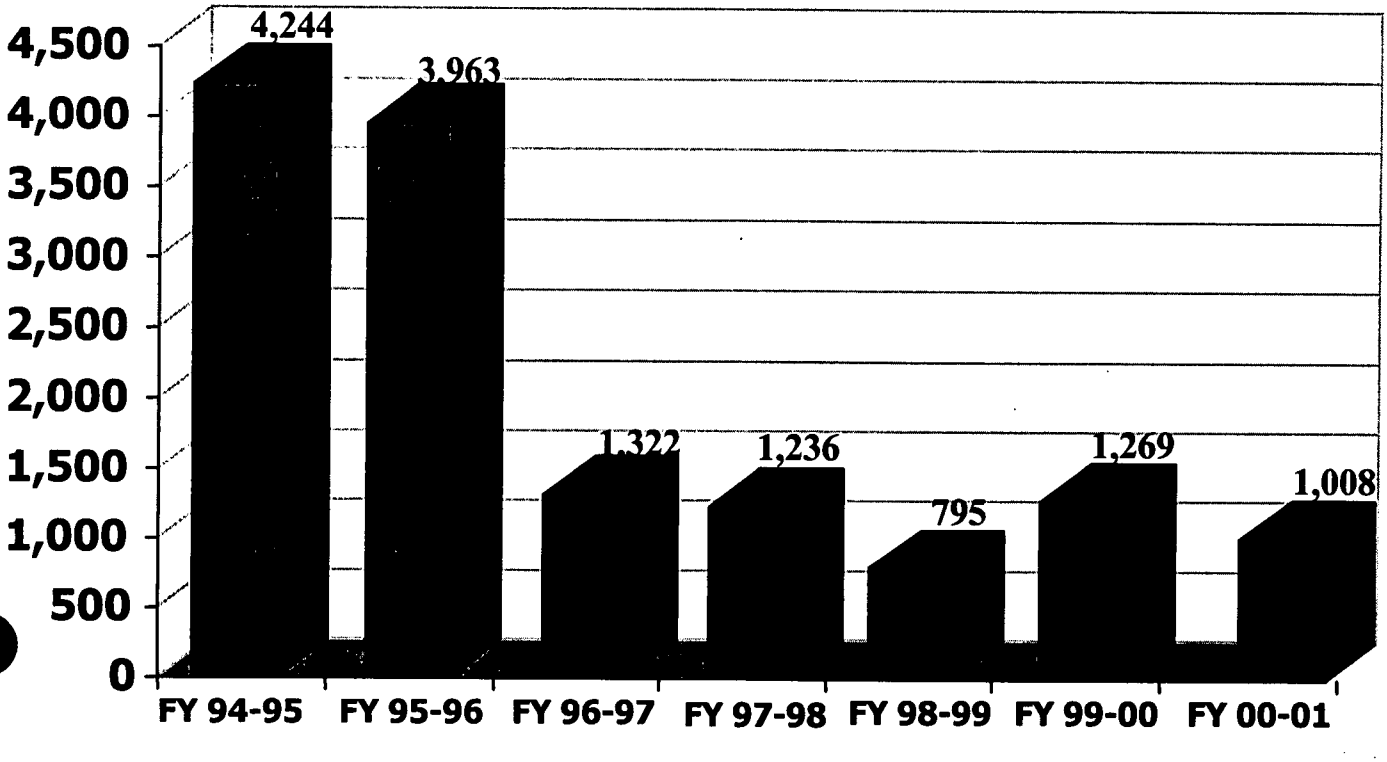
Mediation Conference Settlement Rate



Workers' Compensation Hearings Conducted



Workers' Compensation Hearings Pending



Attachment E

Department of Commerce

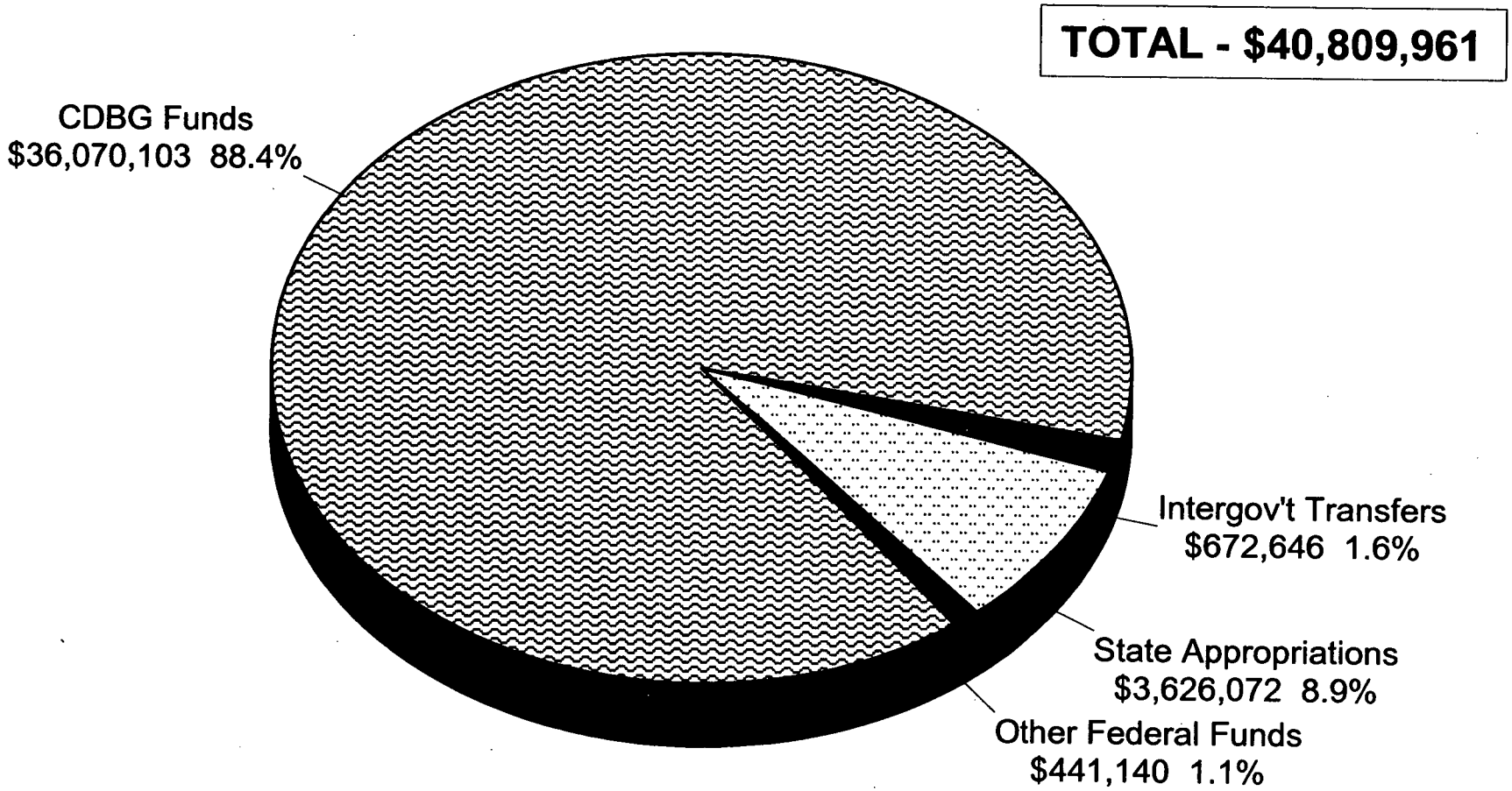
Division of Community Assistance	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	51,442,897	60,845,758	62,575,176	40,008,945	40,809,961	40,131,574
Less Receipts	(49,028,922)	(57,445,813)	(58,626,830)	(36,081,586)	(37,183,889)	(36,818,373)
State Appropriations	*2,413,975*	*3,399,945*	*3,948,346*	*3,927,359*	*3,626,072*	*3,313,201*
Positions	76.00	77.00	70.50	66.50	66.50	66.50

The Division of Community Assistance (DCA) provides aid to North Carolina's local governments across the state in the areas of community development, growth management, downtown revitalization, and economic development through the Community Development Block Grant (CDBG) program, the Main Street program, and the Community Planning Program.

DCA is also involved in a variety of special projects or programs. State Development Zones and Hurricane Floyd recovery through the Crisis Housing Assistance program are two such programs.

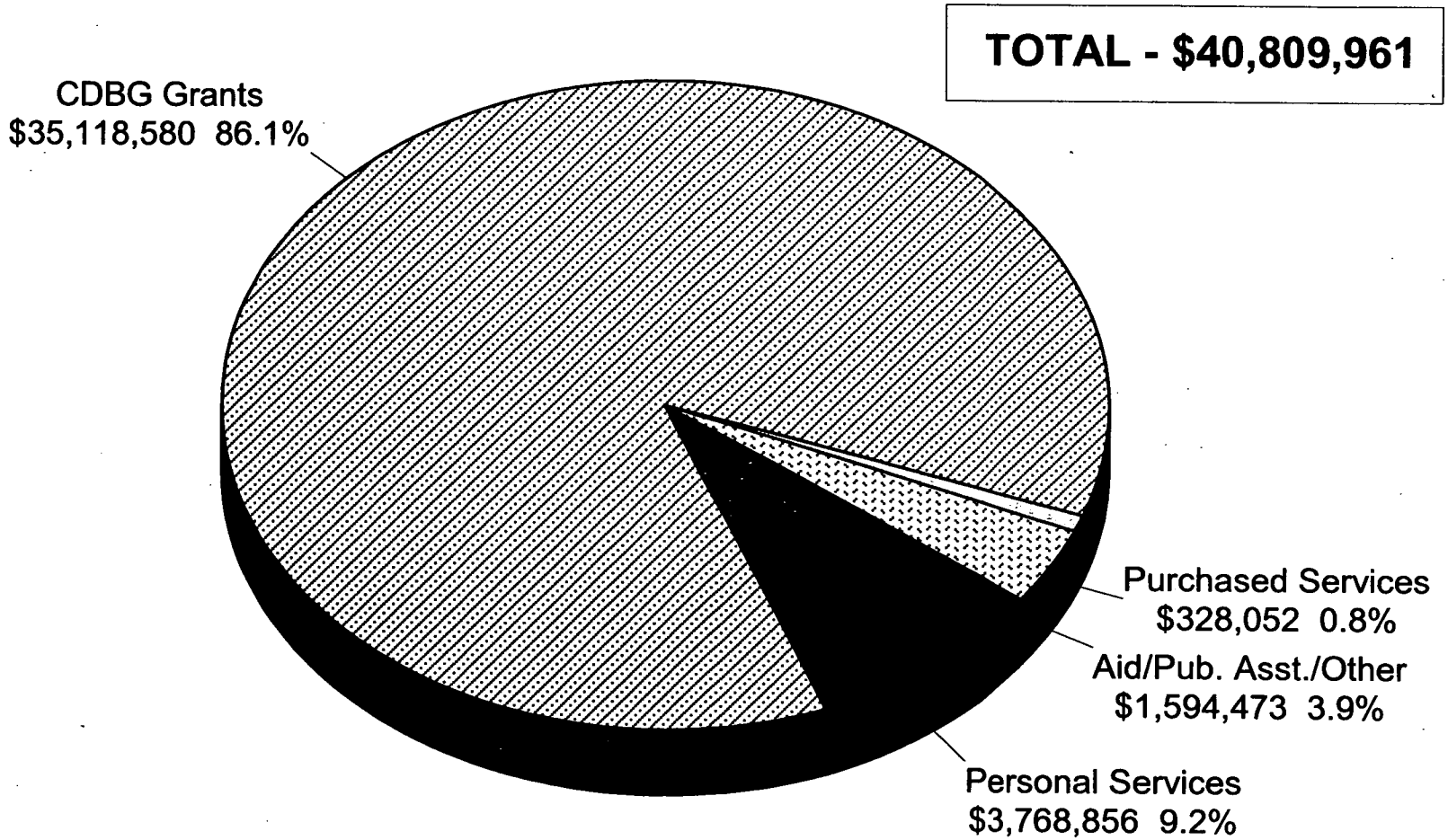
Division of Community Assistance

FY 2000-01 (Authorized) Fund Sources



Fiscal Research Division - April 2001

Division of Community Assistance
FY 2000-01 (Authorized) Expenditures By Category



Fiscal Research Division - April 2001

DEPARTMENT OF COMMERCE
DIVISION OF COMMUNITY ASSISTANCE

ITEMS FOR COMMITTEE DISCUSSION

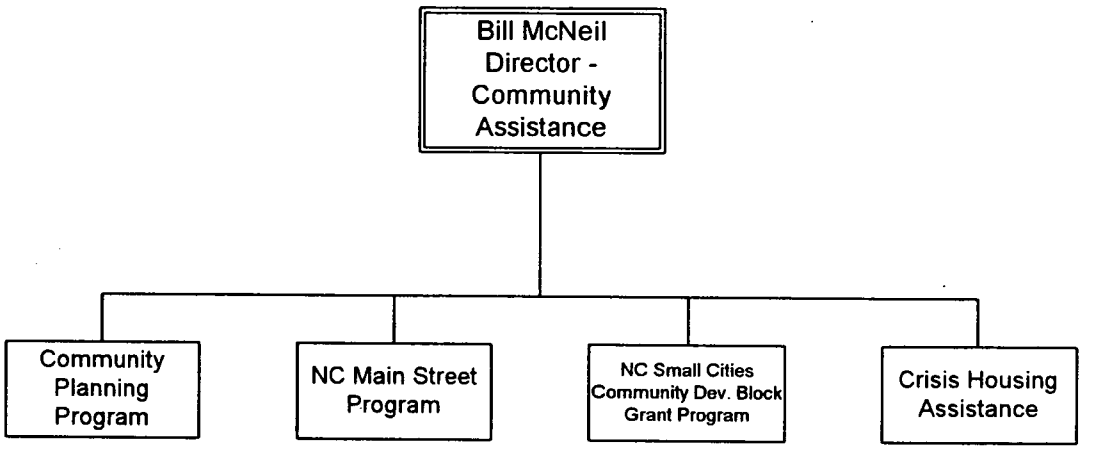
1. The Division of Community Assistance administers $990,000 in pass-through funding for 18 Councils of Government (COGs). The General Assembly created the COGs in 1972 as voluntary organizations of county and municipal governments within a region to provide services such as programs for the aging, land-use planning, economic development, environmental services, job training and the like. Each of the 18 COGs is authorized to receive up to $55,000.

   The Committee may wish to have the Department or a representative of the COGs comment on the types of activities undertaken by these organizations and how services complement or duplicate services provided through Commerce regional offices or the economic development partnerships. (Program note: Effective July 1, 2001, the Pee Dee Council of Government (Region H) will disband and participating counties and municipalities will merge into surrounding COGs).

NC Department of Commerce

Division of Community Assistance

Signature _____ Date _____



ATTACHMENT F

North Carolina Department of Commerce
Division of Community Assistance

William A. McNeil, Director
4313 Mail Service Center
Raleigh, North Carolina 27699-4313

Telephone: 919-733-2850
Facsimile: 919-733-5262

Overview

The mission of the Division of Community Assistance is to work with local governments to develop high quality communities, neighborhoods and rural areas; to enhance the lives of low and moderate income persons; and to promote vibrant downtowns and sustainable economies.

COMMUNITY ASSISTANCE PROGRAMS:

The Community Planning Program (Fund 1620)

- Consists of seven regional offices, with 25 professional planners available to help local governments with a wide variety of projects.
- Provides specialized assistance in the areas of land-use planning, growth management, economic development, downtown revitalization, historic preservation, community appearance, neighborhood conservation, board/committee goal-setting, strategic planning and public administration (budgeting, annexation, water and sewer rate studies).
- Worked with more than 217 municipalities and counties in 2000 on growth management, community facilities, strategic planning, economic development and community improvement projects. This included preparation of 16 land-use plans, 10 zoning ordinances, five subdivision ordinances, and 35 downtown plans and drawings.
- Administers state-funded community programs, most recently the Historic Downtown Waterfront Revitalization grants to eight Northeastern N.C. communities, and the Year of the Mountains Program in 23 Western N.C. counties.
- Assists counties and municipalities at no charge.

Main Street (Fund 1620)

- Helps cities revitalize their downtowns and create economic opportunity.
- Provides guidance, training, and network assistance to 49 designated Main Street communities.
- Emphasizes a four-step, self-help process including design, marketing, organization and economic restructuring.
- $625,441,596 in new investment of public and private funds in Main Street communities has been delivered since the program's inception in 1980.
- A net gain of 9,114 new jobs occurred in Main Street downtowns.
- Four new Main Street communities were selected in 2000: Belmont, Hertford, Morehead City and North Wilkesboro. New communities are selected every two years, with the next round coming in 2002.

Community Development Block Grant Program (CDBG) (Fund 1631)

- Awarded grants of nearly $43.5 million last year from federal CDBG funds to units of local government for a variety of needs: community revitalization, infrastructure, economic development, housing development, community empowerment, urgent needs, and capacity building.
- Local governments received 107 grants that will raise the standard of living for 6,876 low- and moderate-income citizens.
- Grants provided housing improvements for 671 families. Five new housing developments will result in new homes for 238 families, and 1,286 families will have safer and more sanitary living conditions through improvements to roads, water and sewer.
- This year DCA began new system for funding Scattered Site Housing programs. Grants are awarded to each county every three years to address their most serious housing needs.

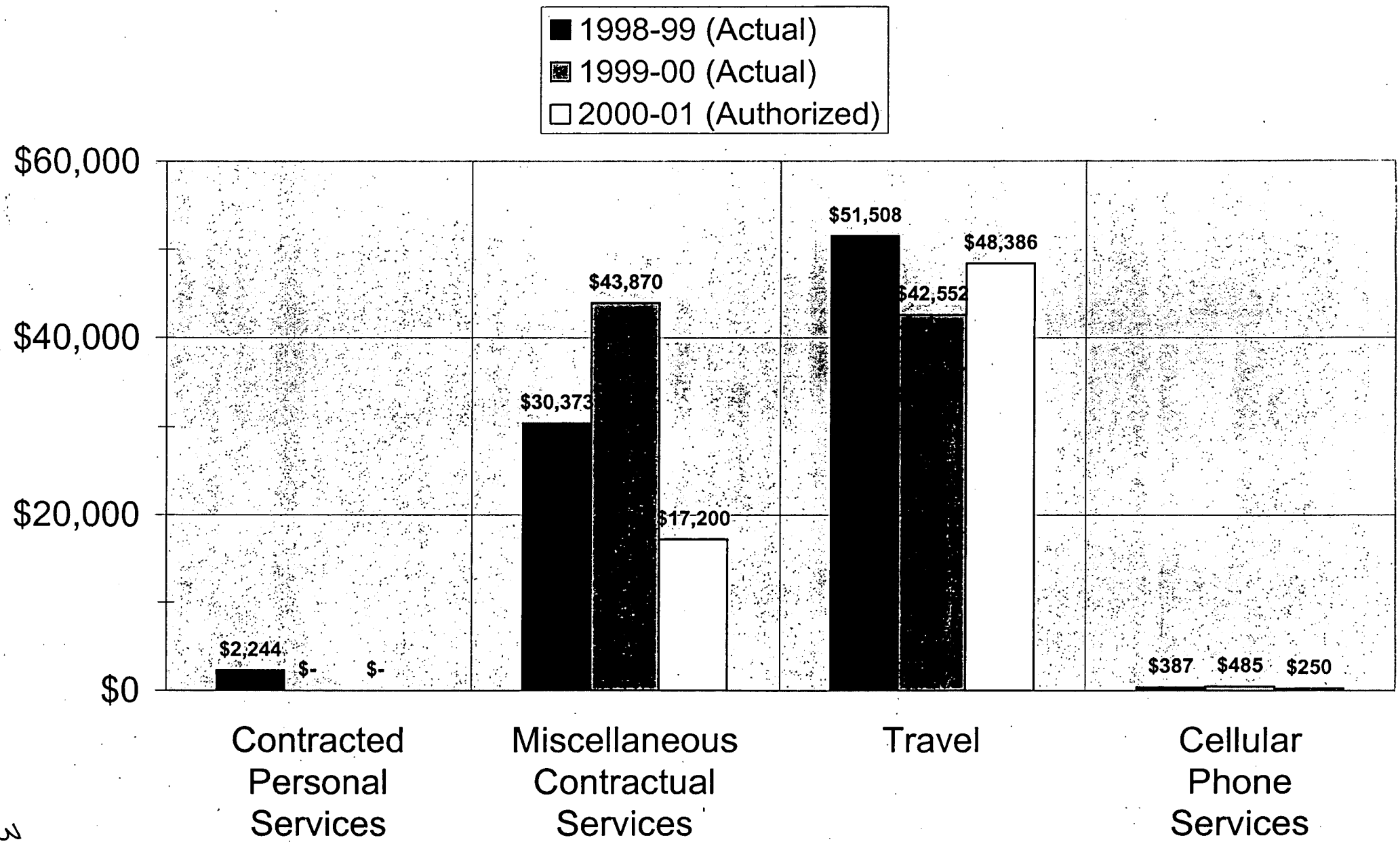
Crisis Housing Assistance

- DCA administers more than $389 million in Hurricane Floyd housing recovery funds.
- More than $240 million has been awarded to 48 units of local government, with an additional $208 million in requests under review.
- Funds will directly benefit 10,615 citizens.

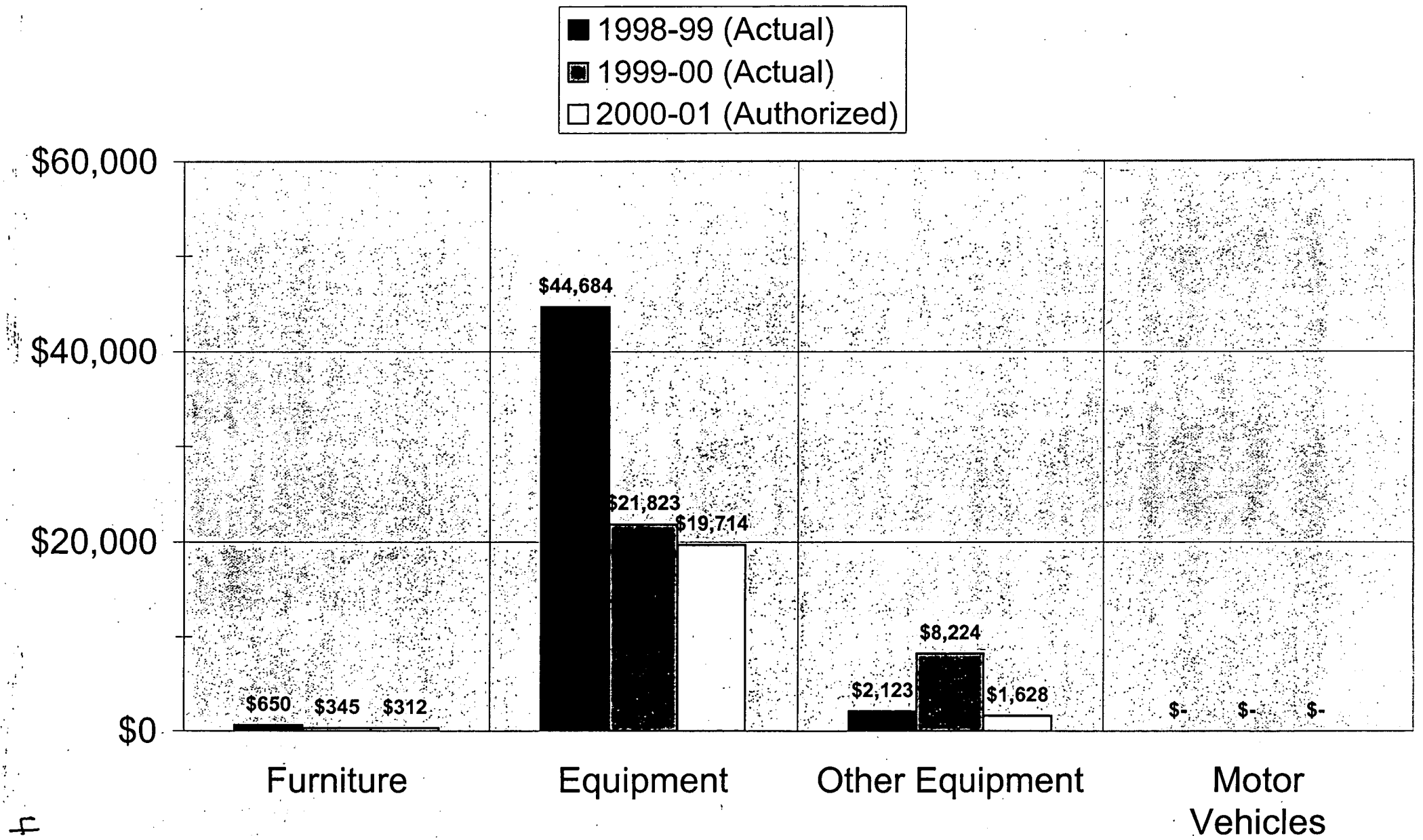
General Assistance

- State appropriation for DCA budget (fund 1620) meets the federal match requirement for the federal Small Cities Community Development Block Grant program budget.
- DCA administers pass-through funding to Regional Councils, ($990,000 in 2000-2001).
- In 2000, DCA staff provided professional support for the Legislative Commission on Smart Growth.
- The statutory Community Development Council, which advises the Secretary of Commerce on community affairs, is staffed by DCA.

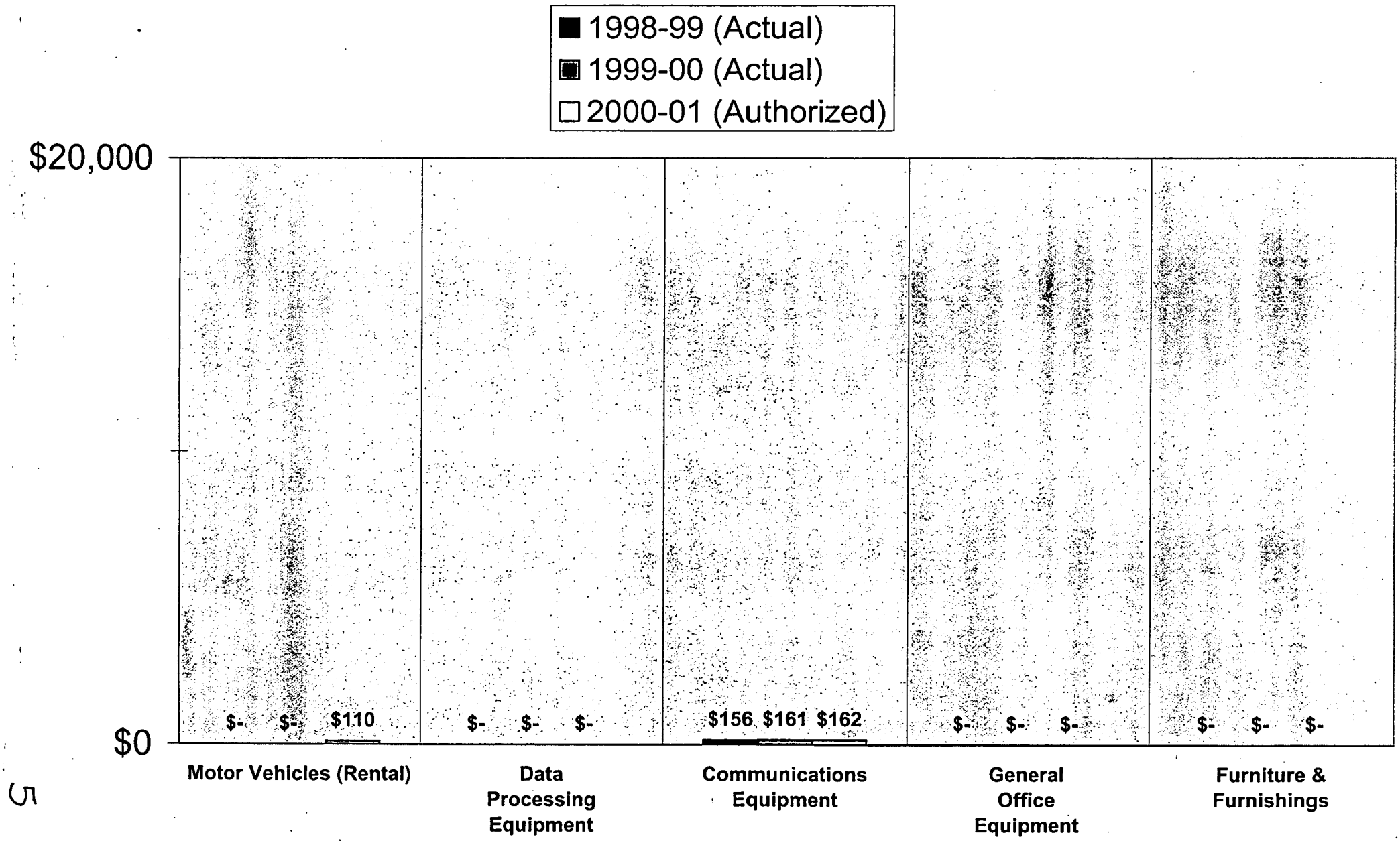
Department of Commerce
DCA - Local Planning & Management
Comparison of Actual and Authorized Expenditures



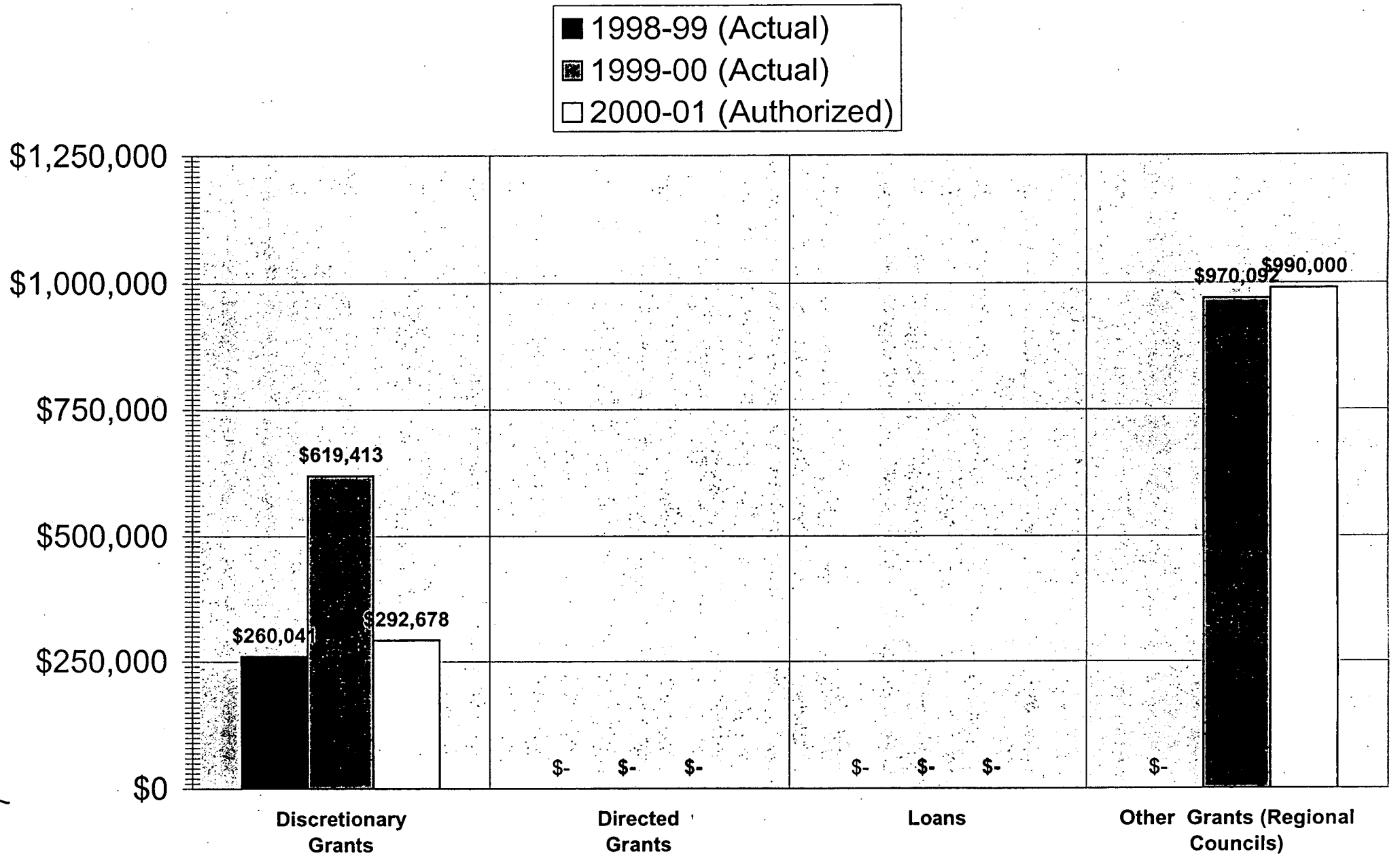
Department of Commerce
DCA - Local Planning & Management
Comparison of Actual and Authorized Expenditures



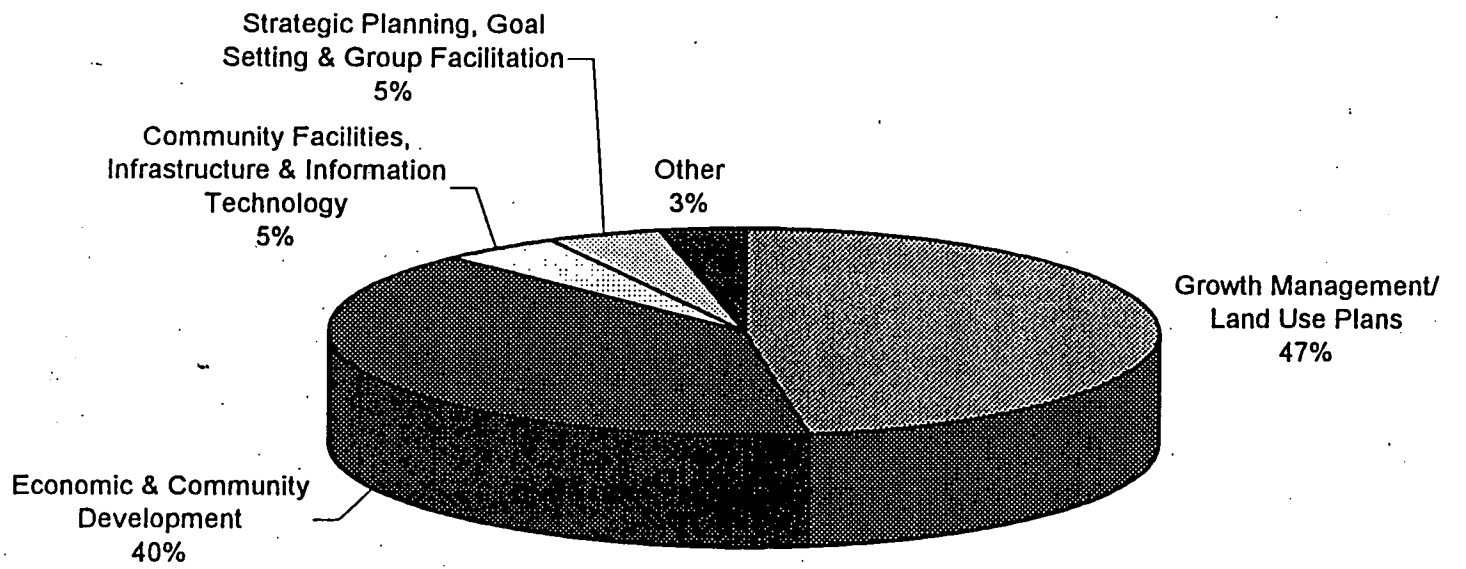
Department of Commerce
DCA - Local Planning & Management
Comparison of Actual and Authorized Expenditures



Department of Commerce
DCA - Local Planning & Management
Comparison of Actual and Authorized Expenditures

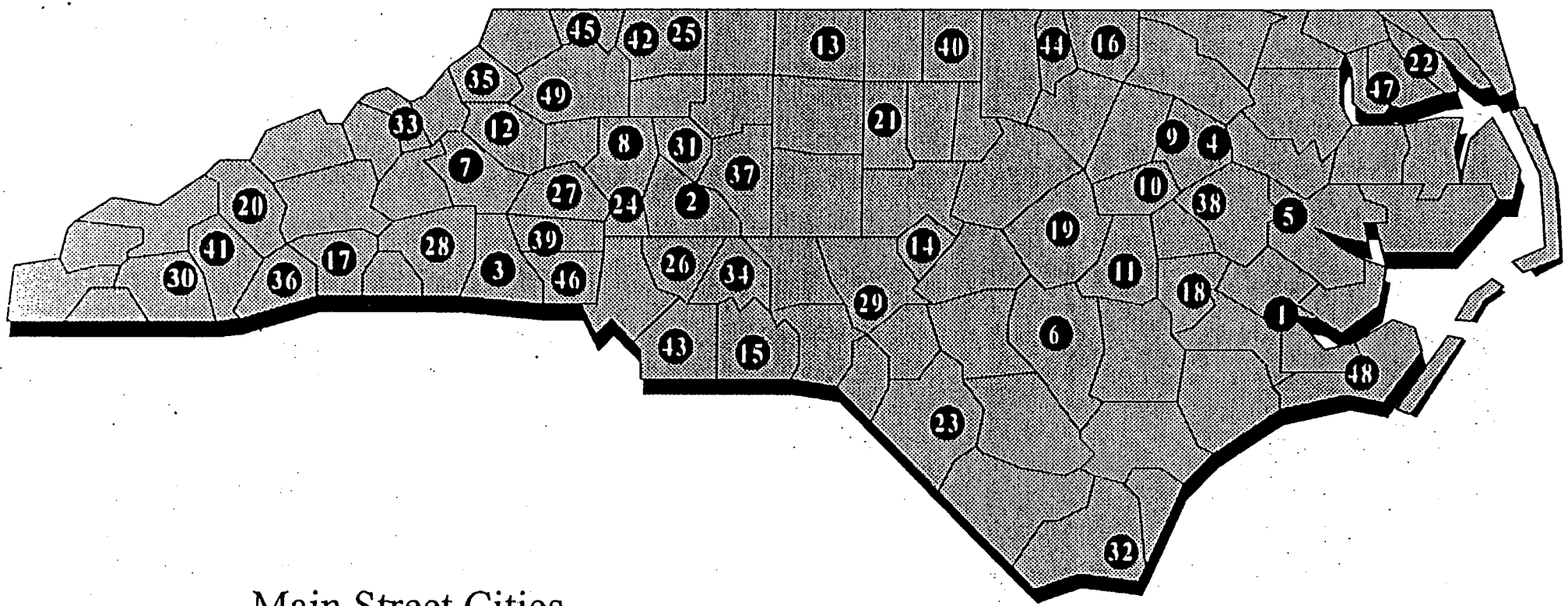


Type of Assistance
DCA Community Planning Program
FY 1999-00



Figures reflect staff time devoted to major project categories.

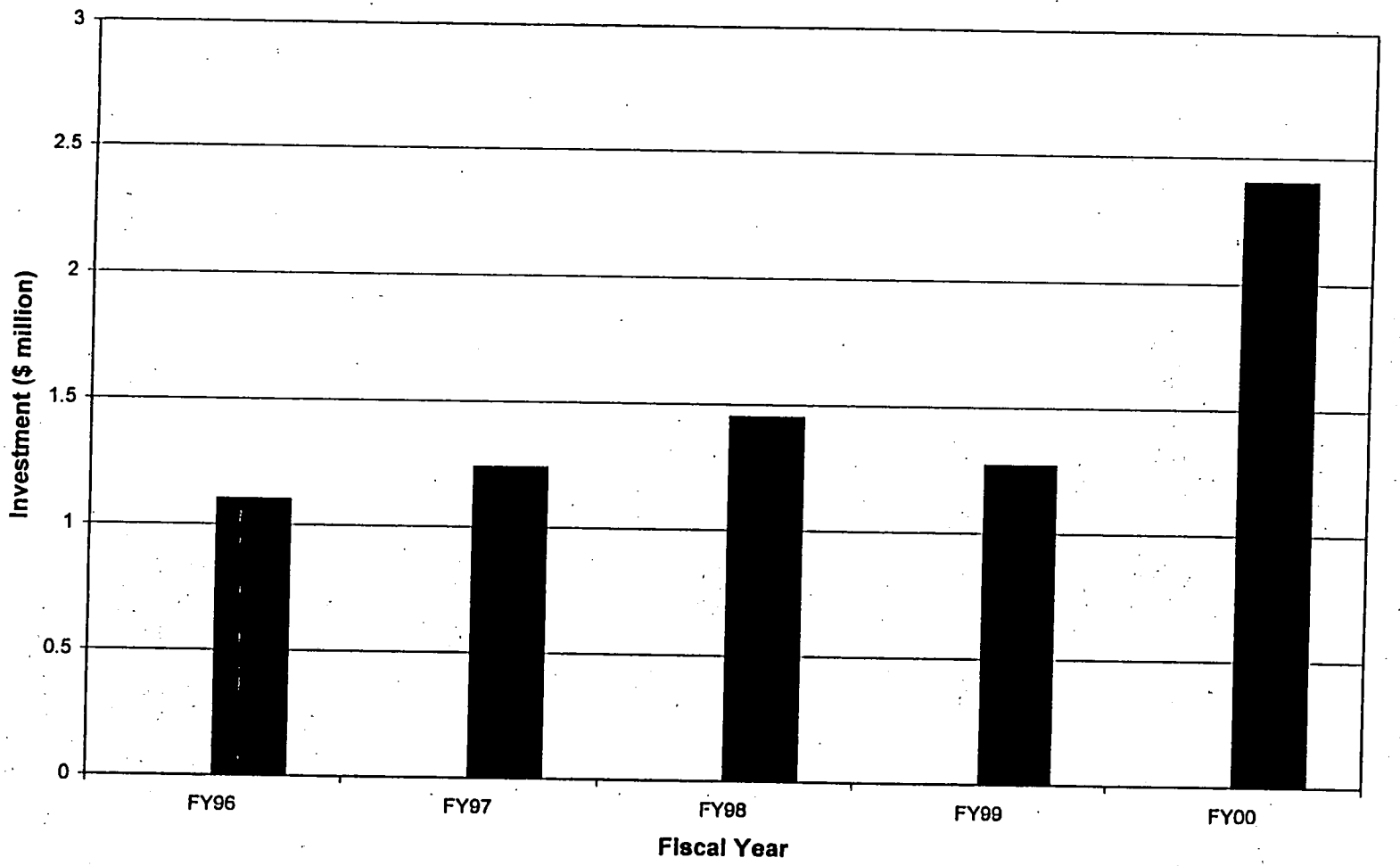
North Carolina Main Street Cities



Main Street Cities and Designation Years

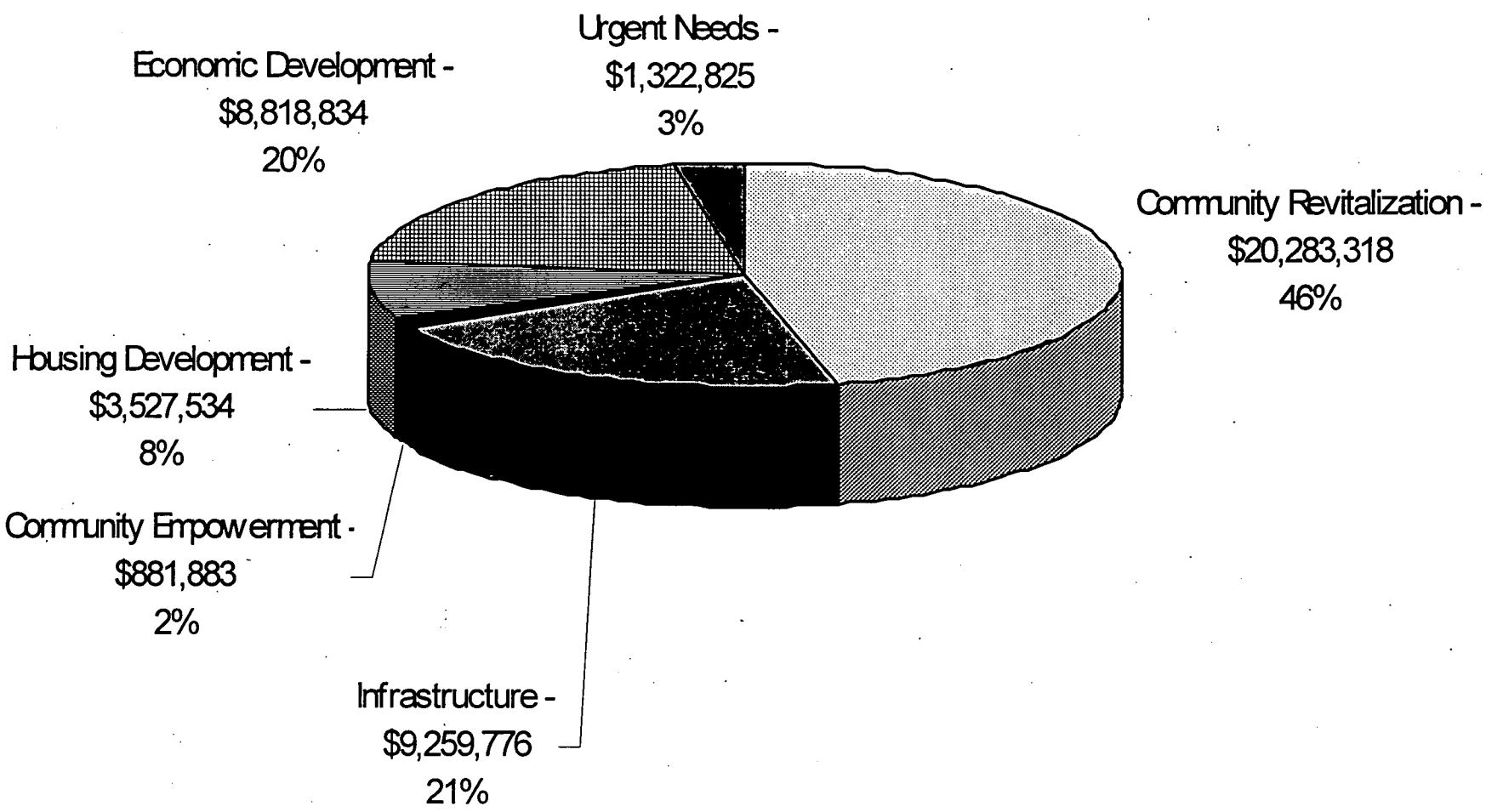
1980	1982	1984	1986	1988	1990	1991	1993	1995	1998	2000
1 New Bern	6 Clinton	11 Goldsboro	16 Henderson	21 Burlington	26 Concord	31 Mocksville	34 Albemarle	38 Farmville	42 Elkin	46 Belmont
2 Salisbury	7 Morganton	12 Lenoir	17 Hendersonville	22 Elizabeth City	27 Newton	32 Southport	35 Boone	39 Lincolnton	43 Monroe	47 Hertford
3 Shelby	8 Statesville	13 Reidsville	18 Kinston	23 Lumberton	28 Rutherfordton	33 Spruce Pine	36 Brevard	40 Roxboro	44 Oxford	48 Morehead City
4 Tarboro	9 Rocky Mount (not active)	14 Sanford	19 Smithfield	24 Mooresville	29 Aberdeen (not active)		37 Lexington	41 Sylva	45 Sparta	49 North Wilkesboro
5 Washington	10 Wilson	15 Wadesboro	20 Waynesville	25 Mount Airy (not active)	30 Franklin (not active)					

Average New Downtown Investment per Main Street Community FY 1996-2000

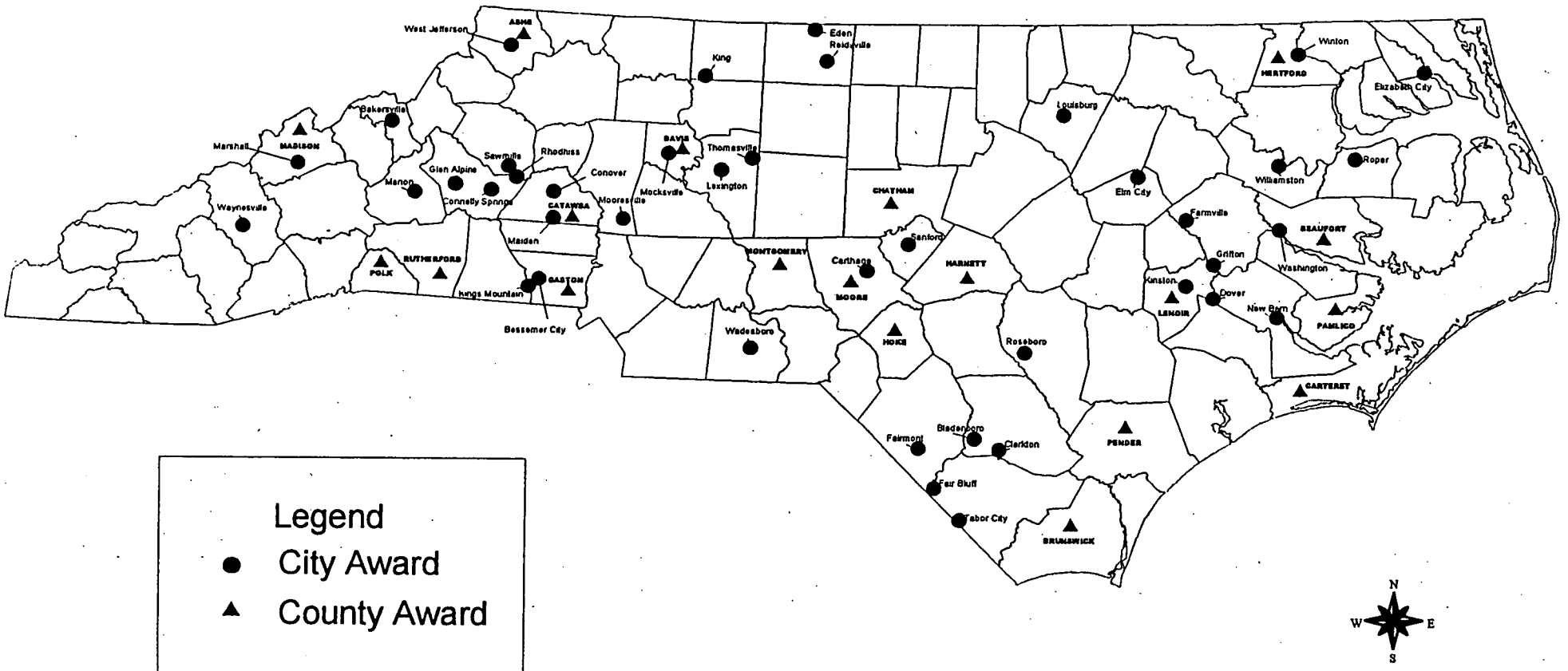


2000 CDBG Budget

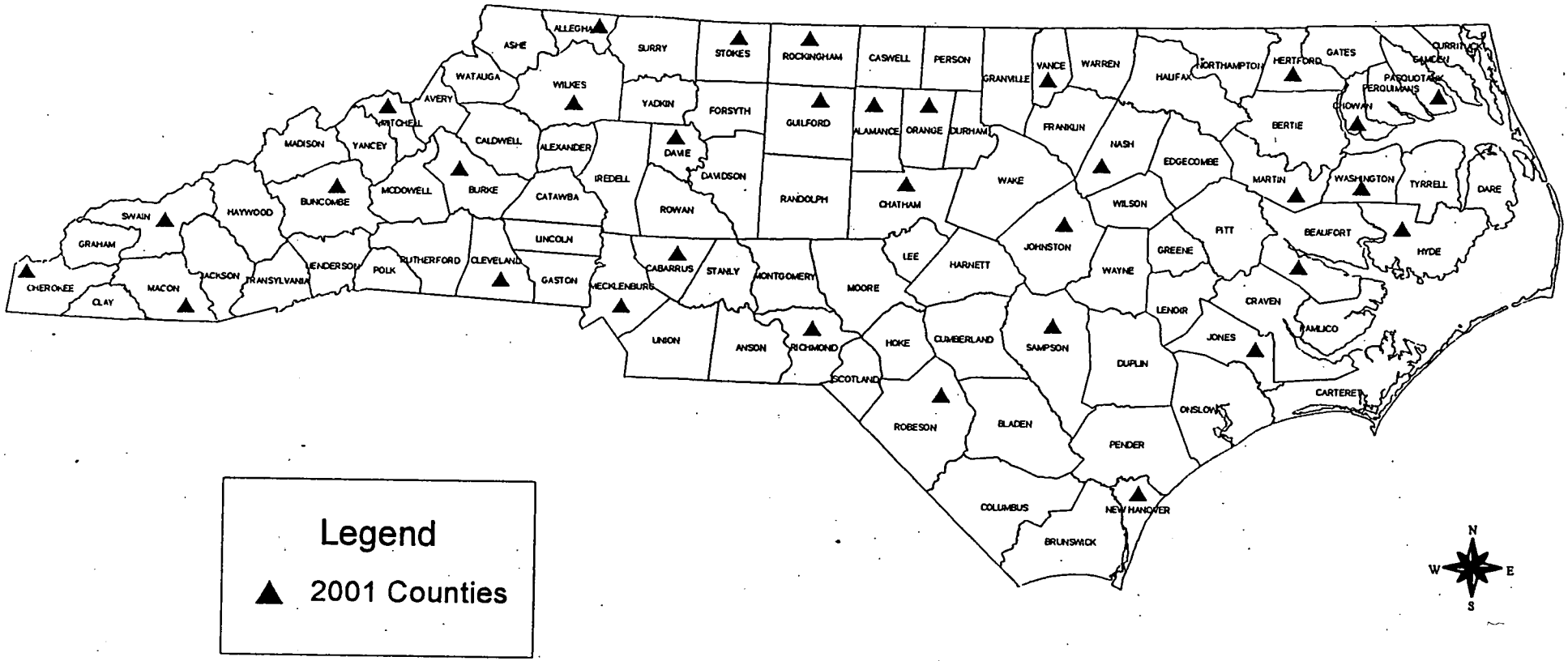
(Fund 1631)



CDBG Grants Awarded to NC Counties and Cities in 2000



Counties Awarded Scattered Site Grants in 2001



Legend

▲ 2001 Counties

Attachment G

North Carolina Housing Finance Agency

	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-2003 Recommended Cont. Budget
Expenditures	43,940,345	46,362,561	47,648,083	51,038,864	55,984,712	50,904,712
Less Receipts	(36,769,564)	(40,446,410)	(45,347,250)	(39,305,597)	(47,684,712)	(45,684,712)
Cash Balance +/-	(1,370,780.75)	1,383,849.43	1,999,167.90	(433,267.17)	-	-
State Appropriations	***5,800,000***	***7,300,000***	***4,300,000***	***11,300,000***	***8,300,000***	***5,220,000***
Positions	83	85	92	98	105	105

The North Carolina Housing Finance Agency (NC HFA) was created by the General Assembly in 1973 to increase the supply of affordable housing for the state's low- and moderate-income citizens. The Agency provides both financial and technical assistance for the development and purchase of affordable housing. Funding for Agency programs and operations comes from program fees, earnings from tax-exempt bond sales, federal funds, and the Housing Trust Fund. A 13-member Board of Directors sets policy for the Agency. A separate 13-member Housing Partnership Board sets policy for the North Carolina Housing Trust Fund.

General Fund appropriations are used for two purposes: (1) to match federal HOME program to finance new affordable housing units and to rehabilitate existing units for low- and moderate-income households, and (2) to support the Housing Trust Fund. The principal uses of the Housing Trust Fund are as follows:

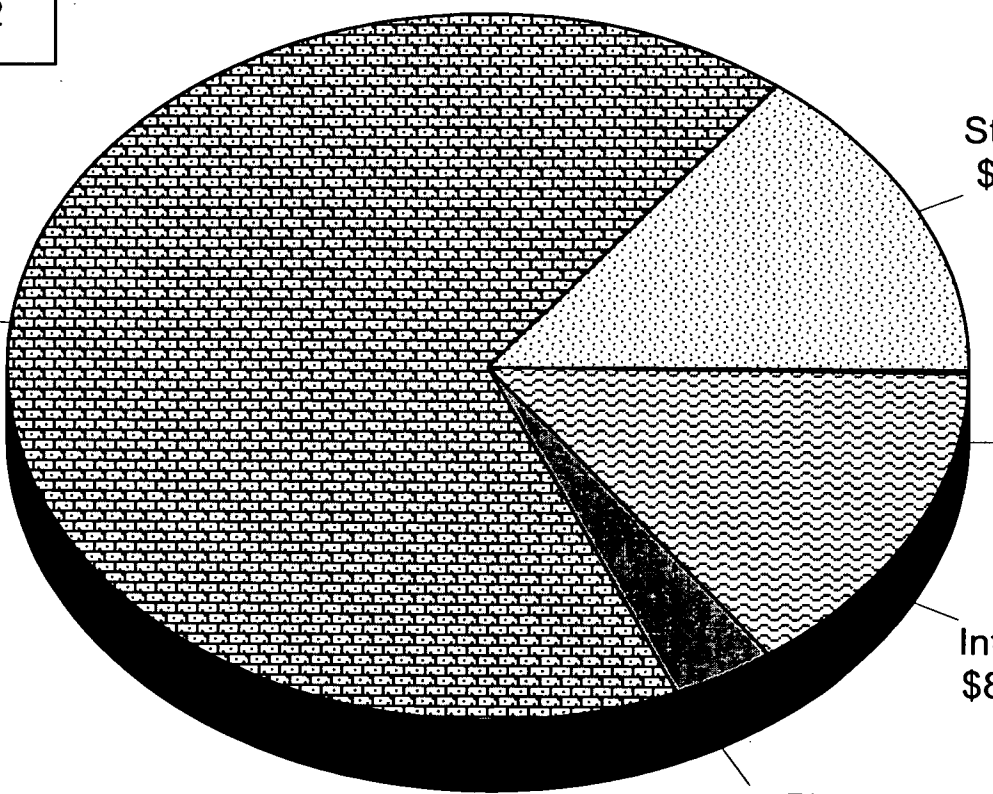
(1) loans to first-time home buyers
(2) loans to developers of affordable rental housing in rural areas
(3) grants to elderly home owners for urgent home repairs
(4) loans to non-profit sponsors of housing for persons with special needs (e.g. mentally ill, homeless, developmentally disabled).

Both HOME and Housing Trust Fund state appropriations are directly invested in "bricks and mortar"; no funds are used for staff or operating costs.

North Carolina Housing Finance Agency

FY 2000-01 (Authorized) Fund Sources

Total - $55,984,712



State Appropriations
$8,300,000 14.8%

Federal Funds
$37,242,359 66.5%

Investment Income
$100,000 0.2%

Intragov't Transfers
$8,342,353 14.9%

PVE Transfer
$2,000,000 3.6%

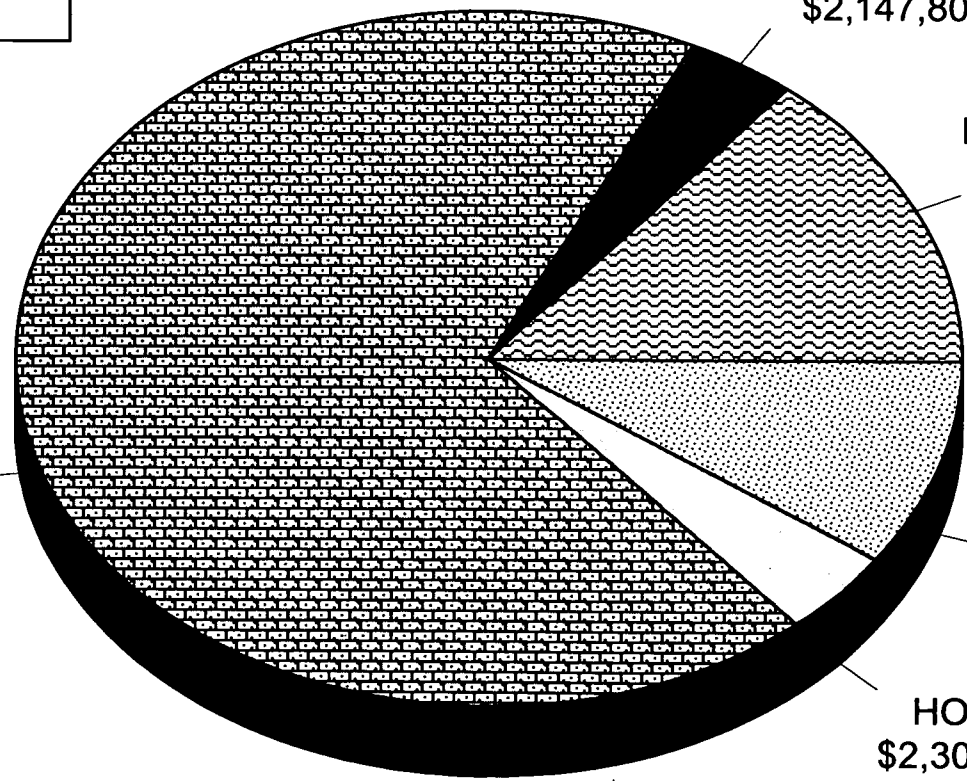
Fiscal Research Division - April 2001

HFA-2

North Carolina Housing Finance Agency

FY 2000-01 (Authorized) Expenditures By Category

Total - $55,984,712

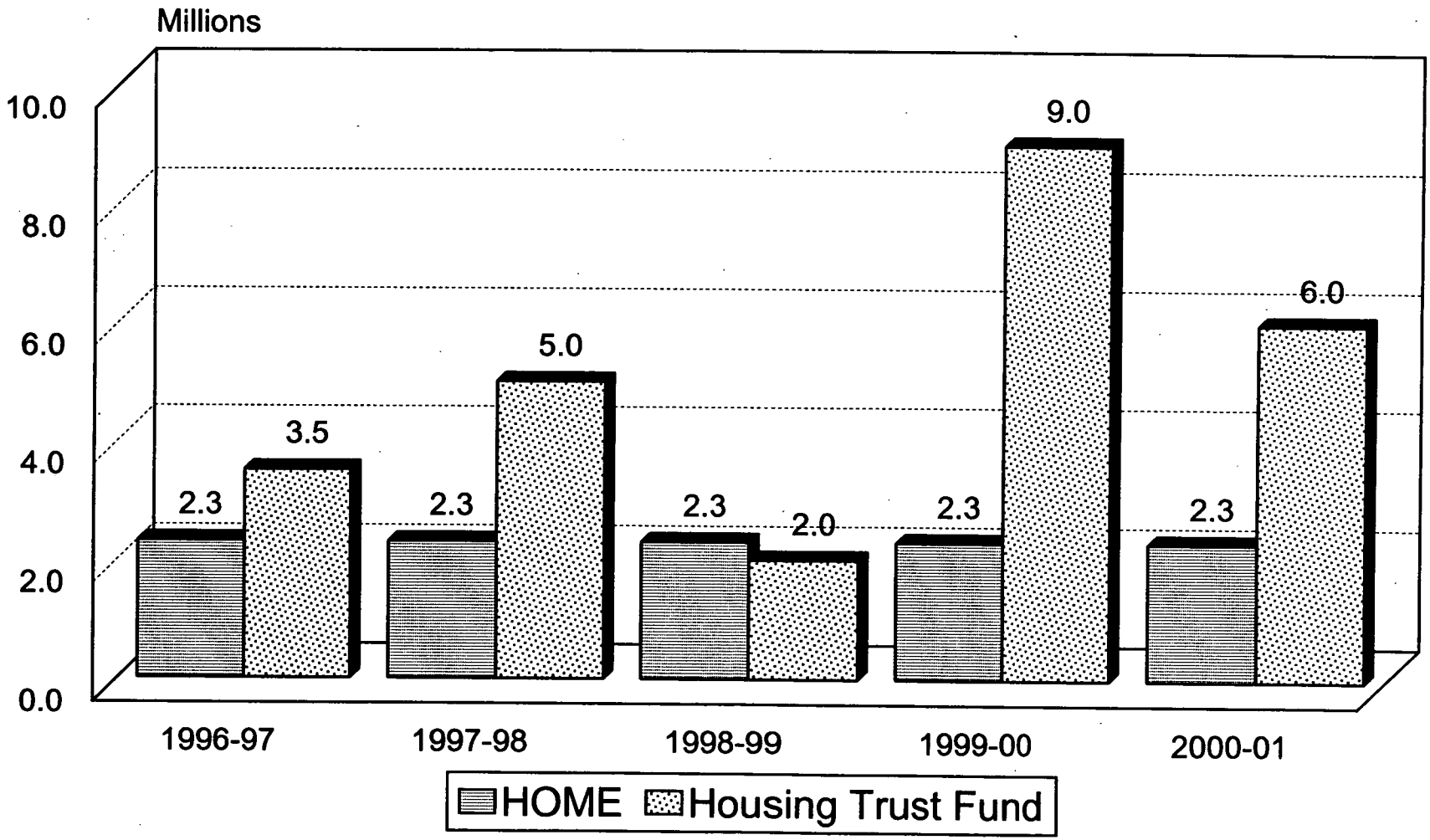


Fiscal Research Division - April 2001

HFA-3

North Carolina Housing Finance Agency

Summary of State Appropriations 1996-2000



Fiscal Research Division - April 2001

HFA-4

NORTH CAROLINA HOUSING FINANCE AGENCY

GOVERNOR'S RECOMMENDED FY 2001-03 REDUCTIONS

	FY 2001-02	FY 2002-03
1. Reduce recurring appropriation to the Housing Trust Fund.	($ 80,000) R	($ 80,000) R

North Carolina Housing Finance Agency					
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01* Year-to-Date
Beginning Balance	$5,696,055	$4,345,852	$5,811,631	$7,949,348	$8,253,758
Receipts	$36,769,564	$40,446,410	$43,347,250	$39,305,597	$26,771,857
Expenditures	($38,140,345)	($39,062,561)	($41,348,083)	($39,738,864)	($25,353,008)
Other	$20,577	$81,930	$138,549	$737,677	($393,259)
Change in Cash Balance	*($1,370,781)*	*$1,383,849*	*$1,999,168*	*($433,267)*	*$1,418,849*
Ending Balance	**$4,345,852**	**$5,811,631**	**$7,949,348**	**$8,253,758**	**$9,279,349**

Note: 2000-01 is year-to-date as of 12/31/00

HFA-6

North Carolina Housing Finance Agency

Summary of Programs



Homeownership Programs

- **For Individuals**

The Homeownership Mortgage Loan Program offers mortgages to homebuyers with low and moderate incomes at an interest rate below the market rate. It is specifically targeted for first-time homebuyers or individuals who haven't owned a home in three years. It is funded by the sale of tax-exempt bonds. Funds are available throughout the year. Contact Faye Moos at 919-877-5686.

Interest-free, deferred second mortgages up to $5,000 are available to pay a substantial part of the down payment and closing costs for homebuyers below 80% of median income. Contact Faye Moos at 919-877-5686.

- **For Local Governments & Nonprofit Organizations**

The New Homes Program provides interest-free second mortgage loans of up to $20,000 per unit for the purchase of newly constructed, rehabilitated or existing homes. Assistance is targeted to homebuyers below 80% of median income. Contact Bill Bunting at 919-877-5629 or Sonia Joyner at 919-877-5630.

The Self-Help Housing Program provides interest-free second mortgage loans of up to $15,000 per unit for the construction and permanent financing of newly-built homes. Assistance is targeted to homebuyers below 50% of median income. Contact Bill Bunting at 919-877-5629 or Sonia Joyner at 919-877-5630.

HPAT

Rental Programs

The Low-Income Housing Tax Credit Program encourages developers to produce rental housing for low-income households by allowing a 10-year federal tax credit which is calculated on the project's qualified basis. The program is overseen by the N.C. Federal Tax Reform Allocation Committee and is administered by the Agency. The program has a two-part annual application cycle, requiring a preliminary site and market application due at the end of January and a full application due in April. Allocation decisions are made by the end of July. Contact Jim Yamin at 919-877-5651. For Asset Management, contact Paul Kimball at 919-877-5637.

The State Tax Credit Program is available for any project that receives an allocation of federal tax credits. The amount of the state credit is equal to a percentage of the total ten year federal credits, depending on the county location of the project in the state. The state tax credit cannot be used with projects receiving private activity bond volume cap and financed with tax exempt bonds. It is not necessary to apply for the state tax credit; any project receiving an allocation of federal tax credits automatically may claim state credits if they meet certain requirements outlined in article 3B, Section 105 of the General Statutes of North Carolina and have been issued an allocation by the North Carolina Housing Finance Agency. Contact Jim Yamin at 919-877-5651



The Rental Production Program provides loans of up to $1.5 million per development for the construction of rental housing for households below 60% of median income. Contact Jim Yamin at 919-877-5651. For Asset Management, contact Paul Kimball at 919-877-5637.

The Catalyst Rental Program encourages nonprofit organizations to build rental housing for low-income households by providing loans for market studies, land options, architectural services, engineering work and environmental reviews. Applications are received year round as long as funding is available. Contact Suma Kumar at 919-877-5640.

The Housing LINC Loan Fund, operated under agreement with the N.C. Division of Aging and funded by the Kate B. Reynolds Foundation, is a revolving loan fund to pay predevelopment costs for assisted-living apartments for the elderly. Applications are received year round as long as funding is available. Contact Suma Kumar at 919-877-5640.

The Supportive Services Program provides training and consultation services for service coordinators, managers and developer/owners to promote service-enriched, affordable housing for families, elderly and other residents with special needs. Contact Mary Reca Todd at 919-877-5672.

HFA-8

Special Needs Housing Programs

The Supportive Housing Development Program provides interest-free loans of up to $400,000 per development for the production of transitional and permanent housing for persons with special needs. It also provides loans of up to $100,000 for the rehabilitation of emergency housing for special needs households. The assistance is targeted to households below 30% of median income. Contact Amy Cole at 919-877-5633.

The Emergency Shelter Rehabilitation Program provides loans of up to $100,000 for the rehabilitation of existing emergency and transitional housing that serves individuals and families whose incomes are below 30% of median income. Contact Amy Cole at 919-877-5633.

Housing Rehabilitation Programs

The Single Family Rehabilitation Program provides up to $500,000 to local and regional governments and nonprofit organizations for deferred payment loans to rehabilitate single-family, owner-occupied homes, primarily in distressed counties. Assistance is targeted to homeowners below 50% of median income. Contact Bob Dunham at 919-877-5626 or Dick Smith-Overman at 919-877-5628.

The Urgent Repair Program provides up to $75,000 to local governments, regional agencies and nonprofit organizations for grants to correct housing conditions that pose a threat to life or safety. Assistance is targeted primarily to households below 50% of area median income. Contact Bob Dunham at 919-877-5626.

The Duke Home Energy Loan Program provides up to $150,000 to local governments, regional agencies and nonprofit organizations within the Duke Power service area for loans to reduce energy costs of homeowners below 80% of median income. Contact Bob Dunham at 919-877-5626 or Michael Handley at 919-877-5627.

The Lead Abatement Partnership works with the Department of Health and Human Services and the Department of Environment and Natural Resources to identify and eliminate lead paint hazards in the home environments of already-poisoned children in owner-occupied housing. It also provides technical assistance through local rehab organizations, and deferred loans to fund lead abatement and comprehensive rehabilitation. Contact Bob Dunham at 919-877-5626.



HFA-9

Policy and Research Activities



The N.C. Elderly Housing Rights and Consumer Protection Program provides information to consumers on housing rights and trains advocates and service providers. Contact Mary Reca Todd at 919-877-5672.

The Consolidated Plan is a housing and community development plan required by HUD that provides details about the state's housing needs and conditions, sets out a strategy to meet needs, identifies resources available and establishes a one- and five-year investment plan to meet priority needs. Contact Keir Morton at 919-877-5634.

The Housing Resource Guide lists and describes organizations in North Carolina that provide housing services. An online, searchable version is available on the Agency's web site, www.nchfa.com. Contact Keir Morton at 919-877-5634.

The Reverse Mortgage Loan Program statute in North Carolina requires the Agency to approve the training standards for individuals providing counseling to elderly homeowners who are applying for reverse mortgages. Contact Mary Reca Todd at 919-877-5672.

The Training for Predatory Lending Counselors Program is required by North Carolina's predatory lending law, Senate Bill 1149. The law mandates that persons considering high-cost home loans must receive counseling from a North Carolina Housing Finance Agency-approved counselor before they complete the loan process. The purpose of the counseling is to ensure that the borrower fully understands the material terms of the loan, and the amount of fees and costs the borrower will be required to pay. Contact Mary Reca Todd at 919-877-5672.

The Housing North Carolina Awards recognize homeownership and rental developments built in North Carolina that are judged by an expert panel to be outstanding examples of affordable housing. Contact Margaret Matrone at 919-877-5606.

General

The Housing Coordination and Policy Council is a 15-member advisory group representing state agencies and departments with responsibility for housing programs. It was established by the General Assembly to advise the Governor and the General Assembly concerning state housing policy and ways to improve the coordination of the state's housing efforts. Contact Bill Dowse at 919-877-5622.

The North Carolina Housing Partnership was established by the General Assembly to set policy for the use of the North Carolina Housing Trust Fund. The Housing Partnership comprises 13 members. Contact Bill Dowse at 919-877-5622.

NORTH CAROLINA HOUSING FINANCE AGENCY

3508 Bush Street
Raleigh, North Carolina 27609-7509

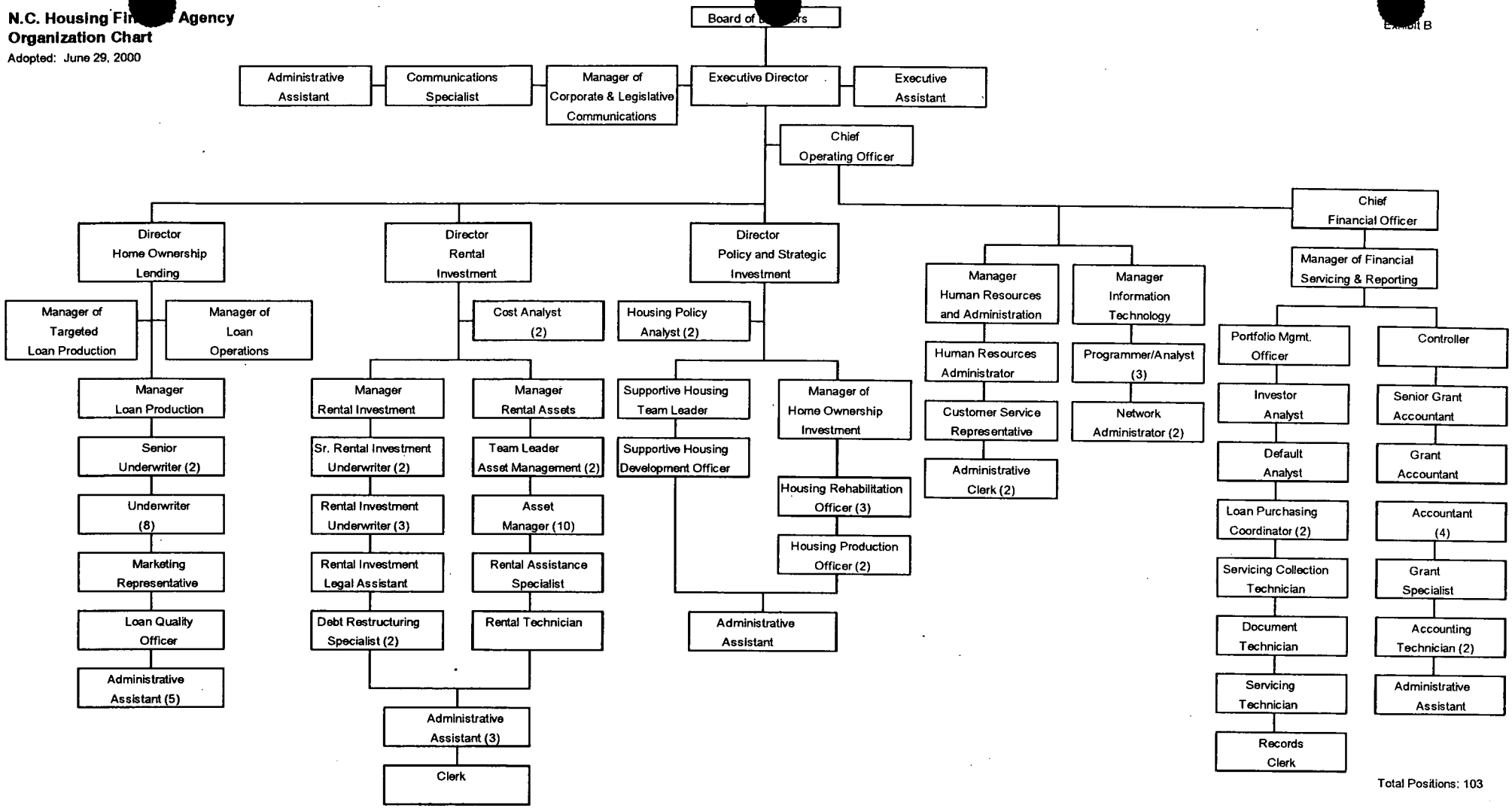
PO Box 28066
Raleigh, North Carolina 27611-8066

Tel: 919-877-5700
Fax: 919-877-5701
Internet: www.nchfa.com

HFA-10

N.C. Housing Finance Agency
Organization Chart
Adopted: June 29, 2000

Exhibit B



Total Positions: 103

HFA-11

Attachment H

NORTH CAROLINA
HOUSING
FINANCE
AGENCY

MEMORANDUM

A self-supporting
public agency

A. Robert Kucab
Executive Director

PO Box 28066
Raleigh, NC
27611-8066

3508 Bush Street
Raleigh, NC
27609-7509

TEL. 919-877-5700
FAX. 919-877-5701
www.nchfa.com

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: A. Robert Kucab
Executive Director

DATE: April 19, 2001

SUBJECT: Fiscal Year 2001-2003 Budget

I am pleased to provide these facts about the importance of the $2.92 million appropriation to the Housing Trust Fund and the $2.3 million match for the federal HOME Program.

These appropriations are integral to our agency's initiatives that financed $1.25 billion of affordable housing production during 1999 and 2000 and were critical in flood rebuilding.

These appropriations will be used to produce 320 new homes and apartments valued at approximately $25 million. All of the housing will be affordable to households below 50% of median income.

- The $2.3 million match for the federal HOME Program will be used to leverage the construction of 165 apartments for working families and the elderly.

- The $2.92 million appropriation for the Housing Trust Fund will be used in three programs to leverage the construction of 70 apartments for working families and the elderly; 60 service-supported apartments for persons with special needs, such as those with mental illness; and 25 single family homes for first-time buyers.

As members of this Subcommittee know, in our state almost 367,000 families of very-low income (i.e., below 50% of median) live in unaffordable or substandard housing.

In response, the General Assembly created the Housing Trust Fund and it has delivered.

The Trust Fund produces results:

- 10,400 homes have been built or rehabilitated.

The Trust Fund addresses a diversity of housing needs:

- It helps families ranging from first-time home buyers to those fleeing domestic violence.

The Trust Fund leverages other funds:

- On average there is $5 of total investment for each $1 of state investment.

The Trust Fund reaches far and wide:

- It has been used in all 100 counties for families below 30% of median.

The Trust Fund is all bricks and mortar:

- Our self-supporting agency pays all operating expenses.

The Trust Fund has wide endorsements:

- The Rural Prosperity Task Force, the Aging Study Commission, and the Smart Growth Study Commission have recommended increasing appropriations to the Trust Fund.

While we are very appreciative for previous funding, competition for scarce housing resources has increased.

As an example, sponsors of affordable rental housing have submitted $45 million of loan requests to us this year, although we only have $10 million of available funds. In addition, the agency has adopted a new and ambitious goal of financing 10,000 new entry-level homes for first-time buyers.

The Trust Fund is a vital part of building housing solutions.

Thank you for your consideration.

NORTH CAROLINA HOUSING FINANCE AGENCY

Financing North Carolina's Future"

North Carolina Housing Trust Fund at Work



Singletree in Greenville

Mixed-income subdivision developed by the City



Paladin Village in Greenville

New 48-unit rental development built as part of the flood disaster relief efforts

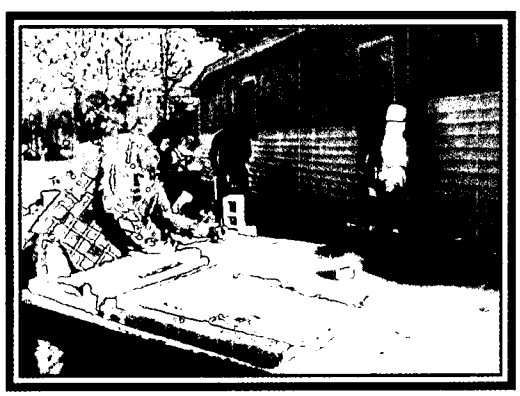


New Homeowners in Pittsboro



Safe Space in Louisburg

Domestic violence shelter



Home Rehabilitation in Smithfield



Baker House in Lumberton

Sanitarium converted into apartments for the elderly



Rollingwood in Oxford

New mixed-income subdivision located two miles from downtown and within three miles of schools



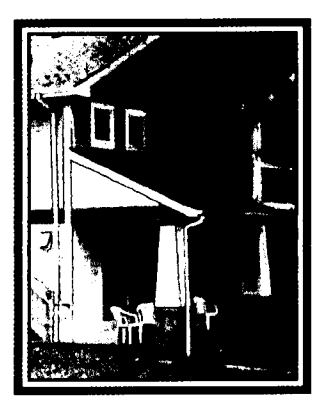
The Bungalows in Davidson

New 32-unit apartment community designed with neighborhood input—the first affordable rental housing built there in 20 years



Wind Ridge in Asheville

40-unit, tudor-style family apartments—to be completed in April



AHOPE Center in Asheville

Day center and safe haven for people with long histories of homelessness



The Veranda in Farmville

A unique shared-living facility for the elderly.



Oak Grove Village in Jefferson

Family rental community featuring chalet-style buildings located in a wooded, hilly setting

VISITOR REGISTRATION SHEET

NER — 4-19-01

Name of Committee — Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Hugh Holland	Upper Cape Fear COG - Rockymount
Don Freeman	Triangle J Council of Govts RTP
Paul Hughes	Isothermal PDC, Rutherfordton
Randy Billings	Piedmont Triad Council of Governments
Bill McNeil	NC Division of Community Assistance
John Berndt	" " "
CLEVE SIMPSON	DEPT OF COMMERCE
DON H. BART	DOC
ROBIN Pasquarello	Commerce
Chet Mottershead	Commerce
Ken Emanuel	Commerce - Ind. Commission
Buck Lattimore	NC Industrial Commission
Jim Mowell	OSBPM
Buddy Humphrey	"
Johnny Gray	OSBPM
Dave Fitzgerald	OSBPM
BOB KUCAB	NCHFA
Angie Harris	Maupin Taylor & Ellis
Kevin Leonard	NCDOL
Gloria Pace-Sims	DOC
Jack Cozart	PARKER POE

VISITOR REGISTRATION SHEET

NER 4-19-01

Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Michelle Cook	Weyerhaeuser
Bill Rowe	NC Low Income Housing Coalition
Jim Fain	NCDOC
VC M	TDA Inc
Linda Queen	Technological Dev. Auth., Inc.

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, May 1, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairman's Comments**

2. **Regional Economic Development Commissions**
   Jennifer Willis, Fiscal Research
   Gordon Myers – Incoming Co-Chair, NC Partnership for Economic Development
   Gene Miller – Chairman, North Carolina's Southeast Regional Commission

3. **Review of Governor's Recommended 01-03 Reductions and Agency Proposed Substitutions**
   NER Staff

4. **Review of Governor's Recommended 01-03 Expansion**
   Rural Economic Development Center (REDC)
   NC Biotechnology Center
   Department of Commerce

5. **Non-Profits Receiving Non-Recurring Appropriations for 3 Preceding Years**
   Technological Development Authority (TDA)
   World Trade Center (WTC)
   State Agencies (*handout only*)

6. **Committee Discussion**

7. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
May 1, 2001 - 8:30 A.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, May 1, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Eight House Members were present as follows: Representatives Bill Owens, Stan Fox, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, John Weatherly and Roger West. Five Senate Members were present. A visitor's sheet is attached (ATTACHMENT I).

Representative Bill Owens chaired the meeting.

Continuation Budget Review of the Department of Commerce

Regional Economic Development Commissions

Chair Bill Owens recognized Ms. Jennifer Willis, Fiscal Research, to review the activities, budget and funding of the seven Regional Economic Development Commissions (ATTACHMENT II).

Mr. Gordon Myers, chairman of Advantage West and incoming co-chair of the North Carolina Partnership for Economic Development (NCPED), was recognized to review the NCPED program (ATTACHMENT III).

The primary mission of the NCPED has been to improve the economic well being of North Carolina residents through expanding the tax base and creating better paying high skill jobs. The regional approach makes possible custom tailored solutions that impact and win for all of North Carolina but especially our counties that need the most assistance. Since the creation of the regional partnerships in 1994, the eight-five rural counties have seen a 555% growth rate in jobs and investment. The NCPED is asking the State to appropriate $6,425,000 per year for 2001-2003.

Chair Bill Owens recognized Mr. Paul Butler, Director of the Southeastern Regional Economic Development Commission. Mr. Butler stated that his regional commission served as a constant force for economic development in an area where there have been fifteen developers to turn over in the last six years. They have raised over $1M in private funding that has been used to close deals. They will adjust their budget for the $50,000 reduction by decreasing the number of business calls and trade missions and will reduce the amount of matching money that they were going to put in the certified sites program. Also, they will restrict the number of trade shows and the number of people that will be attending the trade shows.

Mr. Dale Carroll, Director, Advantage West, was recognized. He said in the Western Region, they would adjust the budget to reflect the loss of $50,000 by re-allocating the responsibilities for the vacant industrial marketing director position. They will reduce the number of industrial trade shows and reduce the number of staff members working the trade shows around the country. They will have less funds per community for the master planning industrial parks program.

Advantage West has served as a stable and consistent economic development entity in a twenty-three county area. Twelve of the counties have no economic developer or only a part-time economic developer. They have awarded over $2M in local matching grants at the local level that has leveraged over $300M for a commitment for western North Carolina. They have had direct involvement in creating over 1200 jobs and over $85M in investments of equipment and machinery on certified industrial sites in their twenty-three county area. They played a vital role in the early stages of saving two manufacturing plants with a total of 1500 jobs.

Governor's Recommended Reductions for NER Agencies

Chair Bill Owens recognized the Fiscal Research Staff to review the Governor's Recommended Reductions for NER Agencies (ATTACHMENT IV).

Ms. Jennifer Willis, Fiscal Research, reviewed the Housing Finance Agency and the Department of Agriculture and Consumer Services portion of the report.

Mr. Adam Levinson, Fiscal Research, reviewed the Department of Labor (DOL). He then recognized Ms. Becky Brown, Director, Division of Budget and Management, Department of Labor. Ms. Brown stated that the DOL proposed replacing the Governor's recommended cuts with an increase in Elevator Inspection Fees. SB 897 and HB 1057 have been introduced to give the Labor Commissioner authority to set the fees.

Ms. Willis reviewed the Department of Environment and Natural Resources.

Mr. Levinson reviewed the Department of Commerce (DOC). He recognized Mr. Don Hobart, Legislative Liaison and Legal Counsel, DOC, who provided an amendment to the Governor's cuts for the DOC. The Department of Commerce proposes to restore an economic developer position in the Center for Entrepreneurship and Technology. These funds would be replaced by reducing their advertising appropriation in Marketing and Consumer Services in the same amount of $77,451.

Mr. Buck Lattimore, Chairman, North Carolina Industrial Commission, reviewed the proposed substitutions to the Governor's recommended reductions for the Industrial Commission.

Senator David Weinstein made the motion that the committee tentatively adopt the Governor's Recommended 2001-2003 Reductions with the exception of the items that have been requested for substitution by the agencies today. The motion was second by Senator Ham Horton. The motion passed unanimously.

Governor's Recommended 2001-2003 Expansion

Chair Bill Owens recognized Mr. Levinson, Fiscal Research, to review the Industrial Recruitment Competitive Fund (ATTACHMENT V). Mr. Don Hobart, Legislative Liaison and Legal Counsel for the Department of Commerce also spoke on the expansion request.

Ms. Willis, Fiscal Research, and Mr. Billy Ray Hall, President of the North Carolina Rural Economic Development Center, Inc., were recognized to review the Governor's expansion request for the Development Center (ATTACHMENT V).

Mr. Levinson, Fiscal Research, and Ms. Lori Greenstein, Senior Vice-President for Corporate Administration/Chief Financial Officer, North Carolina Biotechnology Center were recognized to review the Governor's expansion request for the Bio-Tech Center (ATTACHMENT V and ATTACHMENT VI).

Non-Profits Receiving Non-Recurring Appropriations for Three Preceding Years

Ms. Willis, Fiscal Research, was recognized to review the Non-Profits Receiving Non-Recurring Appropriations for Three Preceding Years. Ms. Willis stated two non-profits met this category, (1) Technological Development Authority (TDA) and (2) World Trade Center (WTC). She called the committee's attention to the handout (ATTACHMENT VII) that has the summary of the State Agencies falling in this category.

Chair Bill Owens recognized Mr. David Emmett, President, Technological Development Authority (TDA), to review activities of TDA (ATTACHMENT VIII). TDA creates jobs and wealth in North Carolina by supporting the formation of new entrepreneurial companies. Mr. Emmett asked for renewed funding for the Authority. Dr. Charles Moreland, Vice-Chancellor, North Carolina State University, spoke on how the TDA works with the university in creating jobs in high technology.

Ms. Ruth Turner Camp, President, World Trade Center (WTC), was recognized to review the activities of WTC (ATTACHMENT IX). Ms. Camp stated that the WTC has received non-recurring funds from the General Assembly for ten years. She introduced Ms. Mary Musacchia, Counsel to the President of SAS Institute, Inc., and Mr. Christopher Brown, Owner, Brown Computer Company, stating that they represent one of the largest and one of the smallest companies assisted by the WTC.

Ms. Willis reviewed the Biosecurity Guidelines for Animal Waste Inspections (ATTACHMENT X). She stated Representative Frank Mitchell requested these at last Thursday's committee meeting.

Chair Bill Owens adjourned the meeting at 9:49 a.m.

Respectfully submitted,

Bill Owens
Representative Bill Owens, Chair

Linda A. Johnson
Linda A. Johnson, Committee Assistant

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — May 1, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Lassiter	NC State Tank Assoc.
Gordon Myers	Advantage West NCPED
Ernest Leonard	NC TDA; 2 DAVIS Dr. RTP, NC
Jr McClees	TDA
Henri McC	TDA
DAVE EMMITT	TDA
Linda Powell	N.C. Technological Dev. Auth.
Kathy Turner Carp	World Trade Center North Carolina
KAMK Bauman	DENR
Jane Smith	DENR
Dempsey Benton	DENR
Linwood Mercer	Linwood Mercer + Assoc.
John Goodman	"
Becky Mercer	Mercer + Assoc.
EDDIE MARTIN	NCDA PLANT INDUSTRY (SEED)
LINDA Gunn	NCIMED
ANDREA HARRIS	NCIMED
Lori Ann Harris	LAHA
SUSAN PERRY Cole	NCACDC
Ebonie Alexander	NCCDI
Jack Holtzman	NCACDC
Vickie Sorrell	NCDA&CS
Alan Foster	NCDA&CS
Jim Burnette, Jr	NCDA&CS
Richard C. Reich	NCDA&CS
Buck LATTIMORE	NC INDUSTRIAL COMMISSION
Winston Sutton	NC Dept. of Agriculture & CS

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

May 1, 2001 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Clara Dan	NCDA & CS
N. David Smith	NCDA & CS
Jim Nowell	OSBPM
Buddy Hayes	—
[illegible]	—
Margaret McGrone	NC Housing Finance Agency
Billy McKaL	NCDA & CS
Susan Baker	NCDA & CS
Bill Dickerson	NCDA & CS
Dene Cox	NCDA & CS
Tom Duncan	DOA
Sharon Lipscomb	NC Rural Center
BRUCE WILLIAMS	NCDA & CS
KEVIN G. LEONARD	NCDOL
Angie McMillan	The Nature Conservancy
Lynn Minges	NC Div of Tourism, Film & Sports
SANDY MADDOX	NCDA & CS
Becky Brannon	Labor
Dana Fitzgerald	OSBPM
Christopher Brown	Brown Computer Co. RTP NC 27709-3381
Mary Muscacchia	SAS

Department of Commerce

Regional Economic Development Commissions						
	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 Actual	Current Fiscal Year 2000-2001 Authorized (December 2000)	Governor's 2001-03 Recommended Cont. Budget
State Appropriations	*4,680,000*	*4,275,000*	*4,500,000*	*6,075,000*	*6,775,000*	*6,425,000*

ACTIVITIES

The 1994 Session of the General Assembly directed the Department of Commerce to develop a "program for promoting the expansion of economic development efforts such that all counties in the State participate in and benefit from organized regional economic development activities [and to] encourage county participation in public/private partnerships for economic development through membership in regional economic development commissions."[1]

All 100 counties in the state are included in one of the seven Regional Economic Development Commissions.

Commission	Home Office
Northeastern Regional Economic Development Commission	Edenton
Southeastern Regional Economic Development Commission	Elizabethtown
Advantage West	Asheville
Global TransPark Regional Economic Development Commission	Kinston
Carolinas Partnership	Charlotte
Piedmont-Triad Partnership	Greensboro
Research Triangle Regional Partnership	RDU

[1] Chapter 769 of the 1993 Session Laws, Section 28.7

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

ITEMS FOR COMMITTEE DISCUSSION

The Regional Operations Section (within the Business and Industry Division) in the Department of Commerce has the responsibility of attracting new businesses to the different regions in North Carolina, and of assisting communities in preparing for economic development activities. This section is responsible for the Retention and Expansion Program that is designed to encourage existing companies to expand and grow in North Carolina.

In addition, many local units of government establish their own economic development organizations to represent their county interests, either though their Council of Government or county economic development agency.

The Committee may wish to have the representatives of the NC Partnership comment on the unique services provided by these seven regional commissions, how their services compliment what is currently being done through the Department of Commerce's regional operations and through local economic development agencies, and whether any duplication of service exists.

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS
Funding History

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	*Total*
Carolina's Partnership	-	552,222	445,377	414,767	400,810	384,587	527,321	596,682	***3,321,766***
Global TransPark	-	-	359,242	391,884	345,924	351,555	647,551	804,216	***2,900,372***
Northeast	600,000	1,250,000	1,036,921	1,093,954	964,767	1,021,755	1,415,222	1,527,223	***8,909,842***
Piedmont Triad	-	554,344	437,514	431,581	404,415	393,607	543,995	623,819	***3,389,275***
Research Triangle	-	573,435	443,450	435,537	393,298	392,405	542,745	622,944	***3,403,814***
Southeastern	600,000	1,250,000	713,805	673,583	589,797	813,457	807,448	903,506	***6,351,596***
Western (Advantage West)	600,000	1,669,999	1,243,691	1,238,694	1,175,989	1,142,634	1,590,718	1,696,611	***10,358,336***
Total	***1,800,000***	***5,850,000***	***4,680,000***	***4,680,000***	***4,275,000***	***4,500,000***	***6,075,000***	***6,775,000***	***38,635,000***

Notes: The allocation for the Southeastern Commission for the 1998-99 fiscal year includes a $225,000 special appropriation in addition to the commission's share under the funding formula. In addition, FY 2000-01 figures include an extra $50,000 nonrecurring appropriation for ***each*** *commission.*

Presentation to

THE JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Presented by
The North Carolina Partnership
for Economic Development

May 1, 2001

NC PARTNERSHIP FOR ECONOMIC DEVELOPMENT

IN THEIR PLACE

The Charlotte, Triangle and Triad regions continue to set the pace. But the mountains are on the move.

It's no surprise the big regional partnerships continue to lead the economy. Charlotte, with its financial industry, anchors the Carolinas Partnership. The Research Triangle Regional Partnership is technology-driven, and the Piedmont Triad Partnership is heavy in manufacturing.

But the most improved in the past two years, according to an index created by economist James Kleckley, was AdvantageWest, a group of 23 western counties. It moved from fifth to fourth by improving its score by 0.7. The Research Triangle score made the same jump but remained second. The biggest drop was by the Global TransPark Region. Kleckley, president of Greenville-based Problem Solving Research Inc., attributes that to 1999's Hurricane Floyd.

Kleckley's index combines latest-year statistics with those of five years ago, factoring in jobs, income, unemployment, retail sales and food stamps. He then ranks counties and partnerships in each category, from 1 to 100. The index is the average of those rankings, so lower is better.

While the three large partnerships still dominate, closer examination of the county index shows that growth isn't limited to the state's largest cities — Charlotte, Raleigh, Durham, Greensboro and Winston-Salem. Currituck County in the poorly performing Northeast partnership is among the top five in the state. Avery, Clay and Jackson counties, all part of AdvantageWest, finished among the state's top 10.

Don't look to Charlotte-based Nucor Corp.'s $380 million steel plant in Hertford County, which brought 220 jobs, to change the rankings any time soon. "That's really one of the limitations of the rankings, because we're not looking at capital investment," Kleckley says. "If you look at Nucor, it's a huge investment, but not a whole lot of people are going to be working there."

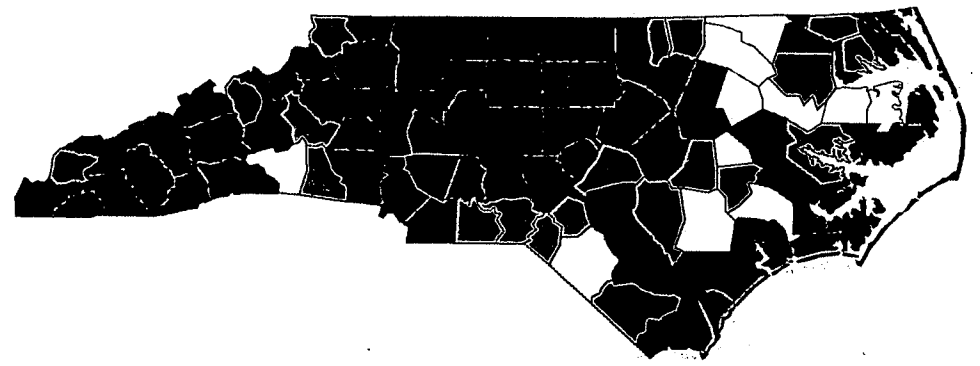
Still, he hopes Nucor will attract other development, leading to greater tax revenues for school improvements and services that will make Hertford County more desirable. "That's part of what's going on in development these days," Kleckley says.

Which means spreading the wealth in North Carolina's economy will happen in small bursts, and the Big Three will remain securely atop the rankings for a long time.

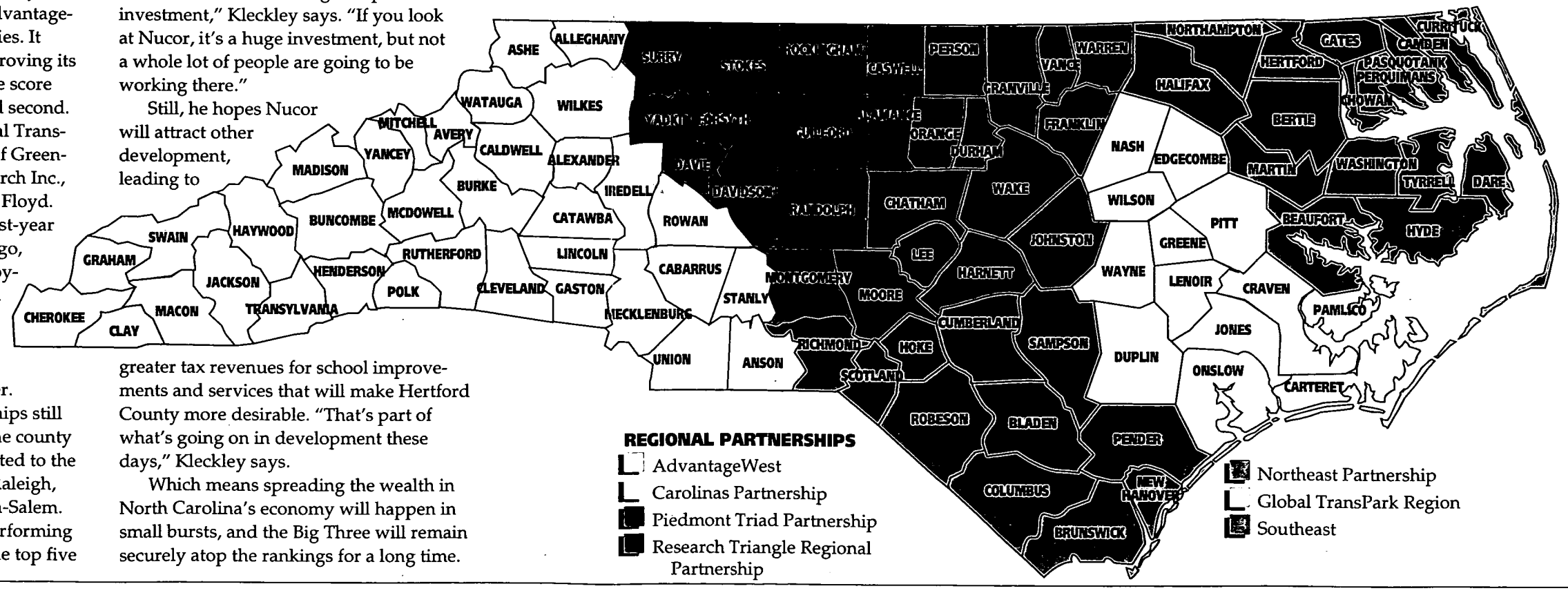
VITAL SIGNS

Counties in the state's three major metro areas fared best, but two coastal counties — New Hanover and Currituck — also excelled.

Rank	Regional Partnership	Score	Two years ago Score	Two years ago Rank
1	Carolinas Partnership	2.2	2.4	1
2	Research Triangle Regional Partnership	2.3	3.0	2
3	Piedmont Triad Partnership	3.4	3.7	3
4	AdvantageWest	4.0	4.7	5
5	Southeast	4.8	4.7	5
6	Global TransPark Region	5.1	3.8	4
7	Northeast Partnership	6.1	5.8	7



COUNTY CHECK-UP
- Excellent
- Good
- Fair
- Poor
- Failing



REGIONAL PARTNERSHIPS
- AdvantageWest
- Carolinas Partnership
- Piedmont Triad Partnership
- Research Triangle Regional Partnership
- Northeast Partnership
- Global TransPark Region
- Southeast

The Role Of The Regional Partnerships In Economic Development For The State Of North Carolina

History Of The Regional Partnerships

The current regional approach to economic development was created and formally approved by the North Carolina General Assembly in 1993. There are (7) regional partnerships in North Carolina, three of which were created as regional economic development commissions in 1993: Northeastern N.C., Southeastern N.C. and Western N.C. Four other regions, which were already in existence, began receiving state funding in 1994: Carolinas Partnership (now named Charlotte Regional Partnership), Global Transpark Development Zone, Piedmont Triad Partnership and Raleigh-Durham Regional Association.

The mission of these regional partnerships, as defined by the General Assembly at their creation in 1993, is to:

1. Survey the region to determine the resources that the region contributes to the economic development process.
2. Develop and evaluate alternatives for regional economic development.
3. Develop a preferred economic development plan for the region and establish strategies for implementing the plan.
4. Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties.
5. Report to the General Assembly by March 31 each year on the work of the Commission.

When state funding was granted to all seven regional partnerships by the General Assembly beginning in 1994, the use of funds was encouraged for the following economic development activities:

1. Marketing the region to promote new investment from out-of-state companies.
2. Promoting travel and tourism or natural resources-based attractions.
3. Trade missions.
4. Marketing and promoting existing industries.
5. Encouraging attraction or retention of entrepreneurial development.
6. Promoting and marketing local crafts, industries or other specialized economic development opportunities.
7. Research-related economic development activities such as industry sector studies for targeted marketing, buyer-supplier analyses for targeted marketing or to support existing industry, development of necessary supporting information and data, or linking the region with the Department of Commerce's Economic Development Information System.

The North Carolina Partnership for Economic Development (NCPED) is comprised of the seven regional partnerships and the Department of Commerce. Since their formation, the regional partnerships have assumed additional duties to service and support the Department of Commerce and local economic developers within the member counties of each partnership. Over the past seven years, the regional partnerships have evolved into organizations that promote their regions to better foster economic development activity.

Why Regionalism?

The regionalism approach to economic development is essential for North Carolina to remain competitive in an increasingly global marketplace. When the General Assembly formed regional partnerships in 1993-94, the approach was aggressive, forward-looking and on the cutting edge of economic development. Over the past seven years, the business of economic development has changed and, now more than ever before, servicing prospects requires the best unified efforts of North Carolina's economic development organizations. This effort should be led by the Department of Commerce, supported by the regional partnerships and implemented at the local level by economic developers in individual counties.

In today's world of economic development, clients and relocation consultants increasingly utilize the services of a regional organization. The Department of Commerce's ability to contact seven regional partnerships can streamline the process by which quality information is put in the hands of their clients. As a matter of function, the Department of Commerce effectively manages the prospect handling process by working together with the regional partnerships to provide the "value added" service demanded in today's competitive environment.

Economic development is being driven by the demands of the customer: the prospects who are considering North Carolina as a potential location for business investment. To compete successfully against the stronger state programs — such as the ones employed in Virginia, Florida and Kansas — North Carolina's economic development program must employ all resources at its disposal, including the partnerships, to become even more customer focused.

Regionalism Initiatives

The role of the regional partnerships is clear: to provide "value added" services to complement the work of the Department of Commerce and the local economic developers within those seven regions. These services include:

- Lead generation.
- Assisting with professional presentations.
- Providing enhanced research capabilities.
- Offering engineering assistance to meet the needs of prospects.
- Enhancing technology and communication resources to further the process.
- Establishing strong local relationships with regional businesses.
- Augmenting state resources with local private money.

All activities undertaken by the regional partnerships are intended to do one of three things:

1. Improve the product through site enhancement, rail access and other infrastructure improvements.
2. Empower the local economic developer by arming him with the proper tools and providing the necessary training to be competitive.
3. Be a source of leads for the Department of Commerce and the local economic developers throughout the region.

All activities should be managed to create a "seamless process" for the prospect. In essence, the economic development system should be customer-oriented to provide to its customers, the prospects, a seamless service delivery system. This "seamless process" will enable us to achieve our goals, which include: 1) enhancing the Department of Commerce and the local economic developer's ability to service the customer/client; and 2) improve the chances that business investment will actually locate in North Carolina.

Each region is characterized by unique attributes that will appeal to prospects differently. This diversity is a definite strength for the state of North Carolina and should continue to be presented to prospects. The prospect seeking an urban location for corporate headquarters is different from the prospect looking for a film-making location or manufacturing facility adjacent to a convenient rail site and trucking route. For this reason, a "one size fits all" approach within the seven regional partnerships will not be the most effective. Each region should play to its own strengths.

A Common Vision of Regionalism

All participants in the economic development process must share a common vision of regionalism: its value, its mission and its funding. With leadership from the top, this shared vision can be communicated to the General Assembly and economic development operatives throughout the state to provide the proper direction to those who work with the prospects on a daily basis. By communicating this positive commitment, we can cultivate advocates who can ensure adequate funding for the economic development process.

In an effort to strengthen our common vision of a "seamless process," we need decisive leadership to ensure the long-term viability of an effective economic development program throughout the state of North Carolina. Strong leadership will continue to elevate our economic development agenda and move the program beyond existing boundaries to one that best serves the customer.

Based on previous budgets, it would appear that a minimum contribution of $1,000,000 per region in annual funding from the General Assembly would be required to solidify regional programs and support services. In turn, we should ask the regional partnerships, through the NCPED, to raise funds from the private sector to further support economic development activity statewide and to supplement the efforts of the Department of Commerce. This approach would foster a true public/private partnership approach to economic development that provides the flexibility necessary to keep North Carolina in the lead in an increasingly competitive marketplace.

The time to act is now. North Carolina will reap the rewards if we are proactive during times of prosperity instead of reactively considering other funding approaches in a less favorable economic climate.

Summary

The economic development process requires a long-term approach. The seeds sown by the General Assembly in 1993 will have positive ramifications and bear fruit well into the current millennium. A shared vision of regionalism will communicate the positive commitment necessary to create advocates for strengthening the "seamless process" with prospects. The combination of state funding and private fundraising will ensure that the Department of Commerce, the regional partnerships and local economic developers have the necessary tools to drive new business investment to North Carolina.

Governor's Recommended Reductions for NER Agencies

Governor's 2001-03 Recommended Reductions

NER Agency	Reductions
Housing Finance Agency	(80,000)
Department of Agriculture and Consumer Services	(850,000)
Department of Labor	(249,000)
Department of Environment and Natural Resources	(3,123,836)
Department of Commerce	(674,063)
NC Biotechnology Center	(201,083)
Rural Economic Development Center	(63,860)
GRAND TOTAL FY 2001-03	**(5,241,842)**

	2001-02	2002-03
Recommended Reductions:		
1. **Housing Trust Fund** The recurring appropriation to the Housing Trust Fund can be reduced. The Housing Trust Fund provides affordable housing opportunities for low to moderate income households through rental and home ownership programs.	$ (80,000)	$ (80,000)
Total Recommended Reductions	$ (80,000)	$ (80,000)

Recommended Reductions:

		2001-02	2002-03
1.	**Abolish Positions** The listed positions can be abolished with minimal impact on the operation of the department or services provided to the citizens of the state. Federal-State Reporting Data Entry Sup I (1.0) Veterinary Services Veterinary Lab Asst I (1.0) Veterinarian (1.0) Meat & Poultry Inspectors (3.0) Seed Testing Agricultural Research Tech I ~~(1.0)~~ (0.50) Number of Positions	$ (239,089) ~~(7.0)~~ (6.5)	$ (239,089) ~~(7.0)~~ (6.5)
2.	**Various Operating Line Items Across Department** The department will reduce various operating line items such as travel, supplies, equipment and telephone service that have the least impact on the operation.	$ (461,714)	$ (461,714)
3.	**Increase Various Departmental Receipts** The department will increase budgeted receipts in several programs that have underbudgeted receipts and reduce corresponding appropriations.	$ (149,197)	$ (149,197)
	Total Recommended Reductions Total Number of Positions	$ (850,000) ~~(7.0)~~ (6.5)	$ (850,000) (7.0) (6.5)

Detail for previous page

Governor's Recommended Reductions FY 2001-03 for Agriculture

Division	Description	Reduction
Administration/Public Affairs	Reduce various operating line items	(15,097)
Aquaculture	Reduce various operating line items	(5,550)
Markets	Reduce aid to Western NC Development Association	(5,000)
Markets	Reduce transfer to Raleigh Farmers' Market	(60,000)
Markets	Increase budgeted receipts & reduce General Fund appropriation	(124,300)
Research Stations/State Farms	Reduce other motorized vehicles	(122,500)
Agronomics	Reduce scientific supplies	(6,850)
	Increase budgeted receipts & reduce General Fund appropriation	(41,800)
Ag Stats	Eliminate vacant Data Entry Supervisor I position	(25,331)
Plant Industry	Eliminate vacant Agricultural Research Technician I position and reduce various operating line items Ag Research Tech I (0.50 FTE) ($13,340) Operating Support ($64,485)	(77,825)
Food and Drug Protection	Reduce various operating line items	(101,066)
	Increase budgeted receipts & reduce General Fund appropriation	(22,000)
Structural Pest	Reduce various operating line items	(2,140)
	Increase budgeted receipts & reduce General Fund appropriation	(7,160)
Veterinary Services	Abolish Positions at Edenton Lab and reduce various operating line items Vet Laboratory Assistant I and Veterinarian ($108,292) Scientific Supplies ($3,460)	(111,752)
Veterinary Services	Eliminate vacant Meat and Poultry Inspector positions (3.00) and associated receipts.	(46,063)
Standards	Reduce various operating line items	(18,000)
Food Distribution	Reduce trailers line item	(29,000)
Ag Finance Authority	Reduce various operating line items	(28,566)
	Total Reduction for DACS	**(850,000)**

Colon

N.C. State Budget. 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Labor - Continued

	2001-02	2002-03
Recommended Reductions:		
1. **Operating Efficiencies** The continuation budget for the department can be reduced in the areas of equipment, software, library resources, and overtime pay.	$ (155,039)	$ (155,039)
2. **Increased Receipts** Budgeted receipts can be increased in the department with a corresponding reduction in the need for appropriation.	$ (93,961)	$ (93,961)
Total Recommended Reductions	$ (249,000)	$ (249,000)

Detail for previous page

Governor's Recommended Reductions for the Department of Labor FY 2001-03

Division/Bureau	Description	Reduction
Commissioner's Office	Reduce various operating line items	($18,875)
Administrative Services	Reduce various operating line items	(23,563)
	Budget indirect cost receipts	(93,961)
Elevator & Amusement Device	Reduce various operating line items	(21,203)
Mine & Quarry Inspection	Reduce various operating line items	(13,086)
Wage & Hour	Reduce various operating line items	(8,137)
Workplace Retal. & Discrim.	Reduce various operating line items	(10,853)
Agricultural Safety & Health	Reduce various operating line items	(5,471)
OSHA – State Funds	Reduce various operating line items	(30,416)
OSHA/BLS Statistical Prog.	Reduce various operating line items	(8,125)
Apprenticeship & Training	Reduce various operating line items	(15,310)
Total Reductions		**($249,000)**

NORTH CAROLINA DEPARTMENT OF LABOR

Proposed Budget Reduction to Replace Governor's Recommended Reduction
2001-2003 Biennium

Fund		Account	Description	2001-02	2002-03
1320		4354000017	Elevator Inspection Fees	$ 262,261	$ 968,823

Notes: The department requests that the above cut be accepted ***in place of*** Governor Easley's recommendation.

The department proposes taking the cut from over-realized elevator fees *once* fees are increased. SB 897 and HB1057 have been introduced to give the Labor Commissioner authority to set the fees.

Governor Easley's budget reductions of $249,000 comes from equipment throughout the department as well as budgets $93,961 in additional indirect cost receipts.
Upon further review of the budget this option is not feasible since funds in the 2000-01 budget have been frozen to make up the budget deficit and the agency will need to meet some of the on-going needs once these funds are available next state fiscal year.



CHERIE K. BERRY
COMMISSIONER

(919) 733-0359
FAX: (919) 715-5629
CBERRY@MAIL.DOL.STATE.NC.US

April 23, 2001

Joint Appropriations Committee on
Natural & Economic Resources

Dear Members:

I respectfully request that the Committee consider substituting the Governor's proposed cut of **$249,000** in DOL equipment funding and in its place grant the Commissioner of Labor the authority to increase elevator and amusement device fees so that the bureau can become 100 percent self-supporting. This change will allow a cut of **$262,261** next fiscal year and a cut of **$968,823** the following fiscal year.

This may be viewed as a nontraditional answer to a difficult situation. Nonetheless, it is my hope that the Committee will recognize that I am seeking to better the Department of Labor by making our bureaus and divisions more accountable and cost efficient. However, the elimination of our equipment funding puts the Department at risk because our personnel will not have the necessary tools to perform day-to-day operations. I am sure that you will agree that I should do nothing to jeopardize the appropriate level of safety standards that we should provide for the residents of North Carolina.

When I assumed office in January, I understood fully the budget crisis we were facing. One of my first priorities was to assess where we could streamline operations while still protecting our working men and women. The focus quickly centered on the restructuring of the Elevator and Amusement Device Bureau. This is a win–win recommendation for all involved—the Bureau becomes self-supporting and taxpayers save money. Our proposal would cut an additional $719,323 beyond what is recommended in the Governor's proposed budget over the 2001 – 2003 biennium.

Again, I respectfully request your careful consideration of this recommendation.

Sincerely,

Cherie

Cherie K. Berry

Recommended Reductions:

	2001-02	2002-03
1. **Implement Lease-Purchase Arrangement for Purchase of Major Equipment** Replacement schedules have been protracted due to shortage of funds, rendering some equipment dangerous for continued operation. It is important that the department be able to replace equipment more rapidly. Moving to a lease purchase arrangement will allow more equipment to be replaced more quickly spreading the cost over a longer period of time.	$ (2,873,500)	$ (2,873,500)
2. **Abolish Remaining Low-Level Radiation Positions** The department has two remaining low-level radiation positions that have not been abolished. Since the state is not proceeding with the siting of a low level radioactive waste site, these positions are no longer required for their original purpose. Land Resources Geologist III (1.0) Radiation Protection Radiological Health Spec (1.0)	$ (100,800)	$ (100,800)
Number of Positions	(2.0)	(2.0)
3. **Abolish Deputy Secretary of Operations** The department is reviewing its organization and has determined that the position of Deputy Secretary for Operations is no longer required.	$ (46,324)	$ (46,324)
Number of Positions	(1.0)	(1.0)

Recommended Reductions – Continued:

		2001-02	2002-03
4.	**Abolish Administrative Assistant Positions** The department has reviewed the administrative support for the management of the department. It has been determined that two administrative support positions can be abolished without affecting operations.		
	Number of Positions	$ (45,000) (2.0)	$ (45,000) (2.0)
5.	**Abolish Agency Safety Program Director II** The department has reviewed its organization and has determined that it can abolish the position of Department Safety Officer and reassign the duties of this position to the Director of Disaster Recovery.		
	Number of Positions	$ (58,212) (1.0)	$ (58,212) (1.0)
	Total Recommended Reductions	$ (3,123,836)	$ (3,123,836)
	Total Number of Positions	(6.0)	(6.0)

Detail for item #1

Governor's Recommended Reductions FY 2001-03 for DENR
Breakdown of Lease Purchase Agreement Item

Division	Description	Reduction
Forest Resources	Aircraft	(1,793,096)
Forest Resources	Autos, Trucks, and Buses	(431,201)
Parks and Recreation	Autos, Trucks, and Buses	(574,925)
Water Quality	Scientific Equipment	(74,328)
	Total	**(2,873,550)**

Recommended Reductions:

		2001-02	2002-03
1.	**Center for Entrepreneurship and Technology**		
	The department can abolish this center and transfer three positions to the Division of Business and Industry to improve service to existing industries. As a result funding can be reduced as follows:		
	Economic Developer position (1.0)	$ (77,451)	$ (77,451)
	Operating line items	(99,247)	(99,247)
	Reserve for New and Emerging Industries	(200,000)	(200,000)
	Total Appropriation	$ (376,698)	$ (376,698)
	Number of Positions	(1.0)	(1.0)
2.	**Travel, Tourism, Film and Sports Development**		
	Printing costs can be reduced as a result of increased on-line marketing.	$ (150,000)	$ (150,000)
3.	**Industrial Commission**		
	The following vacant positions can be abolished without disruption of services:		
	Agency Legal Specialist I (1.0)	$ (44,061)	$ (44,061)
	Processing Asst. III (1.0)	(27,672)	(27,672)
	Data Control Clerk III (1.0)	(26,360)	(26,360)
	Total Appropriation	$ (98,093)	$ (98,093)
	Number of Positions	(3.0)	(3.0)
4.	**Business and Industry Development**		
	The following vacant position can be abolished:		
	Industrial Development Rep. II (1.0)	$ (49,272)	$ (49,272)
	Number of Positions	(1.0)	(1.0)
	Total Recommended Reductions	$ (674,063)	$ (674,063)
	Total Number of Positions	(5.0)	(5.0)

North Carolina
Department of Commerce
Fiscal Management Division

Michael F. Easley, Governor
James T. Fain III, Secretary

Robin D. Pasquarello, Chief Fiscal Officer

MEMORANDUM

To: Buddy Humphrey
Budget Administration
General Government

Through: Secretary Jim Fain

From: Robin Pasquarello

Date: April 25, 2001

Re: Amendment to Proposed '01-'03 Continuation Budget Reductions

OK
Jim Nowell
4-27-01

Secretary Fain has asked me to request your consideration of an amendment to our proposed budget cuts for the '01-'03 Continuation Budget as follows:

- Restore position # 4631-0000-0031-004, an economic developer position in the Center for Entrepreneurship & Technology, which has been vacant since 11/7/00. The budget saving previously projected from eliminating this position was $77,451, consisting of $65,013 in salary and $11,864 in benefits.
- In place of this budget reduction, we would propose to reduce Advertising, in Fund 1520, Account #532860, Marketing and Customer Service, by $77,451.

Secretary Fain has discussed these proposed changes with John McArthur and Franklin Freeman, who support the change subject to concurrence by OSBPM.

This change will enable the department to hire a veteran DOC employee who has experience in both recruiting and existing industry services to play a key role in our strategically important initiative of reengineering our existing industry services.

Cc: Jim Nowell
Chet Mottershead
Mac Ellis

NC Industrial Commission
Buck Lattimore, Chairman

Memo

To: Joint NER Appropriations Committee

From: Buck Lattimore

Date: 4/23/2001

Re: Proposed Substitute to Governor's Recommended Reductions for NC Industrial Commission

---

The Governor's Recommended Reductions for the Industrial Commission are as follows:
Governor's Recommendations for 2001-03 Biennium

	2001-02	2002-03
Abolish Vacant Positions:		
Agency Legal Specialist I (1.0)	($44,061)	($44,061)
Processing Assistant III (1.0)	($27,672)	($27,672)
Data Control Clerk III (1.0)	($26,360)	($26,360)
	($98,093)	($98,093)

The North Carolina Industrial Commission requests the following substitute for the Governor's Recommended Reductions for our agency:

Industrial Commission's Proposed Substitute

	2001-02	2002-03
Operating Efficiencies		
Reduce funding for Supplies	($ 8,093)	($ 8,093)
Reduce funding for Equipment	($30,000)	($30,000)
Reduce funding for Purchased Services	($60,000)	($60,000)
	($98,093)	($98,093)

Justification: The Industrial Commission has been able to maintain a current status of workers' compensation cases through the effective utilization of its current personnel. A reduction in personnel could negatively impact the agency's ability to maintain a current status of cases handled administratively and through adjudication.

The positions proposed for elimination by the Governor are vacant only because of the hiring freeze. These positions are in fact vital to program operations. The agency offers as a substitute recommendation the reduction of funding for supplies, equipment and purchased services. Operating efficiencies will allow these reductions to be implemented without negatively impacting services.

	2001-02	2002-03
Recommended Reductions:		
1. **NC Biotechnology Center** The transfer of funding for the Biotechnology Initiative for Minority Universities from the Biotechnology Center directly to the six minority campuses of the UNC System will result in a savings to the state.	$ (100,000)	$ (100,000)
The recurring appropriation to the Biotechnology Center can be reduced.	$ (101,083)	$ (101,083)
2. **NC Rural Economic Development Center** The recurring appropriation to the Rural Economic Development Center can be reduced.	$ (63,860)	$ (63,860)
Total Recommended Reductions	$ (264,943)	$ (264,943)

Governor's Recommended Expansion

FY 2001-03

Recommended Expansion:

		2001-02	2002-03
1.	**Industrial Recruitment Competitive Fund** Funds are recommended to continue funding of the Industrial Recruitment Competitive Fund that was established in 1993 to provide financial assistance to businesses and industries deemed to be vital to a growing state economy and that are making significant efforts to expand or establish in North Carolina.	$ 2,000,000	$ 2,000,000
2.	**North Carolina Rural Economic Development Center** Funds are recommended for the Rural Economic Development Center to finance rural economic development projects and invest in rural business development.	$ 1,000,000	$ 1,000,000
	Total Recommended Expansion	$ 3,000,000	$ 3,000,000

North Carolina
Department of Commerce

Michael F. Easley, Governor **James T. Fain III, Secretary**

MEMORANDUM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: Don Hobart

RE: North Carolina Industrial Recruitment Fund

DATE: April 26, 2001

The following information was prepared by Stewart Dickinson, Director of the Commerce Finance Center:

The North Carolina Industrial Recruitment fund is a grant program of the Department of Commerce administered by the Commerce Finance Center. Its purpose is to encourage the growth of quality jobs in the state. Applicants are units of local government on behalf of private companies expanding in or relocating to North Carolina. Funding is based primarily upon the number of new full time jobs with the rate of funding being $1,000/ job. The level of funding is based upon the economic tier of the county applying.

Maximum funding level by Tier:

Tier 1 - $125 Thousand
Tier 2 - $100 Thousand
Tier 3 - $ 75 Thousand
Tier 4 - $ 50 Thousand
Tier 5 - $ 50 Thousand

The funds are committed by the Department of Commerce after a full grant application which details the project -- including the number of jobs committed, the level of private investment and the use of the competitive grant funds.

The annual appropriation by the General Assembly is used solely for grants based upon the above formula with no funds used for administration costs. The funds are limited to assisting with the acquisition of machinery and equipment, building renovation or upfit, or infrastructure needs such as water and sewer, rail access, natural gas lines, etc. The local government applicant must match the state's commitment in cash or kind. The wages for the new jobs must meet or exceed the William S. Lee Act average wage test for the county the project locates in.

A full application, which has been based upon criteria developed by the Commerce Department, is reviewed by a committee established by the Secretary of Commerce and currently includes the Assistant Secretary for Economic Development, the Assistant Secretary for Administration, and the Director of Commerce Finance. Upon approval, the

J. Donald Hobart, Jr.
General Counsel and Liaison
North Carolina. A Better Place To Be
301 North Wilmington Street•4301 Mail Service Center•Raleigh, North Carolina 27699-4301
Tel: (919) 733-4151•Fax: (919) 733-8356
An Equal Opportunity/Affirmative Action Employer

Governor, who must award the grant based on the terms and conditions of the fund, issues a letter. The company then has three years to create the total jobs committed by them before any disbursement of money. To do this, the company must document the new jobs created by submitting their Employment Security Commission Quarterly 101 showing the number of jobs in existence at the commitment date of the grant and the jobs existing as of the most recent quarter. The funds are then released to the local government applicant who then presents the company with a check.

North Carolina Rural Economic Development Center, Inc.

Governor's Expansion Budget Recommendation:

		2001-02	2002-03
Funds recommended for the Rural Economic Development Center to finance rural economic development projects and invest in rural business development.		1,000,000	1,000,000

Proposed detailed line item budget for expansion budget recommendation:

Supplemental Grants Program

Funding to staff a program (needed as continuation funding) and to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for: a) necessary economic development projects and activities in economically distressed areas; b) necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems; c) projects that demonstrate alternative water and waste management processes for local governments.	Personnel:		
	Sr. staff position	57,325	
	Jr. staff position	35,142	
	Fringe benefits	26,513	
	Other admin. costs	19,298	
	Grants	357,000	
		495,278	495,278	495,278

Capacity Building Assistance Program

Funding to support the Capacity Building Assistance Program to be used to pay all or a portion of the costs for providing staff technical assistance and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.	Personnel:		
	Sr. staff position	60,105	
	Jr. staff position	36,899	
	Fringe benefits	29,101	
	Other admin. costs	10,895	
		137,000	137,000	137,000

General Administration

Funding to provide general management and oversight for programs newly assigned to the Rural Economic Development Center, including the Rural Internet Access Authority, the operations of the Agricultural Advancement Consortium, and the addition of $54 million in funds to administer from Clean Water Bond funds.	General administration	117,722	117,722	117,722

Agricultural Advancement Corsortium

Funding to support the operations of the Agricultural Advancement Consortium to facilitate discussions among interested parties and develop recommendations to improve the State's economic development through farming and agricultural interests.	Personnel:		
	Sr. staff position	55,000	
	Fringe benefits	17,600	
	Other admin. costs	2,400	
	Research initiatives	175,000	
		250,000	250,000	250,000

Total		1,000,000	1,000,000

Respectfully submitted April 26, 2001

Recommended Expansion:

		2001-02	2002-03
1.	**North Carolina Biotechnology Center** Funds are recommended to provide additional funding for research and to establish biomanufacturing facilities.	$ 1,000,000	$ 1,000,000
	Total Recommended Expansion	$ 1,000,000	$ 1,000,000

Governor's Recommended Expansion for NC Biotechnology Center FY 2001-03

Technical/Biopharmaceutical Workforce Training Funds will cover development of training courses, grants for training materials and small equipment, as well as 1/2 of a shared position with the community college system.	$250,000
Genomics and Bioinformatics Funds will be used to facilitate consortium alliances between industry and academics as well as recruitment of agriculture and bioinformatic companies into NC. These activities will likely include awarding grants and/or making loans. This funding will not support any positions.	$500,000
Institute for Forest Biotechnology Funds will be used for database development, intellectual exchange, and research support.	$50,000
Information and Program Support Funds will support the administrative costs associated with expanding the above programs and carrying-out the Center's programs such as the library and computing services. No new positions will be created from these funds.	$200,000
Total Expansion Funding	**$1,000,000**

NER COMMITTEE
May 1, 2001

The Biotechnology Center received its charter in August 1984 and its first continuing appropriation in fiscal year 1986 for $6.5m. At that time, there were about a dozen companies in North Carolina using some biotechnology with product sales of $100 to $150M. Combined industry, university and federal laboratories in the state employed 5,000 people.

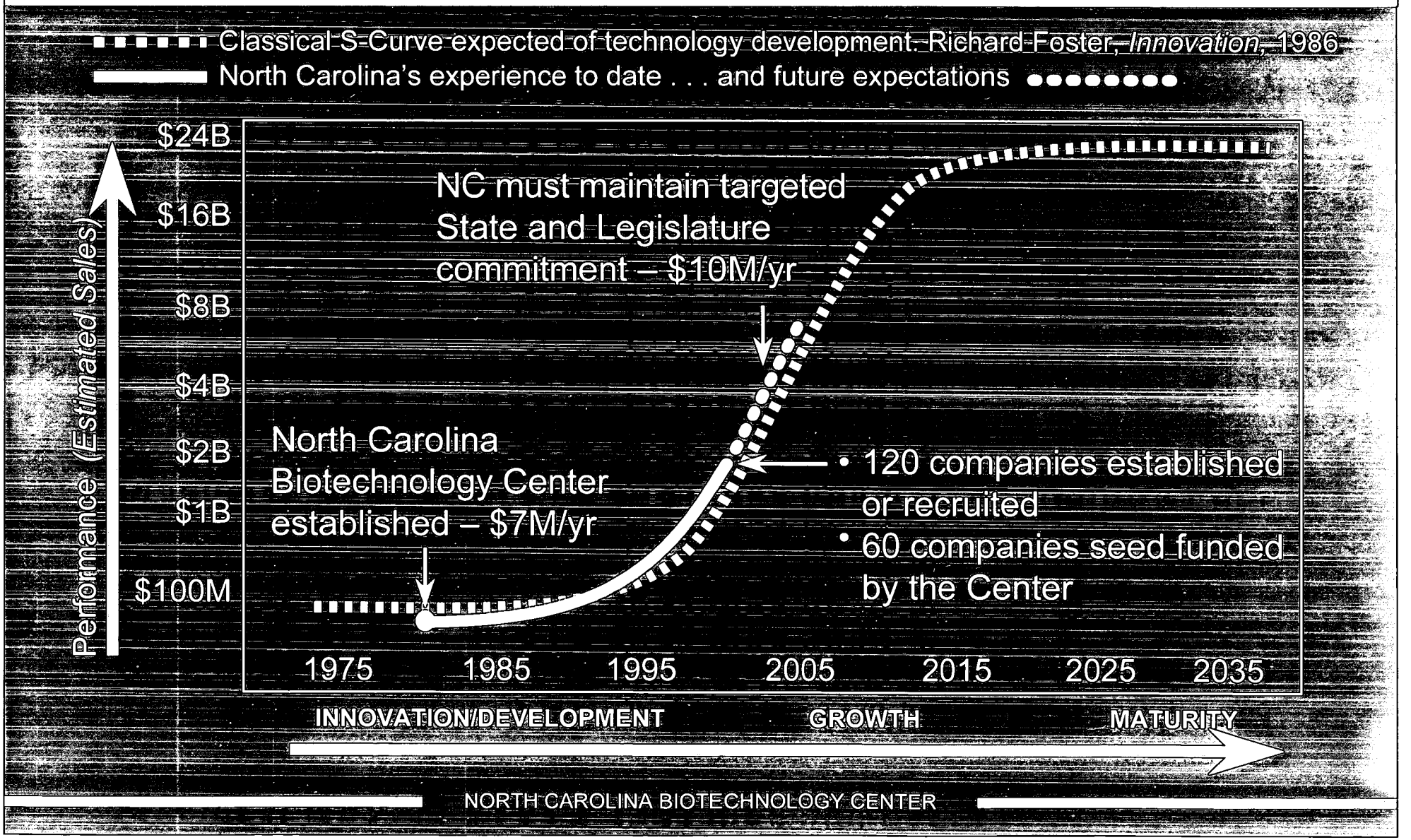
Today we have an industry of 120 companies – (see attached diagram) – 60 of these companies have been "seed funded" by the Biotechnology Center and 14 large corporations have been recruited in conjunction with the Department of Commerce – Aventis, BASF (3), Bayer, Biogen, Covance, Novo Nordisk (2), and Syngenta are examples. These companies produce 39 products in N.C. for sales of $2.2 billion. The combined employment is now 30,000, yielding a payroll of $1.5B with related income and ad valorem taxes. Yet, the Biotechnology Center still receives a continuing appropriation of $6.5M. Although the Center staff is very effective, the Center cannot continue to stimulate the 15 to 20% per year growth of the industry without an appropriation of $9.5m. In the past three years, the Center has received a total appropriation ranging from $8.5 to $10.2M per year through one-time grants beyond the original $6.5M.

There are three elements that ensure growth if funds are available. 1) 15% continued industry growth 2) Genomics and bioinformatics as a new growth focus through the North Carolina Genomics and Bioinformatics Consortium comprised of 30 companies, 11 universities and 16 service and support groups. 3) The movement of biotechnology applications to rural areas for value-added crop production of pharmaceuticals/bioprocess manufacturing, nutraceuticals, forestry and herbal medicine. The Center is currently working with the Department of Commerce to recruit 5 companies to rural areas of North Carolina in genomics, value-added crop production and marine-based substances.

The additional appropriations beyond the current $6.5M will be used to educate North Carolina's growing technical workforce and in genomics related activities to improve North Carolina's health care, nutrition and overall economic development. Additional funds appropriated to the center will be leveraged as in the past at a level of about $15 coming into the state for each $1 appropriated. To date, the legislature has appropriated a total of $125 million to the Biotechnology Center. Monies coming into the state to Center funded activities have reached $2 billion. ($700M Federal monies to universities, $400M venture capital to 60 start-up companies, and $900M for facilities built by the 14 recruited companies.)

Thank you for your consideration and continued support.

North Carolina's Biotechnology Development



THE NEWS & OBSERVER

Sunday Business

Work&Money

4/29/01

www.newsobserver.com/biz/

Biotech boom during dot-com gloom

Amid all the layoffs and failures, one industry is thriving

BY DAVID RANII
STAFF WRITER

Young biotechnology companies that struggled through tough times while the rest of the economy was booming have become bright spots in an otherwise bleak economic landscape.

While once-thriving dot-coms and information technology companies have been handing out pink slips en masse and closing their doors, many of the Triangle's emerging biotech companies have been adding employees and signing lucrative partnerships with established pharmaceutical companies.

Nonrecurring Funds for NER Programs - 3 Straight Years

NER Agency/Item	1998-99	1999-00	2000-01
Department of Agriculture and Consumer Services			
Farmland Preservation Trust Fund*	250,000	500,000	1,713,693
Local Agricultural Fairs - Grants	150,000	50,000	100,000
** $200,000 transferred to CGIA for mapping and operational support*			
Department of Environment and Natural Resources			
Environmental Education Grant Funds	200,000	200,000	200,000
Environmental Health Specialists Training	100,000	100,000	100,000
Department of Commerce			
Industrial Recruitment Competitive Fund	3,000,000	2,000,000	2,000,000
Rural Tourism Development Funds	300,000	300,000	300,000
State Aid to Non-State Entities			
NC Community Development Initiative	275,000	1,000,000	1,000,000
Technological Development Authority (TDA)	3,500,000	3,500,000	3,500,000
World Trade Center NC	200,000	200,000	200,000
Housing Finance Agency			
Housing Trust Fund - additional funds	2,000,000	6,000,000	3,000,000
Rural Economic Development Center			
Supplemental Funding Program	8,000,000	1,500,000	400,000
Capacity Building Assistance Program	200,000	1,500,000	400,000

ATTACHMENT VII

NCTDA

Mission

NC Technological Development Authority, Inc. (TDA) creates jobs and wealth in NC by supporting the formation of new entrepreneurial companies.

We provide...

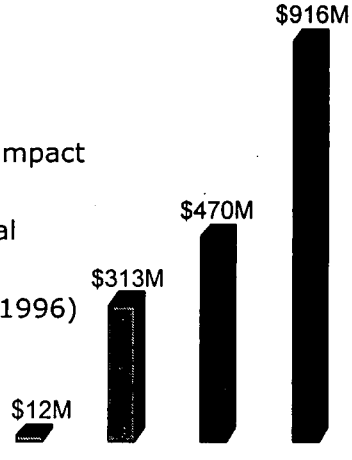
- **Investment Capital**
- **Incubator Facilities**
- **Access to Technology**
- **Rural Initiatives**

→ ***Plan for Self Sufficiency***

NCTDA

Delivering Jobs & Wealth

- 12,000+ jobs
- $12M State, local & sales tax impact
- $313M Labor Income Impact
- $470M New Investment Capital
- $916M Output Impact
- 39% Internal Rate of Return (1996)



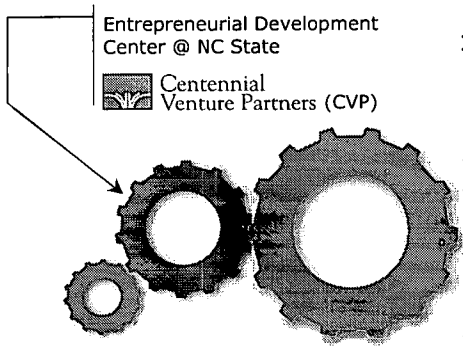
Source: NC Dept of Commerce Impact Analysis

Achieved with only a $17.5M of state funding since 1991

NC's Highest Impact Economic Development Investment

NCTDA

Leveraging University Assets



1898-1998

5 companies formed around NC State technologies

University held equity in 2

1998-2000

$1.2M in new research

15 new companies formed around NC State technologies (CVP alone)

University holds equity in 8 new companies

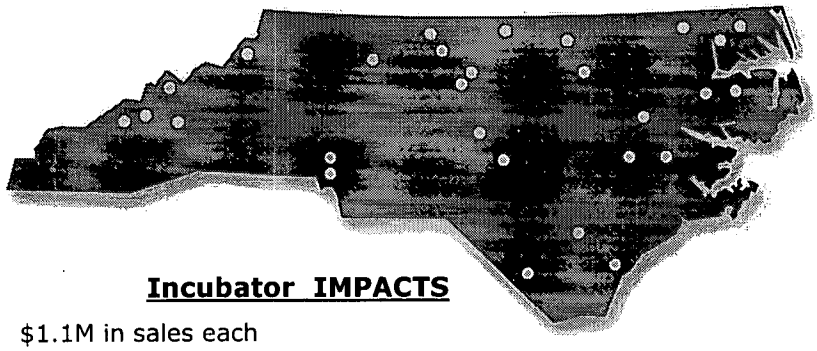
220 jobs (58 students, faculty, alumni)

10x leverage

Co-investment with South East's major funds

NCTDA

Statewide Solutions



Incubator IMPACTS

$1.1M in sales each

14 employees

88% locate w/in 30miles of incubator

41% are manufacturing

38% are minority owned

Success rates higher than U.S. average

NCTDA

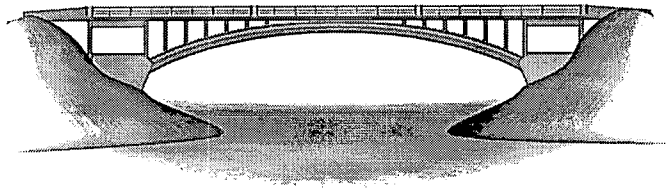
Bridging Two NCs

LEADING

- Engineering and science degrees granted
- Academic Research & Development Funding
- Quality of Life
- UNC System
- Centennial Campus

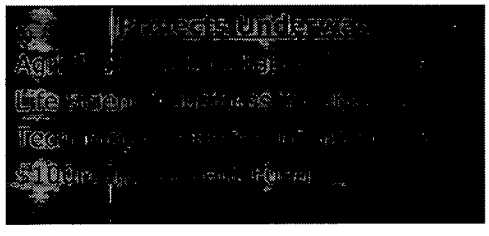
TRAILING

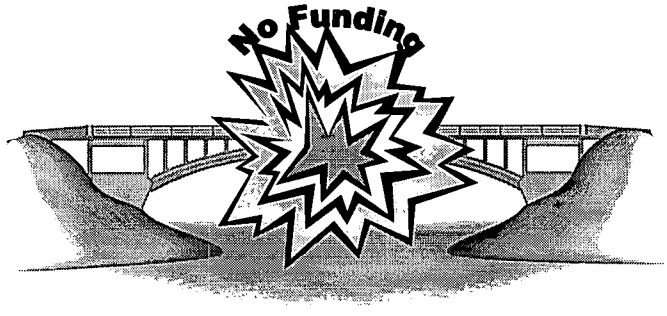
- Traditional jobs vanishing
- 48th in availability of new technology jobs
- 0.5% of US Venture Capital
- Lagging our neighbors in public funds committed to new job creation
- Seed stage capital



NCTDA

Future Plans





NCTDA
North Carolina Technological Development Authority

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.
SCHEDULE OF DETAILED FUNDING SOURCES & USES
FISCAL YEAR ENDING SEPTEMBER 30, 2001

Detailed Fund Sources	Actual & Projected	Discretionary
State Legislature Funding for 2000-01 (*)	$3,500,000	$3,500,000
Grant Income-US Department of Agriculture (USDA) (**)	341,000	0
Loan Funds-USDA (**)	1,500,000	0
Interest & Short-term Investment Income	414,365	414,365
Rental and Tenant Service Income	1,005,209	1,005,209
Realized Investment Gains (***)	900,000	115,350
Other (**)	50,972	0
Total Fund Sources	**$7,711,546**	**$5,034,924**
Detailed Fund Uses	**Actual & Projected**	**Commitments & Expenditures**
Wet lab Incubator & First Flight Venture Center Renovation	$1,396,828	$1,396,828
Small Business Financings (****)	1,000,000	500,000
Rural Business Incubator Program	481,940	481,940
USDA-Funded Rural Business Loans (****)	1,500,000	0
Incubator Support & Sponsorship (****)	90,000	45,000
Salaries & Employee Benefits	1,557,303	1,557,303
Supplies & Services	520,160	520,160
Occupancy	650,396	650,396
Accounting, Consulting & Legal	309,849	309,849
Repairs & Maintenance	49,396	49,396
Travel & Seminars	131,312	131,312
Other Expenses	24,362	24,362
Total Fund Uses	**$7,711,546**	**$5,666,546**
Net Fund Sources & Uses	**$0**	**($631,622)**

FOOTNOTES:

* --The TDA operates on a fiscal year ending September 30.
** --These are pass-through funds.
*** --Discretionary Funds are lower due to public stock depreciation.
****--Differences between actual/projected and commitments/expenditures represent amounts budgeted but not yet disbursed.

North Carolina Technological Development Authority, Inc.

creating jobs and wealth throughout North Carolina by supporting the formation and success of North Carolina's entrepreneurial, innovation-oriented business ventures.

Program Structure

Many states are making significant cash investments, as well as utilizing creative new approaches, to support growth of small businesses as a means of economic development. These investments are building:

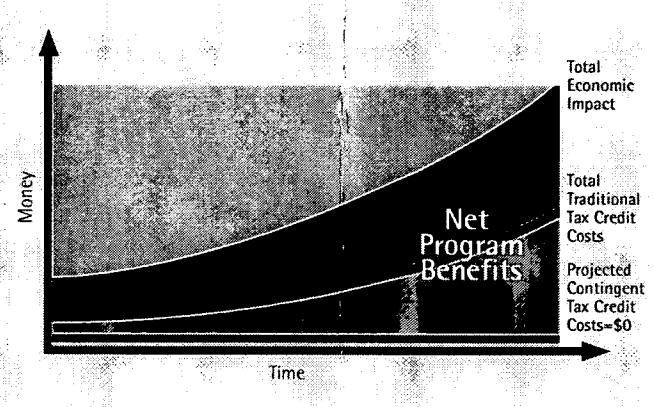
- corridors of academic and industrial research excellence,
- expanded technology transfer resources,
- networks of business and laboratory incubators,
- capital for start-up companies, and
- building venture capital industry infrastructure.

Over the last 17 years, the TDA has come to provide these critical elements for growing innovation-oriented businesses in North Carolina. To continue to provide and expand these resources, the TDA is proposing *no-cost* contingent tax credit legislation to maintain and expand North Carolina's leadership in job and wealth creation.

Economic benefits to the state are significant and self-perpetuating

Traditional vs. Contingent Tax Credits

Traditional tax credits are utilized over the course of a program to cover the program's accumulated costs. At the end of the program, the total cost of the tax credits has been incurred by the authorizing State.



The net program benefit (i.e. the gain to the State) is the cummulative difference between the Total Economic Benefit and the Total Cost of Tax Credits over the course of the program (represented by the blue shaded regions of the graphs).

Contingent tax credits are only utilized when short falls in investment returns necessitate use of the credits to meet investor's minimum return requirements.

Because historical venture capital returns well exceed the guaranteed minimum return to investors, it is unlikely any credits will need to be issued under the TDA's proposed plan, and therefore, the cost of the contingent tax credits is projected to be zero.

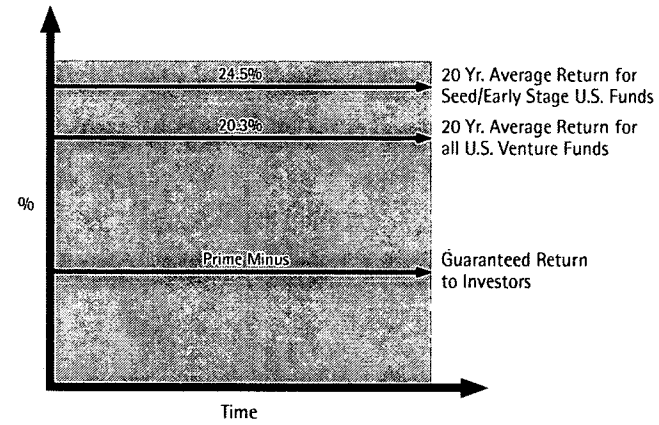
Because there is no cost of a successful program using contingent tax credits, net benefits to the State are greater than under a traditional tax credit plan.

Why are Contingent Tax Credits Expected to be Zero Cost?

Investors in the NCTDA's Technology Development Investment Fund are guaranteed a prime minus rate of return on invested capital.

Under NCTDA's contingent tax credit plan, credits will only be utilized in the event returns on investments are below investor's guaranteed return.

Over the 20 years ended 9/30/2000, seed and early stage venture capital funds delivered average annual returns of 24.5%, while average annual returns for funds of all stages measured 20.3%.[1]



Historical returns for seed and early stage venture funds indicate returns to the Technology Development Investment Fund should be well above the guaranteed return to investors.

- High probability no contingent tax credits will need to be issued
- Effective cost of contingent tax credit plan is zero.

[1] National Venture Capital Association Venture Economics' US Private Equity Performance: Investment Horizon Performance as of 9/30/2000

Potential Risk and Benefits of the Plan

- Potential Benefits to the State = $5 Billion*
- Potential Cost to the State (maximum) = $100 Million
- Projected Cost to the State = $0**

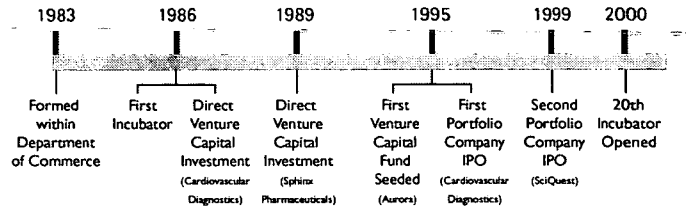
* Based on the TDA's record of leveraging each dollar 50:1.

** Based on typical venture capital returns.

North Carolina Technological Development Authority

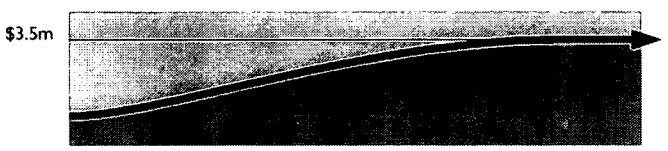
creating jobs and wealth throughout North Carolina by supporting the formation and success of North Carolina's entrepreneurial, innovation-oriented business ventures.

History



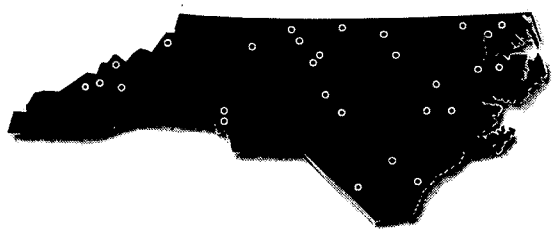
Legislative Support

- Charter
- Independence
- Continuous Annual Funding since 1991
- Recent Annual Funding equaled $3.5 million



- TDA programs now considered national models
- TDA is currently seeking recurring funding status

Business Incubation



- 28 (21 currently operational) TDA managed and affiliated business incubators serving all of NC.
- Graduate companies stay and contribute to North Carolina's scientific and economic growth. 88% of incubator graduates stay within 30 miles of their respective incubators.
- 61 emerging growth companies have graduated from the TDA's First Flight Venture Center (RTP) and Entrepreneurial Development Center at NC State alone.

Venture Capital

The TDA has invested $9 million to seed nine new venture funds and nearly 90 new start-up companies. These funds and companies have raised an additional $470 million (50:1 leverage) which is now at work building North Carolina's competitive advantage.

