

Louisiana Senate Finance Committee



FY18 Executive Budget

13 – Department of Environmental Quality

May 2017

Sen. John A. Alario, Jr., President

Sen. Eric LaFleur, Chairman

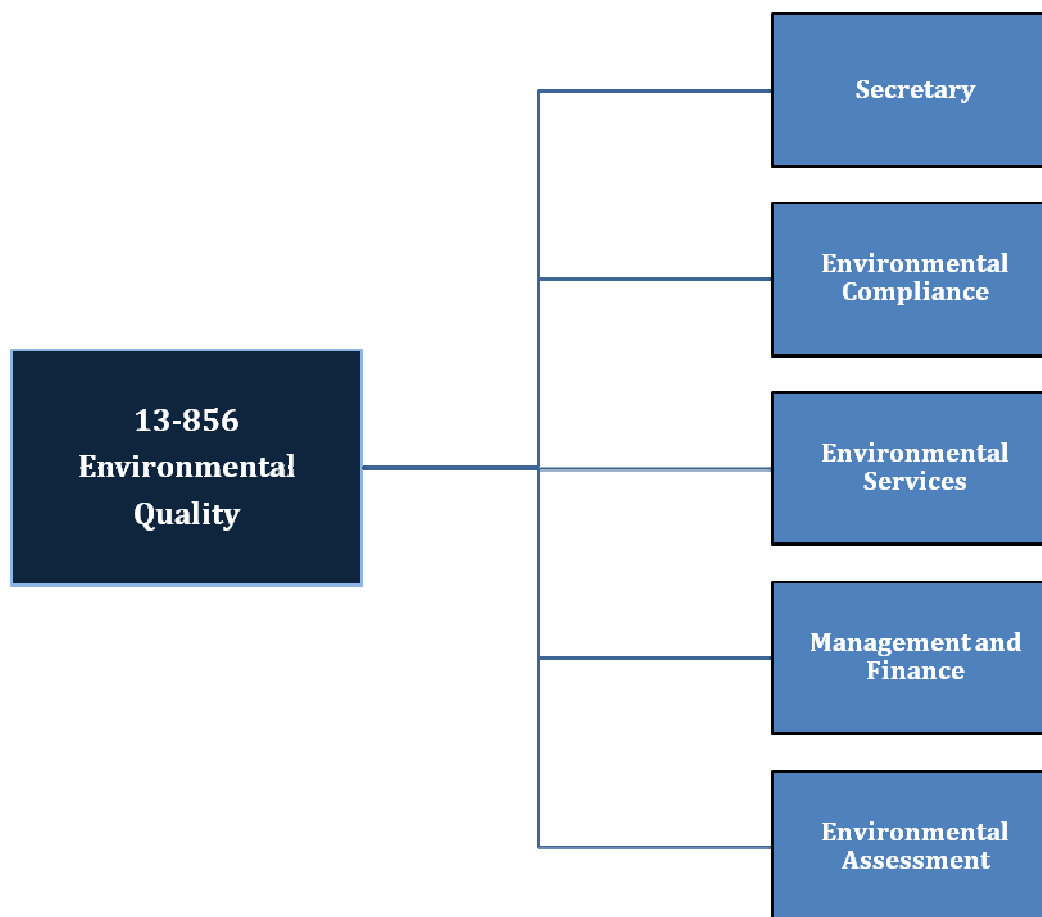




FY18 Executive Budget

Schedule 13 — Environmental Quality Agencies

Departmental mission — “The mission of the Department of Environmental Quality is to provide service to the people of Louisiana through comprehensive environmental protection in order to promote and protect health, safety and welfare while considering sound policies regarding employment and economic development.”





Environmental Quality FY16, FY17, and FY18 Comparison

Total Funding — All Means of Finance

| Total Funding | FY16 Actual | FY17 Enacted | FY17 EOB as of 12-1-16 | FY18 Recommended | FY18 Re-engrossed HB1 | Difference FY18 Re-engrossed HB1 vs. FY17 EOB as of 12-1-16 |
|--------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|---|
| Secretary | \$ 9,626,775 | \$ 10,682,722 | \$ 10,708,722 | \$ 7,289,384 | \$ 7,289,384 | \$ (3,419,338) |
| Environmental Compliance | \$ 36,107,708 | \$ 40,871,113 | \$ 41,830,086 | \$ 22,234,109 | \$ 22,234,109 | \$ (19,595,977) |
| Environmental Services | \$ 15,549,209 | \$ 16,743,751 | \$ 17,046,751 | \$ 14,509,028 | \$ 14,509,028 | \$ (2,537,723) |
| Management and Finance | \$ 40,213,810 | \$ 48,653,158 | \$ 48,892,158 | \$ 50,599,358 | \$ 50,599,358 | \$ 1,707,200 |
| Environmental Assessment | \$ - | \$ - | \$ - | \$ 25,222,591 | \$ 25,222,591 | \$ 25,222,591 |
| TOTAL | \$ 101,497,502 | \$ 116,950,744 | \$ 118,477,717 | \$ 119,854,470 | \$ 119,854,470 | \$ 1,376,753 |
| Total Authorized FTEs | 677 | 677 | 684 | 698 | 698 | \$ 14 |

