



Department of Environmental Conservation

House Energy Committee

Larry Hartig
Commissioner

Tom Cherian
Administrative Services Director

January 26, 2017



DEC's Mission

Protect human health
and the environment.





Outcomes

- Clean water, healthy air, and good management of hazardous materials and waste
- Safe drinking water and sanitary waste disposal
- Food safe to eat
- Low risk of spills and efficient, effective response when spills occur
- Wise resource development for a growing state



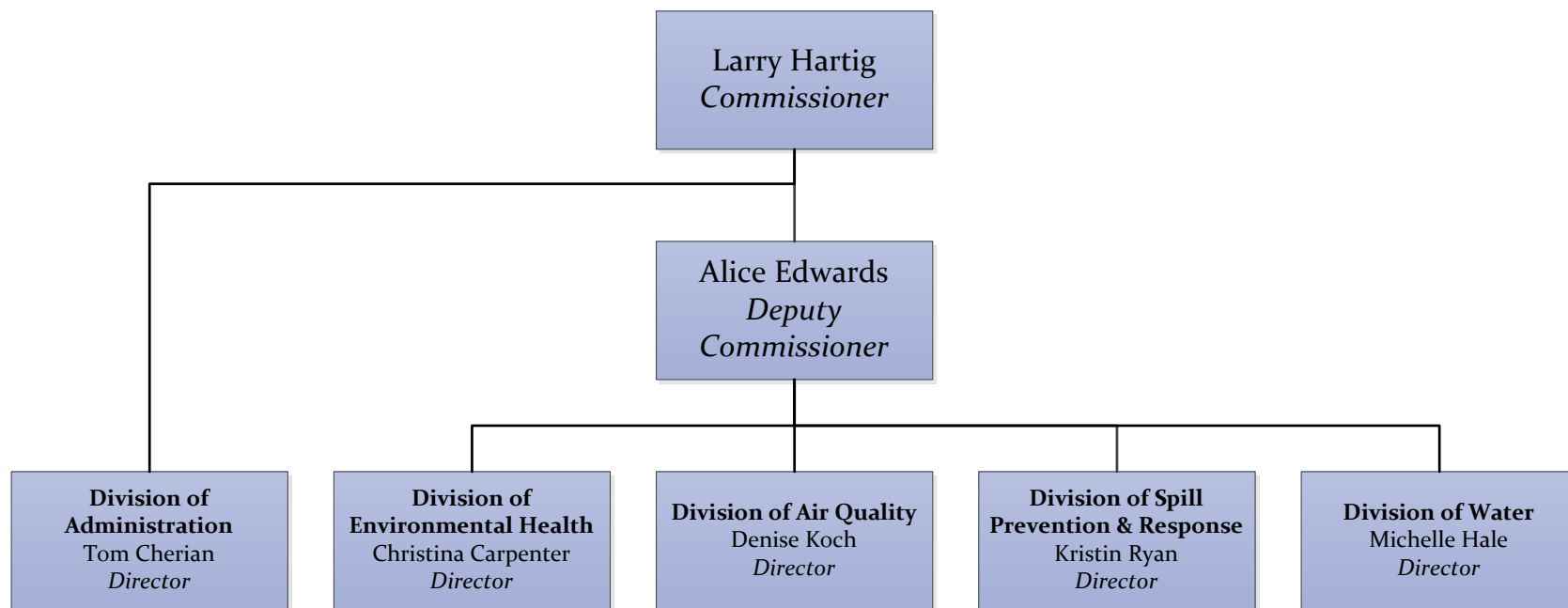


Means

- Science-based standards
- Permits and authorizations incorporating these standards
- Monitoring, outreach, compliance assistance, and enforcement
- Emergency response and oversight of spill clean-up
- Meaningful and effective public processes for developing standards and permits
- Technical assistance, grants, and loans to communities for drinking water and wastewater infrastructure



Organizational Chart





Divisions & Contribution to Mission

- **Administration**

- Office of the Commissioner
- Administrative Services – offers budget, accounting, IT, procurement, and other services; also houses the Environmental Crimes Unit
- State Support Services

- **Environmental Health**

- Food Safety & Sanitation – permits and inspects shellfish, manufactured food/seafood processors, public facilities, and retail food to protect public health
- Environmental Health Laboratory – provides shellfish and food safety testing, lab certification, dairy, animal health, and fish tissue monitoring
- Drinking Water – works with public water systems to maintain compliance with state and federal standards
- Solid Waste Management – works with waste facilities and regulates pesticide use, sale and distribution
- State Veterinarian – prevents and controls animal diseases, oversees dairy industry, and reindeer slaughter





