Joint Appropriations

House Committee on
Agriculture and Natural and Economic Resources
&
Senate Committee on
Natural and Economic Resources

**February 11, 2015**

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

# ANER/NER Main Agencies

- Department of Agriculture & Consumer Services (DACS)
- Department of Labor (DOL)
- Department of Commerce
- Department of Environment & Natural Resources (DENR)
- Wildlife Resources Commission (WRC)

# Additional ANER/NER Entities

**Boards & Commissions**

- Credit Union Commission
- Lottery Commission (Administration)
- Industrial Commission
- Rural Electrification Authority
- State Banking Commission
- Utilities Commission & Public Staff

**Notable Trust Funds**

- Clean Water Management Trust Fund
- Parks & Recreation Trust Fund
- Ag. Dev. & Farmland Preservation Trust Fund
- Tobacco Trust Fund

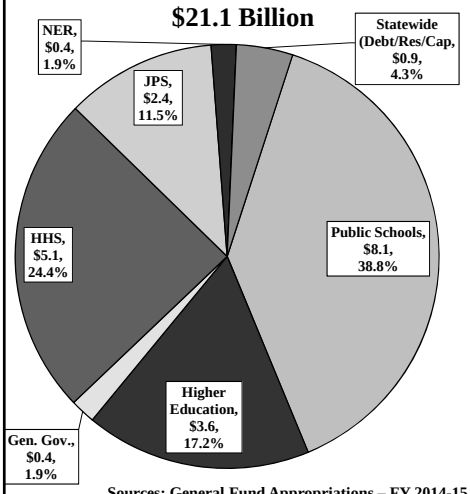
**Master Settlement Agreement**

- Initially funded Health/Wellness Trust, Tobacco Trust, and Golden LEAF
- Now 100% to General Fund

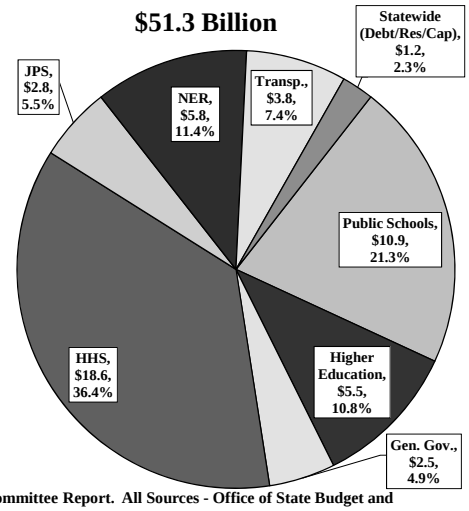


# State Budget, FY 2014-15

**General Fund Appropriations**
**$21.1 Billion**

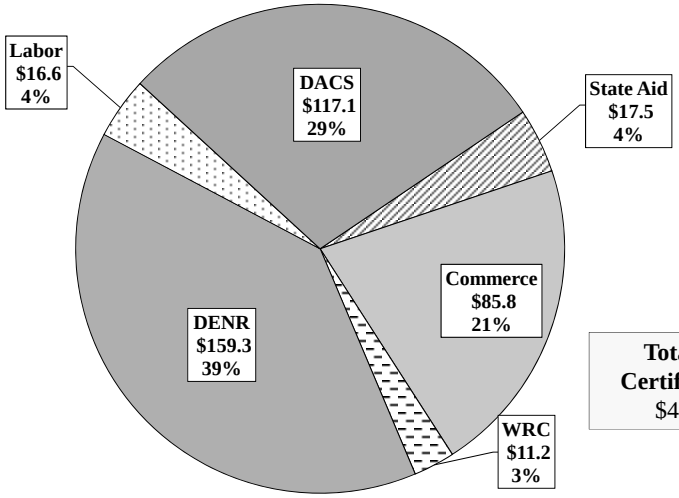



**All Sources**
**$51.3 Billion**




**Sources: General Fund Appropriations – FY 2014-15 Committee Report. All Sources - Office of State Budget and Management. Totals may not add due to rounding.**

