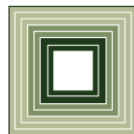


Department of Environment and Natural Resources



Natural and Economic Resources Appropriations Subcommittee

April 2013



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

Today's Agenda

- Department Budget Overview
 - Administration and Programs in Secretary's Office
- Natural Resource Division Overviews
 - Mission/ Programs
 - Budget Information
 - Expenditures, revenues, FTE
 - FY 2011-13 General Assembly actions
 - Governor's Recommended Changes

DENR Mission

Preamble: “...primary mission is *to protect NC's environment and natural resources*. In executing this mission, DENR operates with the broad-based understanding that the following three fundamental principles are integral components of its protective mandate.

1. **Fundamental Philosophy:** ... *DENR is a service organization*. Whether managing parks and zoos or issuing permits, agency personnel, operating within the confines of the regulations, must always be a resource of invaluable public assistance, rather than a bureaucratic obstacle of resistance.
2. **Fundamental Economics:** ...cost/benefit analysis is not always fully applicable to matters of the environment and public recreation, the agency will be continually cognizant that an *economic cost/benefit analysis is an integral component* of DENR's public service endeavor.
3. **Fundamental Science:** ...all decisions are made with a respect and understanding that environmental science is complex, comprised of many components, and ... contains diversity of opinion. In this regard, all public programs and scientific conclusions must be reflective *of input from a variety of legitimate, diverse and thoughtful perspectives*.

Outcome: That a *collaborative stewardship* among the citizens, government regulators and the business community will maintain and enhance NC's environment and natural resources for the benefit and enjoyment of everyone living in or visiting our great state.

DENR Major Functions

- Administration
- Environmental Protection/Regulation
- Natural Resources
- Conservation Trust Funds
- State Revolving Funds

DENR: Budget Fast Facts

| Authorized Budget (09/30/2012) | | | |
|---------------------------------------|-----------------------|-----------------------|----------------------------|
| Major Functions | Total Requirements | Receipts | General Fund Appropriation |
| Administration/Reserves | \$ 26,718,240 | \$ 9,833,121 | \$ 16,885,119 |
| Conservation Trust Funds ¹ | \$ 45,735,184 | \$ 22,916,703 | \$ - |
| Environment Protection | \$ 88,664,689 | \$ 61,927,767 | \$ 26,736,922 |
| Natural Resources | \$ 103,607,246 | \$ 34,515,561 | \$ 69,091,685 |
| State Revolving Funds ² | \$ 132,946,800 | \$ 132,946,800 | \$ - |
| Total | \$ 397,672,159 | \$ 262,139,952 | \$ 112,713,726 |

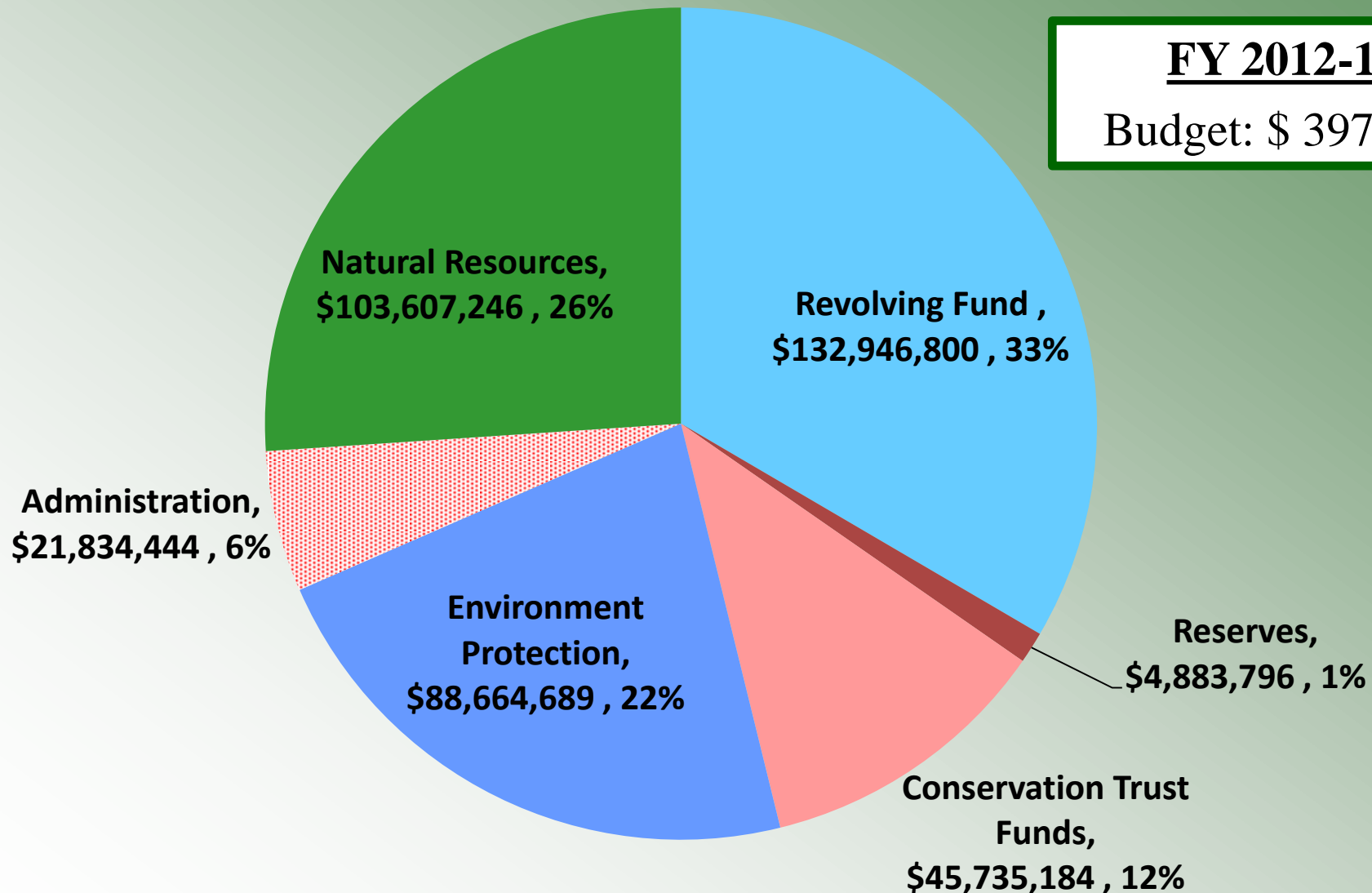
¹ Parks and Recreation Trust Fund and Natural Heritage Trust Fund

