

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2002 - 2003 BUDGET



DEPARTMENT OF ENVIRONMENTAL PROTECTION

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

MAY 2002

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

Budget Pages..... C-16 to C-17; C-24; C-29 to C-30;
C-35; D-155 to D-187; E-8 to E-10

Fiscal Summary (\$000)

	Expended FY 2001	Adjusted Appropriation FY 2002	Recommended FY 2003	Percent Change 2002-03
State Budgeted	\$465,145	\$496,590	\$397,487	(20.0)%
Federal Funds	37,680	196,118	201,212	2.6%
<u>Other</u>	<u>16,767</u>	<u>43,813</u>	<u>41,425</u>	<u>(5.5)%</u>
Grand Total	\$519,592	\$736,521	\$640,124	(13.1)%

Personnel Summary - Positions By Funding Source

	Actual FY 2001	Revised FY 2002	Funded FY 2003	Percent Change 2002-03
State	3,115	3,190	3,334	4.5%
Federal	101	106	125	17.9%
<u>Other</u>	<u>81</u>	<u>79</u>	<u>76</u>	<u>(3.8)%</u>
Total Positions	3,297	3,375	3,535	4.7%

FY 2001 (as of December) and revised FY 2002 (as of September) personnel data reflect actual payroll counts. FY 2003 data reflect the number of positions funded.

Introduction

The Department of Environmental Protection (DEP) protects and manages the State's natural resources, fish and wildlife; preserves open space for recreation and conservation purposes; monitors the State's rivers, beaches and ocean waters; regulates air and water pollution, radiation, pesticides, and hazardous waste generation; coordinates the remediation of pollution problems; and manages various aspects of solid waste disposal. The department operates many types of remedial, research and regulatory programs, many of which are directly or indirectly supported by revenues generated from general user fees, permit or license fees, penalty and fine charges, special taxes, bond acts, federal funds, and constitutional dedications.

Key Points

- ! The department's total State appropriation is recommended at \$397.5 million, a decrease of \$99.1 million or 20 percent less than the FY 2002 adjusted funding level. State monies are allocated from the General Fund and the Property Tax Relief Fund.
- ! The recommended **General Fund** (GF) appropriation is \$387.0 million, a decrease of \$99.7 million or 20 percent below the current adjusted funding level. Exclusive of Debt Service obligations, the recommended GF total is \$310.2 million, a net decrease of \$70.5 million or 19 percent from the FY 2002 adjusted appropriation.
- ! The **Property Tax Relief Fund - State Aid** recommendation is \$10.5 million, an increase of \$630,000 or 6 percent over the current total. The entire increase is for the Payment in Lieu of Taxes program, which is recommended at \$8.0 million.
- ! The **Direct State Services** (DSS) portion of the General Fund is recommended at \$219.0 million, a decrease of \$8.0 million or 4 percent under the current adjusted appropriation. Notable changes in the DSS budget are listed below.
- ! No funding is recommended for the Black Bear Response Team account. The current appropriation of \$1.0 million supports 11 positions in the Division of Fish and Wildlife.
- ! No funding is provided for the Environmental Testing Laboratory and the Drinking Water Quality Institute. Both items were added to the Budget by the Legislature in FY 2002, with appropriations of \$3.0 million and \$300,000 respectively, but have not been implemented due to the FY 2002 budget deficit.
- ! No funding is recommended for the Action Now Projects program. These two watershed-related accounts were introduced in FY 2002 and funded at \$2.5 million each from the Safe Drinking Water Fund and the Corporation Business Tax (CBT) dedication.
- ! Funding for Watershed Resources Monitoring and Planning is increased by \$1.9 million, to a total of \$11.6 million. Increased support from CBT-dedicated funding (up \$2.75 million) is offset by a decrease of \$850,000 in non-dedicated State funds.
- ! A new Special Purpose appropriation of \$3.8 million would finance enhancements to the N.J. Environmental Management System, the department's integrated database system. New budget language charges this appropriation against revenues from fee increases.
- ! The total **Grants-In-Aid** (GIA) recommendation is \$500,000, a decrease of \$10.5 million or 95 percent less than the current appropriation. The \$500,000 is recommended for the Statewide Community Forestry Program and reflects a decrease of \$400,000 from its FY 2002 appropriation.
- ! The other decreases in GIA funding include \$9.75 million from eight grants provided by the Legislature in the current budget that are not funded in FY 2003. Four of these appropriations, worth \$7.2 million, are scheduled to be lapsed to the General Fund at the end of FY 2002 to help reduce the FY 2002 budget deficit.
- ! No funding is recommended for the Black Fly Treatment - Delaware River account, which has annually received \$350,000 to support Pennsylvania's spraying program.

Key Points (Cont'd)

- ! **State Aid (SA)** appropriations from the General Fund are recommended at \$4.6 million, a decrease of \$18.0 million or 80 percent below the current funding level. Approximately \$16.9 million of the proposed \$18.0 million decrease comes from seven budget items added by the Legislature in FY 2002 that are not funded in FY 2003. (Funding from five of these accounts, totaling \$16.6 million, is scheduled to be lapsed to the General Fund to help reduce the FY 2002 budget deficit.)
- ! **Capital Construction (CC)** appropriations are recommended at \$86.2 million, a decrease of \$34.1 million or 28 percent below the FY 2002 level. Major funding changes, by Statewide Program, are as follows:
 - ! Natural Resource Management (including Palisades Park): \$30.0 million is recommended, a decrease of \$34.8 million or 54 percent from the FY 2002 appropriation. The recommendation comprises \$25.0 million in dedicated funding for Shore Protection Fund Projects and \$5.0 million for a new line item, Dam Repairs.
 - ! Site Remediation: \$47.4 million, an increase of \$1.1 million or 2 percent over the current funding level, is recommended for Hazardous Substance Discharge Remediation (\$26.1 million) and Private Underground Tank Remediation (\$21.3 million). Both accounts are supported by constitutionally dedicated Corporation Business Tax revenues.
 - ! Environmental Regulation: \$8.7 million is recommended for the Flood Control HR6 Projects account, an increase of \$365,000 or 4 percent over the current appropriation.
 - ! Environmental Planning and Administration: \$125,000 is recommended for Mosquito Control Equipment, a decrease of \$685,000 or 85 percent under the current funding level.
 - ! The **Debt Service** portion of the General Fund appropriation is recommended at \$76.8 million, a decrease of \$29.2 million or 28 percent less than the current year requirement, due to the refinancing of bond debt in late 2001. [Note: Subsequent to the introduction of the FY 2003 Budget, P.L. 2002, c.12 was enacted and reduced the FY 2002 appropriation for DEP debt service costs from \$106.1 million to \$74.7 million, which would change the numerical comparison of FY 2002 to FY 2003.]
 - ! **Federal Funds** are anticipated at \$201.2 million in FY 2003, a net increase of \$5.1 million or 3 percent higher than the current authorized total. No new major programs or significant funding changes in current programs are indicated. The largest single increase, from \$5.0 million to \$8.0 million, is anticipated in the Forest Legacy Program.
 - ! The **All Other Funds** or off-budget segment of the budget is estimated at \$41.4 million, a net decrease of \$2.4 million or 5 percent below the current adjusted total. No significant changes in appropriated revenues are anticipated. The largest single decrease, from \$4.8 million to \$1.9 million, is indicated for the local share of Shore Protection Fund Projects.
 - ! New budget language is recommended (page D-166) to transfer \$4.8 million from the Garden State Green Acres Preservation Trust Fund to the department to fully support the administration of the Green Acres program. Administrative expenses are currently supported by General Fund monies.

Key Points (Cont'd)

- ! New budget language is recommended (page D-171) authorizing up to \$600,000 in unexpended funds from the Action Now Projects-Safe Drinking Water Fund account for Private Well Testing.

- ! Departmental **revenue increases** totaling \$18 million are projected from planned fee rate adjustments for various licenses, permits and services. These increases are displayed as anticipated revenues in the **Schedule 1, State Revenues** section of the Recommendation (pages C-16 and C-17). The details of the fee increases are not yet known.

