

**Representative Cameron Henry**  
Chairman



**Representative Franklin Foil**  
Vice Chairman

**FY19-20 HB 105 Review**  
**Department of Environmental Quality**

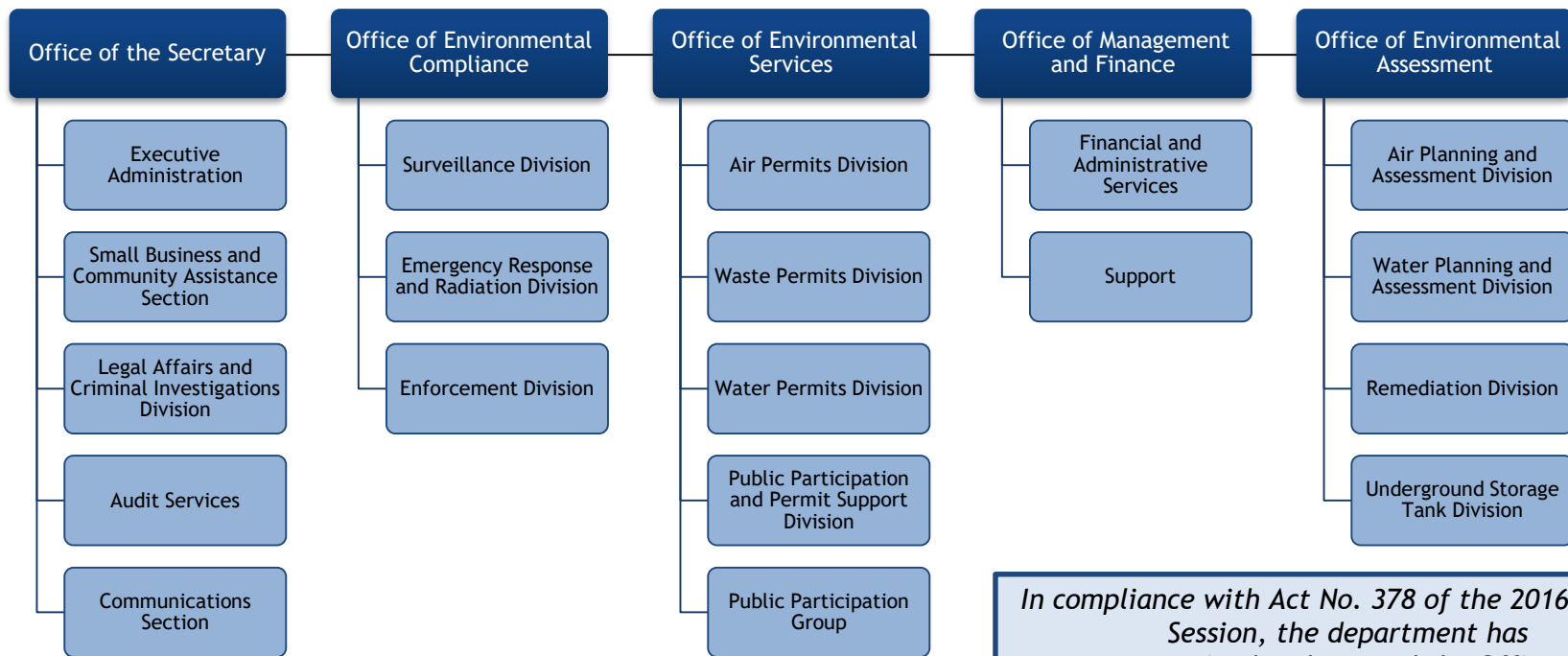
**House Committee on Appropriations**  
by the House Fiscal Division

April 3, 2019

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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

## 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

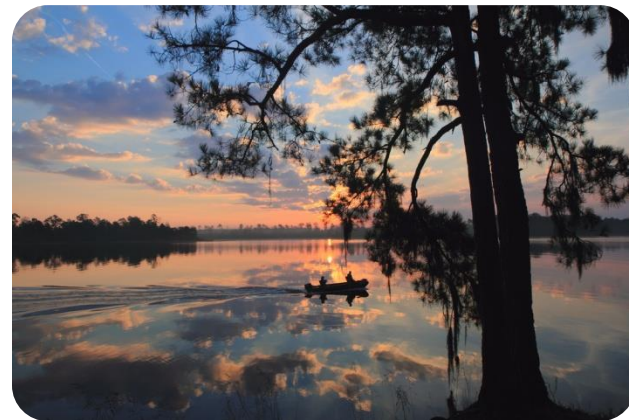
- Evaluates the overall quality of the state's water resources.

