

01/29/16

BUDGET

OVERVIEW

FY 17:

DEPARTMENT OF

ENVIRONMENTAL

CONSERVATION

<TARGET><BILL></BILL><SUBJECT>01-29-16 BUDGET OVERVIEW
FY 17 DEPARTMENT OF ENVIRONMENTAL
CONSERVATION</SUBJECT><COMM>HFIN29</COMM></TARGET>



Department of Environmental Conservation

House Finance Committee

Larry Hartig
Commissioner

Tom Cherian
Administrative Services Director

January 29, 2016



DEC's Mission

Protect human health
and the environment.





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



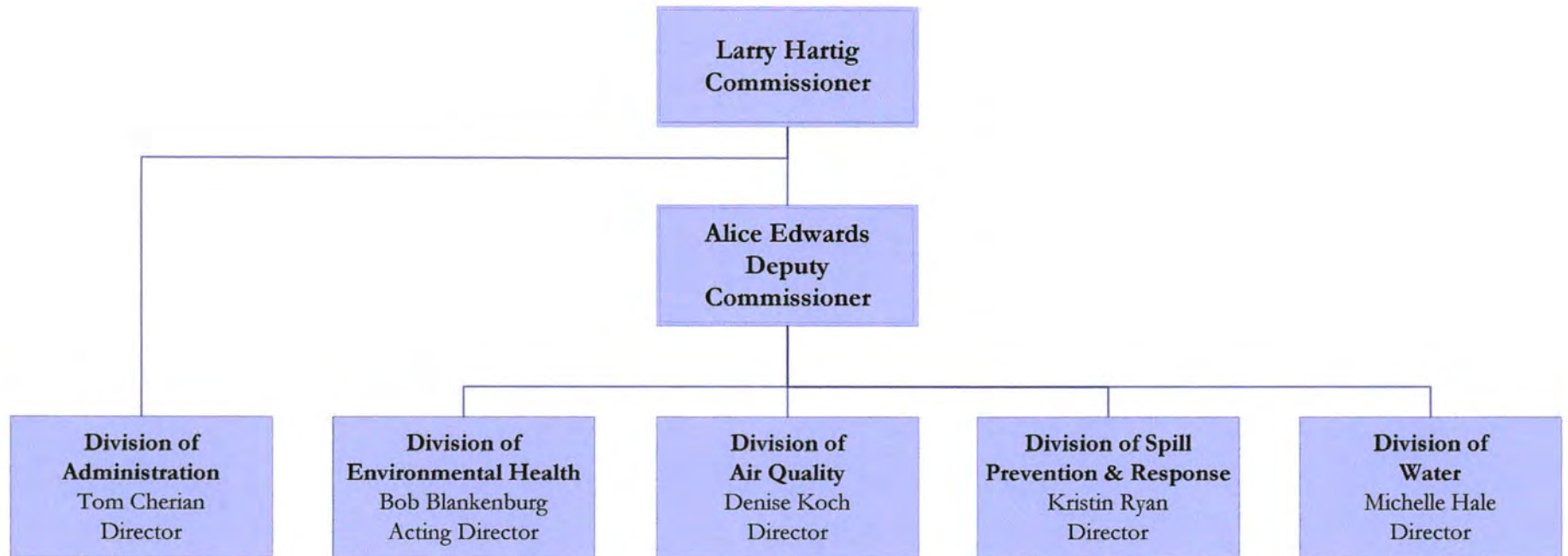


Means

- 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



Organizational Chart





Division of Administration

Components:

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

Commissioner: Larry Hartig

Deputy: Alice Edwards

Director: Tom Cherian





Division of Environmental Health

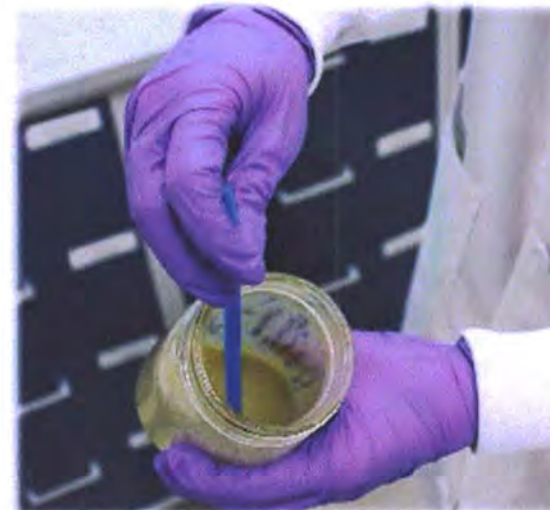
Components:

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

Also:

- Building Maintenance & Operations
 - Environmental Health Laboratory

Acting Director:
Bob Blankenburg





Division of Air Quality

Component:

- Air Quality
 - Permitting and Compliance
 - Community Air Quality
 - Air Monitoring

Director:

Denise Koch





Division of Spill Prevention & Response

Component:

- Spill Prevention & Response
 - Prevention, Preparedness, and Response
 - Contaminated Sites
 - Response Fund Administration

Director:
Kristin Ryan





Division of Water

Components:

- Water Quality
 - Wastewater Discharge Permitting
 - Cruise Ship
 - Water Quality Standards, Assessment, and Restoration
 - Compliance
- Facility Construction
 - Village Safe Water Program
 - Municipal Grants & Loan Program

Director:

