

State of Oregon
Department of Environmental Quality

Memorandum

Date: April 7, 2010

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda item H, Informational item: DEQ's annual financial update
April 29-30 EQC meeting

Purpose of item DEQ staff will present the agency's annual financial update, review and discuss the report with the commission and gather feedback for improvements to financial reports.

Background The commission has three financial performance measures as part of its 15 best practice measures. These measures require the commission to periodically review key financial information and audit findings, appropriately account for resources and assure that DEQ adheres to accounting rules and other relevant financial controls. An additional key performance measure requires the commission to approve DEQ's biennial budget.

The annual financial report contains audit findings, information on financial monitoring and compliance and additional key financial information for the agency and programs.

EQC involvement DEQ will present budget updates at each regular commission meeting in 2010, and submit the agency budget for approval in August 2010. DEQ budget and accounting staff will ask the commissioners for feedback on the report's format and content, and any additional financial information they would like to see presented at commission meetings.

Attachments A. DEQ's 2010 Annual Financial Update

Approved:

Division: _____

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Department of Environmental Quality

Annual Financial Update to the Environmental Quality Commission

April 29, 2010

Executive Summary

The 2005 Legislature directed the Department of Administrative Services and the Legislative Fiscal Office to develop a measure for boards and commissions having governance oversight to use in evaluating their own performance. Because the Environmental Quality Commission is included in the Department of Environmental Quality's budget and because it hires DEQ's executive director, DAS and LFO deemed EQC to have governance oversight and identified it as one of the boards and commissions that should have a performance measure.

On Dec. 14, 2006, EQC adopted the "percent of total best practices met by the commission" as the performance standard. The measure is an annual self-assessment against 15 best practices for boards and commissions, as laid out by DAS and customized to EQC.

Three of the 15 best practices are financial management practices measures that rely on DEQ reporting to the commission on a periodic basis. This Annual Financial Update consolidates reporting into a single periodic report that covers audits, on-going compliance, and key financial indicators.

I. Audit highlights and summary

The financial audits conducted by the Oregon Secretary of State's Office have concluded that DEQ's selected financial accounts were fairly stated in accordance with generally accepted accounting principles in relation to the statewide financial statements. Division of Audits also completed the compliance and financial statement audit of the Clean Water State Revolving Fund. The Clean Water State Revolving Fund is substantially in compliance with federal regulations.

DEQ internal audits completed the Vehicle Inspection Program Oregon Identity Theft Protection Compliance audit in 2009 and the Information Systems Risk Assessment in February 2010. Planned audits include Small Purchase Order Transaction System controls, Key Performance Measures Integrity, VIP follow-up and a risk-based information systems topic.

II. State economic forecast summary

The February 2010 update to the Oregon state economic forecast can be found at http://www.oregon.gov/DAS/OEA/economic.shtml#Most_Recent_Forecast, and indicated an additional \$174 million shortfall in the 2009-11 biennium relative to the Legislatively Approved Budgets in general and lottery funds. The February 2010 Legislative Special Session took actions to rebalance the state budget, with the only impact to the DEQ budget coming from reductions to funding for the DEQ laboratory rent commensurate with actual reductions in the rate DEQ is charged for that facility.

In addition to the budget reductions above, DEQ is expecting an approximately \$60,000 reduction in net lottery funding for the 2009-11 biennium. These adjustments have been incorporated into DEQ's budget execution plan, referred to as the Operating Budget, which is summarized in Section III of this report.

Adding to concerns with the current economic conditions, the March 17, 2010 kickoff meeting for the 2011-13 budget development process highlighted a projected shortfall of \$2.5 billion in state funding, with continued shortfalls estimated to be above \$2 billion for each subsequent biennium through to 2017-19. State agencies will be required to submit general and lottery fund reduction options equal to 25

percent of their funding as part of their proposed 2011-13 budget submittals.

