

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY17-18 Executive Budget Review Department of Environmental Quality

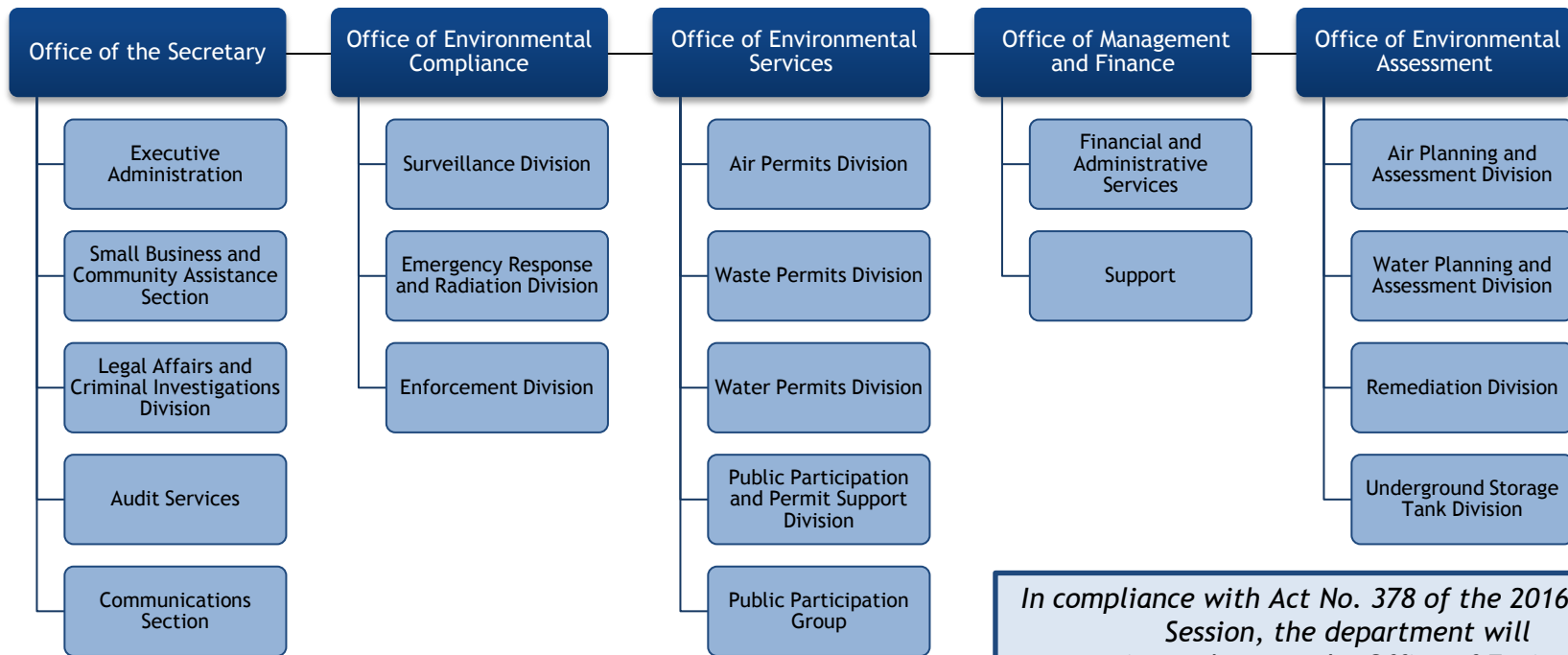
House Committee on Appropriations
Prepared by the House Fiscal Division

April 4, 2017

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DEPARTMENT ORGANIZATION



In compliance with Act No. 378 of the 2016 Regular Session, the department will reorganize and create the Office of Environmental Assessment. The reorganization has a net zero effect on the department's budget.

OFFICE OF THE SECRETARY

Executive Administration

- The Secretary and his Executive Staff provide oversight and leadership to the rest of the department.

Small Business and Community Assistance Section

- Provides regulatory and non-regulatory approaches to protect and improve the environment, through technical assistance or outreach programs.

Legal Affairs and Criminal Investigations Division

- Provides legal advice, consultation and representation to all of the offices of the department.
- Drafts and reviews contracts, agreements, and settlements.

Audit Services

- Performs audits on the department, as well as private entities that do not appear to be paying fees to the Department on a self-reporting basis.

Communications Section

- Handles all media functions, including media inquiries, press releases, managing the website, and managing social media

*Galvez Building
Baton Rouge, LA*



OFFICE OF ENVIRONMENTAL COMPLIANCE

Surveillance Division

- Inspects facilities for permit compliance.
- Responds to citizen complaints in regards to unauthorized release of water or air pollution.

Emergency Response and Radiation Division

- Responds to chemical and environmental emergencies.
- Serves as the single point of contact for reporting spills the department.
- Provides administrative services for radiations sources, such as administering the testing of radiographers and managing the licenses for radioactive sources in the state.

Enforcement Division

- Enforces penalties for violations of state and federal laws.



