



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF ENVIRONMENTAL PROTECTION

FISCAL YEAR

2007 - 2008

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-9 to C-10; C-16 to C-17; C-29; D-123 to D-154; E-10 to E-11

Fiscal Summary (\$000)

	Expended FY 2006	Adjusted Appropriation FY 2007	Recommended FY 2008	Percent Change 2007-08
State Budgeted	\$381,179	\$472,955	\$442,233	(6.5%)
Federal Funds	45,163	208,416	201,815	(3.2%)
<u>Other</u>	<u>26,419</u>	<u>67,996</u>	<u>71,981</u>	<u>5.9%</u>
Grand Total	\$452,761	\$749,367	\$716,029	(4.4%)

Personnel Summary - Positions By Funding Source

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2007-08
State	2,404	2,323	2,428	4.5%
Federal	99	94	85	(9.6%)
<u>Other</u>	<u>931</u>	<u>876</u>	<u>909</u>	<u>3.8%</u>
Total Positions	3,434	3,293	3,422	3.9%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded

Key Points

- The total State-funded appropriation, less Debt Service, is recommended at \$385.4 million, a net decrease of \$22.8 million or 5.6 percent lower than the current adjusted funding level. Most of this decrease is attributable to the elimination of one-time appropriations of \$12 million for "Passaic River Cleanup Litigation" and \$9 million for "Capital Improvements for State Parks, Forests, Historic Sites, and Wildlife Areas."
- \$19.1 million in Capital funding is recommended for "Recreational Land Development and Conservation—Constitutional Dedication," a new funding category approved by voter referendum that allocates constitutionally dedicated Corporation Business Tax (CBT) revenues for deferred maintenance, development and improvement projects in parks, forests, wildlife areas and historic sites.
- As the new CBT funding dedication for Parks became effective in December 2006, an initial allotment covering the last half of FY 2007, \$9.6 million, was transferred to this account from other existing CBT dedicated accounts in the department.

Key Points (Cont'd)

- The department's total CBT dedication amount is estimated at \$127.1 million, a decrease of \$970,000 from the current adjusted appropriation. Proposed appropriation level changes in the hazardous site remediation and hazardous site loans and grants accounts, and the elimination of funding for the private underground storage tank account, are the result of reallocations mandated by the recent referendum to capitalize the CBT Parks funding account.
- The FY 2007 Capital appropriation of \$9 million for "Capital Improvements for State Parks, Forests, Historic Sites, and Wildlife Areas" is eliminated in lieu of the \$19.1 million CBT dedication for "Recreational Land Development and Conservation-Constitutional Dedication" as cited above.
- The \$79,000 appropriation for "Wildlife Monitoring-West Nile Virus" is eliminated. The Division of Fish and Wildlife used this account to buy monitoring and laboratory equipment and support one staff position.
- \$850,000 in new funding is recommended for "Black Bear Management," an initiative to promote non-lethal methods for dealing with black bear management issues through research, public education and bear control training programs.
- Proposed budget language appropriates \$2 million from the N.J. Clean Energy Fund to help finance an Ocean/Wind Power Ecological Baseline Study. An additional \$2.5 million is recommended for the study and would be made available from appropriated excess penalty receipts and environmental settlement awards.
- The Watershed Restoration Grants program is recommended at \$2.7 million, a decrease of \$2.3 million from its FY 2007 appropriation. This program is funded by CBT revenues dedicated to the Water Resources Monitoring and Planning account.
- No additional funding for the "Passaic River Cleanup Litigation" account is recommended because balances from its current \$12 million appropriation are expected to be available in FY 2008.
- Budget language is recommended authorizing up to \$970,000 in environmental assessment review fees from day care facilities to be appropriated to the department to support costs incurred in performing this function.
- Budget language is recommended to expand the utilization of monies from natural resource damages recovered by the State through a grant program for local governments and nonprofit organizations.
- Debt Service costs are recommended at \$56.8 million, a decrease of nearly \$8 million, or 12 percent, from the current appropriation level.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2006	Adj. Approp. FY 2007	Recom. FY 2008	Percent Change	
				2006-08	2007-08
General Fund					
Direct State Services	\$254,163	\$243,643	\$233,056	(8.3%)	(4.3%)
Grants-In-Aid	5,206	27,165	24,700	374.5%	(9.1%)
State Aid	11,013	11,216	10,916	(0.9%)	(2.7%)
Capital Construction	77,463	116,767	107,271	38.5%	(8.1%)
Debt Service	24,673	64,664	56,790	130.2%	(12.2%)
Sub-Total	\$372,518	\$463,455	\$432,733	16.2%	(6.6%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	8,661	9,500	9,500	9.7%	0.0%
Sub-Total	\$8,661	\$9,500	\$9,500	9.7%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$381,179	\$472,955	\$442,233	16.0%	(6.5%)
Federal Funds	\$45,163	\$208,416	\$201,815	346.9%	(3.2%)
Other Funds	\$26,419	\$67,996	\$71,981	172.5%	5.9%
Grand Total	\$452,761	\$749,367	\$716,029	58.1%	(4.4%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change	
				2006-08	2007-08
State	2,404	2,323	2,428	1.0%	4.5%
Federal	99	94	85	(14.1%)	(9.6%)
All Other	931	876	909	(2.4%)	3.8%
Total Positions	3,434	3,293	3,422	(0.3%)	3.9%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	15.9%	16.4%	16.8%	—	—
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2007</u>	<u>Recomm.</u> <u>FY 2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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NATURAL RESOURCE MANAGEMENT**DIRECT STATE SERVICES****Special Purpose:****Wildlife Monitoring-
West Nile Virus**