Divisions & Contribution to Mission

- **Air Quality**

- Non-point and mobile source pollution – works with communities to reduce air pollution from woodsmoke, dust, wildland fire smoke, etc.
- Air permits – manages industrial air pollution through a permit and compliance program
- Monitoring and Quality Assurance – performs field air monitoring to measure progress and understand problems

- **Spill Prevention & Response**

- Contaminated Sites – manages the cleanup of contaminated soil and groundwater
- Prevention Preparedness and Response – prevents and mitigates the effects of oil and hazardous substance releases and ensures their cleanup
- Response Fund Administration – manages the Fund as a viable, long-term source for the state's core spill prevention and response initiatives





Divisions & Contribution to Mission

- **Water**

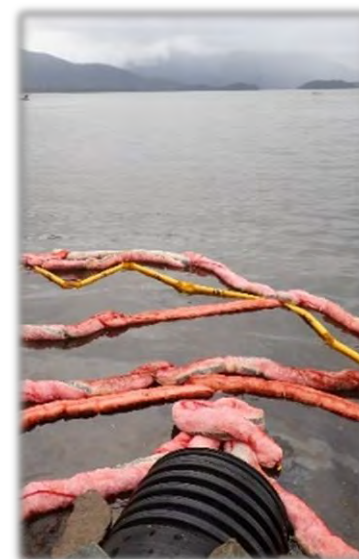
- Wastewater Discharge – manages wastewater through Alaska Pollutant Discharge Elimination System permits and plan reviews
- Cruise Ship – oversees wastewater and air monitoring compliance
- Village Safe Water – works with rural communities on sustainable sanitation facilities
- Capacity Development & Financing – provides drinking water and clean water revolving loan funds to communities
- Water Quality Standards, Assessment & Restoration – sets standards, monitors impacts, and restores water bodies statewide





Impacts and Risks

- Between FY2014 and FY2017, UGF has decreased by \$7,013.6 or 29.4%
- DEC has strived to mitigate risks to the public as programs have been scaled back
- Examples of recent reduction impacts include:
 - Closed Food Safety & Sanitation field offices in Valdez and Kodiak
 - Eliminated inspections of barbers and hairdresser facilities and nail salons
 - Eliminated regulation of Class C drinking water systems (serve less than 25 people)
 - Limited resources to focus on drinking water acute risks and chronic exposure risks such as the lead and copper
 - Limited travel to rural areas for compliance inspections might result in the release of harmful pollutants going unchecked
 - Backlogs in Alaska Pollutant Discharge Elimination System (APDES) permitting impact industry and resource development projects



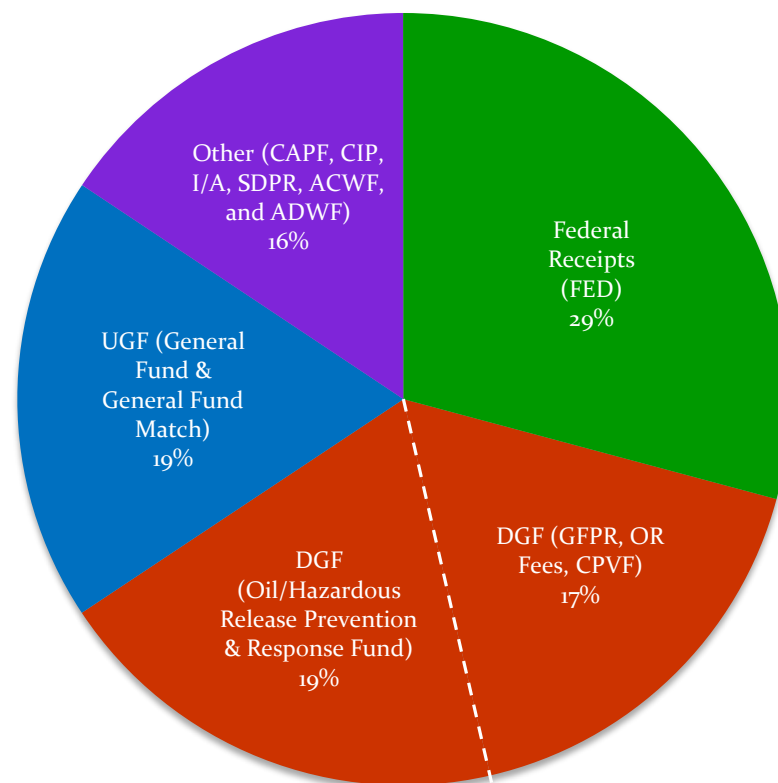


FY2018 Budget Request

Operating Request: \$ 81,888.2

- Unrestricted GF \$15,297.9
- Designated GF \$29,892.2
- Other State Funds \$12,801.5.2
- Federal Receipts \$23,896.6
- Positions 489