OFFICE OF ENVIRONMENTAL SERVICES

Air Permits Division

- Authorizes permits administered under Air Quality Regulations.

Waste Permits Division

- Authorizes permits administered under the Solid Waste and Hazardous Waste Regulations.
- Provides engineering and geological services throughout the state.
- Responsible for Waste Tire Program.

Water Permits Division

- Authorizes permits administered under Louisiana Water Quality Regulations.

Public Participation and Permit Support Division

- Provides support to permit divisions with administration, database management, certifications, accreditations and notifications.
- Facilitates public participation through public hearings and informing the public through notices.



OFFICE OF MANAGEMENT AND FINANCE

Financial and Administrative Services

- Responsible for accounting of the department.
- Produces financial reports.
- Responsible for Clean Water State Revolving Fund and Motor Fuel Underground Storage Tank Fund.

Support Services

- Provides support to the department by human resources, providing safety trainings, aircraft services, and information technology assistance.



OFFICE OF ENVIRONMENTAL ASSESSMENT

Air Planning and Assessment Division

- Evaluates the overall quality of the air resources in the state.
- Develops and maintains the state's implementation plan, which describes control strategies to address federally mandated ambient air quality standards.

Water Planning and Assessment Division

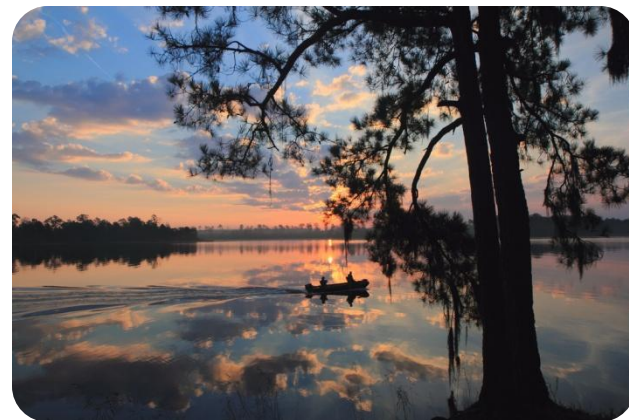
- Evaluates the overall quality of the water resources in the state.

Remediation Division

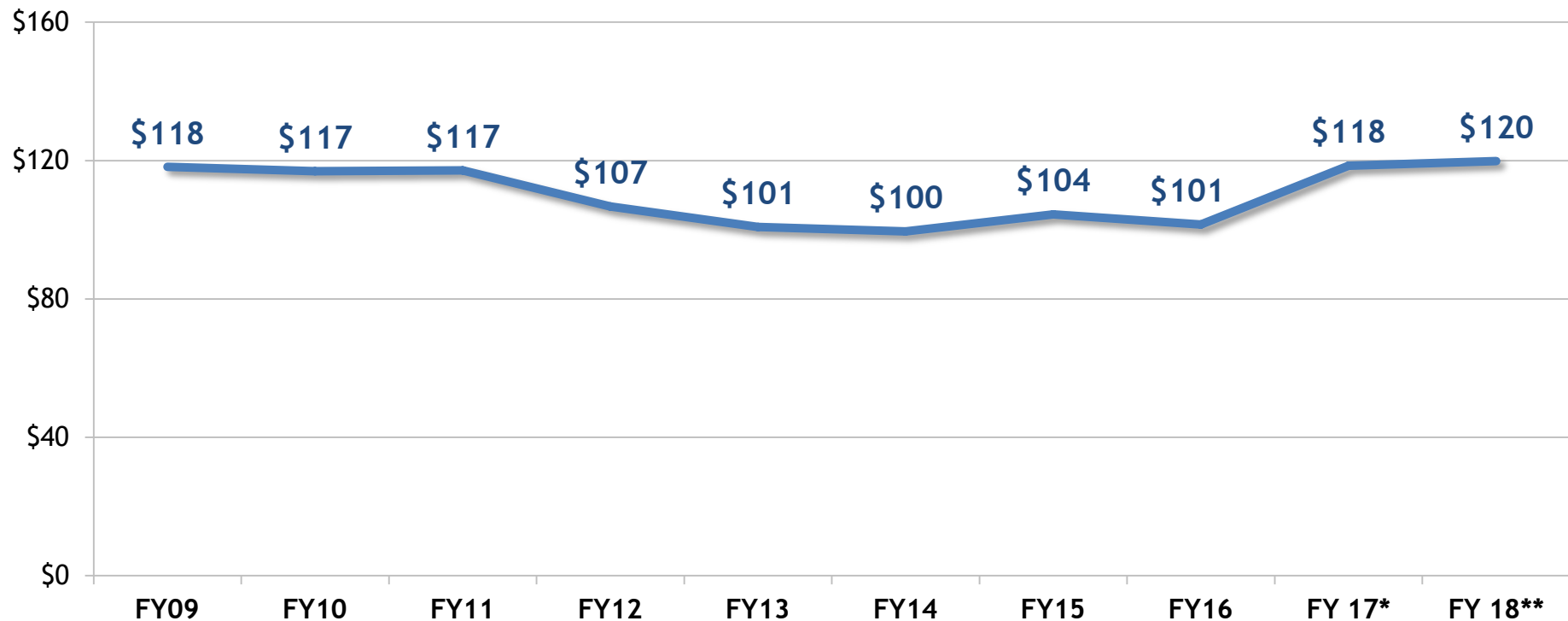
- Functions to protect the soil, groundwater, and surface water resources of the state from unauthorized historical and future releases to the environment.
- Investigates, evaluates, and cleans up contamination at both active facilities and abandoned sites.

