HOUSE COMMITTEE ON APPROPRIATIONS

FY 12-13
Executive Budget Review
Department of Environmental Quality
April 2, 2012
The Department of Environmental Quality has four budget units:

13-850 Office of the Secretary
13-851 Office of Environmental Compliance
13-852 Office of Environmental Services
13-855 Office of Management and Finance
AGENDA

Overview of Budget
- Changes from FY 11-12 to FY 12-13
- Expenditures
- Discretionary/Non-Discretionary
- Statutory Dedications
ENVIRONMENTAL QUALITY

FY 12-13 TOTAL BUDGET = $118.8 MILLION

- SD: $94,547,739 (80%)
- FED: $22,789,400 (19%)
- SGF: $250,000 (<1%)
- IAT: $1,073,300 (1%)
- SGR: $105,000 (<1%)

House Fiscal Division
ENVQ 4
Eddriene Sylvester 225-342-1964
## Executive Budget By Means of Finance

### DEPARTMENT OF ENVIRONMENTAL QUALITY

<table>
<thead>
<tr>
<th>Means of Financing (MOF)</th>
<th>Actual Expenditures FY 2010-11</th>
<th>Existing Operating Budget FY 2011-12 (12/1/11)</th>
<th>Executive Budget FY 2012-13</th>
<th>Change From FY 11-12 to FY 12-13</th>
<th>Percent Change From FY 11-12 to FY 12-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund (SGF)</td>
<td>$0</td>
<td>$250,000</td>
<td>$250,000</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Interagency Transfers (IAT)</td>
<td>$4,162,919</td>
<td>$1,073,300</td>
<td>$1,073,300</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fees and Self-gen. Rev. (SG)</td>
<td>$642,512</td>
<td>$494,543</td>
<td>$105,000</td>
<td>($389,543)</td>
<td>(78.77%)</td>
</tr>
<tr>
<td>Statutory Dedications (SD)</td>
<td>$93,369,783</td>
<td>$106,811,362</td>
<td>$94,547,739</td>
<td>($12,263,623)</td>
<td>(11.48%)</td>
</tr>
<tr>
<td>Interim Emergency Board (IE)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Federal Funds (FED)</td>
<td>$18,990,642</td>
<td>$25,269,665</td>
<td>$22,789,400</td>
<td>($2,480,265)</td>
<td>(9.82%)</td>
</tr>
<tr>
<td><strong>TOTAL MOF</strong></td>
<td><strong>$117,165,856</strong></td>
<td><strong>$133,898,870</strong></td>
<td><strong>$118,765,439</strong></td>
<td><strong>($15,133,431)</strong></td>
<td><strong>(11.30%)</strong></td>
</tr>
<tr>
<td>Authorized Positions</td>
<td>847</td>
<td>805</td>
<td>762</td>
<td>(43)</td>
<td>(5.34%)</td>
</tr>
</tbody>
</table>

This table provides the planned and actual expenditures for the DEPARTMENT OF ENVIRONMENTAL QUALITY for the fiscal years 2011-12 and 2012-13. The table includes various means of financing such as State General Fund, Interagency Transfers, Fees and Self-generated Revenue, Statutory Dedications, and Federal Funds, among others. The changes in expenditures are calculated and presented as a percentage.
Significant Budget Changes - Statewide

($3,926,550) SD Reduce funding for LASERS rate adjustment

($2,622,418) SD Annualization of FY 11-12 Mid Year Reduction, including fourteen (14) positions

($2,133,083) SD Non-recurred funding for the 27th pay period

($2,494,321) SD Reduction in salary base adjustment, attrition, and eliminated twenty-nine (29) positions

($431,525) SD Non-recurring carryforward in the Office of Environmental Compliance for contractual obligations to conduct an investigation and site characterization to define the extent of contamination within the Fredeman pit area, Calcasieu Shipyard Site and for payment of purchase order items for equipment used to conduct the site investigations.
Significant Budget Changes MOF Substitution

$519,735 FED  Increase Federal Funds from the Performance Partnership grant and reduce Statutory Dedications out of the Environmental Trust Fund in the Office of Environmental Compliance and the Office of the Secretary to attain environmental compliance in the regulated community and to protect environmental resources, public health and safety of the citizens of the state.

$35,000 SD  Increase Statutory Dedications out of the Environmental Trust Fund and decrease Self-generated Revenues in the Office of Management and Finance and the Office of Secretary due to a reduction in revenues from non-state agency services sales.
Significant Budget Changes – Nonrecur Funding

($3,000,000) FED This adjustment non-recurs Federal Funds from the Underground Storage Tank Hurricane grant in the Office of Environmental Compliance for the evaluation and remediation of underground storage tanks impacted by Hurricanes Katrina and Rita.

