

# Senate Finance Subcommittee

Department of Environmental Conservation

Randy Bates, Commissioner

Megan Kohler, Administrative Services Director

March 24, 2026

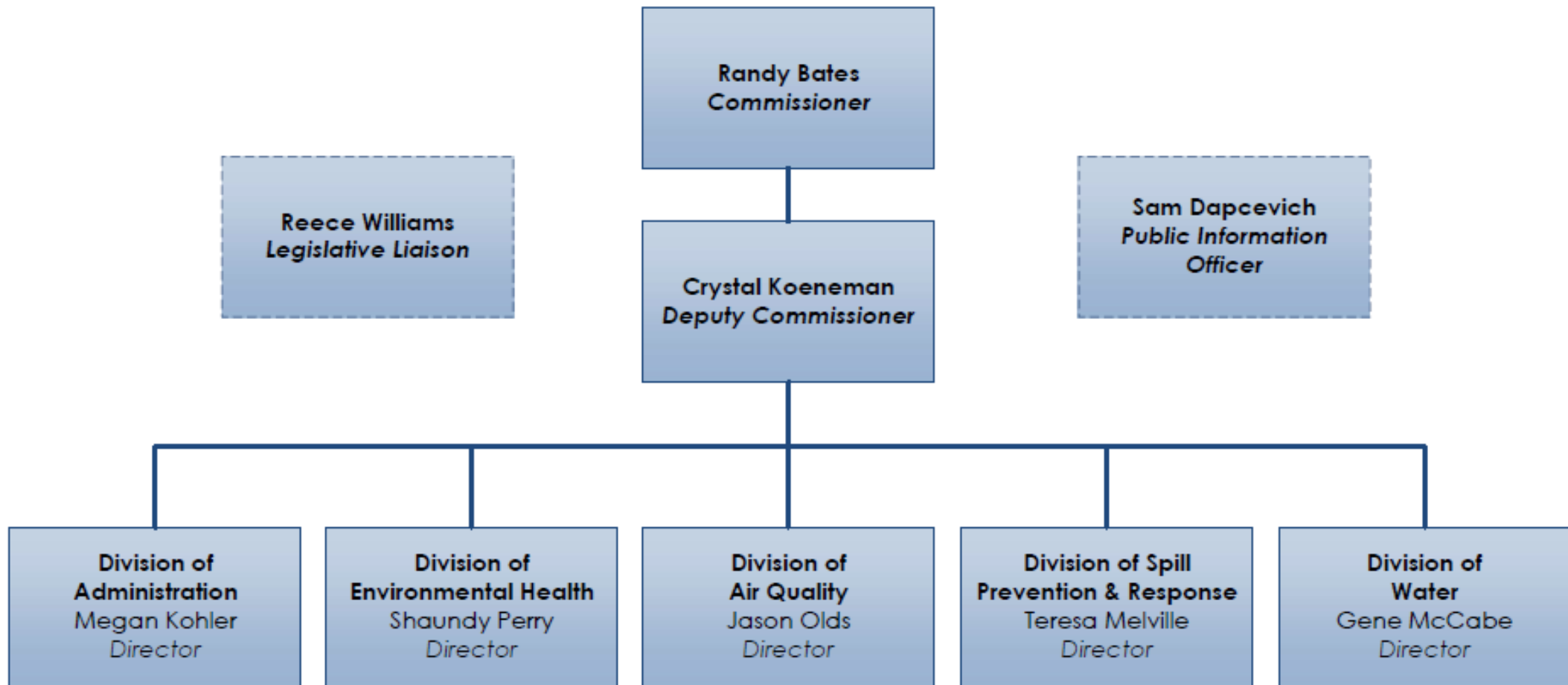


# DEC's Mission

Conserving, improving, and protecting Alaska's natural resources and environment to enhance the health, safety, and economic and social well-being of Alaskans.



# DEC's Leadership



## Air Quality

- Permit industrial air emissions
- Monitor & assess air quality
- Address small & mobile air pollution sources
- Conduct inspections & ensure compliance

## Water

- Permit water discharges
- Oversee water quality standards, assessment & restoration
- Provide technical assistance
- Finance sanitation improvements
- Conduct inspections & ensure compliance

## Environmental Health

- Ensure safe food & drinking water
- Oversee landfills & pesticide applicators
- Provide animal care & importation standards
- Conduct analytical testing
- Conduct inspections & ensure compliance

## Spill Prevention & Response

- Respond to spills
- Require spill prevention & response plans
- Evaluate response drills
- Manage cleanup of contamination
- Conduct inspections & ensure compliance



# FY2026 Enacted Budget Changes (\$ in thousands)

Line	Division	Change Record Title	Fund Source	Amount
1	Administration	Add Authority to Adhere to Alaska Statute 37.07.020(e)	Inter-Agency Receipts (1007)	\$3,000.0
2	Facilities Operations and Maintenance State Owned	Maintain Environmental Health Lab Operations	Unrestricted General Funds (1004)	\$45.0
3	Water	Align Receipt Authority	General Fund Program Receipts (1005), Statutory Designated Program Receipts (1108), AK LNG Inter-Agency Receipts (1236)	\$0.0
4	Environmental Health	Increased Cost for Shellfish Testing Supplies	Unrestricted General Funds (1004)	\$40.0



