

Representative Jerome Zeringue
Chairman



Representative Gary Carter
Vice Chairman

Fiscal Year 2020-21 HB105 Budget Review Department of Environmental Quality

House Committee on Appropriations
by the House Fiscal Division

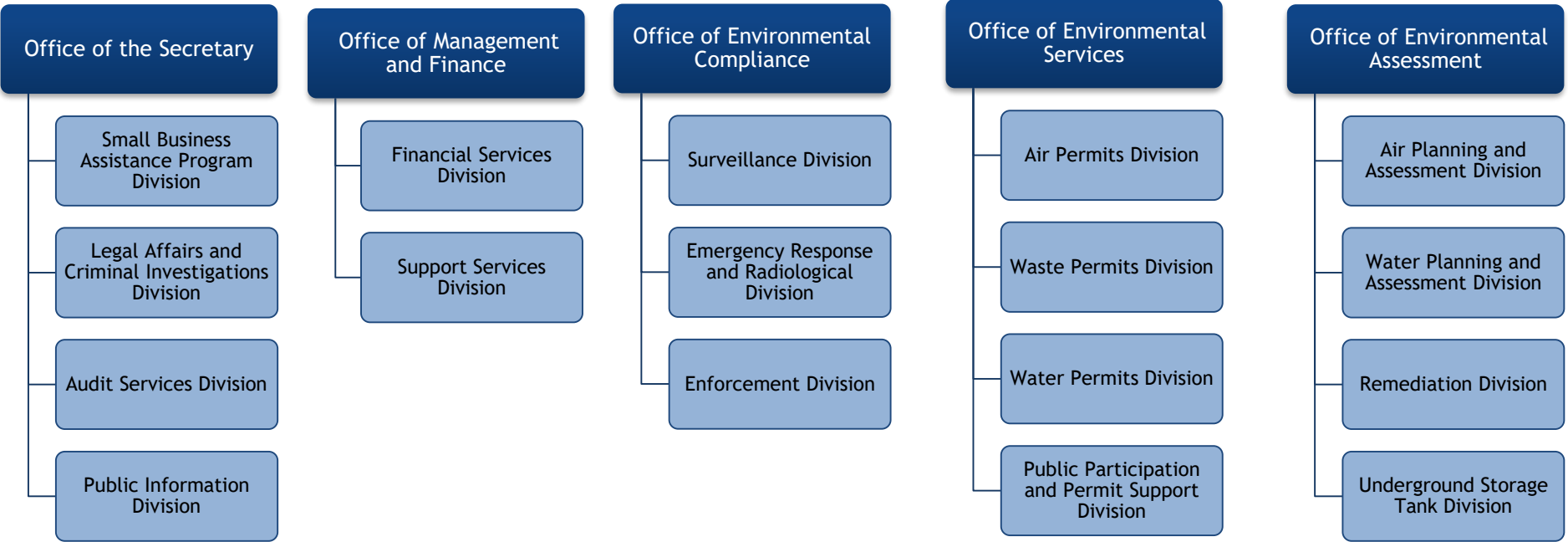
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DEPARTMENT ORGANIZATION



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



The mission of the Department of Environmental Quality is to provide services to the people of Louisiana through comprehensive environmental protection in order to promote and protect health, safety and welfare while considering sound policies that are consistent with statutory mandates.

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

Small Business Assistance Program

- 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.

Public Information

- 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 Services Division

- Performs accounting, financial and various other activities that help support the department.
- Responsible for the Motor Fuel Underground Storage Tank Fund.

Support Services Division

- Provides support to the department in the following areas: human resources, safety trainings, aircraft services, information technology assistance, and records management.
- Responsible for the Clean Water State Revolving Fund.



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 the 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.