² In FY 2012-13, the state match came from special funds dollars which included two years of funding for the Drinking Water State Revolving Fund. Total requirements include both federal and state match.

DENR FY 2012-13 Total Budget

FY 2012-13

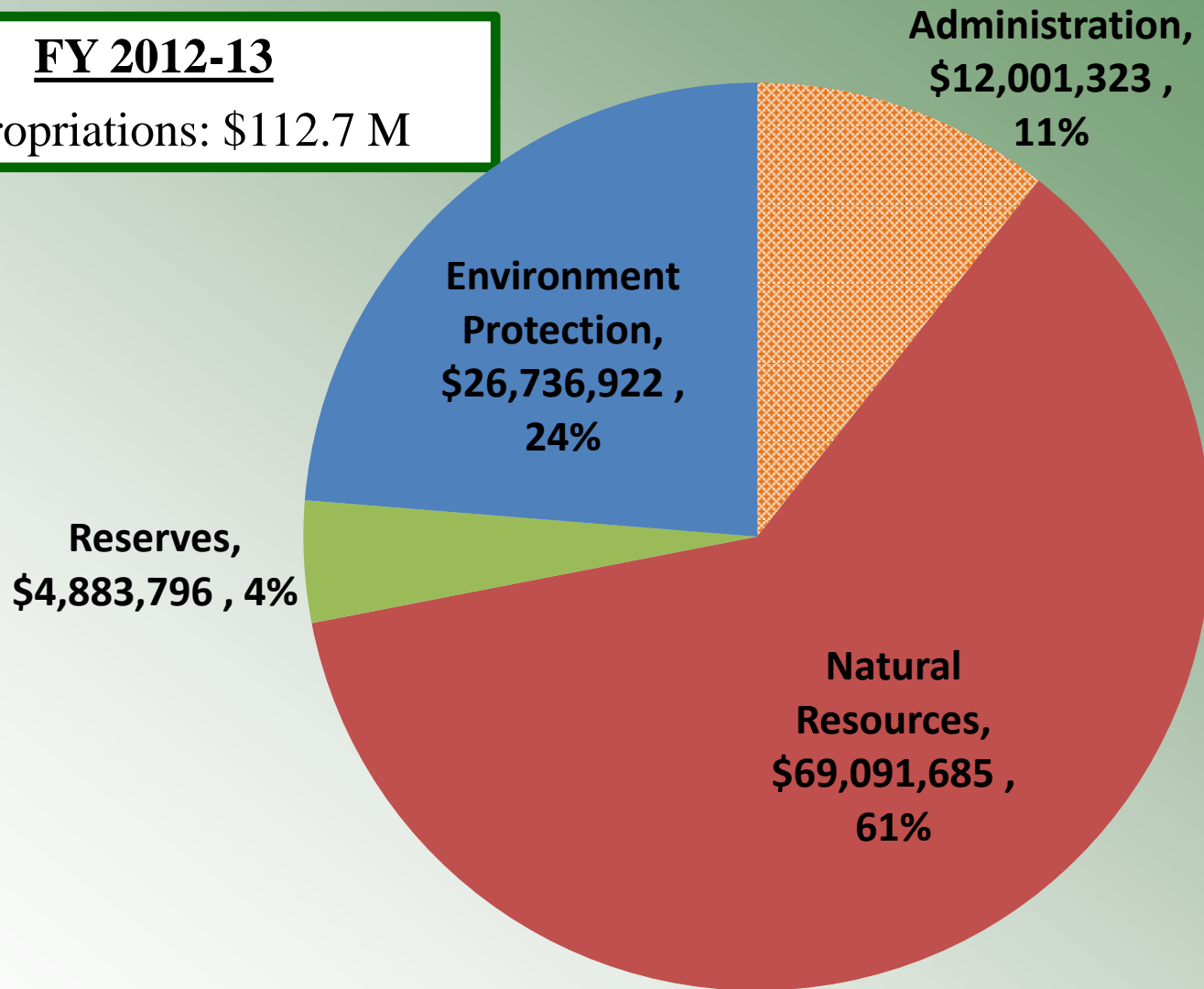
Budget: \$ 397.7 M



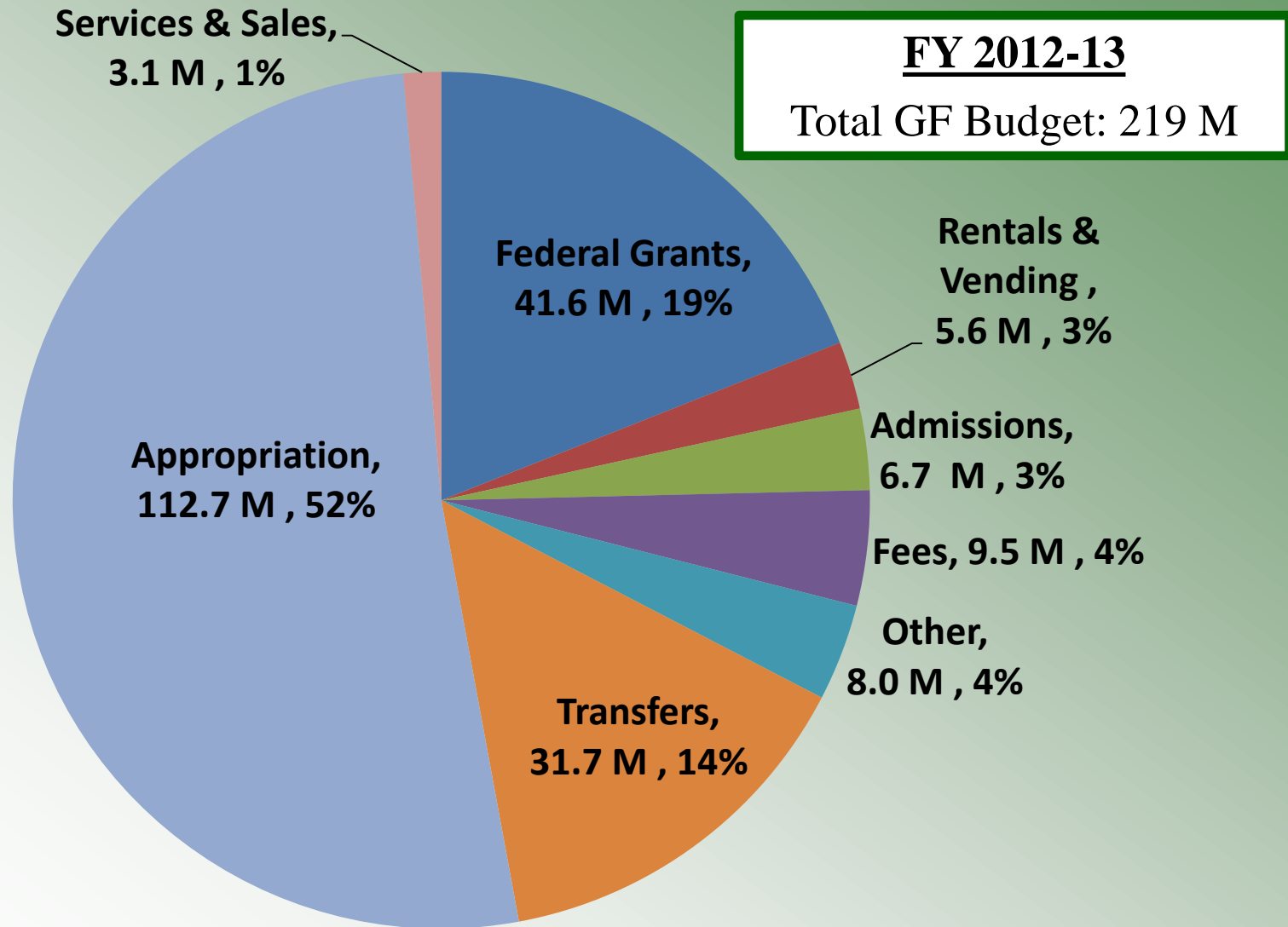
FY 2012-13 General Fund Appropriations

FY 2012-13

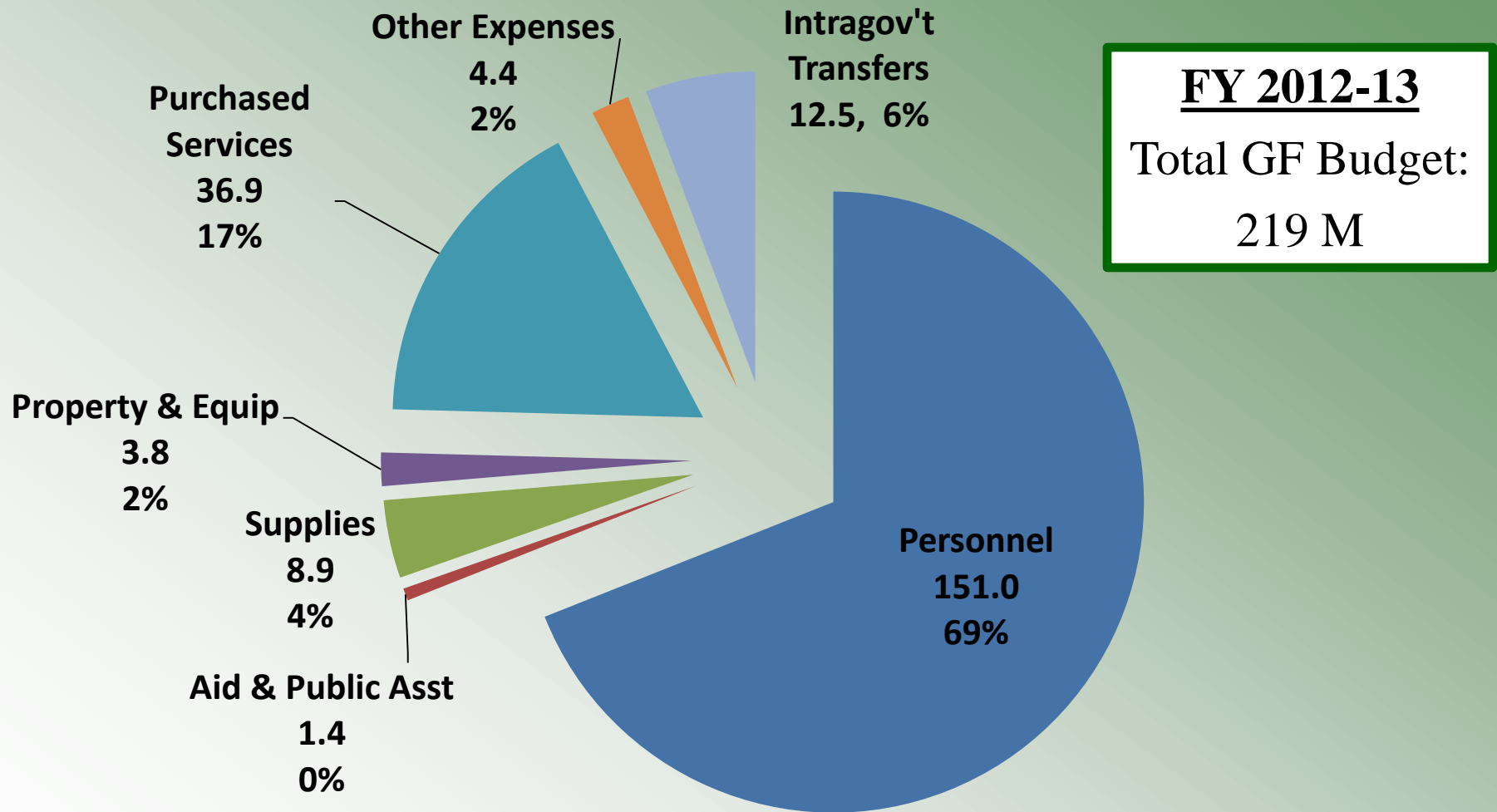
GF Appropriations: \$112.7 M



