

**2015 Legislature - Operating Budget
Transaction Compare - Governor Amend Structure
Between 16Adj Base and 16GovEndorsed**

Numbers and Language Differences Agencies: DEC

Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Agency Unallocated Appropriation													
Agency Unallocated Appropriation													
FY2016 Target Reduction	16GovEndorsed	Unalloc	-370.0	0.0	0.0	0.0	0.0	0.0	0.0	-370.0	0	0	0
1004 Gen Fund (UGF)			-370.0										
AMD: Restore FY2016 Target Reduction	16GovEndorsed	Unalloc	370.0	0.0	0.0	0.0	0.0	0.0	0.0	370.0	0	0	0
<i>This distributes an unallocated reduction of general funds.</i>													
1004 Gen Fund (UGF)			370.0										
* Allocation Difference *			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Administration													
Office of the Commissioner													
AMD: Office of the Commissioner Reductions due to Efficiencies from Reorganization of Administrative Functions	16GovEndorsed	Dec	-114.1	-109.3	0.0	-4.8	0.0	0.0	0.0	0.0	-1	0	0
<i>The Office of the Commissioner will be reduced \$43.1 in general funds and eliminate one position. There will also be an associated reduction of \$71.0 interagency receipts that partially funded the position. The reduction eliminates a Program Coordinator I focused on workforce development and special projects within the Department. These duties will be redistributed within the Department and will have minimal impact to the delivery of direct services to the public. This decrement will also reduce the amount of contractual funds available to support the Department's regulations review. The 2014 legislature passed House Bill 140 which requires development of the estimated costs to the public to comply with proposed regulations.</i>													
1004 Gen Fund (UGF)			-43.1										
1007 I/A Rcpts (Other)			-71.0										
* Allocation Difference *			-114.1	-109.3	0.0	-4.8	0.0	0.0	0.0	0.0	-1	0	0
Administrative Services													
Replace Federal with Clean Air and Comm Pass Vessel Funds for Core Service and Lease Cost Realloc per Fed Ind Cost Plan	16GovEndorsed	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<i>The Division of Administrative Services is an administrative support unit that provides the majority of the finance, procurement, human resources, information technology, and budget services to the Department. It also pays a portion of the overhead expenses, including shared lease costs and core service charges from the Department of Administration. This division is intentionally funded in direct proportion to the funding source breakdown of the Personal Services costs in the Department. This method complies with an approved federal indirect cost allocation plan. An analysis of Department personal services funding in comparison to the funding of the Division of Administrative Services shows that the Division is overfunded by federal receipts, and underfunded by clean air protection fund and commercial passenger vessel funds.</i>													
<i>This is a technical adjustment that brings expenditures and available revenues into proportional alignment. No programmatic impact is anticipated.</i>													
1002 Fed Rcpts (Fed)			-510.0										
1093 Clean Air (Other)			400.0										
1166 Vessel Com (DGF)			110.0										
Replace Federal Receipts with Clean Water Fund Administrative Fees	16GovEndorsed	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

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Administration (continued)

Administrative Services (continued)

Replace Federal Receipts with Clean Water

Fund Administrative Fees (continued)

The department requests a fund source change from federal authority to funds from the administrative fee account of the Alaska Clean Water Funds (ACWF). The fund source change for the Administrative Services components coordinates to the fund source change in the Facilities component and maintains the proportional balance of funding in Administrative Services.

In FY2015 the department began shifting away from the use of federal set-asides toward the use of administrative fee receipts to manage the department's municipal loan program. It accomplished this with a fund source change of \$800.0 (\$400.0 ACWF / \$400.0 ADWF) from federal funds in the Facilities Construction component and a coordinating fund source change of \$96.0 (\$48.0 ACWF / \$48.0 ADWF) in the Administrative Services component. If approved, this FY2016 fund source change will fully support the Department's loan management program with these administrative fees. Federal agencies that established, funded, and govern the activities of this loan program have requested that States to move away from use of the capitalization grant set-asides and toward the use of administrative fees. Loans from the two funds currently under management now produce enough income from administrative fees to fully support loan management costs.

This is a status quo request that maintains the current level of service. No programmatic impact is anticipated.

Federal agencies have further requested that Alaska works to balance the existing imbalance between the Clean Water and Drinking Water administrative fee accounts. With this fund source change, the department intends to bring the administrative fee accounts into balance over the next five years. Federal agencies have confirmed that administrative fees received for loans from the Clean Water fund may be used to manage both water and wastewater loans. The department expects the administrative fee accounts to be sufficient to fully support the management of the loan program in perpetuity. A projection of future revenue and expense to/from the administrative fee accounts of the funds is available upon request.

