Reductions, Risk, & Reality

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Agenda

- FY2019 Budget Actions
- Department Overview of UGF History
- Division Level Reduction Impacts and Risks through FY2018
  - Environmental Health
  - Water
  - Spill Prevention & Response
  - Air Quality
  - Administration

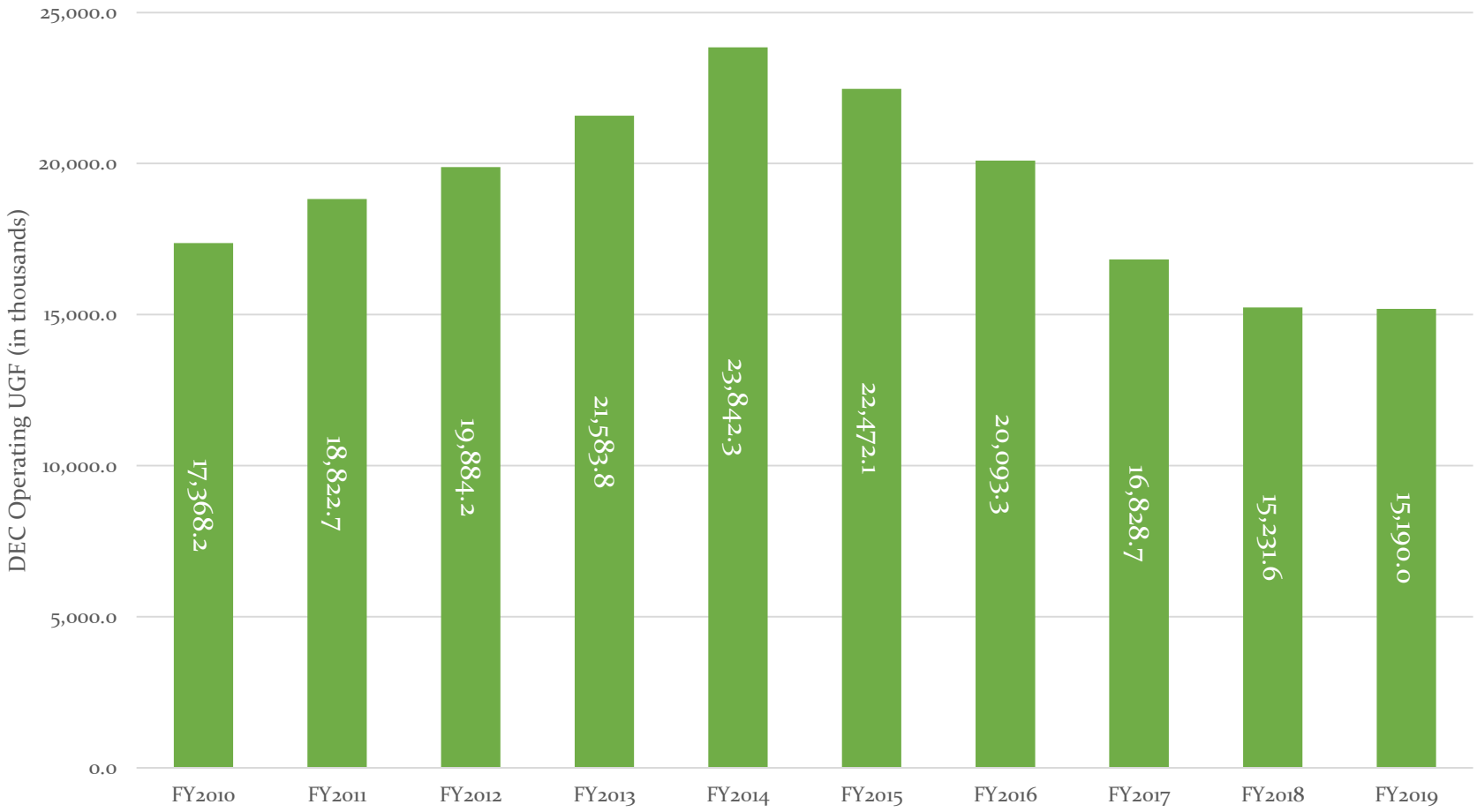
Summary of FY2019 UGF Reductions

- 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

UGF Budget History



UGF Increment Highlights

- Negotiated salary adjustments and health care costs drove a large portion of budget growth
- Phase-in of primacy over the Alaska Pollutant Discharge Elimination Systems (APDES) permitting program saw general fund increments totaling $2,198.5 since FY2006; $1,200.0 has been replaced with program receipts from user fees in FY2017 and FY2018
- Drinking Water primacy received increments from FY2007 to FY2012, of Federal and $1,147.2 matching UGF; an additional increment of $175.0 UGF for the program was received in FY2014 to ensure the State is in compliance with new federal rules
- Increased monitoring and inspection of the growing shellfish industry resulted in increments of $274.0 UGF in FY2013 to enable testing to meet industry needs; this was subsequently replaced with Commercial Passenger Vessel Environmental Compliance fees in FY2018
- The Fish Tissue Testing programs received a $557.0 UGF increment in FY2013 to replace lost federal funding; this was reduced by $250.0 in FY2016, with the remainder replaced by Ocean Ranger fees in FY2017
- Recreational Shellfish Beach Monitoring project in FY2012 provided a one-time, multi-year operating appropriation of $400.0 in UGF through FY2015
- Regulation of 404 Wetlands Permitting in FY2014 saw an increment of $1,434.7 UGF, which was subsequently removed by the legislature in FY2015
- The Department received a $250.9 UGF increment in FY2015 in the fiscal note for HB140 (2014), Regulations: Notice, Review, Comment to support the work to provide the estimated costs to the public for each proposed regulations package; this has been subsequently lost through UGF decrements to the Commissioner's Office

UGF Reductions

- DEC is primarily a regulatory agency
- Reductions have the potential to increase risks to public health and the environment, and impact industry
- FY2019 proposed levels reflect operating budget UGF reductions of $8.7 million, or 36.3% since FY2014
