

DEQ's 2013-15 Governor's Balanced Budget summary

Budget development overview

DEQ staff provided the commission with an overview of the 2013-15 Agency Request budget during the EQC meeting in August 2012. At that meeting, the Chairman certified the Agency Request Budget and DEQ subsequently submitted the budget for the Governor's consideration.

In parallel to the development of the statutorily required budget submittal on Sept. 1, 2012, Governor Kitzhaber implemented a new, 10-year budgeting process and plan that will ultimately lead to a formal 10-year budget plan and help focus resources to six specific policy outcome areas: Education, Healthy People, Economy and Jobs, Healthy Environment, Safety and Improving Government.

A key feature of the 10-year budgeting process is the development and implementation of a 10-year, outcome-based budget to help ensure that the state's investments produce desired results. For the 2013-15 Governor's Recommended Budget, Governor Kitzhaber used program funding teams comprised of citizen volunteers the governor selected for their leadership, experience and familiarity with Oregon, as advisors in the budgeting process.

DEQ submitted the final round of budget information to the Healthy Environment and Economy and Jobs program funding teams on August 31, 2012, in parallel with its official submittal of the 2013-15 Agency Request Budget. DEQ also responded to requests for follow up and supplemental information from both of the teams.

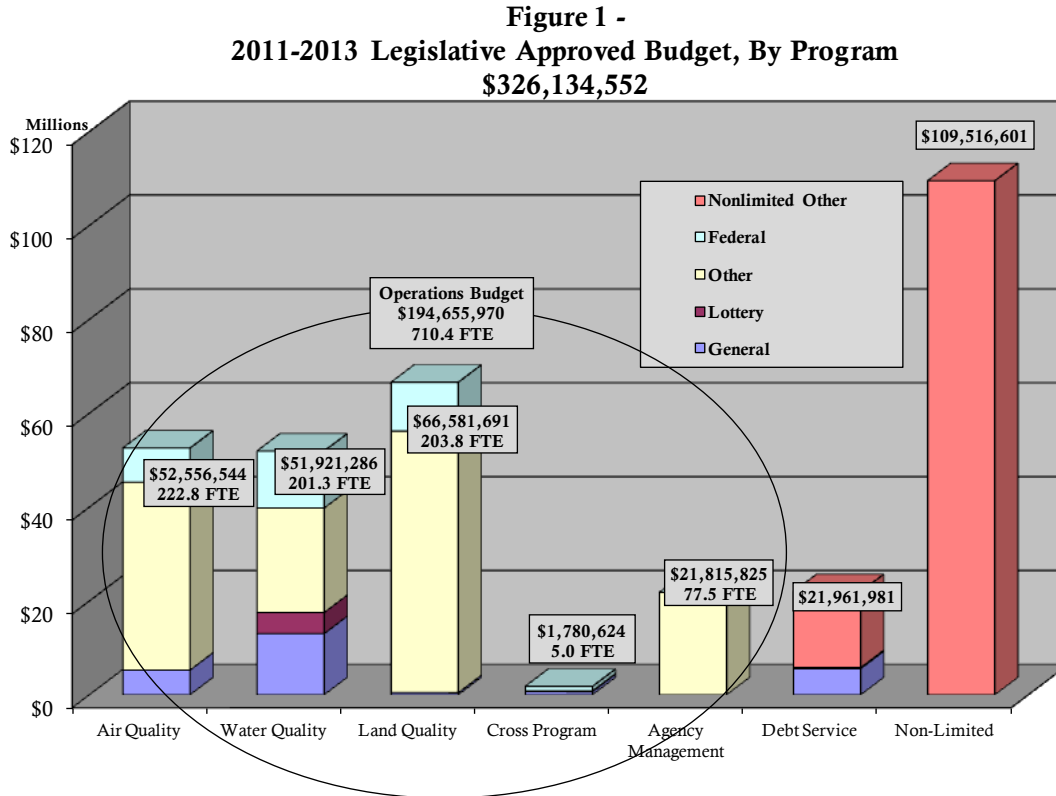
The program funding teams provided recommendations to the governor's office, which then worked with the DAS Chief Financial Office to develop a 2013-15 Governor's Balanced Budget (GBB), released on November 30, 2012.

With the completion of all of these steps, DEQ has started preparation of the official detailed 2013-15 Governor's Balanced Budget submittal, which requires DEQ to develop detailed budget adjustments to match up to the more summarized actions taken in the November 30 release.

Following the format of the information provided to the Commission in August, the following sections provide a summary of the current biennium 2011-13 approved budget for reference, followed by the major components of DEQ's 2013-15 Governor's Balanced Budget. More detailed information regarding Policy Option Packages, reduction options, and Legislative Concepts is provided in separate attachments.

CURRENT (2011-13) LEGISLATIVELY APPROVED BUDGET

The 2011-13 DEQ Legislative Approved Budget is summarized in Figure 1.



- Each block on this chart, program and fund type, is an appropriation account that must be managed to legislative authorization limits.
- Each program area is comprised of subprograms not shown in the chart with additional limits on the uses of funds within that subprogram.
- Note that five program areas make up the “Operations Budget,” authorizing 710 FTE and \$195 million in total funds spending.
- Debt Service is for bonds issued to fund Orphan Site Cleanups and to provide match for federal Clean Water State Revolving Fund Capitalization Grants.
- The single largest budget item is for Clean Water SRF loans, represents one-third of the total budget. This part of the budget is characterized as “non-limited” and is *not* subject to legislative limitation.