## Remediation Division

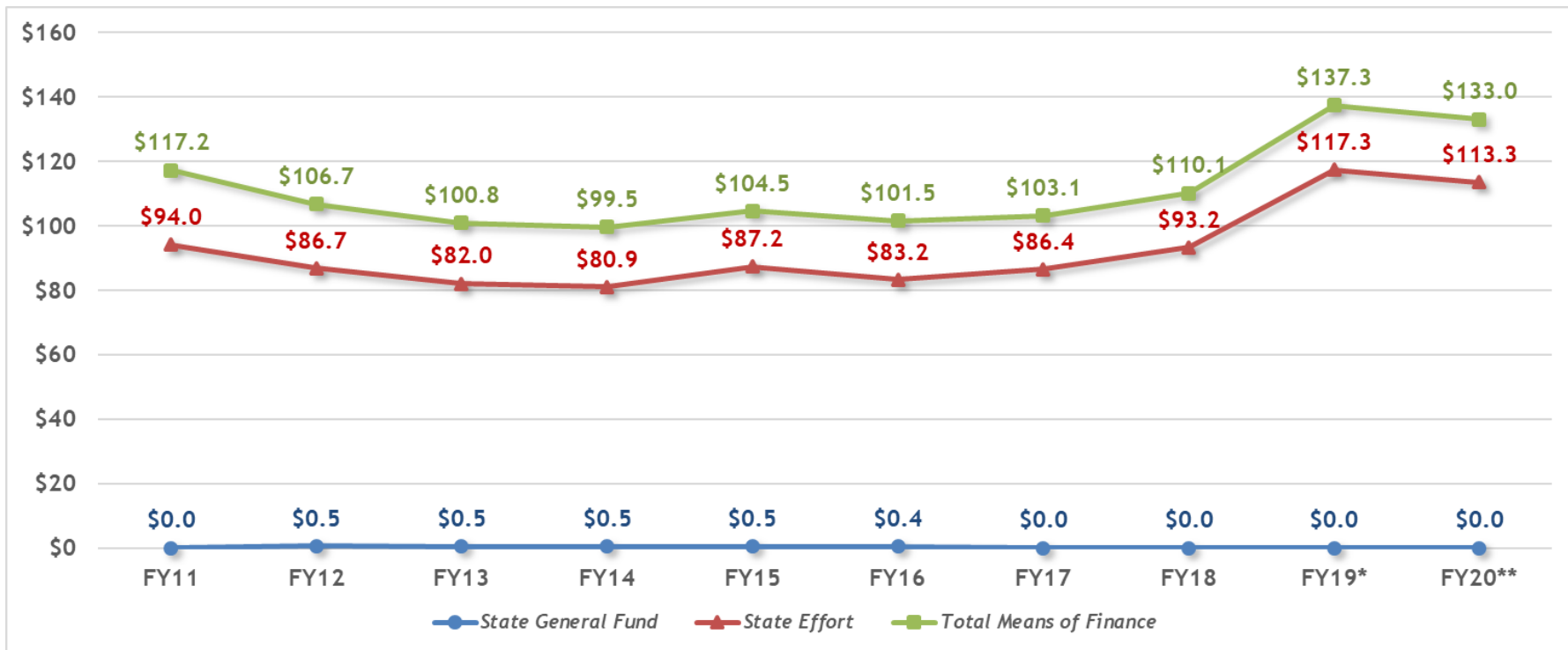
- Functions to protect the state's soil, groundwater, and surface water resources from unauthorized historical and future releases to the environment.
- Investigates, evaluates, and cleans up contamination at both active facilities and abandoned sites.

## Underground Storage Tank Division

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



# BUDGET HISTORY (IN MILLIONS)



Source: Budget Supporting Documents and HB 105 of 2019 RS

\*Existing Operating Budget as of 12/1/18

\*\* HB 105 of 2019 RS

# MAJOR SOURCES OF FUNDING

## Self Generated Revenue \$24,790

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

## Statutory Dedications \$113.3 Million

There are seven Statutory Dedications within the department:

- Environmental Trust Fund (\$77.9M)
- Motor Fuel Underground Storage Tank Trust Fund (\$15.6M)
- Waste Tire Management Fund (\$12.0M)
- Hazardous Waste Site Cleanup Fund (\$4.6M)
- Clean Water State Revolving Loan Fund (\$2.9M)
- Lead Hazard Reduction Fund
- Oil Spill Contingency Fund (\$226,974)

