



Department of Environmental Conservation

House Finance Subcommittee

Larry Hartig
Commissioner

Tom Cherian
Administrative Services Director

February 1, 2018



DEC's Mission

Protect Human Health and the Environment

It is the policy of the state to conserve, improve, and protect its natural resources and environment and control water, land, and air pollution, in order to enhance the health, safety, and welfare of the people of the state and their overall economic and social well-being.

It is the policy of the state to improve and coordinate the environmental plans, functions, powers, and programs of the state, in cooperation with the federal government, regions, local governments, other public and private organizations, and concerned individuals, and to develop and manage the basic resources of water, land, and air to the end that the state may fulfill its responsibility as trustee of the environment for the present and future generations.

The Department shall:

- Coordinate and develop policies, programs, and planning related to the environment
- Adopt and enforce regulations for the prevention and abatement of all potential sources of environmental pollution
- Promote and develop programs for the protection and control of the environment
- Prevent and control public health nuisances
- Set standards of cleanliness and sanitation for establishments in which a lack of sanitation may create a condition that causes disease
- Regulate food offered to the public or sold, including inspection of food products, food handling sanitation standards, labeling, and training
- Regulate the control and eradication of pests
- Enforce hazard analysis critical control point programs for seafood processing
- Set standards of sanitation for dairies offering or selling milk to the public
- Set standards and conditions of aquatic farms and related hatcheries
- Issue orders or permits relating to animals or animal products in order to prevent the spread of pests or contagious or infectious disease, or to promote the safe or sanitary conditions for the animals or animal products
- Designate points of entry of the admission of animals or animal products into the state

AS 46.03.010, AS 44.46.020, AS 17.20.005, AS 03.05.011



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

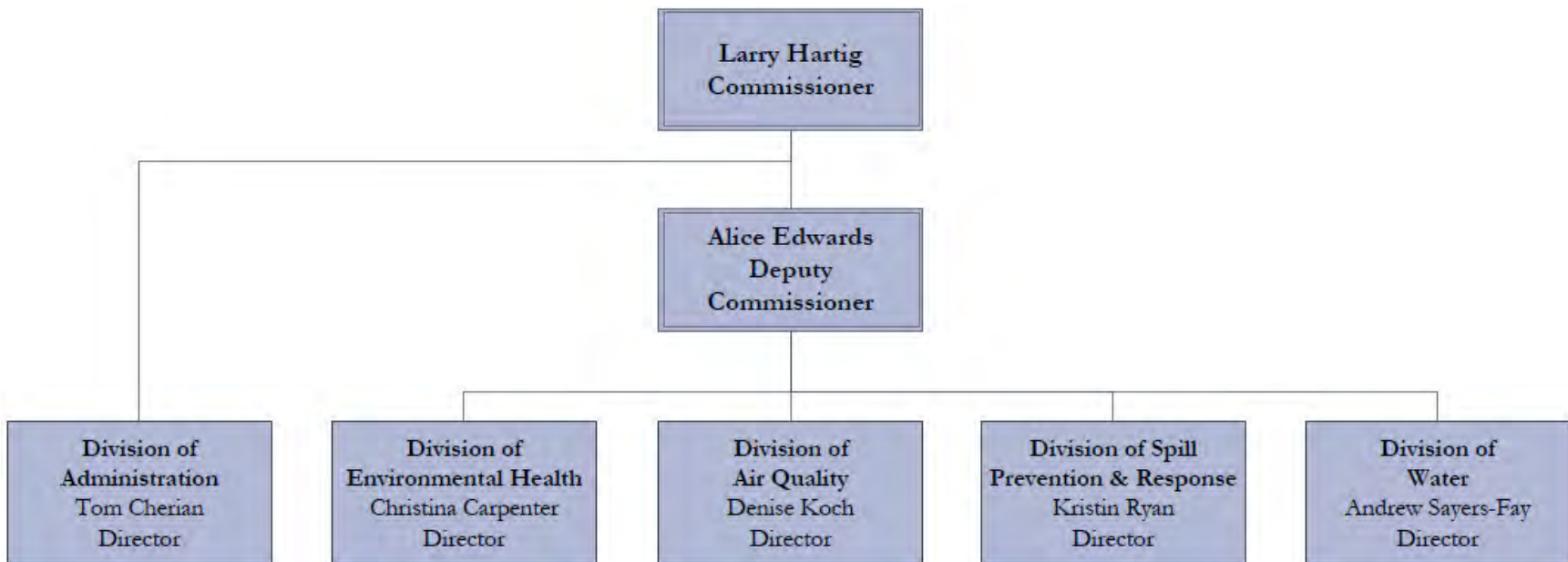
- Science-based standards
- Permits and authorizations incorporating these standards
- Monitoring, outreach, compliance assistance, and enforcement
- Emergency response and oversight of spill clean-up
- Meaningful and effective public processes for developing standards and permits
- Technical assistance,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



**One Health model graphic
courtesy of the University of
Alaska Fairbanks*



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
- 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
- Environmental Health Laboratory – provides shellfish and food safety testing, lab certification, dairy, animal health, and fish tissue monitoring
- State Veterinarian – prevents and controls animal diseases, oversees dairy industry, and reindeer slaughter