The 2011-13 Legislatively Approved Budget represents the agency’s *authorization* to spend, but it does not necessarily represent its *ability* to spend. As discussed in prior presentations to the commission, DEQ’s ability to spend is limited by the funding provided by federal grants, through fee collections, and via cost recovery and similar work for which the agency is directly reimbursed. During the current biennium, DEQ’s ability to spend and fill positions has been reduced by:

- Ongoing economic conditions that continue to adversely impact fee collections, with permit fee collections and reimbursable work down below pre-recession levels, but with steeper drops in programs linked to some of the hardest hit sectors of the economy, such as onsite, stormwater, and solid waste fees. While housing activity has started to recover within Oregon, DEQ has not yet seen a comparable uptick in onsite and stormwater, the two activities most linked to housing.
- The February 2012 legislative session took actions to rebalance the state budget, implementing \$863,000 of General Fund reductions that had been built into the 2011-13 legislatively adopted budget as a contingency if the economy didn't improve as predicted in the original revenue forecast, along with an additional \$246,000 of new General Fund reductions.
- A hiring freeze and restrictions on other expenses implemented from December 2011 through April 2012.
- Implementation of House Bill 4131, which required DEQ to address the ratio of staff to managers and develop a plan to achieve a target ratio prior to being able to fill vacant manager positions. DEQ submitted a plan to eliminate six manager positions and has now been released to fill any remaining vacant manager positions.

As a result of all of these issues, DEQ's actual level of staffing has averaged 644 FTE for the first year of the biennium.

2013-15 Governor's Balanced Budget

Current Service Level

The DEQ 2013-15 Agency Request Budget is prepared by applying standardized adjustments to the 2011-13 budget to create the Current Service Level budget, which is intended to portray the projected 2013-15 biennium costs of continuing permanent services from the 2011-13 budget, prior to adjusting for affordability.

Adjustment description	Increase factor
Eliminate limited duration positions from 2011-13	
Phase in new positions authorized to start during 2011-13	
Adjust salaries for 2011-13 negotiated/implemented changes	~ 3% of salary
Adjust salary steps for each position based on current incumbent's eligibility date for step increases.	~ 2% of salary
Adjust the estimated costs for benefits, PERS Flexible Benefits (Medical/Dental/Vision)	~ 5.3% of salary \$1,800 per FTE
Apply standard inflation factors on other costs:	
• Services and supplies, capital outlays, temps, and overtime	2.4%
• Professional services contracts	2.8%
• Attorney General charges	14.9%
• Rent	5.94%

Modified Current Service Level, or the Affordable Budget

DEQ then balances the current service level budget based on projected available Other, Federal, and Lottery revenues to create the modified current service level prior to any requested legislative actions.

Balance is achieved by:

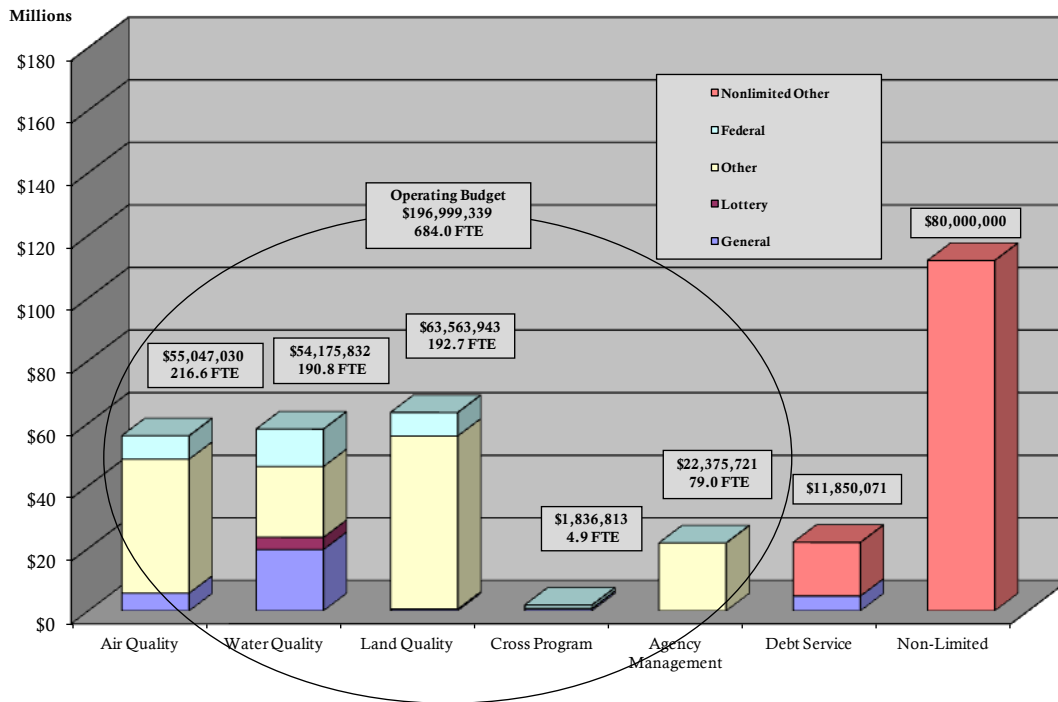
- Cutting FTE/personal services costs and reducing associated services and supplies from the budget until the fund achieved a zero ending balance (for Federal Funds) or a desired ending balance (for Other and Lottery funds) to allow for cash management needs.
- Most of these reductions will be made permanent. DEQ has requested fee increases to allow continued funding for a small number of these positions, discussed further in the policy package section.
- Reductions needed to balance the Other and Federal Funds budgets equaled to 22.32 FTE and \$10.1 million.

Since the submittal of the Agency Request Budget, three major adjustments were made to the underlying assumptions and adopted into the Governor's Balance Budget:

- The PERS rate was lowered to 19.07% of salary from an original rate of 19.73%, resulting in a reduction in costs to all phases of the Governor's Balanced Budget, with approximately \$647K in savings within the affordable budget segment.
- The Lottery revenue forecast was updated significantly lower, resulting in the need to implement \$813K in reductions to bring the Lottery budget back in balance.
- The assessments charged to Agency Management for statewide services provided to DEQ were reduced by \$253K.

The result of these changes in terms of the modified current service level budget is shown in Figure 2, the 2013-15 Affordable Budget.

