



Department of Environmental Conservation

House Finance Sub-Committee

Larry Hartig, Commissioner

Lynn Kent, Deputy Commissioner

Tom Cherian, Administrative Services
Director

February 5, 2013



DEC's Mission

Protect human health
and the environment.



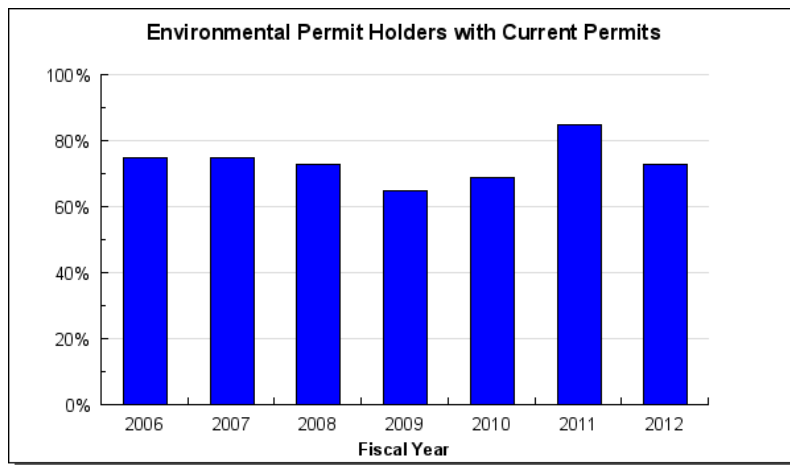


Responsibilities & Functions

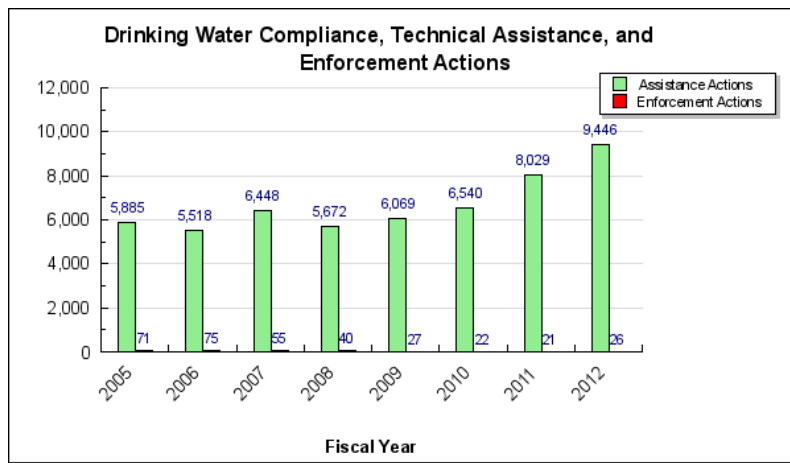
- Develop standards
- Issue permits
- Provide compliance and financial assistance
- Respond to spills of oil and other hazardous substances
- Safeguard the quality of food and seafood
- Operate the State Environmental Health Lab
- House the Office of the State Veterinarian
- Regulate pesticides and certain types of use
- Educate and assist the public
- Interact with our federal agency counterparts
- Investigate violations and enforce state law



Current Challenges to Departmental Performance



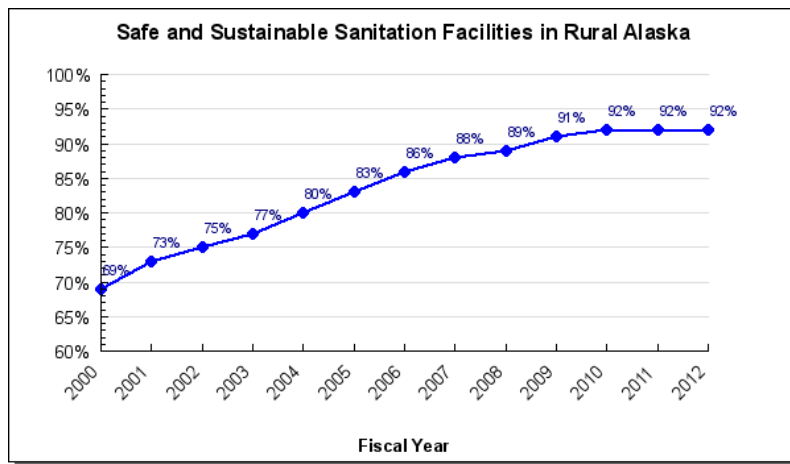
Increasing development activity and strained personnel resources threatens permitting timeliness



Burden of new EPA rules threatens drinking water safety by limiting resources for technical assistance

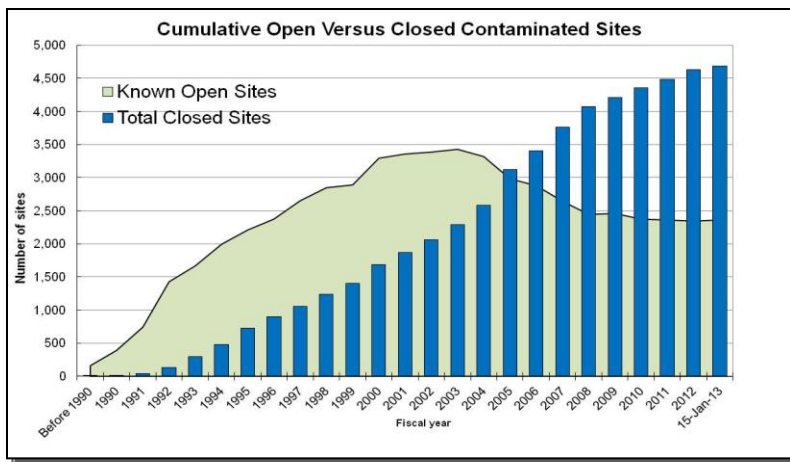


Long-term Challenges to Departmental Performance



Village homes served by safe water:

- More challenging communities
- Declining Funding
- Increasing Costs
- Innovation & Sustainability

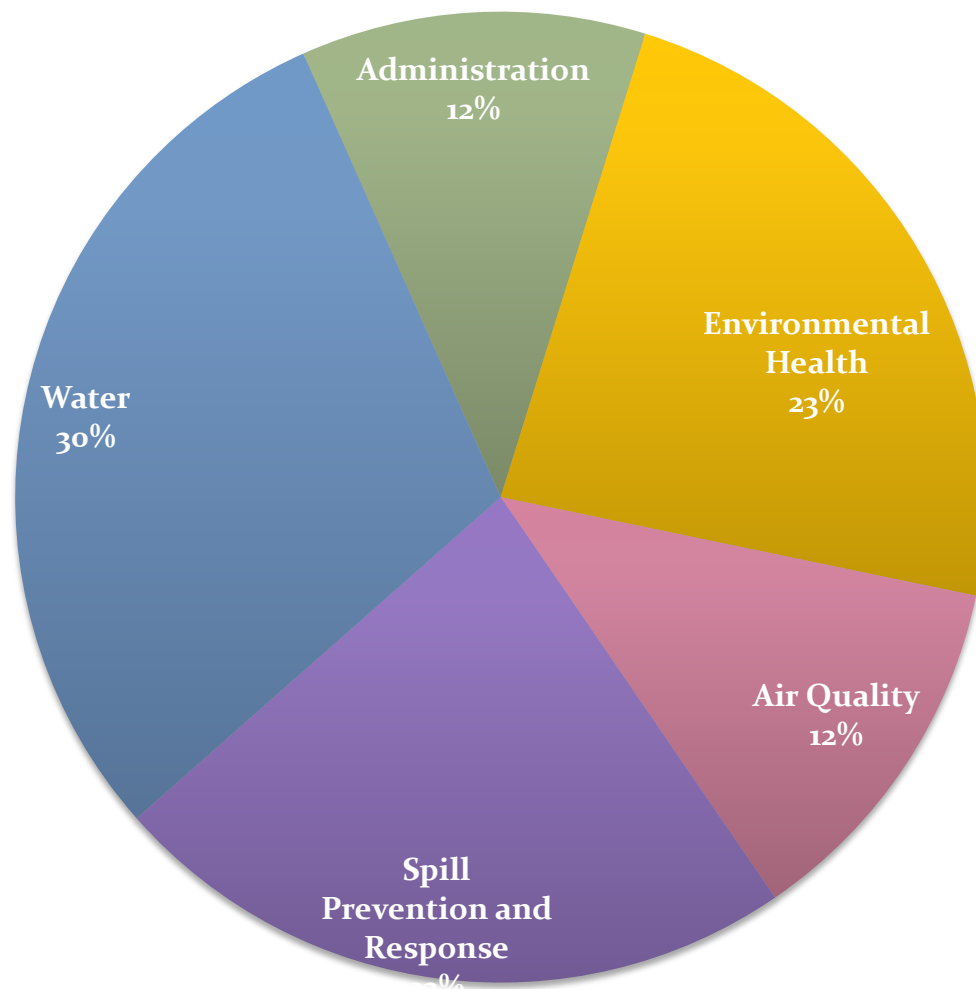


Spill prevention and response
threatened by declining Response
Fund receipts as a result of
declining TAPS throughput