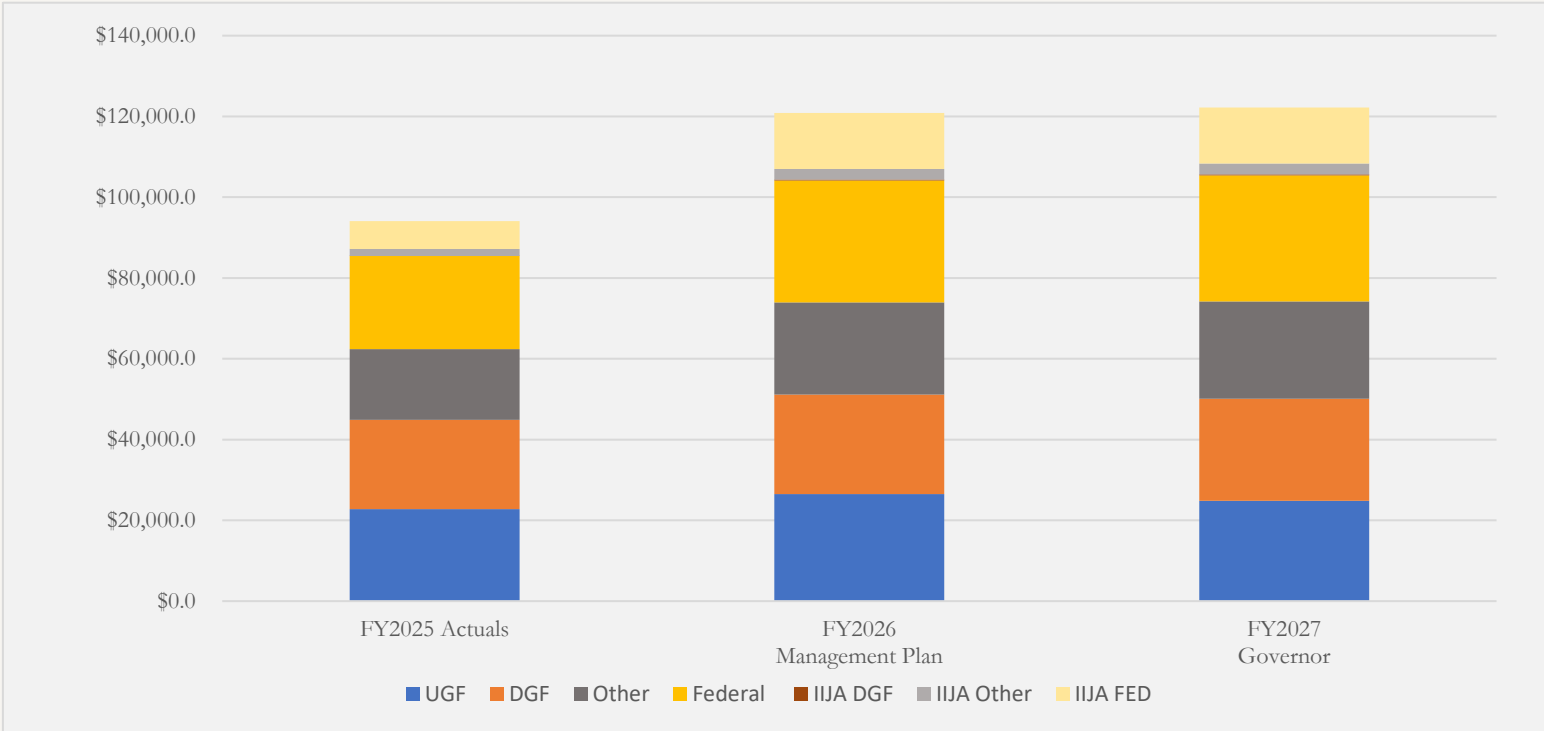
# FY2027 Governor's Proposed Budget (\$ in thousands)

Line	Division	Change Record Title	Fund Source	Amount
1	Administration	Realign Authority with Federally Approved Indirect Cost Rate	Various (No UGF Increase)	\$0.0
2	Administration, Environmental Health, Spill Prevention and Response, and Water	Information Technology Classification Study Implementation	Various	\$395.2
3	Environmental Health	Restructure Facilities Operations and Maintenance State Owned to Environmental Health	None	\$0.0
4	Administration	Transfer One Position from Department of Administration for Accounts Payable and Travel	None	\$0.0