Background: Municipal Water/Wastewater Loan Administrative Fees

Each drinking water and wastewater project loan issued by the Municipal Grant and Loan program is charged a 0.5% administrative fee. This adjustment is a change from federal authority to funds from those fee accounts (Alaska clean water administrative operating account (AS 46.03.034(a)(1)) in the Alaska clean water administrative fund (AS 46.03.034) and the Alaska drinking water administrative operating account (AS 46.03.038(a)(1)) in the Alaska drinking water administrative fund (AS 46.03.038).) This will allow the department to access those fees to cover expenses associated with managing the loans. Expenditures from the fee accounts will be offset by reduced spending from federal ACWF/ADWF capitalization grant set-asides. This adjustment will maintain the department's capacity to administer the programs. Money received in payment of fees charged by the department (a fixed fee of one-half of one percent of the total amount of financial assistance disbursed) and earnings on the Alaska clean water administrative fund are deposited in the Alaska clean water and drinking water administrative income accounts and may be used to pay for the department's operational and administrative costs necessary to manage the Alaska clean water/drinking water fund and the Alaska clean water/drinking water administrative fund and for such other purposes permitted by federal law.

1002 Fed Rcpts (Fed)	-84.0
1230 CleanAdmin (Other)	84.0

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Administration (continued)													
Administrative Services (continued)													
AMD: Administrative Services Reduction due to Efficiencies and Streamlining Services	16GovEndorsed	Dec	-25.0	0.0	0.0	-25.0	0.0	0.0	0.0	0.0	0	0	0
<i>The Division of Administrative Services provides centralized administrative support services to the department programs. The division will streamline various administrative functions to create efficiency and reduce use of general funds. This reduction will have minimum impact on the delivery of direct services to the public.</i>													
1004 Gen Fund (UGF)			-25.0										
* Allocation Difference *			-25.0	0.0	0.0	-25.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			-139.1	-109.3	0.0	-29.8	0.0	0.0	0.0	0.0	-1	0	0
DEC Buildings Maintenance and Operations													
DEC Buildings Maintenance and Operations													
AMD: Align Authority to Comply with Vacancy Factor Guidelines	16GovEndorsed	LIT	0.0	10.1	0.0	-10.1	0.0	0.0	0.0	0.0	0	0	0
<i>This will bring personal services within vacancy factor guidelines and align authority with anticipated expenditure levels. There are no impacts on services associated with this transfer.</i>													
* Allocation Difference *			0.0	10.1	0.0	-10.1	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			0.0	10.1	0.0	-10.1	0.0	0.0	0.0	0.0	0	0	0
Environmental Health													
Food Safety & Sanitation													
AMD: Reduction of Inspections of Retail Food Facilities, Public Accommodations, and Non-Food Facilities	16GovEndorsed	Dec	-869.3	-750.3	-50.0	-50.0	-19.0	0.0	0.0	0.0	-8	0	0
<i>The Food Safety & Sanitation (FSS) component will be reduced \$869.3 in general funds and eliminate eight positions.</i>													
<i>The reduction eliminates four Environmental Health Officers, one Environmental Program Manager I, one Environmental Health Technician, one Publications Specialist III, and one Office Assistant I. The reduction of services will focus primarily on retail food inspections and, to a lesser degree, administrative support and program outreach in the following ways:</i>													
<i>FSS will discontinue all inspection, training, and plan review activities associated with pools and spas. These facilities are not permitted, so there will be no corresponding reduction to general fund program receipts. The Department anticipates the larger municipalities will have the ability to take on some of this work, and Anchorage is already conducting its own inspections, however the Department will not retain the capacity to support and train communities in the highly technical work required to conduct their own inspections. Smaller communities will likely need to contract out to third parties to ensure their pool and spa facilities are operating safely.</i>													
<i>Inspections previously completed on a complaint basis will no longer be offered for barbers and hairdresser facilities and public accommodations. Routine inspections for body art and piercing facilities will only be completed if the Department of Commerce, Community, and Economic Development can continue to fully reimburse costs through a Reimbursable Services Agreement.</i>													
<i>Eliminating inspections of public accommodations and non-food facilities (pools and spas, barbers and</i>													