Based on its record of leveraging each dollar 50:1, how large an impact could the TDA have generated if it had invested $100 million rather than $9 million?

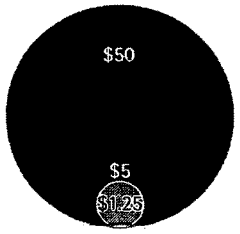


Under the TDA's proposed contingent tax credit plan, the current cost to the State to deploy $100 million in new capital will be zero.

Technology Transfer

- TDA formed Centennial Venture Partners, a $10 million seed-stage venture capital fund, with NC State in 1998 to commercialize promising technologies associated with the University.
- TDA is partnering with the UNC System on the North Carolina Technology Development Initiative to increase North Carolina's capacity to commercalize promising technologies.
- TDA is working to establish additional University affiliated venture funds and technology incubators.

Of the $5 million Centennial has deployed thus far, $1.25 million has funded research at NC State and this $5 million has been leveraged to raise $50 million in follow-on investments.



In its 1st 100 years, North Carolina State University saw 5 companies formed around its technologies.

Since 1998, Centennial Ventures Partners has funded 16 start-ups commercializing NC State technologies (many now renting TDA incubator space on NC State's Centennial Campus).

Result: North Carolina State University is now a more powerful economic development engine.

The typical 5 year old venture-backed company:

- Invests $8.7M in R&D
- Generates $4M in export sales
- Experiences 90% annual workforce growth
- Has 4x percentage of high-paying jobs as economy as a whole

Rural Initiatives

- Since 1996 TDA has deployed more than $1.8M in rural business loans as a USDA lending intermediary.
- New Agri-products Incubator Initiative trains food entreprenuers and supports commercialization of value-added agricultural products; thus creating new markets for existing agricultural products.





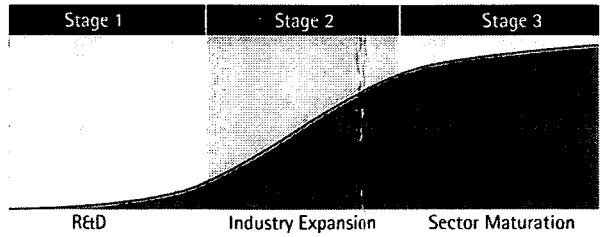
Building Returns on Investment

North Carolina has made significant investments in research and education

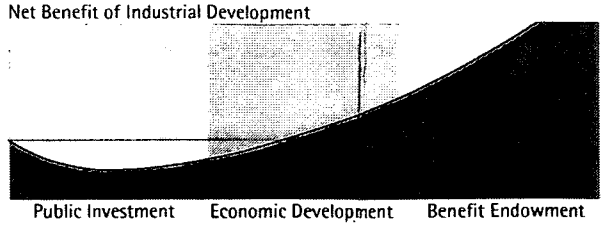
Converting these investments into jobs and capital requires infrastructure to commercialize valuable technologies

Using capital and infrastructure to build successful industries creates sustained endowment of economic benefits

Industrial Growth Curve



Net Benefit of Industrial Development

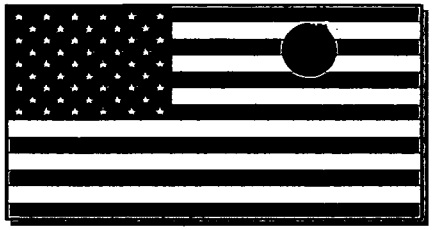


Leveraging each dollar it has invested 50:1, the TDA's total economic impact includes:

- 7000 new jobs
- 28 incubators: half-a-million square feet of business, technology and wet lab incubation space
- $470 million in invested capital
- $1.8 million in rural loans
- Nearly 90 start-up companies funded



WORLD TRADE CENTER
NORTH CAROLINA



VISION

World Trade Centers are dynamic entities designed to meet the changing needs of the business community they serve. As part of a diverse and continually changing trade development system, World Trade Centers provide highly specialized services to firms involved in the global marketplace. The system is comprised largely of private vendors and business advisors, supported at critical junctures by public and nonprofit organizations. The World Trade Center North Carolina (WTCNC) occupies a unique niche in the system, evolving with business demands and the changing landscape of service providers, but always centered on brokering relationships, information and dialog, both within the state and between the state's leaders and foreign counterparts. In so doing it serves the public purpose of building the state's competitiveness, prestige and local leadership.

ASSOCIATION

The World Trade Center North Carolina is a member of the World Trade Centers Association (WTCA), the preeminent global trade organization promoting two-way trade. There are 336 World Trade Centers located in 101 countries with a total membership of 500,000 corporate members. All members of the WTCA are part of a global family, and mutual assistance is one of the fundamental tenets of WTCA membership.

MISSION

The mission of the World Trade Center North Carolina is to provide educational programs and other services to increase the sales and profits of North Carolina's small and growing businesses through their participation in the global economy.

CURRENT ACTIVITIES

The World Trade Center North Carolina has built an aggressive agenda of activities:

- **Trade leads** – Disseminate requests to buy and sell through the network of several hundred World Trade Center franchises worldwide utilizing WTCA) On-Line, a state-of- the-art website for traders.
- **Educational seminars** – Provide companies with timely information on foreign opportunities and market entry strategies as well as keeping them abreast of important global trends and international trade issues.
- **Delegation management** – Assist state government in organizing selected missions and receiving foreign dignitaries. Disseminate information weekly through "Trade Alert."
- **Special projects** – Grant funded market development activities focused on environmental and telecommunications services, in partnership with the state trade & USEAC offices and the Kenan Institute for Private Enterprise, UNC, Washington D.C. & Asia. The WTCNC is leading a project in cooperation with the City of Durham aimed at encouraging minority-owned firms to go global.
- **Speaking engagements** – Provide programs for K-12 public & private schools, community colleges, business and civic organizations.
- **Referrals** – Respond to numerous calls from within the state and from overseas. WTCNC excels at putting people of like business minds together. Responds appropriately to requests for: (1) help in identifying local service providers; (2) information about the state's businesses; (3) access to state officials; and (4) information on careers in international trade; (5) overseas market information; (6) international trade data; and (7) international contacts.
- **Trade research** – Individualized research provided by staff and university level interns.

WORLD TRADE CENTER
NORTH CAROLINA

World Trade Centers Association

- WTCNC is a member of the World Trade Centers Association, the preeminent global trade organization promoting two-way trade. There are 336 World Trade Centers located in 101 countries and mutual assistance is one of the fundamental tenets of WTCA membership.
- WTCA On-Line, the WTCA's website, provides one-stop trade information 24 hours a day with access to trade leads and valuable databases for country and market research.

Clearinghouse

- WTCNC is a hub for North Carolina businesses, public agencies and academia. The collection and dissemination of international information, and collaboration through affordable programs and services allows critical access for businesses across the state.
- The WTCNC staff provides a bi-weekly electronic **"Trade Alert"** bulletin to disseminate information concerning international activities around the state.

Delegation Management

- WTCNC manages delegations from all over the world that are interested in exploring trade and investment opportunities with North Carolina and provides a mechanism for preparing for their arrival from foreign countries. The system assesses the goals and rates the importance of delegations and notifies the appropriate partners in various state agencies and organizations.

Partnership

- WTCNC has proven successful in administering the Market Developer Cooperator Program (MDCP), working with the North Carolina Department of Commerce and the Kenan Center at UNC-CH. This federal grant provided financial assistance to small & medium sized North Carolina companies attending trade fairs in Brazil and Asia. Through MDCP, the WTCNC led missions to Vietnam, Thailand and Uruguay this past year.
- WTCNC has developed programs with Duke, NCSU, UNC-CH, Appalachian State, Shaw and St. Augustines, and is playing an active role in globalizing and internationalizing historically black colleges and universities

Global Education

- Through its programs, WTCNC provides up to date information on North Carolina "hot trade" topics such as the recent Congressional briefing with US Representatives Price & Etheridge to discuss issues affecting the North Carolina agriculture community - FTAA, PNTR, Hoof and Mouth Disease, fast track, trade promotion, tobacco and China, Canada & lumber, textile & FTAA etc - April 2001
- WTCNC provides valuable real life experiences for students interested in international careers through its internship programs.

HEADQUARTERS: SUITE 1200, TWO HANNOVER SQUARE • 434 FAYETTEVILLE STREET MALL, RALEIGH, NC 27601 USA
919.743.0177 800.WTCNC.11 FAX: 919.743.0188 • E-MAIL: WTCNC@WTCNC.ORG • WEB SITE: WWW.WTCNC.ORG

WTCNC Program List: Year 2001:

February 3-11 **Mercosur Trade Mission to Uruguay**
U.S. Department of Commerce Market Development Cooperator Program (MDCP) provided direct financial incentives for North Carolina IT/Telecom companies to explore new markets and scheduled qualified business appointments in Uruguay. This mission was a joint effort between MDCP trade partners and the Embassy of Uruguay, Washington, D.C. and led by World Trade Center NC and NC Secretary of State, Honorable Elaine Marshall.

February 13 **NCWTA** Meeting- **Duke Executive Cross-Continent MBA Program via E-Learning**
Presenter: Donna Spinella, Duke University. Sponsored by Edge International.
Location: Embassy Suites Hotel, Cary, 6:00 pm; $35 per person, $29 NCWTA members, $15 students.

February 20 **Building Relations: the European Union and the U.S.**
Honorable Hugo Paemen, former Ambassador to the European Union, and Mr. Craig Kennedy, President of German Marshall Fellowship. Location: Exploris, 4:30 pm reception followed by program from 5:00-6:30 pm. $20 per person, $15 for TWAC/WTCNC members.

March 2 & 3 **"The Rise of China: Security Implications"**
A conference sponsored by the Triangle Institute for Security Studies (a joint program between Duke, UNC-CH, & NCSU). Location: Sheraton Hotel Chapel Hill, $60 per person, $40 TISS Members. To register, call Carolyn Pumphrey at 919.684.8749.

March 7 **Performance of Local Governments: A comparison of North Carolina and South Korea**
An exchange of views and opinions concerning urban planning, performance evaluation of local governments and information technology usage in the public sectors of NC and South Korea also promoting NC's globalization efforts. Sponsors: UNC-CH, NCSU, Triangle J Council of Governments, and Kookmin University South Korea. Location: TJCOG, 4222 Emperor Blvd., RTP, 1:00-6:00pm, free of charge. For more information, call Bogdan T. Leja at 919.962.0299.

March 13 **NCWTA**-Triangle Chapter Meeting- **International Financing**
Presenter: Dan Holt, Small Business Association. Sponsored by Smith Helms Mullis & Moore. Location: Embassy Suites Hotel, Cary, 6:00 pm; $37 per person, $27 NCWTA members, $15 students.

March 21 **Legislative Briefing**
Members of the General Assembly from Western North Carolina will be briefed on exploring market development opportunities and training needs of the hosiery and related apparel industries. Co-sponsored by Appalachian State University. Location: Legislative Building, Meeting Room 1124, 7:30-8:30 am. Continental Breakfast served.

March 22 **GlaxoSmithKline, "Ask the Experts" Luncheon**
March Topic: *Global Marketing.* Presenter: Lyn Edinger, VP, International Market Strategy, Local Internet Division, Nortel Networks. Location: Embassy Suites Hotel, Cary, 11:30 am to 1:00 pm.

April 4 **Minority Roundtable Initiative**
This is a follow-up meeting sponsored by WTCNC and City of Durham to implement strategies to assist minority owned businesses in international trade, particularly in exporting. Location: City of Durham, Economic and Employment Office, 11:00 am to 1:00 pm. Targeted participation: 15

April 10 **NCWTA**-Triangle Chapter Meeting-**Globalization: the Pergo and Ford Story**
Governor's Award meeting. Location: Embassy Suites Hotel, Cary, 6:00 pm; $37 per person, $27 NCWTA members, $15 students.

April 11 **GlaxoSmithKline, "Ask the Experts" Luncheon series continues**
April Topic: *Impact of Trade Missions: vehicles for increasing your business.* Presenter: Dr. Veerainder Goli, Duke Medical Center & Arogya, Inc. 11:30 am to 1:00 pm. Sponsored by DHL Worldwide Express. Location: NC Biotechnology Center.

April 18 **Congressional Briefing On Trade Issues**
A business roundtable initiative in collaboration with goTrade.

April 25-May 3 **NC DOC Road Show**
One week traveling "Road Show" across the state. Business briefing conducted by the six NC foreign office trade directors. Individual business appointments available. Contact NC DOC at 919.733.7193.

April 27 **European Union: E-Europe Conference**
Breakfast symposium on politics and markets in Europe, emphasizing policy-relevant discussions. Areas to be addressed: legal framework for electronic commerce, copyright, e-money, distance selling of financial services, enforcement of judgments and more. Co-sponsors: Duke-UNC European Union Center, Kenan Institute for Engineering, Technology, & Science, NCSU. To register, call 919.743.0177.

May 1 **GlaxoSmithKline, "Ask the Experts" Executive Breakfast**
May topic: *Japanese Corporate Management: Surviving the New Economy.* Speakers: Yasuyuki Sugiura, GM, Mitsubishi International in Washington and Masao Toyama, GM, Public Policy Affairs, Sony in Tokyo. Co-sponsored by NC Japan Center and with the support of the National Association of Japan America Societies and Keizai Koho Center. Location: Embassy Suites Hotel, Cary, 8:00 am to 11:00 am; $15 members, $20 non-members.

Be looking for these upcoming events:

May 1	**Reception with 25 Foreign Service Nationals and US Ambassadors**
May 1	**Luncheon with Thai Ambassador Tej Bunang**
May 3-5	**NCWTA State Conference, Charlotte** with keynote speaker John Nasbitt.
May 24	**Doing Business in Brazil**
June 6	**Customs Compliance**
June 12	**NCWTA**-Triangle Chapter Meeting- **Foreign Agriculture Service**
June 21	**GlaxoSmithKline, "Ask the Experts" Series:** *International Business Protocol*
June 28	**NC Trade and Investment with Mexico**

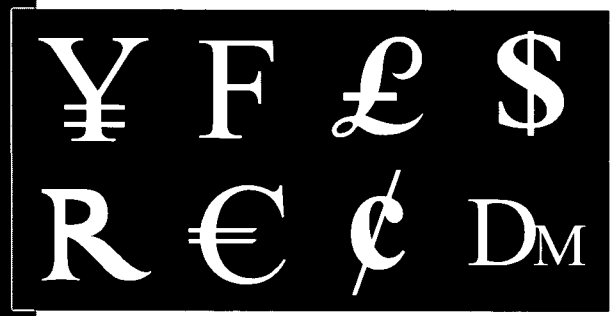
WORLD TRADE CENTER NORTH CAROLINA
FY 2001 Budget/Year To Date

	FY 2001 Budget	Yr. To Date (10/1/00-2/28/01)
REVENUES		
State Appropriation	$200,000.00	$100,000.00
City of Raleigh	$25,000.00	$25,000.00
Kenan Institute for E, T & S	$0.00	
Membership	$28,000.00	$8,825.00
Export 1999	$0.00	
Interest	$250.00	$134.00
Sub Lease	$16,075.00	$8,560.00
Registrations/Programs	$30,000.00	$5,752.00
NCWTA-Administration	$3,500.00	$1,540.00
Sponsorships	$5,000.00	$10,000.00
Grants/Foundations	$2,500.00	
Delegation Management/Matchmaking	$2,000.00	$600.00
Miscellaneous	$3,386.00	$226.00
TOTAL REVENUES	$315,711.00	$160,637.00
EXPENSES		
ITEM		
Salary	$162,000.00	$68,192.00
Cost of Living/Merit Increases	$5,000.00	
Fringe	$28,183.00	$13,616.00
Administration	$7,500.00	
Advertising	$1,000.00	
Audit	$5,000.00	
Consulting Services	$1,000.00	
Copier	$1,500.00	
Depreciation	$0.00	
Programs	$22,000.00	$2,950.00
Equipment Rental/Buyout/Upgrade	$2,000.00	$15.00
Insurance	$2,000.00	$1,409.00
Internet Service	$2,500.00	$1,500.00
Miscellaneous	$2,000.00	$165.00
Office Supplies	$3,000.00	$2,471.00
Parking	$3,000.00	$1,495.00
Payroll Processing	$900.00	$481.00
Petty Cash	$1,500.00	
Postage	$3,000.00	$327.00
Printing	$2,000.00	$297.00
Rent	$38,000.00	$13,308.00
Subscriptions/Dues	$500.00	
Telephone	$6,628.00	$903.00
Travel	$4,000.00	$1,753.00
World Trade Center Assoc. Fees	$11,500.00	
TOTAL ADMINISTRATION	$315,711.00	$108,882.00

About World Trade Center North Carolina

Making Business Global

The World Trade Center North Carolina serves as a business forum for information and dialogue about international commerce and facilitating trade. It does this by supplying businesses and public organizations with a first class environment and top quality services.



WTCNC Mission

The mission of the World Trade Center North Carolina is to provide educational programs and other services to increase the sales and profits of North Carolina's small and growing businesses through their participation in the global economy.

World Trade Centers Association

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World Trade Centers Association®

WTCA On-line Services

With WTCA On-Line—the World Trade Center Association (WTCA) website—a one-stop trade information hub is at your disposal 24 hours a day. Members can post offers to buy and sell any product or service and read trade leads for free. Valuable databases include on-line business profiles and sources of country and market research.

On-Line Services Include:

- **WTCA On-Line Trade Leads & Opportunities**
- **Dun & Bradstreet's Exporter's Encyclopedia**
- **STAT-USA's National Trade Databank**
- **WTCA On-Line Catalog**
- **World Trade Library**
- **Directory of World Trade Center Services & Events**
- **And More...**

WTCNC Services and Benefits to its Members

Trade Education Services

Knowledge is power. The WTCNC's practical international trade seminars provide companies with timely information on foreign opportunities and market entry strategies as well as keeping them abreast of important global trends and international trade issues.

Referrals

The WTCNC excels at putting people of like business minds together. Our staff responds appropriately to requests for: (1) help in identifying local service providers; (2) information about the state's businesses; (3) access to state officials; (4) overseas market information; and (5) international trade data and contacts.

Trade Information Services

Information is priceless. Based on a sliding fee structure, the WTCNC provides individualized, up-to-date research provided by staff and university.

Delegation Management

The WTCNC (or with partnering public or private organizations) manages selected missions and receives foreign dignitaries. The WTCNC also disseminates information bi-weekly through its electronic "Trade Alert" bulletin.

Special Projects

Among other initiatives, the WTCNC is building ties with the area's Universities, exploring cooperative programs and passing valuable networking opportunities on to our members.

Speaking Engagements

The WTCNC provides programs to K-12 public & private schools, community colleges, business and civic organizations.

Company: _____

Contact: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

Fax: _____

Email: _____

Company Category:

- Government
- Consulting
- Manufacturer
- Service
- Education
- Other: _____

Membership category:

- $325: fewer than 5 employees
- $500: 5 or more employees
- Above/Beyond: _____

Method of Payment:

- Visa
- Mastercard

Card Number: _____

Expiration Date: _____

Name on the Card: _____

Please return checks payable to:
World Trade Center North Carolina
2 Hannover Square, Suite 1200
Raleigh, NC 27601

The economic prosperity of our great state depends in large measure on how well we educate businesses and increase our competitiveness in the global marketplace. The World Trade Center North Carolina contributes directly to achieving economic prosperity. Accessing world markets translates into jobs for North Carolina workers and strengthens the economy of our state.

2 Hannover Square, Suite 1200
Raleigh, NC 27601
Phone: 919.743.0177 Fax: 919.743.0188
E-mail: wtcnc@wtcnc.org
Website: www.wtcnc.org

Global Solutions for North Carolina Businesses

SAS Institute World Headquarters
SAS Campus Drive
Cary, NC 27513
Tel (919) 677 8000 *Fax* (919) 677 4444
U.S. Sales (800) 727 0025
www.sas.com

The Power to Know.

April 24, 2001

Ruth Turner Camp
World Trade Center North Carolina
Suite 1200, Two Hannover Square
434 Fayetteville Street Mall
Raleigh, NC 27601

Re: NC Legislature Funding for WTCNC

Dear Ruth:

You asked for my thoughts on funding by the North Carolina State Legislature for the World Trade Center North Carolina. Let me put it succinctly. The legislature should continue to fund the WTCNC because it benefits all businesses throughout the state.

North Carolina is a member of the world community. Since its inception it has been a global exporter of agricultural products, in the 20th century of manufactured goods and is a world-banking center. Fifty years ago the North Carolina Legislature made a commitment to make North Carolina a global player in innovation by creating the Research Triangle Park. These successes come by virtue of investment by the private and public sectors. For North Carolina to continue to have and to grow a healthy economy it needs to recognize the potential of the world marketplace. The WTCNC is a voice speaking to the world community. The WTCNC conducts many activities, including hosting of trade and political delegations from countries such as China, Thailand, United Kingdom, Uruguay, Mexico, Canada and the European Union. These delegations have been interested in agriculture, furniture, banking and technology.

SAS Institute is a North Carolina based company with its R & D headquarters in the state. We have grown up in this state and we are now the world's largest privately held computer software company. Approximately 50% of SAS' revenues come from overseas. We are a member of WTCNC and support its continued funding by the North Carolina Legislature.

Sincerely,

Mary U. Musacchia
Counsel to the President
Government Relations & Public Policy



United Parcel Service 1627 Navaho Dr., Raleigh, NC 27609

April 23, 2001

North Carolina General Assembly
Raleigh, North Carolina 27601-2808

On behalf of the World Trade Center North Carolina, we would like to take this time to explain the importance of our involvement in this organization.

United Parcel Service is a 94-year-old company with revenues in excess of 29 billion, servicing more than 240 countries and territories including every address in the United States. The international market is very important to success of our company.

In April, we started the China initiative. We began direct flights between the United States and the Chinese business centers of Shanghai and Beijing, launching a new era in UPS service to and from China. Our liaison, Shiau Yen Chin-Dennis, has helped us coordinate our efforts with the visiting Chinese Delegations. UPS has been successful in procuring and establishing leads, and developing initial relationships with key governmental and business leaders.

We have also sponsored and supported many programs such as "Customs Compliance", and "Doing Business in Japan". Our involvement has been crucial to growth and fostering relationships that will last a lifetime.

The World Trade Center North Carolina has been instrumental in providing us with the opportunity to create UPS awareness within the International arena. We are proud to be members and plan to continue our involvement.

Cordially,

Millicent Mercer
Marketing, Business Development



36 USC 380

DUKE UNIVERSITY MEDICAL CENTER
Department of Psychiatry and Behavioral Sciences
Pain Evaluation and Treatment Services

February 16, 2001

Pamela Davison
President and CEO
World Trade Center of North Carolina
2 Hannover Square, Suite 1200
Raleigh, N. C. 27601

Ref: Trade Mission to Uruguay

Dear Ms. Davision,

This is reference to the recent trade mission to Uruguay dated February 3, 2001 to February 11, 2001. As a member of the delegation I want to express my sincere gratitude and appreciation for the excellent arrangements made by the World Trade Center during this trade mission. As a small business owner in North Carolina this initiative provided a wonderful opportunity to interface with the Mercusor countries in South America. My hope was to establish some type of contact to initiate bilateral relationships.

The trade mission exceeded my expectations. The entire arrangements in Uruguay were excellent and professionally done. I had more than ample opportunity to meet qualified business entities in Uruguay. The accommodations were excellent and both you and Brit Wotring went the extra mile to make us all comfortable. In addition; having the honorable Secretary of State, Elaine Marshall, and Mr. Clark Plexico from AT&T helped open the doors to improved communications between the industry and the political decision-makers in Uruguay.

In fact the experience has been so positive that I have been able to sign a memorandum agreement with a company in Uruguay and I will be actively pursuing that contract. Hopefully I will be making another trip there as a business progresses. In addition, the mission was instrumental in opening up opportunities in health care. I will be discussing these ventures with Duke University Medical Center.

Once again I would like to thank World Trade Center of North Carolina, Embassy of Uruguay and the Market Development Cooperative Program (MDCP) for this excellent and well put together trade mission.

The World Trade Mission of North Carolina has gained another enthusiastic member! Keep up the good work!!

Sincerely,

Veeraindar Goli, M.D.
VG/lcw
Attachments

State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

April 24, 2001

Pam Davidson
World Trade Center
Suite 1200, Two Hannover Square
Raleigh, NC 27601

Re: Trade Mission to Uruguay

Dear Pam:

Let me express officially in writing the thoughts I have about the February, 2001 Trade Mission to Uruguay. First, let me say how much I enjoyed participating with the delegates. Your briefing materials were excellent.

This mission could not have been better organized. You and Britt Wotring are to be congratulated for the planning, the focus, the intensity, the frequency and quality of trade opportunities. Without the World Trade Center's connection to its sister trade center and without the World Trade Center's extensive background in international business transactions, the mission would not have been so successful.

Having a small delegation with concentrated focus such as ours on information technology and telecommunications kept the mission from being splintered into a variety of divergent interests. During the mission I had an opportunity to receive a memorandum of understanding of significant value for development of a medical records device. Another mission success was a contract for a North Carolina company to produce an inexpensive Internet appliance for Uruguay's state owned telephone company. Both of these particular projects are foundations that can have long reaching economic effects for North Carolina entities.

In addition to the economic opportunities I was able to continue my dialogue with President Batlle Ibàñez whom I had met during his September 2000, visit to North Carolina. I was able to conduct productive meetings during this trade mission with educational leaders further enhancing school exchanges, teacher training, long distance learning opportunities and collaborations on some interesting educational projects.

Services of the World Trade Center continue to weave their way into many aspects of services we provide to citizens through the Secretary of State's Office. Your organization's knowledge of international finance, tariffs, transportation plus general respect and rapport within the business community allow North Carolina businesses to move forward when they see opportunities. North Carolina's World Trade Center along with its 300 plus sister trade centers around the world provide a type of infrastructure network that adds credibility to our North Carolina businesses and raises the comfort level of individuals who may be engaged in an international transaction. I am reminded specifically of the rapid response your organization provided within 24 hours to validate the existence and economics of an Asian partner to a North Carolina company venturing into international waters for the first time.

The Secretary of State's Office has enjoyed a healthy relationship with the World Trade Center as we each facilitate North Carolina citizens and business into expanding their markets. Thank you for the competent manner in which the World Trade Center supports North Carolina business.

Sincerely yours,

Elaine F. Marshall

Elaine F. Marshall

EFM/bc

North Carolina Department of
Agriculture & Consumer Services

NCDA
INTERNATIONAL TRADE

Meg Scott Phipps,
Commissioner

April 24, 2001

Dear WTC-NC Staff,

Thank you for your assistance in partnering with and promoting North Carolina Department of Agriculture & Consumer Services programs. We value your support and contributions to our overall International Trade program.

As we all know the International Marketplace is the future and survival of American agriculture and your programs, initiatives, and support of our efforts will help ensure a strong agricultural economy for our state. Agriculture remains the number one industry in our state and the efforts of the World Trade Center and our other partners have contributed greatly.

Thank you again and please know we value our relationship with you.

Sincerely,

Meg Scott Phipps

Meg Scott Phipps
Commissioner

MSP/wm

North Carolina
Department of Commerce

James B. Hunt Jr., Governor | Rick Carlisle, Secretary

April 10, 2000

Pamela Davison
CEO
World Trade Center NC
Suite 1200
Two Hannover Square
Raleigh, NC 27602 USA

Dear Pamela:

Thank you so much for your assistance in coordinating the visit for Brazilian Ambassador Rubens A. Barbosa. The program was a tremendous success -- all due to your hard work and dedication.

Arranging such a powerful schedule in such a short time truly demonstrates what we can accomplish when we work together. I look forward to working with you more in the future.

Sincerely,

Larry Williams
Manager of Operations

/lmw

North Carolina Department of Commerce, International Trade Division
301 N. Wilmington Street, 4320 Mail Service Center, Raleigh, North Carolina 27699-4320
Tel: 919-733-7193 - Fax: 919-733-0110

An Equal Opportunity/Affirmative Action Employer

Ipas

Accelerating the pace of change
in support of women's reproductive health and rights

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Vice President

April 23, 2001

Attn: NC General Assembly
Raleigh, NC 27601-2808

Dear Legislators:

Ipas, a non-profit manufacturer of disposable medical devices, is an active exporter to countries around the world. Due to our active status in international trade, we decided to become members of the World Trade Center NC (WTCNC).

The WTCNC staff has been very helpful to our organization. Earlier this year, I had been helped by the local office when planning a recent trip to South America; the WTCNC staff helped me to establish contacts with the local WTC offices and the local American Chamber of Commerce. It is important for us to have contacts with WTC offices abroad that can help us better understand new local markets and to help us obtain local market information. As a member of the local chapter, we have access to assistance from the overseas offices.

The WTCNC has also done an outstanding job of facilitating a wide variety of speakers and presentations on global topics; these presentations are of benefit to many local companies trying to better understand globalization and how they can fit into this new paradigm.

I strongly ask you to continue funding the local World Trade Center chapter. North Carolina businesses need to have local support in their efforts to become more global—the WTCNC is a strong supporter of local businesses. As our local businesses grow with increased exports, opportunities increase for local employment. Undoubtedly, we can all agree that this is an important goal for our state and we should do all that we can to attain it.

Regards,

Catherine H. Boyd
Marketing Manager, Latin America

300 Market Street • Suite 200 • Chapel Hill, NC 27516 USA
919-967-7052 • 800-334-8446 • Fax: 919-929-0258
email: ipas@ipas.org • website: www.ipas.org

Ipas is a 501 (c)(3) non-profit. Contributions are tax deductible as allowed by law.

Stanley Fox

April 19, 2001

The Honorable Stanley Fox
Chairman
House Appropriations Subcommittee for Natural and Economic Resources
North Carolina General Assembly
Raleigh, North Carolina 27601-2808

Dear Representative Fox:

As Vice Chairman of the World Trade Center of North Carolina (WTCNC), a volunteer position, I would like to encourage you to consider favorably continued state support for the WTCNC, as it has for the past ten years.

Continued legislative funding for the WTCNC is critical to the operation of this respected institution, and, I would add, to the continued leadership and prestige of North Carolina in national and international markets. The loss of the WTCNC would send a strong, negative signal to our citizens, businesses and investment prospects that North Carolina is not interested in trade or growth. This would be a tragedy since trade is second only to technology as the leading source of job creation in this nation. (If you wish, I can supply other information about the role of trade in state economic development, as I am also Director of the Southern Global Strategies Council, an advisory body to governors for promoting trade from the 13 states of the South.)

The WTCNC plays a key role in our state's trade development. It has a proud record of educating small businesses about trade, distributing trade leads, leading overseas missions, receiving foreign business delegations, and providing technical assistance to small businesses. For example, the WTCNC recently completed making all arrangements for the North Carolina Hosiery Industry to brief legislative representatives from Western North Carolina on how the sector must start exporting to stay alive, and the industry's need for workforce training to enable it to enter foreign markets. These services are not available elsewhere. Indeed, the state's trade community looks to the WTCNC to perform these services on their behalf.

Finally, it is important to note that closure of the WTCNC would likely be a permanent blow to the state's export capacity. No other organization would be positioned to step into the void. The WTCNC is a unique public-private partnership that has taken us a decade to build. Our small businesses and citizens need the it to continue providing education services, and serving as the state's flagship institution in global markets.

Sincerely,

Carol Conway
Vice Chairman

CC: Representative Owens
Representative Warren
Representative Culp
Representative Hunter
Representative Mitchell
Representative Underhill
Representative Walker
Representative Warwick
Representative Weatherly
Representative West

April 19, 2001

The Honorable R.L. Martin
Chairman
Senate Appropriations for Natural and Economic Resources
North Carolina General Assembly
Raleigh, North Carolina 27601-2808

Dear Senator Martin:

As Vice Chairman of the World Trade Center of North Carolina (WTCNC), a volunteer position, I would like to encourage you to consider favorably Senate Bill 1060 as submitted by Senator Metcalf. This bill would continue state support for the WTCNC, as it has for the past ten years.

Continued legislative funding for the WTCNC is critical to the operation of this respected institution, and, I would add, to the continued leadership and prestige of North Carolina in national and international markets. The loss of the WTCNC would send a strong, negative signal to our citizens, businesses and investment prospects that North Carolina is not interested in trade or growth. This would be a tragedy since trade is second only to technology as the leading source of job creation in this nation. (If you wish, I can supply other information about the role of trade in state economic development, as I am also Director of the Southern Global Strategies Council, an advisory body to governors for promoting trade from the 13 states of the South.)

The WTCNC plays a key role in our state's trade development. It has a proud record of educating small businesses about trade, distributing trade leads, leading overseas missions, receiving foreign business delegations, and providing technical assistance to small businesses. For example, the WTCNC recently completed making all arrangements for the North Carolina Hosiery Industry to brief legislative representatives from Western North Carolina on how the sector must start exporting to stay alive, and the industry's need for workforce training to enable it to enter foreign markets. These services are not available elsewhere. Indeed, the state's trade community looks to the WTCNC to perform these services on their behalf.

Finally, it is important to note that closure of the WTCNC would likely be a permanent blow to the state's export capacity. No other organization would be positioned to step into the void. The WTCNC is a unique public-private partnership that has taken us a decade to build. Our small businesses and citizens need it to continue providing education services, and serving as the state's flagship institution in global markets.

Sincerely,

Carol Conway

Carol Conway
Vice Chairman

CC: Senator Hamilton C. Horton, Jr.
Senator David F. Weinstein
Senator A. B Swindell
Senator Charles W. Albertson
Senator Stephen M. Metcalf



WORLD TRADE CENTER
NORTH CAROLINA

Pamela Davison
World Trade Center North Carolina
2 Hannover Square, Suite 1200
Raleigh North Carolina, 27601

April 23, 2001

Dear Ms. Davison,

I am working on a unit for my foreign language classes about foreign companies and foreign ownership of NC businesses in our state. I need also a list of NC businesses that export and the countries to which they export. If your organization has such records, could you e-mail them to me at my school address?

Thank you for your help.

Susan David
West Forsyth High School
Clemmons, NC 27012

LA VISITA COMERCIAL Y CULTURAL CULMINA HOY

Se esbozan negocios con Estados Unidos

Luego de una semana cargada de reuniones, los empresarios y funcionarios de Carolina del Norte dejan abiertas las puertas a varios emprendimientos en conjunto con Uruguay

La visita de la misión comercial y cultural de Carolina del Norte, Estados Unidos, que finaliza mañana, dejó un saldo positivo en materia de acuerdos comerciales y proyectos tras una semana de intensas reuniones a nivel público y privado.

Las negociaciones y proyectos se centraron en el área tecnológica y de telecomunicaciones. Se realizó un acuerdo concreto para el lanzamiento en EEUU de tarjetas inteligentes patentadas por uruguayos –que contienen un archivo médico–. Asimismo, hay posibilidades para que la Unidad Coronaria Móvil realice una franquicia en Carolina del Norte, así como trabajos en conjunto de empresas estadounidenses y uruguayas en biotecnología. Además, se proyectó el intercambio de software y diseño de productos tecnológicos, así como acuerdos entre universidades para compartir proyectos, investigaciones y estudiantes.

La visita estuvo liderada por la secretaria de Estado de Carolina del Norte, Elaine Marshall

Este es el cuarto encuentro empresarial entre Carolina del Norte y Uruguay en una relación que comenzó como iniciativa del gobernador de dicho estado hace un año y medio con el objetivo de explorar y establecer oportunidades comerciales.

La delegación estuvo liderada por la secretaria de Estado, Elaine Marshall, representantes de la Embajada de Uruguay en EEUU y del World Trade Center, con empresarios de AT&T, Brown Computers, Fiberlink, Global Market Resources and Arogy y Channell Corporation.

ACUERDOS Y PROYECTOS

"Vuelvo con tres proyectos concretos. Uno de ellos es trabajar en conjunto con la firma uruguaya High Tech y sus asociadas para el lanzamiento en EEUU de las tarjetas inteligentes patentadas por dicha empresa", dijo a *El Observador* Veeraindar Goli, director de Global Market Resources and Arogy.

El director general de High Tech, Eduardo Gómez Cannon, explicó que "en agosto del año pasado patentamos las tarjetas inteligentes en Washington DC. Estas son tarjetas de crédito que incluyen la historia clínica de la persona desde que nació".

Goli informó también que su empresa está " en conversaciones para una franquicia del sistema de UCM y proyectamos trabajar en conjunto en biotecnología con algunas empresas".

Por otra parte, Christopher Brown, presidente de Brown Computer Company, apuntó que "existen en Uruguay seis compañías de software que tienen programas que se necesitan en Carolina". "Las voy a poner en contacto con los compradores", se comprometió.

Según la secretaria de Estado, Elaine Marshall se avanzó en el acuerdo firmado en setiembre de 2000 entre cinco universidades uruguayas (públicas y privadas) con el sistema universitario de Carolina del Norte, que incluye 16 universidades. El acuerdo consiste en intercambio, proyectos, seminarios y educación a distancia.

Marshall dijo que se "habló específicamente de cómo transferir la investigación de la universidad a la gente y las empresas".

Asimismo, destacó el proyecto de incubadora de negocios, que es un espacio donde las empresas pueden compartir costos fijos.

OTRAS MISIONES

Según fuentes de la Embajada uruguaya en EEUU, el intercambio con estados estadounidenses no se acota a Carolina del Norte y hay contactos en pro de misiones similares de Puerto Rico, Georgia, Louisiana, Virginia, Washington, Boston, Philadelphia, Nueva York y Nueva Jersey.



La delegación estuvo conformada por 15 personas I. FRANCO

COMUNICADO DE PRENSA

La Asociación Nacional de Rematadores y Corredores Inmobiliarios, atendiendo la constante preocupación de las actuales Autoridades Públicas por encontrar un medio que genere la total transparencia en la comercialización de los bienes del Estado, propone al Poder Ejecutivo y a todas las autoridades el método de venta por Remate Público.

La venta en Remate público desterrará la presunción, aun infundada de favores indebidos, tantas veces denunciados en forma pública dentro del sistema político.

Lo planteado no es original ni novedoso, ya que en la actualidad mundialmente (Francia, Gran Bretaña, Estados Unidos, etc.) la venta de los bienes del Estado en Subasta Pública tiene un desarrollo explosivo.

La Asociación Nacional de Rematadores y Corredores Inmobiliarios, en su afán de colaborar con las Autoridades y a efecto de avanzar decididamente en la posibilidad planteada, solicitó una audiencia a la mayor brevedad al Presidente de la República y a autoridades públicas relacionadas.

Juan E. Gomensoro (h) Secretario — Roberto Bachino Presidente

Appalachian
STATE UNIVERSITY
BOONE, NORTH CAROLINA 28608

John A. Walker College of Business
Department of Economics
Thelma C. Raley Hall
Post Office Box 32051
(828) 262-2148
FAX (828) 262-6105

November 29, 2000

Ms. Pamela Davidson
World Trade Center North Carolina
Suite 1200, Two Hannover Sq.
Raleigh, NC 27601

Dear Pamela,

Please receive all my thanks for arranging a most productive and interesting visit for my students and myself at the World Trade Center Association. Ms. Janet Driscoll and Mr. Herbert Ouida devoted more than one hour of their valuable time on Friday November 17 to present to us the work of World Trade Centers and their importance in promoting international trade. By the way, Mr. Ouida noted that the North Carolina WTC was one of the most active and effective centers in the nation.

I would like also to take this opportunity to reiterate my offer to collaborate with you and your organization in any way you might think productive. I note with interest and optimism the admission of several new university chapters into the NCWTA. Perhaps we could think of some joint programs that could develop new ties between these emerging student groups and the WTC.

Thank you again for your assistance. I hope to have the opportunity to meet and work with you very soon.

Best regards,

Jean-Pierre Courbois

KINGDOM OF CAMBODIA

NATION - RELIGION - KING

ROYAL EMBASSY OF CAMBODIA
TO THE UNITED STATES OF AMERICA
WASHINGTON, D.C.

October 23, 2000

Ms. Pamela Davison
CEO
Headquarters
Two Hanover Square
Suite 1200
Raleigh, NC 27601 USA

Dear Ms. Davison:

It was a delight to have had the chance to meet and engage in conversation with you last week during my visit to the University of North Carolina at Chapel Hills on October 16-17, 2000.

It was my pleasure to discuss regional and global issues as well as share with you my views on the state of the region of Southeast Asia as it is today. I was pleased with every detail of my visit and walked away at the closing of events with some delightful thoughts of spending two splendid days with truly exceptional people, such as you, Ms. Davison

Please accept, Dear Ms. Davison, the assurances of my highest regards.

Sincerely,

Roland Eng
Ambassador

State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

October 16, 2000

Pamela Davison
World Trade Center NC
Two Hanover Square
Suite 1200
Raleigh, NC 27601

Dear Pamela:

Thank you so much for your time and support of the Tiexi District delegation, which visited North Carolina the end of September.

Specifically, your and your husband's participation at the dinner on Sunday and then again your participation at the Monday dinner is appreciated. But more importantly, I thank you for your time and effort in sponsoring the dinner for the delegation at Chef Rameaux's on Tuesday evening. You are truly an asset to the World Trade Center NC, to North Carolina, and to Raleigh.

Thank you for your support of international relations.

Sincerely,

Elaine

Elaine F. Marshall

EFM:clm

C: Mr. Bill Worrell

Thanks so much
Nice to meet your husband

Main Identity

From: JUN ZHANG <denny_zj@yahoo.com>
To: Shiau Yen Chin-Dennis <sdennis@wtcnc.org>
Sent: Monday, September 25, 2000 11:17 AM
Subject: Re: Follow-Up TEDA: NC Department of Agriculture

Dear Shau Yen,

We thank you very much for the great arrangement while TEDA delegation visiting NC.
It has been a great pleasure and honor for us to work with you.
We hope you could sometime visit Tianjin.
And please also give our best regards to Ms. Davison.
And Deputy Chairmen of WTC NC.

Thank you for the information, we are preparing a research group to Raleign in the end of October, and look forward to your support, and I will let you know the schedule so long I get the response from Tianjin.

Best regards

Dennis
--- Shiau Yen Chin-Dennis <sdennis@wtcnc.org> wrote:
> Dear Mr. Zhang Jun, Mr. Dennis Zhang and Dr. Luo,
>
> Based on our conversations at the North Carolina
> Department of Commerce meeting, I have briefed and
> given your contact information to our International
> Trade Specialist at the NC Department of
> Agriculture, Smithson Mills.
> His contact information is:
> NC Department of Agriculture
> PO Box 27647
> Raleigh, NC 27611
>
> Tel: 919-733-7912
> Fax:919-733-0999
> Mills, C. Smithson
> E-mail Address(es):
> smithson.mills@ncmail.net
>
> He is trying to develop markets for NC agriculture
> products in Northern China and has traveled
> extensively in China. Please let me know if you
> need further assistance.
>
>
> Regards,
> Shiau Yen Dennis

Environmental Export News

Fall 2000

Published by the Office of Environmental Technologies Industries
U.S. DEPARTMENT OF COMMERCE International Trade Administration

Issue No. 11

ETTAC Member Wins NASA Award

by David O'Connell
Office of Environmental Technologies Industries

The NASA Johnson Space Center recently awarded its Environmental Systems Commercial Space Technology Center (ESCSTC) to the University of Florida Team. The center will be responsible for the development of advanced water purification technologies and their applications, for long duration human space missions. The University of Florida Team includes Tempest Environmental Systems. Gerard Tempest, the company's president and CEO, is an active member of the U.S. Department of Commerce-supported Environmental Technologies Trade Advisory Committee (ETTAC), which advises the federal government on matters relating to U.S. environmental exports.

Tempest Environmental Systems will be concentrating on projects that utilize its unique talents in the areas of water and wastewater treatment and purification. While its top-level commercialization goals can be summarized as "self-contained, self-sustained water processing," Tempest has the technical capability to take wastewater and purify it to four grades of water quality: (1) drinking water quality to meet or exceed EPA and WHO standards; (2) industrial process water quality (ASTM Type III and IV) for the washing or rinsing of machine and glass parts; (3) nuclear reactor feed water quality (ASTM Type III and IV) and for most analytical or general laboratory

(Continued on page 7)

Office of Environmental Technologies Industries: New Name, Same Mission

In May 2000, the U.S. Department of Commerce's Office of Environmental Technologies Exports was officially renamed the Office of Environmental Technologies Industries (ETI). Under its new name, ETI will continue to provide U.S. environmental firms with the quality market research, business counseling, trade leads, trade promotion events, and advocacy services that have helped bring U.S. environmental exports to $18.9 billion in 1998, a 100 percent increase over 1993.

ETI will also continue to play a key role in the development of U.S. trade policy and in related trade negotiations at the World Trade Organization, Asia Pacific Economic Cooperation, and other-world bodies. Your company can assist the development of U.S. trade policy by filling out the non-tariff barrier form that can be cound on ETI's Web site at *www.environment.ita.doc.gov*.



Ambassador William Itoh (front, center), in partnership with the U.S. Department of Commerce, the North Carolina Department of Commerce, World Trade Center North Carolina, the Kenan Institute, and the U.S.-Asia Environmental Partnership, led a successful trade mission of seven North Carolina-based environmental firms to Vietnam and Thailand in late July. Participating companies focused on the water sector and met with top-level government officials and foreign partners in Hanoi, Ho Chi Minh City, and Bangkok.

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

May 18, 2000

Shiau Yen Chin-Dennis
Center Director
World Trade Center Raleigh
Suite 1200
Two Hannover Square
Raleigh, NC 27601

Dear Ms. Chin-Dennis,

I want to thank you for taking the time to meet with me May 9th. I think it was a very productive meeting and I hope that there will be some companies or universities from North Carolina that will take advantage of the SABIT Program.

I will keep you up-to-date and let you know if any companies from North Carolina apply for the program. I would appreciate it if you could advertise the program in your newsletters or at any seminars the WTC Raleigh is sponsoring.

It certainly was a pleasure to meet you and I wish you good luck in your future endeavors.

Best regards,

Judy Woelfel

Judy Woelfel

The Carolinas USEAC
521 East Morehead Street
Suite 435
Charlotte, NC 28202

TEL: (704) 333-4886
FAX: (704) 332-2681

U.S. EXPORT ASSISTANCE CENTER

April 28, 2000

Ms. Pamela Davison
Acting CEO
World Trade Center North Carolina
Two Hannover Square, Suite 1200
Raleigh, NC 27601

Dear Pamela:

On behalf of the U.S. Department of Commerce, I want to personally thank you for helping to make the U.S. Ambassadors Tour a success. We have had many "kudos" from the Senior Commercial Officers and U.S. Ambassadors to our offices in Washington. We have been told that our conference was the most organized and detail-oriented of the three city tours. Your ability to recruit sponsors and identify valuable contacts was of immense value to the success of the event.

World Trade Center North Carolina is a key partner to our organization and to the international community of North Carolina. We hope that hosting the conference will result in increased exposure and membership for the WTCNC. WTCNC's efforts to provide timely educational information to the North Carolina business community can only lead to increased employment and profits in the future.

Again, many thanks to you and your staff for all of your efforts. We always enjoy working with you and your staff and look forward to future joint efforts.

Sincerely,

Roger

Roger L. Fortner
Director
Carolinas U.S. Export Assistance Center

GoTRADE
compete to win

A trade education program sponsored by The Business Roundtable

April 12, 2000

Ms. Shiau Yen Chin-Dennis
Center Director
Suite 1200
Two Hanover Square
Raleigh, NC 27601

Dear Shiau Yen:

Thank you for attending Monday's meeting with Senator Edwards urging him to vote to grant China Permanent Normal Trade Relations status.

We believe the meeting was an excellent beginning discussion with Senator Edwards from the pro-trade with China perspective. I hope you found it useful to learn what his specific concerns are with China PNTR. ***Go*TRADE NC** is working on addressing his concerns.

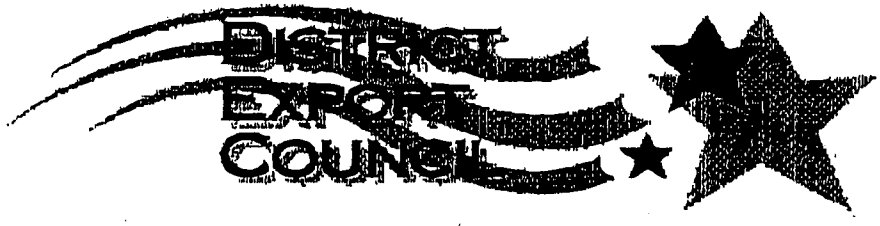
It was equally important to learn that he supports making North Carolina and the United States competitive with world markets. Senator Edwards understands that trade is a positive force in bridging gaps between nations.

Again, thanks for taking the time to attend this important meeting. ***Go*TRADE NC** will continue to create opportunities for our members to let North Carolina representatives hear how important trade issues are to our state's business interests.

Sincerely,

Greg Rideout
Executive Director
***go*TRADE NC**

1615 L Street, NW
Suite 1100
Washington, DC 20036
888-663-4350



Carolinas Export Assistance Center
521 East Morehead Street, Suite 435
Charlotte, NC 28202
Phone: 704-333-4886
Fax: 704-332-2681

April 24, 2001

Representative William C. Owens, Jr., Chair
House Appropriations Subcommittee on Natural and Economic Resources
North Carolina General Assembly
Raleigh, North Carolina 27601-2808

Re: Bill #SB1060

Dear Representative Owens:

I'm writing to share my strong support for continued funding for the World Trade Center of North Carolina (WTCNC). Without doubt, the WTCNC is an excellent investment for our state and it's international community.

We estimate that well over 2000 North Carolina firms are active in foreign markets. Statistics indicate that our state currently exports nearly $20 billion in goods and services. Exports for North Carolina firms grew 17 percent last year in a highly competitive global marketplace and the trade support activities of the WTCNC were instrumental in this effort. Without a well developed trade support infrastructure, this level of state-wide export activity would not be possible. Continuing the role of the World Trade Center is critical to the expansion of the number of exporters and increasing the value of North Carolina exports. Every good trade development effort starts with and builds on education and outreach to prospective exporters and the general export community.

The World Trade Center and its educational and outreach programs create statewide Opportunities for both new and experienced exporters to obtain country specific information on doing business abroad, identifying new export opportunities, networking with other exporters, and meeting with foreign buyers and other foreign business

contacts. Without the WTCNC, many North Carolina firms would not have the support network needed to successfully compete in global markets.

North Carolina's export community needs the programs and support systems that the WTCNC generates. Trying to do business in global markets without the appropriate preparation makes it very difficult to successfully compete in global markets. The better prepared the greater the likelihood of success.

On behalf of the North Carolina District Export council, I respectfully request you favorably consider the WTCNC's funding needs and help keep North Carolina's world class export community growing.

Sincerely,

Clement Schrader, Jr.
Chairman, North Carolina District Export Council

Main Identity

From: Andrea Belletti <abelletti@nc.rr.com>
To: Shiau Yen Chin-Dennis <sdennis@wtcnc.org>
Sent: Tuesday, January 23, 2001 12:03 AM
Subject: Re: Mentor for a high school student

Dear Shiau Yen Chin-Dennis,

Thank you, thank you, thank you! I have Ling Ying in an ESL Study Lab class 4th period (between about 10:30 and 11:30 am); I'll have her try to call you at that time tomorrow (before we start to figure out what happens to Macbeth in the second act). If you're not available at that time, perhaps you could let me know what would be a time that she could reach you?

Thank you again!

Andrea Belletti
South Johnston High School

---- Original Message ----
From: Shiau Yen Chin-Dennis
To: Andrea Belletti
Sent: Monday, January 22, 2001 2:57 PM
Subject: Re: Mentor for a high school student

Dear Ms.Belletti,

I am more than happy to mentor your student. I understand the need of businesses and organizations to play an active role in mentoring our students. In addition, it is difficult to turn down the call of help form a teacher since my husband is also a public school teacher.

Look forward to hearing from you.
Shiau Yen Chin-Dennis
Center Director
World Trade Center North Carolina
2 Hannover Square St 1200
Raleigh, NC 27601
Tel: 919-743-0177
sdennis@wtcnc.org
http://www.wtcnc.org

---- Original Message -----
From: Andrea Belletti
To: sdennis@wtcnc.org
Sent: Sunday, January 21, 2001 10:57 PM
Subject: Mentor for a high school student

Dear Sir:

I teach English as a Second Language (ESL) at South Johnston High School, between Benson and Four Oaks, in Johnston County. All high school seniors in Johnston County are required to do a "senior project," which includes a research paper (these are finished), a "product," and a presentation to a committee. This project is to have some connection with the student's possible future career interest. Each one is required to have a mentor (someone who works in their field of interest) to advise him on his "product," which is some form of informational display concerning the topic researched for the paper. The "mentor" is only required to be an advisor, for perhaps 10 hours, spaced over several months. The contacts can be by telephone (or even e-mail), so I am not asking for a major commitment of time from anyone. My students,

understandably, have a more difficult time finding mentors than do most of the American students, because they lack the community network that the long-time residents can tap. I am frantically searching for a mentor for one of my students, Ling Ying Liu, who is interested in international business. Time is short, as I had made contact with another professional organization, but they have been unable to find the mentor I'm seeking for Ling Ying. They, however, are an immigrant support group, and not a business organization, so perhaps my request to you will be more fruitful.

Ling Ying is a wonderful young woman; although this is only her third academic year in the US (she's from Fuijian, PDR of China), she is almost always on the honor roll (all A's and B's), and sometimes even on the principal's list (all A's). Her conversational English is very good, although she still has some (perfectly normal) difficulties with more complex academic language. She is a whiz at math (she won the school's Algebra II award last year--her 2 brothers tied for second place), and has been applying to several college business schools. Her research paper discussed points of concern for businesses that want to operate internationally, like customs regulations, monetary exchange rate variations, shipping needs, etc. I helped her to select and research her topic, but I am no expert in this field, and I really don't have any ideas for her product. (The product assignment is intentionally vague, to allow students a wide latitude in what and how they choose to present their information. I have seen products that range from a stand-up display [like a science project] that displayed an activity completed or the results of some experimentation or research, to videos, informational booklets designed for special audiences, and a host of other forms.)

I will be truly grateful for any assistance you can give me in finding a person employed in some facet of international business who would be willing to advise Ling Ying Liu in this matter. I promise that such a person will find the effort both worthwhile and rewarding.

Thank you for your time and effort.

Sincerely,
Andrea M. Belletti
(ESL teacher, South Johnston High School)

North Carolina
Department of Environment and Natural

Michael F. Easley, Governor
William G. Ross Jr., Secretary

NCDENR

MEMORANDUM

TO: NER Committee

FROM: DENR

DATE: April 30, 2001

RE: Biosecurity Guidelines for Animal Waste Inspections

Attached you will find a draft copy of DENR's "Biosecurity Guidelines for Animal Waste Inspections" and a copy of the temporary rule adopted by the EMC on April 12, 2001. This information is provided to you in response of Representative Mitchell's questions regarding DENR's response to the possible infiltration of Hoof and Mouth Disease.

We have been meeting with the State Veterinarian and industry representatives to update biosecurity guidelines. The attached document marked DRAFT is our latest version of guidelines to be followed by DENR employees who participate in animal waste inspections. DENR employees are currently following biosecurity measures at all operations visited. The proposed Guidelines in this packet are an effort to ensure constituency in biosecurity measures from farm to farm and to make sure DENR, the State Veterinarian and industry have a clear understanding of the biosecurity guidelines for animal waste inspections. This draft will be circulated among DENR regional offices and the State Veterinarian and industry representatives for review and comments.

We will continue to work with all interested parties on this matter.

DRAFT

Biosecurity Guidelines for Animal Waste Inspections

Many animal diseases are very contagious and there is evidence that some diseases, although they do not affect humans, can be transmitted by people, clothing, vehicles and equipment. In order to protect the health of animals on inspected facilities, regional DENR personnel are directed to follow these guidelines:

General

Inspections and operation reviews should not be conducted for 14 days after returning from travel outside North America (excluding Australia).

Vehicle should be parked at least 50 ft from animal buildings and dead box, and not downwind from ventilation fans when possible. Care should be exercised when the farm office is located near animal buildings

Inspector should minimize approach to buildings containing animals unless there is indication of a violation

Vehicle should be disinfected before leaving farm. Spray the tires and fender wells with disinfecting solution.

Rubber boots should be worn during the entire site visit and disinfected with solution before leaving facility. Disposable boot covers may be used but care must be taken not to tear the boot cover and the boot cover must be replaced immediately when torn.

Hands should be washed using disinfectant solution or hand sanitizers/wipes before leaving farm

Any equipment, e.g. sampling devices, should be disinfected immediately after use.

Appropriate disinfectants will be used.

Keep a log of visited sites to assist in tracing potential sources of disease outbreaks.

After inspection of a facility that has been diagnosed with a contagious animal disease or potential disease, and before visiting the next "clean" farm:

48 minimum (72 suggested) hours "down time" should elapse with no site visits to occur during "down time".

Vehicle undercarriage should be sprayed with disinfectant before leaving farm and should be completely washed exterior and interior (vacuumed, etc.)

Denial of Access

An individual farm may require additional biosecurity measures. The Animal Waste General Permit authorizes access to the facility by DWQ in accordance "with reasonable and appropriate biosecurity measures". Follow Regional procedures if a denial of access occurs

Scheduling

Schedule routine site visits starting with sow farms (farrow to wean, farrow to feeder, etc.), followed by nurseries (wean to feeder) and then finishers (feeder to finish). Multiplier and mother-daughter nucleus units should always be inspected first. Effort should be made consistent with DENR goals to conduct routine site visits within the production pyramids as established by the integrators.

Inspectors should allow for a 48-hour "down time" for routine site visits between integrators.

When scheduling inspections with the farm owner or integrator contact person, the Inspector should inquire about the disease status of the farm(s) and schedule site visits accordingly. Most integrators maintain a "hot list" of farms suspected of or currently experiencing a disease outbreak, some Diseases of concern are TGE, PRRS, and Salmonella in addition to Foot and Mouth Disease. Schedule site visits to allow sufficient down time after visiting infected farms.

Non-routine Site Visits / Response to a complaint
Conditions will arise when DENR cannot adhere to the aforementioned biosecurity measures such as response to a citizen complaint or other information indicating a violation (flyover) or mitigation of an environmental emergency. Regional personnel should make every attempt to adhere to the guidelines listed above and at a minimum will disinfect vehicle before entering facility and wear disinfected rubber boots or plastic boot covers while on site.

These biosecurity measures will be updated as needed and under the guidance of the State Veterinarian's Office.

15A NCAC 2H .0106 is proposed for amendment in a temporary action as follows:

15A NCAC 02H .0106 FILING APPLICATIONS

(a) Permit applications shall be filed with the Director, Division of Environmental Management, P.O. Box 29535, Raleigh, North Carolina, 27626-0535.

(b) All NPDES permit applications, except those addressed in Paragraph (d) of this Rule, shall be filed at least 180 days in advance of the date on which an existing permit expires or in sufficient time prior to the proposed commencement of a waste discharge to ensure compliance with all legal procedures.

(c) All Authorization to Construct applications shall be filed at least 90 days in advance of the proposed commencement date of construction of water pollution control facilities but no earlier than the establishment of effluent limitations.

(d) All NPDES stormwater construction permit applications shall be filed in advance of the proposed commencement date of land disturbing activity which results in a stormwater discharge.

(e) Permit applications filed with the Director shall be signed as follows:

(1) in the case of corporations, by a principal executive officer of at least the level of vice-president, or his duly authorized representative, if such representative is responsible for the overall operation of the facility from which the discharge described in the permit application form originates;

(2) in the case of a partnership or a limited partnership, by a general partner;

(3) in the case of a sole proprietorship, by the proprietor;

(4) in the case of a municipal, state, or other public entity by either a principal executive officer, ranking elected official or other duly authorized employee.

(f) The following discharges are deemed to be permitted pursuant to G.S. 143-215.1(c) provided that no water quality standards are contravened and it shall not be necessary for the Division to issue separate permits for these activities:

(1) filter backwash and draining associated with swimming pools;

(2) filter backwash from raw water intake screening devices;

(3) condensate from residential or commercial air conditioning units;

(4) individual non-commercial vehicle washing operations;

(5) flushing and hydrostatic testing water associated with utility distribution systems;

(6) discharges associated with emergency removal and treatment activities for spilled oil authorized by the federal or state on-scene coordinator when such removals are undertaken to minimize overall environmental damage due to an oil spill;

(7) groundwaters generated by well construction or other construction activities;

(8) landscape irrigation, foundation or footing drains, or water from crawl space pumps;

(9) street wash water; ~~and~~

(10) flows from fire ~~fighting.~~ fighting; and

(11) in the event of an emergency determined in accordance with the provisions of G.S. 106-399.4(a), discharges of water associated with biological or chemical decontamination activities performed as a result of emergency procedures implemented under the provisions of G.S. 106-399.4 that are conducted by or under the direct supervision of State or federal authorities and that meet the following specific conditions:

(A) the volume of discharge produced by the decontamination activity is too large to be contained on-site;

(B) the Division of Water Quality is contacted prior to or within 2 hours of the commencement of the decontamination activity; and

(C) overland flow or other non-discharge options are deemed to be impractical by the authorities conducting the decontamination activity.

The Director may determine that a facility or a class of facilities should not be deemed to be permitted in accordance with this Rule and the facility or class of facilities shall be required to obtain individual permits or coverage under a general NPDES permit. This determination may be made based upon existing or projected environmental impacts or contravention of water quality standards associated with the particular discharge or discharges.

History Note: *Authority G.S. 143-215.3(a)(1); 143-215.1(c); G.S. 106-399.4;*
Eff. February 1, 1976;
Amended Eff. March 1, 1993; November 1, 1987; January 1, 1984; November 1, ~~1978.~~ 1978;
Temporary Amendment Eff. April 12, 2001.

Joint Appropriations Subcommittee on Natural and Economic Resources

Tuesday, May 8, 2001
Senators Bob Martin and David Weinstein, Presiding

1. **Chairman's Comments**

2. **Proposed Community Development Block Grant Plan for Program Year 2002**
   Jennifer Willis, Fiscal Research
   Bill McNeil, Director, Division of Community Assistance

3. **Committee Discussion**

4. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, May 8 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, May 8 at 8:30 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Culp, Hunter, Mitchell, Underhill, Walker, Warwick, Weatherly, and West were present.

Senator Weinstein, Vice Chairman, called the meeting to order and introduced the pages.

Jennifer Willis, Fiscal Research, presented background information on the Community Development Block Grant (CDBG) program. This is Attachment A of these minutes. She said that the Department of Housing and Urban Development (HUD) provides states with funding through the CDBG program to invest in partnership with units of local government to meet their states overall community development objectives. For the state of North Carolina, those objectives include job expansion, building community assets, providing decent housing, improving living environment, and meeting other needs that have urgency in the state. The CDBG programs benefits persons of low and moderate income and will give priority to high poverty areas in the state. The Department of Commerce administers these programs for the state through the Division of Community Assistance, and through the Commerce Finance Center.

Bill McNeil, Director of the Division of Community Assistance, reviewed the proposal for the 2002 program and to give more detail on the specific categories. This is Attachment B of these minutes. He said for the year 2000, the Department of Commerce awarded $43.5 million to 107 local governments throughout the state. As a result of these grants, 671 families will have better housing. In the year 2001, he said they had retooled their

program by adjusting some of the categories. The changes were oriented to protect fairness, to add flexibility to the program, and to focus on the states most critical needs.

Jennifer Willis said the Committee would need to direct staff to have a Special Provision drafted which directs out how the CDBG plan would be run for the 2000 program year. She asked the Committee if they would like to accept the Governor's recommended CDBG plan for the 2000-02-program year and have the staff draft a Special Provision to reflect what the Governor's plan says.

Chairman Weinstein said the question before the Committee was whether the Committee would like to vote to accept the Governor's proposal and establish temporary rules. Representative Owens made a motion to adopt the draft presented by the Governor and the Department of Commerce and direct staff to draft a Special Provision. Motion carried.

The meeting adjourned at 9:15 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

State of North Carolina

Office of State Budget, Planning, and Management

Michael F. Easley
Governor and Director
of the Budget

David T. McCoy
State Budget Officer

May 2, 2001

MEMORANDUM

TO: Jim Johnson
Director of Fiscal Research

FROM: David McCoy
State Budget Officer

RE: Community Development Block Grant (CDBG) Plan

According to G.S. 143-16.1, state administered block grant funding plans are to be provided from state departments, reviewed by the Office of State Budget, Planning and Management, and forwarded to the Fiscal Research Division of the North Carolina General Assembly. Pursuant to statute, attached herewith is the plan for the Small Cities Community Development Block Grant as administered by the Department of Commerce, Division of Community Assistance.

Please contact the department or Jim Nowell in our office if you have any questions.

Cc: Jennifer Herrera Willis, Fiscal Research Division
Buddy Humphrey, Office of State Budget, Planning and Management

Mailing Address:
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RALEIGH, NC 27699-0320

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NORTH CAROLINA DEPARTMENT OF COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR 2002

GENERAL DESCRIPTION

The State of North Carolina's overall community development objectives are to expand jobs, build community assets, provide decent housing, improve living environments, and meet other local needs having a particular urgency. The program will principally benefit persons of low- and moderate-income and give priority attention to those areas of the state that are characterized by persistent and pervasive poverty.

Annually the U.S. Department of Housing and Urban Development (HUD) provides Small Cities Community Development Block Grant (CDBG) funds to the state to invest in partnership with local governments in pursuit of these objectives. The Department of Commerce (DOC) administers these funds, distributing them primarily on a competitive basis because the demand for funds far exceeds the amount available. Local governments submit applications to DOC, describing their proposed projects and how they will carry out the project.

In order to carry out the objectives of the North Carolina CDBG program, local applicants may receive funding through five different categories: Community Revitalization, Scattered Site Housing, Infrastructure, Housing Development, Urgent Needs/Contingency, and Economic Development. Local government applicants may also secure loans to finance economic development or housing developments through the Section 108 loan guarantee program, approved by the General Assembly in 1995 and amended in 1996.

All counties, except HUD-designated Urban Counties (Wake and Cumberland and their participating municipalities) are eligible to apply for Small Cities CDBG funds. All municipalities, except for 22 entitlement cities that receive funds directly from HUD, are also eligible to receive Small Cities CDBG funds.

Local governments may undertake a wide range of activities under the CDBG program. Eligible activities are listed under Section 105 of the Housing and Community Development Act of 1974, as amended, and include, among other activities:

A. Acquisition or Rehabilitation of real property;
B. Acquisition, construction, and reconstruction of public works and facilities and site or other improvements;
C. Economic Development activities that create or retain jobs;
D. Provision of public services;
E. Technical assistance for capacity building;
F. Planning activities; and
G. Payment of reasonable administrative costs.

2002 ALLOCATION RECOMMENDATIONS

In the 2002 program year North Carolina expects to receive a federal grant of $45,000,000 and to award $43,550,000 to eligible applicants, after administrative and technical assistance costs are deducted. The exact size of the 2002 Small Cities CDBG allocation is subject to Congressional appropriations for federal fiscal year 2001-2002.

Out of the total amount of funds available, the Department of Commerce proposes to award up to 20 percent of the funds for Economic Development loans and grants, up to 30 percent for Scattered Site Housing, up to 12 percent for Infrastructure, up to 5 percent for Housing Development, and up to 3 percent for Urgent Needs and contingencies. The remaining funds, at least 30 percent of the total, will be awarded to Community Revitalization projects in the Concentrated Needs and Revitalization Strategies sub-categories.

EXPECTED PROGRAM OUTCOMES

The primary goal of the program is to enable local communities to build stronger communities and develop decent neighborhoods. Pursuing this goal, the program provides incentives to spur local investments, public, private and individual, in economic and neighborhood development. In 2002, CDBG funds will be invested to achieve the following outcomes:

- Increase the number of households living in improved housing (500 units rehabilitated);
- Increase the supply of rental units affordable to low-moderate income citizens (200 units built);
- Increase the number of households with access to safe water and sanitary wastewater disposal systems;
- Increase individual economic independence (1,000 jobs created or retained):
- Increase ownership opportunities for lower income citizens (200 households assisted);
- Increase the capacity of local governments, non-profits, and grant administrators to plan and carry out successful improvement projects;

PROGRAM DESCRIPTIONS

Community Revitalization will continue to fund two types of projects: Concentrated Needs and Revitalization Strategies. Concentrated Needs projects will be chosen from the applications received in May 2001. Funds may be used for housing activities, water and/or sewer installation and replacement, construction of streets and drainage improvements. The maximum grant amount will be $700,000.

Ten Revitalization Strategies grantees will be selected in 2001 and will be in their second year of funding in 2002. Each grantee will receive up to $350,000 for 2002 subject to project performance. Funds will be provided to address multiple needs within high-poverty areas. Depending on the quality of applicants' strategies and the level of interest, a second round of Revitalization Strategies grantees may be selected for funding beginning in 2002.

Scattered Site Housing will continue to make grants for up to $400,000 available to every eligible county on a non-competitive basis every three years. Funds are limited to rehabilitating the homes of very low-income homeowners. In 2002, thirty-three (33) counties are slated to receive Scattered Site Housing funds. County programs are based on a detailed plan, which includes all interested municipalities within the county. Housing activities must be targeted to people with incomes 50% of median income or below. Counties may designate a lead municipality as the applicant of record.

Infrastructure will fund public water and/or public sewer installation in residential areas lacking infrastructure or needing improvements to existing infrastructure. Projects will be chosen from a ranked list of applications received in the yearly cycle. The maximum grant will be $850,000. The water/sewer connections sub-category will continue to fund connections to existing water/sewer systems for low and moderate-income persons. The maximum grant will be $75,000.

Economic Development activities will focus on job creation projects in concert with the State's 1996 *William S. Lee Quality Jobs and Business Expansion Act.* This Act governs the annual designation of Enterprise Tier Areas, and offers specific business incentives to improve job quality in general, and particularly within the counties that rank higher in rates of unemployment and lower per capita income levels. CDBG program funds are available through local governments for public facilities needed to serve a specific business or as direct loans to private businesses to support job creation or retention. In 2002, $500,000 will be allocated to a micro enterprise loan program. Communities may apply for up to $100,000 to assist local small business development programs.

Housing Development will increase the supply of affordable housing through new construction development or conversion of buildings, with priority to rental units in rural Tier 1 and Tier 2 counties. CDBG funds will provide grants to local governments for public water or sewer installation, hazardous material removal, and vacant land acquisition by an eligible non-profit that will make housing affordable for low-moderate income families. Funds may be devoted to expanding homeownership opportunities in high poverty portions of State Development Zones. Priority will also be given to projects in existing in-fill, center city, or downtown locations that meet sound growth principles.

Urgent Needs/Contingencies funds will address conditions that are of recent origin and that pose a serious and immediate threat to health or welfare of the community. Funds not committed to Urgent Needs situations may be awarded to applications in other categories that offer unusual development opportunities in creating or retaining housing affordable to low and moderate-income families in an area with a severe shortage of affordable housing or in meeting severe infrastructure needs in a low-income residential area.

Section 108 loan guarantees will continue to be available under the CDBG program. This program may be activated with one or more regional loan pools to meet demand for funds.

The Department will continue to monitor awards for geographic balance among regions as directed by the General Assembly.

	2000-2001 Actual	2001-2002 Recommended
1. Community Revitalization Funds to the Division of Community Assistance to award to local governments to improve existing housing and infrastructure in residential areas and comprehensive revitalization that primarily benefits persons of low and moderate income.	$14,222,781	$13,500,000
2. Economic Development Funds to the Commerce Finance Center to award to local government projects to promote the creation and/or retention of jobs	$9,175,988	$8,710,000
3. Scattered Site Housing Funds to the Division of Community Assistance to award county governments to increase the supply of safe, decent and affordable housing.	$11,011,186	$13,200,000
4. Housing Development Funds to the Division of Community Assistance to award to local governments to expand the supply of affordable housing for low and moderate income persons through approaches that leverage local support and other funds.	$3,211,596	$2,000,000
5. Infrastructure Funds to the Division of Community Assistance to award to local governments to install or improve public water and/or public sewer systems in residential areas. also increase access to existing water and sewer lines for low and moderate-income residents.	$7,340,790	$5,140,000

6. Urgent Needs/Contingency Funds to the Division of Community Assistance to award to local governments a) for eligible projects submitted in other categories and b) for Urgent Needs projects based on conditions posing an imminent threat to public health or safety resulting from hurricanes or other events within the last 18 months, for which no other funds are available. Funds for such projects must remove the imminent threat.	$ 917,599	$1,000,000
7. Administration/Technical Assistance	$1,522,060	$1,450,000
TOTAL	**$47,402,000**	**$45,000,000**

Notes:

1. Actual Budget for 2000-2001 reflects changes resulting from a final HUD allocation to the state of $47,506,000, slightly higher than the approved budget of $45 million. The distribution of the increase was governed by the special provisions adopted with the budget.

2. Funds available for distribution but not awarded in categories 2-5 by December 1, 2002 may be distributed to ranked projects in the Community Revitalization or Infrastructure categories.

PROGRAM INCOME

Since 1986, loan payments from local governments assisted with CDBG funds have been made to the State. In 2002, loan payments from projects funded by DCA prior to 1992 may be available for Capacity Building or Urgent Needs/Contingency as necessary. Loan repayments from projects funded after 1992 by the Commerce Finance Center will be used to fund additional economic development projects.

CAPACITY BUILDING

Grants of up to $75,000 are provided to assist non-profit organizations in partnership with local governments in developing appropriate and competitive CDBG projects. A capacity building grant is expected to result in a future application in one of the CDBG categories. In 2002, capacity building grants will continue to be made from any category.

TECHNICAL ASSISTANCE

In 2002 Technical Assistance funds will concentrate on developing the professional skills and capabilities of local community development grant administrators. Working with the Institute of Government as the primary training provider, a professional development academy will be designed in 2001 and offered in 2002 for local government staff and their contract administrators.

In consultation with the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, and the North Carolina Community Development Association, the Commerce Department is considering developing a professional certification for grant administrators. Special provision language is requested to authorize the department to initiate rule-making for this purpose. Certification would assure local governments that the people they engage to administer community development grants meet and maintain high professional standards of knowledge, ethics and competency.

NORTH CAROLINA CONSOLIDATED PLAN for 2001-2005

The CDBG Action Plan for 2002 will cover the second year in the North Carolina Consolidated Plan for 2001-2005 required by the U.S. Department of Housing and Urban Development (HUD). North Carolina receives funds from HUD in four formula programs, which together pursue three basic goals: to provide decent housing, improve suitable living environments and to expand economic opportunities. The Consolidated Plan serves as the single document meeting the planning and submission requirements for the State to receive HUD funds

Attachment A-1

Program and Funding Options for Federal Block Grants

Within block grant eligibility requirements, and as allowed under federal authorizing legislation, the following options are available for block grants:

Block Grant Programs and Categories

1. Delete existing category(ies)
2. Combine existing categories
3. Add new category(ies)
4. Change funding amounts

Allocation of Decreases in Federal Block Grant Funding

1. Across the board
2. Targeted
   - Trigger by dollar amount or percentage
   - Specify which categories are decreased first and by how much
   - Exempt specific category(ies)

Allocation of Increases in Federal Block Grant Funding

1. Across the board
2. Targeted
   - Trigger by dollar amount or percentage
   - Specify which categories are decreased first and by how much
   - Exempt specific category(ies)

Attachment B

Draft CDBG Investment Plan For 2002

HUD Grant to DCA	**$ 45,000,000**
Administration	1,000,000
Technical Assistance	450,000
Available For Distribution	**$ 43,550,000**

Category	*Budget*	*Percent*
Community Revitalization	**13,500,000**	31.00%
Concentrated Needs	(10,000,000)	
Revitalization Strategies	(3,500,000)	
Scattered Site Housing	**13,200,000**	30.31%
Infrastructure	**5,140,000**	11.80%
W/S Connection Demo	(1,000,000)	
Housing Development	**2,000,000**	4.59%
Economic Development	**8,710,000**	20.00%
Microenterprise Program	(500,000)	
Urgent Needs/Contingencies	**1,000,000**	2.30%
Totals	**$43,550,000**	100.00%

Notes

1. This plan continues funding connections to existing water and sewer systems for low and moderate-income persons.

2. This plan continues funding for small business support programs through the Microenterprise program. Communities may apply for grants of up to $100,000

3. Local governments in partnership with non-profit organizations may apply for grants up to $75,000 to build capacity to develop and carry out CDBG projects in any category.

CDBG Program Funding Categories for 2001

North Carolina's Small Cities Community Development Block Grant Program — Through this federally-funded program, the Department of Commerce assists local governments with community and economic development projects that primarily benefit low-and moderate-income people.



Community Revitalization (CR)

Designed to provide grants to local governments to strengthen neighborhoods and rehabilitate homes of low- to moderate-income citizens. Awards are made on a competitive basis. In 2001, Community Revitalization grants will comprise 34% of CDBG funds. Two sub-categories are planned: Concentrated Needs (CN) and Revitalization Strategies (RS).

Concentrated Needs: Designed to address needs in a specific geographical area. A maximum grant of $700,000 will be available in this category. All non-entitlement local governments are eligible for these funds as long as they are not selected for a Revitalization Strategies (RS) grant. Grants will be made in 2001 and 2002 from the applications submitted by local governments in spring 2001.

New!

Revitalization Strategies: Grants will be awarded to selected local governments to address multiple needs in high-priority areas. This new category will provide multi-year funding to help carry out a long-term revitalization strategy. Local governments in Tier 1/Tier 2 Counties and non-entitlement municipalities with a designated State Development Zone are eligible to apply. A grant of up to $350,000 per year will be awarded to carry out a 3-5 year strategy. In the initial application round, 29 local governments have applied for funding. Those local governments are:

Brevard, Caldwell County, Creswell, Elizabeth City, Fair Bluff, Graham County, Hamlet, Henderson, Hyde County, Kinston, Lumberton, Madison County, Monroe, Montgomery County, Mooresville, Morehead City, Reidsville, Roanoke Rapids, Roper, Rowland, Sanford, Scotland Neck, Statesville, Tabor City, Troy, Washington, Whiteville, Williamston, Wilson

CDBG Program Funding Categories for 2001 Continued



Economic Development (ED)

Economic Development funds provide grants to local governments for creating and retaining jobs. Funds are available for public facilities to serve a specific business, or as direct loans to private businesses for equipment purchases or for new or expansion construction. Public facility projects may involve grants for up to 75% of the proposed facility costs, with 25% to be paid by the local government, except in Tier 1 counties.

New! Grants of up to $100,000 will be available in 2001 to support microenterprise loan programs.

New! To promote downtown vitality, a program is being designed to help North Carolina Main Street communities renovate buildings and streetscapes.



Housing Development (HD)

This category helps promote new housing development by providing infrastructure or removing hazardous materials or vacant land acquisition. Priority will go to rental housing in Tier1/Tier2 counties, State Development Zones, infill locations, and reuse of existing buildings. Maximum grant size is $250,000.



Capacity Building (CB)

Capacity Building funds help non-profits design and carry out CDBG activities in partnership with units of local government. Maximum grant size is $50,000.



Urgent Needs (UN)

Urgent Needs grants help communities recover from disasters that threaten public health and safety where no other funds are available.

CDBG Program Funding Categories for 2001 Continued



Scattered Site (SS)

Scattered Site grants enable local governments to address the most critical housing needs of families. Beginning 2001, grants will be made on a non-competitive basis with $400,000 available to each county every three years. Funds are targeted to improve housing conditions of very low income families. As lead agents, counties will receive funds by submitting a detailed plan describing how funds will be distributed to meet housing priorities. These plans will involve all interested municipalities in the county.

Counties Receiving Funds in 2001

Alleghany, Alamance, Beaufort, Buncombe, Burke, Cabarrus, Chatham, Cherokee, Chowan, Cleveland, Davie, Guilford, Hertford, Hyde, Johnston, Jones, Macon, Martin, Mecklenburg, Mitchell, Nash, New Hanover, Orange, Pasquotank, Richmond, Robeson, Rockingham, Sampson, Stokes, Swain, Vance, Washington, Wilkes

Counties Receiving Funds in 2002

Alexander, Ashe, Bertie, Bladen, Camden, Caswell, Clay, Columbus, Currituck, Dare, Durham, Franklin, Gaston, Gates, Halifax, Harnett, Haywood, Henderson, Lee, Madison, Montgomery, North Hampton, Onslow, Pender, Person, Polk, Rowan, Scotland, Surry, Transylvania, Warren, Wayne, Yancey

Counties Receiving Funds in 2003

Anson, Avery, Brunswick, Caldwell, Carteret, Catawba, Craven, Davidson, Duplin, Edgecombe, Forsyth, Graham, Granville, Greene, Hoke, Iredell, Jackson, Lenoir, Lincoln, McDowell, Moore, Pamlico, Perquimans, Pitt, Randolph, Rutherford, Stanly, Tyrrell, Union, Watuga, Wilson, Yadkin



Infrastructure (IF)

Local governments may obtain grants to improve existing infrastructure or provide new infrastructure to existing neighborhoods experiencing serious environmental health problems. The maximum grant is $850,000 for the basic Infrastructure program.

New! In 2001 demonstration grants will be made to help connect very low income residents to existing water and sewer lines.

VISITOR REGISTRATION SHEET

NE — 5/8/2001

Name of Committee — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bill McNeil	Commerce-DCA
Gloria Vance Sims	Commerce DCA
CLEVE SIMPSON	DEPT OF COMMERCE
KEVIN LEONARD	NCDOL
ANN Q. DUNCAN	NCDOL
Doug Lassiter	NC Septic Tank Assoc.
Buddy Humphrey	OSBPM
Johnny Garris	OSBPM
Jim Newell	OSBPM
David HERLONG	OSBPM
MIKE WATERS	NCRPS
Linda Gunn	NCIMED
Margaret Westbrook	Kennedy Covington
Jan McMillan	TWE

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Thursday, May 24 at 2:00 p.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Thursday, May 24 at 2:00 p.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Vice Chair, Senator David Weinstein, who presided. Representatives Fox, Owens, Warren, Hunter, Mitchell, Underhill, Warwick, and Weatherly were present.

Senator Weinstein, Vice Chairman, called the meeting to order. The Chairman announced to the Committee that today only Senate members could offer amendments to the Budget Bill and only Senate members were allowed to vote on amendments that were offered and the overall Committee report.

Jennifer Willis, Jennifer Hoffmann, and Adam Levinson, Fiscal Research, were recognized to review the NER Money Report dated May 24, 2001. This is Attachment A of these minutes.

Jennifer Willis, Jennifer Hoffmann, and Adam Levinson, Fiscal Research, reviewed the NER Special Provisions package. This is Attachment B of these minutes.

Chairman Weinstein called for a motion to adopt these reports. Senator Bob Martin made a motion to give these reports a favorable report. Motion carried.

The meeting adjourned at 2:30 p.m.

Senator David Weinstein
Vice Chairman

Carolyn Gooden
Committee Assistant

Attachment A

NER

Money Report

May 24, 2001

Housing Finance Agency

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Recommended Budget	$5,300,000	$5,300,000
Legislative Changes		
Housing Finance Agency		
1 No Continuation Budget Adjustments		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$5,300,000	$5,300,000

Agriculture and Consumer Services

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$56,695,276**		**$56,695,276**	
Legislative Changes				
Administration/Public Affairs				
2 Eliminate Vacant Positions Eliminate positions and reduce operating support. Administrative Secretary III ($40,351) Information and Communication Specialist II ($41,978) Operating Support ($ 7,000)	($89,329) -2.00	R	($89,329) -2.00	R
3 Reduce Line Items Reduce various operating line items within Administration and Public Affairs.	($15,097)	R	($15,097)	R
4 Reduce Ag in the Classroom Reduce grant-in-aid to the NC Farm Bureau for the Ag in the Classroom program.	($6,250)	R	($6,250)	R
5 Create Gasoline/Natural Gas Reserve Provides funds to be placed in a reserve and allocated to divisions for gasoline and natural gas needs.	$110,709	R	$110,709	R
6 Create Laboratory Reserve Establish reserve for laboratory equipment to be allocated to divisions on a priority needs basis.	$150,000 $100,802	R NR	$150,000	R
Agricultural Finance Authority				
7 Reduce Line Items Reduce operating support to the Agricultural Finance Authority.	($28,566)	R	($28,566)	R
Agricultural Statistics				
8 Eliminate Vacant Positions Eliminate positions and reduce operating support. Data Entry Supervisor I ($25,331) Statistical Assistant IV ($29,373) Operating Support ($ 7,000)	($61,704) -2.00	R	($61,704) -2.00	R
Agronomic Services				
9 Eliminate Vacant Position Eliminate Data Entry Operator II position and reduce $3,500 in operating support.	($37,911) -1.00	R	($37,911) -1.00	R

	FY 2001-02		FY 2002-03	
10 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($41,800)	R	($41,800)	R
11 Reduce Scientific Supplies Reduce scientific supplies line item.	($6,850)	R	($6,850)	R
Aquaculture and Natural Resources				
12 Reduce Line Items Reduce various operating line items within Aquaculture and Natural Resources.	($5,550)	R	($5,550)	R
Commissioner's Office				
13 Farmland Preservation Trust Fund Provides funds for the Farmland Preservation Trust Fund.	$250,000	NR		
Food and Drug Protection				
14 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($152,969) -4.00	R	($152,969) -4.00	R
Technical Trainer II ($37,688) Pesticide Specialist I ($36,904) Processing Assistant III ($30,855) Chemistry Technician I ($33,522) Operating Support ($14,000)				
15 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($22,000)	R	($22,000)	R
16 Reduce Line Items Reduce various operating line items within the Division.	($101,066)	R	($101,066)	R
Food Distribution				
17 Reduce Line Item Reduce trailers line item.	($29,000)	R	($29,000)	R
Marketing				
18 Eliminate Positions Eliminate positions and reduce operating support.	($223,814) -5.00	R	($223,814) -5.00	R
Facility Agric. Engineer II ($77,140) Office Assistant III ($24,921) Maintenance Mechanic I ($27,857) Int'l. Marketing Specialist II ($53,861) General Utility Worker ($22,535) Operating Support ($17,500)				

	FY 2001-02		FY 2002-03	
19 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($124,300)	R	($124,300)	R
20 Reduce Raleigh Farmers' Market Transfer Reduce General Fund transfer to the Raleigh Farmers' Market.	($80,000)	R	($80,000)	R
21 Reduce Western NC Ag Center/Mountain State Fair Reduce General Fund transfer to the Western NC Agricultural Center/Mountain State Fair Enterprise Fund.	($20,000)	R	($20,000)	R
22 Reduce Western NC Development Association Reduce grant-in-aid to the Western North Carolina Development Association.	($5,000)	R	($5,000)	R

Plant Industry

23 Eliminate Vacant Positions Eliminate positions and reduce operating support.	($114,188)	R	($114,188)	R
	-3.50		-3.50	
Ag Research Technician I (0.50 FTE) ($13,340) Chemistry Technician II ($31,567) Processing Assistant II ($29,462) Office Assistant III ($27,569) Operating Support ($12,250)				
24 Reduce Line Items Reduce various line items in the Division.	($64,485)	R	($64,485)	R
25 Increase Gypsy Moth Control Funds Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$65,719	R	$65,719	R

Research Stations/State Farms

26 Reduce Vehicles Reduce other motorized vehicles line item.	($122,500)	R	($122,500)	R
27 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($126,016)	R	($126,016)	R
	-4.00		-4.00	
Agricultural Research Assistant I ($30,425) Agricultural Research Assistant I ($23,387) Agricultural Research Assistant ($22,980) Maintenance Mechanic IV ($35,224) Operating Support ($14,000)				

	FY 2001-02		FY 2002-03	
Standards				
28 Eliminate Vacant Positions	($79,754)	R	($79,754)	R
Eliminate vacant positions and reduce operating support.	-2.00		-2.00	
Standards Inspector II ($32,403)				
Standards Inspector I ($40,351)				
Operating Support ($ 7,000)				
29 Reduce Line Items	($18,000)	R	($18,000)	R
Reduce various operating line items within the Division.				
Structural Pest				
30 Increase Receipts	($7,160)	R	($7,160)	R
Budget increased receipts and reduce the General Fund appropriation by an equal amount.				
31 Reduce Line Items	($2,140)	R	($2,140)	R
Reduce various line items within the Division.				
Veterinary Services				
32 Eliminate Positions	($141,863)	R	($141,863)	R
Eliminate positions and reduce operating support.	-3.00		-3.00	
Veterinarian ($84,442)				
Vet Laboratory Assistant I ($23,851)				
Vet Laboratory Assistant I ($23,070)				
Operating Support ($10,500)				
33 Meat and Poultry Inspection	($96,464)	R	($96,464)	R
Eliminate vacant Meat and Poultry Inspector positions, associated receipts, and operating support.	-5.00		-5.00	
Meat and Poultry Inspectors (5.00 FTE) and Associated Receipts ($78,964)				
Operating Support ($17,500)				
34 Reduce Scientific Supplies	($3,460)	R	($3,460)	R
Reduce scientific supplies line item.				
Total Legislative Changes	**($1,500,808)**	R	**($1,500,808)**	R
	$350,802	NR		
Total Position Changes	-31.50		-31.50	
Revised Budget	**$55,545,270**		**$55,194,468**	

Labor

GENERAL FUND

Recommended Budget	FY 2001-02 $16,617,178		FY 2002-03 $16,617,178	
Legislative Changes				
Administrative Programs				
35 Eliminate Vacant Position Eliminate vacant positions and reduce operating support. Labor Conciliator ($53,110) Data Entry Operator II ($26,656) Operating Support ($7,000)	($86,766) -2.00	R	($86,766) -2.00	R
36 Budget Indirect Cost Receipts Budget over-realized indirect cost receipts and reduce General Fund appropriation by an equal amount.	($93,961)	R	($93,961)	R
37 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($50,563)	R	($50,563)	R
38 Reserve for Computer Upgrades Provides funds for replacement of PCs and outdated software.	$30,241	NR		
Apprenticeship & Training				
39 Eliminate Vacant Position Eliminate vacant Apprenticeship Representative position and reduce $3,500 in operating support.	($40,404) -1.00	R	($40,404) -1.00	R
40 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($15,310)	R	($15,310)	R
Elevator & Amusement Inspections				
41 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($21,203)	R	($21,203)	R
Labor Standards				
42 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($18,990)	R	($18,990)	R

	FY 2001-02		FY 2002-03	
Mine/Quarry Inspection				
43 Eliminate Vacant Position Eliminate vacant Processing Assistant III position and reduce $3,500 in operating support.	($34,018) -1.00	R	($34,018) -1.00	R
44 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($13,086)	R	($13,086)	R
OSHA				
45 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($35,887)	R	($35,887)	R
46 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Safety Officer ($41,942) Safety Officer (0.50 FTE) ($24,440) Operating Support ($5,250)	($71,632) -1.50	R	($71,632) -1.50	R
47 Shift Positions to Federal Funding Shift funding source for positions from General Fund to federal funds and reduce operating support. Office Assistant III ($26,339) Processing Assistant III ($26,794) Industrial Health Inspector ($49,909) Industrial Health Inspector ($50,410) Operating Support ($14,000)	($167,452) -4.00	R	($167,452) -4.00	R
48 Restore Safety Officer Position Restore funding for General Fund half of Safety Officer position. Other half of position is federally funded.	$25,000 0.50	R	$25,000 0.50	R
Total Legislative Changes	**($624,272)** **$30,241**	R NR	**($624,272)**	R
Total Position Changes	-9.00		-9.00	
Revised Budget	**$16,023,147**		**$15,992,906**	

Environment & Natural Resources

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$164,902,678**		**$164,902,678**	
Legislative Changes				
(1.00) Administration				
49 Abolish Deputy Secretary of Operations Position	($49,824)	R	($49,824)	R
Abolish Deputy Secretary of Operations position and reduce $3,500 in operating support.	-1.00		-1.00	
50 Eliminate Vacant Positions	($186,156)	R	($186,156)	R
Eliminate vacant positions within Administration and reduce operating support.	-4.00		-4.00	
Safety Director II ($58,212)				
EHNR Personnel Officer (0.50 FTE) ($41,609)				
Accounting Clerk IV ($14,714)				
Office Assistant III ($24,921)				
Applications Analyst Prog. I (0.50 FTE) ($32,700)				
Operating Support ($14,000)				
51 Eliminate Position in Regional Office	($29,622)	R	($29,622)	R
Eliminate Office Assistant III position and reduce $3,500 in operating support.	-1.00		-1.00	
52 Eliminate Positions	($52,000)	R	($52,000)	R
Eliminate 2 Administrative Assistant positions and reduce $7,000 in operating support.	-2.00		-2.00	
(2.00) Aquariums				
53 Increase Receipts	($500,000)	R	($500,000)	R
Budget increased receipts and reduce General Fund appropriation by an equal amount.				
54 Eliminate Positions	($81,037)	R	($81,037)	R
Eliminate positions and reduce operating support.	-3.00		-3.00	
General Utility Worker ($22,145)				
General Utility Worker ($22,145)				
Office Assistant III ($26,247)				
Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
(2.00) Forest Resources				
55 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Forestry Pilot II ($51,896) Exten.Education and Training Specialist I ($47,803) Administrative Assistant I ($43,688) Operating Support ($10,500)	($153,887) -3.00	R	($153,887) -3.00	R
56 Increase Aircraft Lease Line Item Provides additional funds to lease a CL-215 during fire season.	$200,000	R	$200,000	R
(2.00) Marine Fisheries				
57 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Marine Fisheries Officers III(2 FTEs) ($70,968) Medical Lab Technician I ($28,260) Information & Communications Specialist ($27,056) Data Entry Operator ($20,819) Submerged Lands Program Director ($38,825) Operating Support ($21,000)	($206,928) -6.00	R	($206,928) -6.00	R
58 Reduce Fisheries Resource Grant Program Reduce funds to the Fisheries Resources Grant Program.	($250,000)	R	($250,000)	R
(2.00) Museum of Natural Sciences				
59 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV position and reduce $3,500 in operating support.	($40,655) -1.00	R	($40,655) -1.00	R
60 Reduce Grassroots Science Museums Reduce funding for the Grassroots Science Museums.	($415,480)	R	($415,480)	R
61 Increase Funds for Temporary Staff Provides funds for the Museum to contract for temporary services.	$50,000	R	$50,000	R
(2.00) NC Zoological Park				
62 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Maintenance Mechanic II ($28,768) Housekeeper ($12,126) Info & Communications Specialist ($39,307) Grounds Worker ($23,238) Administrative Assistant II ($37,898) Cashier I ($28,385) Operating Support ($21,000)	($190,722) -6.00	R	($190,722) -6.00	R

	FY 2001-02		FY 2002-03	
63 Increase Receipts Budget increased receipts due to recent fee increase at the Zoo and reduce General Fund appropriations by an equal amount.	($400,000)	R	($400,000)	R
(2.00) Office of Environmental Education				
64 Eliminate Vacant Position Eliminate vacant Educational Development Consultant position and reduce $3,500 in operating support.	($51,952) -1.00	R	($51,952) -1.00	R
(2.00) Parks and Recreation				
65 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Accounting Clerk III ($25,590) Volunteer Services Coordinator ($39,634) Park Ranger II ($35,582) Park Ranger II ($31,702) Park Ranger II ($30,620) Operating Support ($17,500)	($180,628) -5.00	R	($180,628) -5.00	R
(2.00) Soil and Water Conservation				
66 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Supervisor I ($47,514) Processing Assistant IV ($29,797) Operating Support ($ 7,000)	($84,311) -2.00	R	($84,311) -2.00	R
67 Shift Position to Receipt Support Shift funding for a Computer Consultant III position (0.19 FTE) and reduce $665 in operating support.	($13,499) -0.19	R	($13,499) -0.19	R
68 Decrease Agriculture Cost Share Financial Asst. Reduce funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality.	($1,000,000)	R	($1,000,000)	R
69 Increase Agriculture Cost Share Technical Asst. Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design, and installation of agricultural best management practices (BMPs) to improve water quality.	$240,000	R	$240,000	R
(3.00) Air Quality				
70 Shift Position to Receipt Support Shift funding for an Environmental Technician II to receipt support and reduce $3,500 in operating support.	($33,031) -1.00	R	($33,031) -1.00	R

	FY 2001-02		FY 2002-03	
(3.00) Coastal Management				
71 Shift Position to Receipt Support Shift funding for an Office Assistant III position to receipt support and reduce $3,500 in operating support.	($32,158) -1.00	R	($32,158) -1.00	R
72 Eliminate Position Eliminate Personnel Assistant V position and reduce $3,500 in operating support.	($34,671) -1.00	R	($34,671) -1.00	R
(3.00) Environmental Health				
73 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer II ($55,445) Word Processor III ($26,230) Operating Support ($ 7,000)	($88,675) -2.00	R	($88,675) -2.00	R
74 Shift Position to Receipt Support Shift funding for a Processing Assistant IV to receipt support and reduce $1,225 in operating support.	($11,351) -0.35	R	($11,351) -0.35	R
75 West Nile Virus Monitoring Funds for monitoring of sentinel flock for indication of West Nile Virus.	$100,000	NR		
76 Environmental Health Specialist Training Additional funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.	$100,000	R	$100,000	R
(3.00) Land Resources				
77 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer II ($40,709) Environmental Technician V ($33,998) Operating Support ($ 7,000)	($81,707) -2.00	R	($81,707) -2.00	R
78 Eliminate Position Eliminate Geologist III position and reduce $3,500 in operating support.	($67,610) -1.00	R	($67,610) -1.00	R
79 Transfer Geodetic Survey from OSBPM Transfers from OSBPM the responsibilities and staff of the Geodetic Survey section within the Surveying and Mapping Section to Land Resources. Two of the 22 positions being transferred are receipt supported. This transfer has all the elements of a Type I transfer as defined in G.S. 143A-6.	$1,035,096 22.00	R	$1,035,096 22.00	R

	FY 2001-02		FY 2002-03	
80 Transfer County Boundaries from OSBPM Transfers from OSBPM the responsibilities and staff of the County Boundaries unit within the Surveying and Mapping Section to Land Resources. This transfer has all the elements of a Type I transfer as defined in G.S. 143A-6.	$152,749 1.00	R	$152,749 1.00	R
81 Transfer CGIA from OSBPM Transfers from OSBPM the Center for Geographic Information and Analysis (CGIA) to Land Resources. CGIA is a receipt-supported agency with a budget of $1,758,906 and 25 positions, which is in budget code 23006, fund 2510. This transfer has all the elements of a Type I transfer as defined in G.S. 143A-6.	$0 0.00	R	$0 0.00	R
(3.00) Pollution Prevention/Environmental Asst.				
82 Eliminate Vacant Position Eliminate Office Assistant IV and reduce $3,500 in operating support.	($31,981) -1.00	R	($31,981) -1.00	R
(3.00) Radiation Protection				
83 Eliminate Position Eliminate Radiological Health Specialist position and reduce $3,500 in operating support.	($40,190) -1.00	R	($40,190) -1.00	R
84 Eliminate Vacant Position Eliminate Administrative Assistant I position and reduce $3,500 in operating support.	($40,454) -1.00	R	($40,454) -1.00	R
(3.00) Waste Management				
85 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Administrative Secretary I ($35,135) Environmental Technician II ($27,056) Environmental Technician III ($29,668) Operating Support ($10,500)	($102,359) -3.00	R	($102,359) -3.00	R
(3.00) Water Quality				
86 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Chemistry Technician II ($38,770) Environmental Supervisor II ($74,544) Community Development Planner ($55,936) Personnel Assistant III ($25,556) Environmental Modeler II ($47,956) Environmental Engineer I ($43,934) Environmental Engineer I ($43,934) Applications Analyst Programmer II ($49,273) Operating Support ($28,000)	($407,903) -8.00	R	($407,903) -8.00	R

	FY 2001-02		FY 2002-03	
87 River Basin Modeling Additional funds for modeling activities related to river basin planning.	$127,564	NR		
(3.00) Water Resources				
88 Eliminate Vacant Position Eliminate Environmental Engineer II position and reduce $3,500 in operating support.	($53,692) -1.00	R	($53,692) -1.00	R
89 Central Coastal Plain Capacity Use Area Planning Funds for planning for alternative water sources in the Central Coastal Plain Capacity Use Area.	$23,505	R	$23,505	R
(4.00) Department Wide				
90 Implement Lease-Purchase Arrangement Implement lease-purchase arrangement for the purchase of major equipment for the following divisions: Forest Resources - Aircraft ($1,793,096) Forest Resources - Autos, Trucks & Buses ($431,201) Parks & Recreation - Autos, Trucks & Buses ($574,925) Water Quality - Scientific Equipment ($ 74,328)	($2,873,500)	R	($2,873,500)	R
91 Reduce Salary Reserve Reduce salary reserve throughout the Department.	($61,378)	R	($61,378)	R
92 Create Reserve for Information Technology Places funds in a reserve to support information technology needs throughout the Department.	$64,763	NR		
(5.00) Reserves and Special Funds				
93 Resource Conservation and Development Councils Provides each of the state's nine Resource Conservation and Development Councils with a $20,000 grant.	$180,000	NR		
94 Rivernet Water Quality Monitoring & Research Funds Reduce funds for the Rivernet Water Quality Monitoring project by $15,000 and for the Water Quality Workgroup by $20,000.	($35,000)	R	($35,000)	R
Total Legislative Changes	**($6,081,011)** **$472,327**	R NR	**($6,081,011)**	R
Total Position Changes	-35.54		-35.54	
Revised Budget	**$159,293,994**		**$158,821,667**	

Commerce

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$45,027,007**		**$45,027,007**	
Legislative Changes				
Administration				
95 Eliminate Vacant Position	($104,076)	R	($104,076)	R
Eliminate Assistant Secretary for Economic Development position and reduce $3,500 in operating costs.	-1.00		-1.00	
96 Restore Position	$69,422	R	$69,422	R
Restores Assistant Secretary for Economic Development position.	1.00		1.00	
Business & Industry				
97 Eliminate Vacant Position	($52,772)	R	($52,772)	R
Eliminate vacant Industrial Development Representative II position and reduce $3,500 in operating support.	-1.00		-1.00	
98 Reduce Regional Office Positions	($52,800)	R	($52,800)	R
Reduce selected positions from 40 to 30 hours per week and reduce operating support.	-1.50		-1.50	
Program Assistant IV (0.25 FTE) ($7,597)				
Program Assistant IV (0.25 FTE) ($8,057)				
Program Assistant IV (0.25 FTE) ($7,097)				
Program Assistant IV (0.25 FTE) ($8,670)				
Program Assistant IV (0.25 FTE) ($6,678)				
Program Assistant IV (0.25 FTE) ($9,451)				
Operating Support ($5,250)				
99 Create Developer Positions	$150,000	R	$150,000	R
Provides funds for new Economic Developer positions and operating support.	2.00		2.00	
Center for Entrepreneurship & Technology				
100 Abolish Center for Entrepreneurship & Technology	($624,856)	R	($624,856)	R
Abolish Center for Entrepreneurship & Technology by eliminating positions, operating support, and Reserve for New and Emerging Industries.	-4.00		-4.00	
Executive Director ($101,562)				
Economic Developer ($77,451)				
Economic Developer ($80,372)				
Administrative Assistant III ($45,954)				
Operating Support ($119,517)				
Reserve for New & Emerging Ind ($200,000)				

	FY 2001-02		FY 2002-03	
Commerce Finance Center				
101 Industrial Recruitment Competitive Fund Continues support for the Industrial Recruitment Competitive Fund.	$1,080,642	NR		
Community Assistance				
102 Reduce Funding for Councils of Government Reduce funding for the Councils of Government (COGs) due to the closing of the Region H COG.	($55,000)	R	($55,000)	R
Department Wide				
103 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	$371,302 3.00	R	$371,302 3.00	R
Employment Security Commission				
104 Transfer from OSBPM - State Data Center Transfers a Statistician II position currently housed in the State Data Center within the State Planning Section of OSBPM to the Employment Security Commission. This position is responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for this position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce.	$0	R	$0	R
Industrial Commission				
105 Eliminate Position Eliminate Processing Assistant IV position and reduce $3,500 in operating support.	($40,435) -1.00	R	($40,435) -1.00	R
106 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Processing Assistant II ($27,672) Data Control Clerk III ($26,360) Processing Assistant III (.50 FTE) ($18,211) Computer Support Tech (.25 FTE) ($7,027) Operating Support ($9,625)	($88,895) -2.75	R	($88,895) -2.75	R
107 Reduce Operating Support Reduce operating line items.	($44,061)	R	($44,061)	R

	FY 2001-02		FY 2002-03	
108 Reduce Salary Reserve Reduce salary reserve for Applications Analyst Programmer position.	($2,698)	R	($2,698)	R
International Trade				
109 Research Triangle International Visitors Center Reduce general operating budget by 5%.	($1,000)	R	($1,000)	R
Tourism, Film and Sports Development				
110 Eliminate Vacant Position Eliminate Information & Communication Specialist II position and reduce $3,500 in operating support.	($47,354) -1.00	R	($47,354) -1.00	R
111 Reduce Welcome Center Positions Reduce selected positions in Welcome Centers from 40 to 30 hours per week and reduce operating support.	($50,415) -2.00	R	($50,415) -2.00	R
General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,322) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,734) General Utility Worker (0.25 FTE) ($5,663) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,322) Operating Support ($7,000)				
112 Reduce Printing Reduce printing line-item.	($150,000)	R	($150,000)	R
113 Eliminate Advertising Reserve Eliminate advertising reserve.	($75,000)	R	($75,000)	R
114 Operating Support Additional funds for operating support.	$200,000	R	$200,000	R
Total Legislative Changes	**($598,638)**	R	**($598,638)**	R
	$1,080,642	NR		
Total Position Changes	-8.25		-8.25	
Revised Budget	**$45,509,011**		**$44,428,369**	

Commerce - State Aid

GENERAL FUND

	FY 2001-02		FY 2002-03
Recommended Budget	**$5,200,000**		**$5,200,000**
Legislative Changes			
Grants-in-Aid			
115 Yadkin Pee Dee Lakes			
Provides funds for the Yadkin Pee Dee Lakes Project.	$100,000	NR	
116 NC Minority Support Center			
Provides start-up funds to expand the Latino Community Credit Union to Wake County.	$200,000	NR	
117 Technological Development Authority			
Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.	$2,000,000	NR	
Total Legislative Changes	**$2,300,000**	NR	
Total Position Changes			
Revised Budget	**$7,500,000**		**$5,200,000**

N.C. Biotechnology Center

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$6,738,913**		**$6,738,913**	
Legislative Changes				
NC Biotechnology Center				
118 Reduce Administrative Support/HMU Transfer Reduce administrative support associated with the Biotechnology Initiative for Historcally Minority Universities (HMU). The Governor recommended transferring this $900,000 initiative to the UNC Board of Governors effective FY 2001-02.	($100,000)	R	($100,000)	R
119 Reduce General Operating Budget Reduce general operating budget.	($368,445)	R	($368,445)	R
120 Reduce Cash Balance Reduce the N.C. Biotechnology Center's General Fund appropriation for FY 2001-02 and replace the funds with a one-time transfer from the Center's cash balance.	($1,000,000)	NR		
Total Legislative Changes	**($468,445)** **($1,000,000)**	R NR	**($468,445)**	R
Total Position Changes				
Revised Budget	**$5,270,468**		**$6,270,468**	

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**$1,213,133**	**R**	**$1,213,133**	**R**
	($999,694)	**NR**		
Total Position Changes	5.00		5.00	
Revised Budget	**$4,470,777**		**$5,470,471**	

Attachment B

Natural and Economic Resources

Special Provisions

May 24, 2001

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS REPORT

MAY 24, 2001

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2001-AGRIC-S3-P 5
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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-S11-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

NER BLOCK GRANT FUNDS

SECTION #.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION #.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION #.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION #.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION #.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION #.(f) Study. – The Department of Commerce shall study the development of a training program designed to provide a minimum level of knowledge and skills for Community Development Block Grant administrators. In conducting the study, the Department shall consult the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Community Development Association, and the Institute of Government at the University of North Carolina at Chapel Hill. The Department may use unencumbered and unspent State Technical Assistance funds from previous program years to conduct the study. The Department shall report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-S2-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

HOME PROGRAM MATCHING FUNDS

SECTION #.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

SECTION #.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

SECTION #.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2002, or on June 30, 2003.

DRAFT
SPECIAL PROVISION

2001-AGRIC-S2-P

Department of Agriculture and Consumer Services
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Senators Martin of Pitt, Weinstein**

AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS AND WELCOME CENTERS

SECTION #. Article 6D of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-89.59A. Promotion of North Carolina farm products at rest areas and welcome centers.**

Subject to the approval of the Department, the Department of Agriculture and Consumer Services may distribute promotional materials and free samples of North Carolina farm products at rest areas and welcome centers located on controlled-access facilities and operated by the State for the purpose of promoting North Carolina farm products."

DRAFT
SPECIAL PROVISION

2001-AGRIC-S3-P

Department of Agriculture and Consumer Services
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

TRANSFER RURAL REHABILITATION CORPORATION TO AGRICULTURAL FINANCE AUTHORITY

SECTION #.(a) G.S. 143A-63 reads as rewritten:

"**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

The North Carolina Rural Rehabilitation Corporation, and board of directors, as contained in Chapter 137 of the General Statutes and the laws of this State, is ~~hereby~~ transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance Authority in the Department of Agriculture and Consumer Services."

SECTION #.(b) Article 2 of Chapter 137 of the General Statutes is repealed.

SECTION #.(c) No later than January 15, 2002, the North Carolina Agricultural Finance Authority shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, and the Fiscal Research Division on the status of the transfer required under this section. This report shall include any statutory changes that are needed to implement the transfer required under this section.

DRAFT
SPECIAL PROVISION

2001-LAB-S1A

Department of Labor
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS

SECTION #. If Senate Bill 897 or House Bill 1057 becomes law, the Department of Labor shall allocate the increased elevator and amusement device inspection fee receipts to support the Elevator and Amusement Device Bureau and the Director of the Budget shall reduce appropriations to the Department as provided in G.S. 143-25.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-NATRES-S2-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION #. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

DRAFT
SPECIAL PROVISION

2001-NATRES-S5A-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

GRASSROOTS SCIENCE PROGRAM

SECTION #. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million four thousand five hundred twenty dollars ($3,004,520) for fiscal year 2001-2002 and the sum of three million four thousand five hundred twenty dollars ($3,004,520) for fiscal year 2002-2003 are allocated as grant-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	$58,298	$58,298
Cape Fear Museum	$201,103	$201,103
Catawba Science Center	$161,968	$161,968
Colburn Gem and Mineral Museum, Inc.	$70,274	$70,274
Discovery Place	$667,632	$667,632
Granville County Museum Commission, Inc. - Harris Gallery	$60,978	$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$151,963	$151,963
Imagination Station	$92,584	$92,584
Iredell County Children's Museum	$57,927	$57,927
Museum of Coastal Carolina	$63,437	$63,437
Natural Science Center of Greensboro	$240,852	$240,852
North Carolina Museum of Life and Science	$426,141	$426,141
Rocky Mount Children's Museum	$86,921	$86,921
Schiele Museum of Natural History	$333,578	$333,578
Sci Works Science Center and Environmental Park of Forsyth County	$172,528	$172,528
Western North Carolina Nature Center	$158,336	$158,336
Total	$3,004,520	$3,004,520

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION #.(a) G.S. 143B-313.2(b) reads as rewritten:

"(b) Terms. – Members shall serve ~~two-year terms~~staggered terms of office of three years. Members shall serve no more than two ~~full two-year terms~~consecutive three-year terms. After serving two consecutive three-year terms, a member is not eligible for appointment to the Authority for at least one year after the expiration date of that member's most recent term. Upon the expiration of a ~~two-year~~ three-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. ~~The term of members appointed under odd-numbered subdivisions of subsection (a) of this section shall expire on 30 June of odd-numbered years. The term of members appointed under even-numbered subdivisions of subsection (a) of this section shall expire on 30 June of even-numbered years.~~The terms of members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three. The terms of members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this section shall expire on July 1 of years that follow by one year those years that are evenly divisible by three. The terms of members appointed under subdivision (3), (6), or (10) of subsection (a) of this section shall expire on July 1 of years that precede by one year those years that are evenly divisible by three."

SECTION #.(b) In order to alter the length of the staggered terms from two years to three years for the North Carolina Parks and Recreation Authority and to provide for an orderly transition in membership of the Authority as specified in G.S. 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S. 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

(1) John D. Runkle shall serve in the position established by G.S. 143B-313.2(a)(1) until July 1, 2001.

(2) Wendell Begley shall serve in the position established by G.S. 143B-313.2(a)(2) until July 1, 2002.

(3) Jonathon B. Howes shall serve in the position established by G.S. 143B-313.2(a)(3) until July 1, 2003.

(4) Ron Kincaid shall serve in the position established by G.S. 143B-313.2(a)(4) until July 1, 2002.

(5) Russell Robinson III shall serve in the position established by G.S. 143B-313.2(a)(5) until July 1, 2001.

(6) Roy Alexander shall serve in the position established by G.S. 143B-313.2(a)(6) until July 1, 2003.

(7) Kenneth Sadler shall serve in the position established by G.S. 143B-313.2(a)(7) until July 1, 2001.

(8) Leslie Anderson shall serve in the position established by G.S. 143B-313.2(a)(8) until July 1, 2002.

(9) Troy Boyd shall serve in the position established by G.S. 143B-313.2(a)(9) until July 1, 2001.

(10) Harriet L. Farrior shall serve in the position established by G.S. 143B-313.2(a)(10) until July 1, 2003.

(11) Eddie Holbrook shall serve in the position established by G.S. 143B-313.2(a)(11) until July 1, 2002.

DRAFT
SPECIAL PROVISION

2001-NATRES-S3

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO BE USED FOR MARKETING PURPOSES.

SECTION #. Subject to the approval of the Secretary of Environment and Natural Resources, up to four hundred thousand dollars ($400,000) of the receipts from the increase in admission fees to the North Carolina Zoological Park for the 2001-2002 fiscal year and for the 2002-2003 fiscal year may be used for marketing activities related to promoting the North Carolina Zoological Park.

DRAFT
SPECIAL PROVISION

2001-NER-S1

Natural and Economic Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator Bob Martin

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

SECTION #. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.

(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

(3) To maintain a web-based water quality data distribution site.

(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring and Permitting.

(2) Nutrient Management.

(3) Water Pollution Control.

(4) Waste Management.

(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-Based Data Dissemination.

(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed.

(g) For the 1999-2001 biennium, the North Carolina Water Quality Workgroup shall select as a pilot project site an area of impaired waters within one of the State's river basins based on criteria of the State's basinwide water quality management plans and shall implement a Rivernet monitoring system pilot project in those waters."

DRAFT
SPECIAL PROVISION

2001-ENV-S1-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

SECTION #.(a) The Department of Environment and Natural Resources shall continue the one-stop environmental permit application assistance and tracking system pilot project established under Section 13.7 of S.L. 2000-67 during the 2001-2003 fiscal biennium. It is the intent of the General Assembly that the Department of Environment and Natural Resources expand this pilot program to a statewide program effective in all of the Department's regional offices, if the resources are available to do so during the 2001-2003 fiscal biennium. The provisions of Section 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

SECTION #.(b) The Department of Environment and Natural Resources shall report to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, the Fiscal Research Division, and the Environmental Review Commission no later than April 1, 2002, and again no later than April 1, 2003, regarding the results of the pilot project continued under this section. This report shall include the number of environmental permits in the pilot project that took more than 90 days to issue or deny; the types of permits those were; the reasons for the extended processing time of those permits; how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department; based on the data gathered in the pilot project, any recommendations regarding what the permit time frames should be for all major permits issued by the Department; and to what extent, if any, the program has been expanded to a statewide program under this section.

SECTION #.(c) The Department of Environment and Natural Resources may adopt temporary rules to implement this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-S6-P

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN

SECTION #. The Department of Environment and Natural Resources shall develop a plan to make the Division of Radiation Protection of the Department of Environment and Natural Resources self-supporting within two years. The Department of Environment and Natural Resources shall report the details of this plan to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-ENV-S4

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

SECTION #. The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its finding and recommendation, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-S7

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM MANAGER

SECTION #. The Secretary of the Department of Environment and Natural Resources shall designate from existing staff within the Department, a staff position to be responsible for managing the Submerged Lands Program. The Secretary shall report to the Senate and House Co-chairs of the Natural and Economic Resources Appropriations Subcommittee what position will manage the Program by August 1, 2001.

DRAFT
SPECIAL PROVISION

2001-ENV-S8

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

SECTION #. The Department of Environment and Natural Resources shall report to the Senate and House of Representatives Co-Chairs of the Full Appropriations Committee, and to the Senate and House of Representatives Co-chairs of the Natural and Economic Resources Appropriations Subcommittee by October 1, 2001, on the Department's reclassification of its regional office managers as directed by Section 26.12 of S.L.1995-324. The report shall include the following: the location and title of the four remaining positions, a description of the duties and responsibilities assigned to each position, a description of the day-to-day activities of each of the positions, an explanation of the purposes each of the positions serve, an explanation of how the positions benefit the Department, and a description of the role that the positions play in each of the respective communities and regions in which the positions are located.

DRAFT
SPECIAL PROVISION

2001-ENV-S9

Environment and Natural Resources
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senator Martin of Pitt; Weinstein

DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS

SECTION #.(a) The Department of Environment and Natural Resources shall study the permitting process in the Division of Water Quality, the Division of Coastal Management as it relates to CAMA permits and the Division of Land Resources as it relates to the sedimentation and erosion control plans. The study shall at a minimum include the following:

(1) A description of how the permitting process currently works.
(2) The number and types of permits issued by each of these Divisions.
(3) The timeframe within which each of the types of permits are issued.
(4) The adequacy of existing staff levels to complete the issuance of permits in a timely manner.
(5) Whether duplication in the permitting process exists between the regional office and the central office staff.
(6) Efficiencies to be gained from delegation of authority to regional offices.
(7) Efficiencies to be gained from issuing more general permits.
(8) The amount of revenue generated by the permits and retained as departmental receipts.
(9) Any other information or issue deemed relevant by the Fiscal Research Division to provide an accurate analysis of the issues.

SECTION #.(b) In conducting this study, the Department shall record its tracking of the permits and the statistical data regarding those permits in a format that is easily accessible and usable for fiscal analysis by the Fiscal Research Division.

SECTION #.(c) The Department shall make a report with its findings and recommendations to the ~~General Assembly~~ the Senate and House Co-chairs of the Natural and Economic Resources Appropriations Subcommittee, and to Senate and House of Representatives Co-Chairs of the Full Appropriations Committee on ways to improve, expedite or simplify the permitting process no later than March 10, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-S8

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

SECTION #.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of monies from the Fund.

SECTION #.(b) The Department of Commerce shall report on or before October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-S3-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

TOURISM PROMOTION FUNDS

SECTION #. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of $7,500 for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

(2) Counties 21 through 50 are each eligible to receive a maximum grant of $3,500 for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.

(3) Counties 51 through 100 are each eligible to receive a maximum grant of $3,500 for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

DRAFT
SPECIAL PROVISION

2001-COMM-S4-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION #.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION #.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

DRAFT
SPECIAL PROVISION

2001-COMM-S6-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

REGIONAL COMMISSION REPORTS

SECTION #.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION #.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

DRAFT
SPECIAL PROVISION

2001-COMM-S7-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

COUNCIL OF GOVERNMENT FUNDS

SECTION #.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION #.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION #.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION #.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION #.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

SECTION #.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

DRAFT
SPECIAL PROVISION

2001-COMM-S24-P

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP CHANGES

SECTION #.(a) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in G.S. 143-128(f)(2) and one of whom may be a member of the board of commissioners.

(2) The ~~Authority~~ Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the ~~Authority~~ Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in G.S. 143-128(f)(2). The ~~Authority~~ Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION #.(b) G.S. 158-35(c) reads as rewritten:

"(c) Removal; Vacancies. – A member of the Commission may be removed with or without cause by the appointing body. In addition, a majority of the Commission members may, by majority vote, remove a member of the Commission if that member does not attend at least three-quarters of the regularly scheduled meetings of the Commission during any consecutive twelve-month period of service of that member on the Commission, except that absences excused by the Commission due to serious medical or family circumstances shall not be considered. If the Commission votes to

remove a member under this subsection, the vacancy shall be filled in the same manner as the original appointment. Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointing authority. All members shall serve until their successors are appointed and qualified, unless removed from office."

SECTION #.(c) This section is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-S25

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS/OREGON INLET FUNDS

SECTION #. (a) Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-seven thousand eight hundred seventy dollars ($127,870) for the 2001-2002 fiscal year and the sum of one hundred twenty-seven thousand eight hundred seventy dollars ($127,870) for the 2002-2003 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

SECTION #. (b) Funds appropriated to the Department of Commerce for the 2000-2001 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2001, shall not revert to the General Fund on June 30, 2001, but shall remain available to the Department for legal costs associated with the Project. This subsection becomes effective June 30, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-S19-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

SECTION #.(a) Effective July 1, 2001, the Center for Entrepreneurship and Technology (hereinafter Center) in the Department of Commerce (hereinafter Department) is abolished.

SECTION #.(b) The Department shall not carry forward any unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection is effective June 30, 2001.

DRAFT
SPECIAL PROVISION

2001-COMM-S18-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION #. The Department of Commerce (hereinafter Department) shall study the feasibility of consolidating each of the Business and Industry Division regional offices (hereinafter B&I) with a Regional Economic Development Commission (hereinafter Commission) office. In considering whether consolidation is feasible and would better advance the goals of both the B&I and the Commissions, the Department shall do at least the following:

(1) Evaluate the degree to which existing shared offices in Asheville, Edenton, Greensboro, and Research Triangle Park differ in organization, budget, and performance from the B&I offices in Charlotte, Greenville, and Fayetteville that do not share office space with Commissions.

(2) Evaluate the extent to which B&I staff responsibilities in each B&I office duplicate those performed by the Commission staff in their region regardless of whether the offices are shared or separate.

(3) Evaluate the extent to which existing B&I offices in Lenoir and Bryson City add value cost-effectively to the service provided by the Asheville office. In particular, the Department shall consider how the same level of service might be provided if the Lenoir and Bryson City offices were eliminated or merged into the Asheville office.

(4) Estimate any costs that would result from closing B&I offices in Charlotte, Greenville, and Fayetteville and consolidating them with Commissions in Charlotte, Kinston, and Elizabethtown, respectively. The Department shall also estimate any costs that would result from closing B&I offices in Lenoir and Bryson City and consolidating them with the Asheville office.

(5) Identify whether the actions described in subdivision (4) of this section would produce any net savings and, if affirmative, identify the sources of the savings. The Department shall document whether all current B&I regional staff would remain essential to program function if the closings and consolidations described in subdivision (4) of this section were carried out.

The Department shall report its findings and recommendations, including any estimates of efficiencies and cost savings that may be produced by consolidating the Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and consolidating the Lenoir and Bryson City offices with the existing shared office in Asheville, to the House and Senate Appropriations Subcommittees on Natural and Economic Resources by January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-S15-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

BIOTECHNOLOGY CENTER

SECTION #.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION #.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION #.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION #.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget, Planning, and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

DRAFT
SPECIAL PROVISION

2001-COMM-S16-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION #.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the North Carolina Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.

(2) Negotiate the terms of the legal agreement in good faith.

(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.

(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION #.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION #.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-S13

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC. REPORTING REQUIREMENTS

SECTION #. The Technological Development Authority, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001;
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001. and

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

(3) Fourth quarter allotments shall not be released to TDA until it satisfies the reporting requirements for January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-S12-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

NONPROFIT REPORTING REQUIREMENTS

SECTION #.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and Rural Families, Inc., North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Partnership for the Sounds, Inc., and North Carolina REAL Enterprises shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION #.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements for January 15, 2002, or January 15, 2003.

DRAFT
SPECIAL PROVISION

2001-COMM-S17-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION #.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2001-2002 fiscal year and the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	$444,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	455,000	455,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	137,000	137,000.

SECTION #.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget, Planning, and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION #.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

SECTION #.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION #.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2001-2002 fiscal year and the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,644,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,244,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health

or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $400,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $250,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $175,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION #.(f) For the 2001-2002 fiscal year only, the Office of State Budget, Planning, and Management shall reduce the funds appropriated in this act to the Rural Economic Development Center, Inc., by an amount of nine hundred ninety-nine thousand six hundred ninety-four dollars ($999,694). The Center shall compensate for this reduction by using available cash balances from the Child Care Loan Fund in the amount of four hundred ninety-nine thousand six hundred ninety-four dollars ($499,694) and five hundred thousand dollars ($500,000) from other cash reserves on hand.

SECTION #.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

DRAFT
SPECIAL PROVISION

2001-COMM-S10-P

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION #.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

SECTION #.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

DRAFT
SPECIAL PROVISION

2001-COMM-S23

Department of Commerce/Economic Development
Senate Appropriations Subcommittee on Natural and Economic Resources

Requested by: Senators Martin of Pitt, Weinstein

TRANSFER COMMON FOLLOW-UP EVALUATION FROM OSBPM TO ESC

SECTION #. G.S. 96-32(c) reads as rewritten:

"(c) Based on data collected under the CFS, the ~~Office of State Budget, Planning, and Management~~ ESC shall evaluate the effectiveness of job training, education, and placement programs to determine if specific program goals and objectives are attained, to determine placement and completion rates for each program, and to make recommendations regarding the continuation of State funding for programs evaluated. ~~The ESC shall provide to the Office of State Budget, Planning, and Management data collected under the CFS in a manner and with the frequency necessary for the Office of State Budget, Planning, and Management to conduct the evaluation required under this subsection. The ESC shall consult with the Office of State Budget, Planning, and Management to determine the most efficient and effective method for providing to the Office of State Budget, Planning, and Management data collected under the CFS. The Office of State Budget, Planning, and Management shall maintain the same levels of confidentiality with respect to CFS data received from the ESC as is required of the ESC under this Article.~~"

VISITOR REGISTRATION SHEET

NER — 5/24/2001

Name of Committee — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	NC Biotech Center
[illegible]	[illegible]
Bill Rowe	NC Low Income Housing Coalition
Margaret Malone	NC Housing Finance Agency
John Phelps	NCLM
John Bowdish	Alley Associates
Patricia A. Yancey	Land Loss Prevention Project
Linda Gunn	Institute
Lori Ann Harris	LA Harris Assoc.
Sharon Ripplemeyer	NC Rural Center
Steve Woodson	NC Farm Bureau
CLEVE SIMPSON	NC DEPT OF COMMERCE
Angie Harris	Maupin, Taylor & Ellis
Jerry Hawksley	NC Pork Council
Tommy Stevens	DENR
DON MOBERT	DOC
Jim Fox	DOC
Buck LATTIMORE	NC INDUSTRIAL Commission
DAN BROWN	NC minority Support Center
Johnny Gray	OSBPM
Jim Powell	OSBPM
Becky Brown	Labor
Kevin Leonard	"
Anna Rogers	"
Susan Carroll	NC Biotech Ctr
[illegible]	[illegible]
Jack Holtzman	NCAOC
Angie McMillan	The Nature Conservancy, NC Chapter

VISITOR REGISTRATION SHEET

NER
Name of Committee

5/24/01
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Carla Handrinos	The Nature Conservancy, NC Chapter
Amy Gardner	News & Observer
Ken Melton	Allen Associates

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
June 6, 2001 – 8:30 AM

The House Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, June 6, 2001 at 8:30 AM in Room 423 in the Legislative Office Building. The following members were present: Chairs Stan Fox and Bill Owens, Vice-Chair Edith Warren, Representatives Culp, Mitchell, Underhill, Walker, Warwick, Weatherly and West.

Chair Stan Fox called the meeting to order and announced the subcommittee will review the Senate budget and will go over item by item. The committee will also review special provisions. Comments regarding the budget and any suggestions for changes need to be in writing; and if members want to add to the budget, replacement money would need to be identified.

NATURAL & ECONOMIC RESOURCES-SECTION H

The Chair called upon Jennifer Willis, Fiscal Research Division, to review Natural & Economic Resources Section H (ATTACHMENT I). Regarding Item 63-the budget increased receipts due to recent fee increase at the Zoo and reduced General Fund appropriations by an equal amount. The Zoo Director had asked the committee to consider that the Zoo be allowed to use any additional receipts it may realize from the fee increase to market the Zoo.

The Chair opened the meeting up for comments or suggestions for flags. Representative Culp asked regarding Item 68, which would decrease Agriculture Cost Share Financial Assistance by $1 M, how much money would be left in the program, and Ms. Hoffman said $5.9 M would be left in program. Representative Mitchell asked about Item 105, Transfer Board of Science and Technology, and it was flagged. Representative Culp asked about Item 33, Meat and Poultry Inspection, and it was flagged. Representative Warren had a concern about Item 32-Eliminate Veterinary Services. Ms. Willis stated this is a Governor's recommended cut as the Edenton Vet Lab is closing because it is not cost effective. Representative Underhill feels, given the events regarding Foot and Mouth Disease since January, we need to seriously consider cutting any veterinary position. Item 32 was flagged. Representative Warwick referred to Item 99, Reduce Regional Office Positions, and Item 112 Reduce Welcome Center Positions, from 40 to 30 hours per week and reduced operating support. Mr. Levinson said benefits are not lost, but they are reduced according to the reduction in hours. Representative Warwick also asked about Item 118, NC Minority Support Center, and whether putting six positions at $35,000 each in our credit unions would be more valuable than the $200,000 in one union. He asked staff how much money was in the Clean Water Management Trust Fund last year. Ms. Hoffman stated the Fund received $30 M last year. The Fund will go up $10 M this year. Representative Mitchell asked that Item 73,

Eliminate Vacant Positions, be flagged, and Representative Walker asked that the OSHA program in Department of Labor be flagged.

SPECIAL PROVISIONS

Ms. Willis shared NER Special Provisions SB 1005-Third Edition (ATTACHMENT II). It begins on page 20 of SB 1005 with the provisions for the NER Block Grant Funds and is modeled exactly like the plan approved in committee a few weeks ago. It allocates $45 M that the state is expecting to receive for the 2002 program year. The Home Program Matching Funds begins on page 52. Under Department of Agriculture and Consumer Services (Part XVII) Section17.1 adds a new section to promote NC farm products at rest areas and welcome centers. Section 17.2(a) transfers the Rural Rehabilitation Corporation to the Agricultural Finance Authority. Section 17.3 is a provision following money for Farmland Preservation Funds. Under Department of Labor (XVIII) Mr. Levinson reviewed Section 18.1 Labor Department/Elevator Inspection fee Receipts. Under Department of Environmental and Natural Resources (PART XIX) Ms. Willis described DENR Section19.1 Statewide Beaver Damage Control Program Funds and Section 19.2 Grassroots Science Program. Section 19.3 Terms for Members of the NC Parks and Recreation Authority is a DENR request. Section 19.4 Receipts for NC Zoological Park Admission Fee Increase to be used for Marketing Purposes allows an increase in admission fees. Due to a fee increase, DENR anticipated receiving more receipts than they had budgeted, and this committee took a $400,000 reduction, and subject to approval of the Secretary, any excess receipts remaining up to $400,000 may be used for marketing the Zoo.

Ms. Hoffman reviewed Section 19.5 NC Water Quality Workgroup/Rivernet through Section 19.11 DENR Study of Environmental Permitting Process. She also discussed the Department of Commerce Section 20.1 Tourism Promotion Funds and Section 20.2 Wanchese Seafood Industrial Park Funds/Oregon Inlet Funds. Mr. Levinson discussed Section 20.3 Industrial Recruitment competitive Fund through Section 20.9. Ms. Willis continued with Section 20.10 Regional Economic Development Commission Allocations through Section 20.16.

Chair Bill Owens shared two Special Provisions that he and Chair Fox would like to recommend. The Senate decided not to include them. One is reallocate Town Fork Creek Funds requested by Representative Rex Baker (ATTACHMENT III) and NC Technological Development Authority, Inc., /Yadkin/Pee Dee Lakes Project, Inc. (ATTACHMENT IV). Also, Labor Commissioner Cherie Berry wants permission to raise the elevator fees and then be able to change way inspections are done and allow them to keep proceeds from the fund increase (ATTACHMENT V). Chair Owens thanked the staff for the fine job they did with the budget during this difficult year.

Chair Fox recognized Agriculture Commissioner Meg Scott Phipps who stated the Department has historically not had the $3,500 support funds for positions. The Department did recommend closing the Edenton Lab, but it needs to hold on to the

Veterinary position. The Department has given up $13 M in last five years, and she feels the Department is backing up.

Dr. Charles Hamner, President and CEO, NC Biotechnology Center, was recognized to make brief remarks. He spoke to the Special Provision that he thinks is poorly worded, and stated the NC Biotechnology Center will be happy to share any monies it makes with the state. He suggested working with the staff on Section 20.7 by simply writing in the threshold of income from investments, and all above the threshold would be shared with the state. Chair Owens stated we had a problem with the $10 M threshold, and we cannot allow another situation like the MCNC. Dr. Hamner said in 1990 the committee told him it wanted to see the NCBC become self-sufficient. We have a company with 19 employees, and if we ever get to the $10 M threshold, we will become independent and not need to come back and ask for money. We can negotiate the threshold. It can be $5 M, $2 M, etc. The Biotech Center is not in the business of making money. It is here to promote biotechnology for economic development in NC. No staff person had discussed the cuts with us.

Chair Fox announced the committee would meet on June 7 at 8:30 to continue discussion. If members plan to offer special provisions, please bring them tomorrow.

The committee adjourned at 10:00 AM.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Mary Capps
Mary Capps, Committee Assistant

Bill Owens
Representative Bill Owens, Chair

NATURAL & ECONOMIC RESOURCES Section H

Senate Subcommittee on Natural and Economic Resources

Housing Finance Agency

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Recommended Budget	$5,300,000	$5,300,000
Legislative Changes		
Housing Finance Agency		
1 No Continuation Budget Adjustments		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$5,300,000	$5,300,000

Agriculture and Consumer Services

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$56,695,276		$56,695,276	
Legislative Changes				
Administration/Public Affairs				
2 Eliminate Vacant Positions	($89,329)	R	($89,329)	R
Eliminate positions and reduce operating support.	-2.00		-2.00	
Administrative Secretary III ($40,351) Information and Communication Specialist II ($41,978) Operating Support ($ 7,000)				
3 Reduce Line Items	($15,097)	R	($15,097)	R
Reduce various operating line items within Administration and Public Affairs.				
4 Reduce Ag in the Classroom	($6,250)	R	($6,250)	R
Reduce grant-in-aid to the NC Farm Bureau for the Ag in the Classroom program.				
5 Create Gasoline/Natural Gas Reserve	$110,709	R	$110,709	R
Provides funds to be placed in a reserve and allocated to divisions for gasoline and natural gas needs.				
6 Create Laboratory Reserve	$150,000 $100,802	R NR	$150,000	R
Establish reserve for laboratory equipment to be allocated to divisions on a priority needs basis.				
Agricultural Finance Authority				
7 Reduce Line Items	($28,566)	R	($28,566)	R
Reduce operating support to the Agricultural Finance Authority.				
Agricultural Statistics				
8 Eliminate Vacant Positions	($61,704)	R	($61,704)	R
Eliminate positions and reduce operating support.	-2.00		-2.00	
Data Entry Supervisor I ($25,331) Statistical Assistant IV ($29,373) Operating Support ($ 7,000)				
Agronomic Services				
9 Eliminate Vacant Position	($37,911)	R	($37,911)	R
Eliminate Data Entry Operator II position and reduce $3,500 in operating support.	-1.00		-1.00	

	FY 2001-02		FY 2002-03	
10 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($41,800)	R	($41,800)	R
11 Reduce Scientific Supplies Reduce scientific supplies line item.	($6,850)	R	($6,850)	R
Aquaculture and Natural Resources				
12 Reduce Line Items Reduce various operating line items within Aquaculture and Natural Resources.	($5,550)	R	($5,550)	R
Commissioner's Office				
13 Farmland Preservation Trust Fund Provides funds for the Farmland Preservation Trust Fund.	$250,000	NR		
Food and Drug Protection				
14 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($152,969) -4.00	R	($152,969) -4.00	R
Technical Trainer II ($37,688) Pesticide Specialist I ($36,904) Processing Assistant III ($30,855) Chemistry Technician I ($33,522) Operating Support ($14,000)				
15 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($22,000)	R	($22,000)	R
16 Reduce Line Items Reduce various operating line items within the Division.	($101,066)	R	($101,066)	R
Food Distribution				
17 Reduce Line Item Reduce trailers line item.	($29,000)	R	($29,000)	R
Marketing				
18 Eliminate Positions Eliminate positions and reduce operating support.	($223,814) -5.00	R	($223,814) -5.00	R
Facility Agric. Engineer II ($77,140) Office Assistant III ($24,921) Maintenance Mechanic I ($27,857) Int'l. Marketing Specialist II ($53,861) General Utility Worker ($22,535) Operating Support ($17,500)				

	FY 2001-02		FY 2002-03	
19 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($124,300)	R	($124,300)	R
20 Reduce Raleigh Farmers' Market Transfer Reduce General Fund transfer to the Raleigh Farmers' Market.	($80,000)	R	($80,000)	R
21 Reduce Western NC Ag Center/Mountain State Fair Reduce General Fund transfer to the Western NC Agricultural Center/Mountain State Fair Enterprise Fund.	($20,000)	R	($20,000)	R
22 Reduce Western NC Development Association Reduce grant-in-aid to the Western North Carolina Development Association.	($5,000)	R	($5,000)	R
Plant Industry				
23 Eliminate Vacant Positions Eliminate positions and reduce operating support.	($114,188) -3.50	R	($114,188) -3.50	R
Ag Research Technician I (0.50 FTE) ($13,340) Chemistry Technician II ($31,567) Processing Assistant II ($29,462) Office Assistant III ($27,569) Operating Support ($12,250)				
24 Reduce Line Items Reduce various line items in the Division.	($64,485)	R	($64,485)	R
25 Increase Gypsy Moth Control Funds Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$65,719	R	$65,719	R
Research Stations/State Farms				
26 Reduce Vehicles Reduce other motorized vehicles line item.	($122,500)	R	($122,500)	R
27 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($126,016) -4.00	R	($126,016) -4.00	R
Agricultural Research Assistant I ($30,425) Agricultural Research Assistant I ($23,387) Agricultural Research Assistant ($22,980) Maintenance Mechanic IV ($35,224) Operating Support ($14,000)				

	FY 2001-02		FY 2002-03	
Standards				
28 Eliminate Vacant Positions	($79,754)	R	($79,754)	R
Eliminate vacant positions and reduce operating support.	-2.00		-2.00	
Standards Inspector II ($32,403)				
Standards Inspector I ($40,351)				
Operating Support ($ 7,000)				
29 Reduce Line Items	($18,000)	R	($18,000)	R
Reduce various operating line items within the Division.				
Structural Pest				
30 Increase Receipts	($7,160)	R	($7,160)	R
Budget increased receipts and reduce the General Fund appropriation by an equal amount.				
31 Reduce Line Items	($2,140)	R	($2,140)	R
Reduce various line items within the Division.				
Veterinary Services				
32 Eliminate Positions	($141,863)	R	($141,863)	R
Eliminate positions and reduce operating support.	-3.00		-3.00	
Veterinarian ($84,442)				
Vet Laboratory Assistant I ($23,851)				
Vet Laboratory Assistant I ($23,070)				
Operating Support ($10,500)				
33 Meat and Poultry Inspection	($96,464)	R	($96,464)	R
Eliminate vacant Meat and Poultry Inspector positions, associated receipts, and operating support.	-5.00		-5.00	
Meat and Poultry Inspectors (5.00 FTE) and Associated Receipts ($78,964)				
Operating Support ($17,500)				
34 Reduce Scientific Supplies	($3,460)	R	($3,460)	R
Reduce scientific supplies line item.				
Total Legislative Changes	**($1,500,808)**	R	**($1,500,808)**	R
	$350,802	NR		
Total Position Changes	-31.50		-31.50	
Revised Budget	**$55,545,270**		**$55,194,468**	

Labor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$16,617,178		$16,617,178	
Legislative Changes				
Administrative Programs				
35 Eliminate Vacant Position Eliminate vacant positions and reduce operating support. Labor Conciliator ($53,110) Data Entry Operator II ($26,656) Operating Support ($7,000)	($86,766) -2.00	R	($86,766) -2.00	R
36 Budget Indirect Cost Receipts Budget over-realized indirect cost receipts and reduce General Fund appropriation by an equal amount.	($93,961)	R	($93,961)	R
37 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($50,563)	R	($50,563)	R
38 Reserve for Computer Upgrades Provides funds for replacement of PCs and outdated software.	$30,241	NR		
Apprenticeship & Training				
39 Eliminate Vacant Position Eliminate vacant Apprenticeship Representative position and reduce $3,500 in operating support.	($40,404) -1.00	R	($40,404) -1.00	R
40 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($15,310)	R	($15,310)	R
Elevator & Amusement Inspections				
41 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($21,203)	R	($21,203)	R
Labor Standards				
42 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($18,990)	R	($18,990)	R

	FY 2001-02		FY 2002-03	
Mine/Quarry Inspection				
43 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($13,086)	R	($13,086)	R
44 Eliminate Vacant Position Eliminate vacant Processing Assistant III position and reduce $3,500 in operating support.	($34,018) -1.00	R	($34,018) -1.00	R
OSHA				
45 Reduce Operating Support Reduce funding for equipment, software, library services, and overtime pay.	($35,887)	R	($35,887)	R
46 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Safety Officer ($41,942) Safety Officer (0.50 FTE) ($24,440) Operating Support ($5,250)	($71,632) -1.50	R	($71,632) -1.50	R
47 Shift Positions to Federal Funding Shift funding source for positions from General Fund to federal funds and reduce operating support. Office Assistant III ($26,339) Processing Assistant III ($26,794) Industrial Health Inspector ($49,909) Industrial Health Inspector ($50,410) Operating Support ($14,000)	($167,452) -4.00	R	($167,452) -4.00	R
48 Restore Safety Officer Position Restore funding for General Fund half of Safety Officer position. Other half of position is federally funded.	$25,000 0.50	R	$25,000 0.50	R
Total Legislative Changes	**($624,272)** **$30,241**	R NR	**($624,272)**	R
Total Position Changes	-9.00		-9.00	
Revised Budget	**$16,023,147**		**$15,992,906**	

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$164,902,678		$164,902,678	
Legislative Changes				
(1.00) Administration				
49 Abolish Deputy Secretary of Operations Position	($49,824)	R	($49,824)	R
Abolish Deputy Secretary of Operations position and reduce $3,500 in operating support.	-1.00		-1.00	
50 Eliminate Vacant Positions	($186,156)	R	($186,156)	R
Eliminate vacant positions within Administration and reduce operating support.	-4.00		-4.00	
Safety Director II ($58,212)				
EHNR Personnel Officer (0.50 FTE) ($41,609)				
Accounting Clerk IV ($14,714)				
Office Assistant III ($24,921)				
Applications Analyst Prog. I (0.50 FTE) ($32,700)				
Operating Support ($14,000)				
51 Eliminate Position in Regional Office	($29,622)	R	($29,622)	R
Eliminate Office Assistant III position and reduce $3,500 in operating support.	-1.00		-1.00	
52 Eliminate Positions	($52,000)	R	($52,000)	R
Eliminate 2 Administrative Assistant positions and reduce $7,000 in operating support.	-2.00		-2.00	
(2.00) Aquariums				
53 Increase Receipts	($500,000)	R	($500,000)	R
Budget increased receipts and reduce General Fund appropriation by an equal amount.				
54 Eliminate Positions	($81,037)	R	($81,037)	R
Eliminate two vacant positions and one filled position and reduce operating support.	-3.00		-3.00	
General Utility Worker ($22,145)				
General Utility Worker ($22,145)				
Office Assistant III ($26,247)				
Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
(2.00) Forest Resources				
55 Eliminate Vacant Positions	($153,887)	R	($153,887)	R
Eliminate vacant positions and reduce operating support.	-3.00		-3.00	
Forestry Pilot II ($51,896) Exten.Education and Training Specialist I ($47,803) Administrative Assistant I ($43,688) Operating Support ($10,500)				
56 Increase Aircraft Lease Line Item	$200,000	R	$200,000	R
Provides additional funds to lease a CL-215 during fire season.				
(2.00) Marine Fisheries				
57 Reduce Fisheries Resource Grant Program	($250,000)	R	($250,000)	R
Reduce funds to the Fisheries Resources Grant Program.				
58 Eliminate Vacant Positions	($206,928)	R	($206,928)	R
Eliminate vacant positions and reduce operating support.	-6.00		-6.00	
Marine Fisheries Officers III(2 FTEs) ($70,968) Medical Lab Technician I ($28,260) Information & Communications Specialist. ($27,056) Data Entry Operator ($20,819) Submerged Lands Program Director ($38,825) Operating Support ($21,000)				
(2.00) Museum of Natural Sciences				
59 Eliminate Vacant Position	($40,655)	R	($40,655)	R
Eliminate vacant Accounting Clerk IV position and reduce $3,500 in operating support.	-1.00		-1.00	
60 Reduce Grassroots Science Museums	($415,480)	R	($415,480)	R
Reduce funding for the Grassroots Science Museums.				
61 Increase Funds for Temporary Staff	$50,000	R	$50,000	R
Provides funds for the Museum to contract for temporary services.				
(2.00) NC Zoological Park				
62 Eliminate Vacant Positions	($190,722)	R	($190,722)	R
Eliminate vacant positions and reduce operating support.	-5.50		-5.50	
Maintenance Mechanic II ($28,768) Housekeeper ($12,126) Info & Communications Specialist ($39,307) Grounds Worker ($23,238) Administrative Assistant II ($37,898) Cashier I ($28,385) Operating Support ($21,000)				

	FY 2001-02		FY 2002-03	
63 Increase Receipts Budget increased receipts due to recent fee increase at the Zoo and reduce General Fund appropriations by an equal amount.	($400,000)	R	($400,000)	R
(2.00) Office of Environmental Education				
64 Eliminate Vacant Position Eliminate vacant Educational Development Consultant position and reduce $3,500 in operating support.	($51,952) -1.00	R	($51,952) -1.00	R
(2.00) Parks and Recreation				
65 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($180,628) -5.00	R	($180,628) -5.00	R
Accounting Clerk III ($25,590) Volunteer Services Coordinator ($39,634) Park Ranger II ($35,582) Park Ranger II ($31,702) Park Ranger II ($30,620) Operating Support ($17,500)				
(2.00) Soil and Water Conservation				
66 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($84,311) -2.00	R	($84,311) -2.00	R
Environmental Supervisor I ($47,514) Processing Assistant IV ($29,797) Operating Support ($ 7,000)				
67 Shift Position to Receipt Support Shift funding for a Computer Consultant III position (0.19 FTE) and reduce $665 in operating support.	($13,499) -0.19	R	($13,499) -0.19	R
68 Decrease Agriculture Cost Share Financial Asst. Reduce funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality.	($1,000,000)	R	($1,000,000)	R
69 Increase Agriculture Cost Share Technical Asst. Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design, and installation of agricultural best management practices (BMPs) to improve water quality.	$240,000	R	$240,000	R
(3.00) Air Quality				
70 Shift Position to Receipt Support Shift funding for an Environmental Technician II to receipt support and reduce $3,500 in operating support.	($33,031) -1.00	R	($33,031) -1.00	R

	FY 2001-02		FY 2002-03	
(3.00) Coastal Management				
71 Shift Position to Receipt Support Shift funding for an Office Assistant III position to receipt support and reduce $3,500 in operating support.	($32,158) -1.00	R	($32,158) -1.00	R
72 Eliminate Position Eliminate Personnel Assistant V position and reduce $3,500 in operating support.	($34,671) -1.00	R	($34,671) -1.00	R
(3.00) Environmental Health				
73 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer II ($55,445) Word Processor III ($26,230) Operating Support ($ 7,000)	($88,675) -2.00	R	($88,675) -2.00	R
74 Shift Position to Receipt Support Shift funding for a Processing Assistant IV to receipt support and reduce $1,225 in operating support.	($11,351) -0.35	R	($11,351) -0.35	R
75 West Nile Virus Monitoring Funds for monitoring of sentinel flock for indication of West Nile Virus.	$100,000	NR		
76 Environmental Health Specialist Training Additional funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.	$100,000	R	$100,000	R
(3.00) Land Resources				
77 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer I ($40,709) Environmental Technician V ($33,998) Operating Support ($ 7,000)	($81,707) -2.00	R	($81,707) -2.00	R
78 Eliminate Position Eliminate Geologist III position and reduce $3,500 in operating support. This is one of two remaining low level radioactive waste positions in DENR.	($67,610) -1.00	R	($67,610) -1.00	R
79 Transfer Geodetic Survey from OSBPM Transfers from OSBPM the responsibilities and staff of the Geodetic Survey section within the Surveying and Mapping Section to Land Resources. Two of the 22 positions being transferred are receipt supported. This transfer has all the elements of a Type I transfer as defined in G.S. 143A-6.	$1,035,096 22.00	R	$1,035,096 22.00	R

	FY 2001-02		FY 2002-03	
80 Transfer County Boundaries from OSBPM	$152,749	R	$152,749	R
Transfers from OSBPM the responsibilities and staff of the County Boundaries unit within the Surveying and Mapping Section to Land Resources. This transfer has all the elements of a Type I transfer as defined in G.S. 143A-6.	1.00		1.00	
81 Transfer CGIA from OSBPM	$0	R	$0	R
Transfers from OSBPM the Center for Geographic Information and Analysis (CGIA) to Land Resources. CGIA is a receipt-supported agency with a budget of $1,758,906 and 25 positions, which is in budget code 23006, fund 2510. This transfer has all the elements of a Type I transfer as defined in G.S. 143A-6.	0.00		0.00	
(3.00) Pollution Prevention/Environmental Asst.				
82 Eliminate Vacant Position	($31,981)	R	($31,981)	R
Eliminate Office Assistant IV and reduce $3,500 in operating support.	-1.00		-1.00	
(3.00) Radiation Protection				
83 Eliminate Vacant Position	($40,454)	R	($40,454)	R
Eliminate Administrative Assistant I position and reduce $3,500 in operating support.	-1.00		-1.00	
84 Eliminate Position	($40,190)	R	($40,190)	R
Eliminate Radiological Health Specialist position and reduce $3,500 in operating support. This is the last remaining low level radioactive waste position in DENR.	-1.00		-1.00	
(3.00) Waste Management				
85 Eliminate Vacant Positions	($102,359)	R	($102,359)	R
Eliminate vacant positions and reduce operating support.	-3.00		-3.00	

Administrative Secretary I	($35,135)
Environmental Technician II	($27,056)
Environmental Technician III	($29,668)
Operating Support	($10,500)

(3.00) Water Quality				
86 Eliminate Vacant Positions	($407,903)	R	($407,903)	R
Eliminate vacant positions and reduce operating support.	-8.00		-8.00	

Chemistry Technician II	($38,770)
Environmental Supervisor II	($74,544)
Community Development Planner	($55,936)
Personnel Assistant III	($25,556)
Environmental Modeler II	($47,956)
Environmental Engineer I	($43,934)
Environmental Engineer I	($43,934)
Applications Analyst Programmer II	($49,273)
Operating Support	($28,000)

	FY 2001-02		FY 2002-03	
87 River Basin Modeling Additional funds for modeling activities related to river basin planning.	$127,564	NR		
(3.00) Water Resources				
88 Eliminate Vacant Position Eliminate Environmental Engineer II position and reduce $3,500 in operating support.	($53,692) -1.00	R	($53,692) -1.00	R
89 Central Coastal Plain Capacity Use Area Planning Funds for planning for alternative water sources in the Central Coastal Plain Capacity Use Area.	$23,505	R	$23,505	R
(4.00) Department Wide				
90 Implement Lease-Purchase Arrangement Implement lease-purchase arrangement for the purchase of major equipment for the following divisions: Forest Resources - Aircraft ($1,793,096) Forest Resources - Autos, Trucks & Buses ($431,151) Parks & Recreation - Autos, Trucks & Buses ($574,925) Water Quality - Scientific Equipment ($ 74,328)	($2,873,500)	R	($2,873,500)	R
91 Reduce Salary Reserve Reduce salary reserve throughout the Department.	($61,378)	R	($61,378)	R
92 Create Reserve for Information Technology Places funds in a reserve to support information technology needs throughout the Department.	$64,763	NR		
(5.00) Reserves and Special Funds				
93 Rivernet Water Quality Monitoring & Research Funds Reduce funds for the Rivernet Water Quality Monitoring project by $15,000 and for the Water Quality Workgroup by $20,000.	($35,000)	R	($35,000)	R
94 Resource Conservation and Development Councils Provides each of the state's nine Resource Conservation and Development Councils with a $20,000 grant.	$180,000	NR		
Total Legislative Changes	**($6,081,011)** **$472,327**	R NR	**($6,081,011)**	R
Total Position Changes	-35.04		-35.04	
Revised Budget	**$159,293,994**		**$158,821,667**	

Environment & Natural Resources - Clean Water Management Trust Fund

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$30,000,000**		**$30,000,000**	
Legislative Changes				
Clean Water Management Trust Fund				
95 Clean Water Management Trust Fund Increase funds for the Clean Water Management Trust Fund in accordance with Section 7.7 of SL 2000-67.	$10,000,000	R	$40,000,000	R
Total Legislative Changes	**$10,000,000**	R	**$40,000,000**	R
Total Position Changes				
Revised Budget	**$40,000,000**		**$70,000,000**	

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$45,027,007		$45,027,007	
Legislative Changes				
Administration				
96 Eliminate Vacant Position Eliminate Assistant Secretary for Economic Development position and reduce $3,500 in operating costs.	($104,076) -1.00	R	($104,076) -1.00	R
97 Restore Position Restores Assistant Secretary for Economic Development position.	$69,422 1.00	R	$69,422 1.00	R
Business & Industry				
98 Eliminate Vacant Position Eliminate vacant Industrial Development Representative II position and reduce $3,500 in operating support.	($52,772) -1.00	R	($52,772) -1.00	R
99 Reduce Regional Office Positions Reduce selected positions from 40 to 30 hours per week and reduce operating support.	($52,800) -1.50	R	($52,800) -1.50	R
Program Assistant IV (0.25 FTE) ($7,597) Program Assistant IV (0.25 FTE) ($8,057) Program Assistant IV (0.25 FTE) ($7,097) Program Assistant IV (0.25 FTE) ($8,670) Program Assistant IV (0.25 FTE) ($6,678) Program Assistant IV (0.25 FTE) ($9,451) Operating Support ($5,250)				
100 Create Developer Positions Provides funds for new Economic Developer positions and operating support.	$150,000 2.00	R	$150,000 2.00	R
Center for Entrepreneurship & Technology				
101 Abolish Center for Entrepreneurship & Technology Abolish Center for Entrepreneurship & Technology by eliminating positions, operating support, and Reserve for New and Emerging Industries.	($624,856) -4.00	R	($624,856) -4.00	R
Executive Director ($101,562) Economic Developer ($77,451) Economic Developer ($80,372) Administrative Assistant III ($45,954) Operating Support ($119,517) Reserve for New & Emerging Ind ($200,000)				

	FY 2001-02		FY 2002-03	
Commerce Finance Center				
102 Industrial Recruitment Competitive Fund Continues support for the Industrial Recruitment Competitive Fund.	$1,080,642	NR		
Community Assistance				
103 Reduce Funding for Councils of Government Reduce funding for the Councils of Government (COGs) due to the closing of the Region H COG.	($55,000)	R	($55,000)	R
Department Wide				
104 Transfer from OSBPM - State Data Center Transfers a Statistician II position currently housed in the State Data Center within the State Planning Section of OSBPM to the Department of Commerce. This position is responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for this position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce.	$0	R	$0	R
105 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	$371,302 3.00	R	$371,302 3.00	R
Industrial Commission				
106 Reduce Operating Support Reduce operating line items.	($44,061)	R	($44,061)	R
107 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Processing Assistant II ($27,672) Data Control Clerk III ($26,360) Processing Assistant III (.50 FTE) ($18,211) Computer Support Tech (.25 FTE) ($7,027) Operating Support ($9,625)	($88,895) -2.75	R	($88,895) -2.75	R
108 Reduce Salary Reserve Reduce salary reserve for Applications Analyst Programmer position.	($2,698)	R	($2,698)	R
109 Eliminate Position Eliminate Processing Assistant IV position and reduce $3,500 in operating support.	($40,435) -1.00	R	($40,435) -1.00	R

	FY 2001-02		FY 2002-03	
International Trade				
110 Research Triangle International Visitors Center Reduce general operating budget by 5%.	($1,000)	R	($1,000)	R
Tourism, Film and Sports Development				
111 Eliminate Vacant Position Eliminate Information & Communication Specialist II position and reduce $3,500 in operating support.	($47,354) -1.00	R	($47,354) -1.00	R
112 Reduce Welcome Center Positions Reduce selected positions in Welcome Centers from 40 to 30 hours per week and reduce operating support.	($50,415) -2.00	R	($50,415) -2.00	R
General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,322) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,734) General Utility Worker (0.25 FTE) ($5,663) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,322) Operating Support ($7,000)				
113 Reduce Printing Reduce printing line-item.	($150,000)	R	($150,000)	R
114 Eliminate Advertising Reserve Eliminate advertising reserve.	($75,000)	R	($75,000)	R
115 Operating Support Additional funds for operating support.	$200,000	R	$200,000	R
Total Legislative Changes	**($598,638)** **$1,080,642**	R NR	**($598,638)**	R
Total Position Changes	-8.25		-8.25	
Revised Budget	**$45,509,011**		**$44,428,369**	

Commerce - State Aid

	GENERAL FUND		
	FY 2001-02		FY 2002-03
Recommended Budget	**$5,200,000**		**$5,200,000**
Legislative Changes			
Grants-in-Aid			
116 Yadkin Pee Dee Lakes			
Provides funds for the Yadkin Pee Dee Lakes Project.	$100,000	NR	
117 Technological Development Authority			
Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.	$2,000,000	NR	
118 NC Minority Support Center			
Provides start-up funds to expand the Latino Community Credit Union to Wake County.	$200,000	NR	
Total Legislative Changes	**$2,300,000**	NR	
Total Position Changes			
Revised Budget	**$7,500,000**		**$5,200,000**

N.C. Biotechnology Center

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$6,738,913		$6,738,913	
Legislative Changes				
NC Biotechnology Center				
119 Reduce Administrative Support/HMU Transfer Reduce administrative support associated with the Biotechnology Initiative for Historcally Minority Universities (HMU). The Governor recommended transferring this $900,000 initiative to the UNC Board of Governors effective FY 2001-02.	($100,000)	R	($100,000)	R
120 Reduce General Operating Budget Reduce general operating budget.	($368,445)	R	($368,445)	R
121 Reduce Cash Balance Reduce the N.C. Biotechnology Center's General Fund appropriation for FY 2001-02 and replace the funds with a one-time transfer from the Center's cash balance.	($1,000,000)	NR		
Total Legislative Changes	($468,445) ($1,000,000)	R NR	($468,445)	R
Total Position Changes				
Revised Budget	$5,270,468		$6,270,468	

Rural Economic Development Center

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$4,257,338		$4,257,338	
Legislative Changes				
Administration				
122 General Administration Provides additional funds for general oversight and management of Rural Center programs.	$117,722	R	$117,722	R
Cash Balances				
123 Reduce Cash Balances Reduce the Rural Center's General Fund appropriation for FY 2001-02 and replace the funds with one-time transfers from the Child Care Loan Program ($499,694) and from the Center's other cash reserves ($500,000), thereby reducing the Center's overall cash balances.	($999,694)	NR		
Center-Wide				
124 Reduce Operating Support Reduce operating support for the Center's various programs and administrative activities.	($186,867)	R	($186,867)	R
Grant Programs				
125 Supplemental Funding Program Provides additional funds for the Supplemental Funding Program and for two staff positions. Water and Sewer Grants $357,000 Staff $138,278 Water, Sewer and Business Development Grants $400,000	$895,278	R	$895,278	R
126 Capacity Building Assistance Program Provides funds to support staffing for the Capacity Building Assistance Program.	$137,000	R	$137,000	R
Reserves				
127 Agricultural Advancement Consortium Places funds in a reserve for the operating expenses associated with the Agricultural Advancement Consortium and for research initiatives funded by the Consortium. Administrative Expenses $75,000 Research Initiatives $175,000	$250,000	R	$250,000	R

Senate Subcommittee on Natural and Economic Resources	FY 2001-02		FY 2002-03	
Total Legislative Changes	$1,213,133 ($999,694)	R NR	$1,213,133	R
Total Position Changes				
Revised Budget	$4,470,777		$5,470,471	

NER

Special Provisions

SB 1005 – Third Edition

(3) The sum of one hundred eighty thousand dollars ($180,000) to provide training for residential child care facilities.