The commission will regularly be briefed on the budget development process for the upcoming biennium, so that information will not be repeated within this report.

III. Internal DEQ financial highlights

The ongoing recession and jobless recovery continues to have adverse effects on DEQ fee receipts and weighs on the level of affordable FTE in the Operating Budget. The hardest hit fee funded activities within DEQ, on-site sewage treatment permitting and storm water permitting, are strongly correlated with construction activity and have seen revenues cut by roughly half. Other permitting activity fees have dropped as some facilities have ceased operations and others have reduced outputs, both in terms of economic production and pollutants. The solid waste tipping fees have dropped as consumer, construction, and manufacturing wastes have all declined. In all of these cases, the timing of recovery is uncertain, with a component of not just *when* activity will return to pre-recession levels, but also *if* activity will return to pre-recession levels.

The key financial information indicates that the budget execution plan for DEQ is on solid ground and its cautionary practices will ensure that finances will be appropriately managed during the 2009-11 biennium. That assessment doesn't translate directly to program operations, where the ongoing economic uncertainty, reduced fee receipts, and long term shortage of funding at the state level continue to impact DEQ's ability to fully deliver its environmental services.

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I. Audits

Detailed audit reports from the Secretary of State's office are sent directly to the Environmental Quality Commission and the DEQ Director at the time of issuance. For those reports already issued, the findings are summarized in this section.

A. Completed audits

1. Secretary of State annual statewide financial audit

The Secretary of State annual statewide financial audit for the year ending June 30, 2009 resulted in certification of all audited accounts, with no major findings or reportable conditions.

2. Secretary of State audit of capitalization grants for the Clean Water State Revolving Fund

The Secretary of State federal compliance audit of the capitalization grants for the Clean Water State Revolving Fund for the year ended June 30, 2009 state that it is substantially in compliance with federal regulations.

3. Secretary of State Opinion Audit of Financial Statements and Internal Controls for Capitalization Grants for the Clean Water State Revolving Fund for FY2009.

Audit has been completed, but report has not yet been received.

4. Identify Theft Risk Assessment, VIP.

DEQ internal audits completed the Vehicle Inspection Program Oregon Identity Theft Protection Compliance audit. The VIP program is implementing improvements to mitigate identified risks.

B. Audits currently underway

1. Secretary of State performance evaluation review, to determine if there are audit issues at DEQ.
2. Secretary of State mandated audit of Ballot Measure 66 lottery funds for the 2007-09 biennium.
3. EPA limited scope review of DEQ's administrative and financial practices.
4. EPA-Office of Inspector General Office to review how DEQ is overseeing American Recovery and Reinvestment Act of 2009 Clean Water State Revolving Fund projects to ensure projects achieve intended goals.
5. Office of Grants and Debarment to audit compliance with the Davis Bacon Act, Buy American, Section 1511 reporting (certification), and cash draws.
6. EPA review of the DEQ quality system and processes.
7. Homeland Security is considering an audit of equipment purchased with homeland

security funds.

C. Audit plan for FY2011 and beyond

- 1. Secretary of State annual statewide financial audit for the year ending June 30, 2010.** Audits all financial accounts.
- 2. Secretary of State mandated audit of Ballot Measure 66 lottery funds for the 2009-11 biennium.** FY2012.
- 3. DEQ internal audits.** Planned audits include Small Purchase Order Transaction System controls, Key Performance Measures Integrity, VIP follow-up and a risk-based information systems topic.

II. Compliance and Monitoring

In the execution of its daily financial operations and on-going financial planning and control, DEQ:

- Employs adequate internal controls such as segregation of duties, signature authority processes, graduated procurement authorization, determination of affordability prior to filling positions, etc.;
- Monitors all relevant state and federal accounting requirements to ensure on-going compliance;
- Accounts at fund levels consistent with statutory limits;
- Employs detailed cost and time accounting systems to capture staff time and related costs; and
- Monitors actual costs against legislative adopted budget and operating budget plans.