Background Paper

- ! Status of State Recycling Grants Program

p. 32

Program Description and Overview

The functions and programs of the Department of Environmental Protection (DEP) are grouped and displayed in the Budget Recommendation within six Statewide Program designations: Natural Resource Management, Science and Technical Programs, Site Remediation, Environmental Regulation, Environmental Planning and Administration, and Compliance and Enforcement. The DEP budget also includes funding for the following independent agencies that are budgetarily located "in, but not of" the department: the Natural Lands Trust, the Palisades Interstate Park Commission, the Hazardous Waste Facilities Siting Commission, the Pinelands Commission and the N.J. Environmental Infrastructure Trust.

There are also two major State-funded programs the DEP helps manage that are funded from the Interdepartmental Accounts budget. First, on page D-516, under "Solid Waste Management-County Environmental Investment Debt Service Aid, EDA," \$59.2 million is recommended to help counties meet stranded debt costs incurred from the building of solid waste facilities by refinancing their debt through the N.J. Economic Development Authority. Second, on page D-517, under "Garden State Preservation Trust Fund Account," \$98.0 million is recommended pursuant to the constitutional dedication of sales tax revenues for the Green Acres, farmland preservation and historical preservation programs. The department manages the Green Acres program.

Budget/Organizational Structure

In the Budget Recommendation, each Statewide Program consists of program classifications. These designations generally correspond to an agency's functional or organizational structure and reflect the operating levels at which specific appropriations are recommended. The following is a brief description of each Statewide Program (with two-digit budget code) and its program classifications as they appear in the Budget Recommendation:

Natural Resource Management (42). Comprised of seven program classifications: Forest Resource Management, Parks Management, Hunters' and Anglers' License Fund, Shellfish and Marine Fisheries Management, Wildlife Management, Natural Resources Engineering, and the Palisades Interstate Park Commission. Organizationally, this portion of the budget funds the Division of Fish and Wildlife, the Division of Parks and Forestry, the Green Acres Office, the Engineering and Construction unit (shore protection, dredging, dam safety, flood control), and the New Jersey portion of the Palisades Interstate Park Commission.

Science and Technical Programs (43). Comprised of seven program classifications: Air Pollution Control, Water Supply and Watershed Management, Water Monitoring and Planning, Science, Research and Technology, New Jersey Geological Survey, Environmental Remediation and Monitoring, and Watershed Management. Organizationally, this part of the budget generally supports the Division of Science, Research and Technology, the Division of Watershed Management, the Office of Coastal Planning and Program Coordination, and the Office of Air Quality Management.

Site Remediation (44). Comprised of three program classifications: Publicly-Funded Site Remediation, Responsible Party Site Remediation, and Environmental Remediation and Monitoring. This segment of the budget is primarily supported by bond funds, dedicated tax revenues, federal funds, and other non-State funding sources to manage the cleanup of sites contaminated by hazardous substances. These activities are carried out by the Division of Responsible Party Site Remediation and the Division of Publicly Funded Site Remediation.

Program Description and Overview (Cont'd)

Environmental Regulation (45). Comprised of seven program classifications: Radiation Protection, Air Pollution Control, Water Supply and Watershed Management, Water Pollution Control, Public Wastewater Facilities, Land Use Regulation, and Solid and Hazardous Waste Management. Organizationally, this section of the budget supports the Division of Environmental Safety, Health and Analytical Programs, the Division of Solid and Hazardous Waste, the Division of Water Quality, the Air Quality Permitting unit, the Office of Pollution Prevention and Permit Coordination, the Hazardous Waste Facilities Siting Commission, and the units concerned with regulating water supply and land use (i.e. waterfront development, CAFRA, wetlands).

Environmental Planning and Administration (46). Comprised of two program classifications: Regulatory and Governmental Affairs, and Administration and Support Services. Organizationally, this portion of the budget funds the Commissioner's Office and all the department's support units that perform administrative, budget, legal, legislative and public information functions.

Compliance and Enforcement (47). Comprised of five program classifications: Air Pollution Control, Pesticide Control, Water Pollution Control, Land Use Regulation, and Solid and Hazardous Waste Management. Organizationally, this part of the budget supports compliance and enforcement units responsible for laws pertaining to pesticide control, coastal and land use, solid and hazardous waste, air and environmental quality, and water pollution control.

FY 2003 Budget Overview

The department's total State-funded budget recommendation is \$397.5 million. Of this amount, \$387.0 million is supported by the General Fund while the balance of \$10.5 million comes from the Property Tax Relief Fund. The non-State funding sources of the department's budget are Federal funds, recommended at \$201.2 million, and Other Funds (i.e. off-budget, dedicated revenues), recommended at \$41.4 million. These four funding sources total \$640.1 million, a decrease of \$96.4 million or 13 percent under the FY 2002 adjusted total of \$736.5 million.

The total **General Fund** (GF) recommendation of \$387.0 million reflects a decrease of \$99.7 million or 20 percent less than the FY 2002 adjusted appropriation of \$486.8 million. The GF appropriation is divided into five funding categories, as summarized below:

Direct State Services

The Direct State Services (DSS) category represents the department's day-to-day operating budget. Its recommendation of \$219.0 million represents a decrease of \$8.0 million or 4 percent under the current adjusted budget of \$227.0 million. The DSS budget contains only one new funding proposal: \$3.8 million to finance enhancements to the N.J. Environmental Management System, the department's integrated database system.

With one exception, recommended funding for "major object" accounts, which support salary costs, materials and supplies, and other non-salary expenses, is about the same as current adjusted funding levels. The exception is found in the Additions, Improvements and Equipment accounts, which are reduced by a combined total of \$1.3 million. Other recommended DSS reductions are attributable to a decrease of \$3.8 million in watershed management accounts and the elimination of special programs included in the FY 2002 Budget by the Legislature.

Program Description and Overview (Cont'd)

Grants-In-Aid

The total Grants-In-Aid (GIA) budget recommendation is \$500,000, a decrease of \$10.5 million or 95 percent under the current funding level. The recommended amount is budgeted for the Statewide Community Forestry Program and reflects a decrease of \$400,000 from the program's FY 2002 appropriation. A combined total of \$9.75 million from eight grants included by the Legislature in the current budget are not funded in FY 2003. In addition, the annual \$350,000 grant to the Pennsylvania DEP from the Black Fly Treatment - Delaware River account is not continued.

State Aid (General Fund)

The recommended State Aid-GF budget is \$4.6 million, a decrease of \$18.0 million or 80 percent below the current funding level. Of the reduction amount, \$16.9 million reflects appropriations from seven programs included by the Legislature in the current budget that are not continued in FY 2003. The balance of the total reduction is attributable to a decrease of \$1.1 million in funding for the Pinelands Commission account, from \$4.2 million to \$3.1 million.

The recommended amount also includes continuation funding for Mosquito Control Research, Administration and Operations, \$1.3 million, and Grants to Local Environmental Commissions, \$165,000.

State Aid (Property Tax Relief Fund)

This portion of the department's State Aid budget is supported by the Property Tax Relief Fund (PTRF) and is recommended at \$10.5 million, an increase of \$630,000 or 6 percent over the current total. The entire increase is for the Payment In Lieu of Taxes program, which is recommended at \$8.0 million. The other account funded from the PTRF, the County Environmental Health Act program, is recommended at its current funding level of \$2.5 million.

Capital Construction

The Capital Construction recommendation totals \$86.2 million, a decrease of \$34.1 million or 28 percent less than the current appropriation of \$120.2 million. Key changes are indicated in the Natural Resource Management section of the budget, where \$30 million is recommended, a decrease of \$34.8 million under the current funding level. With the exception of \$25.0 million for Shore Protection Fund projects and a new \$5.0 million line item for Dam Repairs, no capital funding is recommended for any State facilities maintained by the Divisions of Parks and Forestry or Fish and Wildlife. In addition, capital funding is not continued for high hazard dam projects, or for projects managed by the Palisades Interstate Parks Commission.