(4) The sum of seven hundred twenty thousand dollars ($720,000) to provide for various other child welfare training initiatives.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT		
01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for

Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 5.2.(f) Study. – The Department of Commerce shall study the development of a training program designed to provide a minimum level of knowledge and skills for Community Development Block Grant administrators. In conducting the study, the Department shall consult the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Community Development Association, and the Institute of Government at the University of North Carolina at Chapel Hill. The Department may use unencumbered and unspent State Technical Assistance funds from previous program years to conduct the study. The Department shall report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2002.

PART VI. GENERAL PROVISIONS

Requested by: Senators Flyler, Odom, Lee

SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND CASH BALANCES/AUTHORIZATION FOR EXPENDITURES

SECTION 6.1.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund.

Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees only as follows:

(1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or

(2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at

SECTION 15.6.(c) This act is effective when it becomes law.

Requested by: Senators Reeves, Plyler, Odom, Lee

NORTH CAROLINA INFORMATION HIGHWAY SITES

SECTION 15.7.(a) Of the funds available in the Office of Information Technology Services reserves, the sum of three million twenty-four thousand one hundred eighty-five dollars ($3,024,185) shall be used for the 2001-2002 fiscal year to fund North Carolina Information Highway (NCIH) sites that received funding from the ITS reserves during the 2000-2001 fiscal year.

SECTION 15.7.(b) The Joint House of Representatives and Senate Appropriations Subcommittees on Education shall review the use of the North Carolina Information Highway and recommend a mechanism for funding the sites beyond the 2001-2002 fiscal year.

Requested by: Senators Plyler, Odom, Lee

REDUCTION IN EXPENDITURES BASED ON ITS RATE REDUCTIONS

SECTION 15.8. The Office of State Budget and Management shall administer reductions in the Telephone (532811), Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts in an amount equal to eleven million dollars ($11,000,000) of General Fund appropriations through the allotment system established in G.S. 143-17. The reductions in expenditures shall be based on a percentage reduction in the rates for telephone/telecommunications and computer data processing services provided by the Office of Information Technology Services. The telephone/telecommunications rate reduction shall reduce agency General Fund expenditures by six million dollars ($6,000,000). The computer data processing rate reduction shall reduce agency General Fund expenditures by five million dollars ($5,000,000).

The Office of Information Technology Services shall have flexibility in establishing the rate reductions based upon a clear showing of cost reductions achieved through operational efficiencies or cost reductions achieved through less costly contractual arrangements. Based upon the rate reductions established by the Office of Information Technology Services, the Office of State Budget and Management shall have flexibility in allocating the reduction amounts among the Telephone (532811), Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts. During Fiscal Years 2001-2002 and 2002-2003 allotments to each spending agency shall be reduced by a percentage of the General Fund amounts appropriated to that agency for telephone/telecommunications and computer data processing services.

The Office of Information Technology Services and the Office of State Budget and Management shall coordinate the rate reductions and agency expenditure accounts reductions to ensure that expenditure reductions match rate reductions. The Office of Information Technology Services shall report the rate reductions to the Information Resources Management Commission, the Chairs of the House of Representatives and Senate Appropriations Committees, the Chairs of the Joint Appropriations Subcommittee on Information Technology, and to the Fiscal Research Division within 30 days of the certification of the 2001-2003 biennial budget.

PART XVI. HOUSING FINANCE AGENCY

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

HOME PROGRAM MATCHING FUNDS

SECTION 16.1.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds

appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

SECTION 16.1.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

SECTION 16.1.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2002, or on June 30, 2003.

PART XVII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS AND WELCOME CENTERS

SECTION 17.1. Article 6D of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-89.59A. Promotion of North Carolina farm products at rest areas and welcome centers.**

Subject to the approval of the Department, the Department of Agriculture and Consumer Services may distribute promotional materials and free samples of North Carolina farm products at rest areas and welcome centers located on controlled-access facilities and operated by the State for the purpose of promoting North Carolina farm products."

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

TRANSFER RURAL REHABILITATION CORPORATION TO AGRICULTURAL FINANCE AUTHORITY

SECTION 17.2.(a) G.S. 143A-63 reads as rewritten:

"**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

The North Carolina Rural Rehabilitation Corporation, and board of directors, as contained in Chapter 137 of the General Statutes and the laws of this State, is ~~hereby~~ transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance Authority in the Department of Agriculture and Consumer Services."

SECTION 17.2.(b) Article 2 of Chapter 137 of the General Statutes is repealed.

SECTION 17.2.(c) No later than January 15, 2002, the North Carolina Agricultural Finance Authority shall report to the Joint Legislative Commission on

Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, and the Fiscal Research Division on the status of the transfer required under this section. This report shall include any statutory changes that are needed to implement the transfer required under this section.

Requested by: Senators Cunningham, Martin of Pitt, Weinstein, Albertson, Plyler, Odom, Lee

FARMLAND PRESERVATION FUNDS

SECTION 17.3. The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act to the Department of Agriculture and Consumer Services for the North Carolina Farmland Preservation Trust Fund established in G.S. 106-744 shall be used to continue the purposes for which the Fund was established.

PART XVIII. DEPARTMENT OF LABOR

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS

SECTION 18.1. If Senate Bill 897 or House Bill 1057 of the 2001 General Assembly becomes law, the Department of Labor shall allocate the increased elevator and amusement device inspection fee receipts to support the Elevator and Amusement Device Bureau, and the Director of the Budget shall reduce appropriations to the Department as provided in G.S. 143-25.

PART XIX. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

GRASSROOTS SCIENCE PROGRAM

SECTION 19.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million four thousand five hundred twenty dollars ($3,004,520) for fiscal year 2001-2002 and the sum of three million four thousand five hundred twenty dollars ($3,004,520) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	$58,298	$58,298
Cape Fear Museum	$201,103	$201,103
Catawba Science Center	$161,968	$161,968
Colburn Gem and Mineral Museum, Inc.	$70,274	$70,274
Discovery Place	$667,632	$667,632

Granville County Museum Commission, Inc. - Harris Gallery	$60,978	$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$151,963	$151,963
Imagination Station	$92,584	$92,584
Iredell County Children's Museum	$57,927	$57,927
Museum of Coastal Carolina	$63,437	$63,437
Natural Science Center of Greensboro	$240,852	$240,852
North Carolina Museum of Life and Science	$426,141	$426,141
Rocky Mount Children's Museum	$86,921	$86,921
Schiele Museum of Natural History	$333,578	$333,578
Sci Works Science Center and Environmental Park of Forsyth County	$172,528	$172,528
Western North Carolina Nature Center	$158,336	$158,336
Total	$3,004,520	$3,004,520

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION 19.3.(a) G.S. 143B-313.2(b) reads as rewritten:

"(b) Terms. – Members shall serve ~~two-year terms~~staggered terms of office of three years. Members shall serve no more than two ~~full two-year terms~~consecutive three-year terms. After serving two consecutive three-year terms, a member is not eligible for appointment to the Authority for at least one year after the expiration date of that member's most recent term. Upon the expiration of a ~~two-year~~ three-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. ~~The term of members appointed under odd-numbered subdivisions of subsection (a) of this section shall expire on 30 June of odd-numbered years. The term of members appointed under even-numbered subdivisions of subsection (a) of this section shall expire on 30 June of even-numbered years.~~The terms of members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three. The terms of members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this section shall expire on July 1 of years that follow by one year those years that are evenly divisible by three. The terms of members appointed under subdivision (3), (6), or (10) of subsection (a) of this section shall expire on July 1 of years that precede by one year those years that are evenly divisible by three."

SECTION 19.3.(b) In order to alter the length of the staggered terms from two years to three years for the North Carolina Parks and Recreation Authority and to provide for an orderly transition in membership of the Authority as specified in G.S. 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S. 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

(1) John D. Runkle shall serve in the position established by G.S. 143B-313.2(a)(1) until July 1, 2001.

(2) Wendell Begley shall serve in the position established by G.S. 143B-313.2(a)(2) until July 1, 2002.

(3) Jonathon B. Howes shall serve in the position established by G.S. 143B-313.2(a)(3) until July 1, 2003.

(4) Ron Kincaid shall serve in the position established by G.S. 143B-313.2(a)(4) until July 1, 2002.

(5) Russell Robinson III shall serve in the position established by G.S. 143B-313.2(a)(5) until July 1, 2001.
(6) Roy Alexander shall serve in the position established by G.S. 143B-313.2(a)(6) until July 1, 2003.
(7) Kenneth Sadler shall serve in the position established by G.S. 143B-313.2(a)(7) until July 1, 2001.
(8) Leslie Anderson shall serve in the position established by G.S. 143B-313.2(a)(8) until July 1, 2002.
(9) Troy Boyd shall serve in the position established by G.S. 143B-313.2(a)(9) until July 1, 2001.
(10) Harriet L. Farrior shall serve in the position established by G.S. 143B-313.2(a)(10) until July 1, 2003.
(11) Eddie Holbrook shall serve in the position established by G.S. 143B-313.2(a)(11) until July 1, 2002.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO BE USED FOR MARKETING PURPOSES

SECTION 19.4. Subject to the approval of the Secretary of Environment and Natural Resources, up to four hundred thousand dollars ($400,000) of the receipts from the increase in admission fees to the North Carolina Zoological Park for the 2001-2002 fiscal year and up to four hundred thousand dollars ($400,000) of those receipts for the 2002-2003 fiscal year may be used for marketing activities related to promoting the North Carolina Zoological Park.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

SECTION 19.5. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.
(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
(3) To maintain a web-based water quality data distribution site.
(4) To organize and evaluate existing scientific and State agency water quality databases.
(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring, and Water Quality Permitting.
(2) Nutrient Management.
(3) Water Pollution Control.
(4) Waste Management.
(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-Based Data Dissemination.

(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed."

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

SECTION 19.6.(a) The Department of Environment and Natural Resources shall continue the one-stop environmental permit application assistance and tracking system pilot project established under Section 13.7 of S.L. 2000-67 during the 2001-2003 fiscal biennium. It is the intent of the General Assembly that the Department of Environment and Natural Resources expand this pilot program to a statewide program effective in all of the Department's regional offices if the resources are available to do so during the 2001-2003 fiscal biennium. The provisions of Section 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

SECTION 19.6.(b) The Department of Environment and Natural Resources shall report to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, the Fiscal Research Division, and the Environmental Review Commission no later than April 1, 2002, and again no later than April 1, 2003, regarding the results of the pilot project continued under this section. This report shall include the number of environmental permits in the pilot project that took more than 90 days to issue or deny; the types of permits those were; the reasons for the extended processing time of those permits; how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department; based on the data gathered in the pilot project, any recommendations regarding what the permit time frames should be for all major permits issued by the Department; and to what extent, if any, the program has been expanded to a statewide program under this section.

SECTION 19.6.(c) The Department of Environment and Natural Resources may adopt temporary rules to implement this section.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN

SECTION 19.7. The Department of Environment and Natural Resources shall develop a plan to make the Division of Radiation Protection of the Department of Environment and Natural Resources self-supporting within two years. The Department of Environment and Natural Resources shall report the details of this plan to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than January 15, 2002.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

SECTION 19.8. The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its findings and recommendations, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM MANAGER

SECTION 19.9. The Secretary of Environment and Natural Resources shall designate from existing staff within the Department of Environment and Natural

Resources a staff position to be responsible for managing the Submerged Lands Program. By August 1, 2001, the Secretary shall report to both the Senate and House of Representatives Cochairs of the Appropriations Subcommittees on Natural and Economic Resources what position will manage the Program.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

SECTION 19.10. The Department of Environment and Natural Resources shall report to the Senate and House of Representatives Cochairs of the full Appropriations Committee, and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees by October 1, 2001, on the Department's reclassification of its regional office managers as directed by Section 26.12 of S.L. 1995-324. The report shall include the following: the location and title of the four remaining positions, a description of the duties and responsibilities assigned to each position, a description of the day-to-day activities of each of the positions, an explanation of the purposes each of the positions serve, an explanation of how the positions benefit the Department, and a description of the role that the positions play in each of the respective communities and regions in which the positions are located.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS

SECTION 19.11.(a) The Department of Environment and Natural Resources shall study the permitting process in the Division of Water Quality, the Division of Coastal Management as it relates to CAMA permits, and the Division of Land Resources as it relates to the sedimentation and erosion control plans. The study shall at a minimum include the following:

(1) A description of how the permitting process currently works.
(2) The number and types of permits issued by each of these Divisions.
(3) The time frame within which each of the types of permits is issued.
(4) The adequacy of existing staff levels to complete the issuance of permits in a timely manner.
(5) Whether duplication in the permitting process exists between the regional office and the central office staff.
(6) Efficiencies to be gained from delegation of authority to regional offices.
(7) Efficiencies to be gained from issuing more general permits.
(8) The amount of revenue generated by the permits and retained as departmental receipts.
(9) Any other information or issue deemed relevant by the Fiscal Research Division to provide an accurate analysis of the issues.

SECTION 19.11.(b) In conducting this study, the Department shall record its tracking of the permits and the statistical data regarding those permits in a format that is easily accessible and usable for fiscal analysis by the Fiscal Research Division.

SECTION 19.11.(c) The Department shall make a report with its findings and recommendations to the Senate and House of Representatives Cochairs of the full Appropriations Committee and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees, on ways to improve, expedite, or simplify the permitting process no later than March 10, 2002.

PART XX. DEPARTMENT OF COMMERCE

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

TOURISM PROMOTION FUNDS

SECTION 20.1. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS/OREGON INLET FUNDS

SECTION 20.2.(a) Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-seven thousand eight hundred seventy dollars ($127,870) for the 2001-2002 fiscal year and the sum of one hundred twenty-seven thousand eight hundred seventy dollars ($127,870) for the 2002-2003 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

SECTION 20.2.(b) Funds appropriated to the Department of Commerce for the 2000-2001 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2001, shall not revert to the General Fund on June 30, 2001, but shall remain available to the Department for legal costs associated with the Project. This subsection becomes effective June 30, 2001.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

SECTION 20.3.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Moneys allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Moneys may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new

or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of moneys from the Fund.

SECTION 20.3.(b) The Department of Commerce shall report on or before October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

SECTION 20.4.(a) Effective July 1, 2001, the Center for Entrepreneurship and Technology (hereinafter Center) in the Department of Commerce (hereinafter Department) is abolished.

SECTION 20.4.(b) The Department shall not carryforward any unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection becomes effective June 30, 2001.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION 20.5. The Department of Commerce (hereinafter Department) shall study the feasibility of consolidating each of the Business and Industry Division regional offices (hereinafter B&I) with a Regional Economic Development Commission (hereinafter Commission) office. In considering whether consolidation is feasible and would better advance the goals of both the B&I and the Commissions, the Department shall do at least the following:

(1) Evaluate the degree to which existing shared offices in Asheville, Edenton, Greensboro, and Research Triangle Park differ in organization, budget, and performance from the B&I offices in Charlotte, Greenville, and Fayetteville that do not share office space with Commissions.

(2) Evaluate the extent to which B&I staff responsibilities in each B&I office duplicate those performed by the Commission staff in their region regardless of whether the offices are shared or separate.

(3) Evaluate the extent to which existing B&I offices in Lenoir and Bryson City add value cost-effectively to the service provided by the Asheville office. In particular, the Department shall consider how the same level of service might be provided if the Lenoir and Bryson City offices were eliminated or merged into the Asheville office.

(4) Estimate any costs that would result from closing B&I offices in Charlotte, Greenville, and Fayetteville and consolidating them with Commissions in Charlotte, Kinston, and Elizabethtown, respectively. The Department shall also estimate any costs that would result from closing B&I offices in Lenoir and Bryson City and consolidating them with the Asheville office.

(5) Identify whether the actions described in subdivision (4) of this section would produce any net savings and, if affirmative, identify the sources of the savings. The Department shall document whether all current B&I regional staff would remain essential to program function if the closings and consolidations described in subdivision (4) of this section were carried out.

The Department shall report its findings and recommendations, including any estimates of efficiencies and cost savings that may be produced by consolidating the Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and consolidating the Lenoir and Bryson City offices with the existing shared office in Asheville, to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources by January 15, 2002.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 20.6.(a) There is appropriated from the Worker Training Trust Fund to the Department of Commerce the sum of five million nine hundred thirty thousand sixteen dollars ($5,930,016) for the 2001-2002 fiscal year for the operation of local Employment Services and Workforce Development offices.

SECTION 20.6.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2001-2002 fiscal year for the following purposes:

(1) Two million one hundred sixty-six thousand forty-seven dollars ($2,166,047) for the 2001-2002 fiscal year to the North Carolina Community Colleges System Office for its New and Expanded Industry Training Program;

(2) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the North Carolina Community Colleges System Office for customized training of the unemployed and the working poor for specific jobs needed by employers through the Office's Bureau for Training Initiatives;

(3) One million six hundred forty-four thousand three hundred twelve dollars ($1,644,312) for the 2001-2002 fiscal year to the North Carolina Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred eleven thousand eight hundred ninety-six dollars ($211,896) for the 2001-2002 fiscal year to the Department of Commerce for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred seventy-six thousand seven hundred four dollars ($376,704) for the 2001-2002 fiscal year to the North Carolina Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-six thousand five hundred six dollars ($56,506) for the 2001-2002 fiscal year to the Department of Commerce to maintain compliance with Chapter 96 of the General Statutes, which directs the Department of Commerce to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor to continue the Apprenticeship Program.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

BIOTECHNOLOGY CENTER

SECTION 20.7.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 20.7.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 20.7.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.7.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.

(2) Negotiate the terms of the legal agreement in good faith.

(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.

(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., REPORTING REQUIREMENTS

SECTION 20.9. The North Carolina Technological Development Authority, Inc., (TDA) shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

(3) Fourth quarter allotments shall not be released to TDA until it satisfies the reporting requirements for January 15, 2002.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 20.10.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by

dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

REGIONAL COMMISSION REPORTS

SECTION 20.11.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.11.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION 20.12.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION 20.12.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 20.12.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 20.12.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

SECTION 20.12.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee, Kerr, Warren

GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP CHANGES

SECTION 20.13.(a) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in G.S. 143-128(f)(2) and one of whom may be a member of the board of commissioners.

(2) The ~~Authority~~ Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the ~~Authority~~ Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in G.S. 143-128(f)(2). The ~~Authority~~

Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 20.13.(b) G.S. 158-35(c) reads as rewritten:

"(c) Removal; Vacancies. – A member of the Commission may be removed with or without cause by the appointing body. In addition, a majority of the Commission members may, by majority vote, remove a member of the Commission if that member does not attend at least three-quarters of the regularly scheduled meetings of the Commission during any consecutive 12-month period of service of that member on the Commission, except that absences excused by the Commission due to serious medical or family circumstances shall not be considered. If the Commission votes to remove a member under this subsection, the vacancy shall be filled in the same manner as the original appointment. Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointing authority. All members shall serve until their successors are appointed and qualified, unless removed from office."

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NONPROFIT REPORTING REQUIREMENTS

SECTION 20.14.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and Rural Families, Inc., North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., Partnership for the Sounds, Inc., and North Carolina REAL Enterprises shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements for January 15, 2002, or January 15, 2003.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 20.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2001-2002 fiscal year and the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	$444,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	455,000	455,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	137,000	137,000.

SECTION 20.15.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 20.15.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

SECTION 20.15.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 20.15.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2001-2002 fiscal year and the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,644,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,244,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness,

efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $400,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $250,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $175,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 20.15.(f) For the 2001-2002 fiscal year only, the Office of State Budget and Management shall reduce the funds appropriated in this act to the Rural Economic Development Center, Inc., by an amount of nine hundred ninety-nine thousand six hundred ninety-four dollars ($999,694). The Center shall compensate for this reduction by using available cash balances from the Child Care Loan Fund in the amount of four hundred ninety-nine thousand six hundred ninety-four dollars ($499,694) and the amount of five hundred thousand dollars ($500,000) from other cash reserves on hand.

SECTION 20.15.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 20.16.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

SECTION 20.16.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

~~**PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**~~

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-H1

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REALLOCATE TOWN FORK CREEK FUNDS

SECTION #.(a) Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L. 2000-140, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~2001.~~ 2003. Those funds are reallocated as follows:

(1) Five hundred ~~four thousand five hundred sixty~~ forty-one thousand six hundred eighty dollars ~~($504,560)~~ ($541,680) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) ~~Nine hundred thirty thousand six hundred eighty dollars ($930,680)~~ Eight hundred ninety-three thousand five hundred sixty dollars ($893,560) to the Stokes County Water and Sewer Authority, Inc., for the Walnut Cove/Industrial Site Connection Project. Any funds under this subdivision not necessary for this project are reallocated to the project listed under subdivision (3) of this subsection upon the written finding of the Stokes County Water and Sewer Authority, Inc.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

SECTION #.(b) This section becomes effective June 30, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H5

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY,INC./YADKIN/PEE DEE LAKES PROJECT, INC.

SECTION #. The North Carolina Technological Development Authority, Inc., (TDA) and Yadkin/Pee Dee Lakes Project, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

(3) Fourth quarter allotments shall not be released to TDA until it satisfies the reporting requirements for January 15, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

DRAFT APPROPRIATIONS PROVISION:
DEPARTMENT OF LABOR

SECTION 1. (a) G.S. 95-105 and G.S. 95-106 are repealed.

SECTION 2. (b) G.S. 95-107 reads as rewritten:
"**§ 95-107. Assessment and collection of fees; certificates of safe operation.**
The assessment of the fees ~~pursuant to this Article~~ adopted by the Commissioner pursuant to G.S.95-110.5 and G.S. 95-111.4 shall be made against the owner
or operator of ~~such~~ the equipment and may be collected at the time of inspection. If the fees are not collected at the time of inspection, the Department must bill the owner or operator of the equipment for the amount of the fee assessed ~~under this Article~~ for the inspection of the equipment and the amount assessed is payable by the owner or operator of the equipment upon receipt of the bill. Certificates of safe operation may be withheld by the Department of Labor until such time as the assessed fees are collected."

SECTION 3. (c) G.S. 95-108 reads as rewritten:
"**§ 95-108. Disposition of fees.**
All fees collected by the Department of Labor pursuant to ~~this Article~~ G.S. 95-110.5 and G.S. 95-111.4 shall be deposited with the State Treasurer and shall be used exclusively for inspection ~~purposes of the equipment referenced in this Article.~~ and certification purposes."

SECTION 4. (d) G.S. 95-110.5 is amended by adding new subdivisions to read:
"(20) To establish reasonable fees for the inspection and issuance of certificates of operation for all devices and equipment subject to this Article upon installation or alteration, for each follow-up inspection, and for periodic inspections thereafter.

SECTION 5. (e) G.S. 95-111.4 is amended by adding new subdivisions to read:
"(19) To establish reasonable fees for the inspection and issuance of certificates of operation for devices subject to this Article that are in use.

SECTION 6. (f) Of the receipts appropriated by this act to the Department of Labor, The Department shall allocate increased elevator and amusement device fee receipts for the 2001-2002 fiscal year and the 2002-2003 fiscal year to support the Elevator and Amusement Device Bureau. There shall be a reduction of at least two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) in General Fund appropriations to the Department for the 2001-2002 fiscal year and a reduction of at least nine hundred sixty-eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year.

SECTION 7. (g) The reductions in the General Fund allocations provided for in subsection (f) are instead of the reductions recommended by the Governor for the 2001-2003 biennium that would have been contained in this act and are as follows:

(1) One hundred fifty-five thousand thirty-nine dollars ($155,039) recurring reductions in operating efficiencies, specifically in the areas of equipment, software, library resources, and overtime pay.
(2) Ninety-three thousand nine hundred sixty-one dollars ($93,961) recurring reduction to offset the budgeting of indirect cost receipts.

SECTION 8. (h) If the receipts are greater than two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) for the 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three ($968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce appropriations to the Department of Labor as provided in G.S. 143-25.

SECTION 9. (i) Section 1 of this act becomes effective October 1, 2001. The remainder of this act is effective when it becomes law.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 06-06-01

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Angela Overton Cogdill	NC REAL Enterprises
[illegible]	DENR
[illegible]	NC BioTech Center
[illegible]	N CAFA
Leslie Boney	NCDOC
Doug Lassiter	NC Septic Tank Assoc
Clara Gay	NCDA & CS
Alan Foster	NCDA&CS
FRAN NOLAN	GRASSROOTS SCIENCE
ROBIN PASQUARELLO	Commerce
Becky Brown	Labor
[illegible]	NC [illegible] Assn
Susan Carroll	NC Biotechnology Ctr
Charles HAMNER	" " "
Lori GREENSTEIN	" " "
[illegible]	NC Sierra Club
[illegible]	NC Conservation Network
Nat Mund	CCNC
[illegible] HOLMES	CWMTF
[illegible]	OSBM
[illegible]	"
[illegible]	"
[illegible]	NC Minority Support Center
Matt Ba[illegible]	CCNC
Nancy Thompson	YMCIC
Carla Hardinos	TNC - NC
[illegible]	NC Farmers Assoc

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ebonie Alexander	NC Community Development Initiative
Sharon Hilsonb	NC Rural Center
Pamela Lawson	Triangle J COG
Kitty Turner Camp	World Trade Center North Carolina
P.D.	NCTP
Linda Powell	Technological Dev. Auth.

Linda A. Johnson (Rep. Owens)

From: Linda A. Johnson (Rep. Owens)
Sent: Wednesday, June 06, 2001 10:48 AM
Subject: APPROPRIATIONS-House Subcommittee on NER Meeting
Importance: High

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2001-2002 SESSION

You are hereby notified that the **HOUSE APPROPRIATIONS -Subcommittee On Natural And Economic Resources** will meet as follows:

DAY & DATE: **Thursday**
June 7, 2001

TIME: **8:30AM**

LOCATION: **423 LOB**

Please bring the Special Provisions and Money Documents received in the meeting today.

And, please bring in writing any recommended changes to the budget you have and include where the money will come from out of the existing budget.

Also, have available any additional Special Provisions you would like to include.

There will be no votes taken on these issues in this meeting.

Respectfully,

Representatives Bill Owens and Stan Fox
Co-chairs

I hereby certify this notice was filed by the committee clerk at the following offices at 12:00 Noon June 6, **2001**.

___Principal Clerk
___Reading Clerk - House Chamber

Linda A. Johnson (Committee Assistant)

6/6/2001

Minutes

House Appropriations Subcommittee on
Natural and Economic Resources
June 7, 2001 - 8:30 A.M.

The House Appropriations Subcommittee on Natural and Economic Resources met on Thursday, June 7, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Bill Owens, Edith Warren, Arlie Culp, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly and Roger West. A visitor's sheet is attached (ATTACHMENT I).

Representative Bill Owens chaired the meeting.

Continue Review of Special Provisions and Money Document
(Received in June 6, 2001 Meeting)
And
Review Any Additional Special Provisions

Chair Bill Owens recognized Ms. Jennifer Willis, Fiscal Research. She discussed the North Carolina Department of Agriculture and Consumer Services (NCDA&CS) budget cuts over the last several years. She stated that the Maritime Museum had been transferred from the Department of Agriculture to the Department of Cultural Resources. From 1993-1994 to 1999-2000 the authorized budget for the Department has increased by 26%. Ms. Clara Gay, Budget Officer, NCDA&CS, said the budget cuts referred to in yesterday's committee meeting were mostly referring to monies that had reverted to the General Fund.

Ms. Jennifer Hoffman, Fiscal Research, reviewed a three-page summary on the West Nile Virus (ATTACHMENT II).

Representative Alice Underhill was recognized. She stated she had received a resolution from a Mosquito Control Association group stating that the State appropriation for mosquito control in 1952 was $2M and now it is one-half a million dollars. Ms. Hoffman said she did not know what the appropriation was in 1952, but that amount is not spent now. There was discussion about the possibility of increasing the funds. Chair Bill Owens said in order to consider an increase; the committee should have a request for the funds from the appropriate State agency.

Chair Bill Owens reported to the committee that they would not be handling the Clean Water Trust Fund. The chairs of Full Appropriations will handle this.

Chair Bill Owens asked if there were any special provisions to be presented. He stated that special provisions could be submitted, but that there would be no voting on the provisions at today's meeting.

Representative Frank Mitchell submitted a special provision on the World Trade Center (ATTACHMENT III).

Representative Nurham Warwick stated that he had five special provisions. Three were in written form ready to submit today and he would have the other two ready later.

(1) HB 1167, A HOUSE RESOLUTION AUTHORIZING THE CREATION OF THE HOUSE SELECT STUDY COMMITTEE ON VARIOUS ENVIRONMENTAL RULES (ATTACHMENT IV).

(2) HB 308, AN ACT TO PROVIDE FOR FAIR GEOGRAPHIC REPRESENTATION IN APPOINTING MEMBERS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION (ATTACHMENT V).

(3) Special Provision, County must designate rule-making coordinator: duties of coordinator (ATTACHMENT VI).

Chair Bill Owens said he would check with the chairs of Full Appropriations to see if the two submitted in bill format were appropriate. Representative Nurham Warwick said he would get these changed to a special provision format if needed.

Representative Nurham Warwick said the two remaining special provisions would be prepared and submitted later. One is dealing with local government having the option to change a rule with cooperation of the Rules Review Commission. The other provision deals with the appointment on all boards in State Government being fairly distributed geographically across the State.

Chair Bill Owens told Representative Nurham Warwick that he would check with the Full Appropriations chairs and let him know next week what could be done on his provisions.

Representative Frank Mitchell said he had a bill on Regulating Body Piercing that has passed the Public Health Committee and has passed the Finance Committee. The bill was introduced at the request of the Health Department. It has been referred to the Appropriations Committee because DENR said one-half a position is needed at a cost of $30,000 to $40,000. He stated the bill should go to the Senate since it is a policy change.

Chair Bill Owens said he would check to see the best way to handle the bill, but told Representative Frank Mitchell that he has the right to recommend a motion to switch funding to support the bill.

Representative Frank Mitchell presented a special provision on oyster research (ATTACHMENT VII).

Chair Bill Owens recognized Mr. Adam Levinson, Fiscal Research, to review a special provision (ATTACHMENT VIII) on the North Carolina Biotechnology Center and the Technological Development Authority, Inc. The provision provides for the State to partner with the agencies in order to share in any profits gained. These two agencies will report back to the Joint Commission on Governmental Operations by January 15, 2002.

Mr. J. Allen Adams, Lobbyist for the Biotechnology Center, said the Center does not oppose an agreement.

Ms. Lori Greenstein, Senior Vice-President for Corporate Administration/Chief Financial Officer, North Carolina Biotechnology Center, was recognized. She shared information on the continued importance of the Center to the State of North Carolina.

Mr. Adam Levinson, Fiscal Research, discussed a handout (ATTACHMENT IX) on the History of General Fund Appropriations for the Biotechnology Center. He stated the $1M reduction in the appropriation would be offset because the Center will be allowed to use a like amount from the cash balance.

Chair Bill Owens said the sub-committee chairs would take the recommendations submitted today to the chairs of Full Appropriations and will report back to the committee.

Chair Bill Owens adjourned the meeting at 9:26 a.m.

Respectfully submitted,

Bill Owens

Representative Bill Owens, Chair

Linda A. Johnson

Linda A. Johnson, Committee Assistant

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

June 7, 2001 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Thomas Cheek	OSBPM
Jim Newell	OSBPM
Johnny Gray	OSBPM
Buddy Humphrey	OSBPM
Steven Burke	North Carolina Biotechnology Center
Susan Carroll	NC Biotechnology Ctr
Lori Greenstein	" " "
Kim Hibbard	NCLM
KEVIN LEONARD	NCDOL
Linda Gunn	NCIMEDS
Margaret Mathrone	NC Housing Finance Agency
Beth Camp	World Trade Center North Carolina
PD	NCDA
Clara Gay	NCDA&CS
Mark Foster	NCDA&CS
Angela Quinton Cogdill	NC REAL Enterprises
[illegible]	BIOFUEL CENTER
L. HODGES	DENR
Carla Handrinos	TNC - NC
Matt Brody	CCNC
[illegible]	Nat. Conservation Network
Benjamin Gallis	NC Sierra Club
ROBIN PASQUARELLO	Commerce
Angie McMillan	The Nature Conservancy
Marla Fleming	NC State University
[illegible]	LAHA
Ken Metzler	Allen Associates, INC
Linda Mercer	Linda Brown Hotel

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

June 7, 2001 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sharon Lipscomb	NC Rural Center
Don Freeman	Cape Fear River Assembly
Ebonie Alexander	NC Community Development Initiative
Theresa Kostrzewa	Cap Adv.
Becky Mercer	Mara : Assoc

DENR's Division of Environmental Health

ATTACHMENT II

West Nile Virus Public Health Response

Accomplishments and Ongoing Efforts in 2000-2001

Surveillance and Control

- Enhanced sentinel chicken flock surveillance for arboviruses across NC.
- Established active surveillance for arboviruses in wild birds. This included appeals for surveillance assistance from local health directors, environmental health program supervisors, solid waste program supervisors, state park superintendents, landfill operators, and others.
- Submitted 104 birds to USGS labs for virus assay (one crow was found positive for WNV).
- Established a toll-free phone number, dedicated e-mail address, and on-line form for reporting dead birds.
- Developed dead bird recovery procedures, posted same on web site and advertised it through press releases.
- Increased active mosquito surveillance for arboviruses. Submitted 991 mosquito pools for virus assay.
- Distributed 120 new ULV sprayers to local mosquito control programs.

Seminars, Training Sessions, Workshops

- Hosted a training workshop for public health officials.
- Educated more than 80 environmental health specialist interns about WNV through NC's centralized intern training program.
- Sponsored workshop with the US Army, Corps of Engineers, on dredge-spoil island mosquito management and its relationship to WNV control in NC.
- Sponsored five workshops on the use of ultra low-volume (ULV) sprayers to calibrate sprayers and train mosquito control personnel in ground-based spraying, one of the focuses of NC's WNV control plans.
- Sponsored training course on the use of Vector Control Management System software from Advanced Computer Resources Corporation, which is being considered for statewide use in tracking WNV activity and control efforts.
- Sponsored arbovirus pooling training exercise with county mosquito programs.
- Prepared and delivered talks on WNV to Western Piedmont and Middle Piedmont Environmental Health Supervisors Meetings, Boards of Health, and Animal Control.
- Prepared and delivered numerous talks on the differences between EEE and WNV, the progress of WNV, and general information about WNV for local health departments, citizen groups, county commissioners, etc.
- Taught two mosquito identification courses with 40 students and four courses on mosquito pooling with 15 students.
- Participated in American Mosquito Control Association's special symposium on WNV at the association's annual meeting.
- Participated in NY Academy of Medicine's Conference on Emerging Diseases, focusing on WNV.
- Sponsored and helped organize National WNV Conference in Charlotte.

- Worked for two weeks in Queens, NY, collecting blood-engorged mosquitoes to determine the identity of their blood hosts. (A publication is being prepared indicating that *Culex pipiens* in New York City feeds predominantly on birds, not humans.)

Public Education

- Established multiple web pages with information on WNV.
- Prepared brochures addressing frequently asked questions regarding WNV. Made same available via WNV web pages.
- Distributed thousands of brochures on arboviruses, mosquitoes, and WNV.
- Taped show on WNV with Mecklenburg County Health Department for its monthly public access program.
- Responded to multiple media opportunities.
- Prepared two articles to be published in internationally recognized scientific periodicals. These articles address new techniques for trapping mosquito vectors of WNV and the need for changing surveillance and control methods for some of the WNV mosquito vectors.

Communications

- Monitored WNV activity outside NC via electronic communication with the CDC and other states, news articles, and weekly conference calls with the CDC and other states. Forwarded information regarding this activity to appropriate state personnel as appropriate.
- Provided public health officials with frequent updates about WNV during 2000-2001.
- Established a WNV e-mail list of over 100 academic, local, state, and federal personnel interested in WNV in NC and neighboring states.
- Distributed 100 computers to local mosquito control programs and provided appropriate computer training to facilitate communication regarding WNV.

Plans for 2001-2002

Surveillance and Control

- Enhance passive veterinary surveillance for arboviruses, alerting veterinarians to neurologic disease in horses, poultry, and other animals.
- Enhance passive human surveillance for arboviruses, alerting health care providers to look for cases of viral encephalitis and aseptic meningitis.
- Evaluate effectiveness of sentinel chicken flocks in early detection of WNV and other arboviruses.
- Continue dead bird surveillance for WNV, routing dead birds for WNV testing at USGS labs.
- Focus active mosquito surveillance for WNV near positive bird, mammal, and human sites, or on likely virus activity sites.

Seminars, Training Sessions, Workshops

- Train local health departments for mosquito surveillance and control in a WNV scenario.
- Conduct four mosquito identification courses with 22 students each.

- Provide overview and guidelines for dealing with WNV in the southeastern US at the Southeastern Interstate Environmental Health Supervisors annual meeting in Nashville, TN, in July 2001.
- Sponsor additional WNV seminars and training sessions.

Public Education

- Kick off "Skeeter Defeater" month in March, encouraging residents to clean up yards to eliminate mosquito breeding grounds.
- Continue to update and maintain WNV web pages as needed.
- Continue to emphasize "tip and toss" strategies and personal protection strategies in press releases and other media opportunities.
- Assist local health departments with developing local press releases and handling media inquiries.

Communications

- Continue to monitor WNV activity outside NC and disseminate information as needed to appropriate persons.
- Continue to provide public health officials with frequent updates about WNV.
- Continue to communicate with CDC, other states, and others interested in WNV via electronic mail.
- Coordinate communications plans with other state agencies (Travel and Tourism, Parks and Recreation, Wildlife, etc.).

ATTACHMENT III

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1005-ALH-15 [v.2]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
Third Edition
Senate Appropriations Committee Report

Representative Mitchell

moves to amend Section H of the 2001 Senate Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets as follows:
on page H 18,
by adding the following item to the Commerce - State Aid section

"118A WORLD TRADE CENTER
Support international trade education programs to small and medium sized businesses. $200,000 NR; and

on page H19, Item 121, which reduces the North Carolina Biotechnology Center's General Fund appropriation for FY 2001-02 and replaces the funds with a one-time transfer from the Center's cash balance, by increasing that item to $1,200,000; and.

By adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALH-15 [v.2]

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ATTACHMENT IV

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1167
PROPOSED COMMITTEE SUBSTITUTE RESOLUTION H1167PCS6284-LD14

Short Title: House Select Comm. on Environmental Rules. (Public)

Sponsors:

Referred to:

April 12, 2001

A HOUSE RESOLUTION AUTHORIZING THE CREATION OF THE HOUSE SELECT STUDY COMMITTEE ON VARIOUS ENVIRONMENTAL RULES.

Be it resolved by the House of Representatives:

SECTION 1. Committee Created. – The House Select Study Committee on Various Environmental Rules is created. The purpose of the House Select Study Committee on Various Environmental Rules is to determine:

(1) The effect of certain environmental impacts upon tourism in the State.

(2) The involvement of appropriate locally elected officials in the rule-making process regarding the environmental rules subject to study under Section 3 of this resolution, whether there should be more involvement by locally elected officials, and, if so, what specific acts of involvement.

(3) Whether an economic impact statement should be prepared for any proposed rule that is subject to study under Section 3 of this resolution, and, if so, whether an economic impact statement should take into account the county or the region of the State affected by the proposed rule.

(4) The working relationships among boards, commissions, or authorities that adopt any rules subject to study under Section 3 of this resolution.

(5) The extent to which property owners are unduly burdened by rules subject to study under Section 3 of this resolution.

SECTION 2. Membership. – The Speaker of the House of Representatives shall appoint 11 members of the House of Representatives to serve as members of the House Select Study Committee on Various Environmental Rules. In the event a vacancy occurs on the Committee, the Speaker of the House of Representatives shall appoint a replacement from the members of the House of Representatives.

SECTION 3. Study. – The House Select Study Committee on Various Environmental Rules may study any current rule adopted by, or any rule proposed by,

SECTION 9. Cooperation by Government Agencies. – The House Select Study Committee on Various Environmental Rules may call upon any department, agency, institution, or officer of the State or any political subdivision of the State for facilities, data, or other assistance.

SECTION 10. Effective Date. – This resolution is effective upon adoption.

ATTACHMENT V

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 308

Short Title:	Environmental Mgmt. Commission Membership.	(Public)
Sponsors:	Representatives Gillespie; and Hilton.	
Referred to:	Rules, Calendar, and Operations of the House.	

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR FAIR GEOGRAPHIC REPRESENTATION IN APPOINTING MEMBERS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-282 is amended by adding a new subsection to read:

"(e) In appointing the members of the Commission, the appointing authorities shall make every effort to ensure fair geographic representation of the Commission."

SECTION 2. This act is effective when it becomes law and applies to appointments made on or after that date.

ATTACHMENT VI

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 308

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H308-ALH-5 [v.3]

Date _____,2001

Comm. Sub. [NO]
Amends Title [NO]
First Edition

Representative Warwick

moves to amend the bill on page 1, lines 10 and 11,
by rewriting those lines to read:

"**SECTION 2.** Part 1 of Article 2A of Chapter 150B of the General Statutes is amended by adding a new section to read:

'**§ 150B-21A. County must designate rule-making coordinator; duties of coordinator.**

(a) Each county must designate a rule-making coordinator. The coordinator shall report directly to the Chair of the County Commissioners. The county-rule making coordinator shall do the following:

(1) Screen and review all proposed rule actions by the Environmental Management Commission and the Coastal Resources Commission prior to publication in the North Carolina Register to determine whether (i) the county will be affected by any proposed rule action; or (ii) any local government units within the county will be affected by the proposed rule action.

(2) Notify the Chair of the county commissioners, the county manager, each city manger within the county and any other local official as appropriate of any proposed rule action by Environmental

Management Commission or Coastal Resources Commission that may affect the county or any local government unit within the county.

(b) The County rule-making coordinator must review the proposed rule action submitted to the coordinator within 30 days of its receipt.

(c) If the county or any local government unit within the county objects to the proposed rule action, then the appropriate local government official shall notify the coordinator of the objection. The coordinator shall notify the Environmental Management Commission or Coastal Resources Commission as appropriate of the objection, no later than 60 days after the receipt of the proposed rule-making action from the agency."

SECTION 3. Part 5 of Article 2A is amended by adding the following sections.

"**§ 150B-21.29. Review of rule by local government.**

(a) The Environmental Management Commission and the Coastal Resources Commission must submit a permanent rule or any amendment to a permanent rule adopted by it to the county rule-making coordinator before the rule can be included in the North Carolina Administrative Code. The review of the proposed rule-making action by the county rule-making coordinator and the appropriate local government officials must be completed within 60 days of the receipt by the county rule-making coordinator proposed rule-making action from the agency.

(b) If a local government unit objects to the proposed rule-making action, the local government unit shall notify the agency a written statement of the objection and the reason for the objection. If the local government wants a field test of the proposed rule-making action before it is considered by the Environmental Management Commission or Coastal Resources Commission as a permanent rule or amendment to the permanent rule, then that request shall be included in the written objection with a detailed proposal that describes the field test, any other information needed to implement the field test, and the reasons for requesting the field test.

(c) Upon receipt of the objection the Environmental Management Commission or Coastal Resources Commission, as appropriate, must take one of the following actions:

(1) Change the rule to satisfy the local government's objection and submit the revised rule to the Rules Review Commission.

(2) Agree to a field test of the rule for a period of time not to exceed one year from the starting date of the field test.

(d) When the Environmental Management Commission or Coastal Resources Commission changes a rule in response to an objection by a local government unit, the Environmental Management Commission or Coastal Resources Commission shall notify the Rules Review Commission and the Joint Legislative Administrative Procedure Oversight Committee.

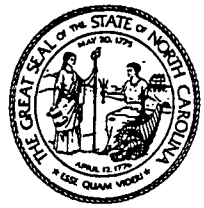
(e) If the Environmental Management Commission or Coastal Resources Commission agree to a field test of the rule, then the rule remains under review until the test is completed.

(f) If, after testing the rule, no compromise can be reached regarding the rule, the rule shall be sent to the Rules Review Commission for consideration in compliance with Part 3 of this Article."

SECTION 4. G.S. 150-21(b) is amended by adding the following subdivisions:

"(7) Consult with the county rule-making coordinator of each county to determine whether the county or any local government unit within the county would be affected by any proposed rule action by the Environmental Management Commission or the Coastal Resources Commission.

(8) Provide the county rule-making coordinator of each county with copies of all fiscal notes required by G.S. 150B-21.4(b), prior to publication in the North Carolina Register of the proposed text of a



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 308

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H308-ALH-5 [v.3]

permanent rule change by the Environmental Management Commission or the Coastal Resources Commission.'

SECTION 5. Section 1 of this act is effective when the act becomes law and applies to appointments made on or after that date. Sections 2 through 4 of this act are effective October 1, 2001, and apply to any permanent rulemaking initiated by the Environmental Management Commission or the Coastal Resources Commission on or after that date. Section 5 of this act is effective when the act becomes law."

2001 - 2002

~~$250,000~~

Enhancement of Oyster Culture

~~$ 8,000~~	4,000	Purchase of supplies of triploid seed for two species of non-native oysters
~~$ 5,000~~	2500	Field Supplies
~~$85,000~~	41,000	Contracts with UNC Institute for trained scientists, scientific field and laboratory testing
$ 2,000	2,000	Boat, trailer, motor usage fee
~~$10,000~~	5,000	World Renowned Consultants at Hatfield Marine Center
~~$ 3,000~~	2,000	Travel for Dr. Anja Robinson
~~$50,000~~	25,000	Salaries for Fisheries Development Foundation personnel
~~$ 7,000~~	3,500	Travel for Fisheries Development Foundation personnel
~~$14,000~~ / ~~$ 3,500~~	8,000	Administration Expenses (office rent, telephone, bookkeeping, record keeping, etc.)
		Producing PC Program on the bioeconomics of oyster aquaculture
~~$10,500~~	6,000	Laboratory Supplies, Analysis and Genetic testing
~~$52,000~~	26,000	Special Oyster Cultch Project

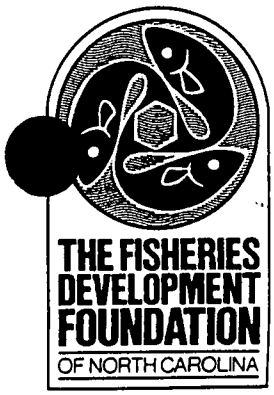
~~$~~ 125,000 NR

FUNDING TO RURAL ECONOMIC DEVELOPMENT CENTER

TRANSFER FUNDS FROM N.C. BIOTECHNOLOGY CENTER CASH BALANCE

Mitchell

7



"Promoting Better Seafood through Education and Practical Research"

4500 Old Cherry Pt. Rd.
New Bern, NC 28560
252-638-4407
Email: karlag@cconnect.net

May 30, 2001

Executive Director
Karla L. Gwaltney

The Honorable Marc Basnight
President Pro Tempore
Senate of North Carolina
Room 2007 Legislative Building
Raleigh, NC 27601-2808

RE: North Carolina oyster industry

Dear Senator Basnight:

I enjoyed our meeting on Wednesday, April 25, 2001. Thank you for allowing me to attend as a representative of the Fisheries Development Foundation of North Carolina, Inc. We are very interested in the experimental project using crushed ceramic toilets to form artificial reefs for oysters. The artificial reefs will encourage the growth of oysters in an important way.

The Fisheries Development Foundation of North Carolina strongly supports your efforts and your dedication to reclaim a thriving oyster industry for our State.

There is an urgent need in North Carolina, as you know. We need efforts like this experimental project. In recent decades, water pollution and disease have taken a heavy toll on the native oyster population. This devastation has caused our oyster harvests to diminish drastically. Native stocks of oysters are depleted and the traditional oyster industry has vanished. You know from your own experience and observation that something must be done.

The Fisheries Development Foundation of North Carolina agrees with you. Joe McClees and the other members of our Board of Directors have instructed me to begin a pilot project using porcelain cultch. We are setting in motion a oyster pilot project and study on the west coast. Our goal is to study the attachment and growth of oysters on porcelain cultch material.

For approximately ten years, the Fisheries Development Foundation has enjoyed an excellent working relationship with Dr. Anja Robinson. Dr. Robinson is a world-renowned marine scientist of the Hatfield Marine Center in Portland, Oregon.

For this important oyster project, we have retained the valuable services of Dr. Anja Robinson. To date, Dr. Robinson has performed the following experiments to observe whether or not oyster larvae can and will successfully set on porcelain cultch material. This experiment has included the following activities at the Hatfield Marine Center:

Obtain porcelain cultch material	Located and broke into pieces a porcelain drinking fountain to provide porcelain cultch material.
Prepare porcelain cultch material	The porcelain cultch pieces were placed into running seawater for 24 hours to dissolve and remove any toxic material from the porcelain.
Choose oyster spat	Obtained "eyed Pacific oyster larvae" from a local hatchery, and placed into a beaker filled with filtered seawater.
Prepare environment for oyster spat on porcelain	Placed some porcelain pieces in a 10 liter bucket; in a second bucket the porcelain pieces were placed in a mesh bag that was suspended throughout the water column; thirdly, clean oyster shells were placed into a third bucket to use as a comparison. All the buckets were filled with filtered seawater and air was adjusted to a gentle bubble.
Observe living oyster spats	Once larva started to swim they were placed into each of the three buckets. The larva is fed daily a mixture of micro algae and the water is changed twice a week.
Further observations	Simultaneously, another trial experiment is being conducted where the porcelain cultch were placed in running seawater for 48 hours and 72 hours to see if soaking is necessary before setting the larvae.
Follow up	Dr. Robinson will continue to observe the porcelain cultch for the attached spat to develop and grow a hard triangle shell shape. Once this occurs, the porcelain pieces will be put out in the estuaries in Yaquina Bay, near the Hatfield Marine Science Center.
Conclusions	To be reported at end of experiment.
Documentation	In addition to the written documentation of the project by Dr. Robinson, we will be able to provide photographic evidence of this project.

Joe Gregory, Agri-Business Director for Progress Energy (CP&L) will document this project. Joe Gregory, who is one of our Fisheries Development Foundation Board members, will fly to Oregon in the next few days to photograph this important research project.

We look forward to reporting the results of this pilot project using porcelain cultch. We will advise you as soon as the final report is completed.

I will be happy to discuss in further detail the results of this project and answer any questions that you may have.

Please do not hesitate to contact us if we may be of service to you. Again, thank you for your help and interest in the oyster industry in North Carolina.

Best personal regards.

Very sincerely yours,

Karla L. Gwaltney

Karla L. Gwaltney
Executive Director
Fisheries Development Foundation of
North Carolina, Inc.

KLG:shm

cc: Rolf Blizzard
Senator Fountain Odom

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.

(2) Negotiate the terms of the legal agreement in good faith.

(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.

(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

North Carolina Biotechnology Center

History of General Fund Appropriations

Fiscal Year		Adjustments		Total Appropriations
		Recurring	Nonrecurring	
1984-85				$1,000,000.00
1985-86	*	$1,490,000	$1,200,000	2,690,000
1986-87		5,000,000		6,490,000
1987-88		(129,800)		6,360,200
1988-89				6,360,200
1989-90		1,937,000		8,297,200
1990-91		(489,653)		7,807,547
1991-92		(650,000)		7,157,547
1992-93				7,157,547
1993-94		(143,151)	2,000,000	9,014,396
1994-95		1,000,000	1,000,000	9,014,396
1995-96		(350,000)		7,664,396
1996-97			1,000,000	8,664,396
1997-98	**		8,500,000	16,164,396
1998-99	**		2,500,000	10,138,913
1999-00			2,000,000	9,638,913
2000-01			1,000,000	8,638,913
Totals		**$7,664,396**	**$5,200,000**	**$132,258,960**

* Includes $1,200,000 transfer from capital reserve.

** $7.5 million from 1997-98 and the full $2.5 million from 1998-99 has been used to capitalize the Bioscience Investment Fund.

North Carolina Biotechnology Center

Projected Unencumbered Cash Balance at End of FY 2000-2001

Source of Surplus Funds	Amount
Plant Fund (reserve for future building projects)	$1,650,000
Economic Development Investment Fund (misc. receivables)*	1,391,667
Interest Earnings	438,000
Conference & Education Facility (surplus)	326,500
Miscellaneous publications & educational materials (surplus)	25,000
Total Balance	**$3,831,167**
Senate Reduction	(1,000,000)
Total Balance Remaining	**$2,831,167**

* Primarily loan repayments and venture capital distributions. The Center identifies these accumulated funds as being part of a revolving loan fund that is intended to eventually allow most of the activities of the Business & Technology Development program to become self-sufficient. In other words, these funds are in addition to the $800,000 in the current year continuation budget for Business & Technology loans and venture capital investment.

House Appropriations Subcommittee on Natural and Economic Resources

Tuesday, June 12, 2001
Representatives Bill Owens, Presiding

1. Chairman's Comments

2. Members Bills

Rep. Mitchell	H 23 – North Carolina Farmland Preservation Funds H 24 – Conservation Trust for NC Funds H 635 – Regulate Body Piercing
Rep. Culp	H 285 – Yadkin/Pee Dee Lakes Project Funds
Rep. Hill	H 219 – Funds/Environmental Assistance for Farmers H 291 – DACS Information Technology Funds H 293 – Endangered Plant Protection Funds H 294 (413) – Fire Ant Funds H 300 – Livestock Health Program Funds H 301 – Food and Drug Protection Funds H 415 – Funds for More LP Gas Inspections
Rep. Gibson	H 444 – NC Housing Trust Fund
Rep. Easterling	H541 – Grassroots Science Museum Funds
Rep. Redwine	H 345 – Authorize Reed Act Funds
Rep. Walend	H 610 – Compensate Counties with State Parks

3. Committee Discussion

4. Adjourn

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
June 12, 2001 – 1:30 PM

The House Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, June 12, 2001 at 1:30 PM in Room 423 in the Legislative Office Building. The following members were present: Chair Bill Owens, Vice-Chair Edith Warren, Representatives Culp, Mitchell, Underhill, Warwick, Weatherly and West.

Chair Bill Owens called the meeting to order and stated the Appropriations Chairs requested that the subcommittees hear the bills assigned to them. We will hear what the sponsors have to say about their bills, and it is requested that they take no more than three minutes per bill. The following bills were heard:

- HB 444-NC HOUSING TRUST FUND

  Representative Pryor Gibson, bill sponsor, introduced Mr. Bob Kucab, Director, Housing Finance Agency, to explain the bill. The Housing Trust Fund recommended $25,000,000 for an appropriation. The Fund has been in existence since 1987, has been well supported by this subcommittee, and it is the only stated funded, state designed, state managed housing program that helps low and moderate income households. It has won three national awards. We are self-supporting, but we cannot reach low-income households without additional assistance.

- HB 610-COMPENSATE COUNTIES WITH STATE PARKS

  Representative Trudi Walend, bill sponsor, stated HB 610 appropriates funds to pay or reimburse each county that has State recreation land at the rate of $2 for each acre. The $2 amount is indexed each year based on inflation and this amount is close to amount Federal Government currently provides counties in lieu of taxes for federal holdings. It includes all state recreation lands, parks, state forests, game lands, nature reserves and wildlife refuges. The bill would benefit 55 counties in all regions of the state. Please note ATTACHMENT I-NC Association of County Commissioners State and Federal Recreational Acreage by County to locate. Total appropriation is $860,000. Recreation lands do provide some economic benefit to counties. State owned lands generate additional county services such as law enforcement, EMS, and fire protection. In Transylvania County, which she represents, there are over 1,000 waterfalls and many of them are on state land. There is quite an expense in EMS rescue services. She thinks the $2 per acre is commendable.

Representative Dewey Hill was called upon to explain the following bills. They are all agency bills-Department of Agriculture and Consumer Services (DACS)

- HB 219-FUNDS/ENVIRONMENTAL ASSISTANCE FOR FARMERS

  Bill would appropriate $688,969 for 2001-2002 and $603,369 for 2002-2003 for assistance to farmers in evaluating the impact of environmental regulations on agriculture.

- HB 291-DACS INFORMATION TECHNOLOGY FUNDS

  Bill would appropriate $1,725,503 for 2001-2002 and $951,203 for 2002-2003 for upgrading information technology hardware and software and related services.

- HB 293-ENDANGERED PLANT PROTECTION FUNDS-AB

  Bill would appropriate $356,893 for 2001-2002 and $352,592 for 2002-2003 for the protection of endangered and threatened plant species through the expanded implementation of the Plant Protection and Conservation Act.

- HB 294-FIRE ANT CONTROL FUNDS-AB (IDENTICAL DUPLICATE TO HB-413)

  Bill would appropriate $795,047 for 2001-2002 and $598,577 for 2002-2003 to slow the spread of the red imported fire ant into noninfested areas of the State and to reduce the adverse impacts of red imported fire ants on agriculture and the general public. We cannot eliminate the fire ant but maybe we can control it. This is a real problem for our farmers and everyone.

- HB 300-LIVESTOCK HEALTH PROGRAM FUNDS-AB

  Bill would appropriate $302,629 for 2001-2002 and $277,117 for 2002-2003 for the control and eradication of Johne's Disease, a livestock disease that affects dairy and beef cattle production.

- HB 301-FOOD AND DRUG PROTECTION FUNDS

  Bill would appropriate $861,809 for 2001-2002 and $748,809 for 2002-2003 for equipment and personnel to expand laboratory support for food safety programs, to expand the pesticide disposal program and to establish a toll-free number for consumer questions and complaints.

- HB 415 FUNDS FOR MORE LP GAS INSPECTIONS-AB

  Bill world appropriate $135,180 for 2001-2002 and $138,480 for 2002-2003 for operating costs and to establish and support additional inspector positions of the Department's program to inspect liquefied petroleum (propane) gas installations, which operating expenses and positions are needed due to the increases in the distribution and use of propane gas in NC.

Chair Owens asked Meg Phipps, Commissioner of Agriculture, if additional monies become available, if DACS has a priority as to which bill is most needed. Commissioner Phipps stated the Food and Drug (HB 301), Johne's Disease (HB 300), and Fire Ant Control (HB 294) are priorities, but all the bills are important. The Chair asked that our staff have the Department's priority list in case we come across additional funds.

- HB 541-GRASSROOTS SCIENCE MUSEUM FUNDS

  The Chair stated Representative Ruth Easterling cannot be here, and he discussed her bill. This program has been cut in the budget as it stands. The bill calls for $3,770,000. If the cut is accepted, there will be $3,014,000 in the Senate budget.

- HB 285-YADKIN/PEE DEE LAKES PROJECT FUNDS

  Representative Arlie Culp explained HB-285. The Senate has $100,000 in its budget. It is a consortium of six counties and is worthwhile. We are trying to promote tourism and recreation in the area.

- HB 23-NORTH CAROLINA FARMLAND PRESERVATION FUNDS

  Representative Frank Mitchell stated we would be lucky to get any money with the budget situation.

- HB 24-CONSERVATION TRUST FOR NC FUNDS

  Representative Mitchell stated $200,000 is in the Senate budget, and we will be more than happy with this.

- HB 635-REGULATE BODY PIERCING

- Representative Frank Mitchell has a preference for HB-635. It passed unanimously in Public Health and Finance Committees and was sent to NER because DENR needs a half position, and Richard Rogers is here to address any questions. Chair Owens asked Representative Mitchell if he would put in an amendment to take the position from Wanchese, and he said he would if that would be permissible, or maybe DENR can suggest another way. He does not know the protocol, but he believes the bill ought to come out of NER and go to the Senate because he does not think it ought to go into the budget bill as a policy change. Chair Owens said there would be no votes taken today, and he asked Mr. Rogers if there is any other way we could address this and/or the department's position on the bill. Mr. Rogers said the need has been identified for a half time position, and Linda Sewell with the Division of Environmental Health can address this. Jennifer Willis said what has happened in the past when there has been substantive legislation that has fiscal impact, money has been put in the House or Senate bill first put together, and there is language that places the money in a

reserve contingent upon the passage of the bill. She thinks it may have to stay in this committee until such point when money is put in the budget for that purpose and then maybe bill can be moved along this route. She will check with the Budget Development Staff, but she is not sure. She understands concern about putting substantive changes in the budget, but we will figure out if funds become available how to make it work. Chair Owens said as far as procedure, if Representative Mitchell offers an amendment to the budget, and if the amendment passes, we can then pass his bill out favorably once that takes place. Jennifer Willis does not know if we can refer the bill to full Appropriations to hear it. Chair Owens said since we are not going to take a vote until next week, we will find out exactly and have the answer then. Linda Sewell said it is important that we get the new program and have staff available to help with the rule making and training of local health departments on how to implement this program. It is a totally new program for us. Representative Culp asked if we have laws on tattooing? Representative Mitchell said the bill puts body piercing under the same regulations as a tattoo, and they will have to abide by the same sanitation and inspection rules. The Chair said everyone he has talked to feels something like this is needed, and he thinks it is something that needs to be addressed. Representative Mitchell said the parents really want it more than the kids.

- HB 345-AUTHORIZE REED ACT FUNDS

Representative David Redwine may be with us tomorrow.

The subcommittee will consider the remainder of the bills on Wednesday, June 13 at 8:30 AM.

The meeting adjourned at 2:05 PM.

Bill Owens

Representative Bill Owens, Chair

Mary Capps

Mary Capps, Committee Assistant

Representative Stan Fox, Chair

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 444

Committee Substitute Reported Without Prejudice 5/7/01

Short Title: NC Housing Trust Fund. (Public)

Sponsors:

Referred to:

March 1, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA HOUSING TRUST FUND.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Housing Finance Agency the sum of twenty-five million dollars ($25,000,000) for the 2001-2002 fiscal year for the North Carolina Housing Trust Fund to be used for any of the purposes set forth in Chapter 122E of the General Statutes.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 610

Short Title:	Compensate Counties with State Parks.	(Public)
Sponsors:	Representatives Walend; and Davis.	
Referred to:	Appropriations.	

March 14, 2001

A BILL TO BE ENTITLED

AN ACT TO COMPENSATE COUNTIES FOR THE COSTS OF STATE RECREATION LANDS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 1 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"**§ 113-34.1. Distribution to counties.**

(a) Definitions. – The following definitions apply in this section:

(1) Consumer price index. – The United States Consumer Price Index for All Urban Consumers, as published by the Bureau of Labor Statistics, United States Department of Labor.

(2) State recreation land. – Land owned by the State and used as a State park, a State forest, a State lake, a nature preserve, a wildlife refuge, a wildlife management area, or any other type of public recreational area. The term also includes land dedicated for nature preserves under Article 9 of Chapter 113A of the General Statutes whether or not the State holds a fee simple estate in the land.

(b) Annual Appropriation. – There is annually appropriated from the General Fund to the counties of the State a sum equal to the reimbursement rate times the number of acres of State recreation land in the State as of the preceding January 1. The reimbursement rate for the 2001-2002 fiscal year is two dollars ($2.00). The reimbursement rate for each subsequent fiscal year is the rate for the previous year increased by the same percentage of this amount as the percentage by which the consumer price index for all items increased for the preceding calendar year, rounded to the nearest penny.

(c) Distribution. – On or before August 31 of each year, the Secretary shall distribute this appropriation among the counties by crediting each county with an

amount equal to the reimbursement rate times the number of acres of State recreation land located in that county as of the preceding January 1.

SECTION 2. This act becomes effective July 1, 2001.

H 610

ATTACHMENT I

North Carolina Association of County Commissioners
State & Federal Recreational Acreage by County

County	Total Acres	State Parks	State Forests	State Gameland	National Parks	National Forests	National corps	Total state	Total National	State/Fed as % of Total Acreage
Alamance	275,744	-	-	-	-	-	-	-	-	0%
Alexander	166,726	-	-	-	-	-	-	-	-	0%
Alleghany	149,139	4,025	-	101	5,982	-	-	4,126	5,982	7%
Anson	340,122	-	-	-	-	-	-	-	-	0%
Ashe	273,312	1,522	-	2,787	1,762	-	-	4,309	1,762	2%
Avery	158,086	-	-	-	2,328	28,327	-	-	30,655	19%
Beaufort	529,594	1,596	-	3,513	-	-	-	5,109	-	1%
Bertie	447,283	-	-	-	-	-	-	-	-	0%
Bladen	560,397	4,038	33,127	7,361	-	-	-	44,526	-	8%
Brunswick	548,166	-	-	-	-	-	-	-	-	0%
Buncombe	420,192	-	-	-	5,668	31,464	-	-	37,132	9%
Burke	323,238	15,495	-	116	820	47,946	-	15,611	48,766	20%
Cabarrus	233,024	-	-	-	-	-	-	-	-	0%
Caldwell	302,010	-	294	-	180	49,391	-	294	49,571	17%
Camden	153,504	-	-	2,510	-	-	-	2,510	-	2%
Carteret	335,418	668	-	-	25,174	56,829	-	668	82,003	25%
Caswell	272,346	-	-	15,003	-	-	-	15,003	-	6%
Catawba	256,256	-	-	-	-	-	-	-	-	0%
Chatham	424,256	3,916	850	-	-	-	46,768	4,766	46,768	12%
Cherokee	290,918	-	-	-	-	93,173	-	-	93,173	32%
Chowan	110,560	-	-	39	-	-	-	39	-	0%
Clay	137,152	-	-	-	-	65,716	-	-	65,716	48%
Cleveland	297,107	-	-	2,829	-	-	-	2,829	-	1%
Columbus	599,597	1,732	-	5,993	-	-	-	7,725	-	1%
Craven	445,062	-	-	129	-	63,068	-	129	63,068	14%
Cumberland	417,555	-	-	522	-	-	-	522	-	0%
Currituck	167,296	-	-	15,059	-	-	-	15,059	-	9%
Dare	245,472	419	-	-	25,481	-	-	419	25,481	11%
Davidson	353,491	110	-	144	-	958	-	254	958	0%
Davie	169,530	-	-	-	-	-	-	-	-	0%
Duplin	523,507	-	-	6,853	-	-	-	6,853	-	1%
Durham	185,670	764	-	-	-	-	-	764	-	0%
Edgecombe	323,309	-	-	-	-	-	-	-	-	0%
Forsyth	261,530	-	-	-	-	-	-	-	-	0%
Franklin	315,040	-	-	-	-	-	-	-	-	0%
Gaston	228,096	5,033	1,200	-	-	-	-	6,233	-	3%
Gates	218,029	2,965	-	231	-	-	-	3,196	-	1%
Graham	186,611	-	-	-	-	113,246	-	-	113,246	61%
Granville	339,379	-	-	-	-	-	-	-	-	0%
Greene	170,157	-	-	-	-	-	-	-	-	0%
Guilford	415,494	-	-	-	221	-	-	-	221	0%
Halifax	464,480	2,287	-	1,200	-	-	-	3,487	-	1%
Harnett	380,755	3,549	-	-	-	-	-	3,549	-	1%
Haywood	353,632	-	-	-	63,208	68,281	-	-	131,489	37%
Henderson	239,283	-	235	2,616	786	17,295	-	2,851	18,081	9%
Hertford	226,534	-	-	-	-	-	-	-	-	0%
Hoke	250,387	-	-	37	-	-	-	37	-	0%
Hyde	391,789	-	-	20,153	5,617	-	-	20,153	5,617	7%
Iredell	367,443	1,469	-	-	-	-	-	1,469	-	0%
Jackson	314,054	-	-	-	3,585	77,055	-	-	80,640	26%
Johnston	506,624	-	481	-	-	-	-	481	-	0%
Jones	302,381	-	-	-	-	39,989	-	-	39,989	13%
Lee	164,608	-	-	-	-	-	-	-	-	0%
Lenoir	255,629	-	-	-	-	-	-	-	-	0%
Lincoln	191,245	-	-	-	-	-	-	-	-	0%
Macon	330,387	-	-	-	-	152,858	-	-	152,858	46%
Madison	286,784	-	-	-	-	55,229	-	-	55,229	19%
Martin	295,750	-	-	9,907	-	-	-	9,907	-	3%
McDowell	283,898	566	-	148	1,632	68,107	-	714	69,739	25%
Mecklenburg	339,699	-	-	-	-	-	-	-	-	0%
Mitchell	140,947	-	-	-	643	18,615	-	-	19,258	14%
Montgomery	314,509	-	-	-	-	39,891	-	-	39,891	13%
Moore	447,251	898	-	3,486	-	-	-	4,384	-	1%
Nash	345,811	-	-	-	-	-	-	-	-	0%
New Hanover	126,944	707	-	-	-	-	-	707	-	1%
Northampton	341,434	-	-	-	-	-	-	-	-	0%
Onslow	490,963	1,138	-	170	-	-	-	1,308	-	0%
Orange	255,846	1,488	-	-	-	-	-	1,488	-	1%
Pamlico	215,514	-	-	4,134	-	-	-	4,134	-	2%
Pasquotank	145,178	-	-	-	-	-	-	-	-	0%
Pender	557,286	-	-	66,855	88	-	-	66,855	88	12%
Perquimans	158,074	-	-	-	-	-	-	-	-	0%
Person	250,157	-	-	-	-	-	-	-	-	0%
Pitt	417,178	-	-	-	-	-	-	-	-	0%

North Carolina Association of County Commissioners
State & Federal Recreational Acreage by County

County	Total Acres	State Parks	State Forests	State Gameland	National Parks	National Forests	National corps	Total state	Total National	State/Fed as % of Total Acreage
Polk	151,782	-	-	9,336	-	-	-	9,336	-	6%
ndolph	503,846	-	-	-	-	9,334	-	-	9,334	2%
ichmond	302,842	-	-	32,756	-	-	-	32,756	-	11%
Robeson	606,432	5,171	-	43	-	-	-	5,214	-	1%
Rockingham	361,562	-	-	-	-	-	-	-	-	0%
Rowan	327,110	-	-	-	-	-	-	-	-	0%
Rutherford	360,422	-	-	13,823	-	-	-	13,823	-	4%
Sampson	604,634	-	-	178	-	-	-	178	-	0%
Scotland	204,154	-	-	22,425	-	-	-	22,425	-	11%
Stanly	252,966	4,693	-	-	-	-	-	4,693	-	2%
Stokes	288,218	6,740	-	-	-	-	-	6,740	-	2%
Surry	342,669	3,281	-	-	921	-	-	3,281	921	1%
Swain	336,422	-	-	-	217,368	22,307	-	-	239,675	71%
Transylvania	241,613	7,487	10,256	2,829	1,031	88,006	-	20,572	89,037	45%
Tyrrell	250,707	122	-	1,955	-	-	-	2,077	-	1%
Union	407,706	-	-	-	-	-	-	-	-	0%
Vance	156,672	3,000	-	-	-	-	-	3,000	-	2%
Wake	539,974	5,582	-	-	-	-	-	5,582	-	1%
Warren	274,317	-	-	-	-	-	-	-	-	0%
Washington	221,485	896	-	228	-	-	-	1,124	-	1%
Watauga	199,808	-	-	-	10,012	393	-	-	10,405	5%
Wayne	354,112	1,022	-	-	-	-	-	1,022	-	0%
Wilkes	482,618	10,597	1,776	6,259	5,943	-	3,754	18,632	9,697	6%
Wilson	237,440	-	-	-	-	-	-	-	-	0%
Yadkin	214,995	298	-	-	-	-	-	298	-	0%
Yancey	199,821	16,767			966	38,229		16,767	39,195	28%
Total	31,146,157	120,041	48,219	261,729	379,415	1,245,707	50,522	429,989	1,675,644	7%

Missing:

State Parks	need to allocate across counties		Corps of Engineers	
Wake/Durham	Falls Lake	5,035	Kerr Damn	100,000
		5,035	Falls Lake	
			Huske Lock & damn	

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 219
Corrected Copy 2/23/01

Short Title:	Funds/Environ. Assistance for Farmers.	(Public)
Sponsors:	Representatives Hill; Barbee, Church, Coates, Cox, Davis, Insko, Jarrell, McLawhorn, Owens, Redwine, Teague, Tolson, Underhill, Warren, G. Wilson, and Wright.	
Referred to:	Appropriations.	

February 22, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR ENVIRONMENTAL ASSISTANCE FOR FARMERS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of six hundred eighty-eight thousand nine hundred sixty-nine dollars ($688,969) for the 2001-2002 fiscal year and the sum of six hundred three thousand three hundred sixty-nine dollars ($603,369) for the 2002-2003 fiscal year for assistance to farmers in evaluation of the impact of environmental regulations on agriculture.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 291

Short Title:	DACS Info. Tech. Funds.	(Public)
Sponsors:	Representatives Hill; Alexander, Bonner, Coates, Cox, Culp, Davis, Fox, Morris, Owens, Russell, Underhill, Warren, Warwick, Weatherly, G. Wilson, and Yongue.	
Referred to:	Appropriations.	

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR INFORMATION TECHNOLOGY IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one million seven hundred twenty-five thousand five hundred three dollars ($1,725,503) for the 2001-2002 fiscal year and the sum of nine hundred fifty-one thousand two hundred three dollars ($951,203) for the 2002-2003 fiscal year for upgrading information technology hardware and software and related services.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 293

Short Title:	Endangered Plant Protection Funds-AB.	(Public)
Sponsors:	Representatives Hill; Alexander, Barefoot, Bonner, Cox, Culp, Davis, Fox, Mitchell, Russell, Underhill, Warren, Warwick, Weatherly, G. Wilson, and Yongue.	
Referred to:	Appropriations.	

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR ENDANGERED PLANT PROTECTION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred fifty-six thousand eight hundred ninety-three dollars ($356,893) for the 2001-2002 fiscal year and the sum of three hundred fifty-two thousand five hundred ninety-two dollars ($352,592) for the 2002-2003 fiscal year for the protection of endangered and threatened plant species through the expanded implementation of the Plant Protection and Conservation Act, Article 19B of Chapter 106 of the General Statutes.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 294

Short Title:	Fire Ant Control Funds-AB.	(Public)
Sponsors:	Representatives Hill; Alexander, Bonner, Coates, Cox, Culp, Davis, Fox, Mitchell, Owens, Russell, Underhill, Warren, Warwick, Weatherly, G. Wilson, and Yongue.	
Referred to:	Appropriations.	

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CONTROL OF FIRE ANTS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of seven hundred ninety-five thousand forty-seven dollars ($795,047) for the 2001-2002 fiscal year and the sum of five hundred ninety-eight thousand five hundred seventy-seven dollars ($598,577) for the 2002-2003 fiscal year to slow the spread of the red imported fire ant into noninfested areas of the State and to reduce the adverse impacts of red imported fire ants on agriculture and the general public.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 300

Short Title:	Livestock Health Program Funds-AB.	(Public)
Sponsors:	Representatives Hill; Alexander, Bonner, Cox, Culp, Davis, Fox, Mitchell, Owens, Underhill, Warren, Warwick, Weatherly, G. Wilson, and Yongue.	
Referred to:	Appropriations.	

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO CONTROL AND ERADICATE JOHNE'S DISEASE, A LIVESTOCK DISEASE THAT AFFECTS DAIRY AND BEEF CATTLE PRODUCTION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred two thousand six hundred twenty-nine dollars ($302,629) for the 2001-2002 fiscal year and the sum of two hundred seventy-seven thousand one hundred seventeen dollars ($277,117) for the 2002-2003 fiscal year for the control and eradication of Johne's Disease, a livestock disease that affects dairy and beef cattle production.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 301

Short Title:	Food and Drug Protection Funds.	(Public)
Sponsors:	Representatives Hill; Alexander, Barefoot, Bonner, Church, Coates, Cox, Culp, Davis, Fox, Mitchell, Russell, Underhill, Warren, Warwick, Weatherly, G. Wilson, and Yongue.	
Referred to:	Appropriations.	

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR FOOD AND DRUG PROTECTION IMPROVEMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of eight hundred sixty-one thousand eight hundred nine dollars ($861,809) for the 2001-2002 fiscal year and the sum of seven hundred forty-eight thousand eight hundred nine dollars ($748,809) for the 2002-2003 fiscal year for equipment and personnel to expand laboratory support for food safety programs, to expand the pesticide disposal program, and to establish a toll-free number for consumer questions and complaints.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 415

Short Title:	Funds for More LP Gas Inspections-AB.	(Public)
Sponsors:	Representatives Hill; Warren and Alexander.	
Referred to:	Appropriations.	

March 1, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR ADDITIONAL LP GAS INSPECTORS AND FOR OPERATING COSTS OF THE LP GAS INSPECTION PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one hundred thirty-five thousand one hundred eighty dollars ($135,180) for the 2001-2002 fiscal year and the sum of one hundred thirty-eight thousand four hundred eighty dollars ($138,480) for the 2002-2003 fiscal year for operating costs and to establish and support additional inspector positions of the Department's program to inspect liquefied petroleum (propane) gas installations, which operating expenses and positions are needed due to the increases in the distribution and use of propane gas in North Carolina.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 541

Short Title:	Grassroots Science Museum Funds.	(Public)
Sponsors:	Representatives Easterling; Alexander, Cansler, Jeffus, Luebke, Michaux, Weiss, and West.	
Referred to:	Appropriations.	

March 8, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO FULLY FUND THE GRASSROOTS SCIENCE MUSEUM COLLABORATIVE TO ENHANCE STATE PROGRAMS IN SCIENCE AND ENVIRONMENTAL EDUCATION.

The General Assembly of North Carolina enacts:

SECTION 1(a). There is appropriated from the General Fund to the Department of Environment and Natural Resources the sum of three million seven hundred seventy thousand dollars ($3,770,000) for the 2001-2002 fiscal year and the sum of three million seven hundred seventy thousand dollars ($3,770,000) for the 2002-2003 fiscal year for full funding of the Grassroots Science Museum Collaborative to enhance State programs in science and environmental education.

SECTION 1(b). The Grassroots Science Museum Collaborative is administered by the North Carolina Museum of Natural Sciences. Participating members of the collaborative are as follows:

(1) Aurora Fossil Museum (Aurora, Beaufort County)
(2) Cape Fear Museum (Wilmington, New Hanover County)
(3) Carolina Raptor Center (Charlotte, Mecklenburg County)
(4) Catawba Science Center (Hickory, Catawba County)
(5) Children's Museum of Iredell County (Statesville, Iredell County)
(6) Colburn Gem and Mineral Museum (Asheville, Buncombe County)
(7) Discovery Place (Charlotte, Mecklenburg County)
(8) Fascinate-U (Fayetteville, Cumberland County)
(9) Granville County Museum Commission, Inc. – Harris Gallery (Oxford, Granville County)
(10) The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc. (Asheville, Buncombe County)
(11) Highlands Biological Station (Highlands, Macon County)

(12) Imagination Station (Wilson, Wilson County)
(13) Museum of Coastal Carolina (Ocean Isle, Brunswick County)
(14) Natural Science Center of Greensboro (Greensboro, Guilford County)
(15) North Carolina Museum of Life and Science (Durham, Durham County)
(16) Rocky Mount Children's Museum (Rocky Mount, Nash County)
(17) Schiele Museum of Natural History (Gastonia, Gaston County)
(18) SciWorks Science Center and Environmental Park of Forsyth County (Winston-Salem, Forsyth County)
(19) Western North Carolina Nature Center (Asheville, Buncombe County)
(20) Wilmington Children's Museum (Wilmington, New Hanover County).

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 285

Committee Substitute Reported Without Prejudice 5/7/01

Short Title: Yadkin/Pee Dee Lakes Project Funds. (Public)

Sponsors:

Referred to:

February 28, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE OPERATION OF THE YADKIN/PEE DEE LAKES PROJECT.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to The Yadkin/Pee Dee Lakes Project, Inc., the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year as a grant-in-aid to support The Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development in the area.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 23

Short Title:	NC Farmland Preservation Funds.	(Public)
Sponsors:	Representatives Mitchell; Arnold, Barbee, Coates, Culp, Haire, Harrington, Insko, McCombs, Preston, Russell, Setzer, Smith, Walend, West, and G. Wilson.	
Referred to:	Appropriations.	

January 31, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA FARMLAND PRESERVATION TRUST FUND.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Farmland Preservation Trust Fund in the Department of Agriculture and Consumer Services the sum of one million five hundred thousand dollars ($1,500,000) for the 2001-2002 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) for the 2002-2003 fiscal year to be used for the purchase of agricultural conservation easements under Article 61 of Chapter 106 of the General Statutes.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 24

Short Title:	Conservation Trust for NC Funds.	(Public)
Sponsors:	Representatives Mitchell; Arnold, Barbee, Coates, Culp, Haire, Harrington, Insko, McCombs, Preston, Russell, Setzer, Smith, Walend, West, and G. Wilson.	
Referred to:	Appropriations.	

January 31, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE CONSERVATION TRUST FOR NORTH CAROLINA TO SUPPORT THE WORK OF THE STATE'S PRIVATE LAND TRUSTS AND TO PROMOTE VOLUNTARY LAND CONSERVATION AGREEMENTS WITH PRIVATE LANDOWNERS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Conservation Trust for North Carolina the sum of one hundred fifty thousand dollars ($150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2002-2003 fiscal year to provide technical assistance and other support to North Carolina's private land trusts and to promote voluntary land conservation agreements with private landowners.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 635
Committee Substitute Favorable 4/12/01

Short Title: Regulate Body Piercing. (Public)

Sponsors:

Referred to:

March 15, 2001

A BILL TO BE ENTITLED

AN ACT TO REGULATE THE BUSINESS OF BODY PIERCING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-29(c) reads as rewritten:

"(c) The Commission shall adopt rules:

(1) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1022, s. 5.

(2) Establishing standards for approving sewage-treatment devices and holding tanks for marine toilets as provided in G.S. 75A-6(o).

(3) Establishing specifications for sanitary privies for schools where water-carried sewage facilities are unavailable as provided in G.S. 115C-522.

(4) Establishing requirements for the sanitation of local confinement facilities as provided in Part 2 of Article 10 of Chapter 153A of the General Statutes.

(5) Repealed by Session Laws 1989 (Regular Session, 1990), c. 1075, s. 1.

(5a) Establishing eligibility standards for participation in Department reimbursement programs.

(6) Requiring proper treatment and disposal of sewage and other waste from chemical and portable toilets.

(7) Establishing statewide health outcome objectives and delivery standards.

(8) Establishing permit requirements for the sanitation of premises, utensils, equipment, and procedures to be used by ~~a person~~persons engaged in ~~tattooing;~~tattooing or body piercing, as provided in Part 11 of Article 8 of this Chapter.

(9) Implementing immunization requirements for adult care homes as provided in G.S. 131D-9 and for nursing homes as provided in G.S. 131E-113."

SECTION 2. G.S. 130A-39(g) reads as rewritten:

"(g) A local board of health may impose a fee for services to be rendered by a local health department, except where the imposition of a fee is prohibited by statute or where an employee of the local health department is performing the services as an agent of the State. Notwithstanding any other provisions of law, a local board of health may impose cost-related fees for services performed pursuant to Article 11 of this Chapter, 'Wastewater Systems,' for services performed pursuant to Part 10, Article 8 of this Chapter, 'Public Swimming Pools', and for services performed pursuant to Part 11, Article 8 of this Chapter, ~~'Tattooing'.~~'Tattooing and Body Piercing'. Fees shall be based upon a plan recommended by the local health director and approved by the local board of health and the appropriate county board or boards of commissioners. The fees collected under the authority of this subsection are to be deposited to the account of the local health department so that they may be expended for public health purposes in accordance with the provisions of the Local Government Budget and Fiscal Control Act."

SECTION 3. Part 11 of Chapter 130A of the General Statutes reads as rewritten:

"Part 11. ~~Tattooing.~~ Tattooing and Body Piercing.

"§ 130A-283. Tattooing regulated.

(a) Definition. – As used in this Part, the term 'tattooing' means the inserting of permanent markings or coloration, or the producing of scars, upon or under human skin through puncturing by use of a needle or any other method.

(b) Prohibited Practice. – No person shall engage in tattooing without first obtaining a tattooing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, who perform tattooing within the normal course of their professional practice are exempt from the requirements of this Part.

(c) Application. – To obtain a tattooing permit, a person ~~must~~shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a tattooing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and ~~must~~shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a tattooing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that tattooing is being performed in violation of this ~~Part.~~section or materials are not being disposed of as provided in G.S. 130A-285. ~~In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning the enforcement of this Part.~~

(e) Limitation. – A permit issued pursuant to this ~~Part~~section does not authorize a person to remove a tattoo from the body of a human being. Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-284. Body piercing regulated.**

(a) Definition. – As used in this Part, the term 'body piercing' means the creation of an opening in the body of a human being so as to create a permanent hole for the purpose of inserting jewelry or other decoration. Body piercing includes piercing an ear, lip, tongue, nose, naval, or eyebrow. Body piercing does not include piercing an ear lobe with a disposable, single-use stud or solid needle that is applied using a mechanical device to force the needle or stud through the ear lobe.

(b) Prohibited Practice. – No person shall engage in body piercing without first obtaining a body piercing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, are exempt from the requirements of this Part.

(c) Application. – To obtain a body piercing permit, a person shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a body piercing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a body piercing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that body piercing is being performed in violation of this section or materials are not being disposed of as provided in G.S. 130A-285.

(e) Limitation. – Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-285. Management and disposal of materials.**

Materials used by persons engaged in tattooing and body piercing shall be disposed of in accordance with rules adopted by the Commission pursuant to G.S. 130A-309.26.

"**§ 130A-286. Appeals.**

In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning enforcement of this Part."

SECTION 4. This act becomes effective October 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

HOUSE BILL 345

Short Title:	Authorize Reed Act Funds-AB.	(Public)
Sponsors:	Representative Redwine.	
Referred to:	Appropriations.	

March 1, 2001

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE EMPLOYMENT SECURITY COMMISSION TO EXPEND REED ACT FUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2001-2002 fiscal year for unemployment insurance administration.

SECTION 2. This act becomes effective July 1, 2001.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — 06/12/01

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
RS	NCFB
Nancy Thompson	MCIC
Ed Regan	N.C.A.C.C.
Margaret Matrone	NC Housing Finance Agy
BOB KUCAB	NC HOUSING FINANCE AGENCY
Angie McMillan	The Nature Conservancy, NC Chapter
R. ROGERS	DENR
Jim Newell	OSBPM
Johnny Gray	"
Buddy Humphrey	"
JOHN GOODMAN	LINWOOD MERCER & ASSOC.
Kim Hibbard	NCLM
Grady Mills	NC. Cm Nat.
Brian Scabold	NC Small Grain Growers Assn.
Becky Brewer	Labor
Carole Lawler	EGHS
Linda Sewall	DEH
Nolan Newton	"
Lu-Ann Coe	NC ABC
Angela McLeod	NC REAL Enterprises
GENE CROSS	NCDA&CS
CHRISSIE INGLE	UNTECH
Matt Brody	CCNC
Alan Foster	NCDA&CS
N. DAVID SMITH	NCDA&CS
Dana Day	NCDA&CS
Meg Scott Phipps	"

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on N. & E. Resources 06/12/01
Name of Committee Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ruth Turcin Camp	World Trade Center North Carolina
Don Lassiter	NC Septic Tank Assoc
Elizabeth L. Wesely	McGlees Consulting
Linda Saunders	Technological Services Assoc.
Angie Harris	Maupin Taylor & Ellis

House Appropriations Subcommittee on Natural and Economic Resources

Wednesday, June 13, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. Chairman's Comments

2. Members' Bills

Rep. Redwine	H 345 – Authorize Reed Act Funds
Rep. Hill	H 654 – Center for Environmental Farming Funds H 655 – Agronomic Laboratory Funds H 769 – Agric. Fairs Advisory Council/Grant Funds
Rep. Warner	H 721 – Cape Fear River Freshwater Aquarium H 1360 – Cape Fear River Basin Research Funds
Rep. Culpepper	H 951 – Eastern Heritage Tourism Initiative Funds
Rep. Hackney	H 1158 – Ban Certain Waste from Landfills
Rep. Fox	H 1288 – NC Biotechnology Center Funds
Rep. Gibson	H 1299 – Underground Storage Tank Program Funds
Rep. Hunter	H 1345 – Community Development Initiative Funds H 1346 – Funds for NC Minority Support Center H 1357 – NC Technological Development Authority Funds
Rep. Blue	H 1367 – NC Photonics Consortium Funds
Rep. Mitchell	H 1371 – Organic Certification Cost-Share Funds
Rep. McComas	H 1398 – Lower Cape Fear River Program Funds H 1399 – World Trade Center NC Funds H 1404 – Brownfields Position
Rep. Adams	H 1401 – Funds to Expand Individual Development Accounts

3. Committee Discussion

4. Adjourn

Minutes

House Appropriations Subcommittee on
Natural and Economic Resources
June 13, 2001 - 8:30 A.M.

The House Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, June 13, 2001 at 8:30 a.m. in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Nurham Warwick, John Weatherly and Roger West. A visitor's sheet is attached (ATTACHMENT I).

Representative Bill Owens chaired the meeting.

Members Bills

Chair Bill Owens recognized Representative Alma Adams, primary sponsor of the bill, to explain HB 1401, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE EXPANSION OF INDIVIDUAL DEVELOPMENT ACCOUNTS (ATTACHMENT II). Ms. Charlotte Gardner, Director of IDA and Special Projects, Department of Labor, spoke on how an Individual Development Account (IDA) works. No action was taken.

Representative Dewey Hill was recognized to explain three bills he sponsored.

(1) HB 654, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE CENTER FOR ENVIRONMENTAL FARMING SYSTEMS (ATTACHMENT III). No action was taken.

(2) HB 655, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR IMPROVEMENTS TO THE AGRONOMIC LABORATORY IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES (ATTACHMENT IV). No action was taken.

(3) HB 769, A BILL TO BE ENTITLED AN ACT TO ESTABLISH THE AGRICULTURAL FAIRS ADVISORY COUNCIL AND TO APPROPRIATE FUNDS FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS (ATTACHMENT V). No action was taken.

Representative Pryor Gibson, sponsor of the bill, was recognized to explain HB 1299, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FROM THE COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND AND THE NONCOMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND TO SUPPORT THE ADMINISTRATION OF THE PETROLEUM UNDERGROUND STORAGE TANK PROGRAM (ATTACHMENT VI). No action was taken.

Chair Bill Owens recognized Representative Alex Warner to explain two bills.

(1) HB 721, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE PLANNING AND DEVELOPMENT OF THE CAPE FEAR RIVER FRESHWATER AQUARIUM (ATTACHMENT VII). No action was taken.

(2) HB 1360, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR DATA COLLECTION, RESEARCH, INFORMATION MANAGEMENT, AND PUBLIC EDUCATION REGARDING THE CAPE FEAR RIVER BASIN (ATTACHMENT VIII). No action was taken.

Representative Frank Mitchell was recognized to explain HB 1371, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR AN ORGANIC CERTIFICATION COST-SHARING PROGRAM AND A GRANT-IN-AID TO THE CAROLINA FARM STEWARDSHIP ASSOCIATION (ATTACHMENT IX). No action was taken.

Chair Bill Owens recognized Representative Howard Hunter to present three bills.

(1) HB 1345, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF COMMERCE FOR THE COMMUNITY DEVELOPMENT INITIATIVE (ATTACHMENT X). No action was taken.

(2) HB1346, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA MINORITY SUPPORT CENTER (ATTACHMENT XI). No action was taken.

(3) HB 1357, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.(ATTACHMENT XII). No action was taken.

Representative David Redwine was unable to attend the meeting. Chair Bill Owens presented his bill; HB 345, A BILL TO BE ENTITLED AN ACT AUTHORIZING THE EMPLOYMENT SECURITY COMMISSION TO EXPEND REED ACT FUNDS (ATTACHMENT XIII). Mr. Adam Levinson, Fiscal Research, explained the bill. The bill does not require funding from the General Assembly. It authorizes the Employment Security Commission to draw down federal funds. Chair Bill Owens asked Mr. Levinson to prepare a special provision for this bill so that it could be considered next week.

Representative Bill Culpepper was unable to attend to explain his bill. Chair Bill Owens presented his bill; HB 951, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE EASTERN NORTH CAROLINA HERITAGE TOURISM INITIATIVE (ATTACHMENT XIV). No action was taken.

Representative Stan Fox was attending the Southern Regional Education Board meeting in Atlanta and could not be present. Chair Bill Owens presented HB 1288, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA BIOTECHNOLOGY CENTER (ATTACHMENT XV). No action was taken.

Representative Daniel McComas was unable to attend the meeting. Chair Bill Owens presented his three bills.

(1) HB 1398, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE LOWER CAPE FEAR RIVER PROGRAM (ATTACHMENT XVI). No action was taken.

(2) HB 1399, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS TO THE WORLD TRADE CENTER NORTH CAROLINA TO SUPPORT INTERNATIONAL TRADE EDUCATION PROGRAMS FOR SMALL AND MEDIUM-SIZED BUSINESSES IN THE STATE (ATTACHMENT XVII). No action was taken.

(3) HB 1404, A BILL TO BE ENTITLED AN ACT TO FUND A POSITION IN THE BROWNFIELDS PROGRAM TO FACILITATE AND EXPEDITE THE CLEANUP AND REUSE OF CONTAMINATED AND ABANDONED PROPERTIES THROUGHOUT THE STATE OF NORTH CAROLINA (ATTACHMENT XVIII). No action was taken.

Chair Bill Owens asked the NER Staff to clarify the fact that if you use State funds, the person buying the property and cleaning it up must absorb 100% of the cost. Ms. Jennifer Hoffman, Fiscal Research, said she did not think there were State monies going into the program for positions at this time. Chair Bill Owens asked Ms. Hoffman to check and bring back to the committee any problems that could be caused by this bill.

In the absence of Representative Joe Hackney, Chair Bill Owens presented HB 1158, A BILL TO BE ENTITLED AN ACT TO PROHIBIT THE DISPOSAL OF CORRUGATED CARDBOARD, CLEAN WOOD WASTE, AND WOODEN PALLETS IN LANDFILLS (ATTACHMENT XIX).

Ms. Jennifer Hoffman, Fiscal Research, was recognized to explain the bill. Mr. Richard Rogers, Legislative Liaison for the Department of Environment and Natural Resources (DENR), also spoke on the bill. HB 1158 is to be brought back before the committee next week after checking with DENR and the North Carolina Association of County Commissioners.

In the absence of Representative Dan Blue, Chair Bill Owens presented HB 1367, A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA PHOTONICS CONSORTIUM (ATTACHMENT XX). No action was taken.

Mr. J. Allen Adams, Lobbyist for the North Carolina Biotechnology Center, was recognized. He provided a handout on HB 1288 discussed earlier in the meeting (ATTACHMENT XXI)

Chair Bill Owens adjourned the meeting at 9:15 a.m.

Respectfully submitted,

Bill Owens

Representative Bill Owens, Chair

Linda A. Johnson

Linda A. Johnson, Committee Assistant

ATTACHMENT I

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

June 13, 2001 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Charlotte Gardner	Dept of Labor
Dan Brown	NC Minority Support Ctr
Ali Avery	DOL
Lori Ann Harris	L.A. Harris & Assoc Inc
Clara Day	NCDA&CS
Meg Scott Phipps	"
Amy Foster	NCDA&CS
N. David Smith	NCDA&CS
Gary Zeller	NCDA & CS
Wilbur Perry	NCDA&CS
Henry Jones	Attorney - Raleigh
Carl Rist	Corporation for Enterprise Development
Bruce Ruffin, Jr	Corporation for Enterprise Development
Amanda Abrams	NCLIHC
[illegible]	NC Biotech Center
[illegible]	OSBM
[illegible]	"
[illegible]	"
Brian Scaboll	NC Small Grain Growers Assn.
Angela O'Cogdell	NC REAL Enterprises
Angie McMillan	The Nature Conservancy, NC Chapter
[illegible]	NC Sierra Club
[illegible]	NCLCV
David Barnes	Poyner & Spruill LLP
Kevin Leonard	NC DOL
Aedis Watkins	SCANC

ATTACHMENT II

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 1401

Short Title:	Funds to Expand Ind. Development Acct.	(Public)
Sponsors:	Representatives Adams; Clary, Cunningham, Hall, Hill, Howard, Hunter, Johnson, McComas, Teague, Weatherly, and West.	
Referred to:	Appropriations.	

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE EXPANSION OF INDIVIDUAL DEVELOPMENT ACCOUNTS.

Whereas, in 1997, the General Assembly initiated an Individual Development Account (IDA) demonstration program to help move former welfare recipients and low-income working families toward self-sufficiency; and

Whereas, North Carolina has become a leader in state-run IDA programs through the State demonstration program and through the small cities Community Development Block Grant (CDBG) program; and

Whereas, North Carolina has secured additional matching federal funds to increase the scope of the initial IDA demonstration program; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the General Fund to the Department of Labor the sum of one million two hundred thousand dollars ($1,200,000) for the 2001-2002 fiscal year and the sum of one million two hundred thousand dollars ($1,200,000) for the 2002-2003 fiscal year to expand the IDA demonstration program. These funds shall be used to:

(1) Provide individuals and families, especially underemployed persons, an opportunity and an incentive to accumulate assets;

(2) Promote investments in education, homeownership, and microenterprise development;

(3) Demonstrate that household savings strategies, such as the development of IDAs, can be an effective strategy for assisting working families to achieve long-term self-sufficiency; and

(4) Utilize and build comprehensive partnerships that support asset building in low-wealth counties.

SECTION 1.(b) Of the funds appropriated in subsection (a) of this section, the sum of eight hundred forty thousand dollars ($840,000) for the 2001-2002 fiscal year and the sum of eight hundred forty thousand dollars ($840,000) for the 2002-2003 fiscal year shall be allocated as matching funds for personal savings of qualified participants selected to complete their program within five years of the date of initial qualification. These funds may also be used for the expansion of IDA consortia funded under the 1997-1999 demonstration program that have enrolled a minimum of fifty percent (50%) of capacity with eligible participants and closed at least one account wherein the individual's goal was completed. Funds for the expansion of existing IDA consortia shall not exceed one hundred thousand dollars ($100,000) per consortium, and a consortium may receive grant funds for expansion only one time during the 2001-2003 fiscal biennium. The Department shall develop guidelines for awarding funds to expand existing IDA consortia. Guidelines shall include the basis for determining award amounts. Funds remaining from funds allocated under this subsection shall be allocated on a competitive basis.

SECTION 1.(c) Funds remaining after allocations are made in accordance with subsections (a) and (b) of this section shall be used for case management, program development, and financial literacy training, and for allocation to local sites and economic literacy providers. Each site that adds at least 40 new accounts may be eligible for up to fifty thousand dollars ($50,000) of funds allocated in each fiscal year under this subsection. The Department of Labor may use up to eighty thousand dollars ($80,000) of funds allocated in each fiscal year under this subsection for administrative costs.

SECTION 1.(d) Matching funds allocated in accordance with subsection (a) of this section may be used by qualified participants for home purchase, investment in a business or self-employment venture owned by the participant, or costs of postsecondary education or training for program participation. Participants are not restricted as to the amounts or sources of funds deposited into the account, but only savings from earned income will qualify for State matching funds. Tax return reports shall be used to verify earned income. Funds in Individual Development Accounts shall not be counted as assets in the Work First Program. Individual Development Account statements and other individual information contained in the records of these accounts are confidential and not a public record under Chapter 132 of the General Statutes.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 654

Short Title:	Center for Environmental Farming Funds.	(Public)
Sponsors:	Representatives Hill; Church, Teague, Underhill, Wainwright, Walker, and G. Wilson.	
Referred to:	Appropriations.	

March 19, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE CENTER FOR ENVIRONMENTAL FARMING SYSTEMS.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of two million four thousand eight hundred eight dollars ($2,004,808) for the 2001-2002 fiscal year and the sum of two million one hundred ninety-seven thousand six hundred fifty-eight dollars ($2,197,658) for the 2002-2003 fiscal year for implementation of research and demonstration programs at the Center for Environmental Farming Systems at the Cherry Farm Unit located near Goldsboro.

SECTION 2. This act becomes effective July 1, 2001.

ATTACHMENT IV

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 655

Short Title:	Agronomic Laboratory Funds.	(Public)
Sponsors:	Representatives Hill; Church, Teague, Underhill, Wainwright, Walker, and G. Wilson.	
Referred to:	Appropriations.	

March 19, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR IMPROVEMENTS TO THE AGRONOMIC LABORATORY IN THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of five hundred twenty-eight thousand four hundred thirty-seven dollars ($528,437) for the 2001-2002 fiscal year and the sum of one hundred thirty-two thousand three hundred thirty-seven dollars ($132,337) for the 2002-2003 fiscal year for equipment and to establish and support staff positions at the Division of Agronomic Service's laboratory in order to meet increased demand for testing soil, animal waste, and plant tissue due to environmental protection mandates.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 769
Committee Substitute Favorable 4/19/01

Short Title: Agric. Fairs Advisory Council/Grant Funds. (Public)

Sponsors:

Referred to:

March 26, 2001

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE AGRICULTURAL FAIRS ADVISORY COUNCIL AND TO APPROPRIATE FUNDS FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS.

The General Assembly of North Carolina enacts:

SECTION 1. Part 4 of Article 45 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"**§ 106-520.8. Agricultural Fairs Advisory Council.**

The Agricultural Fairs Advisory Council is created. The Commissioner of Agriculture shall appoint the members of the Agricultural Fairs Advisory Council. The Advisory Council shall consist of up to 15 members, representing all geographic regions of the State and representing local and county agricultural fairs, commodity associations, farm organizations, or persons having an interest in agricultural fairs. The members of the Agricultural Fairs Advisory Council shall serve at the pleasure of the Commissioner of Agriculture. The Commissioner or the Commissioner's designee shall serve as Chair of the Advisory Council. The Advisory Council shall meet at the call of the Chair for the purpose of advising the Commissioner of Agriculture on the distribution of grants to local agricultural fairs licensed under this Article from funds appropriated by the General Assembly for this purpose."

SECTION 2. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of three hundred thousand dollars ($300,000) for the 2002-2003 fiscal year to be used for grants to local agricultural fairs licensed under Article 45 of Chapter 106 of the General Statutes and to be distributed by the Commissioner of Agriculture. No grant to an individual local agricultural fair shall exceed seven thousand five hundred dollars ($7,500). The Commissioner of Agriculture may seek advice on the distribution of these grants from the Agricultural Fairs Advisory Council, created in G.S. 106-520.8, as enacted in Section 1 of this act.

SECTION 3. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 1299

Short Title:	Underground Storage Tank Program Funds.	(Public)
Sponsors:	Representative Gibson.	
Referred to:	Appropriations.	

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FROM THE COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND AND THE NONCOMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND TO SUPPORT THE ADMINISTRATION OF THE PETROLEUM UNDERGROUND STORAGE TANK PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources the sum of two hundred forty-seven thousand five hundred dollars ($247,500) for the 2001-2002 fiscal year to implement the provisions of Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 2. There is appropriated from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources the sum of two hundred forty-seven thousand five hundred dollars ($247,500) for the 2001-2002 fiscal year to implement the provisions of Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 3. This act becomes effective 1 July 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 721

Short Title:	Cape Fear River Freshwater Aquarium.	(Public)
Sponsors:	Representatives Warner, Hurley, and Lucas.	
Referred to:	Appropriations.	

March 22, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE PLANNING AND DEVELOPMENT OF THE CAPE FEAR RIVER FRESHWATER AQUARIUM.

Whereas, the Cape Fear River Watershed is the largest river basin entirely within the State of North Carolina, draining 29 counties or twenty-two percent (22%) of the State's land area, containing approximately twenty-seven percent (27%) of the State's population; and

Whereas, the Cape Fear River is a natural resource of vital economic importance, providing water supply for residential and industrial uses; and

Whereas, the Cape Fear River is used for a variety of recreational activities and for commercial and other waterborne transportation; and

Whereas, the Cape Fear River and its adjacent riparian area serve as a critical fisheries and wildlife habitat; and

Whereas, there is a need to educate and inform others regarding the significance of the Cape Fear River as a natural resource and the need for and benefits of good stewardship; and

Whereas, there is a need for a freshwater aquarium facility for display of this information regarding the Cape Fear River from its headwater tributaries, the Deep and the Haw Rivers, including Jordan Lake, and down to the Cape Fear River Estuary; and

Whereas, the Fayetteville/Cumberland County area is centrally located within the Cape Fear River Basin and is adjacent to Interstate 95; and

Whereas, there is a well-established historical connection between the Cape Fear River and adjacent communities in this area; and

Whereas, this comparatively economically depressed area would benefit from the location of this facility there; and

Whereas, there are educational institutions in this area which can make use of this facility for environmental studies programs; and

Whereas, the Cape Fear River Assembly is a nonprofit, basinwide organization with representation from the upper, the middle, and the lower geographical areas of the Cape Fear River Basin, and from a variety of interests including industry, local government, environmental and conservation organizations, academic institutions, civic organizations, and local, State, and federal agencies; and

Whereas, the Cape Fear River Assembly is currently administering a number of environmental projects regarding the Cape Fear River; and

Whereas, the Cape Fear River Assembly has appointed a Cape Fear River Freshwater Aquarium Task Force and is designated as the receiving agency for funds approved by the General Assembly for the Cape Fear River Freshwater Aquarium project; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., the sum of seventy-five thousand dollars ($75,000) for the 2001-2002 fiscal year for the planning and development of an aquarium facility in Fayetteville.

SECTION 2. The Cape Fear River Assembly, Inc., shall report by October 1, 2001, and quarterly thereafter during the fiscal year to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations on the use of the funds appropriated by this act.

SECTION 3. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 1360

Short Title:	Cape Fear River Basin Research Funds.	(Public)
Sponsors:	Representatives Warner, Lucas, Hurley, Davis (Primary Sponsors), McComas, Morris; Cox and Wright.	
Referred to:	Appropriations.	

April 19, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR DATA COLLECTION, RESEARCH, INFORMATION MANAGEMENT, AND PUBLIC EDUCATION REGARDING THE CAPE FEAR RIVER BASIN.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., a nonprofit corporation, the sum of two hundred seventy-five thousand dollars ($275,000) for the 2001-2002 fiscal year and the sum of two hundred seventy-five thousand dollars ($275,000) for the 2002-2003 fiscal year to conduct comprehensive investigations throughout the lower, middle, and upper portions of the Cape Fear River Basin to obtain critical information regarding water quality and ecosystem health and to establish long-term baseline conditions and impaired segments.

SECTION 2. There is appropriated from the General Fund to the Cape Fear River Assembly, Inc., a nonprofit corporation, the sum of two hundred twenty thousand dollars ($220,000) for the 2001-2002 fiscal year and the sum of two hundred twenty thousand dollars ($220,000) for the 2002-2003 fiscal year to develop a comprehensive data and information management system to store, manage, retrieve, analyze, interpret, and graphically display a large amount of water quality data and related information and to provide this information for education and use in water resource management.

SECTION 3. The Cape Fear River Assembly, Inc., may enter into contracts for the data collection and management, the research, and the public education regarding the Cape Fear River Basin funded by this act.

SECTION 4. The Cape Fear River Assembly, Inc., shall report by October 1, 2001, and quarterly thereafter to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations on the use of any funds appropriated in this act.

SECTION 5. This act becomes effective July 1, 2001.

ATTACHMENT IX

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H **1**

HOUSE BILL 1371

Short Title:	Organic Certification Cost-Share Funds.	(Public)
Sponsors:	Representatives Mitchell; and Luebke.	
Referred to:	Appropriations.	

April 24, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR AN ORGANIC CERTIFICATION COST-SHARING PROGRAM AND A GRANT-IN-AID TO THE CAROLINA FARM STEWARDSHIP ASSOCIATION.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one hundred fifty thousand dollars ($150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2002-2003 fiscal year to establish a cost-sharing program for the certification of organic farms and a grant-in-aid to the Carolina Farm Stewardship Association, which promotes organic and sustainable agriculture as a viable alternative for small, family farms.

SECTION 2. This act becomes effective July 1, 2001.

10

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 1345*

Short Title:	Community Dev. Initiative Funds.	(Public)
Sponsors:	Representatives Hunter; Adams, Cunningham, Michaux, Miller, Oldham, and Wainwright.	
Referred to:	Appropriations.	

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF COMMERCE FOR THE COMMUNITY DEVELOPMENT INITIATIVE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce the sum of one million dollars ($1,000,000) for the 2001-2002 fiscal year to be allocated to North Carolina Community Development Initiative, Inc., for economic development projects.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H **1**

HOUSE BILL 1346

Short Title:	Funds for NC Minority Support Center.	(Public)
Sponsors:	Representatives Hunter, Luebke, Hall (Primary Sponsors); Adams, Alexander, Cunningham, Michaux, Miller, Mitchell, Oldham, and Wainwright.	
Referred to:	Appropriations.	

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA MINORITY SUPPORT CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year for the North Carolina Minority Support Center. The Center shall allocate one hundred thousand dollars ($100,000) for the Latino Community Credit Union and one hundred thousand dollars ($100,000) for two new credit unions in Sampson and Durham Counties.

SECTION 2. This act becomes effective July 1, 2001.

ATTACHMENT XII

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 1357*

Short Title:	NC Technological Dev. Auth. Funds.	(Public)
Sponsors:	Representative Hunter.	
Referred to:	Appropriations.	

April 18, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Technological Development Authority, Inc., a nonprofit corporation, the sum of three million five hundred thousand dollars ($3,500,000) for the 2001-2002 fiscal year and the sum of three million five hundred thousand dollars ($3,500,000) for the 2002-2003 fiscal year for entrepreneurial support and infrastructure, including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 345

Short Title:	Authorize Reed Act Funds-AB.	(Public)
Sponsors:	Representative Redwine.	
Referred to:	Appropriations.	

March 1, 2001

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE EMPLOYMENT SECURITY COMMISSION TO EXPEND REED ACT FUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million seventy-eight thousand forty-nine dollars ($2,078,049) for the 2001-2002 fiscal year for unemployment insurance administration.

SECTION 2. This act becomes effective July 1, 2001.

ATTACHMENT XIV

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H **1**

HOUSE BILL 951*

Short Title:	Eastern Heritage Tourism Initiative Funds.	(Public)
Sponsors:	Representative Culpepper.	
Referred to:	Appropriations.	

April 3, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE EASTERN NORTH CAROLINA HERITAGE TOURISM INITIATIVE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce the sum of ten thousand dollars ($10,000) for the 2001-2002 fiscal year to be allocated to North Carolina's Northeast Partnership to support the master plan development of the Eastern North Carolina Heritage Initiative and to serve as matching funds to secure federal funding for this project.

SECTION 2. This act becomes effective July 1, 2001.

15

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 1288*

Short Title:	NC Biotechnology Ctr. Funds.	(Public)
Sponsors:	Representatives Fox; Wainwright, Alexander, Adams, and Cox.	
Referred to:	Appropriations.	

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA BIOTECHNOLOGY CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce for the North Carolina Biotechnology Center the sum of two million dollars ($2,000,000) for the 2001-2002 fiscal year and the sum of two million dollars ($2,000,000) for the 2002-2003 fiscal year for technical workforce training, infrastructure development, and research and development in commercialization of genomics and bioinformatics for agriculture, forestry, and recruitment of biopharmaceutical manufacturing companies.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 1398

Short Title:	Lower Cape Fear River Program Funds.	(Public)
Sponsors:	Representative McComas.	
Referred to:	Appropriations.	

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE LOWER CAPE FEAR RIVER PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Environment and Natural Resources, Division of Marine Sciences, the sum of three hundred fifty thousand dollars ($350,000) for the 2001-2002 fiscal year for the Lower Cape Fear River Program.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 1399

Short Title:	World Trade Center NC Funds.	(Public)
Sponsors:	Representative McComas.	
Referred to:	Appropriations.	

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE WORLD TRADE CENTER NORTH CAROLINA TO SUPPORT INTERNATIONAL TRADE EDUCATION PROGRAMS FOR SMALL- AND MEDIUM-SIZED BUSINESSES IN THE STATE.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the World Trade Center North Carolina the sum of three hundred thousand dollars ($300,000) for the 2001-2002 fiscal year to support international trade education programs for small- and medium-sized businesses in the State.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H **1**

HOUSE BILL 1404*

Short Title:	Brownfields Position.	(Public)
Sponsors:	Representatives Wright and McComas (Primary Sponsors).	
Referred to:	Appropriations.	

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO FUND A POSITION IN THE BROWNFIELDS PROGRAM TO FACILITATE AND EXPEDITE THE CLEANUP AND REUSE OF CONTAMINATED AND ABANDONED PROPERTIES THROUGHOUT THE STATE OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Division of Waste Management, Department of Environment and Natural Resources, the sum of sixty-two thousand five hundred dollars ($62,500) for the 2001-2002 fiscal year and the sum of fifty-six thousand five hundred dollars ($56,500) for the 2002-2003 fiscal year to establish and support a position in the Brownfields Program.

SECTION 2. This act is effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 2

HOUSE BILL 1158*
Committee Substitute Favorable 4/19/01

Short Title: Ban Certain Waste From Landfills. (Public)

Sponsors:

Referred to:

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT THE DISPOSAL OF CORRUGATED CARDBOARD, CLEAN WOOD WASTE, AND WOODEN PALLETS IN LANDFILLS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-290 is amended by adding three new subdivisions to read:

"**§ 130A-290. Definitions.**

(a) Unless a different meaning is required by the context, the following definitions shall apply throughout this Article:

...

(1d) 'Clean wood waste' means lumber, wood waste, or wood scraps from a manufacturing process or the construction, remodeling, or repair of a residential or commercial structure or building that is free from adhesive, glue, paint, stain, fire retardant, pesticide, sealant, and is not treated with a chemical preservative.

...

(4.1) 'Corrugated cardboard' means a kraft paper product consisting of two or more outer layers of linerboard surrounding an inner core that is corrugated or shaped in rigid parallel furrows and ridges, but excluding boxboard, foreign corrugated cardboard, and containers that are contaminated with blood, grease, oil, chemicals, metals, wood, food residue, wax, or any other material that will render the corrugated cardboard not marketable, or that have polyethylene, polystyrene, foil, or other nonpaper liners.

...

(44a) 'Wooden pallet' means a wooden object consisting of a flat or horizontal deck or platform supported by structural components that is used as a base for assembling, stacking, handling, and transporting goods."

SECTION 2. G.S. 130A-309.10(f) reads as rewritten:

"(f) No person shall knowingly dispose of the following solid wastes in landfills:

(1) Repealed by Session Laws 1991, c. 375, s. 1.

(2) Used oil.

(3) Yard trash, except in landfills approved for the disposal of yard trash under rules adopted by the Commission. Yard trash that is source separated from solid waste may be accepted at a solid waste disposal area where the area provides and maintains separate yard trash composting facilities.

(4) White goods.

(5) Antifreeze (ethylene glycol).

(6) Aluminum cans.

(7) Whole scrap tires, as provided in G.S. 130A-309.58(b). The prohibition against landfilling whole tires applies to all whole pneumatic rubber coverings, but does not apply to whole solid rubber coverings.

(8) Lead-acid batteries, as provided in G.S. 130A-309.70.

(9) Corrugated cardboard.

(10) Wooden pallets.

(11) Clean wood waste.

A county may petition the Department for a waiver from the prohibition of disposal of the materials described in subdivisions (9), (10), and (11) of this subsection, based upon a showing that the imposition of such prohibition would constitute an economic hardship based on the absence of markets for such materials."

SECTION 3. This act is effective October 1, 2004.

ATTACHMENT XX

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H **1**

HOUSE BILL 1367

Short Title:	NC Photonics Consortium Funds.	(Public)
Sponsors:	Representative Blue.	
Referred to:	Appropriations.	

April 24, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA PHOTONICS CONSORTIUM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce the sum of two million dollars ($2,000,000) for the 2001-2002 fiscal year and the sum of five million dollars ($5,000,000) for the 2002-2003 fiscal year to be allocated to the North Carolina Photonics Consortium for infrastructure development and support, curriculum development, and technology development in the field of photonic technology.

SECTION 2. This act becomes effective July 1, 2001.

ATTACHMENT XXI

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

S 1

SENATE BILL 704

Short Title:	NC Biotechnology Ctr. Funds.	(Public)
Sponsors:	Senators Weinstein; Horton, Metcalf, and Swindell.	
Referred to:	Appropriations/Base Budget.	

March 27, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA BIOTECHNOLOGY CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce for the North Carolina Biotechnology Center the sum of two million dollars ($2,000,000) for the 2001-2002 fiscal year and the sum of two million dollars ($2,000,000) for the 2002-2003 fiscal year for technical workforce training, infrastructure development, and research and development in commercialization of genomics and bioinformatics for agriculture, forestry, and recruitment of biopharmaceutical manufacturing companies.

SECTION 2. This act becomes effective July 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 1288*

Short Title:	NC Biotechnology Ctr. Funds.	(Public)
Sponsors:	Representatives Fox; Wainwright, Alexander, Adams, and Cox.	
Referred to:	Appropriations.	

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FOR THE NORTH CAROLINA BIOTECHNOLOGY CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Commerce for the North Carolina Biotechnology Center the sum of two million dollars ($2,000,000) for the 2001-2002 fiscal year and the sum of two million dollars ($2,000,000) for the 2002-2003 fiscal year for technical workforce training, infrastructure development, and research and development in commercialization of genomics and bioinformatics for agriculture, forestry, and recruitment of biopharmaceutical manufacturing companies.

SECTION 2. This act becomes effective July 1, 2001.

Bold vision of biotech's future

As president and chief executive officer of the N.C. Biotechnology Center since 1988, Dr. Charles Hamner has been a combination cheerleader and catalyst for the state's biotech industry, plus a recruiter for biotech companies looking to relocate or expand. Hamner, 66, a veterinarian who also has a doctorate in biochemistry from the University of Georgia, is the author of more than 50 scientific publications. He recently talked with staff writer David Ranii about the status of the state's biotech industry today and its promise for tomorrow.



STAFF PHOTO BY JIM BOUNDS

Q. I understand the center's upcoming annual report projects the biotech industry statewide will grow from 30,000 people and more than $2.2 billion in annual sales now to 125,000 people and $24 billion in sales over the next 20 years. What will be the catalyst for that growth?

A. New breakthroughs in genomics, proteomics [the study of protein functions in the cell] and bioinformatics [the application of information technology to biological research]. Having said that, the genomics/proteomics business will spread across all the industries that utilize biotechnology. There I'm talking about the agricultural chemical industry, I'm talking about the biopharmaceutical industry, and I'm talking about a lot of collateral industries that have to do with forestry, the environment and so forth. This is going to be the big catalyst that boosts this [industry] from the linear growth pattern we've been in for the last 10 years to an exponential growth pattern.

I think the fact that we're growing at a 15 to 20 percent rate compounded right this minute, when other things are beginning to either level off or turn down, tells you that we have a very powerful growth surge in biotechnology right now.

Q. What are the obstacles the state's biotech industry must overcome to achieve that growth?

A. We have to look out and be aware of the next important thing to happen in the industry for at least the next 5 or 10 years. And then we have to make sure all the infrastructure is in place to ensure that the state participates in that new activity. ... This is exactly why last December we had the big kickoff for the N.C. Genomics and Bioinformatics Consortium.

Q. Why do we need that consortium and what will it do?

A. First off, we need to improve the interface between industry, academics and support services. No one entity, whether it is academics or industry, has all the capabilities you need to do genomics and bioinformatics. It's just too overwhelming. It takes an unusually large amount of support services. And when I talk about support services I'm talking about things like supercomputing. I'm talking about things like telecommunications.

What the genomics/bioinformatics consortium is going to do is merge the computing and telecommunications industries' activities with the biopharmaceutical and agricultural chemical industries' activities. That's a big boost for computing and telecommunications, but it's essential for the biopharmaceutical and the agricultural chemical industries. They simply cannot handle the huge amounts of data and the data transmission without the aid of the electronics industry. This will mean that we'll be able to store the data, huge amounts of data, on the supercomputer, on various types of servers. We'll be able to salt the data, we'll be able to mine the data, we'll be able to compare the data, and we'll be able to transmit the data quickly and efficiently.

This will be, from our standpoint, the ultimate in public/private partnerships, bringing together some 50 corporations with 14 universities here in North Carolina, with a whole group of foundations and service providers [and] all the various national laboratories ... Because not only do you have to address all the biological sciences and all the mathematical, physical sciences, but you've got to address the whole moral and ethical social issues associated with this thing. So it's going to really be a mammoth undertaking on one hand. But somebody has to bring all this together and coordinate it so we can efficiently and effectively interact with each other and utilize each other's capabilities.

Q. The Triangle has always been the engine of growth for the state's biotech industry. Do you foresee that changing at all?

A. The Triangle and the fine research universities in the state are always going to be the engine that creates the new innovations and keeps the pipeline full. But the new trends in biotechnology are what is really exciting. With the work now to define the genomes of bacteria and yeast and viruses and all kinds of plants and various types of worms and other things ... we're going to be able to move this wonderful technology out into the rural areas. You're going to have things like corn and tobacco and trees being grown for their pharmaceutical products.

Companies are going to move into North Carolina or be started in North Carolina that will contract with farmers to raise these crops. And they'll be cut fresh. And they have to be transported fresh to an ... extraction plant. So this bioprocess manufacturing plant will be available within relatively easy driving distance of farmers. Farmers will take the green, fresh material to the plant and it will be processed there. For each group of farmers growing a certain plant, there will be a bioprocess manufacturing plant associated with it. So the rural areas will benefit tremendously over time.

Q. Do any other states have organizations similar to the Biotech Center?

Thirty-five other states have biotechnology initiatives, but no other state has nearly as holistic approach as we do.

The state of North Carolina has invested $125 million in the biotech center programs. And the biotech center has four major areas it works in. The first area is to help the universities initiate new research programs in biotechnology. Through doing that, we have provided the universities with over 500 grants amounting to some $75 million.

The universities have gone on to take those monies and create information, create data, that [enabled them] to go to the federal government to get program project grants. They have been able to get over $700 million worth of program project grants.

The second big program we have is conversion of technology from the university into commercial development, or technology transfer and the start-up of small companies. The center has spent about $12 million [through grants, loans and investments] on starting up new companies. ... These companies, through their sweat and hard work, have [attracted] over $400 million of venture capital money.

I want to say right up front that [of the 60 start-up companies the biotech center has helped fund] 14 of them have either not succeeded or have merged and been bought up by somebody else. The rest of them are in some phase of development.

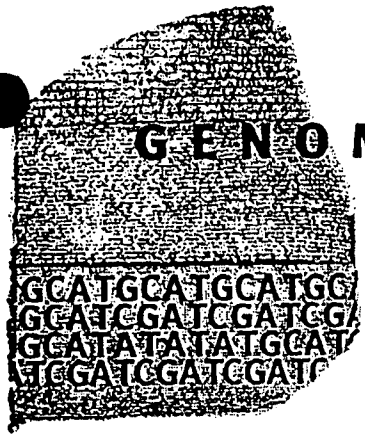
We have an education and training group. In addition to that, we have a corporate affairs group ... that [among other roles] educates the public about biotechnology benefits and risks.

No other state does all four of those things.

Q. The Biotech Center's budget for the current fiscal year is $13.4 million, with $8.6 million of that coming from the state treasury. What kind of impact do you foresee the state's current financial problems having on the center's budget?

A. We're really very concerned about that. We recognize there is a real problem and we certainly empathize with the difficulty. ... We're hoping the state will be able to provide us with $9.5 million next year and we would maintain our budget at somewhere around $13.5 million to $14 million. It is essential that we do that because we need to put money into genomics and bioinformatics right now. We have about a two-year window to take advantage of genomics/bioinformatics and get out in front of everybody else. If we don't get out in front, then we're going to be behind.

DAVID RANII



NORTH CAROLINA
GENOMICS & BIOINFORMATICS
CONSORTIUM

Outline of Consortium Goals and Outcomes

Biotechnology has already yielded extraordinary benefits for economic and societal advancement. More benefits will come, for biotechnology has barely begun to reveal its promise. To gain those benefits, however, requires smart attention to the unfolding sciences and techniques on which biotechnology rests.

Bioinformatics and genomics are key new areas of attention. Understanding and effectively applying both will prove pivotal to the development of products and industry. As a result, North Carolina is well advised to move early and aggressively to leadership in both areas. Doing so requires purposeful partnership among universities, corporations, state government, and policy-leaders.

The Consortium works for this leadership and resulting economic gain by:

- Creating a nationally unique *public/private partnership* to leverage the capabilities of all members and of North Carolina's business infrastructure.
- *Strengthening university capabilities* to interact with industry for research and development, technical support, and technical workforce development.
- *Merging* the biopharmaceutical and agricultural chemical industries with the computing, telecommunications, and informational technology industries for maximum leverage of resources – and maximum attention to new outcomes.
- *Enabling* North Carolina's technology development agencies – including MCNC, with its high-performance computing capabilities, and the North Carolina Biotechnology Center – to work together for leveraged gain.
- *Preparing North Carolina for leadership* in inevitable new realms of science, technology, health care, and agriculture.

Charles E. Hamner, DVM, PhD • President, North Carolina Biotechnology Center
Kenneth R. Tindall, PhD • Project Director and *Senior Vice President, Science and Business Development, North Carolina Biotechnology Center*

11/22/00

The Research and Development Advisory Committee will engage in a series of meetings of members for information gathering, surveying of capabilities and strategic planning. The objectives will be customized to allow each member to play an essential role based on each organization's purpose and capabilities. Such an approach will be implemented to yield a productive and useful model for Consortium function. The resulting Consortium will be tailored to provide general long-term benefits to the membership and to North Carolina by establishing strong interdisciplinary interactions and by strengthening academic-industrial ties.

ORGANIZATION AND OPERATION

The North Carolina Biotechnology Center, working with public and private North Carolina universities, will:

- Establish the Research and Development Advisory Committee on Genomics and Bioinformatics to establish a Genomics and Bioinformatics Consortium (see attached organizational chart).
- Function as the coordinator, implementer, and convener of Advisory Committee meetings and of the resulting Consortium.
- Run the day-to-day administration and operations of the Consortium with input from the Consortium Board.

BENEFITS TO THE BIOSCIENCE COMMUNITY AND TO NORTH CAROLINA

- The universities will serve as unifier and provider of research, training and development. In addition, the university community will provide input to the bioscience industry in the general areas of life science research, policy development (legal) and business; intellectual property protection; public/biomedical health; and the humanities.
- Industry will receive support and services necessary for enhancing the implementation of genomics, proteomics and bioinformatics in their business. Industrial investment in the Consortium for a specific purpose will provide a return on investment through new information and innovation or improved production and efficiency.
- Service and non-profit public interest organizations will provide unique support services for a holistic approach to genomics and bioinformatics applications in biosciences research, development and commercialization.
- Foundations will be able to select specific programs of interest for funding and development.

STRATEGIC FOCUS

Strategic planning for the Consortium may involve any of the seven challenges and opportunities quoted in the U.S. Human Genome Program goals for 1998-2003 (Science, Vol. 282, pp. 682-689, 23 Oct. 1998), but planning may involve plants or animals and the application of technology innovation relevant to any applicable industry or affiliation between members. These challenges include:

Sequencing Technology: "In the future, de novo sequencing of additional genomes, comparative sequencing of closely related genomes, and sequencing to assess variation within genomes will become increasingly indispensable tools for biological and medical research .... Research must be supported on new technologies that will make even higher throughput DNA sequencing efficient, accurate, and cost-effective, thus providing the foundation for other advanced

genomic analysis tools."

Human Genome Sequence Variation: "Natural sequence variation is a fundamental property of all genomes .... Basic information about the types, frequencies, and distribution of polymorphisms in the human genome and in human populations is critical for progress in human genetics. Better high-throughput methods for using such information in the study of human disease are also needed."

Technology for Functional Genomics: "The availability of entire genome sequences is enabling a new approach to biology often called functional genomics – the interpretation of the function of DNA sequence on a genomic scale .... Many genes and other functional elements of the genome are discovered only when the full DNA sequence is known .... However, knowing the structure of a gene or other element is only part of the answer. The next step is to elucidate function, which results from the interaction of genomes with their environment .... Large-scale characterization of the gene transcripts and their protein products underpins functional analysis .... Improved technologies are [also] needed for global approaches to the study of non-protein-coding sequences...."

Comparative Genomics: "Because all organisms are related through a common evolutionary tree, the study of one organism can provide valuable information about others. Much of the power of molecular genetics arises from the ability to isolate and understand genes from one species based on knowledge about related genes in another species. Comparisons between genomes ... provide insight into the universality of biologic mechanisms and ... into the details of gene structure and function."

BioInformatics and Computational Biology: "Bioinformatics support is essential to the implementation of genome projects and for public access to their output .... Collection, analysis, annotation, and storage of the ever-increasing amounts of mapping, sequencing, and expression data in publicly accessible, user-friendly databases is critical to the project's success. In addition, the community needs computational methods that will allow scientists to extract, view, annotate, and analyze genomic information efficiently."

FUNDING

Funding for grants, alliances, and administration/operations will come from a variety of sources: a leveraged State appropriation in addition to foundations, industry and federal support as appropriate.

These funds may be restricted or non-restricted. The Biotechnology Center will manage these funds according to guidelines and agreements with the donors/grantors.
The Biotechnology Center has three ongoing funding programs that can be used to support and distribute funds among Consortium members: a Multidisciplinary Grants Program, a Collaborative Funding Assistance Program, and a Program Initiation Grants Program.

Such an arrangement will allow members to seek grants and other funds on their own for specific projects that may include:

- Federal designation as Center of Excellence in Genomic Science
- Federal NIH or NSF grants
- Other federal, industry, foundation funds

OUTCOME

Biotechnology is interdisciplinary, multidisciplinary and transdisciplinary. Therefore, it is also transindustrial and transsocietal. Genomics and Bioinformatics can serve as a unifier since the information and knowledge gained can be applied to all industries for new products/profits and simultaneously benefit the public with a better quality of life.

IMPLEMENTATION

4th Quarter 2000

1. Start organizational tasks for Consortium
2. Establish Advisory Committee and begin Advisory Committee meetings
3. Gain acceptance of potential members

1st Quarter 2001

1. Continue Advisory Committee meetings to establish goals, objectives, etc.
2. Work with Universities on Planning Grant(s) they wish to submit
3. Start work with Governor and Legislature for support

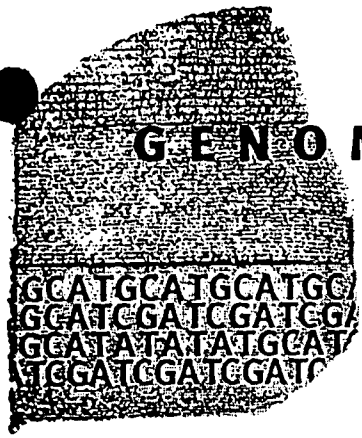
2nd and 3rd Quarter 2001

1. Complete establishment of Consortium – begin operation
2. Continue to work with State Legislature to secure funding
3. Start work on preparing grant for CEGS with universities
4. Secure funding from foundations and industry for research and development projects per interest in given strategic plan element or specific grantor interest

4th Quarter 2001 and beyond

1. Full-scale operation of Consortium
   - Administration
   - Funding
   - Grants management
   - Consortium meetings

Project Director:
Kenneth R. Tindall, Ph.D., Senior Vice President for Science and Business Development
North Carolina Biotechnology Center
Project Administration:
Kristi Grabow, Special Projects Coordinator
Corey Waters, Administrative Assistant
North Carolina Biotechnology Center



NORTH CAROLINA
GENOMICS & BIOINFORMATICS
CONSORTIUM

Concept

INTRODUCTION

Over the last century, the biosciences have made considerable progress in understanding how animals and plants metabolize, synthesize, and utilize chemical nutrients for cell and organism function. Such progress has involved advances in both the physical and biological sciences and has led to products and services from industries ranging from health care and agriculture to computing and telecommunications. These evolving products and services have greatly improved our quality of life.

We are now on the verge of a revolution of new knowledge, technology innovation and product development through advancements in disciplines that contribute to the understanding of the structure and function of *all* genes and proteins, potentially in *all* organisms. The study of the structure, function and interaction of the complement of genes in a living cell is termed *genomics*. Likewise, the study of the complement of proteins in a cell is termed *proteomics*. Finally, *bioinformatics* is defined as the large-scale storage, retrieval and assessment of data from biological studies. The next great advancement in the biological sciences will come from the integration of genomics, proteomics and bioinformatics.

Such integration requires new approaches in research, education and biotechnology business development. University research programs are moving boldly on many fronts, developing multidisciplinary, interdisciplinary and inter-institutional affiliations. Adaptation of biotechnology to include genomics-related approaches is now widespread in many industries. In addition, multidisciplinary training of a workforce is crucial. The breadth and overlap of product ideas and use is expanding.

In this complex and rapidly changing environment, a neutral coordinator, integrator, and arbitrator can play a productive role. Therefore, the North Carolina Biotechnology Center, working with public and private universities in North Carolina, is proposing to form the North Carolina Genomics and Bioinformatics Consortium. This Consortium will bring together the universities with the bioscience industry, service organizations, foundations, and non-profit public interest organizations. Through the Consortium, participants will be better able to share information and resources, plan strategic initiatives, and form alliances.

GOALS

The goal of the Research and Development Advisory Committee is to establish the North Carolina Genomics and Bioinformatics Consortium. The goal of the Consortium is to bring together the key elements of research, development, commercialization and support infrastructure in North Carolina that use or focus on genomics, proteomics or bioinformatics in order to plan strategic research and development initiatives, and to build infrastructure, synergy and community.

December 2000

DRAFT

North Carolina Genomics and Bioinformatics Consortium

North Carolina Biotechnology Center
Administration/Coordination

Consortium Board
All Member Groups Represented

Member oversight group
- 3 members/member group
- Ex-Officio:
  1– Biotechnology Center
  1– Office of the President of the UNC System
  1– Private Universities and other

Research and Development Advisory Committee

- Senior Researcher
  or
- Senior Researcher and Development Executive from each member

MEMBER GROUPS

Industry | Academic Institutions | Service & Support

MEMBER

A.M. Pappas & Associates, LLC
Aventis CropScience
Becton, Dickinson & Company
Biogen
CaroTech, LLC
Cogent Neuroscience Inc.
EMC Corporation
Flad & Associates
The Freelon Group, Inc.
GlaxoSmithKline Inc.
iBiomatics
IBM
Incellico, Inc
Inceutica, Inc.
incuVest
LabCorp of America
Lines Technologies Corporation
MWG Biotech, Inc.
Nonlinear USA Inc.
O'Brien/Atkins Associates, P.A.
Paradigm Genetics
PPD Inc.
PPGx Inc.
Quintiles, Inc.
RCH Products, Inc.
Ribonomics, Inc.
RMF Engineering, Inc.
SAS Institute
Silicon Graphics, Inc.
Syngenta
Xanthon

UNIVERSITY

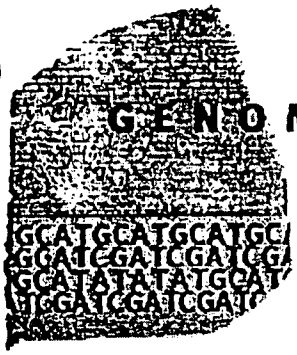
Duke University
East Carolina University
NC A&T State University
NC Central University
NC Community College System
NC State University
UNC–Chapel Hill
UNC–Charlotte
UNC–Greensboro
UNC–Wilmington
Wake Forest University

SECTOR MEMBER

Service
Center for the Public Domain
Genome Consortium for Active Teaching
MCNC–NC Supercomputing Center
NC Association for Biomedical Research
North Carolina Biosciences Organization
Parker, Poe, Adams & Bernstein LLP
Research Triangle Institute
Small Business & Technology Development Center
Womble Carlyle Sandridge & Rice, PLLC

Support
Burroughs Wellcome Fund
CIIT Centers for Health Research
National Humanities Center
National Institute of Environmental Health Sciences
National Institute of Statistical Sciences
North Carolina Biotechnology Center
Nuffield Council on Bioethics
U.S. EPA National Health and Environmental Effects Research Laboratory

00-040 OP 05/15/2001



NORTH CAROLINA
GENOMICS & BIOINFORMATICS
CONSORTIUM

Strategic Goals

Background

At the January 22, 2001 meeting of the Research Development and Advisory Committee for the North Carolina Genomics and Bioinformatics Consortium, the following set of strategic goals was presented for consideration by the attending member representatives. We discussed these five strategic goals as a basis for coordinating research and development activities within the Consortium and as a basis for writing the Consortium strategic plan. Specific details, activities and a time-line for the implementation of these goals will be developed in one of several Consortium focus groups.

Goals

1. To develop a world-class facility for bioinformatics and data storage at the NC Supercomputing Center that will serve as a shared resource for Consortium members.

   The NC Supercomputing Center will serve as a shared resource for both public/private databases to be used by Consortium members and the scientific community. Issues to be resolved include: development of a computing software/hardware system optimized for bioinformatics, development and porting of public and proprietary databases, development of novel approaches to data management, resolution of security issues, and development of effective and efficient data transport between the storage resource and the campuses.

2. To implement university-based research and university-industry-based partnerships in order to derive new bioinformatics algorithms for genomics and proteomics data annotation and analysis.

   Research opportunities for the development of novel approaches to solving common problems will be explored. Initial efforts will focus on algorithm development for the analysis of DNA sequence data, gene expression data, and protein structure/function data. Such an approach should lead to new and more sophisticated methods of data analysis. It is expected that through this effort North Carolina will emerge as a leader in shaping evolving international standards for data annotation and analysis.

3. To develop novel systems and approaches for the management, storage, analysis of clinical genomic data.

   The ability to combine clinical data information, when appropriate, among four medical centers in NC provides an opportunity to develop new strategies for clinical data management and for integrating clinical genomic data in the practice of medicine. This goal seeks to develop novel software, storage, retrieval and dissemination systems required for clinical information management. Both patient privacy and security issues must be addressed.

4. To develop a platform for academic, industry and government debate regarding the societal, ethical and cultural impact of genomics and bioinformatics data manipulation and storage.

   Through the Consortium we have an opportunity to provide leadership in the debate concerning the ethical and societal implications of the use, storage and application of genetic information. In turn, these activities are expected to provide a forum for shaping public policy as it is applied to genomics and bioinformatics.

5. To develop a coordinated education and training initiative in Bioinformatics, Biomedical Computing and the Genomic Sciences.

   Coordination of degree programs within the public and private universities as well as with the North Carolina Community College System (NCCCS) will provide for the leveraging of resources and the elimination of unnecessary duplication of effort in workforce training and in the education of new scientists. Coordination will involve i) assessment of current or planned degree programs, ii) evaluation of a role for industrial involvement, iii) consideration of funding resources for a coordinated program.

The implementation of these strategic goals will require the involvement and participation of North Carolina public and private universities, the NCCCS, industry, NCNI, NCREN and the NC Supercomputing Center at MCNC. The North Carolina Biotechnology Center will serve to administer and coordinate activities required to implement these five strategic goals as described in a detailed strategic plan.

Techne

NEWS FROM THE NORTH CAROLINA BIOTECHNOLOGY CENTER

Spring 2001

With the mapping of the human genome now complete, a genetic gold rush is on. Scientists working in genomics and proteomics are racing to understand the structure, function and interaction of the many genes and proteins that comprise humans and other organisms. They are relying on bioinformatics to help them store, retrieve and analyze this voluminous biological data. This merging of biology and high-performance computing promises

NORTH CAROLINA GENOMICS & BIOINFORMATICS CONSORTIUM

better diagnosis and treatment of disease, improved food and agriculture, and new economic growth. This issue of **TECHNE** describes a new initiative of the North Carolina Biotechnology Center to put our state at the forefront of research and business in genomics, proteomics and bioinformatics. The North Carolina Genomics and Bioinformatics Consortium, involving about 50 companies, universities and non-profit organizations, is an effort to strengthen scientific, educational and business capabilities in these fields for long-term social and economic gain to North Carolina.