($354,543) SGR This adjustment non-recurs Self-generated Revenues used for hurricane demolition monitoring in the Office of Environmental Compliance.
Significant Budget Changes – Reductions

($700,000) SD  Reduction in Statutory Dedications out of the Waste Tire Management Fund to historical level of expenditures in the Waste Tire Program.
Significant Budget Changes – Increases

$500,000 SD  Funding out of the Environmental Trust Fund for the implementation of the Louisiana Enterprise Resource Planning (ERP) system. Funding will be utilized for salaries and related benefits for DEQ staff to be housed at the Division of Administration, for training on using ERP.
ENVIRONMENTAL QUALITY FY 12-13 TOTAL EXPENDITURES
$118.8 MILLION

- Other Charges: $54,807,923 (46%)
- Salaries: $41,366,061 (35%)
- Supplies: $1,019,044 (1%)
- Travel: $295,613 (<1%)
- Other Comp: $251,043 (<1%)
- Rel Ben: $13,196,173 (11%)
- Pro Srvcs: $4,071,191 (4%)
- Op Srvcs: $3,758,391 (3%)

House Fiscal Division
ENVQ 11
Eddriene Sylvester  225-342-1964
## FY 12-13 Executive Budget by Expenditure Line Item

### Department of Environmental Quality

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>FY 10-11 Actual Budget</th>
<th>FY 11-12 Existing Operating Budget (12/01/11)</th>
<th>FY 12-13 Executive Budget</th>
<th>Change from FY 11-12 to FY 12-13</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$47,208,929</td>
<td>$44,784,627</td>
<td>$41,366,061</td>
<td>$(3,418,566)</td>
<td>(7.63%)</td>
</tr>
<tr>
<td>Other Compensation</td>
<td>$159,211</td>
<td>$251,043</td>
<td>$251,043</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Related Benefits</td>
<td>$16,549,024</td>
<td>$17,659,465</td>
<td>$13,196,173</td>
<td>$(4,463,292)</td>
<td>(25.27%)</td>
</tr>
<tr>
<td>Travel</td>
<td>$409,035</td>
<td>$411,813</td>
<td>$295,613</td>
<td>$(116,200)</td>
<td>(28.22%)</td>
</tr>
<tr>
<td>Operating Services</td>
<td>$3,200,924</td>
<td>$3,799,591</td>
<td>$3,758,391</td>
<td>$(41,200)</td>
<td>(1.08%)</td>
</tr>
<tr>
<td>Supplies</td>
<td>$1,056,097</td>
<td>$1,576,098</td>
<td>$1,019,044</td>
<td>$(557,054)</td>
<td>(35.34%)</td>
</tr>
<tr>
<td>Prof Srvcs</td>
<td>$3,279,012</td>
<td>$4,837,191</td>
<td>$4,071,191</td>
<td>$(766,000)</td>
<td>(15.84%)</td>
</tr>
<tr>
<td>Other Charges</td>
<td>$44,812,191</td>
<td>$58,949,883</td>
<td>$54,807,923</td>
<td>$(4,141,960)</td>
<td>(7.03%)</td>
</tr>
<tr>
<td>Acq/Major Repairs</td>
<td>$491,433</td>
<td>$15,028</td>
<td>$0</td>
<td>$(15,028)</td>
<td>(100.00%)</td>
</tr>
<tr>
<td>Unallotted</td>
<td>$0</td>
<td>$1,614,131</td>
<td>$0</td>
<td>$(1,614,131)</td>
<td>(100.00%)</td>
</tr>
<tr>
<td><strong>TOTAL EXP</strong></td>
<td>$117,165,856</td>
<td>$133,898,870</td>
<td>$118,765,439</td>
<td>$(15,133,431)</td>
<td>(11.30%)</td>
</tr>
</tbody>
</table>
Environmental Quality Discretionary and Non-Discretionary Funding in FY 12-13 Executive Budget

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discretionary</td>
<td>$107,973,374</td>
<td>90.91%</td>
</tr>
<tr>
<td>Non-Discretionary</td>
<td>$10,792,065</td>
<td>9.09%</td>
</tr>
<tr>
<td>Total</td>
<td>$118,765,439</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Non-discretionary funding within Environmental Quality’s FY 12-13 Executive Budget Recommendation is rent and maintenance in state owned building and retirees group insurance.
### Statutory Dedication Comparison