Divisions & Contribution to Mission

- **Air Quality**
 - Air permits – manages industrial air pollution through a permit
 - Compliance Assistance & Enforcement - ensures air emissions do not create unhealthy air
 - Monitoring and Quality Assurance – performs field air monitoring to measure progress and understand problems
 - Non-point and mobile source pollution – works with communities to reduce air pollution from woodsmoke, dust, wildland fire smoke, etc.
- **Spill Prevention & Response**
 - Prevention Preparedness and Response – prevents and mitigates the effects of oil and hazardous substance releases and ensures their cleanup
 - Contaminated Sites – manages the cleanup of contaminated soil and groundwater
 - 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 Permitting – manages wastewater through Alaska Pollutant Discharge Elimination System permits and plan reviews
- Compliance Assistance & Enforcement – inspects wastewater systems, provides assistance on achieving compliance, and takes administrative enforcement actions as needed to achieve compliance
- Cruise Ship – oversees wastewater and air monitoring compliance
- Village Safe Water – works with rural communities on sustainable sanitation facilities
- Technical Assistance & 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



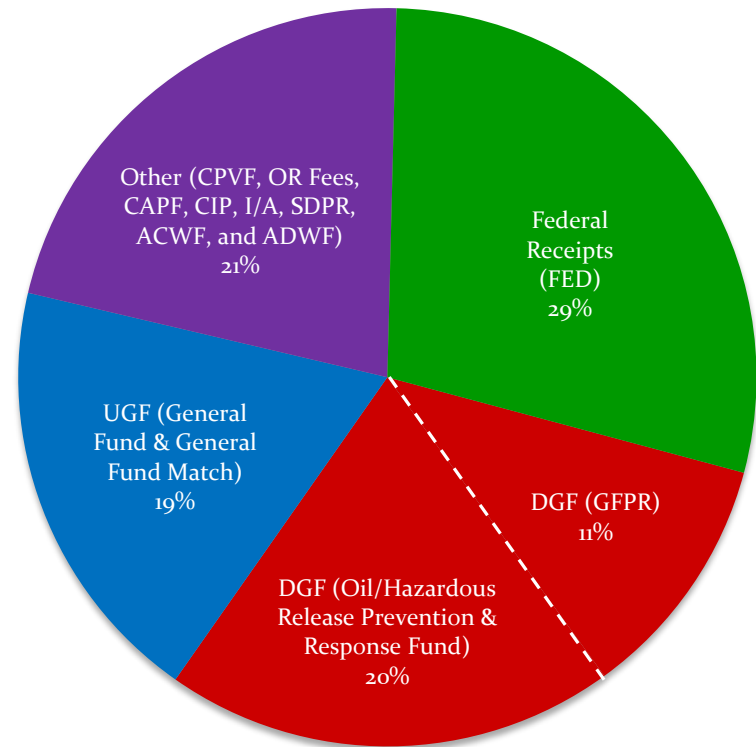


FY2019 Budget Request

Operating Request: \$ 80,190.6

- Unrestricted GF \$15,190.0
- Designated GF \$24,511.3
- Other State Funds \$17,418.7
- Federal Receipts \$23,070.6
- Positions 486

* Fund sources classified as 'DGF' include General Fund Program Receipts and the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund. Fund sources classified as 'Other' include: the Commercial Passenger Vessel Environmental Compliance Fund, Ocean Ranger fees, Clean Air Protection Fund, administrative fees from the Alaska Clean Water and Drinking Water Loan Funds, Statutory Designated Program Receipts, Interagency Receipts, and Capital Improvement Project Receipts.



DEC comprises just 0.38% of the State's operating UGF. Only DCCED has a smaller operating UGF budget.



What Alaskans Get for Their Money

According to calculations by Legislative Finance, DEC's FY2019 general fund budget is just under \$119 per year per resident worker