Center Launches Genomics, Bioinformatics Consortium to Applause of State's Top Leaders

About 50 corporations, universities and non-profit institutes in North Carolina are uniting efforts to put the state at the forefront of the genomics and bioinformatics revolution.

The new North Carolina Genomics and Bioinformatics Consortium, coordinated by the Center, will strengthen the state's scientific, educational and business resources in genomics, proteomics and bioinformatics.

"The next frontier is genomics and bioinformatics," outgoing Gov. Jim Hunt said at a Dec. 18 announcement ceremony at the Center. "If we are going to compete here in North Carolina, both for our people and what we can contribute to mankind and the world, we must move strategically and aggressively now to assume leadership in genomics and bioinformatics."

At the ceremony, Gov.-elect Mike Easley, introduced by Hunt as "a great leader for this kind of endeavor," said the Consortium would be high on his agenda.

"The Consortium is a model for the rest of the country," Easley said.

North Carolina has major scientific and business resources in genomics, proteomics and bioinformatics. The Consortium will unite these assets and enable its members to share information and resources, plan strategic initiatives, and form alliances.

"This consortium will prepare our state to be a leader in the next major scientific technological advance for product development and services," said Dr. Charles Hamner, president and CEO of the Center.

Eleven public and private universities, 23 companies and 14 nonprofit institutions throughout the state and beyond are initial members of the Consortium, and more are coming on board.

"We are ideally suited in North Carolina to be a strong competitor in this global competition," said Molly Corbett Broad, president of the University of North Carolina System. "I would argue we are the best place in the United States in the combination of university resources in such close proximity, and the corporate capacity in biotechnology, software and high-performance computing."

Rod Adkins, general manager of IBM webservers and partnership executive for the UNC System, said the Research Triangle region "has the opportunity to set the world stage" in genomics and bioinformatics.

Genomics is the study of the structure, function and interaction of all the genes in an organism, and proteomics is the study of all the proteins in an organism. Bioinformatics is the large-scale storage, retrieval and assessment of data from these biological studies.

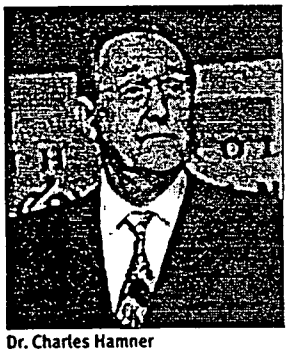
The genomics, proteomics and bioinformatics industries are growing rapidly as companies use genetic information to improve diagnosis and treatment of disease and enhance food and agriculture.

The promise of these new industries will only be realized, however, if companies and universities work together, said Dr. Jim Goodnight, CEO and chairman of SAS Institute, the world's largest privately held software company.

"Over the years, we at SAS have learned that the challenges in this industry and research area are much larger than any one company or any one group can effectively handle," Goodnight said. "That is why the creation of this Consortium is so important, and why SAS is so excited to be a part of it."

Robert Ingram, chief operating officer and president of pharmaceutical operations at GlaxoSmithKline, said the Consortium is the type of public-private partnership that influenced Glaxo to locate in North Carolina 18 years ago.

"It's only logical that the Consor-


Dr. Charles Hamner


Jim Hunt


Dr. Jim Goodnight

"[W]e are the best place in the United States in the combination of university resources in such close proximity, and the corporate capacity in biotechnology, software and high-performance computing."

—Molly Corbett Broad, President of the University of North Carolina





Then Governor-Elect Mike Easley and Governor Jim Hunt share a moment with Jim Goodnight, President and CEO of SAS Institute (above left). Easley and Robert Ingram of GlaxoSmithKline discuss the potential of the North Carolina Genomics and Bioinformatics Consortium with Dr. Charles Hamner, President and CEO of the North Carolina Biotechnology Center (above right).

"It's only logical that the Consortium, another public–private partnership, take North Carolina to the forefront of this scientific revolution."

— ROBERT INGRAM, CHIEF OPERATING OFFICER AND PRESIDENT OF PHARMACEUTICAL OPERATIONS AT GLAXOSMITHKLINE

tium, another public-private partnership, take North Carolina to the forefront of this scientific revolution," Ingram said. "We believe that it holds enormous potential to accelerate our search for medicines that treat a patient's underlying disease and not just their symptoms and for medicines further out that may stop the disease before it starts. What a great promise."

Dr. Ralph Snyderman, chancellor for health affairs at Duke University Medical Center, said "a tremendous amount of work needs to be done" to transform current knowledge in genomics into practical applications for medicine and agriculture. "It is going to take collaboration," he said.

"We will, over the next several decades, understand the meaning of all these genes that we carry in our genome. We will find out what they do. We will be able to predict an individual's susceptibility to health risks. For the first time medicine will move from being reactive . . . to becoming proactive."

The Consortium is being led by Dr. Ken Tindall, the Center's senior vice president for science and business development. Tindall was a geneticist with the National Institute of Environmental Health Sciences in Research Triangle Park before joining the Center in September 2000.

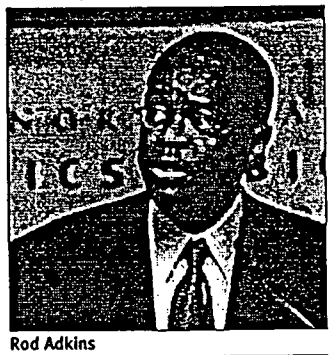
An advisory committee of Consortium members has met monthly since October 2000 to develop the Consortium's strategic plan and to share information about genomics and bioinformatics activities in North Carolina. The committee is concentrating on five areas identified as crucial to the state's success: bioinformatics; genetics; proteomics and metabolomics; education and training; and society, culture and ethics.



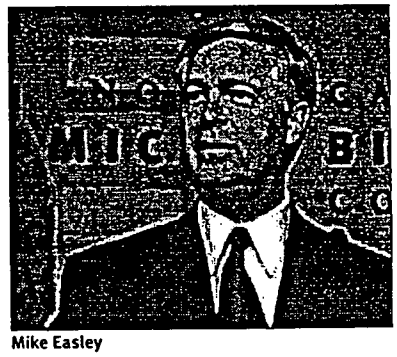
Robert Ingram



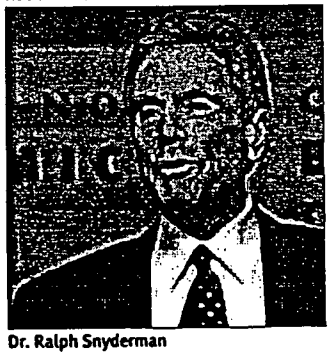
Molly Corbett Broad



Rod Adkins



Mike Easley



Dr. Ralph Snyderman

PHOTOGRAPHY BY CHARLIE JONES

"This consortium will prepare our state to be a leader in the next major scientific technological advance for product development and services."

— DR. CHARLES HAMNER, PRESIDENT AND CEO OF THE NORTH CAROLINA BIOTECHNOLOGY CENTER

CONSORTIUM MEMBERS AS OF FEBRUARY 2001

A.M. Pappas & Associates
Aravex
Aventis CropScience
Becton, Dickinson & Company
Biogen
Burroughs Wellcome Fund
CaroTech
Center for the Public Domain
Clinical Centers of Health Research
Cogent Neuroscience
Duke University
East Carolina University
Eli & Associates
Genome Consortium for Active Teaching
GlaxoSmithKline
Biomatics
IBM
InCurVest
Lines technologies
MWG Biotech
North Carolina Supercomputing Center at MCNC
National Humanities Center
National Institute of Environmental Health Sciences
National Institute of Statistical Sciences
North Carolina Agricultural & Technical State University
North Carolina Association for Biomedical Research
North Carolina Biotechnology Center
North Carolina Central University
North Carolina Community College System
North Carolina State University
Nuffield Council on Bioethics, London, UK
O'Brien/Atkins Associates, PA
Paradigm Genetics
Parker, Poe, Adams & Bernstein
PPD
Procter & Gamble
Quintiles Transnational
Research Triangle Institute
Ribonomics
RMP Engineering
SAS Institute
Syngenta
U.S. EPA National Health and Environmental Effects Research Laboratory
University of North Carolina at Chapel Hill
University of North Carolina at Charlotte
University of North Carolina at Greensboro
University of North Carolina at Wilmington
Wake Forest University
Xanthon

James Watson, Other Scientific Luminaries to Speak at Neurogenomics Symposium

Dr. James Watson, co-discoverer of the double-helix structure of DNA and one of *Time* magazine's 20 most influential scientists of the 20th century, will give the keynote address at the first annual Symposium on Neurogenomics this spring in Chapel Hill. The Center is an associate sponsor of the event.



PHOTOGRAPH BY BILL GEDDES

Dr. James Watson

The symposium, scheduled for April 24-26 at the Friday Center, will attract the world's preeminent scientists and opinion leaders in neurology and genetics for discussions on the future of neurogenomics. In addition to Watson, president of Cold Spring Harbor Laboratory, speakers will include Dr. Francis Collins, director of the National Human Genome Research Institute; Dr. Leroy Hood, president of the Institute for Systems Biology and inventor of the automated gene sequencer; Dr. Eric Lander, Director of the Whitehead Institute at MIT's Center for Genome Research; Dr. Allen Roses, worldwide director of genetics for GlaxoSmithKline; and several others.

Sessions will address the post-genome world; neural growth, repair and regeneration; neurological and psychiatric disease; moving brain science forward in industry; and the future of genomics and the brain.

Neurogenomics is a new field that explores the genetic nature of brain disorders by applying the tools of genomics to the study of the central nervous system. Using techniques such as SNP (single nucleotide polymorphism) analysis, gene sequencing, EST (Expressed Sequence Tag) identification, particle-mediated gene transfer and high throughput gene screening, scientists are working to develop treatments for stroke, Alzheimer's, Lou Gehrig's (ALS), schizophrenia, glaucoma, Parkinson's and other neurological diseases.

Organizers and cohosts of the symposium are the Center for Human Genetics in the Division of Neurology at Duke University Medical Center; the Neuroscience Center at the University of North Carolina at Chapel Hill; and Cogent Neuroscience Inc. of Durham. For more information on the symposium, call 919-688-7100, extension 6030, or visit the web site *www.neurogenomics.com.*

Product Research and Business Development Activities of Three Young Biotechnology Companies Aided By Small Business Loans

Center loans totaling $210,000 will help three young biotechnology companies in North Carolina with product research and business development activities.

Hybrizyme Corp. of Raleigh and PhytoMyco Research Corp. of Greenville each received $100,000 from the Small Business Research Award Program. The program provides financial assistance for early stage company research to promote the initiation and expansion of commercial applications of biotechnology in North Carolina.

Synthematix Inc. of Morrisville received $10,000 from the Small Business Development Award Program. The program supports business research critical to the commercialization of a company's science and technology.

Following are descriptions of the awards provided by the recipients.

Hybrizyme Corp., Raleigh

Randy L. Allen, $100,000, "An Assay Platform for Detecting Endocrine Disrupters."
There is international concern over the harmful effects that endocrine disrupters may have on humans and wildlife. The development of screening methods to detect these chemicals has been set as "high priority" initiatives by the White House and other international governmental agencies. New medical breakthroughs such as in breast cancer prevention have recently been announced based on drugs that modulate endocrine receptors. The goal of this project is to demonstrate the feasibility of developing a high-throughput test for detecting endocrine-modulating chemicals that interact with the estrogen receptor. This test will eventually be part of a platform of products that will be used for detecting compounds that mimic sex steroids, adrenal steroids, thyroid hormones, vitamin D, retinoic acid and organic molecules including pesticides, PCBs and dioxins.

PhytoMyco Research Corp., Greenville

Dr. Ven Subbiah, $100,000, "Discovery of Endothelin Antagonists from Natural Products."
Increased levels of Endothelin (ET) is a disease-promoting factor following myocardial infarction and involved in other cardiovascular diseases. PhytoMyco Research Corporation (PMRC) has novel natural product repository from endophytic microbes from ethnopharmacologically-important plants; ethno plant extracts; and "non-culturable" endophytic microbes. PMRC has outlined a comprehensive project to screen natural product extracts from the repository to identify potential ET receptor antagonists using our proprietary fluorescent-coupled dye microtiter plate high-throughput assay; purification, chemical characterization and pharmacological evaluation of lead antagonists; and evaluation of lead compounds in vitro and in vivo animal models. Drugs will be developed in collaboration with industries.

Synthematix Inc., Morrisville

Robin Smith, $10,000, "Synthematix Business Development/Business Plan Development."
Synthematix develops and offers chemical reactivity searching, synthesis visualization, and research tools to pharmaceutical R&D scientists. The project outlined in this application will be to complete business plan development, build beta customer relationships and secure a patent on the information technologies developed by the company.

Center Supports New Business Incubator

The Center has invested $250,000 in the development of a new biotechnology business incubator to help meet the growing demand for laboratory space in the Research Triangle area.

The incubator, located at Two Park Center in Research Triangle Park, will contain 20,000 square feet of wet lab and office space when completed this summer. Labs will be rented in increments of 600 square feet and will range up to 2,400 square feet, depending on a company's needs. The typical 1,200-square-foot lab will be accompanied by an office of 150 to 250 square feet.

The incubator will also offer support services such as accounting and legal assistance. Rents will start at about $40 per square foot.

Phase 3 Properties of San Diego is renovating an existing building for the incubator, which will be leased to the N.C. Technological Development Authority (TDA). The TDA will manage the incubator.

The TDA manages several business incubators throughout North Carolina, including one for biotechnology companies that opened on N.C. State University's Centennial Campus in 1999. That 19,000-square-foot facility is often filled to capacity, leaving a void of affordable lab and office space in the greater Research Triangle area.

For more information about the incubator, contact the TDA at 919-990-8558.

CENTER FUNDS INDUSTRY-UNIVERSITY RESEARCH PARTNERSHIPS

Research projects to develop drought-resistant corn hybrids, repair joint cartilage with fat cells, develop a test for oral delivery of insulin, and create new chemical libraries for use in human, animal, and plant health are under way at three North Carolina universities with funding from the Center.

Four grants totaling $240,000 were awarded to researchers at Duke University Medical Center, N.C. State University and the University of North Carolina at Chapel Hill. The grant recipients are working with four North Carolina biotechnology companies: ArteCel Sciences, SunDance Genetics, Scynexis Chemistry & Automation, and Nobex Corp.

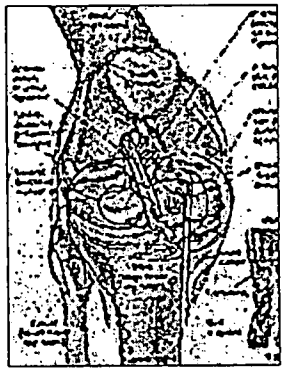
The awards were made by the Center's Collaborative Funding Assistance Program, which promotes research partnerships between the state's universities and bioscience companies to generate discoveries that the company partner might develop further. The program is cosponsored by the Center and the Kenan Institute for Engineering, Technology and Science. The Kenan Institute, the Center and the participating company each fund the research project in equal shares, and the participating university provides in-kind support.

Following are summaries of the funded projects, provided by the principal investigators.

DUKE UNIVERSITY MEDICAL CENTER

In partnership with Artecel Sciences Inc., Durham

Dr. Farshid Guilak, Department of Surgery, $60,000 over two years. "Chondrogenic Potential of Stromal Cells Derived from Subcutaneous Fat."



Damage of the articular cartilage of the joints is a major source of pain and disability and has few treatment options. We have found that certain cells existing in normal subcutaneous body fat have the ability to synthesize cartilage under the proper conditions. This novel finding suggests that cells removed from the body by liposuction then could be re-implanted in the joint to repair damaged cartilage. The goal of this study will be to optimize the ability of these "adipose-derived stromal cells" to differentiate into cartilage-producing cells (termed "chondrocytes").

DUKE UNIVERSITY

In partnership with SunDance Genetics, Durham

Dr. James F. Reynolds, Department of Biology, $60,000 over two years. "Investigation of Enhanced Drought Tolerance in Corn."

Two wild relatives of corn, Eastern gamagrass and perennial teosinte, exhibit strong drought tolerance. Sun Dance Genetics has developed hybrids between these two wild relatives that are cross-fertile with corn. This project will investigate feasibility of transfer of the drought resistance trait from the Sun Dance germplasm to hybrid corn.

NORTH CAROLINA STATE UNIVERSITY

In partnership with Scynexis Chemistry & Automation Inc., Durham

Dr. Daniel L. Comins, Department of Chemistry, $60,000 over two years. "Preparation of Novel Lead Generation Libraries."

The Comins group will develop new chemical methods for the synthesis of novel and potentially biologically active heterocycles. It is the purpose of the proposed research to further develop these chemical methods for the automated preparation of Lead Generation libraries of screening for human, animal, and plant health uses.

UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

In partnership with Nobex Corp., Research Triangle Park

Dr. Robert M. Pope, Department of Psychiatry, $60,000 over two years. "Development of an LC/MS Assay to Quantify Orally Active Human Insulin Conjugates in Plasma."

Oral delivery of therapeutically active proteins such as insulin has long been a major goal of the pharmaceutical industry. An orally active insulin (M2) has been synthesized using proprietary technology from Protein Delivery, Inc. The current methodology for quantifying these insulin conjugates is based upon immunological reagents to estimate blood protein levels. This method does not discriminate between M1, M2 and endogenous insulin. The work described here will develop and validate a LC/MS assay for M2 and insulin. Moreover, state of the art methods being developed for functional proteomics will be applied to determine the major degradation products of M2. This will help researchers delineate the biodistribution and pharmacological effectiveness of M2.

GRANTS DEADLINES ANNOUNCED

INSTITUTIONAL DEVELOPMENT GRANTS

These grants support programmatic activities that broadly benefit universities' overall biotechnology infrastructures, including the recruitment of outstanding faculty and the establishment of multi-user, multidisciplinary research facilities.

Deadlines: Wednesday, August 15, 2001; Friday, February 1, 2002

MULTIDISCIPLINARY RESEARCH GRANTS

These grants support large-scale, multidisciplinary research projects involving three or more investigators and/or research disciplines in novel biotechnology-related research areas.

Deadline: Wednesday, August 15, 2001

COLLABORATIVE FUNDING ASSISTANCE GRANTS

These grants, jointly sponsored by the Center and the

For more information, visit the grants page on the Center's Web site at *www.ncbiotech.org/programs/grants.cfm*

IDG Program Strengthens Research Capabilities at Three Universities

Eight grants from the Center totaling $815,116 will strengthen the biotechnology research capabilities of three North Carolina universities.

The awards were made through the Institutional Development Grants Program, which supports large-scale projects and programs such as the recruitment of outstanding faculty; the purchase of large, multi-user equipment; and the establishment of cross-disciplinary and multi-institutional research programs.

Following are project summaries provided by the principal investigators:

Duke University

Dr. Norman L. Christensen, Dean of the School of the Environment • $150,000 • "A Recruitment Package for Dr. David E. Hinton to Duke University."

Duke University requests matching support from the Biotechnology Center to assist in its recruitment of Dr. David E. Hinton to fill the Nicholas Chair in Environmental Toxicology. Dr. Hinton is a world-renowned expert in environmental toxicology and carcinogenesis in fishes. His research includes studies of the environmental chemicals that produce liver cancers in fish and technologies related to the detection and mitigation of these chemicals.

Dr. William M. Reichert, Department of Biomedical Engineering • $30,000 • "Purchase of Arrayer, Imaging Ellipsometer and Software Upgrade for FTIR Spectrometer."

A group of seven investigators, four from the Department of Biomedical Engineering and three from the Department of Chemistry, jointly request funding for two pieces of equipment - an automated microspot arrayer (PinArray TM, Cartesian Technologies) and an automated imaging elipsometer (I-Beaglehole IElli) - and for a software upgrade to an existing Fourier transform infrared (FTIR) spectrometer (BioRad FTS 60A).

University of North Carolina at Chapel Hill

Dr. Rudolph L. Juliano, Department of Pharmacology • $146,129 • "Multi-User Confocal Imaging System."

Confocal microscopy is a powerful tool for visualizing the sub-cellular distribution and trafficking of macromolecules. This proposal from a group of seven investigators in the Department of Pharmacology at UNC-CH requests support for a confocal microscope that will be used primarily by the collaborating investigators, but will also be available to other basic science faculty at UNC-CH. Each of the collaborating investigators has an ongoing program of research that involves, in whole or in part, studies of the sub-cellular distribution of proteins or nucleic acids. Several of the investigators are evaluating the cellular trafficking of components of the signaling machinery linked to G-protein coupled receptors. Others are studying the subcellular distribution of antisense oligonucleotides that are potential therapeutic agents.

Dr. Brian J. Popko, Department of Biochemistry and Biophysics • $80,000 • "Global Analysis of Gene Expression."

Over the past decade an enormous effort has been put forth in the molecular characterization of the genetic information of a variety of organisms. The culmination of this effort was the recent declaration that a working copy of the DNA sequence of the human genome is now available. It is safe to state that in short order the complete DNA sequence of most experimental organisms will be known. With this knowledge, new approaches to biological inquiry are made available. The equipment being requested in this application will facilitate our analysis of global patterns of gene expression in a variety of organisms and in a variety of conditions.

Wake Forest University School of Medicine

Dr. Richard A. Manderville, Department of Chemistry • $110,000 • "Acquisition of a LC/MS Spectrometer."

Funds are requested for the purchase of a liquid chromatography (LC)/mass spectrometer (MS) to be used to facilitate ongoing biotechnology related research at Wake Forest University (WFU). Investigators in the Chemistry Department at WFU have a strong interdisciplinary commitment to biotechnology research, and eight such projects are outlined in this proposal.

Dr. Frank M. Torti, Department of Internal Medicine • $149,987 • "Faculty Recruitment of Dr.

Plant Molecular Biology Consortium Gets New Corporate Member

Paradigm Genetics Inc. of Research Triangle Park has joined the center-sponsored North Carolina Plant Molecular Biology Consortium.

Paradigm, a publicly traded functional genomics company founded in 1997, becomes the fourth corporate member of the consortium, joining Aventis, BASF Plant Science and Syngenta - all of which have crop science research and development labs in Research Triangle Park.

The consortium, consisting of more than 350 faculty, students and corporate scientists, sponsors a monthly seminar series and an annual retreat featuring presentations by nationally known academic and industrial scientists. It also co-sponsors a scientist exchange program involving its members and plant molecular biologists from the John Innes Center in England and the Max Planck Institute in Germany.

The Center formed the consortium in 1983 to enhance research and educational opportunities in plant molecular biology.

Membership in the consortium is open to plant scientists associated with any of North Carolina's colleges and universities and to industrial scientists who may join as corporate members. For more information, contact Niki Robertson at NC State University, 919-515-8319; e-mail: *niki_robertson@ncsu.edu*; or Kristi Pierce at the Center, 919-541-9366; e-mail: *kristi.pierce@ncbiotech.org*.

Center Funds Multi-Disciplinary Research at Duke University

A $176,900 grant from the Center will help researchers at Duke University develop microarrays to enhance genomic-based drug discovery.

The grant was awarded by the Center's Multi-disciplinary Research Grants Program. The program supports innovative, large-scale, multi-disciplinary, multi-investigator research projects involving three or more investigators and/or research disciplines in novel research areas.

Following is a project summary provided by the grant recipient.

Duke University

Dr. Michael C. Pirrung, Department of Chemistry, $176,900, "Fabrication and Interrogation of Ultradense Oligonucleotide Arrays."

The proposed research will lead to the development and implementation of technology that will permit the fabrication of ultradense microarrays. These arrays will enhance genomic-based drug discovery and enable the development of molecular diagnostic tools that will rapidly identify the drugs most suitable for specific patients.

Andrew Thorburn for Research in Molecular Mechanisms Controlling Cell Survival in Apoptosis."

Understanding the nature of how cancer cells thwart the normal mechanisms of cell death and thus go on to proliferate and eventually kill their host is central to any approach to rationally treat human cancer. This grant is for the recruitment of Dr. Andrew Thorburn as Associate Professor in the Department of Cancer Biology. Dr. Thornton uses state-of-the-art technology including single cell micro-injection and analysis of these single cells using Fluorescence Resonance Energy Transfer (FRET) to measure enzyme activities in the death (apoptotic) pathways to prostate cancer cells. Eventually, the cell lines and reagents used will be used for high-throughput screening of drugs that alter these cell death pathways.

Dr. Alan J. Townsend, Department of Biochemistry • $64,000 • "Multi-User Confocal Imaging System."

The goal of this proposal is to provide a multi-user shared imaging analysis instrument that is an electronic replacement for film for imaging of 2-D laboratory research samples labeled with radioactivity, or light-based detection methods. This state-of-the-art instrument allows researchers to analyze samples much faster, and with greater sensitivity, precision, and exposure range than with X-ray film. A major new feature is the ability to use fluorescent labels, or labels that produce light chemically, rather than radioactivity, the third option. This will allow users to reduce radioactive waste, and store labeled probes far longer.

Dr. Kent E. Vrana, Department of Physiology and Pharmacology • $85,000 • "Piedmont Triad Community Research Center DNA Array Instrumentation."

This proposal is for the acquisition of multiplex hybridization array imaging equipment, a spotting robot and data analysis suite for the Piedmont Triad Community Research Center (PTCRC) Functional Genomic Core Facility at Wake Forest University. The intent of the request is to enhance ongoing functional genomic studies and enable other investigators in the university and research park scientific communities to use this technique in their work. This request is for equipment required for the analysis of commercially purchased hybridization arrays and for the production of custom hybridization arrays.

Grants Support Biotech Education, Training At Five Institutions

Two universities, one college and two community colleges in North Carolina have received grants totaling $195,963 from the Center to improve their biotechnology education and training programs.

The grants were awarded through the Education Enhancement Grants Program, which strengthens biotechnology education and training at all educational levels by supporting curriculum design and first-year implementation; course design; development of instructional materials; purchase of equipment; faculty development; and student recruitment.

Following are project summaries provided by the grant recipients.

Craven Community College, New Bern

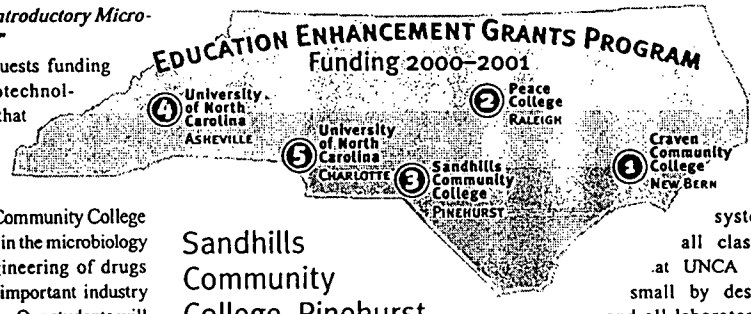
Dr. Charlotte Patterson-Morgan, Department of Science, Health, and Physical Education, $13,500, "Biotech in an Introductory Microbiology Course."

This project requests funding to purchase biotechnology equipment that will offer an enhanced educational experience for Craven Community College students enrolled in the microbiology course. Bioengineering of drugs and crops is an important industry in North Carolina. Our students will be exposed to tools and educational processes that will give them basic knowledge of this emerging field and a foundation for further career choices, training and study.

Peace College, Raleigh

Dr. Joe Wolf, Department of Biology, $12,658, "Introducing Bioinformatics into Biotechnology-related Courses at Peace College."

The current revolution in biology is largely due to advances in DNA sequence analysis. Analysis of sequence data from the human genome project alone is expected to fuel research in the coming decades and to have a profound impact on our understanding of biology and disease. To prepare the biology students at Peace College for this era of biological information, we propose supplementing our biotechnology-related courses with computer-based instruction in bioinformatics. This instruction will introduce DNA sequence analysis and molecular modeling into relevant laboratory exercises. Funds from this grant will be used to purchase the computers and DNA sequencing equipment needed for this endeavor.



Sandhills Community College, Pinehurst

Mary W. Daniel, Department of Science, $6,860, "Biology Course Enhancement."

The proposed project is designed to incorporate biotechnology content in Sandhills Community College's existing biology courses by providing laboratory equipment and instructional materials necessary to enhance student learning in biotechnology-related topics. Through this project, the College will be able to provide hands-on biotechnology experiences to freshman and sophomore college students from our service areas, Moore and Hoke counties, as well as to students identified as residents of Richmond, Scotland, and Robeson counties.

University of North Carolina at Asheville

Dr. Debra Van Engelen and Dr. Bert E. Holmes, Department of Chemistry, $93,000, "Establishing a Biochemistry Program."

The chemistry department at the University of North Carolina at Asheville (UNCA) has had a new program in biochemistry approved by the university governance structure for students seeking either a B.S. or B.A. degree. Two new laboratory courses in biochemistry I and II will be initiated for the spring 2001 and fall 2001 semesters, respectively. This proposal requests support to help purchase the fundamental equipment and instruments needed to teach these new laboratories. Students in this biochemistry concentration will experience a unique learning environment because, as the liberal arts university of the UNC system, all classes at UNCA are small by design and all laboratories are taught by faculty.

University of North Carolina at Charlotte

Dr. Kenneth L. Bost, Department of Biology, $69,945, "Biotechnology Laboratory Courses for Undergraduates and Post-Baccalaureates."

The objectives of this project are to develop two new course offerings titled "Biotechnology at the Laboratory Bench" and "Advanced Techniques in Immunology" for upper level undergraduates and for post-baccalaureate students seeking a Master's degree. These courses are designed to be intensive teaching, hands-on laboratory techniques routinely utilized in academic or industrial biotechnology research settings. These courses will focus on the use of animals in biomedical research, the isolation of cells, cell responses in tissue culture, and the isolation and characterization of proteins.

Conference Facility Under New Direction

Vance K. Bishop Jr. has been appointed director of the Center's Conference & Education Facility.



Bishop

Bishop will oversee the 19,000-square-foot Facility and its five-person staff. The Facility serves biotechnology and non-biotechnology clients alike with meeting space, audiovisual equipment, catered meals and other services for meetings of up to 170 people.

Bishop, 36, a native of Columbia, S.C., previously was director of auxiliary services and director of conference services at St. Andrews Presbyterian College in Laurinburg. He has a bachelor's degree in history and graduate degree credits in public management from the University of North Carolina – Pembroke. He was a first lieutenant in the N.C. Army National Guard from 1982 to 1991 and served as a military aide-de-camp to former Gov. Jim Martin.

New GlaxoSmithKline president to speak at Biotech 2001

David Stout, new president of GlaxoSmithKline, will give the keynote address at Biotech 2001, the annual celebration of North Carolina's growing biotechnology industry, May 21 in Chapel Hill. More than 600 people are expected to attend the day-long event at the Friday Center.



Stout

The tenth annual meeting, organized by the Biotechnology Center and the Council for Entrepreneurial Development, will feature company exhibits, networking breaks, an evening reception and panel discussions on genomics, early-stage strategies, partnering, nanotechnologies and financing.

Stout, 46, is responsible for GlaxoSmithKline's U.S. operations. He was formerly head of North American pharmaceutical operations for SmithKline Beecham before SmithKline's merger with Glaxo Wellcome was finalized in December 2000. He is relocating his residence to North Carolina while maintaining offices in both Philadelphia and Research Triangle Park.

For information about Biotech 2001, contact Laura Gunter of the Center at 919-541-9366 or Helena Lawrence of the CED, 919-541-7500. To register for the meeting, call the CED or visit its Web site at *www.cednc.org.*

TECHNE

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Virginia Governor Awards $7M to Fund Genomics, Bioinformatics Research

NEW YORK, May 25 – The state of Virginia has pledged $7 million to support genomics and bioinformatics initiatives at the state's research universities.

Virginia Governor Jim Gilmore announced the grants Thursday as part of a total award of $18 million under the state's Commonwealth Technology Research Fund, which Gilmore created last year to help Virginia's colleges and universities compete for federal and private research grants.

The fund currently has $13 million in seed money designed to leverage additional funds for matching grants.

The governor pledged $2.5 million over three years to support collaborative research in bioinformatics at Virginia Tech's Department of Computer Science and the Virginia Bioinformatics Institute.

An additional $1.5 million was awarded to create the Virginia Bioinformatics Consortium, comprising researchers from George Mason University, the University of Virginia, Virginia Commonwealth University, and Virginia Tech. The consortium will help the state's universities work together on cutting-edge bioinformatics research and allow individual members of the group to maximize research capabilities at their respective institutions.

Gilmore also awarded $3 million over three years to fund cancer genomics and the development of diagnostic tools and therapies at Virginia Commonwealth University, George Mason University, and Inova Health Systems. Researchers in this initiative will work closely with technological companies in Virginia.

"Top notch research is critical in attracting high-tech companies to Virginia," Gilmore said in a statement. "These grants will help Virginia continue as a leader in the new technology-based economy by providing colleges and universities with the resources necessary to continue to succeed."

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Save

Bioinformatics & Genomic Software

House Appropriations Subcommittee on Natural and Economic Resources

Friday, June 22, 2001
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairman's Comments**

2. **House Budget Proposal for NER**
   NER Staff

3. **Committee Discussion**

4. **Adjourn**

Minutes

House Appropriations Subcommittee on
Natural and Economic Resources
June 22, 2001 - 10:00A.M.

The House Appropriations Subcommittee on Natural and Economic Resources met on Friday, June 22, 2001 at 10:00 a.m. in Room 423 of the Legislative Office Building. Seven House Members were present as follows: Representatives Bill Owens, Stan Fox, Edith Warren, Arlie Culp, Howard Hunter, Alice Underhill and Nurham Warwick. A visitor's sheet is attached (ATTACHMENT I).

Representative Stan Fox chaired the meeting.

House Budget Proposal for NER

Chair Stan Fox presented the "Rules for House Subcommittee Appropriations Meeting" (ATTACHMENT II).

Representative Bill Owens stated that all amendments that were previously offered by the Subcommittee Members were taken to the Full Chairs for discussion. Some of the amendments were bills that were not allowed. The Full Chairs had a problem with one of the amendments that was introduced. The Sub Chairs discussed the problem with the Representative that offered the amendment and he was willing to withdraw it. In summary, all the amendments offered in the Subcommittee were discussed with the Full Chairs; some are in the budget and some are not.

Chair Stan Fox recognized the NER Staff in Fiscal Research to review the House Budget Proposal for NER. Ms. Jennifer Willis said they would review: (1) items that are different from the Senate, and (2) items that are House only. Chair Fox asked the Subcommittee Members if this was acceptable to the committee. It was acceptable.

NER Staff, Ms. Jennifer Willis, Ms. Jennifer Hoffman, Mr. Adam Levinson, reviewed the House Appropriations Subcommittee on Natural and Economic Resources Money Report (ATTACHMENT III).

NER Staff reviewed the House Appropriations Subcommittee on Natural and Economic Resources Special Provisions Report (ATTACHMENT IV).

Representative Bill Owens was recognized. He said there is in the budget a provision to move the aircraft in the Department of Commerce (DOC) to the Department of Transportation (DOT). Representative Bill Owens said that this aircraft is vital to DOC for recruiting new industry to the State. He said there is not a problem with the aircraft being under the DOT, but there is a problem with DOT having the authority to direct the use of the aircraft.

Representative Howard Hunter made the motion that the House Appropriations Subcommittee on Natural and Economic Resources go on record as opposing the DOT having authority to direct the use of the aircraft presently located in DOC and used for recruiting new industry to North Carolina.

Representative Edith Warren second the motion. The motion passed unanimously.

Representative Bill Owens said Representative Frank Mitchell could not be present today and that Representative Frank Mitchell had previously presented an amendment dealing with Regulating Body Piercing. The amendment had been taken out, but he would like to get it back into the budget. He said NER Staff had indicated a need for one half a position at a cost of $35,000.

Representative Bill Owens offered an amendment (NO. 1) to this effect (ATTACHMENT V). The $35,000 is coming from the Zoo's new receipts to fund a part-time Regional Environmental Health Specialist.

The amendment motion was second by Representative Howard Hunter. The motion passed unanimously.

Representative Bill Owens made the motion that the Subcommittee accept the House Budget Proposal for NER Report as amended and incorporated allowing the NER Staff to make any technical changes that may become necessary before the report is filed on Monday.

The motion was second by Representative Howard Hunter. The motion passed unanimously.

Chair Stan Fox adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Linda A. Johnson
Linda A. Johnson, Committee Assistant

ATTACHMENT I

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — June 22, 2001

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
FRAN NOCAN	GRASSROOTS SCIENCE
[illegible]	DENR
JANET Smith	DENR
Doug Lassiter	NCSTA
Joe McClee	McClees Committee
Bobby McLamb	NCDA&CS
JOHN GOODMAN	LINWOOD MERCER & ASSOC.
Don Freeman	Cape Fear River Assembly
DAN BROWN	NC Minority Support Center
MIKE WATERS	NCRPS
Angie McMillan	The Nature Conservancy
Becky Brown	Labor
Clara May	NCDA&CS
Alan Foster	NCDA&CS
Burley Hamby	DSWR
Jim Nowell	"
Kim Hibbard	NCLM
Steve Woodson	NCFB
Robin Pasquarello	Commerce ✓
Mac Ellis	
Lori Greenstein	NC Biotechnology Center
Charles Hagner	" " "
[illegible]	" " "
Buck Lattimore	NC Industrial Commission
[illegible]	NCNDA Assoc
Bill Rowe	NC Low Income Housing Coal.

RULES FOR HOUSE SUBCOMMITTEE APPROPRIATIONS MEETINGS

June 22, 2001

When amendments are offered, the following rules must be met in order for the amendment to be eligible for consideration.

1. Amendments cannot increase total spending within the proposed subcommittee report.

2. Amendments cannot spend reversions.

3. Nonrecurring reductions cannot be used to fund recurring items.

4. Neither expansion funding nor additional non-recurring funding is allowed in the second year of the biennium.

5. Amendments proposing to include material not directly related to the budget are not in order.

6. Amendments must be in writing, with 25 copies available for distribution. The Sergeant-at-Arms will distribute copies at the direction of the chairs.

7. No documents may be distributed to members except by prior arrangement with the chairs.

House Appropriations Subcommittee on Natural and Economic Resources

Money Report June 22, 2001

Housing Finance Agency

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Recommended Budget	$5,300,000	$5,300,000
Legislative Changes		
Housing Finance Agency		
1 **No Continuation Budget Adjustments**		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$5,300,000	$5,300,000

Agriculture and Consumer Services

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$56,695,276**		**$56,695,276**	

Legislative Changes

Administration/Public Affairs

2 Eliminate Vacant Positions ($89,329) R ($89,329) R

Eliminate positions and reduce operating support.

-2.00 -2.00

Administrative Secretary III	($40,351)
Information and Communication Specialist II	($41,978)
Operating Support	($ 7,000)

3 Reduce Line Items ($15,097) R ($15,097) R

Reduce various operating line items within Administration and Public Affairs.

4 Reduce Ag in the Classroom ($6,250) R ($6,250) R

Reduce grant-in-aid to the NC Farm Bureau for the Ag in the Classroom program.

5 Create Gasoline/Natural Gas Reserve $110,709 R $110,709 R

Provides funds to be placed in a reserve and allocated to divisions for gasoline and natural gas needs.

6 Create Laboratory Reserve $150,000 R $150,000 R

Establish reserve for laboratory equipment to be allocated to divisions on a priority needs basis. $100,802 NR

Agricultural Finance Authority

7 Reduce Line Items ($28,566) R ($28,566) R

Reduce operating support to the Agricultural Finance Authority.

Agricultural Statistics

8 Eliminate Vacant Positions ($61,704) R ($61,704) R

Eliminate positions and reduce operating support.

-2.00 -2.00

Data Entry Supervisor I	($25,331)
Statistical Assistant IV	($29,373)
Operating Support	($ 7,000)

Agronomic Services

9 Increase Receipts ($41,800) R ($41,800) R

Budget increased receipts and reduce the General Fund appropriation by an equal amount.

	FY 2001-02		FY 2002-03	
10 Eliminate Vacant Position Eliminate Data Entry Operator II position and reduce $3,500 in operating support.	($37,911) -1.00	R	($37,911) -1.00	R
11 Reduce Scientific Supplies Reduce scientific supplies line item.	($6,850)	R	($6,850)	R
Aquaculture and Natural Resources				
12 Reduce Line Items Reduce various operating line items within Aquaculture and Natural Resources.	($5,550)	R	($5,550)	R
Commissioner's Office				
13 Farmland Preservation Trust Fund Provides funds for the Farmland Preservation Trust Fund.	$250,000	NR		
Food and Drug Protection				
14 Reduce Line Items Reduce various operating line items within the Division.	($101,066)	R	($101,066)	R
15 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($22,000)	R	($22,000)	R
16 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($152,969) -4.00	R	($152,969) -4.00	R
Technical Trainer II ($37,688) Pesticide Specialist I ($36,904) Processing Assistant III ($30,855) Chemistry Technician I ($33,522) Operating Support ($14,000)				
Food Distribution				
17 Reduce Line Item Reduce trailers line item.	($29,000)	R	($29,000)	R
Marketing				
18 Eliminate Positions Eliminate positions and reduce operating support.	($114,753) -3.00	R	($114,753) -3.00	R
Maintenance Mechanic I ($27,857) Int'l. Marketing Specialist II ($53,861) General Utility Worker ($22,535) Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
19 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. -2.00 Facility Agric. Engineer II ($77,140) Office Assistant III ($24,921) Operating Support ($ 7,000)	($109,061)	R	($109,061) -2.00	R
20 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($124,300)	R	($124,300)	R
21 Reduce Raleigh Farmers' Market Transfer Reduce General Fund transfer to the Raleigh Farmers' Market.	($80,000)	R	($80,000)	R
22 Reduce Western NC Ag Center/Mountain State Fair Reduce General Fund transfer to the Western NC Agricultural Center/Mountain State Fair Enterprise Fund.	($20,000)	R	($20,000)	R
23 Reduce Western NC Development Association Reduce grant-in-aid to the Western North Carolina Development Association.	($5,000)	R	($5,000)	R
Plant Industry				
24 Eliminate Vacant Positions Eliminate positions and reduce operating support. -3.50 Ag Research Technician I (0.50 FTE) ($13,340) Chemistry Technician II ($31,567) Processing Assistant II ($29,462) Office Assistant III ($27,569) Operating Support ($12,250)	($114,188)	R	($114,188) -3.50	R
25 Reduce Line Items Reduce various line items in the Division.	($64,485)	R	($64,485)	R
26 Increase Gypsy Moth Control Funds Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$65,719	R	$65,719	R
Research Stations/State Farms				
27 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. -4.00 Agricultural Research Assistant I ($30,425) Agricultural Research Assistant I ($23,387) Agricultural Research Assistant ($22,980) Maintenance Mechanic IV ($35,224) Operating Support ($14,000)	($126,016)	R	($126,016) -4.00	R

	FY 2001-02		FY 2002-03	
28 Reduce Vehicles Reduce other motorized vehicles line item.	($122,500)	R	($122,500)	R
Standards				
29 Reduce Line Items Reduce various operating line items within the Division.	($18,000)	R	($18,000)	R
30 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($79,754)	R	($79,754)	R
	-2.00		-2.00	
Standards Inspector II ($32,403) Standards Inspector I ($40,351) Operating Support ($ 7,000)				
Structural Pest				
31 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($7,160)	R	($7,160)	R
32 Reduce Line Items Reduce various line items within the Division.	($2,140)	R	($2,140)	R
Veterinary Services				
33 Meat and Poultry Inspection Eliminate vacant Meat and Poultry Inspector positions, associated receipts, and operating support.	($96,464)	R	($96,464)	R
	-5.00		-5.00	
Meat and Poultry Inspectors (5.00 FTE) and Associated Receipts ($78,964) Operating Support ($17,500)				
34 Reduce Scientific Supplies Reduce scientific supplies line item.	($3,460)	R	($3,460)	R
35 Eliminate Positions Eliminate positions and reduce operating support.	($141,863)	R	($141,863)	R
	-3.00		-3.00	
Veterinarian ($84,442) Vet Laboratory Assistant I ($23,851) Vet Laboratory Assistant I ($23,070) Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($1,500,808)**	**R**	**($1,500,808)**	**R**
	$350,802	**NR**		
Total Position Changes	-31.50		-31.50	
Revised Budget	**$55,545,270**		**$55,194,468**	

Labor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$16,617,178**		**$16,617,178**	
Legislative Changes				
Administrative Programs				
36 Reduce Operating Support Reduce funding for furniture, equipment, software, library resources, and overtime pay.	($50,563)	R	($50,563)	R
37 Eliminate Vacant Position Eliminate vacant positions and reduce operating support. Labor Conciliator ($53,110) Data Entry Operator II ($26,656) Operating Support ($7,000)	($86,766) -2.00	R	($86,766) -2.00	R
38 Budget Indirect Cost Receipts Budget over-realized indirect cost receipts and reduce General Fund appropriation by an equal amount.	($93,961)	R	($93,961)	R
39 Reserve for Computer Upgrades Provides funds for replacement of PCs and outdated software.	$30,241	NR		
Apprenticeship & Training				
40 Eliminate Vacant Position Eliminate vacant Apprenticeship Representative position and reduce $3,500 in operating support.	($40,404) -1.00	R	($40,404) -1.00	R
41 Reduce Operating Support Reduce funding for furniture, equipment, computer services, and library resources.	($15,310)	R	($15,310)	R
Elevator & Amusement Inspections				
42 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($21,203)	R	($21,203)	R
Labor Standards				
43 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($18,990)	R	($18,990)	R

	FY 2001-02		FY 2002-03	
Mine/Quarry Inspection				
44 Eliminate Vacant Position	($34,018)	R	($34,018)	R
Eliminate vacant Processing Assistant III position and reduce $3,500 in operating support.	-1.00		-1.00	
45 Reduce Operating Support	($13,086)	R	($13,086)	R
Reduce funding for furniture, equipment, software, and library resources.				
OSHA				
46 Reduce Operating Support	($35,887)	R	($35,887)	R
Reduce funding for furniture, equipment, and library resources.				
47 Eliminate Vacant Positions	($71,632)	R	($71,632)	R
Eliminate vacant positions and reduce operating support.	-1.50		-1.50	
Safety Officer ($41,942)				
Safety Officer (0.50 FTE) ($24,440)				
Operating Support ($5,250)				
48 Shift Positions to Federal Funding	($167,452)	R	($167,452)	R
Shift funding source for positions from General Fund to federal funds and reduce operating support.	-4.00		-4.00	
Office Assistant III ($26,339)				
Processing Assistant III ($26,794)				
Industrial Health Inspector ($49,909)				
Industrial Health Inspector ($50,410)				
Operating Support ($14,000)				
49 Restore Safety Officer Position	$25,000	R	$25,000	R
Restore funding for General Fund half of Safety Officer position. Other half of position is federally funded.	0.50		0.50	
Total Legislative Changes	**($624,272)**	R	**($624,272)**	R
	$30,241	NR		
Total Position Changes	-9.00		-9.00	
Revised Budget	**$16,023,147**		**$15,992,906**	

Environment & Natural Resources

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$164,902,678**		**$164,902,678**	
Legislative Changes				
(1.00) Administration				
50 Abolish Deputy Secretary of Operations Position	($46,324)	R	($46,324)	R
Abolish Deputy Secretary of Operations position.	-1.00		-1.00	
51 Eliminate Vacant Positions	($172,156)	R	($172,156)	R
Eliminate vacant positions within Administration.	-4.00		-4.00	
Safety Director II ($58,212)				
EHNR Personnel Officer (0.50 FTE) ($41,609)				
Accounting Clerk IV ($14,714)				
Office Assistant III ($24,921)				
Applications Analyst Prog. I (0.50 FTE) ($32,700)				
52 Eliminate Position in Regional Office	($26,122)	R	($26,122)	R
Eliminate Office Assistant III position.	-1.00		-1.00	
53 Eliminate Positions	($45,000)	R	($45,000)	R
Eliminate 2 Administrative Assistant positions.	-2.00		-2.00	
(2.00) Aquariums				
54 Increase Receipts	($500,000)	R	($500,000)	R
Budget increased receipts and reduce General Fund appropriation by an equal amount.				
55 Eliminate Positions	($81,037)	R	($81,037)	R
Eliminate two vacant positions and one filled position and reduce operating support.	-3.00		-3.00	
General Utility Worker ($22,145)				
General Utility Worker ($22,145)				
Office Assistant III ($26,247)				
Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
(2.00) Forest Resources				
56 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. -3.00 Forestry Pilot II ($51,896) Exten.Education and Training Specialist I ($47,803) Administrative Assistant I ($43,688) Operating Support ($10,500)	($153,887)	R	($153,887) -3.00	R
57 Increase Aircraft Lease Line Item Provides additional funds to lease a CL-215 during fire season.	$200,000	R	$200,000	R
(2.00) Marine Fisheries				
58 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. -6.00 Marine Fisheries Officers III(2 FTEs) ($70,968) Medical Lab Technician I ($28,260) Information & Communications Specialist ($27,056) Data Entry Operator ($20,819) Submerged Lands Program Director ($38,825) Operating Support ($21,000)	($206,928)	R	($206,928) -6.00	R
59 Reduce Fisheries Resource Grant Program Reduce funds to the Fisheries Resources Grant Program.	($250,000)	R	($250,000)	R
(2.00) Museum of Natural Sciences				
60 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV position and reduce $3,500 in operating support. -1.00	($40,655)	R	($40,655) -1.00	R
61 Reduce Grassroots Science Museums Reduce funding for the Grassroots Science Museums.	($415,480)	R	($415,480)	R
62 Increase Funds for Temporary Staff Provides funds for the Museum to contract for temporary services.	$50,000	R	$50,000	R
63 Add New Grassroots Science Museums Adds the following museums to the Grassroots Science Museum Collaborative at $50,000 each: Highlands Biological Station Carolina Raptor Center Fascinate-U Wilmington Children's Museum	$200,000	R	$200,000	R

	FY 2001-02		FY 2002-03	
(2.00) NC Zoological Park				
64 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($190,722) -5.50	R	($190,722) -5.50	R
Maintenance Mechanic II ($28,768) Housekeeper ($12,126) Info & Communications Specialist ($39,307) Grounds Worker ($23,238) Administrative Assistant II ($37,898) Cashier I ($28,385) Operating Support ($21,000)				
65 Increase Receipts Budget increased receipts due to recent fee increase at the Zoo and reduce General Fund appropriations by an equal amount.	($400,000)	R	($400,000)	R
(2.00) Office of Environmental Education				
66 Eliminate Vacant Position Eliminate vacant Educational Development Consultant position and reduce $3,500 in operating support.	($51,952) -1.00	R	($51,952) -1.00	R
(2.00) Parks and Recreation				
67 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($180,628) -5.00	R	($180,628) -5.00	R
Accounting Clerk III ($25,590) Volunteer Services Coordinator ($39,634) Park Ranger II ($35,582) Park Ranger II ($31,702) Park Ranger II ($30,620) Operating Support ($17,500)				
(2.00) Soil and Water Conservation				
68 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($84,311) -2.00	R	($84,311) -2.00	R
Environmental Supervisor I ($47,514) Processing Assistant IV ($29,797) Operating Support ($ 7,000)				
69 Shift Position to Receipt Support Shift funding for a Computer Consultant III position (0.19 FTE) and reduce $665 in operating support.	($13,499) -0.19	R	($13,499) -0.19	R
70 Decrease Agriculture Cost Share Financial Asst. Reduce funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality.	($1,000,000)	R	($1,000,000)	R

	FY 2001-02		FY 2002-03	
71 Increase Agriculture Cost Share Technical Asst. Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design, and installation of agricultural best management practices (BMPs) to improve water quality.	$240,000	R	$240,000	R
(3.00) Air Quality				
72 Shift Position to Receipt Support Shift funding for an Environmental Technician II to receipt support and reduce $3,500 in operating support.	($33,031) -1.00	R	($33,031) -1.00	R
(3.00) Coastal Management				
73 Eliminate Position Eliminate Personnel Assistant V position and reduce $3,500 in operating support.	($34,671) -1.00	R	($34,671) -1.00	R
74 Shift Position to Receipt Support Shift funding for an Office Assistant III position to receipt support and reduce $3,500 in operating support.	($32,158) -1.00	R	($32,158) -1.00	R
(3.00) Environmental Health				
75 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer II ($55,445) Word Processor III ($26,230) Operating Support ($ 7,000)	($88,675) -2.00	R	($88,675) -2.00	R
76 Shift Position to Receipt Support Shift funding for a Processing Assistant IV to receipt support and reduce $1,225 in operating support.	($11,351) -0.35	R	($11,351) -0.35	R
77 West Nile Virus Monitoring Funds for monitoring of sentinel flock for indication of West Nile Virus.	$100,000	NR		
78 Environmental Health Specialist Training Additional funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.	$100,000	R	$100,000	R
(3.00) Land Resources				
79 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer I ($40,709) Environmental Technician V ($33,998) Operating Support ($ 7,000)	($81,707) -2.00	R	($81,707) -2.00	R

Hoffman

	FY 2001-02		FY 2002-03	
80 Shift Position to Receipt Support	($67,610)	R	($67,610)	R
Shift funding for a Geologist III position to receipt support and reduce $3,500 in operating support. This is one of two remaining low level radioactive waste positions in DENR.	-1.00		-1.00	
(3.00) Pollution Prevention/Environmental Asst.				
81 Eliminate Vacant Position	($31,981)	R	($31,981)	R
Eliminate Office Assistant IV and reduce $3,500 in operating support.	-1.00		-1.00	
(3.00) Radiation Protection				
82 Eliminate Position	($40,190)	R	($40,190)	R
Eliminate Radiological Health Specialist position and reduce $3,500 in operating support. This is the last remaining low level radioactive waste position in DENR.	-1.00		-1.00	
83 Eliminate Vacant Position	($40,454)	R	($40,454)	R
Eliminate Administrative Assistant I position and reduce $3,500 in operating support.	-1.00		-1.00	
(3.00) Waste Management				
84 Eliminate Vacant Positions	($102,359)	R	($102,359)	R
Eliminate vacant positions and reduce operating support.	-3.00		-3.00	

Administrative Secretary I	($35,135)
Environmental Technician II	($27,056)
Environmental Technician III	($29,668)
Operating Support	($10,500)

(3.00) Water Quality				
85 Eliminate Vacant Positions	($407,903)	R	($407,903)	R
Eliminate vacant positions and reduce operating support.	-8.00		-8.00	

Chemistry Technician II	($38,770)
Environmental Supervisor II	($74,544)
Community Development Planner	($55,936)
Personnel Assistant III	($25,556)
Environmental Modeler II	($47,956)
Environmental Engineer I	($43,934)
Environmental Engineer I	($43,934)
Applications Analyst Programmer II	($49,273)
Operating Support	($28,000)

86 River Basin Modeling				
Additional funds for modeling activities related to river basin planning.	$127,564	NR		

	FY 2001-02		FY 2002-03	
(3.00) Water Resources				
87 Eliminate Vacant Position Eliminate Environmental Engineer II position and reduce $3,500 in operating support.	($53,692) -1.00	R	($53,692) -1.00	R
88 Central Coastal Plain Capacity Use Area Planning Funds for planning for alternative water sources in the Central Coastal Plain Capacity Use Area.	$23,505	R	$23,505	R
(4.00) Department Wide				
89 Implement Lease-Purchase Arrangement Implement lease-purchase arrangement for the purchase of major equipment for the following divisions: Forest Resources - Aircraft ($1,793,096) Forest Resources - Autos, Trucks & Buses ($431,151) Parks & Recreation - Autos, Trucks & Buses ($574,925) Water Quality - Scientific Equipment ($ 74,328)	($2,873,500)	R	($2,873,500)	R
90 Reduce Salary Reserve Reduce salary reserve throughout the Department.	($61,378)	R	($61,378)	R
91 Reduce Operating Support Reduce operating support throughout the Department.	($28,000)	R	($28,000)	R
92 Create Reserve for Information Technology Places funds in a reserve to support information technology needs throughout the Department.	$64,763	NR		
(5.00) Reserves and Special Funds				
93 Rivernet Water Quality Monitoring & Research Funds Reduce funds for the Rivernet Water Quality Monitoring project by $15,000 and for the Water Quality Workgroup by $20,000.	($35,000)	R	($35,000)	R
94 Resource Conservation and Development Councils Provides each of the state's nine Resource Conservation and Development Councils with a $20,000 grant.	$180,000	NR		
Total Legislative Changes	**($7,068,856)** **$472,327**	R NR	**($7,068,856)**	R
Total Position Changes	-58.04		-58.04	
Revised Budget	**$158,306,149**		**$157,833,822**	

Hoffman

House Subcommittee on Natural and Economic Resources

Environment & Natural Resources - Clean Water Management Trust Fund

GENERAL FUND

	FY 2001-02		FY 2002-03
Recommended Budget	**$30,000,000**		**$30,000,000**
Legislative Changes			
Clean Water Management Trust Fund			
95 Clean Water Management Trust Fund			
Decreases funds for the Clean Water Management Trust Fund for FY 2001-2002	($10,000,000)	NR	
Total Legislative Changes	**($10,000,000)**	**NR**	
Total Position Changes			
Revised Budget	**$20,000,000**		**$30,000,000**

Commerce

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$45,027,007**		**$45,027,007**	
Legislative Changes				
Business & Industry				
96 Reduce Regional Office Positions	($52,800)	R	($52,800)	R
Reduce selected positions from 40 to 30 hours per week and reduce operating support.	-1.50		-1.50	
Program Assistant IV (0.25 FTE) ($7,597) Program Assistant IV (0.25 FTE) ($8,057) Program Assistant IV (0.25 FTE) ($7,097) Program Assistant IV (0.25 FTE) ($8,670) Program Assistant IV (0.25 FTE) ($6,678) Program Assistant V (0.25 FTE) ($9,451) Operating Support ($5,250)				
97 Eliminate Vacant Position	($52,772)	R	($52,772)	R
Eliminate vacant Industrial Development Representative II position and reduce $3,500 in operating support.	-1.00		-1.00	
98 Create Developer Positions	$150,000	R	$150,000	R
Provides funds for new Economic Developer positions and operating support.	2.00		2.00	
Center for Entrepreneurship & Technology				
99 Abolish Center For Entrepreneurship & Technology	($544,484)	R	($544,484)	R
Abolish Center for Entrepreneurship & Technology by eliminating 3 of 4 positions, operating support, and Reserve for New and Emerging Industries. Transfer remaining Economic Developer position to the Business & Industry Division.	-3.00		-3.00	
Executive Director ($101,562) Economic Developer ($77,451) Administrative Assistant III ($45,954) Operating Support ($119,517) Reserve for New & Emerging Ind ($200,000)				
Commerce Finance Center				
100 Industrial Recruitment Competitive Fund				
Continues support for the Industrial Recruitment Competitive Fund.	$1,080,642	NR		

	FY 2001-02		FY 2002-03	
Community Assistance				
101 Reduce Funding for Councils of Government Reduce funding for the Councils of Government (COGs) due to the closing of the Region H COG.	($55,000)	R	($55,000)	R
Department Wide				
102 Transfer from OSBPM - State Data Center Transfers a Statistician II position currently housed in the State Data Center within the State Planning Section of OSBPM to the Employment Security Commission. This position is responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for this position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce.	$0	R	$0	R
103 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	$371,302 3.00	R	$371,302 3.00	R
Industrial Commission				
104 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Processing Assistant II ($27,672) Data Control Clerk III ($26,360) Processing Assistant III (.50 FTE) ($18,211) Computer Support Tech (.25 FTE) ($7,027) Operating Support ($9,625)	($88,895) -2.75	R	($88,895) -2.75	R
105 Eliminate Position Eliminate Processing Assistant IV position and reduce $3,500 in operating support.	($40,435) -1.00	R	($40,435) -1.00	R
106 Reduce Operating Support Reduce operating line items.	($44,061)	R	($44,061)	R
107 Reduce Salary Reserve Reduce salary reserve for Applications Analyst Programmer position.	($2,698)	R	($2,698)	R
International Trade				
108 Research Triangle International Visitors Center Reduce general operating budget by 5%.	($1,000)	R	($1,000)	R

	FY 2001-02		FY 2002-03	
Marketing				
109 Reduce Advertising Reduce advertising line item.	($115,026)	R	($115,026)	R
Tourism, Film and Sports Development				
110 Eliminate Vacant Position Eliminate Information & Communication Specialist II position and reduce $3,500 in operating support.	($47,354) -1.00	R	($47,354) -1.00	R
111 Reduce Welcome Center Positions Reduce selected positions in Welcome Centers from 40 to 30 hours per week and reduce operating support.	($50,415) -2.00	R	($50,415) -2.00	R
General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,322) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,734) General Utility Worker (0.25 FTE) ($5,663) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,322) Operating Support ($7,000)				
112 Reduce Printing Reduce printing line-item.	($150,000)	R	($150,000)	R
113 Eliminate Advertising Reserve Eliminate advertising reserve.	($75,000)	R	($75,000)	R
114 Operating Support Additional funds for operating support.	$200,000	R	$200,000	R
115 Expand Heritage Tourism Funds for a position and operating support at one new heritage tourism site in Winston-Salem.	$50,000 1.00	R	$50,000 1.00	R
Wanchese Seafood Industrial Park				
116 Eliminate General Fund Support/Fund Shift Position Eliminate remaining General Fund support for the Wanchese Seafood Industrial Park and shift position to receipt support. Revenues are sufficient to carry out operations, thereby enabling the Seafood Park to become self-supporting.	($53,259) -1.00	R	($53,259) -1.00	R

Hoffman

House Subcommittee on Natural and Economic Resources	FY 2001-02		FY 2002-03	
117 Eliminate Vacant Positions	($110,060)	R	($110,060)	R
Eliminate vacant positions and reduce operating support.	-2.00		-2.00	
Community Development Specialist ($71,111) Processing Assistant ($31,949) Operating Support ($ 7,000)				
Total Legislative Changes	**($711,957)**	R	**($711,957)**	R
	$1,080,642	NR		
Total Position Changes	-9.25		-9.25	
Revised Budget	**$45,395,692**		**$44,315,050**	

Commerce - State Aid

GENERAL FUND

	FY 2001-02		FY 2002-03
Recommended Budget	**$5,200,000**		**$5,200,000**
Legislative Changes			
Grants-in-Aid			
118 Yadkin Pee Dee Lakes Provides funds for the Yadkin Pee Dee Lakes Project.	$100,000	NR	
119 Technological Development Authority Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.	$2,000,000	NR	
120 NC Minority Support Center Provides $100,000 to expand the Latino Community Credit Union to Wake County and $100,000 for two new credit unions in Sampson and Durham Counties.	$200,000	NR	
121 World Trade Center North Carolina Provides funds to the World Trade Center North Carolina to support international trade education programs for small and medium-sized businesses.	$200,000	NR	
Total Legislative Changes	**$2,500,000**	NR	
Total Position Changes			
Revised Budget	**$7,700,000**		**$5,200,000**

N.C. Biotechnology Center

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$6,738,913**		**$6,738,913**	
Legislative Changes				
122 Reduce Administrative Support/HMU Transfer The Biotechnology Initiative for Historically Minority Universities (HMU) has been transferred at the Governor's direction to the UNC Board of Governors effective FY 2001-02. Administrative support that had been provided to the Biotechnology Center will not be required by the UNC Board of Governors and is therefore reduced.	($100,000)	R	($100,000)	R
NC Biotechnology Center				
123 Reduce General Operating Budget Reduce general operating budget.	($368,445)	R	($368,445)	R
124 Reduce Cash Balance Reduce the N.C. Biotechnology Center's General Fund appropriation for FY 2001-02 and replace the funds with a one-time transfer from the Center's cash balance.	($1,000,000)	NR		
Total Legislative Changes	**($468,445)** **($1,000,000)**	R NR	**($468,445)**	R
Total Position Changes				
Revised Budget	**$5,270,468**		**$6,270,468**	

Rural Economic Development Center

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$4,257,338		$4,257,338	

Legislative Changes

Administration

125 General Administration — $117,722 R — $117,722 R

Provides additional funds for general oversight and management of Rural Center programs.

Cash Balances

126 Reduce Cash Balances — ($999,694) NR

Reduce the Rural Center's General Fund appropriation for FY 2001-02 and replace the funds with one-time transfers from the Child Care Loan Program ($499,694) and from the Center's other cash reserves ($500,000), thereby reducing the Center's overall cash balances.

Center-Wide

127 Reduce Operating Support — ($186,867) R — ($186,867) R

Reduce operating support for the Center's various programs and administrative activities.

Grant Programs

128 Supplemental Funding Program — $895,278 R — $895,278 R

Provides additional funds for the Supplemental Funding Program and for two staff positions.

Water and Sewer Grants	$357,000
Staff	$138,278
Water, Sewer and Business Development Grants	$400,000

129 Capacity Building Assistance Program — $137,000 R — $137,000 R

Provides funds to support staffing for the Capacity Building Assistance Program.

Reserves

130 Agricultural Advancement Consortium — $250,000 R — $250,000 R

Places funds in a reserve for the operating expenses associated with the Agricultural Advancement Consortium and for research initiatives funded by the Consortium.

Administrative Expenses	$75,000
Research Initiatives	$175,000

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**$1,213,133**	**R**	**$1,213,133**	**R**
	($999,694)	**NR**		
Total Position Changes				
Revised Budget	**$4,470,777**		**$5,470,471**	

House Appropriations Subcommittee on Natural and Economic Resources

Special Provisions June 22, 2001

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS REPORT

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H7(S5.2)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 5.2.(f) Study. – The Department of Commerce shall study the development of a training program designed to provide a minimum level of knowledge and skills for Community Development Block Grant administrators. In conducting the study, the Department shall consult the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Community Development Association, and the Institute of Government at the University of North Carolina at Chapel Hill. The Department may use unencumbered and unspent State Technical Assistance funds from previous program years to conduct the study. The Department shall report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H8(S16.1)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

HOME PROGRAM MATCHING FUNDS

SECTION 16.1.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

SECTION 16.1.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

SECTION 16.1.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2002, or on June 30, 2003.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION **2001-AGRIC-H1(S17.1)i**

Department of Agriculture and Consumer Services
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS AND WELCOME CENTERS

SECTION 17.1. Article 6D of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-89.59A. Promotion of North Carolina farm products at rest areas and welcome centers.**

Subject to the approval of the Department, the Department of Agriculture and Consumer Services may distribute promotional materials and free samples of North Carolina farm products at rest areas and welcome centers located on controlled-access facilities and operated by the State for the purpose of promoting North Carolina farm products."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-AGRIC-H2(S17.2)i

Department of Agriculture and Consumer Services
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

TRANSFER RURAL REHABILITATION CORPORATION TO AGRICULTURAL FINANCE AUTHORITY

SECTION 17.2.(a) G.S. 143A-63 reads as rewritten:

"**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

The North Carolina Rural Rehabilitation Corporation, and board of directors, as contained in Chapter 137 of the General Statutes and the laws of this State, is ~~hereby~~ transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance Authority in the Department of Agriculture and Consumer Services."

SECTION 17.2.(b) Article 2 of Chapter 137 of the General Statutes is repealed.

SECTION 17.2.(c) No later than January 15, 2002, the North Carolina Agricultural Finance Authority shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, and the Fiscal Research Division on the status of the transfer required under this section. This report shall include any statutory changes that are needed to implement the transfer required under this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION **2001-AGRIC-H3(S17.3)i**

Department of Agriculture and Consumer Services
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Mitchell

FARMLAND PRESERVATION FUNDS

SECTION 17.3. The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act to the Department of Agriculture and Consumer Services for the North Carolina Farmland Preservation Trust Fund established in G.S. 106-744 shall be used to continue the purposes for which the Fund was established.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-LAB-H1(S18.1)

Department of Labor
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS

SECTION 18.1.(a) Of the receipts appropriated by this act to the Department of Labor, the Department shall allocate increased elevator and amusement device inspection fee receipts for the 2001-2002 fiscal year and the 2002-2003 fiscal year to support the Elevator and Amusement Device Bureau. There shall be a reduction of at least two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) in General Fund appropriations to the Department for the 2001-2002 fiscal year and a reduction of at least nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year.

SECTION 18.1.(b) The allocations provided for in subsection (a) of this section shall be made only if Senate Bill 897, House Bill 1057, or other substantially similar legislation of the 2001 General Assembly becomes law.

SECTION 18.2.(c) The reductions in General Fund allocations provided for in subsection (a) of this section are instead of the reductions recommended by the Governor for the 2001-2003 biennium that would have been contained in the Appropriations Act of 2001 and are as follows:

(1) One hundred fifty-five thousand thirty-nine dollars ($155,039) recurring reductions in operating efficiencies, specifically in the areas of equipment, software, library resources, and overtime pay.

(2) Ninety-three thousand nine hundred-sixty-one dollars ($93,961) recurring reduction to offset the budgeting of indirect cost receipts.

SECTION 18.2.(d) If Senate Bill 897, House Bill 1057, or other substantially similar legislation becomes law and the receipts are greater than two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) for the 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce appropriations to the Department of Labor as provided in G.S. 143-25.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-NATRES-H1(S19.1)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Wells

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-NATRES-H2(S19.2)A

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

GRASSROOTS SCIENCE PROGRAM

SECTION 19.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2001-2002 and the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	$58,298	$58,298
Cape Fear Museum	$201,103	$201,103
Catawba Science Center	$161,968	$161,968
Colburn Gem and Mineral Museum, Inc.	$70,274	$70,274
Discovery Place	$667,632	$667,632
Granville County Museum Commission, Inc. - Harris Gallery	$60,978	$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$151,963	$151,963
Imagination Station	$92,584	$92,584
Iredell County Children's Museum	$57,927	$57,927
Museum of Coastal Carolina	$63,437	$63,437
Natural Science Center of Greensboro	$240,852	$240,852
North Carolina Museum of Life and Science	$426,141	$426,141
Rocky Mount Children's Museum	$86,921	$86,921
Schiele Museum of Natural History	$333,578	$333,578
Sci Works Science Center and Environmental Park of Forsyth County	$172,528	$172,528
Western North Carolina Nature Center	$158,336	$158,336
Highlands Biological Station	$50,000	$50,000
Carolina Raptor Center	$50,000	$50,000
Fascinate-U	$50,000	$50,000
Wilmington Children's Museum	$50,000	$50,000

Total	$3,204,520	$3,204,520

DRAFT
SPECIAL PROVISION

2001-NATRES-H3(S19.3)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION 19.3.(a) G.S. 143B-313.2(b) reads as rewritten:

"(b) Terms. – Members shall serve ~~two-year terms~~staggered terms of office of three years. Members shall serve no more than two ~~full two-year terms~~consecutive three-year terms. After serving two consecutive three-year terms, a member is not eligible for appointment to the Authority for at least one year after the expiration date of that member's most recent term. Upon the expiration of a ~~two-year~~ three-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. ~~The term of members appointed under odd-numbered subdivisions of subsection (a) of this section shall expire on 30 June of odd-numbered years. The term of members appointed under even-numbered subdivisions of subsection (a) of this section shall expire on 30 June of even-numbered years.~~The terms of members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three. The terms of members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this section shall expire on July 1 of years that follow by one year those years that are evenly divisible by three. The terms of members appointed under subdivision (3), (6), or (10) of subsection (a) of this section shall expire on July 1 of years that precede by one year those years that are evenly divisible by three."

SECTION 19.3.(b) In order to alter the length of the staggered terms from two years to three years for the North Carolina Parks and Recreation Authority and to provide for an orderly transition in membership of the Authority as specified in G.S. 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S. 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

(1) John D. Runkle shall serve in the position established by G.S. 143B-313.2(a)(1) until July 1, 2001.

(2) Wendell Begley shall serve in the position established by G.S. 143B-313.2(a)(2) until July 1, 2002.

(3) Jonathon B. Howes shall serve in the position established by G.S. 143B-313.2(a)(3) until July 1, 2003.

(4) Ron Kincaid shall serve in the position established by G.S. 143B-313.2(a)(4) until July 1, 2002.

(5) Russell Robinson III shall serve in the position established by G.S. 143B-313.2(a)(5) until July 1, 2001.

(6) Roy Alexander shall serve in the position established by G.S. 143B-313.2(a)(6) until July 1, 2003.

(7) Kenneth Sadler shall serve in the position established by G.S. 143B-313.2(a)(7) until July 1, 2001.

(8) Leslie Anderson shall serve in the position established by G.S. 143B-313.2(a)(8) until July 1, 2002.

(9) Troy Boyd shall serve in the position established by G.S. 143B-313.2(a)(9) until July 1, 2001.

(10) Harriet L. Farrior shall serve in the position established by G.S. 143B-313.2(a)(10) until July 1, 2003.

(11) Eddie Holbrook shall serve in the position established by G.S. 143B-313.2(a)(11) until July 1, 2002.

DRAFT
SPECIAL PROVISION

2001-NATRES-H4(S19.4)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO BE USED FOR MARKETING PURPOSES

SECTION 19.4. Subject to the approval of the Secretary of Environment and Natural Resources, up to four hundred thousand dollars ($400,000) of the receipts from the increase in admission fees to the North Carolina Zoological Park for the 2001-2002 fiscal year and up to four hundred thousand dollars ($400,000) of those receipts for the 2002-2003 fiscal year may be used for marketing activities related to promoting the North Carolina Zoological Park.

DRAFT
SPECIAL PROVISION

2001-ENV-H10(S19.5)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

SECTION 19.5. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.

(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

(3) To maintain a web-based water quality data distribution site.

(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring, and Water Quality Permitting.

(2) Nutrient Management.

(3) Water Pollution Control.

(4) Waste Management.
(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-Based Data Dissemination.

(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed."

DRAFT
SPECIAL PROVISION

2001-ENV-H2(S19.6)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

SECTION 19.6.(a) The Department of Environment and Natural Resources shall continue the one-stop environmental permit application assistance and tracking system pilot project established under Section 13.7 of S.L. 2000-67 during the 2001-2003 fiscal biennium. It is the intent of the General Assembly that the Department of Environment and Natural Resources expand this pilot program to a statewide program effective in all of the Department's regional offices if the resources are available to do so during the 2001-2003 fiscal biennium. The provisions of Section 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

SECTION 19.6.(b) The Department of Environment and Natural Resources shall report to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, the Fiscal Research Division, and the Environmental Review Commission no later than April 1, 2002, and again no later than April 1, 2003, regarding the results of the pilot project continued under this section. This report shall include the number of environmental permits in the pilot project that took more than 90 days to issue or deny; the types of permits those were; the reasons for the extended processing time of those permits; how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department; based on the data gathered in the pilot project, any recommendations regarding what the permit time frames should be for all major permits issued by the Department; and to what extent, if any, the program has been expanded to a statewide program under this section.

SECTION 19.6.(c) The Department of Environment and Natural Resources may adopt temporary rules to implement this section.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-H3(S19.7)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN

SECTION 19.7. The Department of Environment and Natural Resources shall develop a plan to make the Division of Radiation Protection of the Department of Environment and Natural Resources self-supporting within two years. The Department of Environment and Natural Resources shall report the details of this plan to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than January 15, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-H4(S19.8)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

SECTION 19.8. The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its findings and recommendations, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-H5(S19.9)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM MANAGER

SECTION 19.9. The Secretary of Environment and Natural Resources shall designate from existing staff within the Department of Environment and Natural Resources a staff position to be responsible for managing the Submerged Lands Program. By August 1, 2001, the Secretary shall report to both the Senate and House of Representatives Cochairs of the Appropriations Subcommittees on Natural and Economic Resources what position will manage the Program.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-ENV-H6(S19.10)i

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

SECTION 19.10. The Department of Environment and Natural Resources shall report to the Senate and House of Representatives Cochairs of the full Appropriations Committee, and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees by October 1, 2001, on the Department's reclassification of its regional office managers as directed by Section 26.12 of S.L. 1995-324. The report shall include the following: the location and title of the four remaining positions, a description of the duties and responsibilities assigned to each position, a description of the day-to-day activities of each of the positions, an explanation of the purposes each of the positions serve, an explanation of how the positions benefit the Department, and a description of the role that the positions play in each of the respective communities and regions in which the positions are located.

Hoffman

DRAFT
SPECIAL PROVISION

2001-ENV-H12(S19.11)

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS

SECTION 19.11.(a) The Department of Environment and Natural Resources shall study the State Water Quality Certification (Section 401 of the Clean Water Act, 33 USC 1341) and National Pollutant Discharge Elimination System (NPDES) wastewater discharge permitting processes in the Division of Water Quality, the Coastal Area Management Act (CAMA) permitting process in the Division of Coastal Management, and the sedimentation and erosion control plan approval process in the Division of Land Resources. The study shall at a minimum include the following:

(1) A description of how the permitting and approval process currently works.
(2) The number and types of permits and plan approvals issued by each of these Divisions.
(3) The time frame within which each of the types of permits or plan approvals is issued.
(4) The adequacy of existing staff levels to complete the issuance of permits and plan approvals in a timely manner.
(5) Whether duplication in the permitting and plan approval process exists between the regional office and the central office staff.
(6) Efficiencies to be gained from delegation of authority to regional offices.
(7) Efficiencies to be gained from issuing more general permits.
(8) The amount of revenue generated by the permits and retained as departmental receipts.
(9) Any other information or issue deemed relevant by the Fiscal Research Division to provide an accurate analysis of the issues.

SECTION 19.11.(b) In conducting this study, the Department shall record its tracking of the permits and plan approvals and the statistical data regarding those in a format that is easily accessible and usable for fiscal analysis by the Fiscal Research Division.

SECTION 19.11.(c) The Department shall make a report with its findings and recommendations to the Senate and House of Representatives Cochairs of the full Appropriations Committee and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees, on ways to improve, expedite, or simplify the permitting process no later than March 10, 2002.

Hoffman

DRAFT
SPECIAL PROVISION

2001-ENV-H1

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Baker

REALLOCATE TOWN FORK CREEK FUNDS

SECTION #.(a) Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L. 2000-140, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~2001.~~ 2003. Those funds are reallocated as follows:

(1) Five hundred ~~four thousand five hundred sixty~~ forty-one thousand six hundred eighty dollars ~~($504,560)~~ ($541,680) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) ~~Nine hundred thirty thousand six hundred eighty dollars ($930,680)~~ Eight hundred ninety-three thousand five hundred sixty dollars ($893,560) to the Stokes County Water and Sewer Authority, Inc., for the Walnut Cove/Industrial Site Connection Project. Any funds under this subdivision not necessary for this project are reallocated to the project listed under subdivision (3) of this subsection upon the written finding of the Stokes County Water and Sewer Authority, Inc.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

SECTION #.(b) This section becomes effective June 30, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Hoffman

DRAFT
SPECIAL PROVISION

2001-ENV-H9

Environment and Natural Resources
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Warwick

FAIR GEOGRAPHIC REPRESENTATION IN APPOINTMENTS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION.

SECTION #.(a) G.S. 143B-282 is amended by adding a new subsection to read:

"(e) In appointing the members of the Commission, the appointing authorities shall make every effort to ensure fair geographic representation of the Commission."

SECTION #.(b) This section is effective when it becomes law and applies to appointments made on or after that date.

DRAFT
SPECIAL PROVISION

2001-COMM-H9(S20.1)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

TOURISM PROMOTION FUNDS

SECTION 20.1. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

DRAFT
SPECIAL PROVISION

2001-COMM-H11(S20.3)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

SECTION 20.3.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Moneys allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Moneys may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of moneys from the Fund.

SECTION 20.3.(b) The Department of Commerce shall report on or before October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION **2001-COMM-H12(S20.4)i**

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

SECTION 20.4.(a) Effective July 1, 2001, the Center for Entrepreneurship and Technology (hereinafter Center) in the Department of Commerce (hereinafter Department) is abolished.

SECTION 20.4.(b) The Department shall not carryforward any unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection becomes effective June 30, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H13(S20.5)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION 20.5. The Department of Commerce (hereinafter Department) shall study the feasibility of consolidating each of the Business and Industry Division regional offices (hereinafter B&I) with a Regional Economic Development Commission (hereinafter Commission) office. In considering whether consolidation is feasible and would better advance the goals of both the B&I and the Commissions, the Department shall do at least the following:

(1) Evaluate the degree to which existing shared offices in Asheville, Edenton, Greensboro, and Research Triangle Park differ in organization, budget, and performance from the B&I offices in Charlotte, Greenville, and Fayetteville that do not share office space with Commissions.

(2) Evaluate the extent to which B&I staff responsibilities in each B&I office duplicate those performed by the Commission staff in their region regardless of whether the offices are shared or separate.

(3) Evaluate the extent to which existing B&I offices in Lenoir and Bryson City add value cost-effectively to the service provided by the Asheville office. In particular, the Department shall consider how the same level of service might be provided if the Lenoir and Bryson City offices were eliminated or merged into the Asheville office.

(4) Estimate any costs that would result from closing B&I offices in Charlotte, Greenville, and Fayetteville and consolidating them with Commissions in Charlotte, Kinston, and Elizabethtown, respectively. The Department shall also estimate any costs that would result from closing B&I offices in Lenoir and Bryson City and consolidating them with the Asheville office.

(5) Identify whether the actions described in subdivision (4) of this section would produce any net savings and, if affirmative, identify the sources of the savings. The Department shall document whether all current B&I regional staff would remain essential to program function if the closings and consolidations described in subdivision (4) of this section were carried out.

The Department shall report its findings and recommendations, including any estimates of efficiencies and cost savings that may be produced by consolidating the Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and consolidating the Lenoir and Bryson City offices with the existing shared office in Asheville, to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources by January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-H27(S20.6)

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 20.6. (a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of five million nine hundred thirty thousand sixteen dollars ($5,930,016) for the 2001-2002 fiscal year for the operation of local offices.

SECTION 20.6. (b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2001-2002 fiscal year for the following purposes:

(1) Two million one hundred sixty-six thousand forty-seven dollars ($2,166,047) for the 2001-2002 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) One million six hundred forty-four thousand three hundred twelve dollars ($1,644,312) for the 2001-2002 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred eleven thousand eight hundred ninety-six dollars ($211,896) for the 2001-2002 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred seventy-six thousand seven hundred four dollars ($376,704) for the 2001-2002 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-six thousand five hundred six dollars ($56,506) for the 2001-2002 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management

Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor to continue the Apprenticeship Program.

DRAFT
SPECIAL PROVISION **2001-COMM-H14(S20.7)i**

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

BIOTECHNOLOGY CENTER

SECTION 20.7.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 20.7.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 20.7.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.7.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

DRAFT
SPECIAL PROVISION

2001-COMM-H15(S20.8)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.

(2) Negotiate the terms of the legal agreement in good faith.

(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.

(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-H24(S20.9)

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC./YADKIN/PEE DEE LAKES PROJECTS, INC./NORTH CAROLINA REAL ENTERPRISES/WORLD TRADE CENTER NORTH CAROLINA REPORTING REQUIREMENTS

SECTION 20.9.(a) The North Carolina Technological Development Authority, Inc., (TDA), Yadkin/Pee Dee Lakes Project, Inc., North Carolina REAL Enterprises, and World Trade Center North Carolina shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.9(b) Fourth quarter allotments shall not be released to TDA, North Carolina REAL Enterprises, or World Trade Center North Carolina until each entity satisfies its reporting requirement for January 15, 2002.

DRAFT
SPECIAL PROVISION

2001-COMM-H16(S20.10)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 20.10.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

DRAFT
SPECIAL PROVISION

2001-COMM-H21(S20.11)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REGIONAL COMMISSION REPORTS

SECTION 20.11.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.11.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

DRAFT
SPECIAL PROVISION

2001-COMM-H18(S20.12)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION 20.12.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION 20.12.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 20.12.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 20.12.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

SECTION 20.12.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

DRAFT
SPECIAL PROVISION

2001-COMM-H19(S20.13)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP CHANGES

SECTION 20.13.(a) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in G.S. 143-128(f)(2) and one of whom may be a member of the board of commissioners.

(2) The ~~Authority~~ Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the ~~Authority~~ Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in G.S. 143-128(f)(2). The ~~Authority~~ Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 20.13.(b) G.S. 158-35(c) reads as rewritten:

"(c) Removal; Vacancies. – A member of the Commission may be removed with or without cause by the appointing body. In addition, a majority of the Commission members may, by majority vote, remove a member of the Commission if that member does not attend at least three-quarters of the regularly scheduled meetings of the Commission during any consecutive 12-month period of service of that member on the Commission, except that absences excused by the Commission due to serious medical or family circumstances shall not be considered. If the Commission votes to remove a

member under this subsection, the vacancy shall be filled in the same manner as the original appointment. Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointing authority. All members shall serve until their successors are appointed and qualified, unless removed from office."

Willis

DRAFT
SPECIAL PROVISION

2001-COMM-H26(S20.14)

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NONPROFIT REPORTING REQUIREMENTS

SECTION 20.14.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and Rural Families, Inc., North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements for January 15, 2002, or January 15, 2003.

DRAFT
SPECIAL PROVISION

2001-COMM-H20(S20.15)i

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 20.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2001-2002 fiscal year and the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	$444,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	455,000	455,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	137,000	137,000.

SECTION 20.15.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 20.15.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

SECTION 20.15.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 20.15.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2001-2002 fiscal year and the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,644,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,244,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health

or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $400,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $250,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $175,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 20.15.(f) For the 2001-2002 fiscal year only, the Office of State Budget and Management shall reduce the funds appropriated in this act to the Rural Economic Development Center, Inc., by an amount of nine hundred ninety-nine thousand six hundred ninety-four dollars ($999,694). The Center shall compensate for this reduction by using available cash balances from the Child Care Loan Fund in the amount of four hundred ninety-nine thousand six hundred ninety-four dollars ($499,694) and the amount of five hundred thousand dollars ($500,000) from other cash reserves on hand.

SECTION 20.15.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Willis

DRAFT
SPECIAL PROVISION

2001-COMM-H25(S20.16)

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 20.16.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

SECTION 20.16.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

DRAFT
SPECIAL PROVISION

2001-COMM-H29

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

TRANSFER COMMON FOLLOW-UP EVALUATION FROM OSBPM TO ESC

SECTION #.(a) G.S. 96-32 reads as rewritten:

"§ 96-32. Common follow-up information management system created.

(a) The Employment Security Commission of North Carolina shall develop, implement, and maintain a common follow-up information management system for tracking the employment status of current and former participants in State job training, education, and placement programs. The system shall provide for the automated collection, organization, dissemination, and analysis of data obtained from State-funded programs that provide job training and education and job placement services to program participants. In developing the system, the ESC shall ensure that data and information collected from State agencies is confidential, not open for general public inspection, and maintained and disseminated in a manner that protects the identity of individual persons from general public disclosure.

(b) The ESC ~~in consultation with the Office of State Budget, Planning, and Management~~ shall adopt procedures and guidelines for the development and implementation of the CFS authorized under this section.

(c) Based on data collected under the CFS, the ~~Office of State Budget, Planning, and Management~~ ESC shall evaluate the effectiveness of job training, education, and placement programs to determine if specific program goals and objectives are attained, to determine placement and completion rates for each program, and to make recommendations regarding the continuation of State funding for programs evaluated. ~~The ESC shall provide to the Office of State Budget, Planning, and Management data collected under the CFS in a manner and with the frequency necessary for the Office of State Budget, Planning, and Management to conduct the evaluation required under this subsection. The ESC shall consult with the Office of State Budget, Planning, and Management to determine the most efficient and effective method for providing to the Office of State Budget, Planning, and Management data collected under the CFS. The Office of State Budget, Planning, and Management shall maintain the same levels of confidentiality with respect to CFS data received from the ESC as is required of the ESC under this Article.~~"

SECTION #.(b) G.S. 96-35 reads as rewritten:

"§ 96-35. Reports on common follow-up system activities.

(a) The Employment Security Commission of North Carolina shall present annually by May 1 to the General Assembly and to the Governor a report of CFS activities for the preceding calendar year. The report shall include information on and

evaluation of job training, education, and placement programs for which data was reported by State and local agencies subject to this Article. Evaluation of the programs shall be on the basis of fiscal year data.

(b) The ~~Office of State Budget, Planning, and Management~~ ESC shall report ~~to~~ to the Governor and to the General Assembly upon the convening of each biennial session, its evaluation of and recommendations regarding job training, education, and placement programs for which data was provided to the CFS. "

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H31

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Redwine

ESC TO EXPEND REED ACT FUNDS

SECTION #. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million one hundred thirty-six thousand seven hundred forty-six dollars ($2,136,746) for the 2001-2002 fiscal year for unemployment insurance administration.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H3

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Insko

NORTH CAROLINA GLOBAL CENTER FUNDS

SECTION #. Of the funds appropriated to the Office of State Budget and Management in Section 34.1 of Chapter 769 of the 1993 Session Laws for planning of the North Carolina Center for World Languages and Cultures, Inc., now known as the North Carolina Global Center (hereinafter Center), up to three hundred thousand dollars ($300,000) shall be used for general operating purposes of the Center.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2001-COMM-H30

Department of Commerce/Economic Development
House Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Smith

RESTORE NAME OF ABC COMPLEX

SECTION #. The sign designating the North Carolina ABC Commission Office & Warehouse Complex, which is located at 3322 Garner Road in Raleigh, shall be restored to its original designation of "The Marvin L. Speight, Jr. North Carolina ABC Commission Office & Warehouse Complex".

ATTACHMENT V

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1005-ALD-2 [v.1]

Date _____,2001

Comm. Sub. [NO]
Amends Title [NO]
Third Edition

Representative Owens

moves to amend the NER Subcommittee Report on page H 11, Item # 65, Increase Receipts, by increasing the amount of the reduction by the sum of thirty-five thousand dollars ($35,000) for the 2001-2002 fiscal year and for the 2002-2003 fiscal year; and

on page H 14 of the NER Subcommitee Report, by adding a new Item after Item # 94 to read:

"94.1 Reserve for Position – Environmental Health	$35,000R	$35,000R
Places funds in a reserve for salary and operating support for a part-time Regional Environmental Health Specialist in	0.50	0.50

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALD-2 [v.1]

the Division of Environmental Health. Funding is contingent upon the passage of HB 635, Regulate Body Piercing."; and

by renumbering the item numbers accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
July 10, 2001 – 3:41 PM

The House Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, July 10, 2001 at 3:41 PM in the House Chamber around the desk of Representative Bill Owens. The following members were present: Chairs Stan Fox and Bill Owens, Vice-Chair Edith Warren, Representatives Culp, Hunter, Mitchell, Underhill, Walker, Warwick, Weatherly and West.

Chair Bill Owens discussed HB 635-A Bill to be Entitled An Act to Regulate the Business of Body Piercing. Upon motion made by Representative Fox, the Subcommittee voted unanimously for a favorable report and recommended that bill be reported to the Appropriations Committee.

The meeting adjourned at 3:45 PM.

Bill Owens
Representative Bill Owens, Chair

Mary Capps
Mary Capps, Committee Assistant

Stan Fox
Representative Stan Fox, Chair

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 635

Committee Substitute Favorable 4/12/01

Short Title: Regulate Body Piercing. (Public)

Sponsors:

Referred to:

March 15, 2001

A BILL TO BE ENTITLED

AN ACT TO REGULATE THE BUSINESS OF BODY PIERCING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-29(c) reads as rewritten:

"(c) The Commission shall adopt rules:

(1) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1022, s. 5.

(2) Establishing standards for approving sewage-treatment devices and holding tanks for marine toilets as provided in G.S. 75A-6(o).

(3) Establishing specifications for sanitary privies for schools where water-carried sewage facilities are unavailable as provided in G.S. 115C-522.

(4) Establishing requirements for the sanitation of local confinement facilities as provided in Part 2 of Article 10 of Chapter 153A of the General Statutes.

(5) Repealed by Session Laws 1989 (Regular Session, 1990), c. 1075, s. 1.

(5a) Establishing eligibility standards for participation in Department reimbursement programs.

(6) Requiring proper treatment and disposal of sewage and other waste from chemical and portable toilets.

(7) Establishing statewide health outcome objectives and delivery standards.

(8) Establishing permit requirements for the sanitation of premises, utensils, equipment, and procedures to be used by ~~a person~~persons engaged in ~~tattooing,~~tattooing or body piercing, as provided in Part 11 of Article 8 of this Chapter.

(9) Implementing immunization requirements for adult care homes as provided in G.S. 131D-9 and for nursing homes as provided in G.S. 131E-113."

SECTION 2. G.S. 130A-39(g) reads as rewritten:

"(g) A local board of health may impose a fee for services to be rendered by a local health department, except where the imposition of a fee is prohibited by statute or where an employee of the local health department is performing the services as an agent of the State. Notwithstanding any other provisions of law, a local board of health may impose cost-related fees for services performed pursuant to Article 11 of this Chapter, 'Wastewater Systems,' for services performed pursuant to Part 10, Article 8 of this Chapter, 'Public Swimming Pools', and for services performed pursuant to Part 11, Article 8 of this Chapter, ~~'Tattooing'.~~'Tattooing and Body Piercing'. Fees shall be based upon a plan recommended by the local health director and approved by the local board of health and the appropriate county board or boards of commissioners. The fees collected under the authority of this subsection are to be deposited to the account of the local health department so that they may be expended for public health purposes in accordance with the provisions of the Local Government Budget and Fiscal Control Act."

SECTION 3. Part 11 of Chapter 130A of the General Statutes reads as rewritten:

"Part 11. ~~Tattooing.~~ Tattooing and Body Piercing.

"§ 130A-283. Tattooing regulated.

(a) Definition. – As used in this Part, the term 'tattooing' means the inserting of permanent markings or coloration, or the producing of scars, upon or under human skin through puncturing by use of a needle or any other method.

(b) Prohibited Practice. – No person shall engage in tattooing without first obtaining a tattooing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, who perform tattooing within the normal course of their professional practice are exempt from the requirements of this Part.

(c) Application. – To obtain a tattooing permit, a person ~~must~~shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a tattooing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and ~~must~~shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a tattooing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that tattooing is being performed in violation of this ~~Part.~~section or materials are not being disposed of as provided in G.S. 130A-285. ~~In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning the enforcement of this Part.~~

(e) Limitation. – A permit issued pursuant to this ~~Part~~section does not authorize a person to remove a tattoo from the body of a human being. Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-284. Body piercing regulated.**

(a) Definition. – As used in this Part, the term 'body piercing' means the creation of an opening in the body of a human being so as to create a permanent hole for the purpose of inserting jewelry or other decoration. Body piercing includes piercing an ear, lip, tongue, nose, naval, or eyebrow. Body piercing does not include piercing an ear lobe with a disposable, single-use stud or solid needle that is applied using a mechanical device to force the needle or stud through the ear lobe.

(b) Prohibited Practice. – No person shall engage in body piercing without first obtaining a body piercing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, are exempt from the requirements of this Part.

(c) Application. – To obtain a body piercing permit, a person shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a body piercing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a body piercing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that body piercing is being performed in violation of this section or materials are not being disposed of as provided in G.S. 130A-285.

(e) Limitation. – Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-285. Management and disposal of materials.**

Materials used by persons engaged in tattooing and body piercing shall be disposed of in accordance with rules adopted by the Commission pursuant to G.S. 130A-309.26.

"**§ 130A-286. Appeals.**

In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning enforcement of this Part."

SECTION 4. This act becomes effective October 1, 2001.

2001 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Owens and Fox** (Chair/Chairs) for the Permanent Subcommittee on **Natural and Economic Resources** of the Standing Committee on **APPROPRIATIONS.**

☒ Committee Substitute for
H.B. 635 A BILL TO BE ENTITLED AN ACT TO REGULATE THE BUSINESS OF BODY PIERCING.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS**

RECOMMENDED ACTION:

☒ With a favorable recommendation.

☐ With a favorable recommendation and recommend that the bill be re-referred to the Committee on .

☐ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill, ☐ which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:

Representative for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

02/15/01

ROLL CALL VOTE

_11__ ____ = _____(TOTAL) HB# _635____

__ YES NO SB# _____

HOUSE STANDING COMMITTEE ON __APPROPRIATIONS/Subcommittee on Natural and Economic Resources_____

House Subcommittee on _____

YES	NO	MEMBER (last name)	YES	NO	MEMBER (last name)
_X_	____	FOX	____	____	
_X_	____	OWENS	____	____	
_X_	____	CULP	____	____	
_X_	____	HUNTER	____	____	
_X__	____	MITCHELL	____	____	
_X_	____	UNDERHILL	____	____	
_X_	____	WALKER	____	____	
_X_	____	WARREN	____	____	
_X_	____	WARWICK	____	____	
_X	____	WEATHERLY	____	____	
_X__	____	WEST	____	____	
____	____		____	____	
____	____		____	____	
____	____		____	____	
____	____		____	____	
____	____		____	____	
____	____		____	____	
____	____		____	____	
____	____		____	____	
____	____			____	
____	____		Ex officio Members		
____	____		____	____	Speaker Pro Tem Joe Hackney
____	____		____	____	Majority Leader Phil Baddour
____	____		____	____	Majority Whip Andy Dedmon

2002

JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL & ECONOMIC RESOURCES

MINUTES

APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

HOUSE

STAN FOX, CHAIR
BILL OWENS, CHAIR
ARLIE CULP
HOWARD HUNTER
FRANK MITCHELL
ALICE UNDERHILL
TRACY WALKER
EDITH WARREN
NURHAM WARWICK
JOHN WEATHERLY
ROGER WEST

SENATE

R. L. BOB MARTIN, CHAIR
DAVID WEINSTEIN, VICE-CHAIR
CHARLIE ALBERTSON
HAM HORTON
STEVE METCALF
A. B. SWINDELL

STAFF	COMMITTEE ASSISTANTS
JENNIFER HOFFMAN	MARY CAPPS
ADAM LEVINSON	LINDA A. JOHNSON
KELLY HUFFSTETLER	CAROLYN GOODEN

HOUSE COMMITTEE on APPROPRIATIONS
Subcommittee on Natural and Economic Resources
2001-2002 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Fox, Stan	Mary Capps	3-5757	1217	46
Owens, Bill	Linda A. Johnson	3-0010	632	9
Culp, Arlie	Waneta Lord	3-5865	1010	50
Hunter, Howard	Barbara Phillips	3-2962	613	68
Mitchell, Frank	Susan West	3-5931	513	101
Underhill, Alice	Marian Phillips	3-5827	1221	91
Walker, Tracy	Barbara Powell	3-5935	1111	107
Warren, Edith	Nancy Willis	3-3019	417-A	17
Warwick, Nurham	Linda Uzzle	5-3003	419-C	14
Weatherly, John	Nancy Garriss	3-4838	502	93
West, Roger	Linda C. Johnson	3-5859	1004	106
Ex officio members:				
Baddour, Phil	Elizabeth Kirkland	5-0850	2301	31
Cunningham, Pete	Valerie Rustin	3-5778	541	7
Dedmon, Andy	Donna Abu Harb	3-5732	2213	12
Earle, Beverly	Ann Raeford	3-5747	535	95
Hackney, Joe	Emily Reynolds	3-5752	2207	69

MEMBERSHIP LIST

SENATE APPROPRIATIONS SUBCOMMITTEE ON

NATURAL AND ECONOMIC RESOURCES

MEMBERSHIP	OFFICE	PHONE
Senator R.L. "Bob" Martin, Chairman	410	5-3040
Senator David Weinstein	2108	3-5651
Senator Charlie Albertson	525	3-5705
Senator Ham Horton	1117	3-7850
Sen. Steve Metcalf	300-D	5-8361
Senator A.B. Swindell	521	3-5655

ATTENDANCE

HOUSE APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

(Name of Committee)

DATES	03-27-02	04-30-02	05-02-02	05-08-02											
STAN FOX, CHAIR	X	X	X	X											
BILL OWENS, CHAIR	X	X	X	X											
EDITH WARREN, VICE-CHAIR		X	X	X											
ARLIE CULP	X	X	X	X											
HOWARD HUNTER	X	X	X	X											
FRANK MITCHELL	X	X	X	X											
ALICE UNDERHILL	X	X	X	X											
TRACEY WALKER	X	X	X	X											
NURHAM WARWICK	X	X		X											
JOHN WEATHERLY	X	X	X	X											
ROGER WEST	X	X		X											
Ex officio Members															
JOE HACKNEY															
PHIL BADDOUR															
ANDY DEDMON															
BEVERLY EARLE															
PETE CUNNINGHAM															

ATTENDANCE

HOUSE APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

(Name of Committee)

DATES 2002	4/24	5/1	5/7												
STAN FOX, CHAIR	✓	✓	✓												
BILL OWENS, CHAIR	✓	✓	✓												
EDITH WARREN, VICE-CHAIR	✓	✓	✓												
ARLIE CULP	✓	✓	✓												
HOWARD HUNTER	✓	✓	✓												
FRANK MITCHELL	✓	✓	✓												
ALICE UNDERHILL		✓	✓												
TRACEY WALKER		✓	✓												
NURHAM WARWICK	✓		✓												
JOHN WEATHERLY	✓	✓	✓												
ROGER WEST		✓	✓												
Ex officio Members															
JOE HACKNEY															
PHIL BADDOUR															
ANDY DEDMON															
BEVERLY EARLE															
PETE CUNNINGHAM															

Joint Appropriations Subcommittees on Natural and Economic Resources

March 27, 2002
1:00 p.m., Room 423
Representatives Stan Fox and Bill Owens, Presiding

1. **TDA Audit Report**
   Office of State Auditor
   Ralph Campbell, State Auditor

2. **Impact of Withholding Funds on TDA**
   Adam Levinson, Fiscal Research

3. **TDA's Response**
   Travis Porter, TDA Counsel

4. **State Profit–Sharing Agreement with Biotechnology Center & TDA** (SL 2001-424, Section 20.8)
   Attorney General's Office
   John Corne, Special Deputy Attorney General

5. **Commerce Study of Consolidating the Regional Offices of the Business and Industry Division with the Regional Economic Development Commissions** (SL 2001-424, Section 19.11)
   Department of Commerce
   Jim Fain, Secretary

6. **One-Stop Permit Assistance Pilot Program Update** (SL 2001-424, Section 19.6)
   DENR Customer Service Center
   Edythe McKinney, Center Director

7. **DENR Reclassification of Senior Field Officer Positions Report** (SL 2001-424, Section 19.10)
   Office of Conservation and Community Affairs
   Richard Rogers, Director

8. **Feasibility of Transferring Sedimentation Program to Local Governments** (SL 2001-424, Section 19.8)

Division of Land Resources
Charles Gardner, Division Director

NC Association of County Commissioners
Paul Meyer, NCACC Assistant General Counsel

NC League of Municipalities
Kim Hibbard, NCLM Associate General Counsel

Minutes
Joint Appropriations Subcommittee on
Natural and Economic Resources
March 27, 2002 - 1:00 PM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, March 27, 2002 at 1:00 PM in Room 423 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Bill Owens, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracy Walker, Nurham Warwick, John Weatherly and Roger West.

NORTH CAROLINA BIOTECHNOLOGY CENTER

Chairman Stan Fox called the meeting to order. He recognized Mr. Charles Hamner, Director, North Carolina Biotechnology Center, who expressed his thanks to the subcommittee for all it has done over the past 15 years in support of the Biotechnology Center. He paid tribute to Senator Bob Martin and the committee for its help with the Center. When the program started, about 10 companies were producing bioscience or biotech works in the state. Today more than 140 companies are doing business in our state. Nearly $3,000,000,000 worth of products has sold over the 15 years. Without the committee's support, this would never have happened. In the nation NC is #1 in clinical research organizations, #2 in agricultural and chemical research and #3 in numbers of biotechnology and biopharmaceutical companies. The biopharmaceutical industry will probably be the only growth industry in the state in the next ten years. He recently met with Mollie Broad, President, University of North Carolina, and four of the major corporations in the state last week, and told President Broad the bio-science students must be prepared to take the skilled jobs that will be required to move the industry forward. The Chairman, on behalf of the committee, thanked Mr. Hamner for his outstanding service to the state and wished him well in his retirement.

TECHNOLOGICAL DEVELOPMENT AUTHORITY AUDIT REPORT

The Chairman called upon Mr. Ralph Campbell, State Auditor, to give the Technological Development Authority's Audit Report (ATTACHMENT I). Mr. Campbell reviewed the six findings in the report, he addressed several issues the Legislature or Governor may want to consider before restoring funds to TDA, and what the Legislature might want to consider in future regarding private non-profits substantially funded with public money. The findings released in December of 2001 included a combination of the following: excessive spending on travel, lobbying, consulting services and salaries within the organization; loan to the President allowing him to buy one-percent of the venture capital fund, but he actually never put up any of his own money until after he received the return of the profits paid to him; critical decisions made by management and a few board members without sharing information with full board; and contracting with a former business partner and brother of the former chief finance officer at excessive rates (pages 5-19 of audit). Mr. Campbell asked the

following questions: Have TDA's salaries been brought more in line with prudent use of public money, is the Board of Directors being fully informed of the Authority's and management's actions, have conflicts of interest, real and perceived, been addressed in Authority policies and should an organization set up ten years ago and intended to become self-sufficient continue to receive tax funds? What specific achievements have been realized with the $19 M the state has already invested and what investment returns have been realized by TDA and is continued state funding really needed at this time when we have budget shortfalls? What might the Legislature consider in the future regarding private non-profits that are substantially funded with public money. The Auditor's office believes the Legislature should require at least some of the members, and preferably a majority of the members of the Board of Directors, to be publicly appointed by the Governor, by the Speaker of the House or the President Pro Tem of the Senate. This would guarantee some public accountability. If a non-profit agency, particularly one engaged in economic development gets a substantial amount of funding (more than 50 percent from the state), the Auditor's office believe its records should be public and open to the public. Clear performance goals for the agencies should be set. The Legislature should set performance measures and look at them each year, as additional funding is set. Financial milestones should be set that will lead the agency toward self-sufficiency and away from total dependency on public funding. It is strongly believed that the Legislature should prohibit employees and board members from investing in and profiting from the activities of the investments of the agency or any venture funds. The Legislature should clearly define how the state would receive profits in future years. The Attorney General has asked the State Auditor's office to review the draft agreement they are working on with the Biotechnology Center and TDA. Senator Horton asked the Auditor in previous audits with TDA were the same problems found and did you make the same recommendations? Mr. Campbell stated the Auditor's Office is not authorized to audit TDA since this agency is a private non-profit agency. It receives its audit from an outside private independent CPA firm. We reviewed the audit while we conducted a special investigation, but we are not the one to conduct the audit of this particular agency because it is non-profit. The outside audit firm did not make the same conclusions as the Auditor's Office did. Price Waterhouse conducted the outside audit.

IMPACT OF WITHHOLDING TDA FUNDS

Mr. Adam Levinson, Fiscal Research, was called upon to review the impact of withholding funds from TDA (ATTACHMENT II). In light of the Auditor's report, the Governor, on the recommendation of the leadership, made a decision to suspend the appropriation in this current fiscal year. The NER Chairs asked him to review TDA's finances for this fiscal year. He reviewed the revenues and expenditures for 2001-02 and the funding commitments. Senator Martin asked what is TDA, and Mr. Levinson called upon Mr. David Emmett, President of TDA to respond to the question. Mr. Emmett stated TDA stands for Technological Development Authority and its mission is to create jobs and wealth throughout the state, and TDA does this by a state mandated program of direct investments in small companies. Representative Mitchell questioned the RIF expenses, and they are severance payments to employees let go in the restructuring. Mr. Emmett said this amounted to one-months pay for each year served with the company.

Representative Owens asked what was the most money any one person received, and it was about $27,000. Representative Mitchell asked if employees were eligible for unemployment benefits and they are. The Chair stated the Auditor's Office did not conduct an audit. It conducted a special investigative review.

TECHNOLOGICAL DEVELOPMENT AUTHORITY

The Chairman called upon Mr. David Emmett to respond to the Auditor's review (ATTACHMENT III). Mr. Emmett thanked the committee for the opportunity to address it. He stated TDA takes the review very seriously, and it is committed to benefit the State of NC. It has been difficult, but he feels it is a rebirth opportunity for TDA. He thanked Mr. Campbell for the opportunity to provide a change mandate for TDA. Our pledge is we will be ethical, accountable and open in all that we do. He will discuss the corrective action plan, revisit our current mission statement, and talk about economic impacts we have achieved. Regarding expenditures, we have implemented new financial controls (page 2). Regarding a loan to the President, this was a component of the employment offer he received from the Personnel Committee of the Board of Directors in December 1999. A venture fund was established, and it was always operated with close oversight from a subcommittee of the board with full reporting responsibility to the board. We have recently restructured our bylaws to provide government, university and industry oversight on the board of directors. In summary, we have updated our policies, controls, restructured the Board of Directors, and we have a leaner staff. What has not changed is our commitment to technology development. In summary we recognized the benefit of the audit, and we accept the responsibility for improving our operation. We respectfully request that this year's appropriation be released. The Chairman asked about the board of directors' change and who would make the appointments. Mr. Emmett stated the board passed a restructured set of bylaws that delegates an interim board that is in place now. The board has provided for provisions for appointments from the Governor's Office, President Pro Tem's Office and Speaker of the House. We have also provided for appointments from each of the Research I universities in our state. These six appointments will come from outside, and we have a nominating committee chaired by Governor Martin that will nominate industry expertise for a total of 21 board members - a difference of six members from the past.

Representative Mitchell shared an e-mail from one of TDA's tenants asking for continued funding that was disturbing to him. It mentioned having 11 employees with a payroll of $780,000. He feels the top end employees making $150,000 per year should move out and get their own building and let someone else come in. Mr. Emmett said this company received some Venture and Angel investments, and they have a hard milestone they are trying to work toward to receive another funding event. We try to get companies through the first cycle and it usually is about two years. When they get to the second funding they graduate from our program. Biotech companies take three years or longer. Representative Culp asked how a prospective enterprise company gets help from TDA. A company is asked to submit a business plan. We review the plan with them and offer advice, and we often make an offer of an equity investment as well. We have about a half dozen on the waiting list for the First Flight Venture Center at RTP. Representative

Warwick asked where is the authority for legislative appointments and is a bill going to be needed. Staff said TDA could change their bylaws to allow this. Mr. Levinson will check on this question with staff. TDA was clearly charted in 1991 as a non-profit organization. In the Auditor's opinion, the advantage for the state and for the citizens of the state is the accountability when you are investing public dollars that are being spent for economic development. TDA is an economic development arm for North Carolina. Representative Culp asked who requested the Auditor's office to make a review of TDA. Mr. Campbell stated it was an anonymous Hotline caller. Senator Martin asked Mr. Emmett about investment in the ex-factory in Pitt County, where hundreds of thousands of dollars were spent, as he read in the paper that the building is owned by Pitt County and he asked who owns it. Mr. Emmett stated that Pitt County Development Commission owns the building. Half of the money was a grant that we will not recover, and the other half was a loan that they are paying on every month. Representative Underhill asked if it is our objective to follow what the Auditor has suggested when we create a component unit, or are we interested in having an entity that will eventually grow and spin itself off state funding. The Chairman stated the committee would continue to address this issue. Senator Horton feels before we go further we ought to take a look at the by-law changes and be assured they have been adopted because this is a public body we are supposed to be supervising. All we have are vague assurances things have been taken care of. He would like to see the changed bylaws, and Mr. Emmett will make the bylaws and revised travel and entertainment policies available to the committee. Representative Owens stated that TDA's money is frozen. TDA received $640,000 for the current year, and the rest is frozen unless the Governor takes the freeze off. Information was turned over to the District Attorney's Office, and no criminal misdoings were found. Representative Warwick asked if the committee would make a recommendation to the Governor to release the funds at a future date. The Chairman stated a decision would not be made at today's meeting.

STATE PROFIT-SHARING AGREEMENT WITH BIOTECHNOLOGY CENTER & TDA

Mr. John Corne, Special Deputy Attorney General, Attorney General's Office, was recognized and he shared Profit-Sharing Agreement (ATTACHMENT IV). He and Grayson Kelley were delegated responsibility by the Attorney General to negotiate the agreement draft. It was presented to the Governmental Operations Committee on March 18, 2002, and no changes were suggested to the agreement. The essence of the agreement on profit sharing is a formula by which each of the entities will share at the 50 percent level all profits and income in excess of $150,000 on each investment. The agreement covers state appropriations made to the Biotechnology Center and TDA on or after July 1, 1997. However, the profit sharing trigger is on income and gains after July 1, 2002. He understands the Biotechnology Center plans to sign the agreement, and he believes TDA plans to do the same. There will be some technical changes made to the agreement by the Auditor's and Treasurer's Offices, and it will be sent out early in April. Representative Owens stated the committee appreciates work done by our staff and the Auditor's and Treasurer's Offices on the agreement.

COMMERCE STUDY OF CONSOLIDATING THE REGIONAL OFFICES OF THE BUSINESS AND INDUSTRY DIVISION WITH THE REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Chairman Bill Owens continued the meeting. He called upon Mr. Jim Fain, Secretary of the Department of Commerce, to explain the study (ATTACHMENT V). Mr. Fain stated there are two basic issues in the requested study. There are two satellite offices of the Department of Commerce in the 23 county western economic region in addition to the main office in Asheville. The question is would the public's interest be best served if they were consolidated. The second issue studied was is there merit of combining offices of the regional partnerships or commissions in three of the seven state's economic regions with the offices of the Department of Commerce. We have a predisposition to consolidate everywhere we can. The department recommends that the current structure be retained, and that no changes be made in the current deployment of real estate and personnel. Mr. Tom Greenwood, Executive Director for the Eastern Regional Partnership, stated the department has been promoting and seeking another location from the Greenville and Kinston Offices for some time. It recently relocated to the Global TransPark Education Training Center. Representative Weatherly asked what part funds is state supplied and what part is private. Funds are raised from the private sector and differ from region to region. Representative Fox asked if local boards in the partnerships do the hiring of the Executive Director, and the local boards run the organizations. Senator Martin thinks the Secretary is right in that the regions were established for the purpose of helping in their own regions. As long as it is done under the plan and purpose, it is the right thing to do. The Chairman stated the regional partnerships mean everything in rural North Carolina, but we need to work close together.

ONE-STOP PERMIT ASSISTANT PILOT PROGRAM UPDATE

Ms. Edythe McKinney, DENR Customer Service Center Director, was recognized to give an update on how the one-stop permit is working. She shared the Legislative Report for 2000-2001 (ATTACHMENT VI). The program provides for one person, a single point of contact, to help identify what is needed when environmental permits are required and to develop a projected time line. Regarding tracking, we have not received as many tracking requests as expected because the permit process from idea to building is a long one. Representative Culp asked if the program issues the permits. The program does not issue the permits. The Chairman stated a special provision allows the applicant to expect a decision for denial or acceptance of the permit within 60 days, if the law provides, and if it is not done within the 60 days, the permit is automatically approved. Ms. McKinney said a lot of clients learn of the program through the website. All state economic developers have been informed, and we work with engineers and the Commerce Department. Our job is to keep the lines of communication open. The Chairman thanked Ms. McKinney for her hard work.

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

Mr. Richard Rogers, Office of Conservation and Community Affairs Director, was called upon to give an overview of the reclassification of senior field officer positions report (ATTACHMENT VII). Since their inception, the intergovernmental liaison positions have had a working title of Senior Field Officers and have maintained their roles as departmental liaisons in the expanded regions to provide services to all areas of the state.

FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

Mr. Charles Gardner, Division of Land Resources Division Director, was recognized to present the report on Feasibility of Transferring Sedimentation Program to Local Governments (ATTACHMENT VIII). The report arose from a special provision in last year's budget bill. The division worked closely with the North Carolina League of Municipalities, the Association of County Commissioners and the local Sedimentation Control Ordinances Staff. The key requirements of the study were: feasibility of transferring the state program to local governments, economic impacts on local governments, savings generated for the state and statutory changes needed. From a legal standpoint it is quite feasible to transfer the state program to local governments. Page 4 lists the excluded publicly funded projects from the jurisdiction of local governments. Local governments could not handle the transfer without fees. We took a sample of 12 existing local programs and tried to be objective. The total cost statewide would be $28,248,000 per year. We were charged by the special provision to see if there are any statutory changes that would be helpful in transferring the state program to the locals. One would be to expand the jurisdiction of the local programs so they could monitor and enforce publicly funded projects except DOT and federal projects. We mentioned removing the present cap of $50 an acre and increase the amount to $500 an acre and establish a legislative fee of $100 an acre and increase that in two years to $200 an acre and let the Sedimentation Control Commission continue to have its authority to do anything in the future beyond $200 an acre. Chairman Bill Owens totally disagrees with the $28 M to implement the local program. That would be a $1,281 per inspection. He believes it can be done cheaper at the local level. The law went into effect in 1974, and it was about the mid 1980s before the first inspection was done. Erosion control is important and it needs to be done, but we need to look at it with a common sense approach. We are now supplementing state dollars of $2.2 M to supplement fees collected to do the statewide sedimentation control program. Representative Weatherly asked who does the inspections in the typical program, and Mr. Gardner stated it varies depending on the size of the program. Larger counties have full-time erosion sedimentation controls. Some smaller counties use building inspectors. Representative Weatherly also asked about forestry operations, and they are exempt from the Sediment Pollution Control Act as long as forestry management practices are followed.

Mr. Paul Meyer, NC Association of County Commissioners, was recognized to discuss the transfer of the Sedimentation Program to Local Governments. Very rarely does he hear state officials say local governments can do things better than the state.

Some local governments have the staff and development to justify the expenditures, but in the more rural areas where there is not a planning department, or minimal planning, there would be some serious problems. We would be looking for flexibility in the program. We could do the inspections if the state develops the plan and provides the enforcement. Chairman Owens stated most counties have some type of inspection and building program, or they contract with another unit of government to do the inspections. Senator Horton drafted the first soil sedimentation act, and it was self-executing. We may want to take another look at providing for self-executing portions of the Soil Sedimentation Act. Representative Warwick stated we must avoid passing additional responsibilities to the counties and making them pay for it. He thinks counties can do a better job more efficiently, quicker and get more bang for the buck. Chairman Owens said neither the state or anyone should be subsidizing developers who should be paying their own way, and the fee should cover the costs involved. The fee would be less if it were done from a local standpoint. Maybe we need to go back to some counties and cities that are doing the program and find out what it costs to operate them. Representative Hunter asked if the local entities could determine the fees for themselves because prices vary from county to county. Chairman Owens agrees this is a valid point. Some fee capsulations include the upfront capital expenditure. More thought and discussion will be needed, but we are on to something.

Ms. Kim Hibbard, NC League of Municipalities, was called upon to address the issue. She reiterated the same comments made by the Association of County Commissioners. The League agrees there are a good number of benefits to be had, but we do have some concerns looking at it as a wholesale turning over of programs to all local governments. It will be difficult given the varying situations in which our local governments find themselves to say this would work for every single municipality. With the economic situation and the staffing differences in local governments, especially the smaller municipalities, it may be a difficult burden for them to take on additional staff. If the program could be a voluntary program with some level of incentive based, we could certainly support the program. Chairman Fox asked if the cities and counties have building inspectors. Some of the smaller towns contract with the county to provide the inspections. Representative Underhill asked if the state provides training for the inspectors. The Chairman asked that the Association of County Commissioners and the League of Municipalities continue this dialogue. The Appropriations Committee will continue talking with staff at DENR to find ways to become more efficient. Mr. Kyle Sonnenberg, Southern Pines Town Manager, and also a member of the Sedimentation Control Commission, addressed the committee. He shared why some local governments have taken these programs on in the past. Typically there have been some occurrences over a period of time in which the local government and the citizens were dissatisfied with the level of service provided by the state. In Southern Pines there was a development that threw a lot of mud into the reservoir. The difference in cost referred to is because we provide much more frequent inspections. His inspector is out at the site at least once a week and often a couple times per week. Many local governments charge significantly higher fees than the state because we are providing more service. The Chairman feels we need to continue to work on this issue.

The meeting adjourned at 3:30 PM.

Respectfully submitted,

Representative Stan Fox, Chair

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

STATE OF NORTH CAROLINA

SPECIAL REVIEW

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

DECEMBER 2001

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

SPECIAL REVIEW

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STATE OF NORTH CAROLINA
Office of the State Auditor

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LETTER OF TRANSMITTAL

December 13, 2001

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Mr. James T. Fain III, Secretary
North Carolina Department of Commerce
Mr. John P. McConnell, Chairman of the Board of Directors
North Carolina Technological Development Authority, Inc.

Ladies and Gentlemen:

Pursuant to General Statute §147-64.6(c)(16), we have completed our special review into allegations concerning the activities of the North Carolina Technological Development Authority, Inc. The results of our review, along with recommendations for corrective actions, are contained in this report.

General Statute §147-64.6(c)(12) requires the State Auditor to provide the Governor, the Attorney General, and other appropriate officials with written notice of apparent instances of violations of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee. In accordance with that mandate, and our standard operating practice, we are providing copies of this special review to the Governor, the Attorney General and other appropriate officials.

Respectfully submitted,

Ralph Campbell, Jr.

Ralph Campbell, Jr., CFE
State Auditor

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INTRODUCTION

In July 2001, the State Auditor's Office received an allegation that checks were issued to the president of the North Carolina Technological Development Authority, Inc. (NCTDA) without supporting documentation. In August 2001, we began a special review of this allegation.

We used the following procedures to conduct this special review:

- Examination of NCTDA documents and records.
- Examination of North Carolina General Statutes and NCTDA policies and procedures.
- Interviews with employees of NCTDA.
- Interviews with board members of NCTDA.
- Interviews with individuals external to NCTDA.

This report presents the results of our special review. The review was conducted pursuant to G.S. § 147-64.6(c)(16) rather than a financial audit. An independent public accounting firm performs an annual financial audit of NCTDA.

Background /Funding

The North Carolina Technological Development Authority, Inc. (NCTDA) is a private non-profit economic development corporation. For the fiscal year ended September 30, 2000, the North Carolina General Assembly appropriated $4,000,000 to support the programs administered by NCTDA. Other revenue during that same period included grants from state and federal government agencies as well as investment and rental income. Total unrestricted revenues for the fiscal year ended September 30, 2000 were $8,961,649. Total unrestricted expenses for the fiscal year ended September 30, 2000 were $5,733,481. The NCTDA mission is to support the formation and development of entrepreneurial, innovation-oriented business ventures in North Carolina.

To achieve this mission, NCTDA provides capital to emerging small businesses through direct investments, loans and grants. Many of the investments, loans and grants are made to businesses located in regional business incubators throughout North Carolina. Other investments, loans and grants go to businesses outside the business incubator system. NCTDA also administers an Intermediary Relending Program for the U.S. Department of Agriculture to provide financing to emerging rural companies in North Carolina.

NCTDA began operating in 1983 as an agency of the State of North Carolina. During its 1991 session, the North Carolina General Assembly authorized the creation of a private nonprofit corporation and the transfer of the assets, activities and name of NCTDA into the new corporation. The incorporation and transfer were effective September 1, 1991. The

legislation authorizing the transfer specified only that the assets be utilized to promote the aforementioned activities. The only formal restriction provided that certain property and equipment would revert to the State if not utilized for such activities.

Facilities

NCTDA maintains administrative offices in the First Flight Venture Center (FFVC) in Research Triangle Park, North Carolina. NCTDA leases office and laboratory space to small technology-oriented businesses at the Entrepreneurial Development Center at North Carolina State University, and at the NCTDA Lifescience Center and FFVC in Research Triangle Park, North Carolina.

Board of Directors

A seventeen-member board of directors is responsible for the affairs of NCTDA. The board of directors elects its members from a slate of candidates set forth by a nominating committee. The board of directors meets at least four times a year including an annual meeting.

Organizational Structure

NCTDA currently has thirteen employees. Executive positions include the position of president, chief financial officer, director of operations, director of investments, and director of technology transfer. Other professional positions include the director of human resources, facilities manager, property manager, information systems manager and manager of rural initiatives. There are also three positions dedicated to administrative support.

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1. NCTDA LOANED THE PRESIDENT $32,354 TO PARTICIPATE IN THE FIRST FLIGHT VENTURE FUND (FFVF) WITHOUT THE FORMAL APPROVAL OF THE BOARD OF DIRECTORS.

The current president of NCTDA has served in that capacity since January 2000. Prior to January 2000, he was the Investment Fund Manager for three years. The president's total compensation is comprised of salary, bonuses, and a vested interest in the net profits of the First Flight Venture Fund (FFVF). This is a fund that provides venture capital to emerging technology businesses in North Carolina.

On January 1, 2000, NCTDA "sold" the president a one percent ownership interest in the total value of the FFVF. At that time the total value was $3,405,715. The president's cost of one percent ownership was $34,057 and this was to be paid by him prior to September 30, 2000. The president signed a promissory note on January 1, 2000, documenting that he owed NCTDA $32,354 and on September 28, 2000, wrote NCTDA a personal check for the remaining $1,703.

The board minutes do not reflect approval of this loan by the NCTDA board of directors. Several members of the board stated they were not aware of the loan. According to NCTDA bylaws, "No loans shall be contracted on behalf of the Corporation and no indebtedness shall be issued in its name, unless and except as authorized by the board of directors." In addition, NCGS § 55A-8-32 and NCGS § 55A-8-31(a)(1) specify that loans made to directors or officers of a nonprofit corporation require the approval of its board of directors.

In addition, the personal check written by the president to NCTDA on September 28, 2000, was not deposited until almost seven months later on April 26, 2001.

On April 3, 2001, NCTDA paid the president $43,346.67 in profit distributions from the FFVF. After the distributions, the president paid off the loan and his personal check was deposited.

Note

The North Carolina General Assembly passed Session Law 2001-424, Section 20.8 earlier this year. This law provides that NCTDA must "Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State"(see Appendix).

RECOMMENDATION

The NCTDA board of directors should approve all material transactions between NCTDA and the president of NCTDA before the transactions are executed. This should be done to ensure compliance with NCTDA bylaws and the statutory requirements noted above. In addition, NCTDA should implement policies to ensure all receipts are deposited in a timely manner.

2. NCTDA EXECUTIVE COMPENSATION APPEARS EXCESSIVE COMPARED TO OTHER ORGANZATIONS FUNDED PRIMARILY THROUGH STATE APPROPRIATIONS.

During our review of employee compensation, we noted that five of the thirteen NCTDA employees received compensation significantly above what we expected for state funded nonprofit organizations or state agencies.

For example, the president began his tenure as president of NCTDA at an annual salary of $100,000 per year on January 1, 2000. On March 9, 2000, (three months later) he received a performance bonus of $36,000 even though his initial employment contract stated that his bonus would not exceed $20,000 per year. On July 21, 2000, he received an additional $20,000 bonus. On January 1, 2001, his annual salary was adjusted to $127,000 per year. On January 31, 2001, he received another $10,000 bonus. During his first two years as president of NCTDA, he received a $27,000 salary increase, $66,000 in bonuses and is eligible for a $40,000 bonus in 2001. In addition, he received a profit distribution of $43,346.67 on April 3, 2001. The president's total compensation for 2001 will be at least $220,346 if he receives the $40,000 bonus the board approved for the year.

The chief financial officer (CFO) began his employment with NCTDA as an independent consultant in February 2000. From February 2000 until December 2000, he was paid $6,667 per month for a total of $73,337 in 2000. On January 1, 2001, he became a full-time employee of NCTDA. On January 11, 2001, the CFO was paid a $10,000 bonus for his work as a consultant to the NCTDA during the preceding 11 months. His annual salary as CFO of NCTDA is $108,000 per year. He is also eligible for a first year bonus

of $42,000 to be paid at the discretion of the president. In addition to salary and bonus, he is eligible to participate in the profits of the FFVF through a 2% "carried interest".

On June 1, 2000, the managing director of the FFVF was hired at an annual salary of $90,000 per year. He is eligible for performance bonuses at the discretion of NCTDA's president. He is also eligible to participate in the profits of the FFVF through a 3% "carried interest".

On September 1, 2000, the director of operations for NCTDA was hired at an annual salary of $108,000 per year. He is also eligible for performance bonuses at the discretion of NCTDA's president.

On October 1, 2000, the director of technology transfer was hired at an annual salary of $90,000 per year and received a $5,000 signing bonus. He is eligible for another $10,000 at the end of his first six months of employment. He is also eligible to participate in the profits of the FFVF according to NCTDA's director of human resources.

In order to put the executive compensation outlined above in prospective, we compared the NCTDA salaries to the salaries of other organizations funded primarily by state appropriations.

Position	2001 Potential Compensation
President of **NCTDA**	$220,346*
President and CEO of the NC Biotechnology Center	$197,964
University Chancellors (average)	$187,956
Chief Financial Officer **NCTDA**	$160,000*
Governor of North Carolina	$118,430
Director of Operations **NCTDA**	$108,000
NC Council of State Members	$105,236
NC Cabinet Secretaries	$102,119
Director of Technology Transfer **NCTDA**	$100,000*
Executive Director NC Agricultural Finance Authority	$90,470
Manager First Flight Venture Fund **NCTDA**	$90,000

* Includes bonus for 2001. President's compensation includes profit distribution from FFVF.

The president of NCTDA is capable of earning more than the president and CEO of the NC Biotechnology Center, the average university chancellor, the Governor, council of state members, and executive director of the NC Agricultural Finance Authority. The university chancellors, Governor, council of state members and cabinet secretaries all have large organizations to manage in the form of employees and money. NCTDA has only thirteen employees and a budget that ranges between $3 and $9 million on average.

For most of the past year, NCTDA has employed a part-time controller on a contractual basis and a part-time accounting clerk through a temporary service to perform its day-to-

day accounting and financial reporting functions. The payroll for the NCTDA is contracted to an outside firm. Independent CPA firms prepare NCTDA's annual federal and state tax returns (990 and a 1065 for the FFVF). In addition, according to the CFO, NCTDA was planning to contract most of its day-to-day accounting and financial reporting functions to an outside accounting and financial services firm beginning in October 2001.

Our salary research indicates that for an organization that employs less than 20 people, with only one or two full-time equivalent employees performing accounting functions, and annual revenue less than $5 million, the median compensation for a CFO is $62,000 per year. The current CFO salary is $108,000 plus the possibility to earn $42,000 in bonuses.

The NCTDA Statement of Activities for the eighteen-month period ended September 30, 2000, indicates that salaries and employee benefits totaled $1,943,764 (13 employees) which was 33% of the unrestricted expenses and losses before depreciation. The total revenue during the time period was $ 8,961,649 of which $ 4,000,000 was appropriated by the North Carolina General Assembly.

RECOMMENDATION

We recommend the board of directors carefully consider the executive compensation structure of the organization. The board should review the specific responsibilities of each position, the size of the organization, and the annual budget and make adjustments to compensation as it considers necessary. This analysis and study of compensation

should be undertaken by a broad representation of the board of directors, including members of the audit and finance committee and the personnel committee.

3. NCTDA CONTRACTED WITH THE CFO's FORMER BUSINESS PARTNER AND BROTHER.

Business Partner

In May 2000, NCTDA paid an accountant $2,500 for 30 hours of time spent on reviewing construction financing for expanding the First Flight Venture Center. From July 11, 2000 through February 28, 2001, NCTDA paid the accountant's firm $34,387.50 for providing a temporary employee to NCTDA. Based on documents on file with the NC Secretary of State, the CFO and accountant were business associates from December 13, 2000 to May 08, 2001. Based on loan documents on file with the City of Durham, the temporary employee provided by the accountant to work at NCTDA was also an employee of the CFO from March 2000 through December 2000.

The accountant was paid at a rate of $70 per hour to provide the temporary accounting employee to NCTDA. NCTDA has hired other temporary accounting personnel for approximately $27 per hour to perform similar functions.

Section 9 of the NCTDA by-laws addresses conflicts of interest. This section states, "any action on the part of a director of the corporation which results in a voidable transaction pursuant to NCGS 55A-8-31 will also be considered a prohibited and impermissible conflict of interest. This prohibition shall apply to actions of employees of the corporation as well."

NCGS § 55A-8-31 states:

(a) A conflict of interest transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect interest.

(b) For purposes of this section, a director of the corporation has an indirect interest in a transaction if:

(1) Another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction.

Brother

From September 2000 to August 2001, NCTDA paid the CFO's brother $15,060 at a rate of $50 per hour to mow grass and perform other landscaping functions such as raking leaves, spreading grass seed and trimming hedges. Prior to September 2000, landscaping functions such as grass mowing were performed by a part-time NCTDA employee who was paid at the rate of $10 per hour.

RECOMMENDATION

We recommend that any contract involving a relative or business associate of an employee or director, undergo a strict evaluation by the board of directors with respect to the need for the product or service, the fees involved and the perception associated with transactions involving related parties.

4. NCTDA DOES NOT HAVE WRITTEN POLICIES CONTROLLING TRAVEL AND ENTERTAINMENT EXPENSES.

We examined the travel and entertainment expenses for NCTDA employees and its board of directors for the periods October 1, 1999 through September 30, 2000 and October 1, 2000 through August 21, 2001. The expenses for the board of directors

totaled $41,257 and $68,258, respectively, during the two years. The employee expenses totaled $71,233 and $46,249, respectively, during the two years. The board meets four times a year and committee meetings are held in the interim. In addition, various board members travel with NCTDA staff to different national meetings during the year. The current staff consists of thirteen employees.

The following are some examples of travel, entertainment and operational expenses that are inappropriate or questionable.

- The board had dinner at Vinnie's Steakhouse in Raleigh on February 10, 2000, at a cost of $1,994.25 plus a $399.00 tip for a total of $2,393.05.
- In February 2001, the board had a meal at the Deerpark restaurant in Asheville for $1,480.00.
- In November 2000, the president of NCTDA and two board members attended a convention in Honolulu, Hawaii at a cost in excess of $12,000.
- On November 7, 2000, the president of NCTDA paid $335.36 for a meal and beverages at a restaurant in Honolulu, Hawaii. There was no indication on the documentation as to who was present other than the president.
- On October 20, 1999, NCTDA paid the Radisson-Governor's Inn, Research Triangle Park $1,148.85 for rooms that were reserved for a board committee meeting. The meeting was cancelled but the staff and board failed to cancel the rooms which were guaranteed.

- On October 27, 2000, a staff member ate dinner at Sullivan's in Raleigh for $65.21 to determine if the restaurant was acceptable for a future board dinner.
- On February 12, 2001, a dinner meeting at 42nd Street Oyster Bar was paid for by the president at a cost of $429.59. The documentation showed dinner meeting – General Assembly.
- NCTDA routinely pays for staff meals. The number of staff at these meals range from one person to every staff member. On October 11, 2000, a staff lunch event cost $1,328.51. An employee dinner meeting on December 19, 2000, at "Its Prime Only" cost $1,992.67. Employee lunch meetings at the Pizza Hut on April 17, 2000 and July 24, 2000, cost $171.21 and $132.35, respectively. In addition, NCTDA will occasionally pay for luncheons for the tenants that rent space in NCTDA building. A tenants' luncheon occurred on March 5,2001 at the Pizza Hut at a cost of $361.00. According to the president of NCTDA, meals were only reimbursed when someone other than a staff person was also present. However, the staff we talked with were not aware of this policy. The policy is not in writing.
- A refrigerator was purchased on May 10, 2000 for $236.13. According to the receipt, the refrigerator was purchased for the General Assembly.
- On October 24, 2000, a boater's photo camera was purchased at a cost of $212.00 and given to the president of NCTDA for Boss's Day.

We asked the president of NCTDA to explain why the travel and entertainment expenses for the board were so high. He stated that the board was made up of important people who served on the board without pay. Therefore, he thought it was justified to pay for the board members to fly to meetings, stay at the best places, and eat at the finer restaurants.

Although NCTDA is a private nonprofit entity, it receives a large percentage (70% in 1999 and 45% in 2000) of its funds for operations from state appropriations. Along with the acceptance of state appropriations is a fiduciary responsibility to expend these funds wisely, particularly during the budget shortfall experienced this past fiscal year. Based on our review of NCTDA's expenditures, written policies governing travel, entertainment, and operational expenses would help control costs.

RECOMMENDATION

We recommend NCTDA develop a policy which provides guidelines on acceptable travel and entertainment expenses. The policy should also include what is acceptable for the expenditures of funds for general operations. The policy should be approved by the board of directors and given to each member of NCTDA's staff.

5. THE NCTDA BOARD OF DIRECTORS IS NOT FULLY INFORMED OF FINANCIAL TRANSACTIONS.

Our interviews with NCTDA board members revealed some concerns that we identified during our review. Some of these concerns had been discussed at previous board meetings. Some board members expressed concern that the organization had become a mechanism for a few people to substantially profit if funds were invested in companies that would eventually sell stock publicly. These profits currently are shared by NCTDA and the president and could be shared with other employees in the future.

Six of the ten board members contacted did not know that NCTDA had loaned the president $32,354 to invest in the FFVF. This loan was made with the knowledge of the chairman of the board at that time and did not have to be repaid until stock was sold and the president received his share of the distribution (refer to finding 1).

Six of the ten board members contacted were not aware of the bonuses that were approved by the president for some members of his management team. Four board members expressed concern over the amount of salaries being paid to staff members.

In addition, it appears that the audit and finance committee of the board is currently not involved in the decisions regarding the expenditure of funds for consulting contracts, and distribution of profits to the president.

RECOMMENDATION

We recommend NCTDA management keep the board informed on all aspects of NCTDA's operations and that the board be provided detailed information concerning expenditure of funds.

6. NCTDA EXPENDED $549,726 FOR LOBBYING AND CONSULTING EXPENSES DURING A TWO-YEAR PERIOD.

NCTDA hired a lobbyist/consultant to assist in obtaining state appropriations and federal funding for its operations. An examination of lobbying and consultant contracts between NCTDA and the lobbyist/consultant raised questions relative to the amount paid to him.

In the fiscal year ended September 30, 2000, the lobbyist/consultant was paid $279,207 in fees and expenses. NCTDA received $3,500,000 in state appropriations and $215,516 in federal funding for that period. For the fiscal year ended September 2001, the lobbyist/consultant was paid $270,519 in fees and expenses. NCTDA received $3,500,000 in state appropriations and $675,000 in federal funding for that period. The state has approved appropriations to NCTDA for the current year in the amount of $1,600,000. The lobbyist has entered into the following contracts with NCTDA for the current fiscal year:

- A two-year state consulting contract for $90,000 per year and $25,000 per year in annual expenses.
- A two-year lobbying contract for $50,000 per year and $35,000 in annual expenses.
- A two-year federal consultant contract for $10,000 per year and $35,000 in annual expenses.

The total of these contracts per year is $245,000 in compensation and expenses. These contracts supercede the contracts that were already approved for the 2000-2001 fiscal year. These contracts did not increase the lobbying fees but did increase the allowance for expenses, particularly the federal consultant contract that pays $35,000 per year in expenses on a $10,000 per year compensation.

According to the president of NCTDA, the lobbying and consulting contracts are necessary to ensure state funding for NCTDA.

In our opinion, NCTDA is paying an excessive amount for lobbying and consulting fees and expenses. The mission of NCTDA is to create jobs and wealth throughout North Carolina by supporting the formation and success of the state's entrepreneurial, innovation-oriented businesses.

RECOMMENDATION

We recommend the NCTDA board of directors evaluate the benefits received from such a large expenditure for lobbying and consulting. We also recommend the North Carolina General Assembly determine the merits of providing state appropriations to an organization that expends approximately 8% of these appropriations on a lobbyist to assist the organization in obtaining the appropriation.

CONCLUSION

The North Carolina General Assembly funds NCTDA to support the formation and development of entrepreneurial, innovation-oriented business ventures, leading ultimately to the creation of jobs in North Carolina. In our opinion, allowing the president of NCTDA and certain members of its small staff to have ownership interest and profit participation in venture capital investments could conflict with legislative intent. The opportunity for personal gain could encourage NCTDA to invest only in those companies that have the greatest potential for going public and providing the president and certain staff members with a profit. Job creation and technology innovation, for example, may take a backseat to pure profitability.

In addition, the amount expended for salaries, bonuses, travel and entertainment for staff and board members, combined with gains on investments, raises questions as to the continued need for state appropriations especially during such difficult economic times. We encourage the North Carolina General Assembly to examine the need to provide state appropriations to an organization that has not demonstrated prudence in its spending of state funds.

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STATEMENT OF QUESTIONED COSTS

The following schedule represents a quantification of the items examined during our special review. We cannot completely quantify the tangible benefits or detriment, if any, to NCTDA resulting from the findings of our review. We are simply noting areas where managerial oversight should be enhanced, or where, in our judgment, questionable activities or practices occurred.

1. FFVF Distributions to President in 2001	$ 43,347
2. Salaries and Bonuses for Senior Management Positions in 2001	634,999
3. Disbursements To Parties Related to CFO (Jan. '00 – Aug '01)	51,948
4. Travel and Entertainment Expenses (Oct. '99 – Aug. '01)	226,997
5. Lobbying Expenses (Oct. '99 – Sept. '01)	549,726
	$ 1,507,017

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Session Law 2001-424:

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.

(2) Negotiate the terms of the legal agreement in good faith.

(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.

(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) If the Center or Authority fails to execute the legal agreement as provided in subdivision (a)(4) of this section, all disbursements to the Center or Authority shall be suspended until the legal agreement has been executed.

SECTION 20.8.(c) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(d) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

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STATE AUDITOR'S NOTE TO NCTDA'S RESPONSE

NCTDA issued the following response to our Special Review on December 13, 2001. The assertions in the response require a reply. After carefully reviewing the response, the Office of the State Auditor stands by the findings and recommendations made in this report. The response has statements or implications that we find misleading, confusing, and evasive.

For example, the response to Finding No. 1 states that NCTDA did not make a loan to the president. The information on file with NCTDA reflects that the president signed a promissory note to First Flight Venture Fund, but the checks he wrote to discharge the note were made payable to NCTDA. It also should be noted that NCTDA owns 99% of First Flight Venture Fund and its transactions are processed through NCTDA's bank accounts.

The response to Finding No. 2 on the president's compensation, notes that the president has agreed to forego a $40,000 bonus this year. However, we find that the response falls short of full disclosure by failing to mention that the NCTDA board authorized another loan of up to $42,000 for the president to assist him with his personal income tax liability incurred due to distributions he received from First Flight Venture Fund. A loan of $40,000 was issued to the president on October 1, 2001. All of these transactions occurred after the completion of our investigative fieldwork.

The purpose of this special review was to determine if NCTDA had expended state funds in a prudent and reasonable manner. As noted in the response, the original allegation was not substantiated, however we found a number of issues regarding their stewardship of state funds as outlined in this report.

The response from NCDTA included the following attachments:

- Letters from PricewaterhouseCoopers, LLP
- NCTDA Impact Analysis
- December 1999 TDA Board Minutes

Due to the volume of the second and third attachments, they are not included but may be obtained from the State Auditor's Office upon request.

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Response from NCTDA Board of Directors

MEMORANDUM

TO: Ralph Campbell, Jr., CFE
North Carolina State Auditor

FROM: John P. McConnell
Chairman, Board of Directors
North Carolina Technological Development Authority, Inc.

DATE: December 13, 2001

RE: Special Review of North Carolina Technological Development Authority, Inc. by Office of North Carolina State Auditor
Response to "DRAFT REPORT"

ATTACHMENTS:
1. Letter from PricewaterhouseCoopers, LLP
2. NCTDA Impact Analysis
3. December 1999 TDA Board Minutes

This memorandum is to thank you for the benefit of your findings and for the opportunity to review the November 2001 draft report issued by your office. We are pleased that the original allegations leading to the review by your office that "checks were issued to the president ...without supporting documentation" were disproved by your review. While this original allegation was found baseless, it nevertheless gave us the benefit of much good advice from your staff.

The Board has moved quickly to address other concerns that you have brought to our attention regarding the activities of the TDA. Additionally, this document and the attachments hereto, provide responses and comments for clarification that we request be carefully considered and incorporated into the final report on TDA.

An executive summary is offered with brief responses followed by a background section with more detailed comments. In each section, the applicable finding contained in the draft report of the State Auditor precedes TDA's comments and responses. In addition, a letter with observations from TDA's independent outside auditors, PricewaterhouseCoopers, LLP, is enclosed along with an analysis of TDA's economic development impacts.

After reviewing our response please contact me should you have any questions that require further clarification.

A. EXECUTIVE SUMMARY

1. **TDA loaned the [TDA] President $32,354 to participate in the First Flight Venture Fund without the formal approval of the [TDA] Board of Directors.**

Response:
The Board of Directors offered the President an employment contract to serve as the President and CEO of TDA and the Manager of the First Flight Venture Fund, LLC (FFVF). In capitalizing the FFVF the President, supervised by a Board-delegated committee was allowed to pay for his share in part, by signing a promissory note on which he agreed to pay a market rate of interest. This is a standard transaction for any venture capital operation. It is acknowledged that some Board members not serving on that committee were not able to answer questions about the details of this transaction and that there is a need for improved communications across the full Board. During a meeting on December 7, 2001 the full Board reviewed and unanimously ratified the establishment of FFVF, its Operating Agreement and the subject transactions thereof.

2. **TDA executive compensation appears excessive compared to other organizations funded primarily through state appropriations.**

Response:
TDA provides competitive salaries that are performance-based and commensurate with the responsibilities of each position. The comparison to other organizations funded primarily through state appropriations is an inappropriate comparison given the unique nature of TDA. Salaries and expenses in the Board-approved budget for fiscal year 2002 are 12% of fund sources and 20.9% of revenue. For the second year in a row, TDA's actual salaries expense as reflected in the audited financial statements for the respective fiscal years ended September 30, were below the Board-approved budget amount. The report states that the President's salary is $220,346. The actual income for the President of the TDA for 2001 is $144,187 of which $127,000 is base salary. The President has informed the Board that he will waive the $40,000 bonus payable per his contract.

3. **TDA contracted with CFO's brother and CFO's former business partner.**

Response:
It is true that TDA contracted with the CFO's brother and with the CFO's former business partner. The CFO is no longer employed by TDA. While no conflict of interest existed, all contractual relationships with the former CFO's brother and with the former CFO's former business partner have been terminated. TDA will review its conflict of interest policies and ensure that staff is well trained on these matters.

4. TDA does not have written policies controlling travel and entertainment expenses.

Response:
TDA has a written policy controlling travel and entertainment expenses, and has had since the early 1990's. Further, the said policy was reviewed and updated by the Board in 2001. Regrettably the policy does not cover all the issues raised by the State Auditor and the Board of Directors has directed the Audit and Finance Committee to review and tighten these policies.

5. TDA expended $549,726 for lobbying and consulting expenses during a two-year period.

Response:
The lobbying and consulting expenditures include a broad array of work by TDA, including work on long range funding sources to enable the organization to become less dependent on state appropriations. Services from McClees Consulting include both lobbying and consulting. The lobbying fees and expenses of $187,347 are 2.4% of the state appropriation for the period analyzed. TDA will ensure that policies are in place so that state appropriations continue to go directly to program development and not to pay lobbying fees.

6. The TDA Board of directors is not fully informed of financial transactions.

Response:
The Board of Directors of the TDA sets the organization's mission and its budget and directs management to carry out its financial transactions. Historically, reasonable steps have been taken to provide Board members with full documentation. However, it is clear that several Board members were not actually aware of the details of certain financial transactions.

B. BACKGROUND COMMENTS FOR CLARIFICATION

1. TDA loaned the [TDA] President $32,354 to participate in the First Flight Venture Fund without the formal approval of the [TDA] Board of Directors.

Response:

The TDA Board of Directors determined that it was appropriate to restructure TDA's equity investing activities in a more market-based manner, and delegated to a committee of the Board the responsibility for finalizing the restructuring which resulted in the creation by TDA of an independent entity, the First Flight Venture Fund, LLC ("FFVF"). The TDA Board of Directors also offered the TDA President an employment contract to serve as the President and CEO of TDA and the Manager of FFVF. As a part of the contract the President was offered the opportunity to participate in FFVF's investment gains as a "partner" in FFVF. Under Federal tax rules, in order to share in FFVF's investment gains as a "partner" in FFVF the President of TDA was required to make an investment of at

least 1% of the equity in FFVF. In capitalizing FFVF the President, supervised by the TDA Board-delegated committee, was allowed to make part of his 1% equity investment in the form of his promissory note payable to FFVF. This method of capitalizing FFVF is very common in the venture capital and private equity industry 1, and is the same method that has been used in most of the other venture capital funds in which TDA has invested over the years. PricewaterhouseCoopers has reviewed the structure and activities of the FFVF and found them consistent with other seed stage venture funds operating in the area.

This was not a cash distribution to the President from TDA or FFVF. While the details of the committee work were orally reported to the full Board during several different Board meetings, it is acknowledged that some TDA Board members not serving on the TDA Board-delegated committee were not able to answer questions about the details of this transaction. While the approval of the transaction by the Board-delegated committee is all that was legally required, it is acknowledged that there is a need for improved communications across the full TDA Board. TDA is taking steps to strengthen corporate governance and improve effective communications. During a meeting on December 7, 2001 the full TDA Board reviewed and unanimously ratified the establishment of FFVF, its Operating Agreement and the subject transactions thereof.

Background:
First Flight Venture Fund
First Flight Venture Fund (herein FFVF) is a limited liability company created to operate a venture capital fund. FFVF is a separate entity from TDA. It is not subject to the North Carolina Nonprofit Corporation Act, but instead is subject to the North Carolina Limited Liability Company Act. It is not subject to the TDA Bylaws, but instead is subject to its own Operating Agreement.

As described on the TDA website, the First Flight Venture Fund, LLC (FFVF) is the TDA's flagship seed-stage venture arm targeting the best high-growth technology businesses in North Carolina. FFVF seeks long-term investment opportunities, focusing on companies that provide a significant potential return on investment over a three to seven year horizon. FFVF investments enable the commercialization of innovative products and services developed by emerging growth businesses throughout the state.

The First Flight Venture Fund (FFVF) is not governed by TDA. FFVF is a separate legal entity. A separate management team governs FFVF. The Managing Director and contact person is Mr. Chris Kelly. The other three members of the investment team include David Emmett, Ted Morris, and the acting CFO of TDA. FFVF's investors or "members" elect this investment management team. The Advisory Board to the Fund comprises five (5) TDA Board members and two (2) non-TDA Board members.

Extensive information about FFVF is available on its website. This website is freely accessible through the TDA website. Confidential information is made available to TDA Board members through a password protected area of the website.