# (A)NER General Fund Appropriations

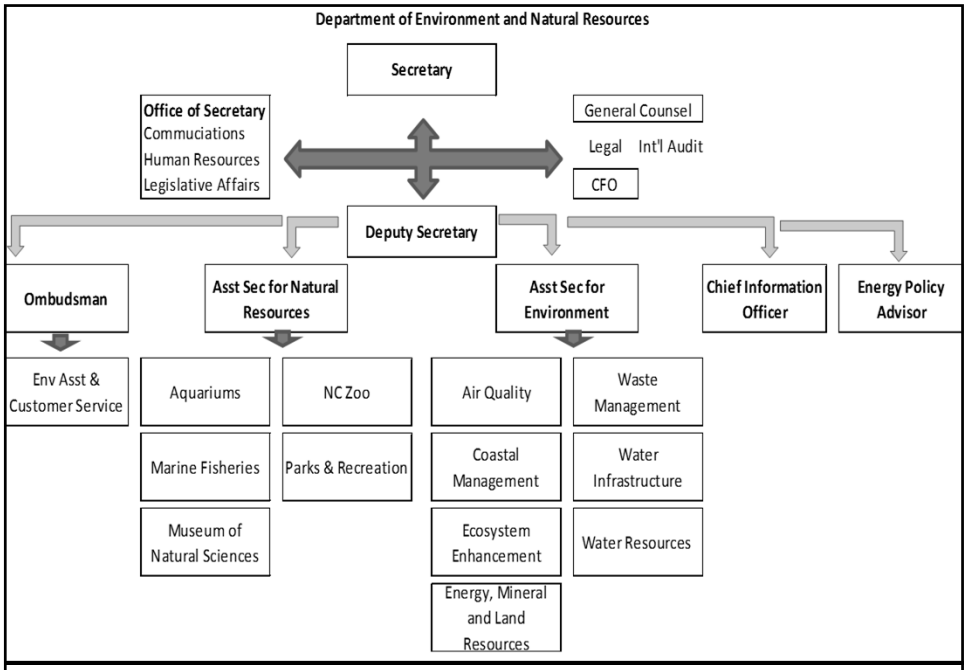



**Total 2014-15 Certified Budget:**
$407.32 mil



# DENR Basics

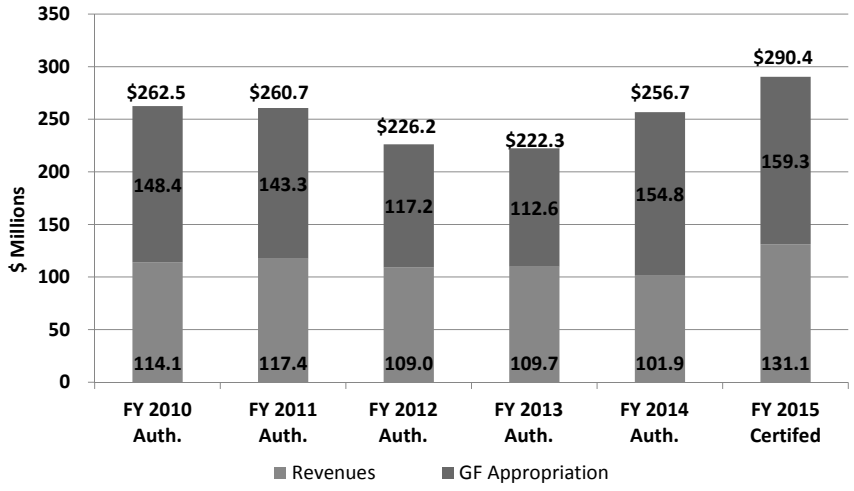
- 2,890+ employees
- Central Raleigh office, 7 regional offices, 2 coastal headquarters, etc.
- Wide range of issues and programs
  - Air and water quality
  - Drinking water & wastewater management
  - Landfills & waste management
  - Coastal management & marine fisheries
  - Sediment & erosion control
  - Recycling programs
  - NC Park System
  - Special attractions: Zoo, Aquariums, Museum of Natural Science






# DENR: General Fund Budget Trends

(excludes Forestry and Soil and Water)




Note: FY 2015 certified budget has been adjusted to reflect $25.8 million in CDBG receipts.