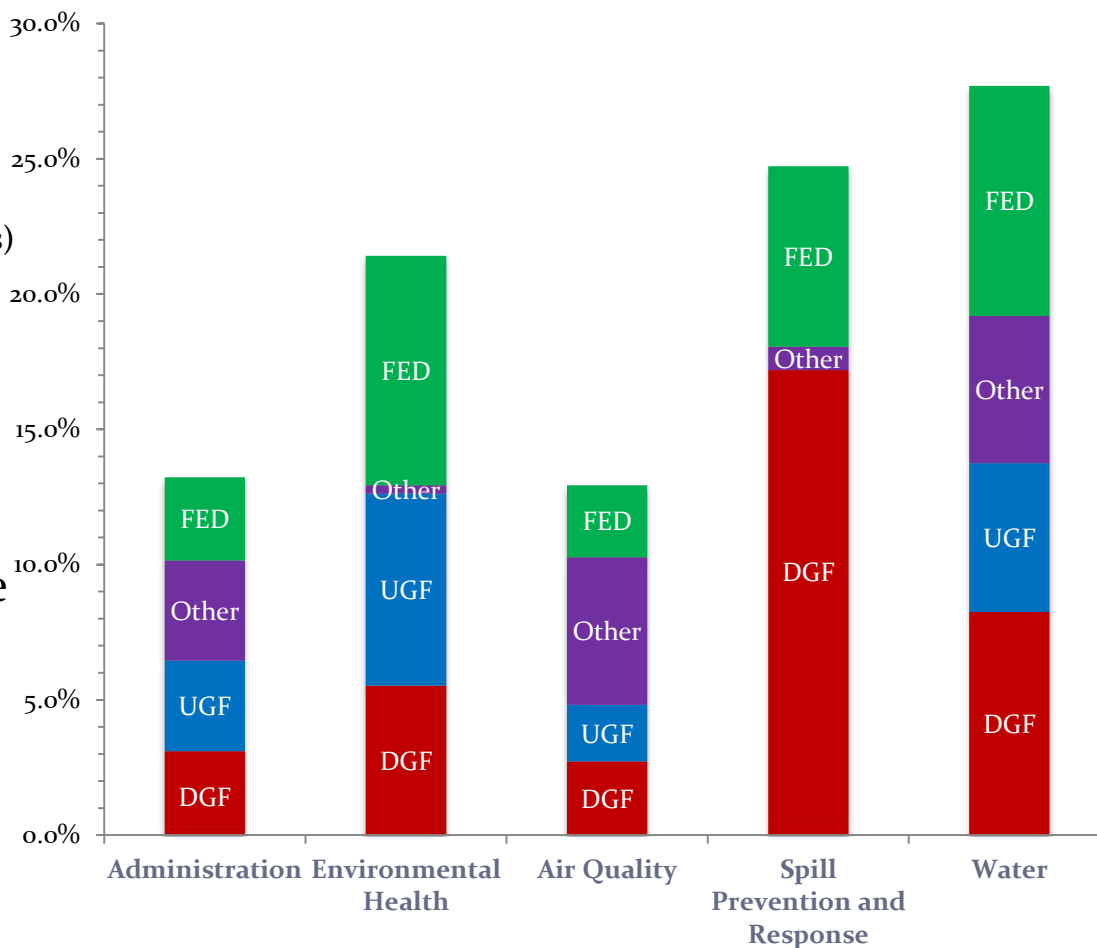
DEC is just 0.36% of the State's total operating UGF, and has the third smallest UGF budget of all State agencies





FY2018 Budget Request by Division

- **Administration**
 - \$10,747.6 (\$2,723.1 UGF)
 - 47 budgeted positions
- **Environmental Health**
(incl. Building Maintenance & Operations)
 - \$18,037.0 (\$6,398.9 UGF)
 - 134 budgeted positions
- **Air Quality**
 - \$10,510.7 (\$1,704.4 UGF)
 - 66 budgeted positions
- **Spill Prevention & Response**
 - \$20,090.2 (\$0.0 UGF)
 - 139 budgeted positions
- **Water**
 - \$22,502.7 (\$4,471.5 UGF)
 - 103 budgeted positions