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[1] See 2 J. Bartlett, Equity Finance: Venture Capital, Buyouts, Restructurings and Reorganizations §24.6 (2nd Ed. 1995); 1 M. Halloran, Venture Capital & Public Offering Negotiation, 1-40 (3rd Ed. 2001).

TDA did not "sell" any interest in FFVF to the President of TDA.

When FFVF was a newly formed entity, TDA invested in FFVF. The President was given the opportunity to invest, and did invest, in FFVF. As its investment in FFVF, TDA contributed to FFVF certain interests in portfolio company securities held by it and cash. As his personal investment in FFVF, the President of TDA contributed to FFVF $1,703 in cash and his promissory note made payable to FFVF in the amount of $32,354. This was not a "sale" by TDA to the President of TDA of an interest in FFVF, because TDA never owned the interest in FFVF issued to the President of TDA.

Also, the transaction was not a cash "loan" to the President by TDA or FFVF, as there were no funds flowing from TDA or FFVF to the President. Rather, the President was allowed to pay for his subscription in FFVF by delivering to FFVF his full recourse promissory note.

This transaction is consistent with the Board approved Operating Agreement of FFVF. The transaction is not subject to TDA bylaws or the North Carolina nonprofit corporation statutes.

Compensation Package Negotiated
History of Employment of David Emmett
In the 4th quarter of 1999, TDA needed a new president. TDA's Board undertook a national search for a new president. A number of applicants were interviewed. After a long search, TDA offered the position to Mr. David Emmett, who at that time was TDA's investment director in charge of venture capital. All Board members personally knew Mr. Emmett before assuming the position as president.

A fair and competitive compensation package was negotiated with Mr. Emmett. He accepted the position of President in December 1999. As often happens, he began work and the negotiations on his compensation package continued over the following six (6) months. He worked for TDA in good faith while the compensation package was negotiated.

While there may be individual members of the TDA Board of Directors who do not recall the specifics of the compensation package, it was negotiated fully and openly. This employment agreement was thoroughly negotiated by Mr. Emmett and a Board-delegated committee led by Mr. Walter Daniels, who was then the Chairman of the Board of Directors of TDA.

The committee that negotiated the employment agreement comprised Walter Daniels, Randy Overton, Orlan Johnson, John McConnell and Maceo Sloan. It is the policy of TDA that all committee meetings of all Board committees are open. Any Board member may freely attend any or all committee meetings.

Further, all compensation decisions were made by the committee of the Board. This committee had full authority to act on behalf of the Board. The TDA Board has 21

members, with 17 slots filled at this time. This is a large Board of volunteer directors. Often, the standing and special committees of the Board perform the detailed work of the Board. There are six standing committees, including the following: Nominating, Personnel, Venture Capital, Audit & Finance, Incubator, and Rural Lending Committees. All Board members are members of one or more standing committees.

Attached please find a copy of the minutes of the December 17, 1999 meeting of the TDA Board of Directors. The minutes clearly state that the Board discussed the need for an incentive compensation package for the employees of the Innovation Research Fund (now FFVF). The Board by written resolution resolved that an incentive based compensation structure for employees of the IRF (now FFVF) would make the compensation more competitive with industry and help attract and retain qualified employees.

The meetings of the committee following the Board resolution are not as well documented but the work of the committee is fully documented in the operating agreement and the attachments thereto. It is fully agreed and acknowledged that future Board minutes should contain more detail so that personnel decisions are fully documented in the records of the Board meetings.

Several meetings occurred in early 2000. Mr. Emmett, Mr. Robert Womble, an attorney representing TDA, and members of the committee, attended these meetings. Negotiations included agreements regarding Mr. Emmett's position on the management team of FFVF. This resulted in numerous revisions to the Operating Agreement of FFVF. This was an issue openly discussed by the full Board.

The Board discussed the issue of market -based performance compensation. These discussions were during TDA Board meetings in September 1999 and December 1999 and, further, at several Personnel Committee Meetings thereafter in 2000.

The Board determined that market-based compensation was a vital tool in recruiting and retaining personnel. The establishment of the First Flight Venture Fund, with a right on the part of the FFVF managers to participate in a portion of FFVF's portfolio company net investment gains, commonly known as a "carried interest," is and will continue to be a vital tool in recruiting and retaining TDA investment managers, including the TDA President.

After the President's employment agreement was executed, the said Board committee worked closely with TDA's legal counsel. The group crafted a very conservative and public policy minded Operating Agreement for FFVF. The concept is an investment entity separate from TDA, called FFVF. The FFVF Operating Agreement includes a "carried interest" component as agreed. This "carried interest" is also referenced in paragraph 5.d. of the TDA President's Board-approved employment contract.

The "carried interest" component of the FFVF Operating Agreement has several purposes. The first purpose is to preserve the state mandate of TDA, to wit: to create

jobs and create wealth in NC. The second purpose is to reward investment managers for performance. The third purpose is to provide a retention tool through vesting.

In view of the unique position of TDA as a non-profit entity, strict criteria were adopted. This conservative approach resulted in a FFVF Operating Agreement that provides a smaller profit sharing percentage and a longer vesting period for investment managers than are normally the cases with market-based private equity and venture capital funds.

The draft audit report states that the FFVF "carried interest" held by the President of TDA is in the "net profits" of FFVF. This is not correct. The "carried interest" is in the net gains from portfolio company investments made by FFVF.

The draft audit report also states that the FFVF "carried interest" held by the President is fully vested. This is not correct. The "carried interest" vests over a seven-year period.

The FFVF Operating Agreement mirrors market practices. The Operating Agreement requires an investment in 1% of the FFVF capital by the TDA President as a managing member of FFVF. There are two reasons for this investment requirement. First, the federal tax laws require this in order for the managers to be treated as members rather than as employees for tax purposes. Second, this requirement is necessary in order to protect TDA. It is reasonable and proper to have distance between TDA and FFVF. Third, this requirement is necessary to avoid any perception of private inurement or private benefit to individuals because of their relationship to TDA. The investors of FFVF paid money into FFVF, and were allocated their proportionate share of the income of FFVF. The monies paid were a return on invested capital, and were not compensation.

It is consistent with market practice to allow a substantial portion of the required 1% investment from a venture capital or private equity fund manager to be in the form of a full-recourse promissory note. No cash loan from TDA was made to the TDA President to invest in this fund. The promissory note from the FFVF has been paid in full and retired in full with all interest paid.

The draft audit report states that the Promissory Note issued by the President of TDA to FFVF was to be paid by September 30, 2000. This is a misstatement. Rather, the said Promissory Note provides that it was to be paid on December 31, 2009, with mandatory prepayments from distributions to the President of TDA by FFVF.

The President complied with all prepayment requirements of the promissory note. The first distribution to the President of TDA from FFVF was not made until April 3, 2001. On April 6, 2001, the President of TDA made the required prepayment in full of the promissory note in the amount of $34,457. This payment was for all principal and interest accrued. The note returned a market rate of interest to the fund and was paid in full over eight years prior to the December 31, 2009 due date.

The President's personal check of $1,703 was deposited late due to delays in establishing the proper separate brokerage accounts for the FFVF and in part due to slippage during the full time controller's maternity leave. The President will voluntarily pay interest on

the check for the time it went undeposited. The Board reprimanded the President for this oversight.

Note: Pursuant to Session Law 2001-424, Section 20.8, the NCTDA has entered into a Memorandum of Understanding with the Attorney General's office to negotiate an agreement that specifies the manner in which any profits will be shared with the state.

2. **TDA executive compensation appears excessive compared to other organizations funded primarily through state appropriations.**

Response:
TDA provides competitive salaries that are performance-based and commensurate with the responsibilities of each position. The comparison to other organizations funded primarily through state appropriations is an inappropriate comparison given the unique nature of TDA.
For the second year in a row, TDA's actual salaries expense as reflected in the audited financial statements for the respective fiscal years ended September 30, were below the Board-approved budget amount. The report states that the President's salary is $220,346. The actual annual base salary for the President of the TDA is $127,000. The President has instructed the Board that he will not accept the $40,000 bonus payable per his contract.

During the period of time analyzed, TDA was not funded primarily through state appropriations. Returns from investments of TDA were the greater portion of the income of TDA during this period. Although state appropriations have enabled TDA to perform its mandate from the NC General Assembly, it has succeeded in creating capital to help sustain TDA. It is the stated goal of TDA to become self-sufficient. TDA is in the process of working to create systems of financial support to enable it to become self-sufficient so that it would not require state appropriations on an ongoing basis.

Further, TDA is in a unique position as a non-profit corporation that receives state appropriations and receives income from investments. Investing money creating jobs and making money is at the heart of TDA's business and mandate. Most organizations that receive state appropriations are not in the business of investing money and creating wealth.

Background:

President of TDA:
The base salary for the President and CEO of the TDA is $127,000. The range of salaries for CEOs of non-profit organizations of similar size and budget is $191,786 to $204,102 [2]

[2] Bob Brinkley, Comp Design, Management Compensation Survey of 318 Not for Profit Companies. December 2001

The TDA Personnel Committee reviewed the duties and responsibilities of the TDA President, reviewed Mr. Emmett's employment history and accomplishments, and set his starting base salary in January 2000 at $100,000 per year.

In the year 2000, TDA reached certain significant financial milestones. The Board awarded bonuses, and the President's salary was adjusted upward to $127,000 per year. The table below shows the actual annual net compensation of the President of TDA, as reflected in the audited financial statements for the respective fiscal years ended September 30.

TDA President's Income Analysis

Year 2000	**Income**	**Notes**
Base	$110,000	Base rate was $100K for the first six months of the year and $120K for the second six months.
Bonus	$56,000	Part of which was in recognition of achieved milestones and part of which was in recognition of past performance at TDA.
2000 Total	**$166,000**	
Year 2001	**Income**	**Notes**
Base	$127,000	Board-approved salary, adjusted upward from 2000.
Bonus	$ 10,000	Paid in January 2001 for 2000 performance.
FFVF Net	$ 7,187	Total FFVF distributions of $43,347 less FFVF investments of $36,160.
2001 Total (projected)	**$144,187**	The Personnel Committee conducts an annual performance review of the President each January for the past year's performance. For the year 2001 the President has waived the $40,000 bonus referenced in his contract.

The President received $43,347 in distributions from FFVF in 2001. It is important to note that $19,395 of this amount is attributable to the 1% interest in FFVF in which the President invested with his own money. That is not a compensatory distribution. That one time payment is a return on the capital invested in FFVF by the President. Only $23,952 of the distribution is attributable to the compensatory "carried interest" held by the TDA President.

The draft audit report assumes that the TDA President will receive similar "carried interest" distributions from FFVF in future years. This assumption inaccurately portrays the reality of the future compensation for the President.

These distributions are the result of successful "exits" of portfolio company investments by FFVF, which occur at irregular intervals. In this particular case, the distribution was attributable to the successful "exit" by FFVF of its investment in SciQuest, Inc. The SciQuest investment had been held for a number of years prior to the "exit." This was

the largest liquidity event in the history of TDA. It is unclear whether there are other companies within the FFVF investment portfolio that will lead to similar investment gains.

The $220,346 presented in the draft report, as "2001 Compensation" is inaccurate because it is captured over a period of more than twelve months that distorts the actual annual compensation package of the President.

The result is an inaccurate perspective of the compensation. This sum includes a $10,000 bonus from the 2000 calendar year that was paid in January 2001. That money was earned in 2000. It also includes $43,347 in distributions from FFVF without netting the costs of $36,610 of the investment by the TDA President in FFVF. Finally, it includes a $40,000 bonus that the President has informed the Board he will waive. The compensation earned in 2001 and paid in 2001 to the President through November 30, 2001 is $116,417.

<u>CFO of TDA:</u>
The draft report inadvertently overstates the CFO's compensation. The annual salary of the TDA's CFO/Project Manager position for 2001 was $108,000. The total of $160,000 as presented in the table in the draft audit report is inaccurate. The CFO was not and will not be paid $160,000 per year.

The stated $160,000 sum includes a one-time payment of $10,000 that was paid to the CFO under a consulting agreement that was in effect prior to his becoming an employee of TDA. This was money paid to him for performance in a prior year's contract.

Further, the stated $160,000 figure includes a $42,000 bonus figure that was not paid and will not be paid. The CFO function has been restructured, and the prior CFO is no longer employed by TDA.

The fulltime CFO position formerly filled by Mr. Ernest Leonard was designed to include responsibility for certain project management duties in addition to the CFO function. Mr. Leonard's salary was set in recognition of these duties, commensurate with those paid to other financial management professionals during a period of very low unemployment in RTP.

Last year TDA management implemented a plan to outsource many of the historical accounting functions of TDA. Many of Mr. Leonard's financial management duties have been outsourced. Due to the slowdown in the economy there are fewer projects to be managed by the CFO than were previously anticipated. The combination of these circumstances has reduced the TDA's need for Mr. Leonard's services, and his employment with TDA has ended. Upon the termination of Mr. Leonard's employment with TDA, the projects formerly managed by Mr. Leonard are being reassigned to other current members of TDA staff.

Because Mr. Leonard's employment with TDA has ended, he will not have vested in the 2% "carried interest" of FVFF.

Total TDA Salaries and Employee Benefits:
In the 18 months ending September 30, 2000, TDA received $4,000,000 in appropriated funds from the North Carolina General Assembly. Further, TDA generated an additional $4,961,649 from operations for total revenue of $8,961,649. TDA salaries and employee benefits for the same period were $1,943,764.

The success of TDA's generation of capital enabled TDA to completely fund salaries and employee benefits with revenue dollars. All salaries and employee benefits have been paid from TDA's successful generation of capital.

TDA has applied all state appropriated funds entirely to program delivery and expansion.
All state appropriations have been spent on the programs designed to create jobs in North Carolina.

TDA has been enormously successful in doing what the State of NC has mandated TDA to do: create jobs and create wealth in NC. TDA has been recognized as being outstandingly successful in this mandate. The NC Electronics and Information Technology Association named TDA as the "Top Not for Profit Company of the Year" in recognition of outstanding performance in 1999.

TDA cannot be viewed as a typical state agency. It was spun out from the NC Dept. of Commerce precisely because it did not function well as a state agency. It is a public benefit entity working in a for-profit environment. This presents challenges, and TDA has met these challenges and succeeded beyond all expectations. The reason that TDA has succeeded is that it has competed in the market place for competent people. The management staff is fully capable of performing and delivering in the market place.

The opinion of the Auditor that the compensation is "excessive" is based on comparisons with state government agencies and non-profits that may not work in the capital formation, high technology transfer and venture capital arenas.

3. **TDA contracted with CFO's brother and CFO's former business partner.**

Response:
It is true that TDA contracted with the CFO's brother and with the CFO's former business partner. The CFO is no longer employed by TDA. While no conflict of interest existed, all contractual relationships with his brother and with his former business partner have been terminated.

Mr. Michael Leonard, Brother
TDA accepted a contract bid from the CFO's brother to perform landscaping services, including lawn mowing. Contracts were bid competitively and were for market rates. TDA received fair value from work performed by Mr. Mike Leonard. The CFO did not directly contract with his brother, and received no benefit from the arrangement.

The CFO filed a written statement with TDA confirming that he did not have a material financial interest that would constitute a conflict with his brother during the contract period. The situation does not have a good appearance for TDA, and steps have been taken to insure strict enforcement of TDA's conflict of interest policy. The CFO has left, and the landscape contract has been terminated.

Background:
Brother
TDA's RTP facilities include a 9,150-foot building located on eight (8) acres of property, with an assessed value of $1,700,606. These facilities require regular maintenance.

Prior to September 2000, TDA employed a part-time maintenance employee whose duties included cutting the grass. The part-time employee performed no other landscaping functions. After the part-time employee resigned, TDA in accordance with both the State Personnel Manual and TDA internal policies and procedures developed an RFP for grass mowing and several other landscaping requirements. The incubator manager accepted the lowest bid.

The NCTDA saved money by outsourcing the landscaping. The hourly comparison in the draft audit report does not account for, 1) the significantly shorter project time when using the landscaping crew, 2) landscaping materials included in the landscaping contract, and 3) specialty landscaping that was not provided by the part-time employee.

Mr. Ty Cox, Former Business Partner
Mr. Cox's firm performed temporary professional accounting services during the maternity leave of a staff accountant. This was at the market rate of pay. The rate of pay for these accounting services was $70 per hour.

The draft audit report inaccurately compares the temporary Certified Public Accountant's rate of $70 per hour to the $27 per hour rate of a temporary bookkeeper. TDA paid a market rate to the temporary Certified Public Accountant supplied by Mr. Cox's firm.

The section of the TDA Bylaws quoted in the draft audit report references the conflict of interest provisions of the NC Nonprofit Corporation Act. This Act normally applies only to members of the Board of Directors of a nonprofit corporation. The Bylaws of TDA extends the application of those provisions to the employees of TDA.

The Bylaws provide that it as a conflict of interest for a Director or employee of TDA to cause TDA to engage in a transaction in which the Director or employee has a **direct financial interest** or with an entity in which the Director or employee is a **general partner or has a material financial interest.**

The former CFO, a TDA employee, filed a written statement with the TDA confirming that he had no direct financial interest in the accounting firm that received the payment. Further, the former CFO was not a general partner with Mr. Cox at the time of the said

financial transaction. Further, the former CFO had no material financial interest in the payments to Mr. Cox. This contract was signed by the President of the TDA not the CFO.

All the facts show is that the former CFO, a TDA employee, and the person contracted by TDA were for a brief period of time partners in an unrelated business. Based upon this, the conflict of interest provisions of the TDA Bylaws and the North Carolina Nonprofit Corporation Act are not applicable to the described activities.

Summary for both perceived conflicts
Neither of these transactions was with an entity in which the TDA employee was a general partner or had a material financial interest.

Although there were no actual direct or indirect conflicts, the perception of conflicts has been removed. TDA's relationships with the referenced CFO, his brother, and his former business partner have all been terminated.

4. **TDA does not have written policies controlling travel and entertainment expenses.**

Response:
TDA has a written policy controlling travel and entertainment expenses, and has had since the early 1990's. Further, the said policy was reviewed and updated by the Board in 2001. Regrettably the policy does not cover all the issues raised by the State Auditor and the Board of Directors has directed the Audit and Finance Committee to review and tighten these policies.

TDA has a written policy controlling travel and entertainment expenses. It is fully acknowledged that management should and has already taken steps to strengthen the administration and enforcement of these written policies with regard to travel and entertainment.

NCTDA is appreciative of having the benefit of the auditor's findings in this matter. The Board has directed the Audit and Finance Committee to develop tighter policies on its travel and entertainment. We offer the following for clarification:

Background:

TDA's written policy controlling travel and entertainment expenses is contained in section 4-2 of the TDA Employee Handbook. Each TDA employee has received and signed for a copy of the handbook. Copies of the handbook have also been made available to the members of the TDA Board of Directors.

TDA acknowledges that the written policy is broad. The language in the written policy can certainly be made more restrictive. Corrective action is underway to include policy updates, revisions, and personnel counseling.

The written policy states that reasonable expenses, including travel expenses that are incurred as a direct result of an employee performing duties of his or her job, are eligible for reimbursement by TDA.

According to TDA's written policy, in order to obtain an expense reimbursement a TDA employee must prepare, sign, and submit to his/her supervisor for approval an Expense Reimbursement Request (Exhibit B in the handbook) along with receipts.

The Employee Expense Reimbursement form is provided to all employees. This written form contains reasonable guidelines, which are not absolute policy, for reimbursable food and lodging expenses and the reimbursement rate for mileage.

Specific Expense Items:

- In 2000-2001 TDA scheduled Board meetings across the state so that the Directors could see first-hand the results of TDA's investment programs. In addition, these quarterly meetings served as extension and outreach opportunities and were often hosted and partially funded by local economic development organizations. As important as these functions are, it is also important to cut costs in times of financial downturn. TDA management presented to the Board and the Board approved in 2001 a budget for the current fiscal year (2001-2002) that significantly reduces the budget items for Board travel and entertainment.

- For each of the past five (5) years TDA has had a prominent presence at the National Association for Seed and Venture Funds (www.nasfv.org) annual conference. This is the preeminent conference in the country for state-funded investment programs. These annual conferences provide a unique opportunity for the free exchange of ideas. This forum is where best practices in the field are shared. The President and Board Members have been featured speakers at these conferences. In November 2000, the President, Mr. McClees, and three Board members attended the annual conference held in Hawaii.

- There was a Board meeting held in June 1999. The TDA reserved a block of rooms at the Radisson Hotel and some were used by directors. However, a total of 9 rooms were not used and not cancelled. These rooms were billed to the TDA. This was an inadvertent error by staff prior to Mr. Emmett's tenure as president.

- In October 2000, TDA staff presented to the TDA President a gift for Bosses Day. Erroneously and without the knowledge of Mr. Emmett, this gift from staff was paid for by TDA. The President later learned that the gift was purchased for $211.00 using TDA funds. Upon learning of this error, the President immediately reimbursed TDA for this inappropriate expenditure.

- The staff member who charged a meal at Sullivan's for $65.21 was reprimanded in writing. This was an inappropriate expenditure.

- The $429.59 spent at the 42nd Street Oyster Bar was for an event hosted by TDA for fifteen (15) members of the NC General Assembly.

- The October 11, 2000 "staff event" for $1,328.51 as referenced in the report was paid to Jillian's Restaurant in Raleigh. The payment was for an August 2000 staff function honoring the service of TDA's summer interns. This was designed to increase office morale and to raise the profile of TDA as an employer in the area. Family members of staff and the summer interns attended the dinner.

- The staff and interns worked through lunch on April 17, 2000 and July 24, 2000. The staff did not take their normal time off for lunch. TDA provided a delivered lunch for the staff.

- Startups that participate in TDA's incubation programs have a first year survival rate of 87% vs. the national average of 50%. As a component of TDA's incubation and education services to its tenants, TDA hosts a quarterly luncheon. Topics include small business counseling, fund raising strategies, and business development assistance.

  The tenant luncheon referenced as having been on March 5, 2001 was actually held on January 19, 2001 at the TDA building. TDA purchased food from Pizza Hut for the tenants.

TDA welcomes the valuable input from the State Auditor regarding these important financial controls. The Board has directed the Audit and Finance Committee to review the TDA's travel and entertainment policies and implement improvements. TDA welcomes any further recommendations or input that the Auditor could make available.

5. **The TDA Board of directors is not fully informed of financial transactions.**

Response:
The Board of Directors of the TDA sets the organization's mission and its budget and directs management to carry out its financial transactions. Historically, reasonable steps have been taken to provide Board members with full documentation. However, it is clear that several Board members were not able to answer questions regarding the details of certain financial transactions.

It is a challenge to keep a large, volunteer Board fully informed. Further, much of the detailed work is done in committees, with more general reports to the full Board.
In response to this challenge, TDA management sends a company update to the full Board at least monthly. In addition, management has recently designed a password protected intranet site that serves as an information repository for round the clock access by the Board.

As mentioned in the response to item #1, members of working committees have more detailed knowledge of the specific transactions associated with their committee business. However, TDA acknowledges the need for more thorough communication and documentation of the committees work to the full Board.

Written reports

Detailed financial information is regularly reported to appropriate committees of the TDA Board of Directors and at quarterly meetings of the full Board of Directors. Much of the work of the Board is conducted in the committees. Therefore, a Board member not on a particular committee would not receive as much detailed information as the committee members. He or she would, however, receive reports at the full Board meetings. Further, all Board members are free to request information from the various committees.

The six standing committees regularly receive the following documentation:

Nominating Committee	Meets as needed	Receives resumes of potential Board members
Audit & Finance Committee	Meets quarterly or additionally as needed	Receives income statement, balance sheet and cash flow statements
Personnel Committee	Meets as needed	Receives performance reviews and compensation data
Incubator Committee	Meets quarterly or additionally as needed	Receives incubator feasibility study reports, reports on TDA's incubator portfolio, and TDA management's recommendations for new incubators
Venture Capital Committee	Meets quarterly or additionally as needed	Receives venture capital portfolio updates, current deal status reports, and future funding recommendations.
Rural Lending Committee	Meets quarterly or additionally as needed	Receives portfolio updates, current deal status reports, and future funding recommendations.

Background:

Management proactively reports detailed financial information to the TDA Board of Directors. It is a challenge to keep a large volunteer Board informed.

The Audit & Finance Committee of the TDA Board of Directors does not have responsibility for reviewing TDA consulting contracts or for TDA officer compensation. These items are the responsibilities of the Personnel Committee. Further, the Audit & Finance Committee reviews the budget quarterly.

6. **TDA expended $549,726 for lobbying and consulting expenses during a two-year period.**

Response:
The lobbying and consulting expenditures include a broad array of work by TDA, including work on long range funding sources to enable the organization to become less dependent on state appropriations. Services from McClees Consulting include both lobbying and consulting. State lobbying fees and expenses for the period analyzed are about 2.4% of the state appropriation.

It is true that TDA has expended monies for lobbying and for consulting work to benefit NC. Lobbying and consulting expenditures have been necessary and successful since the first year of TDA's existence. TDA has a streamlined staff and uses consultants to keep its fixed overhead low.

Since its inception, TDA has not been in the State's recurring budget. No governor has ever placed TDA in the Governor's recommended budget. Therefore, it has been necessary every year for TDA to lobby the NC General Assembly for an annual appropriation. This necessarily involves engaging a lobbying firm. The reality of the budget process in NC makes it impossible to present one's case to the legislature without a designated representative who can spend the time and effort necessary to communicate effectively in the legislative process.

The firm has succeeded in having TDA included in the NC budget each year since its inception. This would not have been possible but for the efforts of McClees Consulting. Further, TDA would not have survived or now be in existence but for the state appropriations.

The fees paid TDA's lobbying firm are reasonable given the nature of the services rendered by TDA's lobbying firm. Further, there are no guaranteed expenses. All expenses are submitted to TDA and paid only upon a finding of the reasonableness of the expense items.

There are separate contracts for lobbying and consulting services, each of which is specified for the type of work and the scope of said work.

Background:

McClees Consulting provides lobbying and consulting services to the TDA. In addition to assisting TDA in raising state funds, McClees Consulting advises TDA in economic development, capital formation, and federal government relations. McClees Consulting, Inc. has been involved with TDA from its inception, and has a depth of historical knowledge, expertise, and ability to aid TDA in the furtherance of TDA's goals.

STATE LOBBYING ACTIVITIES
For the two-year period ended September 30, 2001; TDA paid McClees Consulting a total of, $187,347 for state lobbying fees and expenses. The total state funds raised by TDA during

that period were $7,000,000. Lobbying costs were only 2.4% of the total state funds raised. This is well within the state of North Carolina's published guidelines of 4%.

Since 1991, NCTDA has paid McClees Consulting approximately $400,000 for state lobbying and expenses. During that period the NCTDA has received about $19,000,000 of state funding. State lobbying fees and expenses paid to McClees Consulting from the TDA are about 2.1% of state funds raised since the company was privatized.

Further, the NC General Assembly just completed the longest legislative session in NC's history. Further, the budget approved earlier in the session is widely known to be out of balance due to declining revenues. It is generally acknowledged that the NC General Assembly will be forced to reconvene early in 2002 to address the budgetary shortfall. This means that TDA's state appropriation, as are all other state appropriations, is subject to modification. The continuing presence of TDA's lobbyist is absolutely necessary to help protect TDA's state appropriation in the current budgetary crisis. TDA's state appropriation is absolutely necessary to continue the work of TDA as TDA fulfills its state mandated economic development mission.

TDA does acknowledge that lobbying expenses for 2001 are higher due to the length of the session, work to secure an appropriation in the State budget for TDA in a difficult budget year, and the work on TDA's "Miracle Grow" project. "Miracle Grow" is the proposal to enable a technology development investment fund secured by contingent tax credits. This would encourage seed stage capital investment in North Carolina.

Further, due to the budgetary problems of the State of NC, TDA's appropriation this year was lower than hoped. Many state appropriations for agencies and other recipients were much lower than expected. The State continues to have budgetary problems. It has taken a great deal of work this year and will continue to require more work to maintain a state appropriation for TDA.

CONSULTING ACTIVITIES

The consulting assistance provided by McClees Consulting, Inc. is vitally important to TDA. These activities are related to the development of TDA's expanding role in economic development in North Carolina. These are not lobbying activities. These are activities related to the development of specific TDA programs and support for several federal applications that delivered over $3M of funds for the TDA's state mission.

Agri-Products

McClees Consulting, Inc. played a key role in developing the North Carolina AgriProducts Alliance Incubator ("**NCAAI**"), a public private university partnership among TDA, NC State University, the NC Dept. of Agriculture, Progress Energy, and many other state and federal organizations. This program seeks to catalyze the intersection of North Carolina's oldest industry - agriculture, with one of North Carolina's newest industries - biotechnology.

The NCAAI will support TDA's mission of creating jobs and wealth by providing business, marketing, and technical assistance to entrepreneurs in value-added food and agricultural products.

GoldenLeaf Foundation
Due in part to the work of McClees Consulting, Inc., TDA has been selected by the GoldenLeaf Foundation for funding support for job creation in the agri-products area of North Carolina's economy.

"Miracle Grow" is a TDA nickname for plan for a Contingent Tax Credit
In working on the contingent tax credit plan, McClees Consulting demonstrated its ability to assist in the development of an innovative plan and strategy for TDA. McClees Consulting assisted the President in crafting the concept of a contingent tax credit to induce participation in an investment fund managed by TDA. McClees Consulting worked with Mr. Emmett to formulate a structure in which TDA can accomplish the mandate of the NC General Assembly and do so without the necessity of ongoing state appropriations.

When successful, the profits from this investment fund will sustain TDA, and will decrease the need for lobbying efforts by TDA. The investment fund strengthened by the contingent tax credit will allow TDA to borrow and secure funds in such a manner so as to build business incubators; do seed stage capital, and other related activities.

Initially, McClees Consulting worked with Mr. Emmett to develop the document outline of the concept of the contingent tax credit. Then, McClees Consulting worked with Mr. Emmett to draw together a team of experts to build the concept into a fully developed proposal.

7. Conclusion.

TDA's success in recent years has come with the recognition that TDA must work and think like a for profit business. TDA's Board and management team have worked hard to propel TDA into the successes it has seen in recent years.

History of TDA
A committee of the North Carolina Entrepreneurial Development Board conducted the last major review of TDA in 1993, 1994 and 1995, as a part of the Entrepreneurial Development Board's review of state-supported entrepreneurial development initiatives including TDA, MCNC, and the North Carolina Biotechnology Center.

That early 1990's review found that TDA was ineffective, and was more critical of TDA than any of the other organizations reviewed. TDA's portfolio company investment program was severely criticized, largely because most of the portfolio company investments had become worthless. The Entrepreneurial Development Board found that the TDA management team had come out of state government and had a governmental "economic development" viewpoint on matters. TDA desperately needed a management team coming out of business with a business viewpoint. TDA was encouraged by the Entrepreneurial Development Board to invest in portfolio companies with more of an emphasis on a financial return on investment.

TDA reoriented to business approach

In the mid-1990's, TDA recruited a new business-oriented management team. This was done with the encouragement of the Entrepreneurial Development Board. TDA gave the new team a mandate to run TDA more like a business. As a result, the investment program was revamped to operate more like that of a private venture capital fund. In order to attract qualified managers for the investment program, it is necessary to compensate them in a manner similar to that of private venture capital funds.

TDA has learned the hard way that it must work and think like a for profit organization. It is therefore unfair to compare TDA salaries with that of state government salaries. The Auditor's draft report seems to base its conclusions on a comparison of TDA compensation with that of state government. The compensation of the TDA management team should not be compared to the compensation of state governmental personnel. The fair and accurate comparison must be with the compensation of persons involved in the venture capital industry. Such a comparison will reveal that the TDA personnel are under-compensated when compared to their counterparts in the venture capital industry.

The draft audit report seems to suggest that TDA should retreat from the progress made as a result of the Entrepreneurial Development Board's recommendations, and return to its former "non-profit mentality".

It has been the experience in many states that any state supported investment program that operates with an economic development focus rather than a profit-oriented focus is doomed to failure. If the investments are made with profits in mind, then those companies that are profitable will as a necessary byproduct of their profitability generate jobs. However, if investments are made with only job development in mind, profits may not necessarily follow and eventually there will be no funds left with which to make investments.

The efforts of the current TDA management team have been very successful. For the 18 months ending September 30, 2000, TDA and its affiliates invested in seed stage technology companies and incubator projects in North Carolina that attracted follow-on funding in excess of $120,000,000. Additionally, TDA invested in venture funds located in North Carolina, catalyzing an additional $110,000,000 in early stage capital under management.

In seventeen years of operations, TDA has developed an efficient formula for creating jobs and wealth for North Carolina. In 1983, NC House Bill 1122 established TDA and gave it the authority "to establish incubators to transfer technologies into commercial applications by private industry." Since 1983, TDA has expanded its offering to provide and connect entrepreneurs with business incubation, venture capital, technology transfer, rural initiatives and entrepreneurial expertise to commercialize promising business opportunities.

Additionally, TDA embraces a statewide approach through which we accelerate these growth tools out of localized technology hubs and urban centers for the benefit of rural North Carolina. TDA, therefore, is an important component of North Carolina's science and technology investment, as well as integral to efforts by State leaders to ensure that returns on

public investment in research, development and deployment are maximized and equitably beneficial to all the citizens of the State.3

Summary of TDA successes

Over the last ten years, the NC Legislature has supported TDA's operations and expansion. TDA has produced one of the highest returns on investment of any state-backed economic development corporation. These returns have accrued as:

- 12,000 good paying new jobs for North Carolinians -- 7,000 jobs created directly and 5,000 jobs created secondarily
- 23 TDA managed and affiliated business incubators offering over 346,700 square feet to entrepreneurs across North Carolina
- 765 companies supported by TDA managed incubators
- TDA investment in statewide incubator network of $6,393,150 leveraged 2:1 with follow-on of $12,398,850 and property appreciation of $8,078,000
- $4,084,899 invested through the First Flight Venture Fund
- $1,447,514 seeding 9 venture capital funds leveraged 90:1 to amass $131,552,486 in risk capital in North Carolina, much of the commitments coming from outside the state.
- Academy Centennial Fund providing $10,000,000 pre-seed and seed capital to commercialize promising NC State Technologies
    - $1,250,000 in new sponsored research at NC State
    - Over 40 innovations licensed from NC State
    - More than 225 new high paying jobs created
    - Over $42,000,000 in combined corporate operating budgets in North Carolina
    - Portfolio companies have leveraged Academy Centennials investments 17:1 raising more that $100,000,000 from follow-on investment. Much from out of state.
- More than $2.25 million in loans for businesses in rural North Carolina - current projected annual corporate revenues of $3,807,850 - 88 new jobs created by these loans.
- $150,000 for new Agri-products Incubator Initiative providing comprehensive business development programs for training rural food entrepreneurs, thus expanding North Carolina's agricultural markets and connecting biotechnology with agribusiness.
- Working directly with the UNC System Office of the President to increase government-sponsored research at NC universities and help increase the economic impact of new university technologies.

These efforts, and the corresponding successful results, have been recognized. One such recognition was received from the North Carolina Electronics and Information Technology Association. This Association recognized TDA to be the most effective government-related non-profit organization.

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[3] North Carolina Board of Science and Technology. 2000. *Forces for Change – An Economy in Transition.* A report prepared as part of the Vision 2030 Project.

LOOK AHEAD

TDA is eager to improve the standards of excellence in every area of its work. As TDA moves forward to accomplish the mandate given to TDA by the NC General Assembly, we hope that we receive recognition for our accomplishments on behalf of the economy and the people of North Carolina. We accept positive suggestions for improvements.

More importantly, we agree with the editorial in the News and Observer on December 11th calling for more of the type of creative policy thinking that created the Research Triangle Park and the TDA. Governor Easley has asked his new economic development advisory group to recommend preparations for an economy that relies less on low-skill workers. "North Carolina must focus more attention on creating and attracting high-skill jobs that pay better wages than most factory work." We humbly suggest that TDA's brand of high technology economic development be a more prominent part of North Carolina's comprehensive plan.

TDA is very grateful to the State Auditors Office for pointing out certain areas that require improvement. The Board and management have developed a corrective action plan and launched its implementation. We have attempted to answer all points that were raised by the review, however, in any instance if there is any area that is not fully answered please give us the opportunity to speak more directly or in more detail.

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Mr John McConnell
Chairman of the Board
NC Technological Development Authority, Inc. (TDA)
2 Davis Drive
RTP, NC. 27709

Dear Mr. McConnell,

At your request, PricewaterhouseCoopers LLP has monitored the progress and preliminary results of the audit of the TDA's operations currently being performed by the North Carolina State Auditor's office. As a part of that monitoring process, we have:

- Conferred with management as the state audit was being performed,
- Read the draft report from the state auditors presented to the TDA in mid-November,
- Provided our observations concerning the matters included in the draft report,
- Read the draft response prepared by the TDA,
- Reviewed our past external audit results and the results to date of our audit of the September 30, 2001 external audit,
- Met with TDA executives and certain outside consultants, and
- Reviewed certain specific documentation available at the TDA

We would like to make the following observations as a result of these actions:

- The state auditors' preliminary report does not imply that any monies were wrongfully spent or that any actions taken by the TDA or its executives involved the violation of any civil or criminal law.
- The report does not explicitly state that any parties mentioned in the report should repay any monies.
- The report does not affirm that any expenditure was improperly classified or misreported to the Board, the external auditors or any oversight group.

PRICEWATERHOUSECOOPERS

- Our audit of the consolidated financial statements of the TDA for the year ended September 30, 2000 and 1999 resulted in the issuance of unqualified opinions. Our report on the 2001 financial statements has not been issued at this date, but the preliminary results of our fieldwork did not bring to light any significant differences, and we anticipate the issuance of an unqualified opinion when appropriate.

- In conjunction with our audits in 2000 and 1999, we issued letters to management affirming that, for the portions of the internal control that we considered as a part of our audits, we did not note any material weaknesses in internal control, as defined in generally accepted auditing standards. As this point in time, we anticipate issuing a similar letter related to the 2001 audit.

- Our audit scope necessarily encompassed the First Flight Venture Fund because of the inclusion of its financial results in the consolidated financial statements of the TDA. Our procedures have necessarily involved a review of the formation of FFVF and its ongoing management and results. Our observations over the period since its formation are that FFVF has been formed and operated in a manner consistent with other venture funds involved in seed and early stage companies.

As regards the response prepared by the TDA management, we have provided some input to management regarding the matters noted. Further, we have reviewed the specific actions taken by management in the following areas:

- Reviewed the table of the actual net compensation paid to the President and compared that information to our audit workpapers,

- Examined documentation of the repayment of the note payable to the FFVF from the President, and

- Examined documentation of the repayment by the President of the value of the staff gift.

Please feel free to contact me if you have additional questions or concerns or would like us to pursue any matters further.

Sincerely,

Peter J. Coode

Peter J. Coode, Partner

DISTRIBUTION OF AUDIT REPORT

In accordance with G.S. §147-64.5 and G.S. §147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

EXECUTIVE BRANCH

The Honorable Michael F. Easley	Governor of North Carolina
The Honorable Beverly M. Perdue	Lieutenant Governor of North Carolina
The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Mr. James T. Fain, III	Secretary, N. C. Department of Commerce

LEGISLATIVE BRANCH

Appointees to the Joint Legislative Commission on Governmental Operations

Senator Marc Basnight, Co-Chairman	Representative James B. Black, Co-Chairman
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Senator Frank W. Balance, Jr.	Representative Flossie Boyd-McIntyre
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Senator Ed N. Warren	Representative Russell E. Tucker
Senator David F. Weinstein	Representative Thomas E. Wright
Senator Allen H. Wellons	Representative Douglas Y. Yongue

North Carolina Technological Development Authority, Inc. Board of Directors

John P. McConnell	Chairman
Randy O. Overton	Vice Chairman
J. C. Cousar	Secretary
Janice G. Beatty	Treasurer
Orlan W. Johnson	Asst. Treasurer
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Other Legislative Officials

Representative Phillip A. Baddour, Jr.	Majority Leader of the N.C. House of Representatives
Senator Anthony E. Rand	Majority Leader of the N.C. Senate
Senator Patrick J. Ballantine	Minority Leader of the N.C. Senate
Representative N. Leo Daughtry	Minority Leader of the N.C. House of Representatives
Representative Joe Hackney	N. C. House Speaker Pro-Tem
Mr. James D. Johnson	Director, Fiscal Research Division

Other Officials

Robin Pendergraft	Director, N. C. State Bureau of Investigation
James E. Hardin, Jr.	District Attorney, 14th District

December 13, 2001

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North Carolina Technological Development Authority, Inc. (TDA)
Revenues and Expenditures for FY 2001-02 (Oct 1- Sep 30)

REVENUES				
Cash Balance as of Oct 1, 2001	$4,257,688			
[illegible] out restricted funds				
USDA Rural Loan Program	($750,000)			
FY 2001-02 Fund Sources				
NC General Assembly	$640,000			
Incubator Revenue (Rent from 3 Incubators)	$1,256,051			
USDA Rural Loan Interest (Spread)	$25,000	**(1)**		
Interest & Short-Term Investment Income	$39,325			
Misc (Sale of Charlotte incubator)	$147,631			
Equity Investments convertible to cash	$82,500	**(2)**		
Total Unrestricted Revenues for FY 01-02	**$5,698,195**			
EXPENDITURES				
TDA Opererations				
Incubators Operated by TDA				
Leases (3 Incubator Sites, Office Equipment)	($934,238)			
Operating Expenses	($402,227)			
Capital Investment	($1,555,183)			
Salaries and Benefits	($820,570)			
RIF Expenses	($111,728)			
General & Administrative	($557,371)			
Total Operations	*($4,381,317)*			
[illegible]A Funding Commitments			**TDA Board-Approved Cost-Cutting Options:**	
			Scenario A	**Scenario B**
Life Science Ctr. Phase II Upfit (May-Sep 2002)	($1,100,000)		($1,100,000)	$0 **(3)**
Asheville-Buncombe Tech Incubator	($500,000)		$0 **(3)**	$0 **(3)**
Perquimmans 2020 Incubator	($25,000)		($25,000)	($25,000)
Tyrell County CDC (Incubator)	($45,000)		($45,000)	($45,000)
River City CDC, Elizabeth City	($25,000)		$0 **(3)**	$0 **(3)**
Pride of Kinston Incubator	($230,000)		$0 **(3)**	$0 **(3)**
Greensboro Incubator	($200,000)		($100,000) **(3)**	($100,000) **(3)**
SBTDC Planning Grants	($44,500)		($44,500)	($44,500)
Other Incubator Support	($1,804)		($1,804)	($1,804)
Innovation Research Fund	($57,500)		($57,500)	($57,500)
Debt Service for USDA Rural Loan Program	($47,012)		($47,012)	($47,012)
Various Non-TDA Venture Funds	($47,168)		($47,168)	($47,168)
Total Incubator/Other Commitments	*($2,322,984)*		*($1,467,984)*	*($367,984)*
Total Budgeted Expenditures for FY 01-02	**($6,704,301)**		**($5,849,301)**	**($4,749,301)**
Total Surplus/(Shorfall)	**($1,006,106)**		**($151,106)**	**$948,894**

Notes:

(1) An additional $250,000 in interest payments can be requested to be released from restriction by the USDA.

(2) One small business equity investment of approximately $82,500 can be converted to cash for current needs. All other small business equity investments (approximately **$4.4 million** total) cannot be converted to cash at present. See attached schedule of investments for detail on holdings.

(3) These commitments can be deferred until FY 2002-03. This action would affect the 2002-03 budget.

North Carolina Technological Development Authority, Inc. (TDA)
Schedule of Investments
September 30, 2001

	Convertible Preferred Stock			Warrants			Common Stock			Total	
	Shares	Cost	Value	Shares	Cost	Value	Shares	Cost	Value	Cost	Value
Investments:											
Amplistar, Inc.										-	-
Series A convertible preferred stock	113,126	50,000	107,000	-	-	-	-	-	-	50,000	107,000
Bloodhound Software, Inc.			447,000							-	447,000
Series A preferred stock	321,889	150,000	-	-	-	-	-	-	-	150,000	-
Series B preferred stock	273,852	200,000	-	-	-	-	-	-	-	200,000	-
Warrants	-	-	-	27,386	-	-	-	-	-	-	-
Blue292, Inc.										-	-
Series A preferred stock	390,625	250,000	272,036	-	-	-	-	-	-	250,000	272,036
Series B preferred stock	365,006	250,000	245,495	-	-	-	-	-	-	250,000	245,495
Epigenesis Pharmaceuticals, Inc										-	-
Common stock	-	-	-	-	-	-	237,658	150,000	475,000	150,000	475,000
Etrials.com										-	-
Series A preferred stock	214,583	125,000	152,000	-	-	-	-	-	-	125,000	152,000
Industrial Microwave Systems, Inc.										-	-
Series A preferred stock	125,000	125,000	325,256	-	-	-	-	-	-	125,000	325,256
Series B preferred stock	28,274	75,000	73,570	-	-	-	-	-	-	75,000	73,570
Series C preferred stock	103,560	269,256	269,469	-	-	-	-	-	-	269,256	269,469
Warrants (Series B preferred)	-	-	-	8,801	-		-	-	-	-	-
Warrants (Common Shares)	-	-	-	9,164	-		-	-	-	-	-
Advanced Digital Systems, Inc. (Mi-Co)										-	-
Series A preferred stock	153,901	150,000	191,000	-	-	-	-	-	-	150,000	191,000
OpenMind Publishing.com										-	-
Series A preferred stock	250,000	250,000	5,000	-	-	-	-	-	-	250,000	5,000
Bridge loan	-	64,000	32,000	-	-	-	-	-	-	64,000	32,000
Warrants (Series A preferred)	-	-	-	-	-		-	-	-	-	-
ure Networks, Inc.										-	-
Series A preferred stock	270,000	250,000	250,000	-	-	-	-	-	-	250,000	250,000
Warrants (Series A preferred)	-	-	-	-	-		-	-	-	-	-
Pilot Therapeutics, Inc.										-	-
Series A preferred stock	150,000	150,000	150,000	-	-	-	-	-	-	150,000	150,000
Warrants (Series A preferred)	-	-	-	37,500	-		-	-	-	-	-
Sciquest.com										-	-
Common stock	-	-	-	-	-	-	89,631	84,981	82,500	84,981	82,500
Unitive Electronics, Inc.										-	-
Series A preferred stock	295,624	295,000	296,000	-	-	-	-	-	-	295,000	296,000
Convey Systems, Inc.										-	-
Common stock	-	-	-	-	-	-	39,340	250,000	10,000	250,000	10,000
Xanthon, Inc.			976,862							-	976,862
Series B preferred stock	93,750	75,000		-	-	-	-	-	-	75,000	-
Series C preferred stock	114,504	149,810		-	-	-	-	-	-	149,810	-
Series D preferred stock	144,404	399,999		-	-	-	-	-	-	399,999	-
Yellow Brick Solutions, Inc.										-	-
Series A preferred stock	225,750	125,000	60,000	-	-	-	-	-	-	125,000	60,000
Quantum Logic Devices, Inc.										-	-
Common stock	-	-	-	-	-	-	20,607	25,000	25,000	25,000	25,000
Volumetrics, Inc.										-	-
Series A preferred stock	142,858	100,001	-	-	-	-	-	-	-	100,001	-
Series B preferred stock	25,310	50,000	-	-	-	-	-	-	-	50,000	-
Series C preferred stock	15,617	46,851	-	-	-	-	-	-	-	46,851	-
Warrants	-	-	-	40,000			-	-	-	-	-
Total										4,109,898	4,445,188

North Carolina Technological Development Authority, Inc. (TDA)
History of Appropriations
(FY 1992-2002)

2001-2002 $1.6 million NR
A grant-in-aid for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.

2000-2001 $3.5 million NR
A grant-in-aid for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.

1999-2000 $3.5 million NR
A grant-in-aid for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.

1998-1999 $3.5 million NR
A grant-in-aid for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators developing capital formation initiatives, supporting technolgy transfer, and matching federal grant and loan funds. Of the total funds granted, $500,000 is allocated for construction of wet lab space and additional office space at the First Flight Venture Center.

1997-1998 $3.0 million NR
A grant-in-aid for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting research commercialization programs, and matching federal grant and loan funds.

1996-1997 $2.0 million NR
A grant-in-aid for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting research commercialization programs, and matching federal grant and loan funds.

1995-1996 $1.0 million NR
A grant-in-aid to establish additional incubators and to develop a statewide entrepreneurial infrastructure.

1994-1995 $1.25 million NR
Grants for new business incubators.

1993-1994 $0

1992-1993 $150,000 NR
The GA directed both MCNC and the NC Biotechnology Center to allocate $75,000 from their respective budgets to TDA to implement and administer the First Flight System for FY 1991-92 and FY 1992-93.

Total Certified Appropriations over ten fiscal years as a private, non-profit corporation = $19.5 million

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NOTE:
Prior to September 1, 1991, TDA was division within the Dept of Economic & Community Development. Effective September 1, 1991, the statutory unexpended balance of appropriations, allocations, or other funds and all assets of TDA created in GS 143B-471 were transferred to the NCTDA, Inc., a private, non-profit corporation.

1991-1992 $1,045,273* N/A
$150,000**
* General fund appropriation for TDA's continuation budget.
** The GA directed both MCNC and the NC Biotechnology Center to allocate $75,000 from their respective budgets to TDA to implement and administer the First Flight System of incubators for FY 1991-92 and FY 1992-93.

TDA Presentation to NER Subcommittee
March 27, 2002
David Emmett, President 919.990.8558, demmett@nctda.org

Executive Summary

I. Response to Review by the State Auditor. TDA recognizes the benefit of the findings of the Auditor and embraces the opportunity to continue to improve operations. The topic of each finding is listed below followed by bullet comments highlighting TDA's corrective action steps.

A. Spending
- Installed experienced personnel in CFO, controller and bookkeeping positions
- Travel and expense reimbursement policies revised, based on State Budget Office guidelines
- Financial controls tightened and implemented
- Lobbying and consulting budgets cut by over 60%
- TDA's total operating budget reduced by over $100,000 per month

B. Manager's "Contribution/Note" to the First Flight Venture Fund
- All transactions were reviewed by Board appointed committees, legal counsel, and independent auditors and ratified by the full Board of Directors
- Modeled after other private equity partnerships in which State Treasurer, NCBC and TDA invest
- Review by Durham District Attorney: Actions deemed legal

C. Corporate Governance
- Restructured Board of Directors to provide Governmental and University representation
- Improved Communications Measures: written reports posted on internet, toll free number for directors

D. Conflicts of Interest
- Policies have been strengthened and clarified to address real or perceived conflicts
- Contracts involving relatives or business associates of staff or directors have been terminated
- Records released to the N&O and other media

II. TDA Achievements and Impacts. The mission of the TDA is to create jobs and wealth throughout North Carolina using business incubation, venture capital, technology transfer and rural initiatives to commercialize promising business opportunities.

A. Small Company Investments
- $5.5M yields 635 jobs, $25M+ payroll
- 35+% Internal Rate of Return (since 1996)
- $470M in follow-on investment

B. Incubation
- $6.4M of TDA investment produces $26.8M, 23-facility incubator network
- 267 companies, 800 jobs in 21 counties
- NC's first full service bio lab incubator, will offer 48,000 square feet of space for up to 20 tenants proximate to NC's Research I Universities

C. Tech Transfer
- $750K investment in University/Venture/Incubator model produces 225 jobs; 40 new licensed innovations, $100+M of follow-on capital
- TDA Affiliates generate $1.25M in sponsored research
- National Science Foundation funding replication of TDA/NCSU model

D. Rural Initiatives
- USDA Loan fund produces 88 new rural jobs
- $2.25M loan fund supports rural businesses with $3.8M in revenues
- North Carolina Agri-Products Alliance Incubator (NCAAI) launched to support rural entrepreneurs producing value added commodities – receives $150,000 GoldenLEAF grant

III. Profit Sharing Update
- TDA agrees with the spirit of performance-based evaluations and profit sharing. TDA is working in good faith to negotiate an equitable profit sharing agreement.

NCTDA

TDA Progress Report: Growing Jobs for North Carolina

March 27, 2002
NER Subcommittee of the NC General Assembly

NCTDA

Benefits of the Review

Findings

- Excessive Spending
- "Loan" to President
- Governance & Oversight
- Conflicts of Interest

Action Steps

- Financial Controls
- FFVF Extensive Review
- Restructuring of the Board of Directors
- Policy Reviews and Updates

Financial Controls

- Installed experienced financial professionals
- Revised travel & expense polices and budgets
- Lobbying and consulting budgets over 60%
- Overall budget cut by over $100,000/month

First Flight Venture Fund Review

- Transactions reviewed by Board appointed committee, legal counsel, independent auditors and ratified by the Full Board of Directors
- Manager's "contribution" to the FFVF modeled after other venture funds managing state dollars
- Reviewed by Durham District Attorney: Actions Legal

Governance Structure

- Government and University Appointments
  - Governor
  - Speaker of the NC House of Representatives
  - President Pro Tempore of the Senate
  - Each Research I University in NC
- Improved Communications Measures
  - Online records repository
  - Toll free telephone number

Conflicts of Interest

- Strengthened policy to address real and perceived conflicts
- Contracts involving relatives or business associates of staff have been terminated
- Opened records to the public

NCTDA

Humble Ambitious Beginnings

1983 New Technology Jobs Act ..."to increase the rate at which new jobs are created throughout the state, by stimulating the development of existing and new small businesses."

- Establish one or more **incubators**
- **Transfer technologies** to commercial applications
- Providing **equity financing** for emerging companies
- Distribution of benefits to **various regions**

1991 – Privatized with $150,000 and an incubator

12 incubation programs existed in the USA in 1980

NCTDA

Our Modern Mission

To create jobs and wealth throughout North Carolina by using

•business incubation,

•venture capital,

•technology transfer, and

•rural initiatives

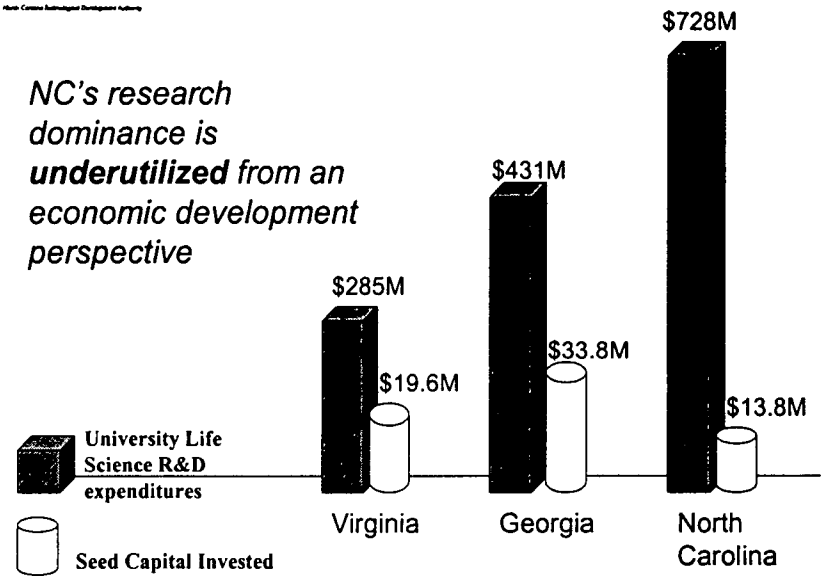
to commercialize promising business opportunities.

900+ incubation programs exist in the USA today

NCTDA

The Demand in NC

*NC's research dominance is **underutilized** from an economic development perspective*



Source: Venture Economics

NCTDA

Case Study: University Venture Incubator

Entrepreneurial Development Center @ NC State

Centennial Venture Partners

1898-1998

5 companies formed around NC State technologies

University held equity in 2

1998-2001

15 new companies formed around NC State technologies (CVP alone)

225 jobs (58 students, faculty, alumni)

$1.25M in new research

$42M in operating budgets

10x leverage

"The transfer of new research and technology to the marketplace makes a distinct difference in the lives of North Carolinians. The [redacted] State encourages and promotes that transfer, creating jobs in the process." – Mary Anne Fox, Chancellor, NC State University

NCTDA

Case Study: TDA Sponsored Incubator-Pitt County

- Launched w/$400,000 TDA support (1/2 from USDA)
- 60,000 sf apparel plant renovation: Dedicated space for technology companies, wet lab facilities and light assembly
- 5 tenants, 49 jobs, average salary = $35,000/year
- $1,715,000 in salaries deliver $2,572,500 of local benefit
- **Grant Cost per Job = $4,082**
- **Benefit per Job = $52,500 and 100% leverage with Fed $**

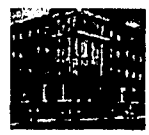
NCTDA

Case Study: TDA Managed Incubator -TDA Life Science Center

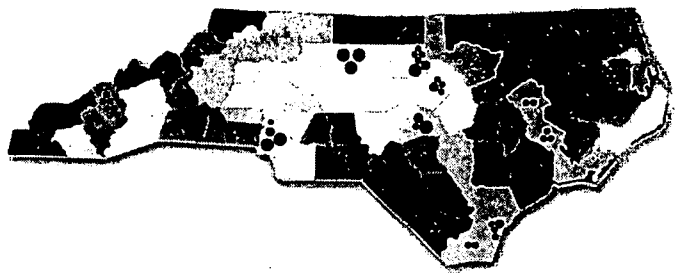
- 48,000 sf of full service wet lab facilities
- $5.4M renovation project – 12 year lease commitment
- Tenants: Ribonomics and Cyprotex
  - International venture funding, immediate hi tech jobs, opportunity for rapid expansion
- Projecting over $1B of impacts for NC from this facility over the 12 year lease period

NCTDA

Statewide Solutions



Number of Companies Supported by TDA Incubators



Incubator IMPACTS

$1.1M in sales each
14 employees
88% locate w/in 30miles of incubator
41% are manufacturing
38% are minority owned
Success rates higher than U.S. average

NCTDA

Real Investments
Real Returns
Real Jobs

Xanthon
$625,000
53 Jobs

Mi-Co
$150,000
23 Jobs

blue292
$500,000
80 Jobs

ITTS
$469,000
48 Jobs

SciQuest.com
$175.000
300 Jobs

YellowBrick solutions
$125,000
15 Jobs

BLOODHOUND SOFTWARE
$350,000
45 Jobs

EPIGENESIS
$150,000
35 Jobs

UNITIVE
PROCESS. PRODUCTION. PERFORMANCE.
$295,000
37 Jobs

NCTDA
North Carolina Technological Development Authority

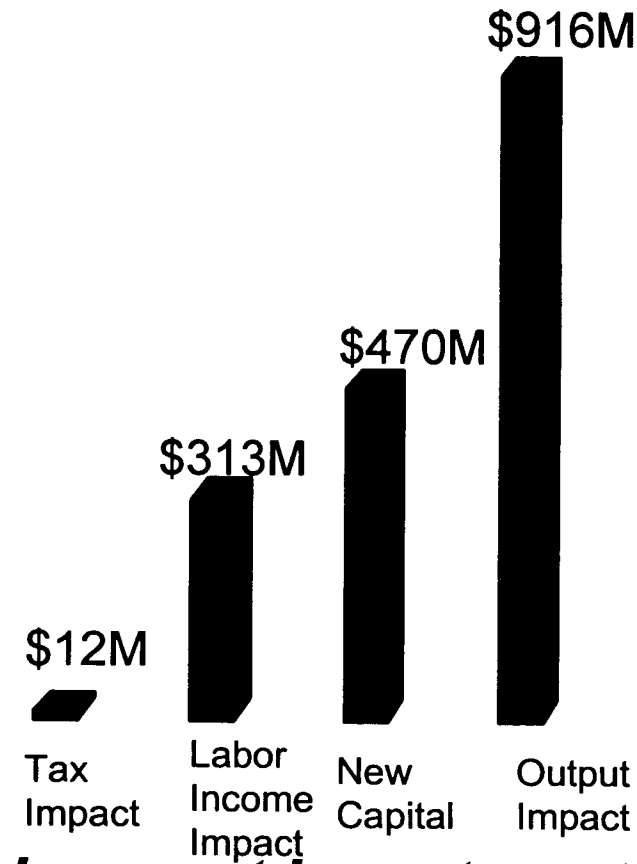
Summary Results

Current Snapshot

- Venture Investments
  - $5.5M yields 635 jobs,$25M+ payroll
  - 35+% Internal Rate of Return (1996)
  - $470M in follow-on investment
- Incubation
  - $6.4M produces $26.8M incubator network
  - 267 companies, 800 jobs in 21 counties
- Tech Transfer
  - 225 jobs; 40 new licensed innovations
  - $1.25M in sponsored research
- Rural Initiatives
  - 88 new rural jobs
  - $2.25M loan fund yields $3.8M in revenues

* Source: NC Dept of Commerce Impact Analysis
Achieved with only a $17.5M of state funding since 1991

Cumulative Impacts *



NC's Highest Impact Economic Development Investment

Leading States' Initiatives in Biosciences

Forty-one states have set up some type of program to support bioscience development. Though most have focused on tax credits and private sector support, such as venture capital, the 30 states listed below have also used public efforts and funds to drive bioscience initiatives.

State	Bioscience Plan Year Adopted	State Biotech Specialists	Using Tobacco $	Funded Initiatives	Commercial Focus	State Incubators
Alabama						■
Arkansas	2000					■
California				$600M		
Colorado			■			■
Connecticut	(Tech: 1998)		■			
Delaware		■		$85M		
Florida	1998					■
Georgia		■		$300M		■
Hawaii	1999					
Illinois			■	$2B		
Kansas			■			
Louisiana	(Tech: 2000)	■	■			
Maine						■
Maryland	1991	■	■			■
Massachusetts	(Tech: 1993)	■	■			■
Michigan	2000	■	■	$1B	■	■
Minnesota	2001	■	■			■
Missouri	2000	■	■			
New Jersey			■			
New Mexico	1999	■	■			
New York	NA			$1B		
Ohio		■			■	■
Oregon	1999					■
Pennsylvania			■	$100M	■	
Tennessee						■
Texas				$800M		■
Utah		■	■			
Vermont	(Tech: 1996)					
Virginia		■				■
Wisconsin			■	$317M		

Source: State Government Initiatives in Biotechnology 2001, prepared for the Biotechnology Industry Organization by Battelle Memorial Institute and State Science & Technology Institute

ANALYSIS OF THE ECONOMIC BENEFITS GENERATED

BY THE

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Smart Investments. Real Returns.

Prepared by:

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January 2002

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EXECUTIVE SUMMARY

The North Carolina Technological Development Authority, Inc. became an independent, non-profit, public interest corporation in 1991 under House Bill 1122, the New Technology Jobs Act. Under this mandate the TDA was charged with:

- Establishing one or more incubator facilities in North Carolina
- Transferring technologies into commercial applications by private industry
- Funding the research activities of emerging companies
- Achieving a distribution of benefits throughout the various regions of the state

Since that time, the North Carolina Legislature has invested $17.4 Million in the TDA's programs.

For its part, the TDA delivers jobs and wealth to North Carolina through its proprietary brand of economic development; supporting innovation-oriented and emerging small businesses with access to technologies, capital, incubation facilities and support services.

- Access to technologies is provided through marketing of advanced technologies available for license from North Carolina's universities and other research agencies such as the National Aeronautics & Space Administration ("NASA").
- Risk capital is provided through proof-of-concept funding to refine and demonstrate promising technologies and seed-stage equity investments in start-up companies commercializing novel innovations. Additionally, the TDA has seeded creation of nine professional venture capital and angel investor funds in North Carolina.
- TDA-managed office and laboratory facilities provide professional business and research space to emerging growth companies seeking significant value and flexible terms.
- A statewide approach makes business growth tools available outside localized technology hubs and urban centers for the benefit of rural NC entrepreneurs.

In all its activities, the TDA's experienced business professionals, with leadership from the Board, utilize a business-oriented approach and for-profit mentality wherein successful programs generate financial resources that are reinvested to deliver increasing benefits to North Carolinians.

The TDA's significant and measurable results include, but are not limited to, new risk capital for North Carolina's emerging companies, new incubators, new jobs, growing corporate revenues, and a larger economic development impact by the State's leading academic and research institutions. **The magnitude of the TDA's economic benefit to North Carolina is more than $300,000,000 and far exceeds that State's cumulative investment of $17.4 Million!** And this estimate is made exceedingly conservative by omission, for example, of any calculation of the value of goods and services produced by TDA portfolio or tenant companies, their wage impacts or tax impacts.

The TDA looks forward to continuing to serve North Carolina with its many partners and through the ongoing support of the NC Legislature.

PREFACE

The following analysis accurately documents a portion of the economic benefits to North Carolina generated by the programs and staff of the North Carolina Technological Development Authority, Inc. ("NCTDA" or the "TDA"). Each program is described including the precise needs addressed within North Carolina's entrepreneurial and small business communities.

The benefit measurements have been compiled using only verifiable or third party sources, and as such are conservative estimates of the total benefits generated by the TDA. Furthermore, these estimates are derived through simple tabulations rather than complex econometric modeling and hence require no set of significant assumptions.

For example, specific data is provided regarding the economic impacts of the TDA-managed incubators the First Flight Venture Center in RTP and the Entrepreneurial Development Center @ NC State on NC State's Centennial Campus. However, there are 19 other affiliated incubators in the TDA's statewide network. Similarly, benefit information is presented regarding the TDA's in-house Innovation Research Fund and First Flight Venture Fund and affiliated venture capital group Academy Centennial Fund. However, Academy is only one of nine such funds seeded by the TDA. Thus the total amounts of jobs and wealth created for North Carolinian's is very conservatively estimated here. Wherever feasible, supporting data is providing through explanatory graphics and appendices.

Since the TDA became an independent non-profit public-interest corporation in 1991, the State of North Carolina has contributed a total of $17.4 million to the TDA's programs. A comparison of the economic benefits created by the TDA is benchmarked against this investment in the right-hand margin below.

Finally, discussion is included to document the evolution of the culture and management philosophy of the TDA, specifically the transition to a business-oriented approach to sustainable economic development begun in 1995.

THE ORGANIZATION

The North Carolina Technological Development Authority, Inc. delivers jobs and wealth to North Carolina through its proprietary brand of economic development; supporting innovation-oriented and emerging small businesses with access to technologies, capital, incubation facilities and support services.

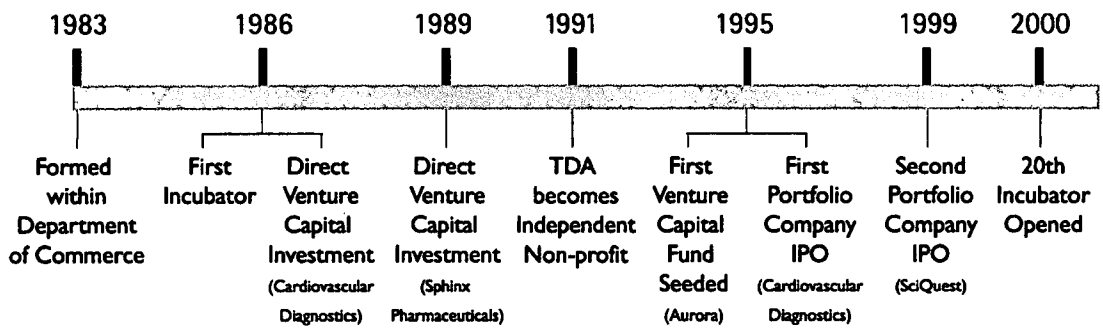
- Access to technologies is provided through marketing of advanced technologies available for license from North Carolina's universities and other research agencies such as the National Aeronautics & Space Administration ("NASA").
- Risk capital is provided through proof-of-concept funding to refine and demonstrate promising technologies and seed-stage equity investments in start-

up companies commercializing novel innovations. Additionally, the TDA has seeded creation of nine professional venture capital and angel investor funds in North Carolina.

- TDA-managed office and laboratory facilities provide professional business and research space to emerging growth companies seeking significant value and flexible terms.
- A statewide approach makes business growth tools available outside localized technology hubs and urban centers for the benefit of rural NC entrepreneurs.

In all its activities the TDA utilizes a model of **sustainable economic development**. This model is founded upon a business-oriented approach and for-profit mentality that is applied to program operations. Successful programs then generated financial resources that are reinvested to expand the programs or start new programs, either way increasing the benefits to North Carolinians.

History



ORGANIZATION HISTORY

In July 1983, the North Carolina Technological Development Authority was created by the General Assembly under House Bill 1122, the New Technology Jobs Act, to "...increase the rate at which new jobs are created throughout the State, by stimulating the development of existing and new small businesses." The ratification of House Bill 1122 made North Carolina one of only seven states with a policy or program to promote the establishment of business incubators. Legislation directed the TDA to "...establish one or more incubators facilities within the State...(in part) to transfer technologies into commercial applications by private industry" and also created the TDA's North Carolina Innovation Research Fund "...to provide equity financing for the research activities of new and existing small business concerns in various regions of the State..." Under this mandate the TDA was charged with:

- Establishing one or more incubator facilities in North Carolina
- Transferring technologies into commercial applications by private industry
- Funding the research activities of emerging companies
- Achieving a distribution of benefits throughout the various regions of the state

During its 1991 session, the North Carolina General Assembly authorized the creation of a private nonprofit corporation and the transfer of the assets, activities and name of the NCTDA into the new corporation. The incorporation and transfer were effective September 1, 1991. From inception until 1995, the TDA met its charge by approving funding for 18 business incubators throughout the State and providing capital to 93 emerging portfolio companies.

Since 1991, the TDA has expanded its stable of economic development programs to include a suite of technology transfer initiatives to promote North Carolina's research expertise and innovative technologies available for commercialization, the First Flight Venture Fund, a seed-stage venture capital fund for start-up companies, a Fund-of-Funds Initiative to seed new venture funds in the State, as well as a Rural Loan Program and AgriProducts Alliance to accelerate the growth and economic development of North Carolina's rural communities.

Additionally, TDA embraces a statewide approach through which it accelerates these growth tools outside of localized technology hubs and urban centers for the benefit of rural North Carolina. TDA therefore is an important component of North Carolina's science and technology investment, as well as integral to efforts by State leaders to ensure that returns on public investment in research, development and deployment are maximized and equitably beneficial to all the citizens of the State.[1]

REGIONAL CONTEXT

It is widely believed that the life sciences will be as dominant an economic force in the 21st century as was the computer revolution in the 20th century and the industrial revolution prior to that. Many states, including North Carolina's neighbors are making substantial investments into the research and commercialization infrastructure necessary to develop market-sweeping innovations. Research facilities and expertise, technology transfer infrastructure, investment capital and incubation are all needed ingredients. Unfortunately for North Carolina, while it must use its tobacco settlement money to diversify its tobacco-dependent economy, other states are able to invest their monies directly into resources that enhance their ability to commercialize new and valuable life science technologies as a means of economic development. Without

[1] North Carolina Board of Science & Technology. 2000. *Forces for change – An Economy in Transition.* A report prepared as part of the Vision 2030 Project.

further investments, North Carolina faces the prospect of loosing its place as the Southeast's leading life science state.

Government and industry-sponsored university research are principle building blocks for technology-based economic development. Amongst its Southeast neighbors (Georgia, Florida, South Carolina, Tennessee and Virginia) North Carolina ranks:

- 1st in FY1999 Life Sciences R&D expenditures[2]
- 1st in FY2000 National Institute of Health support to institutions[3]
- 1st in the number of higher education awards in the life sciences in 2000[4]
- 2nd in biological scientists in the workforce in 2000[5]

Much of North Carolina's success in these areas can be attributed to the vision and success of the Research Triangle Park, which along with NC State University, Duke University and the University of North Carolina at Chapel Hill, enjoys a worldwide reputation for cutting edge research in the life sciences.

Despite this significant foundation, however, North Carolina continues to experience critical shortages of venture capital and wet laboratory incubators to support emerging life sciences companies as a means of job and wealth creation.

In 1999, $727.6 Million in life science research and development was conducted at North Carolina universities. During this same year, universities in Georgia and Virginia saw life science R&D totals of $430.8 Million and $285.2 Million respectively. In sharp contrast, however, data from Venture Economics continues to document much higher levels of seed and early-stage risk capital deployed in Georgia and Virginia than North Carolina. For example, in the third quarter of 2001, North Carolina saw $13.8 Million in seed and early-stage capital invested compared to $33.8 Million and $19.6 Million in Georgia and Virginia respectively. **Thus, North Carolina has less capital to commercialize innovations resulting from a much larger base of cutting-edge research. In effect, North Carolina's research dominance is underutilized from an economic development perspective.**

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[2] National Science Foundation, Webcaspar system.
[3] National Institutes of Health Data.
[4] National Center for Education Statistics, Integrated Postsecondary Education Data System, Year 2000 Graduates.
[5] U.S. Occupational Employment Statistics Data.

BUILDING NORTH CAROLINA'S BUSINESS INCUBATOR NETWORK

Business incubation catalyzes the process of starting and growing companies. A proven model, it provides entrepreneurs with the expertise, networks and tools they need to make their ventures successful. Incubation programs diversify economies, commercialize technologies, create jobs and build wealth. Today, there are more than 900 of these programs in the United States, up from 12 in 1980.

Business incubation is a dynamic process of business enterprise development. Incubators nurture young firms, helping them to survive and grow during the start-up period when they are most vulnerable. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space — all under one roof.

Two principles characterize effective business incubation:

I. The incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging companies.

II. The incubator itself is a dynamic model of a **sustainable, efficient business operation.**

Model business incubation programs are distinguished by a commitment to incorporate industry best practices. Management and boards of incubators should strive to:

- Commit to the two core principles of business incubation.
- Structure for financial sustainability by developing and implementing a realistic business plan.
- Recruit and appropriately compensate management capable of achieving the mission of the incubator and having the ability to help companies grow.
- Seek to integrate the incubator program and activities into the fabric of the community and its broader economic development goals and strategies.[6]

An incubation program's main goal is to produce successful graduates — businesses that are financially viable and freestanding when they leave the incubator, usually in two to three years. Thirty percent of incubator clients typically graduate each year. According to the *Impact of Incubator Investments Study*, 1997, **87% of incubator graduates remain in business**. Studies of TDA incubator graduates found that one year after graduation they on average:

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[6] Developed by NBIA, with credit to the book, *Growing New Ventures, Creating New Jobs: Principles and Practices of Successful Business Incubation*, Rice M. and Matthews J., 1995.

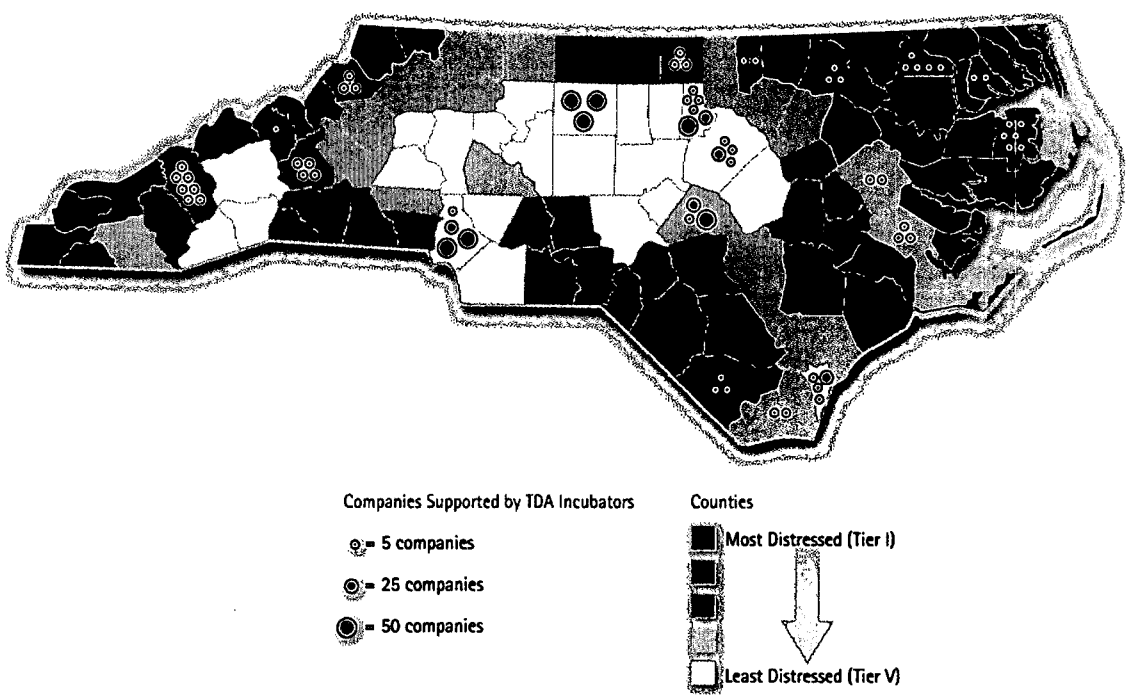
- Have $1.1 Million in annual sales
- Employ 14 people
- 88% are relocated within 30 miles of the incubator
- 41% are in some form of manufacturing
- 38% are minority owned
- Enjoy success rates higher than the U.S. average

Over the period 1986-2001, the TDA has provided funding for creation of 23 incubator facilities representing 346,700 square feet of office and wet laboratory space for emerging companies in 21 North Carolina counties, many considered highly distressed. Total funds deployed-to-date by the TDA into incubator formation is $6,396,150. Additionally, TDA incubator investments have been leveraged nearly 2:1 with investments from outside partners totaling $12,398,850. Compared to their total cost of $18,795,000 these facilities have a 2001 estimated value of $26,873,000. (APPENDIX A)

$12,398,850
Leverage

$ 8,078,000
Appreciation

Number of Companies Supported by TDA Incubators



From an economic development perspective these 23 incubator facilities represent:

- 21 North Carolina counties directly impacted. Many more impacted by relocation of graduating companies.
- 265 current tenant companies
- 453 graduate companies

435 Graduate Companies

As good stewards of public funds, and to enhance its ability to expand North Carolina's incubator resources, the TDA currently seeks to make loan and equity investments (rather than grants) in attractive incubator properties where appropriate. Additionally, the TDA believes this approach promotes sound fiscal management of incubator properties.

Three of the incubator network's flagship facilities are managed directly by the TDA. The First Flight Venture Center ("FFVC") is located in the heart of Research Triangle Park and specifically serves the needs of entrepreneurs and technology-based small companies originating or locating in the RTP region. Often these companies are working to commercialize breakthrough technologies invented at one or more of the Triangle's premier universities. FFVC offers 16,000 square feet of office space able top accommodate 25 emerging businesses. FFVC's mission is to increase the number of technology-based small companies in the area and to date has seen 77 successful graduates.

77 Technology-Based Companies

The Entrepreneurial Development Center @ NC State ("EDC") is a leading-edge technology business incubator located on NC State's internationally-renowned academic/industry research park, Centennial Campus. Here the TDA has strategically interwoven initiatives and partnerships to provide emerging companies essential resources for moving ideas from universities and laboratories to the marketplace. The EDC provides over 8,000 square feet of Class A office space for up to 22 start-up technology companies. Additionally, the EDC offers over 9,400 square feet of wet laboratory space, with state-of-the-art equipment ideally suited for biotechnology research firms. Law firms specializing in patents and small business issues offer consulting services through satellite offices at the EDC, as does NC State's Office of Technology Transfer. Also located in the incubator is Academy Centennial Fund, LLC, a seed-stage venture capital fund formed by the TDA focusing on building companies that commercialize technologies originating from or affiliated with North Carolina State University. Several of the Fund's portfolio companies are tenants or graduates of the EDC. Since opening in Fall 1998, 14 companies have graduated from the EDC.

14 Technology-Based Companies

In December 2001, the TDA will address the critical need for wet laboratory space by the State's start-up life science companies when it opens the 20,000 square foot TDA LifeScience Center ("LSC"). Plans are underway to expand this facility to 48,000 square feet in Fall 2001. Ultimately, as many as 20 emerging life science companies with over 100 employees could be housed at the LSC.

20 Emerging Life Science Companies

FUNDING NORTH CAROLINA'S TECHNOLOGY-BASED EMERGING COMPANIES

Direct Investments

The TDA began making direct investments in North Carolina's emerging companies in 1986. By the beginning of 1995, the TDA had invested $ 4,116,829 in 62 companies. While many jobs were created through these investments, major reviews of TDA operations conducted in 1993, 1994 and 1995 by the North Carolina Entrepreneurial Development Board (the "EDB") documented the ineffectiveness of the company's investment program which was specifically and severely criticized because most of its portfolio company investments had become worthless. The TDA was encouraged by the EDB to invest in portfolio companies with more of an emphasis on financial return on investment. The TDA Board recognized the value of these recommendations, as well as the need for a sustainable model of economic development wherein sound business management delivers recurring returns for reinvestment into successful programs.

In 1995, based upon the recommendations of the EDB, the TDA recruited a new business-oriented management team and charged them with running the TDA like a business. As a result, the investment program was revamped to operate more like a professional venture capital fund and the TDA began seeking exceptional financial returns, which it plows back into the investment program. The results of this new approach have been dramatic. Regarding direct investments into emerging companies, the TDA's Internal Rate of Return (IRR) under this new approach is 59.9% compared to 4.4% over the entire period of investments (APPENDIX B).

Today, the TDA's Innovation Research Fund ("IRF") provides pre-seed, proof-of-concept capital (up to $25,000) to assist in the commercialization of technologies and applied research generated or resident in North Carolina and often originating from the State's premier universities and research institutions. Investments are specifically designed to refine promising technologies based upon input from end-users. Whether licensing or start-up opportunities, IRF investments leveraged with co-commitments from industry, government and other economic development entities, encourage research collaborations and expedite the transfer and adoption of new technologies. The IRF "de-risks" technology-based opportunities, thus making them more attractive to follow-on investment by in-house and affiliated equity investors.

Continuing to work towards a professional venture capital format, the TDA formed its flagship seed-stage venture arm, the First Flight Venture Fund, LLC (FFVF), targeting the best high-growth technology businesses in North Carolina. FFVF investments enable the commercialization of innovative products and services developed by emerging growth businesses throughout the State. With $4,084,899 dollars deployed to date, the fund has through its portfolio companies the potential to generated significant economic benefits for North Carolina as exemplified by its 1999 investment in SciQuest.

$4 Million Seed-Stage Risk Capital

Within an initial investment of $100,000 (ultimately $175,000) in March 1998, the TDA become the first institutional investor in SciQuest. The company's 1999 initial public offering provided solid financial returns to the TDA which it can now reinvestment in other promising technology companies. SciQuest has employed as many as 400 people at one time and had operating budgets of $143 Million and $91 Million in 2000 and 2001 respectively.

$278 Million Corporate Spending Since 1997

Fund-of-Funds

As part of its new approach, the TDA established its Fund of Funds initiative to increase the formation of investment capital in the State by making investments in North Carolina venture funds. Since 1995, the TDA has invested $1,447,514 to seed the formation of nine professional venture capital organizations. These groups have leveraged the TDA's investments by more than 90:1 to raise an additional $131,552,486. These funds are beginning to address the funding shortage that makes it extremely difficult for new businesses to get off the ground or progress to the point where they can be candidates for significant funding. The key to the Fund-of-Funds concept is one venture fund strategically backing another, catalyzing a ripple effect for business start-ups, fueling job creation and economic growth.



$131,552,486 New Risk Capital

For example, in 1998, the TDA partnered with NC State University to form one of the first university-affiliated venture capital funds in the Nation. The fund, originally known as Centennial Venture Partners and now called Academy Centennial Fund, is a $10 Million private seed-stage venture capital fund formed to commercialize technologies emanating from or affiliated with NC State. In the University's first 100-

$10,000,000 New Risk Capital

year history prior to the formation of the Fund, only five companies were formed around NC State technologies and the University held equity in only two of these companies. In stark contrast, beginning with the formation of Academy Centennial Fund in 1998 and over the next 20 months, the Fund formed 15 new companies of which the University held equity in eight.

Academy Centennial Fund is a classic example of the TDA's brand of technology-based economic development and its philosophy of creating jobs and wealth while maintaining a strong focus on profitability and sustainability. Having invested slightly more than $6 Million of the $10 Million of committed capital, the Fund has experienced attractive increases in value for its investors (the Foundations and the Endowment at NC State University) while generating significant economic benefits including:

- **$1.25 Million** in sponsored research at NC State
- Over **40 innovations** licensed from NC State
- More than **225 new, high-paying jobs**
- Numerous companies located on NC State's Centennial Campus
- More than **$42 Million** in combined corporate operating budgets deployed into the North Carolina Economy

$1,250,000 Sponsored Research

$42,000,000 Corporate Spending

In addition, these fifteen companies have leveraged the Fund's original investments by nearly 17:1 raising more than **$100 Million** in follow-on investment from major venture capital funds throughout the Southeast and major corporate investors including an international semiconductor company. **It is important to note that a substantial portion of this capital is new to North Carolina, put to work here by the promise of these young companies.**

$100,000,000 New Risk Capital

TRANSFERRING PROMISING TECHNOLOGIES FOR COMMERCIALIZATION

"The transfer of new research and technology from the laboratory to the marketplace makes a distinct difference in the lives of North Carolinians. The Entrepreneurial Development Center @ NC State encourages and promotes that transfer, creating jobs in the process." – Mary Anne Fox, Chancellor, North Carolina State University

Technology transfer is the key to the development of highly successful businesses around the State – and these businesses are the core of the progressive technology hub expanding outward from the Research Triangle area today. The TDA has successfully integrated technology transfer and research commercialization into its mission to build

fast-growing, globally competitive businesses around the research and development efforts of North Carolina's abundant university and laboratory resources. In addition to capital and incubators for technology start-ups, the TDA has several key initiatives underway to expand North Carolina's capacity to commercialize promising innovations.

Technology Transfer Best Practices
The TDA is currently serving as Director of the North Carolina Technology Development Initiative on behalf of the University of North Carolina Office of the President. Together the UNC System and the TDA are working with the State's universities to develop technology transfer best practices and build sharable resources to enhance university technology transfer and commercialization throughout the State.

Technology Transfer Workforce Enhancement
The TDA is working with its university partners to address the critical shortage of trained technology transfer professionals in North Carolina. The partners are currently working to establish a fellows program to train new professionals .

Intellectual Asset Management Infrastructure
Working with private companies, NASA, universities and others, the TDA is building the infrastructure necessary to promote North Carolina's technologies, as well as the State's research expertise, facilities and centers. The goal of this work is to enhance the State's ability to compete for government and industry-sponsored research dollars.

RURAL LOAN PROGRAM FOR RURAL ENTREPRENEURS

The Rural Loan Program ("RLP") is one of the TDA's initiatives to accelerate the growth and economic development of rural North Carolina. The purpose of the RLP is to provide flexible debt financing to companies and incubator projects in rural communities. The program is funded by a $2.25 Million loan through the U.S. Department of Agriculture's Intermediary Relending Program. Loans in amounts of $50,000 to $250,000 are available to businesses or incubator projects located in areas with a population of 25,000 or less. To date, the TDA has approved a total of $1,260,000 in loans for eight rural businesses. New jobs affiliated with these loans total 88. Current projected annual revenues for these nine enterprises total $3,807,850 (APPENDIX C).

$3,807,850
Corporate
Revenues

NORTH CAROLINA AGRIPRODUCTS ALLIANCE INCUBATOR: Diversifying & Strengthening North Carolina's Agricultural Economy

In Summer 2001, the TDA formed the North Carolina AgriProducts Alliance Incubator (NCAAI) with co-founders the North Carolina Department of Agriculture & Consumer Services and the College of Agriculture & Life Sciences at NC State University. The mission of the Alliance is to pursue economic development opportunities that will address current job and income losses relating to the decline of North Carolina's tobacco industry, as well as opportunities to diversify the State's overall agricultural economy. To date, the Alliance has successful applied for $150,000 in funding from Golden LEAF to replicate a highly successful University of Nebraska food entrepreneurs training program in North Carolina. Many of the TDA's other programs, such as the rural loan program, will effectively leverage the collective expertise and resources of Alliance members. Membership in the NCAAI continues to grow.

$150,000 Food Entrepreneur Training

CONCLUSIONS

The programs and staff of the North Carolina Technological Development Authority, Inc. continue to deliver high-impact results under the State mandate to:

- Establish incubator facilities in North Carolina
- Transfer technologies into commercial applications by private industry
- Fund the research activities of emerging companies
- Achieve a distribution of benefits throughout the State

As described above, significant and measurable results include, but are not limited to, new risk capital for North Carolina's emerging companies, new incubators, new jobs, growing corporate revenues, and a larger economic development impact by the State's leading academic and research institutions.

As outlined herein, the magnitude of the TDA's economic benefit to North Carolina is more than $300,000,000 and far exceeds that State's cumulative investment of $17.4 Million in the TDA! And this estimate is made exceedingly conservative, for example, by omission of any calculation of the value of goods and services produced by TDA portfolio or tenant companies, their wage impacts or tax impacts.

Sound business management ensures that these highly beneficial programs deliver solid financial returns that are reinvested to build an ongoing endowment of benefits for North Carolina. Experienced business professionals, with the leadership of the Board,

have built upon past experiences to fashion a **sustainable model of economic development and recurring benefits.**

The TDA looks forward to continuing to serve North Carolina with its many partners and through the ongoing support of the NC Legislature.

APPENDIX A: Investment & Economic Impact Data for TDA Managed and Affiliated Incubators.

Number	Operational Incubators	Location	Year Opened	TDA Investment	Other Investment	Size (sq. ft.)	# of current tenant companies	# of graduate companies	# of current and former tenant companies	Real estate value (est. for 2001)
1	Regional Small Business Incubator	Ahoskie/Hertford County	1986	$ 425,000	$ 334,500	6,000	5	20	25	$ 200,000
2	McDowell Small Business and Industry Center	Marion/McDowell County	1986	$ 235,000	$ 241,000	17,000	7	9	16	$ 950,000
3	Small Business and Industry Center	Waynesville/Haywood County	1986	$ 285,000	$ 320,000	14,200	8	21	29	$ 700,000
4	Triangle South Enterprise Center	Dunn/Harnett County	1988	$ 265,000	$ 306,000	18,500	15	61	76	$ 300,000
5	Greensboro Business Center	Greensboro/Guilford County	1988	$ 281,500	$ 927,400	45,000	39	108	147	$ 1,200,000
6	McPherson Business Complex	Littleton/Halifax County	1989	$ 65,000	$ 80,000	4,300	9	3	12	$ 90,000
7	Ben Craig Center, Inc	Charlotte/Mecklenberg County	1990	$ 255,000	$ 450,000	50,000	26	76	102	$ 8,500,000
8	West Charlotte Business Incubator	Charlotte/Mecklenberg County	1991	$ 450,000	$ 1,020,700	7,500	10	18	28	$ 380,000
9	Business Development Center	Whiteville/ Columbus County	1991	$ 220,000	$ 270,500	20,000	9	6	15	$ 618,000
10	First Flight Venture Center	RTP/Durham County	1992	$ 1,100,000	$ 360,000	27,000	22	71	93	$ 6,000,000
11	Wilmington Business Center	Wilmington/ New Hanover	1992	$ 280,000	$ 572,750	16,500	15	23	38	$ 600,000
12	Business Development Center	Roxboro/Person County	1994	$ 305,000	$ 283,000	2,200	5	9	13	$ 250,000
13	Appalachian Enterprise Center	Boone/Watauga County	1995	$ 55,000	$ 50,000	5,500	7	4	11	$ 50,000
14	Regional Business Incubator	Columbia/Tyrrell County	1995	$ 132,650	$ 170,000	0	21	9	30	$ 85,000
15	NC Aquaculture Incubator	New Bern/Craven County	1995	$ 50,000	$ 130,000	0	5	5	10	$ -
16	Eastern Carolina Technology Center	Greenville/Pitt County	1997	$ 400,000	$ 1,400,000	36,000	7	1	8	$ 2,500,000
17	Winnabow Business Development Center	Winnabow/ Brunswick County	1997	$ 100,000	$ 585,000	16,000	5	4	9	$ 500,000
18	Gateway Center	Henderson/Vance County	1998	$ 154,000	$ 371,000	4,000	5	5	10	$ 350,000
19	EDC @ NC State	Raleigh/Wake County	1999	$ 500,000	$ 200,000	18,000	23	9	32	$ 500,000
20	Raleigh Business and Technology Center	Raleigh/Wake County	2000	$ 200,000	$ 2,190,000	18,000	12	1	13	$ 2,500,000
21	Albemarle Business Center	Hertford/Perquimans County	2001	$ 338,000	$ 205,000	10,000	8	0	8	$ 400,000
22	EnergyXChange, Inc	Spruce Pine/Mitchell County	2001	$ 200,000	$ 500,000	4,500	4	0	4	$ 200,000
23	FSU Business Development Center	Fayetteville/Cumberland County	2001	$ 200,000	$ 692,000	6,500	0	0	0	
			Total	$ 6,396,150	$ 12,398,850	346,700	267	462	729	$ 26,873,000
				1.94 leverage ratio						

Number	Incubators under development	Location	Expected Opening Date	TDA Investment	Other Investment	Size (sq. ft.)
1	Kinston Enterprise Center	Kinston/Lenoir County	2002	$ 230,000	$ 1,250,000	28,000
2	Asheville/AB Tech. Business Center	Asheville/Buncombe County	2002	$ 500,000	$ 2,500,000	70,000
3	Greensboro Business Center expansion	Greensboro/Guilford County	2001	$ 200,000	$ 225,000	10,000
				$ 930,000	$ 3,975,000	108,000
				4.27 leverage ratio		

TDA Investment Activities: Direct Deals & Fund-of-Funds
Annual Cash Flows

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	9 mos. 2000
Direct Deals																	
End value																	$5,293,658
Cash In	$0	$0	$710	$4,375	$162,913	$22,368	$210,357	$208,254	$439,652	$45,838	$300,300	$147,093	$314,937	$301,687	$115,751	$1,387,307	$857,062
Cash Out	($230,004)	($316,106)	($480,168)	($472,043)	($536,973)	($709,186)	($611,350)	($243,560)	($112,499)	($54,099)	($350,001)	($110,000)	($40,000)	($553,101)	($918,748)	($930,934)	($1,219,162)
Net	($230,004)	($316,106)	($479,458)	($467,668)	($374,060)	($686,818)	($400,993)	($35,246)	$327,153	($9,161)	$48,299	$37,093	$274,937	($251,414)	($802,997)	$456,373	$4,931,538
Fund of Funds																	
End value																	$1,582,540
Cash In												$0	$0	$88,502	$0	$576,477	$0
Cash Out												($895,391)	($175,624)	($150,436)	($98,557)	($50,599)	($142,666)
Net												($895,391)	($175,624)	($61,934)	($98,557)	$525,882	$1,439,874
Combined																	
End value																	$6,876,198
Cash In	$0	$0	$710	$4,375	$162,913	$22,368	$210,357	$208,254	$439,652	$45,838	$300,300	$147,093	$314,937	$390,190	$117,369	$1,963,784	$857,062
Cash Out	($230,004)	($316,106)	($480,168)	($472,043)	($536,973)	($709,186)	($611,350)	($243,560)	($112,499)	($54,099)	($350,001)	($1,005,391)	($215,624)	($703,537)	($1,018,943)	($981,529)	($1,362,050)
Net	($230,004)	($316,106)	($479,458)	($467,668)	($374,060)	($686,818)	($400,993)	($35,246)	$327,153	($9,161)	$48,299	($857,398)	$99,303	($313,343)	($901,554)	$982,255	$6,371,210

[1]Based on audited cash flows and valuations by PricewaterhouseCoopers.
[2]Fiscal years of 4/1-3/31
[3]See attachment for annual net cash flows of investing activities.
[4]IRR values are based upon daily cash flows rather than annual cash flows to provide more precise (and thus more conservative) performance measures.

APPENDIX C: TDA Rural Loan Program – Analysis of Initial Economic Impacts

Name of Borrower	Type of Business	Loan Amount	No. of Jobs Resulting from Loan	No. of Months Per Year Employed	Yearly Revenue	Increased Job Income - Annualized
Alphabet Soup, Inc.	Childcare	$ 135,000	6	12	$ 336,000	$ 150,000
Eure Seed, Inc.	Certified Seed Processing	$ 150,000	4	12	$ 500,000	$ 80,000
Gillam-Ivey Woodcrafts, Inc.	Lumber Processing and Furniture Manufacturing	$ 150,000	6	12	$ 600,000	$ 120,000
H&H Products, Inc	Manufacturing and Distribution	$ 150,000	6	12	$ 980,000	$ 180,000
Jewelry World, LLC	Retail	$ 150,000	3.5	12	$ 440,000	$ 82,500
Maple View Farms	Retail	$ 150,000	10	12	$ 400,000	$ 150,000
Pitt County Incubator (see Note A)	Business Incubator	$ 150,000	46	12	$ 151,850	$ 1,610,000
Russell Manufacturing and Sales, Inc.	Machine parts manufacturing	$ 225,000	7	12	$ 400,000	$ 210,000
	Total	$ 1,260,000	89		$ 3,807,850	$ 2,562,500

Note A: The purpose of a business incubator is to foster development of startup and emerging technology companies. Ultimately, it is hoped that these small companies will blossom into fully-established industries which bring high-wage jobs, economic growth, and improved quality of life to area residents. As such, the rental rates charged to tenants of the incubator are modest by design, with the intention limited to recovering operating expenses and debt service – not maximizing earnings or rate of return on the investment.

PROFIT-SHARING AGREEMENT
(Draft: amended 3-18-02)

THIS PROFIT-SHARING AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, 2002 (the "Effective Date"), by and between North Carolina Biotechnology Center, a North Carolina nonprofit corporation (the "NCBC"), and the State of North Carolina (the "State").

Background Statements

A. Pursuant to Section 20.8(a) of State of North Carolina Session Law 2001-424 (the "Session Law"), the parties entered into a Memorandum of Understanding for the purpose of indicating NCBC's intent to negotiate in good faith with representatives of the Office of the Attorney General of the State regarding how NCBC and the State might share profits generated by the State's investments in NCBC's private equity activity.

B. NCBC desires to continue its partnership with the State, pursuant to which NCBC serves as an instrument of the State's public policy for the purpose of providing long-term economic benefit through support of biotechnology research, development and commercialization.

C. NCBC desires to share with the State the profits from NCBC's successful private equity investments.

D. This Agreement provides a mechanism for the sharing with the State of NCBC's profits from successful private equity investments.

E. The parties desire to enter into this Agreement to effectuate the provisions of the Memorandum of Understanding and the Session Law.

Agreement

In consideration of the premises, the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. As used herein, capitalized terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to a Person, any Persons directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes hereof, the term "controlled" (including the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the ability or power to direct or cause the direction of management policies of such Person or otherwise direct the affairs of such Person, through actual or beneficial ownership of a majority of the outstanding voting interests of such Person.

"Agreement" shall have the meaning given such term in the preamble and background statements.

"Annual Financial Statements" shall have the meaning given such term in Section 3.c.

"Deemed Gain" shall mean a Gain that is deemed to occur on an in-kind distribution to NCBC or an Affiliate of NCBC of Securities attributable to a Qualifying Investment, with the amount of the Deemed Gain being determined as if NCBC or such Affiliate of NCBC had sold such Securities for their fair market value on the date of the distribution, net of any liabilities secured by such distributed Securities that the distributee is considered to assume or take subject to.

"Distributable Profits" shall have the meaning given such term in Section 2.a.

"Distributable Profits Notice" shall have the meaning given such term in Section 3.b.

"Effective Date" shall have the meaning given such term in the preamble.

"Fiscal Year" shall mean each one-year period commencing on July 1 and concluding on June 30.

"Freely Tradable Security" shall mean a Security where (a) all of NCBC's or an Affiliate of NCBC's holding of such Security can be sold by NCBC or an Affiliate of NCBC to the general public and such sale can be effected pursuant to Rule 144 of the Securities Act without the necessity of any federal or state government registration or consent (other than any notice filings of the type required pursuant to Rule 144(h)); (b) such Securities are traded in a Public Securities Market and market quotations are readily available for such Securities, including quotations available from market makers or specialists and quotations otherwise listed in the "pink sheets"; and (c) with respect to in-kind distributions of Securities, such Securities may be resold by distributees not constituting Affiliates of the issuer thereof without restriction as to volume or otherwise under the Securities Act.

"Gains" shall mean the sum of (a) any gain attributable to the sale or exchange by NCBC or an Affiliate of NCBC of Securities attributable to Qualifying Investments, (b) any Deemed Gain on a distribution in kind by NCBC or an Affiliate of NCBC of Securities attributable to Qualifying Investments, and (c) any Unrealized Gain of NCBC. In the event a Qualifying Investment is made partially with State Funds and otherwise not with State Funds, the Gains attributable to such Qualifying Investment shall be prorated based upon the relative proportion of the Qualifying Investment made with State Funds. In determining the amount of Gains, an item of gain that may be included in more than one category of (a), (b), or (c) above shall be included in only one such category.

"GAAP" shall mean generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board with respect to not for profit business.

"Income" shall mean dividend, loan or other income realized by NCBC or an Affiliate of NCBC that is attributable to a Qualifying Investment. In the event a Qualifying Investment is made partially with State Funds and otherwise not with State Funds, the Income attributable to such Qualifying Investment shall be prorated based upon the relative proportion of the Qualifying Investment made with State Funds.

"Memorandum of Understanding" shall have the meaning given such term in the preambles.

"Net Profits" shall mean the amount of Income or Gains, minus brokerage fees and other reasonable transaction costs, on an investment-by-investment basis from the use of State funds.

"NCBC" shall have the meaning given such term in the preambles.

"Party" shall mean either NCBC, the State, or both.

"Payment[s]" shall mean [a] payment[s] to the State by NCBC pursuant to Section 2 of this Agreement.

"Person" means a natural person, a corporation, a partnership, a trust, a joint venture, a limited liability company, any governmental authority or any other entity or organization.

"Public Securities Market" shall mean any United States national or regional securities exchange, including but not limited to the New York Stock Exchange, the American Stock Exchange, regional United States exchanges and the International Stock Exchange of the United Kingdom and the Republic of Ireland, and any recognized automated quotation system, listing service or other form of securities exchange or trading forum, including but not limited to the automated quotation system and listing services maintained by the National Association of Securities Dealers, Inc.; and the phrase "traded in a Public Securities Market" means publicly traded on or through any such exchange, system, listing or forum.

"Qualifying Investment" shall mean each investment made on or after July 1, 1997 by NCBC or an Affiliate of NCBC in the debtor equity Securities of an operating business entity, venture capital fund or person which is not an Affiliate of NCBC, to the extent made with State Funds which results in gains or income after July 1, 2001.

"Quarterly Reports" shall have the meaning given such term in Section 3.d.

"Rule 144" shall mean Rule 144 promulgated under the Securities Act.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time, or any successor statute thereto.

"Security" shall mean all rights and instruments defined as such in Section 2(1) of the Securities Act.

"Session Law" shall have the meaning given such term in the preambles.

"State" shall have the meaning given such term in the preambles.

"State Funds" shall mean (a) cash funds appropriated by the State of North Carolina to NCBC, or to an agency of the State of North Carolina for distribution to NCBC, to the extent actually distributed to NCBC, for the period beginning on or after July 1, 1997, plus (b) Income and Gains earned or distributed on or after July 1, 1997.

"Unrealized Gain" shall mean, with respect to any Freely Tradable Securities held by NCBC or its Affiliates which are attributable to Qualifying Investments, the difference between (a) the fair market value of such securities, determined as of the conclusion of any fiscal quarter of NCBC or its Affiliates or at such other time as the State may determine that Distributable Profits have been realized, and (b) the direct or acquisition cost basis to NCBC or its Affiliates of such securities.

2. Sharing of Distributable Profits.

a. Amount of Payments. NCBC shall pay to the State the applicable amount of Net Profits on a Qualifying Investment by Qualifying Investment basis as set forth in the table below ("Distributable Profits"):

Net Profits	Applicable Amount
$150,000 or less.	0% of Net Profits.
Greater than $150,000.	50% of Net Profits greater than $150,000

b. Payee and Character of Payments. All Payments shall be made to the Office of the North Carolina State Treasurer and shall be (i) in cash, or (ii) in the case of Payments attributable to Deemed Gains or Unrealized Gains, in the Securities or other property received or held by NCBC or its Affiliates with respect to Qualifying Investments that resulted in such Deemed Gains or Unrealized Gains. Any in-kind Payment shall be valued at its fair market value as of the date the Distributable Profit is realized.

c. Timing of Payments. All Payments required to be made to the State hereunder by reason of the realization by NCBC or an Affiliate of NCBC of Distributable Profits shall be made to the State within thirty (30) days following the realization by NCBC or an Affiliate of NCBC of such Distributable Profits.

3. Records and Reports.

a. Maintenance of Records. NCBC shall maintain, and shall cause each of its Affiliates to maintain, adequate records and books of account in which complete entries will be made in accordance with GAAP, reflecting all financial transactions of NCBC and its Affiliates.

b. Notices of Distributable Profits. Within twenty (20) days of the realization by NCBC or an Affiliate of NCBC of any Distributable Profits, NCBC shall provide written notice thereof to the Joint Legislative Commission on Governmental Operations of the North Carolina General Assembly, the Fiscal Research Division of the North Carolina General Assembly, and the Office of the North Carolina State Treasurer (the "Distributable Profits Notice").

c. Annual Financial Statements. As soon as practicable after the end of each Fiscal Year, and in any event within ninety (90) days thereafter, NCBC shall deliver to the State annual financial statements of NCBC for such Fiscal Year (the "Annual Financial Statements"), consisting of audited consolidated and consolidating statements of financial position sheets of NCBC and its Affiliates, if any, as at the end of such Fiscal Year, and audited consolidated and consolidating statements of activities and changes in net assets, and cash flows of NCBC and its

Affiliates, if any, for such Fiscal Year, prepared in accordance with GAAP and setting forth in each case in comparative form the figures for the previous Fiscal Year, if any, all in reasonable detail and accompanied by: (i) a report and opinion thereon by independent certified public accountants of national reputation; i.e., a "Big Five" firm or equivalent, and (ii) a copy of such accountants' management letter prepared in connection therewith, if any (as soon as such letter is available, which may be greater than the aforesaid ninety (90)-day period).

d. Quarterly Reports. As soon as practicable after the end of each fiscal quarter, and in any event within thirty (30) days thereafter, NCBC shall deliver to the State quarterly reports (the "Quarterly Reports") consisting of the unaudited profit and loss statement and cash flow statement of NCBC and its Affiliates, if any, for such fiscal quarter and the Fiscal Year to date, as well as a statement of any Qualifying Investments made during such quarter. Such unaudited reports shall be in reasonable detail, prepared in accordance with GAAP, and certified by the principal financial or accounting officer of NCBC.

e. The State shall have the right of audit oversight as set forth in N.C.G.S. § 143-6.1.

4. Fair Market Value. In any instance under this Agreement where it is necessary to determine the fair market value of a Security, the fair market value of any Security which is a Freely Tradable Security shall be determined as of the close of trading on the date which the value is being determined by taking the average of the last reported trade price of such Security on each of the preceding five (5) trading dates on the exchange where it is primarily traded or, if such Security is not traded on an exchange, such Security shall be valued by taking the average of the last reported sale price on each of the preceding five (5) trading dates on the NASDAQ National Stock Market, or, if such Security is not reported on the NASDAQ National Stock Market, such Security shall be valued by taking the average of the reported closing bid price (or average of bid prices) last quoted on each of the preceding five (5) trading dates as reported by an established quotation service for over-the-counter securities. The determination of the fair market value of all other property shall be based upon all relevant factors, including, without limitation, such of the following factors as may be relevant: current financial position and current and historical operating results of the issuer; sales prices of recent public or private transactions in the same or similar securities, including transactions on any securities exchange on which such Securities are listed or in the over-the-counter market; general level of interest rates; recent trading volume of the Security; restrictions on transfer, including the right, if any, to require registration of its securities by the issuer under the securities laws; significant recent events affecting the issuer, including pending mergers and acquisitions; the price paid to acquire the asset; the percentage of the issuer's outstanding securities owned; and all other factors affecting value.

5. Notices. Any notice provided or permitted to be given under this Agreement, including the Distributable Profits Notice, must be in writing, shall be given when actually received if transmitted by hand delivery, and shall be deemed given three (3) days after deposit or transmittal if deposited in the United States mail (which must be postage prepaid and registered or certified, with a return receipt requested) or if transmitted by Federal Express (with provision made for the fees thereof), and in the case of either method addressed as follows:

a. If to NCBC, to:

with a copy to:

b. If to the State, to:

Office of State Treasurer
Attn: ( )
325 N. Salisbury Street
Raleigh, NC 27603-1385

N.C. General Assembly
Fiscal Research Division
Attn: James Johnson
300 N. Salisbury Street
Raleigh, NC 27603

State of North Carolina
Department of Justice

Attn.: Grayson G. Kelley
Post Office Box 629
Raleigh, North Carolina 27602

N.C. General Assembly
Joint Legislative Commission
On Governmental Operations
Attn:
16 West Jones Street
Raleigh, NC 27601

A party may change its address for notice by giving notice thereof in the manner hereinabove provided.

6. Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but only if such waiver is evidenced by a writing signed by such party. No failure on the part of a party hereto to exercise any right, power or remedy shall preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by any party hereto to any breach of or default in any term or condition of this Agreement shall constitute a waiver of or assent to any succeeding breach or default in the same or any other term or condition hereof.

7. Severability. If any provision of this Agreement or the application thereof to any person or circumstances shall be determined by a court of

competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement or any such provision and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

8. Governing Law. This Agreement and the rights and obligations of the respective parties hereunder shall be governed by and interpreted and enforced in accordance with the laws of the State of North Carolina, excluding the conflicts of laws provisions thereof.

9. Headings. All headings herein are inserted for convenience and ease of reference only and are not to be considered in the construction or interpretation of any provision of this agreement.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement.

11. Complete Agreement. This Agreement constitutes the complete and exclusive statement of the agreement between the parties with respect to the subject matter hereof, and replaces and supersedes all prior agreements by and among the parties or any of them with respect thereto including without limitation the Memorandum of Understanding. This Agreement supersedes all prior written and oral statements and no representation, statement or condition or warranty not contained in this Agreement shall be binding on the parties or have any force or effect whatsoever.

12. Amendment. This Agreement may not be amended, altered or modified except by an instrument in writing signed by the parties hereto.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NORTH CAROLINA
BIOTECHNOLOGY CENTER

By: _____
Print name:
Title:

STATE OF NORTH CAROLINA
By: Department of Justice

By: _____
Print name:
Title:

STATE OF NORTH CAROLINA

COUNTY OF _____

I, a Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that (s)he is _____ of North Carolina Technological Development Authority, Inc., a corporation, and that (s)he, as, _____, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official stamp or seal, this the _____ day of _____, 2002.

(SEAL)

_____
Notary Public

Commission Expires:_____

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that (s)he is _____ of State of North Carolina Department of Justice, an agency of the State of North Carolina, and that (s)he, as _____, being authorized to do so, executed the foregoing on behalf of the State of North Carolina.

Witness my hand and official stamp or seal, this the _____ day of _____, 2002.

(SEAL)

_____
Notary Public

My Commission Expires:

_____

EXECUTIVE SUMMARY

There are presently seven primary Department of Commerce Business & Industry Division Regional Offices. They are located in Asheville, Charlotte, Greensboro, Fayetteville, Research Triangle Park, Greenville and Edenton. Each regional office has the same service area as its respective Regional Economic Development Commission (Partnership). The Partnership offices are located in Asheville, Charlotte, Greensboro, Research Triangle Park, Edenton, Kinston, and Elizabethtown respectively. Four of the Division's Regional Offices share office space with the Partnership (Regional Economic Development Commission) office in their region. Three (Charlotte, Fayetteville and Greenville) do not, for reasons unique to their particular regions.

Regarding the organization, structure and performance of the Department of Commerce regional offices, the organization of those offices is essentially the same for all. The expense budgets naturally vary from region to region depending the costs of rent and services in the area and the particular size and features of the various regions. The "performance" of the offices, if measured by the number of new announcements, jobs and investments, also varies significantly, depending on the features of the region. There is no discernable difference between the function and organization of Departmental offices that are co-located and those that are not, and there is no discernable correlation between the budgets and performance of co-located and separate offices.

The Department of Commerce staff and that of the Regional Partnerships have distinct and separate functions. While the Department's regional staff provides service to their particular region, the broad mission of the Department is the promotion of economic development in the entire state. That mission is not the same as that of the Partnerships, which focus exclusively on their own regions. Within each region, the functions of the two staffs are distinctly different and not duplicative. The Partnerships' staff performs marketing and promotion activities and address economic challenges unique to their areas. The Department's staff is responsible for direct client handling once potential prospects for the region are identified. The Department's staff also is the sole provider of services to existing industry in a region. A study conducted by Georgia Tech of the relationship between the AdvantageWest Partnership and the Department's western regional staff confirmed the distinct functions of both organizations and concluded that they are not duplicative. That conclusion applies to all of the different regions.

The current dispersed office structure in the Asheville does add significant value to the services provided in the western region and is cost-efficient under the unique circumstances of that mountainous area of the state. It is highly popular with local leadership in the region and it would not be reasonable to assume that the same level of service could be provided to the region's economically challenged areas if the satellite offices were closed and folded into the operations in Asheville.

The report contains an estimate of the one-time costs that would be incurred were the State to close the particular offices in question and consolidate them in the specified single

locations within the regions. Obviously there would be costs associated with such a move. The principal costs would include the cost of extricating the State from its current leases and funding the moving expenses of offices and dislocated employees.

It should be noted that there would be significant intangible costs associated with any decision to consolidate the offices in question. The structure of the current offices represents the State's judgment as to the best way to provide service to the region given the resources made available to it. In cases where offices are not co-located, there are particular intangible benefits that accrue from the existence of separate offices in a region, given the limited resources available to both the State and the Partnership.

For some regions, there could be some annual net savings achieved by consolidation. If all of the consolidations were ordered, total annual net savings to the State could be close to $24,000, due primarily to the ability to terminate an administrative assistant's position in the Lenoir Office. If consolidations were made of all offices except those in the western region, annual net saving would likely be less than $1,000. In general, the annual cost savings achieved through consolidation would be minimal and out of proportion to the intangible costs associated with altering the current structure.

DEPARTMENT OF COMMERCE RECOMMENDATIONS

The Department recommends that the current structure be retained.

The Department believes that each office and satellite office is well-located to meet the demands of the companies, communities and citizens that make up the Department's customers. The work of the Department's staff and the staff of the Partnership is not duplicative, and there is no significant difference between the operations and effectiveness of the Department and the Partnerships in those regions where offices have been co-located and those where they have not been. There would be distinct one-time costs associated with any decision to co-locate and the annual net savings, if any, of such a decision would be minimal. In any case, the costs to the effectiveness of the offices and the service provided to the region would outweigh any perceived benefit of housing both operations in the same building.

In considering the larger issue of the value of co-location, the Department and the Partnerships are both committed to co-locating in areas where synergies can be achieved and service improved, and we are committed to reducing costs where appropriate. The decision to locate offices in particular cities within particular regions, however, is not driven simply by questions of cost. Such decisions may hinge on historical reasons, issues of community support, and practical considerations based the missions of the offices and the geography of the area being served. The current structure reflects the careful weighing of all of the factors impacting these decisions.

North Carolina Department of Environment and Natural Resources
One-Stop Permit Assistance and Coordination
Legislative Report for 2000 – 2001
April 2002

WHO WE ARE AND WHAT WE DO

This report is to fulfill the requirements of SL 2001 – 424, Section 19.6, to report on the progress of the One-Stop Environmental Permit Application Assistance and Tracking Program. The one-stop program provides a single point of contact for citizens, businesses and local governments to determine the environmental permits that may be necessary for a project. It was established as a pilot program in the NC Department of Environment and Natural Resources' Customer Service Center (CSC) with permit assistance coordinators (PACs) in the Mooresville and Wilmington Regional Offices. These coordinators meet with customers, help them determine the environmental requirements and permits needed for an activity or business, identify the timeframe for the permitting process, and then help track the progress of the permits.

The two coordinator positions were filled in October 2000. From October 2000 through December 2001, the two offices received 256 assistance requests. About half of the requests were related to specific locations in the state, and these were almost evenly split between the eastern and western counties of North Carolina. In total, the PAC offices have received inquiries involving about 50 of the 100 counties in North Carolina.

Sixty-four percent of the assistance requests have come from customers in North Carolina. Power plants (both natural gas and coal) and pipelines have accounted for about 20 percent of PAC requests. Other requests have been diverse including office parks, warehouses, resorts, manufacturing facilities and more. Many of our customers have indicated that they located our service through the CSC website. The permit assistance related web pages are the most popular on the CSC website. Approximately 75 percent of visitors to the CSC website visit one or more of the permit web pages for information.

The Wilmington Regional Office PAC resigned at the end of November 2001, and the Raleigh Central Office has handled permit assistance requests for the eastern half of the state since then. Because of the current budget situation, the Raleigh office will provide additional permit coordinator support until a Wilmington PAC can be hired. A contact person has been identified in the Asheville Regional Office to assist the PAC effort when needed and to begin assessing permit coordination needs in that region.

2001 HIGHLIGHTS

- provided 190 customers with a greater level of assistance, including customized lists of permits that may apply to their project
- Coordinated 25 pre-application meetings with companies and different agency personnel to identify potential environmental issues and address them early in the planning process
- Contacted economic developers or chambers of commerce in all 100 counties, and also visited with professional engineers and consultants across the state
- developed an interim plan to provide statewide permit coordination during a restrictive budget
- Marketed the DENR Customer Service Center and the one-stop permit assistance program to environmental and consulting firms, state and local governments, professional business organizations, and others who might need permit assistance or environmental information.

PERMIT TRACKING

Since October 2000, there has been an increasing demand for permit identification, time estimates, and coordination of meetings between the customer and all relevant permitting and resource agencies. These pre-application meetings have helped to identify potential environmental or resource obstacles, to determine whether the State Environmental Policy Act may apply to the project, and to go over permit review processes. This early involvement has resulted in a smoother permit application process and a more predictable construction process for the customer. We also

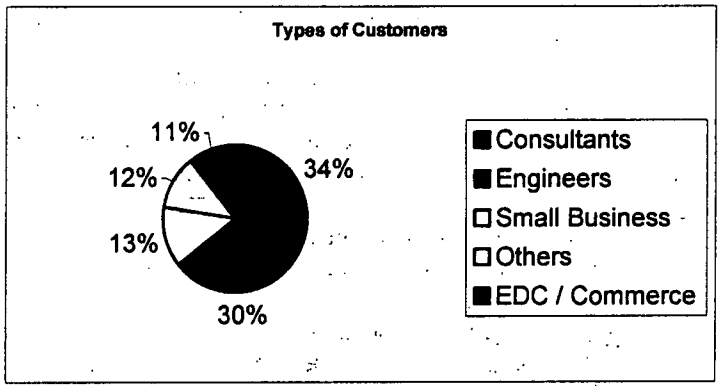
help customers establish contacts for each permitting program, and we're always available to track applications and help resolve problems.

To date, there have been few requests for the permit coordinators to track individual applications. We are currently tracking permits for nine projects. Some customers prefer to track their permits directly through the contacts in each permitting program; some have not determined a site for the facility; some contact us in the very preliminary stages, but are months away from making application; some may be in the submittal stage, but haven't requested our assistance yet to track their permit applications; and some permits cannot yet be tracked through the application tracking system. We will continue to expand the newly developed application tracking system to include more DENR divisions such as Coastal Management and Environmental Health water supply programs.

PROFILES OF OUR CUSTOMERS

- A company with numerous individual plants from air and water to waste disposal recently went through a business restructuring. The PAC helped the company with the appropriate notification and any required application change forms for more than 50 permits.

- A company proposing a large development project in western North Carolina wants the environmental requirements and a potential time frame for the project. The project is near some of the states' cleanest waters and most important resources. Identifying potential obstacles and addressing those environmental hurdles prior to actually beginning the project and spending money is important to the client, so the company sought the assistance of a PAC early in the process.



- The NC Dept of Commerce (DOC) has a potential client who is considering North Carolina and two other states to locate a large water dependent manufacturing facility. In an effort to assist the client in making a decision, DENR and DOC representatives met to identify permitting requirements and to develop a better understanding of the environmental permitting process and timeframes for this particular facility.

- A small coastal town damaged by Hurricane Fran received a FEMA planning grant for a drainage project. Little planning had been done to determine the project scope because local officials were uncertain which agencies needed to be involved to assess the environmental impacts. The PAC explained the process, talked to Emergency Management officials to determine the next steps, arranged a meeting of appropriate permitting agencies and got the project back on track.

FUTURE DIRECTIONS

- Continue to evaluate permit assistance program

- Explore potential for greater internal coordination of projects

- Improve partnership with the Department of Commerce to serve as a primary contact for all new potential business projects that might need environmental permits

- Continue to keep the lines of communication open between project planners, permitting and resource agencies and interested parties, which involves listening to customer needs, establishing realistic and predictable expectations and designing a flexible, effective permit assistance program that addresses those needs.

NC Department of Environment and Natural Resources
Customer Service Center
1640 Mail Service Center, Raleigh, NC 27699-1640
Telephone toll free 1-877-623-6748

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

January 2002

Report of NC Department of Environment and Natural Resources' Reclassification of Regional Managers as directed by Section 26.12 of S.L. 1995-324

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

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Introduction

In 1995, House Bill 229 required DENR to reclassify four of its seven regional office management positions as intergovernmental liaison positions. In 1996 the General Assembly eliminated the remaining three regional office management positions. This left the Department with four intergovernmental liaisons in the Asheville, Mooresville, Wilmington, and Washington Regions as required by HB 229.

Since their inception, the intergovernmental liaison positions have had a working title of Senior Field Officers and have maintained their roles as departmental liaisons in expanded regions (see attached map) to provide intergovernmental services to all areas of the state.

The roles of DENR's Senior Field Officers have evolved, as has DENR's role in environmental and natural resource protection. In 1999 our Senior Field Officer from the Mooresville Region moved to Raleigh to take on an expanded role in environmental justice for the Department. The Senior Filed Officer was also made Deputy Director of Legislative and Intergovernmental Affairs. While expanding this role, the duties of the Senior Field Officer required a continued close relationship with the Mooresville Region. The other Senior Field Officers duties remained the same. To date there have been no changes in the general duties of the Senior Field Officers.

Today, DENR faces another time of transition. Due to a weak economy and continued efforts by the department to do more with less, the Secretary and Chief Deputy Secretary are looking for opportunities to expand the roles of our Senior Field Officers and to utilize their individual strengths to benefit DENR. To this end we are currently revising the Senior Field Officers work plans in order to serve the public and department in the best possible way. Attached you will find a summary of the revised duties for Senior Field Officers.

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

Report of NC Department of Environment and Natural Resources' Reclassification of Regional Managers as directed by Section 26.12 of S.L. 1995-324

Location and Title of the four remaining positions

Each Senior Field Officer covers a region representing approximately one-forth of the state: Western, Central, Northeast and Southeast (see attached map). Senior Field Officers are based in three regional DENR offices, Asheville, Fayetteville and Washington, and in the Central DENR office in Raleigh.

Description of the duties and responsibilities assigned to each position

General Duties

The duties described below apply to all the Senior Field Officers.

I. **Regional Process Improvement** - Participate in the coordination of the review of SEPA documents in Regional Offices to ensure a complete review by all regional staff.

II. **Regional Link to Secretary's Office** -Enhance communication with staff regarding DENR initiatives and program concerns in regions. Report concerns to Secretary and Division Directors for prompt attention to urgent regional issues.

III. **Intergovernmental and Regional Organization** – Provide DENR representation and report to Secretary's Office issues addressed at meetings of regional organizations: i.e. COG's, Economic Development Groups, local government/regional boards and commissions.

IV. **Promote DENR Priorities** – Communicate with regional organizations on initiative and progress being made on departmental priorities at the regional level. (i.e. Open Space & Pollution Runoff)

V. **State Agency Liaison** - Serve as liaison and partner in regional initiatives being conducted by other state agencies in the regions.

Specific Duties

Listed below are specific duties in which Senior Field Officers will take lead roles. While the duties are listed by region these initiatives will be implemented both regionally and statewide.

Western Region:

Initiate One Stop Permitting Process in West Regional Offices - Senior Field Officer will expand to Western North Carolina the DENR one-stop environmental permit application assistance program.

Western Regional Point of Contact for Basinwide Management Initiatives - Acts as departmental point of contact for the public on water qualities initiatives (i.e. Catawba River Basin buffer rules).

Regional Air Summit – Western Regional Senior Field Officer will assist in organizing the 4th annual Air Summit to be held summer of 2002 in North Carolina. The SFO will work with Governor's Office in Washington D.C., Division of Air Quality, and Governor's Office in organizing the two-day conference.

Southeastern Region:

Minority Community Outreach – Senior Field Officer will participate in implementing a minority outreach program at the Regional Offices throughout the state to promote REACH, which is a focused recruitment program and a DENR managed-internship program. The SFO will also be responsible for coordinating job fairs throughout the state. Finally, this position will work with DENR's Personnel Division to develop a plan to improve DENR customer service to minority communities.

Central Region:

Waste Management Community Liaison – Provides assistance to individuals and communities throughout the state that may be impacted by the solid waste disposal facilities (i.e. landfills, transfer stations, etc.) and assist in educating minority communities waste management policies of the state.

DENR Coordinator for Environmental Justice - Tracks environmental justice issues on behalf of the Department and keep Divisions up to date on emerging issues on environmental justice.

Northeastern Region:

Regional Cooperation Liaison – Provides assistance to the development of regional water and wastewater facilities throughout the state. Promotes a regional approach throughout the state as an alternative mechanism that could enhance environmental

conditions, and conserves and preserves valuable natural resources of the state. The Senior Field Officer will work closely with local governments (cities and counties) on developing strategies to promote regional cooperation regarding water and wastewater infrastructure.

Description of the day-to-day activities of each of the positions

Although this position is not operated by regimented activities and requires the flexibility to meet DENR's demands on an "as needed" basis, a general day-to-day format would be as follows:

- Check in with office; respond to emails, voicemails and written correspondence on a prioritized basis.
- Respond to constituent inquiries.
- Meet or talk with DENR regional staff and/or Central Office staff as needed to clarify issues. Receive or supply updates and act as liaison to communicate information to relevant parties.
- Arrange scheduling of meetings with appropriate constituent groups.
- Personal communication with elected and appointed officials in towns, cities and counties throughout region to promote intergovernmental communication and address concerns of officials.
- Presentations and/or meetings with environmental and civic groups on the policies, goals and objectives of the department.
- Represent DENR at meetings and public hearings.
- Travel time spent attending to region wide responsibilities.

Explanation of the purposes each of the positions serve

Each Senior Field Officer represents in a pro-active manner, the Secretary and the Office of Legislative & Intergovernmental Affairs throughout the state to; develop and maintain positive relations with citizens and officials in the area; promote awareness of the Department's mission and programs statewide; and inform the Secretary and Director of local concerns and issues. Each Senior Field Officer also has specific duties and responsibilities that serve the public in the areas of one stop permitting, minority community outreach, regional infrastructure cooperation, and community waste management outreach and other duties as outlined above.

Explanation of how the positions benefit the Department

Senior Field Officers provide a local presence across the state that could not be covered by the Secretary's Office. The Senior Field Officers communicate with local governments and citizens to hear concerns and to assist these constituents face to face. Senior Field Officers work to provide better customer service in the regions as well as across the State. They also provide representation for the Department at functions and activities that could not effectively be served by the Central Office.

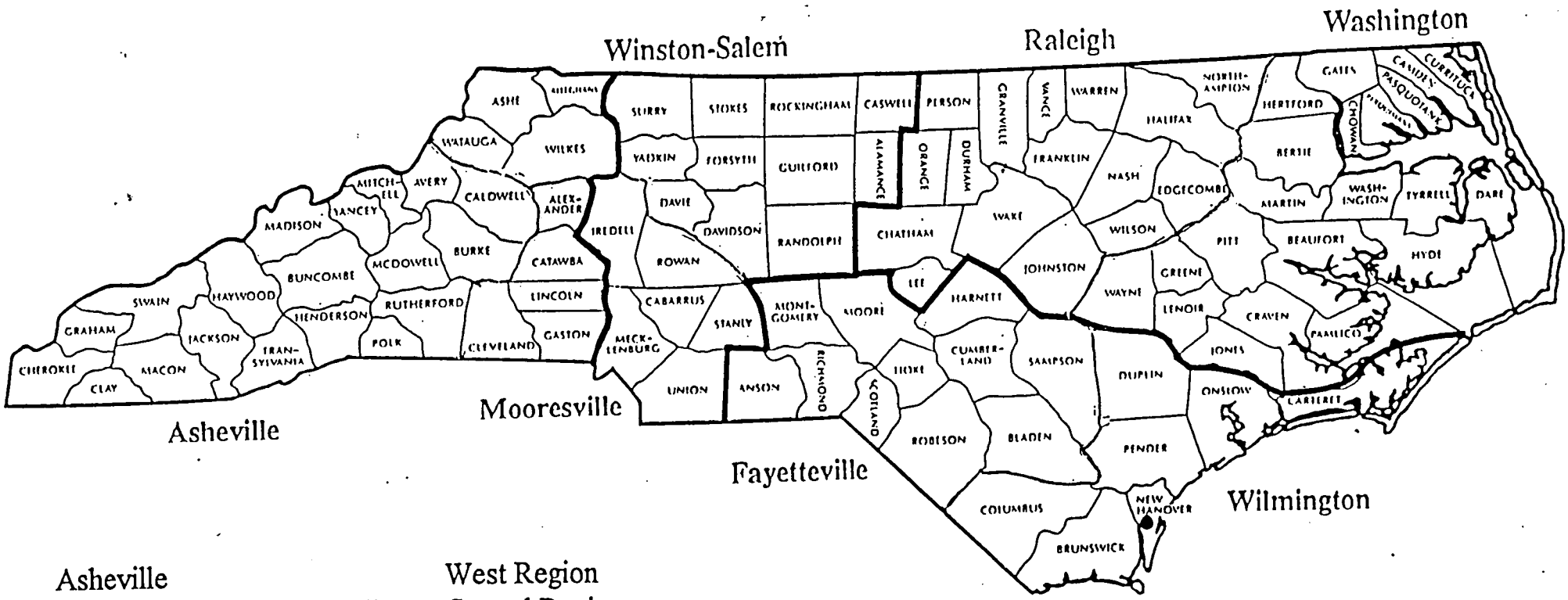
Description of the role that the positions play in each of the respective communities and regions in which the positions are located

Senior Field Officers serve a variety of roles in their regions as mentioned above. Each Senior Field Officer has developed through the years a great understanding of his or her region and have developed relationships and trust with local government officials, individuals and citizen groups. Senior Field Officers act as liaisons between DENR agencies, private citizens, interest/stakeholder groups, governmental entities/officials by bringing an informed yet practical perspective to relevant issues. These relationships allow the Secretary and the Office of Intergovernmental and Legislative Affairs to have a direct link with these constituents for feedback on DENR as an organization and on DENR.

SENIOR FIELD OFFICERS

REGIONAL MAP

N. C. Department of Environment, Health, and Natural Resources



Asheville	West Region
Winston-Salem/Mooresville	Central Region
Fayetteville/Wilmington	Southeast Region
Raleigh/Washington	Northeast Region

REPORT ON

FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM

TO LOCAL GOVERNMENTS

MARCH, 2002

PREPARED BY THE

NORTH CAROLINA DEPARTMENT OF ENVIRONMENT

AND NATURAL RESOURCES

DIVISION OF LAND RESOURCES

With Assistance from the

North Carolina Association of County Commissioners

North Carolina League of Municipalities

Local Sedimentation Control Ordinances Staff

Mr. Kyle Sonnenberg, N. C. Sedimentation Control Commission

INTRODUCTION

This report is in response to the requirements of Section 19.8 of Senate Bill 1005 (2001 Regular Session). Section 19.8 states "The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its findings and recommendations, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002."

Thus, the key requirements of this study are:

- Feasibility of transferring the State program to local governments
- Economic impacts on local governments
- Savings generated for the State
- Statutory changes needed.

In conducting this study, the Department of Environment and Natural Resources, Division of Land Resources (DLR), met with executives of the Association of County Commissioners and the League of Municipalities for consultation and advice. Mr. Kyle Sonnenberg, Southern Pines City Manager and a member of the Sedimentation Control Commission, participated in these meetings. DLR received advice and suggestions from local sedimentation control ordinance managers from across the state at a technical training meeting held for them in January, 2002. Additional consultations were with Mr. Jerry Parker of the Albemarle Public Health District, with Mr. Randy Billings, Executive Director of the Piedmont Triad Council of Governments and President of the N. C. Association of Councils of Governments, with David Owens, Esq., N. C. Institute of Government, and with Tim Morrison, Code Consultant, N. C. Department of Insurance. Within DENR, assistance was provided by Ms. Robin Smith, Mr. Richard Rogers, Ms. Laura DeVivo, Ms. Jane Smith, Ms. Anita Watkins, and Mr. Doug Lewis. The advice and assistance of all of these contributors are appreciated.

FEASIBILITY OF TRANSFER

Legal Provisions and Restrictions

The Sedimentation Pollution Control Act of 1973 (SPCA) (G. S. 113A-50 et seq) authorizes the Sedimentation Control Commission to delegate to local governments the authority to implement the Act as follows:

> "In implementing the erosion and sedimentation control program, the Commission shall:
>
> (1) Assist and encourage local governments in developing erosion and sediment control programs and, as a part of this assistance, the Commission shall develop a model local erosion control ordinance. The Commission shall approve, approve as modified, or disapprove local programs submitted to it pursuant to G. S. 113A-60."(G. S. 113A-54(d)(1))

The Act defines "local governments" as

> "Local government" means any county, incorporated village, town, or city, or any combination of counties, incorporated villages, towns, and cities, acting through a joint program pursuant to the provisions of this Article." (G. S. 113A-52(7))

The Act requires that the Commission assist local governments in developing local programs. This requirement is also stated in G. S. 143B-298 which established the Commission.

The requirements for a local government to qualify for delegation from the Commission are provided in G. S. 113A-60:

(a) Any local government may submit to the Commission for its approval an erosion and sediment control program for its jurisdiction, and to this end local governments are authorized to adopt ordinances and regulations necessary to establish and enforce erosion and sediment control programs. Local governments are authorized to create or designate agencies or subdivisions of local government to administer and enforce the programs. An ordinance adopted by a local government shall at least meet and may exceed the minimum requirements of this Article and the rules adopted pursuant to this Article. Two or more units of local government are authorized to establish a joint program and to enter into any agreements that are necessary for the proper administration and enforcement of the program. The resolutions establishing any joint program must be duly recorded in the minutes of the governing body of each unit of local government participating in the program, and a certified copy of each resolution must be filed with the Commission.

(b) The Commission shall review each program submitted and within 90 days of receipt thereof shall notify the local government submitting the program that it has been

approved, approved with modifications, or disapproved. The Commission shall only approve a program upon determining that its standards equal or exceed those of this Article and rules adopted pursuant to this Article.

(c) If the Commission determines that any local government is failing to administer or enforce an approved erosion and sediment control program, it shall notify the local government in writing and shall specify the deficiencies of administration and enforcement. If the local government has not taken corrective action within 30 days of receipt of notification from the Commission, the Commission shall assume enforcement of the program until such time as the local government indicates its willingness and ability to resume administration and enforcement of the program.

The Act excludes publicly funded projects from the jurisdiction of local governments, as follows:

"Jurisdiction of the Commission.

(a) The Commission shall have jurisdiction, to the exclusion of local governments, to adopt rules concerning land-disturbing activities that are:

(1) Conducted by the State;
(2) Conducted by the United States;
(3) Conducted by persons having the power of eminent domain;
(4) Conducted by local governments; or
(5) Funded in whole or in part by the State or the United States."
(G. S. 113A-56)

Existing Local Ordinances

At the time of this report, the Commission has delegated 43 local sedimentation control ordinances. A list of these is attached (Appendix A). Some of these are county ordinances, some are city ordinances, and some are cooperative ordinances in which a county exercises jurisdiction within one or more cities. An example of the latter is the Wake County ordinance that, by local agreements, exercises jurisdiction within all of Wake County's cities except Raleigh, Cary, Holly Springs and Apex (which have their own ordinances).

As mentioned elsewhere in this report, a driving force for local ordinances is citizens' concern about sedimentation pollution, and awareness that local programs can give much better service and protection than can the State's program.

The existence of these local ordinances and findings that, generally, they are carrying out the purposes of the Act, illustrates the feasibility of local programs under certain conditions. However, disincentives to local governments' adopting sedimentation control ordinances exist. These disincentives, and possible solutions, are addressed in the following section.

Practical Limitations and Barriers, and Possible Solutions

Disincentive 1 to Local Governments' Adopting Erosion and Sedimentation Control Programs:

The State's fee is below the level necessary to support the costs of implementing a local sedimentation control program. One of the primary disincentives for local governments to implement local sedimentation ordinances is cost. Some of the local programs' fees are $500 or more per acre. Attachment B presents the fee schedules of local sedimentation control ordinances for which such data are available at this time. The State's fee is only $40/acre (proposed to be $50/acre effective August 1, 2002), which does not cover the full cost and necessary positions to implement an effective program. Though the State's program is far less expensive, it is also far less effective, since the State can only inspect about once every 4.5 months. Existing local programs inspect sites at a frequency varying from about once per week to once per month. The cost of implementing them is greater than the cost to the State due to the increased frequency of inspections. The total costs range from $39,000/year for small programs (part time to 1 FTE) (an FTE is a full-time equivalent employee), $129,000/year for medium programs (more than 1 to less than 4 FTEs), and to $445,000 per year for large programs (4 or more FTEs) which are offset, or partially offset, by fees. As shown in Attachment B, there is a wide range of fees assessed by local programs. Estimates show that a fee of $300 to $400 per acre would support most local programs with a staff sufficient to inspect sites for sedimentation control plan approval (permitting) and inspections at a frequency of at least once per month.

Proposed Solution 1:

This disincentive could be eliminated or reduced by either providing State subsidies to local programs from the State's general fund or by raising the State fee to a level comparable to the fees required for adequate implementation of a local program. Eliminating the gap between State and local fees would reduce the incentive for local governments to rely on the State's program (instead of adopting local sedimentation ordinances).

Disincentive 2 to Local Governments' Adopting Erosion and Sedimentation Control Programs:

Low Construction Activity - In areas of the State with slow economic growth, few construction sites require permitting and inspection. Attachment C is a list of counties without sedimentation control ordinances and the number of construction sites subject to the Act (land disturbance of one or more acres), based on erosion and sedimentation control plans submitted to the State during the past three years. A few local ordinances are in place in low growth cities and counties, staffed by part-time local government employees. The time and cost required for training in erosion and sedimentation control plan review and inspection for an employee spending only a fraction of her or his time may be burdensome for smaller local governments.

Proposed Solution 2:

Regionalization - Counties and municipalities could form and staff a regional sedimentation control inter-local or joint-powers agreement. Several existing county sedimentation control ordinances exercise jurisdiction in some of its municipalities, but to date, no multi-county sedimentation control programs have been established. Such multi-county regionalized programs have been successful in implementing solid waste, health services, and other programs. Regionalization of sedimentation control programs may have considerable potential. Regional Councils of Government or Soil and Water Conservation Districts might be useful in assisting the development of multi-county sedimentation control programs.

Disincentive 3 to Local Governments' Adopting Erosion and Sedimentation Control Programs:

Jurisdictional restrictions – Some existing local program managers have suggested the provision in the Act limiting jurisdiction on publicly funded projects to the State is a disincentive for local governments to adopt an ordinance.

Proposed Solution 3:

Local oversight of public projects - Allowing local governments to exercise jurisdiction over public projects would give local governments more autonomy when implementing sedimentation and erosion control programs. Making such jurisdiction concurrent with the State's jurisdiction would provide some protection from possible abuse, particularly in local government funded projects. Jurisdiction on federally funded projects should remain exclusively with the State, as should jurisdiction over construction activities by the Department of Transportation and non-local utilities of a state-wide nature and other projects crossing local government jurisdictional boundaries such as pipelines and transmission lines.

Factors Associated With the Adoption of Local Ordinances

Improved protection of water quality and aquatic habitat – North Carolina citizens are becoming increasingly aware that sedimentation is the State's number one pollutant, greatly damaging water quality and especially the habitat of bottom living organisms. Well-staffed and trained local personnel can achieve improved implementation of the Act, particularly by working closely with local land developers and performing more frequent inspections than are done by a limited number of widely dispersed State staff. This should encourage local citizens to support the adoption of sedimentation control local ordinances by their local governments. (It is reported by many of the existing local programs' staffs that citizens' concern about sedimentation pollution was a primary driving force leading to the adoption of their sedimentation control ordinances).

Reduced time for plan approvals – The Act requires that erosion and sedimentation control plans submitted for approval be acted on within 30 days. The State's staff has an internal goal of

acting on plans within 20 days, and generally achieves that goal. A well-staffed and trained local program could act on submitted plans within an even shorter timeframe.

Stronger enforcement tools at the local level – Many of the existing SPCA ordinances utilize their authority to suspend building permits or withhold occupancy permits as an enforcement mechanism for requiring compliance with their sedimentation control ordinance. This enforcement tool is quicker and more effective than the mechanisms available to the State (civil penalties, stop-work orders, injunctive relief).

Implementing federally mandated stormwater control programs – The Environmental Protection Agency's Phase II stormwater regulations require that local governments permitted under Phase II have a program in place to control runoff from construction activities that result in disturbance of 1 acre or more. Approximately 85 local governments are currently subject to EPA's Phase II rules. (Attachment D is a list of these local governments). Each year, more local governments may be subject to the Phase II stormwater rules and will be required to either develop a local sedimentation control program or will rely on the State's program to fulfill EPA's requirements.

Regionalization – As identified elsewhere in this report, multi-county joint-powers agreements for sedimentation control may provide an incentive for some counties, particularly those in low-growth areas, to adopt ordinances. In some areas, this could be compatible with regionalization of other local permitting and inspection programs.

State grants and loans funding – The criteria considered when awarding State grants to local governments, such as grants for infrastructure projects, could be expanded to include credits or points for local sedimentation control ordinances. Furthermore, the scope of the State Revolving Loan Fund could be expanded to allow use of these funds to develop local sedimentation and erosion control programs.

ECONOMIC IMPACT ON LOCAL GOVERNMENTS

The methodology for estimating the economic impacts on local governments is presented in Attachment E. Projecting the costs of the 12 existing local programs surveyed, the statewide costs if all local governments adopted programs and staffed them at the same level as existing programs would be $28,248,000 per year. This would consist of $5,687,000 in current funding for existing local programs and $22,561,000 for all additional local programs needed for statewide coverage.

Sources of funds to offset these costs are addressed elsewhere in this report. In short, the sources could be local program fees, State subsidies, or both.

SAVINGS GENERATED FOR THE STATE

The State Erosion and Sedimentation Program has General Fund appropriations in the range of $2.5 million per year. This appropriation funds 37 positions, which do permitting, enforcement and compliance inspections. (Note: There are 19 fee-supported positions). In 1997,

the Sedimentation Control Commission developed a Plan of Action. As part of that Plan of Action, the Commission recommended to the Governor and the General Assembly that 113 additional appropriated positions were needed to provide inspections at a frequency of once per month, to provide a minimal level of protection to the State's water quality from sedimentation, at an additional cost of about $6,650,000. The Department has requested expansion of the Program in several of the past five years, resulting in an additional 12 positions. It also added 12 fee-supported positions, reducing the number of additional personnel needed to reach the Commission's goal to 89 additional positions. Currently, land-disturbing activities are inspected by the State Program an average of once every 4.5 months. As more local governments adopt erosion and sedimentation control programs, the need for state personnel to meet the Commission's goal of monthly inspections will be reduced, resulting in a saving to the state while still protecting water quality. If local governments implement the Act on most land-disturbing activities, these additional State staff positions will not be needed. By reducing the need for expanding the State program, this could result in savings of about $4,450,000 to the State (89 positions at approximately $50,000 each), while improving the level of protection to the state's waters from sedimentation.

To ensure improvement of water quality protection, delegation to local governments will still require a significant role for a State erosion and sedimentation control program. Based upon the Sedimentation Control Commission's 27 years of delegating and reviewing local programs, it is clear that continuous guidance and training is needed for local erosion and sedimentation programs of all sizes, particularly those small programs without engineering staff. A greater number of local government personnel working in the program will require even greater erosion and sedimentation control outreach and training, which must be provided at the state level. Further, the Commission, through its staff, has a duty to monitor the performance of local ordinances, particularly with regard to quality of work and commitment to enforcement. For those projects that geographically span multiple local jurisdictions, particularly DOT, the State program is needed for consistent regulation. State program staff will be needed to inspect those land-disturbing activities not turned over to local governments, such as those performed by DOT and the federal government. If all local governments implement sedimentation control ordinances, the State would need an estimated 12 positions for monitoring and training local ordinance personnel and 25 positions for compliance inspections on DOT and federal construction projects (at an inspection frequency of once per month, greater than the current inspection role of once every 4.5 months).

A relevant distinction here is that the current State program is underfunded in terms of getting the desired environmental protection gained by monthly inspections of sites. Accomplishing monthly or more frequent inspections with the focus on delegated programs will cost an additional $22.56 million for local governments with a cost avoidance of $4,450,000 for the State. The State's focus would then be on training and oversight, not plan evaluation and inspections. By way of comparison, a State-run program doing monthly inspections would cost an additional $4,450,000 either through fees or appropriations, (89 positions times $50,000) with no additions/reductions for local units of government. (Costs and/or savings are sometimes incorrectly identified when in fact they are only shifting the burden to some other party).

STATUTORY CHANGES NEEDED TO TRANSFER SEDIMENTATION PROGRAM

Expand Jurisdiction of Local Governments to Regulate Erosion Control - As previously noted in this report, amending the Act to address current limitations on local programs to include publicly funded construction projects in the scope of their program would provide an incentive for adoption of local sedimentation control ordinances. DLR recommends that the amendments provide the Commission with concurrent jurisdiction on local and State projects, with the exception that DOT, projects crossing multiple jurisdictions, and federal projects should remain under the exclusive jurisdiction of the Commission.

Increase Fees for the State's Processing of Erosion and Sedimentation Control Plans - The relatively low fee of $40 (proposed $50) per acre (to support permitting and compliance inspections) is a disincentive for the adoption of local sedimentation control ordinances. Raising the State's fee to an appropriate level would eliminate the gap between the current State fee and the level of fees needed to implement a local program. To increase the State's fee, an amendment to the Act would be required, removing the present "cap" of $50 per acre. The amendment could increase the cap, set the fee, refer setting an increased fee to the Commission or a combination of these alternatives. DLR suggests that the General Assembly set the cap at $500 per acre, establish the fee at $100 per acre to be increased by $100 per acre two years after enactment, and continue to authorize the Commission to establish future fee increases between the $200 legislated fee and the $500 cap.