Underground Storage Tank Division

- Investigates, evaluates, monitors and cleans up contamination at active and closed Underground Storage Tank sites.



BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/16
**Governor's Executive Budget Recommendation

MAJOR SOURCES OF REVENUE

Self-Generated Revenue \$24,790

Fees and Self-generated Revenue consists of revenue from the sale of forms, copies, and regulations, as well as revenue from the Solid Waste Operator Certification fees.

Statutory Dedications \$99.1 Million

There are seven Statutory Dedications within the department, including:

- Environmental Trust Fund
- Motor Fuel Underground Storage Tank Trust Fund
- Waste Tire Management Fund
- Clean Water State Revolving Loan Fund
- Hazardous Waste Site Cleanup Fund
- Lead Hazard Reduction Fund
- Oil Spill Contingency Fund

Interagency Transfers \$670,829

Interagency Transfers consist of:

- Transfer from GOHSEP for hurricane related demolition and landfill oversight.
- Transfer of Zika Virus Funding from LDH for mosquito abatement in the Waste Tire Program.
- Transfer from DPS for BP Oil Spill expenditures.

Federal Funds \$20.0 Million

Federal Funds largely consist of various grants issued by the Environmental Protection Agency, the Department of Energy, and the Department of Defense.

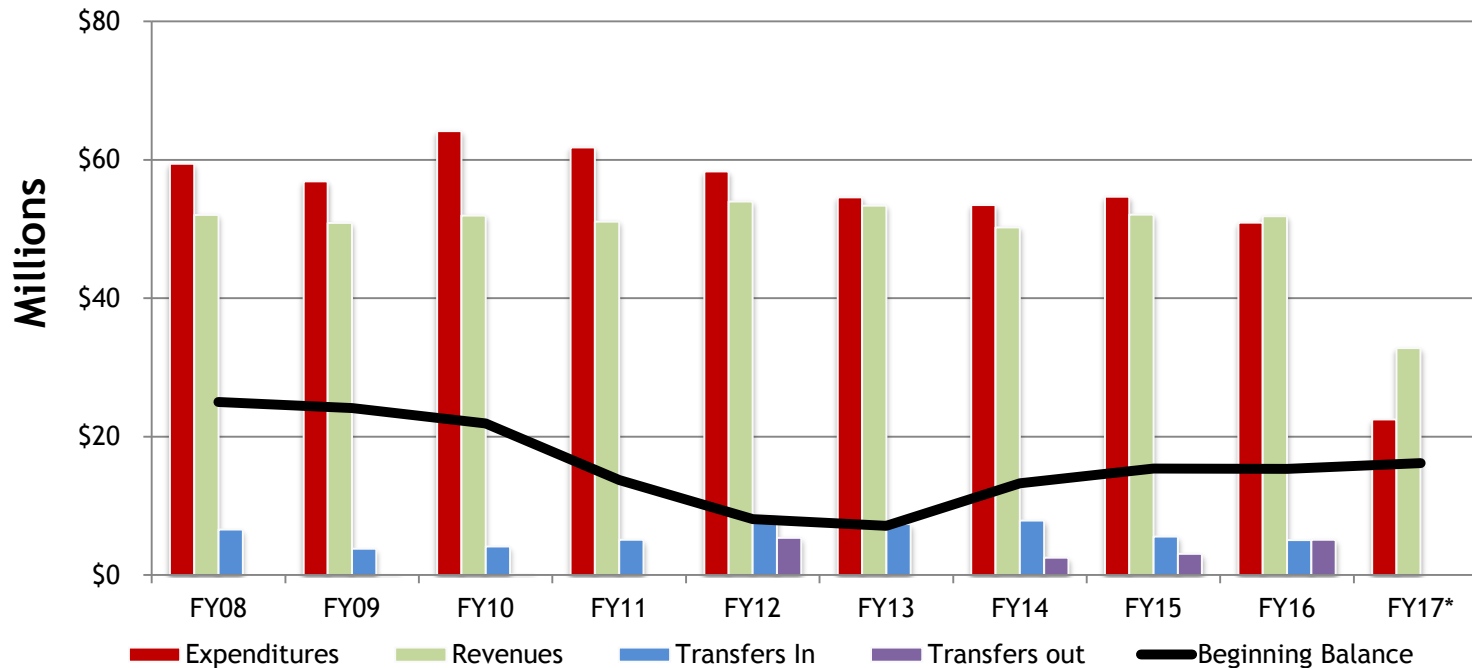