Divisions

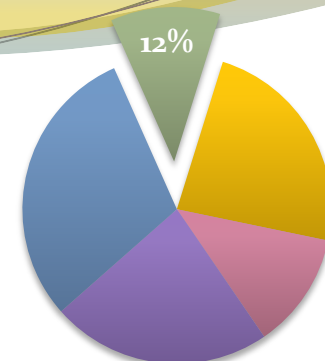
- Administration
- Environmental Health
- Air Quality
- Spill Prevention and Response
- Water



Percent Funding per Division (All Funds)
FY2014 Governor's Operating Budget Request



Division of Administration



Components:

- Commissioner's Office
- Administrative Services
 - Environmental Crimes Unit
 - Information Services
 - Financial Services
 - Budget Services
 - Human Resources
 - Procurement & Building Management
- State Support Services
 - Lease & Contracts

Commissioner: Larry Hartig

Deputy: Lynn Kent

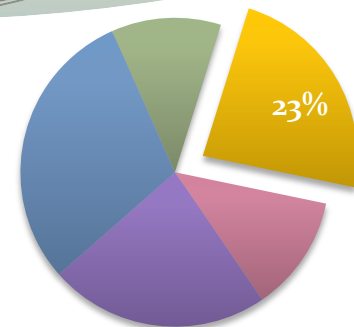
Director: Tom Cherian

Challenges:

- Reintegration of Human Resources staff to Department
- Recruitment and Workforce Development
 - Aging workforce at or near retirement
 - Highly specialized job classes



Division of Environmental Health



Components:

- Director's Office
- Food Safety & Sanitation
- Laboratory Services
- Drinking Water
- Solid Waste Management

Also:

- Building Maintenance & Operations

Acting Director:

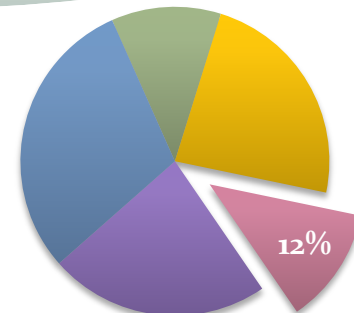
Elaine Busse-Floyd

Challenges:

- Drinking Water EPA Rule Implementation
- High Risk Food Safety Inspections
- Unique Laboratory Technology & Equipment Needs
- Marine Debris



Division of Air Quality



Components:

- Director's Office
- Air Quality

Director: Alice Edwards

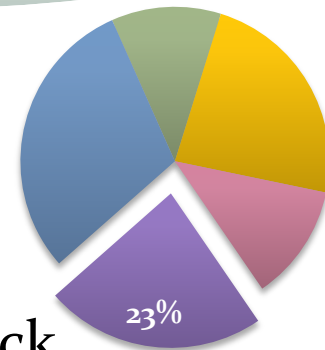
Challenges:

- Fairbanks Air Quality
- Declining Federal Funding

Note: Division of Air Quality resides in the Environmental Health appropriation.



Division of Spill Prevention & Response



Components:

- Director's Office
- Contaminated Sites Program
- Industry Preparedness & Pipeline Operations
- Prevention & Emergency Response
- Response Fund Administration

Director: Larry Dietrick

Challenges:

- Declining Prevention Account Balance
- Increasing Natural Resource Activity



Division of Water

Components:

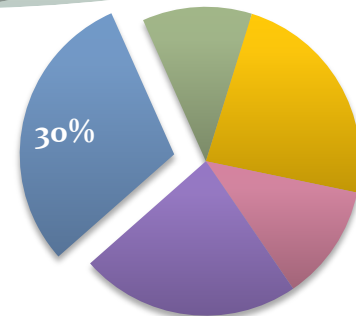
- Water Quality
- Facility Construction
 - Village Safe Water Program
 - Municipal Grants & Loan Program

Director:

Michelle Bonnet Hale

Challenges:

- Continuing to build APDES permitting program
- Sustaining the Village Safe Water Program





FY2014 Budget Request

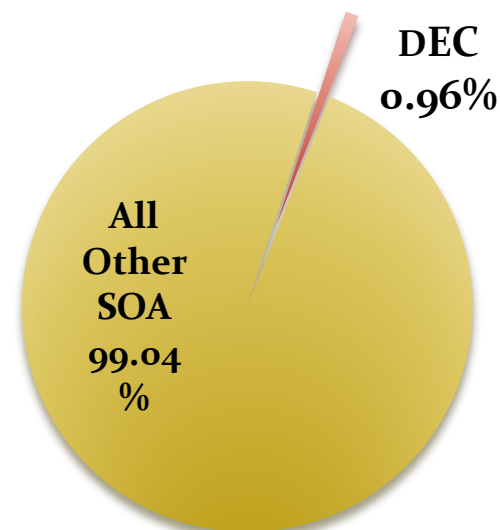
Operating Request: \$85,271.1

2.2% growth*

\$1,052.2 GF Increase

- Unrestricted GF \$22,231.0
- Designated GF \$26,902.2
- Other State Funds \$11,199.2
- Federal Receipts \$24,938.7

Capital Request: \$96,905.8



Percent of State
GF Spending

* GF Adj Base to FY2014 Governor's Request



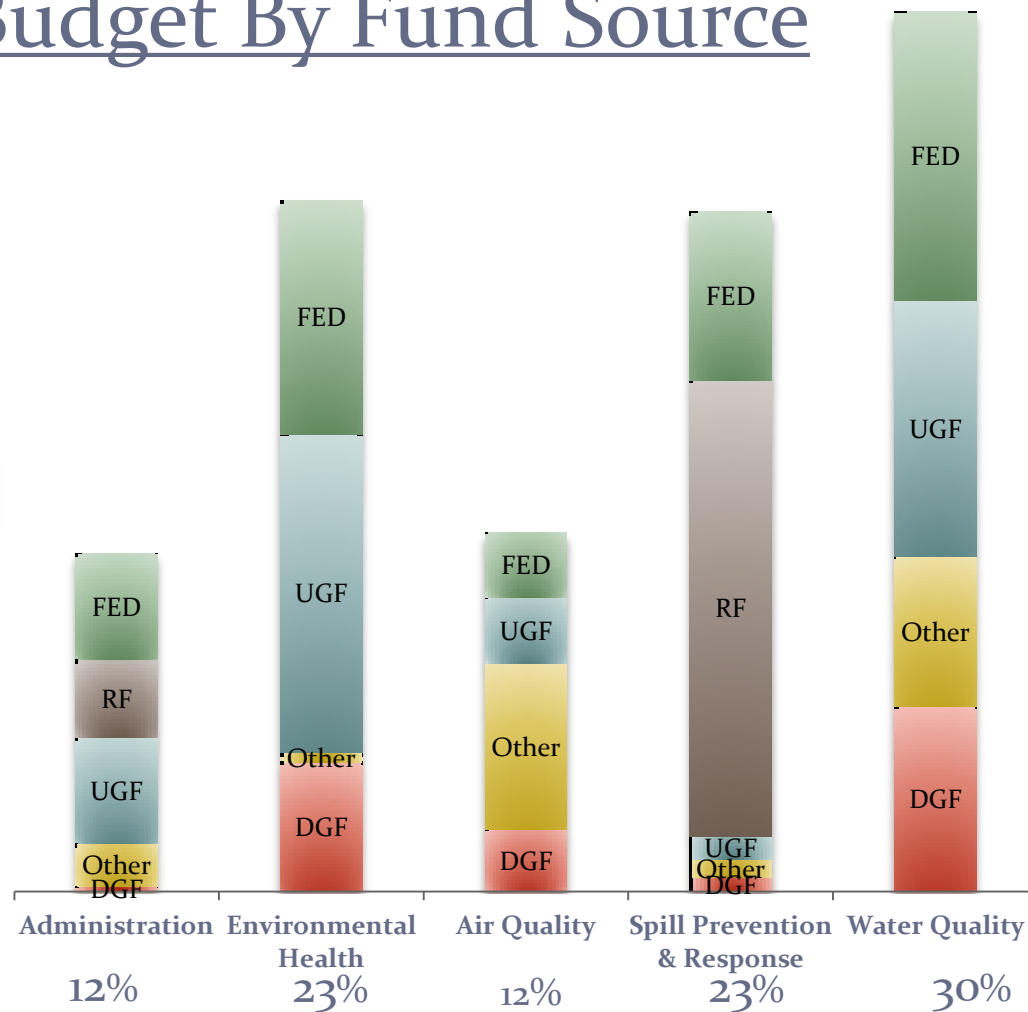
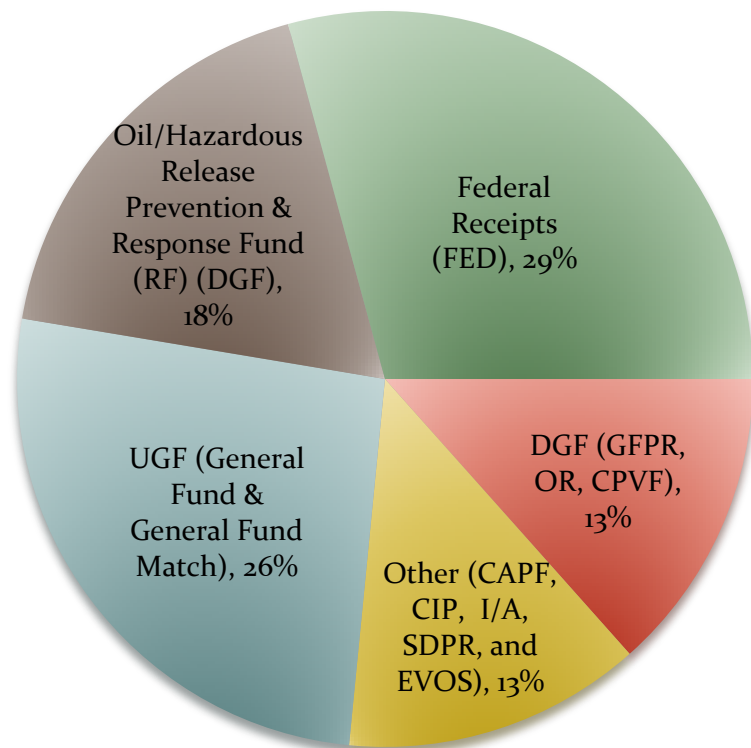
FY2014 Budget Detail