## Interagency Transfers \$30,000

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

## Federal Funding \$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 OVERVIEW

Means of Financing	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB 105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
State General Fund	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Interagency Transfers	\$240,882	\$70,829	\$30,000	(\$40,829)	(57.6%)	(\$210,882)	(87.5%)
Fees and Self-Gen Rev	\$19,242	\$24,790	\$24,790	\$0	0.0%	\$5,548	28.8%
Statutory Dedications	\$93,177,114	\$117,259,893	\$113,319,595	(\$3,940,298)	(3.4%)	\$20,142,481	21.6%
Federal Funds	\$16,627,814	\$19,902,433	\$19,634,301	(\$268,132)	(1.3%)	\$3,006,487	18.1%
<b>Total Means of Finance</b>	<b>\$110,065,052</b>	<b>\$137,257,945</b>	<b>\$133,008,686</b>	<b>(\$4,249,259)</b>	<b>(3.1%)</b>	<b>\$22,943,634</b>	<b>20.8%</b>

## \$3.9 M Statutory Dedications

Due to non-recurring expenditures, reductions to align budget with past expenditures, personnel adjustments, and funding for acquisitions.

## \$40K Interagency Transfers

Due to reduction of Interagency Transfers revenues from Coastal Protection and Restoration Authority.

## \$268,132 Federal Funds

Due to fluctuations in grant awards and a decrease in the approved federal indirect rate.

## \$Change from Actuals

FY 19-20 budget is \$22.9M more than what DEQ actually expended in FY 18.

# EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 17-18 Prior Year Actual Expenditures	FY 18-19 Existing Operating Budget	FY 19-20 HB 105	\$ Change from Existing	% Change from Existing	\$ Change from Actuals	% Change from Actuals
Salaries	\$39,507,922	\$42,775,272	\$43,999,621	\$1,224,349	2.9%	\$4,491,699	11.4%
Other Compensation	\$601,807	\$211,043	\$211,043	\$0	0.0%	(\$390,764)	(64.9%)
Related Benefits	\$21,998,635	\$23,758,897	\$25,793,696	\$2,034,799	8.6%	\$3,795,061	17.3%
Travel	\$310,789	\$328,443	\$373,443	\$45,000	13.7%	\$62,654	20.2%
Operating Services	\$1,897,450	\$3,043,472	\$2,628,472	(\$415,000)	(13.6%)	\$731,022	38.5%
Supplies	\$807,677	\$978,042	\$893,042	(\$85,000)	(8.7%)	\$85,365	10.6%
Professional Services	\$3,009,927	\$4,088,624	\$3,197,110	(\$891,514)	(21.8%)	\$187,183	6.2%
Other Charges	\$39,843,317	\$58,330,512	\$54,501,912	(\$3,828,600)	(6.6%)	\$14,658,595	36.8%
Acq/Major Repairs	\$2,087,528	\$3,743,640	\$1,410,347	(\$2,333,293)	(62.3%)	(\$677,181)	(32.4%)
<b>Total Expenditures</b>	<b>\$110,065,052</b>	<b>\$137,257,945</b>	<b>\$133,008,686</b>	<b>(\$4,249,259)</b>	<b>(3.1%)</b>	<b>\$22,943,634</b>	<b>20.8%</b>
Authorized Positions	698	702	706	4	0.6%	8	1.1%

# SIGNIFICANT EXPENDITURE CHANGES

## Personnel Services \$3.2M

- Includes the annualization of Civil Service market rate adjustments and to allow for 4 additional positions in the Office of Environmental Services

## Professional Services (\$891,514)

- Reduction in legal services, outsourcing contracts, medical exams for detecting contaminations and other professional services.