Michelle Hale



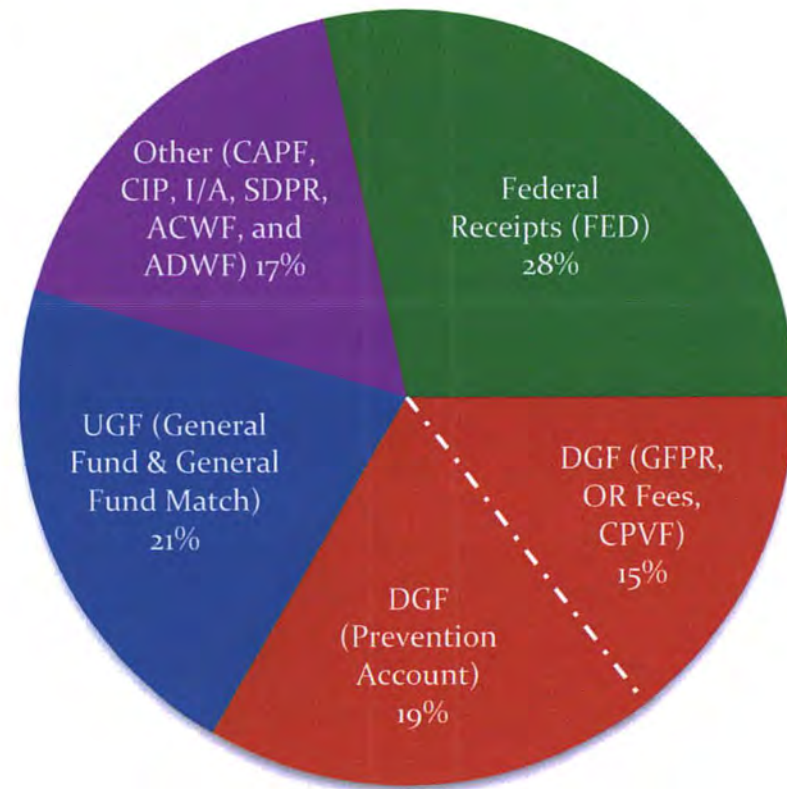


FY2017 Budget Request

Operating Request: \$ 84,063.3

- Unrestricted GF \$17,721.9
- Designated GF \$28,073.5
- Other State Funds \$14,389.0
- Federal Receipts \$23,878.9
- Positions 518

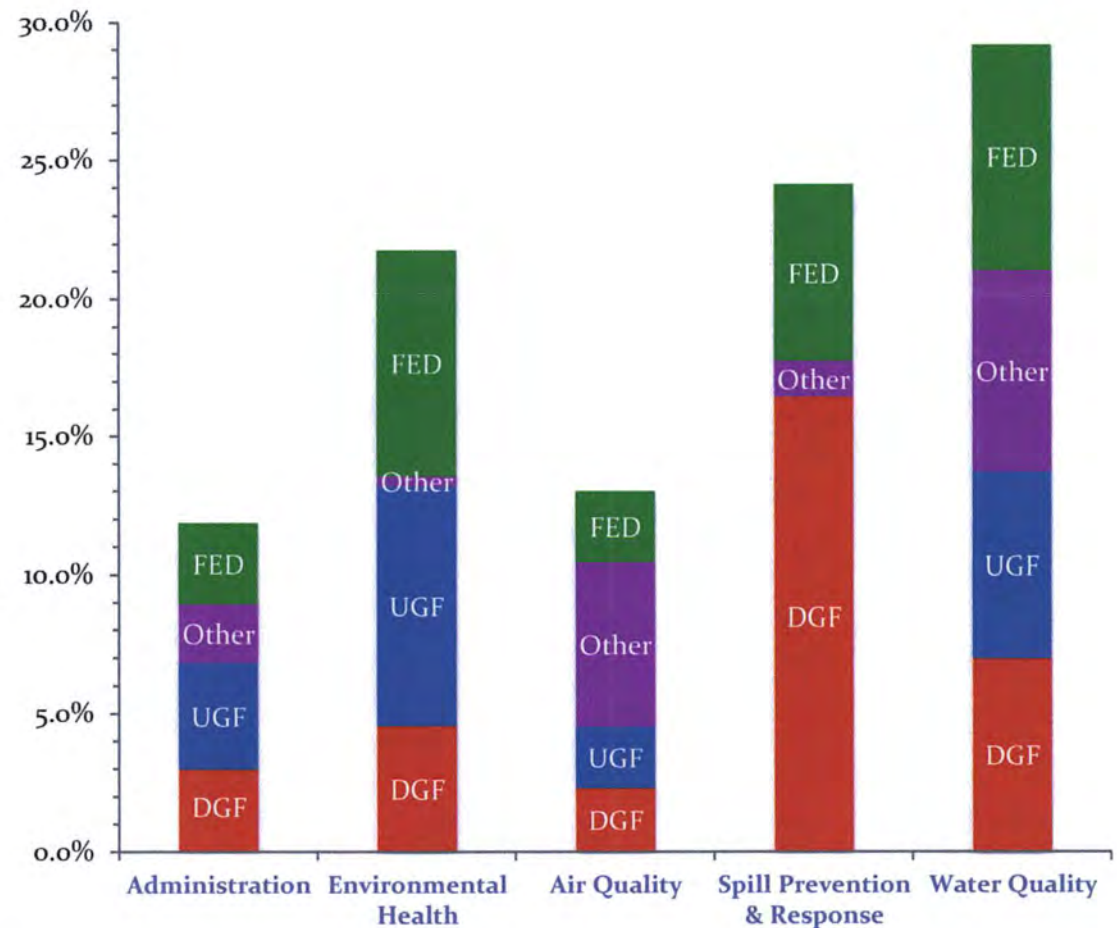
DEC has the smallest UGF budget of all State agencies