# DENR: General Fund Budget

| FY 2014-15 Certified General Fund Budget (plus CDBG) | | | | |
|---|---|---|---|---|
| **Major Functions** | **Total Requirements** | **Receipts** | **General Fund Appropriation** | **% of GF Appropriation** |
| Administration/Reserves | 24,411,670 | 9,295,289 | 15,116,381 | 9.5% |
| Environmental Protection & Regulation | 93,897,755 | 64,684,975 | 29,212,780 | 18.3% |
| Natural Resources | 130,182,288 | 30,278,218 | 99,904,070 | 62.7% |
| Water & Wastewater Infrastructure | 41,872,138 | 26,803,313 | 15,068,825 | 9.5% |
| **Total General Fund Budget** | **$ 290,363,851** | **$ 131,061,795** | **$ 159,302,056** | **100%** |



# DENR: Total Budget

| FY 2014-15 Total Certified Budget (all sources including special funds) | | | | |
|---|---|---|---|---|
| **Major Functions** | **Total Requirements** | **Receipts** | **General Fund Appropriation** | **% of Total Requirements** |
| Administration/Reserves | 25,179,497 | 10,063,116 | 15,116,381 | 3.3% |
| Environmental Protection & Regulation | 288,043,798 | 258,831,018 | 29,212,780 | 37.2% |
| Natural Resources | 187,830,049 | 87,925,979 | 99,904,070 | 24.3% |
| Water & Wastewater Infrastructure | 272,306,201 | 257,237,376 | 15,068,825 | 35.2% |
| **DENR Total Budget** | **$ 773,359,545** | **$ 614,057,489** | **$ 159,302,056** | **100%** |

## DENR Budget Takeaways

- General Fund appropriation largely supports "popular" Natural Resource programs
- Environment Regulation programs largely supported by receipts
- Special Funds – $ outside of General Fund under reports size of budget and less attention



## DENR: Recent Changes

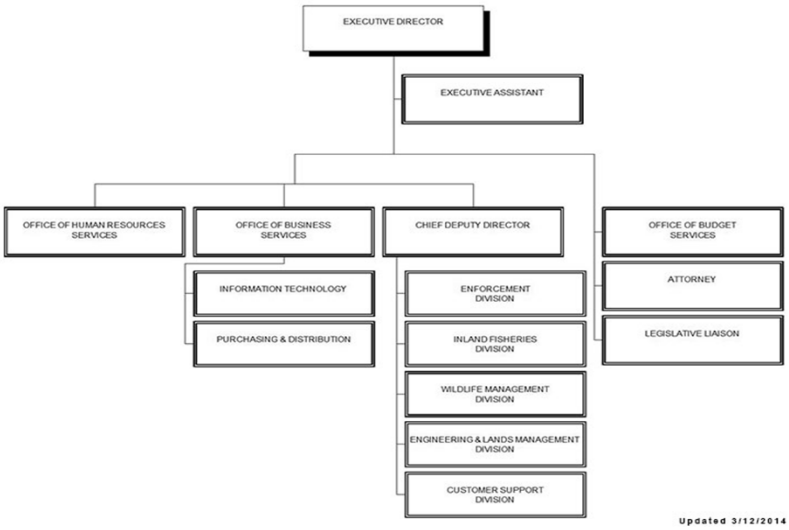
- Reorganized water/sewer programs, created a new Division of Water Infrastructure
- Transferred Energy Office and Programs
- Transferred the Clean Water Management Trust Fund
- Removed numerous earmarks for select programs
- DENR internally reorganized

# WRC: Basics

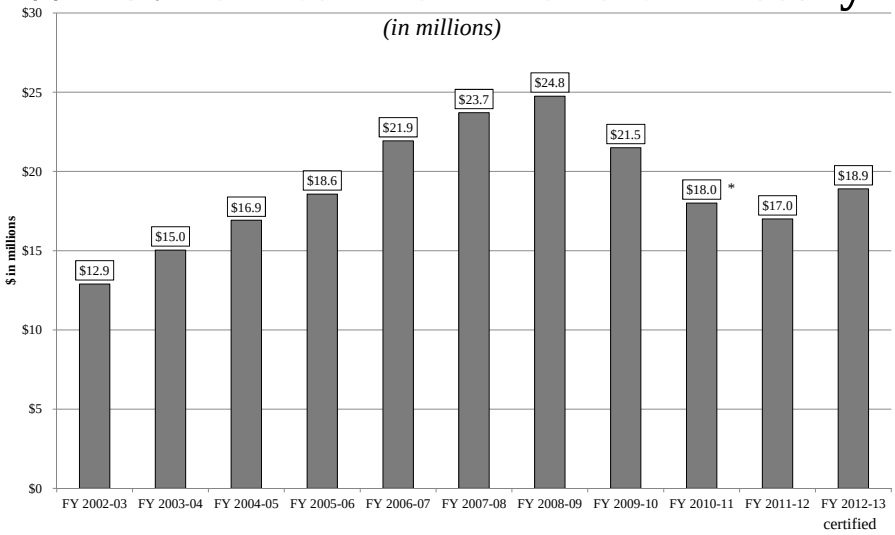
- Created in 1947
- Mission: To conserve NC's wildlife resources and their habitats and provide programs and opportunities that allow hunters, anglers, boaters; other outdoor enthusiasts to enjoy wildlife-associated recreation.
- Regulatory agency responsible for the enforcement of N.C. fishing, hunting, trapping and boating laws.
- 645+ employees
- FY 2014-15 Certified Budget ~$61.7 mil