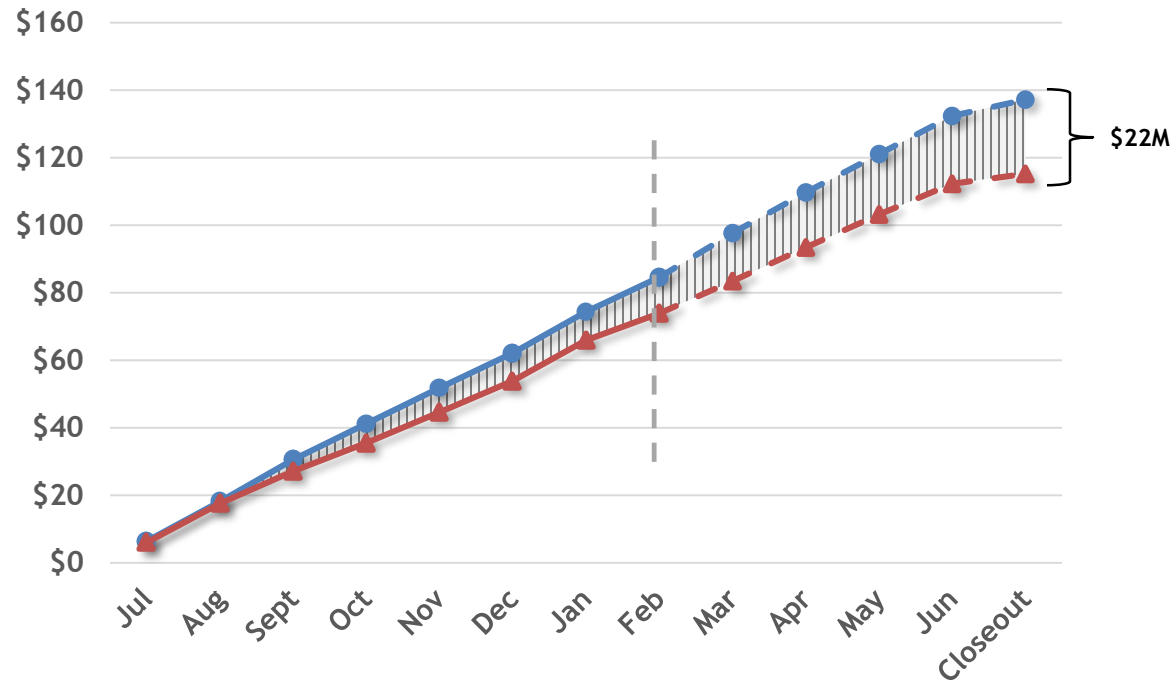
## Other Charges (\$3.8M)

- Reduction out of the Environmental Trust Fund to align the budget to the projected level of revenues based on current expenditures and trends.
- Reduction out the Environmental Trust Fund to pay DOTD for the replacement of heavy duty trucks and alternative fuel school buses as part of the Volkswagen Clean Air Act Settlement.

## Acquisitions and Major Repairs (\$2.3M)

- Non-recurring purchase of 2 Mobile Air Monitoring Laboratories purchased in FY 19.
- Fewer replacement vehicles and equipment.

