

2009-11 Ways & Means Approved Budget

Background

The following budget information reflects DEQ's initial 2009-11 budget as approved by the Joint Ways & Means Committee on June 5, 2009. The Legislature approves the final budget.

DEQ Ways & Means Co-Chairs Budget

DEQ's initially approved budget for 2009-11 is approximately \$407 million, of which \$195 million, or 48 percent, is comprised of funding for loans to Oregon communities for clean water projects and debt service on bonds. The substantial growth in new funding for these loans from the Federal Stimulus package, coupled with increased demand from communities is welcome since these projects improve the quality of Oregon's water and have a positive impact on local jobs and the Oregon economy.

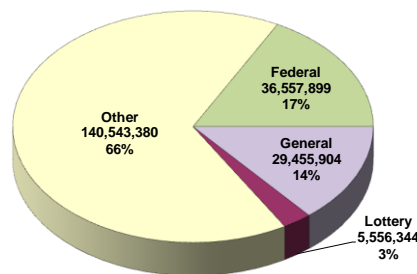
The substantial increase in loans is directly responsible for an increase of 20 percent in DEQ's *total* budget relative to the 2007-09 biennium, but these loan funds are pass-through funds only and cannot be used to provide any of DEQ's other environmental services. DEQ's operating budget for its core services consists of the remaining \$212 million.

For DEQ's ongoing operations, the initial budget approves:

- \$29.5 million in general fund, a 13 percent reduction and 18.4 fewer full-time positions compared to DEQ's 2007-09 Legislatively Approved Budget.
- \$5.5 million in Lottery Funds, maintaining the same level of services as 2007-09.
- \$36.6 million federal funds, a \$6 million increase driven mainly by federal stimulus money for leaking underground storage tank cleanups (\$2.7 million) and diesel upgrade grants (\$1.7 million), as well as a grant for maintaining the McCormick and Baxter cleanup site (\$1.3 million). Most of the increase will be used directly in Oregon communities rather than funding DEQ services.
- \$140.5 million in other funds, mostly from fees. The increase is driven by a \$5.3 million increase in E-waste recycling budget to fund a contractor recycling program.

In the initial 2009-11 operating budget, general funds make up 14 percent of the budget, lottery funds contribute 3 percent, federal funds provide 17 percent, and fees and other revenues provide the majority – 66 percent.

2009-2011 Total Initial LAB
Operating Budget
(Excludes Non-Limited and Debt Service) - \$212,113,527



The budget funds 790 staff (full time equivalents, or FTE), a net decrease of 7.18 staff from 2007-09 levels. While general fund reductions reduced 18.4 positions, the budget also approved 10.34 new positions for continuing and new work.

Air Quality Program budget

The Air Quality Program's \$54.9 million budget includes a general fund reduction of \$2.1 million, or 20.9 percent. The budget also includes \$2.5 million in additional fee funding and a \$1.1 million increase in federal funding from a one-time federal stimulus grant. The budget supports 236.27 full-time employees, compared to 230.44 for 2007-09.

Reductions. Air quality had a general fund reduction of \$2.1 million which resulted in the following effect on program activities:

- Reduced Clean Diesel grants (\$1 million) and staffing for diesel reduction outreach and grant administration (2 FTE).
- Reduced air quality technical assistance to small businesses (0.5 FTE).
- Eliminated one air toxics monitoring site in Medford (1 FTE).
- Reduced enforcement work on open burning violations (0.5 FTE).
- Reduced general fund support for Lane Regional Air Protection Agency (\$74 K).



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- Eliminated support for multi-state air quality modeling center, which provides technical data for air pollution reduction work. (\$206 K)

Highlights. Even though the Air Quality Program had general fund reductions, the program received authority for the following new and continuing work:

- Permitting, enforcement and technical assistance for new sources subject to recently adopted federal regulation for hazardous air pollutants.
- Develop and implement a new greenhouse gas reporting program for Oregon, supported by fees on program participants.
- Restore an engineering position for Title V permitting and compliance work. No new fees.
- Restore a diesel grant administration position and some of the diesel grants using one-time federal stimulus funding.

Water Quality Program budget

The Water Quality Program's \$59.3 million budget includes \$19.8 million in general fund, a 4.6 percent decrease from 2007-09. The budget also includes \$5.6 million in lottery funds, \$12.3 million in federal funds, and \$21.7 million in fees. The budget funds 239 full-time employees, compared to 241.45 for 2007-09.

Reductions. A \$1.7million general fund reduction, eliminating 8 FTE from the program, will affect water quality activities as follows:

- Eliminated the Oregon Plan biomonitoring program (4 FTE).
- Reduced communications and outreach (1 FTE).
- Reduced program support (1 FTE).
- Reduced stormwater program (2 FTE).

Highlights. Although the program had general fund reductions, DEQ also received authority for the following new and continuing work:

- Support ongoing implementation of Senate Bill 737, including providing technical assistance to municipal wastewater treatment plants that need to develop toxic reduction plans, developing guidance documents, reviewing the persistent pollutant plans submitting and incorporating those plans into permits.
- Assist municipalities on water and wastewater infrastructure and opportunities for reducing their carbon footprints; conduct work associated with the required EPA Clean Watersheds Needs Survey; and conduct additional outreach and marketing for the program, which EPA has requested.

- Restore 2.5 positions in the Onsite Septic System Program that are unaffordable in the 2009-11 biennium.
- Continue federal funds to protect drinking water in Oregon.
- Continue federal funds to monitor bacteria levels at Oregon's coastal beaches.

Land Quality Program budget

The Land Quality Program's \$73.4 million budget includes a general fund reduction of \$1.4 million, a 56 percent decrease, from 2007-09. The budget also includes \$56.7 million in other funds and \$15.6 million in federal funds. The budget funds 229.13 FTE, just short of the 229.94 FTE approved for 2007-09.

Reductions. The Land Quality Program had a \$1.4 million general fund reduction, which affects program activities as follows:

- Reduced hazardous waste compliance inspections (1 FTE).
- Reduced hazardous waste program management (1 FTE).
- Reduced hazardous waste technical assistance (1FTE). The program saved additional general funds by shifting FTE to other funding sources, making program work, primarily in the hazardous waste program, more reliant on fee funding.

In addition, \$957,000 of orphan site cleanup program funds will be used to pay a portion of general fund debt service, reducing the amount available to clean up contaminated sites.

Highlights. The budget authorizes development of product stewardship policies and programs, funded with existing fees.

Cross Program

Cross program is not a program, but a budget structure for funding activities crossing more than one media (air, land or water).

Reductions. The Cross Media Program's general fund budget was reduced by \$169,000, which affects program activities as follows:

- Reduced Economic Revitalization Team support of Oregon communities (.60 FTE). The FTE will be redirected to environmental work in other DEQ programs.

Highlights. DEQ received continued federal funding for positions working on the National Environmental Exchange Network.

Agency Management

Reductions. The Agency Management Program is funded by a surcharge on the air, water and



land quality budgets. Due program budget reductions, the Agency Management Program's budget is reduced by \$1 million and 5.5 FTE.

The reductions affected activities as follows:

- Eliminated senior policy support for high priority environmental issues (1 FTE).
- Eliminated policy support for performance measure coordination (1 FTE).
- Eliminated support for Communication and Outreach and Human Resources (1.5 FTE).

- Eliminated grant coordination (1 FTE).
- Eliminated an Accounting position (1 FTE).

Alternative formats

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