# WRC: O-Chart



# WRC: 10-Year Tax Transfer History




In FY 2010-11, the GA eliminated the sales tax transfer & reduced WRC's budget by ~$5 million.



# WRC: Budget Takeaways

- 82% of budget supported by hunting & fishing license fees, boating registrations & titles, and federal grants
- Multiple special funds, the largest of which has a cash balance of license revenue of ~$12.9 mil
- Large Endowment Fund from the sales of ***lifetime*** hunting, fishing, & sportsman licenses; Value as of Feb 6 = $117 mil.
- Fishing and hunting license revenue is subject to legislative assent to certain federal acts, which state that a State becomes ineligible to receive certain federal funds if it diverts license revenue from the control of the State fish and wildlife agency

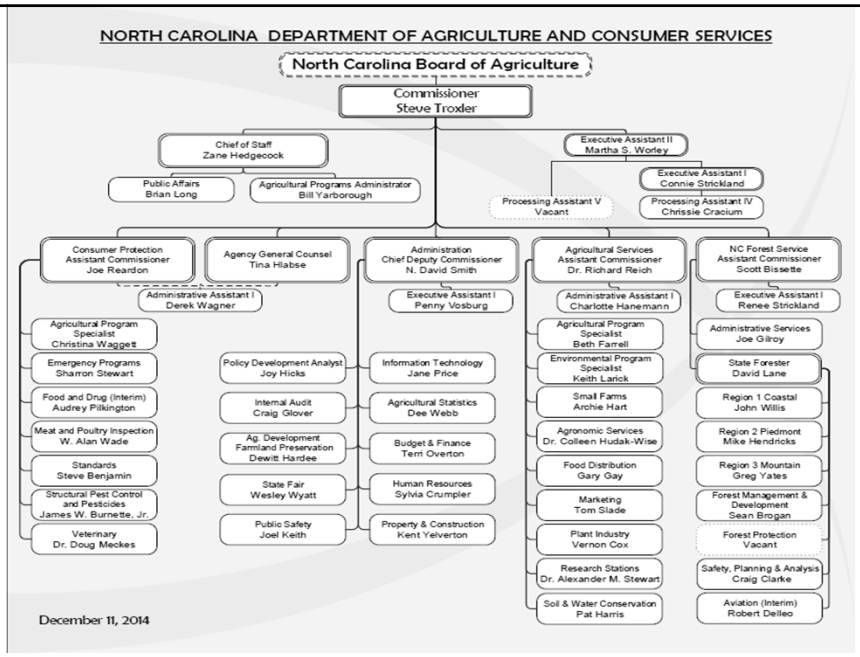
# Agriculture & Consumer Services (DACS) Basics

- Over 1,830 positions
- Divided into:
  - Administration
  - Agricultural Services
  - Consumer Protection
  - Forest Service

