



# Natural & Economic Resources Subcommittee FY 2012-13 Budget Highlights

Fiscal Brief

October 2012

The North Carolina General Assembly House and Senate Appropriations Subcommittees on Natural & Economic Resources (NER Subcommittees) determine the budget for six State agencies: the Departments of Agriculture & Consumer Services (DACs), Commerce, Environment & Natural Resources (DENR), and Labor; the Clean Water Management Trust Fund (CWMTF); and the Wildlife Resources Commission (WRC). NER also funds 21 nonprofits and eight boards and commissions. For a complete list of entities funded through NER, see the last page of this document.

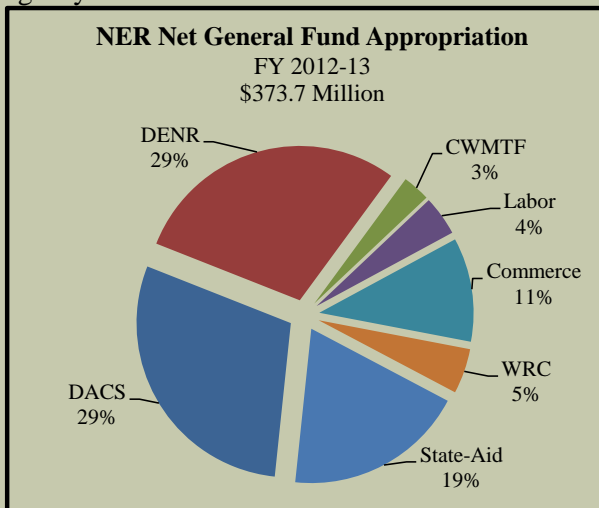
### Actual and Enacted Expenditures and Receipts<sup>1</sup>

	<u>Actual FY 2009-10</u>	<u>Actual FY 2010-11</u>	<u>Actual FY 2011-12</u>	<u>Enacted FY 2012-13</u>
<b>Expenditures</b>	652,350,333	720,474,997	633,273,644	607,732,667
<b>Less: Receipts</b>	241,033,200	281,067,918	238,089,502	234,021,823
<b>Net General Fund Appropriations</b>	\$411,317,133	\$439,407,079	\$395,184,142	\$373,710,844
<b>Positions (FTE)</b>	5,406.5	5,447.3	5,186.3	5,170.9

<sup>1</sup> Department or Division level budget and FTE information is provided in tables at the end of this budget brief.

### Budget Overview

The enacted FY 2012-13 Net General Fund Appropriation for the Natural and Economic Resources Subcommittee Agencies is \$374 million. This is an increase of 3.5 percent from the FY 2012-13 Certified Budget. The General Fund Appropriation funds 5,171 full-time equivalent positions (FTE).<sup>1</sup> The chart below shows the subcommittee budget by agency.



<sup>1</sup> Does not reflect positions that may be eliminated as part of management flexibility reserves.

S.L. 2012-142, Modify 2011 Appropriations Act (H.B. 950), as amended by S.L. 2012-145, Modifications/2012 Appropriations Act Corrections (S.B. 187), appropriates \$374 million for the Natural and Economic Resources (NER) agencies and nonprofits. Legislative adjustments to the FY 2012-13 budget for NER agencies increased spending by \$12.7 million. The Joint Conference Committee Report included changes to the One North Carolina economic development program, management flexibility cuts for all NER agencies, full restoration of funding of the four programs subject to justification or continuation review, and transfers to consolidate programs. This Fiscal Brief provides a summary of the adjusted FY 2012-13 budget for NER.

### Changes to the One North Carolina Fund

Several changes were made to the financing of the One North Carolina Fund (One NC); the purpose and flexibility of One NC remain unchanged. First, One NC will now receive a \$9 million recurring appropriation that will be budgeted in a reserve fund housed within the Office of State Budget and Management. This is the first time in the nearly twenty year history of the Fund that it will receive recurring



funding. Next, \$45 million of the \$60 million cash balance in the Fund was transferred to the General Fund for general availability. The General Assembly left \$10 million in the Fund to cover any potential shortfalls in funding One NC agreements, and appropriated \$5 million of the remaining funds for economic development projects not subject to the terms of One NC. Finally, conforming changes were made to the One NC statutes to reflect the new cash-flow basis of funding. The Secretary of Commerce is authorized to issue up to \$14 million in One NC Governor’s Letters<sup>1</sup> in any one fiscal year.