- Administration (Subcommittee Book p. 12-17)
 - AS - Indirect Revenues for Federal Grants \$400.0 Fed
 - SSS - DOA Core Services Rates \$145.2 UGF
- Environmental Health (Subcommittee Book p. 18-29)
 - LS - Federal Grants \$300.0 Fed
 - DW - Drinking Water Rules \$350.0 UGF
- Air Quality (Subcommittee Book p. 30-33)
 - AQ - Remove Anchorage Vehicle I/M Program **\$-100.0 SDPR**
- Spill Prevention & Response (Subcommittee Book p. 34-43)
 - No changes.
- Water (Subcommittee Book p. 44-47)
 - WQ - Oil and Gas Development Permitting \$557.00 UGF/DGF
+1 PFT

Note: does not include salary and health increments.



FY2014 Operating Budget By Fund Source





Legislative Finance

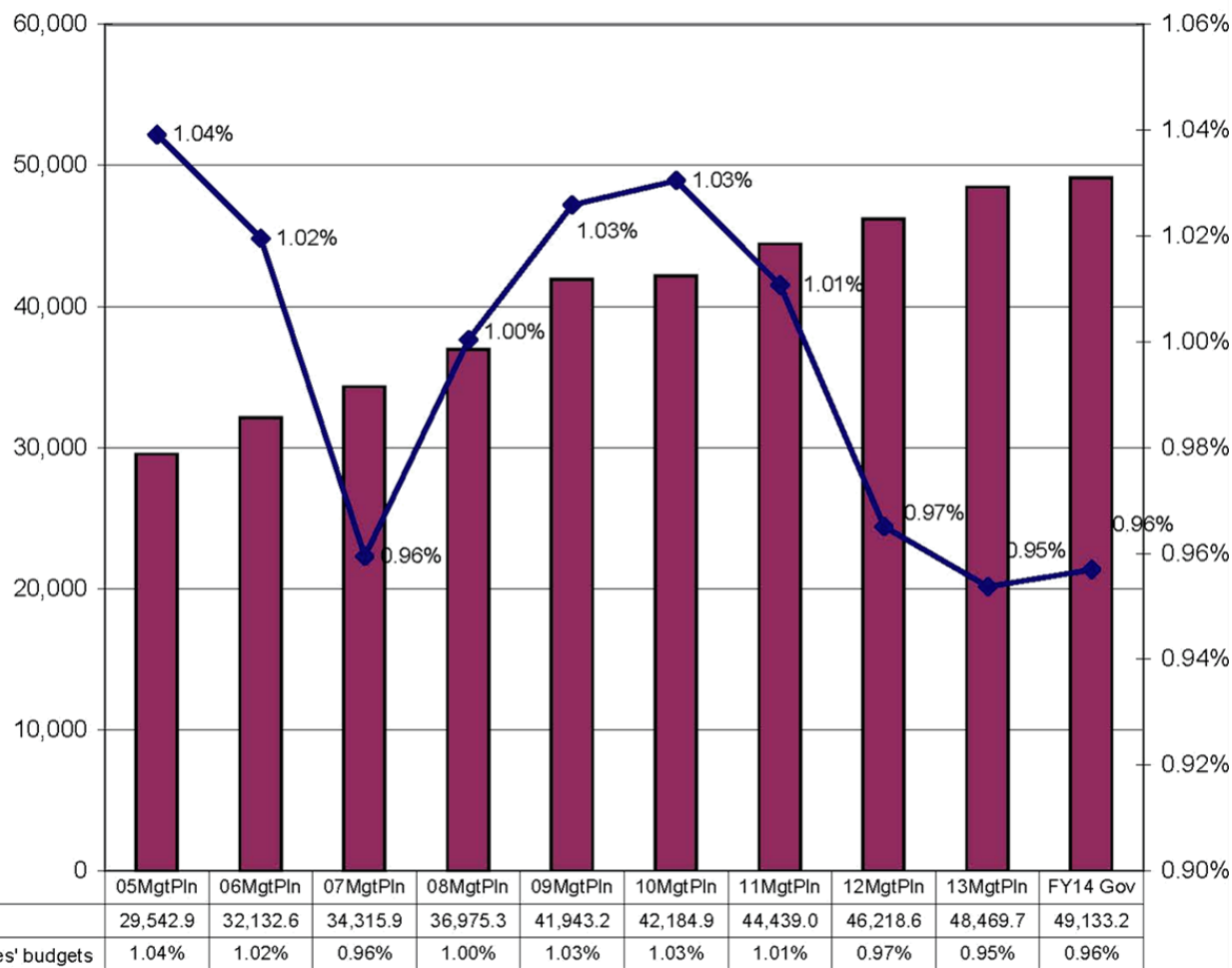
10-Year Look Back Charts



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

The department's GF budget grew by about \$19.6 million (66%) between FY05 and the FY14 Governor's Request - an average annual growth rate for that period of 5.8%.

The department's total FY14 GF budget equals \$150 per resident worker.*



* According to the Department of Labor, there were 328,611 resident workers in Alaska in 2010.