DENR – Source of Funds

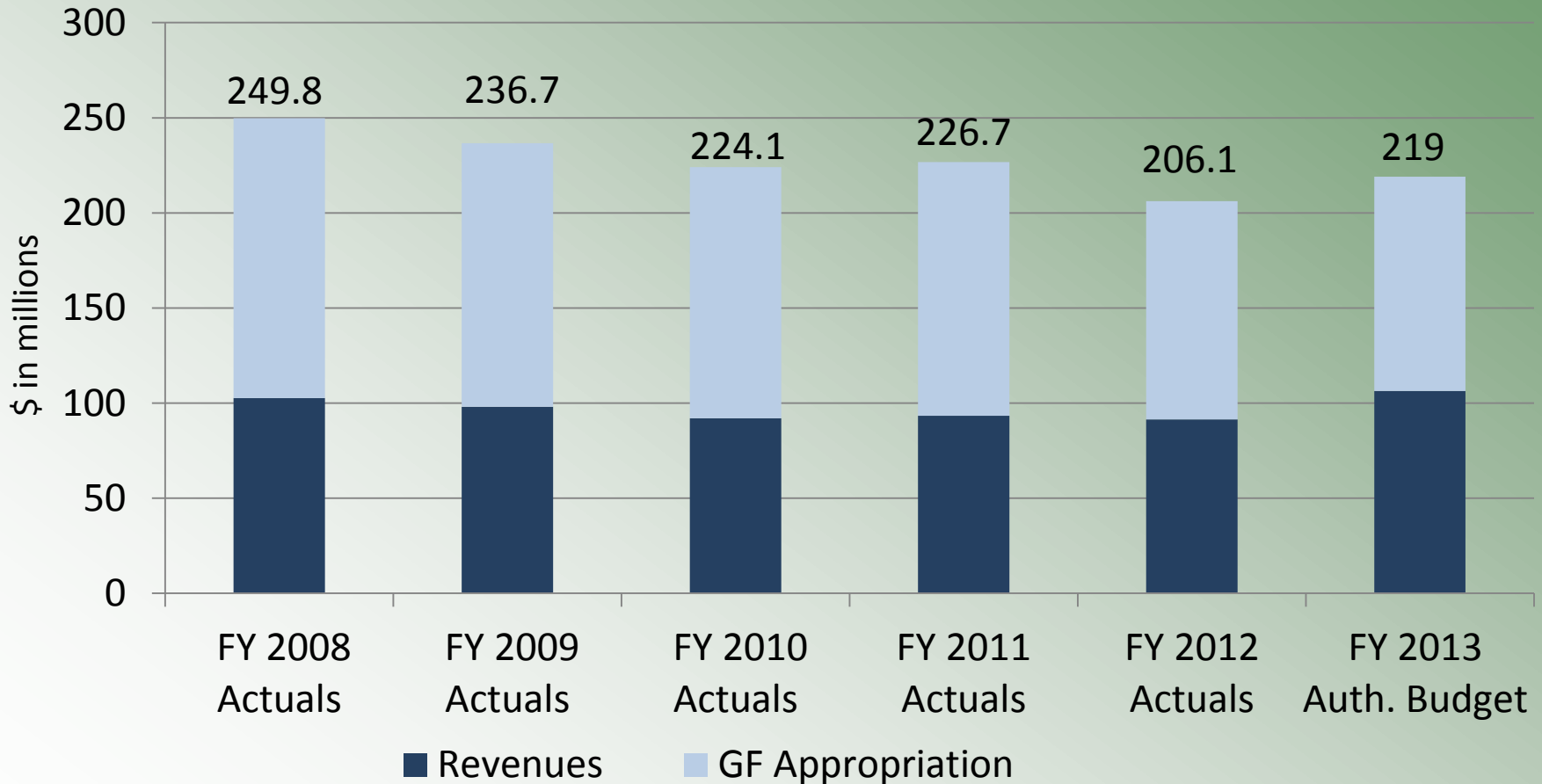


DENR - How Funds Are Spent



Historical General Fund Expenditures (excludes Forestry and Soil and Water)

Department of Environment and Natural Resources