that's just **33¢** a day for

clean air to breathe clean water to drink

safe food to eat clean land and waters

responsible resource development

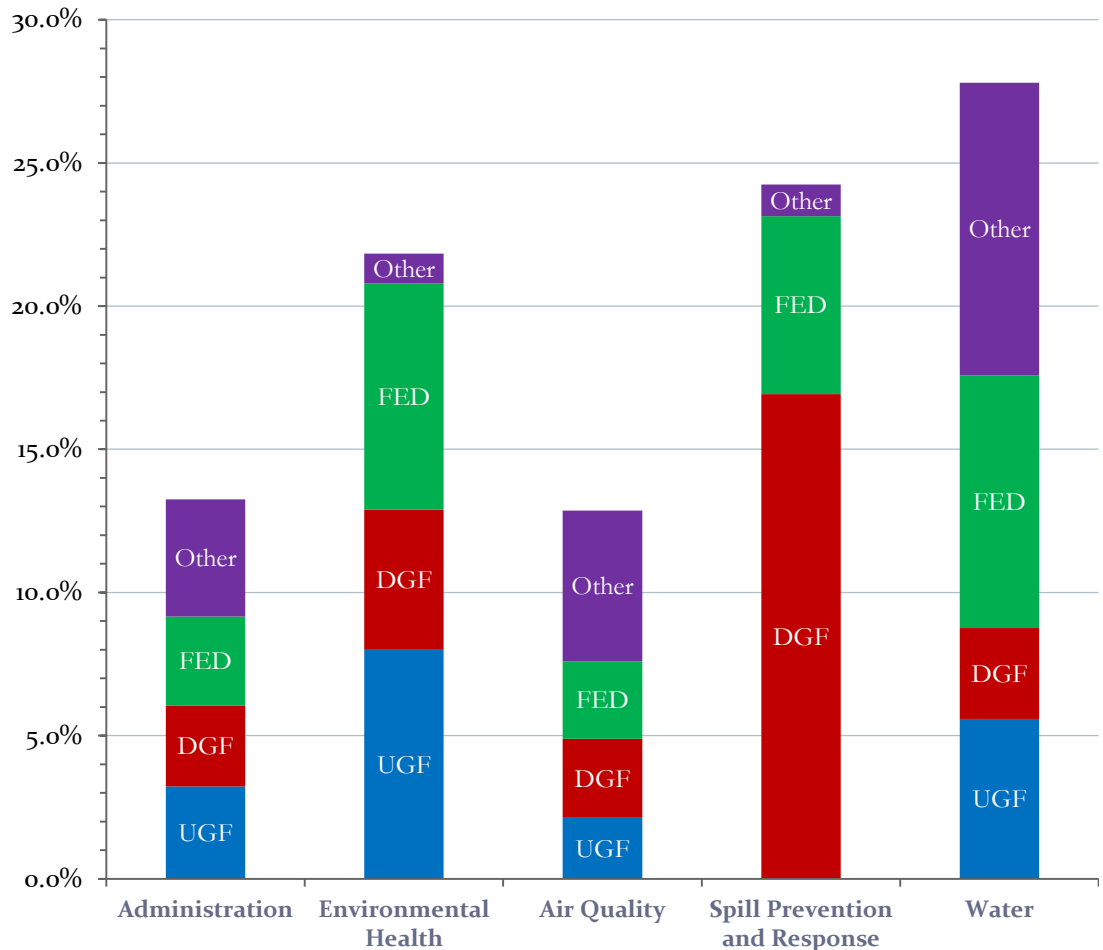
*If you look at the numbers by total population, that number drops to roughly **15¢** a day per Alaskan*





How DEC Spends UGF

- Roughly \$4.9 million is required match for federal grants (based on projected FY2018 awards)
- \$636.8 supports the Environmental Health Laboratory facility, including maintenance and utilities
- Just under \$2.2 million funds Administrative Services, consistent with DEC's approved federal indirect cost allocation plan
- \$427.6 pays for less than half of the Commissioner's Office costs
- The remaining \$7.0 million subsidizes fee-based programs, covers expenses ineligible for other fund sources, and supports work with the unregulated public such as complaint response and outreach





Summary of FY2019 UGF Reductions

- Proposal reduces UGF by \$136.2 or 0.9%
 - Reduce Funds for Juneau Building Lease
 - Anticipated lease savings will result in a UGF reduction of \$72.1 in the State Support Services component
 - Goal to reduce total square footage and per-square-foot-cost
 - Reduce Administrative Costs through Process Redesign and Efficiency Measures
 - A \$64.1 UGF reduction will be absorbed in the Administrative services component
 - This may result in future reduction of personnel and shifting of work onto the other divisions