**Management Flexibility Reductions**

All NER entities receiving a General Fund appropriation were required to take at least a 2% management flexibility reduction. This includes reductions to both State agencies and non-profit entities.

**Justification & Continuation Reviews**

During the FY 2011-12 interim, four programs within NER were placed under justification or continuation review in order to examine in detail the efficiency and effectiveness of these programs. Justification reviews were performed by Fiscal Research Division staff while continuation reviews were conducted by the appropriate agency. Programs subject to review were:

*Justification Review*

- DACS’ Southeastern Agricultural Center and Farmers Market (Lumberton);
- DENR’s seven Regional Offices;

*Continuation Review*

- Commerce’s Office of Science and Technology; and
- WRC’s Conservation Education program.

All four programs were fully restored in the FY 2012-13 budget.<sup>2</sup> However, funding for DACS’ Southeastern Ag Center was restored on a nonrecurring basis and the Department is required to study the facility’s operating model and submit a report to the General Assembly by February 1, 2013.

<sup>1</sup> “Governor’s Letters” is the official term for letters of commitment for One NC projects.

<sup>2</sup> Due to program transfers in FY 2011-12, restoring DENR’s Regional Offices prompted several additional money items in the Committee Report to reflect the movement of regional office staff to the proper agency.

**Program Transfers**

The Committee Report for the NER agencies includes several technical items to account for three large transfers – the Divisions of Soil and Water Conservation, Forest Resources, and Environmental Health – that took place in FY 2011-12.<sup>3</sup> In addition to these technical items, there were three other transfers within NER. First, the Young Offenders Forest Conservation Program, commonly known as BRIDGE, was consolidated into DACS by transferring seven FTE and \$318,208 from the Department of Public Safety (DPS). Second, the Geodetic Survey program was transferred from DENR into the Emergency Management Section of the Division of Law Enforcement within DPS. Finally, the Wine and Grape Growers Council was transferred from Commerce to DACS.

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<sup>3</sup> In FY 2011-12, the Division of Soil and Water Conservation and the NC Forest Service were transferred from DENR to DACS while the Division of Environmental Health was transferred from DENR to the Department of Health and Human Services.

### Actual and Certified Expenditures and Receipts by Agency

#### Department of Agriculture & Consumer Services<sup>1</sup>

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	92,173,937	96,565,639	165,999,192	166,884,217
Less: Receipts	31,732,977	40,834,111	55,422,459	57,322,751
Net General Fund Appropriations	\$60,440,960	\$55,731,528	\$110,576,733	\$109,561,466
Positions (FTE)	1,196.1	1,160.4	1,639.3	1,647.26

#### Clean Water Management Trust Fund

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	47,500,000	48,252,925	11,439,197	10,750,000
Less: Receipts	0	0	0	0
Net General Fund Appropriations	\$47,500,000	\$48,252,925	\$11,439,197	\$10,750,000
Positions (FTE)	-	-	-	-

#### Department of Commerce<sup>2</sup>

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	106,589,965	167,766,369	123,608,394	97,338,788
Less: Receipts	64,205,065	108,150,960	73,422,634	56,616,963
Net General Fund Appropriations	\$42,384,900	\$59,615,409	\$50,185,760	\$40,721,825
Positions (FTE)	459.60	452.80	432.30	428.79

#### Commerce State-Aid (Nonprofit Funding)<sup>3</sup>

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	64,160,122	80,323,696	75,779,464	70,754,314
Less: Receipts	6,294,715	0	0	0
Net General Fund Appropriations	\$57,865,407	\$80,323,696	\$75,779,464	\$70,754,314
Positions (FTE)	-	-	-	-



**Department of Environment & Natural Resources<sup>1, 4</sup>**

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	310,973,789	296,315,940	206,101,588	212,642,285
Less: Receipts	121,487,783	115,041,244	91,430,860	103,894,771
Net General Fund Appropriations	\$189,486,006	\$181,274,696	\$114,670,728	\$108,747,514
Positions (FTE)	3,330.1	3,417.4	2,708.5	2,688.6