FY2017 Budget Request by Division

- Administration
 - \$10,011.8 (\$3,257.7 UGF)
 - 59 budgeted positions
- Environmental Health (incl. Building Maintenance & Operations)
 - \$18,386.6 (\$7,289.2 UGF)
 - 138 budgeted positions
- Air Quality
 - \$10,979.9 (\$1,859.9 UGF)
 - 66 budgeted positions
- Spill Prevention & Response
 - \$20,386.1 (\$0.0 UGF)
 - 139 budgeted positions
- Water
 - \$24,661.0 (\$5,677.2 UGF)
 - 116 budgeted positions





Budget Reduction Criteria



- Services that are mandated by statute
- Services that are mandated by other agreements
- Services that are necessary to implement DEC's mission and core responsibilities
- Services that can't be performed by local government, federal government, or others
- Services that will be difficult to restore later when revenues pick up
- Services that are a foundation for economic growth and prosperity
- Services that enjoy strong public support
- Services that leverage other resources



Existing Budget Conditions

- FY2015 \$1,434.7 UGF reduction and eliminated five positions related to 404 primacy
- FY2015 Cost Savings Measures
 - Retained vacancies
 - Avoided non-essential travel
 - Additional review of pending contract solicitations
- FY2016 \$2,378.8 UGF Reduction (-10.6%)
 - Eliminated 23 positions
 - Reduced inspections of retail food and non-food facilities
 - Reduced capacity of Drinking Water program
 - Reduced Fish Tissue Monitoring program
 - Implemented efficiencies and reclassifications of positions
- FY2016 reduction of \$520.0 Prevention Account in the Division of Spill Prevention and Response and eliminated four positions
- Ten additional positions were eliminated as part of the FY2016 Management Plan
- FY2016 hiring and travel restrictions





Budget Reduction Strategies

Strategic implementation of UGF reductions will preserve core services and minimize disruptions to the public

- FY2017
 - Recognized efficiencies, reorganization, and consolidation of services
 - Increased revenue from fees within existing authority
 - Fund source changes to DGF for increased fee revenue and use of the Prevention Account
- FY2018 and Onward
 - Continue to better align existing fees for service with the costs of providing those services and reduce the UGF subsidies



Summary of FY2017 Reductions

- Elimination of a shared Office Assistant position and reduction in Administrative Services
-\$65.0 (-\$17.6 UGF/-\$47.4 DGF); -1 PCN
- Reduction in Laboratory Services, which will be covered with increased fee revenue within existing authority
-\$100.0 UGF
- Reduction in Air Quality through position reclassifications, and recognized savings from senior staff members moving on and being replaced with staff at lower steps
-\$60.0 UGF



Summary of FY2017 Reductions

- Fund source change in Spill Prevention & Response to the Prevention Account
-\$478.5 UGF/\$478.5 DGF
- Dissolution of the Technical Services program in Water Quality
-700.2 UGF; -6 PCNs
- Fund source change in Water Quality to Program Receipts for increased fee revenue
-\$400.0 UGF/\$400.0 DGF



Summary of FY2017 Reductions

- Reduction in Facility Construction, which will be covered with increased fee revenue and federal receipts within existing authority

-\$253.0 UGF

- An unallocated reduction equivalent to the UGF funding received for the FY2016 COLAs, which could result in eliminating as many as four additional positions and reduced services to the public

-\$362.1 UGF



FY2017 Budget Changes

	FY2016 Management Plan	FY2017 Adjusted Base	FY2017 Endorsed Governors	FY2016 Management Plan to FY2017 Adjusted Base		FY2017 Adjusted Base to FY2017 Governors	
UGF	\$ 20,093.3	\$ 19,718.1	\$ 17,721.9	\$ (375.2)	-1.9%	\$ (1,996.2)	-10.1%
DGF	\$ 27,242.4	\$ 27,242.4	\$ 28,073.5	\$ 0.0	0.0%	\$ 831.1	3.1%
Other	\$ 14,389.0	\$ 14,389.0	\$ 14,389.0	\$ 0.0	0.0%	\$ 0.0	0.0%
Federal	\$ 23,628.9	\$ 23,628.9	\$ 23,878.9	\$ 0.0	0.0%	\$ 250.0	1.1%
Total	\$ 85,353.6	\$ 84,978.4	\$ 84,063.3	\$ (375.2)	-0.4%	\$ (915.1)	-1.1%
PCNs	525	525	518	0	0.0%	-7	-1.3%

*An -11.8% UGF reduction from FY2016 Management Plan to FY2017 Governors



What Alaskans Get for Their Money

According to calculations by Legislative Finance, DEC's FY2017 general fund budget is equal to \$137 per year per resident worker

that's just **38¢** a day for

clean air to breathe clean water to drink

safe food to eat clean land and waters

responsible resource development

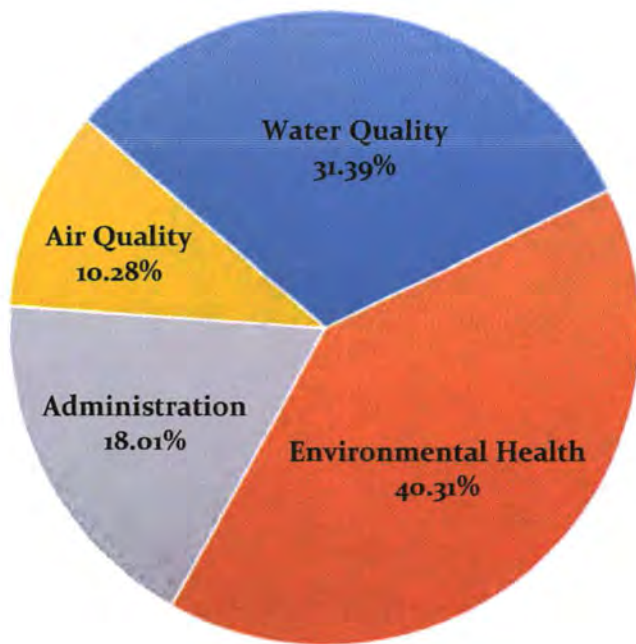
*If you look at the numbers by total population, that number drops to roughly **17¢** a day per Alaskan*