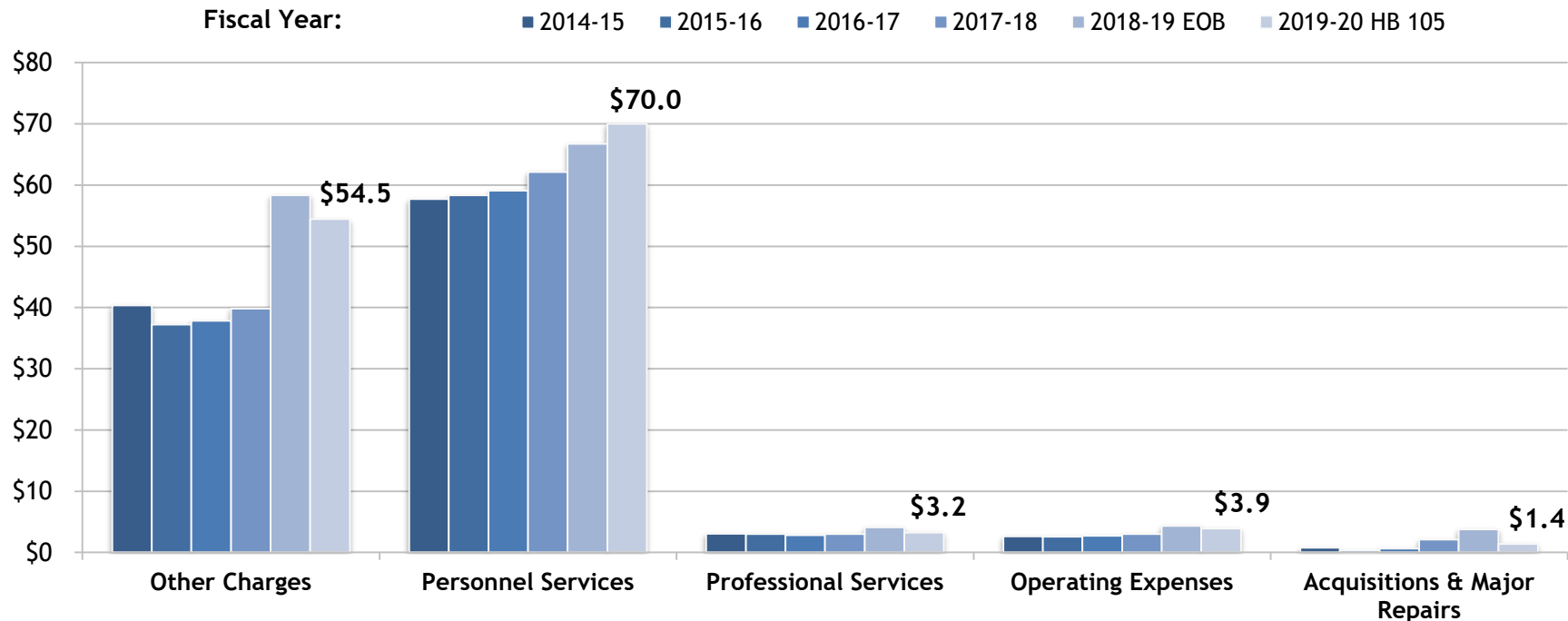
# FY 19 EXPENDITURE TREND



Analysis shows approximately \$22.0 M or 16% in total means of finance budget authority (\$137.3M budgeted - \$115.3M projected) could be unspent at year-end based on actuals through February and projections through the end of the year.

In FY 18, the Department did not spend \$15.7M or 13% of its budget authority comparing its end of year budget and actual expenditures. Of the \$15.7M of unspent budget authority, \$11.7M or 11.2% are in Statutory Dedications and \$3.5M or 17.5% are in Federal Funds.

# EXPENDITURE TREND (IN MILLIONS)



Source: Budget Supporting Documents and HB 105 of 2019 RS



# 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.
\$12,507,729	Various other charges and expenses, including interagency transfers which includes Technology Services, Risk Management, etc.
\$10,981,064	Waste Tire Program payments to permitted processors for proper disposal of collected waste tires to authorized end-use markets.
\$4,210,845	Money to be deposited into DEQ's primary escrow account. This money is from the Volkswagen settlement which allocates a total of \$19.85M to the state. The money is disbursed based on projects not to exceed \$6.6M in any year beginning October 2, 2017.
\$3,539,485	Galvez Building rental costs.
\$2,552,882	Hazardous Waste Site Cleanup expenditures for investigation, testing, containment, control and cleanup.
\$2,105,422	DOTD will receive funds as a result of the Volkswagen Clean Air Act Civil Settlement through DEQ. DOTD will use this money to replace existing trucks in the Operations Program with new clean diesel trucks which will reduce emissions.
\$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.
<b>\$54,501,912</b>	<b>Total Other Charges</b>

Source: Budget Supporting Documents and HB 105 of 2019 RS

# PERSONNEL INFORMATION

**FY 19-20**

## Personnel/Budget Ratio

\$44.2M Salaries and Other Comp.