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Environmental Health (continued)													
Food Safety & Sanitation (continued)													
AMD: Reduction of Inspections of Retail Food Facilities, Public Accommodations, and Non-Food Facilities (continued)													
<i>hairdressers, public toilets, etc.) increases the public's risk of contracting certain viruses or diseases, and increases the risk of harm from chemical burns or inhalation due to improper storage.</i>													
<i>At existing staffing levels, FSS has been able to inspect approximately 40% of permitted retail facilities each year. The staff and funding reduction proposed is expected to reduce the percentage of permitted retail facility inspections to between 20-25% annually. Studies have found that restaurants with poor inspection results were at increased risk of foodborne illness outbreaks and that routine inspections help identify restaurants with an increased risk of an outbreak. In the last five years, inspections of retail food service establishments revealed that poor personal hygiene (hand washing, working while sick, and touching ready-to-eat food with bare hands) was the most frequently observed risk factor violation in Alaska.</i>													
<i>As a consequence of fewer inspections, FSS staff will spend more time responding to complaints about facilities for issues that would have been addressed during an inspection. There will also likely be an increase in the number of individual complaints of illness from food to the Section of Epidemiology and FSS. Increased customer complaints regarding sanitation, outbreaks, or recalls may result in loss of business reputation and other business-related costs. Consumer confidence in retail facilities may decrease the amount of money spent at Alaska restaurants, resulting in negative economic effects to restaurants and Alaska economy.</i>													
<i>Unlike retail food inspections, all manufactured food inspections currently completed are required under the FDA inspection contract. The remaining staff in FSS will focus efforts and resources to maintain this existing level of inspection activity for manufactured food and fully maximize federal receipts.</i>													
<i>The effects of this reduction in retail food inspections will be felt statewide, and it is difficult to say which communities will be most impacted. Where it is possible, FSS will prioritize high risk facilities that serve vulnerable populations such as nursing homes and hospitals. Anchorage already conducts its own retail food inspections, and larger communities such as Juneau and Fairbanks could be encouraged to take on this work.</i>													
<i>FSS will significantly reduce or eliminate a variety of outreach and training services that are currently offered. This includes less participation on a variety of boards such as the Alaska Seafood Marketing Institute, Food Policy Council, Alaska Environmental Health Association, and Alaska Food Coalition. This also means eliminating specialized training for interested groups, developing handouts and guidance materials, limiting participation in tradeshow and conferences, and relying on FDA's distribution of food recall notices.</i>													
<i>As demonstrated in numerous studies, a reduction in food protection capacity and services results in an increase in foodborne illnesses. Without sufficient resources to inspect facilities, investigate outbreaks, and protect the public from foodborne threats, public health is compromised. A less robust food protection program will not have the capacity to protect the food supply as effectively. As resources are diminished, the inevitable outcome is less public health protection for people eating away from home.</i>													
1004 Gen Fund (UGF)			-869.3										
* Allocation Difference *			-869.3	-750.3	-50.0	-50.0	-19.0	0.0	0.0	0.0	-8	0	0

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Environmental Health (continued)

Laboratory Services

AMD: Fund Fish Tissue Monitoring Program with Ocean Ranger Fees	16GovEndorsed	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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The Department of Environmental Conservation (DEC) created the Fish Tissue Monitoring program in conjunction with the Departments of Health and Social Services and Fish and Game, to show that Alaska's fish are safe for subsistence, recreational, and commercial consumers. The program came into existence in response to EPA instituting a national advisory to restrict fish consumption based on their monitoring data collected outside Alaskan waters. The advisory would have applied to Alaska. Therefore, in FY2002, Alaska instituted its own program to conduct on-going fish tissue testing which provides supporting data that enables the state to override the federal fish consumption guidelines.

The department recognizes the need to secure a durable funding source for this important program. This fund source change will replace a portion of the general funds currently used for the Department's Fish Tissue Monitoring program with Ocean Ranger fees. Under the authority of AS 46.03.480, an Ocean Ranger fee of \$4 per berth is imposed on all large commercial passenger vessels. Those fees are retained in a sub-account of the Commercial Passenger Vessel Environmental Compliance Fund. Under the authority of AS 46.03.488, the department may engage in "monitoring and studying of direct or indirect environmental effects of those vessels" with these funds. Continuous biological surveillance of the healthfulness of Alaska's wild seafood stocks is a highly effective measure of the long-term environmental impact of commercial passenger vessel traffic in Alaskan waters.

This fund source change is offset by a corresponding decrement of Ocean Ranger fees in the Water Quality component, which maintains the department's status quo utilization of these receipts. This change will have no impact on the delivery of direct services to the public.

1004 Gen Fund (UGF)	-250.0
1205 Ocn Ranger (DGF)	250.0

AMD: Delete Two Microbiologist Positions in Laboratory Services	16GovEndorsed	Dec	-170.0	-150.0	0.0	-9.0	-11.0	0.0	0.0	0.0	-2	0	0
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The Laboratory Services component will be reduced \$170.0 in general funds, and eliminate two Microbiologist I/II positions, with the following reduction to services:

At this time, the Department believes that the laboratory can continue operating at existing levels after eliminating two positions without creating a significant backlog of activity. While the laboratory must maintain the capacity to perform certain tests, this reduction will be possible by reducing the quantity of tests accepted, and increasing the turnaround time offered rather than eliminating any specific service.

The laboratory currently receives and processes six "Ready to Eat" samples monthly in accordance with an FDA ISO accreditation grant and as part of the Food Safety & Sanitation program's surveillance activities. The laboratory is required to develop a sampling plan and receive samples in order to maintain federal funds, but can scale back the number of samples received without risking a reduction in federal funds. This impact will be felt internally within the Division of Environmental Health, and will have little effect to the public.