Under Site Remediation, \$47.4 million is recommended for programs supported by constitutionally dedicated Corporation Business Tax (CBT) revenues, an increase of \$1.1 million. Of this sum, the Hazardous Substance Discharge Remediation account would receive \$26.1 million and the Private Underground Tank Remediation account would receive \$21.3 million. Annual funding levels for all CBT-funded accounts are determined by statutory percentages and allocation formulas related to the estimated level of total CBT collections. Periodic adjustments to funding levels based on actual CBT collection rates are usually made later in the fiscal year.

Program Description and Overview (Cont'd)

Other significant line items in the department's capital budget include \$8.7 million for the State share of HR6 Flood Control projects, an increase of \$365,000, and \$125,000 to the State Mosquito Control Commission for mosquito control equipment, a decrease of \$685,000.

Fee Increases

It should also be noted that the Administration is proposing to increase various DEP fee rates to better support program costs. While these rate adjustments are expected to generate approximately \$18 million in additional fee revenues in FY 2003, they will not be appropriated directly to the department as those listed in **Schedule 2**. Instead, they will be deposited in the General Fund and are so displayed in the Budget Recommendation as anticipated revenues in **Schedule 1, State Revenues** on Budget Pages C-16 and C-17.

Debt Service

The department's recommended Debt Service obligation for FY 2003 is \$76.8 million, a decrease of \$29.2 million or 28 percent from the current funding level. This change is due in part to the refinancing of bond debt in late 2001 and the gradual retirement of bonds from older bond acts. It should be noted that subsequent to the introduction of the FY 2003 Budget, P.L. 2002, c.12 was enacted. This act reduced the FY 2002 appropriation for DEP debt service costs from \$106.1 million to \$74.7 million by utilizing monies from Green Acres loan repayments and investment earnings for debt service costs in lieu of FY 2002 General Fund monies. When adjusted by P.L. 2002, c.12, the FY 2002 budget level would therefore be \$2.1 million less than the FY 2003 level.

Non-State Funds

Off-Budget

The department's dedicated (off-budget) accounts are displayed under the **All Other Funds** funding source designation in the Budget Recommendation and are referred to in this report as **Other Funds**. These accounts contain revenues from special use taxes, bonds, special license plates, wildlife donations, the sale of merchandise or services, and other sources, most of which are itemized on Budget Page C-24 under **Schedule 2, Other Revenues**. Revolving Funds accounts, which are also included in this category, are summarized on Budget Page C-35. Off-budget monies are appropriated directly to the department for program support, usually through budget language, but are not calculated or counted as on-budget appropriations due to the uncertainty of the amounts ultimately generated or needed for such support.

In FY 2003, off-budget funding accounts are estimated at \$41.4 million, a net decrease of \$2.4 million or 5 percent below current budgeted levels. While most of these accounts are not expected to differ significantly in FY 2003, the largest single decrease, from \$4.8 million to \$1.9 million, is indicated for the local share of Shore Protection Fund Projects line item. This account represents local government contributions to State and federally funded shore protections projects.

Federal Funds

The department anticipates it will receive \$201.2 million in federal funding in FY 2003, a net increase of \$5.1 million over the current appropriation level. This estimate will likely be revised later in the budget process as more information on the proposed federal budget for Federal FY 2003 becomes available. As displayed on Budget Pages C-29 and C-30, the department

Program Description and Overview (Cont'd)

receives federal funding for nearly 70 separate programs and activities. One notable change is an anticipated increase in the Forest Legacy Program, from \$5.0 million to \$8.0 million. No other significant changes or new major funding initiatives are projected.

Positions

According to data made public by the Administration concerning the FY 2003 Budget Recommendation, funding for 11 State-funded positions supported by the Black Bear Response Team account is scheduled to be eliminated in FY 2003. No other State or federally-funded department employees are scheduled to be laid off due to salary or program reductions in FY 2003. However, the number of vacant positions may increase during the upcoming year due to attrition resulting from the current hiring freeze and the planned Early Retirement Program incentive.

As displayed in the Budget Recommendation and in the **Fiscal and Personnel Summary** section of this report, the FY 2001 and FY 2002 position data reflect the actual number of employees on the department's payroll at a given point in time, whereas the FY 2003 figures reflect the total number of positions to be funded without regard to vacancy status. The Budget Recommendation lists 3,334 State-funded positions in FY 2003, as compared to the FY 2002 payroll count of 3,190 positions. Total funded positions, including those supported from federal or other non-State accounts, are estimated at 3,535 in FY 2003 as compared to the FY 2002 payroll count of 3,375.

Budget Language

Significant budget language provisions that are not continued include:

- ! Appropriation of \$725,000 from the Clean Communities Fund for parks cleanup;
- ! Appropriation of \$5.5 million for Recycling Grants from the Sanitary Landfill Facility Contingency Fund;
- ! Appropriation of \$2.4 million for Scrap Tire Pile Management from the Sanitary Landfill Facility Contingency Fund; and
- ! Appropriation of \$13 million for retirement of Pinelands Development Credits.

Significant new budget language proposals include:

- ! Appropriation of \$4.8 million for Green Acres administration from the Garden State Green Acres Preservation Trust Fund;
- ! Appropriation of \$600,000 for the Private Well Testing Program from unexpended monies carried forward in the Action Now Projects-Safe Drinking Water account;
- ! Appropriation of \$800,000 for Total Maximum Daily Load activities from unexpended monies carried forward in the Safe Drinking Water Fund account; and
- ! Payment of \$3.8 million for new DSS line item, "N.J. Environmental Management System," from revenue increases for several DEP fee programs.

Program Description and Overview (Cont'd)

More detailed information concerning these and other proposed budget language changes can be found in the **Language Provisions** section of this report.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2001	Adj. Approp. FY 2002	Recom. FY 2003	Percent Change	
				2001-03	2002-03
General Fund					
Direct State Services	\$231,988	\$226,956	\$218,980	(5.6)%	(3.5)%
Grants-In-Aid	14,222	10,960	500	(96.5)%	(95.4)%
State Aid	10,976	22,557	4,556	(58.5)%	(79.8)%
Capital Construction	77,278	120,215	86,165	11.5%	(28.3)%
Debt Service	121,470	106,079	76,833	(36.7)%	(27.6)%
Sub-Total	\$455,934	\$486,767	\$387,034	(15.1)%	(20.5)%
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	9,211	9,823	10,453	13.5%	6.4%
Sub-Total	\$9,211	\$9,823	\$10,453	13.5%	6.4%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$465,145	\$496,590	\$397,487	(14.5)%	(20.0)%
Federal Funds	\$37,680	\$196,118	\$201,212	434.0%	2.6%
Other Funds	\$16,767	\$43,813	\$41,425	147.1%	(5.5)%
Grand Total	\$519,592	\$736,521	\$640,124	23.2%	(13.1)%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2001	Revised FY 2002	Funded FY 2003	Percent Change	
				2001-03	2002-03
State	3,115	3,190	3,334	7.0%	4.5%
Federal	101	106	125	23.8%	17.9%
All Other	81	79	76	(6.2)%	(3.8)%
Total Positions	3,297	3,375	3,535	7.2%	4.7%

FY 2001 (as of December) and revised FY 2002 (as of September) personnel data reflect actual payroll counts. FY 2003 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	14.2%	14.3%	14.6%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2002</u>	<u>Recomm.</u> <u>FY 2003</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:****Black Bear Response**

Team	\$1,047	\$0	(\$1,047)	(100.0)%	D-162
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This program was created in FY 2000 to support the Division of Fish and Wildlife's efforts in minimizing contact between the State's growing bear population and the public through education, training, and other bear management strategies. The FY 2002 appropriation was increased by \$847,000 to expand this activity, largely in response to the rising number of bear sightings and incidents reported Statewide during late 2000 and early 2001. According to the Governor's Budget, funding for this "relatively new, unproven program" is not recommended due to budgetary constraints. The account currently supports the salary costs of 11 full-time employees.