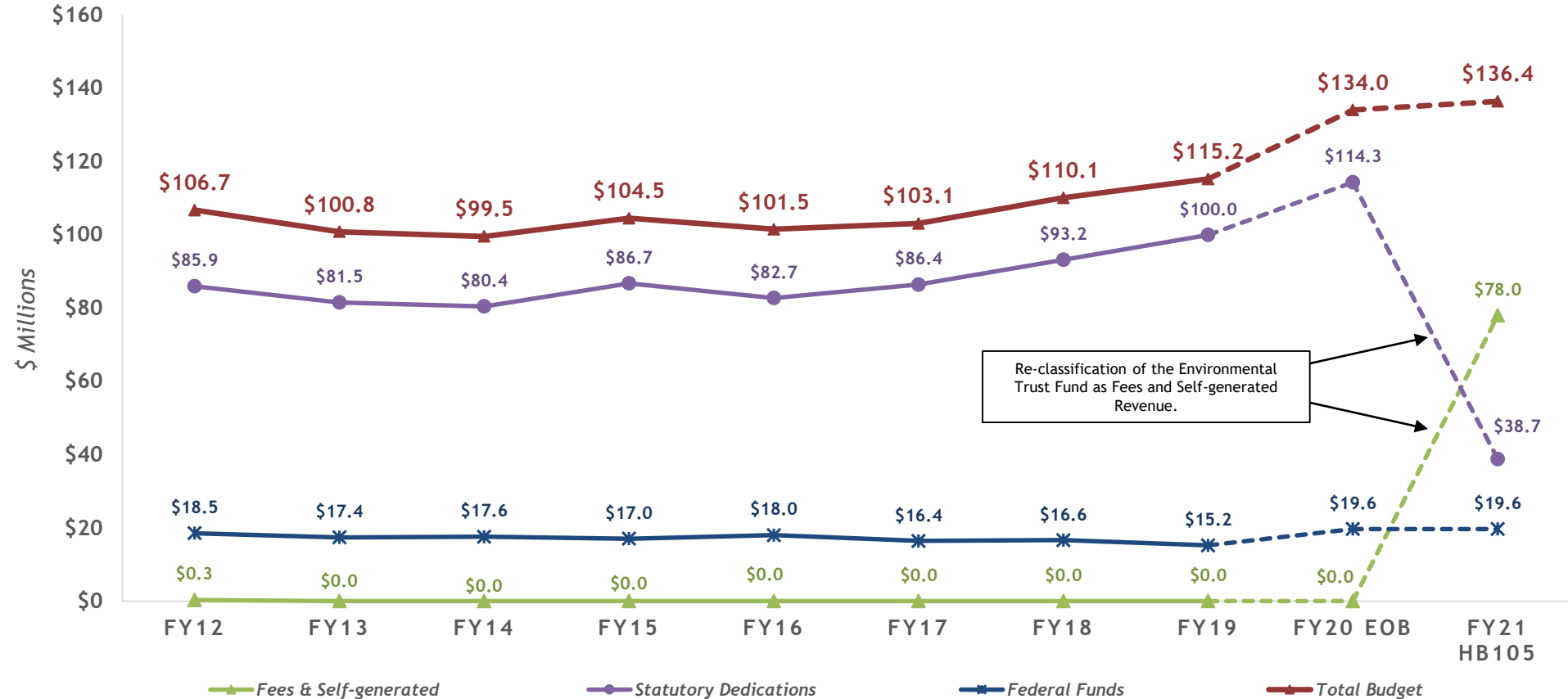
Underground Storage Tank Division

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



HISTORICAL SPENDING

NOTE: All FY20 Existing Operating Budget (EOB) amounts used in this presentation exclude carryforwards from FY19.



Source: Office of Planning and Budget - Budget Supporting Documents; and HB105 of the 2020 Regular Session

SOURCES OF FUNDING

Interagency Transfers \$30,000

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

Self-generated Revenue \$78M

- Act 404 of the 2019 Regular Session re-classified the Environmental Trust Fund as Fees and self-generated revenue.
- Environmental Trust Dedicated Fund Account consists of fees pursuant to the authority granted in R.S. 30:2015, and any other provisions of law authorizing the department to assess fees.
- Solid Waste Operators Certification Program.
- Sales of forms and copies.

Statutory Dedications \$38.7M

There are 6 Statutory Dedications within the department:

- Motor Fuel Underground Storage Tank Trust Fund (\$16.6M)
- Waste Tire Management Fund (\$13.0M)
- Hazardous Waste Site Cleanup Fund (\$5.8M)
- Clean Water State Revolving Loan Fund (\$2.9M)
- Lead Hazard Reduction Fund
- Oil Spill Contingency Fund (\$226,974)

Federal Funds \$19.6 Million

Funds consist of various grants issued by the Environmental Protection Agency (EPA) to cover costs associated with:

- Performance Partnership Grants
- Leaking Underground Storage Tank Grant
- Transuranic Waste Shipment
- Air Quality Asbestos
- Non-Point Source
- Water Quality Management
- Louisiana Clean Diesel Grant
- Clean Water Grants

FUNDING CHANGE COMPARISON

| Means of Finance | FY 18-19 Actual Expenditures | FY 19-20 Existing Operating Budget | FY 20-21 HB105 Budget | Change from EOB | | Change from Actuals | |
|------------------|------------------------------------|--|-----------------------------|--------------------|-------------|---------------------|--------------|
| | | | | \$ | % | \$ | % |
| SGF | \$0 | \$0 | \$0 | \$0 | 0.0% | \$0 | 0.0% |
| IAT | \$35,773 | \$30,000 | \$30,000 | \$0 | 0.0% | (\$5,773) | (16.1%) |
| FSGR | \$20,080 | \$24,790 | \$78,025,089 | \$78,000,299 | 314,644.2% | \$78,005,009 | 388,471.2% |
| STAT DED | \$99,953,114 | \$114,319,595 | \$38,727,830 | (\$75,591,765) | (66.1%) | (\$61,225,284) | (61.3%) |
| FEDERAL | \$15,212,769 | \$19,634,301 | \$19,634,301 | \$0 | 0.0% | \$4,421,532 | 29.1% |
| Total | \$115,221,736 | \$134,008,686 | \$136,417,220 | \$2,408,534 | 1.8% | \$21,195,484 | 18.4% |