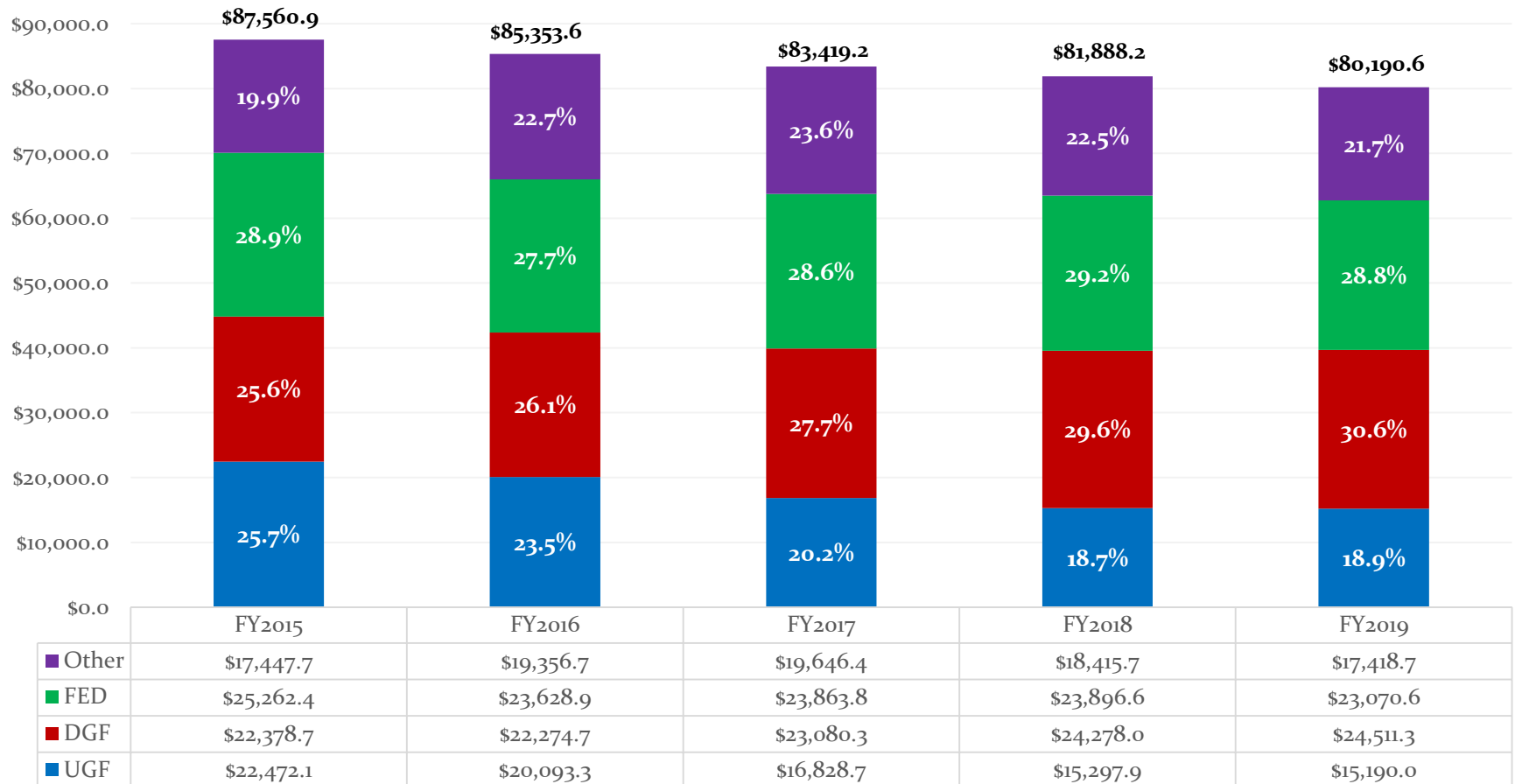
Summary of FY2019 Significant Changes

- DEC also proposes to reduce over \$1.9m in uncollectible receipt authority that includes federal, Clean Air Protection Fund, and interagency receipts across multiple components
- An increase of \$170.0 in program receipt authority in the Division of Environmental Health reflects fee increases in the Solid Waste program that will replace lost revenue from declining federal grants and interagency receipts
- Two consolidations of budget components to allow the affected divisions to operate more efficiently and make better use of limited resources after significant budget reductions in recent years:
 - The Division of Environmental Health would go from five budget components to two – Environmental Health and Laboratory Services
 - The Division of Water would go from two budget components to one – Water Quality, Infrastructure Support, & Financing