| EOB March 2017 | FY18 Re-engrossed HB1 | Difference |
|----------------|-----------------------|--------------|
| \$ 116,560,421 | \$ 119,854,470 | \$ 3,294,049 |
| 684 | 698 | 14 |

Total State Effort — State General Fund, Dedicated Funds, and Fees and Self-generated Revenue

| FY17 EOB as of 12-1-16 | FY17 EOB as of March 2017 (Includes Attrition Adjustment) | Difference | FY18 Recommended | Difference | FY18 Re-engrossed HB1 | Difference | Difference |
|---------------------------|---|---------------------------------------|---------------------------|--|---------------------------|---|---|
| TOTAL STATE EFFORT | TOTAL STATE EFFORT | <i>EOB 12-1-16 vs. EOB March 2017</i> | TOTAL STATE EFFORT | <i>EOB March 2017 vs. FY18 Recommended</i> | TOTAL STATE EFFORT | <i>EOB March 2017 vs. FY18 Re-engrossed</i> | <i>FY18 Recommended vs. FY18 Re-engrossed</i> |
| \$ 97,585,070 | \$ 95,580,320 | \$ (2,004,750) | \$ 99,141,208 | \$ 3,560,888 | \$ 99,141,208 | \$ 3,560,888 | \$ - |

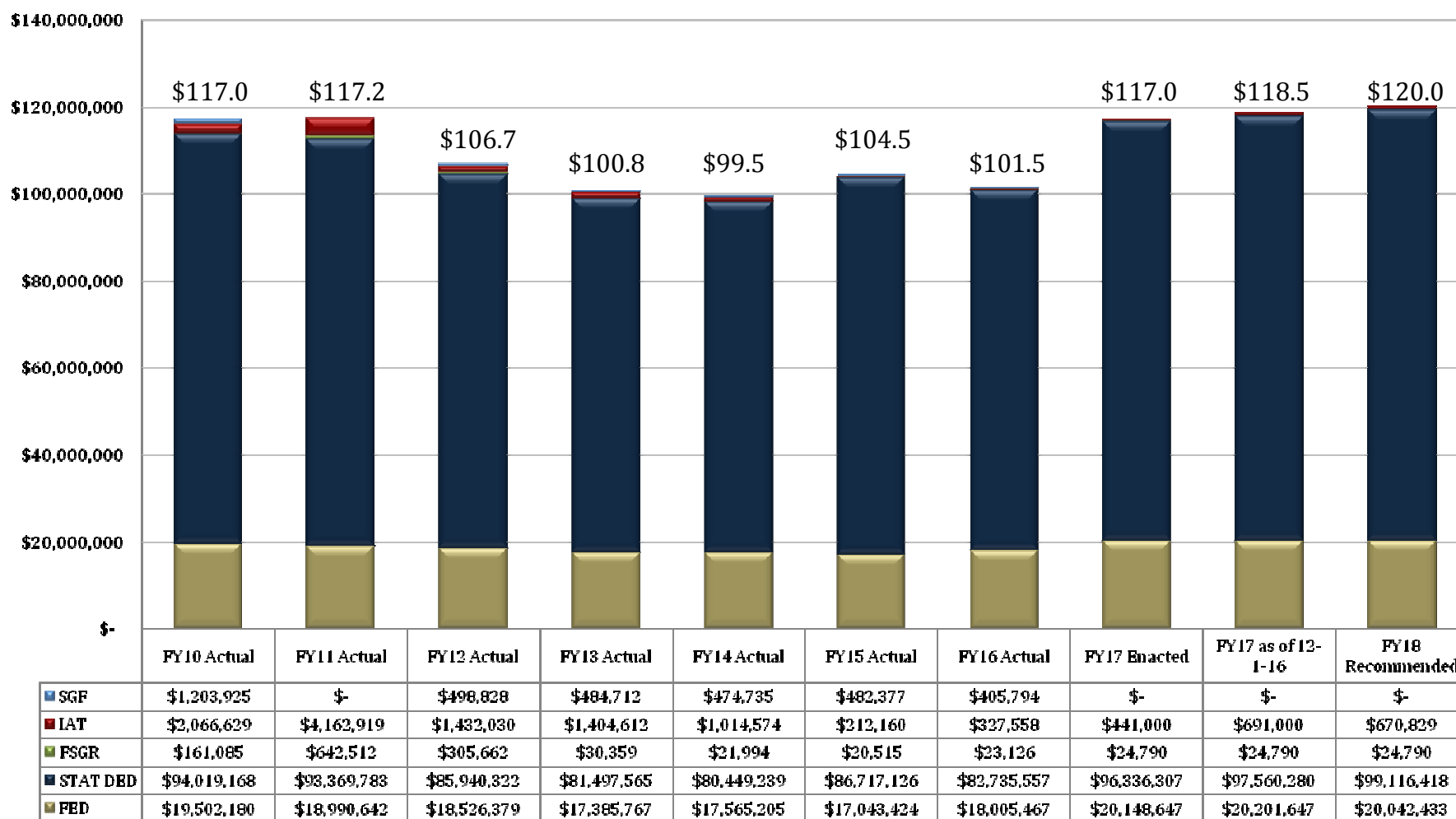


Environmental Quality

Changes in Funding since FY10

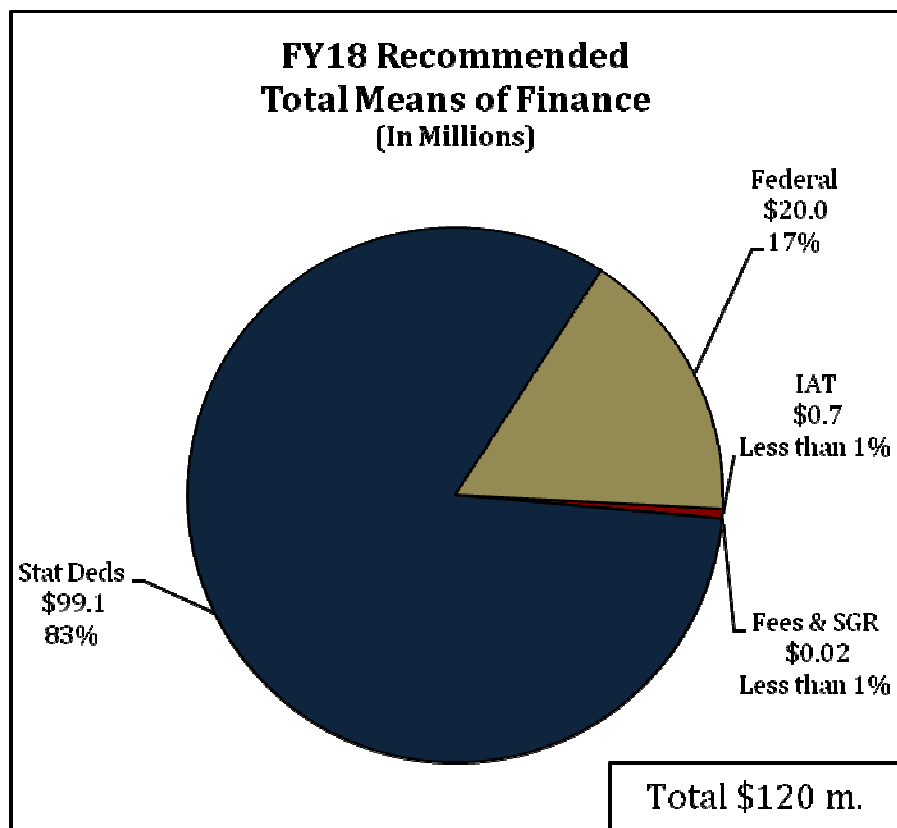
Total Budget by Fiscal Year and Means of Finance
(in \$ millions)

Change from FY10 to FY18 is 2.5%.





FY18 Recommended Means of Finance



Non-SGF Sources of Funding:

Non-State General Fund sources of funding for the Department of Environmental Quality are derived from Interagency Transfers, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds.

The **Interagency Transfers** are from GOHSEP for demolition and landfill oversight.

Fees and Self-generated Revenues are derived from the sale of regulations, manifest forms, photocopies, registration fees paid by the participants in seminars conducted by the department.

Statutory Dedications, which make up eighty-three percent of DEQ's total means of finance, are derived from the Environmental Trust Fund, Oil Spill Contingency Fund, Motor Fuels Underground Tank Fund, Waste Tire Management Fund, Hazardous Waste Site Cleanup Fund and the Clean Water State Revolving Fund.

Federal Funds are derived from grants issued by the Environmental Protection Agency, U.S. Department of Energy, and the U.S. Department of Defense.