Additions,**Improvements and****Equipment**

	\$1,203	\$540	(\$663)	(55.1)%	D-162
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This "major object" line item represents the aggregate of accounts that fund the ongoing maintenance, supply, and equipment needs of the operating divisions under this Statewide budget program. This and similar FY 2003 maintenance reductions in other Statewide Programs throughout the department total \$1.3 million.

GRANTS-IN-AID**Statewide Community****Forestry Program**

	\$900	\$500	(\$400)	(44.4)%	D-163
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This program was established by the Legislature in the FY 2000 Budget and provides municipalities and counties with matching grants to support tree planting on publicly owned or controlled lands. Matching grants are also provided to municipalities to implement the Community Stewardship Incentive Program, under which local tree management plans are developed.

CAPITAL CONSTRUCTION

Parks Management	\$16,500	\$0	(\$16,500)	(100.0)%	D-164
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Hunters' and Anglers'

License Fund	\$3,500	\$0	(\$3,500)	(100.0)%	D-164
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Palisades Interstate

Park Commission	\$800	\$0	(\$800)	(100.0)%	D-164
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The FY 2002 appropriations for these Program Classifications represent the aggregate funding levels for numerous capital project line items listed on Budget pages D-164 and D-165. No capital funding is recommended in FY 2003 for these classifications. The Parks Management accounts

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2002</u>	<u>Recomm.</u> <u>FY 2003</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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support the capital needs of State Parks, historic sites and marinas operated by the Division of Parks and Forestry. Of the \$16.5 million FY 2002 appropriation, \$10.2 million is scheduled to be lapsed back to the General Treasury to help reduce the FY 2002 budget deficit.

The Hunters' and Anglers' License Fund classification supports capital projects in the Division of Fish and Wildlife, while funding for the Palisades Interstate Park Commission is designated for capital projects within the New Jersey section of Palisades Park.

High Hazard Dams	\$10,000	\$0	(\$10,000)	(100.0)%	D-166
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This appropriation was made in FY 2002 to maintain the level of funding that was initially transferred to the department in FY 2001 from unexpended balances from the "Emergency Disaster Relief Act of 1999" and the Emergency Services Fund (see reference to this transfer in recommended language on Budget page D-167). The entire FY 2002 appropriation, however, is scheduled to be lapsed to help reduce the FY 2002 budget deficit.

Dam, Lake and Stream Project Fund	\$6,730 S	\$0	(\$6,730)	(100.0)%	D-166
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This supplemental appropriation, reduced from \$135 million to \$6.73 million by line-item veto, was provided in P.L.2001, c.360, which created the subject fund from monies appropriated from the Surplus Revenue Fund. It was intended to provide financial assistance to local governments and private owners of dams, lakes or streams for repair or restoration projects. However, the program has not been implemented because its funding will be lapsed to help reduce the FY 2002 budget deficit.

Dam Repairs	\$0	\$5,000	\$5,000	—	D-166
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Although this FY 2003 recommendation would appear to replace a portion of the canceled or discontinued State funding for dam repairs, details regarding program criteria or funding disposition have not yet been released.

SCIENCE AND TECHNICAL PROGRAMS

DIRECT STATE SERVICES

Special Purpose:

Safe Drinking Water Fund	\$1,351	\$649	(\$702)	(52.0)%	D-169
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This account supports the department's regulation and management of the State's drinking water programs. It was increased by \$800,000 in FY 2002 to facilitate water quality assessment efforts, which included contracting for analyses of Total Maximum Daily Load (TMDL) factors in each of

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2002</u>	<u>Recomm.</u> <u>FY 2003</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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the State's 20 watershed management areas. While the recommended amount does not include new funding for TMDL analyses, budget language is recommended to carry forward up to \$800,000 in unspent monies from this account to support these analyses in FY 2003.

Action Now Projects-**Constitutional**

Dedication	\$2,500	\$0	(\$2,500)	(100.0)%	D-169
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Action Now Projects-**Safe Drinking Water**

Fund	\$2,500	\$0	(\$2,500)	(100.0)%	D-170
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These two appropriations comprise the Action Now Projects program, which was introduced in FY 2002 as part of a major expansion in watershed management activities. The program financed water intervention projects that would have an immediate impact on water quality and the health of aquatic life. Eligible projects were identified by watershed area stakeholders and received funding based on their readiness to be implemented and the potential for immediate results.

Both accounts are supported by dedicated revenues, the first referring to the Water Resources component of the Corporation Business Tax (CBT) dedication for environmental programs. The second item is financed from the Safe Drinking Water Fund, which assesses a tax on public drinking water providers. The Action Now program is not recommended in FY 2003 because watershed management objectives and strategies are being reevaluated by the new Administration.

Water Resources**Monitoring and****Planning -****Constitutional**

Dedication	\$7,880	\$10,630	\$2,750	34.9%	D-169
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Water Resources**Monitoring and****Planning**

	\$1,795	\$945	(\$850)	(47.4)%	D-170
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Both of these accounts support the department's planning and regulatory functions related to the State's water resources. The first account is supported by the Water Resources component of the Corporation Business Tax (CBT) and finances watershed management planning, nonpoint source pollution activities, and other water resource programs. It was increased by \$2.0 million in FY 2002 to provide more planning and development money to the organizations and stakeholders associated with the State's 20 watershed management areas.

The FY 2003 recommendation would continue to support these watershed management objectives, as well as address some of the activities formerly funded by the Action Now Projects program. A portion of the increase, \$850,000, would be derived from the CBT allocation normally reserved for the Department of Agriculture (DOA) to support farm-related, nonpoint source pollution

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2002</u>	<u>Recomm. FY 2003</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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projects. Recommended budget language in the DOA Budget would require both departments to negotiate this allocation level rather than authorizing a specific amount, as previously dictated.

The second account was established in the FY 2001 Budget to supplement the CBT-funded Water Resources Monitoring and Planning account in order to initiate planning activities in nine watershed management areas. The recommended amount continues this State-funded support at a lower level in conjunction with the proposed funding increase for the CBT-funded account, as described above.

**Additions,
Improvements and
Equipment**

	\$150	\$0	(\$150)	(100.0)%	D-170
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This "major object" line item represents the aggregate of accounts that fund the ongoing maintenance, supply, and equipment needs of the operating divisions under this Statewide budget program. This and similar FY 2003 maintenance reductions in other Statewide Programs throughout the department total \$1.3 million.

ENVIRONMENTAL REGULATION**DIRECT STATE SERVICES****Special Purpose:****Major Hazardous****Waste Facilities Siting****Act-Siting Commission**

	\$60	\$0	(\$60)	(100.0)%	D-178
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This account has traditionally paid the administrative expenses of the Siting Commission. The department will cover these costs from its regular operating accounts beginning in FY 2003.

**Additions,
Improvements and
Equipment**

	\$64	\$0	(\$64)	(100.0)%	D-178
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This "major object" line item represents the aggregate of accounts that fund the ongoing maintenance, supply, and equipment needs of the operating divisions under this Statewide budget program. This and similar FY 2003 maintenance reductions in other Statewide Programs throughout the department total \$1.3 million.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2002</u>	<u>Recomm. FY 2003</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
ALL OTHER FUNDS					
Water Supply and Watershed Management	\$2,259	\$900	(\$1,359)	(60.2)%	D-179

Most of the appropriated revenues in this line item are bond funds from the Water Supply Bond Act of 1981. These monies are appropriated (off-budget) to the department to cover administrative costs associated with the management of water supply or watershed management projects financed by these bonds. The FY 2003 funding level reflects a change in policy in which the costs of fringe benefits and indirect expenses will be paid from the General Fund (i.e. Interdepartmental Accounts) rather than from bond funds, as is the current practice.