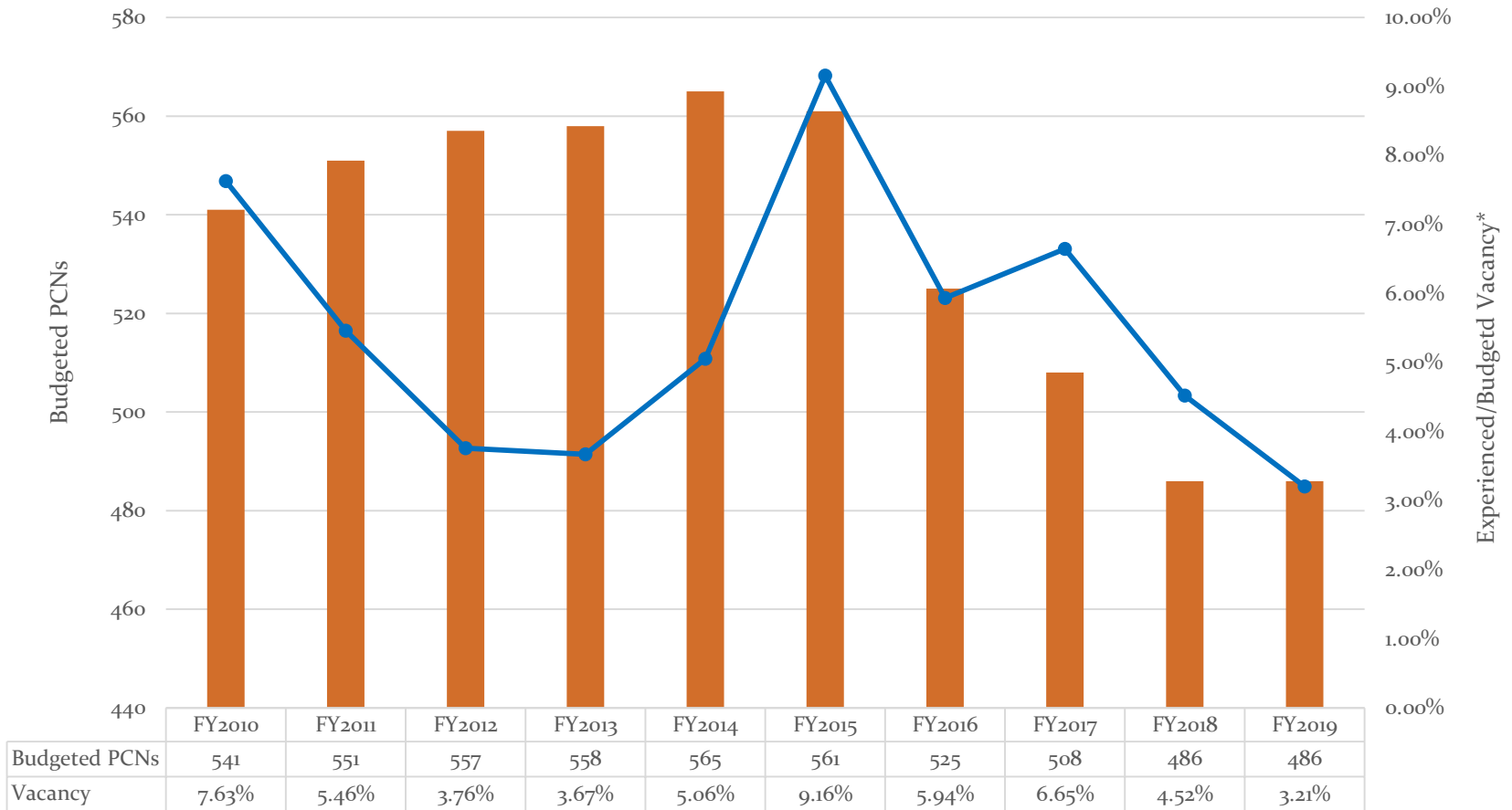


DEC Operating Budget History





DEC Position History



*Reflects the actual vacancy experienced FY2010-2017 and budgeted for FY2018-2019



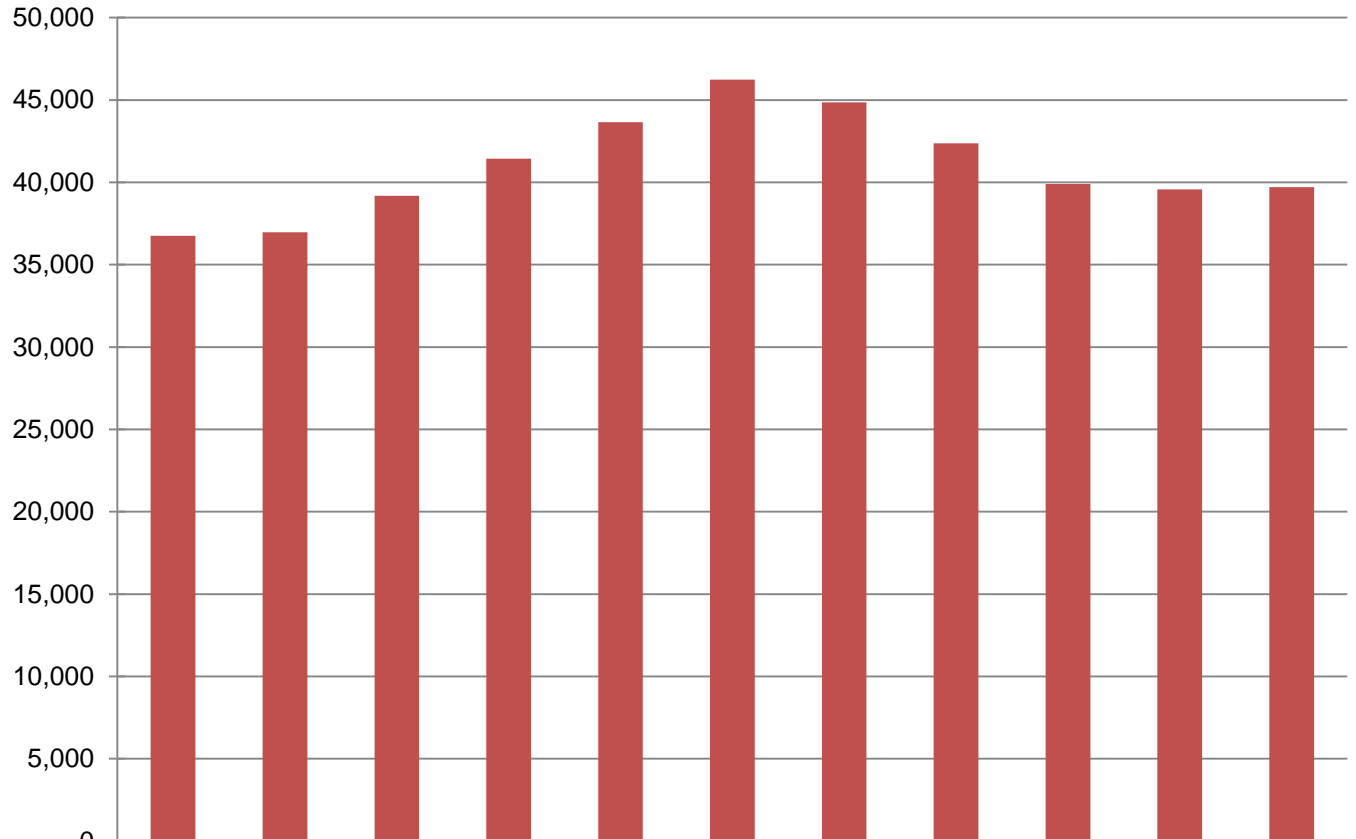
DEC Health Care Costs

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Employer Health Contribution	UGF	\$2,805.3	\$2,595.5	\$1,952.0	\$1,698.3	\$1,501.6	\$1,480.9
	All Other Funds	\$6,011.9	\$6,220.0	\$6,308.1	\$6,169.3	\$6,485.1	\$6,784.1
Workers Comp		\$328.3	\$246.4	\$266.5	\$305.3	\$271.5	\$212.4
Total Budgeted Health Care Costs		\$9,145.6	\$9,061.9	\$8,526.7	\$8,172.8	\$8,258.2	\$8,477.4
Operating Budget	UGF	\$23,842.3	\$22,472.1	\$20,093.3	\$16,858.7	\$15,297.9	\$15,190.0
	All Other Funds	\$64,084.8	\$65,088.8	\$65,260.3	\$67,836.5	\$66,590.3	\$65,000.6
Total Operating Budget		\$87,927.1	\$87,560.9	\$85,353.6	\$84,695.2	\$81,888.2	\$80,190.6
Healthcare Costs as a % of Operating Budget		10.4%	10.3%	10.0%	9.6%	10.1%	10.6%