How DEC Spends UGF

FY2017 UGF by Division



- In FY2017 DEC will have \$17,721.9 UGF
- Roughly \$5 million is required state match for federal grants (based on FY2016 grants)
- \$636.5 supports the Environmental Health Laboratory facility maintenance and utilities
- Just under \$2.6 million in Administrative Services per federally approved cost allocation plan
- \$684.8 funds about half the Commissioner's Office
- Remaining \$8.8 million subsidizes fee-based programs, covers expenses ineligible for other fund sources, and supports the general public including complaint response and outreach



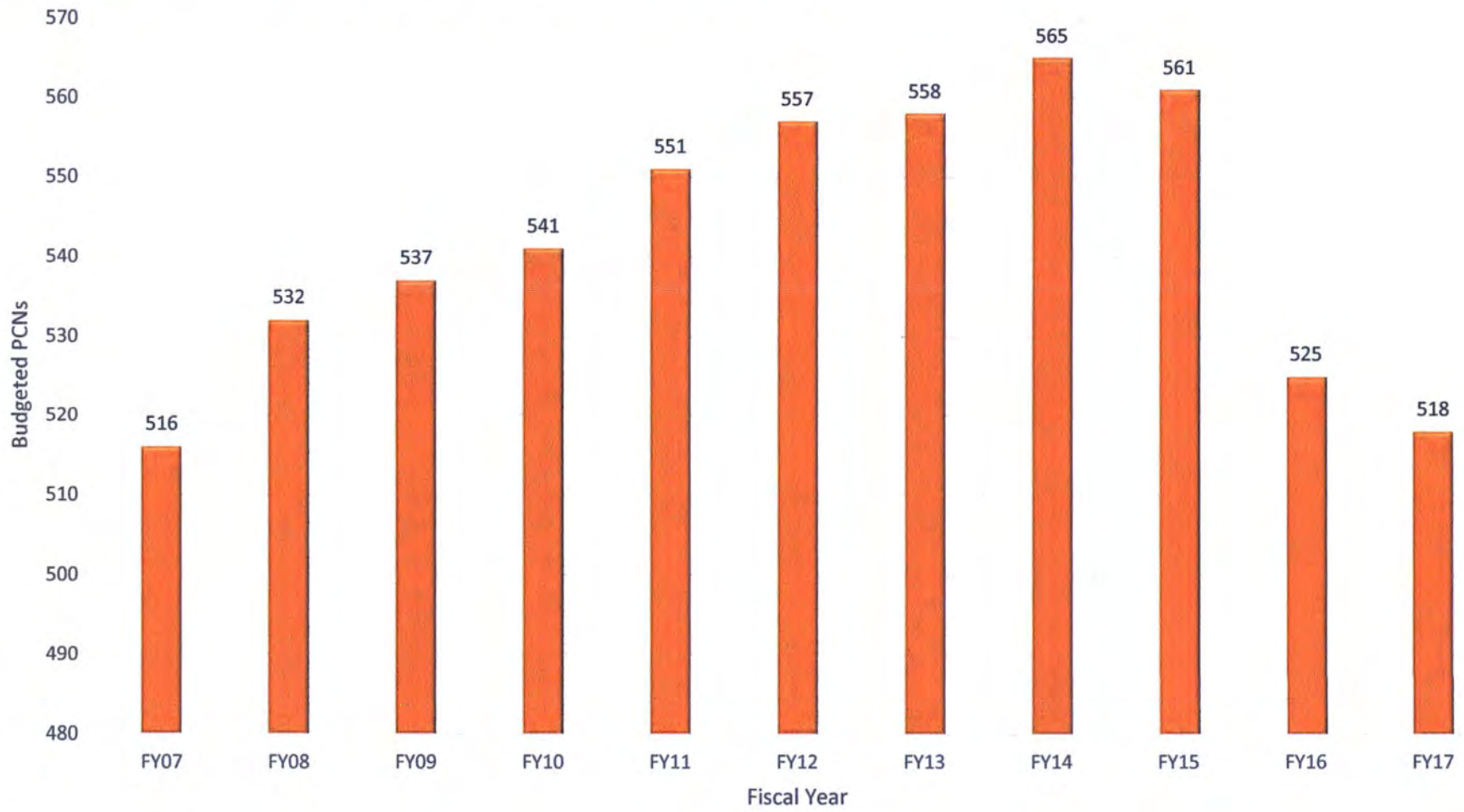
Examples of UGF Subsidized Programs

- Federally Delegated, Authorized, or Required Programs such as:
 - Food Safety (manufactured food, seafood, and shellfish)
 - Wastewater
 - Drinking Water
 - Air Quality
 - Paid for by fees, some federal grants, and subsidized in part by UGF
 - Value to the State:
 - Level of service
 - More Alaska control
 - Cost/Benefit (local job loss)
- Programs Not Federally Required, but Essential to Public Health such as:
 - Retail Food Facilities
 - Non-Food Facilities (pools, spas, tattoo parlors, public accommodations)
 - Solid Waste
 - Paid for by fees and subsidized in part by UGF
 - Municipalities and communities have varying degrees of capacity to take on this work if the State does not do it