STATUTORY DEDICATIONS

Statutory Dedication	FY 16-17 Existing Operating Budget	FY 17-18 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Environmental Trust Fund	\$63,153,943	\$64,150,727	\$996,784	1.6%
Motor Fuel Underground Storage Tank Trust Fund	\$15,649,485	\$15,649,485	\$0	0.0%
Waste Tire Management Fund	\$10,035,232	\$11,435,232	\$1,400,000	14.0%
Hazardous Waste Site Cleanup Fund	\$4,261,475	\$2,800,000	(\$1,461,475)	(34.3%)
Clean Water State Revolving Loan Fund	\$4,209,000	\$4,759,000	\$550,000	13.1%
Oil Spill Contingency Fund	\$156,145	\$226,974	\$70,829	45.4%
Lead Hazard Reduction Fund	\$95,000	\$95,000	\$0	0.0%
Total	\$97,560,280	\$99,116,418	\$1,556,138	1.6%

Statutory Dedications are 83% of the department's recommendation in FY18.

STATUTORY DEDICATIONS

ENVIRONMENTAL TRUST FUND R.S. 30:2015



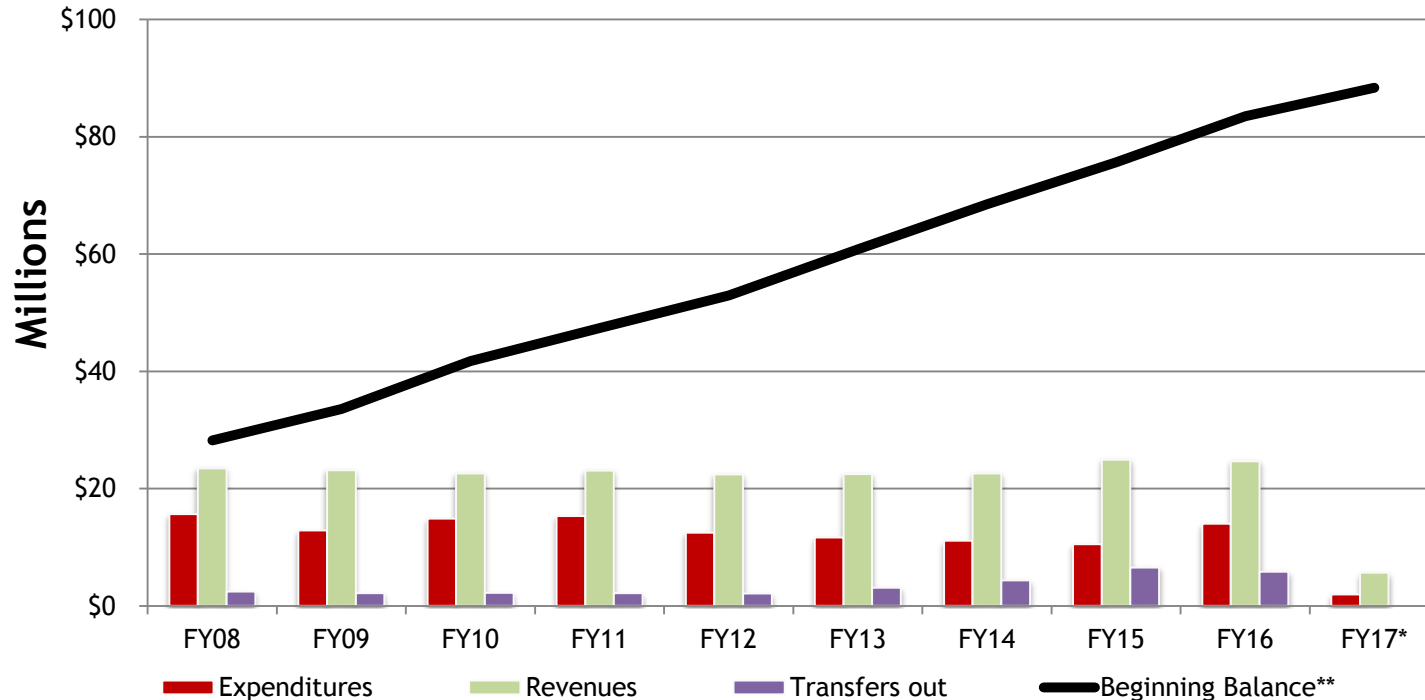
Revenues are derived from monitoring and maintenance fees collected for permits, licenses, registrations, or variances.

The fund is used for the general operation of the department.

*As of 2/6/17

STATUTORY DEDICATIONS

MOTOR FUEL UNDERGROUND STORAGE TANK TRUST FUND R.S. 30:2195



Revenues are derived from a fee imposed on the first sale or delivery of a motor fuel, upon withdrawal from the bulk of that fuel, and an annual per tank fee for tanks storing new or used motor oil.