- Reduction in DEC's healthcare costs directly relates to the reduction in staff since FY2014
- Healthcare as a percentage of DEC's budget has remained steady
- DEC has no control over employee health insurance rates or that of the employer portion of healthcare contributions; that is negotiated at a statewide level



Department of Environmental Conservation Share of Total Agency Operations (GF Only) (\$ Thousands)



The department's GF budget grew by about \$2.9 million (8%) between FY09 and FY19 Gov - an average annual growth rate for that period of 0.8%.

UGF declined by \$2.2 million (13%), but DGF increased by \$5.2 million (27%).

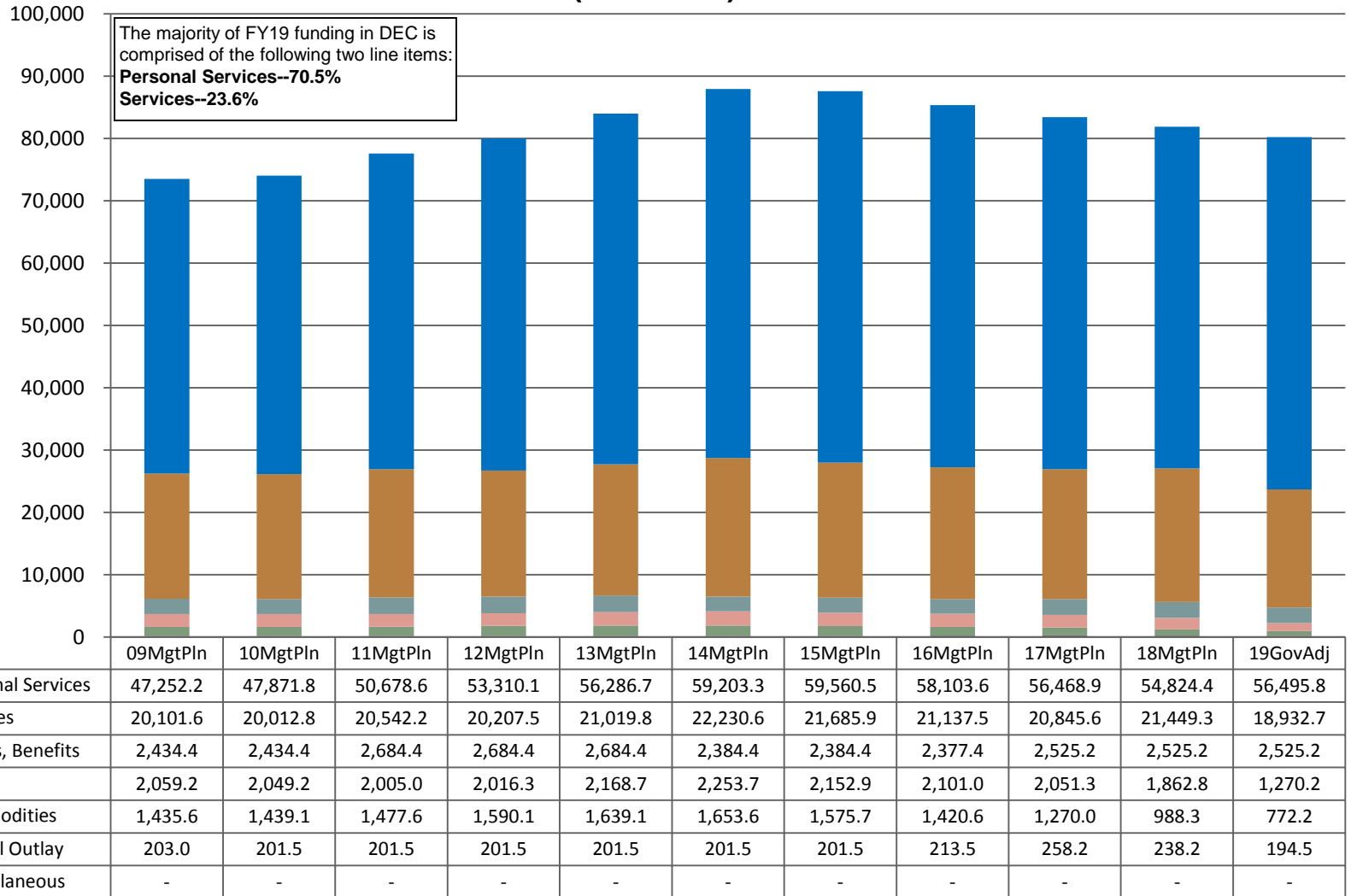
The department's total FY19 GF budget equals \$119 per resident worker.*

	09Mgt Pln	10Mgt Pln	11Mgt Pln	12Mgt Pln	13Mgt Pln	14Mgt Pln	15Mgt Pln	16Mgt Pln	17Mgt Pln	18Mgt Pln	19Gov Adj
■ Total Agency Budget	36,754.2	36,964.1	39,191.6	41,446.3	43,654.8	46,234.5	44,850.8	42,368.0	39,909.0	39,575.9	39,701.3
% of Agency Budget to Total Agencies' budgets	0.91%	0.92%	0.90%	0.88%	0.87%	0.91%	0.86%	0.88%	0.85%	0.85%	0.85%

* According to the Department of Labor and Workforce Development, there were 332,583 resident workers in Alaska in 2015.

