

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 968 (Second Edition)

SHORT TITLE: Mountain Resources Planning.

SPONSOR(S): Senator Queen

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
General Fund	\$0	\$0	\$0	\$0	\$0
EXPENDITURES					
General Fund	\$80,722	\$76,806	\$80,619	\$84,450	\$88,344
POSITIONS (cumulative):					
General Fund	1	1	1	1	1
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Environment and Natural Resources Mountain Resources Commission					
EFFECTIVE DATE: July 1, 2009					

BILL SUMMARY:

S.B. 968 enacts Chapter 153B of the General Statutes creating a Mountain Resources Commission (the Commission) to identify issues affecting the resources of the 27-county mountain region of western NC. The advisory Commission will help address issues affecting the mountain region by providing a forum for discussion of mountain issues; promoting communication among the communities in the region; and collecting information and providing guidance on approaches and tools that encourage growth that protects resources. S.B. 968 also establishes a Mountain Resources Fund, an interest-bearing, non-reverting fund. The Commission is empowered to allocate moneys from this fund to support local and regional programs for resource protection; the bill neither identifies a source of revenue for the fund nor provides appropriations for it.

The Commission is to consist of 17 members with designated slots appointed by the Speaker of the House of Representatives; the President Pro Tempore of the Senate; the Governor; the five

regional Councils of Government in the mountain region; the Blue Ridge National Heritage Area; and the NC National Parks, Parkway, and Forest Development Council. The Commission will be supported by the Department of Environment and Natural Resources (DENR). Members of the Commission will receive no salary but will be paid per diem, subsistence, and travel allowances.

S.B. 968 also creates the Mountain Resources Technical Advisory Council (the Council). The Council is to consist of up to 13 members appointed by the Commission. The membership is directed to include environmental, engineering, planning, and other governmental professionals. The body will assist the Commission in an advisory capacity. Members of the Council who are not State employees are to receive per diem, subsistence, and travel related expenses.

ASSUMPTIONS AND METHODOLOGY:

Creating and staffing the Commission and Council will create additional expenditures for the State either through DENR and/or the Mountain Resources Fund (See technical Consideration #1). S.B 968 directs the Commission to pay for the travel, subsistence, and per diem for Commission and Council members out of funds appropriated to or otherwise made available to the Commission through the Mountain Resource Fund.

Expenditure Impact

In FY 2009-10, creating these committees will require \$80,722. Each Commission meeting is expected to cost the Mountain Resources Fund \$1,020 to host; Council meetings will cost approximately \$578 each. Staff to support the newly established committees, including the administration of the Mountain Resources Fund is expected to cost \$61,058 in FY 2009-10. Details of how these costs were derived are provided below.

Commission Meetings

The following assumptions have been made in order to estimate the cost of Commission meetings:

1. Six meetings of the Commission will be held in FY2009-10; in subsequent years, the Commission will meet quarterly.
2. Meetings will be held in Asheville in a facility provided by DENR free of charge.
3. An average round trip mileage of 125 miles per member per meeting is expected.
4. No meeting will require an overnight stay.
5. For all meetings, members will require subsistence compensation for lunch only.
6. Meeting refreshments (drinks, etc) will be provided at all meetings.

Table 1 provides a summary of current rates used for travel, substance, and per diem.

Purpose	Rate	per
Per Diem	\$ 15.00	day
Mileage ¹ (non-state employee)	\$ 0.25	mile
Mileage ² (state employee)	\$ 0.33	mile

¹ Section 5.3 (Travel Policies for Members of State Boards, Commissions, Committees, and Councils) Subsection 5 (Transportation) of the April 2009 update of the State Budget Manual provided by the Office of State Budget and Management states that “Transportation policies and regulations are the same as for those for state employees, except that a mileage reimbursement rate set by any other law by reference to G. S. 138-6(a)(1) is established at 25 cents a mile, not the IRS rate.

Meeting Refreshments	\$ 4.50	person
Lunch	\$ 9.25	person

According to DENR, no Commission members will be state employees. State employees who are serving on the Commission as a part of their official duties are not paid a per diem; all members, regardless of employer, receive subsistence and travel. DENR support staff will not require travel or subsistence to support Commission meetings. The meetings will be held in Asheville where the support staff will be located. Table 2 outlines the expected cost of Commission meetings. Increases for inflation have been included in the per diem rates used to calculate costs for FY 2010-11 and beyond.