ENVIRONMENTAL PLANNING AND ADMINISTRATION**DIRECT STATE SERVICES****Special Purpose:**

**New Jersey
Environmental
Management
System**

\$0	\$3,800	\$3,800	—	D-181
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This recommendation would finance enhancements to the N.J. Environmental Management System, the department's \$23 million integrated database system that aids staff in issuing permits and enforcement documents, evaluating compliance, tracking fees and fines, and providing better environmental information to the public. New budget language is recommended to charge this expense against revenues from planned fee increases.

**Additions,
Improvements and
Equipment**

\$2,031	\$1,611	(\$420)	(20.7)%	D-181
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This "major object" line item represents the aggregate of accounts that fund the ongoing maintenance, supply, and equipment needs of the operating divisions under this Statewide budget program. This and similar FY 2003 maintenance reductions in other Statewide Programs throughout the department total \$1.3 million.

GRANTS-IN-AID

**Black Fly Treatment-
Delaware River**

\$350	\$0	(\$350)	(100.0)%	D-182
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Since FY 1997, this program has provided the State's annual contribution to a bi-state spraying program established by Pennsylvania to suppress and control black flies that breed on the Delaware

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2002</u>	<u>Recomm. FY 2003</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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River north of Trenton. According to the department's Budget Overview (page D-156), continued funding is not recommended due to budgetary constraints.

STATE AID

Payment In Lieu of Taxes (PTRF)	\$7,370	\$8,000	\$630	8.5%	D-182
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This line item funds the statutory payments annually made to municipalities that contain tax-exempt State-owned lands managed by the department, such as State parks, forests or wildlife management areas. As noted by "PTRF" in the line item title, this account is supported by the Property Tax Relief Fund rather than by the General Fund. The recommended increase is attributable to the preservation of additional lands through the Open Space Preservation Program.

Administration, Planning and Development Activities of the Pinelands Commission	\$4,227	\$3,104	(\$1,123)	(26.6)%	D-182
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This account supports the administrative expenses of the Pinelands Commission. It was increased by \$1.5 million in FY 2002 to upgrade the Commission's computer systems, pay microfilming costs, and finance improvements to its current and future headquarters. Notwithstanding these one-time expenditures, this account's FY 2003 appropriation is recommended at \$450,000 more than its FY 2002 funding level.

CAPITAL CONSTRUCTION

Mosquito Control Equipment	\$810	\$125	(\$685)	(84.6)%	D-182
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The FY 2002 appropriation was to be used by the State Mosquito Control Commission to replace some of the heavy mosquito control equipment that is provided to county mosquito control agencies and to the Rutgers Agricultural Experiment Station. This and other related increases were included in the FY 2002 Budget to expand the State's efforts in combating the West Nile virus. Although \$600,000 of the FY 2002 appropriation is scheduled to be lapsed to help reduce the FY 2002 budget deficit, the recommended appropriation, along with unexpended balances, would continue to finance the purchase of such equipment.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2002</u>	<u>Recomm.</u> <u>FY 2003</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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COMPLIANCE AND ENFORCEMENT

DIRECT STATE SERVICES

Additions, Improvements and Equipment	\$83	\$0	(\$83)	(100.0)%	D-186
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This "major object" line item represents the aggregate of accounts that fund the ongoing maintenance, supply, and equipment needs of the operating divisions under this Statewide budget program. This and similar FY 2003 maintenance reductions in other Statewide Programs throughout the department total \$1.3 million.

Language Provisions

NATURAL RESOURCE MANAGEMENT

2002 Appropriations Handbook

2003 Budget Recommendations

p. D-166

No comparable language.

Notwithstanding any other law to the contrary, an amount not to exceed \$4,768,000 shall be transferred from the Garden State Green Acres Preservation Trust Fund to the General Fund and is appropriated to the Department of Environmental Protection for Green Acres/Open Space Administration.

Explanation

This provision authorizes the Garden State Green Acres Preservation Trust Fund to become the funding source for the Direct State Services (DSS) line item "Green Acres/Open Space Administration" (see page D-162). Currently, the General Fund (GF) supports the operating budget of the Green Acres Office. The Garden State trust fund is constitutionally supported by an annual dedication of \$98 million from sales tax revenues for the Open Space Preservation Program.

The recommended language essentially enables GF monies to be replaced by monies heretofore allotted to the Green Acres portion of the Open Space program. Consequently, it reduces the amount available for Green Acres loans, grants and acquisition costs. The proposed language also overrides the provision in the Garden State Preservation Trust Fund Act (P.L.1999, c.152) that prohibits trust funds from being used for administrative purposes. This policy is also being implemented in other areas of the Budget Recommendation that contain similar appropriations for other Open Space program components. It should be noted that prior to FY 2001, such administrative funding accounts were traditionally supported by bond monies designated for this purpose by previously enacted Green Acres or Open Space bond acts.

2002 Appropriations Handbook

2003 Budget Recommendations

p. B-68

Notwithstanding the provisions of P.L.1985, c.533 (13:1E-99.1 et seq) or any other law to the contrary, of the amount hereinabove for Parks Management up to \$725,000 is appropriated from the Clean Communities Fund to offset the cost of Parks' litter pickup program.

No comparable language.

Language Provisions (Cont'd)

Explanation

This language was initiated in the FY 1997 Budget when the department restructured the process under which Clean Communities grants were managed and awarded. The subsequent administrative savings were credited to the Parks Management budget and served to offset reductions in DSS funding for litter cleanup in the State Parks. This provision is not continued because of insufficient balances in the Clean Communities Account Fund due to the expiration of the State litter tax on December 31, 2000.



2002 Appropriations Handbook

2003 Budget Recommendations

p. B-69

<p>The amounts hereinabove for the Division of Parks and Forestry totaling \$16,500,000 and the Division of Fish and Wildlife totaling \$3,500,000, are payable from the receipts of the portion of the realty transfer fee dedicated to the State Lands Stewardship Investment Fund.</p>	<p>No comparable language.</p>
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Explanation

This Capital Construction language was part of a major budget initiative in FY 2002 that was to establish a stable funding source to maintain State parks, forests and historic sites, and to develop new facilities on State lands preserved through the Open Space Preservation program. In order to finance this objective, the former Administration proposed to dedicate \$20 million annually from the State realty transfer tax for this purpose, much like the annual appropriation of \$25 million from this funding source for shore protection projects.

Enabling legislation was needed to implement these objectives as well as to create the cited fund. Although such legislation was introduced in the 2000-2001 Legislative Session, it was never enacted and the new Administration has determined not to pursue this proposal in FY 2003.



2002 Appropriations Handbook

2003 Budget Recommendations

p. B-69

<p>Of the amount hereinabove for High Hazard Dams, such sums as are necessary may be transferred to Grants-In-Aid for the repair of non-State owned dams, subject to the approval of the Director of the Division of Budget and Accounting.</p>	<p>No comparable language.</p>
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Language Provisions (Cont'd)

Explanation

This language authorizes the use of capital construction funds from the subject account for the repair of privately-owned dams or dams owned by local governments. The High Hazard Dams account initially received \$10 million in FY 2001 from the "Emergency Disaster Relief Act of 1999" and the Emergency Services Fund allocation for Hurricane Floyd. While an additional \$10 million for high hazard and significant hazard dam repair was appropriated to this account in the FY 2002 Budget, it has since been scheduled to be lapsed to help reduce the FY 2002 budget deficit. As no funding is recommended for this account in FY 2003, the current language provision is no longer needed.



2002 Appropriations Handbook

2003 Budget Recommendations

p. B-69

Federal monies in the amount of \$2,500,000 from the federal Land and Water Conservation Fund shall be allocated for local park development. No comparable language.

Explanation

This language was included in the current budget to ensure that the cited amount, i.e. half of the projected federal allocation, would be used for local park development. The Land and Water Conservation Fund is a federal program providing 50 percent matching grants for recreational land acquisition. Funds are used by both the State and local governments for acquiring additional lands for recreational or open space purposes. The FY 2003 Budget Recommendation estimates that \$5.0 million from this funding source will be awarded to the State in FY 2003. The new Administration has elected not to pursue the allocation policy set forth in the current language in FY 2003.