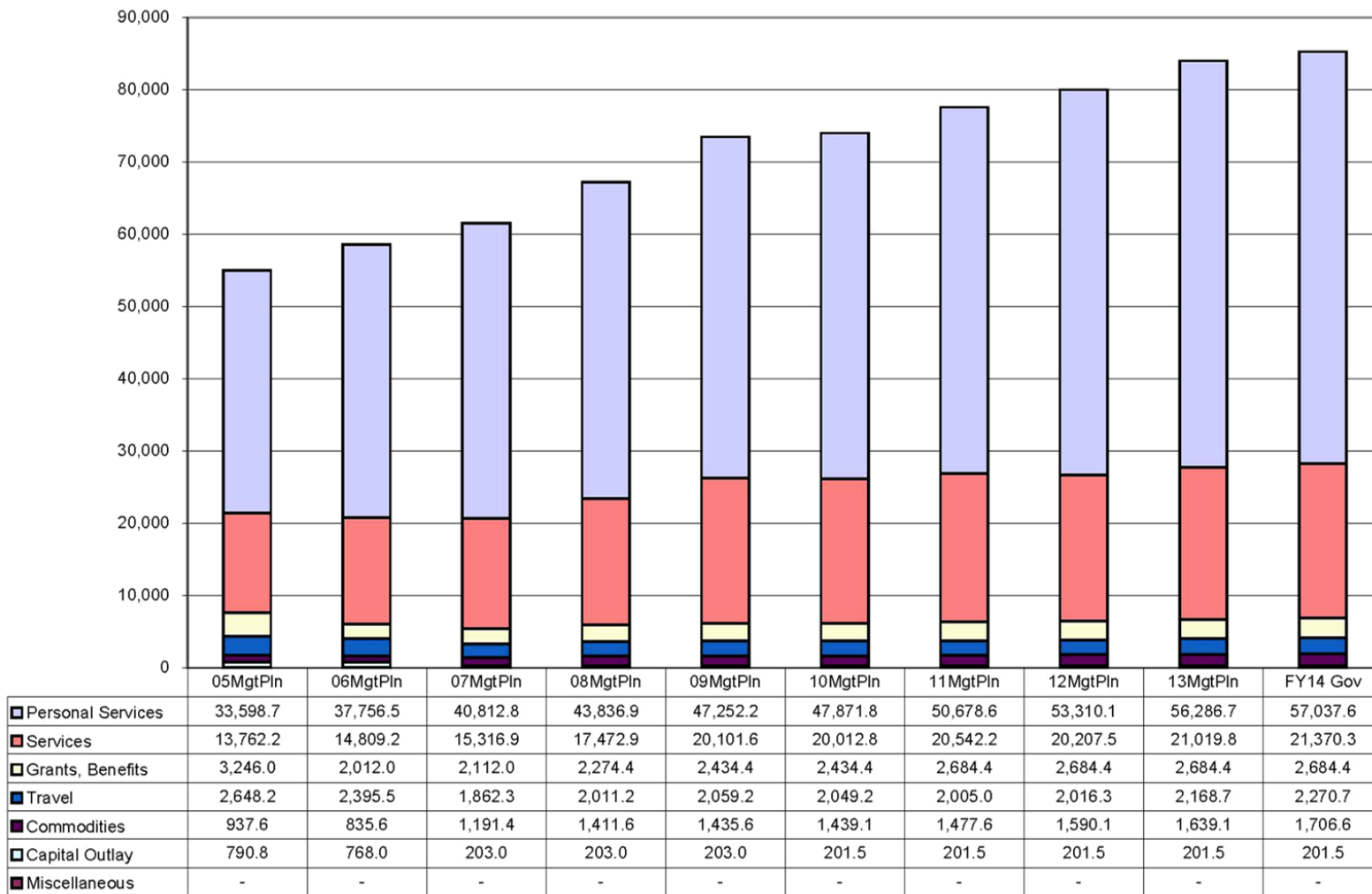


The majority of FY14 funding in DEC is comprised of the following two line items:
Personal Services--67%
Services--25%

Department of Environmental Conservation Line Items

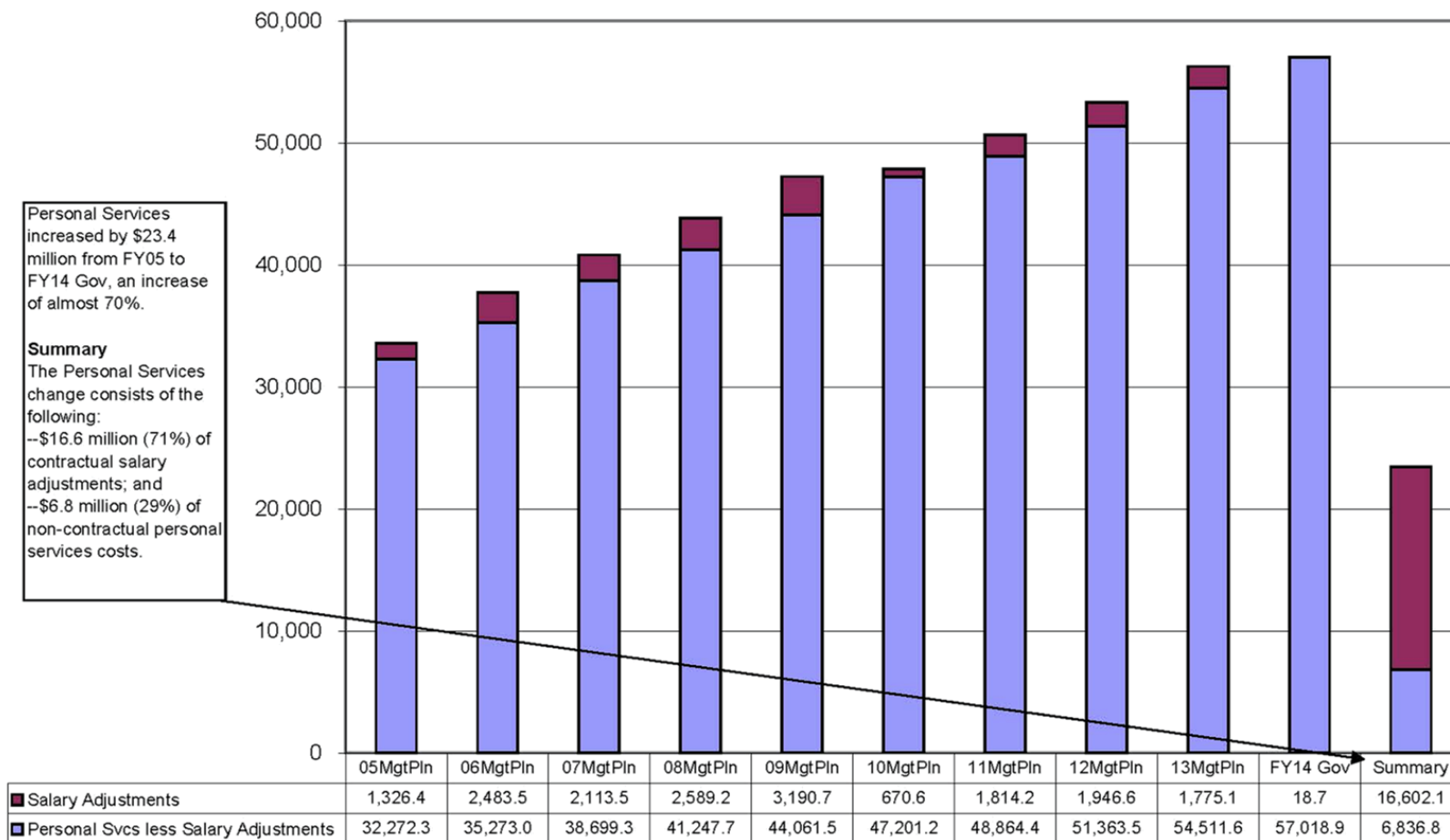
(All Funds)

(\$ Thousands)





Department of Environmental Conservation **Salary Adjustment Increases and Personal Services Costs** (All Funds) (\$ Thousands)