**Figure 2 -
2013-2015 Affordable Budget, By Program
\$288,849,410**



The changes in the 2013-15 affordable budget relative to the current 2011-13 Legislatively Approved Budget are discussed in mostly in terms of FTE, because inflation on costs can make it appear that the budget, in dollars, is growing when the agency's ability to deliver services may actually be shrinking.

Changes by program, already implemented in the Agency Request Budget included:

- Air Quality Division lower due to:
 - 6.7 FTE reduction in the Air Contaminant Discharge Permitting program
- Water Quality Division lower due to
 - Position not affordable in 2013-15:
 - 3.25 FTE in the On-Site program
 - 7.70 FTE in Wastewater Permitting
 - 0.70 FTE in Non Point Source and Operator Certification
- Land Quality Division lower due to:
 - 4.0 FTE due to phasing out of the Umatilla Chemical Weapons Demilitarization activity

The Lottery revenue reduction implement in the Governor's Budget required an additional 3.0 FTE reduction, but this reduction was balanced by a proposed shift of these FTE to be funded on General Funds, discussed later.

Legislative Concepts and Policy Package requests

DEQ's desired changes to requirements or language in Oregon statute are proposed via legislative concepts, which start as a conceptual request and with the help of legislative counsel are transformed into detailed changes to be proposed in legislation during the 2013 legislative session. Attachment B contains a summary of all the proposed DEQ legislative concepts, including concepts that are associated with the funding requests in policy packages 110 (Clean Fuels), 131 (Paint Product Stewardship), and 182 (Repurpose Sewer Assessment Deferral Loan Program funds). DEQ has proposed one additional concept, extending the loan finance period for Clean Water State Revolving Fund loans to allow for 30-year loans, that does not require a policy package, and has developed two derelict vessel legislative concept placeholders at the request of the governor's office.

Attachment C contains an updated prioritized list of the DEQ policy package requests included in the 2013-15 Governor's Balanced Budget. The list contains all of the policy packages DEQ proposed in the Agency Request Budget, with the following changes:

- Funding for Package 320, Pesticide Stewardship Program was shifted from a split General and Other Fund approach, to completely Other Funded with transfers from Department of Agriculture.
- Package 128, Groundwater Monitoring general funding was cut in half, limiting the package to a large analytical instrument purchase and starting 0.66 FTE late in the biennium.

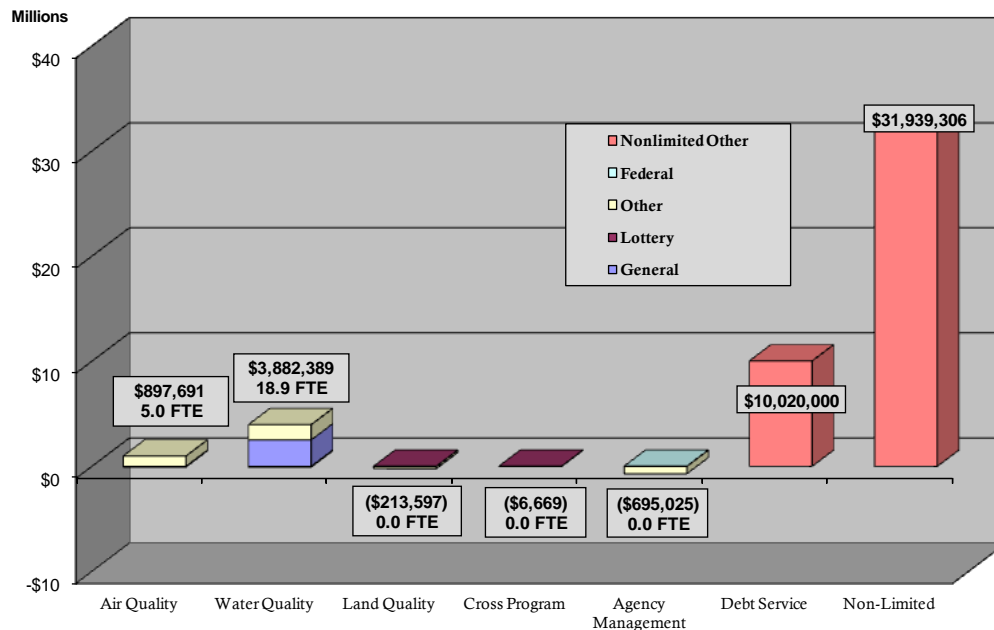
In addition to DEQ requested policy packages, the Governor's proposed several packages which resulted in both increases and decreases to the DEQ budget:

- Package 090 adjustments, which proposed:
 - General Funding of \$700K for 3 FTE in wastewater permitting that were previously fee funded and cut by DEQ in the Agency Request Budget.

- General Funding of \$813K to restore 3 FTE that were cut to balance the reduced Lottery forecasts.
- Package 091, which implements a placeholder for \$1.14M of future savings in the administrative functions of Information Technology, Human Resources, Financial Services, and Procurement.
- Package 092, which implements \$330K of PERS savings from the Governor's proposal to change the law regarding retirement benefits for out of state retirees who currently get payments to help compensate for Oregon state income tax on their retirement income.
- Package 093, which implements \$279K of PERS savings from the Governor's proposal to cap COLA adjustments to the first \$24,000 of annual retirement income.