# DEC FY2027 Operating Budget:

## Department Overview (\$ in thousands)

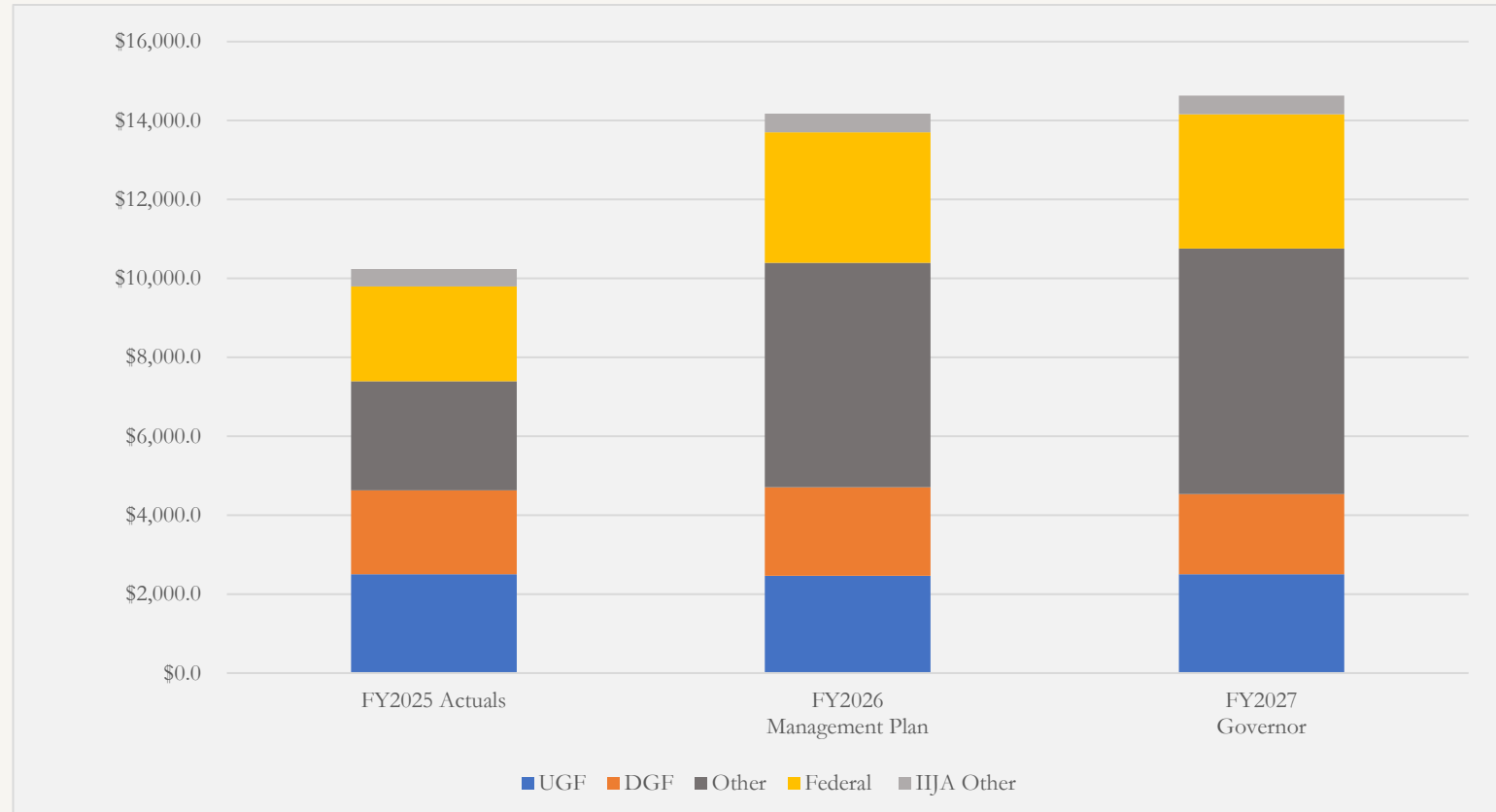


	FY2025 Actuals	FY2026 Management Plan	FY2027 Governor	Difference FY26 and FY27	% Difference FY26 and FY27
UGF	\$22,815.3	\$26,473.4	\$24,849.7	(\$1,623.7)	-6.1%
DGF	\$22,093.4	\$24,638.5	\$25,287.5	\$649.0	2.6%
IIJA DGF	\$35.2	\$250.0	\$250.0	\$0.0	0.0%
Other	\$17,452.4	\$22,842.9	\$24,035.9	\$1,193.0	5.2%
IIJA Other	\$1,680.0	\$2,668.8	\$2,668.8	\$0.0	0.0%
Federal	\$23,087.9	\$30,152.9	\$31,247.5	\$1,094.6	3.6%
IIJA FED	\$6,908.9	\$13,828.6	\$13,828.6	\$0.0	0.0%
<b>Total</b>	<b>\$94,073.1</b>	<b>\$120,855.1</b>	<b>\$122,168.0</b>	<b>\$1,312.9</b>	<b>1.1%</b>