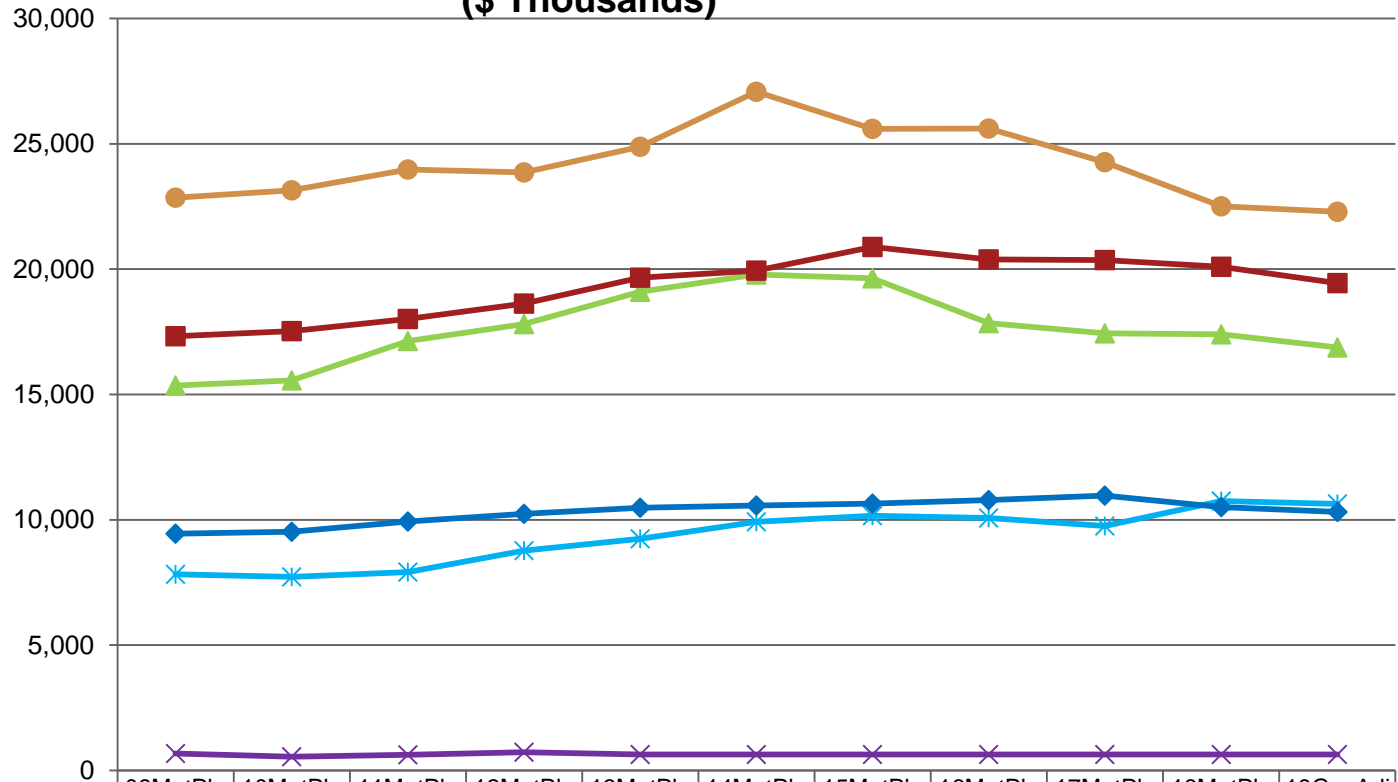


Department of Environmental Conservation Line Items (All Funds)





Appropriations within the Department of Environmental Conservation (All Funds) (\$ Thousands)



NOTE: In FY15, Air Quality became a new appropriation rather than an allocation within Environmental Health.

