

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY18-19 Executive Budget Review Department of Environmental Quality

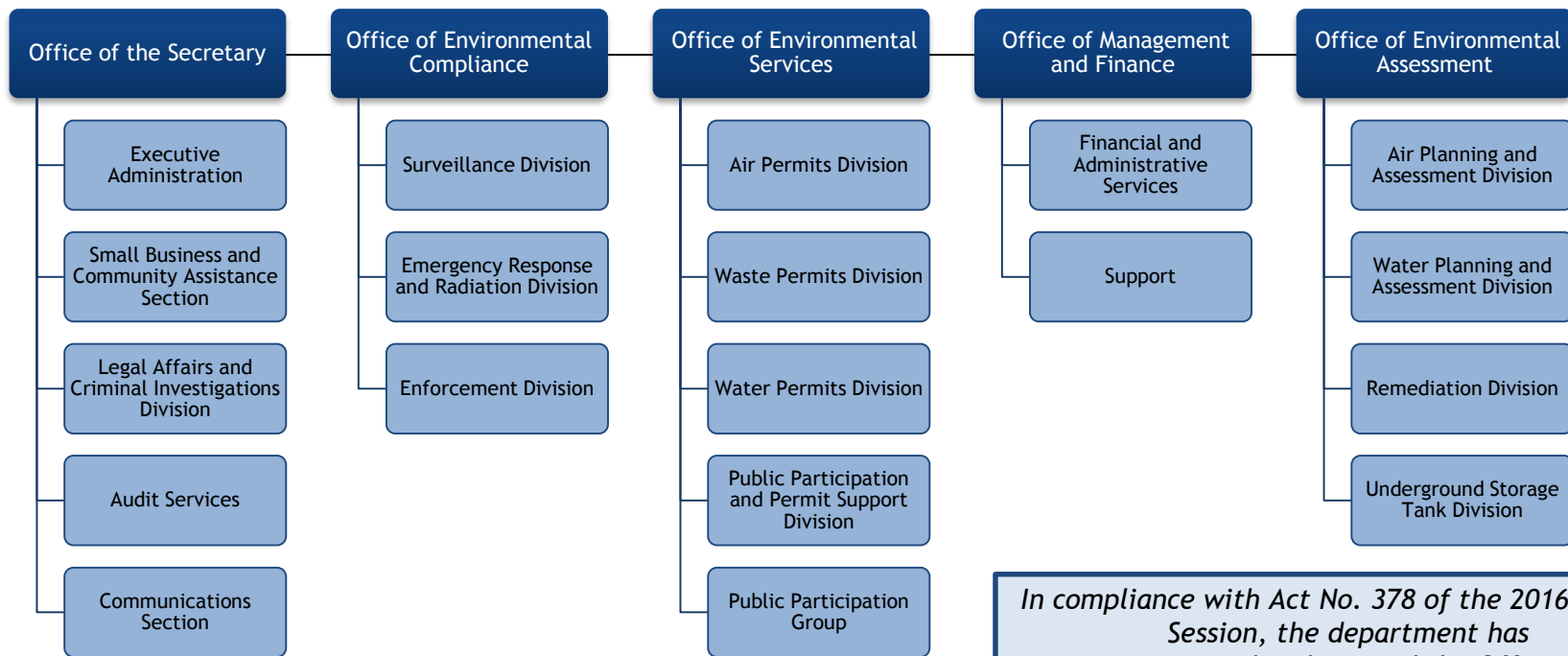
House Committee on Appropriations
by the House Fiscal Division

March 19, 2018

TABLE OF CONTENTS

Department Organization	3
Department Functions	4
Budget History	10
Major Sources of Funding	11
Funding Overview	12
Significant Funding Changes	13
Expenditure Change Overview	14
Significant Expenditure Changes	15
Expenditure History	16
Other Charges	17
Discretionary/Non-Discretionary Funding	18
Personnel Information	19
Statutory Dedications	20
Performance Information	24
Department Contacts	25

DEPARTMENT ORGANIZATION



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

DEPARTMENT FUNCTIONS

Public Safety

Protect public safety, health and welfare by protecting and improving the environment.

Environmental Compliance

Increase compliance with federal and state environmental laws through the use of surveillance and enforcement measures in coordination with the Federal Environmental Protection Agency.

Policy

Provides comprehensive environmental protection while considering sound economic development and employment policies.

Emergency Response

Provides leadership and training to local and state first responders with regards to hazardous materials situations.