# DEC FY2027 Operating Budget:

## Division of Administration (\$ in thousands)

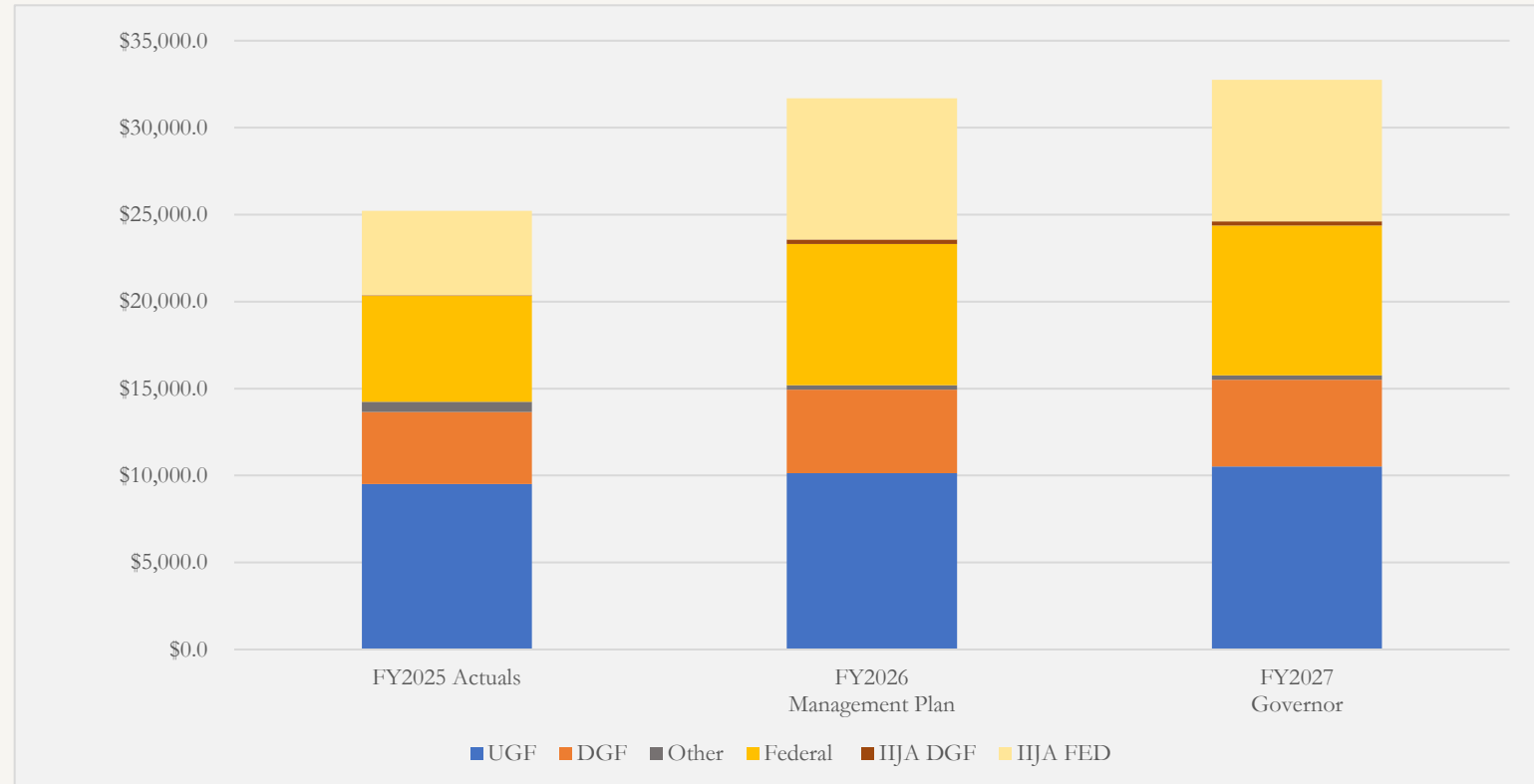


	FY2025 Actuals	FY2026 Management Plan	FY2027 Governor	Difference FY26 and FY27	% Difference FY26 and FY27
UGF	\$2,505.2	\$2,462.7	\$2,503.3	\$40.6	1.6%
DGF	\$2,127.9	\$2,246.2	\$2,035.6	(\$210.6)	-9.4%
Other	\$2,758.4	\$5,684.0	\$6,216.3	\$532.3	9.4%
IIJA Other	\$444.1	\$471.7	\$471.7	\$0.0	0.0%
Federal	\$2,402.7	\$3,312.7	\$3,407.6	\$94.9	2.9%
<b>Total</b>	<b>\$10,238.3</b>	<b>\$14,177.3</b>	<b>\$14,634.5</b>	<b>\$457.2</b>	<b>3.2%</b>