Comparison of 5 Years of Actual Expenditures to Current Year Budget



Historical General Fund Expenditures

(excludes Forestry and Soil and Water)

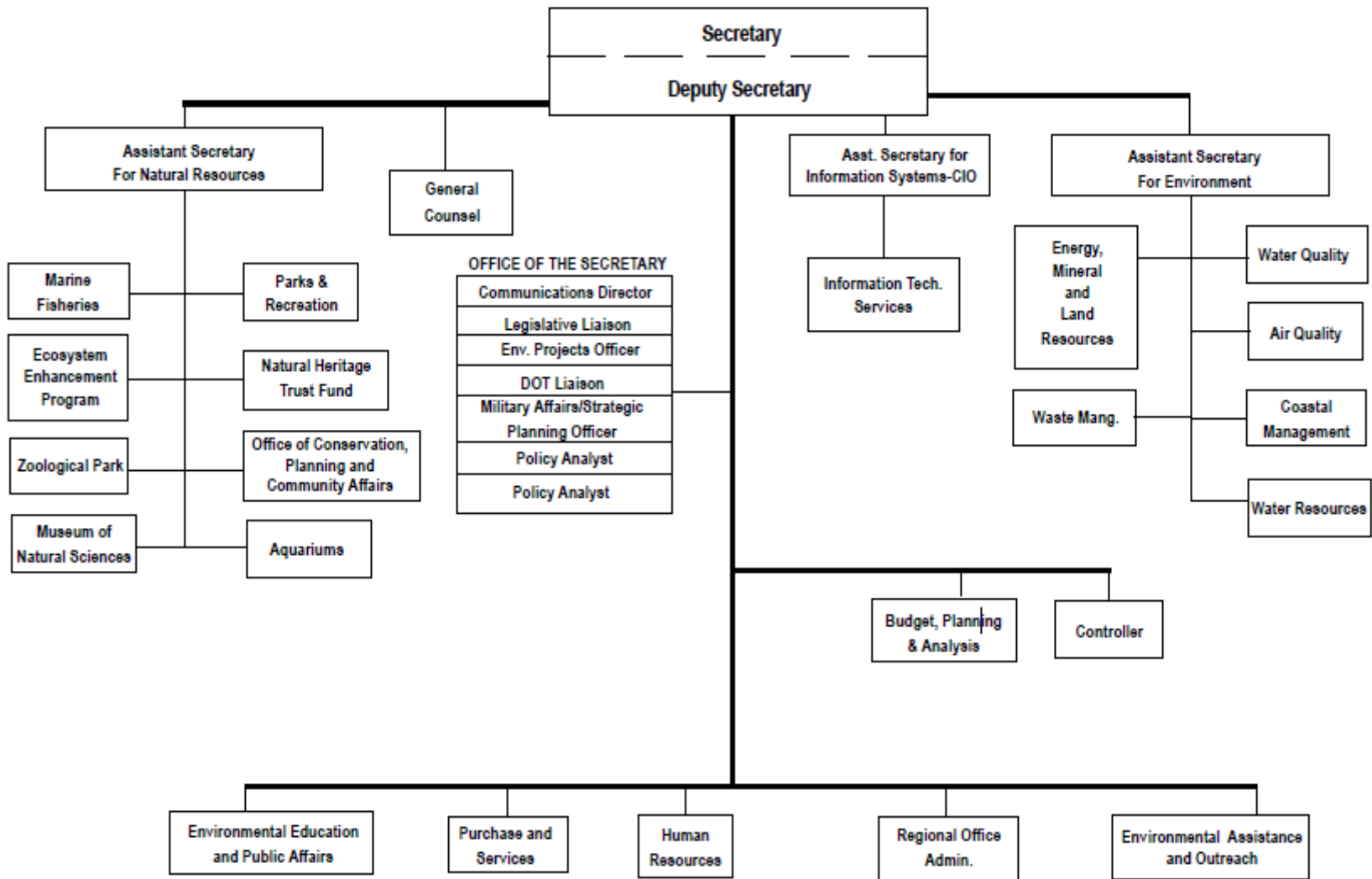
Department of Environment and Natural Resources