Table 2: Expected Cost of Commission Reimbursement

	2009-10	2010-11	2011-2012	2012-13	2013-14
Per Diem	\$ 1,530	\$ 1,038	\$ 1,058	\$ 1,076	\$ 1,095
Mileage	\$ 3,188	\$ 2,163	\$ 2,203	\$ 2,242	\$ 2,281
Meeting Refreshments	\$ 459	\$ 312	\$ 317	\$ 323	\$ 328
Meals	\$ 944	\$ 640	\$ 652	\$ 664	\$ 675
<i>Total</i>	<i>\$ 6,120</i>	<i>\$ 4,154</i>	<i>\$ 4,231</i>	<i>\$ 4,304</i>	<i>\$ 4,380</i>

Council Meetings

The following assumptions have been made in order to estimate the cost of Council meetings:

1. The Council will consist of 13 members. Approximately half of the members will be state employees and half non-state employees.
2. Four meetings of the Council will be held each year.
3. Meetings will be held in Asheville in a facility provided by DENR free of charge.
4. An average round trip mileage of 80 miles per member per meeting is expected.
5. No meeting will require an overnight stay.
6. For all meetings, members will require subsistence compensation for lunch only.
7. Meeting refreshments (drinks, etc) will be provided at all meetings.

State employees who are serving on the Council as a part of their official duties are not paid a per diem; all members, regardless of employer, receive subsistence and travel. As with the Commission, DENR support staff will not require travel or subsistence to support Council meetings. Table 3 outlines the expected cost of Council meetings. Increases for inflation have been included in the per diem rates used to calculate costs for FY 2010-11 and beyond. See Table 1 above for FY 2009-10 per diem, subsistence, and travel rates.

Table 3: Expected Cost of Council Reimbursement

	2009-10	2010-11	2011-2012	2012-13	2013-14
Per Diem	\$ 390	\$ 397	\$ 404	\$ 411	\$ 419
Mileage	\$ 1,206	\$ 1,228	\$ 1,251	\$ 1,273	\$ 1,295
Meeting Refreshments	\$ 234	\$ 238	\$ 243	\$ 247	\$ 251
Meals	\$ 481	\$ 490	\$ 499	\$ 507	\$ 516
<i>Total</i>	<i>\$ 2,311</i>	<i>\$ 2,353</i>	<i>\$ 2,397</i>	<i>\$ 2,438</i>	<i>\$ 2,481</i>

² See Section 5.1 (Travel Policies for State Employees) Subsection 25 (Transportation by Personal Vehicle) of the April 2009 update of the State Budget Manual.

Support Staff

In addition to these membership meeting related expenses, DENR maintains that it will need an Environmental Program Consultant to serve as the Executive Director of the Mountain Resources Fund. This position will oversee the Mountain Resources Fund, coordinate and staff both Commission and Council meetings, respond to Council and Commission member requests, and draft any reports or documents needed by the Commission and Council. The Director will also respond to public requests for information about the Commission and Council.

Table 4 outlines the expected costs provided by DENR for this position. Health insurance and retirement benefit costs are based on FY2009-10 and 2010-11 contributions.

Table 4: DENR Support Staff Expected Costs

Personnel Costs	2009-10	2010-11	2011-2012	2012-13	2013-14
Salary	\$ 64,778	\$ 67,985	\$ 71,764	\$ 75,575	\$ 79,445
Social Security	\$ 4,956	\$ 5,201	\$ 5,490	\$ 5,781	\$ 6,078
Retirement	\$ 5,532	\$ 6,078	\$ 6,416	\$ 6,756	\$ 7,102
Health Insurance	\$ 4,527	\$ 4,929	\$ 5,203	\$ 5,479	\$ 5,760
<i>Env. Program Consultant</i>	\$ 79,793	\$ 84,192	\$ 88,873	\$ 93,592	\$ 98,384
Operating Costs					
Annual Rent	\$ 2,000	\$ 2,036	\$ 2,074	\$ 2,110	\$ 2,147
Telephone	\$ 1,125	\$ 1,145	\$ 1,167	\$ 1,187	\$ 1,208
Printing, Postage & Supplies	\$ 1,200	\$ 1,222	\$ 1,244	\$ 1,266	\$ 1,288
Print, Bind, Duplicate	\$ 2,000	\$ 2,036	\$ 2,074	\$ 2,110	\$ 2,147
Software Maint/Agreements	\$ 1,000	\$ 1,018	\$ 1,037	\$ 1,055	\$ 1,073
Travel/ Workshops	\$ 1,408	\$ 1,433	\$ 1,460	\$ 1,485	\$ 1,511
Office Furniture	\$ 2,300	\$ -	\$ -	\$ -	\$ -
PC/Printer Equipment	\$ 3,200	\$ -	\$ -	\$ -	\$ -
<i>Operating Costs</i>	\$ 14,233	\$ 8,891	\$ 9,056	\$ 9,212	\$ 9,374
DENR Operating Total	\$ 94,026	\$ 93,083	\$ 97,929	\$ 102,805	\$ 107,759