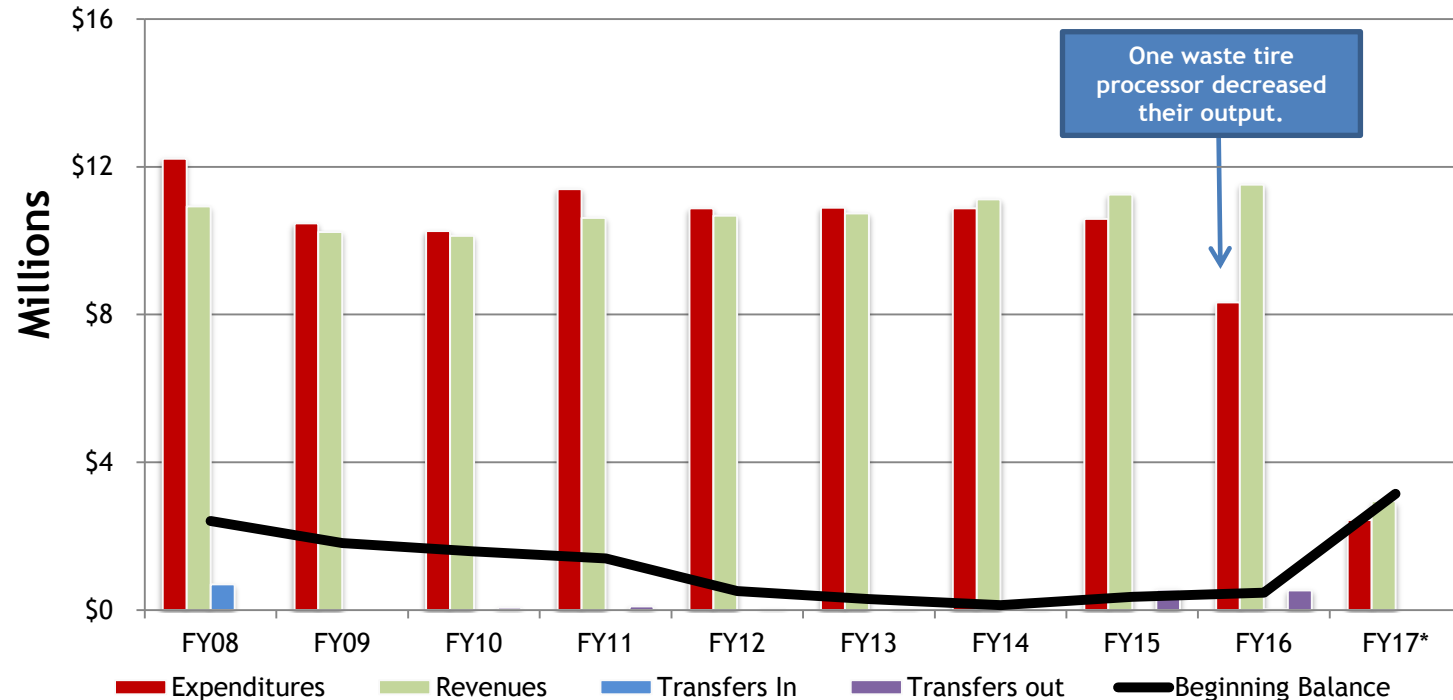
The fund is a trust fund used to reimburse eligible participants for the remediation of contaminated tank sites.

**The balance in this fund is largely obligated to active underground storage tank remediation sites, \$79.2 M as of 7/1/16.

*As of 2/6/17

STATUTORY DEDICATIONS

WASTE TIRE MANAGEMENT FUND R.S. 30:2418



Revenues are derived from a fee collected on the sale of tires.

The fund is used for the cleanup of waste tire disposal sites, payments to permitted waste tire processors, and administration of the fund.

*As of 2/6/17

MEANS OF FINANCE BREAKDOWN

Means of Financing	FY 15-16 Prior Year Actual Expenditures	FY 16-17 Existing Operating Budget 12/1/16	FY 17-18 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$405,794	\$0	\$0	\$0	0.0%
Interagency Transfers	\$327,558	\$691,000	\$670,829	(\$20,171)	(2.9%)
Fees and Self-Gen Rev.	\$23,126	\$24,790	\$24,790	\$0	0.0%
Statutory Dedications	\$82,735,557	\$97,560,280	\$99,116,418	\$1,556,138	1.6%
Federal Funds	\$18,005,467	\$20,201,647	\$20,042,433	(\$159,214)	(0.8%)
Total Means of Finance	\$101,497,502	\$118,477,717	\$119,854,470	\$1,376,753	1.2%
State Effort	\$83,164,477	\$97,585,070	\$99,141,208	\$1,556,138	1.6%

These comparisons are to the Existing Operating Budget at December 1, 2016.