Environmental Quality FY18 Means of Finance by Agency

| Total MOF by Agency | SGF | IAT | FSGR | Stat Deds | Federal | Total |
|--------------------------|-----|-----------|----------|--------------|--------------|---------------|
| Secretary | \$0 | \$0 | \$0 | \$5,830,723 | \$1,458,661 | \$7,289,384 |
| Environmental Compliance | \$0 | \$350,000 | \$0 | \$18,931,135 | \$2,952,974 | \$22,234,109 |
| Environmental Services | \$0 | \$250,000 | \$19,790 | \$10,816,087 | \$3,423,151 | \$14,509,028 |
| Management and Finance | \$0 | \$0 | \$5,000 | \$46,991,921 | \$3,602,437 | \$50,599,358 |
| Environmental Assessment | \$0 | \$70,829 | \$0 | \$16,546,552 | \$8,605,210 | \$25,222,591 |
| TOTALS | \$0 | \$670,829 | \$24,790 | \$99,116,418 | \$20,042,433 | \$119,854,470 |



Environmental Quality Dedicated Funds

FY16, FY17, and FY18

| Dedicated Funds | Source of Funding | FY16 Actual | FY17 Enacted | FY18 Recommended |
|-----------------------------------|--|---------------------|---------------------|---------------------|
| Clean Water State Revolving Fund | Federal grants | \$4,726,783 | \$4,209,000 | \$4,759,000 |
| Environmental Trust Fund | Monies for the fund are to be generated from fees for monitoring, maintenance, licenses, registration, permits and variances. Funds in excess of \$6 million in the Hazardous Waste Site Cleanup Fund. Reimbursement for response activities conducted due to any pollution discharge or disposal, environmental emergency, or remedial action. Grants or allocations from federal government. Reimbursement or judgements awarding damages for restoration or damages to the state's natural resources. | \$50,944,317 | \$62,425,114 | \$64,150,727 |
| Hazardous Waste Site Cleanup Fund | Judgments, settlements, assessments of civil or criminal penalties. | \$4,617,194 | \$3,766,331 | \$2,800,000 |
| Lead Hazard Reduction Fund | Fund for the fees collected from Lead contractors and inspectors obtaining a license to be involved in lead hazard reduction activities. | \$95,000 | \$95,000 | \$95,000 |
| Motor Fuels Underground Tank Fund | The annual underground storage tank trust fee collected from every owner of an underground storage tank, any late charge penalty and or any interest earned on the trust are transferred into this fund. | \$13,981,837 | \$15,649,485 | \$15,649,485 |
| Oil Spill Contingency Fund | Settlements and judgements. | \$39,790 | \$156,145 | \$226,974 |
| Waste Tire Management Fund | Fund for any fees collected on the sale of new tires, and any other appropriations, gifts, grants, or other monies received. | \$8,330,636 | \$10,035,232 | \$11,435,232 |
| TOTALS | | \$82,735,557 | \$96,336,307 | \$99,116,418 |

Dedicated Funds used to solve FY17 Mid-Year Deficits — Includes December and February Adjustments

| Dedicated Fund | Amount |
|--|---------------|
| Hazardous Waste Site Cleanup Fund (December) | (\$213,074) |
| Environmental Trust Fund (December) | (\$1,036,202) |
| Waste Tire Management Fund (December) | (\$501,762) |
| Lead Hazard Reduction Fund (December) | (\$4,750) |
| Environmental Trust Fund (February) | (\$3,757,183) |
| Hazardous Waste Site Cleanup Fund (February) | (\$98,696) |
| Waste Tire Management Fund (February) | (\$262,972) |
| Lead Hazard Reduction Fund (February) | (\$2,489) |



Environmental Quality Expenditures

FY16, FY17, and FY18

| Expenditure Category | FY16 Actual | FY17 Enacted | FY18 Recommended | Percent Change FY17 Enacted vs. FY18 Recommended |
|--|----------------------|----------------------|----------------------|--|
| Personal Services: | \$58,306,612 | \$59,490,953 | \$62,149,347 | 4.5 |
| Salaries | \$37,488,417 | \$37,523,801 | \$39,393,932 | 5.0 |
| Other Compensation | \$243,207 | \$211,043 | \$211,043 | - |
| Related Benefits | \$20,574,988 | \$21,756,109 | \$22,544,372 | 3.6 |
| Operating Expenses: | \$2,603,051 | \$4,113,302 | \$4,311,396 | 4.8 |
| Travel | \$173,148 | \$307,443 | \$328,443 | 6.8 |
| Operating Services | \$1,856,831 | \$2,933,361 | \$3,025,911 | 3.2 |
| Supplies | \$573,072 | \$872,498 | \$957,042 | 9.7 |
| Professional Services | \$2,997,730 | \$3,510,700 | \$3,510,700 | - |
| Other Charges: | \$37,224,286 | \$47,463,749 | \$47,520,680 | 0.1 |
| Other Charges | \$26,986,019 | \$33,712,790 | \$33,957,758 | 0.7 |
| Debt Service | \$0 | \$0 | \$0 | - |
| Interagency Transfers | \$10,238,267 | \$13,750,959 | \$13,562,922 | (1.4) |
| Acquisitions & Major Repairs: | \$365,823 | \$2,372,040 | \$2,362,347 | (0.4) |
| Acquisitions | \$365,823 | \$2,372,040 | \$2,362,347 | (0.4) |
| Major Repairs | \$0 | \$0 | \$0 | - |
| Total Expenditures | \$101,497,502 | \$116,950,744 | \$119,854,470 | 2.5 |



