



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Stream Restoration Projects Receive Duplicative State Funding and Inadequate Performance Management

Summary

As directed by the Joint Legislative Program Evaluation Oversight Committee, the Program Evaluation Division evaluated the efficiency and effectiveness of the grant application process for stream restorations administered by the Department of Environmental Quality's (DEQ's) Division of Water Resources under the Natural Resources Conservation Service's Environmental Quality Incentives Program (NRCS-EQIP).

State funding for Western Stream Initiative (WSI) projects is duplicative, which challenges program transparency and has resulted in the overpayment of grant funds to the vendor. Duplication occurred when two state sources—the Water Resources Development Grant (WRDG) program and the Clean Water Management Trust Fund (CWMTF)—provided funding for identical work activities within a single project. State and federal funding entities use different units of analysis for stream restoration projects. This discrepancy challenges transparency, causes administrative difficulties, and increases the State's risk of overpayment.

DEQ is not actively managing the performance of WRDG-EQIP grants. Data necessary to demonstrate the grant program's efficiency and effectiveness are not being tracked or reported. Of the data that are tracked, performance trends show diminishing returns for the State's investment in stream restoration. The number of grants administered and number of planned linear feet of restoration has declined. Also, the cost to DEQ per linear foot of stream restoration has increased since the program was implemented.

WRDG-EQIP grant award calculations do not rely on historical project cost data, which results in imprecise awards and potential overawarding of funding. Even though the WRDG-EQIP grant application requires stream restoration project cost estimates, poor data collection practices and a suboptimal grant award determination mechanism put the State at risk for overawarding funds.

To address these findings, the General Assembly should

- minimize the risk of grant duplication by consolidating grant resources with either WRDG-EQIP or the CWMTF;
- direct the WSI Grant Administrator to improve performance management for state grant funds; and
- direct the State Auditor to perform an audit of state funds for WSI projects managed by Resource Institute to identify any additional overpayments and direct the appropriate state agency to recoup overpayments.