\$79	\$0	(\$ 79)	(100.0%)	D-131
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Funding for this activity began in FY 2002 in response to appearances of the virus in New Jersey in 2001. The Division of Fish and Wildlife used this account to buy monitoring and laboratory equipment and to support one full-time staff position. Continued funding is not recommended due to a projected decrease in costs for this effort.

Black Bear**Management**

\$0	\$850	\$ 850	—	D-131
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This initiative would support non-lethal methods of limiting black bear interactions with humans through research, public education, outreach and bear control training programs. It was developed as an alternative for the December 2006 bear hunt season, which had been cancelled. According to the department, the results of this effort will help determine whether a bear hunt season will be needed in December 2007.

CAPITAL CONSTRUCTION**Capital Improvements****for State Parks,
Forests, Historic
Sites, Wildlife Areas**

\$9,000	\$0	(\$9,000)	(100.0%)	D-132
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The current appropriation addresses the longstanding deferred maintenance and capital improvement needs, conservatively estimated at \$250 million, of the State's natural resource areas and facilities. In FY 2008, this account would be replaced by an appropriation of \$19.1 million supported by constitutionally-dedicated Corporation Business Tax (CBT) revenues (see next item below) designated to provide a stable funding source for natural resource projects.

Recreational Land**Development and****Conservation -****Constitutional****Dedication**

\$0	\$19,059	\$19,059	—	D-132
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As cited above, this appropriation will be annually supported by CBT funds dedicated primarily for deferred maintenance, development and improvement projects in State parks, forests, historic sites and wildlife areas. The annual commitment was approved by a November 2006 referendum that amended the constitutional provision governing the use of dedicated CBT funds. It changed the allocation formula of existing dedicated amounts for hazardous substance discharge remediation, private underground storage tank remediation, and water

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2007</u>	<u>Recomm.</u> <u>FY 2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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resources monitoring and planning in order to provide annual allocations to this new funding category. Such allocations will change annually depending on the total CBT revenues collected by the State.

It should also be noted that since the amendment became effective in December 2006, approximately one-half year of the projected FY 2007 allotment, or \$9.6 million, was transferred to this account from the department's other CBT-dedicated accounts at that time. Of this amount, \$480,000 was designated for administrative costs pursuant to the five percent of total funds limitation for this purpose.

SCIENCE AND TECHNICAL PROGRAMS**DIRECT STATE SERVICES****Special Purpose:****Office of the
Rivermaster**

\$58	\$0	(\$ 58)	(100.0%)	D-137
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This office will be funded from excess water allocation fee revenues in FY 2008.