In total, DEQ is requesting 13 policy packages, which when combined with the Governor's proposals are shown in Figure 3:

Figure 3
2013-2015 Policy Package Budget, By Program
\$45,824,095



The packages represent four major categories:

Restoration of current activities that had to be reduced to balance available revenues:

- 10.87 FTE
- \$1.0 million Other Fund
- \$1.5 million General Fund

Addition of new, or expansion of current, operational activities:

- 13 FTE
- \$1.2 million General Fund
- \$1.7 million Other Fund

Expansion of current, non-operational activities:

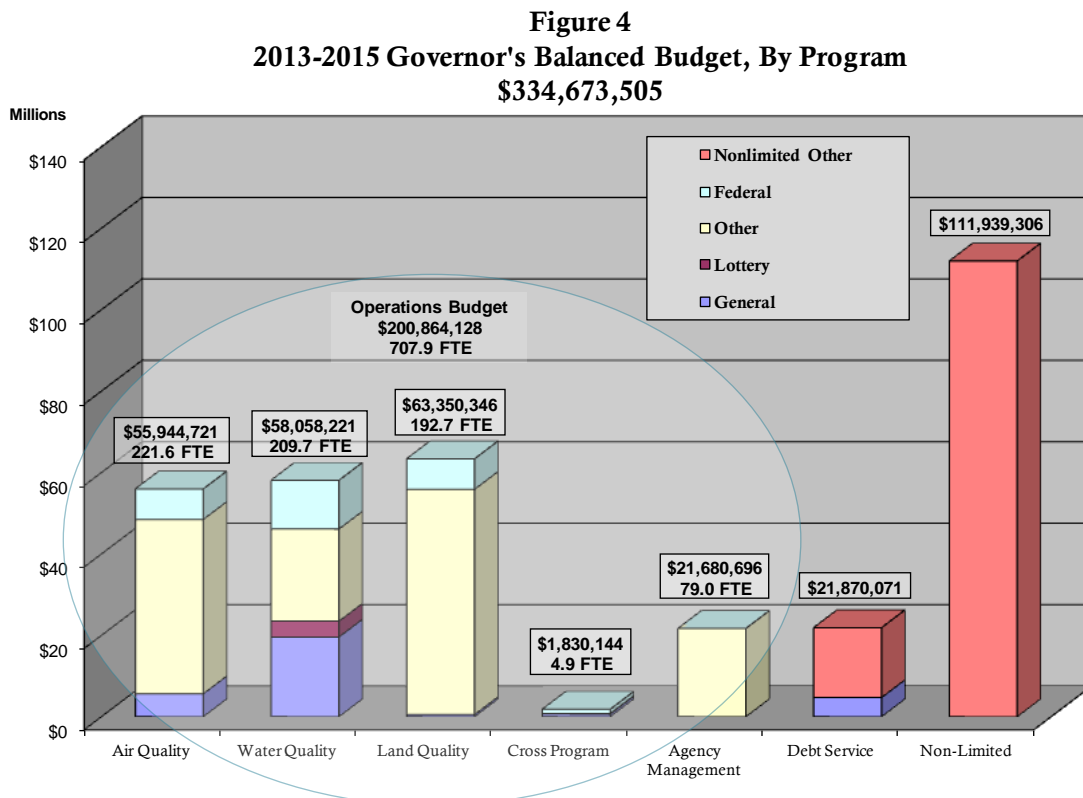
- \$1.8 million Non-limited, for grants to small communities to assist with upgrading, repair, or construction of wastewater treatment and disposal systems.
- \$30.15 million Non-limited, for loans associated with the 2013-15 federal Clean Water State Revolving Fund capitalization grants.
- \$10 million for Non-limited debt service on new CWSRF bonds.

Reductions for PERS reform, administrative savings:

- \$0.6 million for PERS reform, across all funding sources
- \$1.1 million for administrative savings, across all funding sources.

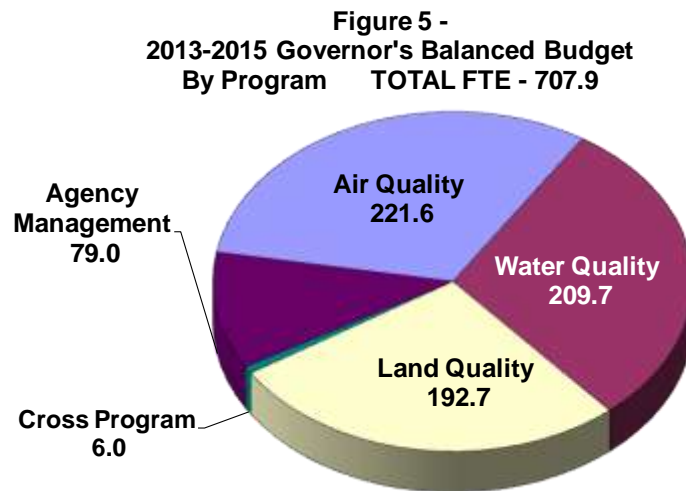
2013-15 Governor's Balanced Budget

The DEQ 2013-15 Governor's Balanced Budget is comprised of the affordable budget, discussed above, plus the policy packages, effectively adding Figure 3 to Figure 2 to create Figure 4:



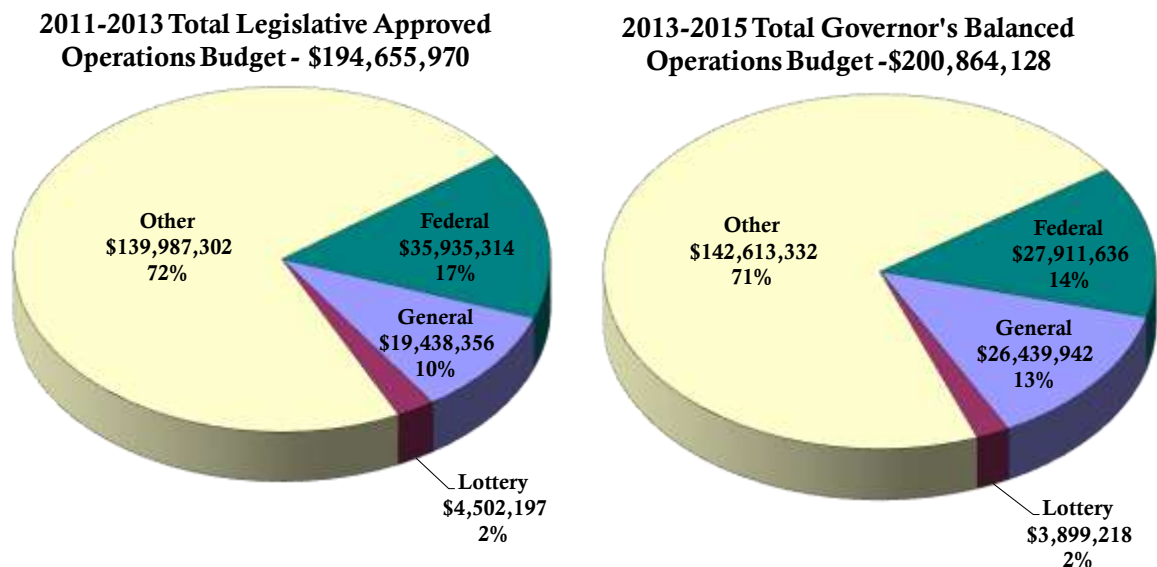
- Total Governor's Balanced Budget is \$335M, 708 FTE.
- The Operations Budget is roughly 60 percent (\$201M) of total budget, comprised of
 - \$ 26.4 million General Fund
 - \$ 3.9 million Lottery Fund
 - \$ 142.6 million Other Fund
 - \$ 27.9 million Federal Fund
- The single largest budget item continues to be for Clean Water State Revolving Fund loans, represents one-third (\$112 million) of the total budget.