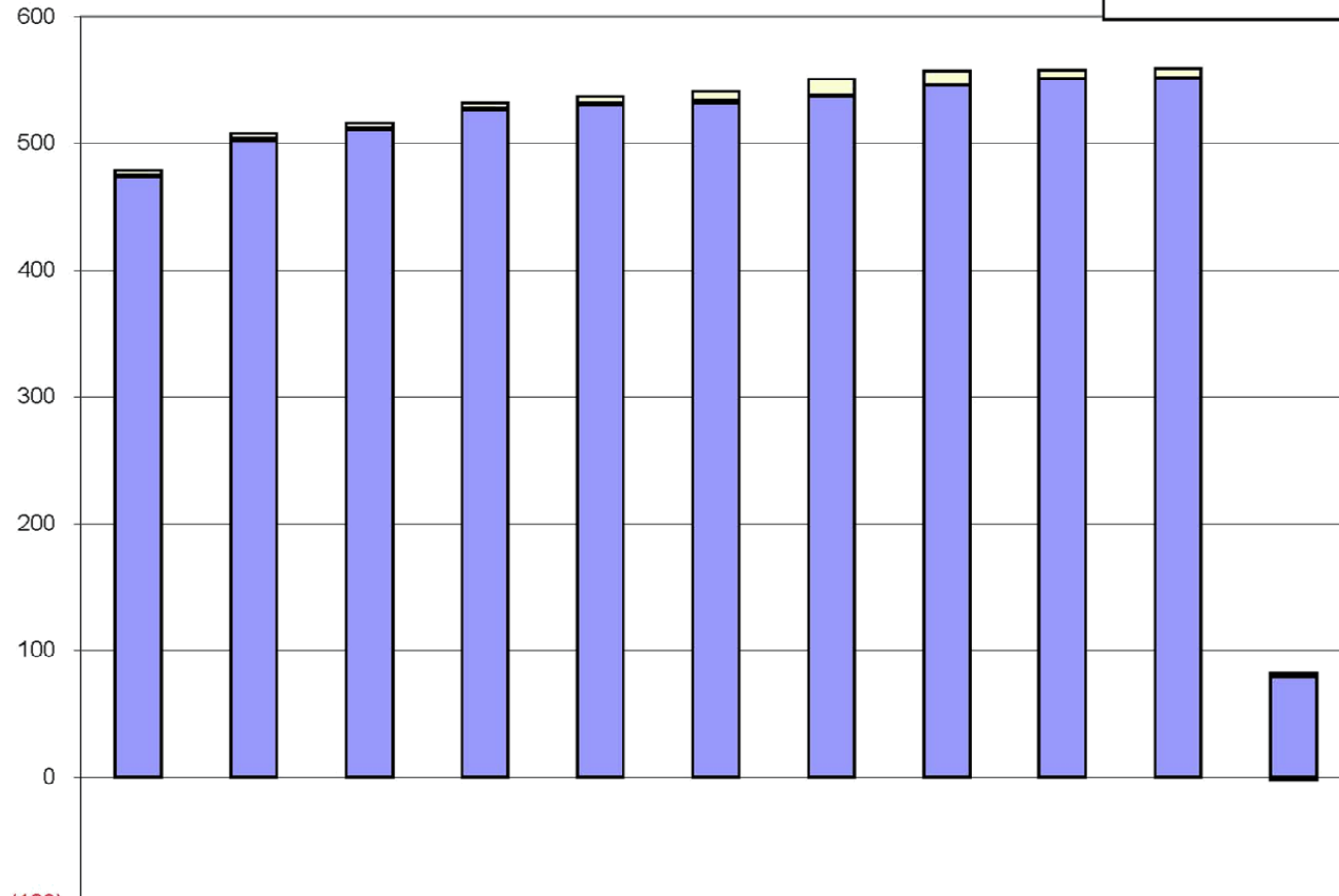


* Changes in the personal services line from FY05 to FY14 Gov are segregated into two parts: (1) base increases (primarily due to contractual negotiations) and (2) other personal services increases such as transfers between line items or increases from new positions. The final column sums the two types of changes during the period.



Department of Environmental Conservation Budgeted Positions

Between FY05 & FY14,
a net of 80 positions
were added.



(100)

	05MgtPln	06MgtPln	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	FY14 Gov	05MgtPln to 14 Gov
Temporary	4	4	4	4	5	7	13	11	7	7	3
Perm Part Time	2	2	1	1	1	2	1	0	0	0	(2)
Perm Full Time	473	502	511	527	531	532	537	546	551	552	79

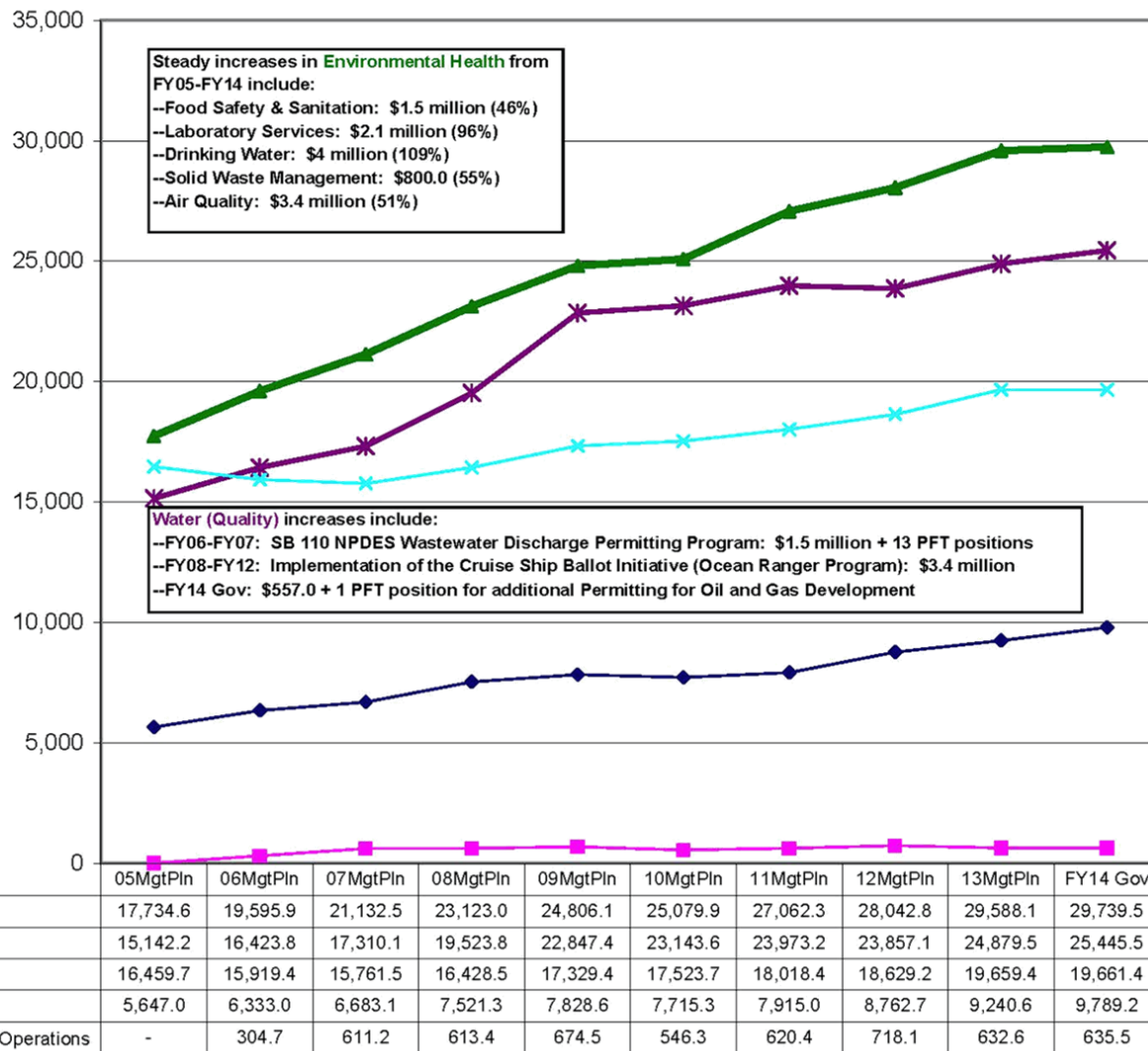


Appropriations within the Department of Environmental Conservation (All Funds) (\$ Thousands)

Overall growth for the department (all funding sources) is over \$30 million (55%).

--**Environmental Health** increased by almost 68% (from \$17.7 million to \$29.7 million).

--the **Water** appropriation also grew by 68% (a \$10.3 million increase) from FY05-FY14 Gov. Of this growth, almost 79% is found in the Water Quality allocation.



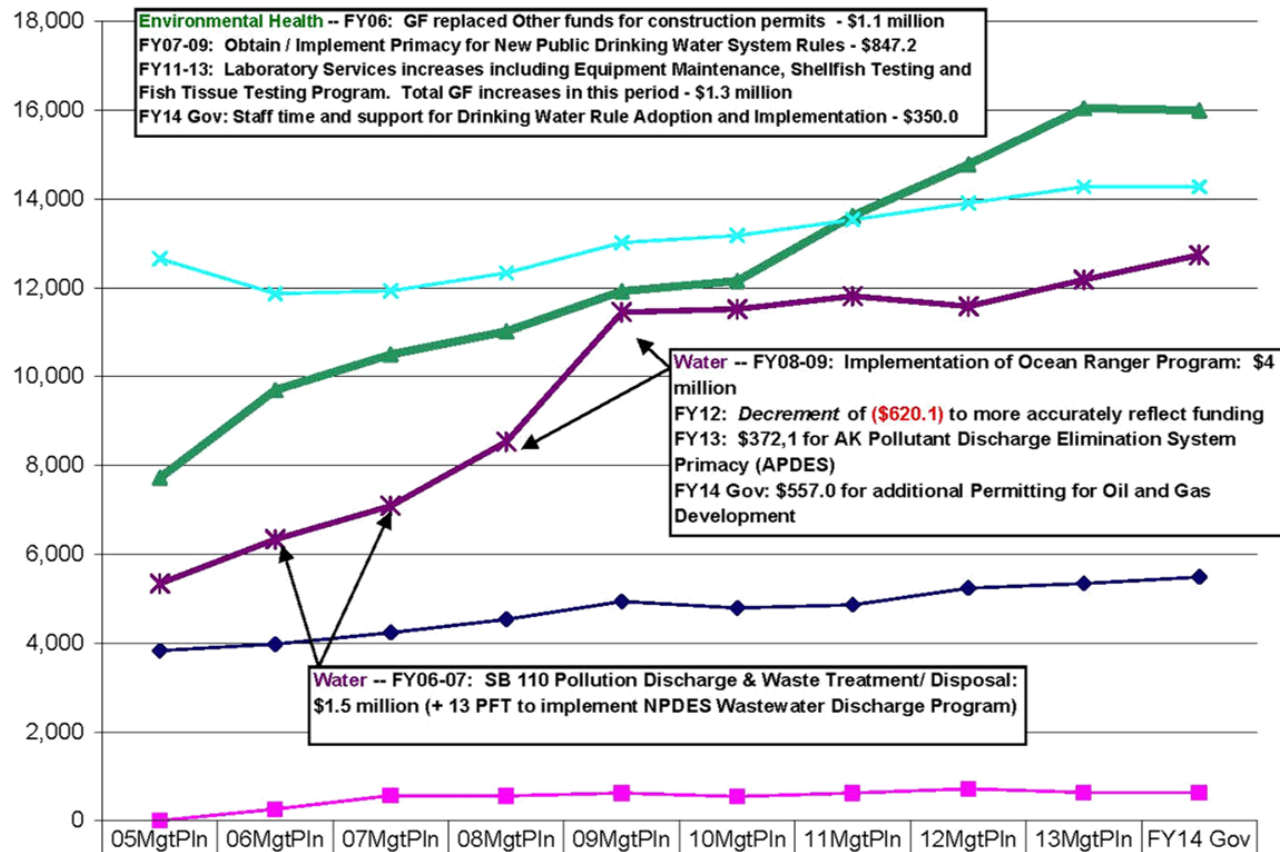


Appropriations within the Department of Environmental Conservation (GF Only) (\$ Thousands)

DEC has grown over 66% in all GF sources during the 9-yr period.