OFFICE OF THE SECRETARY

Executive Administration

- The Secretary and 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 MANAGEMENT AND FINANCE

Financial and Administrative Services

- Responsible for accounting.
- 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 COMPLIANCE

Surveillance Division

- Inspects facilities for permit compliance.
- Responds to citizen complaints in regards to unauthorized releases 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 radiation 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 air quality permits.

Waste Permits Division

- Authorizes Solid Waste and Hazardous Waste Regulations permits.
- 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 ENVIRONMENTAL ASSESSMENT

Air Planning and Assessment Division

- Evaluates the overall quality of the state's air resources.
- 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

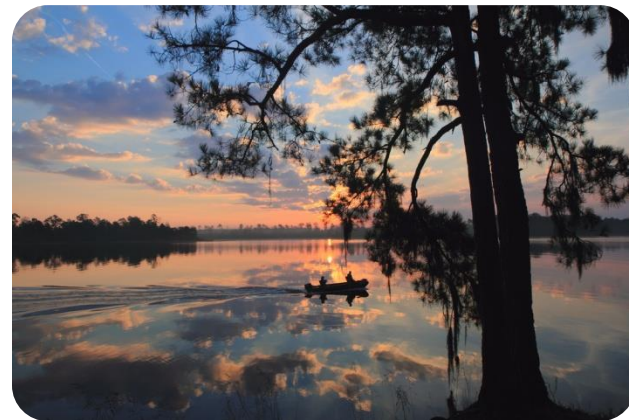
- Evaluates the overall quality of the state's water resources.

Remediation Division

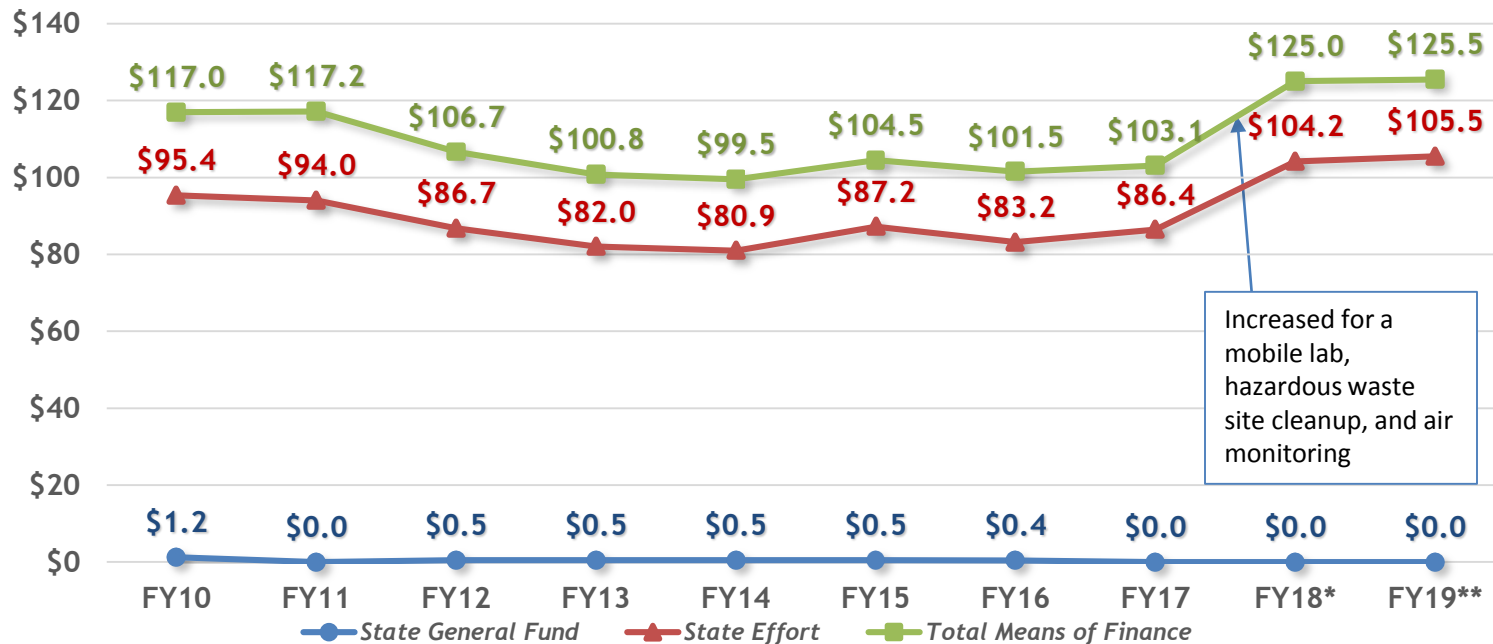
- Functions to protect the state's soil, groundwater, and surface water resources from unauthorized historical and future releases to the environment.
- Investigates, evaluates, and cleans up contamination at both active facilities and abandoned sites.