In terms of Full Time Equivalent, or FTE, position authority, Figure 5 provides a summary of the Governor's Balanced Budget, by program area



Comparing the 2013-15 Governors Balanced Budget to the currently approved budget in Figure 6,

Figure 6 – Comparison of Funding Sources 2011-13 to 2013-15

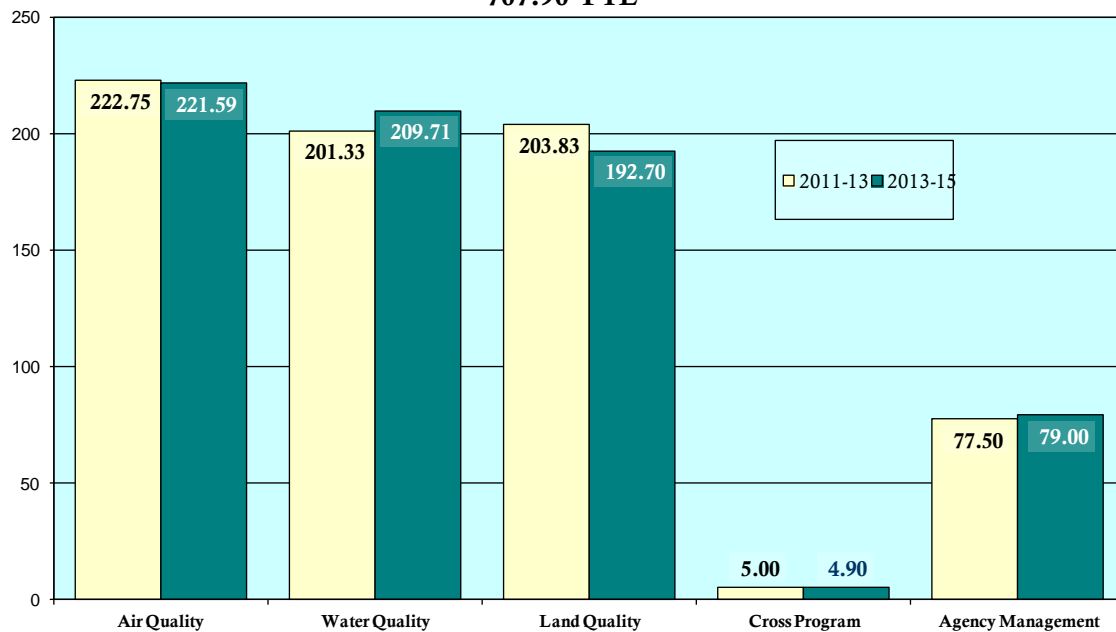


Overall, the DEQ operations budget has increased by \$6.2 million, but still pays for 2.5 less FTE than in 2011-13.

- General and Lottery Fund have increased by approximately \$6.4 million, comprised of \$4.0 million in increased cost of current services and \$2.4 million of additional funding requested in policy packages.
- The Federal Funds budget has decreased by \$8.0 million, mostly due to the end of ARRA stimulus funding in the Air Quality Division clean diesel and Land Quality Division underground storage tank cleanup activities, as well as the phase-out of the Umatilla Chemical Weapons Demilitarization activity.
- Other Fund activities, the largest component of the DEQ operations budget at just over 70 percent of the total, experienced just under \$11 million in increased costs of current services, but only about \$3 million of those costs could be absorbed within current funding levels. The remainder was absorbed by cutting \$6.7 million of current services and requesting about \$1 million of fee increases in order to balance the 2013-15 Other Fund budgets.

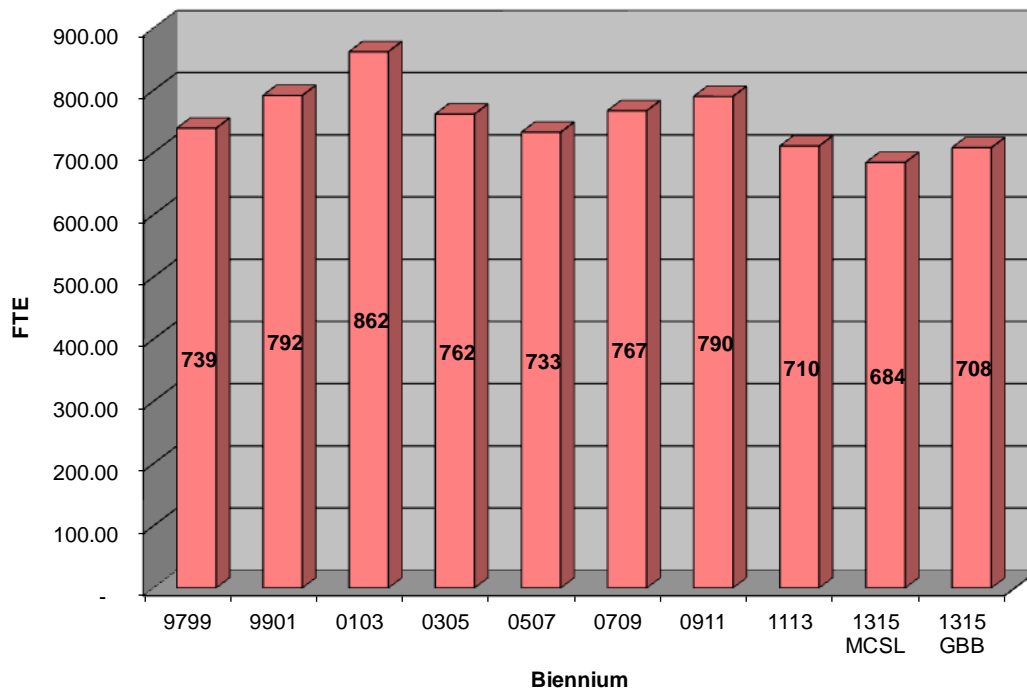
In terms of FTE, Figure 7 shows that comparison of 2011-13 Legislatively Approved Budget FTE to the 2013-15 Governor's Balanced Budget, by program. The proposed net increase in Water Quality Division FTE will require passage of several policy option packages. The slight increase in Agency Management was due to a net shift of FTE from the programs as part of centralizing Information Technology help desk services into Agency Management.