Environmental Quality

Total Statewide Adjustments for FY18

13A_ENVQ
Department of Environmental Quality
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

| GEN. FUND | I.A.T. | SELF-GEN. | STAT. DED. | I.E.B. | FEDERAL | TOTAL | T.O. | DESCRIPTION |
|-------------------------------|-----------|-----------|---------------|--------|--------------|---------------|------|--|
| \$0 | \$691,000 | \$24,790 | \$97,560,280 | \$0 | \$20,201,647 | \$118,477,717 | 684 | Existing Oper Budget as of 12/01/16 |
| A. STATEWIDE STANDARDS | | | | | | | | |
| \$0 | \$0 | \$0 | \$125,434 | \$0 | \$0 | \$125,434 | 0 | Civil Service Training Series |
| \$0 | \$0 | \$0 | \$78,179 | \$0 | \$0 | \$78,179 | 0 | Related Benefits Base Adjustment |
| \$0 | \$0 | \$0 | \$760,343 | \$0 | \$0 | \$760,343 | 0 | Retirement Rate Adjustment |
| \$0 | \$0 | \$0 | \$2,013,943 | \$0 | \$0 | \$2,013,943 | 0 | Salary Base Adjustment |
| \$0 | \$0 | \$0 | (\$1,755,619) | \$0 | \$0 | (\$1,755,619) | 0 | Attrition Adjustment |
| \$0 | \$0 | \$0 | \$2,116,047 | \$0 | \$0 | \$2,116,047 | 0 | Acquisitions & Major Repairs |
| \$0 | \$0 | \$0 | (\$2,671,611) | \$0 | \$0 | (\$2,671,611) | 0 | Non-Recurring Acquisitions & Major Repairs |
| \$0 | \$0 | \$0 | (\$949,402) | \$0 | (\$53,000) | (\$1,002,402) | 0 | Non-recurring Carryforwards |
| \$0 | \$0 | \$0 | \$32,739 | \$0 | \$0 | \$32,739 | 0 | Risk Management |
| \$0 | \$0 | \$0 | (\$10,451) | \$0 | \$0 | (\$10,451) | 0 | Legislative Auditor Fees |
| \$0 | \$0 | \$0 | (\$91,349) | \$0 | \$0 | (\$91,349) | 0 | Rent in State-Owned Buildings |
| \$0 | \$0 | \$0 | (\$31,569) | \$0 | \$0 | (\$31,569) | 0 | Maintenance in State-Owned Buildings |
| \$0 | \$0 | \$0 | \$1,910 | \$0 | \$0 | \$1,910 | 0 | Capitol Park Security |
| \$0 | \$0 | \$0 | \$748 | \$0 | \$0 | \$748 | 0 | Capitol Police |
| \$0 | \$0 | \$0 | \$712 | \$0 | \$0 | \$712 | 0 | UPS Fees |
| \$0 | \$0 | \$0 | \$15,610 | \$0 | \$0 | \$15,610 | 0 | Civil Service Fees |
| \$0 | \$0 | \$0 | \$14,927 | \$0 | \$0 | \$14,927 | 0 | State Treasury Fees |
| \$0 | \$0 | \$0 | \$189,922 | \$0 | \$0 | \$189,922 | 0 | Office of Technology Services (OTS) |
| \$0 | \$0 | \$0 | (\$2,331) | \$0 | \$0 | (\$2,331) | 0 | Administrative Law Judges |
| \$0 | \$0 | \$0 | \$70,126 | \$0 | \$0 | \$70,126 | 0 | Office of State Procurement |