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 12/1/17

** Executive Budget Recommendation

MAJOR SOURCES OF FUNDING

Self Generated Revenue \$24,790

- Solid Waste Operators Certification Program.
- Sales of forms and copies.

Statutory Dedications \$105.5 Million

There are seven Statutory Dedications within the department:

- 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 \$70,829

Funds from the Coastal Protection and Restoration Authority (CPRA) for Natural Resource Damage Assessment works of the Oil Spill Program.

Federal Funding \$19.9 Million

Funds consist of various grant programs from the Environmental Protection Agency (EPA):

- Performance Partnership Grants
- Transuranic Waste Shipment
- Air Quality Asbestos
- Water Quality Management
- Louisiana Clean Diesel Grant

FUNDING OVERVIEW

Means of Financing	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$0	\$0	\$0	\$0	0.0%
Interagency Transfers	\$212,757	\$670,829	\$70,829	(\$600,000)	(89.4%)
Fees and Self-Gen Rev	\$20,414	\$24,790	\$24,790	\$0	0.0%
Statutory Dedications	\$86,418,508	\$104,184,518	\$105,480,722	\$1,296,204	1.2%
Federal Funds	\$16,420,089	\$20,155,915	\$19,902,433	(\$253,482)	(1.3%)
Total Means of Finance	\$103,071,768	\$125,036,052	\$125,478,774	\$442,722	0.4%



\$1.3 M Statutory Dedications

Increase in Revenue Estimating Conference projection of the Waste Tire Fund. Provides 4 additional positions to operate the new Mobil Air Monitoring Laboratory.



\$600K Interagency Transfers

Due to non-recurring funding from Governor's Office of Homeland Security and Emergency Preparedness for Hurricane Katrina and from Louisiana Department of Health for Zika Virus prevention.



\$253,482 Federal Funds

Due to non-recurring grant funds from the EPA.

SIGNIFICANT FUNDING CHANGES

AMOUNT	MOF	DESCRIPTION
(\$600,000)	IAT	Non-recurring funds from the Governor's Office of Homeland Security and Emergency Preparedness for the oversight of a Hurricane Katrina demolition contract and from Louisiana Department of Health for a Zika Virus prevention program.
(\$140,000)	FED	Non-recurred funding for the Performance Partnership Multi Purpose Grant between DEQ and EPA.
\$564,768	SD	Increase in the Waste Tire Management Fund based on the latest projection of revenue collection and expenditures.
\$398,081	SD	Provides for four new positions for operation of the Mobile Air Monitoring Laboratory (MAML) and associated costs.
\$245,679	SD	Net adjustments to standard statewide adjustments (i.e. annualizing pay increases, etc.).

EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$38,084,049	\$40,066,451	\$42,632,272	\$2,565,821	6.4%
Other Compensation	\$472,205	\$211,043	\$211,043	\$0	0.0%
Related Benefits	\$20,515,171	\$22,813,383	\$23,701,897	\$888,514	3.9%
Travel	\$186,825	\$328,443	\$328,443	\$0	0.0%
Operating Services	\$1,892,418	\$3,025,911	\$3,043,472	\$17,561	0.6%
Supplies	\$660,677	\$957,042	\$978,042	\$21,000	2.2%
Professional Services	\$2,807,036	\$4,020,740	\$3,725,700	(\$295,040)	(7.3%)
Other Charges	\$37,838,258	\$49,345,342	\$48,769,197	(\$576,145)	(1.2%)
Acq/Major Repairs	\$615,129	\$4,267,697	\$2,088,708	(\$2,178,989)	(51.1%)
Total Expenditures	\$103,071,768	\$125,036,052	\$125,478,774	\$442,722	0.4%
Authorized Positions	684	698	702	4	0.6%

SIGNIFICANT EXPENDITURE CHANGES

Personnel Services \$3.5 Million

- Annualization of Civil Service market rate adjustments and to allow for 4 additional positions in the Office of Environmental Assessment to maintain and operate the 2 new Mobile Air Monitoring Laboratories.

Professional Services (\$295,040)

- Outsourced laboratory analysis of samples collected by the department in support of permitting, surveillance, and other department activities as well as a decrease in the Document Management System contract.