GRANTS-IN-AID**Watershed****Restoration Grants**

\$5,000	\$2,700	(\$2,300)	(46.0%)	D-138
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This program was initiated in the current budget to support watershed restoration projects recommended by the State's Regional Stormwater Management Committees. It is funded by CBT revenues dedicated to the department's Water Resources Monitoring and Planning account, along with matching federal funds. According to the Budget-In-Brief, the FY 2007 appropriation supported watershed projects in the Long Swamp Creek Watershed, Delaware & Raritan Canal Tributaries, Wreck Pond, and the Pequannock River. The FY 2008 appropriation is expected to provide sufficient funding to complete these projects and to begin new ones in Greenwood Lake, Lake Carasaljo, Rockaway River, Cooper River and the Sandlers Woods portion of the Newton Creek.

ALL OTHER FUNDS**Science, Research and
Technology**

\$0	\$2,000	\$ 2,000	—	D-138
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The recommended amount represents funding from the N.J. Clean Energy Fund to support a portion of the proposed \$4.5 million Ocean/Wind Power Ecological Baseline Study. The Clean Energy Fund supports clean energy initiatives and is supported by "societal benefit charges" on monthly utility bills. This appropriation is authorized by budget language on budget page D-139. The remaining \$2.5 million for the study would be made available from appropriated excess penalty receipts and environmental settlement awards.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2007</u>	<u>Recomm.</u> <u>FY 2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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The subject study was recommended by the Blue Ribbon Panel on Development of Wind Turbine Facilities in Coastal Waters. It would focus on studying the environmental factors that may be affected by a pilot project to place up to 80 wind turbines in offshore waters .

SITE REMEDIATION AND WASTE MANAGEMENT**DIRECT STATE SERVICES****Special Purpose:****Passaic River**

Cleanup Litigation	\$12,000	\$0	(\$12,000)	(100.0%)	D-141
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This appropriation supports the investigative and litigation costs associated with the State's pursuit of compensation from Occidental Chemical and its predecessors for polluting the Passaic River and Newark Bay over the past 20 years. No additional funding is recommended because sufficient balances in this account are expected to be available in FY 2008. Budget language is proposed to carry forward any unexpended funds from this account into FY 2008.

CAPITAL CONSTRUCTION**Hazardous Substance****Discharge****Remediation-****Constitutional****Dedication**

\$34,535	\$25,657	(\$8,878)	(25.7%)	D-142
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Private Underground**Tank Remediation-****Constitutional****Dedication**

\$17,071	\$0	(\$17,071)	(100.0%)	D-142
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Hazardous Substance**Discharge****Remediation****Loans & Grants-****Constitutional****Dedication**

\$25,606	\$31,765	\$ 6,159	24.1%	D-142
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These accounts are supported by constitutionally-dedicated CBT revenues. The first account finances hazardous site cleanups not generally supported by responsible parties. The second line item provides loans and grants to businesses, private individuals and local governments to upgrade, replace or remediate underground storage tanks and ground contaminations. The third account provides loans and grants primarily for brownfields redevelopment projects. The latter two programs are jointly administered by the N.J. Economic Development Authority and the department.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2007</u>	<u>Recomm.</u> <u>FY 2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Funding levels are normally determined by the total amount of CBT revenues collected annually, from which each funding category is allocated a statutorily prescribed allotment. However, the appropriation level changes indicated above also reflect newly authorized reallocations between funding categories precipitated by the November 2006 referendum that amended Article VIII, Section II, paragraph 6 of the State Constitution. These amendments changed the allocation percentages of existing CBT dedicated funds in order to create a new funding category for maintenance, development, and improvement projects in parks, forests, historic sites and wildlife areas.