Environmental Health appropriation increased by 107% (\$8.3 million) between FY05 and FY14 Gov.

The largest percentage GF increase is in the **Water** appropriation, showing growth of 139% -- or \$7.4 million.



	05MgtPln	06MgtPln	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	FY14 Gov
Environmental Health	7,716.3	9,695.7	10,499.2	11,019.6	11,923.4	12,151.4	13,620.0	14,774.4	16,044.1	15,995.5
Spill Prevention and Response	12,653.6	11,864.4	11,932.6	12,331.9	13,017.2	13,177.0	13,534.1	13,910.2	14,273.7	14,275.7
Water	5,341.5	6,336.0	7,087.4	8,533.4	11,450.5	11,522.9	11,809.0	11,582.6	12,178.2	12,738.4
Administration	3,831.5	3,976.4	4,232.6	4,531.4	4,933.3	4,788.0	4,855.5	5,233.3	5,341.1	5,488.1
DEC Bldgs Maint & Operations	-	260.1	564.1	559.0	618.8	545.6	620.4	718.1	632.6	635.5

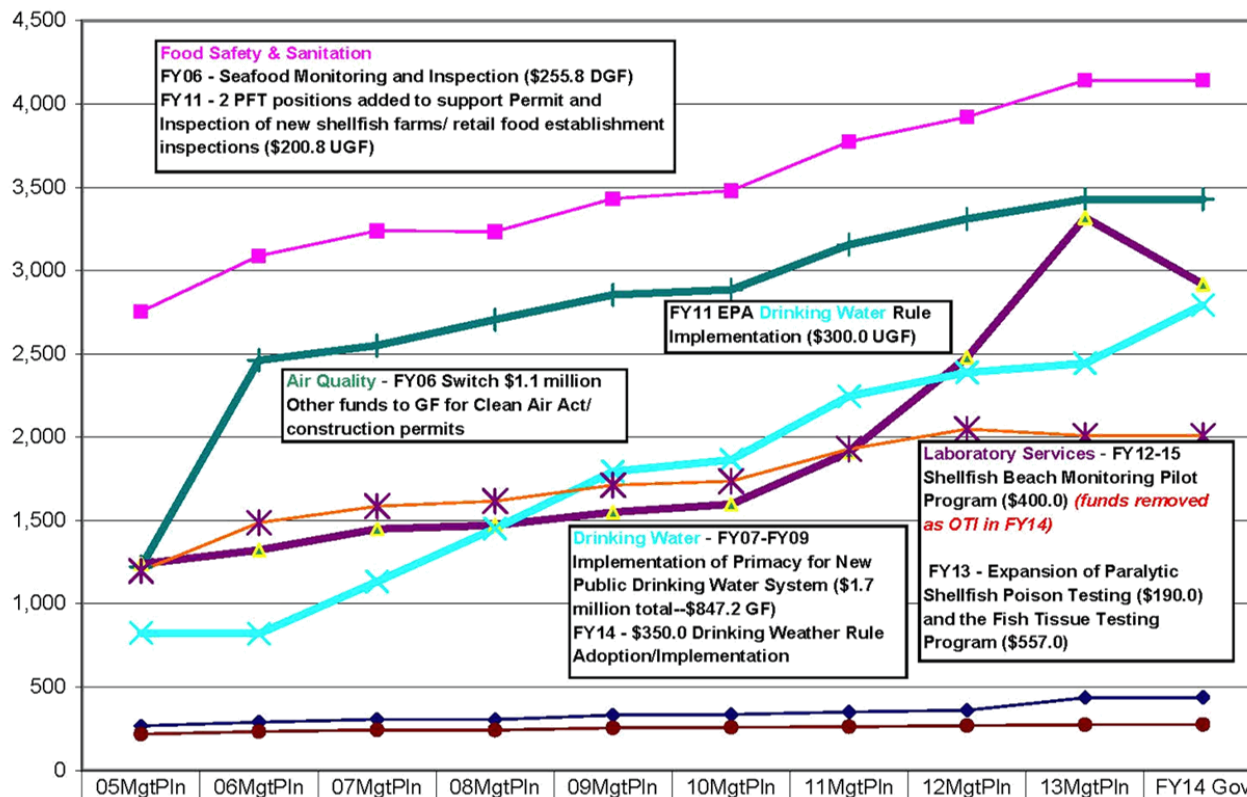


Department of Environmental Conservation Allocations within the Environmental Health Appropriation (GF Only) (\$ Thousands)

Within the Environmental Health appropriation, three allocations stand out in terms of percentage GF growth between FY05-FY14 Gov:

- (1) **Drinking Water** - 239%;
- (2) **Air Quality** - 181%;
- (3) **Laboratory Services** - 136%.

Although **Food Safety & Sanitation** is the largest allocation in Environmental Health (\$4.1 million), growth during this period is 50%.



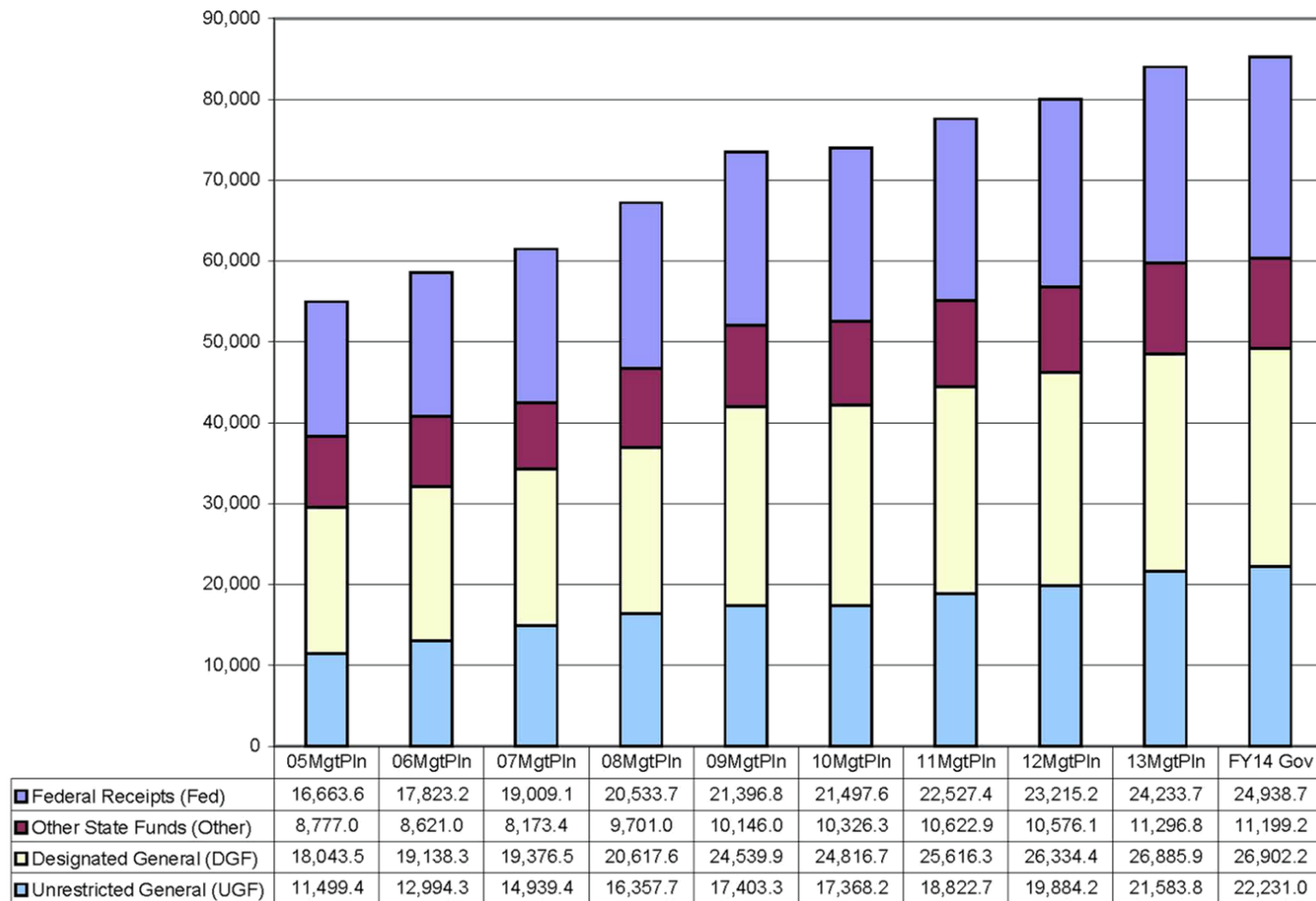
	05MgtPln	06MgtPln	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	FY14 Gov
Food Safety & Sanitation	2,752.7	3,087.8	3,237.5	3,232.9	3,431.3	3,478.8	3,772.3	3,921.9	4,141.3	4,141.3
Air Quality	1,221.9	2,461.0	2,548.9	2,705.3	2,854.4	2,883.8	3,153.5	3,310.1	3,427.6	3,427.6
Laboratory Services	1,237.5	1,321.3	1,449.0	1,469.6	1,548.6	1,596.8	1,908.8	2,478.7	3,316.2	2,916.5
Drinking Water	824.5	819.8	1,132.0	1,451.6	1,792.8	1,863.7	2,246.1	2,387.6	2,441.5	2,791.6
Solid Waste Management	1,196.5	1,485.2	1,584.7	1,614.9	1,710.8	1,735.5	1,928.3	2,047.9	2,007.5	2,007.5
Environmental Health Director	266.6	288.7	305.4	304.2	330.8	335.5	349.7	360.5	436.3	436.6
Air Quality Director	216.6	231.9	241.7	241.1	254.7	257.3	261.3	267.7	273.7	274.4