Summary of FY2018 UGF Reductions

- Proposal reduces UGF by \$1,634.4 or 9.7%
 - Eliminate Accounting Tech in Admin Services and \$94.4 UGF due to recognized efficiencies from IRIS
 - Reduce \$185.5 UGF in State Support Services from a lease consolidation in Anchorage
 - Fund source change in Laboratory Services of \$333.7 from UGF to Commercial Passenger Vessel Environmental Compliance fund
 - Reduce \$160.5 UGF in Air Quality available for non-grant eligible and non-permit related expenses
 - Fund source change in Water Quality of \$800.0 from UGF to Program Receipts from increased fee revenue
 - Reduce \$58.8 UGF in Water Quality for travel and contractual support of APDES permitting



Summary of FY2018 Significant Changes

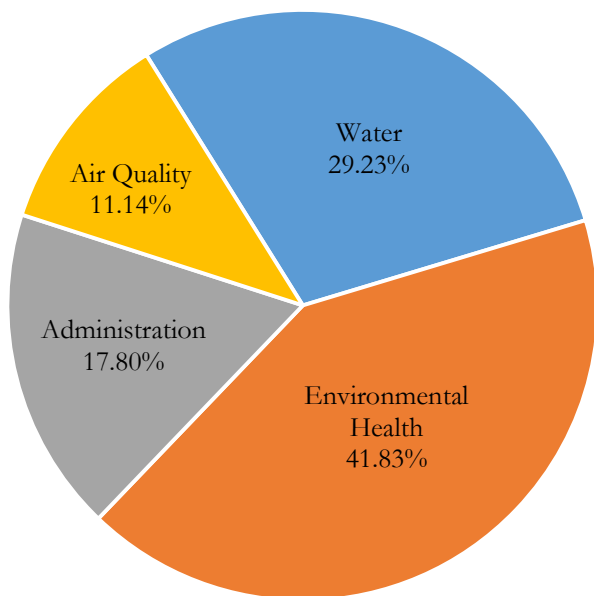
- DEC proposes to reduce over \$1.4m in uncollectible receipt authority including federal, interagency, statutory designated program receipts, and capital improvement project receipts
- Implementation of Shared Services and Central IT initiatives will transfer 16 positions to the Department of Administration and shift those costs to the contractual line
- Reorganization and consolidation of the financial administration for DEC's water and wastewater grant and loan programs will transfer 7 positions from the Division of Water to the Admin Services component





How DEC Spends UGF

FY2018 UGF by Division



- In FY2018 DEC will have \$15,297.9 UGF, the third lowest operating UGF of any State agency
- Roughly \$5.1 million is required state match for federal grants (based on FY2017 grants)
- \$636.8 supports the Environmental Health Laboratory facility maintenance and utilities
- Just under \$2.3 million in Administrative Services per a federally approved cost allocation plan
- \$427.2 funds about half the Commissioner's Office
- Remaining \$6.8 million subsidizes fee-based programs, covers expenses ineligible for other fund sources, and supports the general public including complaint response and outreach
- If the DEC is able to increase fees to recover more of the cost to provide regulatory services, the UGF subsidy will go down while retaining the same level of service



What Alaskans Get for Their Money

According to calculations by Legislative Finance, DEC's FY2018 general fund budget is just under \$137 per year per resident worker