Significant Change from EOB



\$78M FSGR

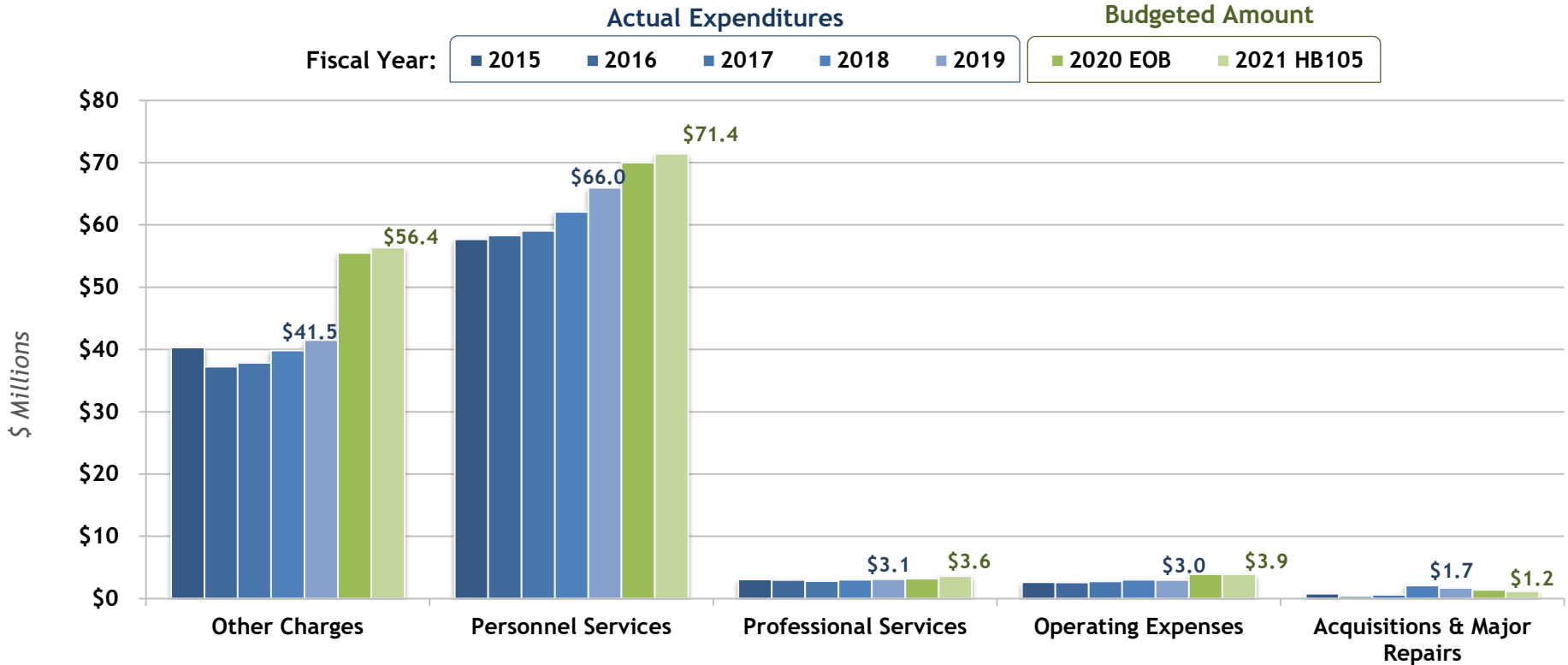
Re-classified the statutorily dedicated Environmental Trust Fund to Fees and Self-generated revenues in accordance with Act 404 of the 2019 Regular Session.



\$75.6M Statutory Dedications

Re-classified the statutorily dedicated Environmental Trust Fund to Fees and Self-generated revenues in accordance with Act 404 of the 2019 Regular Session.

EXPENDITURE HISTORY



EXPENDITURE CHANGE COMPARISON

| Expenditure Category | FY 18-19 Actual Expenditures | FY 19-20 Existing Operating Budget | FY 20-21 HB105 Budget | Change from EOB | | Change from Actuals | |
|-----------------------|------------------------------------|--|-----------------------------|--------------------|-------------|---------------------|--------------|
| | | | | \$ | % | \$ | % |
| Salaries | \$42,003,791 | \$43,999,621 | \$45,059,544 | \$1,059,923 | 2.4% | \$3,055,753 | 7.3% |
| Other Compensation | \$789,364 | \$211,043 | \$211,043 | \$0 | 0.0% | (\$578,321) | (73.3%) |
| Related Benefits | \$23,168,761 | \$25,793,696 | \$26,145,583 | \$351,887 | 1.4% | \$2,976,822 | 12.8% |
| Travel | \$328,021 | \$373,443 | \$373,443 | \$0 | 0.0% | \$45,422 | 13.8% |
| Operating Services | \$1,830,894 | \$2,628,472 | \$2,628,472 | \$0 | 0.0% | \$797,578 | 43.6% |
| Supplies | \$809,959 | \$893,042 | \$893,042 | \$0 | 0.0% | \$83,083 | 10.3% |
| Professional Services | \$3,099,246 | \$3,197,110 | \$3,597,110 | \$400,000 | 12.5% | \$497,864 | 16.1% |
| Other Charges/IAT | \$41,496,899 | \$55,501,912 | \$56,350,583 | \$848,671 | 1.5% | \$14,853,684 | 35.8% |
| Acq/Major Repairs | \$1,694,801 | \$1,410,347 | \$1,158,400 | (\$251,947) | (17.9%) | (\$536,401) | (31.6%) |
| Total | \$115,221,736 | \$134,008,686 | \$136,417,220 | \$2,408,534 | 1.8% | \$21,195,484 | 18.4% |

Source: Office of Planning and Budget - Budget Supporting Documents and HB105 of the 2020 Regular Session

SIGNIFICANT EXPENDITURE CHANGES

\$1.4 M - Personnel Services and \$400K Professional Services

| | |
|---------------|---|
| \$1.1M | Net increase due to statewide adjustments in the salaries expenditure category with biggest increase of \$1.7M in market rate classified adjustments and major reduction of (\$1.1M) in attrition adjustments. |
| \$352K | Increase due to statewide adjustments in the “Related Benefits” expenditure category for related benefits base adjustments, attrition adjustments, and group insurance rate adjustments for retirees and active employees. |
| \$400K | Net increase in the Office of Management & Finance due to contracts for medical exams, bond advisor for loans programs, and the Access Science contract for the enhancements of the Electronic Document Management System (EDMS). |