- Eliminated 69 positions (not including ten positions transferred to DOA for the implementations of Shared Services and centralized Office of Information Technology)
- DEC's capital budget over this same period has gone down by roughly $20 million UGF
- Federal budget uncertainty puts additional stress on the programs

Division of Environmental Health

Provide clear standards and technical assistance to ensure environmental protection, safe food and drinking water for all Alaskans

Reduction Impacts & Savings

- The Division of Environmental Health has been reduced by $2,936.0 UGF (31.5%) since FY2015, and eliminated 27 full time positions (17%)
- Federal grants are declining, and two large multi-year capital RSAs expired
- Closed the Food Safety & Sanitation field offices in Kodiak
- Eliminated Food Safety & Sanitation staff in Valdez and Drinking Water staff in Juneau
- Diminished performance under the FY2017 FDA inspection contract for manufactured food and seafood processors
- Implemented fee increases after fee studies were conducted in Retail Food permits, Solid Waste facilities, and Pesticide registrations
- Funding for the Fish Tissue Monitoring was reduced significantly and the remainder of UGF was replaced with Ocean Ranger fees
- Replaced UGF funding for commercial shellfish testing with Commercial Passenger Vessel Environmental Compliance fees

Increased Public Health Risk

- Drinking Water
  - Limited staff and resources in the Drinking Water program to focus on both acute risks and other chronic exposure risks
  - Reduced ability to provide technical assistance to drinking water operators
  - No longer conducting emergency preparedness and response activities with system operators
  - Eliminated regulation of Class C water systems (systems that serve less than 25 people)
- Food Safety
  - In FY2017, only 34% of the State's 4,866 permanent retail food facilities were inspected once, well below the federal benchmarks of 100% twice a year
  - Travel to rural communities for Food Safety inspections is primarily limited to FDA required inspections of seafood and manufactured food facilities
  - Conduct very few inspections for temporary or special event retail food permittees, such as at the State fair, or the growing number of food trucks
- Sanitation
  - Eliminated inspections of barbers & hairdresser facilities, which includes nail salons
  - No longer conducting sanitary inspections of hotels or responding to bed bug complaints
  - Sanitation inspections in schools are limited to food facilities