SCIENCE AND TECHNICAL PROGRAMS

2002 Appropriations Handbook

2003 Budget Recommendations

p. D-171

No comparable language.

The unexpended balance as of June 30, 2002 in the Action Now Projects - Safe Drinking Water Fund is appropriated and up to \$600,000 shall be made available to the Private Well Testing program.

Language Provisions (Cont'd)

Explanation

The recommended language authorizes any balances in the subject account at the end of FY 2002 to be reappropriated and carried forward into FY 2003 in the same account. As of May 7, 2002, none of the \$2.5 million appropriated for this purpose had been spent or obligated. The Action Now Projects program was established in the FY 2002 Budget to fund short-term water quality improvement projects. It is not, however, being recommended for additional funding in FY 2003. The curtailment of the Action Now program is further evidenced by the authorization that allows up to \$600,000 of the carryforward amount to be used to support the Private Well Testing program, which is also currently supported by the Safe Drinking Water Fund.

The Private Well Testing program was established by P.L.2001, c.40 to require the testing of certain private wells for potability as a condition of the sale of property containing such wells. The act appropriated \$1.0 million to the department from the Safe Drinking Water Fund to administer the first year of the program. The recommended language therefore makes funding available to support the program's second year of operation.

2002 Appropriations Handbook

No comparable language.

2003 Budget Recommendations

p. D-171

The unexpended balances of June 30, 2002 in the Safe Drinking Water Fund account, not to exceed the \$800,000 budgeted for Total Maximum Daily Load (TMDL) activities, is appropriated.

Explanation

This account supports the department's regulation and management of the State's drinking water programs. It was increased by \$800,000 in FY 2002 to facilitate water quality assessment efforts, which included contracting for analyses of Total Maximum Daily Load (TMDL) factors in each of the State's 20 watershed management areas. Since the FY 2003 recommendation for the account does not include new funding for TMDL analyses, this language is recommended to carry forward up to \$800,000 in unspent monies from the account to finance these analyses in FY 2003.

Language Provisions (Cont'd)

2002 Appropriations Handbook

2003 Budget Recommendations

pp. B-71 and B-72

The amount appropriated hereinabove for the Environmental Testing Laboratory is available for expenditure in a manner consistent with the provisions of Senate Bill, No.2136 of 2001, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

The amount appropriated hereinabove for the Drinking Water Quality Institute is available for expenditure in a manner consistent with the provisions of Senate Bill, No.2129 of 2001, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

The amount appropriated hereinabove for Watershed Management Area Education Grants is available for expenditure in a manner consistent with the provisions of Senate Bill, No.2132 of 2001, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

In addition to the amounts hereinabove for Clean Water Initiatives, an amount not to exceed \$15,000,000 is appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

All four provisions refer to appropriations introduced by the Legislature into the FY 2002 Budget. None of these programs, however, were implemented because the combined appropriations of these accounts, \$9.8 million, are scheduled to be lapsed to help reduce the FY 2002 budget deficit. Continued funding is not recommended for these accounts in FY 2003.



Language Provisions (Cont'd)

SITE REMEDIATION

2002 Appropriations Handbook2003 Budget Recommendations

p. B-73

Of the amount hereinabove appropriated for Hazardous Substance Discharge Remediation - Constitutional Dedication, \$4,000,000 shall be made available for the proper closure, remediation, and capping of landfills which meet the requirements of the constitutional dedication.

No comparable language.

Notwithstanding the provisions of P.L.1981, c.306 (C.13:1E-100 et seq.), there is appropriated from the Sanitary Landfill Facility Contingency Fund up to \$6,000,000 for the proper closure, remediation, and capping of landfills, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

These two capital language provisions were included in the FY 2002 Budget to address the longstanding problem of closing 300 or more landfills that exist Statewide. The account cited in the first provision refers to the Corporation Business Tax (CBT) dedication that finances contaminated site remediation. This account received \$25.5 million in FY 2002, of which \$4.0 million was designated for the stated purpose of the language. According to the department, the language has been discontinued to allow for greater program funding flexibility in FY 2003.

The funding source cited in the second provision is supported by taxes and penalties levied upon owners or operators of sanitary landfill facilities. It pays direct and indirect damage claims filed by property owners who have been adversely affected by the operation or closure of any sanitary landfill. The language is not continued because the fund's balance as of July 1, 2002 is estimated at only \$2.7 million (pages H-23 and H-24). It is therefore unable to support the program in addition to its other funding obligations in FY 2003.

Language Provisions (Cont'd)

ENVIRONMENTAL REGULATION

2002 Appropriations Handbook2003 Budget Recommendations

p. B-76

The unexpended balance as of June 30, 2001 in the Cranford Township, Cranford Northeast Quadrant Flood Control Project grant account is appropriated for the same purpose except that the 50-50 matching requirement of P.L.2000, c.170 shall not apply.

No comparable language.

Explanation

This provision was included in the current budget by the Legislature to ensure that the \$3.25 million appropriation authorized by the cited act would be available for project expenditure during FY 2002. It also negates the cited act's matching requirement. The language is not continued in FY 2003 because this sum is scheduled to be lapsed to help reduce the FY 2002 budget deficit.

2002 Appropriations Handbook2003 Budget Recommendations

p. B-77

Notwithstanding any other law to the contrary, there is appropriated from the Sanitary Landfill Facility Contingency Fund up to \$5,500,000 for recycling grants, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This language was added to the FY 2002 Budget by the Legislature in lieu of a State Aid line item originally proposed in the FY 2002 Budget Recommendation. Its adoption authorized the cited fund to replace the General Fund as the program's funding source, thereby saving \$5.5 million.

In the FY 2001 Budget, language was introduced to authorize all remaining sums in the Recycling Fund, approximately \$5.6 million, to be distributed as "tonnage" grants to municipalities or counties. The earlier use of the State Recycling Fund, plus the current provision charging the Sanitary Landfill Facility Contingency Fund, restored the recycling grants program, which had not been funded since 1997 when the Solid Waste Recycling Tax expired. In FY 2003, there is no funding provided for such grants, partly because the Sanitary Landfill Fund balance as of July 1, 2002 is estimated at only \$2.7 million (pages H-23 and H-24). It is therefore unable to support the program in addition to its

Language Provisions (Cont'd)

other funding obligations in FY 2003.

2002 Appropriations Handbook

2003 Budget Recommendations

p. B-77

Notwithstanding the provisions of P.L.1981, c.306 (C.13:1E-100 et seq.), there is appropriated up to \$2,400,000 from the Sanitary Landfill Facility Contingency Fund for scrap tire pile management and reuse, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

This provision was introduced in the FY 2001 Budget to establish and support a Scrap Tire Pile Management program, an effort co-managed by the DEP and the Department of Corrections (DOC) to use State prison inmates to prepare abandoned tires for combustion at incinerators and utility boilers. The program, however, was replaced by the Scrap Tire Management Fund Entitlement Program, which distributed the authorized appropriation to counties via a formula grant process. According to the department, the current language appropriation was to be used to establish the DEP/DOC program as originally planned in FY 2001. The language is not continued because the Sanitary Landfill Fund balance as of July 1, 2002 is estimated at only \$2.7 million (pages H-23 and H-24). It is therefore unable to support the program in addition to its other obligations in FY 2003.

ENVIRONMENTAL PLANNING AND ADMINISTRATION

2002 Appropriations Handbook

2003 Budget Recommendations

No comparable language.

p. D-183

The amount hereinabove for the New Jersey Environmental Management System is payable from receipts attributable to the increase in the New Jersey Pollutant Discharge Elimination System Permit fees, Stormwater Permit fees, Air Pollution fees, Solid and Hazardous Waste fees and Land Use Regulation fees.