MEANS OF FINANCE BREAKDOWN - AFTER DEFICITS

Means of Financing	FY 15-16 Prior Year Actual Expenditures	FY 16-17 Existing Operating Budget 3/1/17	FY 17-18 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$405,794	\$0	\$0	\$0	0.0%
Interagency Transfers	\$327,558	\$778,454	\$670,829	(\$107,625)	(13.8%)
Fees and Self-Gen Rev.	\$23,126	\$24,790	\$24,790	\$0	0.0%
Statutory Dedications	\$82,735,557	\$95,555,530	\$99,116,418	\$3,560,888	3.7%
Federal Funds	\$18,005,467	\$20,201,647	\$20,042,433	(\$159,214)	(0.8%)
Total Means of Finance	\$101,497,502	\$116,560,421	\$119,854,470	\$3,294,049	2.8%
State Effort	\$83,164,477	\$95,580,320	\$99,141,208	\$3,560,888	3.7%

Change in FY16-17 Existing Operating Budget:

(\$1.9 M) or (1.6%)

- **1st Deficit: (\$4,750)**
Reductions in salaries and related benefits.
- **2nd Deficit: (\$2.0M)**
Reductions are utilizing dollars from the expenditure freeze - salaries, related benefits, operating services, professional services, other charges, and IAT.
- **Budget Adjustment: \$87,454**
Interagency transfer from GOHSEP to cover the costs of employees' overtime during the August 2016 flood.

These comparisons are to the Existing Operating Budget at March 1, 2017, which includes all adjustments since December 1, 2016, including the two mid-year deficit reductions.

SIGNIFICANT ADJUSTMENTS



\$1.4 M
SD

Increase in the Waste Tire Management Fund in order to process an increased amount of waste tire processor payments.



\$1.2 M
SD
9 T.O.

Increase in the Environmental Trust Fund in order to fund nine positions - five in the mercury in fish tissue sampling project, three in monitoring ambient air for sulfur dioxide, which is a new activity, and one in operating an unmanned aerial vehicle (UAV) to oversee regulated sites in a safe manner.



\$212,487
FED
3 T.O.

Increase in Federal Funds for three positions - two are permit writers for conducting reviews of Storm Water Management Plans, renewal and modification submissions, as well as annual reports, and the other is in Watershed Reach and Boundary Management for state water programs, which is a new activity. These positions will be funded by the Performance Partnership Grant (PPG).

SIGNIFICANT ADJUSTMENTS



\$70,829
SD
1 T.O.

Increase in the Oil Spill Contingency Fund in order to fund one position for assisting in conducting natural resource damage assessment, injury assessment, and restoration planning resulting from an oil spill.



\$70,829
IAT
1 T.O.

Increase in Interagency Transfers from CPRA for one position responsible for managing and coordinating BP Oil Spill restoration planning activities.



\$318,701
FED

Decrease in Federal Funds due to a reduction in the Performance Partnership Grant provided to DEQ.