that's just **37¢** a day for

clean air to breathe

clean water to drink

safe food to eat

clean land and waters

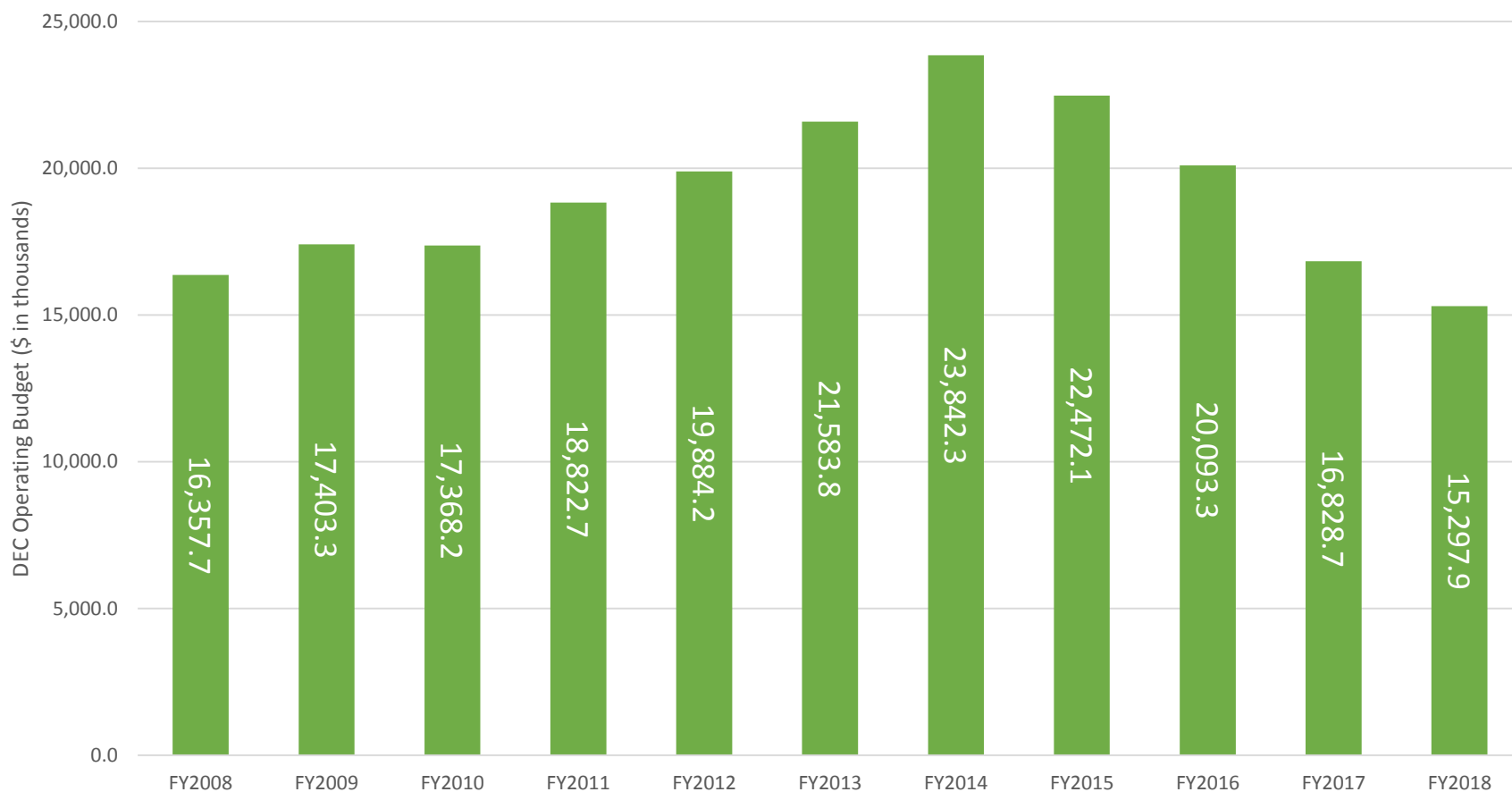
responsible resource development

*If you look at the numbers by total population, that number drops to roughly **17¢** a day per Alaskan*