Environmental Quality

Total Statewide Adjustments for FY18

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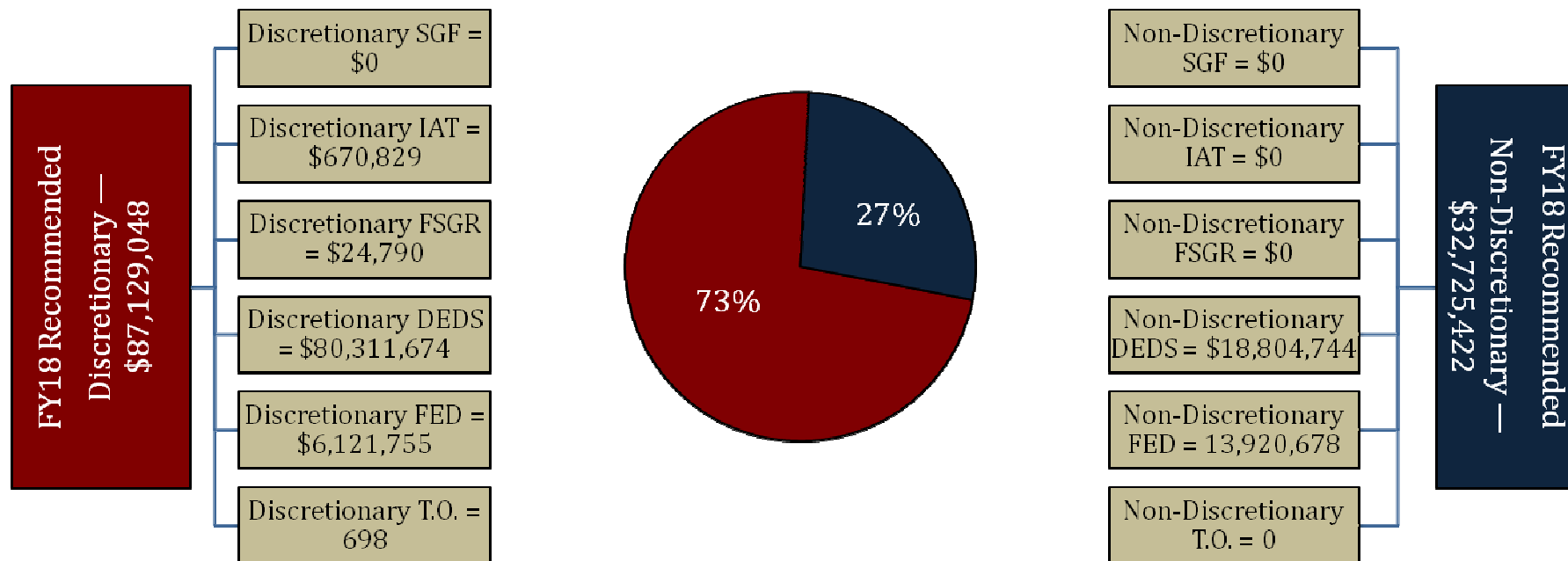
Department of Environmental Quality
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

| GEN. FUND | I.A.T. | SELF-GEN. | STAT. DED. | I.E.B. | FEDERAL | TOTAL | T.O. | DESCRIPTION |
|-------------------------------|------------|-----------|--------------|--------|--------------|---------------|------|---|
| A. STATEWIDE STANDARDS | | | | | | | | |
| \$0 | (\$91,000) | \$0 | \$91,000 | \$0 | \$0 | \$0 | 0 | TOTAL MEANS OF FINANCING SUB ADJUSTMENT |
| \$0 | \$70,829 | \$0 | \$1,556,830 | \$0 | (\$106,214) | \$1,521,445 | 14 | TOTAL OTHER ADJUSTMENTS ADJUSTMENT |
| \$0 | \$670,829 | \$24,790 | \$99,116,418 | \$0 | \$20,042,433 | \$119,854,470 | 698 | Total Budget |
| \$0 | (\$20,171) | \$0 | \$1,556,138 | \$0 | (\$159,214) | \$1,376,753 | 14 | Total Adjustments |



Environmental Quality

FY18 Discretionary/Non-Discretionary Comparison



| Total Discretionary Funding by Office | | |
|---------------------------------------|----------------------|-------------|
| Environmental Quality | \$ 87,129,048 | 100% |
| Total Discretionary | \$ 87,129,048 | 100% |

| Total Non-Discretionary Funding by Type | | |
|---|----------------------|-------------|
| Needed for Debt Service | \$ 3,537,318 | 11% |
| Due to Federal Mandate | \$ 25,402,979 | 78% |
| Unavoidable Obligations | \$ 3,785,125 | 12% |
| Total Non-Discretionary | \$ 32,725,422 | 100% |