\$849K - Other Charges and **(\$252K) Acquisitions and Major Repairs**

| | |
|-----------------|--|
| \$849K | Net increase in Other Charges and Other Charges Interagency Transfers largely due to the \$1M increase for the performance of remediation activities at Underground Storage Tank sites and due to increase costs of statewide adjustments. |
| (\$252K) | Net reduction in acquisitions mainly due to non-recurring carryforwards and Acquisitions and Major Repairs. |

OTHER CHARGES/IAT DETAIL

| AMOUNT | DESCRIPTION |
|---------------------|--|
| \$16,649,485 | Motor Fuels Underground Storage Tank reimbursements for the cleanup of leaking underground storage tanks that pay into the Underground Storage Tank Trust Fund. |
| \$14,770,881 | Interagency Transfers payments to state agencies for statewide services. The highest payments are to the Office Technology Services of \$5M, the Division of Administration for the Galvez Building rental costs of \$3.6M and to DOTD for the Volkswagen Settlement Contracts of \$2.1M. |
| \$12,031,064 | Waste Tire Program payments to permitted processors for proper disposal of collected waste tires to authorized end-use markets. |
| \$4,310,845 | DEQ is the designated beneficiary of the funds for Louisiana for the Volkswagen Settlement. The money will be deposited in DEQ's primary escrow account. DEQ and DNR will provide match to various school boards in the state for the purchase of buses. The total allocation to the state is \$19,948,805 but the money is disbursed based on projects not to exceed 1/3 in any year beginning October 2, 2017. |
| \$3,605,255 | Miscellaneous items such as payments for the Brownfields State Response Program, Gulf of Mexico Hurricanes Supplemental funding for the Leaking Underground Storage Tank Program, the LUST Trust Fund, EPA grants 106 monitoring initiatives, the Louisiana Clean Diesel Grant Program, enhancements of state permit and enforcing programs, UST Operator Training Program and transuranic waste shipment. |
| \$2,552,882 | Hazardous Waste Site Cleanup expenditures for investigation, testing, containment, control and cleanup. |
| \$1,430,171 | Nonpoint Source Grant (EPA) - nonpoint program implemented to control particularly difficult or serious nonpoint source pollution problems. |
| \$1,000,000 | Payments to the department of Justice for legal services provided for the investigation of payments improperly made to oil and gas companies from the Motor Fuels Underground Storage Tank Trust Fund. |
| \$56,350,583 | TOTAL |

Source: Office of Planning and Budget - Budget Supporting Documents

FY19 UNSPENT AUTHORITY

| | End of Fiscal Year Budget | Actual Amount Spent | Unspent Budget Authority | Unspent Budget % | Unspent % by MOF |
|-------------------|------------------------------|------------------------|-----------------------------|---------------------|---------------------|
| SGF | \$0 | \$0 | \$0 | 0.0% | 0.0% |
| IAT | \$70,829 | \$35,773 | \$35,056 | 49.5% | 0.3% |
| FSGR | \$24,790 | \$20,080 | \$4,710 | 19.0% | 0.0% |
| STAT DED | \$108,480,667 | \$99,953,114 | \$8,527,553 | 7.9% | 64.3% |
| FEDERAL | \$19,902,433 | \$15,212,769 | \$4,689,664 | 23.6% | 35.4% |
| FY19 TOTAL | \$128,478,719 | \$115,221,736 | \$13,256,983 | 10.3% | 100.0% |

Historical Total Unspent Authority for Comparison

| | | | | |
|------------|---------------|---------------|--------------|-------|
| FY18 TOTAL | \$125,753,099 | \$110,065,052 | \$15,688,047 | 12.5% |
| FY17 TOTAL | \$118,301,872 | \$103,071,768 | \$15,230,104 | 12.9% |
| 3 YR AVG | \$124,177,897 | \$109,452,852 | \$14,725,045 | 11.9% |

The department collected \$1M more than budgeted and spent \$14.3M less than budgeted.

FY19 UNSPENT AUTHORITY

Did department collect all revenue budgeted?

| | Final Budget (w/o carryforward) | Actual Revenue Collections | Uncollected Revenue |
|--------------|------------------------------------|-------------------------------|------------------------|
| SGF | \$0 | \$0 | \$0 |
| IAT | \$70,829 | \$35,772 | (\$35,057) |
| FSGR | \$24,790 | \$20,079 | (\$4,711) |
| SD | \$108,480,667 | \$114,215,932 | \$5,735,265 |
| FED | \$19,902,433 | \$15,221,522 | (\$4,680,911) |
| TOTAL | \$128,478,719 | \$129,493,305 | \$1,014,586 |

The department collected \$1 million more than the FY19 budgeted amount. The majority of excess budget authority was in their Interagency Transfers, Fees and Self-generated revenues and Federal Funds. On the other hand, the department collected \$5.7M more than budgeted mainly in the Motor Fuels Underground Tank Fund. The Hazardous Waste Site Cleanup Fund, the Waste Tire Management Fund and the Lead Hazard Reduction Fund also collected more than their budgeted amount.