The laboratory is currently able to provide non-urgent testing results in 15 business days. This proposed reduction in staff will increase this turnaround time. The laboratory also performs processes for a variety of animal health surveillance activities as part of the surveillance efforts for the Office of the State Veterinarian, and is reportable to

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Environmental Health (continued)													
Laboratory Services (continued)													
AMD: Delete Two Microbiologist Positions in Laboratory Services (continued)													
<i>USDA. The process time for these tests can be reduced to accommodate the reduction of laboratory staff, without significantly affecting the work of the Office of the State Veterinarian.</i>													
			1004 Gen Fund (UGF)	-170.0									
* Allocation Difference *				-170.0	-150.0	0.0	-9.0	-11.0	0.0	0.0	-2	0	0
Drinking Water													
	16GovEndorsed	Dec	AMD: Drinking Water Reductions due to Efficiencies from Reorganization	-507.3	-466.3	-7.5	-28.0	-5.5	0.0	0.0	0.0	-4	0
<i>The Drinking Water component will be reduced \$507.3 in general fund match and eliminate four positions with some reduction to services.</i>													
<i>The program has recently completed a significant reorganization that consolidated work and created efficiencies that will make possible the reduction of a Tech Engineer II/Architect II, an Environmental Engineer I, an Environmental Program Specialist I/II/III, and an Administrative Assistant I. The impacts of this reduction will mean that the Department will have less capacity to provide technical assistance to communities and drinking water system operators, and this will slow response time.</i>													
			1003 G/F Match (UGF)	-507.3									
	16GovEndorsed	PosAdj	AMD: Delete Environmental Program Specialist I (18-7367) Due to Declining Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<i>Due to the loss of federal receipts this position is vacant and the Drinking Water component does not have other sufficient funding for it in the current budget.</i>													
* Allocation Difference *				-507.3	-466.3	-7.5	-28.0	-5.5	0.0	0.0	0.0	-5	0
Solid Waste Management													
	16GovEndorsed	Dec	AMD: Solid Waste Management Reductions due to Efficiencies from Reorganization of Administrative Functions	-85.6	-78.9	-1.0	-4.7	-1.0	0.0	0.0	0.0	-1	0
<i>The Solid Waste Management component will be reduced by \$85.6, and eliminate one Environmental Program Specialist I/II/III with no significant reduction to services.</i>													
<i>The Department will consolidate work within the Pesticides program and utilize the created efficiencies. Work will also be shifted to fully maximize federal funds. With the implementation of new regulations governing the Pesticides program, the Department anticipates the remaining staff will be able to maintain an acceptable level of service if there is no significant increase to the workload.</i>													
			1004 Gen Fund (UGF)	-85.6									
* Allocation Difference *				-85.6	-78.9	-1.0	-4.7	-1.0	0.0	0.0	0.0	-1	0
** Appropriation Difference **				-1,632.2	-1,445.5	-58.5	-91.7	-36.5	0.0	0.0	0.0	-16	0

Air Quality

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Air Quality (continued)													
Air Quality													
Expand Air Permitting Program to Meet Growing Oil & Gas Industry Needs	16GovEndorsed	Inc	123.0	112.0	1.5	7.0	2.5	0.0	0.0	0.0	1	0	0
<i>The current statewide oil and gas infrastructure development boom has increased the demand for air quality permits, both for long term construction camps and new and increased industrial facilities, such as at Pt. Thompson and the planned LNG/gas pipeline. To timely service the increase in pre-application advice and permit issuance expected for the next few years, the Department proposes creating a dedicated modelling engineer position in our Anchorage permit office. Although both the Anchorage and Juneau offices process permits, only the Juneau office currently has a dedicated modeling position. This position serves both offices, but creates a bottleneck in permit processing when more or complex permit applications are received. A second position will relieve this bottleneck as well as provide a back-up to the existing modeler. This will allow the Department to continue to provide customized service to development projects while still meeting the projects' timelines.</i>													
1005 GF/Prgm (DGF)			123.0										
* Allocation Difference *			123.0	112.0	1.5	7.0	2.5	0.0	0.0	0.0	1	0	0
** Appropriation Difference **			123.0	112.0	1.5	7.0	2.5	0.0	0.0	0.0	1	0	0

Spill Prevention and Response

Spill Prevention and Response Director

Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs	16GovEndorsed	TrOut	-343.3	-285.2	-30.0	-23.6	-4.5	0.0	0.0	0.0	-2	0	0
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The Legislature established The Oil and Hazardous Substance Release Prevention and Response Fund in 1986 to provide a ready and reliable source of payment of the expenses incurred by the Department of Environmental Conservation's (DEC) in responding to a release or threatened release of oil or hazardous substances and the expense of establishing and maintaining spill prevention, preparedness and response programs that reduce the risk of oil and hazardous substance spills.

The Response Fund is comprised of two accounts: the Response Account which can be accessed for emergencies without legislative appropriation, and the Prevention Account which is used to pay the operating expenses for the State's spill prevention, preparedness and response programs. The Response Fund is funded primarily by a \$.05 per barrel surcharge, with \$.01 going to Response Account and \$.04 going to the Prevention Account. Cost recovery and interest earnings also fund both accounts to a lesser degree.

Continued decline in crude oil production has resulted in a continued decline of surcharge receipts. Expenditures from the Prevention Account now exceed revenues. This shortfall has been anticipated for many years, and crude oil production is not projected to increase sufficiently in the future to cover current operating costs.

Recognizing this revenue decline, DEC is taking measures to decrease spending from the Prevention Account. Spending reductions can only be accomplished by restructuring the Division of Spill Prevention and Response. That restructuring combines the Division's five components into one component, and it significantly redefines the State's approach to planning, preparing for and responding to spills. Greater synergy between planning and response can reduce expenses and improve service delivery to the regulated public without reducing protection of Alaska's natural environmental. It creates program efficiencies that reduce overall costs by \$520.0 and eliminates four positions (one Analyst/Programmer, two Environmental Program Specialists, and one Office Assistant).