DEC Position History





Impacts of FY2016 Unallocated Reduction

- Reduction in Administrative Services through recognized efficiencies
-\$18.0 UGF
- Reorganize and streamline the Air Monitoring & Quality Assurance program to allow costs to shift to program receipts
-\$37.0 UGF
- Eliminate two engineers in the Pipeline Integrity and Engineering section of Spill Prevention and Response
-\$208.2 UGF; -2 PCNs
- Utilize available federal set-asides from the Clean Water and Drinking Water Loan Funds for the Operator Assistance program
-\$100.0 UGF

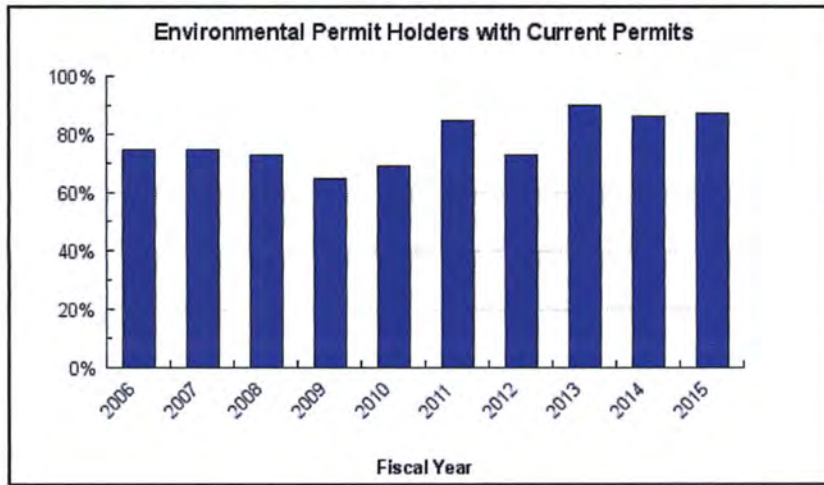


Potential FY2016 Supplemental

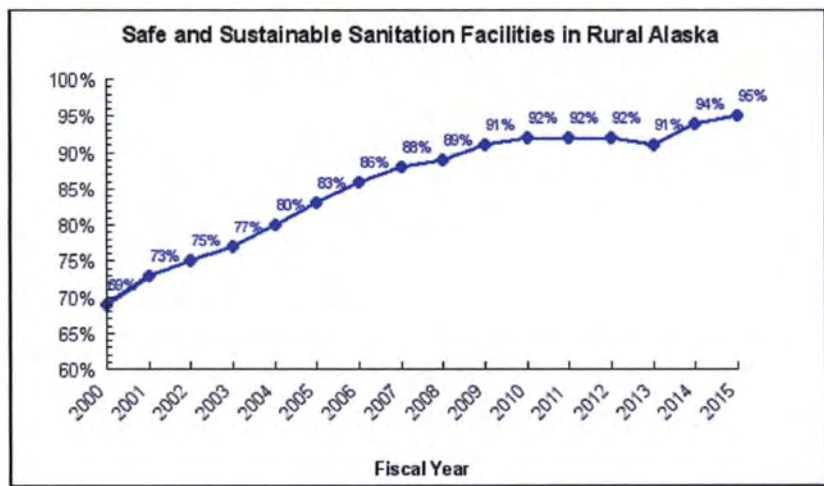
- Air Quality received a project-specific federal grant in FY2016 through the Diesel Emissions Reduction Act program
- A Supplemental request for additional \$250.0 of federal authority in FY2016 is under consideration
- An increment for \$250.0 federal authority is requested in FY2017 to allow for these regular fluctuations in Air Quality's federal receipts for similar grants received every two to three years



Performance Measures



Increasing development activity and strained personnel resources threatens permitting timeliness



Village homes served by safe water:

- More challenging communities
- Increasing Costs
- Innovation & Sustainability



Legislative Finance

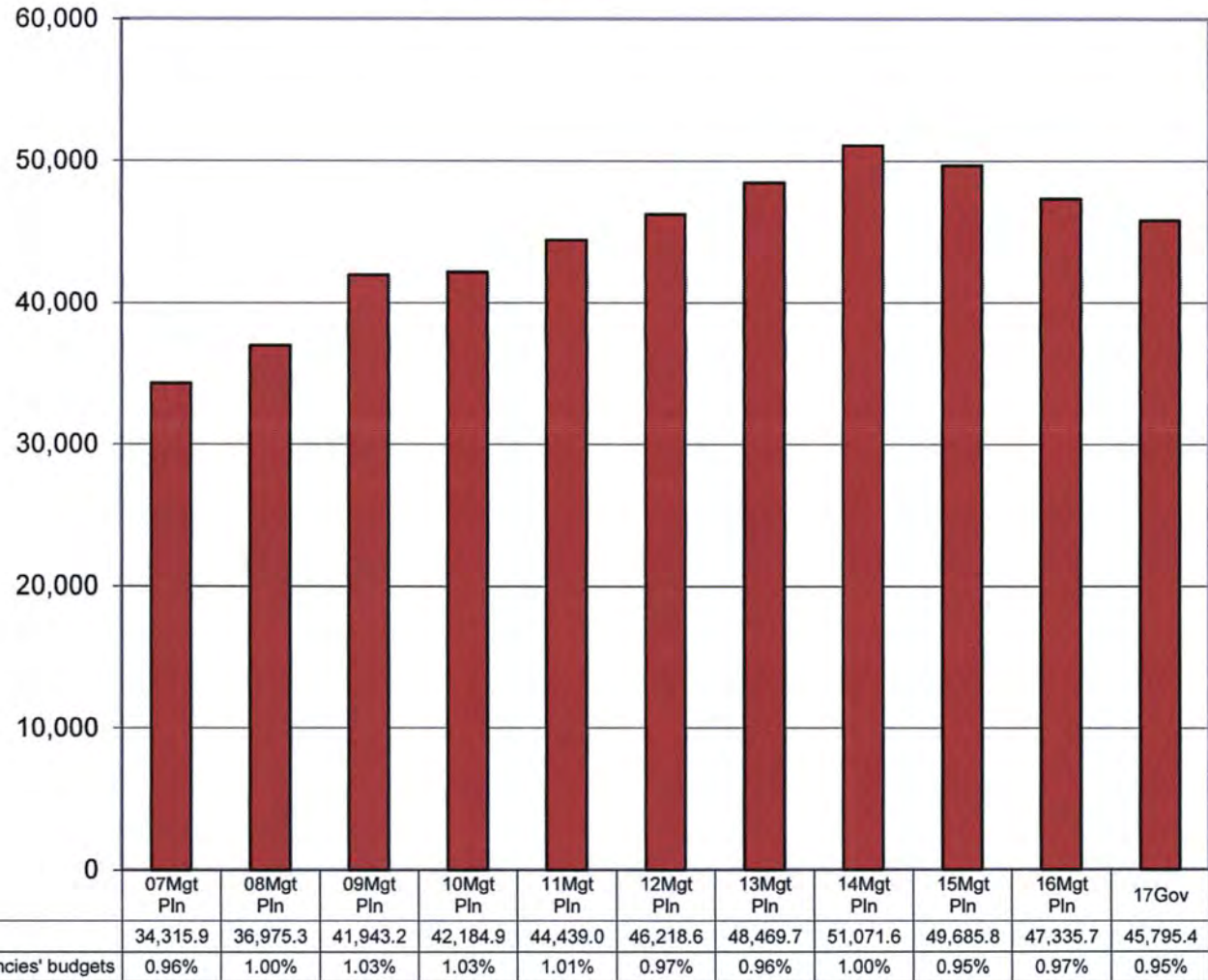
10-Year Look Back Charts



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

The department's GF budget grew by about \$11.5 million (33%) between FY07 and the FY17 Gov- an average annual growth rate for that period of 2.9%.

The department's total FY17 GF budget equals \$137 per resident worker.*



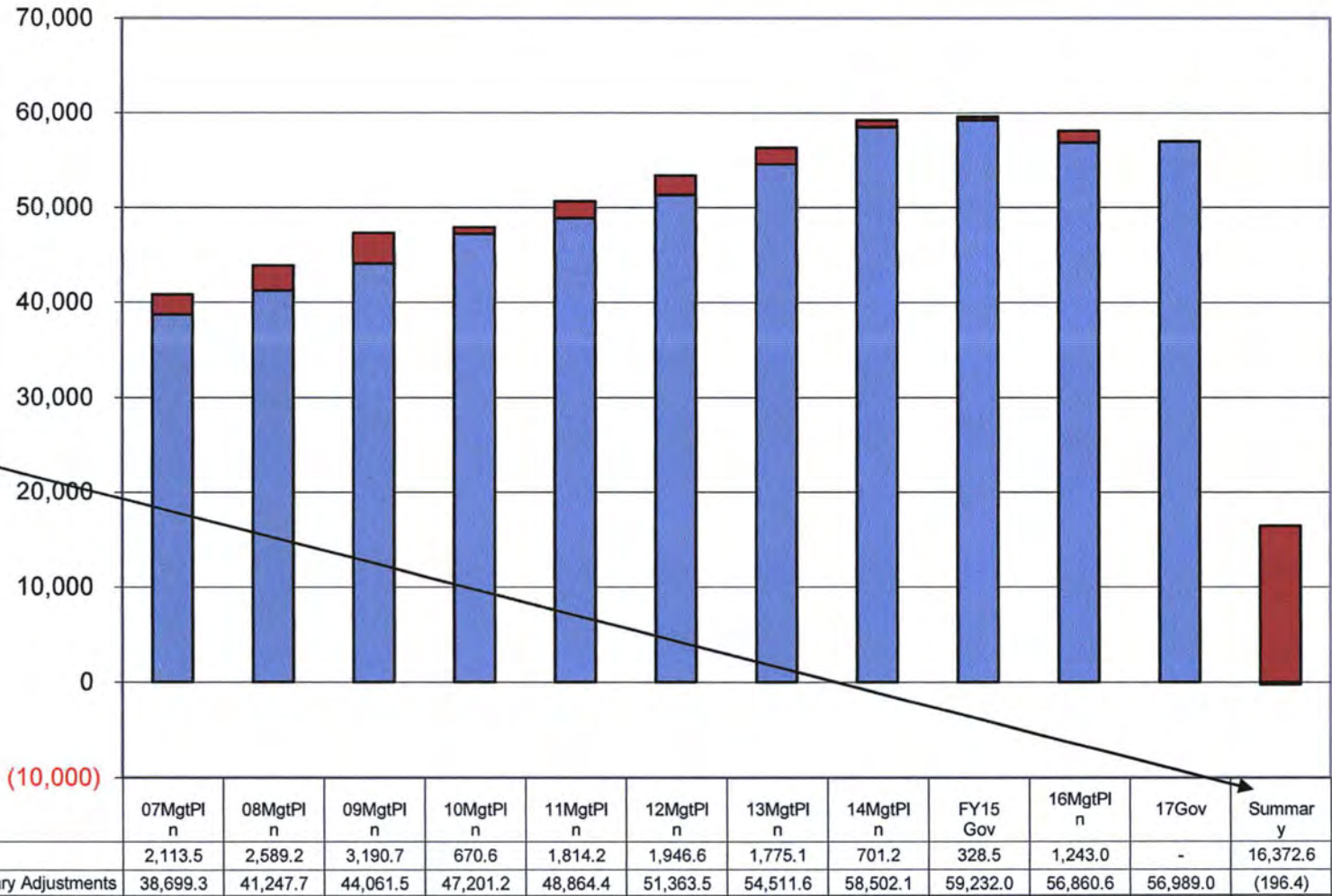
* According to the Department of Labor and Workforce Development there were 333 174 resident workers in Alaska in 2013.



