



27TH ALASKA STATE LEGISLATURE

SENATE FINANCE SUBCOMMITTEE

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Chair:

March 17, 2011

Senator Lesil McGuire
Capitol Room 125
(907) 465-2995

FISCAL YEAR 2012 NARRATIVE REPORT

Members:

Senator Donald Olson
Capitol Room 508
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Senator Tom Wagoner
Capitol Room 427
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RECOMMENDATIONS:

The Senate Finance Budget Subcommittee for the Department of Environmental Conservation submits a recommended operating budget for FY 2012 to the Senate Finance Committee as follows:

Unrestricted General Funds (UGF)	\$19,293,700
Designated General Funds (DGF)	\$26,334,400
Other Funds	\$10,576,100
Federal Funds	\$23,215,200
TOTAL	\$79,419,400

BUDGET ACTIONS:

The Senate Finance Budget Subcommittee for the Department of Environmental Conservation held six meetings with the Department and analyzed all of the Governor's operating budget transactions. In comparison the Subcommittee recommends funding levels for FY 2012 that are:

1. A decrease of \$48,800 from the FY 2012 adjusted base; including increments in unrestricted general funds (\$11,600), designated general funds (\$110,900) and federal receipts (\$129,200) but a decrement in other state funds (\$300,500).
2. A decrease of \$1,377,100 from the Governor's Amended budget request; including decrements in unrestricted general funds (\$257,000), designated general funds (\$620,100), other state funds (\$150,000) and federal receipts (\$350,000).

The subcommittee rejected 2 of the 3 requests in the Governor's amended FY 2012 budget request for additional personnel and eliminated one vacant position.

TRANSACTIONS: All of the following transactions are made against the fiscal year 2012 adjusted base.

1. Appropriation: Administration

Allocation: Office of the Commissioner

The subcommittee recommends correcting fund sources for unrealizable personal services increases, a line item transfer from personal services to services (\$96,200) and the elimination of a vacant position (PCN 18-7816).

Allocation: Administrative Services

The subcommittee recommends increasing federal authorization (\$250,000) for federal grant management and a corresponding decrement in interagency receipt authorization.

Allocation: State Support Services

The subcommittee recommends increments in multiple fund sources to cover increased lease costs (\$488,800; including \$235,900 in designated general fund) and a decrement in unrealizable interagency receipts (\$19,900).

2. Appropriation: Environmental Health

Allocation: Food Safety and Sanitation

The subcommittee recommends fund changes to correct for unrealizable fund sources for increases in personal services costs.

Allocation: Laboratory Services

The subcommittee recommends fund changes to correct for unrealizable fund sources for increases in personal services costs, an increase in statutory designated program receipts to provide laboratory testing to outside parties, the addition of one microbiologist and related costs to support shellfish testing. Funding for the microbiologist position (\$80,000 general fund program receipts) is to be one-time only and corresponding intent language has been included in the subcommittees wordage recommendations.

2. Appropriation: Environmental Health (continued)

Allocation: Laboratory Services (continued)

The subcommittee further recommends a decrement to reduce excess federal (\$350,000) and interagency receipt authority (\$150,000).

Allocation: Drinking Water

The subcommittee recommends fund changes to correct for unrealizable fund sources for increases in personal services costs, and an increment in fee authority (\$30,000) to fund technical assistance required by new federal rules.

Allocation: Solid Waste Management

The subcommittee recommends fund changes to correct for unrealizable fund sources for increases in personal services costs and an increment in fee authority (\$40,000) to meet increased demand for services.

Allocation: Air Quality

The subcommittee recommends an increment (\$10,000 unrestricted general fund match) to match federal funding (\$10,000) for air quality monitoring in Fairbanks to evaluate impact of gasline construction activities. The subcommittee also recommended accepting an increment in fee authority (\$55,000) to support gasline and resource development air quality permitting. While the subcommittee at this time rejected the majority of the increments requested in the Governor's amended FY 2012 request related to gas pipeline activities an exception was made for these increment due to the special circumstances confronting Fairbanks and the normal fee supported air quality permitting programs.

4. Appropriation: Spill Prevention and Response

Allocation: Industry Preparedness and Pipeline Operations

The subcommittee recommends an increment in interagency receipt authority (\$121,100) associated with the in-state pipeline authorized under HB 369. The subcommittee felt that this authority was necessary in the event that further in-state gas pipeline funding is made available through other funding mechanisms.