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Spill Prevention and Response (continued)													
Spill Prevention and Response Director (continued)													
Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs (continued)													
<i>Even with these spending reductions, expenses will still exceed revenues in FY2015 and beyond. The administration and the Legislature cannot counteract the effect of declining oil production with spending reductions alone. An annual transfer of general funds into the Prevention Account is required to continue critical program operations. Any further efforts to reduce expenditures from the Prevention Account, without support from other fund sources, would impair DEC's ability to prevent and respond to spills both large and small. With increasing exploration and production, and so much new activity in Cook Inlet and the Arctic, DEC must maintain its robust spill prevention and response capacity.</i>													
	1002 Fed Rcpts (Fed)		-71.3										
	1052 Oil/Haz Fd (DGF)		-272.0										
* Allocation Difference *			-343.3	-285.2	-30.0	-23.6	-4.5	0.0	0.0	0.0	-2	0	0

Contaminated Sites Program

Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs	16GovEndorsed	TrOut	-8,879.3	-6,152.7	-247.5	-2,436.7	-36.4	-6.0	0.0	0.0	-52	0	0
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The Legislature established The Oil and Hazardous Substance Release Prevention and Response Fund in 1986 to provide a ready and reliable source of payment of the expenses incurred by the Department of Environmental Conservation's (DEC) in responding to a release or threatened release of oil or hazardous substances and the expense of establishing and maintaining spill prevention, preparedness and response programs that reduce the risk of oil and hazardous substance spills.

The Response Fund is comprised of two accounts: the Response Account which can be accessed for emergencies without legislative appropriation, and the Prevention Account which is used to pay the operating expenses for the State's spill prevention, preparedness and response programs. The Response Fund is funded primarily by a \$.05 per barrel surcharge, with \$.01 going to Response Account and \$.04 going to the Prevention Account. Cost recovery and interest earnings also fund both accounts to a lesser degree.

Continued decline in crude oil production has resulted in a continued decline of surcharge receipts. Expenditures from the Prevention Account now exceed revenues. This shortfall has been anticipated for many years, and crude oil production is not projected to increase sufficiently in the future to cover current operating costs.

Recognizing this revenue decline, DEC is taking measures to decrease spending from the Prevention Account. Spending reductions can only be accomplished by restructuring the Division of Spill Prevention and Response. That restructuring combines the Division's five components into one component, and it significantly redefines the State's approach to planning, preparing for and responding to spills. Greater synergy between planning and response can reduce expenses and improve service delivery to the regulated public without reducing protection of Alaska's natural environment. It creates program efficiencies that reduce overall costs by \$520.0 and eliminates four positions (one Analyst/Programmer, two Environmental Program Specialists, and one Office Assistant).

Even with these spending reductions, expenses will still exceed revenues in FY2015 and beyond. The administration and the Legislature cannot counteract the effect of declining oil production with spending reductions

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Spill Prevention and Response (continued)													
Contaminated Sites Program (continued)													
Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs (continued)													
<i>alone. An annual transfer of general funds into the Prevention Account is required to continue critical program operations. Any further efforts to reduce expenditures from the Prevention Account, without support from other fund sources, would impair DEC's ability to prevent and respond to spills both large and small. With increasing exploration and production, and so much new activity in Cook Inlet and the Arctic, DEC must maintain its robust spill prevention and response capacity.</i>													
1002 Fed Rcpts (Fed)			-5,300.7										
1007 I/A Rcpts (Other)			-93.2										
1052 Oil/Haz Fd (DGF)			-3,485.4										
* Allocation Difference *			-8,879.3	-6,152.7	-247.5	-2,436.7	-36.4	-6.0	0.0	0.0	-52	0	0

Industry Preparedness and Pipeline Operations

Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs	16GovEndorsed	TrOut	-5,336.9	-4,544.9	-134.9	-609.8	-47.3	0.0	0.0	0.0	-40	0	0
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The Legislature established The Oil and Hazardous Substance Release Prevention and Response Fund in 1986 to provide a ready and reliable source of payment of the expenses incurred by the Department of Environmental Conservation's (DEC) in responding to a release or threatened release of oil or hazardous substances and the expense of establishing and maintaining spill prevention, preparedness and response programs that reduce the risk of oil and hazardous substance spills.

The Response Fund is comprised of two accounts: the Response Account which can be accessed for emergencies without legislative appropriation, and the Prevention Account which is used to pay the operating expenses for the State's spill prevention, preparedness and response programs. The Response Fund is funded primarily by a \$.05 per barrel surcharge, with \$.01 going to Response Account and \$.04 going to the Prevention Account. Cost recovery and interest earnings also fund both accounts to a lesser degree.

Continued decline in crude oil production has resulted in a continued decline of surcharge receipts. Expenditures from the Prevention Account now exceed revenues. This shortfall has been anticipated for many years, and crude oil production is not projected to increase sufficiently in the future to cover current operating costs.