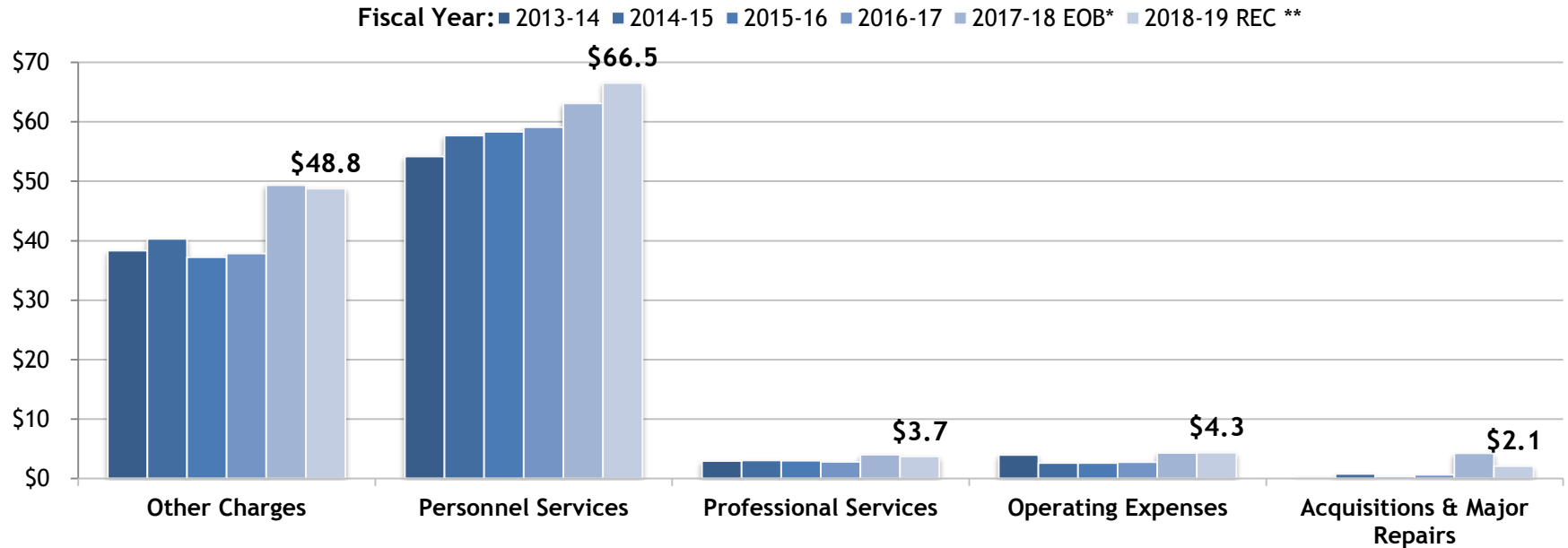
Other Charges (\$576,145)

- End of the Demolition and Landfill Oversight for Katrina from GOHSEP, ending the Zika Virus program from LDH and a decrease in the Performance Partnership Grant from the EPA.

Acquisitions and Major Repairs (\$2.2M)

- 2 Mobile Air Monitoring Laboratories purchased in FY 18, not a recurring purchase
- Fewer replacement vehicles.

EXPENDITURE HISTORY



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/17

** 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.
\$11,031,064	Waste Tire Program payments to permitted processors for proper disposal of collected waste tires to authorized end-use markets.
\$3,557,537	Galvez Building rental costs.
\$2,045,138	Expenses related to the Underground Storage Tank Trust Fund inspections and cleanup. Expenses include Federal Funds from the EPA to increase the pace of cleanup of sites where releases have already occurred but have not yet been cleared.
\$1,902,882	Hazardous Waste Site Cleanup expenditures for investigation, testing, containment, control and cleanup.
\$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 Louisiana Attorney General for the investigation of payments improperly made to oil and gas companies from the Motor Fuels Underground Storage Tank Trust Fund.
\$713,500	Brownfields State Response Program provides for outreach projects, site assessments and site cleanup projects.
\$10,914,591	Various other charges and expenses, including interagency transfers which includes Technology Services, Risk Management, etc.
\$48,769,197	Total Other Charges

Source: Executive Budget Supporting Documents

DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$125.5 Million

\$70,829 IAT
Double Count

\$125.4
Million
Remaining

Self Generated
Revenue
\$24,790 Million

State General Fund
\$0

Federal Funds
\$20 Million

Statutory
Dedications
\$105.5 Million

Non Discretionary
\$18.8 Million

Discretionary
\$86.7 Million

Federal Mandate
\$11.5 Million

Rent in State-Owned Building
\$3.6 Million

Group Benefits for Retirees
\$3.6 Million

Legislative Auditor
\$85,593

Office of the Secretary
\$5.9 Million

Office of Environmental
Assessment
\$13.3 Million

Office of Environmental
Compliance
\$20.4 Million

Office of Environmental Services
\$6.4 Million

Office of Management and
Finance
\$40.5 Million

PERSONNEL INFORMATION

Personnel/Budget Ratio

\$42.8 M Salaries and Other Comp.