Did department spend all collections?

| | Actual Revenue Collections | Actual Expenditures | Unspent Revenue |
|--------------|-------------------------------|------------------------|-----------------------|
| SGF | \$0 | \$0 | \$0 |
| IAT | \$35,772 | \$35,773 | \$1 |
| FSGR | \$20,079 | \$20,080 | \$1 |
| SD | \$114,215,932 | \$99,953,114 | (\$14,262,818) |
| FED | \$15,221,522 | \$15,212,769 | (\$8,753) |
| TOTAL | \$129,493,305 | \$115,221,736 | (\$14,271,569) |

The department spent \$14.3M less than what they collected in FY19. Most of the unspent authority is in the Motor Fuels Underground Tank Fund, Waste Tire Management Fund, Lead Hazard Reduction Fund and the Hazardous Waste Site Cleanup Fund. The Motor Fuels Underground Tank Fund reimburses Response Action Contractors for cleanup of eligible leaking underground storage tanks.

FY 19 UNSPENT AUTHORITY IN STATUTORY DEDICATIONS

| FY 19 | FY19 Final Budget (w/o carryforward) | Actual Revenue Collections | Uncollected Revenue |
|-----------------------------------|---|-------------------------------|------------------------|
| Hazardous Waste Site Cleanup Fund | \$4,552,327 | \$4,554,292 | \$ 1,965 |
| Environmental Trust Fund | \$73,601,381 | \$66,373,924 | \$ (7,227,457) |
| Clean Water State Revolving Fund | \$2,355,500 | \$2,060,621 | \$ (294,879) |
| Motor Fuels Underground Tank | \$15,649,485 | \$26,884,317 | \$ 11,234,832 |
| Waste Tire Management Fund | \$12,000,000 | \$12,581,489 | \$ 581,489 |
| Lead Hazard Reduction Fund | \$95,000 | \$133,716 | \$ 38,716 |
| Oil Spill Contingency Fund | \$226,974 | \$127,574 | \$ (99,400) |
| Total SD | \$108,480,667 | \$112,715,932 | \$ 4,235,265 |
| | | | |
| FY 19 | Actual Revenue Collections | Actual Expenditures | Unspent Revenue |
| Hazardous Waste Site Cleanup Fund | \$4,554,292 | \$4,552,327 | (\$1,965) |
| Environmental Trust Fund | \$66,373,924 | \$67,488,025 | \$1,114,101 |
| Clean Water State Revolving Fund | \$2,060,621 | \$2,060,621 | \$0 |
| Motor Fuels Underground Tank | \$26,884,317 | \$14,141,868 | (\$12,742,449) |
| Waste Tire Management Fund | \$12,581,489 | \$11,487,700 | (\$1,093,789) |
| Lead Hazard Reduction Fund | \$133,716 | \$95,000 | (\$38,716) |
| Oil Spill Contingency Fund | \$127,574 | \$127,574 | \$0 |
| Total SD | \$112,715,932 | \$99,953,114 | (\$12,762,818) |

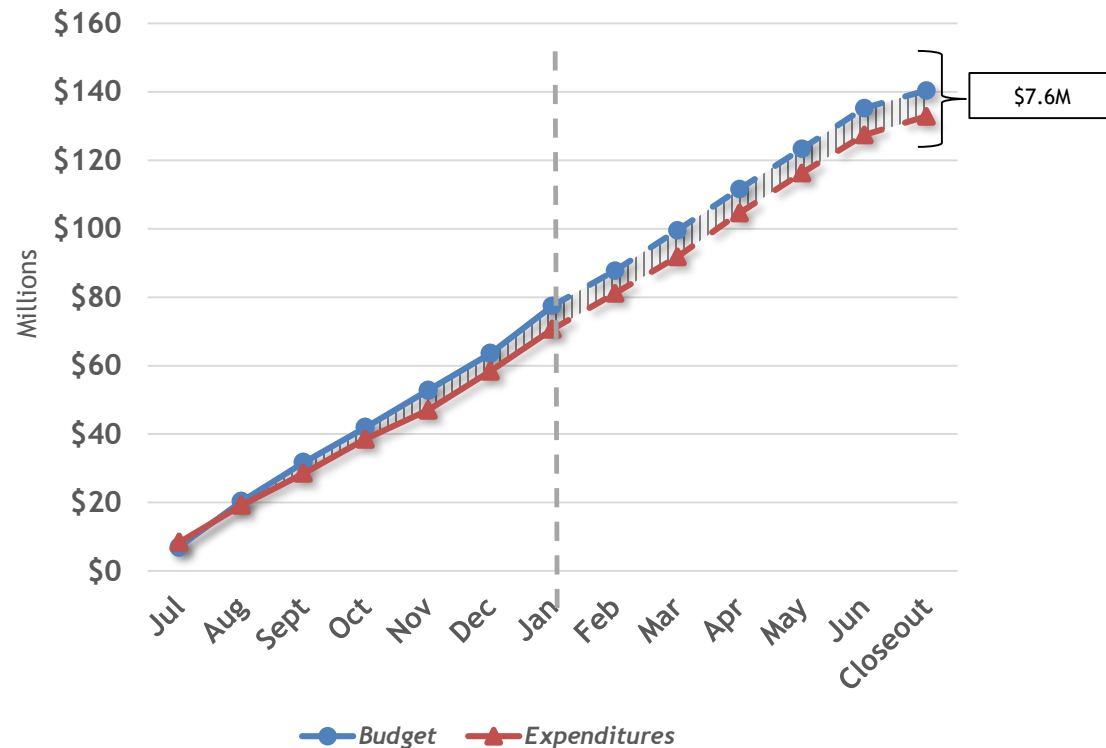
Source: Dept. Of Treasury Dedicated Funds History Statements and State's Accounting System

CURRENT EXPENDITURE TREND

Analysis shows approximately 5% or \$7.6M in total budget authority (\$140.4M Budgeted - \$132.8M Expended) from all means of finance could be unspent at year-end based on actual spending through January and projections to the end of the year.