Debt Service = Rent in State-owned Buildings

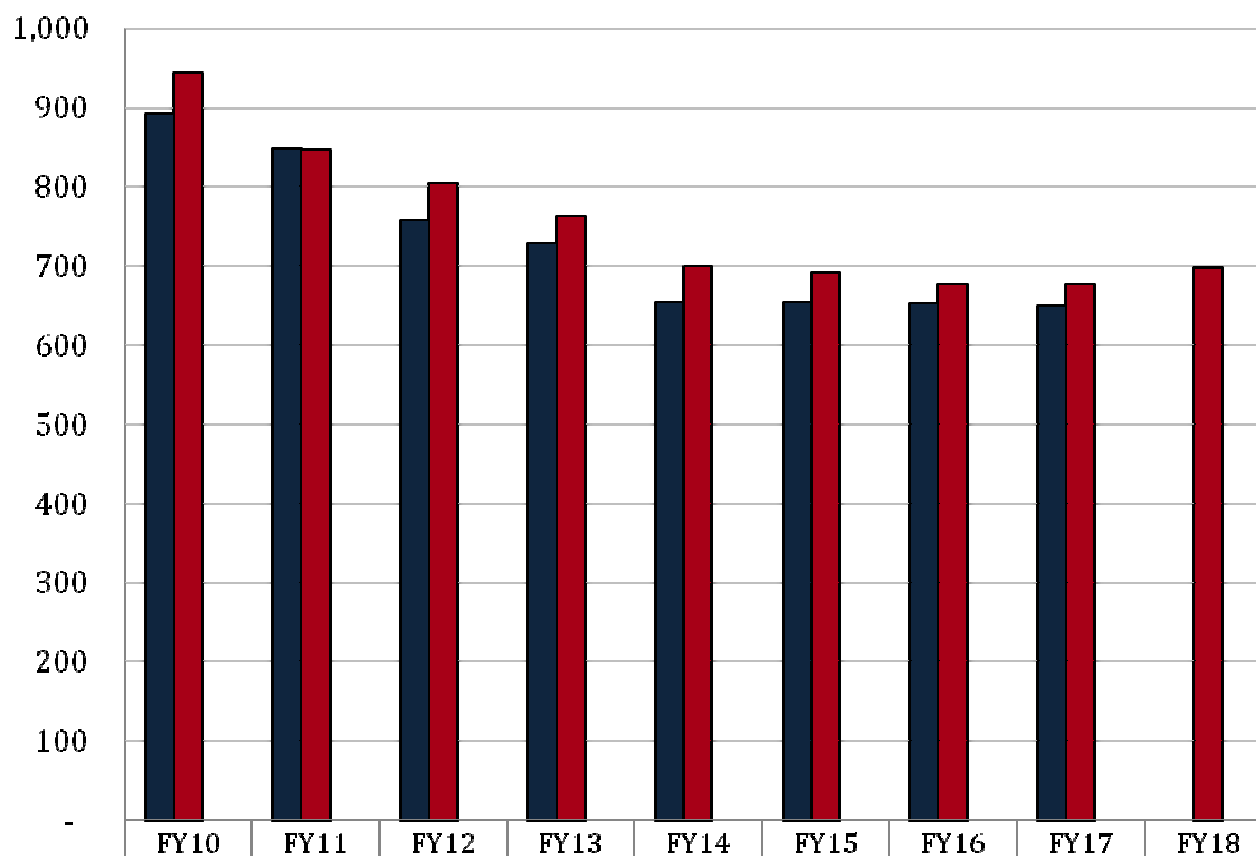
Federal Mandate = EPA Nonpoint Source Water Grant, PPG Grant, Clean Water Act, Title V of the Clean Air Act, Clean Water Revolving Loan Program.

Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.



Environmental Quality

FTEs, Authorized Positions, and Other Charges Positions



| | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|
| ■ Total FTEs (as of July 1 of each fiscal year) | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
| ■ Total Authorized Positions (Enacted) | 891 | 848 | 757 | 729 | 654 | 654 | 653 | 649 | - |
| ■ Authorized Other Charges Positions | 944 | 847 | 805 | 762 | 699 | 691 | 677 | 677 | 698 |
| | - | - | - | - | - | - | - | - | - |

Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

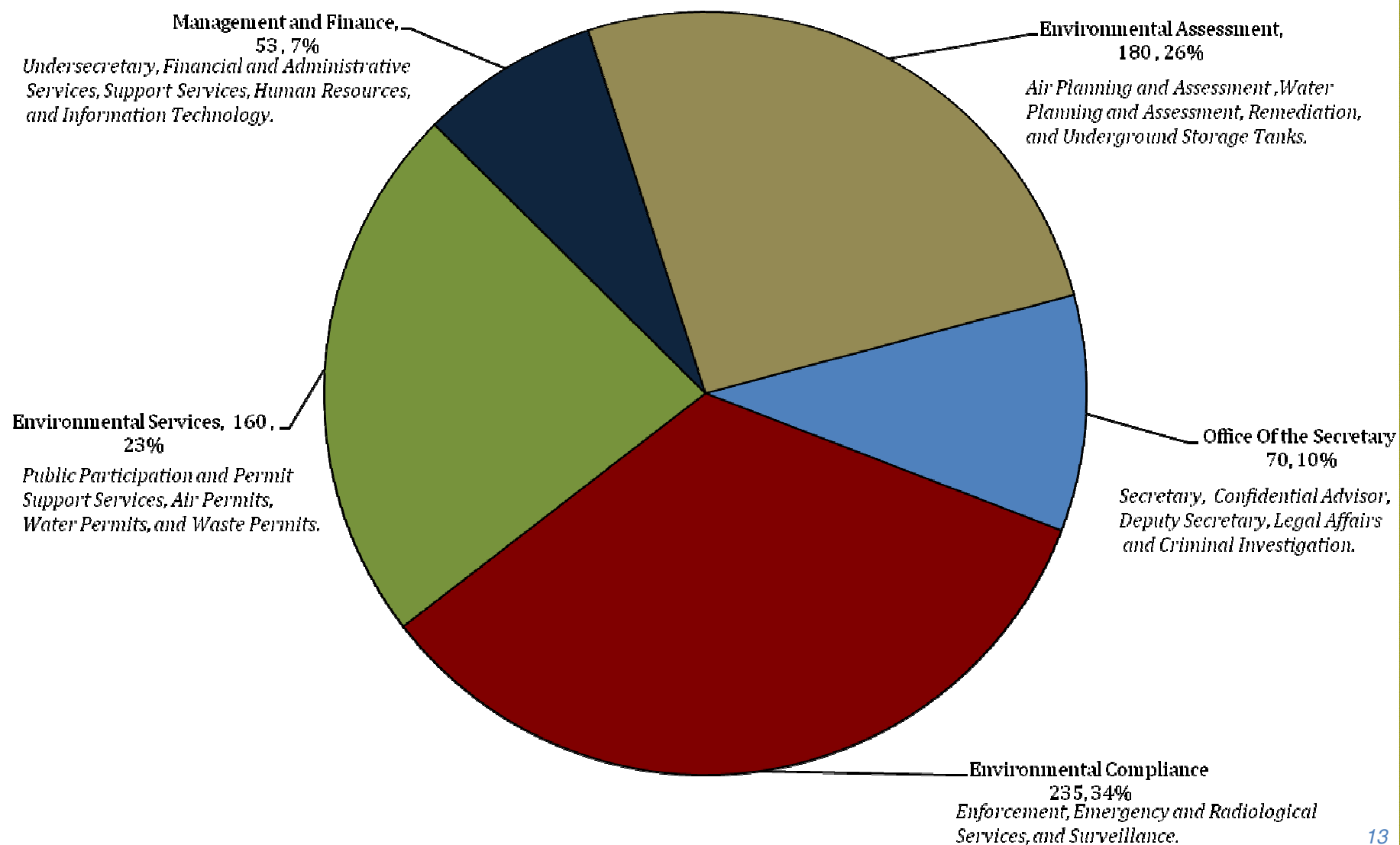
Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Environmental Quality

FY18 Recommended Total Authorized Positions by Agency





Environmental Quality Significant Increases for FY18

| Increase | Source | T.O. | Agency | Description |
|-------------|-----------------------|------|--------------------------|--|
| \$1,400,000 | Statutory Dedications | 0 | Management and Finance | Increase in the Waste Tire Management Fund for waste tire processor payments. |
| \$682,457 | Statutory Dedications | 5 | Environmental Assessment | Increase in the Environmental Trust Fund and 5 T.O. positions for the mercury in fish tissue sampling project. |
| \$437,601 | Statutory Dedications | 3 | Environmental Assessment | Increase in the Environmental Trust Fund and 3 T.O. positions for air monitoring operations. |



Environmental Quality Significant Decreases for FY18

| Decrease | Source | T.O. | Agency | Description |
|-------------|-----------------------|------|--------------------------|---|
| \$318,701 | Federal | 0 | Environmental Compliance | Decrease in Federal Funding due to the a reduction for the Performance Partnership Multi Purpose Grant between DEQ and EPA. |
| \$1,086,331 | Statutory Dedications | 0 | Environmental Assessment | Decrease in the Hazardous Waste Site Cleanup Fund to reflect Revenue Estimating Conference (REC) estimates. |



Environmental Quality Significant Means of Financing Substitutions for FY18

| MOF Swap | Source | T.O. | Agency | Description |
|----------|--------|------|--------|-------------|
| --- | --- | --- | --- | --- |



Environmental Quality

Changes from FY18 Recommended to FY18 Re-engrossed

| Changes from FY18 Recommended to FY18 Re- engrossed | Source | T.O. | Agency | Description |
|---|--------|------|--------|-------------|
| --- | --- | --- | --- | --- |