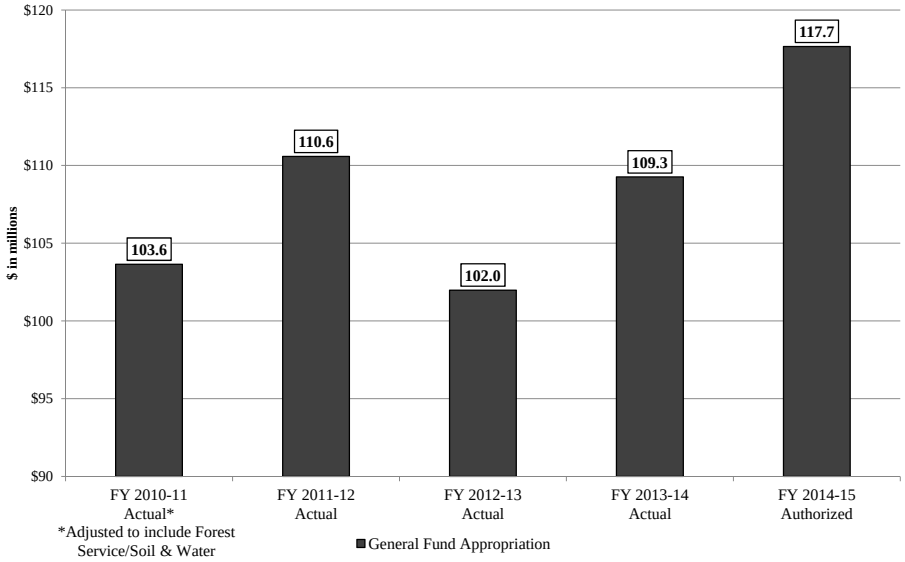
**FY 2013-14 Budget Highlights**

| | |
|---|---|
| Total Requirements: | $ 170.0 M |
| Receipts: | $ 60.8 M |
| Appropriation: | $ 109.3 M |





# DACS 5-Year Budget History (General Fund)






# DACS Division Budget Summary

| Program/Division | FY 2013-14 Actuals ($ in thousands) | | | FY 2014-15 Certified Budget ($ in thousands) | | | Positions (FY 2014-15 FTE's) |
|---|---|---|---|---|---|---|---|
| | Requirements | Receipts | General Fund Appropriation | Requirements | Receipts | General Fund Appropriation | |
| Administration | $ 6,737 | $ 1,404 | $ 5,333 | $ 7,117 | $ 1,157 | $ 5,960 | 75.8 |
| Agriculture Statistics | 3,022 | 565 | 2,457 | 3,278 | 812 | 2,466 | 39.0 |
| Marketing | 11,208 | 3,110 | 8,098 | 10,047 | 1,866 | 8,181 | 94.0 |
| Agronomic Services | 4,427 | 1,294 | 3,133 | 4,536 | 1,299 | 3,237 | 57.0 |
| Plant Industry | 6,470 | 3,233 | 3,237 | 6,880 | 2,766 | 4,114 | 88.8 |
| Food Distribution | 5,465 | 3,268 | 2,197 | 3,709 | 1,453 | 2,256 | 46.0 |
| Research Stations | 17,429 | 4,303 | 13,126 | 17,011 | 3,683 | 13,328 | 166.0 |
| Structural Pest and Pesticides | 4,840 | 4,769 | 71 | 5,033 | 4,286 | 747 | 70.8 |
| Food & Drug | 11,763 | 3,722 | 8,041 | 11,721 | 2,773 | 8,948 | 150.0 |
| Veterinary Services | 11,498 | 2,366 | 9,132 | 11,419 | 2,072 | 9,347 | 140.0 |
| Meat and Poultry Inspection | 7,127 | 3,556 | 3,571 | 8,054 | 4,050 | 4,004 | 119.0 |
| Standards | 6,250 | 5,363 | 887 | 6,625 | 5,703 | 922 | 92.0 |
| Emergency Programs | 1,866 | 461 | 1,405 | 1,940 | 432 | 1,508 | 13.0 |
| Soil & Water Conservation | 12,851 | 1,612 | 11,239 | 16,588 | 4,481 | 12,107 | 44.2 |
| Forest Service | 54,688 | 18,816 | 35,872 | 56,776 | 20,464 | 36,312 | 640.4 |
| Reserves & Transfers | 4,388 | 2,922 | 1,466 | 6,148 | 1,933 | 4,215 | 0.0 |
| **Total** | **$ 170,028** | **$60,766** | **$ 109,261** | **$ 176,883** | **$59,228** | **$ 117,655** | **1,836** |

## DACS Budget Takeaways

- Approximately 1/4 of DACS' total General Fund budget is generated from receipts
- Approximately 1/3 of DACS' General Fund Appropriations are provided to the Forest Service