This new funding category is manifested in the \$19.1 million appropriation recommended for "Recreational Land Development and Conservation-Constitutional Dedication" in the Parks capital budget. The recommended amount is actually comprised of monies transferred from the first two accounts listed above, hence their reduced recommended funding levels. The Private Underground Storage Tank (UST) account shows no funding in FY 2008 because the new amendments first reduced its allocation percentage to help capitalize the new parks funding category. Its remaining allocation was then designated to the brownfields loans and grants category, as reflected above by its increased FY 2008 appropriation level.

The recent amendment also ensures that a minimum balance from previously appropriated funds, \$20 million, remain in the UST account from year to year for ongoing projects. If the balance falls below this level, dedicated funds from the brownfields account will automatically be allocated to the UST account to restore the prescribed balance.

COMPLIANCE AND ENFORCEMENT

ALL OTHER FUNDS

Air Pollution Control	\$3,000	\$0	(\$3,000)	(100.0%)	D-153
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The FY 2007 amount represents two off-budget appropriations: First, \$1.5 million is appropriated from excess penalty and fine receipts collected from various regulatory programs. The appropriation is authorized by budget language and supports the program costs of the affected regulated areas. The remaining \$1.5 million is classified as a "donation" from the B.L. England Company. In actuality, it represents an environmental violation claim settlement. According to the department, this sum will be used toward the \$4.5 million cost of the proposed Ocean/Wind Power Ecological Baseline Study. The balance of the study cost will be supported by a budget language appropriation of \$2 million from the N.J. Clean Energy Fund and \$1 million from an environmental violation claim settlement assessed to the Public Service Electric and Gas Company.

Language Provisions

NATURAL RESOURCE MANAGEMENT

2007 Appropriations Handbook

No comparable language.

2008 Budget Recommendations

p. D-134

Of the amount hereinabove appropriated for the Recreational Land Development and Conservation – Constitutional Dedication account an amount not to exceed five percent of the appropriation shall be allocated for costs associated with the administration of the program pursuant to the amendments effective December 7, 2006 to Article VIII, Section II, paragraph 6 of the State Constitution.

Explanation

This provision refers to the administrative cost allotment permitted from the cited capital appropriation of \$19.059 million for parks, forests, historic sites and wildlife areas. This appropriation is supported by constitutionally dedicated Corporation Business Tax (CBT) revenues. The constitutional provision governing this dedication was recently amended by voter referendum to provide a stable funding source for maintaining and developing natural resource areas. This language would provide the department with up to \$953,000 in FY 2008 to help meet the program's administrative expenses. \$480,000 was allocated from this source to cover the same costs over the last six months of FY 2007.

2007 Appropriations Handbook

No comparable language.

2008 Budget Recommendations

p. D-134

The amounts hereinabove appropriated for Recreational Land Development and Conservation – Constitutional Dedication shall be provided from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C. 54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution.

Language Provisions (Cont'd)**Explanation**

This language clarifies the source of the cited capital appropriation of \$19.059 million for parks, forests, historic sites and wildlife areas. As mentioned above, this new funding category was authorized by a recent voter referendum that further amended the State Constitution to provide a stable funding source to maintain and develop the State's natural resource areas. The subject appropriation is comprised of monies reallocated from other CBT dedicated accounts in the department pursuant to the new allotment formulas mandated by the amendments.

SCIENCE AND TECHNICAL PROGRAMS
2007 Appropriations Handbook

No comparable language.

2008 Budget Recommendations**p. D-139**

Receipts in excess of the amounts anticipated for Well Permits/Well Drillers/Pump Installers Licenses, and the unexpended balances at the end of the preceding year of such receipts, are appropriated to the Department of Environmental Protection for the Water Supply Program and for the Private Well Testing Program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language permits "excess" receipts collected from the cited licenses to be appropriated to the department for the cited purposes. In this case, "excess" receipts refers to any license fees collected in excess of the amount anticipated to be collected for such fees. This anticipated amount is listed in the Budget Recommendation as \$1.1 million (see budget page C-10) and would be deposited into the General Fund as general revenue. The department, however, estimates that this sum will be exceeded by up to \$1.3 million, as indicated on budget page C-17. The proposed language therefore would allow these "excess" monies to be appropriated off-budget to the department instead of to the General Fund. The proposed language also permits any unspent monies remaining at the end of FY 2007 to be carried forward in this account for expenditure in FY 2008.