+ \$23.7 M Related Benefits

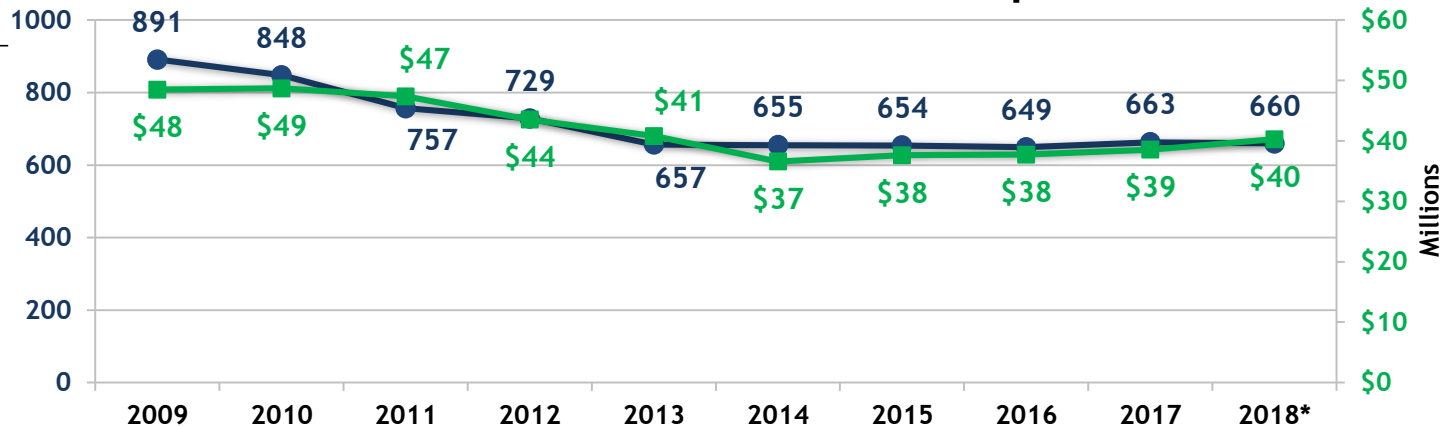
= \$66.5 M Total Personnel Services

86.7% of budget expenditures (excluding Other Charges)

Authorized Positions

- 702 (693 classified and 9 unclassified).
- DEQ had 36 vacancies as of 12/25/17.
- 0 Other Charges Positions.
- Executive Budget recommends the addition of 4 new positions.