## DACS Recent Changes

- Incorporated the bioenergy development program upon dissolution of the Biofuels Center
- Fees applied to Forest Management Plans produced by the Forest Service
- Fees applied to "peak-season" soil samples analyzed by Agronomics lab

# Labor (DOL) Basics

NCDOL
N.C. Department of Labor

- Over 400 positions
- Divided into:
  - Administration
  - Occupational Safety & Health
  - Standards & Inspections

**FY 2013-14**

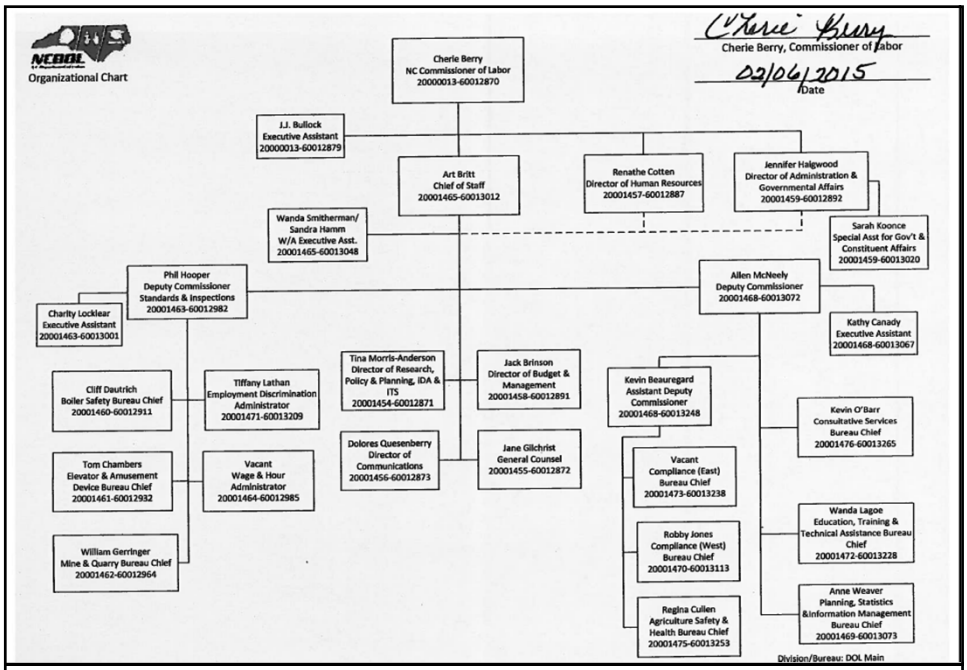
**Budget Highlights**

Total Requirements: $30.6 M

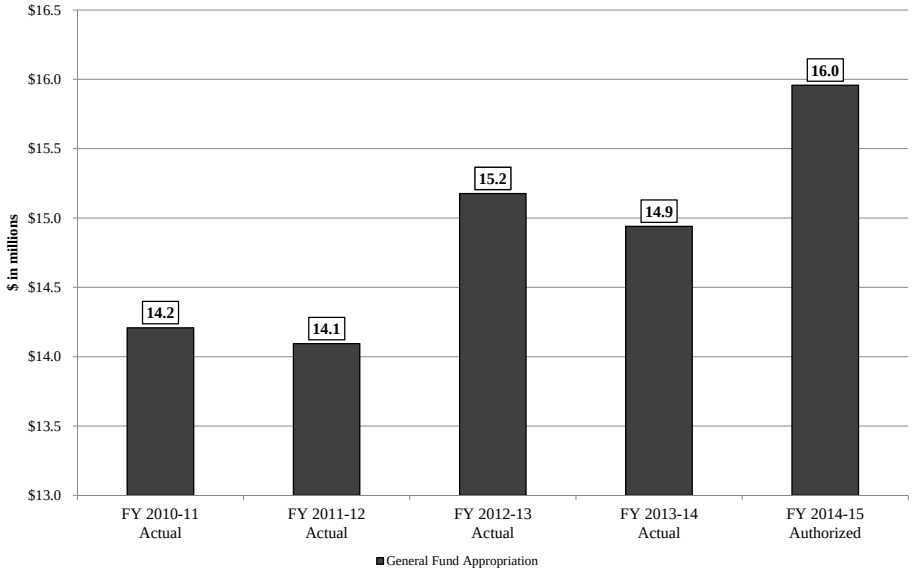
Receipts: $15.7 M

Appropriation: $14.9 M





# DOL 5-Year Budget History (General Fund)






# Labor Division Budget Summary

| Program/Division | FY 2013-14 Actuals ($ in thousands) | | | FY 2014-15 Certified Budget ($ in thousands) | | | Positions (FY 2014-15 FTE's) |
|---|---|---|---|---|---|---|---|
| | Requirements | Receipts | General Fund Appropriation | Requirements | Receipts | General Fund Appropriation | |
| **Administration** | $ 3,717 | $ 2,295 | $ 1,422 | $ 4,094 | $ 2,135 | $ 1,959 | 46.1 |
| **Apprenticeship Program*** | 777 | 149 | 628 | 1,604 | 757 | 847 | 19.0 |
| **Mine & Quarry Inspections** | 521 | 95 | 426 | 479 | 148 | 331 | 6.0 |