# DEC FY2027 Operating Budget:

## Division of Environmental Health (\$ in thousands)

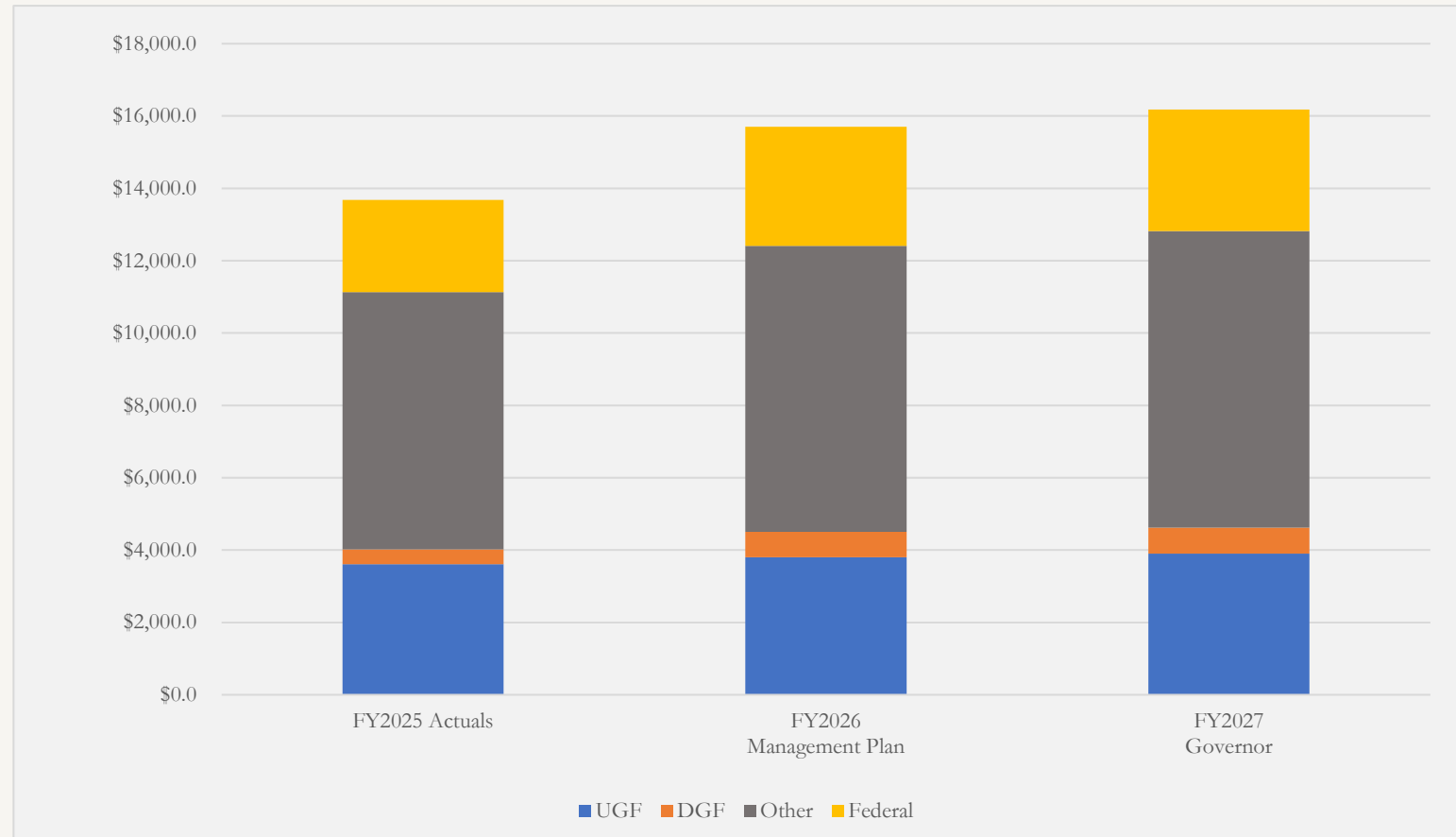


	FY2025 Actuals	FY2026 Management Plan	FY2027 Governor	Difference FY26 and FY27	% Difference FY26 and FY27
UGF	\$9,511.0	\$10,140.3	\$10,529.5	\$389.2	3.8%
DGF	\$4,152.1	\$4,794.8	\$4,976.8	\$182.0	3.8%
IIJA DGF	\$35.2	\$250.0	\$250.0	\$0.0	0.0%
Other	\$570.1	\$254.5	\$258.0	\$3.5	1.4%
Federal	\$6,097.3	\$8,125.9	\$8,609.5	\$483.6	6.0%
IIJA FED	\$4,857.2	\$8,126.1	\$8,126.1	\$0.0	0.0%
<b>Total</b>	<b>\$25,222.9</b>	<b>\$31,691.6</b>	<b>\$32,749.9</b>	<b>\$1,058.3</b>	<b>3.3%</b>