Department of Environmental Conservation Total Funding Comparison by Fund Group (All Funds) (\$ Thousands)

Between FY05 & FY14:

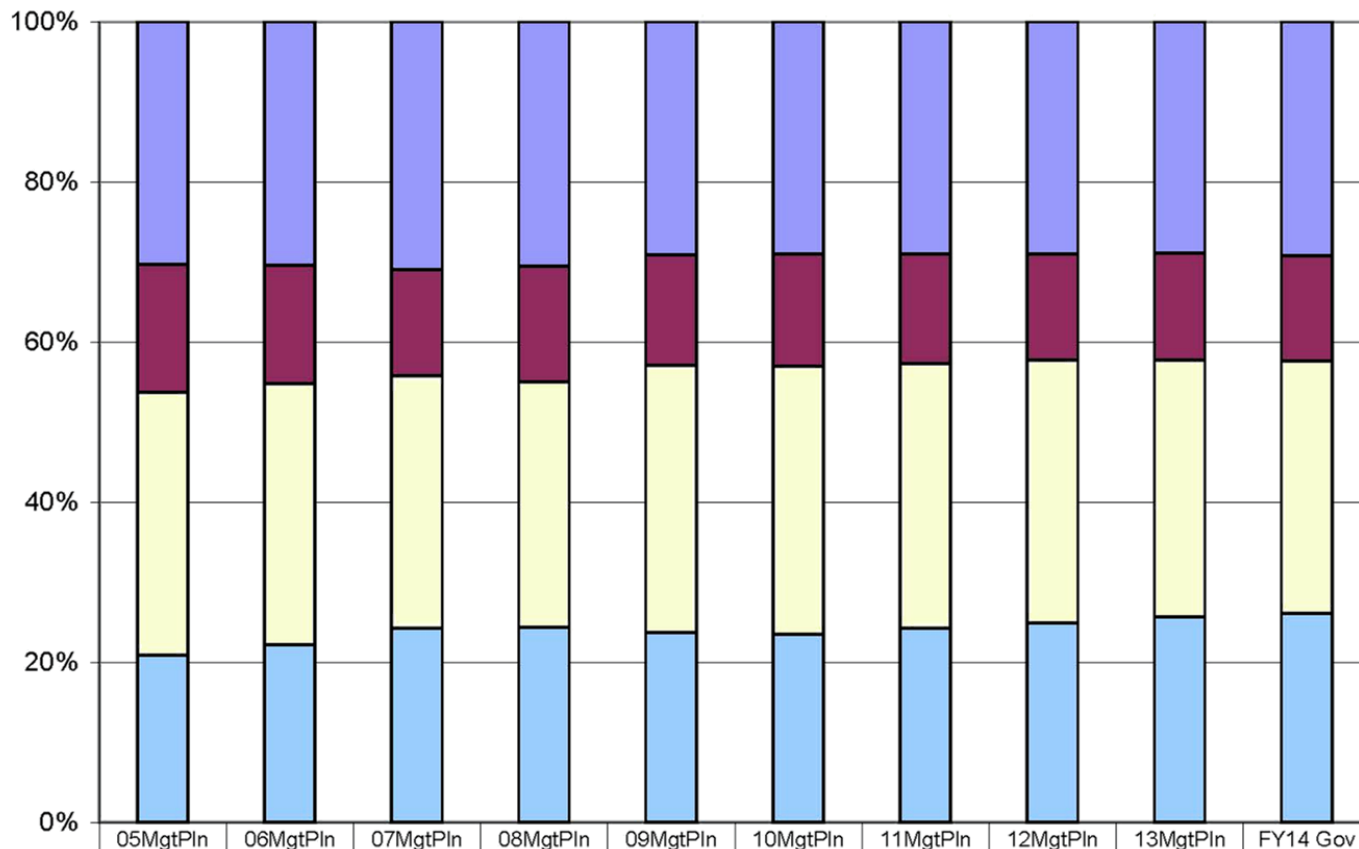
- UGF increased by \$10.7 million (93%)
- DGF increased by \$8.9 million (49%)
- Other Funds increased by \$2.4 million (28%)
- Federal Receipts increased by \$8.3 million (50%)





Department of Environmental Conservation
Percent of the Total Department's Budget by Fund Group
 (All Funds)
 (\$ Thousands)

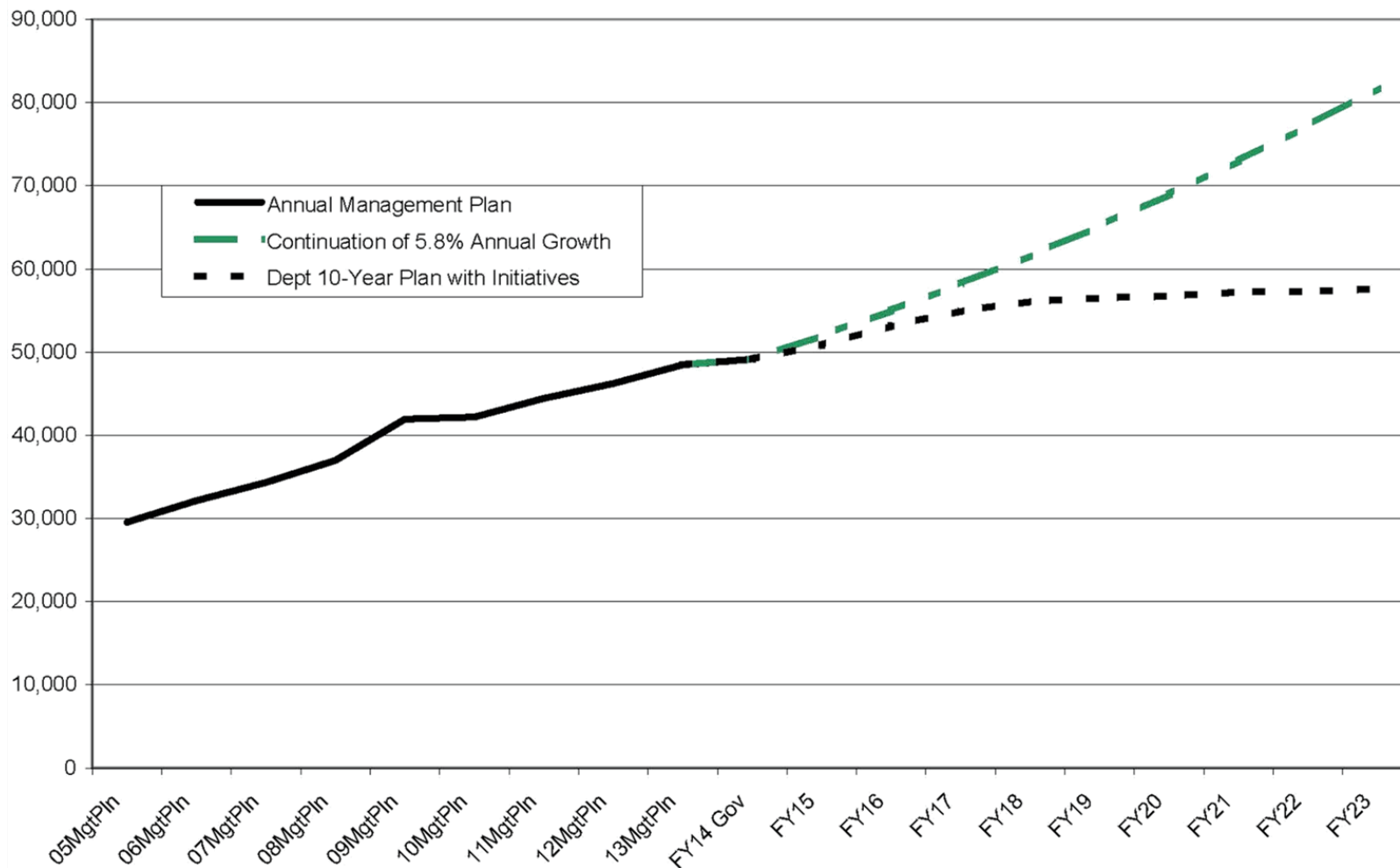
FY14 Gov Budget:
General Funds (26% UGF and 32% DGF) --Totaling 58%
Other Funds -- 13%
Federal Receipt Authority -- 29%