Attachment A

Local Erosion and Sediment Control Ordinances Contact Information

Town of Apex
Rocky Ross/ Don LaMontagne
Erosion Control Officer
PO Box 250
Apex, NC 27502
Phone: (919) 249-3397
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City of Asheboro
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Public Works Specialist
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City of Asheville
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Avery County
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Local Erosion and Sedimentation Control Fees
Attachment B

Local Program	Plan Review Fees	Revised Plan Fee	Estimated FTE (hours/week)
Town of Apex	$425 per disturbed acre, 10 acre max	$0	40hrs/week
City of Asheboro	$0	$0	10hrs/week
City of Asheville	$0 <1000 sq. ft.	$0	82 hrs/week
	$270 between 1000 and 10,000 sq. ft		
	$540 between 10,000 sq ft and 1 acre		
	$540 any additional acre or portion thereof		
Avery County	$50 Single Family/Small Commercial	$0	20hrs/week
	Commercial Developments:		
	$100 for 2-5 units/site		
	$200 for 6-10 units/site		
	$200 plus $10 for each additional unit above 10 units/site		
	$125, land grub/clearing permit		
Town of Ayden	$200 per disturbed acre or fraction thereof	$200 each additional acre disturbed	5hrs/week
Town of Beech Mtn.	$0	$0	10 hrs/week
	review if 0.5 acres or more but no fee		
Town of Boone	$30 single family under 0.5acres	$100 after the second revision	25-30hrs/week
	$200 single family between 0.5 and 1 acre (base fee)		
	$200 commercial 0 to 1 acre (base fee)		
	$100 each additional acre		
Buncombe County	$250 per disturbed acre	$0	138hrs/week
City of Burlington	$0 if under 1 acre	$50 each additional acre disturbed	20hrs/week
	$200 1 to 2 acres		
	$50 >2 acres		

	(rounded to the nearest whole)		
Cabarrus County	$100 first acre and $30 each additional $15 permit fee for less than 1 acre	$30 each additional acre disturbed	40 hrs/week
Town of Cary	$165 per denuded acre (submittal fee), submittal fee if disturbed area greater than 12,000 sq.ft.	$0	96 hrs/week
Town of Chapel Hill	See Orange County		Orange Co. provides
Durham City/County	$60 per disturbed acre permit fee: $195 between 12,000 sq ft and 1 acre $405 if greater than 1 acre	$0	188hrs/week
Grandfather Village	$0	$0	2hrs/week
City of Greensboro	No plan review fee but charge a building permit fee of $1.25 per $1000 of construction cost	$0	120hrs/week
Guilford County	$46.30 between 1 and 2.9 acres $23.15 each additional acre	$23.15 per additional acre disturbed acre	40hrs/week
Haywood County	$100 per acre above 0.5 acres fractionally pro-rated	$0	70hrs/week
City of Henderson	$100 between 0.5 and 0.99 acres $200 between 1 and 3 acres $300 above 3 acres	$0	4 hrs/week
City of Highlands	$300 greater than 1 acre, max of 20 acres disturbed	Not sure	10hrs/week
City of High Point	$300 for 0 to 1 acre $100 each additional acre	$0	80hrs/week
Jackson County	$50 per acre if greater than 1 acre	$50 per additional acre disturbed	80hrs/week
City of Jacksonville	$0 between 0 and 0.99 acres $200 for first acre	$0	40hrs/week

	$100 each additional acre or part thereof		
Town of Kill Devil Hills	$60 for land dist activities greater/equal to 0.5 acres	$0	2hrs/week
Town of Kitty Hawk	$0.005 per sq/ft. disturbed area. Max of $1000	$0	
Mecklenburg County	$750 + ($150*total acres)+ (250*denuded acres) for 1 or more acres of disturbance Fee also covers storm drain, roads& driveway review	$150 for less.than 1 added acre $500 for greater than 1 added acre	250 hrs/week
New Hanover County	$25 per acre up to 10 acres $50 per additional acre over 10 acres	$0	48hrs/week
City of Newton	$25 for 20,001 sq.ft to 43,559 sq.ft $100 for 43,560 sq. ft rounded to nearest half acre	$0	5hrs/week
Orange County	Rural: $158 per acre disturbed, permit is $310 Urban: $272 per acre disturbed, permit is $646 Intense Urban: $507 per acre disturbed, permit $1,241		
Pitt County	$200 per disturbed acre	$0	40hrs/week
City of Rocky Mount	$40 per acre, 1 or more disturbed acres	If additional acreage If plan greater than 2yrs old	
Rowan County	$30 for 1 acre $20 each additional acre	$0	20-25hrs/week
Town of Southern Pines	$150 up to 1 acre	$0	140hrs/week
	$75 each additional acre or part thereof		
Swain county	$0	$0	30 hrs/week
Watauga County	$30 for 1st acre $20 each additional or part thereof	$0	30 hrs/week
Wake County	$250 per acre disturbed up to 10 acres no charge above 10 acres	$75 for revised but 1st revision free	168 hrs/week

Winston-Salem	$330 for 1st acre (includes grading)	0	105hrs/week
	$110 each additional acre (includes grading)		
	Plan thresholds		
	Commercial 10,000sq ft and greater (max of 20 acres)		
	Residential 20,000sq ft and greater		

Attachment C

Counties Without Sedimentation Control Ordinances

Sediment Projects		
1998-1999 – Projects	1999-2000- Projects	2000-2001- Projects
Alamance - 53	Alamance - 40	Alamance – 67
Alexander – 21	Alexander – 10	Alexander – 21
Alleghany - 08	Alleghany - 11	Alleghany – 11
Anson – 05	Anson – 04	Anson – 17
Ashe – 18	Ashe – 15	Ashe – 28
Beaufort – 49	Beaufort – 18	Beaufort – 38
Bertie – 06	Bertie – 10	Bertie – 04
Bladen – 05	Bladen – 14	Bladen – 15
Brunswick – 136	Brunswick – 95	Brunswick – 95
Burke – 30	Burke – 30	Burke – 30
Caldwell – 34	Caldwell – 31	Caldwell – 34
Camden – 05	Camden – 02	Camden – 10
Carteret – 47	Carteret – 36	Carteret – 04
Caswell – 10	Caswell – 10	Caswell – 11
Catawba – 112	Catawba – 118	Catawba – 132
Chatham – 40	Chatham – 25	Chatham – 41
Cherokee – 19	Cherokee – 10	Cherokee – 12
Chowan – 06	Chowan – 09	Chowan – 07
Clay – 08	Clay – 02	Clay – 06
Cleveland – 46	Cleveland – 27	Cleveland – 44
Columbus – 23	Columbus – 15	Columbus – 19
Craven – 50	Craven – 32	Craven – 42
Cumberland – 167	Cumberland – 117	Cumberland – 92
Currituck – 13	Currituck – 18	Currituck – 17
Dare – 12	Dare – 11	Dare – 20
Davidson – 78	Davidson – 60	Davidson – 99
Davie – 24	Davie – 18	Davie – 24
Duplin – 15	Duplin – 10	Duplin – 17
Edgecombe – 18	Edgecombe – 21	Edgecombe – 28
Franklin – 41	Franklin – 31	Franklin – 50
Gaston – 112	Gaston – 81	Gaston – 98
Gates – 01	Gates – 0	Gates – 02
Graham – 01	Graham – 04	Graham – 0
Granville – 28	Granville – 25	Granville – 28
Greene – 06	Greene – 07	Greene – 03
Halifax – 16	Halifax – 13	Halifax – 13
Harnett – 62	Harnett – 44	Harnett – 53
Henderson – 64	Henderson – 49	Henderson – 53
Hertford – 13	Hertford – 06	Hertford – 07
Hoke – 14	Hoke- 17	Hoke – 18

Hyde – 05	Hyde – 01	Hyde – 03
Iredell – 161	Iredell – 95	Iredell – 132
Jackson – 27	Jackson – 21	Jackson – 23
Johnston – 130	Johnston – 94	Johnston – 110
Jones – 0	Jones – 03	Jones – 04
Lee – 31	Lee – 15	Lee – 35
Lenoir – 30	Lenoir – 32	Lenoir – 27
Lincoln – 61	Lincoln – 39	Lincoln – 74
Madison – 07	Madison – 03	Madison – 08
Martin – 13	Martin – 07	Martin – 08
McDowell – 16	McDowell – 15	McDowell – 24
Mitchell – 05	Mitchell – 06	Mitchell – 10
Montgomery – 19	Montgomery – 08	Montgomery – 24
Moore – 38	Moore – 31	Moore – 37
Nash – 31	Nash – 19	Nash – 52
Northampton – 06	Northampton – 05	Northampton – 03
Onslow - 74	Onslow – 54	Onslow – 68
Pamlico – 09	Pamlico – 07	Pamlico – 06
Pasquotank – 19	Pasquotank – 06	Pasquotank – 20
Pender – 45	Pender – 30	Pender – 27
Perquimans – 05	Perquimans – 11	Perquimans – 05
Person – 33	Person- 26	Person – 21
Polk – 06	Polk – 10	Polk – 16
Randolph – 62	Randolph – 37	Randolph – 47
Richmond – 16	Richmond – 16	Richmond – 16
Robeson – 51	Robeson – 30	Robeson – 75
Rockingham – 47	Rockingham – 23	Rockingham – 32
Rutherford – 31	Rutherford – 21	Rutherford – 41
Sampson – 38	Sampson – 28	Sampson – 09
Scotland – 08	Scotland – 07	Scotland – 12
Stanly – 25	Stanly – 25	Stanly – 34
Stokes – 11	Stokes – 17	Stokes – 10
Surry – 36	Surry – 31	Surry – 31
Transylvania – 21	Transylvania – 19	Transylvania – 25
Tyrell – 01	Tyrell – 03	Tyrell – 03
Union – 125	Union – 108	Union - 164
Vance – 21	Vance – 09	Vance – 16
Warren – 05	Warren – 13	Warren – 07
Washington – 15	Washington – 02	Washington – 07
Wayne – 68	Wayne – 38	Wayne – 62
Wilkes – 66	Wilkes – 32	Wilkes- 67
Wilson – 46	Wilson – 33	Wilson – 45
Yadkin – 23	Yadkin – 11	Yadkin – 28
Yancey - 05	Yancey - 05	Yancey – 34

March, 2002

ATTACHMENT D

Phase I and Phase II Number	(Automatic Federal Designation) Unit of Government	County	Local Soil & Erosion Program	EPA Designated into Phase I or II Stormwater Program
1	Apex	WAKE	Yes	Phase II (Apdx 6)
2	Archdale	RANDOLPH		Phase II (Apdx 6)
3	Asheville	BUNCOMBE	Yes	Phase II (Apdx 6)
4	Belmont	GASTON		Phase II (Apdx 6)
5	Belville	BRUNSWICK		Phase II (Apdx 6)
6	Bessemer City	GASTON		Phase II (Apdx 6)
7	Biltmore Forest	BUNCOMBE		Phase II (Apdx 6)
8	Black Mountain	BUNCOMBE		Phase II (Apdx 6)
9	Brookford	CATAWBA		Phase II (Apdx 6)
10	Burlington	ALAMANCE	Yes	Phase II (Apdx 6)
11	Carrboro	ORANGE		Phase II (Apdx 6)
12	Cary	WAKE	Yes	Phase II (Apdx 6)
13	Chapel Hill	ORANGE	Yes	Phase II (Apdx 6)
14	Charlotte	MECKLENBURG	Yes	Phase I
15	China Grove	ROWAN		Phase II (Apdx 6)
16	Clemmons	FORSYTH		Phase II (Apdx 6)
17	Concord	CABARRUS		Phase II (Apdx 6)
18	Conover	CATAWBA		Phase II (Apdx 6)
19	Cramerton	GASTON		Phase II (Apdx 6)
20	Dallas	GASTON		Phase II (Apdx 6)
21	Durham	DURHAM	Yes	Phase I
22	Elon College	ALAMANCE		Phase II (Apdx 6)
23	Fayetteville	CUMBERLAND		Phase I
24	Fletcher	HENDERSON		Phase II (Apdx 6)
25	Garner	WAKE		Phase II (Apdx 6)
26	Gastonia	GASTON		Phase II (Apdx 6)
27	Gibsonville	GUILFORD		Phase II (Apdx 6)
28	Goldsboro	WAYNE		Phase II (Apdx 6)
29	Graham	ALAMANCE		Phase II (Apdx 6)
30	Greensboro	GUILFORD	Yes	Phase I
31	Greenville	PITT	Yes	Phase II (Apdx 6)
32	Haw River	ALAMANCE		Phase II (Apdx 6)
33	Hickory	CATAWBA		Phase II (Apdx 6)
34	High Point	GUILFORD	Yes	Phase II (Apdx 6)
35	Hildebran	BURKE		Phase II (Apdx 6)
36	Hope Mills	CUMBERLAND		Phase II (Apdx 6)
37	Indian Trail	UNION		Phase II (Apdx 6)
38	Jacksonville	ONSLOW	Yes	Phase II (Apdx 6)
39	Jamestown	GUILFORD		Phase II (Apdx 6)
40	Kannapolis	CABARRUS		Phase II (Apdx 6)
41	Landis	ROWAN		Phase II (Apdx 6)
42	Leland	BRUNSWICK		Phase II (Apdx 6)
43	Long View	CATAWBA		Phase II (Apdx 6)
44	Lowell	GASTON		Phase II (Apdx 6)
45	Matthews	MECKLENBURG		Phase II (Apdx 6)

46	Mcadenville	GASTON		Phase II (Apdx 6)
47	Mebane	ALAMANCE		Phase II (Apdx 6)
48	Mint Hill	MECKLENBURG		Phase II (Apdx 6)
49	Montreat	BUNCOMBE		Phase II (Apdx 6)
50	Mount Holly	GASTON		Phase II (Apdx 6)
51	Newton	CATAWBA		Phase II (Apdx 6)
52	Pineville	MECKLENBURG		Phase II (Apdx 6)
53	Raleigh	WAKE	Yes	Phase I
54	Ranlo	GASTON		Phase II (Apdx 6)
55	Rocky Mount	NASH	Yes	Phase II (Apdx 6)
56	Rural Hall	FORSYTH		Phase II (Apdx 6)
57	Spring Lake	CUMBERLAND		Phase II (Apdx 6)
58	Stallings	UNION		Phase II (Apdx 6)
59	Thomasville	DAVIDSON		Phase II (Apdx 6)
60	Walkertown	FORSYTH		Phase II (Apdx 6)
61	Weaverville	BUNCOMBE		Phase II (Apdx 6)
62	Wilmington	NEW HANOVER		Phase II (Apdx 6)
63	Winston-Salem	FORSYTH	Yes	Phase I
64	Winterville	PITT		Phase II (Apdx 6)
65	Woodfin	BUNCOMBE		Phase II (Apdx 6)
66	Wrightsville Beach	NEW HANOVER		Phase II (Apdx 6)
Counties Designated				
1	Alamance			Phase II (Apdx 6)
2	Brunswick			Phase II (Apdx 6)
3	Buncombe		Yes	Phase II (Apdx 6)
4	Burke			Phase II (Apdx 6)
5	Cabarrus		Yes	Phase II (Apdx 6)
6	Catawba			Phase II (Apdx 6)
7	Cumberland			Phase I
8	Davidson			Phase II (Apdx 6)
9	Durham		Yes	Phase II (Apdx 6)
10	Edgecombe			Phase II (Apdx 6)
11	Forsyth		Yes	Phase II (Apdx 6)
12	Gaston			Phase II (Apdx 6)
13	Guilford		Yes	Phase II (Apdx 6)
14	Harnett			Phase II (Apdx 6)
15	Henderson			Phase II (Apdx 6)
16	Mecklenburg		Yes	Phase II (Apdx 6)
17	Nash			Phase II (Apdx 6)
18	New Hanover		Yes	Phase II (Apdx 6)
19	Onslow			Phase II (Apdx 6)
20	Orange		Yes	Phase II (Apdx 6)
21	Pitt		Yes	Phase II (Apdx 6)
22	Randolph			Phase II (Apdx 6)
23	Rowan		Yes	Phase II (Apdx 6)
24	Union			Phase II (Apdx 6)
25	Wake		Yes	Phase II (Apdx 6)
26	Wayne			Phase II (Apdx 6)

Source: DENR/Div. Of Water Quality

ATTACHMENT E

ECONOMIC IMPACT ON LOCAL GOVERNMENTS

To estimate the cost of transferring the State Erosion and Sedimentation Control Program to local governments, existing local erosion and sedimentation programs were grouped by size. An estimated cost of each size of program was determined by surveying representative samples of existing local programs in each category size. Next, an estimate was made of the number of local erosion and sedimentation programs that could result from the transfer of the State Program to local governments. Then, assuming all local governments will adopt sediment control programs, a statewide cost was determined by using the percentage of each of the number of local programs in each size category multiplied by the cost of that size program.

Size Grouping

For purposes of cost analysis, local programs can be grouped into three size categories as follows:

Small:	Part time to one full time equivalent (FTE)
Medium:	greater than 1 to less than 4 FTE's
Large:	4 or more FTE's

Survey of Cost of Local Erosion and Sedimentation Control Programs

Four small programs, five medium programs, and three large programs from each group were surveyed. The survey was used to determine an average cost of a program for each group. Direct and indirect costs were estimated.

Size of Program	Number of Programs	Percentage of Existing Programs	Cost of Program per Year (Rounded)
Small	16	37%	$ 39,000
Medium	22	51%	$129,000
Large	5	12%	$445,000

Number of Local Erosion and Sedimentation Control Programs

Currently, 30 municipalities and 16 county governments (three of the programs are a combination of a county and a municipality) have a delegated erosion and sedimentation control program, leaving 499 municipalities and 84 counties without a delegated program. Based on existing programs, it is estimated that 25% of the municipalities would prefer delegation of their own program, independent of their county program.

Based on this assumption, the total estimated number of additional local erosion and sedimentation control programs would be: 84 + (.25 X 499) = 209 programs.

Considering the size distribution of existing programs, and adjusting that distribution slightly based on the professional judgment that a higher percentage of new programs would be small and medium sized versus large programs, it is estimated that the distribution of new programs would be Small (40%), Medium (55%) and Large (5%)

Total Estimated Cost of New Local Erosion and Sedimentation Control Programs

	Number of Programs	Estimated Average Cost	Totals
Small	84 programs	$ 39,000 per program	$ 3,276,000
Medium	115 programs	$129,000 per program	$ 14,835,000
Large	10 programs	$445,000 per program	$ 4,450,000
Total	209		$ 22,561,000

Including the estimated cost of existing local erosion and sedimentation control programs of $5,687,000, the total statewide cost for all local governments' programs would be approximately $28,248,000 per year.

This statewide cost estimate is a projection from existing local program costs, and is related to the inspection frequency of existing local programs. The inspection frequency of the local programs varies widely, but is generally more frequent than once per month per site.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/Subcommittee on Natural and Economic Resources — **March 27, 2002**

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Lori Greenstein	NC Biotechnology Center
Charles Hamner	"
Steve Wall	Conservation Council
FRANCIS M. NEILLS	DENR - DLR
TOM Greenwood	NC's Eastern Region
JOHN GOODMAN	LINWOOD MERCER & ASSOC
Jim Newell	OSBM
Johnny Gray	OSBM
KEVIN LEONARD	NCDOL
Cathy Scott	NC Northeast Partnership
Beth Anne Mumford	NCPC
Rann Carpenter	NCPC
John McHugh	Gov office
Steve Woodson	NC Farm Bureau
Ruth Davis Procton	NCTDA
Ted Morris	NCTDA
RAY DENNY	NC DOC
Richard Rogers	NC DENR
Lucius Pullen	~~ATTORNEY~~
Cr. Thomas Porter	MT+E
DAVID EMMETT	NCTDA
Charles Gardner	DENR
Doris Watkins	SEANC
Laura Harper	SEANC
Carole Cantle	EGIS
Jerry Hardesty	NC Bar Assoc.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/Subcommittee on Natural and Economic Resources — **March 27, 2002**

Name of Committee — Date

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Richard Wilson	NCHBA
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Stephen T. Bowen	LLPP
PAUL REYNOLDS	NCACC
Jane Smith	DENR
Roger Bone	Bone Assoc.
Kodi Ann Harris	LA Harris & Assoc
JIM FAIN	DOC
Kyle Summerlin	Sed. Contrl Commission
Kim Webb	NCLM

Joint Appropriations Subcommittee on Natural and Economic Resources

April 24, 2002
Senator Bob Martin, Presiding

1. **Chairman's Comments**

2. **Terrorism Defense Expenditures**

   Department of Environment and Natural Resources
   Division of Air Quality
   Division of Water Quality
   Dempsy Benton, Chief Deputy Secretary

   Department of Agriculture and Consumer Services
   Emergency Programs
   John Hoffman
   Bio-terrorism Specialist

3. **Review of Approach to Budget Reductions**

4. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, April 24 at 8:30 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, April 24 at 8:30 a.m. in Room 423 of the Legislative Office Building. Three Senate members attended the meeting, including the Chairman, Senator Bob Martin, who presided. Representatives Owens, Fox, Warren, Hunter, Mitchell, Warwick, and Weatherly, were present.

Senator Martin called the meeting to order. Jennifer Willis, Fiscal Research, explained the Terrorism Defense Expenditures item. She said that last year they had approved the use of and allowed the Governor to access up to $30 million from the reserve account for terrorism defense activity. As part of that bill, you required Secretary Beatty, Department of Crime Control and Public Safety, to come report to the Governmental Operations Committee on expenditure activities. In April, Secretary Beatty reported on two grants that he had made to Department of Environment and Natural Resources, one in the Division of Air Quality and the other in the Division of Waste Management. During the report, a number of questions were asked about the use of the money. The Gov Ops Subcommittee recommended that the NER Appropriations Committee hear these two reports. Secretary Beatty said he would not release any funds to DENR until the committee made a recommendation.

Mr. Dempsy Benton, Chief Deputy Secretary, Department of Environment and Natural Resources, presented both grants from the Division of Air Quality and the Division of Waste Management. These are Attachments A and B of these minutes.

Jennifer Hoffmann, Fiscal Research, asked the committee if they wanted to take a position of support on these grant proposals. Committee members

questioned leaving the monies in the Reserve Account or approve and transfer funds to the requesting agency on a timely basis.

Mr. John Hoffman, Bio-terrorism Specialist with the Department of Agriculture and Consumer Services, gave a summary of the status of each project for which funding from the Savings Reserve Account was provided. This is Attachment C of these minutes.

Representative Owens made a motion to keep the money in reserve and have the Departments to find out what capabilities are in place to provide the state protection. Motion carried.

Senator Martin said the Committee would convey to Secretary Beatty that the money stay in reserve until the research had been done to find other capabilities that would be available.

Jennifer Hoffmann, Fiscal Research, reviewed the approach to budget reductions and rules for the Joint Appropriations Subcommittees. These are Attachment D and E of these minutes.

The meeting adjourned at 10:00 a.m.

R S Martin

Senator R.L. "Bob" Martin
Vice Chairman

Carolyn M Gooden

Carolyn Gooden
Committee Clerk

Attachment A

REC'D MAR 14 2002

North Carolina Department of Crime Control and Public Safety

Michael F. Easley, Governor

Bryan E. Beatty, Secretary

March 13, 2002

MEMORANDUM

TO: Dempsey Benton
Chief Deputy Secretary, N. C. Department of Environment and Natural Resources

FROM: Bryan E. Beatty B. E. Beatty
Secretary, Department of Crime Control and Public Safety

SUBJECT: Approval of Terrorism Funds

I am pleased to inform you that the Committee on Terrorism has reviewed your request for the use of the special allocation of funds for terrorism defense and the project listed below has been approved for the amounts indicated:

Approved Project:
Rapid Response Laboratory – Division of Air Quality

Total Approved Funding:
FY01/02 $1,169,848

This notification allows your agency to budget project funds using a type 11 budget revision. As expenditures occur, copies of invoices with a cover memo requesting funds will be submitted to Fred Tucker, Controller, Department of Crime Control and Public Safety. Request for funds will be reviewed, approved and transferred electronically to the requesting agency on a timely basis. Should you have any questions concerning the procedures for requesting and receiving these funds from the Department of Crime Control and Public Safety, please contact, Fred Tucker, at 919-733-2193, extension 251.

The Committee on Terrorism appreciates your time and attention to strengthen security measures for the protection of North Carolina Citizens. Thank you very much.

CC: David McCoy, State Budget Office

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Mail Service Center
Raleigh, NC 27699-4701
Telephone: (919) 733-2126

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North Carolina Department of Crime Control and Public Safety

Michael F. Easley, Governor

Bryan E. Beatty, Secretary

February 21, 2002

MEMORANDUM

TO: Chief Deputy Secretary Dempsey Benton
N. C. Department of Environment and Natural Resources

FROM: Secretary Bryan E. Beatty B. E. Beatty

RE: Acknowledgment of Request for Terrorism Preparedness Funding

This is to acknowledge receipt of your letter dated January 28, 2002, and the related attachments concerning your department's request for funding to address terrorism issues.

The request will be reviewed by a committee on which I serve along with representatives from the Governor's Office and the State Budget Office. If the committee has questions concerning the request, we will contact Dexter R. Matthews, who was listed as the contact person on your request summary worksheet.

You will be notified of the committee's decision concerning your department's request.

BEB:jt

cc: David McCoy, Director, OSBM

MAILING ADDRESS:
4701 Mail Service Center
Raleigh, NC 27699-4701
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NCDENR

North Carolina Department of Environment and Natural Resources

Michael F. Easley, Governor

February 4, 2002

William G. Ross Jr., Secretary

MEMORANDUM



TO: Bryan Beatty, Secretary of Crime Control & Public Safety
David McCoy, State Budget Officer

FROM: Dempsey Benton

SUBJECT: Terrorism Defense Funding Request

A high-level summary of the Department of Environment and Natural Resources, Division of Air Quality's proposal for chemical agent monitoring is attached. This summary is prepared using the guidelines and format established by the Department of Crime Control and Public Safety.

The purpose for accessing terrorism defense funds by the Division of Air Quality is to acquire funds for the development of a rapid-response laboratory to provide diagnostic capacity near-site using Air Quality's technical and analytical expertise.

The proposal also seeks three time-limited analytical chemist positions through 2003 to provide a resource to develop this capability for the state. The need for these positions can be realized by reviewing attachment 1 enclosed with the package. The attachment lists chemicals and classes of chemicals considered likely agents to be used in the event of a chemical terrorism incident. These three chemists will be required to develop methods to measure as many of these chemicals as is feasible.

If additional information is needed, please advise.

cc: Bill Ross
Alan Klimek
Eric Tolbert
Jane Smith

1601 Mail Service Center, Raleigh, North Carolina 27699-1601
Phone: 919-733-4984 \ FAX: 919-715-3060 \ Internet: www.enr.state.nc.us/ENR/

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NC TERRORISM DEFENSE FUNDING REQUEST SUMMARY WORKSHEET

Department: Environment & Natural Resources **Contact Person:** Lorene P. Cherry

Phone: 733-1476 **Email:** lori.cherry@ncmail.net

I. BUDGET SUMMARY - Provide high-level summary information of your terrorism defense funds request in the space provided below. Also attach a copy of a Worksheet II to your request.

IA. State Fiscal Year 2001/2002/2003 Funding and Position Summary

	Agency Request	CCPS Approved Amounts
Requirements	$1,350,469 (total)	1,169,848
Receipts		
Appropriations	$1,350,469 (total)	1,169,848
Positions 2001/2002 (time limited only) [3]	$45,153	45,153
Positions 2002/2003 (time limited only) [3]	$180,621	ø

II. PURPOSE: (Briefly describe the purpose for the terrorism defense funds. Describe the public safety risks, urgency and benefits resulting from accessing terrorism defense funds).

The purpose for accessing terrorism defense funds by the Division of Air Quality (DAQ) is for the development of a rapid-response laboratory with advanced technical lab space to provide diagnostic capacity near-site for chemical response teams. These mobile resources provide capacity in four specific technical areas: chemical monitoring and analysis, exposure assessments, and dispersion modeling. DAQ currently provides some expertise in these areas during emergency responses; however, the existing capability is not adequate to assess possible terrorism events, especially with respect to the sampling and analysis of chemical warfare agents. The federal Centers for Disease Control and the Department of Defense have identified at least 50 specific chemical agents or classes of agents that could be used in a potential chemical attack. Attachment 1 is a listing of these potential agents. These include nerve agents, pulmonary agents, blood and blister agents, toxic industrial chemicals pesticides, poisons etc. The vast majority of these are industrial chemicals with which DAQ has experience. Much of the equipment available to the first responders (fire fighters, EMS, Hazmat teams, police etc.) is either not sensitive enough or not specific enough to provide adequate characterization of an incident. Inadequate assessment could place these first responders and the public at increased risk of exposures. Additionally, the ability to analyze chemical samples near-scene and provide interpretation of results effectively relieves these responders from having to use their limited resources to assess a situation by having DAQ provide the more technical resources to characterize the air environment. This could release the responders to be focused on more relevant response needs. Aside from maximizing first responder resources, analytical services can also be used during the recovery phase to evaluate the efficacy of the recovery. DAQ could also provide expertise in ai

dispersion modeling of contaminant plumes. Previously identified vulnerabilities are external ground-level releases or releases from an airplane.

III. RESOURCE DESCRIPTION: (Describe the types of equipment, services, personnel and resources needed).

For rapid-response mobile laboratory capabilities significant equipment and supply purchases will be needed. An appropriately sized and equipped lab trailer with transport (or equivalent) is conceived as the operational base. The lab will be outfitted with a range of chemical sampling, detection and analytical equipment with at least five analytical systems plus consumables and supplies to handle the widest range of chemical possibilities. (Again, see attachment 1). The rapid-response lab will require support systems such as meteorological equipment, modeling software, and safety and communications equipment. Attachment 2 is the Detail Funding Worksheet that provides a description of the major types or classes of equipment or their equivalents being recommended.

While the laboratory infrastructure is being established, three time-limited work-experienced analytical chemists will be required to empirically develop techniques for acquiring an air sample and analyzing it. Established sampling and analytical methods do not exist in the scientific or technical literature for many of these compounds—i.e., there is no "cookbook" approach available. Therefore, to be able to sample, identify and quantify a potential chemical agent, these chemists will be drawing from their own analytical expertise, existing techniques in the field of air monitoring and analytical chemistry to create new and original methods that can be employed under difficult field situations and with a mobile laboratory- i.e., they will be writing the "cookbook". For some of the chemical warfare agents, close collaboration with appropriate military personnel will be required due to the high security surrounding the acquisition of some of these chemical materials to use for instrumental standards. Once these methods are established, these chemists will need to write standard operating procedures and train others. Permanent staff will also require more specific and technical training to handle possible chemical terrorism incidents. These time-limited positions will be needed through FY 2002-2003.

III. CCPS COMMENTS AND RECOMMENDATION

Approved as Submitted	Approved as Revised	Not Approved
Secretary of CCPS	Secretary of CCPS	Secretary of CCPS

INCLUDE ADDITIONAL SHEETS OR JUSTIFICATION AS NEEDED

	Chemical Information	CAS #	Chemical Formulas	(Qualitative or Semi-quantitative)	Status*	Comments	Sampling Method	Status*	Analysis Method	Status*	Comments
Nerve Agents											
Tabun (GA)	ethyl N,N-dimethylphosphoramidocyanidate	77-81-6	$(CH_3)_2N$-P(=O)(-CN)(-OC_2H_5)				Silco steel canister (grab)	X	GC/MS	P	1,2
							Open-path FTIR	P	Open-path FTIR	P	3
Sarin (GB)	isopropyl methylphosphanofluoridate	107-44-8	CH_3-P(=O)(-F)(-OCH(CH_3)$_2$)				Silco steel canister (grab)	X	GC/MS	P	1,2
							Open-path FTIR	P	Open-path FTIR	P	3
Soman (GD)	pinacolyl methyl phosphonofluoridate	96-64-0	CH_3-P(=O)(-F)(-CH(CH_3)C(CH_3)$_3$				Silco steel canister (grab)	X	GC/MS	P	1,2
							Open-path FTIR	P	Open-path FTIR	P	3
GF	cyclohexylmethylphosphonofluoridate	329-99-7	CH_3-P(=O)(-F)(cyclo-C_6H_{11})				Silco steel canister (grab)	X	GC/MS	P	1,2
							Open-path FTIR	P	Open-path FTIR	P	3
VX	o-ethyl-[S]-[2-diisopropylaminoethyl]-methylphosphonothiolate	50782-69-9	CH_3-P(=O)(-SCH$_2$CH$_2$N[CH(CH_3)$_2$]$_2$)(-OC_2H_5)				Silco steel canister (grab)	X	GC/MS	P	1,2
							Open-path FTIR	P	Open-path FTIR	P	3
Incapaciting Agents											
BZ	3-quinuclidinyl benzilate	6581-06-2	$C_{21}H_{23}NO_3$				Swabs and solvent extraction	X	GC/MS (SVOC)	X	8
LSD	D-lysergic acid diethylamide	50-37-3	$C_{20}H_{25}N_3O$				Swabs and solvent extraction	X	GC/MS (SVOC)	X	8
Pulmonary Agents											
Phosgene (CG)	High Hazard Industrial Chemical, Intl Task Force, Final Report 25, & CD	75-44-5	$COCl_2$	Drager tube tube	X		Open-path FTIR	P	Open-path FTIR	P	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Chlorine	High Hazard Industrial Chemical, Intl Task Force, Final Report 25, & CD	7782-50-5	Cl_2	Four gas meters (Multi-RAE)	X	3	Four gas meters (Multi-RAE)	X	Four gas meters	X	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
				Drager tube tube	X						
				Lamotte Kit	X						
Vinyl Chloride	High Hazard Industrial Chemical, Intl Task Force, Final Report 25, & CD	75-01-4	CH_2=CHCl	Drager tube tube	X		SUMMA canister	X	GC/MS (TO-14)	X	
							Open-path FTIR	P	Open-path FTIR	P	3
Arsine Gas (SA)	High Hazard Industrial Chemical, Intl Task Force, Final Report 25, & CD	7784-42-1	AsH_3	Drager tube tube	X		Open-path FTIR	P	Open-path FTIR	P	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Ammonia	High Hazard Industrial Chemical, Intl Task Force, Final Report 25, & CD	7664-41-7	NH_3	Drager tube tube	X		Open-path FTIR	P	Open-path FTIR	P	3
				Four gas meters	X	3	Four gas meters (Multi-RAE)	X	Four gas meters	X	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
				Lamotte Kit	X		Annular denuder	X	Ion Chromatography (IC)	X	4
Blood Agents											
Carbon Monoxide		630-08-0	CO	Four gas meters (Multi-RAE)	X	3	Four gas meters (Multi-RAE)	X	Four gas meters	X	3
				Drager tube tube	X						
				Lamotte Kit	X						
Hydrogen Cyanide (AC) (hydrocyanic acid)		74-90-8	HCN	Four gas meters (Multi-RAE)	P	3	Four gas meters (Multi-RAE)	X	Four gas meters	X	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
				Drager tube	X						
Cyanogen Chloride (CK)		506-77-4	ClCN	Drager tube	X						
Blister Agents											
Lewisite (L)	arsine(2-chlorovinyl)dichloro-, arsenous dichloride(2-chloro-ethenyl)-, chlorofinylarsine dichloride, 2-chlorovinyldichloroarsine, beta-chlorovinyldichloroarsine, dichloro-(2-chlorovinyl)arsine	541-25-3	ClCHCHAsCl_2				Open-path FTIR	P	Open-path FTIR	P	3
Mustard-Lewisite (HL)	mixture, CAS Number not available	n/a mixture	n/a				Open-path FTIR	D	Open-path FTIR	D	5
Nitrogen Mustard (HN-1)		538-07-8	$C_6H_{13}Cl_2N$				Open-path FTIR	D	Open-path FTIR	D	5
(HN-2)		51-75-2	$C_5H_{11}Cl_2N$				Open-path FTIR	D	Open-path FTIR	D	5
(HN-3)		555-77-1	$C_6H_{12}Cl_3N$				Open-path FTIR	D	Open-path FTIR	D	5
Sulfur Mustard *H* and *HD*	Bis(2-chloroethyl) sulfide; bis(beta-chloroethyl) sulfide; di-2-	505-60-2	$C_4H_8Cl_2S$				Open-path FTIR	P	Open-path FTIR	P	3
	chloroethyl sulfide; 1-chloro-2(beta-chloroethylthio)ethane;						Open-path FTIR	D	Open-path FTIR	D	5
	2,2'-dichloroethyl sulfide [H has 20-30% impurities; HD -pure]						Open-path FTIR	D	Open-path FTIR	D	5
HT (mix of 60%HD & 40% T)	bis(2-chloroethyl) sulfide & bis[2-(2-chloroethylthio)-ethyl ether	6392-89-8					Open-path FTIR	D	Open-path FTIR	D	5
Agent T							Open-path FTIR	D	Open-path FTIR	D	5
Phosgene oxime (CX)	Dichloroformoxime	1794-86-1	$CHCl_2NO$				Open-path FTIR	D	Open-path FTIR	D	5
Pesticides, herbicides, fungicides											
organochlorine											
persistent											
non-persistent											
aldicarb	Temik	116-06-3	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
aminocarb	Metacil	2032-59-9	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
azinphos-methyl	Gusathion, Guthion	86-50-0	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
bendiocarb	Dycarb, Ficam, Niomil, Tattoo, Turcam	22781-23-3	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
bornyl	Swat	122-10-1	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
carbofuran	Crisfuran, Curaterr, Furadan	1563-66-2	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
carbophenothion	Trithion	786-19-6	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
chlormephos	Dotan	24934-91-6	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
chlorthiophos (isomer)	Celathion	21923-23-9	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
chlorthiophos (isomer)	Celathion	60238-56-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
coumaphos	Asuntol, Co-Ral	56-72-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
cyanofenphos	Surecide	13067-93-1	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
demeton	Systox	8065-48-3	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
dialifor	Torak	10311-84-9	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
dicrotophos	Bidrin	141-66-2	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
dimefos	Hanane, Pestox XIV	115-26-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
dioxathion	Delnav	78-34-2	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
endothion	Endocide, Niagara 5767	2778-04-3	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
EPN	[redacted]thyl p-nitrophenyl phenylphosphorothioate	2104-64-5	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
ethyl parathion	[redacted]5, Parathion, Thiophos	56-38-2	organophosphate	[redacted]bs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
famphur	[redacted]n, Bo-Ana, Famfos	52-85-7	organophosphate	[redacted]s and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7

fenophosphon	Agritox, Trichloronate	327-98-0	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
fensulfothion	Dasanit	115-90-2	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
fonofos	Dyfonate, N-2790	944-22-9	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SV	X	6,7
formetanate hydroc	Carzol	23422-53-9	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SV	X	6,7
fosthietan	Nem-A-Tak	21548-32-3	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVO	X	6,7
isofenphos	Amaze, Oftanol	25311-71-1	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
isolan	Primin	119-38-0	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
mephosfolan	Cytrolane	950-10-7	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
methamidophos	Monitor	10265-92-6	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
methidathion	Supracide, Ultracide	950-37-8	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
methiocarb	Draza, Mesurol	2032-65-7	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
methomyl	Lannate, Lanox, Nudrin	16752-77-5	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
methyl parathion	E601, Penncap-M	298-00-0	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
mevinphos	Duraphos, Phosdrin	7786-34-7	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
mipafox	Isopestox, Pestox XV	371-86-8	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
monocrotophos (isomer)	Azodrin	6923-22-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
monocrotophos (isomer)	Azodrin	2157-98-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
oxamyl	DPX 1410, Vydate L	23135-22-0	n-methyl carbamate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
paraquat	Esgram, Gramoxone	4685-14-7		Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
phorate	Rampart, Thimet	298-02-2	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
phosfolan	Cylan, Cyolane	947-02-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
phosphamidon	Dimecron	13171-21-6	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
propyl thiopyrophosphate	Aspon	3244-90-4	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
schradan	OMPA	152-16-9	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
sulfotep	Bladafum, Dithione, Thiotepp	3689-24-5	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
tetraethyl pyrophosphate	TEPP	107-49-3	organophosphate	Swabs and solvent extraction	X	9	Swabs and solvent extraction	X	GC/MS (SVOC)	X	6,7
2,4-dicholorphenoxyacetic acid	2,4-D	94-75-7	$C_8H_6Cl_2O_3$								
acid	2,4,5-T	93-76-5	$C_8H_5Cl_3O_3$								
Poison Industrial Gases, Liquids & Solids											
Cyanides	High Hazard Industrial Chemical, Int'l Task Force, Final Report 25, & CD	n/a		Zellweger tape monitor	P	10,11	Zellweger tape monitor	P	Zellweger tape monitor	P	10,11
				Drager tube (using cyanide tube for scree	X	10					
Nitriles	High Hazard Industrial Chemical, Int'l Task Force, Final Report 25, & CD	n/a									
Boron Trifluoride	High Hazard Industrial Chemical, International Task Force, Final Report	7637-07-2	BF_3	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Boron Trichloride	High Hazard Industrial Chemical, International Task Force, Final Report	10294-34-5	BCl_3	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Diborane	High Hazard Industrial Chemical, International Task Force, Final Report	19287-45-7	B_2H_6	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Formaldehyde	High Hazard Industrial Chemical, International Task Force, Final Report	50-00-0	HCHO	Drager tube	X		DNPH-tubes	X	HPLC or IC (TO-11a)	X	
Carbon Disulfide	High Hazard Industrial Chemical, International Task Force, Final Report	75-15-0	CS_2	Drager tube	X						
Ethylene oxide	High Hazard Industrial Chemical, International Task Force, Final Report	75-21-8	C_2H_4O	Drager tube	X						
Hydrogen Bromide	High Hazard Industrial Chemical, International Task Force, Final Report	10035-10-6	HBr	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Hydrogen Fluoride	High Hazard Industrial Chemical, International Task Force, Final Report	7664-39-3	HF	Drager tube	X		Zellweger tape monitor	P	Zellweger tape monitor	P	11
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Fluorine	High Hazard Industrial Chemical, International Task Force, Final Report	7782-41-4	F_2	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
				Drager tube .	X						
Tungstenhexafluoride	High Hazard Industrial Chemical, International Task Force, Final Report	7783-82-6	WF_6	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Hydrogen Sulfide	High Hazard Industrial Chemical, International Task Force, Final Report	7783-06-4	H_2S	Four gas meter	X	3	Four gas meter	X	Four gas meter	X	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	
Phosphorus trichloride	High Hazard Industrial Chemical, International Task Force, Final Report	7719-12-2	PCl_3	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Phosphine		7803-51-2	PH_3	Four gas meter .	P	3	Four gas meter	P	Four gas meter	P	3
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
				Drager tube	X						
Corrosive Industrial Acids & Bases											
Nitric Acid (fuming)	Int'l Task Force, Final Report 25, & CDC	7697-37-2	HNO_3	Drager tube (hi cross react. to other acids	X		Annular denuder	X	Ion Chromatography (IC)	X	4
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Sulfuric Acid	Int'l Task Force, Final Report 25, & CDC	7664-93-9	H_2SO_4	Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
							Annular denuder	X	Ion Chromatography (IC)	X	4
Hydrogen chloride	Int'l Task Force, Final Report 25, & CDC	7647-01-0	HCl	Drager tube	X		Annular denuder	X	Ion Chromatography (IC)	X	4
				Zellweger tape monitor	P	11	Zellweger tape monitor	P	Zellweger tape monitor	P	11
Volatile Toxins											
Benzene	Center for Disease Control (CDC)	71-43-2	C_6H_6	Drager tube	X		SUMMA canister	X	GC/MS (TO-14)	X	
Chloroform	Center for Disease Control (CDC)	67-66-3	$CHCl_3$	Drager tube	X		SUMMA canister	X	GC/MS (TO-14)	X	
Trihalomethanes	Center for Disease Control (CDC)	various	n/a				SUMMA canister	X	GC/MS (TO-14)	X	
Flammable Industrial Gases & Liquids											
gasoline	*****	8006-61-9	mixture of hydrocarbons	Drager tube (hydrocarbons)	X		SUMMA canister	X	GC/MS (TO-14)	X	
propane	Center for Disease Control (CDC)	74-98-6	$CH_3CH_2CH_3$								
Explosive Nitro Compounds & Oxidizers											
Ammonium Nitrate w/ fuel Oil	CDC, not likely to be airborne										
Heavy Metals											
Mercury (Methylmercury?)	CDC, organic mercury unlikely to be airborne	N/A	Hg and compounds								
Arsenic (?)	CDC, not likely to be airborne	N/A	As and compounds								
Lead (?)	CDC, not likely to be airborne	N/A	Pb and compounds								
Dioxins, Furans & PCB's	**CDC, not feasible, not likely to be airborne**										

Riot Control Agents			
CS	Orthochlorobenzylidene malononitrile	2698-41-1	C_{10}-H_5-Cl-N_2
CN	Chloracetophenone (4-chloroacetophenone)	99-91-2	Cl-(C_6H_5)-CO-CH_3
CR	dibenzoxazepine	12770-99-9	C_{13}-H_9-N-O
Phenylarsenic smokes	(sternutators)		

CA	Bromobenzyl cyanide (o-bromobenzyl cyanide)	5798-79-8	(C_6H_5) $CH(Br)$ CN
BA	bromoacetone	598-31-2	$Br\text{-}CH_2\text{-}CO\text{-}CH_3$
Vomiting Agents			
DA	diphenylchlorarsine (sternutators)		
DM	diphenylaminearsine chloride Adamsite (sternutators)		
DC	diphenylcyanarsine (sternutators)		
Smokes			
HC	Hexachloroethane (with aluminum and zinc oxide)		
CSA	Chlorosulphonic acid		
FM	Titanium tetrachloride		
WP	White Phosphorous		
Fog Oil	de-aromatized middle distillate petroleum		

FOOTNOTES

a: Status refers to whether the Toxics Protection Branch has the capabilities currently in place
- X= currently in place
- P=proposed
- D=developing

COMMENTS

1: This method is currently available but is not established to appropriately handle these types of samples
2: Sampling method has not been investigated for compatibility with compound, i.e. potential sampling method
3: The sampling and analysis are carried out in the field
4: TPB has capability but this is not a quick response methodology
5: FTIR could potentially be used but spectra and capability would have to be verified by the manufacturer
6: Under chemical attack situations these would most likely be delivered as an aerosol or mist meaning that concentrations might be high. Thus sampling would most likely be amenable to swabs and extraction before analysis
7: Given the Department of Agriculture might be better equipped and more readily prepared to deal with the analyses of extracts of clothing, swabs, or other exposed sorbent material. DAQ could provide insight on sampling.
8 Solid at room temperature and would have to be disseminated by an aerosol, swabs or extraction of clothing may provide quantitative values
9: Solid or liquid at room temperature and would have to be disseminated by an aerosol, swabs or extraction of clothing may provide quantitative values within hours of event
10: Potentially use a hydrogen cyanide measure to screen for cyanide functional groups within a compound for other cyanide compounds
11 Not necessarily a rapid deployment capability but could be if necessary

Terrorism Prevention and Response Effort
Detail Funding Worksheet

2001-2003 Biennium

Rapid Response Laboratory -Division Of Air Quality

object	Category or Item	Comment	Approximate Cost FY 01/02	
	Operational Base			
2912	D.O.T. approved enclosed lab trailer 34' x 8 ' (l x w) exterior dimension	Currently proposed configuration. Analytical needs may alter configuration.	63,000.00	
4541	Vehicle to tow trailer		50,000.00	
3900	Climate Control	QuickSilver Analytics or eq.	5,000.00	
4523	Filtration system	QuickSilver Analytics or eq.	7,500.00	
3900	Power Generator	Honda or equivalent	10,000.00	
3710	Meteorological Station	Climatronics or equivalent	12,000.00	
4523	Laminar flow hood	Labconco or equivalent	6,500.00	
4523	Controlled Atmosphere Glove Box or equivalent	VWR International or equival.	40,000.00	
4523	Explosion-proof sample refrigeration	Marvel low profile or eq.	2,400.00	
4523	Muffle Furnace	Thermolyne or equivalent	2,225.00	
4523	Chemical Safety Cabinets	Scimatco or equivalent	800.00	
4511	Lab Cabinetry and Benches	Thomas or equivalent	9,500.00	
2912	Vehicle Safety Features + Installation Labor	various	8,800.00	
4522	Computer	various	4,500.00	
3900	Miscellaneous, includes personal protective eq.	various	10,000.00	
2523	Communications	various	3,500.00	
				235,725.00
	Analytical Base			
4523	GC/MS for Volatile gases analyses	Varian or equivalent	130,000.00	
4523	GC/MS for Semi-volatile gases analyses	Varian or equivalent	125,000.00	
4523	IC for analyses of inorganic compounds	Dionex or equivalent	130,000.00	
4523	Mercury Vapor Analyzer	Tekran or equivalent	65,000.00	
4523	Open Path FTIR	AIL or equivalent	204,350.00	
				654,350.00
	Direct Detection Equipment			

6

Terrorism Prevention and Response Effort
Detail Funding Worksheet

2001-2003 Biennium

4523	Infrared detector for gaseous chemicals	Miran or equivalent	15,000.00	
3710	Detector tubes for CW agents	MSA or equivalent	10,000.00	
4523	Flame Ionization Detector	Photovac or equivalent	12,000.00	
4523	Photometric Ionization Detector	Photovac or equivalent	12,000.00	
4523	Toxic Gas Detector	Multi-rae or equivalent	8,000.00	
4523	Chemcassette (papertape) Gas Detectors	Zellweger or equivalent	25,000.00	
4523	Wet-Chemistry detection tests	LaMotte or equivalent	3,000.00	
4523	Radiological dosimeters, chargers, survey meter	various	8,720.00	
				93,720.00
	Supplies/Consumables			
3710	Calibration Gases and Standards	various	35,000.00	
3710	Separation Columns	various	18,000.00	
3710	gas regulators	various	2,000.00	
3710	air pumps	SKC or equivalent	4,500.00	
3710	Flow Anemometers	various	1,500.00	
3710	Glassware, impingers	various	1,500.00	
3710	Chemcassette Tapes	Zellweger	7,500.00	
3240	Tools	various	1,500.00	
3710	Tedlar bags	various	500.00	
4620	Reference materials	various	2,500.00	
3510	Laboratory Protective Clothing & other Lab PPE	various	11,000.00	
3900	Miscellaneous lab supplies	various	7,500.00	
4523	Cascade Impactors	Anderson or equivalent	5,500.00	
				98,500.00
	Site Support			
4710	Air dispersion Modeling Software	OFCM/NOAA or equivalent	22,400.00	
4710	CAMEO/ALOHA/Marplot or equivalent (free)			
2942	Advanced Response Training for existing staff		20,000.00	
				42,400.00
	Total Requested			1,124,695.00

45,153
1,169,848 FY01-
180,621 FY02-0

1,350,[illegible]

STATE OF NORTH CAROLINA
2001-2003 Biennium
TERRORISM DEFENSE FUNDING
DETAIL FUNDING WORKSHEET - POSITION DETAIL

TIME LIMITED POSITIONS REQUESTED:

Detail of the positions included in this terrorism funding request.

GRADE	CLASSIFICATION/EFFECTIVE DATE:	2001-02 F.T.E	2002-03 F.T.E	Annual Salary**	2001-02 Budgeted Salary	2002-03 Budgeted Salary #
76	Analytical Chemist III / April 1, 2002	1.000	1.000	$52,354	$15,051	$60,207
76	Analytical Chemist III / April 1, 2002	1.000	1.000	$52,354	$15,051	$60,207
76	Analytical Chemist III / April 1, 2002	1.000	1.000	$52,354	$15,051	$60,207
	Total#	3.000	3.000		$45,153	$180,621

Includes salary and benefits

For online access:
http://www.nccrimecontrol.org/forms/

Attachment B

REC'D MAR 14 2002

North Carolina Department of Crime Control and Public Safety

Michael F. Easley, Governor

Bryan E. Beatty, Secretary

March 13, 2002

MEMORANDUM

TO: Dempsey Benton
Chief Deputy Secretary, N. C. Department of Environment and Natural Resources

FROM: Bryan E. Beatty B. E. Beatty
Secretary, Department of Crime Control and Public Safety

SUBJECT: Approval of Terrorism Funds

I am pleased to inform you that the Committee on Terrorism has reviewed your request for the use of the special allocation of funds for terrorism defense and the projects listed below have been approved for the amounts indicated:

Approved Projects and Amounts:
Site Clean-up – Division of Waste Management $2,000,000
Time Limited Position – Division of Waste Management $30,000

Total Approved Funding:
FY01/02 $2,030,000

This notification allows your agency to budget project funds using a type 11 budget revision. As expenditures occur, copies of invoices with a cover memo requesting funds will be submitted to Fred Tucker, Controller, Department of Crime Control and Public Safety. Request for funds will be reviewed, approved and transferred electronically to the requesting agency on a timely basis. Should you have any questions concerning the procedures for requesting and receiving these funds from the Department of Crime Control and Public Safety, please contact, Fred Tucker, at 919-733-2193, extension 251.

The Committee on Terrorism appreciates your time and attention to strengthen security measures for the protection of North Carolina Citizens. Thank you very much.

CC: David McCoy, State Budget Office

MAILING ADDRESS:
1001 Mail Service Center
Raleigh, NC 27699-4701
Telephone: (919) 733-2126

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512 N. Salisbury Street
Raleigh, NC 27604-1159
Fax: (919) 715-8477

North Carolina Department of Crime Control and Public Safety

Michael F. Easley, Governor

Bryan E. Beatty, Secretary

February 21, 2002

MEMORANDUM

TO: Chief Deputy Secretary Dempsey Benton
N. C. Department of Environment and Natural Resources

FROM: Secretary Bryan E. Beatty

RE: Acknowledgment of Request for Terrorism Preparedness Funding

This is to acknowledge receipt of your memorandum dated February 4, 2002, and the related attachments concerning your department's request for funding to address terrorism issues.

The request will be reviewed by a committee on which I serve along with representatives from the Governor's Office and the State Budget Office. If the committee has questions concerning the request, we will contact Lorene P. Cherry, who was listed as the contact person on your request summary worksheet.

You will be notified of the committee's decision concerning your department's request.

BEB:jt

cc: David McCoy, Director, OSBM

MAILING ADDRESS:
4701 Mail Service Center
Raleigh, NC 27699-4701
Telephone: (919) 733-2126

www.NCCrimeControl.org

OFFICE LOCATION:
512 N. Salisbury Street
Raleigh, NC 27604-1159
Fax: (919) 715-8477

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NCDENR
North Carolina Department of Environment and Natural Resources
Michael F. Easley, Governor
William G. Ross Jr., Secretary

January 28, 2002

Mr. Bryan Beatty, Secretary
Crime Control and Public Safety
Mail Service Center #4701
Raleigh, NC 27699-4701

Mr. David McCoy
State Budget Office
Mail Service Center #20320
Raleigh, NC 27699-0320



Subject: Terrorism Defense Funds

Dear Sirs:

Attached you will find a Department of Environment and Natural Resources package for distribution of terrorist defense funds. This package includes two (2) NC Terrorism Defense Funding Request Summary Worksheets and two (2) Terrorism Detail Worksheets (for line-item detail). One set of work sheets is for $2,000,000 to fund one or more contractors to work under the direction of the Division of Waste Management with the local police, fire, Hazmat or other first responder to further identify the location and extent of the threat and then remove it. The other set of work sheets is for $60,000 to fund one Environmental Engineer II (pay grade 76) position within the Division of Waste Management to establish a certification/registration contractor program and, should the need arise, assist in the oversight and administration of one or more contractors to work under the direction of the Division of Waste Management to address a terrorist event after the initial response by local police, fire, Hazmat, or other first responder has made an preliminary identification of the threat. A Detail Funding Worksheet-Position Detail Worksheet is also included with this second set of worksheets since a time limited position is requested.

Sincerely,

Dempsey Benton
Chief Deputy Secretary

1601 Mail Service Center, Raleigh, North Carolina 27699-1601
Phone: 919-733-4984 \ FAX: 919-715-3060 \ Internet: www.enr.state.nc.us/ENR/

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NC TERRORISM DEFENSE FUNDING REQUEST SUMMARY WORKSHEET

Department: Environment and Natural Resources/DWM **Contact Person:** Dexter R. Matthews

Phone: 733-4996 x 203 **Fax:** 715-3605 **Email:** Dexter.Matthews@ncmail.net

I. BUDGET SUMMARY - Provide high level summary information of your terrorism defense funds request in the space provided below. Also attach a copy of a Worksheet II to your request.

IA. State Fiscal Year 20001/2002 Funding and Position Summary

	Agency Request	CCPS Approved Amounts
Requirements	2,000,000	
Receipts	0	
Appropriations	2,000,000	
Positions (time limited only)	0	

II. PURPOSE: (Briefly describe the purpose for the terrorism defense funds. Describe the public safety risks, urgency and benefits resulting from accessing terrorism defense funds).

The purpose of this NC Terrorism Defense Funding Request is to provide resources to fund one or more contractors to work under the direction of the Division of Waste Management to address a biological, chemical, nuclear, incendiary, explosive or other terrorist threat after the initial response by local police, fire, Hazmat, or other first responder has made a preliminary identification of the threat. Under this process when the Division receives a report of a terrorist threat, a designated representative of the Division would contact a previously identified contractor to work with the local police, fire, Hazmat or other first responder to further identify the location and extent of the threat and then remove it.

III. RESOURCE DESCRIPTION: (Describe the types of equipment, services, personnel and resources needed).

The resources needed are for a contract to provide services of a primary identification and removal contractor to address a biological, chemical, nuclear, incendiary, explosive or other terrorist threat.

IV. CCPS COMMENTS AND RECOMMENDATION

Approved as Submitted	Approved as Revised	Not Approved
B. E. Beach		
Secretary of CCPS	Secretary of CCPS	Secretary of CCPS

INCLUDE ADDITIONAL SHEETS OR JUSTIFICATION AS NEEDED

NC TERRORISM DEFENSE FUNDING REQUEST SUMMARY WORKSHEET

Department: Environment and Natural Resources/DWM **Contact Person:** Dexter R. Matthews

Phone: 733-4996 x 203 **Fax:** 715-3605 **Email:** Dexter.Matthews@ncmail.net

I. BUDGET SUMMARY - Provide high level summary information of your terrorism defense funds request in the space provided below. Also attach a copy of a Worksheet II to your request.

IA. State Fiscal Year 2001/2002 Funding and Position Summary

	Agency Request	CCPS Approved Amounts
Requirements	30,000	
Receipts	0	
Appropriations	30,000	
Positions (time limited only)	0.500	

II. PURPOSE: (Briefly describe the purpose for the terrorism defense funds. Describe the public safety risks, urgency and benefits resulting from accessing terrorism defense funds).

The purpose of this NC Terrorism Defense Funding Request is to provide resources to fund one Environmental Engineer II (pay grade 76) position to work half-time for a two year period to establish a certification/registration contractor program for contractors that claim expertise in addressing the clean-up of a site resulting from a biological, chemical, nuclear, incendiary, explosive or other terrorist event. Total cost over a two year period would be $60,000. Should the need arise, these funds would be used to fund this or another Environmental Engineer II to assist in the oversight and administration of one or more contractors to work under the direction of the Division of Waste Management to address a terrorist event after the initial response by local police, fire, Hazmat, or other first responder has made a preliminary identification.

III. RESOURCE DESCRIPTION: (Describe the types of equipment, services, personnel and resources needed).

The resources needed are for one Environmental Engineer II staff person to establish a certification/registration program for contractors and, should the need arise, assist in the oversight and administration of one or more contractors to work under the direction of the Division of Waste Management to address a terrorist event after the initial response by local police, fire, Hazmat, or other first responder has made a preliminary identification of the threat.

IV. CCPS COMMENTS AND RECOMMENDATION

Approved as Submitted	Approved as Revised	Not Approved
B. E. Beatty Secretary of CCPS	Secretary of CCPS	Secretary of CCPS

INCLUDE ADDITIONAL SHEETS OR JUSTIFICATION AS NEEDED

STATE OF NORTH CAROLINA
2001-2003 Biennium
TERRORISM DEFENSE FUNDING
DETAIL FUNDING WORKSHEET - POSITION DETAIL

TIME LIMITED POSITIONS REQUESTED:

Detail of the positions included in this terrorism funding request.

GRADE	CLASSIFICATION/EFFECTIVE DATE:	2001-02 F.T.E	2002-03 F.T.E	Annual Salary**	2001-02 Budgeted Salary	2002-03 Budgeted Salary
76	Environmental Engineer II	0.500	0.500	$25,000	$25,000	$25,000
	Total#	0.500	0.500		$25,000	$25,000

For online access:
http://www.nccrimecontrol.org/forms/

Attachment C

Meg Scott Phipps
Commissioner

North Carolina
Department of Agriculture
and Consumer Services

MEMORANDUM

TO: Bryan E. Beatty
Secretary
N.C. Department of Crime Control and Public Safety

FROM: Meg Scott Phipps
Commissioner
North Carolina Department of Agriculture & Consumer Services

Date: April 16, 2002

SUBJECT: Status of Terrorism Defense Expenditures from the Savings Reserve Account as Authorized by S.L 2001-457.

The North Carolina Department of Agriculture & Consumer Services provides this memorandum to you in response to your request of April 11, 2002 regarding the status and use of Savings Reserve Account for terrorism defense activities. Below is a summary of the status of each project for which funding from the Savings Reserve Account was provided.

General:

The NCDA&CS has made great strides towards improving the general bio-security posture of the North Carolina's agriculture community over the past 5 months. We have initiated many vital terrorism defense preparedness projects under this funding, and our preparedness planning and terrorism defense projects have helped place North Carolina in the forefront of national preparedness projects at the state level. NCDA&CS, in partnership with other state agencies, assisted in the deployment of a statewide vulnerability assessment effort and of a Terrorism Threat Reduction Measure Plan within the North Carolina agriculture community. NCDA&CS is the first State to be granted authority to conduct foreign animal disease testing by the USDA based upon current and planned laboratory capabilities. Great strides have been made, but there remains much to accomplish if we are to protect our agriculture industry, food supply and our citizens from the threat of terrorism. This is a threat that remains as dangerous today as it was on September 11, 2001.

E-Mail: Meg.Phipps@ncmail.net
Post Office Box 27647, Raleigh, North Carolina 27611 • (919) 733-7125 • FAX (919) 733-1141
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Project Status Review:

1. Commercial Bulk Fertilizer Protection: ($75,000.00) This funding is being used to develop and print information and educational materials for farm operators, industry and the consumers on terrorism preparedness and the proper handling and storage of potential dangerous fertilizer products. The Plant Industries Division of NCDA&CS has developed a "Know Your Customer" program for fertilizer sales within North Carolina. This effort is designed to discourage the purchase of dangerous fertilizer products by terrorists and to provide a means to track the sales that do occur. This funding is also being used for inspection travel and training support to the fertilizer industry and the farm community. Additionally, a temporary employee has been hired to assist with the documentation of collected field inspection data. Funding has also been allocated for pagers for immediate action response staff.

2. Expanded Veterinary Laboratory Services for Biological Threats: ($1,125,000.00) This funding is being used to modify existing facilities and to construct additional Biological Safety Level 3 (BSL3) laboratory capability. Initially this project was intended to provide the construction of a modular, self contained laboratory facility that could be obtained from a sole source provider of specialized laboratory systems to expedite the availability of this BSL3 capability. The N.C. Purchasing and Contracting Office did not concur with this approach and the project has been restructured to provide for a conventionally built facility. The construction document plans and specifications for the BSL3 laboratory and improvements to existing facilities are being developed. The architectural and structural documents are complete. Mechanical and electrical documents are due by the end of April. At that time plans and specifications will be reviewed by the appropriate state agencies and a third party for compliance with all codes and bio-safety standards.

3. Pesticide Control, Education and Analysis: ($50,000.00) Funding has been used to create educational materials on pesticide handling, storage and security on the farm and within other components of the agriculture industry. Funds are being used for information and educational materials printing, staff travels, vulnerability assessment and training events. The NCDA&CS Pesticide section is working with state and local emergency response agencies, farming and industry organizations to reduce the threat of terrorist use of pesticides and to improve the safety of emergency responders during events where pesticides are present.

4. Increased Dairy and Food Protection and Inspection Activities: ($150,000.00) Additional staff have been contracted, and the required support equipment (computers and scientific supplies) has been obtained. An extensive program of terrorism preparedness training has been conducted for state food retailers. Training and terrorism preparedness planning and training tools have been provided on CD-ROM to retail food distribution firms across the State. The Food and Drug Division, in partnership with the Emergency Programs Division of NCDA&CS and with leading food industry firms, has initiated a broad based food chain security

review to assess the vulnerability of the State's food supply system to terrorist attacks. This innovative initiative will provide a detailed look at each aspect of the food production and distribution chain. The outcome of the effort will better enable the food industry to harden its defense posture, and to better enable the state to respond to any threatened or actual terrorist attack on the food industry. Since September 11, 2001, the Food and Drug Division of NCDA&CS has performed an additional 800 food and dairy product samples. This is in addition to the 500-600 a year that the division already tests. Funding for the Food and Drug terrorism defense effort has also been used to rent equipment to initiate a statewide communications capability with digital pagers to facilitate a rapid response in the event of a terrorist attack or a bio-incident in North Carolina.

5. Training for Veterinarians: ($50,000.00) This funding has been used to employ a team of education and training specialists to create a self contained training package for use by local and county emergency response agencies and the State Animal Response Team. Local veterinarians will be trained to assist first responders in emergency situations where animals may be victims of terrorist attack. The development of the training program is near completion. The final training program is deliverable on 30 May 2002. The training program will be fielded on June 30, 2002.

Currently NCDA&CS is managing an Avian Influenza situation in several central North Carolina counties. This disease situation is a challenging event for the department in its current low pathogenic form we now are addressing. If this disease strain converts to a high pathogenic form that threatens other species, or if it becomes zoonotic (capable of affecting both animals and humans), our current laboratory capabilities will be marginal, at best. This current disease control effort would be greatly facilitated, along with our capability to protect both the animal and human population, if the new BSL3 laboratory were operational.

NCDA&CS will host a statewide symposium, titled " Bio-Security-NC, Preserving Public Health Through Farmland Security" on May 21, 2002. This event, to be held at the Governor Kerr Scott Building on the North Carolina Fairgrounds, will provide a forum to the entire agriculture community to discuss current bio-security, bio-terrorism, foreign animal disease and emergency planning information. Participation is expected from numerous state and federal agencies, as well as from across the North Carolina agricultural Industry.

As always, thank you for your assistance and support to NCDA&CS.

Attachment D

RULES FOR JOINT APPROPRIATIONS SUBCOMMITTEES 2002 SESSION

1. Subcommittee targets are considered reduction targets.

2. No expansion requests will be considered.

3. Negative reserves shall not be allowed.

4. Identify all reductions as recurring and non-recurring.

5. Identify all position changes (eliminations, reductions, etc...).

6. Special provisions shall not authorize the expenditure of reversions.

7. Refer all salary-related, state employee health plan, debt service, and other statewide reserve issues to the Full Appropriations Committee Chairs.

8. Proposals to eliminate state departments/programs/offices shall include specific plans for phasing-out of state positions.

9. All reductions in force (RIFs) shall be effective July 1, 2002. If this is not possible due to the nature of the reductions being taken, consultation must be made with the full chairs.

10. Reduction strategies should minimize the impact on direct services to clients and consumers. Reduction strategies should address the following:
    - Reduction in layers of management and elimination of duplication of effort (Span of Control);
    - Elimination of administrative inefficiencies;
    - Streamlining and consolidation of departments, programs, offices, and services;
    - Reduction in non-essential government services;

Prepared by the Fiscal Research Division
Budget Development

Attachment E

Natural and Economic Resources
General Fund Budget

NER Departments	FY 2002-03 General Fund Budget	13% Cut
Agriculture	$55,168,040	$7,171,845
Commerce	$44,280,374	$5,756,449
State-Aid	$5,200,000	$676,000
DENR	$158,722,700	$20,633,951
Labor	$15,117,906	$1,965,328
Housing Finance	$5,300,000	$689,000
Biotech Center	$6,270,468	$815,161
Rural Center	$5,090,749	$661,797
	$295,150,237	$38,369,531

VISITOR REGISTRATION SHEET

It Approp NER — 4-24-02
Name of Committee — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jane Smith	DENR
Dempsey Benton	DENR
Jack Butler	DENR-DWM
Laura DeVivo	DENR
Linda Gunn	NC IWEB
Kevin Leonard	NCDOL
Becky Brown	NCDOL
Robin Pasquarello	Commerce
Denise A. Sessoms	Commerce
S Henri McClees	McClees Consulting, Inc
Fiscal Nolan	Grossman Sudie Nixon
Doug Lassiter	NC Septic Tank Assoc.
David Smith	NC Dept. of Ag & CS
John T Hoffman	NCDA+CS
Johnny Gray	OSBM
Jim Newell	OSBM
John Goodman	Mercer & Assoc.
Dan Brown	NCMSC
Ebonie Alexander	NC Community Development Initiative
Lori Ann Harris	LA Harris & Assoc.
Becky Street	Parker Poe Adams & Bernstein

Joint Appropriations Subcommittees on Natural and Economic Resources

April 30, 2002
1:00 p.m., Room 423
Representative Stan Fox, Presiding

1. **Chairman's Comments**

2. **Department of Agriculture and Consumer Services Recommended Reductions**
   David Smith, Deputy Commissioner

3. **Committee Discussion**

4. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
April 30, 2002 - 1:00 P.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, April 30, 2002 at 1:00 p.m. in Room 423 of the Legislative Office Building. All eleven House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly, and Roger West. All six Senate Members were present.

Representative Stan Fox chaired the meeting. A copy of the agenda is attached (ATTACHMENT I). A copy of the Visitor Registration Sheet is attached (ATTACHMENT III).

Department of Agriculture and Consumer Services
Recommended Reductions

Chairman Stan Fox recognized a special guest in the audience today, former Agricultural Commissioner Jim Graham.

Meg Scott Phipps, current Agricultural Commissioner, spoke briefly about the fact that the Agricultural Department was already a lean and mean department. She said they have already cut personnel, resources and travel. She stated AgriBusiness is still North Carolina's number one industry. It brings in $59.2 billion to the North Carolina economy annually. Tourism is second bringing in about $13 billion. The department of agricultural is small for the incredible task it has. Commissioner Phipps said with a 13% cut the department would have to look at cutting more positions and some of the Research Stations. She hoped they would only get a 9% to 10% reduction.

Commissioner Phipps recognized David Smith, Assistant Commissioner and Clara Gay, Budget Officer, for the NC Department of Agriculture and Consumer Services. Mr. Smith said preparing the proposed 13% reduction budget was a very painful process. He said he wanted everyone to understand the ground rules. The department was told to come forth with a 13% reduction in their general fund budget (a cut of $7,171,845), no new fees, and no fee increases. The entire 13% cut had to come from budget reductions. Mr. Smith then reviewed, item for item, the handout of the 13% Reduction Target for 2002-03 (ATTACHMENT II).

There was much discussion on the proposed 13% reduction plan between the Committee Members and the Department of Agriculture staff.

Representative Bill Owens said there was a possibility there would not be the full 13% cut, some items may not be cut. Also, there could be fee increases because some of the fees have not been increased in twenty years. He said the House and the Senate would have to work on this.

Senator Bob Martin said in the past the Senate was very much opposed to fee increases, but that they have re-thought their position on this. Mr. Smith said there was about $1.5 million in new and increased fees in their recommendation to the Governor and the Committee.

There were no motions and no reports were requested.

The meeting adjourned at 2:45 p.m.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chairman

Linda A. Johnson
Linda A. Johnson, Committee Assistant

NORTH CAROLINA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES

13% Reduction Target for FY 02-03

$7,171,845

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
2		6902	Eliminate balance in the Reforestation Fund.		23,915			
3		6105	Reduce balance in the Forest Management Reserve		50,000			
			Total - Trust Fund Balances		**73,915**			
4		2103	Reduce balance in the Livestock Acquisition Fund.		300,000			
5		2201	Eliminate balance in the Warehouse Investment Fund.		225,000			
			Total - Special Fund Balances		**525,000**			
14	Administration	1090	Eliminate 1 vacant Deputy Commissioner position-redistribute	85,871		1.00		
			division oversight to remaining Deputy Commissioners					
28		1014	Eliminate 1 vacant Processing Assistant position in Human Res.	28,420		1.00		
91		1012	Eliminate Accounting Clerk in the Admin. Serv.-Budget & Finance	37,674				1.00
87		1012	Reduce computer base for the department (In Lease Line Item)		35,000			
57		1012	Reduce travel.		1,000			
100		1013	Public Affairs-Reduce Ag in Classroom Program	98,750				
88		1013	Public Affairs-Reduce Postage & Printing and Binding for one		50,000			
			year. The Ag Review will only be published every other month					
			in 2002-03.					
101		1990	Reduce Gas/Natural Gas Reserve		85,000			
102		1990	Reduce Reserve for Lab Equipment		100,000			
103		1990	Elimate funds to educate public on turfgrass research.	100,000				
			Total - Administration	**350,715**	**271,000**	**2.00**		**1.00**
1	Ag Finance	1420	Make director position receipt supported.	104,595			1.00	
			Total - Ag Finance	**104,595**			**1.00**	

ATTACHMENT II

Priority	[redacted]ion	Fund	Description	Recurring	Nonrecurring	Vacant	Fund[redacted]	Filled
	Ag Statistics	1050	Eliminate 1 vacant and 1 filled position.					
15			1 vacant Statistician position.	40,495		1.00		
90			1 filled Data Entry Operator.	29,335				1.00
8			Fund Shift 1 Lithographic Press Operator position to NC St. Fair	34,740			1.00	
68			Reduce temporary wages for one year.		45,000			
56			Reduce travel.		1,500			
			Total - Agricultural Statistics	**104,570**	**46,500**	**1.00**	**1.00**	**1.00**
	Agronomic Serv.	1040	Eliminate 2 vacant positions.					
16			1 vacant Processing Assistant Position	29,096		1.00		
42			1 vacant Nematology Technician	30,200		1.00		
58			Reduce travel.		5,000			
			Total - Agronomic Services	**59,296**	**5,000**	**2.00**		
17	Aquaculture	1015	Eliminate vacant Administrative Secretary position.	39,184		1.00		
89			Eliminate filled Office Assistant position.	30,491				1.00
59			Reduce travel.		1,000			
			Total - Aquaculture	**69,675**	**1,000**	**1.00**		**1.00**
29	Emergency Prog.	1017	Eliminate vacant Administrative Officer position.	42,744		1.00		
			Total - Emergency Programs	**42,744**		**1.00**		
6	Food Distribution	1210	Shift Storeroom Manager salary to federally funded.	35,120			1.00	
60			Reduce travel.		3,000			
			Total - Food Distribution	**35,120**	**3,000**		**1.00**	

Priority	[redacted]ion	Fund	Description	Recurring	Nonrecurring	Vacant	Fund[redacted]	Filled
18	Food & Drug	1060	Eliminate vacant Processing Assistant position.	30,572		1.00		
		1080	Eliminate 2 vacant positions.					
30			1 vacant Chemistry Technician	32,757		1.00		
43			1 vacant Chemistry Technician	34,541		1.00		
		1090	Eliminate 4 vacant positions.					
48			1 vacant Pesticide Specialist II	63,548		1.00		
31			1 vacant Pesticide Specialist II	50,693		1.00		
38			1 vacant Pesticide Inspector	47,113		1.00		
51			1 Chemist II	67,885		1.00		
			Eliminate 2 currently filled positions.					
92			1 filled Processing Assistant position-employee is probationary and will be let go before June 30, 2002.	25,012				1.00
93			1 filled Pesticide Specialist who will retire June 1, 2002.	54,329				1.00
75		1090	Reduce funds to collect outdated and unused pesticides for proper disposal.	10,500				
79		1090	Reduce operating funds for waste removal and recycling, postage, and printing.	61,772				
74		1090	Reduce equipment/vehicles.		18,000			
61		1090	Reduce travel.		3,000			
		1100	Eliminate 3 vacant positions.					
32			1 vacant Chemistry Technician position.	38,662		1.00		
19			1 vacant Processing Assistant position.	26,663		1.00		
44			1 vacant Medical Laboratory Assistant position.	24,437		1.00		
62		1100	Reduce travel.		5,000			
			Total - Food and Drug Protection	**568,484**	**26,000**	**10.00**		**2.00**

Priority	[redacted]sion	Fund	Description	Recurring	Nonrecurring	Vacant	Fun[redacted]	Filled
13	Marketing	1020	Eliminate appropriation to the Western Ag Center. Receipts	184,909				
			from the Mountain Fair will cover the reduction.					
12			Eliminate appropriation to the Raleigh Farmers Market.	40,343				
			This market is self-supporting.					
99			Eliminate appropriation to Western NC Development Association.	70,000				
			Eliminate 6 vacant positions.					
45			1 Agricultural Marketing Specialist position.	46,304		1.00		
33			1 Artist Illustrator position.	38,006		1.00		
52			1 International Marketing Specialist position.	49,430		1.00		
39			1 General Utility Worker position.	23,008		1.00		
20			1 Security Guard position.	23,290		1.00		
49			1 Agricultural Marketing Specialist position.	41,990		1.00		
80			Close Kinston office and relocate staff to other offices.	6,071				
81			Close Roseboro office and relocate staff to other offices.	28,544				
			Eliminate filled Office Assistant position.	35,050				1.00
53			Reduce Lumberton Farmers Market staff by 4 filled positions.					
			1 filled Maintenance Mechanic position.	27,471				1.00
			1 filled Maintenance Mechanic position.	27,471				1.00
			1 filled Processing Assistant position.	24,455				1.00
			1 filled Processing Assistant position.	24,862				1.00
76			Reduce operating support for seafood marketing.	45,000	55,000			
82			Reduce operating support for Marketing division.	146,297				
63			Reduce travel.		23,056			
			Total - Marketing	**882,501**	**78,056**	**6.00**		**5.00**
7	Property & Const.	1027	Fund shift one filled Construction & Renovation Design	60,390			1.00	
			Technician position to the NC State Fair.					
			Total - Property and Construction	**60,390**			**1.00**	
94	Livestock	1023	Eliminate 1 filled Agricultural Marketing Specialist position.	64,253				1.00
			Total - Livestock	**64,253**				**1.00**

Priority	[redacted]ion	Fund	Description	Recurring	Nonrecurring	Vacant	Fund[redacted]	Filled
	Plant Industry	1080	Eliminate 2 vacant positions.					
21			1 Fertilizer Administrator position.	53,736		1.00		
34			1 Agricultural Research Tech position.	44,057		1.00		
70		1080	Reduce temporary wages.		5,000			
22		1180	Eliminate 1 vacant Plant Pest Specialist position.	41,234		1.00		
95		1170	Eliminate 1 filled Laboratory Technician position.	26,104				1.00
69		1170	Reduce temporary wages.		5,000			
64		1170	Reduce travel.		1,500			
96		1180	Eliminate 1 filled Entomologist position.	51,677				1.00
77		1180	Eliminate operating costs for the fire ant program.		60,000			
65		1180	Reduce travel.		12,000			
9		1180	NC Boll Weevil Foundation will make a one time donation to		50,000			
			offset costs.					
			Total - Plant Industry	**216,808**	**133,500**	**3.00**		**2.00**
54	Poultry Grading	1016	Eliminate 5 filled positions.					
			1 Agricultural Commodity Grading Supervisor position.	38,913				1.00
			1 Agricultural Commodity Inspector position.	32,025				1.00
			1 Agricultural Commodity Inspector position.	35,946				1.00
			1 Agricultural Commodity Inspector position.	31,073				1.00
			1 Agricultural Commodity Inspector position.	42,746				1.00
23			Eliminate 1 vacant Asst. Dir. For Agricult Marketing position.	80,021		1.00		
66			Reduce travel.		5,000			
			Total - Poultry Grading	**260,724**	**5,000**	**1.00**		**5.00**
	Standards	1150	Eliminate 2 vacant positions.					
24			1 Long Distance Truck Driver.	37,539		1.00		
35			1 Long Distance Truck Driver.	37,539		1.00		
73			Reduce equipment/vehicles.		13,000			
67			Reduce travel.		4,000			
			Total - Standards	**75,078**	**17,000**	**2.00**		

Priority	[redacted]sion	Fund	Description	Recurring	Nonrecurring	Vacant	Fund[redacted]	Filled
	Veterinary Serv.	1130	Eliminate 5 vacant positions.					
25			1 Processing Assistant position.	25,516		1.00		
36			1 Medical Laboratory Technician position.	31,073		1.00		
40			1 Processing Assistant position.	28,530		1.00		
50			1 Animal Health Technician position.	38,494		1.00		
46			1 Medical Laboratory Technician position.	33,490		1.00		
97			Close Robbins Lab which eliminates 2 filled positions.					
			1 Veterinarian position.	83,684				1.00
			1 Medical Laboratory Technician position.	32,165				1.00
83		1140	Reduce operating support for the Meat and Poultry Inspection program. This is a federally matched program and actual reduction to the program will be $135,980.	25,000	42,990			
26			Eliminate 1 vacant Meat & Poultry Inspector position.	21,995		0.50		
			Total - Veterinary Services	**319,947**	**42,990**	**5.50**		**2.00**
	Research Stations	1190	Eliminate 4 Vacant positions.					
47			1 Office Assistant position.	34,492		1.00		
27			1 Agricultural Research Technician position.	38,604		1.00		
41			1 Agricultural Research Technician position.	35,524		1.00		
37			1 Agricultural Research Technician position.	35,628		1.00		
10		1990	Eliminate capital improvement operating reserve for project not yet started.	9,000				
11		1990	Delay capital improvement operating reserve for Center for Environmental Farming Systems.	78,285	75,000			
84		1190	Eliminate Aquaculture program at the Tidewater Research Station.	60,001				
98		1190	Eliminate 1 filled Agricultural Research Assistant position.	28,790				1.00
86		1190	Delay beef cattle research at the Mountain Research Station.		100,000			
78		1190	Eliminate funding for NC Official Variety tests for one year.		25,000			
85		1190	Reduce beef cattle research at the Tidewater Research Station.		65,000			
71		1030	Reduce equipment/vehicles.		50,000			
72		1190	Reduce equipment/vehicles.		50,000			
55		1030	Close the Caswell Research Farm.	0				17.00
105		1190	Close the Whiteville Research Station.	206,385				5.00
106		1190	Close the Oxford Research Station	600,000		1.00		12.00
107		1190	Close the Salisbury Research Station	1,037,275		3.00		29.00
			Total - Research Stations	**2,163,984**	**365,000**	**8.00**		**64.00**

Priority	[redacted]sion	Fund	Description	Recurring	Nonrecurring	Vacant	Fun[redacted]	Filled
104	State Fair	5190	The State Fair will make a one time transfer of funds to		200,000			
			the general fund.					
			Total - NC State Fair		**200,000**			
			Department Total	**5,378,884**	**1,792,961**	**42.50**	**4.00**	**84.00**

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 30, 2002

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
MIKE BLANTON	N.C. DEPT. of AG & CONSUMER SVCS.
MEG SCOTT PHIPPS	" " " " "
Wade Denny	NCDA+CS
BRIAN SCEBOLD	NC SMALL GRAIN GROWERS
L. CONRAD McLEAN	NCDA+CS Food Distribution
Gary Gay	NCDA+CS Food Distribution
Carolyn Murray	NCDA+CS Food Distribution
JOHN T HORTMAN	NCDA+CS EMER. PROC. DIV.
David Marshall	NCDA+CS Vet Div.
Martha Glass	NCDA&CS - PUBLIC AFFAIRS
Dewitt Hunter	NCDA+CS - Policy Division
DAVID SMITH	AGRICULTURE
Clara Gay	Agriculture
Tom Slade	NCDA&CS - Marketing
Tom Ellis	NCDA+CS Aquaculture
Sandy Maddrey	NCDA+CS Research Station
Carl Falco	NCDA&CS - Structural Pest Control Div.
Erica Upton Peterson	N.C. Agribusiness Council
Mac Ellis	N.C. Dept. Commerce - Fiscal Mgt.
ROBIN Pasquarello	Commerce
Johnny Wynne	NC ARS, Raleigh, NC
Carl Tart	NCDA+CS
TanikaCharleston	NCLDI (the Initiative)
Sterling H moore	NCDA & CS
Vicki Sorrell	NCDA & CS
Chuck Miller	NCDA&CS - Livestock
BRUCE WILLIAMS	NCDA+CS - Food Dairy

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — April 30, 2002

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mark Fleming	UNC System
Jim Maxwell	OSBM
Kent Yelverton	NCDA&CS
Gene Cyr	NCDA&CS
Carol Lawler	EGIS
Winston Sutton	NCDA&CS
Tom Beason	Environmental Defense
Johnny Gray	OSBM
Jane Smith	DENR
Richard C. Reich	NCDA&CS
Kevin Leonard	NCDOL
Constance Stencil	NCHHR
Don Hughes	DOC
Jenni McClees	McClees Consulting Inc.
Lynda Coleman	NCDA-CS
John Goodman	Mercer & Assoc.
Sandra Pang	Martin Marietta
Fran Ulm	Grant Seal
Steph J. Bass	LLPP

Joint Appropriations Subcommittees on Natural and Economic Resources

May 1, 2002
9:00 a.m., Room 423
Senator Bob Martin, Presiding

1. **Chairman's Comments**

2. **Housing Finance Agency**
   Recommended Reductions
   Bob Kucab, Executive Director

3. **North Carolina Biotechnology Center**
   Recommended Reductions
   Lori Lynn Greenstein, Senior Vice President and Chief Financial Officer

4. **Rural Economic Development Center**
   Recommended Reductions
   Billy Ray Hall, Executive Director

5. **Committee Discussion**

6. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Wednesday, May 1, 2002 at 9:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, May 1 at 9:00 a.m. in Room 423 of the Legislative Office Building. Five Senate members attended the meeting, including the Chairman, Senator Bob Martin, who presided. Representatives Owens, Fox, Warren, Hunter, Mitchell, and Weatherly, were present.

Senator Martin, Chairman, called the meeting to order. Mr. Bob Kucab, Executive Director, Housing Finance Agency, was asked to present the recommended reductions for the agency. These are Attachments A and A-1 of these minutes.

Ms. Lori Lynn Greenstein, Senior Vice President and Chief Financial Officer, North Carolina Biotechnology Center, was recognized to present the recommended reductions for the Biotech Center. This is Attachment B of these minutes.

Mr. Billy Ray Hall, Executive Director, Rural Economic Development Center, presented the recommended priority budget cuts for FY 2002-2003. This is Attachment C of these minutes.

The meeting adjourned at 10:00 a.m.

Senator R.L. "Bob" Martin
Vice Chairman

Carolyn Gooden
Committee Clerk

Attachment A

NORTH CAROLINA
HOUSING
FINANCE
AGENCY

MEMORANDUM

TO: Joint Appropriations Subcommittee on Natural and Economic Resources

FROM: A. Robert Kucab
Executive Director

DATE: April 30, 2002

SUBJECT: Fiscal Year 2002/2003 Budget

A self-supporting public agency

A. Robert Kucab
Executive Director

PO Box 28066
Raleigh, NC
27611-8066

3508 Bush Street
Raleigh, NC
27609-7509

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I appreciate the opportunity to discuss the critical value of the $3 million appropriation to the Housing Trust Fund and the $2.3 million match for the federal HOME Program.

It is important to note that in fiscal year 2000/2001, these appropriations were a combined $10.3 million, so they have already been reduced 49%.

The Trust Fund and HOME matching funds are invested in bricks and mortar. Operating costs are paid by the Agency, so reductions result in fewer affordable homes for the poorest families.

I strongly recommend that the $3 million for the Trust Fund be protected and that, if a reduction must be made, the 13% reduction ($689,000) come from the federal HOME Program match.

- The Trust Fund is a completely unique financing source and is the only loan program that can be used to finance housing for persons with special needs. The $3 million will leverage $15 million to finance 50 service-supported apartments for households such as domestic violence victims and persons with disabilities, and 75 apartments for working families and the elderly in rural counties through a partnership with USDA Rural Development.

- HOME matching funds provide loans for rental development in counties where, because incomes are low, it would otherwise not occur, and help first-time buyers purchase homes. A $689,000 reduction will either reduce production by 45 apartments or deny downpayment help to 140 homes buyers and result in a loss of $10.5 million of mortgage activity.

The Agency can, in the short term and with difficulty, preserve full federal funding of the HOME Program in fy 2002/2003 by relying on the timing of expenditures and by shifting other revenues to complete the 25% match.

However, the match requirement has increased over the past five years and the state appropriation has not. This is a one year solution and permanently reducing the state's match appropriation will jeopardize federal HOME Program appropriations in future years.

Attachment A-1

HOUSING FINANCE AGENCY

13% Reduction Target for FY 02-03

$689,000

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
1	N/A	13010	HOME Program	516,750	172,250			
			Totals	**516,750**	**172,250**	**0.00**	**0.00**	**0.00**
			Target Total	*516,750*	*172,250*			

Attachment B

NORTH CAROLINA BIOTECHNOLOGY CENTER
PROPOSED USE OF STATE FUNDS, FY 2002-2003

		Proposed Budget	13% Reduction Amount	% of Total	
	Core Program Oversight				
	Personnel: salary + benefits (3.0 FTE)	243,203			
	Genomics and Bioinformatics Consortium	175,000			
	Other Program Support	35,000			
	Event Grants and Sponsorships	30,000			
	Program Initiation Grants	25,000			
		508,203			
	Science & Technology Development Program				
	Personnel: salary + benefits (4.0 FTE)	221,054			
6*	University Research Grants/Intellectual Exchange	1,550,000	**(75,000)**	9.20%	reduce grant funding
	Other Program Support	53,000			
		1,824,054			
	Education & Training Program				
5	Personnel - salary + benefits (5.0 FTE)	315,829	**(47,679)**	5.85%	eliminate unfilled position
	Educational Grants	210,000			
	Workforce Training Initiatives	200,000			
	Other Program Support	95,000			
	Summer Workshops for Teachers	80,000			
		900,829			
	Business & Technology Development Program				
	Personnel: salary + benefits (5.0 FTE)	377,387			
2	Small Business Research Loans	300,000	**(300,000)**	36.81%	fund from Revolving Loan
	Other Program Support	151,000			Fund
		828,387			
	Historically Minority Universities Biotechnology Initiative				
1	Close-out funds from restricted appropriation		**(250,000)**	30.67%	end of program
	Library & Information Services				
	Personnel: salary + benefits (3.0 FTE)	183,482			
	Other Program Support	82,000			
		265,482			
	Corporate Affairs & External Relations				
4	Personnel: salary + benefits (7.0 FTE)	513,670	**(107,800)**	13.23%	fund 2 positions from other
	Other Program Support	182,500			sources
	North Rhine Westphalia Collaborative Agreement	20,000			
		716,170			
	Corporate Admin. (Acctg, Purchase, Contracts, HR, IS)				
	Personnel: salary + benefits (12.0 FTE)	797,343			
	Administrative Expenses	160,000			
		957,343			
	General & Administrative Expenses				
3	Facility Operations	150,000	**(34,521)**	4.24%	fund from other sources
	Accounting, Banking, Legal Fees	120,000			
		270,000			
	TOTAL STATE BUDGET, less 13% reduction	$6,270,468	**($815,000)**	100.00%	

* Prioritized in order of most expendable (1) to least expendable (6). If reduction is lower than 13%, the North Carolina Biotechnology Center would request to pro-rate the adjustment among several categories.

Attachment C

North Carolina Rural Economic Development Center, Inc.
Proposed Budget Cuts
FY 2002-2003

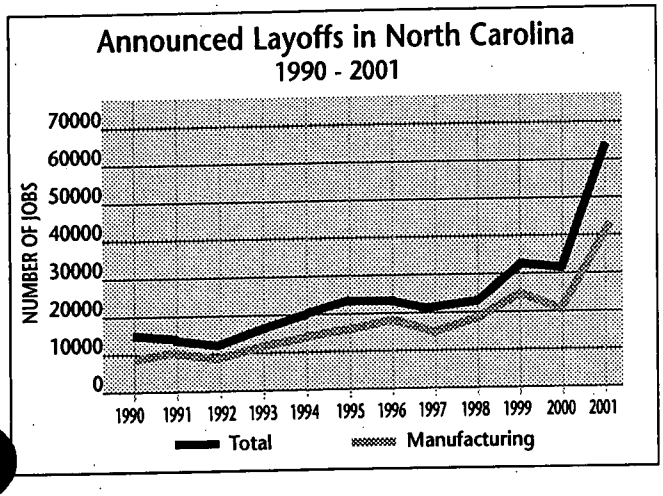
Program	Line Item	Base FY 02-03 Appropriation	Proposed FY 02-03 Reduction	Adjusted FY 02-03 Appropriation
Supplemental Program				
"a. $1,094,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision."	reduction in water and sewer grants	1,094,000	368,000	726,000
"b. $250,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects."	reduction in water, sewer, or business development grants	250,000	90,000	160,000
Research and Demonstration Grants Program	reduction in R&D grants	444,000	44,000	400,000
Microenterprise Loan Program				
"to support the loan fund and operations of the Program"	reduction in support to local lending sites	234,000	34,000	200,000
Community Development Corporations Program	reduction in CDC grants	1,124,000	74,000	1,050,000
"$1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities."				
Opportunities Industrialization Center Funds	reduction in operating support	400,000	52,000	348,000
			662,000	
$400,000 for the 2002-2003 fiscal year shall be allocated for ongoing job training programs.				

Facing the Facts: The North Carolina Economy

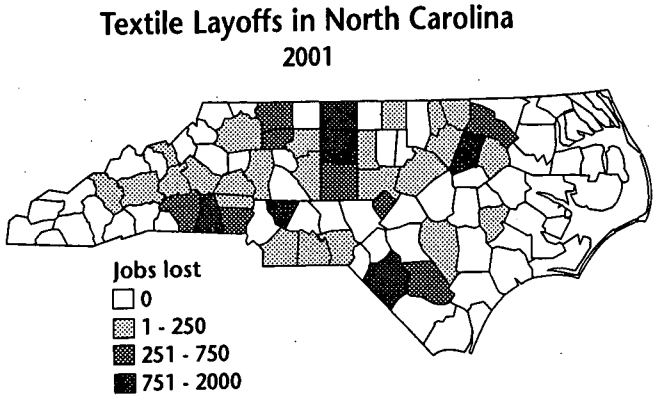
The Rural Center

North Carolina job losses mounting...

- In 2001, North Carolina companies announced 63,222 total layoffs.
  - — 42,521 were in manufacturing
  - — 11,695 were in textiles



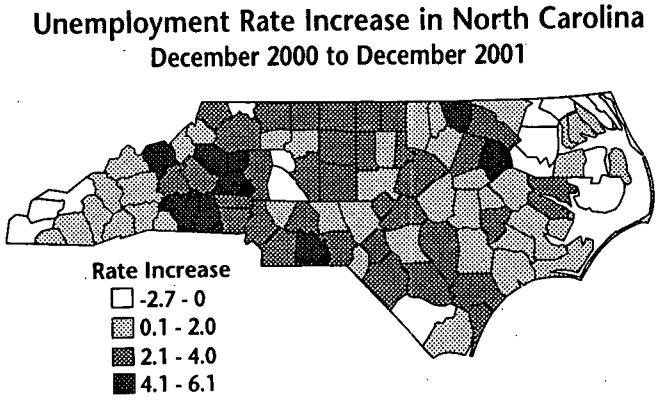
- From January 1990 to December 2001, North Carolina lost more than 155,000 jobs in manufacturing (870,500 to 714,700). Nearly 100,000 layoffs occurred in the textile industry (220,500 to 122,400).
- During 2001 North Carolina lost more textile and apparel jobs than any other state in the nation.



- In December 2001, for the first time since 1991, the number of people working in North Carolina declined for a one year period, with a loss of 11,000 jobs.

Rising unemployment statewide...

- North Carolina, which had the 12th lowest unemployment rate in the United States in 1999, fell to 46th in December 2001.
- The unemployment rate increased by four percentage points or more in 10 counties from December 2000 to December 2001. Cleveland County had the greatest increase, rising from 6.4 percent to 12.5 percent.



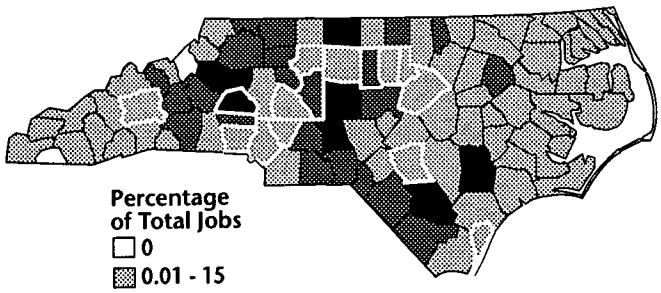
- Unemployment payments in January 2002 reached a record high of nearly $136 million.
- Almost 25,000 North Carolinians exhausted their unemployment benefits in 4th quarter of 2001 – a 143 percent increase from the year before. This was the highest increase in the country.

Rural areas especially hard hit...

- North Carolina is the 5th most industrialized state in the nation with 19 percent of its non-farm employment in manufacturing.
- More than half of the state's manufacturing is located in rural areas concentrated in the traditional industries including textiles, apparel, furniture and paper.
- The textile industry alone accounts for more than 23 percent of employment in Rockingham County and more than 19 percent in Surry County (2002).
- The dependence of rural areas on traditional manfacturing has left many communities hurting from the high number of layoffs.
  - — In 2001, manufacturing layoffs accounted for 87 percent of job losses in rural counties.

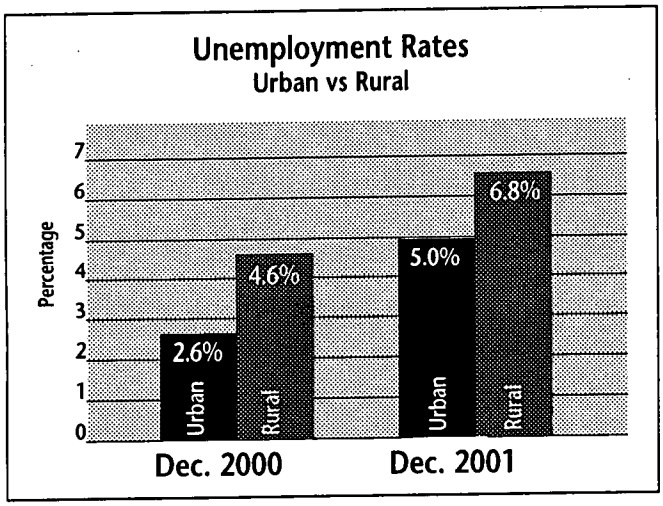
North Carolina Rural Economic Development Center, Inc. • 4021 Carya Drive, Raleigh, NC 27610 • 919.250.4314 • www.ncruralcenter.org

Dependence on Traditional Manufacturing in North Carolina



Note: Counties outlined in white are considered urban.

- 69 percent of all announced textile layoffs in North Carolina occurred in rural counties.
- In the last two years, the unemployment rate in rural North Carolina has averaged 2 percentage points higher than in urban North Carolina.



- All counties (14) with unemployment rates over 10 percent are rural.
  - Swain County had an unemployment rate of 15.7 percent in December 2001, the highest in the state.
- Nearly 130,000 workers in rural counties were unemployed as of December 2001.
- In February 2002, the Employment Security Commission reported only 13,327 job openings in rural counties.
  - Edgecombe County currently has an unemployment rate of 12.1 percent, equaling 2,900 unemployed workers. Edgecombe County reports only 27 job openings.

Whole communities are devastated...

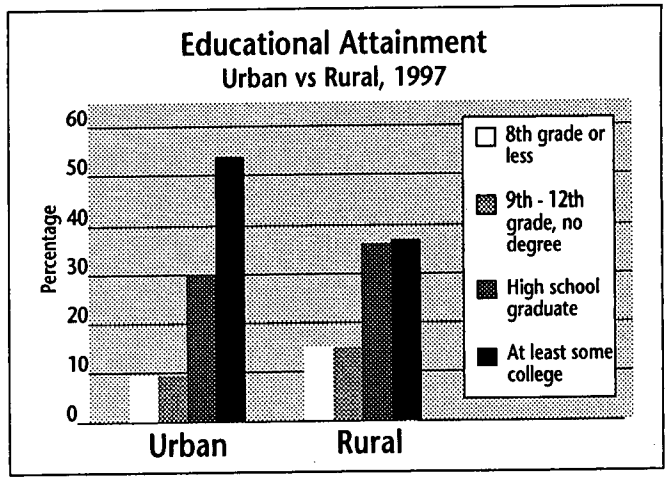
- In 2001, 8.4 percent of the labor force of Mitchell County was la
  - All of the jobs lost were located in the town of Spruce Pine.
  - The layoffs equal 30 percent of the town's population.
  - 90 percent of the jobs lost were in textile and furniture manufacturing.

The consequences are far-reaching...

- Closures and layoffs in Robeson County's textile industry in 2001 directly cost 1,056 jobs, $23.1 million in wages and $61.5 million in ouput.
- The loss of two major employers in this county has rippled through the economy with total economic losses equaling 2,112 jobs, $46.7 million in wages and $110.7 million in output.

The workforce is struggling...

- According to a 1997-98 Employment Security Commission study, laid off manufacturing workers earned less when reemployed, especially when switching to retail trade jobs.
  - Only 74 percent were reemployed in the state after two years. The median wage of these workers was 88 perce of the median pre-layoff wage.
  - 20 percent earned less than half their pre-layoff wages.
- The educational attainment level of rural workers makes the transition to new and higher-skilled jobs more difficult. Twenty-seven percent of rural workers have less than a high school education.



- Older dislocated workers are significantly less likely to be reemployed within 1-2 years of being laid off, and their income levels are more likely to decline than their younger counterparts.
- Persons aged 45-64 years constitute the fastest growing segment of the rural population.

Sources: Bureau of the Census, Bureau of Labor Statistics, Employment Security Commission, NCSU Department of Agricultural and Resource Economics and UNC-CH Office of Economic Development.

3/02

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Beth Anne Mumford	NCPC
Amanda Abrams	NCLIHC
Constance Stancil	NCLIHC
Laura Harper	SEANC
Becky Brown	NCDOL
Kevin Leonard	NCDOL
David Huskins	Smoky Mtn. Host of N.C. Inc
Brian Scebold	NCSGGA
Abdul Raskoob	NCCDI
Angela Cogdill	NC REAL
Susan Carroll	Commerce
Ken Tindall	NC Biotech Cntr
Lori Greenstein	"
Margaret Matthews	NC Housing Finance Agency
Christy Russell	NC Biotech Center.
Buddy Hungry	OSBM
[illegible]	OSBM
[illegible]	PCS Phosphate
Billy Ray Hall	N. C. Rural Ctr
John Goodman	Mercer & Assoc.
[illegible]	LLPP
[illegible]	NC Justice Ctr.
Ken Melton	Alley Associates, Inc.
Steve Woodson	NC Farm Bureau
Doug Lassiter	NCSTA

Joint Appropriations Subcommittees on Natural and Economic Resources

May 2, 2002
8:30 a.m., Room 423
Representative Bill Owens, Presiding

1. **Chairman's Comments**

2. **Department of Labor**
   Recommended Reductions
   Becky Brown, Director of Budget and Management

3. **Committee Discussion**

4. **Adjourn**

Joint Appropriations Subcommittee on
Natural and Economic Resources
May 2, 2002 – 8:30 AM

The Joint Appropriations Subcommittee on Natural and Economic Resources met on May 2, 2002 at 8:30 AM in Room 423 of the Legislative Office Building. Nine House Members were present as follows: Representatives Stan Fox, Bill Owens, Arlie Culp, Howard Hunter, Frank Mitchell Alice Underhill, Tracy Walker, Edith Warren and John Weatherly.

DEPARTMENT OF LABOR

Chairman Bill Owens called the meeting to order. He recognized Becky Brown, Director of Budget and Management for the Department of Labor. Ms. Brown stated that Cherie Berry, Commissioner of Labor, had a speech at the Research Triangle Park, and could not attend the meeting, but the Commissioner wanted to thank the committee for its foresight and wisdom in helping to get through elevator fee legislation last year. Ms. Brown reviewed the Labor Department's 13% Reduction Target for FY 02-03 (ATTACHMENT I). The Department came up with the $1.9 million reduction the committee sought and also exceeded the 80% vacancies requested. The Chairman stated we recommended 80% of the vacancies, and it appears only four vacant positions rather than 10.8 positions were reduced. Mr. Adam Levinson said the equivalent of 80% of the vacant positions could be field positions, third shift positions or any combination. Senator Albertson stated it sounds as if the department can meet the reductions without any problem. Ms. Brown said the department is trying to work with the committee. Representative Fox noticed a lot of reduced operating items, and he asked what percentage could be permanent. Ms. Brown used the Employment Discrimination Section as an example of using the telephone more for doing business than travel. Mr. Jim Taylor, in Wage and Hour, stated the division looked at reducing the reimbursement travel rate. We have never been paid 36 cents a mile and are down to 23 cents a mile now. This is even lower than the state authorization. We are looking at canceling meetings and training and are looking at doing business by phone and letter. There are five or six scenarios of how we will do business beginning July 1, and this has been done with the idea it would be permanent.

Representative Fox stated the department may have used this as an opportunity to find good ways to do business better, and Senator Martin said there had been more cooperation on the department's part than ever before. The Chairman feels all the departments have been extremely cooperative with the hard times. He is concerned about travel cutbacks and whether people will be able to get out and do their jobs. Senator Martin said somewhere down the line we ought to differentiate the travel between work and going to meetings. Representative Walker asked under OSHA if we are going to be able to meet the contractual agreement with the federal government to operate the program. Ms. Brown said the benchmark is 64 safety officers and 50 industrial

hygienists, and the department is at that level without any compromise. Senator Albertson also asked if inspections would be compromised. Ms. Brown stated over 64 percent of the department's people travel on the normal course of work. Representative Culp asked if most department employees are located in Raleigh, and Department of Labor employees are located all over the state.

The meeting adjourned at 8:52 AM.

Respectfully submitted,

Bill Owens

Representative Bill Owens, Chair

Mary Capps

Mary Capps, Committee Assistant

Representative Stan Fox, Chair

	Department of Labor							
	13% Reduction Target for FY 02-03							
	$1,965,328							
Priority	Division/ Bureau	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
1	Commissioner's Office	1110	Reduce various operating line items	9,162				
			Eliminate 2 filled positions					
5			Program Director (transfer to vacant OSH position)	55,988				1.00
38			Assistant Commissioner	68,595				1.00
			Total - Commissioner's Office	**133,745**	**0**	**0.00**	**0.00**	**2.00**
6	Budget and Management	1120/	Fund shift Accounting Technician II position	36,722			1.00	
		4220						
27			Reduce various operating line items	3,331				
			Total - Budget and Management	**40,053**	**0**	**0.00**	**1.00**	**0.00**
39	Human Resources	1120/	Eliminate filled Personnel Technician I position	27,586				0.75
		4230						
			Total - Human Resources	**27,586**	**0**	**0.00**	**0.00**	**0.75**
18	Publications	1120/	Reduce maintenance budget	4,702				
		4240						
25			Reduce maintenance budget	7,381				
			Total - Publications	**12,083**	**0**	**0.00**	**0.00**	**0.00**
17	Information Office	1130	Reduce various operating line items	12,063				
			Total - Information Office	**12,063**	**0**	**0.00**	**0.00**	**0.00**
24	Information Technology	1210	Reduce various operating line items	24,166				
16			Reduce various operating line items	9,062				
			Total - Information Technology	**33,228**	**0**	**0.00**	**0.00**	**0.00**
2	Elevator & Amusement	1320	Eliminate appropriation and offset with elevator receipts	131,934				
			Total - Elevator & Amusement Device Bureau	**131,934**	**0**	**0.00**	**0.00**	**0.00**
15	Mine & Quarry	1330	Reduce various operating line items	10,000				
			Total - Mine & Quarry	**10,000**	**0**	**0.00**	**0.00**	**0.00**
21	Wage & Hour	1340	Reduce various operating line items	40,766				
31			Reduce various operating line items	19,583				
35			Reduce various operating line items	8,400				
			Eliminate 2 filled positions					
42			Public Information Assistant	27,967				1.00
43			Investigator	41,723				1.00
			Total - Wage & Hour	**138,439**	**0**	**0.00**	**0.00**	**2.00**

Priority	Division/ Bureau	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
20	Employment Discrim	1345	Reduce various operating line items	33,445				
32			Reduce various operating line items	5,870				
36			Reduce various operating line items	16,487				
			Total - Employment Discrimination	**55,802**	**0**	**0.00**	**0.00**	**0.00**
7	Ag Safety & Health	1346	Fund shift Safety Office position to 100% federal funds	20,697			0.64	
33			Reduce various operating line items	9,778				
			Total - Agricultural Safety & Health	**30,475**	**0**	**0.00**	**0.64**	**0.00**
22	OSH (50/50)	1350	Reduce various operating line items	96,611				
			Total - Occupational Safety & Health (50/50)	**96,611**	**0**	**0.00**	**0.00**	**0.00**
19	OSH Review Board	1351	Reduce legal services line item	31,419				
			Total - OSH Review Board	**31,419**	**0**	**0.00**	**0.00**	**0.00**
	OSH (100% State Funds)	1352	Fund shift 2 positions.					
8			Processing Assistant III (shift to 90% federal funds)	23,931			0.90	
9			OSHA Safety Officer	46,650			1.00	
			Eliminate 2 vacant positions					
28			Office Assistant IV	32,903		1.00		
30			Industrial Hygiene Inspector	48,305		1.00		
			Eliminate 2 filled positions					
10			Safety Supervisor (transfer employee to vacant OSH position)	63,961				1.00
11			Health Supervisor (transfer employee to vacant OSH position)	69,961				1.00
13			Reduce salary reserve/matching social security and retirement.	33,795				
23			Reduce various operating line items	151,585				
29			Eliminate vacant Processing Assistant III position	25,758		1.00		
12			Eliminate filled Safety Supervisor position (transf to vacant OS	66,088				1.00
			Total - OSH (100% State Funds)	**562,937**	**0**	**3.00**	**1.90**	**3.00**
37	Labor Statistics (50/50)	1360	Eliminate filled Data Control Clerk III position	12,228				1.00
			Total - Bureau of Labor Statistics (50/50)	**12,228**	**0**	**0.00**	**0.00**	**1.00**
3	Private Personnel Service	1370	Eliminate operating budget	14,411				
			Eliminate 2 filled positions					
40			Program Assistant	38,759				1.00
41			Investigator	42,868				1.00
			Total - Private Personnel Services	**96,038**	**0**	**0.00**	**0.00**	**2.00**
4	Arbitration/Conciliation	1410	Eliminate operating budget.	2,677				
			Total - Arbitration/Conciliation	**2,677**	**0**	**0.00**	**0.00**	**0.00**
26	Apprenticeship	1420	Eliminate vacant Office Assistant IV position	28,174		1.00	0.00	0.00
34			Reduce various operating line items	18,504				
			Total - Apprenticeship	**46,678**	**0**	**1.00**	**0.00**	**0.00**

Priority	Division/ Bureau	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
14	Pre-Apprenticeship - PBC	2422	Reduce cash balance in this special fund	0	491,332			
			Total - Pre-Apprenticeship - PBC	**0**	**491,332**	**0.00**	**0.00**	**0.00**
			Totals	*1,473,996*	*491,332*	*4.00*	*3.54*	*10.25*
			Grand Total	*1,965,328*				

Funding Analysis	Requested	Actual	Over/ (Under)
Recurring	$ 1,473,996	$ 1,473,996	$ -
Non-Recurring	$ 491,332	$ 491,332	$ -
Total	$ 1,965,328	$ 1,965,328	$ -

Position Analysis	80% of Vacancies	Actual Reductions	Over/ (Under)
13.5 Positions x 80%	10.8	17.79	6.99

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/Subcommittee on Natural and Economic Resources — **May 2, 2002**

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Taylor	LABOR
Clyde Wagner	LABOR
Kevin Beaubelaire	LABOR
Kevin Leonard	NCDOL
Becky Brown	NCDOL
Sherri McClees	McClees Consulting, Inc.
Laura Harper	SEANC
Jim Newell	OSBM
Johnny Gray	OSBM
Patricia Hurley	LLPP
PAB	NCFB

Joint Appropriations Subcommittees on Natural and Economic Resources

May 7, 2002
1:00 p.m., Room 423
Sen. Bob Martin, Presiding

1. **Chairman's Comments**

2. **Department of Commerce**
   Recommended Reductions
   Jim Fain, Secretary
   Robin Pasquarello, Chief Fiscal Officer

3. **Department of Environment & Natural Resources**
   Recommended Reductions
   Dempsey Benton, Chief Deputy Secretary

4. **Committee Discussion**

5. **Adjourn**

Joint Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, May 7, 2002 at 1:00 a.m.

MINUTES

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, May 7 at 1:00 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chairman, Senator Bob Martin, who presided. Representatives Owens, Fox, Warren, Culp, Hunter, Mitchell, Underwood, Walker, Warwick, Weatherly, and West were present.

Senator Martin, Chairman, called the meeting to order. Ms. Robin Pasquarello, Chief Fiscal Officer, Department of Commerce, presented the Department's recommended budget reductions. This is Attachment A of these minutes.

Mr. Buck Lattimore, Chairman, Industrial Commission, was asked to present the Commission's budget reductions. This budget begins on page 2 of 3, last column of Attachment A.

Mr. Dempsey Benton, Chief Deputy Secretary, Department of Environment & Natural Resources presented the recommended budget reductions for the Department. This is Attachment B of these minutes. Secretary Dempsey explained line-by-line reductions in the proposed cuts for DENR. He stated that the target for reductions would be $20.6 million with 160.69 total positions removed from appropriations.

Representative Owens reminded the Committee about the rules for the Joint Appropriations Subcommittees by which the Committee must operate. He asked that any recommendations by members comply with the rules set forth by the full Appropriation Chairs.

Representative Owens went over the proposals of the Non-Profits with the Committee. This is Attachment C of these minutes. The full Appropriation Chairs directed this proposal.

The meeting adjourned at 3:10 p.m.

Senator R.L. "Bob" Martin
Chairman

Carolyn Gooden
Committee Clerk

Attachment A

North Carolina Department of Commerce
13% Reduction Target for FY 02-03
$5,756,449

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
1	Administration	1111	Reduce various operating line items	$ -	$ 40,706			
1			Eliminate audit services line item		98,000			
16			Eliminate 1 vacant Director of Community Involvement position	87,153		1.00		
			Total- Administration	**87,153**	**138,706**	**1.00**	**0.00**	**0.00**
1	Air Transportation	1112	Reduce various operating line items		121,489			
			Total - Air Transportation Services	**-**	**121,489**	**0.00**	**0.00**	**0.00**
1	Science & Tech	1113	Eliminate 1 filled Education Consultant position	66,626				1.00
			Total- Science and Tech	**66,626**	**0**	**0.00**	**0.00**	**1.00**
1	MIS	1120	Eliminate 1 filled Telecomm. Equip. Tech I position	45,695				1.00
7			Reduce computer software line item		65,912			
1			Reduce various operating line items		14,651			
			Total- MIS	**45,695**	**80,563**	**0.00**	**0.00**	**1.00**
1	Policy & Research	1130	Reduce various operating line items		45,663			
			Total - Policy and Research		**45,663**	**0.00**	**0.00**	**0.00**
8	Marketing	1520	Reduce advertising line item		131,930			
			Total- Marketing		**131,930**	**0.00**	**0.00**	**0.00**
6	B & I	1531	Reduce various operating line items		274,126			
			Eliminate 2 vacant positions					
15			1 vacant Economic Developer	75,065		1.00		
1			1 vacant Administrative Assistant	43,416		1.00		
			Total- B & I	**118,481**	**274,126**	**2.00**	**0.00**	**0.00**
1	International Trade	1541	Eliminate 1 vacant Office Assistant IV position	28,346		1.00		
5			Reduce various operating line items		83,496			
			Reduce Advertising line item		180,624			
			Total- International Trade	**28,346**	**264,120**	**1.00**	**0.00**	**0.00**
1	Tourism,Film,&SD	1551	Reduce various operating line items	62,914	263,802			
14			Reduce advertising line item	426,230				

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
			Eliminate 1 filled and 2 vacant positions					
9			1 vacant Program Development Coordinator	60,441		1.00		
1			1 vacant Development Officer	45,912		1.00		
2			1 filled Development Officer	54,223				1.00
			Total- Tourism Film, and Sports Development	**649,720**	**263,802**	**2.00**	**0.00**	**1.00**
1	Welcome Centers	1552	Reduce various operating line items		99,714			
			Total- Welcome Centers	**-**	**99,714**	**0.00**	**0.00**	**0.00**
1	Wanchese	1561	Eliminate 1 vacant Community Development Specialist II position	45,485		1.00		
			Total- Wanchese Seafood Industrial Park	**45,485**	**0**	**1.00**	**0.00**	**0.00**
4	Finance Center	1581	Eliminate 1 vacant Industrial Finance Specialist II position	53,384		1.00		
1			Reduce various operating line items		18,999			
1			Reduce Industrial Development Revolving Fund	1,380,528				
			Total- Comm. Finance	**1,433,912**	**18,999**	**1.00**	**0.00**	**0.00**
	Community Asst.	1620	Eliminate 4 vacant positions					
3			1 vacant drafting Tech II	42,318		1.00		
13			1 vacant Community Dev Planner I	45,997		1.00		
12			1 vacant Community Dev Planner I	67,106		1.00		
11			1 vacant Community Dev Planner I	54,940		1.00		
			Fund Shift 2 positions					
10			1 Public Information Officer filled	37,954			1.00	
1			0.5 FTE Office Assistant filled	15,214			0.50	
1			Reduce office rent	23,120				
1			Reduce Councils of Government (COGs) by 11%	102,850				
			Total- Community Assistance	**389,499**	**0**	**4.00**	**1.50**	**0.00**
	Comm. On Workfor	1645	Fund shift 2 positions					
			1 vacant Deputy Director (offer has been made to candidate)	58,901			0.58	
			1 vacant Administrative Assistant	26,712			0.58	
			Total- Workforce Commission	**85,613**			1.16	
1	Industrial Comm.	1831	Budget overrealized receipts and reduce General Fund appropriation	327,844				
			Eliminate 10 vacant positions					
1			1 vacant Applications Analyst Programmer I	74,298			1.00	
3			1 vacant Application Programmer I	38,147		1.00		
1			1 vacant Computing Support Tech I	23,621		0.32	0.43	

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	Fund Shift	Filled
4			1 vacant Processing Asst III	18,592		0.50		
1			1 vacant Processing Asst III	26,590			1.00	
5			1 vacant Admin Asst I	43,286		1.00		
1			1 vacant Data Control Clerk III	24,862			1.00	
1			1 vacant Program Asst V	35,179			1.00	
1			1 vacant Program Asst V	34,616			1.00	
1			1 vacant Agency Legal Specialist I	52,116			1.00	
2			Eliminate 1 filled Processing Asst II	25,156				1.00
			Total- Industrial Commission	**724,307**	**0**	**2.82**	**6.43**	**1.00**
1	Reserves	1912	Reduce Regional Economic Development Partnerships by 10%	642,500				
			Total- Reserves	**642,500**	**0**	**0.00**	**0.00**	**0.00**
			Totals	**$ 4,317,337**	**$ 1,439,112**	**14.82**	**9.09**	**4.00**
			Target Total	$ 5,756,449				
						TOTAL	**FTE**	**27.91**

Attachment B

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
	Administration	1130	Eliminate vacant admin. support positions in Regional Field Offices					
4	**Administration**		1 vacant Processing Asst III	34,740		1.00		
4	**Administration**		1 vacant Office Work Unit Supv. IV	32,525		1.00		
4	**Administration**		0.25 vacant Accounting Tech. I	7,398		0.25		
	Administration	1140	Eliminate 1 vacant and 1 filled position in the Human Resources Section					
5	**Administration**		1 filled Environmental Supv. III	88,968				1.00
4	**Administration**		1 vacant Admin. Secretary III	40,315		1.00		
	Administration	1140	Eliminate 2 vacant positions in the Information Technology Section					
20	**Administration**		1 vacant Computing Consultant I	54,575		1.00		
4	**Administration**		1 vacant Admin. Assistant V	34,116		1.00		
	Administration	1140	Eliminate 2 vacant positions in the Controller's Office					
19	**Administration**		1 vacant Accounting Tech. III	43,992		1.00		
4	**Administration**		1 vacant Systems Accountant II	79,343		1.00		
9	**Administration**	1140	Eliminate 1 vacant Admin. Officer II position in the Purchasing Office	51,764		1.00		
18	**Administration**	1140	Eliminate 1 vacant Accounting Tech III in the Budget Planning & Analysis Sectic	32,160		1.00		
	Administration		**Total - Administration**	**499,895**	**0**	**9.25**	**0.00**	**1.00**
1	**Reserves &Transfers**	1910	Reduce funding for WQ Workgroup and grant program by 50% ($380,000)	190,000				
1	**Reserves &Transfers**	1910	Reduce transfer to Wildlife for LEO equalization by 33% ($906,481)	303,747				
1	**Reserves &Transfers**	1910	Reduce Beaver Control Grants by 13% ($500,000)	65,000				
1	**Reserves &Transfers**	1920	Reduce funds for the 16 Grassroots Science Museums by 13% ($3,120,000)	405,600				
1	**Reserves &Transfers**	1920	Reduce funds for the Partnership of the Sounds by 13% ($517,250)	67,243				
	Reserves &Transfers		**Total - Reserves and Transfers**	**1,031,590**	**0**	**0.00**	**0.00**	**0.00**
	Air Quality	1770	Fund shift 9 positions to receipts and eliminate General Fund appropriation					
3	**Air Quality**		1 Filled Environ Program Mgr	102,610			1.00	
3	**Air Quality**		1 Filled Admin Secretary III	41,625			1.00	
3	**Air Quality**		1 Filled Environ Engineer II	59,625			1.00	
3	**Air Quality**		1 Filled Environ Chemist II	52,455			1.00	
3	**Air Quality**		1 Filled Environ Spec II	39,535			1.00	
3	**Air Quality**		1 Filled Info Processing Asst. II	38,155			1.00	

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
3	**Air Quality**		1 Filled Environ Chemist II	50,505			1.00	
3	**Air Quality**		1 Filled Environ Chemist II	63,077			1.00	
3	**Air Quality**		1 Vacant Office Assist . IV	28,800			1.00	
3	**Air Quality**	1770	Fund Shift Benefits-Longevity, OT Pay, Comp to Board Members	12,148				
3	**Air Quality**	1770	Eliminate operating support by fund shift to receipts	20,610				
	Air Quality		**Total - Air Quality**	**509,146**	**0**	**0.00**	**9.00**	**0.00**
	Aquariums	1355	Fund shift 12.75 vacant and 4 filled positions to increased admissions receipts					
3	**Aquariums**		1 Vacant Inform. & Communication Spec II	54,206			1.00	
3	**Aquariums**		.75 Vacant Office Assistant III	22,924			0.75	
3	**Aquariums**		1 Vacant Natural Science Curator I	32,186			1.00	
3	**Aquariums**		1 Vacant Natural Science Curator I	32,186			1.00	
3	**Aquariums**		1 Vacant Office Assistant III	24,863			1.00	
3	**Aquariums**		1 Vacant Natural Science Curator I	32,745			1.00	
3	**Aquariums**		1 Vacant Natural Science Curator II	41,990			1.00	
3	**Aquariums**		1 Vacant Technical Assistant I	32,186			1.00	
3	**Aquariums**		1 Vacant Natural Science Curator I	32,186			1.00	
3	**Aquariums**		1 Vacant Office Assistant III	25,516			1.00	
3	**Aquariums**		1 Vacant Natural Science Curator	37,227			1.00	
3	**Aquariums**		1 Vacant Natural Science Curator I	32,186			1.00	
3	**Aquariums**		1 Filled Natural Science Curator I	32,186			1.00	
3	**Aquariums**		1 Filled Security Officer III	32,186			1.00	
3	**Aquariums**		1 Filled Security Officer II	27,999			1.00	
3	**Aquariums**		1 Filled Security Officer II	30,010			1.00	
3	**Aquariums**		1 LWOP Maintenance Mechanic III	28,964			1.00	
43	**Aquariums**	1355	Reduce General Fund operating line-items & budget increased receipts	548,257				
	Aquariums		**Total - NC Aquariums**	**1,100,000**	**0**	**0.00**	**16.75**	**0.00**
	Coastal Mgt	1625	Fund shift 2.5 positions in the Coastal Reserve Program to Federal Grant					
3	**Coastal Mgt**		1 Filled Environmental Spec. III	52,255			1.00	

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
3	**Coastal Mgt**		1 Filled Extend. Educ. & Training Specialist I	43,178			1.00	
3	**Coastal Mgt**		.50 Filled Environmental Supv. III	38,159			0.50	
6	**Coastal Mgt**		Reduce land use planning funds	76,000				
3	**Coastal Mgt**		Reduce overbudgeted operating funds for Preyer Buckridge site	33,252				
	Coastal Mgt		**Total - Coastal Management**	**242,844**	**0**	**0.00**	**2.50**	**0.00**
8	**Env Education**	1120	Eliminate 1 filled Processing Asst IV position	29,587				1.00
6	**Env Education**		Reduce operating budget	14,601				
	Env Education		**Total - Environmental Education**	**44,188**	**0**	**0.00**	**0.00**	**1.00**
2	**Env Health**	1475	Reduce aid to county for environmental health programs ($1,032,927) (13%)	134,281				
	Env Health	1475	Eliminates 2.5 vacant positions in the Environmental Health Services section					
4	**Env Health**		1 vacant Program Assist IV	28,896		1.00		
9	**Env Health**		1 vacant App. Analyst Prog. I	61,027		1.00		
4	**Env Health**		.50 vacant Process Assist IV	15,124		0.50		
6	**Env Health**	1475	Reduce operating support in the Environmental Health Services section	35,928				
1	**Env Health**	1480	Reduce mosquito control aid to counties ($616,191) (13%)	80,105				
3	**Env Health**	1490	Fund shift .71 Filled Proc. Asst IV to Federal Grant in Public Water Supply sectio	22,818			0.71	
	Env Health	1500	Eliminate 3 vacant positions in the On-Site Wastewater section					
15	**Env Health**		1 vacant Soil Scientist II	52,482		1.00		
14	**Env Health**		1 vacant Soil Scientist II	58,994		1.00		
4	**Env Health**		1 vacant Soil Scientist II	56,863		1.00		
9	**Env Health**	TBD	Additional operating reduction	156,881				
	Env Health	1755	Fund shift 5 FTES with increased fee receipts in Radiation Protection					
3	**Env Health**		1 Filled Health Physicist	50,138			1.00	
3	**Env Health**		1 Filled Health Physicist	50,138			1.00	
3	**Env Health**		1 Filled Health Physicist	51,962			1.00	
3	**Env Health**		1 Filled Health Physicist	48,954			1.00	
3	**Env Health**		1 Filled Health Physicist	26,808			0.60	
3	**Env Health**		1 Filled Processing Assistant III	14,372			0.50	

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
3	**Env Health**	1755	Reduce operating support in Radiation Protection section by shifting to receipts	5,578				
5	**Env Health**	1755	Eliminates 2 vacant positions in Radiation Protection due to reorg.					
4	**Env Health**		1 Vacant Radiation Prot Serv Chief	95,655		1.00		
4	**Env Health**		1 Vacant Admin. Asst. I	40,891		1.00		
	Env Health		**Total - Environmental Health**	**1,087,893**	**0**	**7.50**	**5.81**	**0.00**
	Forest Resources	1210	Eliminate 5 vacant positions Forestry - Field Ofiices					
4	**Forest Resources**		1 vacant Office Assistant III	28,204		1.00		
4	**Forest Resources**		1 vacant Office Assistant III	30,049		1.00		
4	**Forest Resources**		1 vacant Forestry Supervisor II	59,534		1.00		
4	**Forest Resources**		1 vacant Forestry Supervisor II	71,439		1.00		
4	**Forest Resources**		1 vacant Administrative Assistant I	38,346		1.00		
3	**Forest Resources**		Funds shift 1 vacant Forester II to federal funds	44,220			1.00	
9	**Forest Resources**		Reduce seasonal wages in Forestry - Field Ofiices	496,887				
5	**Forest Resources**		Reduce vehicle line-item in Forestry - Field Ofiices	329,000				
5	**Forest Resources**		Reduce contractual funds for CL-215	150,000				
7	**Forest Resources**		Reduce overtime/fringe in Forestry - Field Ofiices	495,758				
6	**Forest Resources**		Reduce operating funds in Forestry - Field Ofiices	401,656				
12	**Forest Resources**		Reduce Forest Development Program ($589,000)	250,000				
24	**Forest Resources**	1235	Reduce operating funds for the BRIDGE program	279,371				
7	**Forest Resources**		Reduce seasonal and overtime/fringe for BRIDGE program	33,158				
3	**Forest Resources**	1260	Fund shift 1 vacant Forestry Technician to nursery seedling receipts	52,044				
7	**Forest Resources**		Reduce seasonal and overtime/fringe in Tree Improvement Program	10,499				
6	**Forest Resources**		Reduce operating funds in Tree Improvement Program	24,147				
16	**Forest Resources**	1210	Reduce appropriation and replace w/ a transfer Bladen Lakes Sp Fund	220,000				
1	**Forest Resources**		Reduce appropriation and replace w/ a transfer Bladen Lakes Sp Fund/one-time		220,000			
	Forest Resources		**Total - Forest Resources**	**3,014,311**	**220,000**	**5.00**	**1.00**	**0.00**
3	**Land Resources**	1730	Fund shift 0.5 Filled Office Asst III position to receipts	16,112			0.50	
3	**Land Resources**		Reduce operating support and shift to receipts	3,151				

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
4	**Land Resources**	1735	Eliminate 1 vacant Office Asst III in the Geological Survey Sect	25,962		1.00		
6	**Land Resources**		Reduce operating support in the Geological Survey Section	25,551				
	Land Resources	1740	Fund shift 6 vacant & 5 filled FTEs to receipts (increased sedimentation fees)					
3	**Land Resources**		Fund Shift 1 Vacant Environ. Eng. III	68,927			1.00	
3	**Land Resources**		Fund Shift 1 Vacant Environ. Tech V	37,384			1.00	
3	**Land Resources**		Fund Shift 1 Vacant Environ. Eng II	58,093			1.00	
3	**Land Resources**		Fund Shift 1 Vacant Environ. Tech V	42,709			1.00	
3	**Land Resources**		Fund Shift 1 Vacant Environ. Tech V	44,046			1.00	
3	**Land Resources**		Fund Shift 1 Vacant Environ. Tech V	38,017			1.00	
3	**Land Resources**		Fund Shift 1 Filled Environ Eng. I	53,457			1.00	
3	**Land Resources**		Fund Shift 1 Filled Environ Tech V	38,725			1.00	
3	**Land Resources**		Fund Shift 1 Filled Environ Tech V	44,553			1.00	
3	**Land Resources**		Fund Shift 1 Filled Environ Eng. I	47,571			1.00	
3	**Land Resources**		Fund Shift 1 Filled Environ Tech V	42,233			1.00	
3	**Land Resources**	1740	Reduce operating support in Land Quality and shift to receipts	2,147				
9	**Land Resources**	1750	Eliminate 1 vacant Geodetic Survey Analysis Tech I	37,185		1.00		
3	**Land Resources**		Fund shift .25 vacant Geodetic Survey Tech I	7,768			0.25	
17	**Land Resources**	1751	Reduce operating funds in the County Boundaries program	45,975				
	Land Resources		**Total - Land Resources**	**679,564**	**0**	**2.00**	**11.75**	**0.00**
6	**Marine Fisheries**	1315	Reduce operating expenses DMF admin	84,685				
1	**Marine Fisheries**	1315	Reduce Fisheries Resources Grant Program by 50%	500,000				
3	**Marine Fisheries**	1320	Eliminate 3 vacant positions & fund shift 1 position to over-realized receipts					
4	**Marine Fisheries**		Eliminate 1 vacant Marine Fisheries Tech II	33,940		1.00		
4	**Marine Fisheries**		Eliminate 1 vacant Cartographic Tech	28,964		1.00		
4	**Marine Fisheries**		Eliminate 1 vacant Marine Fisheries Bio Supv	46,624		1.00		
3	**Marine Fisheries**		Fund Shift 1 vacant Marine Fisheries Bio Supv.	46,624			1.00	
6	**Marine Fisheries**	1320	Reduce operating support for research programs	284,152				
	Marine Fisheries	1325	Eliminate 3 vacant positions in Marine Patrol Section					
23	**Marine Fisheries**		1 vacant Marine Fisheries Area Leader	38,913		1.00		
22	**Marine Fisheries**		1 vacant Marine Fisheries Enforcement Off. III	36,000		1.00		
21	**Marine Fisheries**		1 vacant Marine Fisheries Enforcement Off. III	36,000		1.00		

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
	Marine Fisheries		Fund shift 2 positions to over-realized receipts in Marine Patrol Section					
3	**Marine Fisheries**		1 filled Marine Fisheries Enforcement Off. III	36,000			1.00	
3	**Marine Fisheries**		1 vacant Marine Enforcement Assistant Chief	65,902			1.00	
6	**Marine Fisheries**	1325	Reduce operating support in Marine Patrol Section	90,432				
37	**Marine Fisheries**	TBD	Reduce operating support	129,462				
	Marine Fisheries		**Total - Marine Fisheries**	**1,457,700**	**0**	**6.00**	**3.00**	**0.00**
	Mus Nat Sciences	1360	Eliminate 7 vacant positions in Museum					
4	**Mus Nat Sciences**		1 vacant Wildflife/Fish Tech I	30,236		1.00		
4	**Mus Nat Sciences**		1 vacant Art Museum Exhibit Design Tech	33,066		1.00		
36	**Mus Nat Sciences**		1 vacant, not established Security Officer	27,999		1.00		
4	**Mus Nat Sciences**		1 vacant Natural Sciences Curator I	32,186		1.00		
4	**Mus Nat Sciences**		1 vacant Natural Sciences Curator I	32,186		1.00		
4	**Mus Nat Sciences**		1 vacant Natural Sciences Curator I	32,186		1.00		
4	**Mus Nat Sciences**		1 vacant Wildlife Fisheries Tech I	30,236		1.00		
16	**Mus Nat Sciences**	1360	Reduce operating funds for Museum of Forestry	25,000				
35	**Mus Nat Sciences**	1360	Reduce recurring operating funds for Museum of Natural Sciences	289,253				
	Mus Nat Sciences		**Total - NC Museum**	**532,347**	**0**	**7.00**	**0.00**	**0.00**
	Parks & Recreation	1280	**Close Singletary, Waynesboro & Lake James State Parks**					
	Parks & Recreation		Close Lake James State Park & eliminate 4 filled and 1 vacant positions					
30	**Parks & Recreation**		Eliminate 1 filled Park Ranger I	31,333				1.00
29	**Parks & Recreation**		Eliminate 1 filled Park Ranger II	39,297				1.00
28	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic III	33,654				1.00
27	**Parks & Recreation**		Eliminate 1 filled Office Assistant III	27,254				1.00
26	**Parks & Recreation**		Eliminate 1 vacant Maintenance Mechanic I/Not established	25,244		1.00		
	Parks & Recreation		Close Waynesborough State Park & Eliminate 1 Filled Position					
25	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,388				1.00
	Parks & Recreation		Close Singletary Lake State Park & Eliminate 4 Filled Positions					
34	**Parks & Recreation**		Eliminate 1 filled Park Ranger II	33,540				1.00

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
33	**Parks & Recreation**		Eliminate 1 filled Office Assistant III	28,813				1.00
32	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic III	33,158				1.00
31	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,371				1.00
	Parks & Recreation		**Close selected parks for 2 days a week**					
	Parks & Recreation		*Crowder's Mountain State Park*					
10	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic II	29,738				1.00
10	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,371				1.00
	Parks & Recreation		*Fort Fisher State Park*					
10	**Parks & Recreation**		Eliminate 1 filled Park Ranger II	31,478				1.00
10	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,388				1.00
	Parks & Recreation		*Goose Creek State Park*					
4	**Parks & Recreation**		Eliminate 1 vacant Park Ranger I	30,824		1.00		
10	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,770				1.00
	Parks & Recreation		*Hammock's Beach State Park*					
10	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic II	27,014				1.00
10	**Parks & Recreation**		Eliminate 1 filled Office Assistant III	25,145				1.00
	Parks & Recreation		**Parks That May Be Closed Two Days a Week**					
	Parks & Recreation		*New River State Park*					
10	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic II	27,450				1.00
	Parks & Recreation		*Raven Rock State Park*					
10	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic I	25,667				1.00
	Parks & Recreation		*Weymouth Woods Natural Area*					
10	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic II	30,085				1.00
	Parks & Recreation		**Parks With Areas That May Be Closed Two Days a Week/Larger Staffs**					
	Parks & Recreation		*Eno River State Park*					
10	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,388				1.00
	Parks & Recreation		*Falls Lake State Park*					
4	**Parks & Recreation**		Eliminate 1 vacant Park Superintendent I	45,763		1.00		
	Parks & Recreation		*Jordan Lake State Park*					
10	**Parks & Recreation**		Eliminate 1 filled Park Superintendent I	46,842				1.00
	Parks & Recreation		*Jockey's Ridge State Park*					
4	**Parks & Recreation**		Eliminate 1 filled Maintenance Mechanic II	28,402				1.00
	Parks & Recreation		*Kerr Lake State Park*					
4	**Parks & Recreation**		Eliminate 1 filled Park Superintendent I	43,713				1.00

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
	Parks & Recreation		*Medoc Mountain State Park*					
4	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,371				1.00
	Parks & Recreation		*Pettigrew State Park*					
4	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,778				1.00
	Parks & Recreation		*William B. Umstead State Park*					
10	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,388				1.00
	Parks & Recreation		*Fort Macon State Park*					
10	**Parks & Recreation**		Eliminate 1 filled General Utility Worker	23,388				1.00
	Parks & Recreation		Other Program Reductions					
10	**Parks & Recreation**		Eliminate 1 filled Office Assistant IV in Administration	28,811				1.00
10	**Parks & Recreation**		Eliminate 1 filled Facility Architect I in Construction & Operations Section	50,405				1.00
4	**Parks & Recreation**		Eliminate 1 vacant Environmental Specialist II	38,913		1.00		
3	**Parks & Recreation**		Fund Shift 1 filled Office Assistant III in Parks & Rec Trust Fund	27,512			1.00	
41	**Parks & Recreation**		Reduce seasonal wages	189,258				
38	**Parks & Recreation**		Reduce various operating line-items	173,979				
1	**Parks & Recreation**		Reduce Adopt-a-Trails ($135,000)	27,000				
	Parks & Recreation		**Total - Parks & Recreation**	**1,414,896**	**0**	**4.00**	**1.00**	**29.00**
	Pollution Prevention	1615	Fund shifts 2.13 positions & operating costs to the Solid Wste Trust Fund					
3	**Pollution Prevention**		.58 Vacant Environ Spec III	35,757			0.58	
3	**Pollution Prevention**		1 Vacant Ind. Devel. Rep I	48,634			1.00	
3	**Pollution Prevention**		.55 Filled Ind. Devel. Rep I	26,590			0.55	
4	**Pollution Prevention**		Reduce various operating line-items	48,989				
	Pollution Prevention		**Total - Pollution Prevention**	**159,970**	**0**	**0.00**	**2.13**	**0.00**
	Soil & Water	1310	Eliminate 1 filled position & 1.5 vacant positions					
4	**Soil & Water**		1 vacant Office Asst. IV	27,947		1.00		
4	**Soil & Water**		.5 vacant Env. Tech III	15,695		0.50		
10	**Soil & Water**		1 filled Soil Survey Supervisor	52,647				1.00
6	**Soil & Water**		Reduce various operating line-items	121,508				

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
5	**Soil & Water**		Reduce equipment line-item	60,000				
2	**Soil & Water**		Reduce funds for BMPs in Ag Cost Share by 13 % ($5,669,897)	737,087				
	Soil & Water		**Total - Soil & Water Conservation**	**1,014,884**	**0**	**1.50**	**0.00**	**1.00**
	Waste Management	1760	Fund shift 2 positions to federal funds					
3	**Waste Management**		1 Filled Hydrogeologist II	58,501			1.00	
3	**Waste Management**		1 Vacant Environ. Engineer II	59,777			1.00	
4	**Waste Management**	1760	Eliminate 1 Vacant Office Assist. III	26,167		1.00		
3	**Waste Management**	1760	Reduce operating support	28,248				
	Waste Management		**Total - Waste Management**	**172,693**	**0**	**1.00**	**2.00**	**0.00**
	Water Quality	1630	Fund shift 4 positions to Wetlands Mitigation Funds					
3	**Water Quality**		1 Vacant Environ Spec II	53,864			1.00	
3	**Water Quality**		1 Filled Environ Spec III	44,784			1.00	
3	**Water Quality**		1 Filled Environ Spec III	45,400			1.00	
3	**Water Quality**		1 Filled Environ Spec II	43,933			1.00	
3	**Water Quality**	1630	Fund shift operating support to Wetlands Mitigation Funds	54,629				
42	**Water Quality**	1635	Reduce operating funds in WQ Laboratory	158,647				
	Water Quality	1655	Eliminate 1 vacant positions & fund shift 5 positions in Groundwater Program					
4	**Water Quality**		1 Vacant Hydo Tech II	35,197		1.00		
3	**Water Quality**		1 Vacant Env. Eng I	49,444			1.00	
3	**Water Quality**		1 Vacant Hydrogeologist I	44,432			1.00	
3	**Water Quality**		1 Filled Office Assist III	26,628			1.00	
3	**Water Quality**		1 Filled Hydrogeologist I	44,432			1.00	
3	**Water Quality**		1 Filled Envir Chemist II	50,898			1.00	
6	**Water Quality**	1655	Reduce operating support	63,692				
4	**Water Quality**	1690	Eliminate 1 vacant Environ Chemist II in WQ Section	45,240		1.00		
	Water Quality	1690	Fund Shift 4 FTE's to Federal Funds in WQ Section					
3	**Water Quality**		1 Filled Environ. Spec. II	40,316			1.00	
3	**Water Quality**		1 Filled Environ. Spec. I	35,874			1.00	

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2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
3	**Water Quality**		1 Filled Environ. Biologist I	39,560			1.00	
3	**Water Quality**		1 Filled Environ.Tech IV	34,696			1.00	
39	**Water Quality**	1690	Reduce operating funds in WQ Section	534,740				
	Water Quality		**Total - Water Quality**	**1,446,406**	**0**	**2.00**	**13.00**	**0.00**
	Water Resources	1620	Eliminate 2 vacant positions					
4	**Water Resources**		1 Vacant Environ Spec. I	35,929		1.00		
11	**Water Resources**		1 Vacant Environ Biologist II	51,513		1.00		
6	**Water Resources**	1620	Reduce various operating line-items	48,396				
40	**Water Resources**	1620	Reduce line-item for USGS contracts	92,787				
	Water Resources		**Total - Water Resources**	**228,626**	**0**	**2.00**	**0.00**	**0.00**
13	**Zoological Park**	1305	Reduce various operating line-items	351,710				
3	**Zoological Park**	1305	Budget over-realized receipts	5,222				
	Zoological Park	1305	Eliminate 7.5 vacant, 0.5 filled positions and fund shift 5.5 filled positions					
4	**Zoological Park**		Eliminate 1 vacant Zoo Security Officer I	22,957		1.00		
4	**Zoological Park**		Eliminate 1 vacant Zoo Security Officer I	23,335		1.00		
10	**Zoological Park**		Eliminate .5 filled Office Asst. III (LWOP)	12,490				0.50
4	**Zoological Park**		Eliminate 1 vacant Staff Dev. Specialist I	38,588		1.00		
4	**Zoological Park**		Eliminate 1 vacant Groundsworker	24,065		1.00		
4	**Zoological Park**		Eliminate .5 vacant Public Info. Asst. III	11,471		0.50		
4	**Zoological Park**		Eliminate 1 vacant Library Tech Asst. II	33,452		1.00		
9	**Zoological Park**		Eliminate 1 vacant Zoo Keeper I	27,472		1.00		
9	**Zoological Park**		Eliminate 1 vacant Zoo Keeper I	27,014		1.00		
3	**Zoological Park**		Fund Shift 1 vacant Zoo Security Officer II	24,065			1.00	
3	**Zoological Park**		Fund Shift 1 vacant Zoo Security Officer II	23,724			1.00	
3	**Zoological Park**		Fund Shift 1 filled Vehicle Operator II	24,435			1.00	
3	**Zoological Park**		Fund Shift 1 filled Hortic Tech	27,466			1.00	
3	**Zoological Park**		Fund Shift 1 filled Hortic Tech	28,161			1.00	
3	**Zoological Park**		Fund Shift .5 vacant Housekeeping Team Leader	10,169			0.50	

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

2002-03 Budget Reductions by Division

Priority	Division	Fund	Description	Recurring	Nonrecurring	Vacant	FS	Filled
	Zoological Park		**Total - Zoo**	**715,794**	**0**	**7.50**	**5.50**	**0.50**
			8.8 M 11.4 M					
1	Special /Trust Funds		Natural Heritage Trust Fund - Parks & Recreation Trust Fund Interest		3,287,582			
1	Special /Trust Funds		Solid Waste Management Trust Fund 1.6 M		500,000			
1	Special /Trust Funds		Scrap Tire Account - Solid Waste Management Trust Fund 3.6 M		907,287			
1	Special /Trust Funds		Neuse Animal Waste Cost Share		366,335			
	Special /Trust Funds		**Total - Special Funds**		**5,061,204**	**0.00**	**0.00**	**0.00**
			TOTAL	**15,352,747**	**5,281,204**	**54.75**	**73.44**	**32.50**
						Total Positions Removed from Appropriations		
			Grand Total	**20,633,951**		**160.69**		

Attachment C

Non-Profits

	GF Appropriation	Reduction
Land Loss Prevention	$ 450,000	$ 450,000
Coalition of Farm & Rural Families	$ 250,000	$ 250,000
Inst. Minority Economic Developmer	$ 1,500,000	$ 75,000
Minority Support Center	$ 600,000	$ 30,000
NC Community Development Initiati	$ 2,000,000	$ 100,000
NC Association of CDCs	$ 400,000	$ 40,000
Total GF Appropriation	**$ 5,200,000**	
Total Reduction		**$ 945,000**

RULES FOR JOINT APPROPRIATIONS SUBCOMMITTEES 2002 SESSION

1. Subcommittee targets are considered reduction targets.

2. No expansion requests will be considered.

3. Negative reserves shall not be allowed.

4. Identify all reductions as recurring and non-recurring.

5. Identify all position changes (eliminations, reductions, etc...).

6. Special provisions shall not authorize the expenditure of reversions.

7. Refer all salary-related, state employee health plan, debt service, and other statewide reserve issues to the Full Appropriations Committee Chairs.

8. Proposals to eliminate state departments/programs/offices shall include specific plans for phasing-out of state positions.

9. All reductions in force (RIFs) shall be effective July 1, 2002. If this is not possible due to the nature of the reductions being taken, consultation must be made with the full chairs.

10. Reduction strategies should minimize the impact on direct services to clients and consumers. Reduction strategies should address the following:
    - Reduction in layers of management and elimination of duplication of effort (Span of Control);
    - Elimination of administrative inefficiencies;
    - Streamlining and consolidation of departments, programs, offices, and services;
    - Reduction in non-essential government services;

Prepared by the Fiscal Research Division
Budget Development

VISITOR REGISTRATION SHEET

DATE 2/7/02

NER

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Susan Carroll	Commerce	
Dene Dawson	Commerce - Marketing Div.	
Denise Young	Commerce B/I	
Tony Decker	Commerce Air Transportation	
MIKE WATERS	NCRPS	
Melinda Pierson	Commerce - Public Affairs	
Cleve Simpson	Commerce - Asst. Sec. for Community Dev.	
Becky Brown	Labor	
Johnny Gray	OSBM	
Rhett B. White	North Carolina Aquariums	
Phil McKnelly	DENR/DPR	
Jennifer Fehrenbach	TNC	
Coary Hoody	DENR	
Cathey Cottle	DENR	
Nathan Karman	TNC	

VISITOR REGISTRATION SHEET

DATE 5/7/02

NER

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
JOHN GOODMAN	MERCER & ASSOC.	
STAN ADAMS	DENR - DFR	
Dianne Beasley	DENR - DFR	
Stewart Dickinson	DOC - Finance Center	
DON HOLBART	DOC	
Lynn Mingers	DOC	
BUCK LATTIMORE	INDUSTRIAL COMMISSION	
Len Jackson	DOC, MIS	
Chet Mothershead	DOC - HR	
Betty Blades	DOC - Tourism	
Peter Cunningham	DOC - ITD	
Ardis Watkins	SEANC	
Linda Sewell	DEH, DENR	
Betsy Bennett	Museum of Nat. Sciences, DENR	
Paul D. Hughes	Isothermal P&DC - N.C. Reg. Councils	

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources
Name of Committee

May 7, 2002 ~~April 30~~, 2002
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID SMITH	AGRICULTURE
Martha Glass	Agriculture
Angie McMillan	The Nature Conservancy
MARIANNE FREDERICK	COMMERCE - COMMUNITY ASSISTANCE
John Berndt	" "
Doug Lassiter	NC Septic Tank Assoc.
Steve Hall	Conservation Council
Kemi McClees	McClees Consulting, Inc.
Dempsey Benton	Dept. of Env. & Nat. Res.
JANE Smith	DENR
K. Rogers	DENR
Dan BROWN	NC minority Support Ctr
Ross M. Smith	PCS PHOSPHATE
Carole Lawler	EGHS
FRAN NOCAR	GRASSROOTS SCIENCE
Bob Slocum	NC FORESTRY ASSOC.
USMM P. Cole	NCACDC
Brandon Alexander	NC Comm. Dev. Initiative, Inc.
Elizabeth Outts	NCPIRG
	NCAB
JIM FAIN	DOC
Thomas Alexander	NC Initiative

Joint Appropriations Subcommittees on Natural and Economic Resources

May 8, 2002
9:00 a.m., Room 423
Representatives Stan Fox and Bill Owens, Presiding

1. **Chairman's Comments**

2. **Worker Training Trust Fund (WTTF) Draft Plan**
   Adam Levinson, Fiscal Research

3. **Department of Commerce**
   Community Development Block Grant (CDBG) Plan
   Bill McNeil, Director of Division of Community Assistance

4. **Department of Environment & Natural Resources**
   Terrorism Defense Appropriation – Follow-up Information
   Dempsey Benton, Chief Deputy Secretary

5. **Committee Discussion**

6. **Adjourn**

Minutes

Joint Appropriations Subcommittee on
Natural and Economic Resources
May 8, 2002 - 9:00 A.M.

The Joint Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, May 8, 2002 at 9:00 a.m. in Room 423 of the Legislative Office Building. All eleven House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracey Walker, Nurham Warwick, John Weatherly, and Roger West. Four Senate Member were present.

Senator David Weinstein chaired the meeting. A copy of the agenda is attached (ATTACHMENT I). A copy of the Visitor's Registration Sheet is attached (ATTACHMENT VII).

Worker Training Trust Fund

Chairman David Weinstein called the meeting to order and recognized Adam Levinson, Fiscal Research Staff, to review the Worker Training Trust Fund (WTTF) Draft Plan (ATTACHMENT II). Mr. Levinson stated that the WTTF did not receive funding from the General Fund. It is supported by interest earned on the Unemployment Insurance Reserve Fund of the Employment Security Commission. The fund varies each year based on the interest earnings. The Governor's proposed budget had not been received so the draft plan reviewed by Mr. Levinson compared the 2001-02 appropriation to the proposed 2002-03 appropriation.

Community Development Block Grant

Chairman David Weinstein recognized William A. McNeil, Director, Division of Community Assistance, NC Department of Commerce. Mr. McNeil called the Members attention to a narrative description (ATTACHMENT III) of the Community Development Block Grant Program (CDBG).

Mr. McNeil said they anticipate the funding level from the Federal government to be about the same as in previous years. For budget purposes they are anticipating about $45 million in Federal funds. He then reviewed the North Carolina Small Cities Community Development Block Grant Program Draft Investment Plan for 2003 (ATTACHMENT IV) and the Revitalization Strategies Awards map (ATTACHMENT V). For 2002 they are emphasizing going with projects that are ready to go; they have their other funding lined up and they have high poverty areas with high distress.

Department of Environment and Natural Resources
Terrorism Defense Appropriation - Follow-up Information

Chairman David Weinstein recognized Dempsey Benton, Deputy Secretary, NC Department of Environment and Natural Resources. Mr. Benton reviewed the response to the NER Appropriations Subcommittee's questions on what response capability the State would have access to in the event of a chemical terrorist attach or chemical accident in North Carolina.

Mr. Benton said the Governor appointed a team last October to work on strategies for that type potential condition under the leadership of Secretary Bryan Beatty, NC Department of Crime Control and Public Safety. That group worked on a range of issues and developing response adjustments throughout State government. The rapid response lab was a program included in the final project. The lab was considered an intregal part for the State to respond under certain conditions. The funding for this particular item has been approved at $1,160,000. Secretary Benton reviewed the response report (ATTACHMENT VI).