| | FY 2008 Actuals | FY 2009 Actuals | FY 2010 Actuals | FY 2011 Actuals | FY 2012 Actuals | FY 2013 Auth. Budget | % change since FY 2008 |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|---------------------------------|
| Expenditures | 249.7 | 236.7 | 224.1 | 226.7 | 206.1 | 219.0 | -12.32% |
| Revenues | 102.7 | 98.0 | 92.0 | 93.3 | 91.4 | 106.3 | 3.50% |
| GF Appropriation | 147.1 | 138.7 | 132.1 | 133.4 | 114.7 | 112.7 | -23.37% |
| | | | | | | | |
| % change from previous year | | -5.73% | -4.74% | 0.96% | -14.01% | -1.71% | |

(\$ in millions)

North Carolina Department of Environment and Natural Resources

Organization Chart



ADMINISTRATION & RESERVES

DENR Administration

- Executive Offices
 - General Counsel, Legislative Affairs, Policy Analysts, DOT Liaison, Communications, etc.
- Budget & Planning, Controller, IT, Purchasing, HR
- Regional Offices
- Office of Environmental Education & Public Affairs
- Environmental Assistance and Outreach
- Reserves & Transfers

Office of Environmental Education & Public Affairs

- Consolidated in FY 2009-10

Combined Mission : To encourage, support and promote environmental education programs, facilities and resources in North Carolina for the purpose of improving the public's environmental literacy and stewardship of natural resources

and

To support the department's initiatives and objectives through communications, outreach and dissemination of information



Office of Environmental Education & PA

- Manage Environmental Educator Certification Program
 - 1028 Certified Environmental educators
 - 711 enrolled in certification program
- Serve as a clearinghouse for environmental education resources across the State
 - 1519 resources provided on website
 - 4367 followers on listserv and twitter
 - 993,496 education publications ordered
- Serve as liaison to DPI to ensure environmental and related science content is integrated into Common Core
- 2 FTEs, 1 temp, Total budget = \$301,108



Division of Environmental Assistance and Outreach (DEAO)

Merged in 2010

- Division Pollution Prevention & Environmental Assistance
- Customer Service Center
- Small Business Ombudsman

Mission: To protect & improve NC's environment and economy by:

- Providing customer-focused assistance,
- Facilitating a greater understanding of environmental permitting and compliance,
- Encouraging wider adoption of sustainable practices,
- Promoting increased recycling and reduced waste disposal and,
- Reducing impacts from resource consumption.