**Department of Labor**

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	30,952,519	31,250,428	31,907,300	31,707,487
Less: Receipts	17,312,660	17,041,602	17,813,549	16,187,338
Net General Fund Appropriations	\$13,639,860	\$14,208,825	\$14,093,751	\$15,520,149
Positions (FTE)	420.75	416.75	406.25	406.25

**Wildlife Resources Commission<sup>5</sup>**

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	0	0	18,438,511	17,655,576
Less: Receipts	0	0	0	0
Net General Fund Appropriations	\$0	\$0	\$18,438,511	\$17,655,576
Positions (FTE)	-	-	-	-

<sup>1</sup> Actual expenditures and receipts for FY 2011-12 reflect the transfer of the Divisions of Forest Resources, Soil and Water Conservation, and four central office positions from DENR to DACS.

<sup>2</sup> Federal ARRA funds led to higher than normal FY 2010-11 actuals for the Department of Commerce.

<sup>3</sup> For Commerce State-Aid, carryforward funds from FY 2008-09 appear as revenues for FY 2009-10.

<sup>4</sup> Actual expenditures and receipts for FY 2011-12 reflect the transfer of the Division of Environmental Health from the Department of Environment and Natural Resources to the Department of Health and Human Services.

<sup>5</sup> In FY 2011-12, the Wildlife Resources Commission was placed on a General Fund appropriation for the first time. This table reflects only the General Fund budget for the Commission.



**Change in FTE, FY 2012-13**

	<b>Vacant</b>	<b>Filled</b>	<b>Receipts</b>	<b>New<sup>1</sup></b>	<b>Transfers</b>	<b>Net Change</b>
<b><u>Natural &amp; Economic Resources<sup>2</sup></u></b>						
DACS	-	-	-	14.8	8.0	22.8
CWMTF	-	-	-	-	-	-
Commerce	-	(1.0)	-	2.0	-	1.0
Commerce State-Aid	-	-	-	-	-	-
DENR	-	(5.0)	-	126.2	(13.9)	107.3
Labor	-	-	-	-	-	-
WRC	-	-	-	-	-	-
<b>Total NER</b>	<b>-</b>	<b>(6.0)</b>	<b>-</b>	<b>143.0</b>	<b>(5.9)</b>	<b>131.1</b>

<sup>1</sup> The count for new positions includes both actual new positions as well as positions restored due to funding programs subject to continuation and justification review in FY 2011-12. As part of the review process, all funding and positions for a program are eliminated for the upcoming year pending review by the General Assembly.

<sup>2</sup> The net change for DACS and DENR do not match the Committee Report for S.L. 2012-142 due to the technical transfer between these agencies. These positions were transferred after certification last year but are included in the FTE counts presented in the previously presented. Consequently, they are not included in this summary table to avoid double counting.



## Entities Funded through the NER Subcommittee

### State Agencies receiving State appropriations in FY 2012-13 through the NER Subcommittee:

- The Department of Agriculture & Consumer Services (DACS)
- The Department of Commerce
- The Department of Environment & Natural Resources (DENR)
- The Department of Labor
- The Clean Water Management Trust Fund (CWMTF)
- The Wildlife Resources Commission (WRC).

### Nonprofits receiving State appropriations in FY 2011-13 through the NER Subcommittee:

- Ag in the Classroom (Farm Bureau)
- Biofuels Center of NC
- Councils of Governments (COGs)
- Defense & Security Technology Accelerator (Partnership for Defense Innovation)
- FFA Foundation
- Grassroots Science Museums
- High Point Furniture Market Authority
- Institute for Regenerative Medicine (Wake Forest University)
- Johnson & Wales University
- Land Loss Prevention Project
- NC Association of Community Development Corporations
- NC Biotechnology Center
- NC Community Development Initiative
- NC Indian Economic Development Initiative
- NC Institute of Minority Economic Development
- NC Rural Economic Development Center
- Partnership for the Sounds
- Regional Economic Development Commissions
- RTI International
- The Support Center

### Boards and Commissions receiving State appropriations in FY 2011-13 through the NER Subcommittee:

- ABC Commission
- Banking Commission
- Credit Union Division
- Industrial Commission
- Lottery Commission
- Public Staff (Utilities Commission)
- Rural Electrification Authority
- Utilities Commission