The Fiscal Research Division (FRD) agrees that this position is necessary due to the level of coordination required for these committees. However, FRD believes that DENR's estimate is too high. First, it is based on the salary grade midpoint; the minimum of the salary range is typically used. Second, DENR indicated that this position will be housed in DENR's Asheville Regional Office. Since this office is already occupied by DENR, there should be no rent associated with the position. Finally, FRD maintains that the estimate for 'Print, Bind, Duplicate' is too high. Not only is printing included in the 'Printing, Postage, & Supplies' line item but there are no reporting requirements mandated for these committees and they should have little need to publish formal reports or documents. Table 5 incorporates these changes and provides FRD's estimate of cost associated with the Director position.

Table 5: FRD Support Staff Expected Costs

Personnel Costs	2009-10	2010-11	2011-2012	2012-13	2013-14
Salary	\$ 48,654	\$ 51,062	\$ 53,901	\$ 56,764	\$ 59,670
Social Security	\$ 3,722	\$ 3,906	\$ 4,123	\$ 4,342	\$ 4,565
Retirement	\$ 4,155	\$ 4,565	\$ 4,819	\$ 5,075	\$ 5,334

Health Insurance	\$ 4,527	\$ 4,929	\$ 5,203	\$ 5,479	\$ 5,760
<i>Env. Program Consultant</i>	<i>\$ 61,058</i>	<i>\$ 64,463</i>	<i>\$ 68,047</i>	<i>\$ 71,660</i>	<i>\$ 75,329</i>
Operating Costs					
Telephone	\$ 1,125	\$ 1,145	\$ 1,167	\$ 1,187	\$ 1,208
Printing, Postage & Supplies	\$ 1,200	\$ 1,222	\$ 1,244	\$ 1,266	\$ 1,288
Print, Bind, Duplicate	\$ 1,000	\$ 1,018	\$ 1,037	\$ 1,055	\$ 1,073
Software Maint/Agreements	\$ 1,000	\$ 1,018	\$ 1,037	\$ 1,055	\$ 1,073
Travel/ Workshops	\$ 1,408	\$ 1,433	\$ 1,460	\$ 1,485	\$ 1,511
Office Furniture	\$ 2,300	\$ -	\$ -	\$ -	\$ -
PC/Printer Equipment	\$ 3,200	\$ -	\$ -	\$ -	\$ -
<i>Operating Costs</i>	<i>\$ 11,233</i>	<i>\$ 5,837</i>	<i>\$ 5,945</i>	<i>\$ 6,048</i>	<i>\$ 6,154</i>
FRD Operating Total	\$ 72,291	\$ 70,299	\$ 73,991	\$ 77,708	\$ 81,483

Revenue Impact

S.B. 968 should have no impact on revenue collected for the General Fund. The bill gives the Commission the authority to apply for and accept grants and to accept gifts, donations, services, and other aid from public or private sources. Accepting and expending funds requires an affirmative vote by a majority of the members of the Commission. The bill does not give the Mountain Resources Commission the authority to charge fees.

TECHNICAL CONSIDERATIONS: None

1. S.B. 968 indicates that DENR shall provide staff support and facilities to the Commission with existing agency programs and that additional staff may be hired or contracted by the Commission through funds raised or provided to it. DENR has indicated that it does not have sufficient staff to take on the responsibilities associated with supporting these committees. Based on this language, it is unclear whether DENR or the Commission should pay these costs. At this time, no funds have been appropriated or otherwise made available to the Mountain Resources Fund. Thus, impacts have been associated with changes in the General Fund.

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Signed Copy Located in the NCGA Principal Clerk's Offices