

DEPARTMENT OF ENVIRONMENTAL QUALITY

The Department of Environmental Quality, with policy direction from the five-member Environmental Quality Commission, administers the state’s laws regulating air, water, and land pollution. DEQ establishes the standards for clean air, water, and land; determines whether or not these standards are being met; and takes action to enforce the standards when necessary.

DEPARTMENT OF ENVIRONMENTAL QUALITY	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	30,796,820	25,011,536	28,696,448	31,169,735	0	14.7%
Lottery Funds	5,415,717	4,502,197	4,746,582	3,899,218	0	5.4%
Other Funds	110,387,186	140,225,902	147,797,195	142,613,332	0	5.4%
Other Funds Nonlimited	125,941,753	125,666,802	87,120,278	129,079,584	0	-30.7%
Federal Funds	33,043,015	31,628,115	31,367,282	27,911,636	0	-0.8%
TOTAL FUNDS	\$305,584,491	\$327,034,552	\$299,727,785	\$334,673,505	\$0	-8.3%
Positions	810	725	715	718	0	-1.4%
FTE	790.13	710.92	708.42	707.90	0.00	-0.4%

Major Revenues	Budget Environment	Comparison by Fund Type																				
<ul style="list-style-type: none"> Over 70% of the agency’s operating budget (total budget minus nonlimited Other Funds) is Other Funds, primarily from fees. Federal Funds comprise about 15% of the operating budget. The primary source of Federal Funds is the Environmental Protection Agency (EPA), which provides block grants for implementation of federal pollution protection laws. Lottery Funds are constitutionally dedicated Measure 76 monies that are used for water quality activities. Nonlimited OF is for loans from the Clean Water State Revolving Fund. 	<ul style="list-style-type: none"> External pressures such as third-party litigation and changing federal requirements increase costs. Ongoing economic conditions continue to adversely impact fee collections, with permit fee collections and reimbursable work down below pre-recession levels, with steeper drops in programs linked to some of the hardest hit sectors of the economy, such as onsite septic system, stormwater, and solid waste fees. Shrinking federal support seen in cuts to the EPA Clean Air Act block grant and the potential of further reductions. 	<p>DEPARTMENT OF ENVIRONMENTAL QUALITY</p> <table border="1"> <caption>DEPARTMENT OF ENVIRONMENTAL QUALITY - Revenue by Fund Type (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$36.2</td> <td>\$236.3</td> <td>\$33.0</td> </tr> <tr> <td>2011-13</td> <td>\$29.5</td> <td>\$265.9</td> <td>\$31.6</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$33.4</td> <td>\$234.9</td> <td>\$31.4</td> </tr> <tr> <td>2013-15 GB</td> <td>\$35.1</td> <td>\$271.7</td> <td>\$27.9</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$36.2	\$236.3	\$33.0	2011-13	\$29.5	\$265.9	\$31.6	2013-15 CSL	\$33.4	\$234.9	\$31.4	2013-15 GB	\$35.1	\$271.7	\$27.9
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MAJOR CHALLENGES AND DECISION POINTS

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| <ol style="list-style-type: none"> 1. *Fees: <ol style="list-style-type: none"> a) *20% increase to Air Contaminant Discharge Permits (ACDP) - \$1.2M revenue, 3 positions (3.67 FTE). b) *Sewage treatment facility operator's certification - \$295,000 revenue, 0.20 FTE. c) *401 Dredge & Fill certification - \$1.1M revenue, 3 positions (2.50 FTE) d) *On-site septic system - \$514,000 added revenue, 2 positions (2.00 FTE) e) *New Fee: Establish a fee for the new Clean Fuels Program - \$475,000 added revenue, 2 positions (1.31 FTE). 2. Proposal to repurpose \$1,789,306 balance in the inactive Sewer Assessment Deferral Loan Program (SADLP) Fund. The program was established in 1987 to allow DEQ to make loans using state-paid bonds to local governments to pay for sewer-hook-ups for low-income homeowners. The last loan disbursement was made in 2000 and last repayment was received 2008, with no known existing demand. DEQ has proposed legislation to redirect the \$1.8M to be used for grants to small communities with median income below the state average to construct, upgrade, or repair wastewater treatment and disposal systems. Would be expended as Nonlimited Other Funds. 3. Adds \$747,187 Other Funds (ODA transfers General Fund to DEQ spent as OF) and 5 positions (4.00 FTE) for a development of a statewide Pesticide Stewardship Partnership (PSP) program, in conjunction with ODA, to address pesticide-related water quality issues across all land uses and not just agriculture uses and to seek more cost-efficient alternative regulatory options. 4. Adds \$474,187 General Fund to establish 3 positions (2.25 FTE) to work on water quantity issues, work with other natural resource agencies on implementation of the state Integrated Water Resources Strategy, and provide technical assistance in support of local integrated water resource planning efforts. | <ol style="list-style-type: none"> 5. Adds \$460,000 to implement ongoing statewide ground water quality monitoring program; \$325,000 of the total funding is for purchase of scientific equipment needed to implement the program. Also phases-in staffing needed to conduct the assessments. Plan to conduct 2 area assessments every year, which would result in the ground water quality of the entire state being assessed every 10 years. 6. Phases-in 2 positions (1.25 FTE) using \$238,161 General Fund to collect biological data for assessing watershed health conditions in areas with ESA-listed fish species. The agency previously had three positions doing this Oregon Plan related work, but those positions have been eliminated in previous biennia due to budget constraints. 7. Continuation of the Clean Water State Revolving Fund capitalization for grants. \$10M debt service on bonds needed to match federal \$30M funding is self-financed and paid using repayments made to the revolving fund. 8. Uses \$1.5M General Fund in Water Quality to restore Lottery Funds, Other Funds, and Federal Funds cuts made in package 070 due to insufficient revenue. Restores all the \$813,072 LF cuts and 6 positions in the TMDL program and restores some of the \$3M reductions and 8 positions previously supported with OF and FF. |
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* See attachment for additional information on this item.