+ \$25.8M Related Benefits

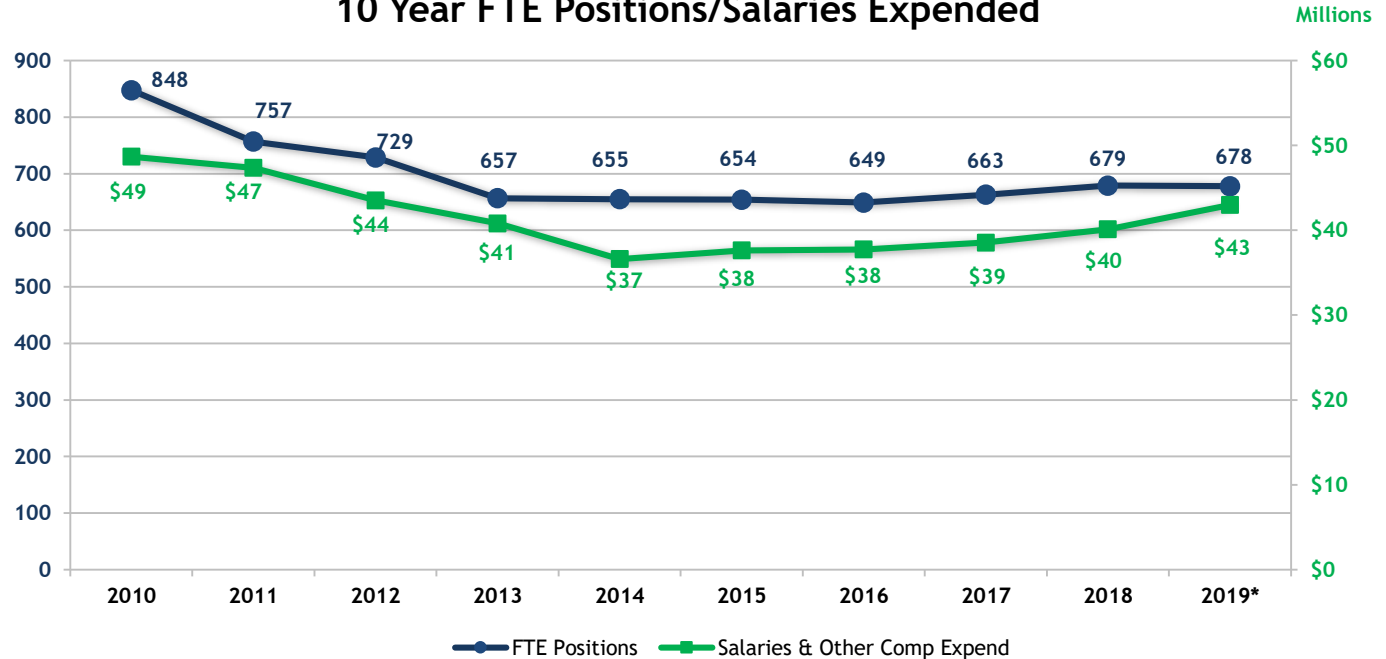
= \$70.0M Total Personnel Services

**89.2% of budget expenditures  
(excluding Other Charges)**

## Authorized Positions

- 706 (697 classified and 9 unclassified).
- DEQ had 25 vacancies as of 1/31/2019.
- 0 Other Charges Positions.
- HB 105 budgets the addition of 4 new positions.