**Figure 7 -
2011-2013 Approved vs 2013-2015 Governor's Balanced Budget
707.90 FTE**



If all of the policy packages are approved by the legislative and no reduction options adopted, Figure 8 shows that Governor's Balanced Budget (1315 GBB column) resulting in a drop of approximately 2.5 FTE from the level of budgeted staffing in 2011-13. The 2013-15 Modified Current Service Level (MCSL) column indicates that FTE would drop by 26 from current levels if no policy packages were to be approved.

Figure 8 - DEQ STAFFING OVER TIME



Biennium 2001-03 through 2005-07 FTE included limited duration vehicle inspectors for enhanced testing, which has since been discontinued.

Gaining final approval of the 708 FTE in the Governor's Balanced Budget will be challenging, with policy packages for 23.8 FTE requested on new funding sources, fee increases or General Fund, all of which are challenging in the current economic environment.

Reduction options

As part of developing its Agency Request Budget, statute required DEQ to develop options to reduce each major funding type in the 2013-15 budget by 10 percent of the modified current service level, or affordable, budget.

While these reduction options are traditional requirements in every budget proposal, the 10 percent reduction options for Other and Federal Funds have never been implemented for DEQ in the past. The DEQ experience with the 10 percent reduction options for General and Lottery Funds has been quite different, with additional reduction options commonly being requested by the Legislature, and at least some of the reductions typically implemented during the budget development cycle.

All of the DEQ reduction options are documented in Attachment D. The Governor's Balanced Budget did not implement any of the General Fund reduction options shown in attachment D. In response to the \$813K Lottery Fund shortfall, DEQ did choose to implement the Lottery Fund reduction options in order to help rebalance the Lottery Fund budget. Those positions and associated work are requested to be restored on General Fund in the Governor's Balanced Budget.

The remaining General Fund reduction options represent \$2.8 million and 13 FTE in potential reductions to DEQ work. The Legislative Fiscal Office traditional requests General and Lottery fund reduction options from all state agencies, based on a percentage of each of those funds in the agency's Governor's Balanced Budget. DEQ is prepared to address the expected request from the Legislature for additional reduction options, having prioritized an additional 10 percent of General fund work, should the need arise. The agency is currently evaluating options in Lottery funded work to replace the reduction options that were implemented.

Next steps

DEQ Financial Services and program fiscal staff are currently working to implement the details in the state budget development systems and to produce an updated budget book, all of which must be completed prior to the start of the 2013 regular legislative session.

The Oregon Legislature will then take up the Governor's Balanced Budget and act on the recommendation during the 2013 session, typically completed in June towards the end of the session, based on revenue estimates provided by the Oregon state economist in May 2013.

DEQ staff will continue to update the commission at future meetings as the budget development process progresses. DEQ also plans to conduct informational stakeholder communications and meetings as needed during the remainder of the budget development cycle.

DEQ 2013 Legislative Concepts
Summary Sheet

DEQ Pkg #	Agency/ Program Number	Title	Description
110	34000/001	Modify Clean Fuels Standard Statute	The proposed concept would lift the December 31, 2015 sunset of the low carbon fuel standard by repealing Section 8 of HB 2186 (2009). It would also authorize the Environmental Quality Commission to assess fees on parties regulated by the clean fuels standards in an amount sufficient to fund implementation of the Clean Fuels Program.
NA	34000/002	Extended Loan Financing for the Clean Water State Revolving Fund (CWSRF)	Authorizes the EQC to allow 30-year loan repayment terms for CWSRF loans. Existing statute limits the loan term to 20 years. A longer loan term would provide more affordable repayment terms to communities obtaining loans through DEQ's CWSRF loan program. If the bill passes, DEQ would undertake rulemaking to establish eligibility criteria for the longer repayment term.
182	34000/003	Repurposing the Sewer Assessment Deferral Loan Program (SADLP) Fund	Changes the purpose of SADLP and the eligible use of loan funds. SADLP was established in 1987 to allow DEQ to lend bond proceeds to local governments to pay for sewer hook-ups for low-income homeowners. The last loan disbursement was made in 2000 and the final loan repayment was made in 2008. The fund currently contains approximately \$1.7 million. DEQ is not aware of existing demand for the allowable uses. The LC would allow DEQ to provide grants for construction, upgrading or repair of wastewater treatment and disposal systems to small communities having a median household income equal to or less than the median household income for the State of Oregon.
131	34000/004	Paint Product Stewardship	Extends indefinitely the pilot paint product stewardship program established by HB 3027 (2009) by removing the 2014 sunset date. Makes improvements to the nation's first statewide program for managing leftover architectural paint as recommended in DEQ's 2011 report to the Legislature, including: providing a collection convenience standard to ensure that all Oregonians have reasonable access to paint collection; increasing administrative fees to fully cover DEQ's costs; adding aerosol paint to covered products; strengthening education and outreach requirements; establishing accountability measures and clarifying reporting requirements.