| **Boiler and Pressure Vessel Inspections** | 1,982 | 2,026 | (44) | 2,176 | 2,176 | - | 24.0 |
| **Elevator and Amusement Device Inspections** | 4,153 | 4,422 | (269) | 4,406 | 4,406 | - | 46.0 |
| **Employment Discrimination** | 538 | - | 538 | 559 | - | 559 | 8.0 |
| **Wage and Hour** | 1,836 | - | 1,836 | 2,035 | - | 2,035 | 31.0 |
| **Occupational Safety and Health (OSH)** | 15,960 | 5,560 | 10,400 | 17,204 | 6,387 | 10,817 | 223.1 |
| **Reserves & Transfers** | 1,139 | 1,139 | - | 1,128 | 1,128 | - | 0.0 |
| **Total** | **$ 30,623** | **$15,686** | **$ 14,937** | **$ 33,685** | **$17,137** | **$ 16,548** | **403.2** |

*Apprenticeship Program transferred to Department of Commerce effective January 1, 2014

# Labor Budget Takeaways

- 1/2 of Labor's total budget and 2/3 of their General Fund Appropriations are provided to the OSH program
- Over 1/2 of Labor's total General Fund budget is supported by receipts
- Elevator inspection receipts generate more revenue than necessary to operate the program



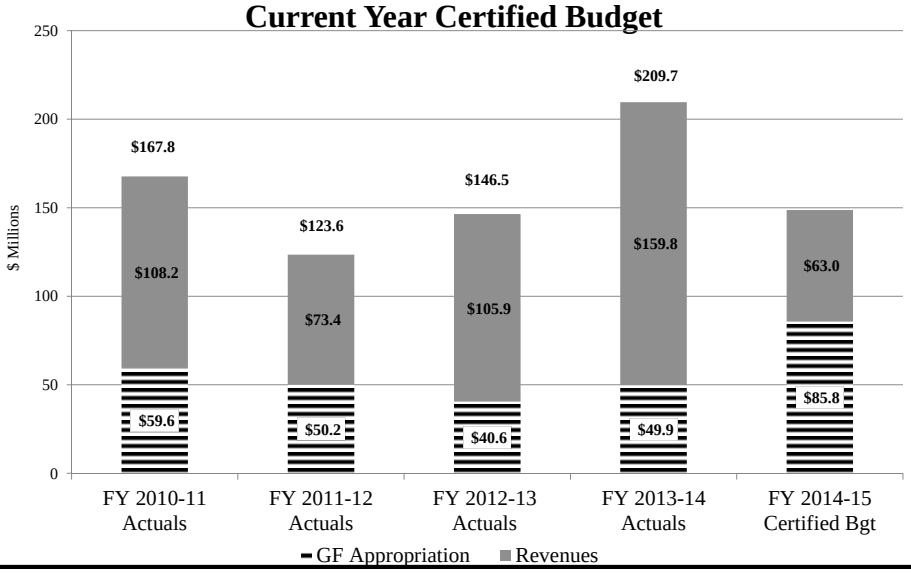
# Commerce Basics

- Primary economic development agency for the State; Mission is

*To improve the economic well being and quality of life for all North Carolinians.*