10 Year FTE Positions/Salaries Expended

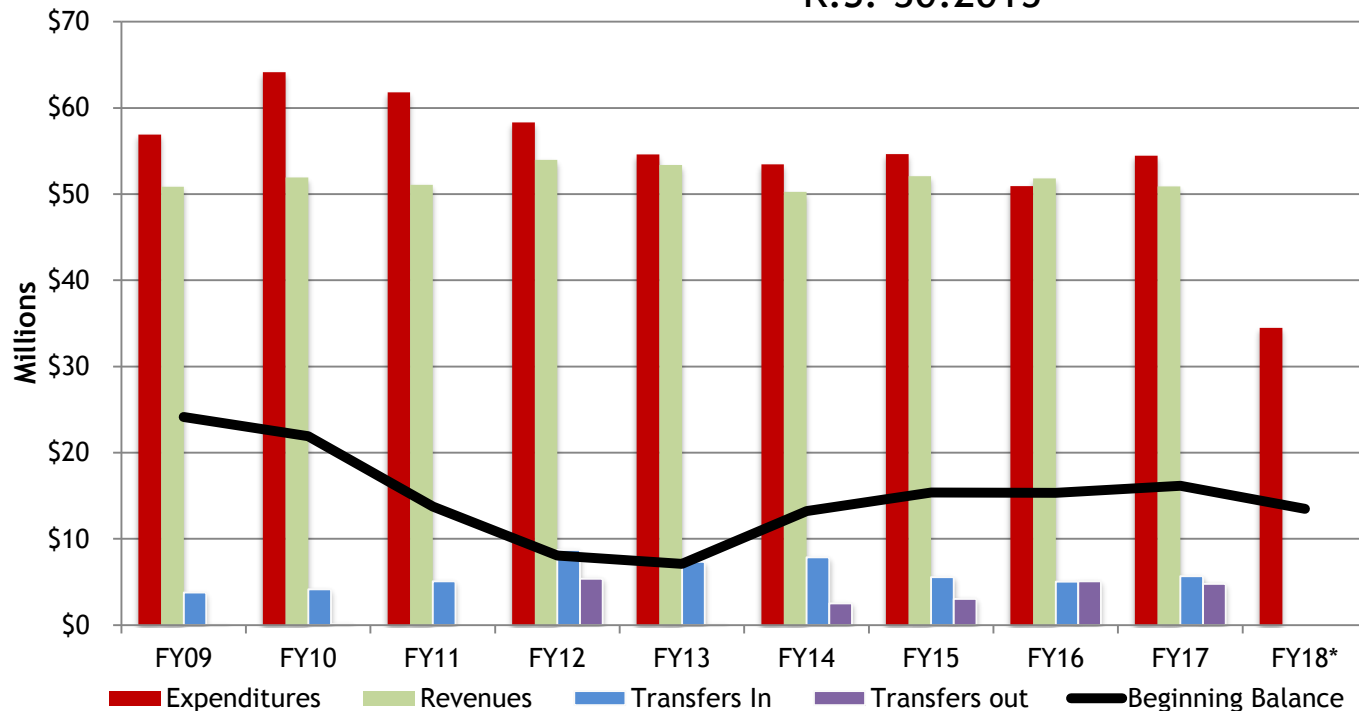


*Existing Operating Budget as of 12/1/17

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

STATUTORY DEDICATIONS

ENVIRONMENTAL TRUST FUND R.S. 30:2015



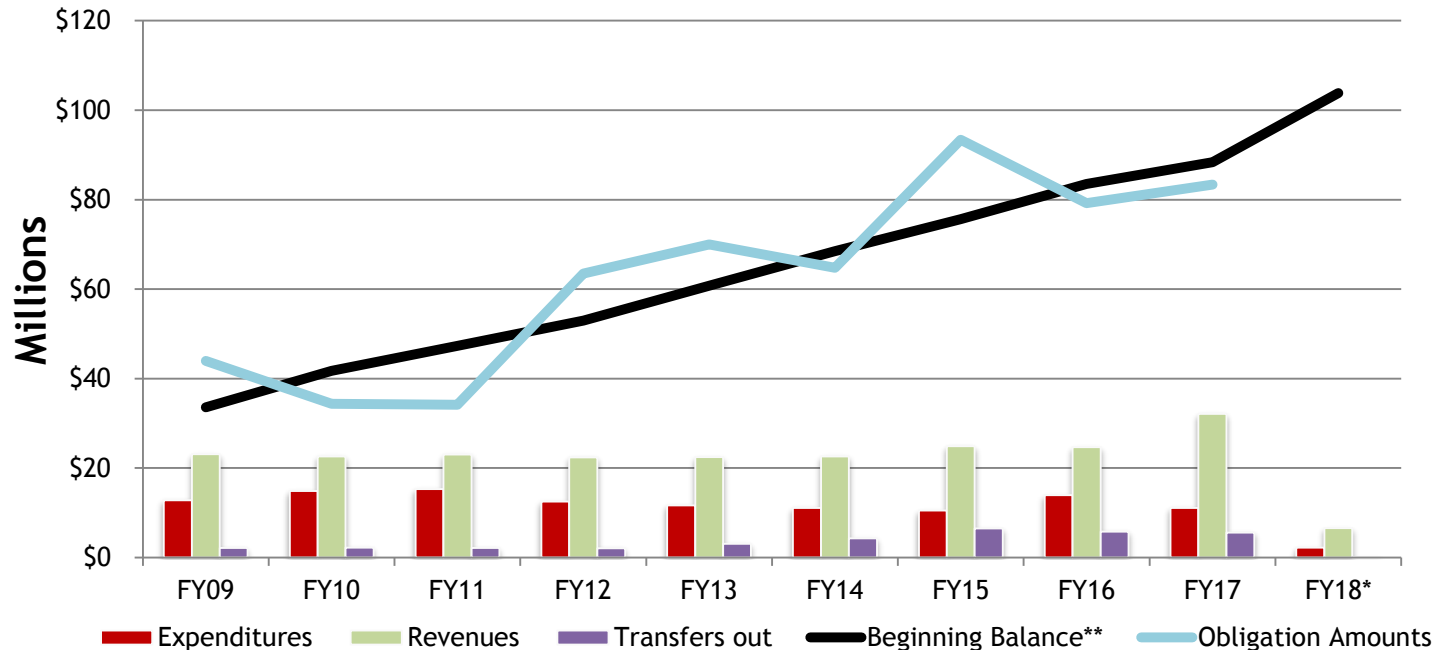
Revenues are derived from monitoring and maintenance fees collected for permits, licenses, registrations, or variances.