# DEC FY2027 Operating Budget:

## Division of Air Quality (\$ in thousands)

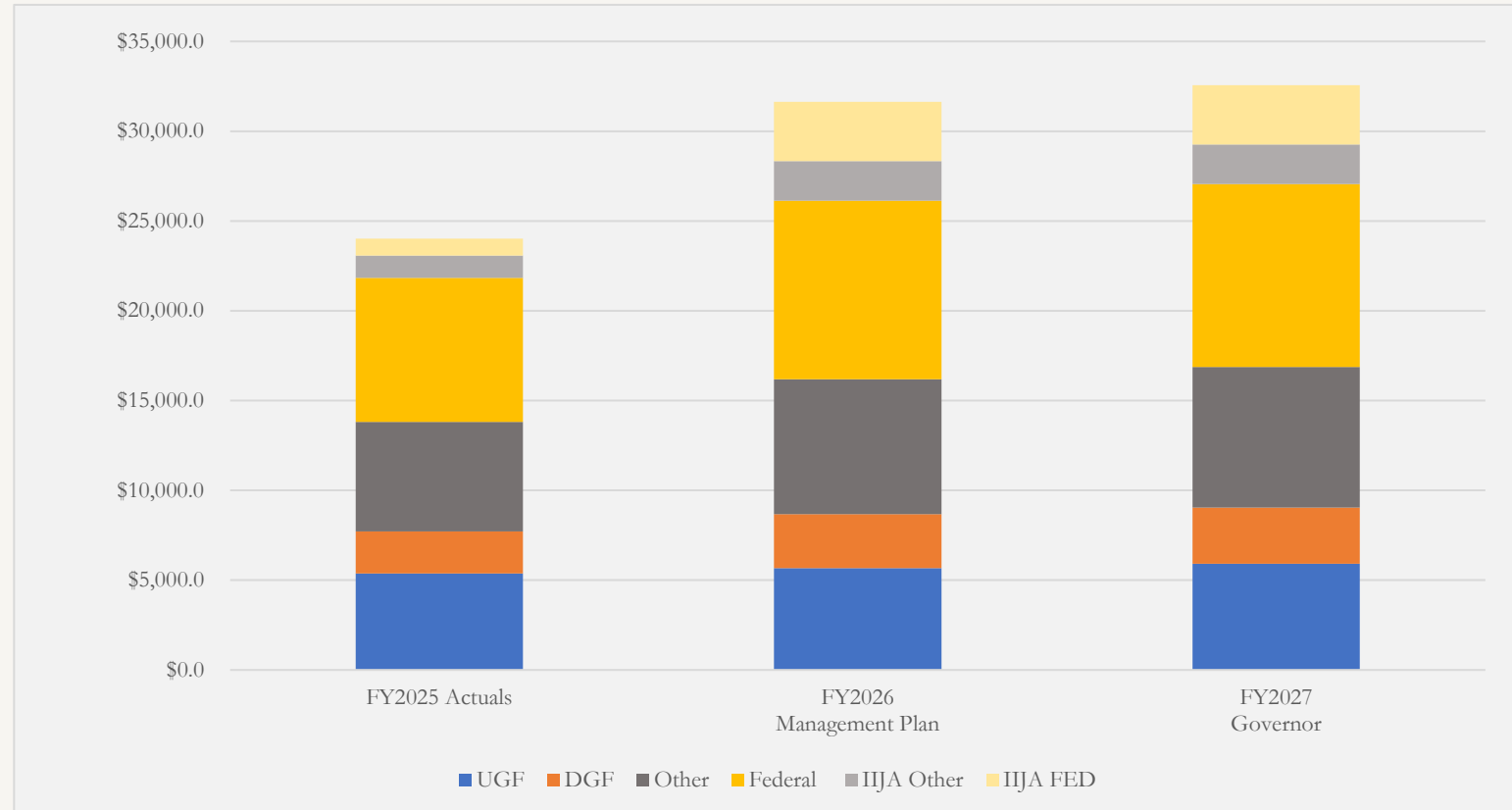


	FY2025 Actuals	FY2026 Management Plan	FY2027 Governor	Difference FY26 and FY27	% Difference FY26 and FY27
UGF	\$3,606.9	\$3,805.7	\$3,900.9	\$95.2	2.5%
DGF	\$415.4	\$701.3	\$719.1	\$17.8	2.5%
Other	\$7,112.3	\$7,904.0	\$8,202.0	\$298.0	3.8%
Federal	\$2,542.0	\$3,294.2	\$3,357.7	\$63.5	1.9%
<b>Total</b>	<b>\$13,676.6</b>	<b>\$15,705.2</b>	<b>\$16,179.7</b>	<b>\$474.5</b>	<b>3.0%</b>