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Even with these spending reductions, expenses will still exceed revenues in FY2015 and beyond. The administration and the Legislature cannot counteract the effect of declining oil production with spending reductions alone. An annual transfer of general funds into the Prevention Account is required to continue critical program

**2015 Legislature - Operating Budget
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**Numbers and Language
Differences
Agencies: DEC**

Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Spill Prevention and Response (continued)													
Industry Preparedness and Pipeline Operations (continued)													
Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs (continued)													
<i>operations. Any further efforts to reduce expenditures from the Prevention Account, without support from other fund sources, would impair DEC's ability to prevent and respond to spills both large and small. With increasing exploration and production, and so much new activity in Cook Inlet and the Arctic, DEC must maintain its robust spill prevention and response capacity.</i>													
1002 Fed Rcpts (Fed)			-308.1										
1004 Gen Fund (UGF)			-673.9										
1007 I/A Rcpts (Other)			-429.0										
1052 Oil/Haz Fd (DGF)			-3,504.0										
1166 Vessel Com (DGF)			-421.9										
* Allocation Difference *			-5,336.9	-4,544.9	-134.9	-609.8	-47.3	0.0	0.0	0.0	-40	0	0

Prevention and Emergency Response

Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs	16GovEndorsed	TrOut	-4,713.5	-3,947.8	-116.7	-579.0	-50.0	-20.0	0.0	0.0	-35	0	0
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The Legislature established The Oil and Hazardous Substance Release Prevention and Response Fund in 1986 to provide a ready and reliable source of payment of the expenses incurred by the Department of Environmental Conservation's (DEC) in responding to a release or threatened release of oil or hazardous substances and the expense of establishing and maintaining spill prevention, preparedness and response programs that reduce the risk of oil and hazardous substance spills.

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Numbers and Language Differences Agencies: DEC

Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Spill Prevention and Response (continued)													
Prevention and Emergency Response (continued)													
Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs (continued)													
<i>alone. An annual transfer of general funds into the Prevention Account is required to continue critical program operations. Any further efforts to reduce expenditures from the Prevention Account, without support from other fund sources, would impair DEC's ability to prevent and respond to spills both large and small. With increasing exploration and production, and so much new activity in Cook Inlet and the Arctic, DEC must maintain its robust spill prevention and response capacity.</i>													
	1052 Oil/Haz Fd (DGF)		-4,713.5	-3,947.8	-116.7	-579.0	-50.0	-20.0	0.0	0.0	-35	0	0
* Allocation Difference *			-4,713.5	-3,947.8	-116.7	-579.0	-50.0	-20.0	0.0	0.0	-35	0	0

Response Fund Administration

Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs	16GovEndorsed	TrOut	-1,613.3	-815.3	-10.4	-781.6	-6.0	0.0	0.0	0.0	-16	0	0
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Numbers and Language Differences Agencies: DEC

Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Spill Prevention and Response (continued)													
Response Fund Administration (continued)													
Transfer to Spill Prevention and Response to Reorganize and Consolidate Spill Prevention and Response Programs (continued)													
<i>exploration and production, and so much new activity in Cook Inlet and the Arctic, DEC must maintain its robust spill prevention and response capacity.</i>													
1002 Fed Rcpts (Fed)			-205.7										
1052 Oil/Haz Fd (DGF)			-1,407.6										
* Allocation Difference *			-1,613.3	-815.3	-10.4	-781.6	-6.0	0.0	0.0	0.0	-16	0	0

Spill Prevention and Response

Transfer from Spill Prevention and Response Components for the Reorganization and Consolidation of Spill Prevention	16GovEndorsed	TrIn	20,886.3	15,745.9	539.5	4,430.7	144.2	26.0	0.0	0.0	145	0	0
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Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Spill Prevention and Response (continued)													
Spill Prevention and Response (continued)													
Transfer from Spill Prevention and Response													
Components for the Reorganization and Consolidation of Spill Prevention (continued)													
1002 Fed Rcpts (Fed)			5,885.8										
1004 Gen Fund (UGF)			673.9										
1007 I/A Rcpts (Other)			522.2										
1052 Oil/Haz Fd (DGF)			13,382.5										
1166 Vessel Com (DGF)			421.9										
Spill Prevention and Response Reductions due to Efficiencies from Reorganization and Consolidation of Programs	16GovEndorsed	Dec	-520.0	-400.0	0.0	-120.0	0.0	0.0	0.0	0.0	-4	0	0
<i>Continued decline in crude oil production has resulted in a continued decline of surcharge receipts to the Prevention Account of the Response Fund. Expenditures from the Prevention Account now exceed revenues. This shortfall has been anticipated for many years, and crude oil production is not projected to increase sufficiently in the near future to cover current operating costs.</i>													
<i>Recognizing this revenue decline, DEC is taking measures to decrease spending from the Prevention Account. Spending reductions can only be accomplished by restructuring the Division of Spill Prevention and Response. That restructuring combines the Division's five components into one component, and it significantly redefines the State's approach to planning, preparing for and responding to spills. Greater synergy between planning and response can reduce expenses and improve service delivery to the regulated public without reducing protection of Alaska's natural environment. It creates program efficiencies that reduce overall costs by 520.0 and eliminates four positions (one Analyst/Programmer, two Environmental Program Specialists, and one Office Assistant). In addition, several vacant positions were downgraded.</i>													
1052 Oil/Haz Fd (DGF)			-520.0										
AMD: Replace Federal Receipts with Interagency Receipts to Align Authority with Anticipated Receipts	16GovEndorsed	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<i>Federal receipts authority exceeds grant revenues available to the division. Additional interagency receipts are needed for Reimbursable Service Agreements (RSAs) coming to the division from the Department of Natural Resources and the Department of Military and Veterans Affairs. In prior years, the division has accounted for interagency funds as unbudgeted receipts. This is a status quo request that aligns budgeted authority with anticipated receipts.</i>													
1002 Fed Rcpts (Fed)			-550.0										
1007 I/A Rcpts (Other)			550.0										
* Allocation Difference *			20,366.3	15,345.9	539.5	4,310.7	144.2	26.0	0.0	0.0	141	0	0
** Appropriation Difference **			-520.0	-400.0	0.0	-120.0	0.0	0.0	0.0	0.0	-4	0	0