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

*As of 2/9/2018

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.

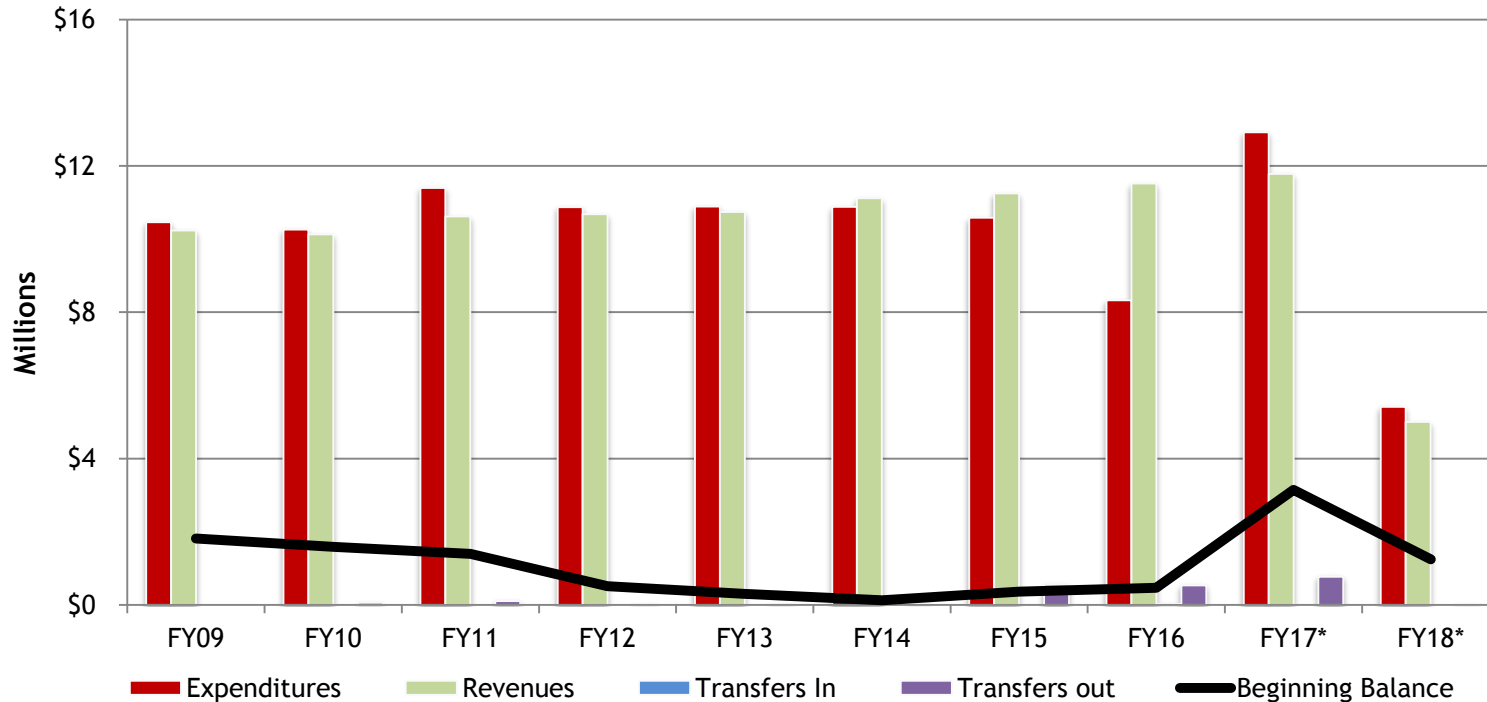
The fund is a trust fund used to reimburse eligible participants for the remediation of contaminated tank sites.

******The balance in this fund is largely obligated to active underground storage tank remediation sites, \$83.4 M as of 7/1/17.

*As of 2/9/18

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.