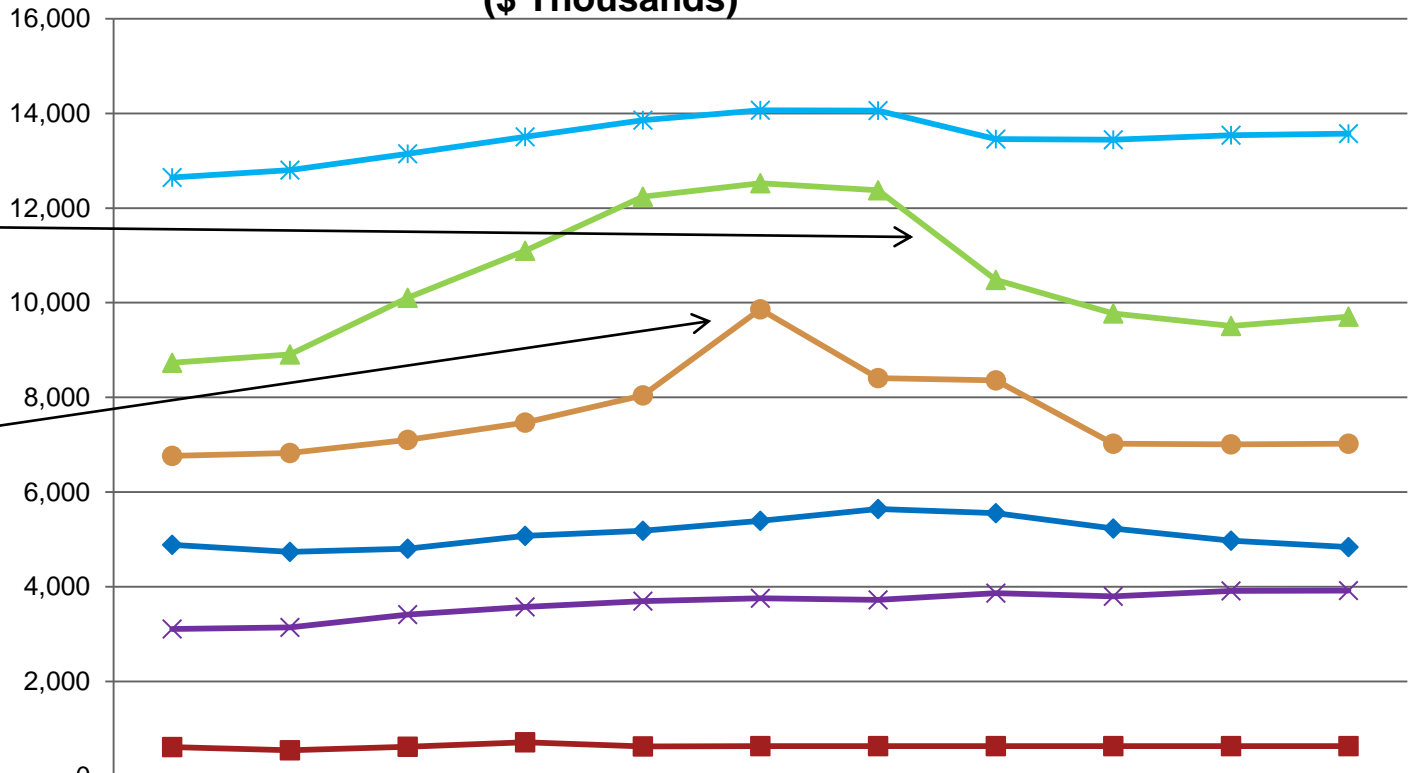
	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19GovAdj
Administration	7,828.6	7,715.3	7,915.0	8,762.7	9,240.6	9,918.4	10,163.8	10,076.8	9,751.7	10,747.6	10,627.3
DEC Bldgs Maint & Operations	674.5	546.3	620.4	718.1	632.6	635.5	636.5	636.5	635.2	636.8	636.8
Environmental Health	15,360.0	15,558.2	17,135.5	17,812.1	19,104.6	19,790.1	19,630.3	17,850.1	17,438.6	17,400.2	16,875.3
Air Quality	9,446.1	9,521.7	9,926.8	10,230.7	10,483.5	10,568.3	10,639.2	10,789.9	10,961.6	10,510.7	10,315.2
Spill Prevention and Response	17,329.4	17,523.7	18,018.4	18,629.2	19,659.4	19,939.7	20,886.3	20,386.1	20,360.7	20,090.2	19,445.2
Water	22,847.4	23,143.6	23,973.2	23,857.1	24,879.5	27,075.1	25,604.8	25,614.2	24,271.4	22,502.7	22,290.8



Appropriations within the Department of Environmental Conservation (General Funds) (\$ Thousands)

Environmental Health:
FY16-17: Reductions to Food Safety and Sanitation (\$1.1 million)
FY16: Reduction to Drinking Water (\$507.3)

Water:
 FY14 increment to take primacy for dredge and fill activities, eliminated in FY15 (\$1.4 million)



	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19GovAdj
Administration	4,884.4	4,738.6	4,804.6	5,075.9	5,181.8	5,395.0	5,642.0	5,558.2	5,231.3	4,973.4	4,842.5
DEC Bldgs Maint & Operations	618.8	545.6	620.4	718.1	632.6	635.5	636.5	636.5	635.2	636.8	636.8
Environmental Health	8,734.3	8,910.3	10,104.8	11,095.3	12,240.7	12,521.6	12,378.3	10,484.1	9,776.2	9,508.0	9,705.8
Air Quality	3,109.1	3,141.1	3,414.8	3,577.8	3,701.3	3,756.2	3,727.7	3,869.8	3,801.1	3,912.8	3,922.1
Spill Prevention and Response	12,644.1	12,798.9	13,145.0	13,507.1	13,858.1	14,063.1	14,056.4	13,459.8	13,444.1	13,537.4	13,572.2
Water	6,763.5	6,829.6	7,102.0	7,472.1	8,040.3	9,863.1	8,409.9	8,359.6	7,021.1	7,007.5	7,021.9



Questions?