Water													
Water Quality													
AMD: Water Quality Reductions due to Efficiencies from Reorganization of Administrative Functions	16GovEndorsed	Dec	-95.0	-95.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<i>The Division of Water will reorganize and consolidate its administrative functions, which will improve efficiency and</i>													

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Transaction Compare - Governor Amend Structure
Between 16Adj Base and 16GovEndorsed**

Numbers and Language Differences Agencies: DEC

Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Water (continued)													
Water Quality (continued)													
AMD: Water Quality Reductions due to Efficiencies from Reorganization of Administrative Functions (continued) <i>reduce use of general funds.</i>													
<i>This eliminates an Accountant III position responsible for monitoring permit fee collections and conducting a routine fee study to adjust the fee rates, as required by statute. These tasks will be absorbed by the remaining staff in the administrative section of the Division. This reduction will have minimum impact on the delivery of direct services to the public.</i>													
1004 Gen Fund (UGF)			-95.0										
AMD: Reduce Ocean Ranger Vessel Coverage to allow use of fees in laboratory services for fish tissue monitoring	16GovEndorsed	Dec	-250.0	0.0	0.0	-250.0	0.0	0.0	0.0	0.0	0	0	0
<i>This decrement offsets a corresponding increase of Ocean Ranger fee receipt usage in the Laboratory Services component by the Fish Tissue Monitoring program. Under the authority of AS 46.03.480, an Ocean Ranger fee of \$4 per berth is imposed on all large commercial passenger vessels. Those fees are retained in a sub-account of the Commercial Passenger Vessel Environmental Compliance Fund. Under the authority of AS 46.03.488, the Department may engage in "monitoring and studying of direct or indirect environmental effects of those vessels." Continuous biological surveillance of the healthfulness of Alaska's wild seafood stocks is a highly effective measure of the long-term environmental impact of commercial passenger vessel traffic in Alaskan waters.</i>													
<i>The net effect of this decrement will be a small reduction in the number of cruise ship voyages in Alaska waters that have an Ocean Ranger on board. This effect is mitigated by the department's increased experience with the Ocean Ranger program and more strategic targeting of resources. Even with this reduction, the Department will strive to have an Ocean Ranger presence on every vessel for part of every cruise ship season.</i>													
1205 Ocn Ranger (DGF)			-250.0										
AMD: Delete Environmental Program Manager III Position Associated with Federal 404 Permitting	16GovEndorsed	Dec	-103.4	-103.4	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
<i>The Water Quality component will be reduced \$103.4 in general funds and eliminate one position with some reduction in services.</i>													
<i>The 2013 Legislature passed Senate Bill 27 (SB27) that directed the Department, along with the Department of Natural Resources, to analyze the potential for State primacy of the Clean Water Act Section 404 wetlands program. Both agencies began gathering information and working with the Army Corps of Engineers (Corps) and EPA to improve the existing Corps 404 permitting process in the state. The budget that accompanied SB27 was cut during the 2014 legislative session while the enabling legislation remains intact. This has substantially slowed the State's efforts towards assumption.</i>													
<i>On a time-available basis, the Department has been completing tasks that were in progress in FY2014. This has focused on identifying efficiencies the Corps and EPA could implement to improve the existing 404 permitting process in Alaska. The Department will cease this work in FY2016, and eliminate an Environmental Program Manager III.</i>													
1004 Gen Fund (UGF)			-103.4										

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Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Water (continued)													
Water Quality (continued)													
AMD: Delete Expired Long-Term Non-Permanent Engineer II (18-N08060)	16GovEndorsed	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	-1
<i>Long-term non-permanent DEC Engineer II position (18-N08060) expires at the end of FY2015. This position was established to work on wastewater discharge permits for large mines funded by intra-agency receipts. The non-permanent work required of this position will be complete by June 30th, 2015.</i>													
* Allocation Difference *			-448.4	-198.4	0.0	-250.0	0.0	0.0	0.0	0.0	-2	0	-1
Facility Construction													
Replace Federal Receipts with Clean Water Fund Administrative Fees	16GovEndorsed	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

The department requests a fund source change from federal authority to funds from the administrative fee account of the Alaska Clean Water Funds (ACWF).