## 10 Year FTE Positions/Salaries Expended

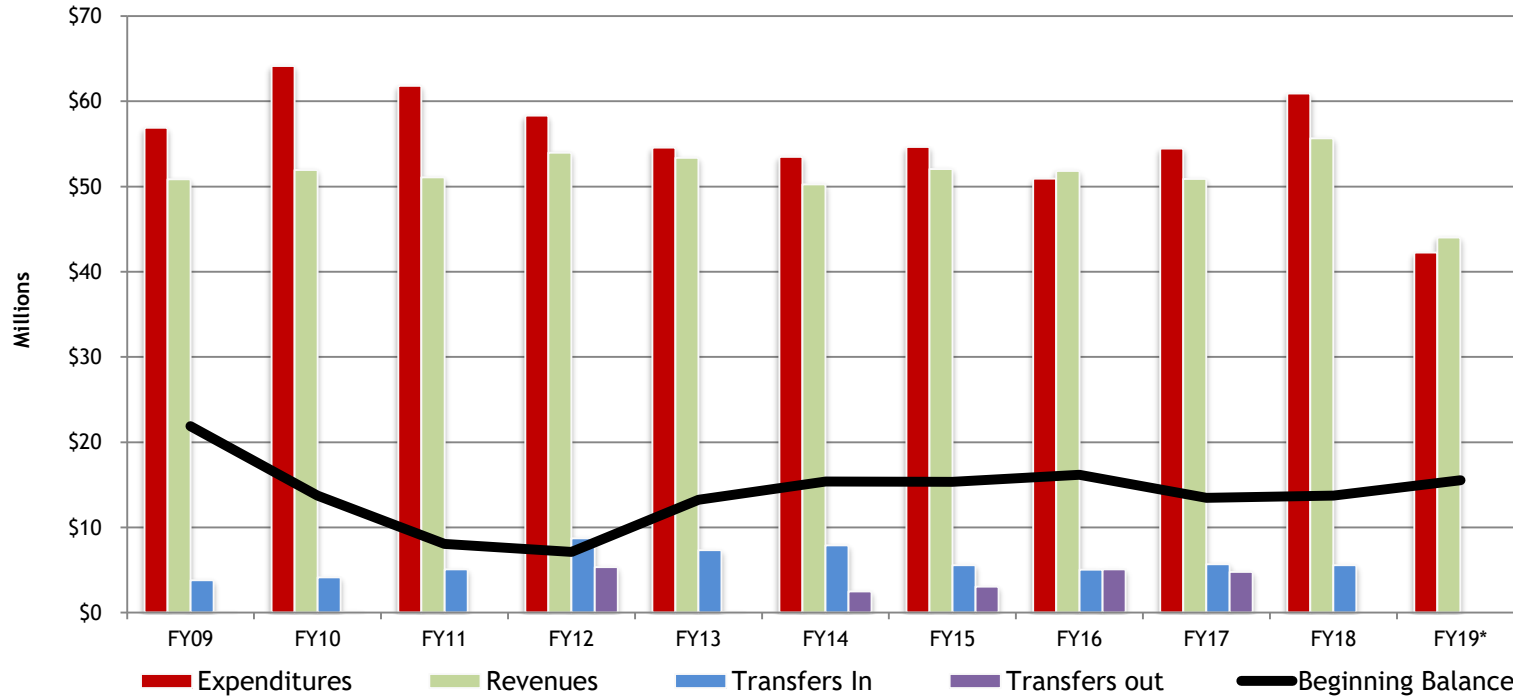


\*Existing Operating Budget as of 12/1/18

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

# STATUTORY DEDICATIONS

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

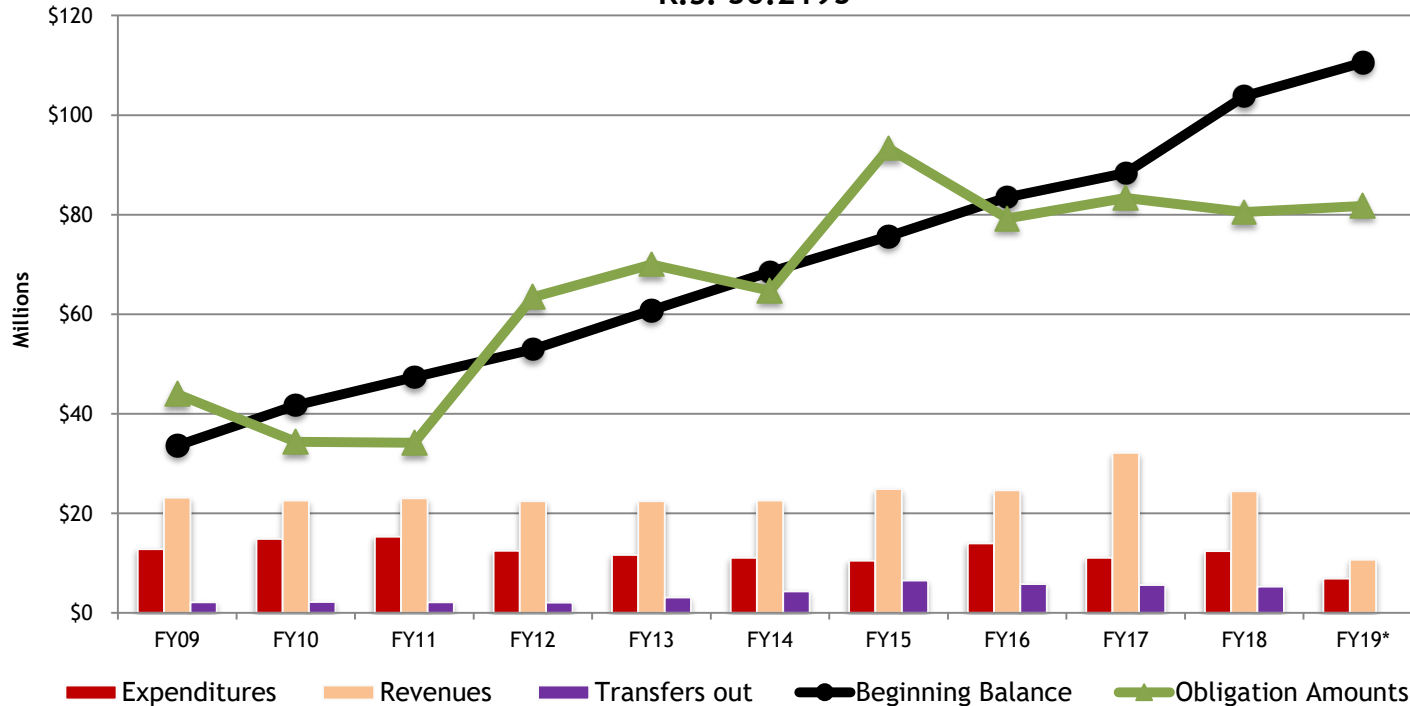


Revenues are derived from monitoring and maintenance fees collected for permits, licenses, registrations, or variances.