<table>
<thead>
<tr>
<th>Statutory Dedications</th>
<th>FY 10-11 Actual Expenditures</th>
<th>FY 11-12 Existing Operating Budget 12/01/11</th>
<th>FY 12-13 Executive Budget</th>
<th>Change FY 11-12 to FY 12-13</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brownfields Cleanup Revolving Loan</td>
<td>$93,421</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Clean Water State Revolving Fund</td>
<td>$831,383</td>
<td>$1,208,387</td>
<td>$736,763</td>
<td>($471,624)</td>
<td>(39.03%)</td>
</tr>
<tr>
<td>Environmental Trust Fund</td>
<td>$61,804,483</td>
<td>$63,882,321</td>
<td>$53,561,333</td>
<td>($10,320,988)</td>
<td>(16.16%)</td>
</tr>
<tr>
<td>Hazardous Waste Site Cleanup Fund</td>
<td>$3,321,506</td>
<td>$4,337,334</td>
<td>$3,578,831</td>
<td>($758,503)</td>
<td>(17.49%)</td>
</tr>
<tr>
<td>Lead Hazard Reduction Fund</td>
<td>$89,444</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Motor Fuels Underground Tank</td>
<td>$15,302,884</td>
<td>$24,757,120</td>
<td>$24,757,120</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Oil Spill Contingency Fund</td>
<td>$33,054</td>
<td>$156,145</td>
<td>$156,145</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Overcollections Fund</td>
<td>$497,352</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Waste Tire Management Fund</td>
<td>$11,396,256</td>
<td>$11,870,055</td>
<td>$11,157,547</td>
<td>($712,508)</td>
<td>(6.00%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$93,369,783</td>
<td>$106,811,362</td>
<td>$94,547,739</td>
<td>($12,263,623)</td>
<td>(11.48%)</td>
</tr>
</tbody>
</table>
Dedications

**Environmental Trust Fund R.S.30:2015**

- Revenues are generated through the collection of permits, licenses, registrations, variances, and monitoring fees charged by DEQ to facilities whose operations impact the environment.
- Formula used to assess fees should be equal to the annual cost required of DEQ.
- Recommended in the Executive Budget at $53.6 million for operational expenses.
Dedications

Motor Fuels Underground Storage Tank Trust Fund R.S. 30:2195

- Revenues are realized through fees of 8/10 of 1 cent per gallon of motor fuel delivered by distributors to non-exempt underground storage tanks
- Monies in the fund are used to assess the release of motor fuel contaminants, to provide for alternative drinking sources where primary water sources are polluted by leaking tanks, and to clean or remediate contaminated underground tank sites
- Recommended in the Executive Budget at $24.8 million
Dedications

Waste Tire Management Fund R.S. 30:2418

– Revenues accumulate through the collection of fees on the sale of tires ($2 for a passenger tire; $5 for a medium truck tire; and $10 for an off-road tire)

– Permitted waste tire processors are paid $1.50 per twenty pounds of tire material that is recycled

– No monies from the fund shall be used to provide payments to waste tire processors for processing tires that are generated in Louisiana when those tires are processed in any other state.

– Recommended in the Executive Budget at $11.2
Hazardous Waste Site Cleanup Fund R.S. 30:2205

- Revenues are derived from judgments, settlements, assessments of criminal or civil penalties from responsible parities, and funds generated by the hazardous waste tax
- Monies are used to defray the cost of investigation, testing, containment, control, and cleanup of hazardous waste sites
- Balance in the fund cannot exceed $6 million. Any remaining funds are deposited into the Environmental Trust Fund
- Recommended in the Executive Budget at $3.6 million
Department of Environmental Quality

FY 12-13 SALARIES/POSITIONS

- $41.6 million for Salaries and Other Compensation
- $13.2 million for Related Benefits
- Total Personal Services = $54.8 million, 46% of the Environmental Quality total Executive Budget Recommendation

- Average Classified Salary = $53,601
- Average Unclassified Salary = $98,627
- Non-T.O = 18

- 762 Authorized Positions (753 classified and 9 unclassified)

- As of February 15, 2012, Environmental Quality had 58 vacancies (43 positions were reduced in the Executive Budget Recommendation)
Department of Environmental Quality

Ms. Peggy Hatch       Secretary       (225) 219-3950

Mr. Alexander Appeaning Deputy Secretary (225) 219-3951

Mr. Vince Sagnibene Undersecretary (225) 219-3840