Language Provisions (Cont'd)

2007 Appropriations Handbook

2008 Budget Recommendations

No comparable language.

p. D-139

Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amounts appropriated hereinabove, there is appropriated to the Department of Environmental Protection from the Clean Energy Fund the amount of \$2,000,000 for an Ocean/Wind Power Ecological Baseline Study.

Explanation

This provision authorizes funds for the cited study from the N.J. Clean Energy Fund, which is supported by "societal benefit charges" on monthly utility bills. The cited amount also appears in the Budget Recommendation as an off-budget appropriation under "All Other Funds—Science, Research and Technology" on budget page D-138. The proposed study, based on a recommendation of the Blue Ribbon Panel on Development of Wind Turbine Facilities in Coastal Waters, would focus on the environmental factors that may be affected by a pilot project to place up to 80 wind turbines in offshore waters. Its total cost is estimated at \$4.5 million, with the \$2.5 million balance coming from an environmental settlement "donation" and appropriated excess penalty receipts authorized by budget language on budget page D-153.

SITE REMEDIATION AND WASTE MANAGEMENT

2007 Appropriations Handbook

2008 Budget Recommendations

p. B-67

Notwithstanding any other law to the contrary, there is appropriated \$5,000,000 from the Sanitary Landfill Facility Contingency Fund to the General Fund as State revenue.

No comparable language.

Explanation

This language was included in the current budget to help relieve the State Budget deficit. The Sanitary Landfill Facility Contingency Fund collects receipts from taxes and penalties levied upon each owner or operator of a sanitary landfill facility. The fund pays all direct and indirect damages resulting from the operations or closure of any sanitary landfill.

Language Provisions (Cont'd)**2007 Appropriations Handbook**

No comparable language.

2008 Budget Recommendations**p. D-143**

The unexpended balance at the end of the preceding fiscal year in the Passaic River Cleanup Litigation account is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This provision permits any unspent monies remaining at the end of FY 2007 to be carried forward in this account for expenditure in FY 2008. The current budget appropriated \$12 million to pay investigative and litigation costs associated with the State's pursuit of compensation from Occidental Chemical and its predecessors for polluting the Passaic River and Newark Bay. No additional funding is recommended for FY 2008.

2007 Appropriations Handbook

No comparable language.

2008 Budget Recommendations**p. D-143**

There is appropriated to the Department of Environmental Protection from those facilities submitting environmental assessments required for licensing pursuant to N.J.S.A. 9:3A-7(f) and 30:5B-5 such sums as may be collected to offset the Department's cost related to the environmental inspection of day care facilities.

Explanation

This language appropriates to the department all environmental assessment review fees collected from licensed day care facilities. Although such fees are not new, assessment reviews are now required in order for child care facilities to attain or renew their operating licenses. The recommended budget anticipates \$970,000 to be collected from these fees in FY 2008, which will be used to support costs incurred by the department in performing this function.

Language Provisions (Cont'd)

2007 Appropriations Handbook

2008 Budget Recommendations

p. B-68

p. D-143

All natural resource damages recovered by the State shall be deposited in the Hazardous Discharge Site Cleanup Fund established pursuant to section 1 of P.L.1985, c.247 (C.58:10-23.34), and are appropriated for the direct and indirect costs of restoration and associated consulting and legal services.

All natural resource damages recovered by the State shall be deposited in the Hazardous Discharge Site Cleanup Fund established pursuant to section 1 of P.L.1985, c.247 (C.58:10-23.34), and are appropriated for the direct and indirect costs of restoration, associated consulting and legal services, and grants to local governments and nonprofit organizations to further implement restoration activities of the Office of Natural Resource Restoration.

Explanation

This language authorizes and clarifies the utilization of monies recovered by the State from parties responsible for the contamination of natural resources. The recommended language is expanded to provide grants to local governments and nonprofit agencies that work with the department's Office of Natural Resource Restoration.