Environmental Assistance and Outreach

Environmental Assistance

- One-Stop Permit Assistance
- Staff DENR hotline
- Publish Permit Handbook & Permit toolbox
- Small Business Assistance
- Coordinates Express Permitting

Recycling

- Administers Solid Waste Mgmt. Trust Fund Grant Program
- Recycling Business Assistance Center
- Waste Reduction Partners

Outreach

- Environmental Stewardship Initiative

DEAO Funding Comparison

Department of Environment & Natural Resources Environmental Assistance and Outreach

| | 2011-2012 Actual | 2013-14 Authorized | 2013-14 | 2014-15 |
|-----------------------|---------------------|-----------------------|---------------------|-------------------|
| | | | Continuation Budget | |
| Expenditures | \$ 4,827,768 | \$ 5,597,458 | \$ 5,597,458 | \$ 5,597,458 |
| Less Receipts | \$ 4,530,161 | \$ 4,602,926 | \$ 4,602,926 | \$ 4,602,926 |
| Appropriations | \$ 1,091,690 | \$ 994,255 | \$ 994,255 | \$ 994,255 |
| Fund Balance Change | \$ 794,083 | \$ (277) | \$ (277) | \$ (277) |
| Positions | 31.95 | 31.95 | 31.95 | 31.95 |

Regional Offices



- 7 locations - perform the Department's duties on a local level

FY 2012-13

Total Budget: \$5.7 M

Total Receipts: \$3.2 M

General Fund: \$2.5 M

51 FTE

Reserves & Transfers

- Non-commercial LUST - \$4,883,796
- Also typically includes State Revolving Fund Match
 - Clean Water Revolving Fund
 - Drinking Water Revolving Fund

Admin - Recent GA Budget Actions

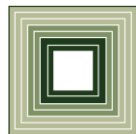
- FY 2011-13 General Assembly Budget Actions
 - Reductions to department-wide cells phone, longevity, filled and vacant positions, motor fleet mgmt = \$1.7 M R
 - Management flex cut = \$2.2 M 11-12 & add'l 2.2 M in 12-13
 - Reduced staff for Environmental Education (3 FTE & \$246k)
 - Eliminated 1 DEAO position (\$113,094 R)
 - Eliminated 9 Regional Office FTEs (\$594,098 R)
 - Fund Shifted 21 FTEs (\$1,238,874 R)
 - Subjected Regional Offices to Justification Review and restored funding on recurring basis

Governor's Recommended Budget

- Department-wide Reductions
 - Eliminate 20 vacant positions (\$1,008,610 R)
 - Various Operating Reductions (\$365,293 R)
 - Reduce information technology charges (\$284,262 R)
- Expansion (\$ for DWQ and DWR, but in reserves)
 - Clean Water Revolving Fund Match - \$5 mil NR
 - Drinking Water State Revolving Fund Match - \$1,255,720 NR
- Adjustments to special tax allocations
 - Solid Waste Mgmt Trust Fund – receive a direct appropriation of \$2,462,000 In lieu tax proceeds



Questions?



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NATURAL RESOURCES

DENR – Natural Resource Divisions

- Aquariums
- Ecosystem Enhancement Program
- Conservation Planning and Community Affairs
- Marine Fisheries
- Museum of Natural Sciences
- Parks and Recreation
- Natural Heritage Trust Fund