- Activities target businesses, communities, & citizens
- Over 3,000 certified full-time equivalents (FTE)
- $85.8 million General Fund appropriation (FY 2014-15)
  - Varies due to nonrecurring economic development funding
- Receipts
  - Federal Community Development Block Grant ($42.5 million)
  - Federal Workforce Innovation & Opportunity Act ($85 million)
  - Federal Wagner Peyser – Employment Services ($20 million)
  - Federal Unemployment Insurance Administration ($60 million)
  - Industrial Commission ($8 million)

## Department of Commerce
## Historical Actual Total Requirements & Current Year Certified Budget






# Commerce

FY 2014-15 Certified General Fund Appropriation of **$85.8 M** *

**Administration $750K**
- Public Affairs
- Legislative Affairs
- General Counsel
- Human Resources
- Fiscal Management

**Management Information Systems $800K**

**Finance Center $500K**
- Job Development Investment Grant (JDIG)
- One NC
- **Job Maintenance & Capital Development Fund (JMAC) $7.1M**
- Industrial Development Fund-Utility Account
- Agriculture Gas Expansion Fund
- Joint ED Program w/ DOT
- **Film & Entertainment Grant Fund $10M**

**Office of Science and Technology $200K**
- One North Carolina Small Business Fund

**Labor & Economic Analysis Division $1.3M**

**Welcome Centers $1.9M**

**Wanchese Seafood Industrial Park**

**Broadband $250 K**

**Rural Economic Development Division**
- **General Fund Economic Infrastructure, Building/Site Reuse, Health Care Facility Construction/Expansion, & NR Broadband $14.6M**
- **Community Development Block Grant $637K**
- **Planners & Main Street $1.7M**
- Utility Account
- **Underserved & Limited Resource Communities Competitive Grant Program $1.75M**
- Appalachian Regional Commission (ARC)
- **Broughton Hospital Study Challenge Grant $200K**

**Workforce Solutions (Apprenticeship $850K)**

**Employment Security**

**Nonprofit Contract with Economic Development Partnership of NC, Inc.**
- **Tourism, Film & Sports Dev $10.5M**
- **Business & Industry $3.9M**
- **International Trade Division $2.1M**
- **Marketing (Graphics) $2.5M**
- **NC Business Svc Center $300K**

**Industrial Commission $4.8M**

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* Authorizing legislation for the Job Catalyst Fund did not pass (HB 1224); $20 M will not be allotted for expenditure and will remain in the General Fund. Apprenticeship funds are not included in this total as the initial certified budget (BD307) excluded this appropriation.

# Premier Commerce Incentives

**Budgeted in Reserves**

- **Job Development Investment Grant (JDIG)**
  - $63 million recurring appropriation. Annual funding study determines actual appropriation (FY 2014-15 totals $54 M).
- **One North Carolina Fund (One NC)**
  - $9 million recurring appropriation. Annual funding study determines actual appropriation (FY 2014-15 totals $11.4 M).
- Funds are cash flowed by Office of State Budget & Management (OSBM) to Commerce as disbursements are made to companies based on performance.



# Commerce Budget Takeaways

- Of the ~ $66M General Fund appropriation allotted for expenditure in FY 2014-15, 30% is nonrecurring.
- Of the remaining recurring appropriation of ~$46M:

  ~ 42% was allotted to divisions whose functions are now under contract for performance by the Economic Development Partnership of NC, Inc.;

  ~ 30% was allotted to grants for disbursement to awardees;

  ~ 8% was allotted to administration costs (for the Department and all Commerce-run grant programs, regardless of where grant funds reside);

  ~10% was allotted to Welcome Centers, Rural Economic Development Division community services, and the Labor & Economic Development Division;

  ~10% was allotted to the Industrial Commission.

# Commerce Recent Changes

- 2013 creation of the Rural Economic Development Division & Rural Infrastructure Authority
- 2014 agency authority to contract with a nonprofit to perform certain economic development functions historically performed by the department
- New, Expanded or Recapitalized Grant programs:
  - Film & Entertainment Grant Fund
  - Agriculture Gas Expansion Fund
  - Limited Resources Communities Grant Programs
  - Main Street Solutions Fund
  - One North Carolina Small Business Fund
  - Joint Economic Development program w/ DOT



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*Commerce, Economic Development Incentives, Industrial Commission,*

*& Various Non-Profits*