In FY 19, the department carried forward \$6.3M into FY 20 to fund professional services contracts, purchases of school buses as part of the Volkswagen Settlement, purchase orders for the proper disposal of hazardous waste; radiology analysis; fecal coliform analysis; medical surveillance; legal services; the purchase of two mobile air monitoring laboratories, their analytical systems, and other vehicles.

For FY19, HFD projected the department would have \$22M in remaining budget authority, when they actually had \$19.6M authority left at year end. Furthermore, HFD projected that the department would spend \$115.3M when in actuality, they spent \$115.2M. Please note that the percent difference is extremely small at 0.024%.

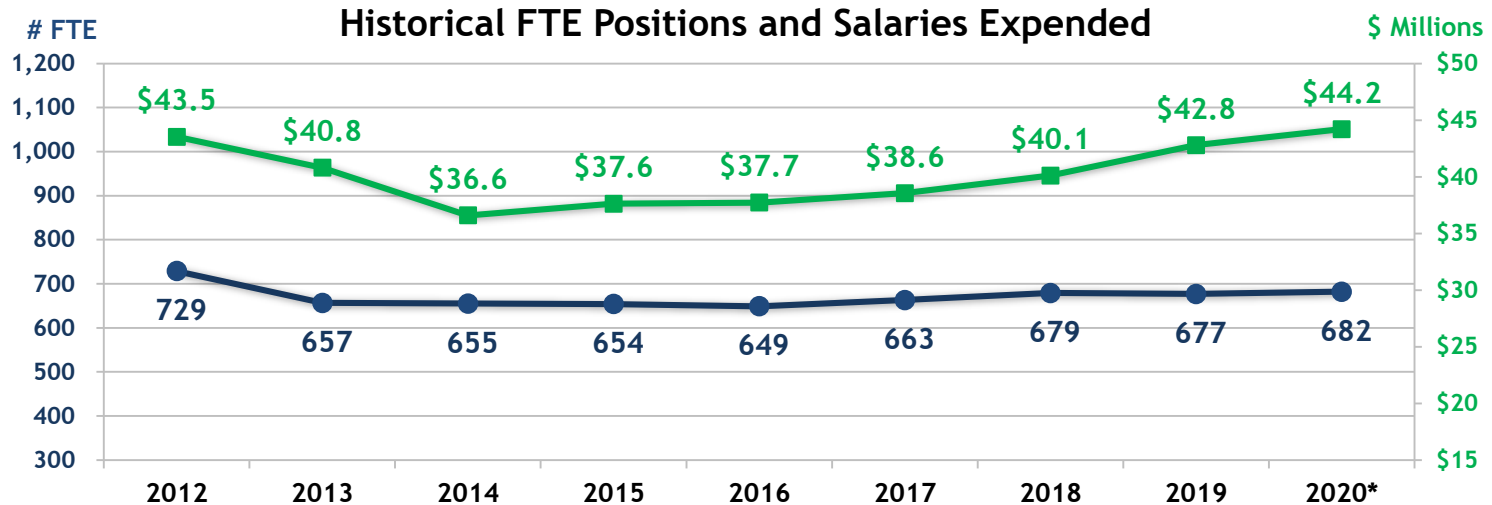
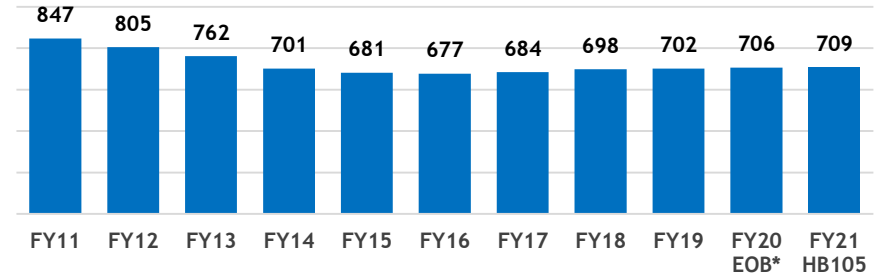