DEPARTMENT-WIDE

2007 Appropriations Handbook

2008 Budget Recommendations

p. B-74

Appropriations made from revenue received from the Corporation Business Tax, pursuant to the "Corporation Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.), as dedicated by Article VIII, Section II, paragraph 6 of the State Constitution, may be transferred from and to any appropriations accounts within the department that are or become Constitutional Dedication accounts, subject to the approval of the Director of the Division of Budget and Accounting, with notice thereof to the Joint Budget Oversight Committee, in order that appropriations from such revenue shall be made and expended in a manner that is consistent with the requirements of any constitutional dedication that may become effective during this fiscal year.

No comparable language.

Language Provisions (Cont'd)**Explanation**

In anticipation of the passage of the November 2006 referendum that approved amendments to the State constitution to dedicate CBT monies for natural resources maintenance and development purposes, language was included in the current budget to authorize the transfer of CBT dedicated monies from existing accounts to the new dedicated account. Since the new amendments became effective in December 2006, one-half of this new funding category's FY 2007 allotment, \$9.6 million, was transferred from existing CBT dedication accounts in the department to the new CBT dedication account in January 2007.

Discussion Points

1. The enacted FY 2007 budget anticipated savings from management efficiencies (\$50 million), information technology efficiencies (\$20 million) and procurement efficiencies (\$15 million). These savings, while reflected in the Interdepartmental Accounts section of the budget, were to be obtained from executive agency budgeted appropriations, presumably in direct correlation with identified efficiency improvements.

- **Question:** What amount of the department's original FY 2007 appropriations were reallocated to Interdepartmental Accounts as savings from management efficiencies, information technology efficiencies and procurement efficiencies, respectively? What specific efficiencies were achieved by the department that correlate to the reallocations? What adverse impacts, if any, on the output and outcomes of department programs and services resulted or will result from these funding reallocations, in the current fiscal year and as projected for FY 2008?

2. The recommended budget includes \$850,000 in new funding for "Black Bear Management," an initiative to conduct non-lethal methods of controlling and managing black bear interactions with humans through research and behavioral education. The initiative was developed in response to the cancellation of the December 2006 bear hunt and, according to the department, its results will help responsible officials determine whether a bear hunt season will be needed this winter.

- **Question:** Please provide an operating budget for this appropriation and discuss how these funds will be used. How will this initiative affect the development of a revised State Comprehensive Black Bear Management Policy, which is due this August? How does this initiative differ from or compare with a similar black bear management effort conducted by the department from FY 2000 through FY 2002 at a cost of over \$1 million annually?

3. The current budget includes \$9 million for deferred maintenance and improvement projects in State parks, forests, historic sites and wildlife areas. It also includes (but is not displayed in the recommended budget) \$9.6 million in constitutionally dedicated Corporation Business Tax (CBT) revenues that were transferred to the Parks capital budget in January 2007 from other CBT-dedicated accounts, pursuant to the November 2006 referendum that reallocated the CBT environmental dedication to provide a stable funding source for projects in parks, forests, historic sites, and wildlife areas. In FY 2008, \$19.1 million would be appropriated to Parks capital from this source, under "Recreational Land Development and Conservation—Constitutional Dedication," and would reflect a \$500,000 increase over the combined FY 2007 capital appropriations.

- **Question:** Please provide a project budget for the capital funds provided in FY 2007 and recommended for FY 2008, including administrative costs, start/completion dates, priority ranking and federal/local matching funds, if any. How will these funds be utilized in the development of the proposed State parks in Trenton and Paterson? Will a secure funding stream change the department's approach to capital budgeting for State parks, forests and historic sites? Further, what impact, if any, will this annual funding have on the staffing requirements of the affected operating units?

Discussion Points (Cont'd)

4. According to the "Budget in Brief," the recommended budget will provide the department with \$4.5 million to finance an Ocean/Wind Power Ecological Baseline Study, which is based on a recommendation of the Blue Ribbon Panel on Development of Wind Turbine Facilities in Coastal Waters. This 18 month study would focus on the ecological systems (e.g. birds and marine life) that may be affected by a pilot project to place up to 80 wind turbines in offshore waters. Of the study cost, \$2 million would come from the N.J. Clean Energy Fund through a budget language appropriation (see budget page D-139). This amount also appears off-budget under "All Other Funds--Science, Research and Technology" on budget page D-138.