Senator Ham Horton raised the question as to why the states around North Carolina have a rapid response lab and North Carolina does not. Lt. Col. Gene Deal, NC National Guard, said that was a decision made by the US Department of Defense. The NC National Guard has lobbied the NC Congressional delegation for this and there are presently two bills pending in Congress to put additional teams in place.

Representative Stan Fox asked what rationale the Department of Defense used in placing the teams. Lt. Col. Deal said we were in the Atlanta region and the Department of Defense placed the teams geographically within a 250-mile radius of 90% of most of the population of the country.

Senator Charlie Albertson asked is all departments and agencies are coordinating their terrorism efforts to best utilize their resources.

Richard Berman, Manager, Technological Hazard Branch, Division of Emergency Management, said the answer was two fold. Number one; the Governor has created a Cabinet level task force to bring together the senior managers of each department that would have a stake in terrorism response. Number two, Mr. Bernam is beginning to develop an actual response taskforce that in the event of a terrorism attach it would bring together all the State agencies as one body to represent the State at the scene of the attack.

Chairman David Weinstein said the NER committee needs to go forward with the plan that Secretary Benton had brought before them on terrorism.

Jennifer Hoffman, Fiscal Research, called the committee's attention to the fact that it had two proposals before it. One is from the Division of Air Quality to receive a little over $1 million to purchase and equip a mobile lab. Another is a proposal from the Division of Waste Management that has two components; one is a training component for some of their staff in order to be able to respond to an emergency waste management event. The second component, a $2 million transfer from the savings reserve to a special fund in the Division of Waste Management to be held in reserve in the event there was a terrorism attack. They would have the money to cover the cleanup.

Ms. Hoffman said Secretary Benton gave the committee two options when he presented the proposals. The Committee could endorse both proposals from Air Quality and Waste Management in total ($1 million for Air Quality and over $2 million for Waster Management). The other option is to keep the $2 million in the savings reserve rather than transfer it to Waster Management, but provide the money for staff training and the $1 million for Air Quality. The $2 million would be held in reserve for Secretary Beatty.

Representative Bill Owens asked if the $1 million for the rapid response lab could be held in reserve until the committee could get an answer from the Federal government as to why North Carolina did not get one. He would like to be absolutely sure the Federal government is not going to provide a rapid response lab before North Carolina spends money for one.

Chairman David Weinstein asked Secretary Benton what their department recommended. Secretary Benton said the administration which includes Secretary Beatty, Emergency Management, the NC National Guard team in addition to the Department recommends that the committee fund the rapid response lab as an action item and that you authorize $30,000 for getting a registration of cleanup companies, and defer additional funds for cleanup until a later date because it will have to be dealt with in a manner in which it comes.

Representative Bill Owens made the motion to approve the request for full $2 million, but check with Congress one more time to be sure they were not going to fund a lab. He asked that Congress be requested to respond by June 15th. The motion was second by Representative Stan Fox. The motion passed with one decention

Chairman David Weinstein asked the committee members to turn it any recommendations they have on the NER budget. Senator Ham Horton asked if they would be voting on the recommendations. Representative Bill Owens said the recommendations would go before the Full Appropriations Chairs and then come back to be voted on.

Kelly Huffstetler, Fiscal Research, collected the committee members' recommendations.

The meeting adjourned at 10:00 a.m.

Respectfully submitted,

Senator David Weinstein, Chairman

Linda A. Johnson, Committee Assistant

Worker Training Trust Fund (WTTF) Draft Plan
FY 2002-2003

Program	FY 01-02 Appropriation	FY 02-03 Appropriation*
ESC Local Offices	5,930,016	5,651,873
ESC - Common Follow-up System	211,896	201,957
ESC - Training Evaluation	56,506	53,856
Community Colleges - Training Intitiatives	941,760	897,587
Community Colleges - FIT	1,644,312	1,567,187
Community Colleges - NCREAL	376,704	359,035
Commerce - Employment & Training	2,166,047	2,064,450
Labor - Apprenticeship	941,760	897,587
Totals	**$12,269,001**	**$11,693,533**

* Note that these appropriations are based on projected availability for FY 2002-03. This allocation simply prorates the projected availability across the programs that received funds in FY 2001-02. The Governor has not yet presented his recommendations for how the 2002-03 funds should be allocated.

NORTH CAROLINA DEPARTMENT OF COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

FOR 2003

GENERAL DESCRIPTION

The State of North Carolina's overall community development objectives are to expand jobs, build community assets, provide decent housing, improve living environments, and meet other local needs having a particular urgency. The program will principally benefit persons of low- and moderate-income and give priority attention to those areas of the state that are characterized by persistent and pervasive poverty.

Annually the U.S. Department of Housing and Urban Development (HUD) provides Small Cities Community Development Block Grant (CDBG) funds to the state to invest in partnership with local governments in pursuit of these objectives. The Department of Commerce (DOC) administers these funds, distributing them primarily on a competitive basis because the demand for funds far exceeds the amount available. Local governments submit applications to DOC, describing their proposed projects and how they will carry out the project.

In order to carry out the objectives of the North Carolina CDBG program, local applicants may receive funding through five different categories: Community Revitalization, Scattered Site Housing, Infrastructure, Housing Development, Urgent Needs/Contingency, and Economic Development. Local government applicants may also secure loans to finance economic development or housing developments through the Section 108 loan guarantee program, approved by the General Assembly in 1995 and amended in 1996.

All counties, except HUD-designated Urban Counties (Wake and Cumberland and their participating municipalities) are eligible to apply for Small Cities CDBG funds. All municipalities, except for 22 entitlement cities that receive funds directly from HUD, are also eligible to receive Small Cities CDBG funds.

Local governments may undertake a wide range of activities under the CDBG program. Eligible activities are listed under Section 105 of the Housing and Community Development Act of 1974, as amended, and include, among other activities:

A. Acquisition or Rehabilitation of real property;
B. Acquisition, construction, and reconstruction of public works and facilities and site or other improvements;
C. Economic Development activities that create or retain jobs;
D. Provision of public services;
E. Technical assistance for capacity building;
F. Planning activities; and
G. Payment of reasonable administrative costs.

2003 ALLOCATION RECOMMENDATIONS

In the 2003 program year North Carolina expects to receive a federal grant of $45,000,000 and to award $43,550,000 to eligible applicants, after administrative and technical assistance costs are deducted. The exact size of the 2003 Small Cities CDBG allocation is subject to Congressional appropriations for federal fiscal year 2002-2003.

Out of the total amount of funds available, the Department of Commerce proposes to award up to 20 percent of the funds for Economic Development loans and grants, up to 31.1 percent for Scattered Site Housing, up to 11.8 percent for Infrastructure, up to 4.8 percent for Housing Development, and up to 2.3 percent for Urgent Needs and Contingencies. The remaining funds, at least 31percent of the total, will be awarded to Community Revitalization projects in the Concentrated Needs and Revitalization Strategies sub-categories.

EXPECTED PROGRAM OUTCOMES

The primary goal of the program is to enable local communities to build stronger communities and develop decent neighborhoods. Pursuing this goal, the program provides incentives to spur local investments, public, private and individual, in economic and neighborhood development. In 2003, CDBG funds will be invested to achieve the following outcomes:

- Increase the number of households living in improved housing (700 units rehabilitated);
- Increase the supply of rental units affordable to low-moderate income citizens (200 units built);
- Increase the number of households with access to safe water and sanitary wastewater disposal systems (1,000 households assisted);
- Increase individual economic independence (1,000 jobs created or retained):
- Increase ownership opportunities for lower income citizens (200 households assisted);
- Increase the capacity of local governments, non-profits, and grant administrators to plan and carry out successful improvement projects;

PROGRAM DESCRIPTIONS

Community Revitalization will continue to fund two types of projects: Concentrated Needs and Revitalization Strategies. Concentrated Needs projects will be chosen from the applications received in October 2002. Funds may be used for housing activities, water and/or sewer installation and replacement, construction of streets and drainage improvements. The maximum grant amount will be $700,000.

The ten Revitalization Strategies grantees will be in their second year of funding in 2003. Each grantee will receive up to $350,000 for 2003 subject to project performance. Funds will be provided to address multiple needs within high-poverty areas. A second round of Revitalization Strategies grantees is planned for 2004.

Scattered Site Housing will continue to make grants for up to $400,000 available to every eligible county on a non-competitive basis every three years. Funds are limited to rehabilitating the homes of very low-income homeowners. In 2003, thirty-two (32) counties are slated to receive Scattered Site Housing funds. County programs are based on a detailed plan, which includes all interested municipalities within the county. Housing activities must be targeted to people with incomes 50% of median income or below. Counties may designate a lead municipality as the applicant of record. Bonus funds will be provided to serve high performing grantees and the Towns of Holly Springs and Linden. Bonus funds will come from de-obligations.

Infrastructure will fund public water and/or public sewer installation in residential areas lacking infrastructure or needing improvements to existing infrastructure. Projects will be awarded on an open window basis. Half of the funds will be designated for 21st Century Communities through June 30, 2003; and the remaining for all other eligible local governments. The maximum grant will be $750,000. The water/sewer connections sub-category will continue to fund connections to existing water/sewer systems for low and moderate-income persons. The maximum grant will be $75,000.

Economic Development activities will focus on job creation projects in concert with the State's 1996 *William S. Lee Quality Jobs and Business Expansion Act*. This Act governs the annual designation of Enterprise Tier Areas, and offers specific business incentives to improve job quality in general, and particularly within the counties that rank higher in rates of unemployment and lower per capita income levels. CDBG program funds are available through local governments for public facilities needed to serve a specific business or as direct loans to private businesses to support job creation or retention. In 2003, an additional $500,000 will be allocated from the Revolving Loan Fund for a Certified Industrial Site Planning program. Loans will be made to eligible local governments to assist with site development for potential CDBG Economic Development projects. In addition, the 25% match and wage standard requirements are waived for 21st Century Communities.

Housing Development will increase the supply of affordable housing through new construction development or conversion of buildings, with priority to rental units in rural Tier 1 and Tier 2 counties and 21st Century Communities. CDBG funds will provide grants to local governments for public water or sewer installation, hazardous material removal, and vacant land acquisition by an eligible non-profit that will make housing affordable for low-moderate income families. Funds may be devoted to expanding homeownership opportunities in high poverty portions of State Development Zones. Priority will also be given to projects in existing in-fill, center city, or downtown locations that meet sound growth principles.

Urgent Needs/Contingencies funds will address conditions that are of recent origin and that pose a serious and immediate threat to health or welfare of the community. Funds not committed to Urgent Needs situations may be awarded to applications in other categories that offer unusual development opportunities in creating or retaining housing affordable to low and moderate-income families in an area with a severe shortage of affordable housing or in meeting severe infrastructure needs in a low-income residential area.

Section 108 loan guarantees will continue to be available under the CDBG program. This program may be activated with one or more regional loan pools to meet demand for funds.

The Department will continue to monitor awards for geographic balance among regions as directed by the General Assembly.

	2001-2002 Actual	2002-2003 Recommended
1. Community Revitalization Funds to the Division of Community Assistance to award to local governments to improve existing housing and infrastructure in residential areas and comprehensive revitalization that primarily benefits persons of low and moderate income.	$14,299,460	$13,500,000
2. Economic Development Funds to the Commerce Finance Center to award to local government projects to promote the creation and/or retention of jobs	$9,225,458	$8,710,000
3. Scattered Site Housing Funds to the Division of Community Assistance to award county governments to increase the supply of safe, decent and affordable housing.	$13,981,182	$13,100,000
4. Housing Development Funds to the Division of Community Assistance to award to local governments to expand the supply of affordable housing for low and moderate income persons through approaches that leverage local support and other funds.	$2,117,243	$2,100,000
5. Infrastructure Funds to the Division of Community Assistance to award to local governments to install or improve public water and/or public sewer systems in residential areas. also increase access to existing water and sewer lines for low and moderate-income residents.	$5,443,020	$5,140,000

6. Urgent Needs/Contingency Funds to the Division of Community Assistance to award to local governments a) for eligible projects submitted in other categories and b) for Urgent Needs projects based on conditions posing an imminent threat to public health or safety resulting from hurricanes or other events within the last 18 months, for which no other funds are available. Funds for such projects must remove the imminent threat.	$1,060,928	$1,000,000
7. Administration/Technical Assistance	$1,529,710	$1,450,000
TOTAL	**$47,657,000**	**$45,000,000**

Notes:

1. Actual Budget for 2001-2002 reflects changes resulting from a final HUD allocation to the state of $47,657,000, slightly higher than the approved budget of $45 million. The distribution of the increase was governed by the special provisions adopted with the budget.

2. Funds available for distribution but not awarded in categories 2-5 by December 1, 2003 may be distributed to ranked projects in the Community Revitalization or Infrastructure categories.

PROGRAM INCOME

Since 1986, loan payments from local governments assisted with CDBG funds have been made to the State. In 2003, loan payments from projects funded by DCA prior to 1992 may be available for Capacity Building or Urgent Needs/Contingency as necessary. Loan repayments from projects funded after 1992 by the Commerce Finance Center will be used to fund additional economic development projects.

CAPACITY BUILDING

Grants of up to $75,000 are provided to assist non-profit organizations in partnership with local governments in developing appropriate and competitive CDBG projects. A capacity building grant is expected to result in a future application in one of the CDBG categories. In 2003, Funds will be limited to 21st Century Communities. Up to $600,000 will be provided to fund Capacity Building applications. Capacity Building grants will continue to be made from any category.

TECHNICAL ASSISTANCE

In 2003, Technical Assistance funds will concentrate on developing the professional skills and capabilities of local community development grant administrators. In consultation with the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, and the North Carolina Community Development Association, the Commerce Department is developing a professional certificate program for grant administrators. The Department plans to implement in 2003, 2 2-day sessions. Participants that pass an exam will receive a certificate of completion. Possession of this professional certificate would assure local governments that the people they engage to administer community development grants meet and maintain high professional standards of knowledge, ethics and competency. Working with the Institute of Government as the primary training provider, a professional development academy will be
developed and offered in 2003 for local government staff and their contract administrators.

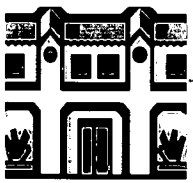
NORTH CAROLINA CONSOLIDATED PLAN for 2001-2005

The CDBG Action Plan for 2003 will cover the third year in the North Carolina Consolidated Plan for 2001-2005 required by the U.S. Department of Housing and Urban Development (HUD). North Carolina receives funds from HUD in four formula programs, which together pursue three basic goals: to provide decent housing, improve suitable living environments and to expand economic opportunities. The Consolidated Plan serves as the single document meeting the planning and submission requirements for the State to receive HUD funds.

Grant Categories

Community Revitalization (CR) *Provides funds to local governments for improvement to or development of residential areas for low-to-moderate income citizens. Grants are awarded on a competitive basis in two sub-categories: Concentrated Needs and Revitalization Strategies*

Concentrated Needs (CN)



Grants to local governments for concentrated needs (ten or more homes in a geographical area) may be used for housing activities (rehabilitation, relocation, acquisition, clearance, disposition), water and/or sewer installation or replacement, construction or upgrading of streets and drainage improvements.

Revitalization Strategies (RS)

*Local governments in Tier1/Tier2 counties and non-entitlement communities with a State Development Zone will be eligible to apply in 2004. These grants are awarded to local governments to address multiple needs in priority areas. A grant of **$350,000** per year will be awarded to carry out a 3-5 year strategy.*

Infrastructure (IF) *A **$850,000** maximum grant for improving or providing new infrastructure to neighborhoods experiencing health problems and environmental concerns.*

Economic Development (ED) *funds are available for public facilities needed to serve a specific business, or as direct loans to private businesses for equipment purchases or for new or expansion construction. Public facility projects may involve grants for up to 75% of the proposed facility costs, with 25% to be paid by the local government*

Housing Development (HD) ***$250,000*** *maximum is available to communities to remove hazardous materials, install public infrastructure, or enable an eligible non-profit partner to acquire a site. Priority goes to rental housing in Tier1/Tier2 counties, State Development Zones, and 21st Century Communities utilizing infill locations and reuse of existing* buildings.

CDBG Investment Plan for 2002

Community Revitalization		***$14,299,460***
Concentrated Needs	*$10,799,460*	
Revitalization Strategies	*$ 3,500,000*	
Scattered Site		***$ 13,981,182***
Infrastructure		***$ 5,443,020***
Housing Development		***$ 2,117,243***
Economic Development		***$ 9,225,458***
Urgent Needs/Contingencies		***$ 1,060,927***
Administration/Technical Assistance		***$ 1,529,710***
TOTAL HUD GRANT TO STATE		***$47,657,000***

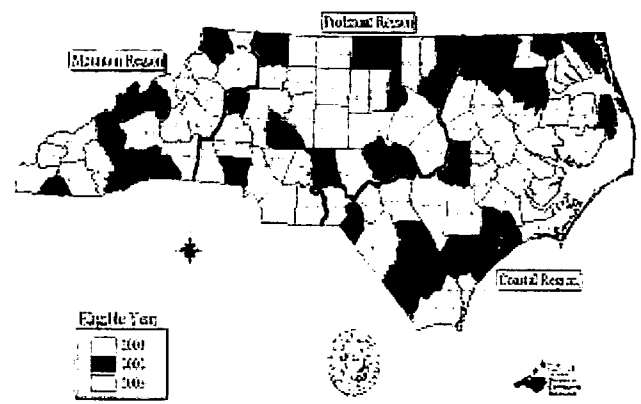
Figures above based on preliminary estimate of HUD grant to the state.

Scattered Site Housing (SSH) *Funds are targeted to improve housing conditions for very low income homeowners. Counties must submit detailed plans describing how funds will be distributed to meet local housing priorities. The plans must involve all interested municipalities in the county. Scattered Site grants enable local governments to address the most critical housing needs of families.* ***$400,000*** *is made available to each county every third year.*

2002 Counties:

Alexander, Ashe, Bertie, Bladen, Camden, Caswell, Clay, Columbus, Currituck, Dare, Durham, Franklin, Gaston, Gates, Halifax, Harnett, Haywood, Henderson, Lee, Madison, Montgomery, North Hampton, Onslow, Pender, Person, Polk, Rowan, Scotland, Surry, Transylvania, Warren, Wayne, and Yancey

North Carolina CDBG
Scattered Site Grants for 2001, 2002, 2003



Capacity Building *funds will be made available to help non-profits carry out CDBG activities in partnership with local units of government.*

Urgent Needs (UN) *funds may be accessed only when there is a serious and immediate threat to the health and welfare of the community. This threat must have developed within 18 months and can only be accessed when no other funds are available.*

Demonstration Projects

Infrastructure Hookup Program *funds are available to connect low and moderate-income (LMI) households to existing water and sewer lines funded by non-CDBG sources.*



Individual Development Accounts (IDA) *are designed to help low-to-moderate income citizens save money for homeownership by providing matching funds for down payments on homes.*

North Carolina Department of Commerce
Division of Community Assistance

DCA Staff

Director
William A. McNeil, AICP — *bmcneil@dca.commerce.state.nc.us*
Assistant Director
Gloria Nance-Sims — *gnance-sims@dca.commerce.state.nc.us*
Program Development Section Chief
Vickie Miller — *vmiller@dca.commerce.state.nc.us*
Grants Management Section Chief
Charlie Thompson — *cthompso@dca.commerce.state.nc.us*

Division of Community Assistance
4313 Mail Service Center
Raleigh, North Carolina 27699-4313
(919) 733-2850 fax (919) 733-5262
www.dca.commerce.state.nc.us

North Carolina's Small Cities

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Grants to Local Governments

Through the federally-funded Small Cities Community Development Block Grant (CDBG) Program, the ***Division of Community Assistance*** *assists local governments with community and economic development projects that primarily benefit low-and moderate-income people.*

Grants are awarded in the following categories: Community Revitalization, Housing Development, Infrastructure, Economic Development and Urgent Needs. Two Demonstration projects will be continued for this year. Those projects are the Wastewater Hookups and Individual Development Accounts.

The Program Development Section helps communities through the grant application and award process. Once grants are awarded, members of the Grants Management Section monitor grant progress and are available for technical assistance.

North Carolina Small Cities Community Development Block Grant Program

Draft Investment Plan for 2003

HUD Grant to DCA	$	45,000,000
Administration	$	1,000,000
Technical Assistance	$	450,000
Available For Distribution	**$**	**43,550,000**

Category		*Budget*	*Percent*
Community Revitalization	**$**	**13,500,000**	31.00%
Concentrated Needs	$	(10,000,000)	
Revitalization Strategies	$	(3,500,000)	
Scattered Site Housing	**$**	**13,100,000**	30.09%
Regular (serving 32 counties)	$	(12,800,000)	
Bonus fund	$	(300,000)	
Infrastructure	**$**	**5,140,000**	11.80%
Regular-21st Century Communities	$	(2,070,000)	
Regular-balance of state	$	(2,070,000)	
W/S Connection Demo	$	(1,000,000)	
Housing Development	**$**	**2,100,000**	4.81%
Economic Development	**$**	**8,710,000**	20.00%
Urgent Needs/Contingencies	**$**	**1,000,000**	2.30%
Totals	**$**	**43,550,000**	100.00%

Notes

1. This plan proposes to rate all Concentrated Needs applications and distribute awards to the most highly rated applications in 2003. The remaining rated applicants will be eligible for funding in 2004.

2. This plan continues funding for the second year of Revitalization Strategies.

3. This plan continues Scattered Site funding for 32 counties and a bonus fund to serve high performing grantees and the towns of Holly Springs and Linden.

4. Continue Water/Sewer Connection Program as subcategory of Infrastructure.

	2001-2002 Actual	2002-2003 Recommended
1. Community Revitalization Funds to the Division of Community Assistance to award to local governments to improve existing housing and infrastructure in residential areas and comprehensive revitalization that primarily benefits persons of low and moderate income.	$14,299,460	$13,500,000
2. Economic Development Funds to the Commerce Finance Center to award to local government projects to promote the creation and/or retention of jobs	$9,225,458	$8,710,000
3. Scattered Site Housing Funds to the Division of Community Assistance to award county governments to increase the supply of safe, decent and affordable housing.	$13,981,182	$13,100,000
4. Housing Development Funds to the Division of Community Assistance to award to local governments to expand the supply of affordable housing for low and moderate income persons through approaches that leverage local support and other funds.	$2,117,243	$2,100,000
5. Infrastructure Funds to the Division of Community Assistance to award to local governments to install or improve public water and/or public sewer systems in residential areas. also increase access to existing water and sewer lines for low and moderate-income residents.	$5,443,020	$5,140,000

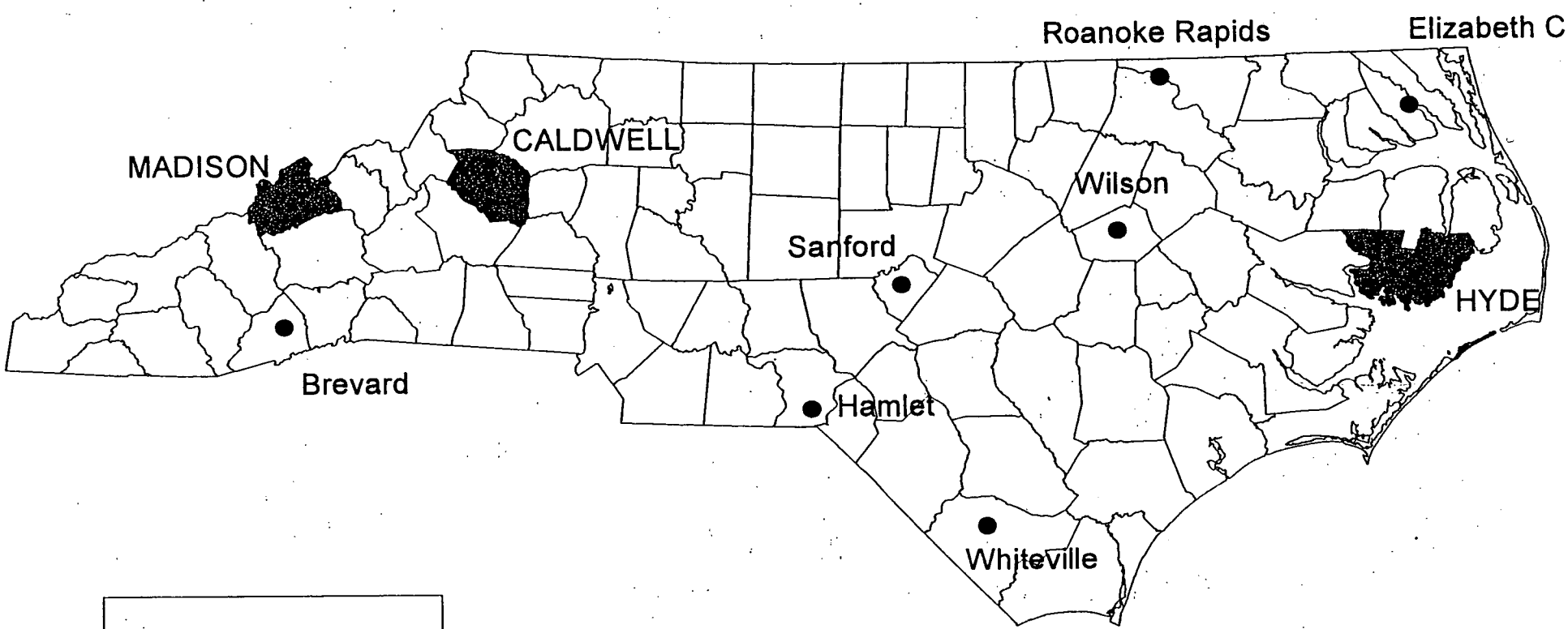
6. Urgent Needs/Contingency Funds to the Division of Community Assistance to award to local governments a) for eligible projects submitted in other categories and b) for Urgent Needs projects based on conditions posing an imminent threat to public health or safety resulting from hurricanes or other events within the last 18 months, for which no other funds are available. Funds for such projects must remove the imminent threat.	$1,060,928	$1,000,000
7. Administration/Technical Assistance	$1,529,710	$1,450,000
TOTAL	**$47,657,000**	**$45,000,000**

Notes:

1. Actual Budget for 2001-2002 reflects changes resulting from a final HUD allocation to the state of $47,657,000, slightly higher than the approved budget of $45 million. The distribution of the increase was governed by the special provisions adopted with the budget.

2. Funds available for distribution but not awarded in categories 2-5 by December 1, 2003 may be distributed to ranked projects in the Community Revitalization or Infrastructure categories.

Revitalization Strategies Awards



ATTACHMENT V

NER Subcommittee
May 8, 2002

Responses to Questions Regarding the Grant Proposals for Terrorism Funds

In an effort to fully address the questions of the NER appropriations subcommittee, DENR Deputy Secretary Dempsey Benton met with Secretary Bryan Beatty of the Department of Crime Control and Public Safety, staff from the Division of Air Quality, staff from the Division of Emergency Management, representatives from the North Carolina National Guard (one of whom works as a chemist at Bayer Corp.), and a representative from EPA Region IV to ascertain what response capability the state would have access to in the event of a chemical terrorist attack or chemical accident in North Carolina.

1. **What type of mobile air quality labs are available in other states? The private sector? The military?**

No other state has the air quality mobile lab DENR has proposed.

DAQ representatives met with staff from the Research Triangle Institute to discuss "terrorism defense initiatives and analytical resources." All parties agreed that the DAQ proposal covers the necessary technology and scope of response we anticipate needing given the funds we proposed for the lab.

Contracting with private sector is a very expensive option. RTI is currently developing a mobile lab capability for particulate monitoring (a component of what our proposed lab would do) and they have budgeted $13.5 million over five years.

The active duty military has the capability to respond to a chemical attack during a military action. Military priorities may inhibit their ability to assist us in the first response.

EPA does have air monitoring capability that may be available to us from Atlanta within several days. If there are multiple incidents within EPA Region IV we would be competing with other states for the same resources.

2. **Can the State contract with these entities for use of their mobile labs in the event of a terrorist attack in NC? If so, how much would it cost to enter into such a contract? Will this impact response time to the scene of a terrorist attack?**

There is nothing currently available for contracting. We could contract to develop and staff such a lab.

In an emergency response, the first twenty-four or more hours of activity are borne by local agencies. It took several days for national assets that were not already in place to arrive in NYC after September 11. If there were to be multiple attacks in the USA at the same time there could be no guarantee of when federal help might arrive.

3. **Do other mobile labs exist in state government? Who uses them and what are they used for? Can they be retrofitted to perform the air quality monitoring function?**

NC government does have mobile labs, but none with the chemical capability we are proposing. DAQ currently has a small trailer (Air Toxics Lab) with some antiquated equipment in it. Our proposal for the new mobile lab would include moving the relevant equipment into the new lab and clearing out the existing small trailer to haul support equipment and protective gear. It would not be able to address what we believe would be the nature of a terrorist attack and retrofitting it would not be cost effective.

Some other labs that the state maintains monitor radiation, test blood alcohol, provide forensic support to crime scenes, and provide response for agricultural purposes.

4. **If DAQ purchases a mobile lab, can it be used for purposes other than terrorism defense activities?**

Yes. It would have the capability to not only provide the air monitoring at a terrorist event, but also at chemical and industrial accidents - big and small. We currently have a very limited ability to assist local governments, law enforcement, and private industry. This lab would allow us to provide real-time air toxics data to the emergency responders making their jobs safer and protecting the lives of our citizens, and could continue any needed monitoring during the remediation phase.

5. **Has the State made any efforts to lobby our Congressional Delegation for help from the federal government in purchasing a mobile lab like the one being proposed by DAQ? What states have received these labs?**

There are currently thirty-two federally funded National Guard labs based in states. They are specifically for dealing with an attack of weapons of mass destruction. North Carolina National Guard did lobby Congress but was not successful. The lab we are proposing would offer the state value on a regular basis by addressing chemical accidents in addition to attacks of weapons of mass destruction.

In the Southeast, WV, VA, TN, SC, GA, and FL all received one of these labs. In the event NC had a terrorist attack, the other states would assess their own risks before releasing one of these labs to NC.

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — May 8, 2002

Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Clegg	ESC
Bob Stevens	NC Forestry Assoc.
PAUL Meyer	NCACC
Bill McNeil	NC Department of Commerce - DCA
CLEVE SIMPSON	DEPT OF COMMERCE
Gloria Nance-Lewis	Dept of Commerce
Greg Mel	CCPS
Gene M. Deal	N.C. NATIONAL GUARD
Dempsey Benton	Dept. of Env. & Nat Res
Laura DeVuo	DENR
Jane Q Smith	DENR
Johnny Gray	OSBM
Lori Cherry	DENR
SCOTT BILLARD	DENR
LEE DANIEL	DENR
RICHARD KERMAN	EMERGENCY MGMT
A Rasheed	NCCDI
Ebony Alexander	NC Initiative
Lori Ann Harris	L.A Harris & Assoc
SUSAN P COLE	NCACDC
Price Harrison	self
Rob Schofield	NC Justice Ctr.
Arettie Hart	N.C. Coalition of Farm & Rural Families
Mike Wall	NCRPS
Steve Wall	Conservation Council
CHARLIE H SIMMONS	USEPA
John T. Hoffman	NCDA & CS

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

May 8, 2002 — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Carroll	Commerce
Robin Pasquarello	Commerce
Becky Brooks	Labor
FRAN NOLAN	GRASSROOTS SCIENCE
Ross M. Smith	PCS PHOSPHATE
Martha Glass	Agriculture

Linda A. Johnson (Rep. Owens)
From: Jennifer Hoffmann (Fiscal Research)
Sent: Wednesday, June 19, 2002 9:58 AM
To: Sen. Robert Martin; Rep. Bill Owens; Rep. Stan Fox; Sen. David Weinstein
Cc: Adam Levinson (Fiscal Research); Kelly Huffstetler (Fiscal Research)
Subject: Terrorism defense funds

Senators Martin and Weinstein and Reps. Fox and Owens,

Last month, you asked us to draft a letter to each member of the NC Congressional delegation to inquire about federal efforts to place a rapid response mobile air laboratory in every state. Specifically, you wanted to know if, and when, North Carolina might receive such a lab. You also wanted to know how the initial thirty-two states were chosen and why North Carolina was not included in this list. You asked the Congressional delegation to respond by June 14 so that you had enough time to make a final recommendation to Secretary Beatty about the release of state funds to the Division of Air Quality for the purchase of a mobile air lab.

To date, we have heard from Congressman Burr's and Senator Edward's offices. Both indicated that last year the entire NC delegation lobbied for a "heavy" civil support team to be placed in North Carolina, which would have included money for laboratories. As you know, NC was one of 18 states that did not receive funding, but neither office knew why. (Note: NC has a "light" civil support team.]

Neither office is aware of any pending legislation that specifically appropriates money for mobile air labs. Legislation has been introduced by the Department of Defense's National Guard to expand "heavy civil support teams" to the remaining 18 states, but Congressman Burr's staff thinks this legislation is not likely to pass.

According to Congressman Burr's staff, the Federal Bioterrorism Preparedness Act of 2002 has passed, appropriating money for terrorism defense activities in all 50 states. Although air quality mobile labs were not specifically listed in the legislation, the Congressman's staff feels that the purposes for which the funds can be used are broad enough to incorporate this expenditure. State allotments will be based on population, but before funds are released, each state must submit a plan on how they plan to use the money. We have not seen a copy of the NC's plan for the use of these funds, but you may want to recommend that a portion of these federal funds be used to purchase an air quality lab in NC.

We do not need to meet again as a subcommittee to make a final recommendation to Secretary Beatty. Rep. Owen's motion from the May 8th meeting stated that if federal funds were not available, then the subcommittee would recommend the use of the state funds. It seems to us that your final recommendation to Secretary Beatty is dependent on whether he plans to use the federal funds from the Bioterrorism Preparedness Act of 2002 to fund a mobile air quality lab.

Please let us know if you would like us to call Secretary Beatty's office or whether one of you would like to place that call.

~the NER team

Jennifer Hoffmann
Fiscal Research Division
North Carolina General Assembly
919-733-4910
Jenniferho@ncleg.net

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE BUILDING

RALEIGH 27601

July 10, 2002

Secretary Bryan Beatty
Department of Crime Control and Public Safety
Archdale Building
512 North Salisbury Street
Raleigh, NC 27604-1159

Dear Secretary Beatty:

This letter is to inform you of the Joint Natural and Economic Resources (NER) Appropriations Subcommittee's recommendation regarding the release of State funds from the Savings Reserve Account to the Department of Environment and Natural Resources (DENR) for terrorism defense activities.

As requested by the General Government Governmental Operations Subcommittee during their April meeting, the Joint NER Appropriations Subcommittee agreed to review two grant proposals from DENR for terrorism defense activities. On April 24 and May 8, the NER Subcommittee met to evaluate the specific grant proposals from the Division's of Waste Management and Air Quality.

As you are aware, there was a consensus among the subcommittee members to release $30,000 to the Division of Waste Management for a time-limited position to establish a certification/registration program for contractors that claim expertise in addressing clean-up of a site resulting from a biological, chemical, nuclear, incendiary, explosive or other terrorist event. There was also a consensus among members not to release the additional $2 million in funds for site clean up in the event of an actual terrorist attack.

The majority of the subcommittee's questions and concerns focused on the Division of Air Quality's grant proposal requesting $1.2 million to develop a rapid response laboratory for chemical agent monitoring. Members questioned the Division's ability to respond to terrorist attacks outside the Triangle in a timely manner and what would happen in the event of concurrent attacks in two or more areas of North Carolina. When subcommittee members learned that the National Guard had placed heavy civil support teams that included air quality monitoring equipment in 32 other states, including many in the southeast, additional questions were raised as to why NC had not also received a heavy civil support team and monitoring equipment for an air quality laboratory.

As a result of these questions, we directed NER staff to contact our Congressional delegation to inquire whether additional federal funds would be available to fund heavy civil support teams in the remaining 18 states or for other state initiated terrorism defense activities such as the one proposed by the Division of Air Quality (DAQ). Representative Owens made a motion that was supported unanimously by subcommittee members that if federal funds were available to develop a rapid response laboratory then state funds were not to be used.

NER staff has since learned that federal funds are available to NC in the 2002-03 fiscal year for terrorism defense activities. With the help of Richard Berman of your staff, we have further learned that at least $300,000 of the monitoring equipment proposed by DAQ would be an allowable expenditure of those federal funds.

On behalf of the Joint NER Appropriations Subcommittees, we recommend that you maximize the use of federal funds to develop a rapid response laboratory and that up to $900,000 in state funds from the Savings Reserve Account be use to supplement the federal funds available for this activity.

Thank you for the opportunity to participate in the decision of how best to use limited state funds for terrorism defense activities.

Respectfully,

Senator Bob Martin

Senator David Weinstein

Representative Bill Owens

Representative Stan Fox

CC: Senate and House NER Subcommittee Members

APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

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JOHN WEATHERLY
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ADAM LEVINSON	LINDA A. JOHNSON
KELLY HUFFSTETLER	CAROLYN GOODEN

HOUSE COMMITTEE on APPROPRIATIONS

Subcommittee on Natural and Economic Resources

2001-2002 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Fox, Stan	Mary Capps	3-5757	1217	46
Owens, Bill	Linda A. Johnson	3-0010	632	9
Culp, Arlie	Waneta Lord	3-5865	1010	50
Hunter, Howard	Barbara Phillips	3-2962	613	68
Mitchell, Frank	Susan West	3-5931	513	101
Underhill, Alice	Marian Phillips	3-5827	1221	91
Walker, Tracy	Barbara Powell	3-5935	1111	107
Warren, Edith	Nancy Willis	3-3019	417-A	17
Warwick, Nurham	Linda Uzzle	5-3003	419-C	14
Weatherly, John	Nancy Garriss	3-4838	502	93
West, Roger	Linda C. Johnson	3-5859	1004	106
Ex officio members:				
Baddour, Phil	Elizabeth Kirkland	5-0850	2301	31
Cunningham, Pete	Valerie Rustin	3-5778	541	7
Dedmon, Andy	Donna Abu Harb	3-5732	2213	12
Earle, Beverly	Ann Raeford	3-5747	535	95
Hackney, Joe	Emily Reynolds	3-5752	2207	69

MEMBERSHIP LIST

SENATE APPROPRIATIONS SUBCOMMITTEE ON

NATURAL AND ECONOMIC RESOURCES

MEMBERSHIP	OFFICE	PHONE
Senator R.L. "Bob" Martin, Chairman	410	5-3040
Senator David Weinstein	2108	3-5651
Senator Charlie Albertson	525	3-5705
Senator Ham Horton	1117	3-7850
Sen. Steve Metcalf	300-D	5-8361
Senator A.B. Swindell	521	3-5655

ATTENDANCE

HOUSE APPROPRIATIONS/NATURAL & ECONOMIC RESOURCES

(Name of Committee)

DATES	07-23-02	07-24-02	07-25-02	08-01-02	08-01-02										
STAN FOX, CHAIR	X	X	X	X	X										
BILL OWENS, CHAIR	X	X	X		X										
EDITH WARREN, VICE-CHAIR	X	X	X	X	X										
ARLIE CULP	X	X	X	X	X										
HOWARD HUNTER		X	X		X										
FRANK MITCHELL	X	X	X	X	X										
ALICE UNDERHILL	X	X	X												
TRACEY WALKER	X	X	X	X	X										
NURHAM WARWICK	X				X										
JOHN WEATHERLY	X	X	X	X	X										
ROGER WEST	X	X	X	X	X										
Ex officio Members															
JOE HACKNEY					X										
PHIL BADDOUR															
ANDY DEDMON															
BEVERLY EARLE															
PETE CUNNINGHAM					X										

Senate Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, June 11, 2002 at 11:00 a.m.

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, June 11 at 11:00 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chairman, Senator Bob Martin, who presided.

Senator Martin, Chairman, called the meeting to order. He stated that the Money Report and the Special Provisions Report would be presented to the Committee.

He asked that staff walk the Committee through the Money Report. This is Attachment A of these minutes.

Senator Albertson questioned the reduction of a position in the emergency programs in the Department of Agriculture and Consumer Services concerning an outbreak of hoof and mouth disease in our animal herds. Kelly Huffstetler, Fiscal Research, said the position in question was established but never filled.

The Money Report was concluded.

The next report for review by staff was the Special Provisions Report. This is Attachment B of these minutes.

Senator Horton questioned the wording of "co-location" on page 106. Adam Levinson, Fiscal Research, said the wording "co-location" because the regional offices in question would remain two separate entities.

The Chairman called for a motion on both the Money Report and the Special Provisions Report. Senator Albertson moved to adopt both reports. Motion carried.

The meeting adjourned at 11:45 p.m.

Senator R.L. "Bob" Martin
Chairman

Carolyn Gooden
Committee Clerk

Attachment A
June 11, 2002

Senate Appropriations Subcommittee
on
Natural and Economic Resources

Fiscal Year 2002-2003
Money Report

June 11, 2002

Senate Subcommittee on Natural and Economic Resources

Housing Finance Agency

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$5,300,000**	
Budget Changes		
Housing Finance Agency		
1 Reduce HOME Program Matching Funds	($540,600)	R
Reduce HOME Program matching funds.		
Budget Changes	**($540,600)**	**R**
Total Position Changes		
Revised Total Budget	**$4,759,400**	

Agriculture and Consumer Services

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$55,268,040**

Budget Changes

Administration/Public Affairs

2 Eliminate Vacant Position Eliminate vacant Deputy Commissioner position in Administration.	($85,871) -1.00	R
3 Eliminate Vacant Position Eliminate vacant Processing Assistant III in Human Resources.	($28,420) -1.00	R
4 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV in the Budget & Finance Section.	($37,674) -1.00	R
5 Reduce Operating Support Reduce operating line items. Computer Equipment ($35,000) Travel ($ 1,000)	($36,000)	R
6 Reduce Operating Support Reduce postage & printing and binding line items in the Public Affairs budget.	($50,000)	R
7 Reduce Reserve Reduce gas and natural gas reserve line item.	($85,143)	R
8 Reduce Reserve Reduce reserve for laboratory equipment.	($100,000)	R
9 Eliminate Education Funds Eliminate funds to educate the public on turf grass research.	($100,000)	R
10 Reduce Funding Reduce funding for Ag in the Classroom Program.	($32,750)	R

Agricultural Finance Authority

11 Eliminate General Fund Appropriation Shift funding for Director position to receipt support. This action will make the Agricultural Finance Authority entirely receipt-supported.	($104,595) -1.00	R

Agricultural Statistics

12 Eliminate Vacant Position ($40,495) R

Eliminate vacant Statistician I position.

-1.00

13 Eliminate Filled Position ($29,335) R

Eliminate filled Data Entry Operator II position.

-1.00

14 Reduce Operating Support ($46,500) R

Reduce operating line items.

Temporary wages ($45,000)
Travel ($ 1,500)

Agronomic Services

15 Eliminate Vacant Positions ($59,296) R

Eliminate 2 vacant positions in Agronomic Services.

-2.00

Processing Assistant III ($29,096)
Nematology Technician ($30,200)

16 Reduce Operating Support ($5,000) R

Reduce travel line item.

Aquaculture

17 Eliminate Vacant Position ($39,184) R

Eliminate vacant Administrative Secretary position.

-1.00

18 Eliminate Filled Position ($30,491) R

Eliminate filled Office Assistant IV position.

-1.00

19 Reduce Operating Support ($1,000) R

Reduce travel line item.

Emergency Programs

20 Eliminate Vacant Position ($42,744) R

Eliminate vacant Administrative Officer II position.

-1.00

Food and Drug Protection

21 Eliminate Vacant Position ($30,572) R

Eliminate vacant Processing Assistant III position in the Analytical Administration Section.

-1.00

22 Eliminate Vacant Positions ($67,298) R

Eliminate 2 vacant positions in the Commercial Fertilization Section. -2.00

Chemistry Technician II	($32,757)
Chemistry Technician II	($34,541)

23 Eliminate Vacant Positions ($229,239) R

Eliminate 4 vacant positions in the Pesticide Section. -4.00

Pesticide Specialist II	($63,548)
Pesticide Specialist II	($50,693)
Pesticide Inspector I	($47,113)
Chemist I	($67,885)

24 Eliminate Filled Positions ($79,341) R

Eliminate 2 filled positions in the Pesticide Section. -2.00

Processing Assistant III	($25,012)
Pesticide Specialist I	($54,329)

25 Reduce Operating Support ($10,500) R

Reduce funds to collect outdated and unused pesticides for proper disposal.

26 Reduce Operating Support ($61,772) R

Reduce funds for waste removal and recycling, postage and printing.

27 Reduce Operating Support ($26,000) R

Reduce operating line items.

Equipment/vehicles	($18,000)
Travel	($ 8,000)

28 Eliminate Vacant Positions ($89,762) R

Eliminate 3 vacant positions from the Food and Drug Protection Section. -3.00

Chemistry Technician III	($38,662)
Processing Assistant III	($26,663)
Medical Laboratory Assistant I	($24,437)

Food Distribution

29 Shift Position to Receipt Support ($35,120) R

Shift funding for Storeroom Manager to receipt support. -1.00

30 Reduce Operating Support ($3,000) R

Reduce travel line item.

Marketing

31 Eliminate General Fund Appropriation ($40,343) R

Eliminate General Fund appropriation to the Raleigh Farmers Market. This action will make the Raleigh Farmers Market entirely receipt-supported.

32 Eliminate General Fund Appropriation ($70,000) R

Eliminate General Fund Appropriation to the Western NC Development Association.

33 Eliminate Vacant Positions ($227,396) R

Eliminate 6 vacant positions. -6.00

Agricultural Marketing Specialist II	($46,304)
Agricultural Marketing Specialist II	($41,990)
Artist IIIustrator	($43,374)
International Marketing Specialist	($49,430)
General Utility Worker	($23,008)
Security Guard	($23,290)

34 Close Field Offices ($34,615) R

Close the Kinston and Roseboro field offices, reduce associated operating costs and relocate staff to other offices.

35 Eliminate Filled Position ($35,050) R

Eliminate filled Office Assistant position in the Roseboro field office. -1.00

36 Eliminate Filled Positions ($101,650) R

Eliminate 4 filled positions at the Lumberton Farmers Market. -4.00

Maintenance Mechanic II	($27,471)
Processing Assistant III	($24,862)
Processing Assistant III	($24,455)
Processing Assistant III	($24,862)

37 Reduce Operating Support ($45,000) R

Reduce operating support for Seafood Marketing. ($55,000) NR

38 Reduce Operating Support ($143,845) R

Reduce various operating line items. ($23,000) NR

39 Eliminate General Fund Appropriation ($184,909) R

Eliminate General Fund appropriation to the Western Agricultural Center. Funds will be replaced with receipts from the NC Mountain State Fair.

Plant Industry

40 Eliminate Vacant Positions ($97,793) R

Eliminate 2 vacant positions in the Commercial Fertilizer Section. -2.00

Fertilizer Administrator	($53,736)
Agricultural Research Technician	($44,057)

41 Reduce Operating Support ($17,000) R

Reduce operating line items in the Commercial Fertilizer Section.

Temporary wages	($ 5,000)
Travel	($12,000)

42 Eliminate Vacant Position ($41,234) R

Eliminate vacant Plant Pest Specialist position in the Plant Protection Section. -1.00

43 Eliminate Operating Support ($60,000) R

Eliminate operating costs for the fire ant protection program in the Commercial Fertilizer Section.

44 Reduce Operating Support

Reduce operating support for the Commercial Fertilizer Section by $50,000. NC Boll Weevil Foundation will make a one time donation to offset the reduction. ($50,000) NR

45 Eliminate Filled Position ($26,104) R

Eliminate filled Laboratory Technician position in the Seed Testing Section. -1.00

46 Reduce Operating Support ($6,500) R

Reduce operating line items in the Seed Testing Section.

Temporary wages	($5,000)
Travel	($1,500)

Poultry Grading & Regulatory

47 Eliminate Filled Positions ($73,819) R

Eliminate 2 filled positions. -2.00

Agricultural Commodity Inspector	($31,073)
Agricultural Commodity Inspector	($42,746)

48 Eliminate Vacant Position ($80,021) R

Eliminate vacant Assistant Director for Agricultural Marketing position. -1.00

49 Reduce Operating Support ($5,000) R

Reduce travel line item.

Property and Construction

50 Shift Position to Receipt Support ($43,859) R

Shift funding for one filled Construction and Renovation Design Technician position to NC State Fair receipts. -1.00

Research Stations

51 Eliminate Vacant Position ($34,492) R

Eliminate vacant Office Assistant IV position in the Wake County office. -1.00

52 Eliminate Operating Support

Eliminate operating support for the NC Official Variety tests for one year. ($25,000) NR

53 Reduce Operating Support ($100,000) R

Reduce equipment/vehicle line item for Research Stations and Farms.

54 Close Caswell Research Farm ($491,009) R

Close Caswell Research Farm, eliminate 4 filled positions effective July 1,2002, 3 filled positions effective October 1, 2002, 5 filled positions effective December 1, 2002, 2 filled positions effective February 1, 2003 and the remaining 3 filled positions effective May 1, 2003. -17.00

55 Close Whiteville Research Station ($173,615) R

Close Whiteville Research Station, eliminate 3 filled positions effective July 1, 2002 and 2 additional filled positions effective October 1, 2002. -5.00

56 Reduce Operating Support ($632,327) R

Reduce operating support for research stations division-wide.

Standards

57 Eliminate Vacant Positions ($75,078) R

Eliminate 2 vacant Long Distance Truck Drivers in the Weights and Measures Inspection Section. -2.00

58 Reduce Operating Support ($17,000) R

Reduce operating line items.

Equipment/vehicles	($13,000)
Travel	($ 4,000)

Veterinary Services

59 Eliminate Vacant Positions ($157,103) R

Eliminate 5 vacant positions in Veterinary Services Section. -5.00

Processing Assistant III	($25,516)
Processing Assistant III	($28,530)
Medical Laboratory Technician II	($31,073)
Medical Laboratory Technician II	($33,490)
Animal Health Technician I	($38,494)

60 Eliminate Vacant Position ($21,995) R

Eliminate vacant Meat and Poultry Inspector position. This position is cost-shared 50/50 with the federal government. -0.50

61 Reduce Operating Support

Reduce various line items in the Meat and Poultry Inspections Section. ($42,990) NR

Budget Changes	**($4,623,859)**	R
	($195,990)	NR
Total Position Changes	-73.50	
Revised Total Budget	**$50,448,191**	

Labor

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$15,117,906**

Budget Changes

Administration

62 Reduce Operating Support Reduce various operating line items in the Commissioner's Office.	($9,500)	R
63 Eliminate Filled Position Eliminate filled Agency Safety Program Director II position in the Commissioner's Office.	($55,988) -1.00	R
64 Shift Position to Receipt Support Shift funding for Accounting Technician II position in the Budget & Management section to receipt support. Position is now supported by elevator and amusement device inspection fees.	($36,722) -1.00	R
65 Reduce Operating Support Reduce various operating line items in the Information Office.	($12,063)	R
66 Reduce Operating Support Reduce various operating line items in the Information Technology section.	($9,062)	R
67 Reduce Operating Support Reduce maintenance budget in the Publications section.	($4,702)	R

Agriculture Safety & Health

68 Shift Position to Receipt Support Shift funding for .64 FTE of Safety Officer position to receipt support. Position is now 100% federally funded.	($20,697) -0.64	R

Apprenticeship

69 Eliminate Vacant Position Eliminate vacant Office Assistant IV position.	($28,174) -1.00	R

Arbitration/Conciliation

70 Eliminate Operating Support ($2,677) R

Eliminate operating budget. This action closes out the budget for the Arbitration/Conciliation Program, whose sole position was eliminated in FY 2001-02. The Program's function has been absorbed by the Legal Affairs & Employment Mediation Division.

Elevator & Amusement Device

71 Eliminate General Fund Appropriation ($131,934) R

Shift support for operations to receipts from elevator and amusement device inspections. This action will make the Bureau entirely receipt-supported.

Labor Standards

72 Eliminate Operating Support ($14,411) R

Eliminate operating budget in Private Personnel Services Bureau. This action closes out the budget for the Bureau, whose function has been absorbed by the Wage & Hour Bureau.

73 Reduce Operating Support ($33,445) R

Reduce various operating line items in the Employment Discrimination Bureau.

74 Reduce Operating Support ($40,820) R

Reduce various operating line items in the Wage & Hour Bureau.

Mine & Quarry

75 Reduce Operating Support ($10,000) R

Reduce various operating line items.

Occupational Safety & Health (OSH)

76 Reduce Operating Support ($201,611) R

Reduce various operating line items.

77 Shift Positions to Receipt Support ($70,581) R

Shift funding for 1.90 positions to receipt support.

-1.90

OSHA Safety Officer	($46,650)
Processing Assistant III (0.90 FTE)	($23,931)

78 Eliminate Vacant Positions ($74,063) R

Eliminate 2 vacant positions.

-2.00

Industrial Hygiene Inspector	($48,305)
Processing Assistant III	($25,758)

	FY 02-03	
79 Eliminate Filled Positions	($200,010)	R
Eliminate 3 filled positions.	-3.00	
OSHA Safety Supervisor ($63,961)		
OSHA Industrial Hygiene Supervisor ($69,961)		
OSHA Safety Supervisor ($66,088)		
80 Reduce Salary & Benefits	($33,795)	R
Reduce salary reserve, matching social security, and retirement line items.		
81 Reduce Operating Support	($31,419)	R
Reduce legal services line item for the OSH Review Board.		
Budget Changes	**($1,021,674)**	R
Total Position Changes	-10.54	
Revised Total Budget	**$14,096,232**	

Environment & Natural Resources

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$158,722,700**

Budget Changes

(1.00) Administration

82 Eliminate Vacant Positions ($280,201) R

Eliminate 6.25 vacant positions in Administrative Services.

-6.25

Processing Assistant III	($34,740)
Office Work Unit Supervisor. IV	($32,525)
Accounting Tech. I (0.25 FTE)	($7,398)
Administrative Secretary III	($40,315)
Administrative Assistant V	($34,116)
Systems Accountant II	($79,343)
Administrative Officer II	($51,764)

83 Eliminate Filled Position ($88,968) R

Eliminate filled Environmental Supervisor III position in the Human Resources Office.

-1.00

(2.00) Aquariums

84 Eliminate Vacant Positions ($160,568) R

Eliminate 4 vacant positions.

-4.00

Info & Communication Specialist II	($54,206)
Natural Science Curator I	($32,186)
Natural Science Curator I	($32,186)
Natural Science Curator II	($41,990)

85 Reduce Operating Support ($391,178) R

Reduce various operating line-items.

(2.00) Environmental Education

86 Reduce Operating Funds ($14,601) R

Reduce various operating line items in the Office of Environmental Education.

(2.00) Forest Resources

87 Eliminate Vacant Positions ($227,572) R

Eliminate 5 vacant positions in the forestry field offices.

-5.00

Office Assistant III	($28,204)
Office Assistant III	($30,049)
Forestry Supervisor II	($59,534)
Forestry Supervisor II	($71,439)
Administrative Assistant I	($38,346)

88 Shift Position to Receipt Support ($44,220) R

Shift funding for a vacant Forester II position to receipt support.

-1.00

89 Reduce Operating Support ($1,347,448) R

Reduce operating line items in the forestry field offices.

Seasonal Wages	($246,887)
Overtime/Fringe	($495,758)
Equipment/Vehicles	($329,000)
Other	($275,803)

90 Reduce Contracts ($150,000) R

Reduce funds for a CL-215 aircraft contract.

91 Reduce BRIDGE Program ($33,158) R

Reduce funding for seasonal and overtime wages in the BRIDGE program.

92 Shift Position to Receipt Support ($52,044) R

Shift funding for a vacant Forestry Technician position to receipt support in the Tree Improvement Program.

-1.00

93 Reduce Seasonal and Overtime Wages ($10,499) R

Reduce funding for seasonal and overtime wages in the Tree Improvement Program.

(2.00) Marine Fisheries

94 Reduce Operating Support ($84,685) R

Reduce various operating line items in administration.

95 Eliminate Vacant Positions ($109,528) R

Eliminate 3 vacant positions.

-3.00

Marine Fisheries Technician II	($33,940)
Cartographic Technician	($28,964)
Marine Fisheries Biologist Supervisor	($46,624)

96 Shift Position to Receipt Support ($46,624) R

Shift funding for one Marine Fisheries Biological Supervisor position to receipt support.

-1.00

97 Reduce Operating Support ($284,152) R

Reduce various operating line items for marine research.

98 Reduce Operating Support ($90,432) R

Reduce various operating line items in the Marine Patrol section.

99 Shift Positions to Receipt Support ($101,902) R

Shift funding for 2 positions to receipt support in the Marine Patrol section. -2.00

Marine Fisheries Enforcement Officer III	($36,000)
Marine Enforcement Assistant Chief	($65,902)

(2.00) Museum of Natural Sciences

100 Eliminate Vacant Positions ($190,096) R

Eliminate 6 vacant positions in the Museum of Natural Sciences. -6.00

Wildlife/Fish Technician I	($30,236)
Art Museum Exhibit Design Tech	($33,066)
Natural Sciences Curator I	($32,186)
Natural Sciences Curator I	($32,186)
Natural Sciences Curator I	($32,186)
Wildlife Fisheries Tech I	($30,236)

101 Reduce Grassroots Science Museums ($318,240) R

Reduce funding for the Grassroots Science Museums by 10.2%.

(2.00) Parks and Recreation

102 Eliminate Vacant Positions in State Parks ($71,007) R

Eliminate 2 vacant positions at the following parks: -2.00

Lake James - Maintenance Mechanic I	($25,244)
Falls Lake - Park Superintendent I	($45,763)

103 Eliminate Filled Positions in State Parks ($219,579) R

Eliminate 7 filled positions at the following parks: -7.00

Waynesborough - General Utility Worker	($23,388)
Weymouth Woods - Maintenance Mechanic II	($30,085)
Jordan Lake - Park Superintendent I	($46,842)
Jockey's Ridge - Maintenance Mechanic II	($28,402)
Kerr Lake - Park Superintendent I	($43,713)
Medoc Mountain - General Utility Worker	($23,371)
Pettigrew - General Utility Worker	($23,778)

104 Reduce Hours of Operation ($85,342) R

Reduce the hours of operation at Singletary Lake State Park and eliminate 3 filled positions. -3.00

Office Assistant III	($28,813)
Maintenance Mechanic III	($33,158)
General Utility Worker	($23,371)

105 Eliminate Filled Positions ($79,216) R

Eliminate 2 filled positions in the central office. -2.00

Office Assistant IV	($28,811)
Facility Architect I	($50,405)

106 Eliminate Vacant Position ($38,913) R

Eliminate vacant Environmental Specialist II position in the central office. -1.00

107 Shift Position to Receipt Support ($27,512) R

Shift funding for an Office Assistant III position to receipt support. This position will be funded from the Parks and Recreation Trust Fund. -1.00

108 Reduce Operating Support ($100,000) R

Reduce various operating line items division-wide.

109 Reduce Adopt-a-Trails Program ($27,000) R

Reduce funding for the Adopt-a-Trails Program.

(2.00) Soil and Water Conservation

110 Eliminate Vacant Positions ($43,642) R

Eliminate 1.5 vacant positions. -1.50

Office Assistant IV	($27,947)
Environmental Technician III (0.50 FTE)	($15,695)

111 Reduce Operating Support ($181,508) R

Reduce various operating line items.

(2.00) Zoological Park

112 Shift Positions to Receipt Support ($138,020) R

Shift funding for 5.5 positions to receipt support. -5.50

Zoo Security Officer II	($24,065)
Zoo Security Officer II	($23,724)
Vehicle Operator II	($24,435)
Horticultural Technician	($27,466)
Horticultural Technician	($28,161)
Housekeeping Team Leader (0.5 FTE)	($10,169)

113 Eliminate Vacant Positions ($208,354) R

Eliminate 7.5 vacant positions in the Zoological Park.

-7.50

Zoo Security Officer I	($22,957)
Zoo Security Officer I	($23,335)
Staff Development Specialist I	($38,588)
Groundsworker	($24,065)
Public Info. Asst. III (0.50 FTE)	($11,471)
Library Tech Asst. II	($33,452)
Zoo Keeper I	($27,472)
Zoo Keeper I	($27,014)

114 Eliminate Filled Position ($12,490) R

Eliminate .50 FTE of a filled Office Assistant III position at the Zoo.

-0.50

115 Reduce Operating Support ($65,222) R

Reduce various operating line items and budget $5,222 in over-realized receipts.

(3.00) Air Quality

116 Eliminate General Fund Appropriation ($509,145) R

Shift funding for 9 positions and $32,758 in operating expenses to receipt support. This action will make the Division of Air Quality entirely receipt-supported.

-9.00

Environmental Program Manager	($102,610)
Administrative Secretary III	($ 41,625)
Environmental Engineer II	($ 59,625)
Environmental Chemist II	($ 52,455)
Environmental Specialist II	($ 39,535)
Info Processing Assistant II	($ 38,155)
Environmental Chemist II	($ 50,505)
Environmental Chemist II	($ 63,077)
Office Assistant IV	($ 28,800)

(3.00) Coastal Management

117 Shift Position to Receipt Support ($133,592) R

Shift funding for 2.5 positions to receipt support.

-2.50

Environmental Specialist III	($52,255)
Exten. Education & Training Specialist I	($43,178)
Environmental Supervisor III (0.50 FTE)	($38,159)

118 Reduce Land Use Planning Grants ($76,000) R

Reduce funds for land use planning grants.

119 Reduce Operating Funds ($33,252) R

Reduce over-budgeted operating funds for the Preyer Buckridge Coastal Reserve.

(3.00) Environmental Health

120 Reduce Operating Support ($192,809) R

Reduce various operating line items division-wide.

121 Reduce Aid to County ($134,281) R

Reduce funding for aid to counties for environmental health programs.

122 Eliminate Vacant Positions ($44,020) R

Eliminate 1.5 vacant positions in the Environmental Health Services section. -1.50

Program Assistant IV	($28,896)
Processing Assistant IV (0.50 FTE)	($15,124)

123 Reduce Mosquito Control Funds ($62,851) R

Reduce funding for aid to counties for mosquito control by 10.2%.

124 Shift Position to Receipt Support ($22,818) R

Shift funding for .71 FTE of a Processing Assistant IV position to receipt support in the Public Water Supply section. -0.71

125 Transfer Radiation Protection $1,078,477 R

Transfer all responsibilities, receipts and positions of the Division of Radiation Protection to the Division of Environmental Health. 19.50

126 Eliminate Vacant Positions ($136,546) R

Eliminate 2 vacant positions as part of the reorganization which merges the Division of Radiation Protection into the Division of Environmental Health. -2.00

Radiation Protection Services Chief	($95,655)
Administrative Assistant I	($40,891)

127 Shift Positions to Receipt Support ($247,950) R

Shift funding for 5.10 positions and $5,578 in operating expenses to receipt support. -5.10

Health Physicist	($50,138)
Health Physicist	($50,138)
Health Physicist	($51,962)
Health Physicist	($48,954)
Health Physicist (0.60 FTE)	($26,808)
Processing Assistant III (0.50 FTE)	($14,372)

(3.00) Land Resources

128 Eliminate Vacant Position ($25,962) R

Eliminate vacant Office Assistant III position in the Geological Survey section. -1.00

129 Reduce Operating Support ($25,551) R

Reduce various operating line items in the Geological Survey section.

130 Eliminate Vacant Position ($37,185) R

Eliminate vacant Geodetic Survey Analysis Technician I position in the Geodetic Survey section. -1.00

131 Shift Position to Receipt Support ($7,768) R

Shift funding for .25 FTE of a Geodetic Survey Technician I position to receipt support. -0.25

132 Shift Positions to Receipt Support ($517,862) R

Shift funding for 11 positions and $2,147 in operating expenses to receipt support in the Land Quality section. -11.00

Environmental Engineer III	($68,927)
Environmental Technician V	($37,384)
Environmental Engineer II	($58,093)
Environmental Technician V	($42,709)
Environmental Technician V	($44,046)
Environmental Technician V	($38,017)
Environmental Engineer I	($53,457)
Environmental Technician V	($38,725)
Environmental Technician V	($44,553)
Environmental Engineer I	($47,571)
Environmental Technician V	($42,233)

133 Shift Position to Receipt Support ($19,263) R

Shift funding for .50 FTE of an Office Assistant III and $3,151 in operating expenses to receipt support. -0.50

(3.00) Pollution Prevention

134 Shift Positions to Receipt Support ($110,981) R

Shift funding for 2.13 positions to receipt support. -2.13

Environmental Specialist III (0.58 FTE)	($35,757)
Industrial Development Rep I (0.55 FTE)	($26,590)
Industrial Development Rep I	($48,634)

135 Reduce Operating Support ($48,989) R

Reduce various operating line items.

(3.00) Radiation Protection

136 Abolish Division ($1,078,477) R

Abolish the Division of Radiation Protection and transfer all responsibilities, receipts and positions to the Division of Environmental Health. -19.50

(3.00) Waste Management

137 Shift Positions to Receipt Support ($118,278) R

Shift funding for 2 positions to receipt support.

-2.00

Hydrogeologist II	($58,501)
Environmental Engineer	($59,777)

138 Eliminate Vacant Position ($26,167) R

Eliminate vacant Office Assistant III position.

-1.00

139 Reduce Operating Support ($28,248) R

Reduce various operating line items.

(3.00) Water Quality

140 Shift Positions to Receipt Support ($242,610) R

Shift funding for 4 positions and $54,629 in operating expenses to receipt support in the Wetlands Restoration Program.

-4.00

Environmental Specialist II	($53,864)
Environmental Specialist II	($43,933)
Environmental Specialist III	($44,784)
Environmental Specialist III	($45,400)

141 Shift Positions to Receipt Support ($215,834) R

Shift funding for 5 positions to receipt support in the Groundwater section.

-5.00

Environmental Engineer I	($49,444)
Hydrogeologist I	($44,432)
Office Assistant III	($26,628)
Hydrogeologist I	($44,432)
Environmental Chemist II	($50,898)

142 Eliminate Vacant Position ($35,197) R

Eliminate vacant Hydro Technician II position in the Groundwater section.

-1.00

143 Reduce Operating Support ($63,692) R

Reduce various operating line items in the Groundwater section.

144 Shift Positions to Receipt Support ($150,446) R

Shift funding for 4 positions to receipt support in the Water Quality section.

-4.00

Environmental Specialist II	($40,316)
Environmental Specialist I	($35,874)
Environmental Biologist I	($39,560)
Environmental Technician IV	($34,696)

	FY 02-03	
145 Eliminate Vacant Position	($45,240)	R
Eliminate vacant Environmental Chemist II position in the Water Quality section.	-1.00	
(3.00) Water Resources		
146 Eliminate Vacant Positions	($87,442)	R
Eliminate 2 vacant positions.	-2.00	
Environmental Biologist II ($51,513)		
Environmental Specialist I ($35,929)		
147 Reduce Operating Support	($48,396)	R
Reduce various operating line items.		
(5.00) Reserves and Transfers		
148 Reduce Grant Funds	($190,000)	R
Reduce grant funds for research projects recommended for funding by the NC Water Quality Workgroup.		
149 Reduce Partnership for the Sounds	($52,760)	R
Reduce funds to Partnership for the Sounds by 10.2%.		
(6.00) Wildlife Resources Commission		
150 Reduce Beaver Control Program	($51,000)	R
Reduce funds to the Beaver Control Program by 10.2%.		
151 Reduce Transfer	($303,747)	R
Reduce transfer to the Wildlife Resources Commission for equalization of Law Enforcement Officer's salaries.		
Budget Changes	**($9,369,803)**	R
Total Position Changes	-117.94	
Revised Total Budget	**$149,352,897**	

Commerce

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$44,280,374**	
Budget Changes		
Administration		
152 Eliminate Vacant Position	($99,429)	R
Eliminate vacant Assistant Secretary for Economic Development position.	-1.00	
153 Reduce Operating Support	($40,706)	R
Reduce various operating line items.		
154 Reduce Operating Support	($98,000)	R
Eliminate audit services line item.		
Air Transportation		
155 Reduce Operating Support	($121,489)	R
Reduce various operating line items.		
Business & Industry		
156 Eliminate Vacant Position	($43,416)	R
Eliminate vacant Administrative Assistant IV position.	-1.00	
157 Eliminate Transfer to Global TransPark Authority	($172,036)	R
Eliminate transfer of funds to Global TransPark Authority for marketing.		
158 Consolidate Regional Offices	($65,554)	R
Close B&I Regional Offices in Fayetteville, Bryson City, Lenoir and Greenville, eliminate associated operating budgets, and transfer personnel to respective Regional Economic Development Commissions.		
Commerce Finance Center		
159 Eliminate Vacant Position	($53,384)	R
Eliminate vacant Industrial Finance Specialist II position.	-1.00	
160 Reduce Operating Support	($18,999)	R
Reduce various operating line items.		

161 Reduce Industrial Development Revolving Fund ($1,380,528) R

Reduce funding for Industrial Development Revolving Fund.

Commission on Workforce Preparedness

162 Shift Positions to Receipt Support ($89,687) R

Shift funding for 1.16 positions to receipt support and eliminate $4,074 in operating support. This action will make the Commission completely receipt-supported. -1.16

Deputy Director (0.58 FTE)	($58,901)
Administrative Assistant (0.58 FTE)	($26,712)

Community Assistance

163 Eliminate Vacant Position ($42,318) R

Eliminate vacant Drafting Technician II position. -1.00

164 Shift Positions to Receipt Support ($53,168) R

Shift funding for 1.5 positions to receipt support. These positions are now funded from federal Community Development Block Grant funds. -1.50

Information & Communications Specialist II	($37,954)
Office Assistant IV (0.50 FTE)	($15,214)

165 Reduce Office Rent ($23,120) R

Reduce office rent expense as a result of closing Kinston and Salisbury offices.

166 Reduce Transfer to Councils of Government ($102,850) R

Reduce transfer to Councils of Government (COGs) by 11%.

Industrial Commission

167 Budget Over-Realized Receipts ($327,844) R

Budget over-realized receipts from hearing and compromised settlement agreement fees, and reduce General Fund appropriation by an equal amount.

168 Shift Positions to Receipt Support ($261,204) R

Shift funding for 6.43 positions to receipt support. -6.43

Applications Analyst Programmer I	($74,298)
Computing Support Technician I (0.43 FTE)	($13,543)
Processing Assistant III	($26,590)
Data Control Clerk III	($24,862)
Program Assistant V	($35,179)
Program Assistant V	($34,616)
Agency Legal Specialist I	($52,116)

FY 02-03

169 Eliminate Vacant Positions ($110,103) R

Eliminate 2.82 vacant positions.

-2.82

Application Programmer I	($38,147)
Computing Support Technician I (0.32 FTE)	($10,078)
Processing Assistant III (0.50 FTE)	($18,592)
Administrative Assistant I	($43,286)

170 Eliminate Filled Position ($25,156) R

Eliminate filled Processing Assistant II position.

-1.00

International Trade

171 Eliminate Vacant Position ($28,346) R

Eliminate vacant Office Assistant IV position.

-1.00

172 Reduce Operating Support ($200,000) R

Reduce various operating line items.

Management Information Systems

173 Eliminate Filled Position ($45,695) R

Eliminate filled Telecommunications Equipment Technician I position.

-1.00

174 Reduce Operating Support ($44,651) R

Reduce operating line items.

Computer Software	($30,000)
Other	($14,651)

Policy & Research

175 Reduce Operating Support ($45,663) R

Reduce various operating line items.

Reserves & Transfers

176 Eliminate Funding to Three Regional Commissions ($1,182,957) R

Eliminate funding to the Research Triangle Regional Commission, the Piedmont Triad Commission, and the Carolinas Commission.

177 Reduce Regional Economic Development Commissions ($474,204) R

Reduce funding for the remaining 4 Regional Economic Development Commissions by 10%.

Science & Technology

178 Eliminate Filled Position ($66,626) R

Eliminate filled Education Consultant position.

-1.00

Tourism, Film and Sports Development

179	**Reduce Operating Support** Reduce various operating line items.	($219,680)	R
180	**Eliminate Vacant Position** Eliminate vacant Program Development Coordinator position in the Office of Sports Development. This action eliminates the last position in this Office. Sports Development activities will be absorbed into the Division's overall activities.	($60,441) -1.00	R
181	**Eliminate Heritage Tourism Positions** Eliminate 1 vacant Development Officer and 1 filled Development Officer in the Heritage Tourism program.	($100,135) -2.00	R
182	**Reduce Operating Support** Reduce various operating line items in the Welcome Centers.	($50,000)	R

Budget Changes	**($5,647,389)**	R
Total Position Changes	-22.91	
Revised Total Budget	**$38,632,985**	

Commerce - State Aid

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$5,200,000**	
Budget Changes		
Grants-in-Aid		
183 Eliminate Coalition for Farm and Rural Families Eliminate General Fund appropriation for the Coalition for Farm and Rural Families.	($250,000)	R
184 Reduce Land Loss Prevention Project Reduce General Fund appropriation for the Land Loss Prevention Project by 11%.	($49,500)	R
185 Reduce Institute of Minority Economic Development Reduce General Fund appropriation for the Institute of Minority Economic Development by 11%.	($165,000)	R
186 Reduce Minority Support Center Reduce General Fund appropriation for the Minority Support Center by 11%.	($66,000)	R
187 Reduce NC Community Development Initiative Reduce General Fund appropriation for the NC Community Development Initiative by 11%.	($220,000)	R
188 Reduce NC Association of CDCs Reduce General Fund appropriation for the NC Association of Community Development Corporations by 11%.	($44,000)	R
Budget Changes	**($794,500)**	R
Total Position Changes		
Revised Total Budget	**$4,405,500**	

N.C. Biotechnology Center

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$6,270,468**	
Budget Changes		
Business & Technology Development		
189 Reduce Revolving Loan Fund Reduce funding for Small Business Revolving Loan Fund.	($300,000)	R
Corporate Affairs		
190 Shift Position to Non-State Funding Shift funding for position to non-state sources.	($42,526)	R
General & Administrative		
191 Shift Expenses to Non-State Funding Shift funding for facility operations expenses to non-state sources.	($34,521)	R
HMU Initiative		
192 Eliminate Balance of Restricted Funds Transfer the unexpended balance of restricted funds from the Historically Minority University Biotechnology Initiative to the Center's general operating budget. Reduce General Fund appropriation by an equal amount. This action will close out the Biotechnology Center's financial relationship with the HMU Initiative, which was transferred to the University System in FY 2001-02.	($250,000)	NR
Budget Changes	**($377,047)** **($250,000)**	R NR
Total Position Changes		
Revised Total Budget	**$5,643,421**	

Rural Economic Development Center

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$5,090,749**	
Budget Changes		
Grant Programs		
193 Supplemental Funding Program Reduce funding for grants. Water and Sewer Grants ($255,251) Water, Sewer, and Business Development Grants ($ 25,000)	($280,251)	R
194 Reduce Research & Demonstration Grants Reduce funding for Research and Demonstration Grants.	($44,000)	R
195 Reduce CDC Program Reduce funding for grants to Community Development Corporations.	($56,200)	R
Microenterprise Loan Program		
196 Reduce Local Support Reduce funding to local lending sites.	($23,400)	R
Opportunities Industrialization Centers		
197 Reduce Operating Support Reduce operating support to Opportunities Industrialization Centers.	($20,000)	R
Budget Changes	**($423,851)**	R
Total Position Changes		
Revised Total Budget	**$4,666,898**	

Attachment B

Senate Appropriations Subcommittee on Natural and Economic Resources

Fiscal Year 2002-2003 Special Provisions

June 11, 2002

Special Provision 2002-COMM-S5-P [v4], Modified 5/23/02 2:11 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NER BLOCK GRANT FUNDS

SECTION #.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION #.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION #.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION #.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million one hundred thousand dollars ($13,100,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may

be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million one hundred thousand dollars ($2,100,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION #.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Special Provision 2002-AGRIC-S1A-P [v4], Modified 5/23/02 2:00 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

CLOSE ROBBINS DIAGNOSTIC LABORATORY

SECTION #. The Department of Agriculture and Consumer Services shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in Moore County and reassign one veterinarian position and one medical laboratory technician position to the Rollins Animal Disease Diagnostic Laboratory located in Raleigh. In order to preserve current laboratory capability, poultry diagnostic services currently performed at the Poultry Disease Diagnostic Laboratory located in the Town of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory located in Raleigh or at other animal disease diagnostic laboratories of the Department of Agriculture and Consumer Services.

Special Provision 2002-AGRIC-S2A-P [v6], Modified 5/23/02 2:02 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING

SECTION #.(a) The Office of State Budget and Management shall, in accordance with G.S. 143-25, adjust its current method of budgeting receipt revenues within the Department of Agriculture and Consumer Services to more accurately reflect actual revenues.

SECTION #.(b) Notwithstanding G.S. 143-23, the Division of Research Stations of the Department of Agriculture and Consumer Services shall not spend more during the 2002-2003 fiscal year than is appropriated under this act for the Division of Research Stations of the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year.

Special Provision 2002-AGRIC-S3-P [v12], Modified 6/8/02 6:25 PM
Requested by: Senators Martin of Pitt, Weinstein, Metcalf, Carter , Plyler, Odom,

TRANSFER MOUNTAIN STATE FAIR RECEIPTS

SECTION #. The Department of Agriculture and Consumer Services shall transfer the sum of seventy thousand dollars ($70,000) from the Mountain State Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development Association, Inc., to be used to promote agricultural development in the western part of the State.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Special Provision 2002-NATRES-S2A-P [v6], Modified 5/23/02 2:42 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

GRASSROOTS SCIENCE PROGRAM

SECTION #. Section 19.2 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.2.** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred twenty thousand dollars ($3,120,000) for fiscal year 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars ($3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars ($2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003	
Aurora Fossil Museum	$58,733	~~$58,733~~	$57,535
Cape Fear Museum	$209,018	~~$209,018~~	$187,205
Catawba Science Center	$167,833	~~$167,833~~	$151,669
Colburn Gem and Mineral Museum, Inc.	$71,336	~~$71,336~~	$68,409
Discovery Place	$699,985	~~$699,985~~	$610,826
Granville County Museum Commission, Inc. - Harris Gallery	$61,553	~~$61,553~~	$59,968
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$157,305	~~$157,305~~	$142,585
Imagination Station	$94,815	~~$94,815~~	$88,668
Iredell County Children's Museum	$58,342	~~$58,342~~	$57,198
Museum of Coastal Carolina	$64,141	~~$64,141~~	$62,201
Natural Science Center of Greensboro	$250,850	~~$250,850~~	$223,299
North Carolina Museum of Life and Science	$445,843	~~$445,843~~	$391,545
Rocky Mount Children's Museum	$88,855	~~$88,855~~	$83,525
Schiele Museum of Natural History	$348,433	~~$348,433~~	$307,496
Sci Works Science Center and Environmental Park of Forsyth County	$178,947	~~$178,947~~	$161,259
Western North Carolina Nature Center	$164,011	~~$164,011~~	$148,372
Total	$3,120,000	~~$3,120,000~~	$2,801,760"

Special Provision 2002-NATRES-S1A-P [v3], Modified 5/23/02 2:01 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION #. Section 19.1 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of ~~five hundred thousand dollars ($500,000)~~ four hundred forty-nine thousand dollars ($449,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in

G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share."

Special Provision 2002-ENV-S1C-P [v6], Modified 5/30/02 11:42 AM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
REORGANIZATION OF DENR/CONFORMING CHANGES

SECTION #.(a) The positions of Division Director and of Administrative Assistant I within the Division of Radiation Protection of the Department of Environment and Natural Resources are eliminated. All other positions within the Division of Radiation Protection of the Department of Environment and Natural Resources are reassigned to the Division of Environmental Health of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Division of Radiation Protection of the Department of Environment and Natural Resources shall be performed by the Division of Environmental Health of the Department of Environment and Natural Resources. The Division of Radiation Protection of the Department of Environment and Natural Resources is abolished.

SECTION #.(b) G.S. 104E-8(c) reads as rewritten:

"(c) The 10 ex officio members shall be appointed by the Governor, shall be members or employees of the following State agencies or their successors, and shall serve at the Governor's pleasure:

(1) The Utilities Commission;
(2) The Commission for Health Services;
(3) The Environmental Management Commission;
(4) The Board of Transportation;
(5) The Division of Emergency Management of the Department of Crime Control and Public Safety;
(6) The Division of ~~Radiation Protection~~ Environmental Health of the Department;
(7) The Department of Labor;
(8) The Industrial Commission;
(9) The Department of Insurance;
(10) The Medical Care Commission."

SECTION #.(c) G.S. 104E-9(b) reads as rewritten:

"(b) The ~~Radiation Protection~~ Division of Environmental Health of the Department of Environment and Natural Resources shall develop a training program for tanning equipment operators that meets the training rules adopted by the North Carolina Radiation Protection Commission. If the training program is provided by the Department, the Department may charge each person trained a reasonable fee to recover the actual cost of the training program."

SECTION #.(d) G.S. 120-70.33 reads as rewritten:

"**§ 120-70.33. Powers and duties.**

The Joint Select Committee shall have the following powers and duties:

(1) To study alternatives available to the State for dealing with low-level radioactive waste and the ramifications of each of those alternatives;

(2) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.

(3) To evaluate actions of the Radiation Protection Commission, the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, and of any other board, commission, department, or agency of the State or local government as such actions relate to low-level radioactive waste management;

(4) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.

(5) To review and evaluate changes in federal law and regulations, relevant court decisions, and changes in technology affecting low-level radioactive waste management;

(6) To review existing and proposed State law and rules affecting low-level radioactive waste management and to determine whether any modification of law or rules is in the public interest;

(7) To make reports and recommendations, including draft legislation, to the General Assembly from time to time as to any matter relating to the powers and duties set out in this section; and

(8) To undertake such additional studies as it deems appropriate or as may from time to time be requested by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, either house of the General Assembly, the Legislative Research Commission, the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, or the Joint Legislative Utility Review Committee, and to make such reports and recommendations to the General Assembly regarding such studies as it deems appropriate."

SECTION #.(e) G.S. 143B-279.3(c)(1) is repealed.

SECTION #.(f) G.S. 166A-6.1(b) reads as rewritten:

"(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Crime Control and Public Safety, for the use of the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, an annual fee of thirty-six thousand dollars ($36,000) for each fixed nuclear facility that is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee shall be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. This fee is to be paid no later than July 31 of each year."

Special Provision 2002-ENV-S3-P **[v5], Modified 5/31/02 2:08 PM**

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

RELOCATE DIVISION OF COASTAL MANAGEMENT TO COASTAL COUNTIES

SECTION #. The Division of Coastal Management, Department of Environment and Natural Resources, shall relocate its offices and staff from Raleigh to one or more of the State's 20 coastal counties by June 30, 2003. The Secretary of Environment and Natural Resources is responsible for implementing this section and ensuring that the relocation is completed by June 30, 2003.

Special Provision 2002-ENV-S5-P [v4], Modified 6/7/02 1:32 PM
Requested by: Senators Martin of Pitt, Weinstein, Odom, Plyler, Lee
DENR POSITION FOR SCRAP TIRE PROGRAM

SECTION #.(a) Section 19.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal year ~~and for the 2002-2003 fiscal year~~ to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites."

SECTION #.(b) G.S. 130A-309.63 reads as rewritten:

"**§ 130A-309.63. Scrap Tire Disposal Account.**

(a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting account within the Department. The Account consists of revenue credited to the Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of Chapter 105 of the General Statutes. The Department may use revenue in the Account only as authorized by this section.

(b) Use. – The Department may use revenue in the Account only as authorized by this section.

(1) The Department may use up to fifty percent (50%) of the revenue in the Account to make grants to units of local government to assist them in disposing of scrap tires. To administer the grants, the Department shall establish procedures for applying for a grant and the criteria for selecting among grant applicants. The criteria shall include the financial ability of a unit of local government to provide for scrap tire disposal, the severity of a unit of local government's scrap tire disposal problem, the effort made by a unit of local government to ensure that only tires generated in the normal course of business in this State are provided free disposal, and the effort made by a unit of local government to provide for scrap tire disposal within the resources available to it.

(2) The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets,

flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the Division of ~~Environmental Assistance and~~ Pollution Prevention and Environmental Assistance of the Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires.

(3) The Department may use revenue in the Account to support a position to provide local governments with assistance in developing and implementing scrap tire management programs designed to complete the cleanup of nuisance tire collection sites and prevent scrap tires generated from outside of the State from being presented for free disposal in the State.

(4) The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

(c) Eligibility. – A unit of local government is not eligible for a grant for scrap tire disposal unless its costs for disposing of scrap tires for the six-month period preceding the date the unit of local government files an application for a grant exceeded the amount the unit of local government received during that period from the proceeds of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for scrap tire disposal may not exceed the unit of local government's unreimbursed cost for the six-month period.

~~(d) Cleanup of Nuisance Tire Sites. The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.~~

(e) Reporting. – The Department shall include in the report to be delivered to the Environmental Review Commission on or before 15 January of each year pursuant to G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of the implementation of the North Carolina Scrap Tire Disposal Act shall include the beginning and ending balances in the Account for the reporting period, the amount credited to the Account during the reporting period, and the amount of revenue used for grants and to clean up nuisance tire collection sites."

PART XIII. DEPARTMENT OF COMMERCE

Special Provision 2002-COMM-S6-P **[v6], Modified 5/23/02 2:27 PM**
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

COUNCIL OF GOVERNMENT FUNDS

SECTION #.(a) Section 20.12(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and ~~nine hundred thirty-five thousand dollars ($935,000)~~eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to ~~fifty-five thousand dollars ($55,000)~~forty-eight thousand nine hundred fifty dollars ($48,950) for ~~each~~ the 2002-2003 fiscal year, with the actual amount calculated as provided in subsection (b) of this section."

SECTION #.(b) Section 20.12(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.12.(b)** The funds shall be allocated as follows: A share of the maximum ~~fifty-five thousand dollars ($55,000) each~~forty-eight thousand nine hundred fifty dollars ($48,950) for the 2002-2003 fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of ~~a~~ the State fiscal year, ~~that share of~~ the allocation ~~for that fiscal year~~ shall revert to the General Fund."

Special Provision 2002-COMM-S7-P **[v16], Modified 5/31/02 2:07 PM**
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION #. Section 20.10 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.10.(a)** Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, ~~Research Triangle Regional Commission,~~ Southeastern North Carolina Regional Economic Development Commission, ~~Piedmont Triad Partnership,~~ Northeastern North Carolina Regional Economic Development ~~Commission,~~ Commission, and Global TransPark Development ~~Commission, and Carolinas Partnership, Inc.~~Commission.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the

term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development ~~Zone~~Commission the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year,~~the 2001-2002 fiscal year and the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year to the seven regional economic development commissions named in subsection (a) of this section.~~ the 2001-2002 fiscal year to the Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc., and the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year to the Western North Carolina Regional Economic Development Commission, Southeastern North Carolina Regional Economic Development Commission, Northeastern North Carolina Regional Economic Development Commission, and Global TransPark Development Commission. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

Special Provision 2002-COMM-S12-P [v5], Modified 5/31/02 2:17 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

REGIONAL COMMISSION REPORTS

SECTION #. Section 20.11(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.11.(a)** Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
b. State fiscal year 2000-2001 itemized expenditures and fund sources;
c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;
d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
b. State fiscal year 2001-2002 itemized ~~expenditures~~ expenditures, including salary and benefits for all employees regardless of funding sources, and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement."

Special Provision 2002-COMM-S14-P [v5], Modified 5/31/02 2:16 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

PLAN FOR CONSOLIDATING CERTAIN REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION #. The Southeastern North Carolina Regional Economic Development Commission, Northeastern North Carolina Regional Economic Development Commission, and the Global TransPark Development Commission shall jointly develop a plan for consolidating the three separate Commissions into two Commissions. The plan shall provide for the consolidation to take place no later than June 30, 2003. The Commissions shall report their plan to the Joint Appropriations Subcommittee on Natural and Economic Resources by January 1, 2003.

Special Provision 2002-COMM-S15-P [v7], Modified 5/31/02 2:20 PM

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

CO-LOCATE CERTAIN BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES WITH CERTAIN REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION #.(a) The Department of Commerce shall co-locate the following Business and Industry Division Regional Offices (hereinafter B&I) with the following Regional Economic Development Commission offices (hereinafter Commission) by October 1, 2002:

(1) The B&I offices in Bryson City and Lenoir with the B&I office in Fletcher, which is currently co-located with the Western North Carolina Regional Economic Development Commission.

(2) The B&I office in Fayetteville with the Elizabethtown office of the Global TransPark Development Commission.

(3) The B&I office in Greenville with the Kinston office of the Southeastern North Carolina Regional Economic Development Commission.

SECTION #.(b) The Department of Commerce shall pay salaries and benefits for Department employees who are assigned to the co-located offices. Each Commission shall pay the operating expenses associated with the B&I office that is co-located with the Commission.

Special Provision 2002-COMM-S16-P **[v11], Modified 6/7/02 3:13 PM**

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

EMPLOYMENT CRISIS ASSISTANCE PROGRAM CREATED

SECTION #.(a) The Department of Commerce shall in collaboration with the Employment Security Commission and Community Colleges System Office convene an Employment Crisis Taskforce to do the following:

(1) Design an Employment Crisis Assistance Program (hereinafter Program) to provide dislocated and soon-to-be dislocated workers in the textile, furniture, and other manufacturing industries in the State with educational and workforce training assistance to help these workers secure employment in other industries.

(2) Ensure that the Program supplements but does not replace existing federal or State programs that are intended to assist dislocated or soon-to-be dislocated workers. The Program shall give priority to workers who are ineligible for existing federal or State educational or workforce training assistance.

(3) Consult with the Joint Legislative Commission on Governmental Operations and report to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources by October 1, 2002, regarding plans for implementation of the Program, including eligibility criteria, assistance mechanism, projected itemized expenditures, and intended outcomes. No funds shall be expended by the Taskforce or any of the agencies listed in this

subsection to implement the Program prior to the consultation described in this subdivision.

(4) Report to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15, 2003, on progress in implementing the Program, including program activities, expenditures, and accomplishments.

(5) Report annually, beginning January 15, 2004, and more frequently as requested, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following:

a. State fiscal year 2002-2003 program activities, objectives, and accomplishments;

b. State fiscal year 2002-2003 itemized expenditures and fund sources;

c. State fiscal year 2003-2004 planned activities, objectives, and accomplishments, including actual results through December 31, 2002;

d. State fiscal year 2003-2004 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

SECTION #.(b) Of the funds appropriated in this act to the Department of Commerce for transfer to the Regional Economic Development Commissions, the sum of five hundred thousand dollars ($500,000) shall not be transferred by the Department but shall be held in reserve for implementation of the Employment Crisis Assistance Program.

Special Provision 2002-COMM-S11-P **[v5], Modified 5/23/02 3:58 PM**
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

OREGON INLET FUNDS

SECTION #. Funds appropriated to the Department of Commerce for the 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30, 2002, but shall remain available to the Department for legal costs associated with the Project. This section becomes effective June 30, 2002.

Special Provision 2002-COMM-S2A-P **[v11], Modified 5/23/02 2:16 PM**
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION #.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars ($6,300,000) for the 2002-2003 fiscal year for the operation of local offices.

SECTION #.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2002-2003 fiscal year for the following purposes:

(1) One million two hundred eighty-three thousand five hundred eleven dollars ($1,283,511) for the 2002-2003 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Community Colleges System Office for customized training of the unemployed and the working poor for specific jobs needed by employers through the Training Initiatives Program;

(3) One million seven hundred thousand dollars ($1,700,000) for the 2002-2003 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred one thousand nine hundred fifty-seven dollars ($201,957) for the 2002-2003 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred fifty-nine thousand thirty-five dollars ($359,035) for the 2002-2003 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-three thousand eight hundred fifty-six dollars ($53,856) for the 2002-2003 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Department of Labor to continue the Apprenticeship Program.

SECTION #.(c) North Carolina REAL Enterprises and the other agencies listed in subsections (a) and (b) of this section shall do the following for the programs for which funds are appropriated in this section:

By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2002-2003 program activities, objectives, and accomplishments;

b. State fiscal year 2002-2003 itemized expenditures and fund sources;

c. State fiscal year 2003-2004 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2003-2004 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

SECTION #.(d) North Carolina REAL Enterprises shall, in addition to satisfying the reporting requirements in subsection (c) of this section, provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Special Provision 2002-COMM-S8-P [v4], Modified 5/23/02 3:29 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NONPROFIT REPORTING REQUIREMENTS

SECTION #. Section 20.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.14.(a)** The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, ~~North Carolina Coalition of Farm and Rural Families, Inc.,~~ North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements ~~for~~ by January 15, 2002, or January 15, 2003."

Special Provision 2002-COMM-S19A-P [v6], Modified 6/8/02 3:27 PM
Requested by: Senators Martin of Pitt and Weinstein , Plyler, Odom, Lee
NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS

SECTION #.(a) During the interim between the end of the 2002 Regular Session of the 2001 General Assembly and the beginning of the 2003 General Assembly, the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources may study the feasibility and desirability of designating the Small Business and Technology Development Center (SBTDC) as the State's presumptive provider of small business development assistance, including: (i) promoting the development of small business incubators; and (ii) investing in early-stage technology-based businesses.

SECTION #.(b) The subcommittees shall report their recommendations, including any proposed changes to the General Statutes, to the 2003 General Assembly no later than January 15, 2003. The subcommittees may seek and obtain assistance from any agencies and resources outside the General Assembly that the subcommittees determine are needed to adequately perform the study.

Special Provision 2002-COMM-S9-P [v8], Modified 5/23/02 2:29 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
RURAL ECONOMIC DEVELOPMENT CENTER

SECTION #.(a) Section 20.15(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749)~~one million seven hundred forty-four thousand seven hundred forty-nine dollars ($1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants Technical Assistance and Center Administration of Research	$444,000	~~$444,000~~$400,000

and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

SECTION #.(b) Section 20.15(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars ($2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars ($2,902,000)~~two million five hundred forty-two thousand one hundred forty-nine dollars ($2,542,149) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 ~~in each~~for the 2001-2002 fiscal year and $1,067,800 for the 2002-2003 fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 ~~in each~~for the 2001-2002 fiscal year and $810,000 for the 2002-2003 fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 ~~in each~~for the 2001-2002 fiscal year and $207,800 for the 2002-2003 fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 ~~in each~~for the 2001-2002 fiscal year and $210,600 for the 2002-2003 fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,344,000 ~~in each~~for the 2001-2002 fiscal year and $1,063,749 for the 2002-2003 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and

activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,094,000 ~~in each~~for the 2001-2002 fiscal year and $838,749 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;
2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or
3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $250,000 ~~in each~~for the 2001-2002 fiscal year and $225,000 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $200,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and
b. $125,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need."

Special Provision 2002-COMM-S10-P [v3], Modified 5/23/02 1:29 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION #. Section 20.16(a) of S.L. 2001-424 reads as rewritten:

"SECTION 20.16.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the

2001-2002 fiscal year and the sum of ~~four hundred thousand dollars ($400,000)~~three hundred eighty thousand dollars ($380,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc."

VISITOR REGISTRATION SHEET

V E R.
Name of Committee

6-11-02
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Phil McKnelly	DENR / DPR
Reginald Johnson	SELF-HELP
Mike Waters	NCRPS
Angie McMillan	The Nature Conservancy
Al Ripley	Self-Help
[illegible]	BMW CDC
Ronnie Smith	BMW CDC
Lisa Walter	Connect
Dan Blonn	NC MSC
Delois M. Williams	Bertie, Martin + Washington CDC
[illegible]	BMCDC
Maggie Moore	BMCW CDC
Anthony Powell	NC Rural Economic Dev. Center
Don Hobart	DOC
Robin Pasquarello	Commerce

David Hinkins NCPED

Byron Harris OSBM

Deborah C. Holston HUD

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Betsy Davis	CCNC, Raleigh
Frank Bordeaux	NCAFA, RALEIGH
Brock Winstead	NC Sierra Club
Rob Schofield	NC Justice Center
QUENTIN MILLER	E. M. S. D. C Asheville NC
Elizabeth Russell	EAGLE Market Str. Devel. Corp
James Geter	E M.S.D.C
Beverly Carlton	OHCEDC - MORGANTON
Kirri Ann Harris	L.A. Harris & Assoc Inc
Andrea Harris	NCIMED
Ebonie Alexander	NCCDI
[signature]	NACDI
Sandra Long	Martin Marietta
Betty Huskins	AdvantageWest
Carole Lawler	EGHS

Jeanette Gardner	NCIC
Joyce M. Dickens	RMEDC / NCACDC
Jim Perry Cole	NCRDC
Stephen J. Bowen	LLPP
Ray Holman	CMMTC
Rickie Strut	Parker Poe
BP	NCFB
Roger Earnhardt	CICNC
Chamell J. Green	NCCFRF
Lillie R. Jones	Women's Ctr. of Wake Co.
Becky Brown	Labors
Kevin Leonard	Labors
Sue Simmons	Forsyth County
DAN Hornelis	Forsyth county
Teri Beckman	Winstm Salem Local Initiatives Support Corp.
Johnny Gray	OSBM
Jane Smith	NCENC
Laura DeVun	DENR
N. David Smith	NCDA&CS
Gerald Blood	Self-Help
Weldon Seamy	NCDA.CS
John Goodman	Mercer & Assoc.

Senate Appropriations Subcommittee
On
Natural and Economic Resources
Tuesday, June 18, 2002 at 9:00 a.m.

MINUTES

The Senate Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, June 18 at 9:00 a.m. in Room 423 of the Legislative Office Building. Six Senate members attended the meeting, including the Chairman, Senator Bob Martin, who presided.

Senator Martin, Chairman, called the meeting to order. He stated that the Committee would review the Money Report and the Special Provisions Report again today.

He asked that staff go through these reports very briefly. Fiscal Research staff began with the Money Report. This is Attachment A of these minutes.

The next report for review by staff was the Special Provisions Report. This is Attachment B of these minutes.

The Chairman called for a motion on both the Money Report and the Special Provisions Report. Senator Albertson moved to approve both reports. Senator Metcalf seconded the motion. Motion carried.

The meeting adjourned at 10:00 p.m.

Senator R.L. "Bob" Martin
Chairman

Carolyn Gooden
Committee Clerk

Attachment A

Senate Appropriations Subcommittee on Natural and Economic Resources

Fiscal Year 2002-2003 Money Report

June 18, 2002

Senate Subcommittee on Natural and Economic Resources

Housing Finance Agency

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$5,300,000**	
Budget Changes		
Housing Finance Agency		
1 Reduce HOME Program Matching Funds	($540,600)	R
Reduce HOME Program matching funds.		
Budget Changes	**($540,600)**	R
Total Position Changes		
Revised Total Budget	**$4,759,400**	

Agriculture and Consumer Services

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$55,268,040**

Budget Changes

Administration/Public Affairs

2 Eliminate Vacant Position Eliminate vacant Deputy Commissioner position in Administration.	($85,871) -1.00	R
3 Eliminate Vacant Position Eliminate vacant Processing Assistant III in Human Resources.	($28,420) -1.00	R
4 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV in the Budget & Finance Section.	($37,674) -1.00	R
5 Reduce Operating Support Reduce operating line items. Computer Equipment ($35,000) Travel ($ 1,000)	($36,000)	R
6 Reduce Operating Support Reduce postage & printing and binding line items in the Public Affairs budget.	($50,000)	R
7 Reduce Reserve Reduce gas and natural gas reserve line item.	($85,143)	R
8 Reduce Reserve Reduce reserve for laboratory equipment.	($100,000)	R
9 Eliminate Education Funds Eliminate funds to educate the public on turf grass research.	($100,000)	R
10 Reduce Funding Reduce funding for Ag in the Classroom Program.	($32,750)	R

Agricultural Finance Authority

11 Eliminate General Fund Appropriation Shift funding for Director position to receipt support. This action will make the Agricultural Finance Authority entirely receipt-supported.	($104,595) -1.00	R

Agricultural Statistics

12 Eliminate Vacant Position ($40,495) R
Eliminate vacant Statistician I position.
-1.00

13 Eliminate Filled Position ($29,335) R
Eliminate filled Data Entry Operator II position.
-1.00

14 Reduce Operating Support ($46,500) R
Reduce operating line items.

Temporary wages ($45,000)
Travel ($ 1,500)

Agronomic Services

15 Eliminate Vacant Positions ($59,296) R
Eliminate 2 vacant positions in Agronomic Services.
-2.00

Processing Assistant III ($29,096)
Nematology Technician ($30,200)

16 Reduce Operating Support ($5,000) R
Reduce travel line item.

Aquaculture

17 Eliminate Vacant Position ($39,184) R
Eliminate vacant Administrative Secretary position.
-1.00

18 Eliminate Filled Position ($30,491) R
Eliminate filled Office Assistant IV position.
-1.00

19 Reduce Operating Support ($1,000) R
Reduce travel line item.

Emergency Programs

20 Eliminate Vacant Position ($42,744) R
Eliminate vacant Administrative Officer II position.
-1.00

Food and Drug Protection

21 Eliminate Vacant Position ($30,572) R
Eliminate vacant Processing Assistant III position in the Analytical Administration Section.
-1.00

22 Eliminate Vacant Positions ($67,298) R

Eliminate 2 vacant positions in the Commercial Fertilization Section. -2.00

Chemistry Technician II	($32,757)
Chemistry Technician II	($34,541)

23 Eliminate Vacant Positions ($229,239) R

Eliminate 4 vacant positions in the Pesticide Section. -4.00

Pesticide Specialist II	($63,548)
Pesticide Specialist II	($50,693)
Pesticide Inspector I	($47,113)
Chemist I	($67,885)

24 Eliminate Filled Positions ($79,341) R

Eliminate 2 filled positions in the Pesticide Section. -2.00

Processing Assistant III	($25,012)
Pesticide Specialist I	($54,329)

25 Reduce Operating Support ($10,500) R

Reduce funds to collect outdated and unused pesticides for proper disposal.

26 Reduce Operating Support ($61,772) R

Reduce funds for waste removal and recycling, postage and printing.

27 Reduce Operating Support ($26,000) R

Reduce operating line items.

Equipment/vehicles	($18,000)
Travel	($ 8,000)

28 Eliminate Vacant Positions ($89,762) R

Eliminate 3 vacant positions from the Food and Drug Protection Section. -3.00

Chemistry Technician III	($38,662)
Processing Assistant III	($26,663)
Medical Laboratory Assistant I	($24,437)

Food Distribution

29 Shift Position to Receipt Support ($35,120) R

Shift funding for Storeroom Manager to receipt support. -1.00

30 Reduce Operating Support ($3,000) R

Reduce travel line item.

Marketing

31 Eliminate General Fund Appropriation ($40,343) R

Eliminate General Fund appropriation to the Raleigh Farmers Market. This action will make the Raleigh Farmers Market entirely receipt-supported.

32 Eliminate General Fund Appropriation ($70,000) R

Eliminate General Fund Appropriation to the Western NC Development Association.

33 Eliminate Vacant Positions ($227,396) R

Eliminate 6 vacant positions. -6.00

Agricultural Marketing Specialist II	($46,304)
Agricultural Marketing Specialist II	($41,990)
Artist IIIustrator	($43,374)
International Marketing Specialist	($49,430)
General Utility Worker	($23,008)
Security Guard	($23,290)

34 Close Field Offices ($34,615) R

Close the Kinston and Roseboro field offices, reduce associated operating costs and relocate staff to other offices.

35 Eliminate Filled Position ($35,050) R

Eliminate filled Office Assistant position in the Roseboro field office. -1.00

36 Eliminate Filled Positions ($101,650) R

Eliminate 4 filled positions at the Lumberton Farmers Market. -4.00

Maintenance Mechanic II	($27,471)
Processing Assistant III	($24,862)
Processing Assistant III	($24,455)
Processing Assistant III	($24,862)

37 Reduce Operating Support ($45,000) R

Reduce operating support for Seafood Marketing. ($55,000) NR

38 Reduce Operating Support ($143,845) R

Reduce various operating line items. ($23,000) NR

39 Eliminate General Fund Appropriation ($184,909) R

Eliminate General Fund appropriation to the Western Agricultural Center. Funds will be replaced with receipts from the NC Mountain State Fair.

Plant Industry

40 Eliminate Vacant Positions ($97,793) R

Eliminate 2 vacant positions in the Commercial Fertilizer Section. -2.00

Fertilizer Administrator ($53,736)
Agricultural Research Technician ($44,057)

41 Reduce Operating Support ($17,000) R

Reduce operating line items in the Commercial Fertilizer Section.

Temporary wages ($ 5,000)
Travel ($12,000)

42 Eliminate Vacant Position ($41,234) R

Eliminate vacant Plant Pest Specialist position in the Plant Protection Section. -1.00

43 Eliminate Operating Support ($60,000) R

Eliminate operating costs for the fire ant protection program in the Commercial Fertilizer Section.

44 Reduce Operating Support

Reduce operating support for the Commercial Fertilizer Section by $50,000. NC Boll Weevil Foundation will make a one time donation to offset the reduction. ($50,000) NR

45 Eliminate Filled Position ($26,104) R

Eliminate filled Laboratory Technician position in the Seed Testing Section. -1.00

46 Reduce Operating Support ($6,500) R

Reduce operating line items in the Seed Testing Section.

Temporary wages ($5,000)
Travel ($1,500)

Poultry Grading & Regulatory

47 Eliminate Filled Positions ($73,819) R

Eliminate 2 filled positions. -2.00

Agricultural Commodity Inspector ($31,073)
Agricultural Commodity Inspector ($42,746)

48 Eliminate Vacant Position ($80,021) R

Eliminate vacant Assistant Director for Agricultural Marketing position. -1.00

49 Reduce Operating Support ($5,000) R

Reduce travel line item.

Property and Construction

50 Shift Position to Receipt Support ($43,859) R

Shift funding for one filled Construction and Renovation Design Technician position to NC State Fair receipts. -1.00

Research Stations

51 Eliminate Vacant Positions ($393,817) R

Eliminate 12 vacant positions in Research Stations. -12.00

Office Assistant IV	($34,492)
Ag Research Tech I	($38,445)
Ag Research Assistant I	($30,458)
Ag Research Tech I	($40,151)
Ag Research Assistant III	($30,061)
Ag Research Tech I	($40,151)
Ag Research Assistant I	($23,290)
Ag Research Assistant I	($23,290)
Ag Research Tech I	($35,628)
Ag Research Assistant II	($30,457)
Ag Research Tech II	($38,604)
Ag Research Assistant II	($28,790)

52 Reduce Operating Support ($556,000) R

Reduce operating line items in Research Stations.

Repairs/equipment	($22,000)
Telephone	($22,000)
Carpentry & Hardware Supplies	($22,000)
Ag/Animal Supplies	($200,000)
Vehicles	($290,000)

53 Eliminate Vacant Positions ($108,171) R

Eliminate 4 vacant positions in Research Farms. -4.00

Ag Research Assistant I	($25,174)
Ag Research Assistant I	($25,174)
Ag Research Assistant II	($28,692)
Ag Research Assistant III	($29,131)

54 Eliminate Operating Support

Eliminate operating support for the NC Official Variety tests for one year. ($25,000) NR

55 Reduce Operating Support ($373,455) R

Reduce operating support for Research Farms.

Repairs	($8,000)
Telephone	($2,000)
Carpentry & Hardware Supplies	($10,000)
Ag/Animal Supplies	($138,455)
Vehicles	($215,000)

Standards

56 Eliminate Vacant Positions ($75,078) R

Eliminate 2 vacant Long Distance Truck Drivers in the Weights and Measures Inspection Section. -2.00

57 Reduce Operating Support ($17,000) R

Reduce operating line items.

Equipment/vehicles	($13,000)
Travel	($ 4,000)

Veterinary Services

58 Eliminate Vacant Positions ($157,103) R

Eliminate 5 vacant positions in Veterinary Services Section. -5.00

Processing Assistant III	($25,516)
Processing Assistant III	($28,530)
Medical Laboratory Technician II	($31,073)
Medical Laboratory Technician II	($33,490)
Animal Health Technician I	($38,494)

59 Reduce Operating Support

Reduce various line items in the Meat and Poultry Inspections Section. ($42,990) NR

60 Eliminate Vacant Position ($21,995) R

Eliminate vacant Meat and Poultry Inspector position. This position is cost-shared 50/50 with the federal government. -0.50

Budget Changes	**($4,623,859)**	R
	($195,990)	NR
Total Position Changes	-66.50	
Revised Total Budget	**$50,448,191**	

Labor

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$15,117,906**

Budget Changes

Administration

61 Reduce Operating Support ($9,500) R
Reduce various operating line items in the Commissioner's Office.

62 Eliminate Filled Position ($55,988) R
Eliminate filled Agency Safety Program Director II position in the Commissioner's Office. -1.00

63 Shift Position to Receipt Support ($36,722) R
Shift funding for Accounting Technician II position in the Budget & Management section to receipt support. Position is now supported by elevator and amusement device inspection fees. -1.00

64 Reduce Operating Support ($12,063) R
Reduce various operating line items in the Information Office.

65 Reduce Operating Support ($9,062) R
Reduce various operating line items in the Information Technology section.

66 Reduce Operating Support ($4,702) R
Reduce maintenance budget in the Publications section.

Agriculture Safety & Health

67 Shift Position to Receipt Support ($20,697) R
Shift funding for .64 FTE of Safety Officer position to receipt support. Position is now 100% federally funded. -0.64

Apprenticeship

68 Eliminate Vacant Position ($28,174) R
Eliminate vacant Office Assistant IV position. -1.00

Arbitration/Conciliation

69 Eliminate Operating Support ($2,677) R

Eliminate operating budget. This action closes out the budget for the Arbitration/Conciliation Program, whose sole position was eliminated in FY 2001-02. The Program's function has been absorbed by the Legal Affairs & Employment Mediation Division.

Elevator & Amusement Device

70 Eliminate General Fund Appropriation ($131,934) R

Shift support for operations to receipts from elevator and amusement device inspections. This action will make the Bureau entirely receipt-supported.

Labor Standards

71 Eliminate Operating Support ($14,411) R

Eliminate operating budget in Private Personnel Services Bureau. This action closes out the budget for the Bureau, whose function has been absorbed by the Wage & Hour Bureau.

72 Reduce Operating Support ($33,445) R

Reduce various operating line items in the Employment Discrimination Bureau.

73 Reduce Operating Support ($40,820) R

Reduce various operating line items in the Wage & Hour Bureau.

Mine & Quarry

74 Reduce Operating Support ($10,000) R

Reduce various operating line items.

Occupational Safety & Health (OSH)

75 Reduce Operating Support ($201,611) R

Reduce various operating line items.

76 Shift Positions to Receipt Support ($70,581) R

Shift funding for 1.90 positions to receipt support.

-1.90

OSHA Safety Officer	($46,650)
Processing Assistant III (0.90 FTE)	($23,931)

77 Eliminate Vacant Positions ($74,063) R

Eliminate 2 vacant positions.

-2.00

Industrial Hygiene Inspector	($48,305)
Processing Assistant III	($25,758)

	FY 02-03	
78 Eliminate Filled Positions Eliminate 3 filled positions.	($200,010)	R
	-3.00	
OSHA Safety Supervisor ($63,961) OSHA Industrial Hygiene Supervisor ($69,961) OSHA Safety Supervisor ($66,088)		
79 Reduce Salary & Benefits Reduce salary reserve, matching social security, and retirement line items.	($33,795)	R
80 Reduce Operating Support Reduce legal services line item for the OSH Review Board.	($31,419)	R
Budget Changes	**($1,021,674)**	R
Total Position Changes	-10.54	
Revised Total Budget	**$14,096,232**	

Environment & Natural Resources

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$158,722,700**

Budget Changes

(1.00) Administration

81 Eliminate Vacant Positions ($280,201) R

Eliminate 6.25 vacant positions in Administrative Services.

-6.25

Processing Assistant III	($34,740)
Office Work Unit Supervisor. IV	($32,525)
Accounting Tech. I (0.25 FTE)	($7,398)
Administrative Secretary III	($40,315)
Administrative Assistant V	($34,116)
Systems Accountant II	($79,343)
Administrative Officer II	($51,764)

82 Eliminate Filled Position ($88,968) R

Eliminate filled Environmental Supervisor III position in the Human Resources Office.

-1.00

(2.00) Aquariums

83 Eliminate Vacant Positions ($160,568) R

Eliminate 4 vacant positions.

-4.00

Info & Communication Specialist II	($54,206)
Natural Science Curator I	($32,186)
Natural Science Curator I	($32,186)
Natural Science Curator II	($41,990)

84 Reduce Operating Support ($391,178) R

Reduce various operating line-items.

(2.00) Environmental Education

85 Reduce Operating Funds ($14,601) R

Reduce various operating line items in the Office of Environmental Education.

(2.00) Forest Resources

86 Eliminate Vacant Positions ($227,572) R

Eliminate 5 vacant positions in the forestry field offices.

-5.00

Office Assistant III	($28,204)
Office Assistant III	($30,049)
Forestry Supervisor II	($59,534)
Forestry Supervisor II	($71,439)
Administrative Assistant I	($38,346)

87 Shift Position to Receipt Support ($44,220) R

Shift funding for a vacant Forester II position to receipt support.

-1.00

88 Reduce Operating Support ($1,347,448) R

Reduce operating line items in the forestry field offices.

Seasonal Wages	($246,887)
Overtime/Fringe	($495,758)
Equipment/Vehicles	($329,000)
Other	($275,803)

89 Reduce Contracts ($150,000) R

Reduce funds for a CL-215 aircraft contract.

90 Reduce BRIDGE Program ($33,158) R

Reduce funding for seasonal and overtime wages in the BRIDGE program.

91 Shift Position to Receipt Support ($52,044) R

Shift funding for a vacant Forestry Technician position to receipt support in the Tree Improvement Program.

-1.00

92 Reduce Seasonal and Overtime Wages ($10,499) R

Reduce funding for seasonal and overtime wages in the Tree Improvement Program.

(2.00) Marine Fisheries

93 Reduce Operating Support ($84,685) R

Reduce various operating line items in administration.

94 Eliminate Vacant Positions ($109,528) R

Eliminate 3 vacant positions.

-3.00

Marine Fisheries Technician II	($33,940)
Cartographic Technician	($28,964)
Marine Fisheries Biologist Supervisor	($46,624)

95 Shift Position to Receipt Support ($46,624) R

Shift funding for one Marine Fisheries Biological Supervisor position to receipt support.

-1.00

	FY 02-03	
96 Reduce Operating Support Reduce various operating line items for marine research.	($284,152)	R
97 Reduce Operating Support Reduce various operating line items in the Marine Patrol section.	($90,432)	R
98 Shift Positions to Receipt Support Shift funding for 2 positions to receipt support in the Marine Patrol section.	($101,902) -2.00	R

Marine Fisheries Enforcement Officer III ($36,000)
Marine Enforcement Assistant Chief ($65,902)

(2.00) Museum of Natural Sciences

99 Eliminate Vacant Positions Eliminate 6 vacant positions in the Museum of Natural Sciences.	($190,096) -6.00	R

Wildlife/Fish Technician I ($30,236)
Art Museum Exhibit Design Tech ($33,066)
Natural Sciences Curator I ($32,186)
Natural Sciences Curator I ($32,186)
Natural Sciences Curator I ($32,186)
Wildlife Fisheries Tech I ($30,236)

100 Reduce Grassroots Science Museums Reduce funding for the Grassroots Science Museums by 10.2%.	($318,240)	R

(2.00) Parks and Recreation

101 Eliminate Vacant Positions in State Parks Eliminate 2 vacant positions at the following parks:	($71,007) -2.00	R

Lake James - Maintenance Mechanic I ($25,244)
Falls Lake - Park Superintendent I ($45,763)

102 Eliminate Filled Positions in State Parks Eliminate 7 filled positions at the following parks:	($219,579) -7.00	R

Waynesborough - General Utility Worker ($23,388)
Weymouth Woods - Maintenance Mechanic II ($30,085)
Jordan Lake - Park Superintendent I ($46,842)
Jockey's Ridge - Maintenance Mechanic II ($28,402)
Kerr Lake - Park Superintendent I ($43,713)
Medoc Mountain - General Utility Worker ($23,371)
Pettigrew - General Utility Worker ($23,778)

103 Reduce Hours of Operation ($85,342) R

Reduce the hours of operation at Singletary Lake State Park and eliminate 3 filled positions. -3.00

Office Assistant III	($28,813)
Maintenance Mechanic III	($33,158)
General Utility Worker	($23,371)

104 Eliminate Filled Positions ($79,216) R

Eliminate 2 filled positions in the central office. -2.00

Office Assistant IV	($28,811)
Facility Architect I	($50,405)

105 Eliminate Vacant Position ($38,913) R

Eliminate vacant Environmental Specialist II position in the central office. -1.00

106 Shift Position to Receipt Support ($27,512) R

Shift funding for an Office Assistant III position to receipt support. This position will be funded from the Parks and Recreation Trust Fund. -1.00

107 Reduce Operating Support ($100,000) R

Reduce various operating line items division-wide.

108 Reduce Adopt-a-Trails Program ($27,000) R

Reduce funding for the Adopt-a-Trails Program.

(2.00) Soil and Water Conservation

109 Eliminate Vacant Positions ($43,642) R

Eliminate 1.5 vacant positions. -1.50

Office Assistant IV	($27,947)
Environmental Technician III (0.50 FTE)	($15,695)

110 Reduce Operating Support ($181,508) R

Reduce various operating line items.

(2.00) Zoological Park

111 Shift Positions to Receipt Support ($138,020) R

Shift funding for 5.5 positions to receipt support. -5.50

Zoo Security Officer II	($24,065)
Zoo Security Officer II	($23,724)
Vehicle Operator II	($24,435)
Horticultural Technician	($27,466)
Horticultural Technician	($28,161)
Housekeeping Team Leader (0.5 FTE)	($10,169)

112 Eliminate Vacant Positions ($208,354) R

Eliminate 7.5 vacant positions in the Zoological Park.

-7.50

Zoo Security Officer I	($22,957)
Zoo Security Officer I	($23,335)
Staff Development Specialist I	($38,588)
Groundsworker	($24,065)
Public Info. Asst. III (0.50 FTE)	($11,471)
Library Tech Asst. II	($33,452)
Zoo Keeper I	($27,472)
Zoo Keeper I	($27,014)

113 Eliminate Filled Position ($12,490) R

Eliminate .50 FTE of a filled Office Assistant III position at the Zoo.

-0.50

114 Reduce Operating Support ($65,222) R

Reduce various operating line items and budget $5,222 in over-realized receipts.

(3.00) Air Quality

115 Eliminate General Fund Appropriation ($509,145) R

Shift funding for 9 positions and $32,758 in operating expenses to receipt support. This action will make the Division of Air Quality entirely receipt-supported.

-9.00

Environmental Program Manager	($102,610)
Administrative Secretary III	($ 41,625)
Environmental Engineer II	($ 59,625)
Environmental Chemist II	($ 52,455)
Environmental Specialist II	($ 39,535)
Info Processing Assistant II	($ 38,155)
Environmental Chemist II	($ 50,505)
Environmental Chemist II	($ 63,077)
Office Assistant IV	($ 28,800)

(3.00) Coastal Management

116 Shift Position to Receipt Support ($133,592) R

Shift funding for 2.5 positions to receipt support.

-2.50

Environmental Specialist III	($52,255)
Exten. Education & Training Specialist I	($43,178)
Environmental Supervisor III (0.50 FTE)	($38,159)

117 Reduce Land Use Planning Grants ($76,000) R

Reduce funds for land use planning grants.

118 Reduce Operating Funds ($33,252) R

Reduce over-budgeted operating funds for the Preyer Buckridge Coastal Reserve.

(3.00) Environmental Health

119 Reduce Operating Support ($192,809) R

Reduce various operating line items division-wide.

120 Reduce Aid to County ($134,281) R

Reduce funding for aid to counties for environmental health programs.

121 Eliminate Vacant Positions ($44,020) R

Eliminate 1.5 vacant positions in the Environmental Health Services section. -1.50

Program Assistant IV	($28,896)
Processing Assistant IV (0.50 FTE)	($15,124)

122 Reduce Mosquito Control Funds ($62,851) R

Reduce funding for aid to counties for mosquito control by 10.2%.

123 Shift Position to Receipt Support ($22,818) R

Shift funding for .71 FTE of a Processing Assistant IV position to receipt support in the Public Water Supply section. -0.71

124 Transfer Radiation Protection $1,078,477 R

Transfer all responsibilities, receipts and positions of the Division of Radiation Protection to the Division of Environmental Health. 19.50

125 Eliminate Vacant Positions ($136,546) R

Eliminate 2 vacant positions as part of the reorganization which merges the Division of Radiation Protection into the Division of Environmental Health. -2.00

Radiation Protection Services Chief	($95,655)
Administrative Assistant I	($40,891)

126 Shift Positions to Receipt Support ($247,950) R

Shift funding for 5.10 positions and $5,578 in operating expenses to receipt support. -5.10

Health Physicist	($50,138)
Health Physicist	($50,138)
Health Physicist	($51,962)
Health Physicist	($48,954)
Health Physicist (0.60 FTE)	($26,808)
Processing Assistant III (0.50 FTE)	($14,372)

(3.00) Land Resources

127 Eliminate Vacant Position ($25,962) R

Eliminate vacant Office Assistant III position in the Geological Survey section. -1.00

128 Reduce Operating Support ($25,551) R

Reduce various operating line items in the Geological Survey section.

129 Eliminate Vacant Position ($37,185) R

Eliminate vacant Geodetic Survey Analysis Technician I position in the Geodetic Survey section. -1.00

130 Shift Position to Receipt Support ($7,768) R

Shift funding for .25 FTE of a Geodetic Survey Technician I position to receipt support. -0.25

131 Shift Positions to Receipt Support ($517,862) R

Shift funding for 11 positions and $2,147 in operating expenses to receipt support in the Land Quality section. -11.00

Environmental Engineer III	($68,927)
Environmental Technician V	($37,384)
Environmental Engineer II	($58,093)
Environmental Technician V	($42,709)
Environmental Technician V	($44,046)
Environmental Technician V	($38,017)
Environmental Engineer I	($53,457)
Environmental Technician V	($38,725)
Environmental Technician V	($44,553)
Environmental Engineer I	($47,571)
Environmental Technician V	($42,233)

132 Shift Position to Receipt Support ($19,263) R

Shift funding for .50 FTE of an Office Assistant III and $3,151 in operating expenses to receipt support. -0.50

(3.00) Pollution Prevention

133 Shift Positions to Receipt Support ($110,981) R

Shift funding for 2.13 positions to receipt support. -2.13

Environmental Specialist III (0.58 FTE)	($35,757)
Industrial Development Rep I (0.55 FTE)	($26,590)
Industrial Development Rep I	($48,634)

134 Reduce Operating Support ($48,989) R

Reduce various operating line items.

(3.00) Radiation Protection

135 Abolish Division ($1,078,477) R

Abolish the Division of Radiation Protection and transfer all responsibilities, receipts and positions to the Division of Environmental Health. -19.50

(3.00) Waste Management

136 Shift Positions to Receipt Support ($118,278) R

Shift funding for 2 positions to receipt support.

-2.00

Hydrogeologist II	($58,501)
Environmental Engineer	($59,777)

137 Eliminate Vacant Position ($26,167) R

Eliminate vacant Office Assistant III position.

-1.00

138 Reduce Operating Support ($28,248) R

Reduce various operating line items.

(3.00) Water Quality

139 Shift Positions to Receipt Support ($242,610) R

Shift funding for 4 positions and $54,629 in operating expenses to receipt support in the Wetlands Restoration Program.

-4.00

Environmental Specialist II	($53,864)
Environmental Specialist II	($43,933)
Environmental Specialist III	($44,784)
Environmental Specialist III	($45,400)

140 Shift Positions to Receipt Support ($215,834) R

Shift funding for 5 positions to receipt support in the Groundwater section.

-5.00

Environmental Engineer I	($49,444)
Hydrogeologist I	($44,432)
Office Assistant III	($26,628)
Hydrogeologist I	($44,432)
Environmental Chemist II	($50,898)

141 Eliminate Vacant Position ($35,197) R

Eliminate vacant Hydro Technician II position in the Groundwater section.

-1.00

142 Shift Positions to Receipt Support ($150,446) R

Shift funding for 4 positions to receipt support in the Water Quality section.

-4.00

Environmental Specialist II	($40,316)
Environmental Specialist I	($35,874)
Environmental Biologist I	($39,560)
Environmental Technician IV	($34,696)

143 Reduce Operating Support ($63,692) R

Reduce various operating line items in the Groundwater section.

	FY 02-03	
144 Eliminate Vacant Position Eliminate vacant Environmental Chemist II position in the Water Quality section.	($45,240) -1.00	R
(3.00) Water Resources		
145 Eliminate Vacant Positions Eliminate 2 vacant positions. Environmental Biologist II ($51,513) Environmental Specialist I ($35,929)	($87,442) -2.00	R
146 Reduce Operating Support Reduce various operating line items.	($48,396)	R
(5.00) Reserves and Transfers		
147 Reduce Grant Funds Reduce grant funds for research projects recommended for funding by the NC Water Quality Workgroup.	($190,000)	R
148 Reduce Partnership for the Sounds Reduce funds to Partnership for the Sounds by 10.2%.	($52,760)	R
(6.00) Wildlife Resources Commission		
149 Reduce Beaver Control Program Reduce funds to the Beaver Control Program by 10.2%.	($51,000)	R
150 Reduce Transfer Reduce transfer to the Wildlife Resources Commission for equalization of Law Enforcement Officer's salaries.	($303,747)	R
Budget Changes	**($9,369,803)**	R
Total Position Changes	-117.94	
Revised Total Budget	**$149,352,897**	

Commerce

GENERAL FUND

	FY 02-03
Total Budget Approved 2001 Session	**$44,280,374**

Budget Changes

Administration

151 Eliminate Vacant Position ($99,429) R
Eliminate vacant Assistant Secretary for Economic Development position. -1.00

152 Reduce Operating Support ($40,706) R
Reduce various operating line items.

153 Reduce Operating Support ($98,000) R
Eliminate audit services line item.

Air Transportation

154 Reduce Operating Support ($121,489) R
Reduce various operating line items.

Business & Industry

155 Eliminate Vacant Position ($43,416) R
Eliminate vacant Administrative Assistant IV position. -1.00

156 Eliminate Transfer to Global TransPark Authority ($172,036) R
Eliminate transfer of funds to Global TransPark Authority for marketing.

157 Co-locate Regional Offices with Commissions ($65,554) R
Close B&I Regional Offices in Fayetteville, Bryson City, Lenoir and Greenville, eliminate associated operating budgets, and re-locate personnel to respective Regional Economic Development Commission offices.

Commerce Finance Center

158 Eliminate Vacant Position ($53,384) R
Eliminate vacant Industrial Finance Specialist II position. -1.00

159 Reduce Operating Support ($18,999) R
Reduce various operating line items.

160 Reduce Industrial Development Revolving Fund ($1,380,528) R

Reduce funding for Industrial Development Revolving Fund.

Commission on Workforce Preparedness

161 Shift Positions to Receipt Support ($89,687) R

Shift funding for 1.16 positions to receipt support and eliminate $4,074 in operating support. This action will make the Commission completely receipt-supported. -1.16

Deputy Director (0.58 FTE)	($58,901)
Administrative Assistant (0.58 FTE)	($26,712)

Community Assistance

162 Eliminate Vacant Position ($42,318) R

Eliminate vacant Drafting Technician II position. -1.00

163 Shift Positions to Receipt Support ($53,168) R

Shift funding for 1.5 positions to receipt support. These positions are now funded from federal Community Development Block Grant funds. -1.50

Information & Communications Specialist II	($37,954)
Office Assistant IV (0.50 FTE)	($15,214)

164 Reduce Office Rent ($23,120) R

Reduce office rent expense as a result of closing Kinston and Salisbury offices.

165 Reduce Transfer to Councils of Government ($102,850) R

Reduce transfer to Councils of Government (COGs) by 11%.

Industrial Commission

166 Budget Over-Realized Receipts ($327,844) R

Budget over-realized receipts from hearing and compromised settlement agreement fees, and reduce General Fund appropriation by an equal amount.

167 Shift Positions to Receipt Support ($261,204) R

Shift funding for 6.43 positions to receipt support. -6.43

Applications Analyst Programmer I	($74,298)
Computing Support Technician I (0.43 FTE)	($13,543)
Processing Assistant III	($26,590)
Data Control Clerk III	($24,862)
Program Assistant V	($35,179)
Program Assistant V	($34,616)
Agency Legal Specialist I	($52,116)

FY 02-03

168 Eliminate Vacant Positions ($110,103) R

Eliminate 2.82 vacant positions.

-2.82

Application Programmer I	($38,147)
Computing Support Technician I (0.32 FTE)	($10,078)
Processing Assistant III (0.50 FTE)	($18,592)
Administrative Assistant I	($43,286)

169 Eliminate Filled Position ($25,156) R

Eliminate filled Processing Assistant II position.

-1.00

International Trade

170 Eliminate Vacant Position ($28,346) R

Eliminate vacant Office Assistant IV position.

-1.00

171 Reduce Operating Support ($200,000) R

Reduce various operating line items.

Management Information Systems

172 Eliminate Filled Position ($45,695) R

Eliminate filled Telecommunications Equipment Technician I position.

-1.00

173 Reduce Operating Support ($44,651) R

Reduce operating line items.

Computer Software	($30,000)
Other	($14,651)

Policy & Research

174 Reduce Operating Support ($45,663) R

Reduce various operating line items.

Reserves & Transfers

175 Regional Economic Development Commissions ($6,425,000) R

Eliminate recurring funding to the Regional Economic Development Commissions and budget funding on a non-recurring basis in the Commerce State-Aid budget code.

Science & Technology

176 Eliminate Filled Position ($66,626) R

Eliminate filled Education Consultant position.

-1.00

Tourism, Film and Sports Development

177 Reduce Operating Support Reduce various operating line items.	($219,680)	R
178 Eliminate Vacant Position Eliminate vacant Program Development Coordinator position in the Office of Sports Development. This action eliminates the last position in this Office. Sports Development activities will be absorbed into the Division's overall activities.	($60,441) -1.00	R
179 Eliminate Heritage Tourism Positions Eliminate 1 vacant Development Officer and 1 filled Development Officer in the Heritage Tourism program.	($100,135) -2.00	R
180 Reduce Operating Support Reduce various operating line items in the Welcome Centers.	($50,000)	R
Budget Changes	**($10,415,228)**	R
Total Position Changes	-22.91	
Revised Total Budget	**$33,865,146**	

Commerce - State Aid

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$5,200,000**	
Budget Changes		
Grants-in-Aid		
181 Eliminate Coalition for Farm and Rural Families Eliminate General Fund appropriation for the Coalition for Farm and Rural Families.	($250,000)	R
182 Reduce Land Loss Prevention Project Reduce General Fund appropriation for the Land Loss Prevention Project by 11% and appropriate remaining funds on a non-recurring basis.	($450,000) $400,500	R NR
183 Reduce Institute of Minority Economic Development Reduce General Fund appropriation for the Institute of Minority Economic Development by 11% and appropriate remaining funds on a non-recurring basis.	($1,500,000) $1,335,000	R NR
184 Reduce Minority Support Center Reduce General Fund appropriation for the Minority Support Center by 11% and appropriate remaining funds on a non-recurring basis.	($600,000) $534,000	R NR
185 Reduce NC Community Development Initiative Reduce General Fund appropriation for the NC Community Development Initiative by 11% and appropriate remaining funds on a non-recurring basis.	($2,000,000) $1,780,000	R NR
186 Reduce NC Association of CDCs Reduce General Fund appropriation for the NC Association of Community Development Corporations by 11% and appropriate remaining funds on a non-recurring basis.	($400,000) $356,000	R NR
187 Regional Economic Development Commissions Fund Regional Economic Development Commissions on a non-recurring basis. Funding for FY 2002-03 is $700,000 less than FY 2001-02 funding.	$5,725,000	NR
Budget Changes	**($5,200,000)** **$10,130,500**	R NR
Total Position Changes		
Revised Total Budget	**$10,130,500**	

N.C. Biotechnology Center

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$6,270,468**	
Budget Changes		
Business & Technology Development		
188 Reduce Revolving Loan Fund Reduce funding for Small Business Revolving Loan Fund.	($300,000)	R
Corporate Affairs		
189 Shift Position to Non-State Funding Shift funding for position to non-state sources.	($42,526)	R
General & Administrative		
190 Shift Expenses to Non-State Funding Shift funding for facility operations expenses to non-state sources.	($34,521)	R
HMU Initiative		
191 Eliminate Balance of Restricted Funds Transfer the unexpended balance of restricted funds from the Historically Minority University Biotechnology Initiative to the Center's general operating budget. Reduce General Fund appropriation by an equal amount. This action will close out the Biotechnology Center's financial relationship with the HMU Initiative, which was transferred to the University System in FY 2001-02.	($250,000)	NR
Budget Changes	**($377,047)** **($250,000)**	R NR
Total Position Changes		
Revised Total Budget	**$5,643,421**	

Rural Economic Development Center

GENERAL FUND

	FY 02-03	
Total Budget Approved 2001 Session	**$5,090,749**	
Budget Changes		
Grant Programs		
192 Supplemental Funding Program Reduce funding for grants. Water and Sewer Grants ($255,251) Water, Sewer, and Business Development Grants ($ 25,000)	($280,251)	R
193 Reduce Research & Demonstration Grants Reduce funding for Research and Demonstration Grants.	($44,000)	R
194 Reduce CDC Program Reduce funding for grants to Community Development Corporations.	($56,200)	R
Microenterprise Loan Program		
195 Reduce Local Support Reduce funding to local lending sites.	($23,400)	R
Opportunities Industrialization Centers		
196 Reduce Operating Support Reduce operating support to Opportunities Industrialization Centers.	($20,000)	R
Budget Changes	**($423,851)**	R
Total Position Changes		
Revised Total Budget	**$4,666,898**	

Attachment B

Senate Appropriations Subcommittee on Natural and Economic Resources

Fiscal Year 2002-2003 Special Provisions

June 18, 2002

Special Provision 2002-COMM-S5-P [v4], Modified 5/23/02 2:11 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NER BLOCK GRANT FUNDS

SECTION #.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION #.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION #.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION #.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million one hundred thousand dollars ($13,100,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred

thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million one hundred thousand dollars ($2,100,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION #.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Special Provision 2002-AGRIC-S1A-P [v4], Modified 5/23/02 2:00 PM
Requested by: Senators Martin of Pitt, Weinstein, Odom, Lee

CLOSE ROBBINS DIAGNOSTIC LABORATORY

SECTION #. The Department of Agriculture and Consumer Services shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in Moore County and reassign one veterinarian position and one medical laboratory technician position to the Rollins Animal Disease Diagnostic Laboratory located in Raleigh. In order to preserve current laboratory capability, poultry diagnostic services currently performed at the Poultry Disease Diagnostic Laboratory located in the Town of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory located in Raleigh or at other animal disease diagnostic laboratories of the Department of Agriculture and Consumer Services.

Special Provision 2002-AGRIC-S2A-P [v6], Modified 5/23/02 2:02 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING

SECTION #.(a) The Office of State Budget and Management shall, in accordance with G.S. 143-25, adjust its current method of budgeting receipt revenues within the Department of Agriculture and Consumer Services to more accurately reflect actual revenues.

SECTION #.(b) Notwithstanding G.S. 143-23, the Division of Research Stations of the Department of Agriculture and Consumer Services shall not spend more during the 2002-2003 fiscal year than is appropriated under this act for the Division of Research Stations of the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year.

Special Provision 2002-AGRIC-S3-P [v12], Modified 6/8/02 6:25 PM
Requested by: Senators Martin of Pitt, Weinstein, Metcalf, Carter, Plyler, Odom, Lee

TRANSFER MOUNTAIN STATE FAIR RECEIPTS

SECTION #. The Department of Agriculture and Consumer Services shall transfer the sum of seventy thousand dollars ($70,000) from the Mountain State Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development Association, Inc., to be used to promote agricultural development in the western part of the State.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Special Provision 2002-NATRES-S2A-P [v6], Modified 5/23/02 2:42 PM

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

GRASSROOTS SCIENCE PROGRAM

SECTION #. Section 19.2 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.2.** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred twenty thousand dollars ($3,120,000) for fiscal year 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars ($3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars ($2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003	
Aurora Fossil Museum	$58,733	~~$58,733~~	$57,535
Cape Fear Museum	$209,018	~~$209,018~~	$187,205
Catawba Science Center	$167,833	~~$167,833~~	$151,669
Colburn Gem and Mineral Museum, Inc.	$71,336	~~$71,336~~	$68,409
Discovery Place	$699,985	~~$699,985~~	$610,826
Granville County Museum Commission, Inc. - Harris Gallery	$61,553	~~$61,553~~	$59,968
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$157,305	~~$157,305~~	$142,585
Imagination Station	$94,815	~~$94,815~~	$88,668
Iredell County Children's Museum	$58,342	~~$58,342~~	$57,198
Museum of Coastal Carolina	$64,141	~~$64,141~~	$62,201
Natural Science Center of Greensboro	$250,850	~~$250,850~~	$223,299
North Carolina Museum of Life and Science	$445,843	~~$445,843~~	$391,545
Rocky Mount Children's Museum	$88,855	~~$88,855~~	$83,525
Schiele Museum of Natural History	$348,433	~~$348,433~~	$307,496
Sci Works Science Center and Environmental Park of Forsyth County	$178,947	~~$178,947~~	$161,259
Western North Carolina Nature Center	$164,011	~~$164,011~~	$148,372
Total	$3,120,000	~~$3,120,000~~	$2,801,760"

Special Provision 2002-NATRES-S1A-P **[v3], Modified 5/23/02 2:01 PM**

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION #. Section 19.1 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of ~~five hundred thousand dollars ($500,000)~~ four hundred forty-

nine thousand dollars ($449,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share."

Special Provision 2002-ENV-S1C-P [v6], Modified 5/30/02 11:42 AM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

REORGANIZATION OF DENR/CONFORMING CHANGES

SECTION #.(a) The positions of Division Director and of Administrative Assistant I within the Division of Radiation Protection of the Department of Environment and Natural Resources are eliminated. All other positions within the Division of Radiation Protection of the Department of Environment and Natural Resources are reassigned to the Division of Environmental Health of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Division of Radiation Protection of the Department of Environment and Natural Resources shall be performed by the Division of Environmental Health of the Department of Environment and Natural Resources. The Division of Radiation Protection of the Department of Environment and Natural Resources is abolished.

SECTION #.(b) G.S. 104E-8(c) reads as rewritten:

"(c) The 10 ex officio members shall be appointed by the Governor, shall be members or employees of the following State agencies or their successors, and shall serve at the Governor's pleasure:

(1) The Utilities Commission;
(2) The Commission for Health Services;
(3) The Environmental Management Commission;
(4) The Board of Transportation;
(5) The Division of Emergency Management of the Department of Crime Control and Public Safety;
(6) The Division of ~~Radiation Protection~~ Environmental Health of the Department;
(7) The Department of Labor;
(8) The Industrial Commission;
(9) The Department of Insurance;
(10) The Medical Care Commission."

SECTION #.(c) G.S. 104E-9(b) reads as rewritten:

"(b) The ~~Radiation Protection~~ Division of Environmental Health of the Department of Environment and Natural Resources shall develop a training program for tanning equipment operators that meets the training rules adopted by the North Carolina Radiation Protection Commission. If the training program is provided by the Department, the Department may charge each person trained a reasonable fee to recover the actual cost of the training program."

SECTION #.(d) G.S. 120-70.33 reads as rewritten:

"**§ 120-70.33. Powers and duties.**

The Joint Select Committee shall have the following powers and duties:

(1) To study alternatives available to the State for dealing with low-level radioactive waste and the ramifications of each of those alternatives;
(2) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.
(3) To evaluate actions of the Radiation Protection Commission, the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, and of any other board, commission, department, or agency of the State or local government as such actions relate to low-level radioactive waste management;
(4) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.
(5) To review and evaluate changes in federal law and regulations, relevant court decisions, and changes in technology affecting low-level radioactive waste management;
(6) To review existing and proposed State law and rules affecting low-level radioactive waste management and to determine whether any modification of law or rules is in the public interest;
(7) To make reports and recommendations, including draft legislation, to the General Assembly from time to time as to any matter relating to the powers and duties set out in this section; and
(8) To undertake such additional studies as it deems appropriate or as may from time to time be requested by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, either house of the General Assembly, the Legislative Research Commission, the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, or the Joint Legislative Utility Review Committee, and to make such reports and recommendations to the General Assembly regarding such studies as it deems appropriate."

SECTION #.(e) G.S. 143B-279.3(c)(1) is repealed.

SECTION #.(f) G.S. 166A-6.1(b) reads as rewritten:

"(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Crime Control and Public Safety, for the use of the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, an annual fee of thirty-six thousand dollars ($36,000) for each fixed nuclear facility that is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee shall be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. This fee is to be paid no later than July 31 of each year."

Special Provision 2002-ENV-S3-P **[v5], Modified 5/31/02 2:08 PM**
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

RELOCATE DIVISION OF COASTAL MANAGEMENT TO COASTAL COUNTIES

SECTION #. The Division of Coastal Management, Department of Environment and Natural Resources, shall relocate its offices and staff from Raleigh to one or more of the State's 20 coastal counties by June 30, 2003. The Secretary of Environment and Natural Resources is responsible for implementing this section and ensuring that the relocation is completed by June 30, 2003.

Special Provision 2002-ENV-S5-P [v4], Modified 6/7/02 1:32 PM
Requested by: Senators Martin of Pitt, Weinstein, Odom, Plyler, Lee

DENR POSITION FOR SCRAP TIRE PROGRAM

SECTION #.(a) Section 19.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal year ~~and for the 2002-2003 fiscal year~~ to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites."

SECTION #.(b) G.S. 130A-309.63 reads as rewritten:

"**§ 130A-309.63. Scrap Tire Disposal Account.**

(a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting account within the Department. The Account consists of revenue credited to the Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of Chapter 105 of the General Statutes. The Department may use revenue in the Account only as authorized by this section.

(b) Use. – The Department may use revenue in the Account only as authorized by this section.

(1) The Department may use up to fifty percent (50%) of the revenue in the Account to make grants to units of local government to assist them in disposing of scrap tires. To administer the grants, the Department shall establish procedures for applying for a grant and the criteria for selecting among grant applicants. The criteria shall include the financial ability of a unit of local government to provide for scrap tire disposal, the severity of a unit of local government's scrap tire disposal problem, the effort made by a unit of local government to ensure that only tires generated in the normal course of business in this State are provided free disposal, and the effort made by a unit of local government to provide for scrap tire disposal within the resources available to it.

(2) The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of

tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the Division of ~~Environmental Assistance and~~ Pollution Prevention and Environmental Assistance of the Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires.

(3) The Department may use revenue in the Account to support a position to provide local governments with assistance in developing and implementing scrap tire management programs designed to complete the cleanup of nuisance tire collection sites and prevent scrap tires generated from outside of the State from being presented for free disposal in the State.

(4) The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

(c) Eligibility. – A unit of local government is not eligible for a grant for scrap tire disposal unless its costs for disposing of scrap tires for the six-month period preceding the date the unit of local government files an application for a grant exceeded the amount the unit of local government received during that period from the proceeds of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for scrap tire disposal may not exceed the unit of local government's unreimbursed cost for the six-month period.

~~(d) Cleanup of Nuisance Tire Sites. The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.~~

(e) Reporting. – The Department shall include in the report to be delivered to the Environmental Review Commission on or before 15 January of each year pursuant to G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of the implementation of the North Carolina Scrap Tire Disposal Act shall include the beginning and ending balances in the Account for the reporting period, the amount credited to the Account during the reporting period, and the amount of revenue used for grants and to clean up nuisance tire collection sites."

PART XIII. DEPARTMENT OF COMMERCE

Special Provision 2002-COMM-S11-P [v5], Modified 5/23/02 3:58 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

OREGON INLET FUNDS

SECTION #. Funds appropriated to the Department of Commerce for the 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30, 2002, but shall remain available to the Department for legal costs associated with the Project. This section becomes effective June 30, 2002.

Special Provision 2002-COMM-S6-P [v6], Modified 5/23/02 2:27 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

COUNCIL OF GOVERNMENT FUNDS

SECTION #.(a) Section 20.12(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and ~~nine hundred thirty-five thousand dollars ($935,000)~~eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to ~~fifty-five thousand dollars ($55,000)~~forty-eight thousand nine hundred fifty dollars ($48,950) for ~~each~~ the 2002-2003 fiscal year, with the actual amount calculated as provided in subsection (b) of this section."

SECTION #.(b) Section 20.12(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.12.(b)** The funds shall be allocated as follows: A share of the maximum ~~fifty-five thousand dollars ($55,000) each~~forty-eight thousand nine hundred fifty dollars ($48,950) for the 2002-2003 fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of ~~a~~ the State fiscal year, ~~that share of~~ the allocation ~~for that fiscal year~~ shall revert to the General Fund."

Special Provision 2002-COMM-S2A-P [v11], Modified 5/23/02 2:16 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION #.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars ($6,300,000) for the 2002-2003 fiscal year for the operation of local offices.

SECTION #.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2002-2003 fiscal year for the following purposes:

(1) One million two hundred eighty-three thousand five hundred eleven dollars ($1,283,511) for the 2002-2003 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Community Colleges System Office for customized training of the unemployed and the working poor for specific jobs needed by employers through the Training Initiatives Program;

(3) One million seven hundred thousand dollars ($1,700,000) for the 2002-2003 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred one thousand nine hundred fifty-seven dollars ($201,957) for the 2002-2003 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred fifty-nine thousand thirty-five dollars ($359,035) for the 2002-2003 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-three thousand eight hundred fifty-six dollars ($53,856) for the 2002-2003 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Department of Labor to continue the Apprenticeship Program.

SECTION #.(c) North Carolina REAL Enterprises and the other agencies listed in subsections (a) and (b) of this section shall do the following for the programs for which funds are appropriated in this section:

By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2002-2003 program activities, objectives, and accomplishments;

b. State fiscal year 2002-2003 itemized expenditures and fund sources;

c. State fiscal year 2003-2004 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2003-2004 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

SECTION #.(d) North Carolina REAL Enterprises shall, in addition to satisfying the reporting requirements in subsection (c) of this section, provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Special Provision 2002-COMM-S19A-P [v6], Modified 6/8/02 3:27 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS

SECTION #.(a) During the interim between the end of the 2002 Regular Session of the 2001 General Assembly and the beginning of the 2003 General Assembly, the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources may study the feasibility and desirability of designating the Small Business and Technology Development Center (SBTDC) as the State's presumptive provider of small business development assistance, including: (i) promoting the development of small business incubators; and (ii) investing in early-stage technology-based businesses.

SECTION #.(b) The subcommittees shall report their recommendations, including any proposed changes to the General Statutes, to the 2003 General Assembly no later than January 15, 2003. The subcommittees may seek and obtain assistance from any agencies and resources outside the General Assembly that the subcommittees determine are needed to adequately perform the study.

Special Provision 2002-COMM-S15-P [v7], Modified 5/31/02 2:20 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
CO-LOCATE CERTAIN BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES WITH CERTAIN REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION #.(a) The Department of Commerce shall co-locate the following Business and Industry Division Regional Offices (hereinafter B&I) with the following Regional Economic Development Commission offices (hereinafter Commission) by October 1, 2002:

(1) The B&I offices in Bryson City and Lenoir with the B&I office in Fletcher, which is currently co-located with the Western North Carolina Regional Economic Development Commission.

(2) The B&I office in Fayetteville with the Elizabethtown office of the Global TransPark Development Commission.

(3) The B&I office in Greenville with the Kinston office of the Southeastern North Carolina Regional Economic Development Commission.

SECTION #.(b) The Department of Commerce shall pay salaries and benefits for Department employees who are assigned to the co-located offices. Each

Commission shall pay the operating expenses associated with the B&I office that is co-located with the Commission.

Special Provision 2002-COMM-S7A [v2], Modified 6/14/02 2:41 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee
REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION #. Section 20.10 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.10.(a)** Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following ~~commissions~~ Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each ~~regional economic development commission~~ Regional Economic Development Commission as follows:

(1) First, the Department shall establish each ~~commission's~~Commission's allocation by determining the sum of allocations to each county that is a member of that ~~commission.~~ Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under ~~G.S. 105-129.3;~~ G.S. 105-129.3.

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development ~~Zone~~Commission the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year;~~the 2001-2002 fiscal year and the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session ~~Laws; and~~ Laws.

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year~~ the 2001-2002 fiscal year and the sum of one hundred thousand seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year to the seven ~~regional economic development commissions~~ Regional Economic Development Commissions named in subsection (a) of this section. Each ~~commission's~~Commission's share of this redistribution shall be determined according to the

enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each ~~commission's~~Commission's allocation determined under subdivision (1) of this subsection.

(4) For the 2002-2003 fiscal year, funds allocated pursuant to subdivisions (1), (2), and (3) of this subsection shall be reduced by the sum of one hundred thousand dollars ($100,000) for each of the Regional Economic Development Commissions listed in subsection (a) of this section.

(5) Funds appropriated in this act to the Department of Commerce for the Regional Economic Development Commissions shall be budgeted in Budget Code 14601 (Commerce-State Aid)."

Special Provision 2002-COMM-S12B [v2], Modified 6/14/02 3:48 PM
Requested by: Senators Martin of Pitt and Weinstein, Plyler, Odom, Lee
REGIONAL COMMISSION REPORTS

SECTION #. Section 20.11(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.11.(a)** Each ~~regional economic development commission~~ Regional Economic Development Commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

~~(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:~~

~~a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;~~

~~b. State fiscal year 2001-2002 itemized expenditures and fund sources;~~

~~c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;~~

~~d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.~~

(2) Report by January 15, 2003, on the first and second quarters of the 2002-2003 fiscal year, and by July 15, 2003, on the third and fourth quarters of the 2002-2003 fiscal year, regarding the following:

a. Program activities, objectives, and accomplishments for its region, to include:

1. Specific businesses and/or industries that have been recruited.
2. Businesses and/or industries that have located as a result of recruitment efforts, and number of new jobs created as a result of that location decision.
3. Existing businesses and/or industries that have expanded as a result of assistance, and number of new jobs created as a result of that expansion.
4. Existing businesses and/or industries that have remained as a result of retention efforts, and number of jobs saved as a result of that retention.
5. For sub-sub-subdivisions 1 through 4 of this sub-subdivision, each Commission shall describe its role in the activities and identify the relative contributions of the Commission and the Department of Commerce to the activities.
6. Number and description of marketing outreach events, including trade shows, recruitment missions, and related activities.
7. Initiatives undertaken to establish certified sites and shell buildings.
8. Number of referrals or leads handled that were generated by the Department of Commerce, and number that were generated by the Commission.

b. Total itemized actual revenues and expenditures, by fund source.