# DEC FY2027 Operating Budget:

## Division of Water (\$ in thousands)

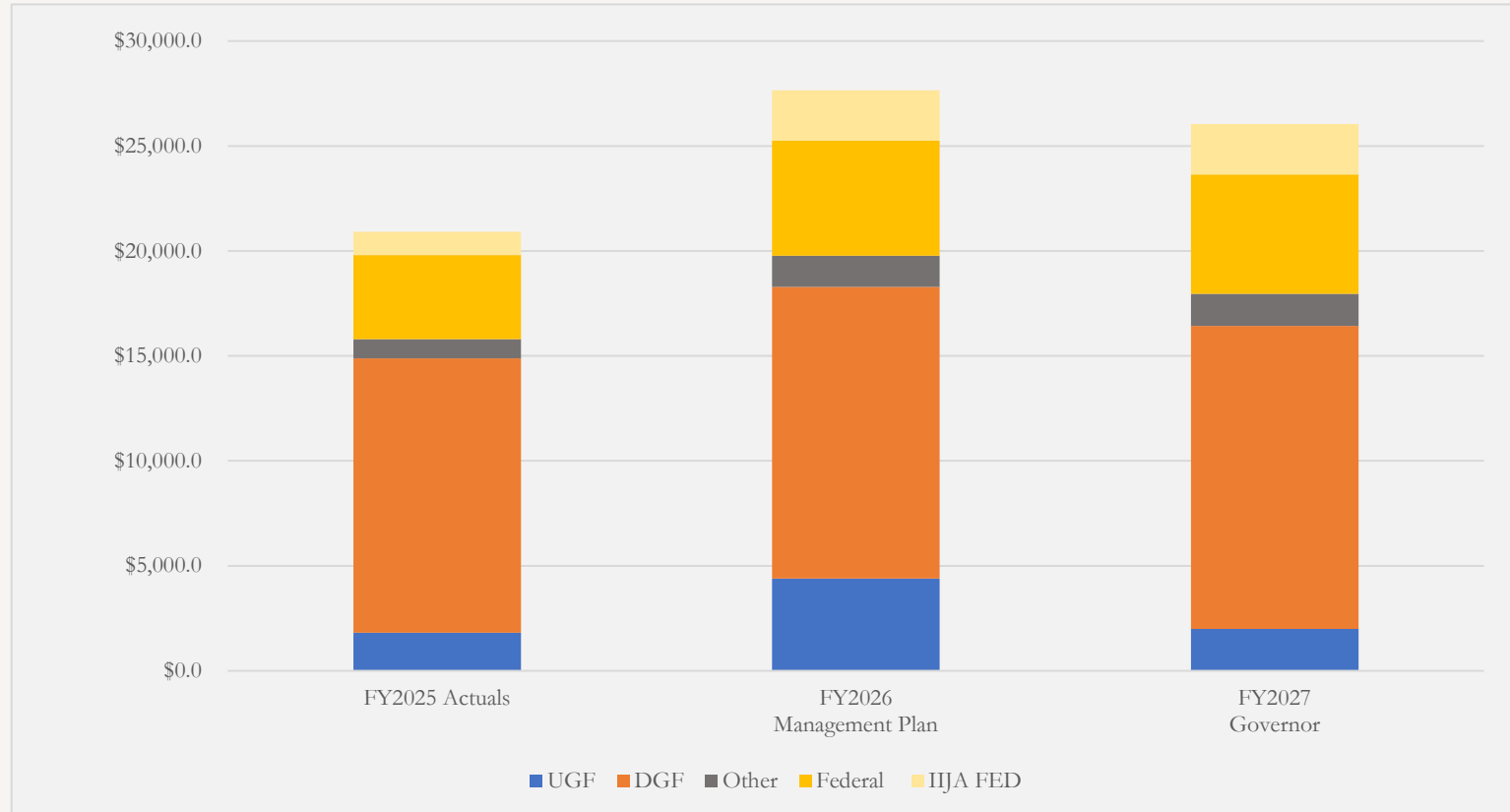


	FY2025 Actuals	FY2026 Management Plan	FY2027 Governor	Difference FY26 and FY27	% Difference FY26 and FY27
UGF	\$5,372.4	\$5,666.7	\$5,917.9	\$251.2	4.4%
DGF	\$2,333.0	\$3,010.6	\$3,119.0	\$108.4	3.6%
Other	\$6,098.1	\$7,513.0	\$7,834.3	\$321.3	4.3%
IIJA Other	\$1,235.9	\$2,197.1	\$2,197.1	\$0.0	0.0%
Federal	\$8,033.3	\$9,937.4	\$10,189.9	\$252.5	2.5%
IIJA FED	\$951.9	\$3,302.5	\$3,302.5	\$0.0	0.0%
<b>Total</b>	<b>\$24,024.6</b>	<b>\$31,627.3</b>	<b>\$32,560.7</b>	<b>\$933.4</b>	<b>3.0%</b>



# DEC FY2027 Operating Budget:

## Spill Prevention and Response (\$ in thousands)



	FY2025 Actuals	FY2026 Management Plan	FY2027 Governor	Difference FY26 and FY27	% Difference FY26 and FY27
UGF*	\$1,819.8	\$4,398.0	\$1,998.1	(\$2,399.9)	-54.6%
DGF	\$13,065.0	\$13,885.6	\$14,437.0	\$551.4	4.0%
Other	\$913.5	\$1,487.4	\$1,525.3	\$37.9	2.5%
Federal	\$4,012.6	\$5,482.7	\$5,682.8	\$200.1	3.6%
IIJA FED	\$1,099.8	\$2,400.0	\$2,400.0	\$0.0	0.0%
<b>Total</b>	<b>\$20,910.7</b>	<b>\$27,653.7</b>	<b>\$26,043.2</b>	<b>(\$1,610.5)</b>	<b>-5.8%</b>

\*UGF decrease is related to reversal of One-Time Item for PFAS Reimbursement Program



# Spill Prevention and Response (SPAR): Notable Items

- Home Heating Oil Clean-Up Grants for Homeowners
- Aqueous Film-Forming Foam (AFFF) Reimbursement Program
- Flint Hills Settlement



# Flint Hills Settlement (\$ in real dollars)



## Prevention Mitigation Account (AS 46.08.020)

- DEC oversight costs (\$5,177,612.09)
- Piped Water System costs (\$15,298,750.63)
- Natural Resource Damages (\$4,007,270.25)

## Unrestricted General Fund

- Attorney's Fees and Costs (\$2,033,977.14)



# SPAR Prevention Account: Governor's Version (\$ in thousands)

3/5/2026

## Department of Environmental Conservation Prevention Account Projected Balance

	Actuals		Projected									
	FY24	FY25	Current Year									
			FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
<b>REVENUE to PREVENTION ACCOUNT</b>												
Surcharge Revenue: Oil	\$ 6,086.4	\$ 6,043.0	\$ 5,920.0	6,640.0	6,560.0	6,320.0	6,560.0	7,280.0	7,920.0	8,400.0	8,560.0	8,320.0
Surcharge Revenue: Refined Fuels	\$ 6,250.1	\$ 7,255.8	\$ 7,200.0	7,100.0	7,100.0	7,100.0	7,100.0	7,100.0	7,100.0	7,100.0	7,100.0	7,100.0
Cost Recovery	\$ 682.2	\$ 1,163.4	\$ 1,163.4	1,163.4	1,163.4	1,163.4	1,163.4	1,163.4	1,163.4	1,163.4	1,163.4	1,163.4
Fines/Settlements/Penalties**	\$ 364.9	\$ 24,484.1	\$ 364.9	364.9	364.9	364.9	364.9	364.9	364.9	364.9	364.9	364.9
Investment Income*	\$ 3,762.8	\$ 3,676.0	\$ 3,676.0	-	-	-	-	-	-	-	-	-
Other Revenues	\$ 1.8	\$ 31.9	\$ 1.9	-	-	-	-	-	-	-	-	-
<b>Total Annual Revenue</b>	<b>\$ 17,148.2</b>	<b>\$ 42,654.2</b>	<b>\$ 18,326.2</b>	<b>\$ 15,268.3</b>	<b>\$ 15,188.3</b>	<b>\$ 14,948.3</b>	<b>\$ 15,188.3</b>	<b>\$ 15,908.3</b>	<b>\$ 16,548.3</b>	<b>\$ 17,028.3</b>	<b>\$ 17,188.3</b>	<b>\$ 16,948.3</b>
<b>EXPENSES from PREVENTION ACCOUNT</b>												
<b>Total Annual Expenses</b>	<b>\$ 13,899.3</b>	<b>\$ 15,320.7</b>	<b>\$ 16,383.4</b>	<b>\$ 16,601.7</b>	<b>\$ 16,931.5</b>	<b>\$ 17,267.9</b>	<b>\$ 17,611.0</b>	<b>\$ 17,960.8</b>	<b>\$ 18,317.7</b>	<b>\$ 18,681.6</b>	<b>\$ 19,052.9</b>	<b>\$ 19,431.5</b>
<b>Ending Balance Before Obligations</b>	<b>\$ 26,253.0</b>	<b>\$ 53,586.5</b>	<b>\$ 55,529.3</b>	<b>\$ 54,195.9</b>	<b>\$ 52,452.7</b>	<b>\$ 50,133.0</b>	<b>\$ 47,710.4</b>	<b>\$ 45,657.8</b>	<b>\$ 43,888.5</b>	<b>\$ 42,235.1</b>	<b>\$ 40,370.5</b>	<b>\$ 37,887.4</b>
<b>Outstanding*** Capital Authorization</b>	<b>\$ 832.8</b>	<b>\$ 731.6</b>	<b>\$ 933.3</b>	<b>\$ 804.2</b>	<b>\$ 1,674.7</b>	<b>\$ 2,294.9</b>	<b>\$ 2,164.8</b>	<b>\$ 2,034.4</b>	<b>\$ 1,903.8</b>	<b>\$ 2,523.0</b>	<b>\$ 2,392.0</b>	<b>\$ 2,260.7</b>
<b>Projected Ending Fund Unobligated Balance</b>	<b>\$ 25,420.2</b>	<b>\$ 52,854.9</b>	<b>\$ 54,596.0</b>	<b>\$ 53,391.7</b>	<b>\$ 50,778.0</b>	<b>\$ 47,838.2</b>	<b>\$ 45,545.6</b>	<b>\$ 43,623.4</b>	<b>\$ 41,984.7</b>	<b>\$ 39,712.1</b>	<b>\$ 37,978.6</b>	<b>\$ 35,626.6</b>