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

# STATUTORY DEDICATIONS

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



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.

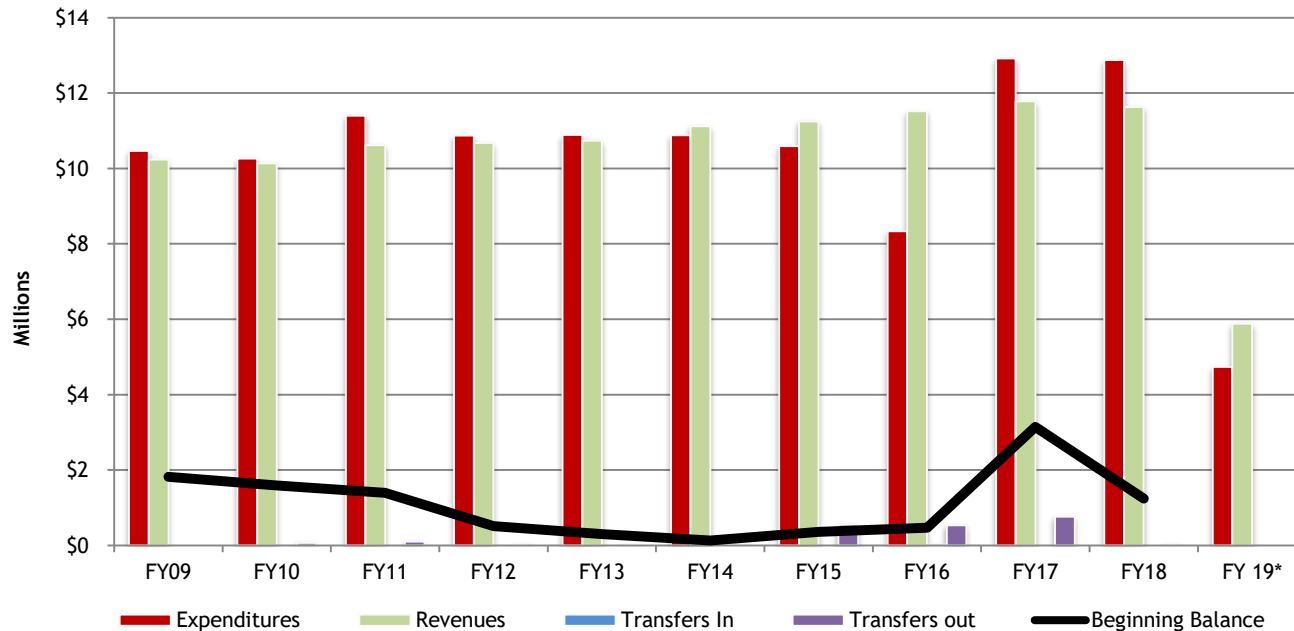
The balance in this fund is largely obligated to active underground storage tank remediation sites, \$81.8 M as of 2/28/19.

Source: Department of Revenue Dedicated Funds History

\*As of 2/15/19

# STATUTORY DEDICATIONS

## 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 raises the fee for passenger and light truck tires from \$2 per tire to \$2.25 per tire.

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.

# EXPANDED SERVICE REQUEST

The Hazardous Waste Generator Improvement Rule mandated by the EPA is an expansive rule that:

- 1) reorganizes the regulations to make them more user-friendly;
- 2) provides a better understanding of how the generator program works;
- 3) addresses gaps in the regulations to facilitate better compliance;
- 4) provides greater flexibility in Hazardous Waste management in specific instances;
- 5) addresses inadvertent errors and obsolete references.

According to DEQ, because of the comprehensive nature of this rule and the large number of facilities that will be impacted, the Department estimates at this time that a total of 16 authorized positions are needed agency-wide.

These positions are located throughout various DEQ programs and divisions. As the program is implemented and a more refined understanding of the staffing needs of the department are identified, the Department plans to revisit the total positions needed and request additional authorized positions during the FY 2021 budget request cycle.

However, because certain elements of the program will take time to implement and the department has not yet definitively determined the total universe of impacted facilities, **the Department is requesting 4 authorized positions during the FY 2020 budget request cycle, which are needed for the fiscal year beginning July 1, 2019.** They are as follows: 2 Environmental Scientists, 1 Environmental Scientist Supervisor and 1 Geologist within the Office of Environmental Services.

# DEPARTMENT CONTACTS



## Department of Environmental Quality



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Undersecretary

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