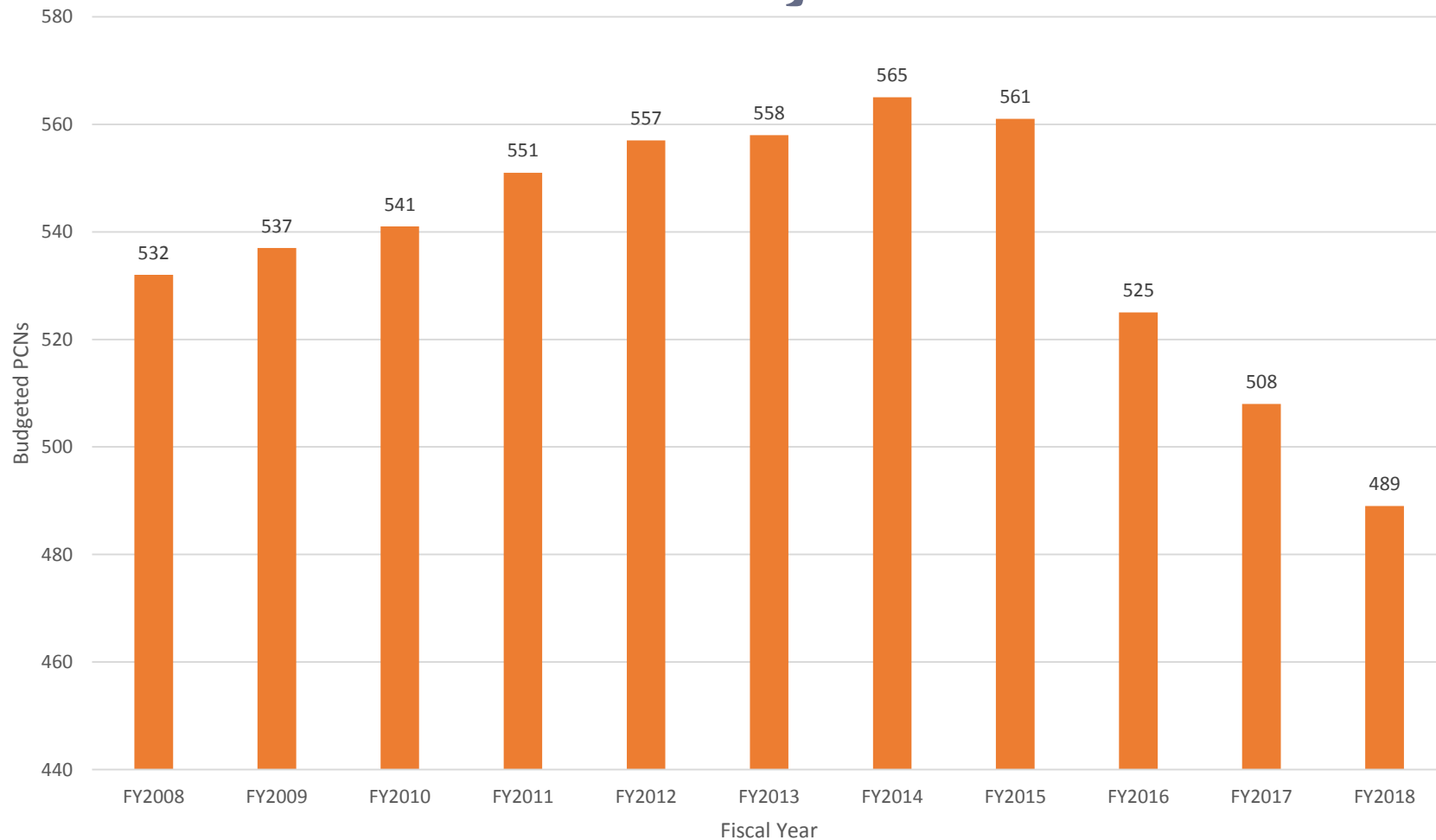


DEC UGF History





DEC Position History





Questions?





Division of Administration

House Energy Committee
Tom Cherian, Director
January 26, 2017



Mission

Provide administrative and information technology support services, criminal and civil investigative support, policy direction to the divisions, and coordination of external support services to departmental programs.





Core Services

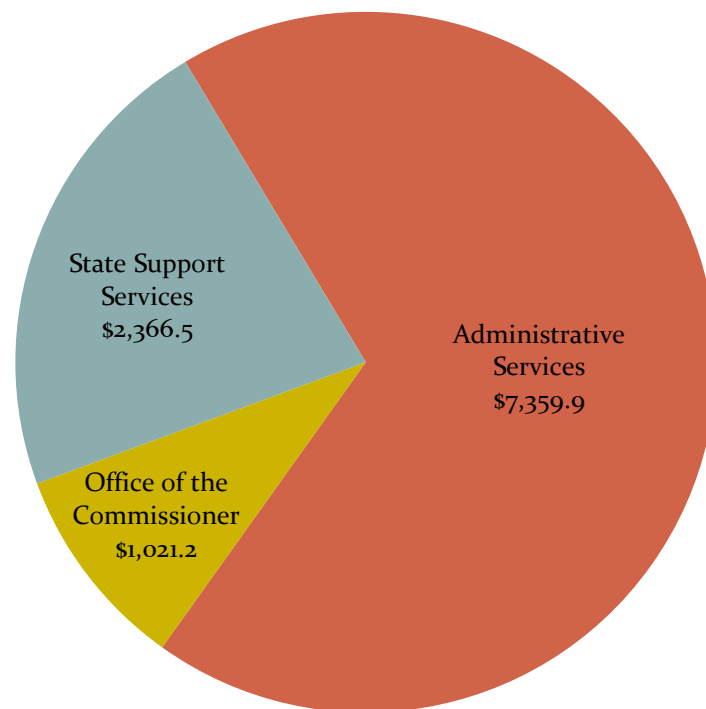
- Develop partnerships and work cooperatively with the regulated community and other government and non-governmental stakeholders to protect human health and the environment.
- Lead Department employees to accomplish Department priorities.
- Represent the Department's authorities and responsibilities on the Governor's cabinet.
- Work with the legislature on the Department's budget and legislative priorities.
- Represent the Department's authorities and responsibilities on the Exxon Valdez Trustees Council.
- Adjudicate administrative appeals of Department decisions.
- Approve department regulations for public notice and adopt final regulation changes for filing with the Lieutenant Governor.
- Advise the Office of the Governor and the Cabinet on environmental matters and climate change.
- Provide centralized administration support services to the full range of programs and projects conducted by the department, including accounting, fiscal management, human resources, procurement, property control, contract and federal grants administration, information technology services, capital construction, facility maintenance and repair, and office space planning.
- Provide civil and criminal investigative support for complex environmental violations.
- Manage the human resource support costs, lease costs for all locations statewide and the Microsoft Enterprise Agreement costs.