An additional \$1.5 million would be available from a "B.L. England Environmental Project Donation" (see budget page C-16), anticipated as an off-budget appropriation in FY 2007. B.L. England is an electrical generating facility in Cape May County recently sold by Atlantic City Electric. The \$1 million balance will come from appropriated excess penalty and settlement receipts as authorized by budget language on budget page D-153.

- **Question:** Please provide an expense budget for this study, including study parameters, staffing requirements and consultant participation. Please identify the specific sources of penalty settlements or receipts that are designated for this study. Please explain the origin of the "B.L. England Environmental Project Donation," and identify the terms and conditions of the department's receipt and use of these funds.

5. On budget page D-143, the recommended budget would change existing budget language that currently authorizes all natural resource damages recovered by the State to be deposited in the Hazardous Discharge Site Cleanup Fund and appropriated for restoration costs. The proposed language would add a provision to use these funds for " grants to local governments and nonprofit organizations to further implement restoration activities of the Office of Natural Resource Restoration."

- **Question:** Please explain the purpose of the proposed amended language. If it refers to the formation of a new grant program, please describe its parameters and operating budget. What is the current balance and availability of natural resource damage recoveries, and what active or approved projects are they supporting?

6. The FY 2007 appropriation of \$12 million for "Passaic River Cleanup Litigation" is not recommended in FY2008. These funds were to be used to pay litigation costs associated with the State's pursuit of compensation from Occidental Chemical and its predecessors for polluting the Passaic River and Newark Bay. According to the department, the appropriation amount was estimated by outside counsel based upon their experience in other similar cases. Budget language is proposed to carry forward any unspent balances into FY 2008.

- **Question:** Please provide a status report of the litigation effort thus far, including FY 2007 expenditures and the projected amount to be carried forward into FY 2008. How closely does the \$12 appropriation level resemble the actual or anticipated costs of this effort, and will additional funds be needed?

Discussion Points (Cont'd)

7. New budget language is recommended (see budget page D-143) that appropriates to the department environmental assessment review fees from day care facilities. Such reviews are now required in order for these facilities to attain or renew their operating licenses. The recommended budget anticipates \$970,000 in fee revenue, which will be used to support review costs incurred by the department.

The N.J. Environmental Management System (NJEMS) is the department-wide database system that integrates all data related to its regulated activities. According to the department, it is designed to share and report data, improve workflow and business practices, and serve as the day to day business tool for over 3000 staff. It also tracks permit requirements, facility submittals and inspection requirements to provide for automated compliance determination where possible.

- **Question:** Please explain how the review fees will be applied to current program operations. Are the Evaluation Data figures for "Child Care Facilities Inspected" on budget page D-140 related to the assessment reviews or do they indicate a new function? Either way, how will these inspections affect staff workloads? Do the recent issues associated with the site inspection of child care facilities, particularly with respect to the problems the department has had in tracking and enforcing site cleanups, indicate or imply problems with the NJEMS and, if so, what steps has the department taken to alleviate them?

8. In February 2007, Governor Corzine signed an Executive Order that sets new targets for reducing greenhouse gas emissions in New Jersey. The Governor directed the department, in cooperation with other state agencies and interest groups, to develop a plan over the next six months to meet the targets and goals set forth in the Executive Order. From FY 2001 through FY 2005, the department received Special Purpose appropriations, the last one totaling \$577,000, for the "Greenhouse Gas Action Plan" account. In FY 2006, funding for this effort was incorporated into regular operating account balances.

- **Question:** Please explain the parameters and status of the plan thus far, including its accrued and projected costs, staff requirements and timetable. What costs are currently attributable to the Greenhouse Gas Action Plan, and how does it differ from or dovetail with the Governor's plan?

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Individuals wishing information and committee schedules on the FY 2008 budget are encouraged to contact:

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