	05MgtPln	06MgtPln	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	FY14 Gov
■ Federal Receipts (Fed)	16,663.6	17,823.2	19,009.1	20,533.7	21,396.8	21,497.6	22,527.4	23,215.2	24,233.7	24,938.7
■ Other State Funds (Other)	8,777.0	8,621.0	8,173.4	9,701.0	10,146.0	10,326.3	10,622.9	10,576.1	11,296.8	11,199.2
■ Designated General (DGF)	18,043.5	19,138.3	19,376.5	20,617.6	24,539.9	24,816.7	25,616.3	26,334.4	26,885.9	26,902.2
■ Unrestricted General (UGF)	11,499.4	12,994.3	14,939.4	16,357.7	17,403.3	17,368.2	18,822.7	19,884.2	21,583.8	22,231.0

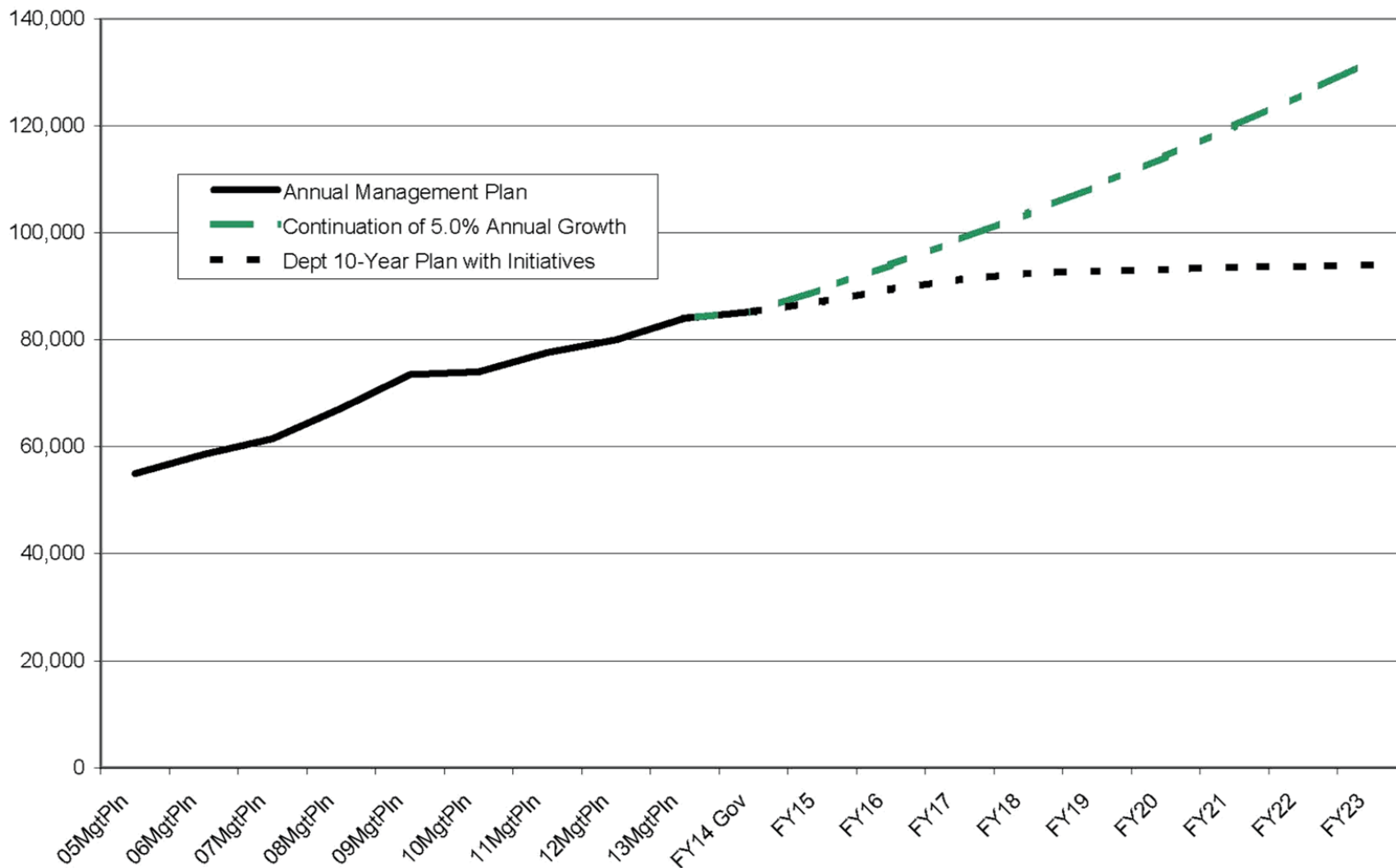


**Department of Environmental Conservation
Continued Budget Growth Compared to 10-Year Plan
(GF Only)
(\$ Thousands)**





**Department of Environmental Conservation
Continued Budget Growth Compared to 10-Year Plan
(All Funds)
(\$ Thousands)**





Department: 10-Year Plan Highlights

- Operating Budget
 - Assumes AGIA startup in FY2016.
 - General funds to address inspection rates at high-risk food establishments from FY2015 to FY2023.
 - Retain drinking water primacy by adopting additional required rules.
 - Permits, approvals, oversight, and response of large mining projects throughout the state starting in FY2015.
- Capital Budget
 - Replaces declining federal funds with general funds in the Village Safe Water program beginning in FY2015.



Status of FY2013 Budget Increments

- Alaska Pollutant Discharge Elimination System (APDES) Primacy: \$372.1 GF
 - Primacy fully assumed in October 2012.
 - All funds will be expended by fiscal year-end.
- Paralytic Shellfish Poison Testing: \$274.0 GF + 1 PCN
 - Processed over 380 marine shellfish toxin tests and over 400 shellfish growing water tests.
 - Position is filled and all funds will be expended by fiscal year-end.



Status of FY2013 Budget Increments

- Food Safety Inspections: \$124.6 GF
 - Inspecting high-risk facilities in rural communities.
 - School food services
 - Headstart
 - Elder meal programs
 - All funds will be expended by fiscal year-end.
- Fish Tissue Testing Program: \$557.0 GF
 - Monitoring contaminant levels in fish to ensure the safety and reputation of Alaska's seafood.
 - All funds will be expended by fiscal year-end.



Status of FY2013 Budget Increments

- Cleanup of Contaminated Sites: \$555.0 Fed
 - Managing contaminated site cleanup.
 - Providing technical assistance, oversight and policy development for military facilities, formerly used defense sites, and rural communities.
- Mine Permitting: \$200.0 I/A
 - Expanded Reimbursable Service Agreements with DNR.
- Shared Department Administrative Costs: \$280.0 I/A
 - Reimbursable Service Agreements are in place.



Potential Effects of Federal Sequestration

- **Water Quality Programs**
 - Water Quality programs are 40-50% funded by the EPA.
 - Impacts could include elimination of water quality grants to communities and staff layoffs.
- **Rural Sanitation Programs**
 - Includes Village Safe Water (VSW) projects, Remote Maintenance Worker program, and the Rural Utility Business Advisor program.
 - Rural Alaskans may face increasing public health hazards associated with inadequate water and sewer systems.
- **Air Quality Program**
 - Federal funding from the EPA supports air quality monitoring assessments and technical assistance to communities.
 - Air permits are funded by fees and would continue to be issued.



Questions?