Explanation

This language refers to a new DSS line item (p. D-181) recommended at \$3.8 million to finance enhancements to the N.J. Environmental Management System (NJEMS). The NJEMS is the

Language Provisions (Cont'd)

department's \$23 million integrated database system that aids staff in issuing permits and enforcement documents, evaluating compliance, tracking fees and fines, and providing better environmental information to the public. The language charges the \$3.8 million appropriation against revenues from planned fee increases in the cited regulatory areas.

According to the Administration, approximately \$18 million is expected to be generated from planned fee rate increases in the cited regulatory areas. The proposed increases are part of a two-year phased plan to raise fee rates to levels that will fully support the department's costs of administering each fee program, of which the NJEMS is considered an integral management tool and expense.

2002 Appropriations Handbook

2003 Budget Recommendations

p. B-78

An amount not to exceed \$13,000,000, which shall include a sum not to exceed \$450,000 for administrative costs, is appropriated for the purchase and permanent retirement of Pinelands Development Credits, subject to the submission of a spending plan by the Commissioner of the Department of Environmental Protection and subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

The Pinelands Development Credits program was established to protect the region's farmland and forests. Transferable development rights, or credits, were assigned to properties in agricultural and preservation zones that had limited on-site development opportunities. This State Aid program received \$3.0 million in FY 2000 as a line item appropriation and \$7.0 million in FY 2001 through budget language. According to the Administration, no appropriation will be made pursuant to the provision above in FY 2002 due to budgetary constraints. It is not yet known how the program will be supported during FY 2003.

Language Provisions (Cont'd)

DEPARTMENT-WIDE LANGUAGE

2002 Appropriations Handbook2003 Budget Recommendations

p. B-81

Notwithstanding the provisions of P.L.1988, c.106 (C.58:12A--22 et seq.), or any other law to the contrary, there is appropriated \$5,500,000 from the Water Supply Replacement Trust Fund for transfer to the General Fund as State revenue to fund a portion of the amounts hereinabove for the Science, Research and Technology, New Jersey Geological Survey, Watershed Management and Water Supply, and Watershed Management program classifications.

Explanation

This language was included by the Legislature in the FY 2002 Budget. It transfers \$5.5 million from the Water Supply Replacement Trust Fund, which provides loans to local governments for replacement water supply systems in cases where potable water sources are threatened by contamination, to the General Fund as revenue. Since virtually the entire remaining balance in the Water Supply Replacement Trust Fund was transferred, there is no need for the language in FY 2003.

Discussion Points

1. In the "Overview" section of the department's recommended budget (p. D-155), it is stated that many DEP fees have not changed for several years and, as a result, "Fee revenues now fall far short of the cost of operating these programs." To reduce this "inequity," the proposed budget projects approximately \$18 million in fee revenue increases for various regulatory programs and services. The "Overview" indicates that these increases constitute the first phase of a two-year plan to raise each DEP fee to a level that fully supports the cost of operating its related program.

! *Question:* Please identify the fees to be changed in FY 2003, accompanied by the following data for each fee: current rate schedule, new rate schedule, additional revenues, designation in Schedules 1 and/or 2 of the Governor's Budget, revenue disposition, date of last rate increase, and effective date of increase. Include any new fees as well as the removal or consolidation of existing fees. Please provide this information as well for the second phase of the two-year plan. Please identify the authority (i.e., legislation, executive order, or agency regulation) for any fee changes or other new State revenue sources reflected in the FY 2003 budget for the department. If legislation is required to implement these changes, what is the status of those bills?

2. Federal enactments and federal budget proposals often impact significantly on State programs and fiscal resources. For example, federal Superfund monies are listed in Schedule 2 (page C-30) of the Governor's Budget at \$30.5 million in both FY 2002 and FY 2003. However, revenues from the special tax that formerly supported Superfund programs (which expired in 1995) are nearly depleted. Consequently, annual Superfund allotments are now largely supported by general tax revenues and therefore subject to the federal budget process.

! *Question:* What impact will the expectation of (a) increased or decreased federal funding, or (b) new or revised federal mandates or matching requirements, have on your department's resources and activities in FY 2003? Please be specific with regard to the expected federal action and the corresponding State or local impact.

3. In February, 2002, the Governor announced a comprehensive plan to address a projected deficit of \$2.9 billion in the FY 2002 State Budget. A total of \$60.6 million in savings from the DEP was designated to help this effort, which includes \$3.4 million in mandated reductions to various operating accounts; \$10.3 million from available FY 1999 Open Space funds; nearly \$27 million in capital funding from parks and dam repair accounts; and the balance from the lapse of funds for various projects and programs included in the current budget by the Legislature.

! *Question:* Please list all planned, non-capital FY 2002 budget reductions, including layoffs, and their impacts on current program operations and policy objectives. For FY 2003, please discuss the anticipated impacts, in terms of staff reductions and program effectiveness, that the hiring freeze and the early retirement program may have on the department's operations.

4. As noted, a significant part of the department's FY 2002 budget savings is to be derived from capital funding accounts. Specifically, the Administration announced that \$10.2 million was to be reserved and lapsed from the total \$16.5 million capital appropriation in FY 2002 for Parks Management projects. Although no capital funding for parks projects is recommended in FY 2003, the DEP Commissioner has announced that \$10 million will eventually be added to the FY 2003 Budget for this purpose.

Discussion Points (Cont'd)

! *Question:* Please list all the department's capital budget line items (and lapse amounts) that will be affected by the FY 2002 deficit reduction plan. Please discuss the real or potential impacts of these lapses on State Parks and other DEP facilities. Assuming the DEP Commissioner's statement regarding the inclusion of FY 2003 capital funding for parks is realized, what projects will be funded?

5. No funding is recommended in FY 2003 to continue the "Black Bear Response Team" and the "Black Fly Treatment - Delaware River" programs. The former program received \$1.0 million in FY 2002, an increase of \$847,000 over its FY 2001 appropriation. This increase, prompted in part by the rising number of reported bear sightings during 2001, enabled the response team to expand its field staff by seven positions. The Black Fly account has received \$350,000 annually since FY 1997 to help support the Pennsylvania DEP's spraying program to control the black fly population on the Delaware River north of Trenton.

! *Question:* In light of the increasing bear population and the rise in human/bear contact incidents, please discuss the potential impact of disbanding the bear response team. What will happen to the 11 positions funded by the subject account? Please describe the department's bear management program for FY 2003, including staff and budget resources. What impact will the cessation of the State's contribution to the Black Fly Treatment program have on the program and on the New Jersey residents affected by this pest?

6. The Action Now Projects program was introduced in the FY 2002 Budget to expand the department's role in managing the State's 20 watershed areas. It was designed to finance water intervention projects that would have an immediate impact on water quality and the health of aquatic life. This \$5.0 million program was funded equally from two Special Purpose accounts: the Water Resources component of the Corporation Business Tax (CBT) dedication, and the Safe Drinking Water Fund. Although no program funding is recommended in FY 2003, two language provisions would reappropriate any available balances from the two accounts into FY 2003. The language proposal pertaining to the account funded by the Safe Drinking Water Fund also authorizes up to \$600,000 of the carryforward balance to be made available to the Private Well Testing program, an initiative established by P.L.2001, c.40.

! *Question:* Please list and describe the water intervention projects that have been approved for funding under the Action Now program. Include the project amount, location, timetable and funding sources. How much available money from the Action Now - Safe Drinking Water Fund account is expected to be carried forward into FY 2003, and what portion will be used for the Private Well Testing program? What is the current budget and implementation status of the Private Well Testing program, and how will the aforementioned Safe Drinking Water Fund monies be utilized for this program?