PERSONNEL INFORMATION

FY 2021 Recommended Positions

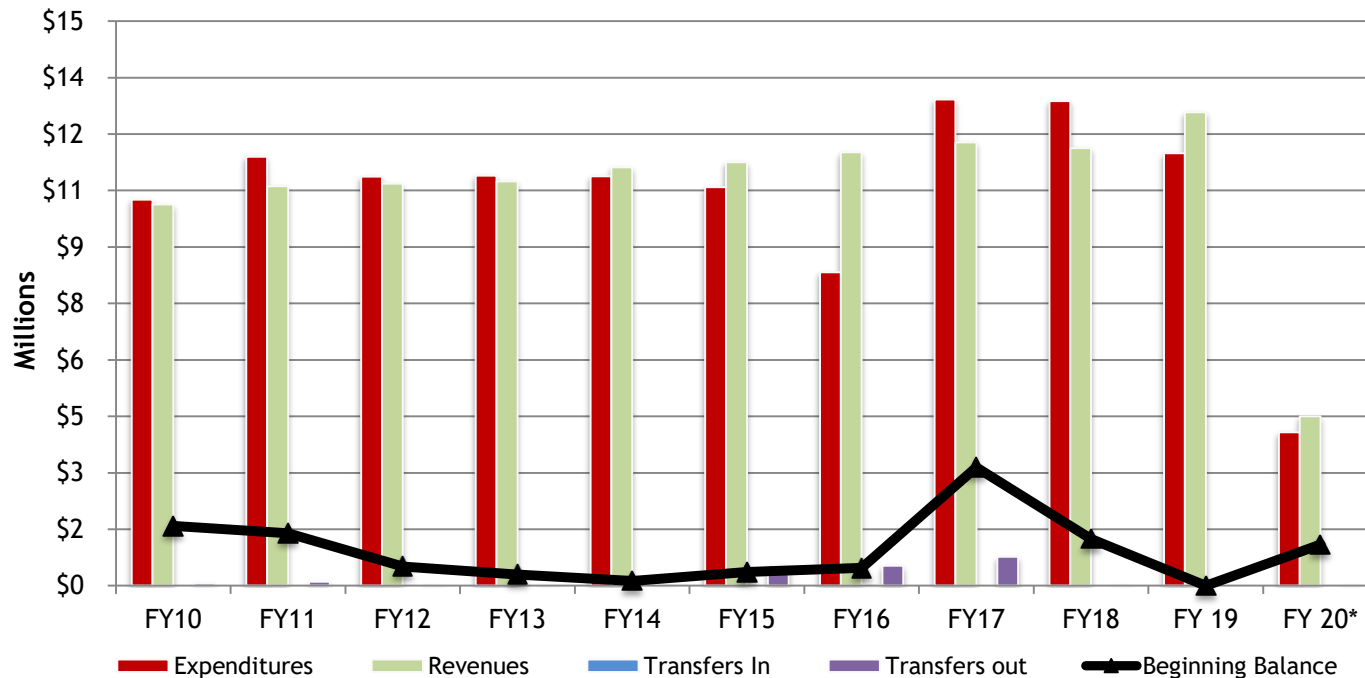
| | |
|-----|---|
| 709 | Total Authorized T.O. Positions (700 Classified, 9 Unclassified) |
| 0 | Authorized Other Charges Positions |
| 0 | Non-T.O. FTE Positions |
| 23 | Vacant Positions (February 3, 2020) |

Historical Authorized T.O. Positions



WASTE TIRE MANAGEMENT FUND

Waste Tire Management Fund R.S. 30:2418



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

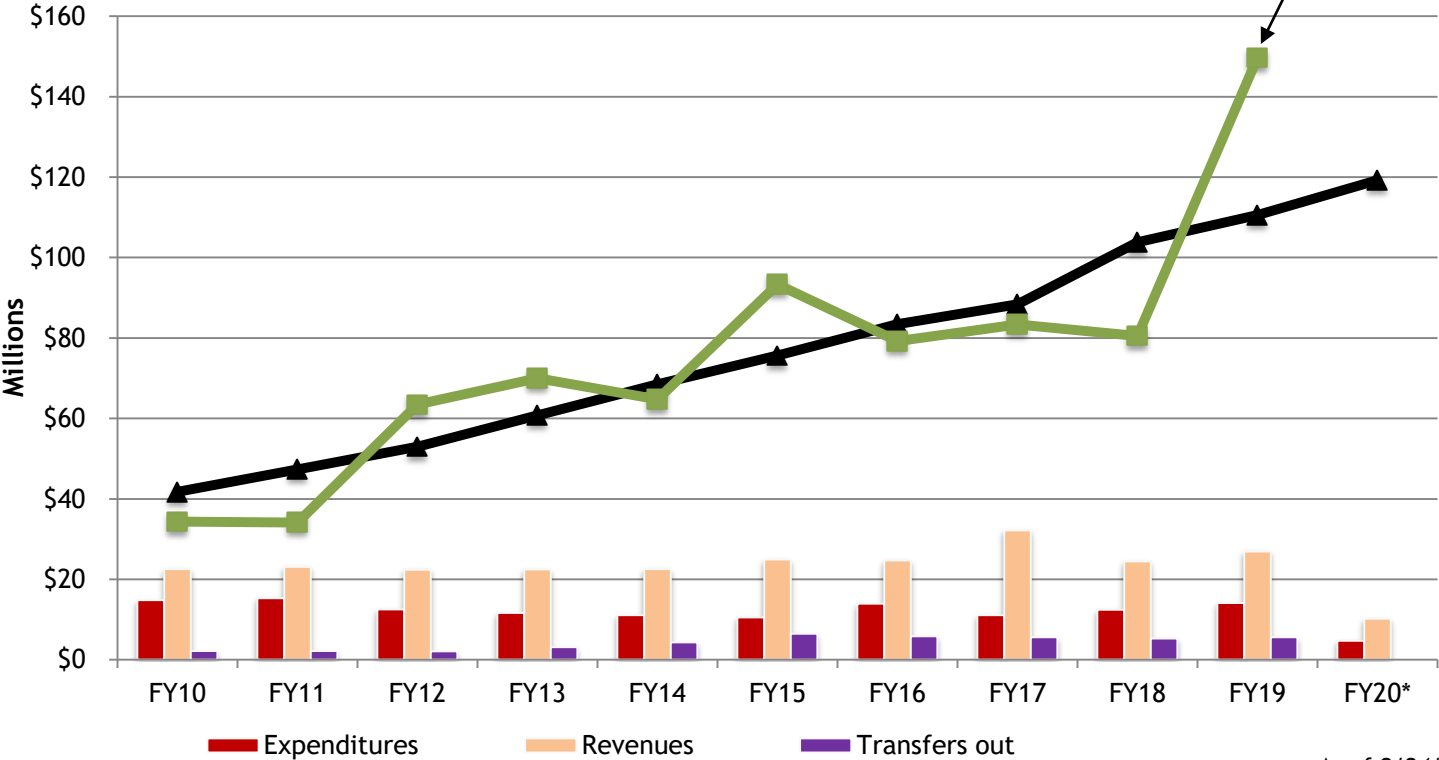
Act 541 of 2018 RS raised the fee for passenger and light truck tires from \$2 per tire to \$2.25 per tire. The increased fees are temporary through July 31, 2022.