FY2018 Budget Detail

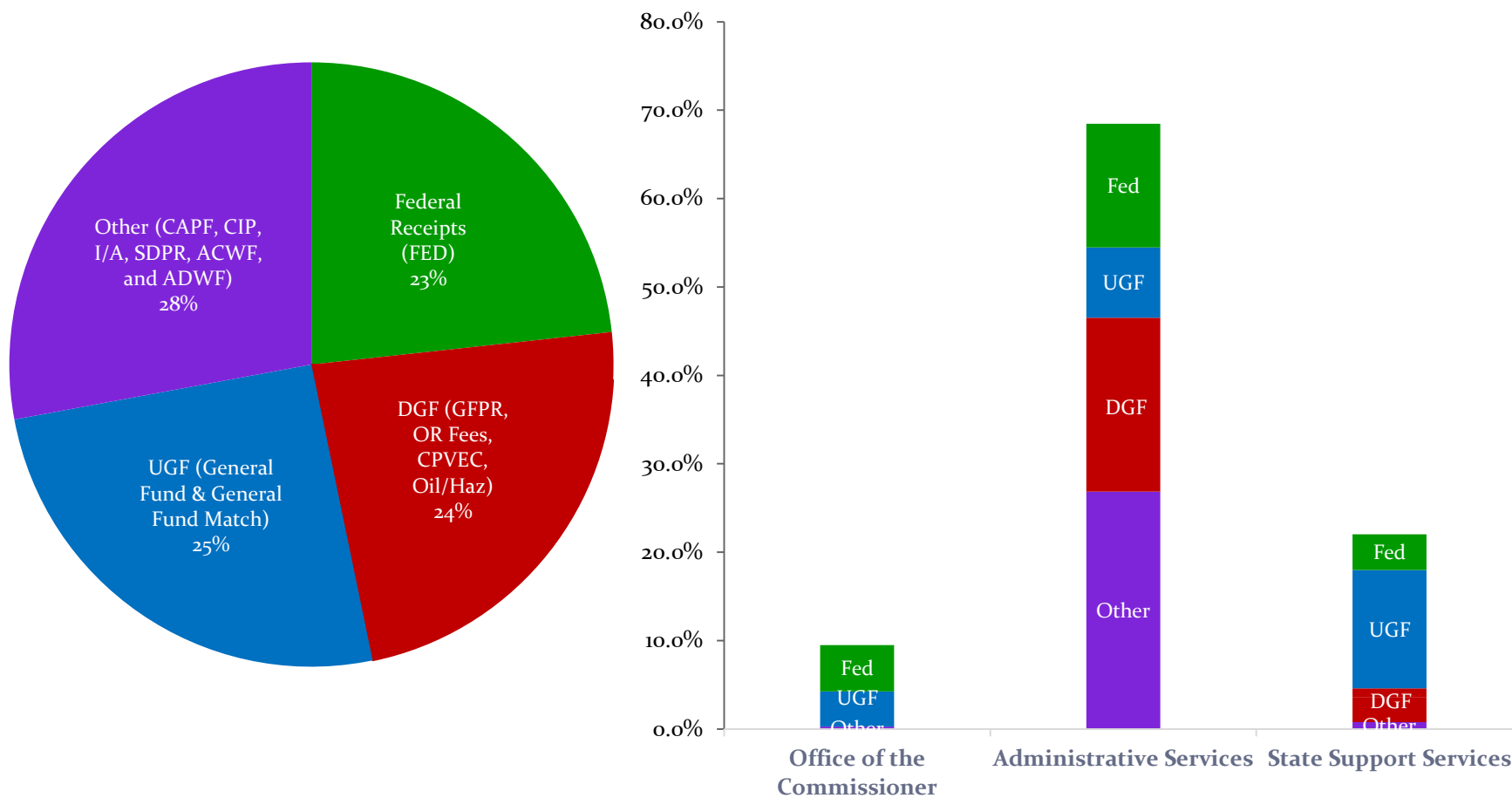
Operating Request: \$10,747.6

- Unrestricted GF \$2,723.1
- Designated GF \$2,522.2
- Other State Funds \$3,000.0
- Federal \$2,502.3