HB

*As of 2/9/2018

WASTE TIRE PROGRAM FACTS

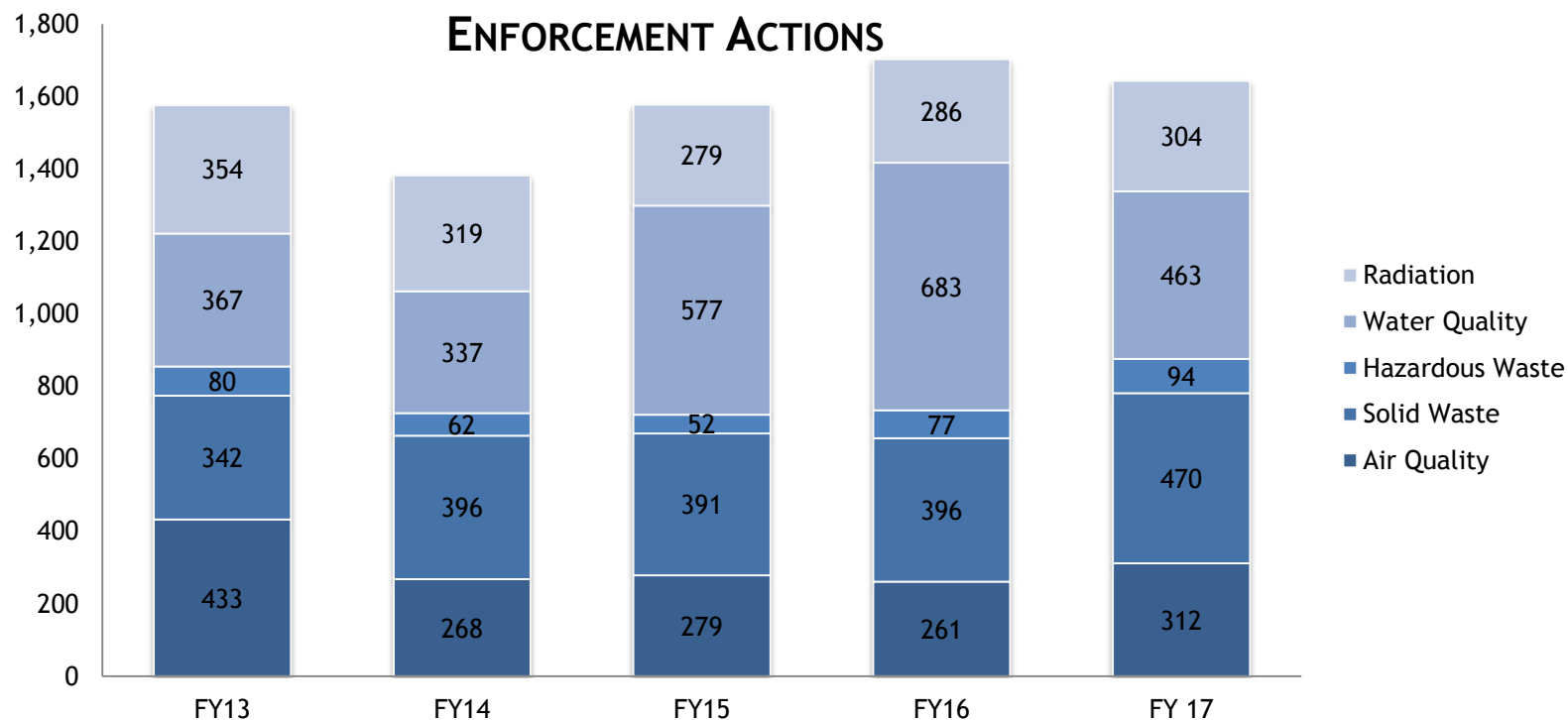
State	Fee Amount**	Subsidize Processors	Use for Fees
Alabama	\$1	No	Regulation
Arkansas	\$3	Public Processors	Public Processing
Florida	\$1	No	Regulation
Georgia	\$1	No	Regulation/ local cleanup
Louisiana *	\$2	Yes	Regulation/subsidize processors
Mississippi	\$1	No	Grants to processors/regulation
Texas	No fee	No	None

- Potential markets for processed tires as suggested by regulators in other states:
 - Biofuels
 - Playground gravel replacements
 - Tire-derived asphalt
 - Mulch
 - Athletic turf fields
 - Dream fields for handicapped children
 - Gravel replacement for septic tanks
 - Shooting ranges

*HB142 seeks to raise the fee to \$2.25 per tire

** The fees noted here are all for passenger and light truck tires.

PERFORMANCE INFORMATION



Source: Executive Budget Supporting Documents

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

DEPARTMENT CONTACTS



Department of Environmental Quality



Dr. Chuck Brown

Secretary

(225) 219-3953



Karyn Andrews

Undersecretary

(225) 219-3845