5. Appropriation: Water

Allocation: Water Quality

The subcommittee recommends fund changes to correct for unrealizable fund sources for increases in personal services costs, mining permit fees, increased fee authority (\$60,000) for the wastewater discharge program and a reduction in Ocean Ranger funds (\$620,100) to more accurately reflect department needs.

Allocation: Facility Construction

The subcommittee recommends fund changes to correct for unrealizable fund sources for increases in personal services costs and a fund source change from Alaska Clean Water Fund to federal receipts for the Alaska Clean Water Grant Fund.

TRANSACTIONS IN THE GOVERNOR'S FY 2012 AMENDED REQUEST THAT WERE NOT ADOPTED BY THE SUBCOMMITTEE:

1. Appropriation: Environmental Health

Allocation: Air Quality

The subcommittee rejected the Governor's request for \$155,000 in unrestricted general funds for costs related to support gasline and resource development air quality permitting. Air quality permitting is typically supported by fees from applicants and with the State already contributing 90% of the cost of permitting through the AGIA process the subcommittee felt that unrestricted general fund increments were not warranted at this time. The subcommittee further rejected the corresponding request for an additional PCN to support gasline permitting.

2. Appropriation: Spill Prevention and Response

Allocation: Contaminated Sites Program

The subcommittee rejected the increment in unrestricted general funds (\$20,000) to inventory contaminated sites along the pipeline route. The subcommittee felt strongly that these costs should be born by the State's licensee or other project proponents either directly or through fees.

TRANSACTIONS IN THE GOVERNOR'S FY 2012 AMENDED REQUEST THAT WERE NOT ADOPTED BY THE SUBCOMMITTEE (continued):

3. Appropriation: Water Quality


Allocation: Water Quality

The subcommittee rejected the Governor's request for an increment of \$82,000 in unrestricted general funds to support gasline related stormwater and wastewater permitting. Without additional information on the progress of the various gasline projects there was not sufficient justification for the request. The subcommittee also rejected the Governor's request for a position.

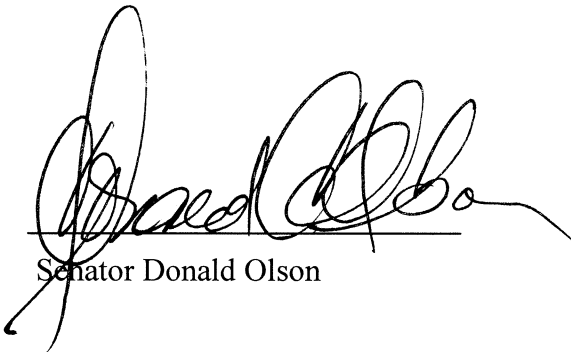
ADDITIONAL RECOMMENDATIONS:

1. The subcommittee strongly felt that more information on gasline related expenditures was required. The subcommittee was particularly concerned about the requests to establish permanent positions with unrestricted general funds for what is essentially project specific permitting. More work with the department needs to be done to determine if additional permitting staff is needed to ensure the timely processing of permit applications for all resource development.
2. The subcommittee recommends intent language directing the department to more accurately account for interagency receipts in the Administrative Services division.
3. The subcommittee recommends intent language directing the department to work with shellfish producers to explore methods of lowering the cost to the public of certifying the water quality of shellfish areas. Although the departments' fees for water quality testing are modest there is a significant cost to the public of collecting and shipping samples to the department. The subcommittee strongly supports a vibrant shellfish industry in Alaska and would like to see continued collaboration between the department and the industry to protect the public health without placing unnecessary burdens on the industry.
4. The subcommittee recommends conditional language for the Administrative Services and Air Quality divisions to allocate the unexpended and unobligated balances available on June 30, 2011 of the applicable federal or program receipts and fees available to the divisions.
5. The subcommittee is concerned that additional work needs to be done with the department to develop a plan to address declining revenues to the Oil/Haz fund.


The Senate Finance Subcommittee for the Department of Environmental Conservation thanks the department for the continued progress they have made in developing rational regulations to protect the public and for their vigilance in protecting Alaska's environment while promoting responsible resource development.



Senator Lesil McGuire, Chair



Senator Donald Olson



Senator Tom Wagoner

ATTACHED REPORTS:

1. Budget Action Worksheet
2. Agency Totals; Senate Structure
3. Allocation Summary; Senate Structure
4. Transaction Compare; Senate Structure; Adjusted Base and Senate Sub
5. Transaction Compare; Senate Structure; House and Senate Sub
6. Transaction Compare; Senate Structure; Gov. Amended and Senate Sub
7. Wordage Report; Senate Structure