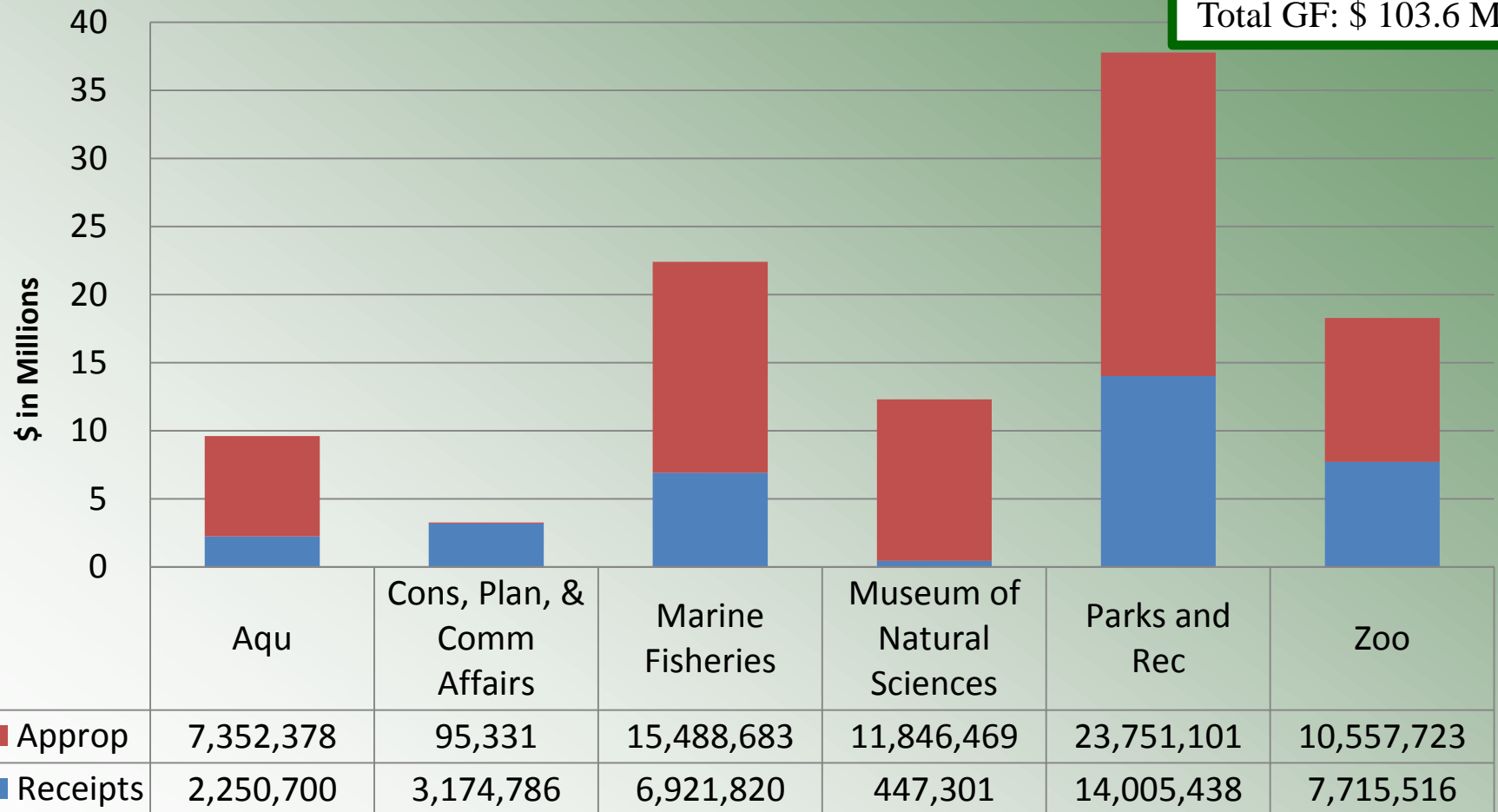


DENR - Natural Resources Divisions

FY 2012-13 General Fund Budge by Source

FY 2012-13

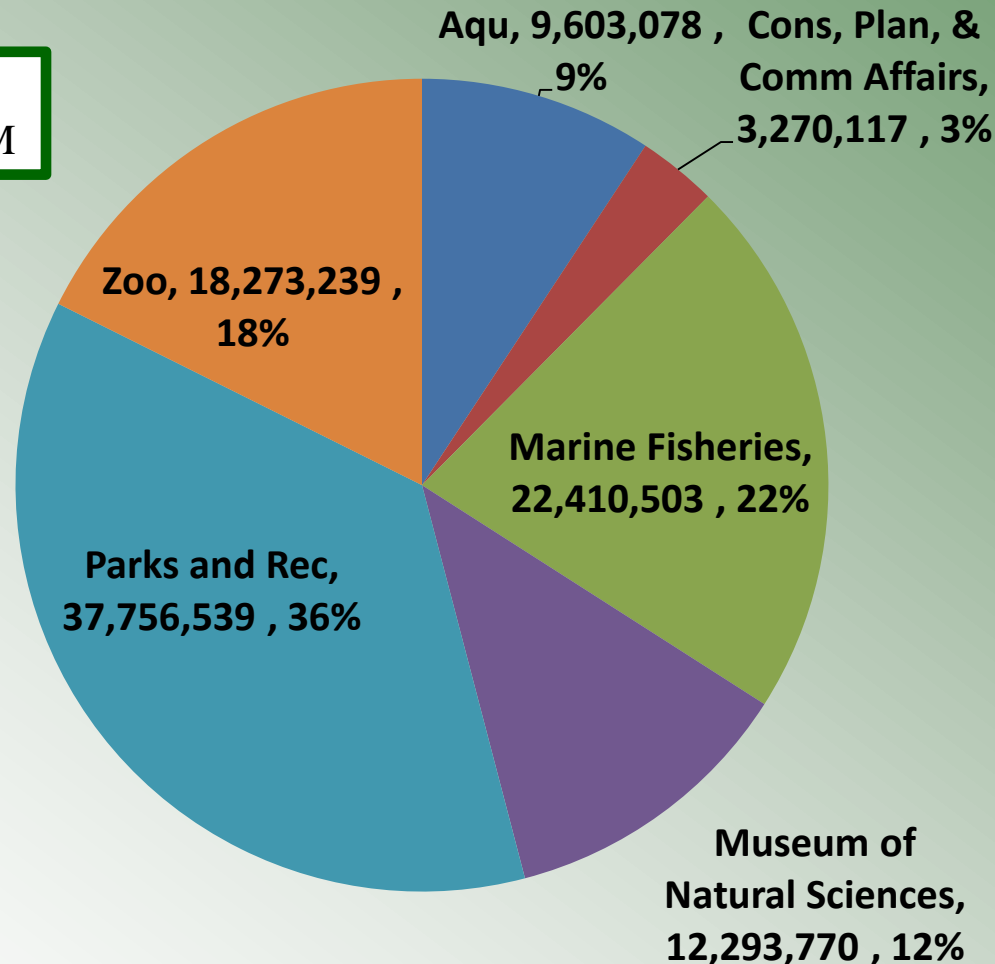
Total GF: \$ 103.6 M



DENR - Natural Resources Divisions

FY 2012-13

Total Budget: \$ 103.6 M



DENR - Natural Resources Divisions

**FY 2012-13
Appropriation
\$69.1 M**