The report required by this subsection shall be made to the Department of Commerce, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

(3) Report by January 15, 2003, to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce on the following:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments.

b. State fiscal year 2001-2002 itemized expenditures, including salary and benefits for all employees regardless of funding sources, and fund sources.

(4) Report by January 15, 2003, to the Department of Commerce on the number and listing of available sites and buildings within the region.

~~(3)~~(5) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement."

Special Provision 2002-COMM-S14-P [v5], Modified 5/31/02 2:16 PM

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

PLAN FOR CONSOLIDATING CERTAIN REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION #. The Southeastern North Carolina Regional Economic Development Commission, Northeastern North Carolina Regional Economic Development Commission, and the Global TransPark Development Commission shall jointly develop a plan for consolidating the three separate Commissions into two Commissions. The plan shall provide for the consolidation to take place no later than June 30, 2003. The Commissions shall report their plan to the Joint Appropriations Subcommittee on Natural and Economic Resources by January 1, 2003.

Special Provision 2002-COMM-S20 [v2], Modified 6/14/02 2:38 PM

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

STUDY EFFECTIVENESS OF ECONOMIC DEVELOPMENT AGENCIES

SECTION #. The Kenan-Flagler Business School ("Business School") of the University of North Carolina at Chapel Hill shall study the effectiveness of the economic development activities of the North Carolina Department of Commerce ("Commerce") and the Regional Economic Development Commissions ("Commissions"). In conducting its study the Business School shall work with Commerce and the Commissions to do the following:

(1) Identify how Commerce and the Commissions can improve communication, implement a more coordinated and efficient recruitment and retention effort throughout the State, and avoid duplication of effort,

(2) Establish specific performance measures and outcomes relevant to the mission, goals, and objectives of Commerce and the Commissions,

(3) Develop a "scorecard" that can be used to measure the extent to which Commerce and the Commissions have achieved their goals, objectives, and outcomes, and

(4) Recommend a performance-based funding mechanism that will inform the General Assembly's decisions regarding appropriations to Commerce and the Commissions.

The Business School also may include in its study and recommendations any other information it deems relevant to the study and its intent.

The Business School shall report its findings and recommendations to the Senate Appropriations Subcommittee on Natural and Economic Resources, the Senate Full Appropriations Chairs, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by January 15, 2003.

Special Provision 2002-COMM-S8-P [v4], Modified 5/23/02 3:29 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

NONPROFIT REPORTING REQUIREMENTS

SECTION #. Section 20.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.14.(a)** The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, ~~North Carolina Coalition of Farm and Rural Families, Inc.,~~ North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements ~~for~~ by January 15, 2002, or January 15, 2003."

Special Provision 2002-COMM-S9-P [v8], Modified 5/23/02 2:29 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION #.(a) Section 20.15(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749)~~one million seven hundred forty-four thousand seven hundred forty-nine dollars ($1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	~~$444,000~~$400,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

SECTION #.(b) Section 20.15(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars ($2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars ($2,902,000)~~two million five hundred forty-two thousand one hundred forty-nine dollars ($2,542,149) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 ~~in each~~for the 2001-2002 fiscal year and $1,067,800 for the 2002-2003 fiscal year for community development grants to support development projects and activities within the State's minority

communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 ~~in each~~for the 2001-2002 fiscal year and $810,000 for the 2002-2003 fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 ~~in each~~for the 2001-2002 fiscal year and $207,800 for the 2002-2003 fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 ~~in each~~for the 2001-2002 fiscal year and $210,600 for the 2002-2003 fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,344,000 ~~in each~~for the 2001-2002 fiscal year and $1,063,749 for the 2002-2003 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,094,000 ~~in each~~for the 2001-2002 fiscal year and $838,749 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness,

efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $250,000 ~~in each~~for the 2001-2002 fiscal year and $225,000 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $200,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $125,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need."

Special Provision 2002-COMM-S10-P [v3], Modified 5/23/02 1:29 PM
Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION #. Section 20.16(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars ($400,000)~~three hundred eighty thousand dollars ($380,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc."

VISITOR REGISTRATION SHEET

NER
Name of Committee

6-18-02
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Schuplin	NC Justice Ctr.
KEVIN LEONARD	NCDOL
BECKY BROWN	NCDOL
Carole Lawler	EGHS
DON HOBBS	DOC
Susan Carroll	DOC
Jessica A. Sessoms	Commerce
Dempsey Benton	DENR
Jane Smith	DENR
Laura DeMio	DENR
Doug LASSITER	NCSTA
Angie McMillan	TNC
Steve Wall	CCNC
Phil Meyer	NCACC
Omid Nasab	Hunton & Williams
JOHN GOODMAN	MERCER & ASSOC.
Lisa Walter	Connect
[illegible]	[illegible]
Johnny Gray	OSBM
Byron Harris	OSBM
[illegible]	[illegible]
Kim Hibbard	NCLM
DAVID SMITH	NC DEPT. OF AGRICULTURE
Martha Gloss	NDept of Agriculture & Consumer Services
Linda Gunn	NCIMED
Lori Ann Harris	L.A. Harris & Assoc Inc
[illegible]	NCCDD
Carolyn Ingram	NCACDC

VISITOR REGISTRATION SHEET

NFR — Name of Committee

6-18-02 — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Joe Gagnon	NC Sierra Club

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
July 23, 2002 - 1:30 PM

The House Appropriations Subcommittee on Natural and Economic Resources met on Tuesday, July 23, 2002 at 1:30 PM in Room 605 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracy Walker, John Weatherly and Roger West.

Chairman Stan Fox called the meeting to order and stated the subcommittee would hear the budget presentation first and have questions afterwards. Representative Owens stated when we last met the subcommittee members were asked to make recommendations for what they wanted included in the House and Senate proposal. The chairs took the recommendations and tried to incorporate them into the budget. There may be a few things to change.

GOVERNOR-SENATE-HOUSE BUDGET COMPARISON

Mr. Adam Levinson was recognized to give the following reports (ATTACHMENT I):

- Housing Finance Agency (HFA-1)
- Department of Labor (LAB-1-3)
- Department of Commerce (COM-1-3)
- Department of Commerce-NC Biotechnology Center (AID 1)

Ms. Kelly Huffstetler gave the following reports:

- Department of Agriculture and Consumer Services (DACS 1-5)
- Department of Commerce-State Aid (AID 1)

Ms. Jennifer Hoffman gave the following reports:

- Department of Environment and Natural Resources (DENR 1-11)
- Department of Commerce-Division of Tourism, Film, & Sports Development (COM-3-4)

Chairman Stan Fox thanked the staff for a fine report, and Chairman Bill Owens stated we had a $30,000,000 target to cut. We took a lot of advice and recommendations from departments and committee members, and the budget is not cut in stone. NER Budget Comparisons statement (ATTACHMENT II) was shared with committee. Representative Mitchell stated there are a lot of fee increases that the Governor proposed that neither the Senate nor our committee took up. He asked if the Chairs were aware of

any fee increases that are in the fee bill. Ms. Hoffman shared that she and Kelly have fees in the fee bill. DENR has three fees and Agriculture has a few more. On page DENR-8 the Governor proposed fund shifting some positions to new Hazardous Waste Facility fee receipts. Since the fee bill has not yet passed, the fee does not show up in the House budget. Chairman Fox stated we put into the fee bill for soil testing, which previously charged nothing, $2 for farmers and $5 for non-farmers. The Department of Agriculture requested to consider setting a single fee of $3. It would be extremely difficulty to determine whether someone is a farmer. The $2 and $5 fees are in package passed by the Finance Committee, and an amendment on the Floor will have to be made for a change to $3 if the committee supported the $3 fee. Representative Mitchell asked what it would cost the average farmer to participate in the soil test. It costs the Department of Agriculture $5 for each soil test. Mr. Weldon Denny, Department of Agriculture, stated it would be a nightmare unless one fee is considered. Chairman Owens stated the state of Virginia charges a fee and handles 45,000 soil samples annually compared to North Carolina which handles 300,000 yearly. Representative Warwick asked where the fees go when they are collected, and they go back to the General Budget. Representative Weatherly asked regarding DENR, page 4, line 15-Reduce Forest Development Program what will this do to the Forestation Program. Ms. Hoffman stated this is a Governor's recommendation that the Senate and House did not take. Representative Warwick stated we are collecting fees to help our state with its budget problem, and should some consideration be given to the fees going back to the departments once the state gets back in good economic times and would a grandfather or sunset clause be appropriate some time down the road? Chairman Owens stated the money will go to the budget and a corresponding reduction will have to take place. Chairman Fox stated a lot of the fees have not been increased in five to 20 years, and we tried to use the CPI increase or try to get them up to cost, and we did not exceed cost on any of the fees. Ms. Hoffman commented that staff would not have anything prepared to present at the July 24. The basis for the meeting will be to listen to input from committee members. Chairman Fox stated everything is on the table. Chairman Owens stated committee needs to stay with the cuts. If new spending is proposed, something has to be cut.

The meeting adjourned at 2:45 PM.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chairman

Mary Capps
Mary Capps, Committee Assistant

Representative Bill Owens, Chairman

Housing Finance Agency (HFA)

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Housing Finance Agency									
Reduce General Fund appropriation (take from HOME Program funds)	583,000			540,600			540,600		
Total for Housing Finance Agency	**583,000**			**540,600**			**540,600**		

Department of Agriculture and Consumer Services

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
1	Eliminate balance in the Reforestation Fund.					23,915			23,915	
2	Reduce balance in the Forest Management Reserve					50,000			50,000	
3										
4	**Total - Trust Fund Balances**					**73,915**			**73,915**	
5										
6	Reduce balance in the Livestock Acquisition Fund.					300,000			300,000	
7	Eliminate balance in the Warehouse Investment Fund.					225,000			225,000	
8	Transfer funds from State Fair Receipts					200,000			200,000	
9										
10	**Total - Special Fund Balances**					**725,000**			**725,000**	
11										
12										
13	**Administration**									
14	Eliminate 1 vacant Deputy Commissioner position	85,871		1	85,871		1	85,871		1
15	Eliminate 1 vacant Processing Assistant position in Human Res.	28,420		1	28,420		1	28,420		1
16	Eliminate Accounting Clerk in the Admin. Serv.-Budget & Finance	37,674		1	37,674		1	37,674		1
17	Reduce computer base for the department (In Lease Line Item)				35,000			35,000		
18	Reduce travel				1,000			1,000		
19	Public Affairs-Reduce Ag in Classroom Program	98,750			32,750			32,750		
20	Public Affairs-Reduce Postage & Printing and Binding				50,000			50,000		
21	Reduce Gas/Natural Gas Reserve				85,143			85,143		
22	Reduce Reserve for Lab Equipment				100,000			100,000		
23	Eliminate funds to educate public on turfgrass research.	100,000			100,000			100,000		
24										
25	**Total - Administration**	**350,715**		**3**	**555,858**		**3**	**555,858**		**3**
26										
27	**Ag Finance**									
28	Make director position receipt supported.	104,595		1	104,595		1	104,595		1
29										
30	**Total - Ag Finance**	**104,595**		**1**	**104,595**		**1**	**104,595**		**1**
31										
32	**Ag Statistics**									
33	Eliminate 1 vacant Statistician position.	40,495		1	40,495		1	40,495		1
34	Eliminate 1 filled Data Entry Operator.	29,335		1	29,335		1	29,335		1
35	Fund Shift 1 Lithographic Press Operator position to NC St. Fair	34,740		1						
36	Reduce temporary wages				45,000			45,000		
37	Reduce travel.				1,500			1,500		
38										
39	**Total - Agricultural Statistics**	**104,570**		**3**	**116,330**		**2**	**116,330**		**2**

	Description	Gov's Bu 2002-03			Senate Budget 2002-03			House Propo 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
40										
41	**Agronomic Serv.**									
42	Eliminate 1 vacant Processing Assistant Position	29,096		1	29,096		1	29,096		1
43	Eliminate1 vacant Nematology Technician	30,200		1	30,200		1	30,200		1
44	Reduce travel.				5,000			5,000		
45	Initiate fees for soil testing	43,000								
46	**Total - Agronomic Services**	**102,296**		**2**	**64,296**		**2**	**64,296**		**2**
47										
49	**Aquaculture**									
50	Eliminate vacant Administrative Secretary position.	39,184		1	39,184		1	39,184		1
51	Eliminate filled Office Assistant position.	30,491		1	30,491		1	30,491		1
52	Reduce travel.				1,000			1,000		
53										
54	**Total - Aquaculture**	**69,675**		**2**	**70,675**		**2**	**70,675**		**2**
55										
56	**Emergency Prog.**									
57	Eliminate vacant Administrative Officer position.	42,744		1	42,744		1	42,744		1
58										
59	**Total - Emergency Programs**	**42,744**		**1**	**42,744**		**1**	**42,744**		**1**
60										
61	**Food Distribution**									
62	Shift Storeroom Manager salary to federally funded.	35,120		1	35,120		1	35,120		1
63	Reduce travel.				3,000			3,000		
64										
65	**Total - Food Distribution**	**35,120**		**1**	**38,120**		**1**	**38,120**		**1**
66										
67	**Food & Drug**									
68	Eliminate vacant Processing Assistant position.	30,572		1	30,572		1	30,572		1
69	Eliminate 2 vacant Chemistry Tech positions.	67,298		2	67,298		2	67,298		2
70	Eliminate 2 vacant Pesticide Specialist II positions	114,241		2	114,241		2	114,241		2
71	Eliminate 1 vacant Pesticide Inspector	47,113		1	47,113		1	47,113		1
72	Eliminate 1 Chemist I	67,885		1	67,885		1	67,885		1
73	Eliminate 1 filled Processing Assistant position	25,012		1	25,012		1	25,012		1
74	Eliminate 1 vacant Pesticide Specialist	54,329		1	54,329		1	54,329		1
75	Reduce funds to collect outdated/ unused pesticides disposal				10,500			10,500		
76	Reduce operating funds	72,272			61,772			61,772		
77	Reduce equipment/vehicles.				18,000			18,000		
78	Reduce travel.				3,000			3,000		
79	Eliminate 1 vacant Chemistry Technician position.	38,662		1	38,662		1	38,662		1
80	Eliminate 1 vacant Processing Assistant position.	26,663		1	26,663		1	26,663		1
81	Eliminate 1 vacant Medical Laboratory Asst position.	24,437		1	24,437		1	24,437		1

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	Description	Gov's Bu	2002-03		Senate Budget 2002-03			House Propo	2002-03	
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
82	Reduce travel.				5,000			5,000		
83	Increase fees in Pesticide Control	957,634								
84	Increase fees for commercial feed	96,706								
85	Increase fees in Food & Drug Protection	23,424								
86	**Total - Food and Drug Protection**	**1,646,248**		**12**	**594,484**		**12**	**594,484**		**12**
87										
88	**Marketing**									
89	Eliminate appropriation to the Western Ag Center. Receipts	184,909			184,909			184,909		
90	from the Mountain Fair will cover the reduction.									
91	Eliminate appropriation to the Raleigh Farmers Market.	40,343			40,343			40,343		
92	Eliminate appropriation to Western NC Development Assoc.	70,000			70,000			70,000		
93	Eliminate 1 Agricultural Marketing Specialist position.	46,304		1	46,304		1	46,304		1
94	Eliminate 1 Artist Illustrator position.	38,006		1	43,374		1	43,374		1
95	Eliminate 1 International Marketing Specialist position.	49,430		1	49,430		1	49,430		1
96	Eliminate 1 General Utility Worker position.	23,008		1	23,008		1	23,008		1
97	Eliminate 1 Security Guard position.	23,290		1	23,290		1	23,290		1
98	Eliminate 1 Agricultural Marketing Specialist position.	41,990		1	41,990		1	41,990		1
99	Close Kinston office and relocate staff to other offices.	6,071			6,071			6,071		
100	Close Roseboro office and relocate staff to other offices.	28,544			28,544			28,544		
101	Eliminate filled Office Assistant position.	35,050		1	35,050		1	35,050		1
102	Reduce Lumberton Farmers Market staff by 4 filled positions.									
103	1 filled Maintenance Mechanic position.	27,471		1	27,471		1	27,471		1
104	1 filled Maintenance Mechanic position.	27,471		1				27,471		1
105	1 filled Processing Assistant position.				24,862		1			
106	1 filled Processing Assistant position.	24,455		1	24,455		1	24,455		1
107	1 filled Processing Assistant position.	24,862		1	24,862		1	24,862		1
108	Reduce operating support for seafood marketing.				45,000	55,000		45,000	55,000	
109	Reduce operating support for Marketing division.	201,759			143,845	23,000		143,845	23,000	
110										
111	**Total - Marketing**	**892,963**		**11**	**882,808**	**78,000**	**11**	**885,417**	**78,000**	**11**
112										
113	**Property & Const.**									
114	Fund shift one filled Construction & Renovation Design	60,390		1	43,859		1	43,859		1
115	Technician position to the NC State Fair.									
116										
117	**Total - Property and Construction**	**60,390**		**1**	**43,859**		**1**	**43,859**		**1**
118										
119	**Livestock**									
120	Eliminate 1 filled Agricultural Marketing Specialist position.	64,253		1						
121										
122	**Total - Livestock**	**64,253**		**1**						

DACS 3

	Description	Gov's Bu 2002-03			Senate Budget 2002-03			House Propo 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
123										
124	**Plant Industry**									
125	Eliminate 1 Fertilizer Administrator position	53,736		1	53,736		1	53,736		1
126	Eliminate 1 Agricultural Research Tech position	44,057		1	44,057		1	44,057		1
127	Reduce temporary wages.				5,000			5,000		
128	Eliminate 1 vacant Plant Pest Specialist position	41,234		1	41,234		1	41,234		1
129	Eliminate 1 filled Laboratory Technician position	26,104		1	26,104		1	26,104		1
130	Reduce temporary wages				5,000			5,000		
131	Reduce travel.				1,500			1,500		
132	Eliminate 1 filled Entomologist position.	51,677		1						
133	Eliminate operating costs for the fire ant program				60,000			60,000		
134	Reduce travel.				12,000			12,000		
135	NC Boll Weevil Foundation will make a donation					50,000			50,000	
136	Increase fees for nursery and garden center registrations	74,169								
137	Increase fees for commercial seed industries	96,660								
138	**Total - Plant Industry**	**387,637**		**5**	**248,631**	**50,000**	**4**	**248,631**	**50,000**	**4**
139										
140	**Poultry Grading**									
141	Eliminate 1 Agricultural Commodity Grading Supervisor position	38,913		1						
142	Eliminate 1 Agricultural Commodity Inspector position.	32,025		1						
143	Eliminate 1 Agricultural Commodity Inspector position.	35,946		1						
144	Eliminate 1 Agricultural Commodity Inspector position.	31,073		1	31,073		1	31,073		1
145	Eliminate 1 Agricultural Commodity Inspector position.	42,746		1	42,746		1	42,746		1
146	Eliminate 1 vacant Asst. Dir. For Ag Marketing position.	80,021		1	80,021		1	80,021		1
147	Reduce travel				5,000			5,000		
148										
149	**Total - Poultry Grading**	**260,724**		**6**	**158,840**		**3**	**158,840**		**3**
150										
151	**Standards**									
152	Eliminate 2 vacant Long Distance Truck Driver positions.	75,078		2	75,078		2	75,078		2
153	Reduce equipment/vehicles.				13,000			13,000		
154	Reduce travel.				4,000			4,000		
155	Increase Weights and Measures fees	31,209								
156	**Total - Standards**	**106,287**		**2**	**92,078**		**2**	**92,078**		**2**
157										
158	**Veterinary Serv.**									
159	Eliminate 5 vacant positions.									
160	1 Processing Assistant position.	25,516		1	25,516		1	25,516		1
161	1 Medical Laboratory Technician position.	31,073		1	31,073		1	31,073		1
162	1 Processing Assistant position.	28,530		1	28,530		1	28,530		1
163	1 Animal Health Technician position.	38,494		1	38,494		1	38,494		1

	Description	Gov's Bu 2002-03			Senate Budget 2002-03			House Propo 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
164	1 Medical Laboratory Technician position.	33,490		1	33,490		1	33,490		1
165	Close Robbins Lab which eliminates 2 filled positions.									
166	1 Veterinarian position.	83,684		1						
167	1 Medical Laboratory Technician position.	32,165		1						
168	Reduce operating support for the Meat and Poultry Inspection					42,990			42,990	
169	Eliminate 1 vacant Meat & Poultry Inspector position.				21,995		1	21,995		1
170	Increase fees for vet services	259,204								
171	**Total - Veterinary Services**	**532,156**		**7**	**179,098**	**42,990**	**6**	**179,098**	**42,990**	**6**
172										
173	**Research Stations**									
174	Eliminate 1 Office Assistant position.			1	34,492		1	34,492		1
175	Eliminate Agricultural Res Tech I				38,445		1	38,445		1
176	Eliminate 1 Agricultural Research Technician position.	38,604		1	38,604		1	38,604		1
177	Eliminate 1 Agricultural Research Technician position.	35,628		1	35,628		1	35,628		1
178	Eliminate 1 filled Agricultural Research Assistant position.	28,790		1	28,790		1	28,790		1
179	Eliminate vacant Research Technician II	40,151		1	40,151		1	40,151		1
180	Eliminate Agricultural Res Asst III	30,061		1	30,061		1	30,061		1
181	Eliminate Agricultural Res Tech I	40,151		1	40,151		1	40,151		1
182	Eliminate Agricultural Res Asst I	30,458		1	30,458		1	30,458		1
183	Eliminate Agricultural Res Asst I	23,290		1	23,290		1	23,290		1
184	Eliminate Agricultural Res Asst I	23,290		1	23,290		1	23,290		1
185	Eliminate Agricultural Res Asst II	30,457		1	30,457		1	30,457		1
186	Eliminate 2 vacant Agricultural Res. Asst I				50,348		2	50,348		2
187	Eliminate vacant Agricultural Res. Asst. II				28,692		1	28,692		1
188	Eliminate vacant Agricultural Res. Asst. III				29,131		1	29,131		1
189	Eliminate capital improvement operating reserve- Oxford Office	9,000								
190	Delay capital improvement for Swine Facility at Cherry Farm	153,285								
191	Eliminate funding for NC Official Variety tests for one year.					25,000			25,000	
192	Reduce operating support for Research Stations	22,873			556,000			556,000		
193	Reduce Operating support for Research Farms				373,455			373,455		
194	Close the Caswell Research Farm.	1,125,155		17						
195										
196	**Total - Research Stations**	**1,631,193**		**28**	**1,431,443**	**25,000**	**16**	**1,431,443**	**25,000**	**16**
197										
198										
199										
200	**Department Total**	**6,391,566**		**86**	**4,623,859**	**994,905**	**67**	**4,626,468**	**994,905**	**67**

DACS 5

Department of Labor

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Administration									
Reduce various operating line items in Commisioner's Office	9,500			9,500			9,500		
Reduce salary reserve in Commissioner's Office	4,410								
Eliminate Agency Safety Program Director position	55,819		1.00	55,988		1.00	55,988		1.00
Eliminate Assistant Commissioner for Legal Affairs position	74,607		1.00						
Eliminate filled Adminstrative Officer III in Commissioner's Office	59,285		1.00						
Eliminate Agency Legal Specialist II position	56,892		1.00						
Fund shift Accounting Technician II position	36,553		1.00	36,722		1.00	36,722		1.00
Reduce various operating line items in Budget & Management	3,500								
Eliminate filled Personnel Technician I position	27,586		0.75						
Eliminate Agency Legal Specialist I position	53,832		1.00						
Reduce various operating line items in Information Office	12,063			12,063			12,063		
Reduce various operating line items in Info Technology Section	33,228			9,062			9,062		
Reduce maintenance budget in Publications Section	12,083			4,702			4,702		
	439,358	0	6.75	128,037	0	2.00	128,037	0	2.00
Agriculture Safety & Health									
Fund shift .48 FTE of Safety Office position to 100% federal funds	20,588		0.50	20,697		0.64	20,697		0.48
Reduce various operating line items	9,887								
	30,475	0	0.50	20,697	0	0.64	20,697	0	0.48
Apprenticeship									
Eliminate vacant Office Assistant IV position	28,005		1.00	28,174		1.00	28,174		1.00
Reduce various operating line items	19,680								
	47,685	0	1.00	28,174	0	1.00	28,174	0	1.00
Arbitration/Conciliation									
Eliminate operating budget.	2,677			2,677			2,677		
	2,677	0	0.00	2,677	0	0.00	2,677	0	0.00

Department of Labor

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Elevator & Amusement Device									
Eliminate appropriation and offset with elevator receipts	131,934			131,934			131,934		
	131,934	0	0.00	131,934	0	0.00	131,934	0	0.00
Labor Standards									
Eliminate operating budget in Private Personnel Services	14,411			14,411			14,411		
Eliminate Program Assistant in Private Personnel Services	38,590		1.00						
Eliminate Private Personnel Services Investigator	42,699		1.00						
Reduce various operating line items in Employment Discrimination	62,289			33,445			33,445		
Reduce various operating line items in Wage & Hour Bureau	68,803			40,820			40,820		
Eliminate filled Public Information Assistant in Wage & Hour	27,798		1.00						
Eliminate filled Wage & Hour Investigator	41,304		1.00						
	295,894	0	4.00	88,676	0	0.00	74,265	0	0.00
Bureau of Labor Statistics									
Eliminate .50 FTE of Data Control Clerk III position	12,393		0.50						
	12,393	0	0.50	0	0	0.00	0	0	0.00
Mine & Quarry									
Reduce various operating line items	10,000			10,000			10,000		
	10,000	0	0.00	10,000	0	0.00	10,000	0	0.00
Occupational Safety & Health (OSH)									
Reduce various operating line items	327,414			201,611			201,611		
Fund shift filled OSHA Safety Officer position	32,771		1.00	46,650		1.00	46,650		1.00
Fund shift .90 FTE of filled Processing Assistant III	25,000		1.00	23,931		0.90	23,931		0.90
Eliminate vacant Industrial Hygiene Inspector position	47,448		1.00	48,305		1.00	48,305		1.00
Eliminate vacant Processing Assistant III position	25,736		1.00	25,758		1.00	25,758		1.00
Eliminate filled OSHA Safety Supervisor	63,961		1.00	63,961		1.00	63,961		1.00

Department of Labor

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Eliminate filled OSHA Industrial Hygiene Supervisor	69,962		1.00	69,961		1.00	69,961		1.00
Eliminate filled OSHA Safety Supervisor position	65,772		1.00	66,088		1.00	66,088		1.00
Reduce salary reserve, matching social security, and retirement				33,795			33,795		
Reduce legal services line item for OSH Review Board				31,419			31,419		
Eliminate vacant Office Assistant IV	32,903		1.00						
Transfer Industrial Hygiene position from Dept. of Administration							(69,449)		(1.00)
Transfer operating support associated with Ind. Hygiene position							(500)		
	690,967	0	8.00	611,479	0	6.90	541,530	0	5.90
Total Reduction for Department of Labor	**1,661,383**	**0**	**20.75**	**1,021,674**	**0**	**10.54**	**937,314**	**0**	**9.38**
Additional Reductions - Special Fund Cash Balances									
Pre-Apprenticeship-PBC special fund				491,332			491,332		
Adjusted Total Reduction for Department of Labor	**1,661,383**	**0**	**20.75**	**1,513,006**	**0**	**10.54**	**1,428,646**	**0**	**9.38**

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	Gov's Budget 2002-03 NR	Gov's Budget 2002-03 FTEs	Senate Budget 2002-03 R	Senate Budget 2002-03 NR	Senate Budget 2002-03 FTEs	House Proposal 2002-03 R	House Proposal 2002-03 NR	House Proposal 2002-03 FTEs
	Administration									
1	Eliminate 1 vacant Processing Asst III in Regional Offices	34,740		1.00	34,740		1.00	34,740		1.00
2	Eliminate 1 vacant Office Work Unit Supv. IV in Regional Offices	32,525		1.00	32,525		1.00	32,525		1.00
3	Eliminate 0.25 vacant Accounting Tech. I in Regional Offices	7,398		0.25	7,398		0.25	7,398		0.25
4	Eliminate 1 vacant Admin. Secretary III in HR	40,315		1.00	40,315		1.00	40,315		1.00
5	Eliminate 1 vacant Admin. Assistant V in IT	34,116		1.00	34,116		1.00	34,116		1.00
6	Eliminate 1 vacant Systems Accountant II in Controller's Office	79,343		1.00	79,343		1.00	79,343		1.00
7	Eliminate 1 vacant Admin. Officer II in the Purchasing Office	51,764		1.00	51,764		1.00	51,764		1.00
8	Eliminate 1 filled Environmental Supv. III in HR	88,968		1.00	88,968		1.00	88,968		1.00
9	Eliminate 1 vacant Computing Consultant I in IT	54,575		1.00						
10	Eliminate 1 vacant Accounting Tech. III in Controller's Office	43,992		1.00						
11	Eliminate 1 vacant Accounting Tech III in the Budget Section	32,160		1.00						
12	Reduce rent line-item in Regional Office	15,267								
		515,163	0	10.25	369,169	0	7.25	369,169	0	7.25
	Division of Air Quality									
1	Fund Shift 1 Filled Environ Program Mgr	102,610		1.00	102,610		1.00	102,610		1.00
2	Fund Shift 1 Filled Admin Secretary III	41,625		1.00	41,625		1.00	41,625		1.00
3	Fund Shift 1 Filled Environ Engineer II	59,625		1.00	59,625		1.00	59,625		1.00
4	Fund Shift 1 Filled Environ Chemist II	52,455		1.00	52,455		1.00	52,455		1.00
5	Fund Shift 1 Filled Environ Spec II	39,535		1.00	39,535		1.00	39,535		1.00
6	Fund Shift 1 Filled Info Processing Asst. II	38,155		1.00	38,155		1.00	38,155		1.00
7	Fund Shift 1 Filled Environ Chemist II	50,505		1.00	50,505		1.00	50,505		1.00
8	Fund Shift 1 Filled Environ Chemist II	63,077		1.00	63,077		1.00	63,077		1.00
9	Fund Shift 1 Vacant Office Assist . IV	28,800		1.00	28,800		1.00	28,800		1.00
10	Fund Shift Benefits-Longevity, OT Pay, Comp to Board Members	12,148			12,148			12,148		
11	Eliminate operating support by fund shifting to receipts	20,610			20,610			20,610		
		509,145	0	9.00	509,145	0	9.00	509,145	0	9.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Aquariums									
1	Eliminate 1 Vacant Inform. & Communication Spec II	54,206		1.00	54,206		1.00	54,206		1.00
2	Eliminate 1 Vacant Natural Science Curator I	32,186		1.00	32,186		1.00	32,186		1.00
3	Eliminate 1 Vacant Natural Science Curator I	32,186		1.00	32,186		1.00	32,186		1.00
4	Eliminate 1 Vacant Natural Science Curator II	41,990		1.00	41,990		1.00	41,990		1.00
5	Reduce various operating line-items	155,648			391,178			391,178		
6	Budget increased receipts	1,100,000								
		1,416,216	0	4.00	551,746	0	4.00	551,746	0	4.00
	Division of Coastal Management									
1	Fund Shift 1 Filled Environmental Spec. III	52,255		1.00	52,255		1.00	52,255		1.00
2	Fund Shift 1 Filled Extend. Educ. & Training Specialist I	43,178		1.00	43,178		1.00	43,178		1.00
3	Fund Shift .50 Filled Environmental Supv. III	38,159		0.50	38,159		0.50	38,159		0.50
4	Reduce land use planning funds				76,000			76,000		
5	Reduce over budgeted operating funds for Preyer Buckridge site	33,252			33,252			33,252		
		166,844	0	2.50	242,844	0	2.50	242,844	0	2.50
	Office of Environmental Education									
1	Eliminate 1 filled Processing Asst IV position	29,587		1.00						
2	Reduce operating budget	14,601			14,601			14,601		
		44,188	0	1.00	14,601	0	0.00	14,601	0	0.00
	Division of Environmental Health									
1	Reduce operating line-items division-wide	35,928			192,809			192,809		
2	Reduce aid to county for environmental health programs	207,000			134,281			134,281		
3	Eliminate 1 vacant Program Assist IV	28,896		1.00	28,896		1.00	28,896		1.00
4	Eliminate .50 vacant Process Assist IV	15,124		0.50	15,124		0.50	15,124		0.50
5	Eliminate 1 vacant App. Analyst Prog. I	61,027		1.00						
6	Reduce mosquito control aid to counties	270,000			62,851					

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
7	Fund shift .71 Filled Proc. Asst IV in Public Water Supply	22,818		0.71	22,818		0.71	22,818		0.71
8	Eliminate 1 Vacant Radiation Prot Serv Chief	95,655		1.00	95,655		1.00	95,655		1.00
9	Eliminate 1 Vacant Admin. Asst. I	40,891		1.00	40,891		1.00	40,891		1.00
10	Fund shift 1 Filled Health Physicist				50,138		1.00	50,138		1.00
11	Fund shift 1 Filled Health Physicist				50,138		1.00	50,138		1.00
12	Fund shift 1 Filled Health Physicist				51,962		1.00	51,962		1.00
13	Fund shift 1 Filled Health Physicist				48,954		1.00	48,954		1.00
14	Fund shift 1 Filled Health Physicist (.60 FTE)				26,808		0.60	26,808		0.60
15	Fund shift 1 Filled Processing Assistant III (.50 FTE)				14,372		0.50	14,372		0.50
16	Budget increased receipts in Radiation Protection section	400,200			5,578			5,578		
17	Fund shift 6 Env Engineer II from new fees	354,287		6.00						
		1,495,898	0	11.21	841,275	0	9.31	778,424	0	9.31
	Division of Forest Resources									
	Eliminate 5 vacant positions Forestry - Field Offices									
1	1 vacant Office Assistant III	28,204		1.00	28,204		1.00	28,204		1.00
2	1 vacant Office Assistant III	30,049		1.00	30,049		1.00	30,049		1.00
3	1 vacant Forestry Supervisor II	59,534		1.00	59,534		1.00	59,534		1.00
4	1 vacant Forestry Supervisor II	71,439		1.00	71,439		1.00	71,439		1.00
5	1 vacant Administrative Assistant I	38,346		1.00	38,346		1.00	38,346		1.00
6	Funds shift 1 vacant Forester II to federal funds	44,220		1.00	44,220		1.00	44,220		1.00
7	Reduce seasonal wages in Forestry - Field Offices	540,544			246,887			246,887		
8	Reduce overtime/fringe in Forestry - Field Offices	495,758			495,758			495,758		
9	Reduce operating funds in Forestry - Field Offices	273,753			275,803			275,803		
10	Reduce vehicle line-item in Forestry - Field Offices	329,000			329,000			329,000		
11	Reduce contractual funds for CL-215	150,000			150,000			150,000		
12	Reduce seasonal and overtime/fringe for BRIDGE program	33,158			33,158			33,158		
13	Fund shift 1 vacant Forestry Technician to nursery seedling receipts	52,044		1.00	52,044		1.00	52,044		1.00
14	Reduce seasonal & overtime/fringe in Tree Improvement Program	10,499			10,499			10,499		

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
15	Reduce Forest Development Program	250,000								
16	Reduce operating funds for the BRIDGE program	243,174								
		2,649,722	0	7.00	1,864,941	0	7.00	1,864,941	0	7.00
	Division of Land Resources									
1	Eliminate 1 vacant Office Asst III in the Geological Survey Sect	25,962		1.00	25,962		1.00	25,962		1.00
2	Reduce operating support in the Geological Survey Section	25,551			25,551			25,551		
3	Eliminate 1 vacant Geodetic Survey Analysis Tech I	37,185		1.00	37,185		1.00	37,185		1.00
4	Fund shift .25 vacant Geodetic Survey Tech I	7,768		0.25	7,768		0.25	7,768		0.25
5	Fund Shift 1 Vacant Environ. Eng. III	68,927		1.00	68,927		1.00	68,927		1.00
6	Fund Shift 1 Vacant Environ. Tech V				37,384		1.00	37,384		1.00
7	Fund Shift 1 Vacant Environ. Eng II	58,093		1.00	58,093		1.00	58,093		1.00
8	Fund Shift 1 Vacant Environ. Tech V	42,709		1.00	42,709		1.00	42,709		1.00
9	Fund Shift 1 Vacant Environ. Tech V	44,046		1.00	44,046		1.00	44,046		1.00
10	Fund Shift 1 Vacant Environ. Tech V	38,017		1.00	38,017		1.00	38,017		1.00
11	Fund Shift 1 Filled Environ Eng. I	53,457		1.00	53,457		1.00	53,457		1.00
12	Fund Shift 1 Filled Environ Tech V	38,725		1.00	38,725		1.00	38,725		1.00
13	Fund Shift 1 Filled Environ Tech V	44,553		1.00	44,553		1.00	44,553		1.00
14	Fund Shift 1 Filled Environ Eng. I	47,571		1.00	47,571		1.00	47,571		1.00
15	Fund Shift 1 Filled Environ Tech V	42,233		1.00	42,233		1.00	42,233		1.00
16	Reduce operating support in Land Quality and shift to receipts	1,540			2,147			2,147		
17	Fund shift 0.5 Filled Office Asst III position to receipts	16,112		0.50	16,112		0.50	16,112		0.50
18	Reduce operating support and shift to receipts	3,151			3,151			3,151		
19	Fund Shift 3 Env Engineers I from new fee increase	140,751		3.00						
20	Fund Shift 2 Env Regional Supervisors I from new fee increase	126,359		2.00						
21	Reduce operating funds in the County Boundaries program	45,975								
		908,685	0	17.75	633,591	0	13.75	633,591	0	13.75

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	Gov's Budget 2002-03 NR	Gov's Budget 2002-03 FTEs	Senate Budget 2002-03 R	Senate Budget 2002-03 NR	Senate Budget 2002-03 FTEs	House Proposal 2002-03 R	House Proposal 2002-03 NR	House Proposal 2002-03 FTEs
	Division of Marine Fisheries									
1	Reduce operating expenses DMF admin	24,208			84,685			84,685		
2	Eliminate 1 vacant Marine Fisheries Tech II	33,940		1.00	33,940		1.00	33,940		1.00
3	Eliminate 1 vacant Cartographic Tech	28,964		1.00	28,964		1.00	28,964		1.00
4	Eliminate 1 vacant Marine Fisheries Bio Supv	46,624		1.00	46,624		1.00	46,624		1.00
5	Fund Shift 1 vacant Marine Fisheries Bio Supv.	46,624		1.00	46,624		1.00	46,624		1.00
6	Reduce operating support for research programs	284,152			284,152			284,152		
7	Reduce operating support in Marine Patrol Section	90,432			90,432			90,432		
8	Fund Shift 1 filled Marine Fisheries Enforcement Off. III	36,000		1.00	36,000		1.00	36,000		1.00
9	Fund Shift 1 vacant Marine Enforcement Assistant Chief	65,902		1.00	65,902		1.00	65,902		1.00
10	Reduce Fisheries Resources Grant Program	1,000,000						250,000		
11	1 vacant Marine Fisheries Area Leader	38,913		1.00						
12	1 vacant Marine Fisheries Enforcement Off. III	36,000		1.00						
13	1 vacant Marine Fisheries Enforcement Off. III	36,000		1.00						
14	Budget increased receipts from new fees	142,500								
		1,910,259	0	9.00	717,323	0	6.00	967,323	0	6.00
	Museum of Natural Sciences									
1	1 vacant Wildlife/Fish Tech I	30,236		1.00	30,236		1.00	30,236		1.00
2	1 vacant Art Museum Exhibit Design Tech	33,066		1.00	33,066		1.00	33,066		1.00
3	1 vacant Natural Sciences Curator I	32,186		1.00	32,186		1.00	32,186		1.00
4	1 vacant Natural Sciences Curator I	32,186		1.00	32,186		1.00	32,186		1.00
5	1 vacant Natural Sciences Curator I	32,186		1.00	32,186		1.00	32,186		1.00
6	1 vacant Wildlife Fisheries Tech I	30,236		1.00	30,236		1.00	30,236		1.00
7	1 vacant, not established Security Officer	27,999		1.00						
8	Reduce funds for the 16 Grassroots Science Museums	797,000			318,240			318,240		
9	Reduce operating funds for Museum of Forestry	25,000								
10	Reduce operating funds for Museum of Natural Sciences	289,253								
		1,329,348	0	7.00	508,336	0	6.00	508,336	0	6.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Division of Parks & Recreation									
1	*Close Lake James State Park & eliminate 4 filled and 1 vacant positions*									
	Eliminate 1 vacant Maintenance Mechanic I/Not established	25,244		1.00	25,244		1.00	25,244		1.00
	Eliminate 1 filled Park Ranger I	31,333		1.00						
	Eliminate 1 filled Park Ranger II	39,297		1.00						
	Eliminate 1 filled Maintenance Mechanic III	33,654		1.00						
	Eliminate 1 filled Office Assistant III	27,254		1.00						
2	*Falls Lake State Park*									
	Eliminate 1 vacant Park Superintendent I	45,763		1.00	45,763		1.00	45,763		1.00
3	*Waynesborough State Park & Eliminate 1 Filled Position*									
	Eliminate 1 filled General Utility Worker	23,388		1.00	23,388		1.00	23,388		1.00
4	*Weymouth Woods Natural Area*									
	Eliminate 1 filled Maintenance Mechanic II	30,085		1.00	30,085		1.00	30,085		1.00
5	*Jordan Lake State Park*									
	Eliminate 1 filled Park Superintendent I	46,842		1.00	46,842		1.00	46,842		1.00
6	*Jockey's Ridge State Park*									
	Eliminate 1 filled Maintenance Mechanic II	28,402		1.00	28,402		1.00	28,402		1.00
7	*Kerr Lake State Park*									
	Eliminate 1 filled Park Superintendent I	43,713		1.00	43,713		1.00	43,713		1.00
8	*Medoc Mountain State Park*									
	Eliminate 1 filled General Utility Worker	23,371		1.00	23,371		1.00	23,371		1.00
9	*Pettigrew State Park*									
	Eliminate 1 filled General Utility Worker	23,778		1.00	23,778		1.00	23,778		1.00
10	*Singletary Lake State Park & Eliminate 4 Filled Positions*									
	Eliminate 1 filled Park Ranger II	33,540		1.00						
	Eliminate 1 filled Office Assistant III	28,813		1.00	28,813		1.00			
	Eliminate 1 filled Maintenance Mechanic III	33,158		1.00	33,158		1.00			
	Eliminate 1 filled General Utility Worker	23,371		1.00	23,371		1.00			
11	*Crowder's Mountain State Park*									
	Eliminate 1 filled Maintenance Mechanic II	29,738		1.00						

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Eliminate 1 filled General Utility Worker	23,371		1.00						
12	*Fort Fisher State Park*									
	Eliminate 1 filled Park Ranger II	31,478		1.00						
	Eliminate 1 filled General Utility Worker	23,388		1.00						
13	*Goose Creek State Park*									
	Eliminate 1 vacant Park Ranger I	30,824		1.00						
	Eliminate 1 filled General Utility Worker	23,770		1.00						
14	*Hammock's Beach State Park*									
	Eliminate 1 filled Maintenance Mechanic II	27,014		1.00						
	Eliminate 1 filled Office Assistant III	25,145		1.00						
15	*New River State Park*									
	Eliminate 1 filled Maintenance Mechanic II	27,450		1.00						
16	*Raven Rock State Park*									
	Eliminate 1 filled Maintenance Mechanic I	25,667		1.00						
17	*Eno River State Park*									
	Eliminate 1 filled General Utility Worker	23,388		1.00						
18	*William B. Umstead State Park*									
	Eliminate 1 filled General Utility Worker	23,388		1.00						
19	*Fort Macon State Park*									
	Eliminate 1 filled General Utility Worker	23,388		1.00						
20	*Central Office positions*									
	Eliminate 1 filled Office Asst IV (G&S only) Process Asst III (H	28,811		1.00	28,811		1.00	28,811		1.00
	Eliminate 1 filled Facility Architect I in Construction & Operation	50,405		1.00	50,405		1.00	50,405		1.00
	Eliminate 1 vacant Environmental Specialist II	38,913		1.00	38,913		1.00	38,913		1.00
	Fund Shift 1 filled Office Assistant III in Parks & Rec Trust Fund	27,512		1.00	27,512		1.00	27,512		1.00
21	Reduce seasonal wages	189,258								
22	Reduce various operating line-items	157,845			100,000			100,000		
23	Reduce Adopt-a-Trails ($135,000)	27,000			27,000			27,000		
		1,398,759	0	34.00	648,569	0	16.00	537,983	0	13.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Pollution Prevention & Environmental Assistance									
1	Fund Shift .58 Vacant Environ Spec III	35,757		0.58	35,757		0.58	35,757		0.58
2	Fund Shift 1 Vacant Ind. Devel. Rep I	48,634		1.00	48,634		1.00	48,634		1.00
3	Fund Shift .55 Filled Ind. Devel. Rep I	26,590		0.55	26,590		0.55	26,590		0.55
4	Reduce various operating line-items	9,732			48,989			48,989		
		120,713	0	2.13	159,970	0	2.13	159,970	0	2.13
	Division of Soil & Water Conservation									
1	Eliminate 1 vacant Office Asst. IV	27,947		1.00	27,947		1.00	27,947		1.00
2	Eliminate .5 vacant Env. Tech III	15,695		0.50	15,695		0.50	15,695		0.50
3	Eliminate 1 filled Soil Survey Supervisor	52,647		1.00						
4	Reduce various operating line-items	120,958			121,508			121,508		
5	Reduce equipment line-item	60,000			60,000			60,000		
6	Reduce funds for BMPs in Ag Cost Share ($5,669,897)	794,000						400,000		
		1,071,247	0	2.50	225,150	0	1.50	625,150	0	1.50
	Division of Waste Management									
1	Fund Shift 1 Filled Hydrogeologist II	58,501		1.00	58,501		1.00	58,501		1.00
2	Fund Shift 1 Vacant Environ. Engineer II	59,777		1.00	59,777		1.00	59,777		1.00
3	Eliminate 1 Vacant Office Assist. III	26,167		1.00	26,167		1.00	26,167		1.00
4	Reduce operating support				28,248			28,248		
5	Fund Shift Env Supervisor from new fee receipts	62,638		1.00						
6	Fund Shift Industrial Hygienist from new fee receipts	59,323		1.00						
7	Fund Shift Hydrogeologist II from new fee receipts	58,981		1.00						
8	Reduce operating support from new receipts	59,057								
		384,444	0	6.00	172,693	0	3.00	172,693	0	3.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Division of Water Quality									
1	Fund Shift 1 Vacant Environ Spec II to Wetlands Mitigation Funds	53,864		1.00	53,864		1.00	53,864		1.00
2	Fund Shift 1 Filled Environ Spec III to Wetlands Mitigation Funds	44,784		1.00	44,784		1.00	44,784		1.00
3	Fund Shift 1 Filled Environ Spec III to Wetlands Mitigation Funds	45,400		1.00	45,400		1.00	45,400		1.00
4	Fund Shift 1 Filled Environ Spec II to Wetlands Mitigation Funds	43,933		1.00	43,933		1.00	43,933		1.00
5	Fund shift operating support to Wetlands Mitigation Funds	54,629			54,629			54,629		
6	Eliminate 1 Vacant Hydo Tech II in Groundwater Section	35,197		1.00	35,197		1.00	35,197		1.00
7	Fund Shift 1 Vacant Env. Eng I in Groundwater Section	49,444		1.00	49,444		1.00	49,444		1.00
8	Fund Shift 1 Vacant Hydrogeologist I in Groundwater Section	44,432		1.00	44,432		1.00	44,432		1.00
9	Fund Shift 1 Filled Office Assist III in Groundwater Section	26,628		1.00	26,628		1.00	26,628		1.00
10	Fund Shift 1 Filled Hydrogeologist I in Groundwater Section	44,432		1.00	44,432		1.00	44,432		1.00
11	Fund Shift 1 Filled Envir Chemist II in Groundwater Section	50,898		1.00	50,898		1.00	50,898		1.00
12	Reduce operating support in Groundwater Section	63,692			63,692			63,692		
13	Eliminate 1 vacant Environ Chemist II in WQ Section	45,240		1.00	45,240		1.00	45,240		1.00
14	Fund Shift 1 Filled Environ. Spec. II in WQ Section	40,316		1.00	40,316		1.00	40,316		1.00
15	Fund Shift 1 Filled Environ. Spec. I in WQ Section	35,874		1.00	35,874		1.00	35,874		1.00
16	Fund Shift 1 Filled Environ. Biologist I in WQ Section	39,560		1.00	39,560		1.00	39,560		1.00
17	Fund Shift 1 Filled Environ.Tech IV in WQ Section	34,696		1.00	34,696		1.00	34,696		1.00
18	Reduce operating funds in WQ Laboratory	158,647								
19	Reduce operating funds in WQ Section	528,647								
		1,440,313	0	15.00	753,019	0	15.00	753,019	0	15.00
	Division of Water Resources									
1	Eliminate 1 Vacant Environ Spec. I	35,929		1.00	35,929		1.00	35,929		1.00
2	Eliminate 1 Vacant Environ Biologist II	51,513		1.00	51,513		1.00	51,513		1.00
3	Reduce various operating line-items	25,131			48,396			48,396		
4	Reduce line-item for USGS contracts	92,787								
		205,360	0	2.00	135,838	0	2.00	135,838	0	2.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	NC Zoological Park									
1	Reduce various operating line-items	353,870			60,000			60,000		
2	Budget over-realized receipts	143,713			5,222			5,222		
3	Eliminate 1 vacant Zoo Security Officer I	22,957		1.00	22,957		1.00	22,957		1.00
4	Eliminate 1 vacant Zoo Security Officer I	23,335		1.00	23,335		1.00	23,335		1.00
5	Eliminate 1 vacant Staff Dev. Specialist I	38,588		1.00	38,588		1.00	38,588		1.00
6	Eliminate 1 vacant Groundsworker	24,065		1.00	24,065		1.00	24,065		1.00
7	Eliminate .5 vacant Public Info. Asst. III	11,471		0.50	11,471		0.50	11,471		0.50
8	Eliminate 1 vacant Library Tech Asst. II	33,452		1.00	33,452		1.00	33,452		1.00
9	Eliminate 1 vacant Zoo Keeper I	27,472		1.00	27,472		1.00	27,472		1.00
10	Eliminate 1 vacant Zoo Keeper I	27,014		1.00	27,014		1.00	27,014		1.00
11	Eliminate .5 Filled Office Asst. III (LWOP)	12,490		0.50	12,490		0.50	12,490		0.50
12	Fund Shift 2 vacant Zoo Security Officer II				47,789		2.00	47,789		2.00
14	Fund Shift 1 filled Vehicle Operator II				24,435		1.00	24,435		1.00
15	Fund Shift 2 filled Hortic Tech				55,627		2.00	27,466		1.00
17	Fund Shift .5 vacant Housekeeping Team Leader				10,169		0.50	10,169		0.50
		718,427	0	8.00	424,086	0	13.50	395,925	0	12.50
	Reserves & Transfers									
1	Reduce funding for WQ Workgroup grant program	218,000			190,000			190,000		
2	Reduce funds for the Partnership of the Sounds	104,000			52,760			52,760		
		322,000	0		242,760	0		242,760	0	
	Wildlife Resources Commission									
1	Reduce transfer to Wildlife for LEO equalization	368,747			303,747			450,000		
2	Reduce Beaver Control Grants				51,000			51,000		
		368,747	0		354,747	0		501,000	0	
	DENR RECURRING TOTAL	**16,975,478**	**0**	**148.34**	**9,369,803**	**0**	**117.94**	**9,964,458**	**0**	**113.94**

Department of Environment and Natural Resources

Description	Gov's Budget 2002-03 R	Gov's Budget 2002-03 NR	Gov's Budget 2002-03 FTEs	Senate Budget 2002-03 R	Senate Budget 2002-03 NR	Senate Budget 2002-03 FTEs	House Proposal 2002-03 R	House Proposal 2002-03 NR	House Proposal 2002-03 FTEs
Special /Trust Funds									
Reduce GF and replace w/ a transfer Bladen Lakes Sp Fund	220,000	220,000		440,000	(NR)		440,000	(NR)	
Natural Heritage Trust Fund - Parks & Recreation Trust Fund Interest				3,287,582	(NR)		3,287,582	(NR)	
Neuse Animal Waste Cost Share				366,335	(NR)		366,335	(NR)	
	220,000	220,000		4,093,917			4,093,917		
GRAND TOTAL DENR	17,415,478		31	13,463,720		117.94	14,058,375		114.94

Department of Commerce

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Administration									
Reduce various operating line items	$ 40,706			$ 40,706			$ 40,706		
Eliminate audit services line item	98,000			98,000			98,000		
Eliminate vacant Director of Community Involvement position	87,153		1.00						
Eliminate vacant Assistant Secretary for Economic Development				99,429		1.00			
	225,859	0	1.00	238,135	0	1.00	138,706	0	0.00
Division of Air Transportation Services									
Reduce various operating line items	121,489			121,489			121,489		
Sell Bell 206 Helicopter		700,000						700,000	
	121,489	700,000	0.00	121,489	0	0.00	121,489	700,000	0.00
Business & Industry Division									
Reduce various operating line items	256,056								
Eliminate filled Economic Developer	80,853		1.00						
Eliminate vacant Economic Developer	75,065		1.00						
Eliminate vacant Administrative Assistant	43,416		1.00	43,416		1.00	43,416		1.00
Eliminate filled Adminstrative Assistant	33,271		1.00						
Eliminate tranfer to Global TransPark Authority for marketing	172,036			172,036			172,036		
	660,697	0	4.00	215,452	0	1.00	215,452	0	1.00
Commerce Finance Center									
Eliminate 1 vacant Industrial Finance Specialist II position	53,384		1.00	53,384		1.00	53,384		1.00
Reduce various operating line items	19,000			18,999			18,999		
Reduce Industrial Development Revolving Fund	196,505			1,380,528			1,380,528		
	268,889	0	1.00	1,452,911	0	1.00	1,452,911	0	1.00
Commission on Workforce Preparedness									
Fund shift vacant Deputy Director position				58,901		0.58	58,901		0.58
Fund shift vacant Administrative Assistant				26,712		0.58	26,712		0.58
Reduce various operating line items				4,074			4,074		
	0	0	0.00	89,687	0	1.16	89,687	0	1.16

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Division of Community Assistance									
Eliminate vacant Drafting Technician II position	42,298		1.00	42,318		1.00	42,318		1.00
Eliminate vacant Community Dev Planner I	45,997		1.00						
Eliminate vacant Community Dev Planner I	67,106		1.00						
Eliminate vacant Community Dev Planner I	54,940		1.00						
Fund shift filled Public Information Officer				37,954		1.00	37,954		1.00
Fund shift .50 FTE filled Office Assistant				15,214		0.50	15,214		0.50
Reduce office rent				23,120			23,120		
Reduce operating funds	73,081								
Reduce Councils of Government (COGs) by 11%	102,850			102,850			102,850		
	386,272	0	4.00	221,456	0	2.50	221,456	0	2.50
Industrial Commission									
Budget overrealized receipts and reduce General Fund approp.	724,307			327,844			327,844		
Fund shift vacant Applications Analyst Programmer I				74,298		1.00	74,298		1.00
Fund shift .43 FTE, elim. .32 FTE vacant Comp Support Tech I				23,621		0.75	23,621		0.75
Fund shift vacant Processing Assistant III				26,590		1.00	26,590		1.00
Fund shift vacant Data Control Clerk III				24,862		1.00	24,862		1.00
Fund shift vacant Program Asst V				35,179		1.00	35,179		1.00
Fund shift vacant Program Asst V				34,616		1.00	34,616		1.00
Fund shift vacant Agency Legal Specialist I				52,116		1.00	52,116		1.00
Eliminate vacant Application Programmer I				38,147		1.00	38,147		1.00
Eliminate .50 FTE vacant Processing Assistant III				18,592		0.50	18,592		0.50
Eliminate vacant Administrative Assistant I				43,286		1.00	43,286		1.00
Eliminate filled Processing Assistant II position				25,156		1.00	25,156		1.00
	724,307	0	0.00	724,307	0	10.25	724,307	0	10.25
International Trade Division									
Eliminate 1 vacant Office Assistant IV position	28,326		1.00	28,346		1.00	28,346		1.00
Reduce various operating line items	264,141			200,000			200,000		
	292,467	0	1.00	228,346	0	1.00	228,346	0	1.00

Department of Commerce

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Division of Marketing and Client Services									
Reduce advertising line item	131,931								
	131,931	0	0.00	0	0	0.00	0	0	0.00
Management Information Systems (MIS) Division									
Eliminate filled Telecommunications Equipment Tech I position	46,876		1.00	45,695		1.00	45,695		1.00
Reduce computer software line item				30,000			30,000		
Reduce various operating line items	79,382			14,651			14,651		
	126,258	0	1.00	90,346	0	1.00	90,346	0	1.00
Division of Policy, Research, & Strategic Planning									
Reduce various operating line items	45,663			45,663			45,663		
	45,663	0	0.00	45,663	0	0.00	45,663	0	0.00
Division of Science & Technology									
Eliminate filled Education Consultant position	66,626		1.00	66,626		1.00	66,626		1.00
	66,626	0	1.00	66,626	0	1.00	66,626	0	1.00
Division of Tourism, Film, & Sports Development									
Reduce various operating line items	589,482			219,680			169,680		
Reduce Tourism Promotion Grants	129,293								
Eliminate vacant Program Development Coordinator	60,441		1.00	60,441		1.00	60,441		1.00
Reduce operating funds for Heritage Tourism Porgram	35,000								
Eliminate vacant Heritage Tourism Development Officer	45,000		1.00	45,912		1.00			
Eliminate filled Heritage Tourism Development Officer	45,982		1.00	54,223		1.00			
Eliminate filled Heritage Tourism Development Officer	45,982		1.00						
Reduce various operating line items in the Welcome Centers	99,714			50,000			50,000		
Eliminate advertising reserve line item							50,000		
Funds for recruitment and retention of film production	0	(500,000)	0.00	0	0	0.00	0	(500,000)	0.00
	1,050,894	(500,000)	4.00	430,256	0	3.00	330,121	(500,000)	1.00

Department of Commerce

Description	Gov's Budget 2002-03 R	Gov's Budget 2002-03 NR	Gov's Budget 2002-03 FTEs	Senate Budget 2002-03 R	Senate Budget 2002-03 NR	Senate Budget 2002-03 FTEs	House Proposal 2002-03 R	House Proposal 2002-03 NR	House Proposal 2002-03 FTEs
Wanchese Seafood Industrial Park									
Eliminate vacant Community Development Specialist II position	69,976		1.00				45,485		1.00
Reduce operating funds	1,969								
	71,945	0	1.00	0	0	0.00	45,485	0	1.00
Total Reductions for Department of Commerce	**4,173,297**	**200,000**	**18.00**	**3,924,674**	**0**	**22.91**	**3,770,595**	**200,000**	**20.91**

Commerce-State Aid

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
State Aid to Non-State Entities									
Land Loss Prevention Project	49,500			49,500			45,900		
N.C. Coalition of Farm and Rural Families	27,500			250,000			250,000		
N.C. Institute of Minority Exonomic Development	165,000			165,000			153,000		
N.C. Minority Support Center	66,000			66,000			61,200		
N.C. Community Development Initiative	220,000			220,000			204,000		
N.C. Association of Community Development Corporations	44,000			44,000			40,800		
* *Sentate budget appropriates remaining funds on a non-recurring basis*									
Regional Economic Development Commissions									
Reduce funding to seven partnerships by 11%	706,750								
Reduce funding to each partnerships by $100,000 and fund on NR basis				700,000					
Reduce funding to each partnership by $75,000							525,000		
Total for Non-State Entities	**1,278,750**			**1,494,500**			**1,279,900**		
Rural Economic Development Center									
Reduce General Fund appropriation by 11%	559,982								
Reduce funding for supplimental water and sewer grants				255,251			255,251		
Reduce funding for water, sewer, and business develoment grants				25,000			25,000		
Reduce funding for research and demonstration grants				44,000			44,000		
Reduce grants fo Community Development Corporations				56,200			56,200		
Reduce funding to local lending sites				23,400			23,400		
Reduce operating support to Opportunities Industrialization Centers				20,000			20,000		
Total for REDC	**559,982**			**423,851**			**423,851**		
NC Biotechnology Center									
Reduce General Fund appropration by 11%	689,751								
Reduce funding for revolving loan fund				300,000			300,000		
Shift position to non-state funding				42,526			42,526		
Shift expenses to non-state funding				34,521			34,521		
Budget non-recurring revenue and reduce General Fund appropriation		250,000			250,000			250,000	
Total for NC Biotechnology Center	**689,751**	**250,000**		**377,047**	**250,000**		**377,047**	**250,000**	
Total Reductions to Commerce-State Aid	**2,528,483**	**250,000**		**2,295,398**	**250,000**		**2,080,798**	**250,000**	

NER Budget Comparisons

Departments	Governor's Budget	Senate Budget	House Budget
Housing Finance Agency	583,000	540,600	540,600
Agricultural and Consumer Services	6,391,566	5,618,764	5,621,393
Labor	1,661,383	1,513,006	1,428,646
Environment and Natural Resources	17,415,478	13,463,720	14,058,375
Commerce	4,373,297	3,924,674	3,970,595
State-Aid	2,778,483	2,545,398	2,330,798
Biotechnology Center	939,751	627,047	627,047
Rural Economic Development Center	559,982	423,851	423,851
TOTAL	34,702,940	28,657,060	29,001,305

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 7/23/02

Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wilson Sonny	NCDA&CS
Kevin Leonard	NCDOL
Anthony Powell	NC Rural Economic Dev. Ctr.
Kelly Thr	NC Stat
Linda Dunn	NCIMED
Stephen J. Ammons	NCABL LAPP
Robert Bogiarello	NC Commerce
Clara Day	NCDA & CS
Martha Glass	NC DA&CS
David Smith	Agriculture
PSL	NCFB
DON HOBART	NC DOC

House Appropriations Subcommittee on Natural and Economic Resources

July 24, 2002
8:30 a.m., Room 605
Representatives Stan Fox and Bill Owens, Presiding

1. Chairman's Comments

2. Review of Governor/Senate/House Budget Comparison

3. Committee Discussion

4. Adjourn

Minutes

House Appropriations Subcommittee on
Natural and Economic Resources
July 24, 2002 - 8:30 A.M.

The House Appropriations Subcommittee on Natural and Economic Resources met on Wednesday, July 24, 2002 at 8:30 a.m. in Room 605 of the Legislative Office Building. Ten Members were present as follows: Representatives Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracey Walker, John Weatherly and Roger West.

Representative Bill Owens chaired the meeting. A copy of the agenda is attached (ATTACHMENT I). A copy of the Visitor's Registration Sheet is attached (ATTACHMENT IV).

Review of Governor/Senate/House Budget Comparison

The purpose of the meeting was to accept amendments to the House Budget Proposal from Committee Members and/or suggestions from the agencies. Attached is a copy of a report showing a comparison of the Governor's 2002-03 Budget, the Senate 2002-03 Budget, and the House Proposed Budget for 2002-03 (ATTACHMENT II).

Representative Alice Underhill commented that she thought the process was very good in that everyone had the opportunity to offer input on the House proposed budget.

Chairman Bill Owens recognized Jane A. Smith, Budget Director, Department of Environment and Natural Resources. Ms. Smith proposed an adjustment to that agency's budget. On page DENR-3 of the handout, lines 10, 11, 12, 13, 14 and 15 represent 5.1 positions totaling $247,950. The agency proposed transferring all responsibilities, receipts and positions of the Division of Radiation Protection to the Division of Environmental Health. Ms. Smith said this would keep the positions where the fees are generated.

Chairman Bill Owens said this would need to be approved by the Full Appropriations Chairs. Jennifer Hoffman, Fiscal Research, said this switch-off was an exact same money amount. If amendment approved, the House Budget would then be technically correct.

Representative Howard Hunter moved this proposal be accepted. Representative Edith Warren second the motion. The motion passed unanimously.

Representative Arlie Culp asked how much had been cut from the NER budget. Chairman Bill Owens said a total of $29 million had been cut, $350,000 more than the Senate (ATTACHMENT III).

Representative Frank Mitchell raised the issue of Senate Bill 1037, NO AIR PERMIT UNTIL FACILITY OPERATIONAL. He said he was being bombarded with e-mails on this. He said he would like to have more information on the bill and the impact it was going to have.

Representative John Weatherly stated there was a 52-day turn around time on permits. Was this workdays or calendar days?

Chairman Bill Owens asked Ms. Smith to give an update on what the status is now and what DENR's plans are to make the process better as far as turn around time on processing permits.

Chairman Bill Owens recognized David Smith, Assistant Commissioner, NC Department of Agriculture and Consumer Services. Mr. Smith referred to lines 94 and 109 on page DACS-3 of the handout. He proposed to reduce the $43,374 on line 94 to $38,006 (a difference of $5,368) and increase the $143,845 on line 109 for the same amount making it $149,213.

Representative Frank Mitchell made the motion to accept this proposal. Representative Stan Fox second the motion. The motion was approved unanimously.

Representative Frank Mitchell made the motion the NER House proposed budget including the amendments approved today be adopted. Representative Stan Fox second the motion. The motion was approved unanimously.

Chairman Bill Owens said Special Provisions were still being worked on and would be considered at a later meeting.

Representative Howard Hunter made the motion to adjourn. Representative Edition Warren second the motion.

The meeting was adjourned at 8:50 a.m.

Respectfully submitted,

Bill Owens

Representative Bill Owens, Chairman

Linda A. Johnson

Linda A. Johnson, Committee Assistant

Housing Finance Agency (HFA)

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Housing Finance Agency									
Reduce General Fund appropriation (take from HOME Program funds)	583,000			540,600			540,600		
Total for Housing Finance Agency	**583,000**			**540,600**			**540,600**		

ATTACHMENT II

HFA-1

Depar[illegible]nt of Agriculture and Consumer Services

	Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
1	Eliminate balance in the Reforestation Fund.					23,915			23,915	
2	Reduce balance in the Forest Management Reserve					50,000			50,000	
3										
4	**Total - Trust Fund Balances**					**73,915**			**73,915**	
5										
6	Reduce balance in the Livestock Acquisition Fund.					300,000			300,000	
7	Eliminate balance in the Warehouse Investment Fund.					225,000			225,000	
8	Transfer funds from State Fair Receipts					200,000			200,000	
9										
10	**Total - Special Fund Balances**					**725,000**			**725,000**	
11										
12										
13	**Administration**									
14	Eliminate 1 vacant Deputy Commissioner position	85,871		1	85,871		1	85,871		1
15	Eliminate 1 vacant Processing Assistant position in Human Res.	28,420		1	28,420		1	28,420		1
16	Eliminate Accounting Clerk in the Admin. Serv.-Budget & Finance	37,674		1	37,674		1	37,674		1
17	Reduce computer base for the department (In Lease Line Item)				35,000			35,000		
18	Reduce travel				1,000			1,000		
19	Public Affairs-Reduce Ag in Classroom Program	98,750			32,750			32,750		
20	Public Affairs-Reduce Postage & Printing and Binding				50,000			50,000		
21	Reduce Gas/Natural Gas Reserve				85,143			85,143		
22	Reduce Reserve for Lab Equipment				100,000			100,000		
23	Eliminate funds to educate public on turfgrass research.	100,000			100,000			100,000		
24										
25	**Total - Administration**	**350,715**		**3**	**555,858**		**3**	**555,858**		**3**
26										
27	**Ag Finance**									
28	Make director position receipt supported.	104,595		1	104,595		1	104,595		1
29										
30	**Total - Ag Finance**	**104,595**		**1**	**104,595**		**1**	**104,595**		**1**
31										
32	**Ag Statistics**									
33	Eliminate 1 vacant Statistician position.	40,495		1	40,495		1	40,495		1
34	Eliminate 1 filled Data Entry Operator.	29,335		1	29,335		1	29,335		1
35	Fund Shift 1 Lithographic Press Operator position to NC St. Fair	34,740		1						
36	Reduce temporary wages				45,000			45,000		
37	Reduce travel.				1,500			1,500		
38										
39	**Total - Agricultural Statistics**	**104,570**		**3**	**116,330**		**2**	**116,330**		**2**

	Description	Gov's Bu 2002-03			Senate Budget 2002-03			House Propc 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
40										
41	**Agronomic Serv.**									
42	Eliminate 1 vacant Processing Assistant Position	29,096		1	29,096		1	29,096		1
43	Eliminate1 vacant Nematology Technician	30,200		1	30,200		1	30,200		1
44	Reduce travel.				5,000			5,000		
45	Initiate fees for soil testing	43,000								
46	**Total - Agronomic Services**	**102,296**		**2**	**64,296**		**2**	**64,296**		**2**
47										
49	**Aquaculture**									
50	Eliminate vacant Administrative Secretary position.	39,184		1	39,184		1	39,184		1
51	Eliminate filled Office Assistant position.	30,491		1	30,491		1	30,491		1
52	Reduce travel.				1,000			1,000		
53										
54	**Total - Aquaculture**	**69,675**		**2**	**70,675**		**2**	**70,675**		**2**
55										
56	**Emergency Prog.**									
57	Eliminate vacant Administrative Officer position.	42,744		1	42,744		1	42,744		1
58										
59	**Total - Emergency Programs**	**42,744**		**1**	**42,744**		**1**	**42,744**		**1**
60										
61	**Food Distribution**									
62	Shift Storeroom Manager salary to federally funded.	35,120		1	35,120		1	35,120		1
63	Reduce travel.				3,000			3,000		
64										
65	**Total - Food Distribution**	**35,120**		**1**	**38,120**		**1**	**38,120**		**1**
66										
67	**Food & Drug**									
68	Eliminate vacant Processing Assistant position.	30,572		1	30,572		1	30,572		1
69	Eliminate 2 vacant Chemistry Tech positions.	67,298		2	67,298		2	67,298		2
70	Eliminate 2 vacant Pesticide Specialist II positions	114,241		2	114,241		2	114,241		2
71	Eliminate 1 vacant Pesticide Inspector	47,113		1	47,113		1	47,113		1
72	Eliminate 1 Chemist I	67,885		1	67,885		1	67,885		1
73	Eliminate 1 filled Processing Assistant position	25,012		1	25,012		1	25,012		1
74	Eliminate 1 vacant Pesticide Specialist	54,329		1	54,329		1	54,329		1
75	Reduce funds to collect outdated/ unused pesticides disposal				10,500			10,500		
76	Reduce operating funds	72,272			61,772			61,772		
77	Reduce equipment/vehicles.				18,000			18,000		
78	Reduce travel.				3,000			3,000		
79	Eliminate 1 vacant Chemistry Technician position.	38,662		1	38,662		1	38,662		1
80	Eliminate 1 vacant Processing Assistant position.	26,663		1	26,663		1	26,663		1
81	Eliminate 1 vacant Medical Laboratory Asst position.	24,437		1	24,437		1	24,437		1

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	Description	Gov's Bu 2002-03			Senate Budget 2002-03			House Propo 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
82	Reduce travel.				5,000			5,000		
83	Increase fees in Pesticide Control	957,634								
84	Increase fees for commercial feed	96,706								
85	Increase fees in Food & Drug Protection	23,424								
86	**Total - Food and Drug Protection**	**1,646,248**		**12**	**594,484**		**12**	**594,484**		**12**
87										
88	**Marketing**									
89	Eliminate appropriation to the Western Ag Center. Receipts	184,909			184,909			184,909		
90	from the Mountain Fair will cover the reduction.									
91	Eliminate appropriation to the Raleigh Farmers Market.	40,343			40,343			40,343		
92	Eliminate appropriation to Western NC Development Assoc.	70,000			70,000			70,000		
93	Eliminate 1 Agricultural Marketing Specialist position.	46,304		1	46,304		1	46,304		1
94	Eliminate 1 Artist Illustrator position.	38,006		1	43,374		1	43,374		1
95	Eliminate 1 International Marketing Specialist position.	49,430		1	49,430		1	49,430		1
96	Eliminate 1 General Utility Worker position.	23,008		1	23,008		1	23,008		1
97	Eliminate 1 Security Guard position.	23,290		1	23,290		1	23,290		1
98	Eliminate 1 Agricultural Marketing Specialist position.	41,990		1	41,990		1	41,990		1
99	Close Kinston office and relocate staff to other offices.	6,071			6,071			6,071		
100	Close Roseboro office and relocate staff to other offices.	28,544			28,544			28,544		
101	Eliminate filled Office Assistant position.	35,050		1	35,050		1	35,050		1
102	Reduce Lumberton Farmers Market staff by 4 filled positions.									
103	1 filled Maintenance Mechanic position.	27,471		1	27,471		1	27,471		1
104	1 filled Maintenance Mechanic position.	27,471		1				27,471		1
105	1 filled Processing Assistant position.				24,862		1			
106	1 filled Processing Assistant position.	24,455		1	24,455		1	24,455		1
107	1 filled Processing Assistant position.	24,862		1	24,862		1	24,862		1
108	Reduce operating support for seafood marketing.				45,000	55,000		45,000	55,000	
109	Reduce operating support for Marketing division.	201,759			143,845	23,000		143,845	23,000	
110										
111	**Total - Marketing**	**892,963**		**11**	**882,808**	**78,000**	**11**	**885,417**	**78,000**	**11**
112										
113	**Property & Const.**									
114	Fund shift one filled Construction & Renovation Design	60,390		1	43,859		1	43,859		1
115	Technician position to the NC State Fair.									
116										
117	**Total - Property and Construction**	**60,390**		**1**	**43,859**		**1**	**43,859**		**1**
118										
119	**Livestock**									
120	Eliminate 1 filled Agricultural Marketing Specialist position.	64,253		1						
121										
122	**Total - Livestock**	**64,253**		**1**						

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	Description	Gov's Bu 2002-03			Senate Budget 2002-03			House Propo 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
123										
124	**Plant Industry**									
125	Eliminate 1 Fertilizer Administrator position	53,736		1	53,736		1	53,736		1
126	Eliminate 1 Agricultural Research Tech position	44,057		1	44,057		1	44,057		1
127	Reduce temporary wages.				5,000			5,000		
128	Eliminate 1 vacant Plant Pest Specialist position	41,234		1	41,234		1	41,234		1
129	Eliminate 1 filled Laboratory Technician position	26,104		1	26,104		1	26,104		1
130	Reduce temporary wages				5,000			5,000		
131	Reduce travel.				1,500			1,500		
132	Eliminate 1 filled Entomologist position.	51,677		1						
133	Eliminate operating costs for the fire ant program				60,000			60,000		
134	Reduce travel.				12,000			12,000		
135	NC Boll Weevil Foundation will make a donation					50,000			50,000	
136	Increase fees for nursery and garden center registrations	74,169								
137	Increase fees for commercial seed industries	96,660								
138	**Total - Plant Industry**	**387,637**		**5**	**248,631**	**50,000**	**4**	**248,631**	**50,000**	**4**
139										
140	**Poultry Grading**									
141	Eliminate 1 Agricultural Commodity Grading Supervisor position	38,913		1						
142	Eliminate 1 Agricultural Commodity Inspector position.	32,025		1						
143	Eliminate 1 Agricultural Commodity Inspector position.	35,946		1						
144	Eliminate 1 Agricultural Commodity Inspector position.	31,073		1	31,073		1	31,073		1
145	Eliminate 1 Agricultural Commodity Inspector position.	42,746		1	42,746		1	42,746		1
146	Eliminate 1 vacant Asst. Dir. For Ag Marketing position.	80,021		1	80,021		1	80,021		1
147	Reduce travel				5,000			5,000		
148										
149	**Total - Poultry Grading**	**260,724**		**6**	**158,840**		**3**	**158,840**		**3**
150										
151	**Standards**									
152	Eliminate 2 vacant Long Distance Truck Driver positions.	75,078		2	75,078		2	75,078		2
153	Reduce equipment/vehicles.				13,000			13,000		
154	Reduce travel.				4,000			4,000		
155	Increase Weights and Measures fees	31,209								
156	**Total - Standards**	**106,287**		**2**	**92,078**		**2**	**92,078**		**2**
157										
158	**Veterinary Serv.**									
159	Eliminate 5 vacant positions.									
160	1 Processing Assistant position.	25,516		1	25,516		1	25,516		1
161	1 Medical Laboratory Technician position.	31,073		1	31,073		1	31,073		1
162	1 Processing Assistant position.	28,530		1	28,530		1	28,530		1
163	1 Animal Health Technician position.	38,494		1	38,494		1	38,494		1

	Description	Gov's Bu 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Propo 2002-03 R	NR	FTEs
164	1 Medical Laboratory Technician position.	33,490		1	33,490		1	33,490		1
165	Close Robbins Lab which eliminates 2 filled positions.									
166	1 Veterinarian position.	83,684		1						
167	1 Medical Laboratory Technician position.	32,165		1						
168	Reduce operating support for the Meat and Poultry Inspection					42,990			42,990	
169	Eliminate 1 vacant Meat & Poultry Inspector position.				21,995		1	21,995		1
170	Increase fees for vet services	259,204								
171	**Total - Veterinary Services**	**532,156**		**7**	**179,098**	**42,990**	**6**	**179,098**	**42,990**	**6**
172										
173	**Research Stations**									
174	Eliminate 1 Office Assistant position.			1	34,492		1	34,492		1
175	Eliminate Agricultural Res Tech I				38,445		1	38,445		1
176	Eliminate 1 Agricultural Research Technician position.	38,604		1	38,604		1	38,604		1
177	Eliminate 1 Agricultural Research Technician position.	35,628		1	35,628		1	35,628		1
178	Eliminate 1 filled Agricultural Research Assistant position.	28,790		1	28,790		1	28,790		1
179	Eliminate vacant Research Technician II	40,151		1	40,151		1	40,151		1
180	Eliminate Agricultural Res Asst III	30,061		1	30,061		1	30,061		1
181	Eliminate Agricultural Res Tech I	40,151		1	40,151		1	40,151		1
182	Eliminate Agricultural Res Asst I	30,458		1	30,458		1	30,458		1
183	Eliminate Agricultural Res Asst I	23,290		1	23,290		1	23,290		1
184	Eliminate Agricultural Res Asst I	23,290		1	23,290		1	23,290		1
185	Eliminate Agricultural Res Asst II	30,457		1	30,457		1	30,457		1
186	Eliminate 2 vacant Agricultural Res. Asst I				50,348		2	50,348		2
187	Eliminate vacant Agricultural Res. Asst. II				28,692		1	28,692		1
188	Eliminate vacant Agricultural Res. Asst. III				29,131		1	29,131		1
189	Eliminate capital improvement operating reserve- Oxford Office	9,000								
190	Delay capital improvement for Swine Facility at Cherry Farm	153,285								
191	Eliminate funding for NC Official Variety tests for one year.					25,000			25,000	
192	Reduce operating support for Research Stations	22,873			556,000			556,000		
193	Reduce Operating support for Research Farms				373,455			373,455		
194	Close the Caswell Research Farm.	1,125,155		17						
195										
196	**Total - Research Stations**	**1,631,193**		**28**	**1,431,443**	**25,000**	**16**	**1,431,443**	**25,000**	**16**
197										
198										
199										
200	**Department Total**	**6,391,566**		**86**	**4,623,859**	**994,905**	**67**	**4,626,468**	**994,905**	**67**

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Department of Labor

Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
Administration									
Reduce various operating line items in Commisioner's Office	9,500			9,500			9,500		
Reduce salary reserve in Commissioner's Office	4,410								
Eliminate Agency Safety Program Director position	55,819		1.00	55,988		1.00	55,988		1.00
Eliminate Assistant Commissioner for Legal Affairs position	74,607		1.00						
Eliminate filled Adminstrative Officer III in Commissioner's Office	59,285		1.00						
Eliminate Agency Legal Specialist II position	56,892		1.00						
Fund shift Accounting Technician II position	36,553		1.00	36,722		1.00	36,722		1.00
Reduce various operating line items in Budget & Management	3,500								
Eliminate filled Personnel Technician I position	27,586		0.75						
Eliminate Agency Legal Specialist I position	53,832		1.00						
Reduce various operating line items in Information Office	12,063			12,063			12,063		
Reduce various operating line items in Info Technology Section	33,228			9,062			9,062		
Reduce maintenance budget in Publications Section	12,083			4,702			4,702		
	439,358	0	6.75	128,037	0	2.00	128,037	0	2.00
Agriculture Safety & Health									
Fund shift .48 FTE of Safety Office position to 100% federal funds	20,588		0.50	20,697		0.64	20,697		0.48
Reduce various operating line items	9,887								
	30,475	0	0.50	20,697	0	0.64	20,697	0	0.48
Apprenticeship									
Eliminate vacant Office Assistant IV position	28,005		1.00	28,174		1.00	28,174		1.00
Reduce various operating line items	19,680								
	47,685	0	1.00	28,174	0	1.00	28,174	0	1.00
Arbitration/Conciliation									
Eliminate operating budget.	2,677			2,677			2,677		
	2,677	0	0.00	2,677	0	0.00	2,677	0	0.00

Department of Labor

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Elevator & Amusement Device									
Eliminate appropriation and offset with elevator receipts	131,934			131,934			131,934		
	131,934	0	0.00	131,934	0	0.00	131,934	0	0.00
Labor Standards									
Eliminate operating budget in Private Personnel Services	14,411			14,411			14,411		
Eliminate Program Assistant in Private Personnel Services	38,590		1.00						
Eliminate Private Personnel Services Investigator	42,699		1.00						
Reduce various operating line items in Employment Discrimination	62,289			33,445			33,445		
Reduce various operating line items in Wage & Hour Bureau	68,803			40,820			40,820		
Eliminate filled Public Information Assistant in Wage & Hour	27,798		1.00						
Eliminate filled Wage & Hour Investigator	41,304		1.00						
	295,894	0	4.00	88,676	0	0.00	74,265	0	0.00
Bureau of Labor Statistics									
Eliminate .50 FTE of Data Control Clerk III position	12,393		0.50						
	12,393	0	0.50	0	0	0.00	0	0	0.00
Mine & Quarry									
Reduce various operating line items	10,000			10,000			10,000		
	10,000	0	0.00	10,000	0	0.00	10,000	0	0.00
Occupational Safety & Health (OSH)									
Reduce various operating line items	327,414			201,611			201,611		
Fund shift filled OSHA Safety Officer position	32,771		1.00	46,650		1.00	46,650		1.00
Fund shift .90 FTE of filled Processing Assistant III	25,000		1.00	23,931		0.90	23,931		0.90
Eliminate vacant Industrial Hygiene Inspector position	47,448		1.00	48,305		1.00	48,305		1.00
Eliminate vacant Processing Assistant III position	25,736		1.00	25,758		1.00	25,758		1.00
Eliminate filled OSHA Safety Supervisor	63,961		1.00	63,961		1.00	63,961		1.00

Department of Labor

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Eliminate filled OSHA Industrial Hygiene Supervisor	69,962		1.00	69,961		1.00	69,961		1.00
Eliminate filled OSHA Safety Supervisor position	65,772		1.00	66,088		1.00	66,088		1.00
Reduce salary reserve, matching social security, and retirement				33,795			33,795		
Reduce legal services line item for OSH Review Board				31,419			31,419		
Eliminate vacant Office Assistant IV	32,903		1.00						
Transfer Industrial Hygiene position from Dept. of Administration							(69,449)		(1.00)
Transfer operating support associated with Ind. Hygiene position							(500)		
	690,967	0	8.00	611,479	0	6.90	541,530	0	5.90
Total Reduction for Department of Labor	**1,661,383**	**0**	**20.75**	**1,021,674**	**0**	**10.54**	**937,314**	**0**	**9.38**
Additional Reductions - Special Fund Cash Balances									
Pre-Apprenticeship-PBC special fund				491,332			491,332		
Adjusted Total Reduction for Department of Labor	**1,661,383**	**0**	**20.75**	**1,513,006**	**0**	**10.54**	**1,428,646**	**0**	**9.38**

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
		R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
	Administration									
1	Eliminate 1 vacant Processing Asst III in Regional Offices	34,740		1.00	34,740		1.00	34,740		1.00
2	Eliminate 1 vacant Office Work Unit Supv. IV in Regional Offices	32,525		1.00	32,525		1.00	32,525		1.00
3	Eliminate 0.25 vacant Accounting Tech. I in Regional Offices	7,398		0.25	7,398		0.25	7,398		0.25
4	Eliminate 1 vacant Admin. Secretary III in HR	40,315		1.00	40,315		1.00	40,315		1.00
5	Eliminate 1 vacant Admin. Assistant V in IT	34,116		1.00	34,116		1.00	34,116		1.00
6	Eliminate 1 vacant Systems Accountant II in Controller's Office	79,343		1.00	79,343		1.00	79,343		1.00
7	Eliminate 1 vacant Admin. Officer II in the Purchasing Office	51,764		1.00	51,764		1.00	51,764		1.00
8	Eliminate 1 filled Environmental Supv. III in HR	88,968		1.00	88,968		1.00	88,968		1.00
9	Eliminate 1 vacant Computing Consultant I in IT	54,575		1.00						
10	Eliminate 1 vacant Accounting Tech. III in Controller's Office	43,992		1.00						
11	Eliminate 1 vacant Accounting Tech III in the Budget Section	32,160		1.00						
12	Reduce rent line-item in Regional Office	15,267								
		515,163	0	10.25	369,169	0	7.25	369,169	0	7.25
	Division of Air Quality									
1	Fund Shift 1 Filled Environ Program Mgr	102,610		1.00	102,610		1.00	102,610		1.00
2	Fund Shift 1 Filled Admin Secretary III	41,625		1.00	41,625		1.00	41,625		1.00
3	Fund Shift 1 Filled Environ Engineer II	59,625		1.00	59,625		1.00	59,625		1.00
4	Fund Shift 1 Filled Environ Chemist II	52,455		1.00	52,455		1.00	52,455		1.00
5	Fund Shift 1 Filled Environ Spec II	39,535		1.00	39,535		1.00	39,535		1.00
6	Fund Shift 1 Filled Info Processing Asst. II	38,155		1.00	38,155		1.00	38,155		1.00
7	Fund Shift 1 Filled Environ Chemist II	50,505		1.00	50,505		1.00	50,505		1.00
8	Fund Shift 1 Filled Environ Chemist II	63,077		1.00	63,077		1.00	63,077		1.00
9	Fund Shift 1 Vacant Office Assist . IV	28,800		1.00	28,800		1.00	28,800		1.00
10	Fund Shift Benefits-Longevity, OT Pay, Comp to Board Members	12,148			12,148			12,148		
11	Eliminate operating support by fund shifting to receipts	20,610			20,610			20,610		
		509,145	0	9.00	509,145	0	9.00	509,145	0	9.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Aquariums									
1	Eliminate 1 Vacant Inform. & Communication Spec II	54,206		1.00	54,206		1.00	54,206		1.00
2	Eliminate 1 Vacant Natural Science Curator I	32,186		1.00	32,186		1.00	32,186		1.00
3	Eliminate 1 Vacant Natural Science Curator I	32,186		1.00	32,186		1.00	32,186		1.00
4	Eliminate 1 Vacant Natural Science Curator II	41,990		1.00	41,990		1.00	41,990		1.00
5	Reduce various operating line-items	155,648			391,178			391,178		
6	Budget increased receipts	1,100,000								
		1,416,216	0	4.00	551,746	0	4.00	551,746	0	4.00
	Division of Coastal Management									
1	Fund Shift 1 Filled Environmental Spec. III	52,255		1.00	52,255		1.00	52,255		1.00
2	Fund Shift 1 Filled Extend. Educ. & Training Specialist I	43,178		1.00	43,178		1.00	43,178		1.00
3	Fund Shift .50 Filled Environmental Supv. III	38,159		0.50	38,159		0.50	38,159		0.50
4	Reduce land use planning funds				76,000			76,000		
5	Reduce over budgeted operating funds for Preyer Buckridge site	33,252			33,252			33,252		
		166,844	0	2.50	242,844	0	2.50	242,844	0	2.50
	Office of Environmental Education									
1	Eliminate 1 filled Processing Asst IV position	29,587		1.00						
2	Reduce operating budget	14,601			14,601			14,601		
		44,188	0	1.00	14,601	0	0.00	14,601	0	0.00
	Division of Environmental Health									
1	Reduce operating line-items division-wide	35,928			192,809			192,809		
2	Reduce aid to county for environmental health programs	207,000			134,281			134,281		
3	Eliminate 1 vacant Program Assist IV	28,896		1.00	28,896		1.00	28,896		1.00
4	Eliminate .50 vacant Process Assist IV	15,124		0.50	15,124		0.50	15,124		0.50
5	Eliminate 1 vacant App. Analyst Prog. I	61,027		1.00						
6	Reduce mosquito control aid to counties	270,000			62,851					

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
7	Fund shift .71 Filled Proc. Asst IV in Public Water Supply	22,818		0.71	22,818		0.71	22,818		0.71
8	Eliminate 1 Vacant Radiation Prot Serv Chief	95,655		1.00	95,655		1.00	95,655		1.00
9	Eliminate 1 Vacant Admin. Asst. I	40,891		1.00	40,891		1.00	40,891		1.00
10	Fund shift 1 Filled Health Physicist				50,138		1.00	50,138		1.00
11	Fund shift 1 Filled Health Physicist				50,138		1.00	50,138		1.00
12	Fund shift 1 Filled Health Physicist				51,962		1.00	51,962		1.00
13	Fund shift 1 Filled Health Physicist				48,954		1.00	48,954		1.00
14	Fund shift 1 Filled Health Physicist (.60 FTE)				26,808		0.60	26,808		0.60
15	Fund shift 1 Filled Processing Assistant III (.50 FTE)				14,372		0.50	14,372		0.50
16	Budget increased receipts in Radiation Protection section	400,200			5,578			5,578		
17	Fund shift 6 Env Engineer II from new fees	354,287		6.00						
		1,495,898	0	11.21	841,275	0	9.31	778,424	0	9.31
	Division of Forest Resources									
	Eliminate 5 vacant positions Forestry - Field Offices									
1	1 vacant Office Assistant III	28,204		1.00	28,204		1.00	28,204		1.00
2	1 vacant Office Assistant III	30,049		1.00	30,049		1.00	30,049		1.00
3	1 vacant Forestry Supervisor II	59,534		1.00	59,534		1.00	59,534		1.00
4	1 vacant Forestry Supervisor II	71,439		1.00	71,439		1.00	71,439		1.00
5	1 vacant Administrative Assistant I	38,346		1.00	38,346		1.00	38,346		1.00
6	Funds shift 1 vacant Forester II to federal funds	44,220		1.00	44,220		1.00	44,220		1.00
7	Reduce seasonal wages in Forestry - Field Offices	540,544			246,887			246,887		
8	Reduce overtime/fringe in Forestry - Field Offices	495,758			495,758			495,758		
9	Reduce operating funds in Forestry - Field Offices	273,753			275,803			275,803		
10	Reduce vehicle line-item in Forestry - Field Offices	329,000			329,000			329,000		
11	Reduce contractual funds for CL-215	150,000			150,000			150,000		
12	Reduce seasonal and overtime/fringe for BRIDGE program	33,158			33,158			33,158		
13	Fund shift 1 vacant Forestry Technician to nursery seedling receipts	52,044		1.00	52,044		1.00	52,044		1.00
14	Reduce seasonal & overtime/fringe in Tree Improvement Program	10,499			10,499			10,499		

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
15	Reduce Forest Development Program	250,000								
16	Reduce operating funds for the BRIDGE program	243,174								
		2,649,722	0	7.00	1,864,941	0	7.00	1,864,941	0	7.00
	Division of Land Resources									
1	Eliminate 1 vacant Office Asst III in the Geological Survey Sect	25,962		1.00	25,962		1.00	25,962		1.00
2	Reduce operating support in the Geological Survey Section	25,551			25,551			25,551		
3	Eliminate 1 vacant Geodetic Survey Analysis Tech I	37,185		1.00	37,185		1.00	37,185		1.00
4	Fund shift .25 vacant Geodetic Survey Tech I	7,768		0.25	7,768		0.25	7,768		0.25
5	Fund Shift 1 Vacant Environ. Eng. III	68,927		1.00	68,927		1.00	68,927		1.00
6	Fund Shift 1 Vacant Environ. Tech V				37,384		1.00	37,384		1.00
7	Fund Shift 1 Vacant Environ. Eng II	58,093		1.00	58,093		1.00	58,093		1.00
8	Fund Shift 1 Vacant Environ. Tech V	42,709		1.00	42,709		1.00	42,709		1.00
9	Fund Shift 1 Vacant Environ. Tech V	44,046		1.00	44,046		1.00	44,046		1.00
10	Fund Shift 1 Vacant Environ. Tech V	38,017		1.00	38,017		1.00	38,017		1.00
11	Fund Shift 1 Filled Environ Eng. I	53,457		1.00	53,457		1.00	53,457		1.00
12	Fund Shift 1 Filled Environ Tech V	38,725		1.00	38,725		1.00	38,725		1.00
13	Fund Shift 1 Filled Environ Tech V	44,553		1.00	44,553		1.00	44,553		1.00
14	Fund Shift 1 Filled Environ Eng. I	47,571		1.00	47,571		1.00	47,571		1.00
15	Fund Shift 1 Filled Environ Tech V	42,233		1.00	42,233		1.00	42,233		1.00
16	Reduce operating support in Land Quality and shift to receipts	1,540			2,147			2,147		
17	Fund shift 0.5 Filled Office Asst III position to receipts	16,112		0.50	16,112		0.50	16,112		0.50
18	Reduce operating support and shift to receipts	3,151			3,151			3,151		
19	Fund Shift 3 Env Engineers I from new fee increase	140,751		3.00						
20	Fund Shift 2 Env Regional Supervisors I from new fee increase	126,359		2.00						
21	Reduce operating funds in the County Boundaries program	45,975								
		908,685	0	17.75	633,591	0	13.75	633,591	0	13.75

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Division of Marine Fisheries									
1	Reduce operating expenses DMF admin	24,208			84,685			84,685		
2	Eliminate 1 vacant Marine Fisheries Tech II	33,940		1.00	33,940		1.00	33,940		1.00
3	Eliminate 1 vacant Cartographic Tech	28,964		1.00	28,964		1.00	28,964		1.00
4	Eliminate 1 vacant Marine Fisheries Bio Supv	46,624		1.00	46,624		1.00	46,624		1.00
5	Fund Shift 1 vacant Marine Fisheries Bio Supv.	46,624		1.00	46,624		1.00	46,624		1.00
6	Reduce operating support for research programs	284,152			284,152			284,152		
7	Reduce operating support in Marine Patrol Section	90,432			90,432			90,432		
8	Fund Shift 1 filled Marine Fisheries Enforcement Off. III	36,000		1.00	36,000		1.00	36,000		1.00
9	Fund Shift 1 vacant Marine Enforcement Assistant Chief	65,902		1.00	65,902		1.00	65,902		1.00
10	Reduce Fisheries Resources Grant Program	1,000,000						250,000		
11	1 vacant Marine Fisheries Area Leader	38,913		1.00						
12	1 vacant Marine Fisheries Enforcement Off. III	36,000		1.00						
13	1 vacant Marine Fisheries Enforcement Off. III	36,000		1.00						
14	Budget increased receipts from new fees	142,500								
		1,910,259	0	9.00	717,323	0	6.00	967,323	0	6.00
	Museum of Natural Sciences									
1	1 vacant Wildlife/Fish Tech I	30,236		1.00	30,236		1.00	30,236		1.00
2	1 vacant Art Museum Exhibit Design Tech	33,066		1.00	33,066		1.00	33,066		1.00
3	1 vacant Natural Sciences Curator I	32,186		1.00	32,186		1.00	32,186		1.00
4	1 vacant Natural Sciences Curator I	32,186		1.00	32,186		1.00	32,186		1.00
5	1 vacant Natural Sciences Curator I	32,186		1.00	32,186		1.00	32,186		1.00
6	1 vacant Wildlife Fisheries Tech I	30,236		1.00	30,236		1.00	30,236		1.00
7	1 vacant, not established Security Officer	27,999		1.00						
8	Reduce funds for the 16 Grassroots Science Museums	797,000			318,240			318,240		
9	Reduce operating funds for Museum of Forestry	25,000								
10	Reduce operating funds for Museum of Natural Sciences	289,253								
		1,329,348	0	7.00	508,336	0	6.00	508,336	0	6.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Division of Parks & Recreation									
1	*Close Lake James State Park & eliminate 4 filled and 1 vacant positions*									
	Eliminate 1 vacant Maintenance Mechanic I/Not established	25,244		1.00	25,244		1.00	25,244		1.00
	Eliminate 1 filled Park Ranger I	31,333		1.00						
	Eliminate 1 filled Park Ranger II	39,297		1.00						
	Eliminate 1 filled Maintenance Mechanic III	33,654		1.00						
	Eliminate 1 filled Office Assistant III	27,254		1.00						
2	*Falls Lake State Park*									
	Eliminate 1 vacant Park Superintendent I	45,763		1.00	45,763		1.00	45,763		1.00
3	*Waynesborough State Park & Eliminate 1 Filled Position*									
	Eliminate 1 filled General Utility Worker	23,388		1.00	23,388		1.00	23,388		1.00
4	*Weymouth Woods Natural Area*									
	Eliminate 1 filled Maintenance Mechanic II	30,085		1.00	30,085		1.00	30,085		1.00
5	*Jordan Lake State Park*									
	Eliminate 1 filled Park Superintendent I	46,842		1.00	46,842		1.00	46,842		1.00
6	*Jockey's Ridge State Park*									
	Eliminate 1 filled Maintenance Mechanic II	28,402		1.00	28,402		1.00	28,402		1.00
7	*Kerr Lake State Park*									
	Eliminate 1 filled Park Superintendent I	43,713		1.00	43,713		1.00	43,713		1.00
8	*Medoc Mountain State Park*									
	Eliminate 1 filled General Utility Worker	23,371		1.00	23,371		1.00	23,371		1.00
9	*Pettigrew State Park*									
	Eliminate 1 filled General Utility Worker	23,778		1.00	23,778		1.00	23,778		1.00
10	*Singletary Lake State Park & Eliminate 4 Filled Positions*									
	Eliminate 1 filled Park Ranger II	33,540		1.00						
	Eliminate 1 filled Office Assistant III	28,813		1.00	28,813		1.00			
	Eliminate 1 filled Maintenance Mechanic III	33,158		1.00	33,158		1.00			
	Eliminate 1 filled General Utility Worker	23,371		1.00	23,371		1.00			
11	*Crowder's Mountain State Park*									
	Eliminate 1 filled Maintenance Mechanic II	29,738		1.00						

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Eliminate 1 filled General Utility Worker	23,371		1.00						
12	*Fort Fisher State Park*									
	Eliminate 1 filled Park Ranger II	31,478		1.00						
	Eliminate 1 filled General Utility Worker	23,388		1.00						
13	*Goose Creek State Park*									
	Eliminate 1 vacant Park Ranger I	30,824		1.00						
	Eliminate 1 filled General Utility Worker	23,770		1.00						
14	*Hammock's Beach State Park*									
	Eliminate 1 filled Maintenance Mechanic II	27,014		1.00						
	Eliminate 1 filled Office Assistant III	25,145		1.00						
15	*New River State Park*									
	Eliminate 1 filled Maintenance Mechanic II	27,450		1.00						
16	*Raven Rock State Park*									
	Eliminate 1 filled Maintenance Mechanic I	25,667		1.00						
17	*Eno River State Park*									
	Eliminate 1 filled General Utility Worker	23,388		1.00						
18	*William B. Umstead State Park*									
	Eliminate 1 filled General Utility Worker	23,388		1.00						
19	*Fort Macon State Park*									
	Eliminate 1 filled General Utility Worker	23,388		1.00						
20	*Central Office positions*									
	Eliminate 1 filled Office Asst IV (G&S only) Process Asst III (H c	28,811		1.00	28,811		1.00	28,811		1.00
	Eliminate 1 filled Facility Architect I in Construction & Operation	50,405		1.00	50,405		1.00	50,405		1.00
	Eliminate 1 vacant Environmental Specialist II	38,913		1.00	38,913		1.00	38,913		1.00
	Fund Shift 1 filled Office Assistant III in Parks & Rec Trust Fund	27,512		1.00	27,512		1.00	27,512		1.00
21	Reduce seasonal wages	189,258								
22	Reduce various operating line-items	157,845			100,000			100,000		
23	Reduce Adopt-a-Trails ($135,000)	27,000			27,000			27,000		
		1,398,759	0	34.00	648,569	0	16.00	537,983	0	13.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Pollution Prevention & Environmental Assistance									
1	Fund Shift .58 Vacant Environ Spec III	35,757		0.58	35,757		0.58	35,757		0.58
2	Fund Shift 1 Vacant Ind. Devel. Rep I	48,634		1.00	48,634		1.00	48,634		1.00
3	Fund Shift .55 Filled Ind. Devel. Rep I	26,590		0.55	26,590		0.55	26,590		0.55
4	Reduce various operating line-items	9,732			48,989			48,989		
		120,713	0	2.13	159,970	0	2.13	159,970	0	2.13
	Division of Soil & Water Conservation									
1	Eliminate 1 vacant Office Asst. IV	27,947		1.00	27,947		1.00	27,947		1.00
2	Eliminate .5 vacant Env. Tech III	15,695		0.50	15,695		0.50	15,695		0.50
3	Eliminate 1 filled Soil Survey Supervisor	52,647		1.00						
4	Reduce various operating line-items	120,958			121,508			121,508		
5	Reduce equipment line-item	60,000			60,000			60,000		
6	Reduce funds for BMPs in Ag Cost Share ($5,669,897)	794,000						400,000		
		1,071,247	0	2.50	225,150	0	1.50	625,150	0	1.50
	Division of Waste Management									
1	Fund Shift 1 Filled Hydrogeologist II	58,501		1.00	58,501		1.00	58,501		1.00
2	Fund Shift 1 Vacant Environ. Engineer II	59,777		1.00	59,777		1.00	59,777		1.00
3	Eliminate 1 Vacant Office Assist. III	26,167		1.00	26,167		1.00	26,167		1.00
4	Reduce operating support				28,248			28,248		
5	Fund Shift Env Supervisor from new fee receipts	62,638		1.00						
6	Fund Shift Industrial Hygienist from new fee receipts	59,323		1.00						
7	Fund Shift Hydrogeologist II from new fee receipts	58,981		1.00						
8	Reduce operating support from new receipts	59,057								
		384,444	0	6.00	172,693	0	3.00	172,693	0	3.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	Division of Water Quality									
1	Fund Shift 1 Vacant Environ Spec II to Wetlands Mitigation Funds	53,864		1.00	53,864		1.00	53,864		1.00
2	Fund Shift 1 Filled Environ Spec III to Wetlands Mitigation Funds	44,784		1.00	44,784		1.00	44,784		1.00
3	Fund Shift 1 Filled Environ Spec III to Wetlands Mitigation Funds	45,400		1.00	45,400		1.00	45,400		1.00
4	Fund Shift 1 Filled Environ Spec II to Wetlands Mitigation Funds	43,933		1.00	43,933		1.00	43,933		1.00
5	Fund shift operating support to Wetlands Mitigation Funds	54,629			54,629			54,629		
6	Eliminate 1 Vacant Hydo Tech II in Groundwater Section	35,197		1.00	35,197		1.00	35,197		1.00
7	Fund Shift 1 Vacant Env. Eng I in Groundwater Section	49,444		1.00	49,444		1.00	49,444		1.00
8	Fund Shift 1 Vacant Hydrogeologist I in Groundwater Section	44,432		1.00	44,432		1.00	44,432		1.00
9	Fund Shift 1 Filled Office Assist III in Groundwater Section	26,628		1.00	26,628		1.00	26,628		1.00
10	Fund Shift 1 Filled Hydrogeologist I in Groundwater Section	44,432		1.00	44,432		1.00	44,432		1.00
11	Fund Shift 1 Filled Envir Chemist II in Groundwater Section	50,898		1.00	50,898		1.00	50,898		1.00
12	Reduce operating support in Groundwater Section	63,692			63,692			63,692		
13	Eliminate 1 vacant Environ Chemist II in WQ Section	45,240		1.00	45,240		1.00	45,240		1.00
14	Fund Shift 1 Filled Environ. Spec. II in WQ Section	40,316		1.00	40,316		1.00	40,316		1.00
15	Fund Shift 1 Filled Environ. Spec. I in WQ Section	35,874		1.00	35,874		1.00	35,874		1.00
16	Fund Shift 1 Filled Environ. Biologist I in WQ Section	39,560		1.00	39,560		1.00	39,560		1.00
17	Fund Shift 1 Filled Environ.Tech IV in WQ Section	34,696		1.00	34,696		1.00	34,696		1.00
18	Reduce operating funds in WQ Laboratory	158,647								
19	Reduce operating funds in WQ Section	528,647								
		1,440,313	0	15.00	753,019	0	15.00	753,019	0	15.00
	Division of Water Resources									
1	Eliminate 1 Vacant Environ Spec. I	35,929		1.00	35,929		1.00	35,929		1.00
2	Eliminate 1 Vacant Environ Biologist II	51,513		1.00	51,513		1.00	51,513		1.00
3	Reduce various operating line-items	25,131			48,396			48,396		
4	Reduce line-item for USGS contracts	92,787								
		205,360	0	2.00	135,838	0	2.00	135,838	0	2.00

Department of Environment and Natural Resources

	Description	Gov's Budget 2002-03 R	NR	FTEs	Senate Budget 2002-03 R	NR	FTEs	House Proposal 2002-03 R	NR	FTEs
	NC Zoological Park									
1	Reduce various operating line-items	353,870			60,000			60,000		
2	Budget over-realized receipts	143,713			5,222			5,222		
3	Eliminate 1 vacant Zoo Security Officer I	22,957		1.00	22,957		1.00	22,957		1.00
4	Eliminate 1 vacant Zoo Security Officer I	23,335		1.00	23,335		1.00	23,335		1.00
5	Eliminate 1 vacant Staff Dev. Specialist I	38,588		1.00	38,588		1.00	38,588		1.00
6	Eliminate 1 vacant Groundsworker	24,065		1.00	24,065		1.00	24,065		1.00
7	Eliminate .5 vacant Public Info. Asst. III	11,471		0.50	11,471		0.50	11,471		0.50
8	Eliminate 1 vacant Library Tech Asst. II	33,452		1.00	33,452		1.00	33,452		1.00
9	Eliminate 1 vacant Zoo Keeper I	27,472		1.00	27,472		1.00	27,472		1.00
10	Eliminate 1 vacant Zoo Keeper I	27,014		1.00	27,014		1.00	27,014		1.00
11	Eliminate .5 Filled Office Asst. III (LWOP)	12,490		0.50	12,490		0.50	12,490		0.50
12	Fund Shift 2 vacant Zoo Security Officer II				47,789		2.00	47,789		2.00
14	Fund Shift 1 filled Vehicle Operator II				24,435		1.00	24,435		1.00
15	Fund Shift 2 filled Hortic Tech				55,627		2.00	27,466		1.00
17	Fund Shift .5 vacant Housekeeping Team Leader				10,169		0.50	10,169		0.50
		718,427	0	8.00	424,086	0	13.50	395,925	0	12.50
	Reserves & Transfers									
1	Reduce funding for WQ Workgroup grant program	218,000			190,000			190,000		
2	Reduce funds for the Partnership of the Sounds	104,000			52,760			52,760		
		322,000	0		242,760	0		242,760	0	
	Wildlife Resources Commission									
1	Reduce transfer to Wildlife for LEO equalization	368,747			303,747			450,000		
2	Reduce Beaver Control Grants				51,000			51,000		
		368,747	0		354,747	0		501,000	0	
	DENR RECURRING TOTAL	**16,975,478**	**0**	**148.34**	**9,369,803**	**0**	**117.94**	**9,964,458**	**0**	**113.94**

Department of Environment and Natural Resources

Description	Gov's Budget 2002-03 R	Gov's Budget 2002-03 NR	Gov's Budget 2002-03 FTEs	Senate Budget 2002-03 R	Senate Budget 2002-03 NR	Senate Budget 2002-03 FTEs	House Proposal 2002-03 R	House Proposal 2002-03 NR	House Proposal 2002-03 FTEs
Special /Trust Funds									
Reduce GF and replace w/ a transfer Bladen Lakes Sp Fund	220,000	220,000		440,000	(NR)		440,000	(NR)	
Natural Heritage Trust Fund - Parks & Recreation Trust Fund Interest				3,287,582	(NR)		3,287,582	(NR)	
Neuse Animal Waste Cost Share				366,335	(NR)		366,335	(NR)	
	220,000	220,000		4,093,917			4,093,917		
GRAND TOTAL DENR	17,415,478			13,463,720		117.94	14,058,375		114.94

Department of Commerce

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Administration									
Reduce various operating line items	$ 40,706			$ 40,706			$ 40,706		
Eliminate audit services line item	98,000			98,000			98,000		
Eliminate vacant Director of Community Involvement position	87,153		1.00						
Eliminate vacant Assistant Secretary for Economic Development				99,429		1.00			
	225,859	0	1.00	238,135	0	1.00	138,706	0	0.00
Division of Air Transportation Services									
Reduce various operating line items	121,489			121,489			121,489		
Sell Bell 206 Helicopter		700,000						700,000	
	121,489	700,000	0.00	121,489	0	0.00	121,489	700,000	0.00
Business & Industry Division									
Reduce various operating line items	256,056								
Eliminate filled Economic Developer	80,853		1.00						
Eliminate vacant Economic Developer	75,065		1.00						
Eliminate vacant Administrative Assistant	43,416		1.00	43,416		1.00	43,416		1.00
Eliminate filled Adminstrative Assistant	33,271		1.00						
Eliminate tranfer to Global TransPark Authority for marketing	172,036			172,036			172,036		
	660,697	0	4.00	215,452	0	1.00	215,452	0	1.00
Commerce Finance Center									
Eliminate 1 vacant Industrial Finance Specialist II position	53,384		1.00	53,384		1.00	53,384		1.00
Reduce various operating line items	19,000			18,999			18,999		
Reduce Industrial Development Revolving Fund	196,505			1,380,528			1,380,528		
	268,889	0	1.00	1,452,911	0	1.00	1,452,911	0	1.00
Commission on Workforce Preparedness									
Fund shift vacant Deputy Director position				58,901		0.58	58,901		0.58
Fund shift vacant Administrative Assistant				26,712		0.58	26,712		0.58
Reduce various operating line items				4,074			4,074		
	0	0	0.00	89,687	0	1.16	89,687	0	1.16

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Division of Community Assistance									
Eliminate vacant Drafting Technician II position	42,298		1.00	42,318		1.00	42,318		1.00
Eliminate vacant Community Dev Planner I	45,997		1.00						
Eliminate vacant Community Dev Planner I	67,106		1.00						
Eliminate vacant Community Dev Planner I	54,940		1.00						
Fund shift filled Public Information Officer				37,954		1.00	37,954		1.00
Fund shift .50 FTE filled Office Assistant				15,214		0.50	15,214		0.50
Reduce office rent				23,120			23,120		
Reduce operating funds	73,081								
Reduce Councils of Government (COGs) by 11%	102,850			102,850			102,850		
	386,272	0	4.00	221,456	0	2.50	221,456	0	2.50
Industrial Commission									
Budget overrealized receipts and reduce General Fund approp.	724,307			327,844			327,844		
Fund shift vacant Applications Analyst Programmer I				74,298		1.00	74,298		1.00
Fund shift .43 FTE, elim. .32 FTE vacant Comp Support Tech I				23,621		0.75	23,621		0.75
Fund shift vacant Processing Assistant III				26,590		1.00	26,590		1.00
Fund shift vacant Data Control Clerk III				24,862		1.00	24,862		1.00
Fund shift vacant Program Asst V				35,179		1.00	35,179		1.00
Fund shift vacant Program Asst V				34,616		1.00	34,616		1.00
Fund shift vacant Agency Legal Specialist I				52,116		1.00	52,116		1.00
Eliminate vacant Application Programmer I				38,147		1.00	38,147		1.00
Eliminate .50 FTE vacant Processing Assistant III				18,592		0.50	18,592		0.50
Eliminate vacant Administrative Assistant I				43,286		1.00	43,286		1.00
Eliminate filled Processing Assistant II position				25,156		1.00	25,156		1.00
	724,307	0	0.00	724,307	0	10.25	724,307	0	10.25
International Trade Division									
Eliminate 1 vacant Office Assistant IV position	28,326		1.00	28,346		1.00	28,346		1.00
Reduce various operating line items	264,141			200,000			200,000		
	292,467	0	1.00	228,346	0	1.00	228,346	0	1.00

Department of Commerce

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Division of Marketing and Client Services									
Reduce advertising line item	131,931								
	131,931	0	0.00	0	0	0.00	0	0	0.00
Management Information Systems (MIS) Division									
Eliminate filled Telecommunications Equipment Tech I position	46,876		1.00	45,695		1.00	45,695		1.00
Reduce computer software line item				30,000			30,000		
Reduce various operating line items	79,382			14,651			14,651		
	126,258	0	1.00	90,346	0	1.00	90,346	0	1.00
Division of Policy, Research, & Strategic Planning									
Reduce various operating line items	45,663			45,663			45,663		
	45,663	0	0.00	45,663	0	0.00	45,663	0	0.00
Division of Science & Technology									
Eliminate filled Education Consultant position	66,626		1.00	66,626		1.00	66,626		1.00
	66,626	0	1.00	66,626	0	1.00	66,626	0	1.00
Division of Tourism, Film, & Sports Development									
Reduce various operating line items	589,482			219,680			169,680		
Reduce Tourism Promotion Grants	129,293								
Eliminate vacant Program Development Coordinator	60,441		1.00	60,441		1.00	60,441		1.00
Reduce operating funds for Heritage Tourism Porgram	35,000								
Eliminate vacant Heritage Tourism Development Officer	45,000		1.00	45,912		1.00			
Eliminate filled Heritage Tourism Development Officer	45,982		1.00	54,223		1.00			
Eliminate filled Heritage Tourism Development Officer	45,982		1.00						
Reduce various operating line items in the Welcome Centers	99,714			50,000			50,000		
Eliminate advertising reserve line item							50,000		
Funds for recruitment and retention of film production	0	(500,000)	0.00	0	0	0.00	0	(500,000)	0.00
	1,050,894	(500,000)	4.00	430,256	0	3.00	330,121	(500,000)	1.00

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
Wanchese Seafood Industrial Park									
Eliminate vacant Community Development Specialist II position	69,976		1.00				45,485		1.00
Reduce operating funds	1,969								
	71,945	0	1.00	0	0	0.00	45,485	0	1.00
Total Reductions for Department of Commerce	**4,173,297**	**200,000**	**18.00**	**3,924,674**	**0**	**22.91**	**3,770,595**	**200,000**	**20.91**

Commerce-State Aid

Description	Gov's Budget 2002-03			Senate Budget 2002-03			House Proposal 2002-03		
	R	NR	FTEs	R	NR	FTEs	R	NR	FTEs
State Aid to Non-State Entities									
Land Loss Prevention Project	49,500			49,500			45,900		
N.C. Coalition of Farm and Rural Families	27,500			250,000			250,000		
N.C. Institute of Minority Exonomic Development	165,000			165,000			153,000		
N.C. Minority Support Center	66,000			66,000			61,200		
N.C. Community Development Initiative	220,000			220,000			204,000		
N.C. Association of Community Development Corporations	44,000			44,000			40,800		
** Sentate budget appropriates remaining funds on a non-recurring basis*									
Regional Economic Development Commissions									
Reduce funding to seven partnerships by 11%	706,750								
Reduce funding to each partnerships by $100,000 and fund on NR basis				700,000					
Reduce funding to each partnership by $75,000							525,000		
Total for Non-State Entities	**1,278,750**			**1,494,500**			**1,279,900**		
Rural Economic Development Center									
Reduce General Fund appropriation by 11%	559,982								
Reduce funding for supplimental water and sewer grants				255,251			255,251		
Reduce funding for water, sewer, and business develoment grants				25,000			25,000		
Reduce funding for research and demonstration grants				44,000			44,000		
Reduce grants fo Community Development Corporations				56,200			56,200		
Reduce funding to local lending sites				23,400			23,400		
Reduce operating support to Opportunities Industrialization Centers				20,000			20,000		
Total for REDC	**559,982**			**423,851**			**423,851**		
NC Biotechnology Center									
Reduce General Fund appropration by 11%	689,751								
Reduce funding for revolving loan fund				300,000			300,000		
Shift position to non-state funding				42,526			42,526		
Shift expenses to non-state funding				34,521			34,521		
Budget non-recurring revenue and reduce General Fund appropriation		250,000			250,000			250,000	
Total for NC Biotechnology Center	**689,751**	**250,000**		**377,047**	**250,000**		**377,047**	**250,000**	
Total Reductions to Commerce-State Aid	**2,528,483**	**250,000**		**2,295,398**	**250,000**		**2,080,798**	**250,000**	

NER Budget Comparisons

Departments	Governor's Budget	Senate Budget	House Budget
Housing Finance Agency	583,000	540,600	540,600
Agricultural and Consumer Services	6,391,566	5,618,764	5,621,393
Labor	1,661,383	1,513,006	1,428,646
Environment and Natural Resources	17,415,478	13,463,720	14,058,375
Commerce	4,373,297	3,924,674	3,970,595
State-Aid	2,778,483	2,545,398	2,330,798
Biotechnology Center	939,751	627,047	627,047
Rural Economic Development Center	559,982	423,851	423,851
TOTAL	34,702,940	28,657,060	29,001,305

ATTACHMENT III

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources — Name of Committee

July 24, 2002 — Date

Morning Meeting

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
KEVIN LEONARD	NCDOL
Becky Brown	NCDOL
Doug Lassiter	NC Septic Tank Assoc.
Linda Hunn	NCIMED
David Brown	OSBM
ABDUL RASHEED	NCCDCI
SUSAN PERRY COLE	NCRCOC
Paula D Payne	n/a
Thomas Clark	OSBM
Johnny Gray	OSBM
Byron Harris	OSBM
Clara May	NCDA & CS
David Smith	NCDA & CS
Faye Smith	DENR
Andrea Harris	NCIMED
FRAN NOLAN	GRASSROOTS SCIENCE
Steve Wall	CCNC
Denise A. Seaborne	Commerce
Kim Hibbard	NCLM
SUSAN PERRY	NCRCOC
Stephen J Weiner	NCABL & PP

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
July 25, 2002

The House Appropriations Subcommittee on Natural and Economic Resources met on Thursday, July 25, 2002 at 8:30 AM in Room 605 of the Legislative Office Building. Ten House Members were present as follows: Representatives Stan Fox, Bill Owens, Arlie Culp, Howard Hunter, Frank Mitchell, Alice Underhill, Tracy Walker, Edith Warren, John Weatherly and Roger West.

SPECIAL PROVISIONS

Chairman Stan Fox called the meeting to order. He called upon the NER Fiscal Staff to review NER Special Provisions (ATTACHMENT I), and he asked that questions be presented as the provisions are reviewed.

Mr. Adam Levinson reviewed NER Block Grant Funds.

Ms. Kelly Huffstetler reviewed the following Department of Agriculture and Consumer Services Special Provisions:

Close Robbins Diagnostic Laboratory

Department plans to close the laboratory and relocate the two employees to Raleigh so the service level will be maintained. The facility is in dire condition and leaving it open would cause the entire diagnostic lab system to be reevaluated and possibly lose their accreditation.

Adjust Methods of Budgeting Receipts and Limit Spending
Transfer Mountain State Fair Receipts

Ms. Jennifer Hoffman reviewed the following Department of Environment and Natural Resources Special Provisions:

Grassroots Science Program
Statewide Beaver Damage Control Program Funds
Reorganization of DENR/Conforming Changes
DENR Position for Scrap Tire Program
Funds for Cleanup of Warren County PCB Landfill

Representative Mitchell asked what has been done so far on the cleanup. Chairman Fox stated the cleanup is within $4.5 M of completing the project, and $2.5 M has been found for the cleanup. Ms. Hoffman stated equipment has been set up for the past few years to do the soil cleanup. Permits have been received

and the cleanup is ready to begin. A significant amount of money has been spent in terms of purchasing equipment and setting up site to prepare it for actual cleanup.

Division of Environmental Health Position Reclassified

Ms. Hoffman continued with the review of the Department of Commerce/Economic Development

Oregon Inlet Funds

Mr. Levinson reviewed the following:

Council of Government Funds
Worker Training Trust Fund Appropriations
NER Interim Study/Small Business Development Functions
Report on TDA (House Only)

Committee may recall that TDA, which is not currently in this year's budget, has been receiving money from the subcommittee for a number of years on a non-recurring basis. In the past budget cycle, there was a provision that directed TDA to engage in a profit sharing agreement with the state. TDA has indicated at this point it is not willing to enter into that agreement and in response the committee felt that this provision was necessary to ensure that the state look into other options for potentially recovering funding that has gone into TDA that may be appropriate to go back to the state at some point. The provision asks the Attorney General to look into this and make recommendations. Representative Owens followed up by stating TDA has done some good things, but it refused to sign the agreement unless state funds would be restored for last year. Representative Howard Hunter stated he serves on the TDA Board, and he recommended that TDA sign the agreement. The Chairman said we would wait and see. Mr. Levinson said the provision does not direct any action other than to study what actions might be taken.

One North Carolina Fund

Ms. Huffstetler continued with the following:

Regional Economic Development Commission Allocations
Regional Commission Reports

Ms. Huffstetler stated there are significant changes this year. Commissions have always reported to the subcommittee program activities, objectives and accomplishments. On page 23, lines 6 through 29, the special provision asks for more details. Some of the commissions already provide this information. On line 30 the commissions are asked to

report actual revenues by fund source. On line 41, the commissions are asked to report salary and benefits for all the employees.

Nonprofit Reporting Requirements
Rural Economic Development Center
Opportunities Industrialization Center Funds

Representative Frank Mitchell stated he did not see any problem with the Special Provisions. He asked if there is any money going to the Global Transpark from our subcommittee. Mr. Levinson stated the only money that used to flow to the Transpark from our subcommittee was $172,000 in funding for marketing from the Department of Commerce, and that is eliminated in the money report.

The Chairman asked that staff be allowed to make any technical changes that need to be made, and Representative Howard Hunter moved that the Special Provisions be approved. A vote was taken, and the Special Provisions were approved.

The meeting adjourned at 8:55 AM.

Respectfully submitted,

Representative Stan Fox, Chair

Mary Capps, Committee Assistant

Representative Bill Owens, Chair

NER

SPECIAL PROVISIONS

7/25/02

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as S

2002-COMM-H15(S5.2)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. -- Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million one hundred thousand dollars ($13,100,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million one hundred thousand dollars ($2,100,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same as S

DRAFT
SPECIAL PROVISION

2002-AGRIC-H1(S11.1)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

CLOSE ROBBINS DIAGNOSTIC LABORATORY

SECTION 11.1. The Department of Agriculture and Consumer Services shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in Moore County and reassign one veterinarian position and one medical laboratory technician position to the Rollins Animal Disease Diagnostic Laboratory located in Raleigh. In order to preserve current laboratory capability, poultry diagnostic services currently performed at the Poultry Disease Diagnostic Laboratory located in the Town of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory located in Raleigh or at other animal disease diagnostic laboratories of the Department of Agriculture and Consumer Services.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

Same as S

DRAFT
SPECIAL PROVISION

2002-AGRIC-H2(S11.2)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING

SECTION 11.2.(a) The Office of State Budget and Management shall, in accordance with G.S. 143-25, adjust its current method of budgeting receipt revenues within the Department of Agriculture and Consumer Services to more accurately reflect actual revenues.

SECTION 11.2.(b) Notwithstanding G.S. 143-23, the Division of Research Stations of the Department of Agriculture and Consumer Services shall not spend more during the 2002-2003 fiscal year than is appropriated under this act for the Division of Research Stations of the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year.

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same as S

DRAFT
SPECIAL PROVISION

2002-AGRIC-H3(S11.3)i

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

TRANSFER MOUNTAIN STATE FAIR RECEIPTS

SECTION 11.3. The Department of Agriculture and Consumer Services shall transfer the sum of seventy thousand dollars ($70,000) from the Mountain State Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development Association, Inc., to be used to promote agricultural development in the western part of the State.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same as S

DRAFT
SPECIAL PROVISION

2002-NATRES-H2(S12.1)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

GRASSROOTS SCIENCE PROGRAM

SECTION 12.1. Section 19.2 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.2.** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred twenty thousand dollars ($3,120,000) for fiscal year 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars ($3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars ($2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003	
Aurora Fossil Museum	$58,733	~~$58,733~~	$57,535
Cape Fear Museum	$209,018	~~$209,018~~	$187,205
Catawba Science Center	$167,833	~~$167,833~~	$151,669
Colburn Gem and Mineral Museum, Inc.	$71,336	~~$71,336~~	$68,409
Discovery Place	$699,985	~~$699,985~~	$610,826
Granville County Museum Commission, Inc. - Harris Gallery	$61,553	~~$61,553~~	$59,968
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$157,305	~~$157,305~~	$142,585
Imagination Station	$94,815	~~$94,815~~	$88,668
Iredell County Children's Museum	$58,342	~~$58,342~~	$57,198
Museum of Coastal Carolina	$64,141	~~$64,141~~	$62,201
Natural Science Center of Greensboro	$250,850	~~$250,850~~	$223,299
North Carolina Museum of Life and Science	$445,843	~~$445,843~~	$391,545
Rocky Mount Children's Museum	$88,855	~~$88,855~~	$83,525
Schiele Museum of Natural History	$348,433	~~$348,433~~	$307,496
Sci Works Science Center and Environmental Park of Forsyth County	$178,947	~~$178,947~~	$161,259
Western North Carolina Nature Center	$164,011	~~$164,011~~	$148,372
Total	$3,120,000	~~$3,120,000~~	$2,801,760"

(6)

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as S

2002-NATRES-H3(S12.2)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 12.2. Section 19.1 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of ~~five hundred thousand dollars ($500,000)~~ four hundred forty-nine thousand dollars ($449,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share."

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as S

2002-ENV-H1(S12.3)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representatives Fox, Owens**

REORGANIZATION OF DENR/CONFORMING CHANGES

SECTION 12.3.(a) The positions of Division Director and of Administrative Assistant I within the Division of Radiation Protection of the Department of Environment and Natural Resources are eliminated. All other positions within the Division of Radiation Protection of the Department of Environment and Natural Resources are reassigned to the Division of Environmental Health of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Division of Radiation Protection of the Department of Environment and Natural Resources shall be performed by the Division of Environmental Health of the Department of Environment and Natural Resources. The Division of Radiation Protection of the Department of Environment and Natural Resources is abolished.

SECTION 12.3.(b) G.S. 104E-8(c) reads as rewritten:

"(c) The 10 ex officio members shall be appointed by the Governor, shall be members or employees of the following State agencies or their successors, and shall serve at the Governor's pleasure:

(1) The Utilities Commission;
(2) The Commission for Health Services;
(3) The Environmental Management Commission;
(4) The Board of Transportation;
(5) The Division of Emergency Management of the Department of Crime Control and Public Safety;
(6) The Division of ~~Radiation Protection~~ Environmental Health of the Department;
(7) The Department of Labor;
(8) The Industrial Commission;
(9) The Department of Insurance;
(10) The Medical Care Commission."

SECTION 12.3.(c) G.S. 104E-9(b) reads as rewritten:

"(b) The ~~Radiation Protection~~ Division of Environmental Health of the Department of Environment and Natural Resources shall develop a training program for tanning equipment operators that meets the training rules adopted by the North Carolina Radiation Protection Commission. If the training program is provided by the Department, the Department may charge each person trained a reasonable fee to recover the actual cost of the training program."

SECTION 12.3.(d) G.S. 120-70.33 reads as rewritten:

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"§ 120-70.33. Powers and duties.

The Joint Select Committee shall have the following powers and duties:

(1) To study alternatives available to the State for dealing with low-level radioactive waste and the ramifications of each of those alternatives;

(2) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.

(3) To evaluate actions of the Radiation Protection Commission, the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, and of any other board, commission, department, or agency of the State or local government as such actions relate to low-level radioactive waste management;

(4) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.

(5) To review and evaluate changes in federal law and regulations, relevant court decisions, and changes in technology affecting low-level radioactive waste management;

(6) To review existing and proposed State law and rules affecting low-level radioactive waste management and to determine whether any modification of law or rules is in the public interest;

(7) To make reports and recommendations, including draft legislation, to the General Assembly from time to time as to any matter relating to the powers and duties set out in this section; and

(8) To undertake such additional studies as it deems appropriate or as may from time to time be requested by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, either house of the General Assembly, the Legislative Research Commission, the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, or the Joint Legislative Utility Review Committee, and to make such reports and recommendations to the General Assembly regarding such studies as it deems appropriate."

SECTION 12.3.(e) G.S. 143B-279.3(c)(1) is repealed.

SECTION 12.3.(f) G.S. 166A-6.1(b) reads as rewritten:

"(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Crime Control and Public Safety, for the use of the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, an annual fee of thirty-six thousand dollars ($36,000) for each fixed nuclear facility that is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee shall be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. This fee is to be paid no later than July 31 of each year."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

same as S

DRAFT
SPECIAL PROVISION

2002-ENV-H2(S12.5)i

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representatives Fox, Owens**

DENR POSITION FOR SCRAP TIRE PROGRAM

SECTION 12.5.(a) Section 19.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal year ~~and for the 2002-2003 fiscal year~~ to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites."

SECTION 12.5.(b) G.S. 130A-309.63 reads as rewritten:

"**§ 130A-309.63. Scrap Tire Disposal Account.**

(a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting account within the Department. The Account consists of revenue credited to the Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of Chapter 105 of the General Statutes. The Department may use revenue in the Account only as authorized by this section.

(b) Use. – The Department may use revenue in the Account only as authorized by this section.

(1) The Department may use up to fifty percent (50%) of the revenue in the Account to make grants to units of local government to assist them in disposing of scrap tires. To administer the grants, the Department shall establish procedures for applying for a grant and the criteria for selecting among grant applicants. The criteria shall include the financial ability of a unit of local government to provide for scrap tire disposal, the severity of a unit of local government's scrap tire disposal problem, the effort made by a unit of local government to ensure that only tires generated in the normal course of business in this State are provided free disposal, and the effort made by a unit of local government to provide for scrap tire disposal within the resources available to it.

(2) The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of

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tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the Division of ~~Environmental Assistance and~~ Pollution Prevention and Environmental Assistance of the Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires.

(3) The Department may use revenue in the Account to support a position to provide local governments with assistance in developing and implementing scrap tire management programs designed to complete the cleanup of nuisance tire collection sites and prevent scrap tires generated from outside of the State from being presented for free disposal in the State.

(4) The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

(c) Eligibility. – A unit of local government is not eligible for a grant for scrap tire disposal unless its costs for disposing of scrap tires for the six-month period preceding the date the unit of local government files an application for a grant exceeded the amount the unit of local government received during that period from the proceeds of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for scrap tire disposal may not exceed the unit of local government's unreimbursed cost for the six-month period.

~~(d) Cleanup of Nuisance Tire Sites. – The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.~~

(e) Reporting. – The Department shall include in the report to be delivered to the Environmental Review Commission on or before 15 January of each year pursuant to G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of the implementation of the North Carolina Scrap Tire Disposal Act shall include the beginning and ending balances in the Account for the reporting period, the amount credited to the Account during the reporting period, and the amount of revenue used for grants and to clean up nuisance tire collection sites."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

House only

DRAFT
SPECIAL PROVISION

2002-ENV-H3

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

FUNDS FOR CLEANUP OF WARREN COUNTY PCB LANDFILL

SECTION #. The Department of Environment and Natural Resources may use up to two million five hundred thousand dollars ($2,500,000) from the Inactive Hazardous Sites Cleanup Fund established in G.S. 130A-310.11 for the 2002-2003 fiscal year for the detoxification and remediation of the landfill located in Warren County that contains polychlorinated biphenyl (PCBs) and dioxin/furan contaminated materials.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House only
2002-ENV-H5

Environment and Natural Resources
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens, Mitchell

DIVISION OF ENVIRONMENTAL HEALTH POSITION RECLASSIFIED

SECTION #. The vacant position of Applications Analyst Programmer I in the Division of Environmental Health of the Department of Environment and Natural Resources is reclassified as the position of Environmental Engineer II and is assigned to the On-Site Wastewater Section of the Division of Environmental Health of the Department of Environment and Natural Resources.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

Same as S

2002-COMM-H2(S13.1)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

OREGON INLET FUNDS

SECTION 13.1. Funds appropriated to the Department of Commerce for the 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30, 2002, but shall remain available to the Department for legal costs associated with the Project. This section becomes effective June 30, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House version

2002-COMM-H21(S13.2)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Section 20.12(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and ~~nine hundred thirty-five thousand dollars ($935,000)~~ eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to ~~fifty-five thousand dollars ($55,000)~~ forty-eight thousand nine hundred fifty dollars ($48,950) for ~~each~~ the 2002-2003 fiscal ~~year, with the actual amount calculated as provided in subsection (b) of this section.~~year."

SECTION 13.2.(b) Section 20.12(b) of S.L. 2001-424 is repealed.

SECTION 13.2.(c) Section 20.12 of S.L. 2001-424 is amended by adding a new subsection to read:

"**SECTION 20.12.(c1)** The funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than September 1, 2002, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by January 15, as specified in subdivision (f)(2) of this section."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House version

2002-COMM-H22A(S13.3)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 13.3.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars ($6,300,000) for the 2002-2003 fiscal year for the operation of local offices.

SECTION 13.3.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2002-2003 fiscal year for the following purposes:

(1) Nine hundred eleven thousand one hundred twenty-one dollars ($911,121) for the 2002-2003 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Community Colleges System Office for customized training of the unemployed and the working poor for specific jobs needed by employers through the Training Initiatives Program;

(3) One million four hundred fifty thousand dollars ($1,450,000) for the 2002-2003 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred one thousand nine hundred fifty-seven dollars ($201,957) for the 2002-2003 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred fifty-nine thousand thirty-five dollars ($359,035) for the 2002-2003 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-three thousand eight hundred fifty-six dollars ($53,856) for the 2002-2003 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Department of Labor to continue the Apprenticeship Program.

(8) Two hundred fifty thousand dollars ($250,000) for the 2002-2003 fiscal year to the Community Colleges System Office for the operation of the Hosiery Technology Center.

SECTION 13.3.(c) North Carolina REAL Enterprises and the other agencies listed in subsections (a) and (b) of this section shall do the following for the programs for which funds are appropriated in this section:

By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2002-2003 program activities, objectives, and accomplishments;

b. State fiscal year 2002-2003 itemized expenditures and fund sources;

c. State fiscal year 2003-2004 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2003-2004 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

SECTION 13.3.(d) North Carolina REAL Enterprises shall, in addition to satisfying the reporting requirements in subsection (c) of this section, provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House Version

2002-COMM-H13(S13.4)

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS

SECTION 13.4.(a) During the interim between the end of the 2002 Regular Session of the 2001 General Assembly and the beginning of the 2003 General Assembly, the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources may study the feasibility and desirability of designating the Small Business and Technology Development Center (SBTDC), the Department of Commerce, the Community Colleges System Office, or any other government or non-profit entity as the State's presumptive provider of small business development assistance, including: (i) promoting the development of small business incubators; and (ii) investing in early-stage technology-based businesses.

SECTION 13.4.(b) The subcommittees shall report their recommendations, including any proposed changes to the General Statutes, to the 2003 General Assembly no later than January 15, 2003. The subcommittees may seek and obtain assistance from any agencies and resources outside the General Assembly that the subcommittees determine are needed to adequately perform the study.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House only

2002-COMM-H23

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REPORT ON TDA

SECTION #. By January 15, 2003, the Attorney General shall report to the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources, the chairs of the Senate and House Appropriations Committees, and to the Joint Commission on Governmental Operations regarding any expenditure of funds by the Technological Development Authority, Inc. for purposes outside the scope of activities for which they were appropriated by the General Assembly. The report shall include legal recommendations for the recovery of any misspent funds and a proposed course of action designed to prevent future misuse of State appropriated funds.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House only
2002-COMM-H19

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

ONE NORTH CAROLINA FUND

SECTION #. Funds appropriated to the Department of Commerce for the 2001-2002 fiscal year for the One North Carolina Fund that are unexpended and unencumbered as of June 30, 2002 shall not revert to the General Fund on June 30, 2002, but shall remain available to the Department for providing financial assistance to those businesses and industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. This section becomes effective June 30, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

House version

2002-COMM-H6A

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.6. Section 20.10 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.10.(a)** Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following ~~commissions~~ Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each ~~regional economic development commission~~ Regional Economic Development Commission as follows:

(1) First, the Department shall establish each ~~commission's~~Commission's allocation by determining the sum of allocations to each county that is a member of that ~~commission.~~ Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under ~~G.S. 105-129.3;~~ G.S. 105-129.3.

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development ~~Zone~~Commission the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year,~~the 2001-2002 fiscal year and the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session ~~Laws; and~~ Laws.

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year~~ the 2001-2002 fiscal year and the sum of one hundred thousand seventy-one thousand nine hundred seventy-nine dollars ($171,979) in

the 2002-2003 fiscal year to the seven ~~regional economic development commissions~~ Regional Economic Development Commissions named in subsection (a) of this section. Each ~~commission's~~Commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each ~~commission's~~Commission's allocation determined under subdivision (1) of this subsection.

(4) For the 2002-2003 fiscal year, the reduction in appropriation of funds allocated pursuant to subdivisions (1), (2), and (3) of this subsection was managed by first using the formula applied against the amount appropriated for the 2001-2002 fiscal year and then reducing by the sum of seventy-five thousand dollars ($75,000) the allocation for each of the Regional Economic Development Commissions listed in subsection (a) of this section.

(5) Funds appropriated in this act to the Department of Commerce for the Regional Economic Development Commissions shall be budgeted in Budget Code 14601 (Commerce-State Aid)."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as Senate
2002-COMM-H7(S13.7)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REGIONAL COMMISSION REPORTS

SECTION 13.7. Section 20.11(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.11.(a)** Each ~~regional economic development commission~~ Regional Economic Development Commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

~~(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:~~

~~a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;~~

~~b. State fiscal year 2001-2002 itemized expenditures and fund sources;~~

~~c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;~~

~~d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.~~

(2) Report by January 15, 2003, on the first and second quarters of the 2002-2003 fiscal year, and by July 15, 2003, on the third and fourth quarters of the 2002-2003 fiscal year, regarding the following:

a. Program activities, objectives, and accomplishments for its region, to include:

1. Specific businesses and/or industries that have been recruited.
2. Businesses and/or industries that have located as a result of recruitment efforts, and number of new jobs created as a result of that location decision.
3. Existing businesses and/or industries that have expanded as a result of assistance, and number of new jobs created as a result of that expansion.
4. Existing businesses and/or industries that have remained as a result of retention efforts, and number of jobs saved as a result of that retention.
5. For sub-sub-subdivisions 1 through 4 of this sub-subdivision, each Commission shall describe its role in the activities and identify the relative contributions of the Commission and the Department of Commerce to the activities.
6. Number and description of marketing outreach events, including trade shows, recruitment missions, and related activities.
7. Initiatives undertaken to establish certified sites and shell buildings.
8. Number of referrals or leads handled that were generated by the Department of Commerce, and number that were generated by the Commission.

b. Total itemized actual revenues and expenditures, by fund source.

The report required by this subsection shall be made to the Department of Commerce, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

(3) Report by January 15, 2003, to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce on the following:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments.
b. State fiscal year 2001-2002 itemized expenditures, including salary and benefits for all employees regardless of funding sources, and fund sources.

(4) Report by January 15, 2003, to the Department of Commerce on the number and listing of available sites and buildings within the region.

~~(3)~~(5) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as Senate

2002-COMM-H9(S13.10)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.10. Section 20.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.14.(a)** The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, ~~North Carolina Coalition of Farm and Rural Families, Inc.,~~ North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements ~~for~~ by January 15, 2002, or January 15, 2003."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as Senate
2002-COMM-H10(S13.11)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Section 20.15(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749)~~one million seven hundred forty-four thousand seven hundred forty-nine dollars ($1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	~~$444,000~~$400,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

SECTION 13.11.(b) Section 20.15(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars ($2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars ($2,902,000)~~two million five hundred forty-two thousand one hundred forty-nine dollars ($2,542,149) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 ~~in each~~for the 2001-2002 fiscal year and $1,067,800 for the 2002-2003 fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

same as Senate
2002-COMM-H11(S13.12)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.12. Section 20.16(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars ($400,000)~~three hundred eighty thousand dollars ($380,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc."

Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 ~~in each~~for the 2001-2002 fiscal year and $810,000 for the 2002-2003 fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 ~~in each~~for the 2001-2002 fiscal year and $207,800 for the 2002-2003 fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 ~~in each~~for the 2001-2002 fiscal year and $210,600 for the 2002-2003 fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,344,000 ~~in each~~for the 2001-2002 fiscal year and $1,063,749 for the 2002-2003 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,094,000 ~~in each~~for the 2001-2002 fiscal year and $838,749 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $250,000 ~~in each~~for the 2001-2002 fiscal year and $225,000 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match

federal grants or other grants related to water, sewer, or business development projects.

(4) $200,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $125,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need."

VISITOR REGISTRATION SHEET

APPROPRIATIONS/Subcommittee on Natural and Economic Resources 7/25/02

Name of Committee | Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wilson Jenny	NC DA & CS
Martha Glenn	NC DA & CS
Becky Brown	NCDOL
Kevin Leonard	NCDOL
Andrea Harris	NCIMED
Lori G Harris	L N Harris & Assoc
Linda Glenn	NCIMED
Carl Folsom	Carolina Hosiery Assn.
Omid Nasab	Hunton & Williams
David Brown	OSBM
Johnny Gray	OSBM
Byron Harris	OSBM
John Bowdish	Alley Associates
DAVID SMITH	NC DA & CS
Clara Gay	NCDA & CS
JERRY HARDESTY	NC. PORK COUNCIL
A. RASHEED	NCCDI
Stan Will	CCNC
Kelly Anderson	CWMTF
Ebonie Alexander	NCCDJ
FRAN McCAN	GRASSROOTS
John	NCRD
Diana Wilkins	Mercer & Assoc

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
August 1, 2002

The House Appropriations Subcommittee on Natural and Economic Resources met on Thursday, August 1, 2002 at 9:45 AM in the House Chamber at Representative Stan Fox's Seat # 46 in the Legislative Building. Seven House Members were present as follows: Representatives Stan Fox, Arlie Culp, Frank Mitchell, Tracy Walker, Edith Warren, John Weatherly and Roger West.

Chairman Stan Fox called the meeting to order. He asked Jennifer Hoffman to explain draft special provision – Time Limits Concerning Violations of Statutes or Rules requested by Representative Bill Owens (ATTACHMENT I). Representatives Weatherly and Mitchell had questions about enforcement and why the provision was requested, and Mr. Bill Ross, Secretary, Department of Environmental and Natural Resources expressed concern also about the provision. Since Representative Owens was not present, the Chairman stated that the subcommittee would meet again after session to discuss the provision further.

Kelly Huffstetler was called upon to explain draft special provision – NC Farmers' Markets/Analyze Certain Operational Guidelines and Enforcement of Guidelines – (ATTACHMENT II) requested by Representative Edd Nye. Mr. Weldon Denny, Department of Agriculture and Consumer Services, stated the provision asks for a study, and the department has no problem with it. The Chairman called for a vote, and it passed.

Ms. Huffstetler shared Regional Commission Reports (from Special Provisions passed by the subcommittee on July 25, 2002) - (ATTACHMENT III) which would remove from the provision the listing of salaries and benefits. Representative Mitchell asked who requested the provision change, and he stated he had no problem with leaving the provision the way it was approved. The chairman called for a vote, and the change to the Special Provisions failed.

The Chairman adjourned the meeting at 9:55 AM and reminded the subcommittee to meet immediately after House adjournment.

Minutes
House Appropriations Subcommittee on
Natural and Economic Resources
August 1, 2002

Chairman Stan Fox called the meeting to order at 10:50 AM in the House Chamber at his Seat #46. Ten House Members were present as follows: Representatives

Stan Fox, Bill Owens, Edith Warren, Arlie Culp, Howard Hunter, Frank Mitchell, Tracy Walker, Nurham Warwick, John Weatherly, Roger West and Ex officio members Representatives Pete Cunningham and Joe Hackney.

Chairman Fox called upon Ms. Jennifer Hoffman to continue discussion of draft special provision – Time Limits Concerning Violations of Statutes or Rules. The chairman called for a vote, and it passed.

Representative Warren made a motion that the Regional Commission Reports provision that failed this morning be reconsidered, and it passed. Representative Owens discussed the provision, and Representatives Weatherly and Mitchell expressed their concerns. The Chairman called for a vote on the provision, and it passed with a vote of 7 to 4.

The meeting adjourned at 11:08 AM.

Respectfully submitted,

Stan Fox
Representative Stan Fox, Chair

Mary Capps
Mary Capps, Committee Assistant

Representative Bill Owens, Chair

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representative Owens

TIME LIMITS CONCERNING VIOLATIONS OF STATUTES OR RULES

SECTION #. Article 1 of Chapter 150B of the General Statutes is amended by adding a new section to read:

"**§ 150B-5. Time limits concerning violations of statutes or rules.**

(a) Unless a shorter time period is otherwise provided by statute or rule, an agency shall notify a person that the agency determines is in violation of a statute or rule within 180 days of the agency obtaining actual knowledge of the person being in violation of the statute or rule.

(b) Unless a shorter time period is otherwise provided by statute or rule, the person notified under subsection (a) of this section shall commence to take action that corrects the violation within 180 days of receiving the notice under subsection (a) of this section.

(c) Unless a shorter time period is otherwise provided by statute or rule, the agency that gave notice under subsection (a) of this section shall impose any remedies available to the agency for the violation within 180 days of the person completing the action to correct the violation, and if the agency fails to impose these remedies within this time period, the agency is barred from taking any action otherwise available to it with respect to that person being in violation of the statute or rule.

(d) This section does not apply when a longer time period than the time period under subsection (a), subsection (b), or subsection (c) of this section is specified by federal law or regulation."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2002-AGRIC-H4

Department of Agriculture and Consumer Services
Appropriations Subcommittee on Natural and Economic Resources

Requested by: **Representative Nye**

NC FARMERS' MARKETS/ANALYZE CERTAIN OPERATIONAL GUIDELINES AND ENFORCEMENT OF GUIDELINES

SECTION #.(a) It is the intent of the General Assembly to support small farms that are family farms and that farmers' markets operated by the Department of Agriculture and Consumer Services are operated in a manner that provides retail outlets for these farmers to sell the farm products they produce on these farms.

SECTION #.(b) The Department of Agriculture and Consumer Services shall analyze the operational guidelines of the farmers' markets operated by the Department of Agriculture and Consumer Services with respect to the current requirements for the percentage of farm products that a farmer must produce on the farmer's own farm to be eligible to sell farm products at retail in the main areas of these farmers' markets. The Department of Agriculture and Consumer Services also shall analyze the current enforcement of the operational guidelines of the farmers' markets operated by the Department of Agriculture and Consumer. No later than December 1, 2002, the Department of Agriculture and Consumer Services shall report any recommendations concerning the matters analyzed under this section to the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee; Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL COMMISSION REPORTS

SECTION 20.11.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.11.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

Requested by: Senators Martin of Pitt, Weinstein, Plyler, Odom, Lee; Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION 20.12.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION 20.12.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

DRAFT
SPECIAL PROVISION

2002-COMM-H7(S13.7)i

Department of Commerce/Economic Development
Appropriations Subcommittee on Natural and Economic Resources

Requested by: Representatives Fox, Owens

REGIONAL COMMISSION REPORTS

SECTION 13.7. Section 20.11(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.11.(a)** Each ~~regional economic development commission~~ Regional Economic Development Commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

~~(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:~~

~~a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;~~

~~b. State fiscal year 2001-2002 itemized expenditures and fund sources;~~

~~c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;~~

~~d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.~~

(2) Report by January 15, 2003, on the first and second quarters of the 2002-2003 fiscal year, and by July 15, 2003, on the third and fourth quarters of the 2002-2003 fiscal year, regarding the following:

a. Program activities, objectives, and accomplishments for its region, to include:

1. Specific businesses and/or industries that have been recruited.

2. Businesses and/or industries that have located as a result of recruitment efforts, and number of new jobs created as a result of that location decision.

3. Existing businesses and/or industries that have expanded as a result of assistance, and number of new jobs created as a result of that expansion.

4. Existing businesses and/or industries that have remained as a result of retention efforts, and number of jobs saved as a result of that retention.

5. For sub-sub-subdivisions 1 through 4 of this sub-subdivision, each Commission shall describe its role in the activities and identify the relative contributions of the Commission and the Department of Commerce to the activities.

6. Number and description of marketing outreach events, including trade shows, recruitment missions, and related activities.

7. Initiatives undertaken to establish certified sites and shell buildings.

8. Number of referrals or leads handled that were generated by the Department of Commerce, and number that were generated by the Commission.

b. Total itemized actual revenues and expenditures, by fund source.

The report required by this subsection shall be made to the Department of Commerce, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

(3) Report by January 15, 2003, to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce on the following:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments.

b. State fiscal year 2001-2002 itemized expenditures, including salary and benefits for all employees regardless of funding sources, and fund sources.

(4) Report by January 15, 2003, to the Department of Commerce on the number and listing of available sites and buildings within the region.

~~(3)~~(5) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement."