

State of Alaska Office of Management and Budget

FY2020 Operating Budget Overview:
Department of Environmental Conservation
Presentation to the House Finance Subcommittee
March 12, 2019
Commissioner Jason Brune, Administrative Services Director Jeff Rogers



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

DEC FY2020 Operating Budget: Change Summary

- Business process realignment
 - Transfer ASD to OMB; Admin Order 302
 - 50% Travel Reduction (\$375.9)
- Program reform
 - Replace OR fees with CPVEC Fund
 - Delete Dairy Program (\$179.6 GF +1 FTE)
- Reducing regulatory burden
 - Delete Economist (\$124.3 GF +1 PFT)
- Non-essential programs
 - Repeal Ocean Ranger Program (\$3,426.0 OR Fees)



DEC FY2020 Operating Budget: Significant Changes

Repeal Ocean Ranger Program

- Created by ballot initiative in 2006, included other regulatory changes
- Funded by \$4 fee per lower berth (paid “below the line” directly by the passenger, not the cruise agency)
- Program not required by state constitution or federal law
- Program duplicates water and air discharge and other compliance activities
- No other permitted industry is subject to “24/7 onsite observers”
- Program conducted primarily by out-of-state contractor with non-Alaskan employees
- Reduction of \$3,846,800 of Ocean Ranger fee receipts
 - Partially offset by \$420,800 fund source change from Ocean Ranger receipts to Commercial Passenger Vessel Environmental Compliance (CPVEC) Funds for fish tissue monitoring and indirect costs



DEC FY2020 Operating Budget: Significant Changes

Department Authority after the Ocean Ranger program concludes

- AS 46.03.710 Pollution Prohibited: *a person may not pollute or add to the pollution of the air, land, subsurface land, or water of the state.*
- AS 46.03.020 Powers of the Department: *the department may...at reasonable times, enter and inspect with the consent of the owner or occupier any property or premises to investigate either actual or suspected sources of pollution or contamination or to ascertain compliance or noncompliance with a regulation*
- Authorities for pollution standards, waste and wastewater discharge management (AS 46.03.070-.120)
- Authorities for civil and criminal inspection, enforcement, and liability (AS 46.03.760-.890)
- Authorities for oil spill prevention, preparedness, and response (AS 46.03.740-.865; AS 46.04; AS 46.08; AS 46.09)
- Authorities for air quality (AS 46.14.010-.030)



DEC FY2020 Operating Budget: Significant Changes

Repeal Ocean Ranger Program Transition & Timing

- Ocean Rangers will operate during Summer 2019 under FY2019 budget authority & fee receipts
- Governor has proposed HB74/SB70 to repeal Ocean Ranger program and associated fees
- If Ocean Ranger budget authority is eliminated but statutory program is not repealed, then the Department
 - Would be required to collect the \$4/berth fee in Summer 2020
 - But would not have the budget authority to implement the program during that season



DEC FY2020 Operating Budget: Significant Changes

Eliminate Dairy Program

- Alaska's dairy industry has declined from 65 dairies to one operating bovine dairy today; two new dairies have applied for inspection
- Federally required program requires significant state subsidization
 - Small-scale industry could not likely bear full-cost of required regulatory program
- Eliminating program will not increase risk to public health, as dairies would not be able to sell milk or milk products commercially
- Outsourcing regulatory program to another state is not likely feasible
- Deletes one Environmental Program Specialist position (Dairy Sanitarian)
- Reduction of \$179,600 General Funds



DEC FY2020 Operating Budget: Significant Changes

Regulatory Framework for Dairy in the United States

- FDA's Grade "A" Pasteurized Milk Ordinance (PMO) requires
 - Licensed state veterinarian to inspect animal health and verify sanitary conditions at dairy farms and processing facilities
 - Certified state laboratory to perform regulatory testing
 - Approval of on-site dairy laboratories and testing methods
- Without an FDA-approved state program, dairies are unable to
 - Sell dairy products to institutions that receive federal funds to subsidize meal programs (military, schools, prisons, etc.)
 - Sell products interstate
 - Sell products to national retail chains whose corporate standards require Grade "A" certification



DEC FY2020 Operating Budget: Significant Changes

Regulatory Framework for Raw Milk

- Numerous federal and state health officials do not recommend the consumption of raw milk or raw milk products because there are significant health hazards.
- DEC regulations do not limit consumption of raw milk products by the owner or owners of a cow, sheep, or goat.
- Alaskan residents wishing to obtain raw milk for personal consumption often purchase ownership in an animal and pay a portion of animal care costs in exchange for milk produced by that animal.
 - This arrangement is frequently referred to as cow “condos” or “shares”.



DEC FY2020 Operating Budget: Significant Changes

Cease Economic Analysis of New Regulations

- HB140 (SLA 2014) requires economic analysis of new regulations
- Associated position previously defunded by legislature
- Governor will propose repeal of AS 44.62.190(d)(3)
- Regulations promulgated by the department are already subject to public review and comment
- Deletes one Economist III position
- Reduction of \$124,300 of General Funds



DEC FY2020 Operating Budget: Significant Changes

Executive Branch 50% Travel Reduction

- Spill Prevention and Response was not subject to the reduction
- Department will create a Travel Plan for FY2020 that maximizes performance results with appropriated funds
- Strategies for constraining travel costs
 - Increased video-conferencing
 - Prioritization of highest-risk inspections and compliance activities
 - Efficient regional organization (field offices may be considered)
- Reduction of \$375,900 across all funds
 - \$176,400 federal funds
 - \$77,500 undesignated general funds
 - \$90,000 designated general funds
 - \$32,000 other funds



Sustainable, Predictable, Affordable