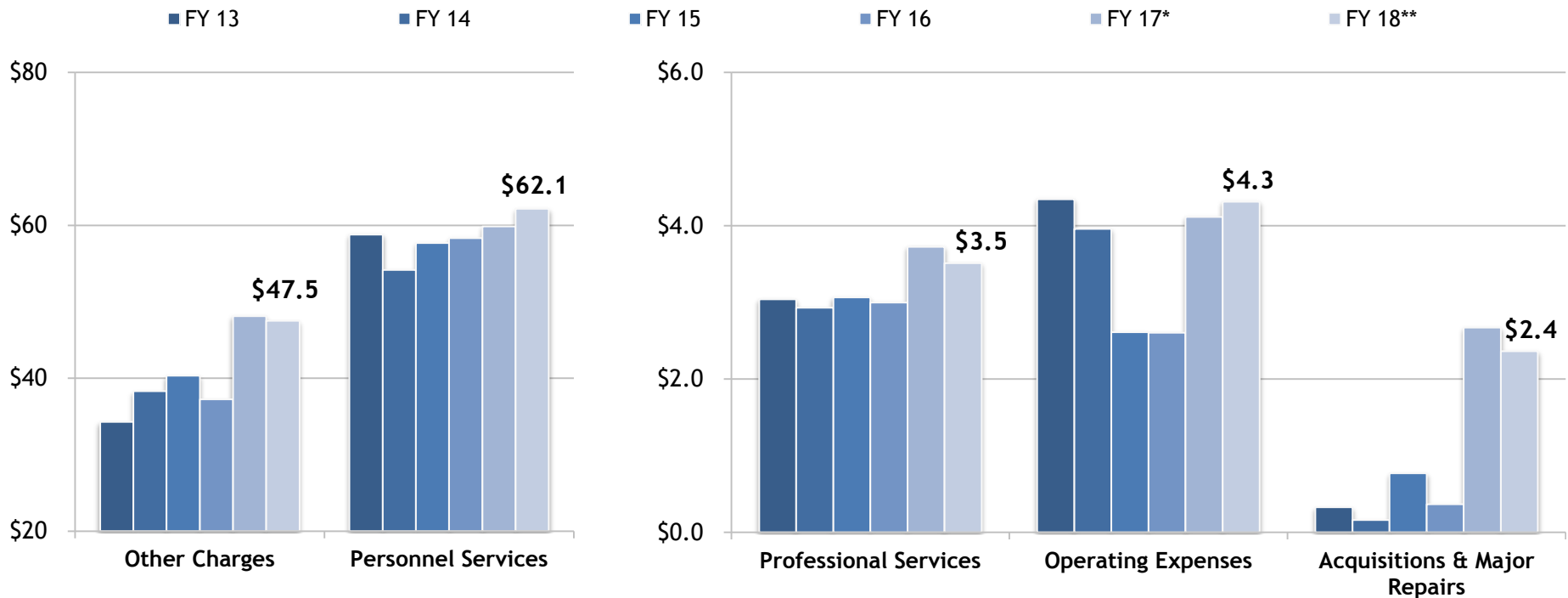
\$1.1 M
SD

Decrease in the Hazardous Waste Site Cleanup Fund to reflect Revenue Estimating Conference (REC) estimates. If the estimates for the fund remain as is, the rate of cleanup of waste sites will slow down throughout the state.

EXPENDITURE BREAKDOWN

Expenditure	FY 15-16 Prior Year Actual Expenditures	FY 16-17 Existing Operating Budget	FY 17-18 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$37,488,417	\$37,771,623	\$39,393,932	\$1,622,309	4.3%
Other Compensation	\$243,207	\$211,043	\$211,043	\$0	0.0%
Related Benefits	\$20,574,988	\$21,862,318	\$22,544,372	\$682,054	3.1%
Travel	\$173,148	\$307,443	\$328,443	\$21,000	6.8%
Operating Services	\$1,856,831	\$2,873,361	\$3,025,911	\$152,550	5.3%
Supplies	\$573,072	\$932,498	\$957,042	\$24,544	2.6%
Professional Services	\$2,997,730	\$3,725,958	\$3,510,700	(\$215,258)	(5.8%)
Other Charges	\$37,224,286	\$48,121,862	\$47,520,680	(\$601,182)	(1.2%)
Acq/Major Repairs	\$365,823	\$2,671,611	\$2,362,347	(\$309,264)	(11.6%)
Total Expenditures	\$101,497,502	\$118,477,717	\$119,854,470	\$1,376,753	1.2%
Authorized Positions	677	684	698	14	2.0%

EXPENDITURE HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/16
 **Governor's Executive Budget Recommendation