\*This projection does not include potential future year investment income.

\*\*The FY2025 total includes Flint Hills Settlement dollars.

\*\*\*Capital Authorization for each year reflects the projected net outstanding authority.

Fund solvency projected through 2052



# SPAR Prevention Account: House Version (HCS2) (\$ in thousands)

3/13/2026

## Department of Environmental Conservation Prevention Account Projected Balance

	Actuals		Projected										
	FY24	FY25	Current Year FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	
<b>REVENUE to PREVENTION ACCOUNT</b>													
Surcharge Revenue: Oil	\$ 6,086.4	\$ 6,043.0	\$ 5,920.0	\$ 6,640.0	\$ 6,560.0	\$ 6,320.0	\$ 6,560.0	\$ 7,280.0	\$ 7,920.0	\$ 8,400.0	\$ 8,560.0	\$ 8,320.0	
Surcharge Revenue: Refined Fuels	\$ 6,250.1	\$ 7,255.8	\$ 7,200.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	\$ 7,100.0	
Cost Recovery	\$ 682.2	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	\$ 1,163.4	
Fines/Settlements/Penalties**	\$ 364.9	\$ 24,484.1	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	\$ 364.9	
Investment Income*	\$ 3,762.8	\$ 3,676.0	\$ 3,676.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Revenues	\$ 1.8	\$ 31.9	\$ 1.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Annual Revenue</b>	<b>\$ 17,148.2</b>	<b>\$ 42,654.2</b>	<b>\$ 18,326.2</b>	<b>\$ 15,268.3</b>	<b>\$ 15,188.3</b>	<b>\$ 14,948.3</b>	<b>\$ 15,188.3</b>	<b>\$ 15,908.3</b>	<b>\$ 16,548.3</b>	<b>\$ 17,028.3</b>	<b>\$ 17,188.3</b>	<b>\$ 16,948.3</b>	
<b>EXPENSES from PREVENTION ACCOUNT</b>													
<b>Total Annual Expenses</b>	<b>\$ 13,899.3</b>	<b>\$ 15,320.7</b>	<b>\$ 16,383.4</b>	<b>\$ 18,569.8</b>	<b>\$ 18,939.0</b>	<b>\$ 19,315.5</b>	<b>\$ 19,699.5</b>	<b>\$ 20,091.2</b>	<b>\$ 20,490.6</b>	<b>\$ 20,898.0</b>	<b>\$ 21,313.6</b>	<b>\$ 21,737.4</b>	
Ending Balance Before Obligations	\$ 26,253.0	\$ 53,586.5	\$ 55,529.3	\$ 52,227.8	\$ 48,477.1	\$ 44,109.9	\$ 39,598.6	\$ 35,415.8	\$ 31,473.4	\$ 27,603.7	\$ 23,478.4	\$ 18,689.3	
Outstanding*** Capital Authorization	\$ 832.8	\$ 731.6	\$ 933.3	\$ 804.2	\$ 1,674.7	\$ 2,294.9	\$ 2,164.8	\$ 2,034.4	\$ 1,903.8	\$ 2,523.0	\$ 2,392.0	\$ 2,260.7	
<b>Projected Ending Fund Unobligated Balance</b>	<b>\$ 25,420.2</b>	<b>\$ 52,854.9</b>	<b>\$ 54,596.0</b>	<b>\$ 51,423.6</b>	<b>\$ 46,802.4</b>	<b>\$ 41,815.0</b>	<b>\$ 37,433.9</b>	<b>\$ 33,381.4</b>	<b>\$ 29,569.6</b>	<b>\$ 25,080.7</b>	<b>\$ 21,086.4</b>	<b>\$ 16,428.5</b>	

\*This projection does not include potential future year investment income.

\*\*The FY2025 total includes Flint Hills Settlement dollars.

\*\*\*Capital Authorization for each year reflects the projected net outstanding authority.

Fund solvency projected through 2038



# Questions?



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