Significant expenditures from the fund are currently not used for the cleanup of waste tire disposal sites. The vast majority of the funds are payments to permitted waste tire processors, and approximately 10% goes to the administration of the fund.

*As of 2/24/2020

MOTOR FUELS UNDERGROUND STORAGE TANK TRUST FUND

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



Obligation amounts at \$149.7M for FY 19 after actuarial valuation was performed.

Revenues derived from fee imposed on the first sale or delivery of a motor fuel.

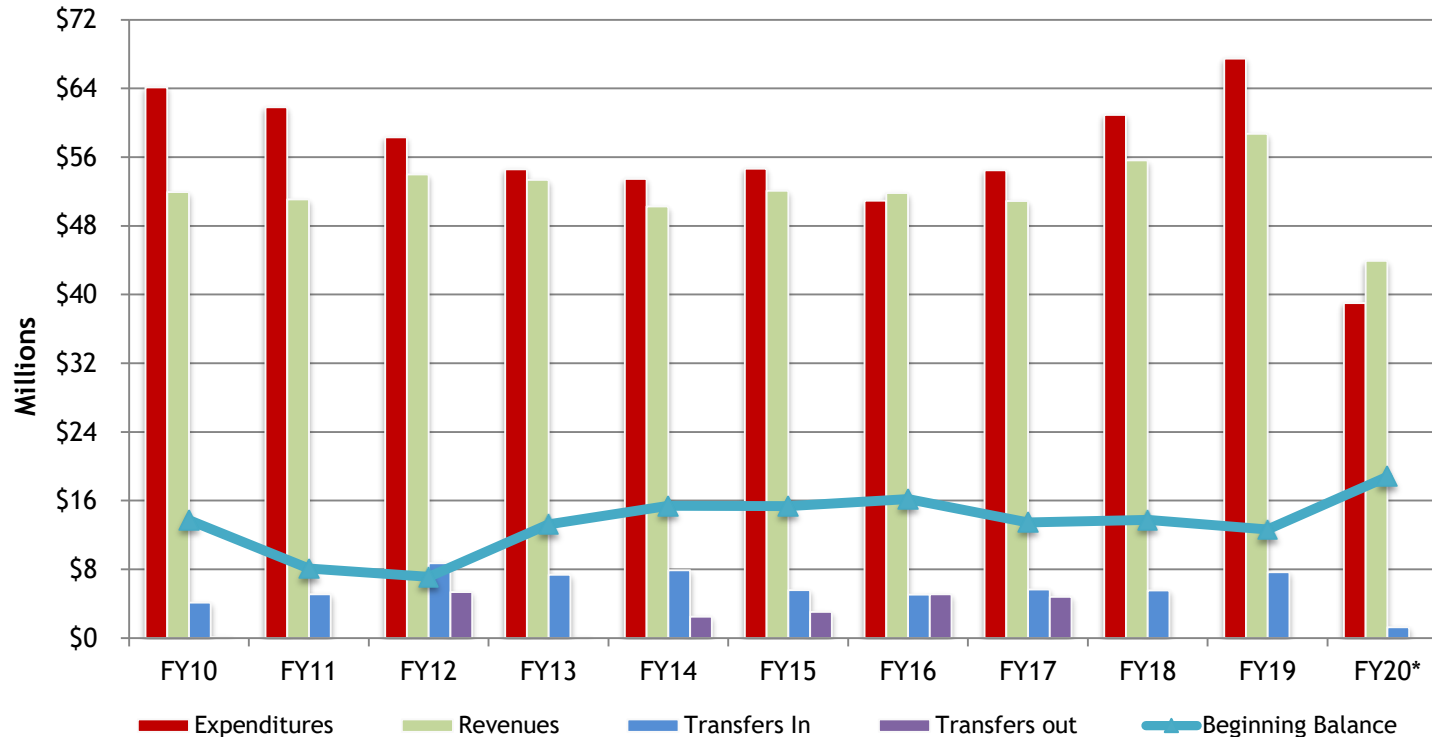
The fund is a trust fund used to reimburse eligible participants for the remediation of contaminated tank sites.

*As of 2/24/2020

Source: Dept. Of Treasury Dedicated Funds History Statements

ENVIRONMENTAL TRUST FUND

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 2/24/2020

DEPARTMENT CONTACTS



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