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

Personal Services increased by \$16.2 million from FY07 to FY17 Gov, an increase of about 40%.

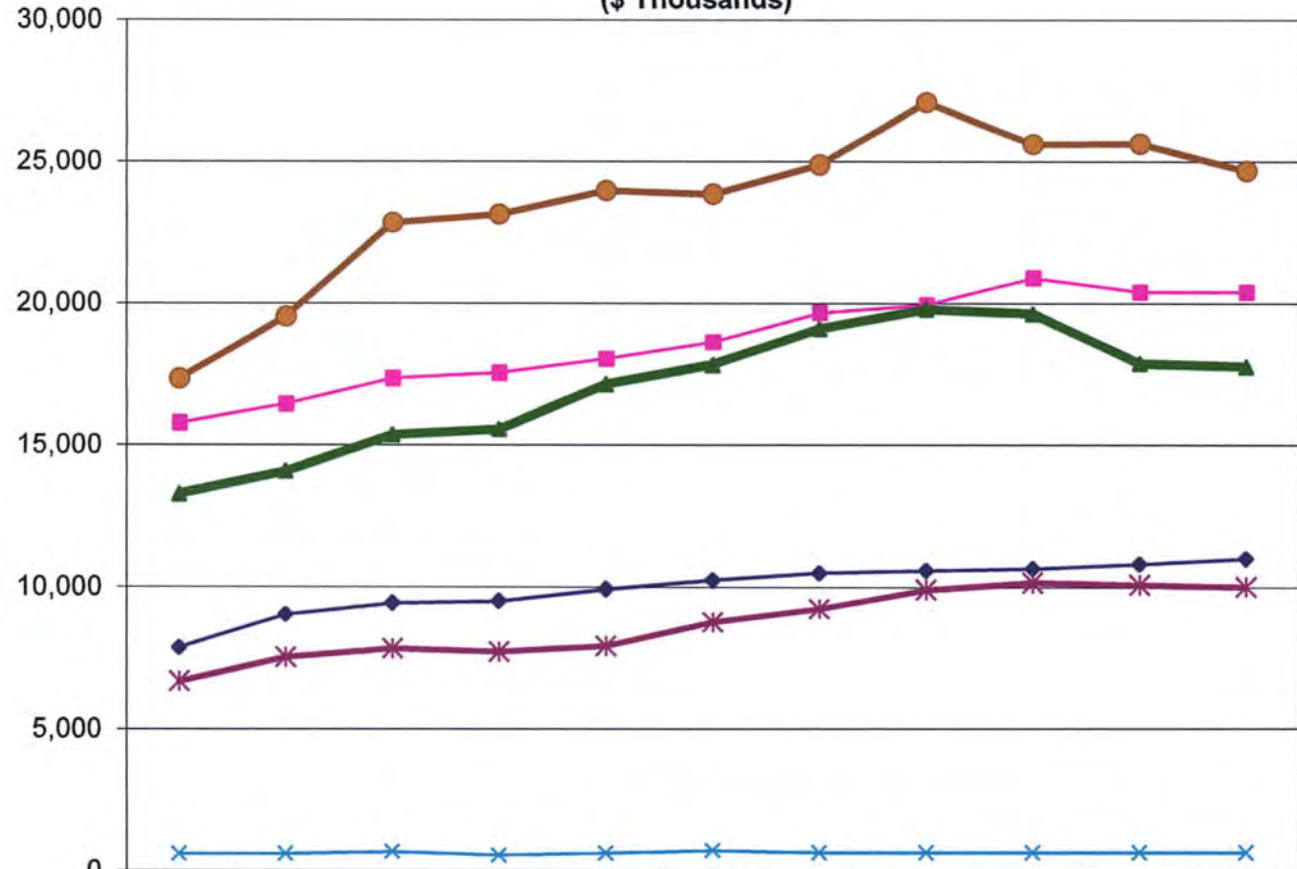
Summary
The Personal Services change consists of the following:
--\$16.4 million of contractual salary adjustments; and
--(\$196.4) of non-



* Changes in the personal services line from FY07 to FY17 Gov are segregated into two parts: (1) base increases (primarily due to contractual negotiations) and (2) other personal services