In FY2015 the department began shifting away from the use of federal set-asides toward the use of administrative fee receipts to manage the department's municipal loan program. It accomplished this with a fund source change of \$800.0 (\$400.0 ACWF / \$400.0 ADWF) from federal funds. If approved, this FY2016 fund source change will fully support the Department's loan management program with these administrative fees. Federal agencies that established, funded, and govern the activities of this loan program have requested that States to move away from use of the capitalization grant set-asides and toward the use of administrative fees. Loans from the two funds currently under management now produce enough income from administrative fees to fully support loan management costs.

This is a status quo request that maintains the current level of service. No programmatic impact is anticipated.

Federal agencies have further requested that Alaska works to balance the existing imbalance between the Clean Water and Drinking Water administrative fee accounts. With this fund source change, the department intends to bring the administrative fee accounts into balance over the next five years. Federal agencies have confirmed that administrative fees received for loans from the Clean Water fund may be used to manage both water and wastewater loans. The department expects the administrative fee accounts to be sufficient to fully support the management of the loan program in perpetuity. A projection of future revenue and expense to/from the administrative fee accounts of the funds is available upon request.

*Background: Municipal Water/Wastewater Loan Administrative Fees
Each drinking water and wastewater project loan issued by the Municipal Grant and Loan program is charged a 0.5% administrative fee. This adjustment is a change from federal authority to funds from those fee accounts (Alaska clean water administrative operating account (AS 46.03.034(a)(1)) in the Alaska clean water administrative fund (AS 46.03.034) and the Alaska drinking water administrative operating account (AS 46.03.038(a)(1)) in the Alaska drinking water administrative fund (AS 46.03.038).) This will allow the department to access those fees to cover expenses associated with managing the loans. Expenditures from the fee accounts will be offset by reduced spending from federal ACWF/ADWF capitalization grant set-asides. This adjustment will maintain the department's capacity to administer the programs. Money received in payment of fees charged by the department (a fixed fee of one-half of one percent of the total amount of financial assistance disbursed) and earnings on the Alaska clean water administrative fund are deposited in the Alaska clean water and drinking water administrative income accounts and may be used to pay for the department's operational and administrative costs*

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Numbers and Language Differences Agencies: DEC

Agency: Department of Environmental Conservation

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Water (continued)													
Facility Construction (continued)													
Replace Federal Receipts with Clean Water													
Fund Administrative Fees (continued)													
<i>necessary to manage the Alaska clean water/drinking water fund and the Alaska clean water/drinking water administrative fund and for such other purposes permitted by federal law.</i>													
			1002 Fed Rcpts (Fed)	-700.0									
			1230 CleanAdmin (Other)	700.0									
AMD: Fee Increase for Water System Operator	16GovEndorsed	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Certification Program to Replace Declining Federal Funds													
<i>The department requests a fund source change from federal authority to general fund program receipts for fees collected in the operator assistance program.</i>													
 <i>Based on a fee study, in FY2015 the Division of Water will propose a revision to the fees collected by the Operations Assistance Program as established in 18 AAC 74, in order to bring them in line with the actual cost of providing services. Revised fees are anticipated to generate an estimated \$101.1 in additional annual program receipts.</i>													
 <i>The additional program receipts are offset by a decline in available federal funds and will allow the program to maintain the current level of service. No programmatic impact is anticipated.</i>													
			1002 Fed Rcpts (Fed)	-101.1									
			1005 GF/Prgm (DGF)	101.1									
AMD: Delete Expired Long-Term Non-Permanent Office Assistant I (18-N08016)	16GovEndorsed	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	-1
<i>Long-term non-permanent Office Assistant I position (18-N08016) expires at the end of FY2015. This position was originally established and funded by the American Recovery and Reinvestment Act (ARRA). This ARRA-funded project will be complete by June 30th, 2015.</i>													
* Allocation Difference *			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	-1
** Appropriation Difference **			-448.4	-198.4	0.0	-250.0	0.0	0.0	0.0	0.0	-2	0	-2
*** Agency Difference ***			-2,616.7	-2,031.1	-57.0	-494.6	-34.0	0.0	0.0	0.0	-22	0	-2
**** All Agencies Difference ****			-2,616.7	-2,031.1	-57.0	-494.6	-34.0	0.0	0.0	0.0	-22	0	-2

Column Definitions

16Adj Base (FY16 Adjusted Base) - FY2015 Management Plan less one-time items, plus FY2016 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (risk management and most salary and benefit increases). The Adjusted Base is the "first cut" of the FY2016 budget; it is the base to which the Governor's and the Legislature's increments, decrements, and fund changes are added.

16GovEndorsed (16Governor's Endorsed Bdgt 2/5) - The Governor's endorsed budget as of February 5, 2015. Includes the December 15th budget submission and 2/5/15 budget Governor's budget submission,