Division of Water

Protect water quality and assist communities in improving sanitation conditions

Reduction Impacts, Risks & Savings

- The Division of Water has been reduced by $2,727.2 UGF (37.9%) since FY2015, and eliminated 25 full time positions (18%) including two management positions
- Replaced $1.2 million of UGF with program receipts from fees for service after fee studies in the wastewater discharge and operator assistance programs
- No new Municipal Matching Grants are being made to municipalities for critical water and wastewater infrastructure projects, and the Alaska Clean Water and Drinking Water revolving loan funds require financial capacity to repay that some communities may struggle to demonstrate
- Reduced capacity for the engineering support and plan review can slow new home constructions and real estate transactions, and increase the risk of wastewater contaminating drinking water wells
- No longer responding to complaints or providing technical assistance to homeowners with domestic wastewater systems unless there is a significant public health or environmental concern
- Limited travel for permit development and compliance inspections, particularly for rural areas and remote placer mines
- Less ability to provide ongoing expertise to other agencies on water quality concerns
- Reduced capacity to address water quality problems

Division of Spill Prevention & Response

Protect public safety, health, and the environment through prevention, preparedness, and cleanup of oil and hazardous substances

Reduction Impacts, Risks & Savings

- The Division of Spill Prevention and Response has been reduced by $673.9 UGF since FY2015 and eliminated 9 full time positions
- Reorganized the Division of Spill Prevention and Response from five components into one in FY2016
  - Reduced Prevention Account spending by $620.0
  - Flattened the organizational structure
  - Redefined how we plan, prepare, and respond to spills
- Reduced the Pipeline Integrity and Engineering Section and replaced the remaining $478.5 UGF that funded this section with Prevention Account
- Worked with the legislature in 2015 to enact a $0.0095 environmental surcharge on refined fuels to fund a shortfall in the Prevention Account of the Oil and Hazardous Substance Release Prevention and Response Fund

Division of Air Quality

Conserve, improve, and protect Alaska's natural resources and environment and control 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

Reduction Impacts, Risks & Savings

- The Division of Air Quality has been reduced by $216.4 UGF since FY2015
- Absorbed regulatory monitoring for Anchorage and Fairbanks
- Reclassified several positions down and recognized savings from senior staff retirements, and eliminated three unbudgeted intern positions
- Reduced funds available for activities not eligible for reimbursable fund sources such as responding to public complaints or commenting on EPA rules
- Limited travel to rural areas for compliance inspections result in more site visits conducted per/trip, and potentially longer intervals between inspections where pollution could go unchecked
- Reduced travel to the Lower 48 for training opportunities
- Combined the Director's Office and Air Quality components in FY2017 for greater administrative efficiency
- Conducted a LEAN evaluation of the Title I permit process and reduced the median time for permits to go from application to public notice by 35%
- Efficiencies from Anchorage staff relocating from the previous satellite office, including savings from copier leases, state vehicle usage, and utilities

Division of Administration

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.

Reduction Impacts, Risks & Savings

- The Division of Administration has been reduced by $620.7 UGF since FY2015 and eliminated 4 full time positions
- Reduced leased office space in Anchorage by 9,200 square feet, and actively working to significantly reduce leased office space in Juneau
- Reduced staffing in the Commissioner's Office including a position dedicated to workforce development
- Reduced Administrative Services accounting staff through recognized efficiencies of the State IRIS accounting system
- Eliminated a shared Office Assistant in Fairbanks and transferred those duties to existing Administrative Services staff
- Consolidated the accounting and grants staff for the Village Safe Water and Municipal Grant and Loan programs together into the Division of Administration
- Consolidated supervision of the Office Assistants that staff the front desks at the Department's field offices in Wasilla and Soldotna into the Administrative Services component to allow greater efficiency in supporting those offices
- Administrative Services absorbed procurement work from the Division of Spill Prevention and Response, allowing the Division to eliminate a position they could not afford, and freeing up a position to be reallocated to response work
- Eliminated the Department's Rural and Tribal Liaison position and merged those duties with other existing positions

Questions?