**1315 DEQ Agency Request Budget
Policy Option Packages**

Pkg No.	Agency rank	Agency	Program*	POP Title/description	GF	LF	OF	FF	TF	Pos	FTE	Comments
320	1	DEQ	002 Water Quality	Pesticide Stewardship Partnership (PSP) Program	-		747,942		747,942	5	4.00	Joint POP with ODA's Pkg 320. Together, these POPs establish a stable source of funding for the PSP program and enable its expansion to a statewide program. DEQ's positions include staff to organize the program, work with the ODA and stakeholders on implementation of PSPs and pesticide collection events, facilitate the monitoring activities and schedules, assist with stewardship activities, and evaluate, interpret and communicate pesticide monitoring data. The Other Funds would come to DEQ via a revenue transfer in ODA's Pkg 320.
110	2	DEQ	001 Air Quality	Implement Phase One of OR Clean Fuels Program		-	429,999	-	429,999	2	1.31	Policy package provides limited duration staffing (1.5 FTE beginning 10/1/13) and contract funding for the initial two year reporting phase of the clean fuel standard authorized by the 2009 Legislature. Funding for the package contingent on passage of fee authorization legislative concept - LC 548. Fees would be assessed on regulated parties including fuel distributors and biofuel producers (approximately 70).
124	3	DEQ	002 Water Quality	Water Quality 401 Project Certification			544,677		544,677	3	2.50	Fee increase and restoration package. Revises fee table as directed by HB 2185 (2009). Adds three positions to address the increased complexity of dredge and fill project applications submitted for certification, greater complexity of water quality regulations, and increased requests for technical assistance, pre-application meetings and site visits.
120	4	DEQ	002 Water Quality	Onsite Septic System Program			310,857		310,857	2	2.00	Fee increase and restoration package. Increases the license fees for installers and pumpers, increases the county surcharge fee and eliminates the surcharge exemption for licenses. Establishes a position to implement time of transfer inspection program. Restores a position that provides information and assistance to the public, precluding the need to centralize program administration in one office and eliminate face-to-face application assistance in various locations throughout the state.
111	5	DEQ	001 Air Quality	Maintain an Effective ACDP Program			810,671		810,671	3	3.67	Policy package restores 3.67 of 6.67 FTE that are not affordable at current ACDP fee levels. The restorations are based on a fee increase of approximately 20%. The positions perform permitting, inspections, source testing and planning and are needed to maintain an effective and timely program. Permitting process improvements will enable the reduced number of FTE. The last fee change was a 20% increase in 2007.
126	6	DEQ	002 Water Quality	Operator Certification Program			71,198		71,198	0	0.20	Fee increase and restoration package. Revises fee table in order to maintain an adequate level of funding and staffing for the program and pay for program's portion of updated online licensing software.

**1315 DEQ Agency Request Budget
Policy Option Packages**

Pkg No.	Agency rank	Agency	Program*	POP Title/description	GF	LF	OF	FF	TF	Pos	FTE	Comments
131	7	DEQ	003 Land Quality	Paint Product Stewardship					-	0	0.00	Revenue package only; no limitation or FTE. Legislative concept makes pilot program permanent and sets both plan submittal and annual fees at \$15,000, \$5,000 more than the pilot. Expect to collect one plan submittal and one annual fee during 13-15, for a total of \$30,000.
182	8	DEQ	008 Non Limited	Small Community Clean Water Grant Program			1,789,306		1,789,306	0	0	DEQ has submitted an LC (LC 550) that proposes to repurpose the SADLP fund in order to provide grants to small communities for upgrading, construction or repair of wastewater treatment and disposal systems. Funding for wastewater treatment grants and loans has traditionally resided in the non-limited portion of DEQ's budget, and DEQ proposes to have the entire fund spent in 2013-15, with expenditures shown as Non-limited Other Funds as Special Payments. Since this is a non-limited expenditure, a specific amount of limitation is not required to be addressed in the enabling legislation, but DEQ will show the expenditures in its non-limited budget, if approved.
181	9	DEQ	008 Non Limited	Clean Water SRF Capitalization Grant Loans			30,150,000		30,150,000	0	0.00	Authorization to make loans for \$30M of new CWSRF Capitalization Grants. Includes \$150K for issuance costs of two \$5M bonds. Tied in with Pkg 191
191	9	DEQ	009 Debt Service	Clean Water SRF Bond Debt Service			10,020,000		10,020,000	0	0.00	Debt service for two new \$5M bonds for state match on CWSRF capitalization grants requested in Package 181
127	10	DEQ	002 Water Quality	IWRS: Implementation of Integrated Water Resources Strategy	474,187				474,187	3	2.25	Accelerate achievement of environmental outcomes by collaborating cross-agency on development and implementation of salmon recovery plans and water quality improvement plans (e.g., TMDLs, AgWQMPs) and an integrated monitoring strategy. Strategically align efforts with state agencies and other partners to leverage resources and implement projects that achieve multiple goals. Support local integrated water resource planning efforts by providing technical assistance and water quality information. Three permanent, full-time positions are phased in.
128	11	DEQ	002 Water Quality	IWRS: Statewide Groundwater Monitoring Program	460,000				460,000	1 (s/b 2)	0.66	Implement an ongoing statewide GW quality monitoring program to assess status and trends and identify vulnerable areas and populations at risk from GW contamination. Conduct 2 assessments per year, with entire state being assessed every 10 years. \$325K of this is Capital outlay for first biennium only.
122	12		002 Water Quality	Oregon Plan Monitoring	238,161				238,161	2	1.25	Provides staffing to restart DEQ's collection of water quality and biological data for assessing watershed health conditions in areas with ESA-listed fish. Monitoring would be coordinated with other agencies to fill data gaps and to better understand the efficacy of restoration activities. Two permanent, full-time positions are phased in.