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

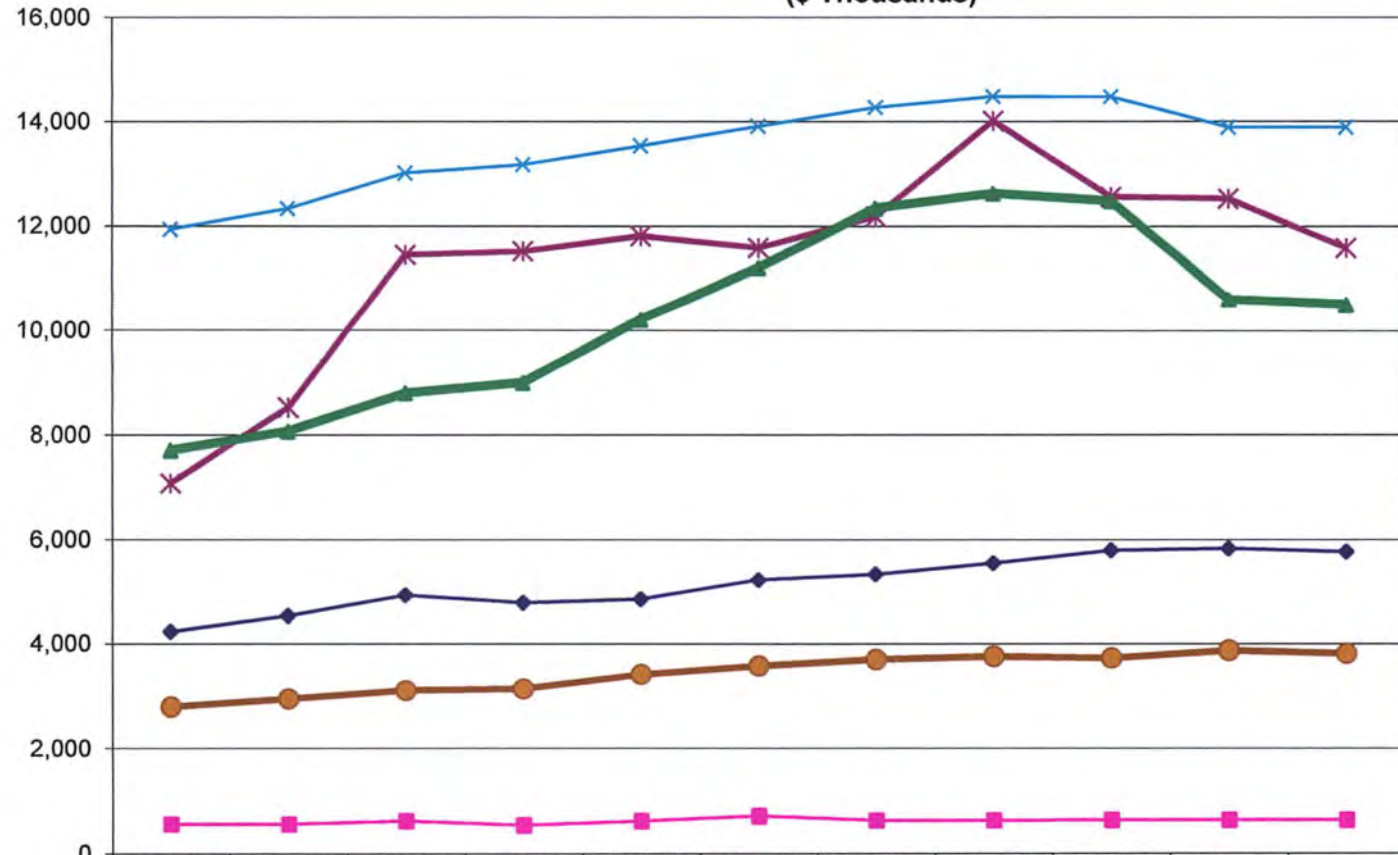


NOTE: In FY15 Gov , Air Quality became a new appropriation rather than an allocation within Environmental Health.

	07Mg tPln	08Mg tPln	09Mg tPln	10Mg tPln	11Mg tPln	12Mg tPln	13Mg tPln	14Mg tPln	15Mg tPln	16Mg tPln	17Go v
Water	17,310.	19,523.	22,847.	23,143.	23,973.	23,857.	24,879.	27,075.	25,604.	25,614.	24,661.
Spill Prevention and Response	15,761.	16,428.	17,329.	17,523.	18,018.	18,629.	19,659.	19,939.	20,886.	20,386.	20,386.
Environmental Health	13,268.	14,069.	15,360.	15,558.	17,135.	17,812.	19,104.	19,790.	19,630.	17,850.	17,750.
Air Quality	7,863.6	9,053.1	9,446.1	9,521.7	9,926.8	10,230.	10,483.	10,568.	10,639.	10,789.	10,979.
Administration	6,683.1	7,521.3	7,828.6	7,715.3	7,915.0	8,762.7	9,240.6	9,918.4	10,163.	10,076.	10,011.
DEC Buildings Maintenance and Operations	611.2	613.4	674.5	546.3	620.4	718.1	632.6	635.5	636.5	636.5	636.5



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



	07MgtPI n	08MgtPI n	09MgtPI n	10MgtPI n	11MgtPI n	12MgtPI n	13MgtPI n	14MgtPI n	15MgtPI n	16MgtPI n	17Gov
Spill Prevention and Response	11,932.6	12,331.9	13,017.2	13,177.0	13,534.1	13,910.2	14,273.7	14,486.4	14,478.3	13,889.4	13,889.4
Water	7,087.4	8,533.4	11,450.5	11,522.9	11,809.0	11,582.6	12,178.2	14,012.9	12,559.4	12,523.2	11,570.0
Environmental Health	7,708.6	8,073.2	8,814.3	9,010.3	10,205.2	11,196.6	12,342.8	12,625.4	12,481.9	10,587.7	10,487.7
Administration	4,232.6	4,531.4	4,933.3	4,788.0	4,855.5	5,233.3	5,341.1	5,555.2	5,802.0	5,829.1	5,764.1
Air Quality	2,790.6	2,946.4	3,109.1	3,141.1	3,414.8	3,577.8	3,701.3	3,756.2	3,727.7	3,869.8	3,809.8
DEC Bldgs Maint & Operations	564.1	559.0	618.8	545.6	620.4	718.1	632.6	635.5	636.5	636.5	636.5



Questions?