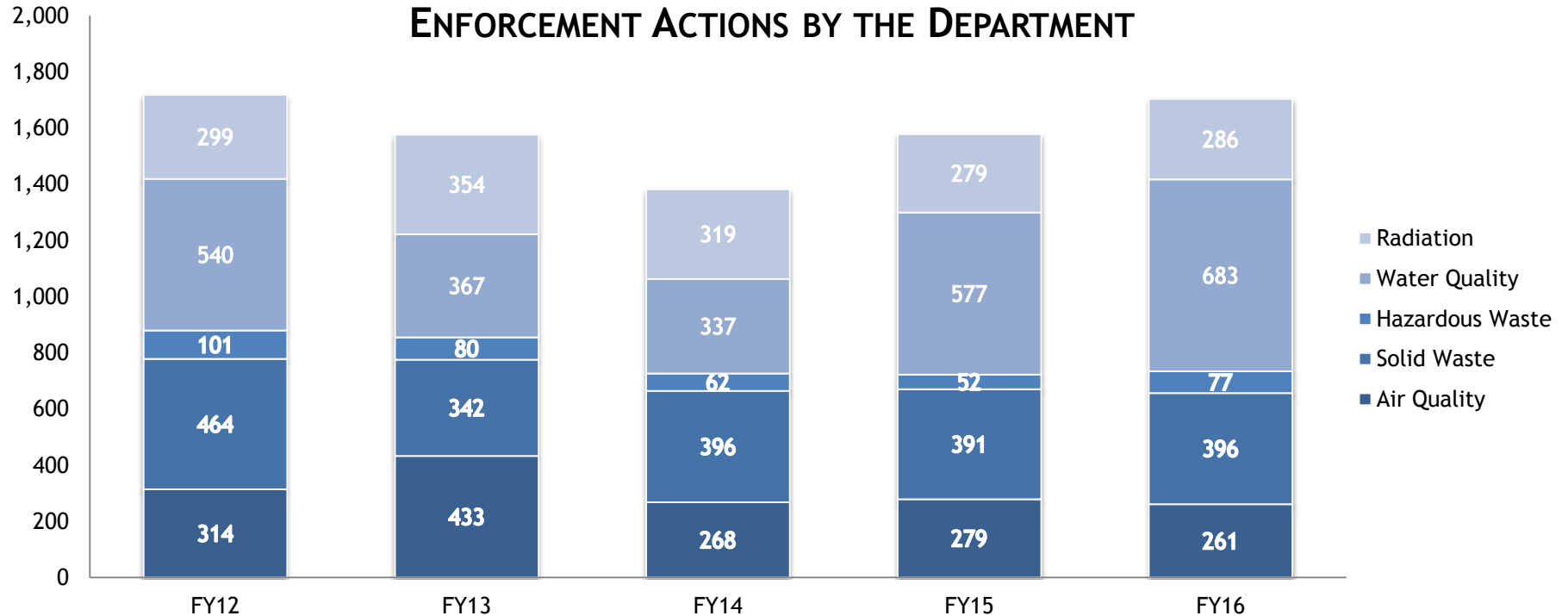
OTHER CHARGES

AMOUNT	DESCRIPTION
\$15,649,485	Motor Fuels Underground Storage Tank reimbursements for the cleanup of leaking underground storage tanks that pay into the Underground Storage Tank Trust Fund
\$10,466,296	Waste Tire Program payments to permitted processors for proper disposal of collected waste tires to authorized end use markets
\$3,537,319	Galvez Building Rental Costs
\$2,706,133	Office of Technology Services fees
\$2,652,939	Various IT maintenance contracts, IT enhancement projects, and network connectivity
\$1,855,000	Nonpoint Source Grant (EPA) - nonpoint program implemented to control particularly difficult or serious nonpoint source pollution problems
\$1,100,000	Payments to the AG for the investigation of payments improperly made to oil and gas companies from the Motor Fuels Underground Storage Tank Trust Fund
\$972,459	Federal dollars used for contractual work in cleaning up underground storage tank releases that have already occurred, but have not yet been cleaned
\$816,551	Hazardous Waste Site Cleanup expenditures for investigation, containment, control, and cleanup for hazardous waste sites
\$781,624	Office of Risk Management fees
\$6,982,874	Various Other Charges Expenditures
\$47,520,680	TOTAL OTHER CHARGES

Source: Executive Budget Supporting Documents

ENFORCEMENT ACTIONS

ENFORCEMENT ACTIONS BY THE DEPARTMENT



Source: Executive Budget Supporting Documents

Note: Enforcement actions include notices of violation, financial penalties, cease and desist orders, and other orders.

PERSONNEL INFORMATION

Personnel/Budget Ratio

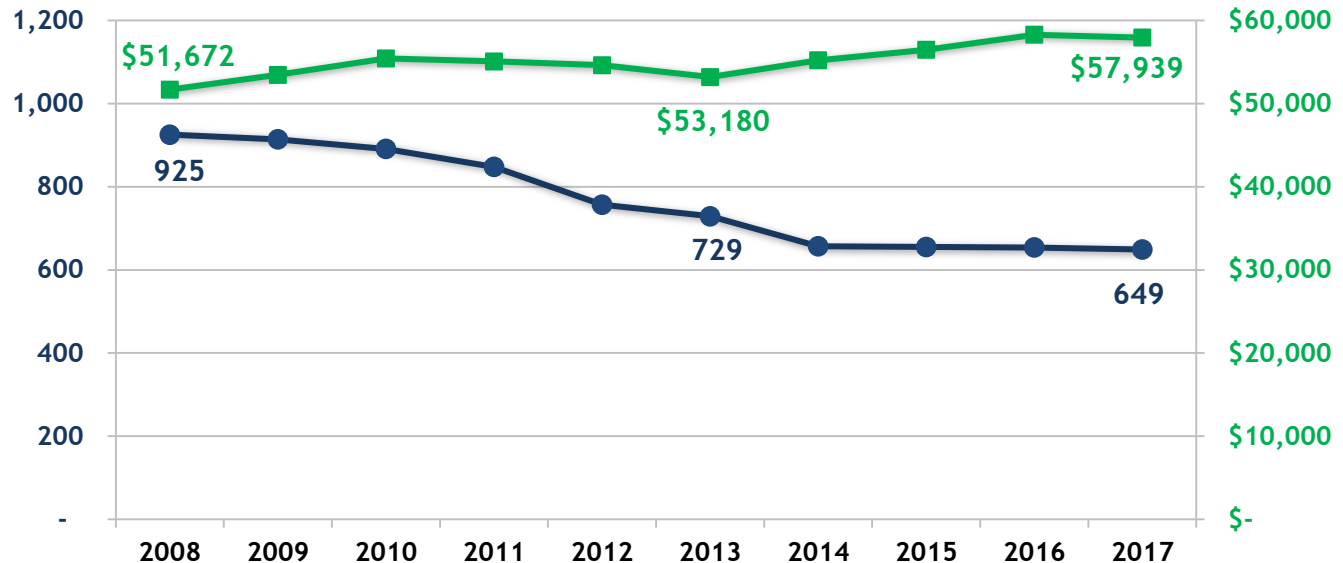
\$39.6 M Salaries and Other Comp.
 + \$22.5 M Related Benefits
 = \$62.1 M Total Personnel Services

85.9% of budget expenditures
 (excluding Other Charges)

Authorized Positions

- 698 (690 classified and 8 unclassified)
- Department of Environmental Quality had 29 vacancies as of 1/27/2017
- 0 Other Charges Positions

10 YEAR FTE POSITIONS / AVERAGE SALARY



Source: FTE and Average Salary data provided by the Dept. of Civil Service

DEPARTMENT CONTACTS



Department of Environmental Quality



Dr. Chuck Brown

Secretary

(225) 219-3953



Karyn Andrews

Undersecretary

(225) 219-3863