7. FY 2002 language provisions authorize \$5.5 million for "Recycling Grants" and \$2.4 million for "Scrap Tire Pile Management." The off-budget funding source for both programs is the Sanitary Landfill Facility Contingency Fund. Recycling "tonnage" grants had traditionally been supported by the State recycling tax, which expired in 1997. The Scrap Tire program was created in FY 2001 and provided formula grants to counties for scrap tire cleanup. According to the department, this activity was to be changed in FY 2002 by establishing a cooperative program with the Department of Corrections that would use prison inmates to prepare abandoned tires for waste-to-energy processing. The FY 2003 Budget Recommendation does not include either of the two language provisions or any other funding sources for these programs. The DEP Commissioner recently signed an administrative order directing the department to update the State Solid Waste Management Plan to give recycling

Discussion Points (Cont'd)

a higher priority than incineration or landfilling as a strategy for solid waste disposal.

! *Question:* Please describe the Scrap Tire program's activities during FY 2002. In light of the DEP Commissioner's administrative order, why is funding being discontinued in FY 2003 for these two recycling programs? Will they continue to operate in FY 2003 using alternative funding sources? How will the State Solid Waste Management Plan's emphasis on recycling be manifested and supported in practice?

8. In FY 2002, \$62.3 million in appropriations for Hazardous Substance Discharge Remediation, Private Underground Tank Remediation, Water Resources Monitoring and Planning, Action Now Projects and administrative costs related to remediation efforts are charged against the 4 percent constitutional dedication of Corporation Business Tax (CBT) revenues. That level of appropriation would suggest the receipt of more than \$1.55 billion in CBT revenues in FY 2002. However, the revised CBT estimate in the Governor's Budget for both the regular CBT and the CBT on banks and financial institutions is only \$1.18 billion, and even that estimate may prove too high. Based on the revised estimates, only \$47.2 million would be set aside for CBT-supported programs this year, rather than \$62.3 million.

! *Question:* Since at least one of these programs, Hazardous Substance Discharge Remediation, has over \$22 million in unspent, reserved balances, can a portion of this or other current balances be lapsed to assist in addressing the FY 2002 budget shortfall? If so, how much? Is the revised, projected level of \$47.2 million in CBT funding accurate and, if not, what is the revised level and how is it being distributed programmatically? Is the difference between the FY 2002 appropriation of \$62.3 million and the revised CBT funding level being supported from discretionary General Fund or alternate funding resources? If so, please identify the funding source.

Background Paper: Status of State Recycling Grants Program

Summary

Without a designated funding source in FY 2003, the future of the State recycling grants program is questionable. As documented in the **Language Provisions** section of this report, the DEP's FY 2002 Budget contains a language provision that authorizes the appropriation of \$5.5 million from the Sanitary Landfill Facility Contingency Fund to support the State recycling grants program. Neither this language or any other funding mechanism is included in the Governor's FY 2003 Budget to continue this program. This paper will review the history of the recycling grants program, its current status, and the future objectives of State recycling activities.

History

In 1981, New Jersey became one of the first states to institute a voluntary statewide recycling program. In 1987, it became the first state to establish a comprehensive mandatory recycling program with the enactment of the "Mandatory Source Separation and Recycling Act" (P.L. 1987, c.102). At that time, when the statewide recycling rate was 20 percent, the State established ambitious recycling goals of 60 percent of its solid waste stream by end of 1995 and 65 percent by the end of 2000. By 1997, the State reached a recycling rate of 61 percent and has been generally recognized as one of the top 10 recycling states in the nation. Much of this success was due to the initiatives and programs funded by the State Recycling Tax.

One of these programs provided non-matching, formula grants to local and county governments to promote and finance local recycling efforts and at the same time comply with State-mandated municipal recycling programs. These grants were initiated in 1987 and were wholly supported by the State Recycling Tax, which expired at the end of 1996. This tax, created by P.L. 1981, c.278, was imposed on owners of landfills at a rate of \$1.50 per ton of solid waste accepted for disposal or transfer. Tax revenues averaging between \$8 million and \$10 million annually were deposited in the State Recycling Fund and administered by the department for various local and State recycling activities.

Grant Program Background

By statute, 40 percent of the estimated annual Fund balance are allocated for "tonnage" grants to municipalities and counties. Tonnage grant amounts are based on a formula involving the total number of tons of materials annually recycled from residential, commercial and institutional sources within a municipality or county. The remaining monies are distributed as loans, special bonus grants, or to the DEP for program administration and other regulatory expenses. Counties also receive grants for planning and recycling education programs. Each year, the grant program distributes \$5 million to \$7 million to about 550 municipalities and counties. Grant money is used for a myriad of recycling activities, such as purchasing recycling containers, market promotion, education, and staffing costs.

With the expiration of the recycling tax on December 31, 1996, the grant program was not active during 1998 and 1999. While the cessation of the program negatively affected those municipalities that had come to rely on these grants, some municipalities were not so affected because it was found that recycling was instrumental in saving money by reducing the need to landfill or otherwise dispose of solid waste. The program was reactivated in FY 2001 by using unobligated balances remaining in the Recycling Fund to support another round of tonnage grants. In FY 2001, \$5.5 million was distributed through 550 grant awards ranging from \$41 (Walpack, Sussex County) to \$331,000 (Newark).

Background Paper: Status of State Recycling Grants Program (Cont'd)

In the FY 2002 Budget Recommendation, a General Fund appropriation of \$5.5 million was proposed to continue the program for another year. However, the Legislature replaced this line item with the current budget language, which also changed the funding source to the Sanitary Landfill Facility Contingency Fund. This fund was established pursuant to P.L. 1981, c.306 and is supported by taxes levied upon owners or operators of sanitary landfill facilities to cover damages to private property owners resulting from the operation or closure of sanitary landfills. As previously noted, this language is not recommended in the FY 2003 Budget.

State Recycling Status

According to DEP records, the State's recycling rate for calendar year 2000 was 53 percent, the third consecutive year the rate has fallen. The expiration of the recycling tax and the grant program, the increased generation and disposal of garbage, and the shrinking market for recyclables are cited by local and State officials as the primary factors for the falling rate. For example, the Statewide recycling declined from 55.4 percent in 1999 to 52.9 percent in 2000 while the amount of solid waste generated in New Jersey increased from 17.2 million tons to 17.6 million tons during the same period.

Recycling rates differ from county to county, with some counties, such as Monmouth, reporting an increased recycling rate from 1999 to 2000. As Statewide statistics for calendar year 2001 have not yet been made public, it is too early to determine whether the reactivation of the recycling grants program in FY 2001 and FY 2002 has had any positive effects on county recycling rates.

Current Funding Source Status

According to the FY 2003 Budget Recommendation (page H-26), the State Recycling Fund is projected to have a balance of \$4.6 million by the end of FY 2002 and \$2.8 million by the end of FY 2003. Not all of this balance is in cash, however; some of it is in the form of outstanding recycling loans. Expenditures from the Fund in FY 2002 and FY 2003 are estimated at about \$1.9 million, of which \$1.4 million is allocated to the department for State recycling activities and administration costs. The remaining \$500,000 is allocated for local recycling education programs. Only \$160,000 in revenues from investment earnings are anticipated in both FY 2002 and FY 2003.

On pages H-23 and H-24 of the Governor's Budget, the Sanitary Landfill Facility Contingency Fund shows an actual balance of \$29.3 million as of June 30, 2001. By the end of FY 2002, however, it is projected to have a balance of \$2.8 million and by the end of FY 2003, a balance of \$1.2 million. Tax revenues average \$2.0 million annually. The dramatic reduction in this fund's balance is attributable to estimated expenditures of \$28.4 million during FY 2002, most of which are authorized in the FY 2002 Budget to finance various landfill-related activities.

Current Recycling Policy Status

In April, 2002, Governor McGreevey stated that he planned to reemphasize the importance of recycling by revising the State Solid Waste Management Plan to give recycling a higher priority than incineration or landfilling as a strategy for solid waste disposal. The DEP Commissioner signed an administrative order directing the department to update the State Solid Waste Plan to reflect this policy. State officials hope to have this new policy in effect by July, 2003. The fate of the recycling grants program and its relationship to this policy have not yet been outlined publicly.

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Individuals wishing information and committee schedules on the FY 2003 budget are encouraged to contact:

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