FY2018 Operating Budget By Fund Source





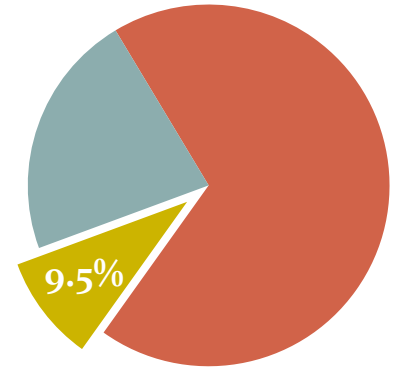
Office of the Commissioner

Commissioner: Larry Hartig

Deputy: Alice Edwards

Responsibilities:

- Partner and cooperate with the regulated community and other government and non-government stakeholders
- Lead department employees to accomplish Department priorities
- Represent the Department's authorities and responsibilities on the Governor's cabinet
- Work with the Legislature to develop budget and legislative priorities
- Approve Department regulations
- Adjudicate administrative appeals of department decisions



FY2018 Adjusted Base \$1,021.2

FY2018 Governor's Request \$1,021.2

- Unrestricted GF \$427.2
- Other State Funds \$29.6
- Federal Receipts \$564.4
- 6 PCNS

Budget Changes: None

(Subcommittee Book p. 12-13)



Administrative Services

Director: Tom Cherian

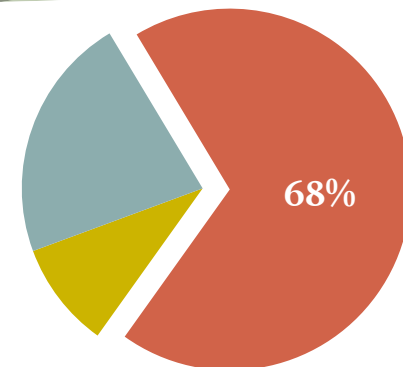
Responsibilities:

- Environmental Crimes Unit
- Human Resources
- Information Technology
- Budget Services
- Procurement & Building
- Financial Services

FY2018 Adjusted Base \$7,041.5

FY2018 Governor's Request \$7,359.9

- Unrestricted GF \$854.8
- Designated GF \$2,113.2
- Other State Funds \$2,886.5
- Federal Receipts \$1,505.4
- 41 PCNs



(Subcommittee Book p. 14-17)



Administrative Services

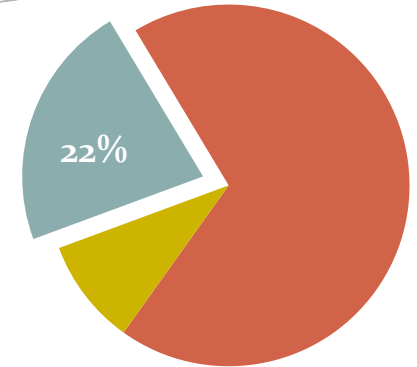
- Budget Changes:
 - Eliminate Accounting Tech due to efficiencies from IRIS implementation *(\$94.4) UGF, -1 PCN*
 - Savings from implementation of Shared Services *(\$17.2) all fund sources*
 - Reallocate Interagency Receipt authority & Statutory Designated Program Receipts authority from Divisions of Air and Spill Prevention and Response *\$30.0 SDPR/\$400.0 I/A*
 - Consolidate financial administration of water and wastewater facility grant and loan programs into Admin Services *\$798.7 Other, 7 PCNs*
 - Transfer positions to the Department of Administration for Shared Services and Central IT *-16 PCNs*



State Support Services

Responsibilities:

- Manage allocated human resource support costs
- Manage lease costs
- Manage Microsoft Enterprise Agreement costs



FY2018 Adjusted Base \$2,552.0

FY2018 Governor's Request \$2,366.5

- Unrestricted GF \$1,441.1
- Designated GF \$409.0
- Other State Funds \$83.9
- Federal Receipts \$432.5

(Subcommittee Book p. 18-19)



State Support Services

- Budget Changes:
 - Recognized Savings from Lease Consolidation (*\$185.5*) *UGF*





Questions?