10% General Fund Prioritization for Reduction Options

Oregon Department of Environmental Quality																
2013 - 2015 Biennium					Agency Number: 34000											
Detail of 10% of 2013-15 Current Service Level, Prioritized for Reduction Options																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	16		
Priority (ranked with lowest priority first)	Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes			
Dept	Prgm/ Div															
1	1	DEQ	WQ	Eastern Region TMDL implementation	208,625						\$ 208,625	1	1.00	Reduces capacity in Eastern Region to support TMDL implementation activities, including assistance in developing TMDL implementation plans, oversight of TMDL implementation activities to ensure their effectiveness toward meeting water quality objectives, and providing technical assistance to communities, watershed councils and other stakeholders on the design and implementation of water quality restoration projects.		
2	1	DEQ	LQ	Hazardous waste compliance program	72,081						\$ 72,081	0	0.12	Reduces revenue to cover services and supplies. Impact will be felt in 15-17, when fund balances are depleted. Estimate an additional .25 FTE reduction at that time.		
3	1	DEQ	AQ	Lane Regional Air Protection Agency	32,483						\$ 32,483	0		Reduces the General Fund support for Lane Regional Air Protection Agency in proportion to the DEQ Air Quality General Fund reduction. The cut will mean further reduction in overall services that LRAPA provides for Lane County residents and businesses.		
4	2	DEQ	WQ	Groundwater - Groundwater Management Areas (GWMA)	548,634						\$ 548,634	2	2.50	Eliminates DEQ monitoring, coordination and implementation of all GWMA's statewide (Lower Umatilla Basin, Northern Malheur County, Southern Willamette Basin) and technical assistance to communities and watershed councils engaged in GW pollution prevention. Reduces ability to do GW quality monitoring in lab. Eliminates statewide groundwater program coordinator and policy development position.		
5	3	DEQ	WQ	Western Region WQ permit coordination	77,145						\$ 77,145	0	0.50	Reduces administrative support for major/minor permits and graywater permits, including public notice, permit assignment, permit formatting, etc. Would decrease timeliness of permit issuance.		
6	2	DEQ	AQ	Air quality permits - ACDP	309,941						\$ 309,941	2	2.00	ACDP program is currently 90% fee funded. This cut would eliminate half of the remaining GF in ACDP and would reduce permitting, inspections and technical assistance to smaller permit holders.		
7	3	DEQ	AQ	Air Toxics Monitoring	264,218						\$ 264,218	2	1.08	Eliminate the last state-funded air toxics monitor that is currently located in Medford but could be moved when sufficient data has been gathered. This cut would eliminate DEQ's ability to monitor and identify local air toxics problems in other parts of Oregon where we have no air toxics data.		

1st 5%

10% General Fund Prioritization for Reduction Options

Oregon Department of Environmental Quality														
2013 - 2015 Biennium				Agency Number: 34000										
Detail of 10% of 2013-15 Current Service Level, Prioritized for Reduction Options														
1	2	3	4	5	6	7	8	9	10	11	12	13	14	16
Priority (ranked with lowest priority first)		Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes
8	4	DEQ	WQ	Western Region nonpoint source basin coordination	195,176						\$ 195,176	1	1.00	Eliminates one of three positions doing TMDL development and implementation in Western Region coastal basins and ensuring DEQ compliance with Coastal Zone Management Act requirements. Reduces technical assistance to communities, watershed councils, local governments, state and federal agencies and other entities implementing pollution controls and conducting watershed restoration activities. Also eliminates ability to do effectiveness monitoring and data evaluation to ensure effective deployment of water quality improvement resources.
9	4	DEQ	AQ	Air Quality Planning	76,130						\$ 76,130	0	0.33	Eliminate the General Funded portion of one Air Quality planning position. Work within the section would be reprioritized and redistribtued but would result in delays in the initial clean air plan for Lakeview and a maintenance plan for Klamath Falls. Both communities violate federal health standards for fine particulate, which negatively impacts public health and economic development. The cut would also delay air toxics reduction efforts.
10	5	DEQ	AQ	Air Quality regional planning and local government coordination	81,344						\$ 81,344	0	0.30	Eliminate part of an Air Quality regional planning/coordination position in Portland. This cut would reduce clean air plan implementation efforts and coordination with local govenments on transportation, land use and air quality related activities in the Portland area.
11	5	DEQ	WQ	WQ standards and assessment	192,851						\$ 192,851	1	0.79	Would delay work on development of new standards and reduce support for variances and other work related to the implementation of new toxics standards.
12	6	DEQ	WQ	Groundwater - Lab Analytical	195,124						\$ 195,124	1	1.00	Eliminates the last remaining laboratory analytical position funded to do groundwater quality analyses.
13	7	DEQ	WQ	Northwest Region stormwater engineer	283,671						\$ 283,671	1	1.00	Would delay issuance of stormwater permits, reduce DEQ's ability to meet inspection goal commitments and the agency's ability to provide technical assistance to permittees. Would also reduce technical support for program/policy implementation and development.
14	8	DEQ	WQ	HQ nonpoint source coordination	234,331						\$ 234,331	1	1.00	Reduce HQ support for nonpoint source policy development and interagency coordination on agricultural water quality issues, including development of memoranda of agreement, reviewing and providing feedback on agricultural water quality management plans regarding progress toward meeting TMDL load allocations, and ongoing coordination. Also reduces support for developing guidance and improving coordination between HQ and regions, and providing support for DEQ's nonpoint source toxics reduction efforts.
15a	9	DEQ	WQ	Wastewater permitting - WQ permit program analyst	98,764						\$ 98,764	0	0.50	Reduces support for water quality rulemaking, Blue Ribbon Committee and development of sustainable water quality program funding plan.
					2,870,518	-	-	-	-	-	\$ 2,870,518	12	13.12	

Positive numbers would be reductions to the 2013-15 budget, negative numbers would be limitation increases

CSL 10% Target AMOUNT Excess/(Shortfall)
28,705,182 2,870,518 2,870,518 (0)

2nd 5%