The results of these efforts on an agency-wide basis are contained in the detailed audit reports sent to EQC and summarized in the audit section of this report. The monitoring to assess the financial management controls and health of the subprogram units is summarized in the key financial information section of this report.

III. Key financial information

As discussed in the compliance and monitoring section, DEQ uses numerous accounting and cash management tools to manage the day-to-day financial operations of the agency. For longer term financial planning, usually tied to the state biennial budget period, DEQ uses two principal tools for planning and executing the budgets: the Operating Budget and periodic forecasts.

The Operating Budget is DEQ's budget execution plan, prepared at the beginning of the biennium by updating the Legislatively Approved Budget with current revenue and cost estimates, assessing the planned workload in each activity, and calculating the surplus or deficit in funding balances expected at the end of the biennium. For activities that are estimate to run a deficit ending balance, or have a positive ending balance that is significantly below that required for ongoing cash management requirements, the program then adjusts the Operating Budget to try to bring ending balances back into alignment.

Adjustments can include:

- Reallocating fungible general fund or federal grant funds between activities
- Shifting staff assignments out of underfunded activities and into activities with available funding
- Identifying positions that must be maintained vacant for the all or part of the biennium
- Revising or reducing planned capital outlay and contract expenditures
- In extreme cases, laying off staff

Following completion of the Operating Budget, DEQ develops a forecast every six months to continue monitoring execution of the budget. These forecasts combine the detailed, actual to date spending and revenues with a forecast for the remainder of the biennium. The forecast updates projected staffing levels and other spending plans, followed by another round of adjustments or mid-course corrections to bring each activity into alignment with desired ending fund balances. DEQ prepares more frequent forecast updates every three months for activities requiring corrective actions.

This schedule means that the key financial information presented in this section will vary depending on the year of the report. The first report of the biennium, delivered in even numbered years, provides a summary of the department's Operating Budget execution plan. The second report, delivered in odd numbered years, covers the forecast 18 months into the current biennium.

The key financial information reports that follow provide a high level summary of the Operating Budget status, including a comparison of FTE levels from the Legislative Approved Budget, the Operating Budget, and the first six months of the biennium. The reports also provide a spotlight chart assessment of the financial status of the Operating Budget for each subprogram unit, with the rating based principally on the projected ending balance in the plan at the end of the 2009-11 biennium:

- a. Green (good, within acceptable limits)
- b. Yellow (caution)
- c. Red (danger, requires action)

The spotlight ratings help alert management to activities requiring extra attention, and DEQ procedure is to increase monitoring frequency on red rated subprogram units, including forecasts every three months instead of the usual six-month interval. While an operating subprogram forecasted to have a deficit is always cautionary, some of DEQ's activities that are funded by fees or other funds must maintain minimum balances for cash management purposes. In those cases, an operating subprogram that is forecast to have a positive cash balance at the end of the biennium may still been assessed as yellow (caution) or red (requires action) if that positive balance is insufficient to meet ongoing cash management needs in the 2009-11 biennium.

At the agency summary level, the Operating Budget column represents the estimated level of affordable FTE, which is 56 FTE below the Legislatively Approved Budget. The treatment of furlough days in the DEQ payroll system results in about a 2.5 percent reduction in reported FTE, which averaged 681 for the first six months of the biennium. Adjusting for this effect raises the level to 698 FTE, which provides some financial cushion against any further deterioration of the level of affordability.






All of these factors have caused DEQ to start to look longer term at its budgets and funding, as well as reviewing 2009-11 ending balances in terms of potential needs in the 2011-13 biennium and beyond. The outcome of this evaluation and the current effort to update DEQ's Strategic Directions will influence any decisions to fill positions that are currently deemed to be affordable in the 2009-11 Operating Budget.

One key in understanding the spotlight assessment of each DEQ operating subprogram is that the rating *only assesses the financial health* of the Operating Budget execution plan for the 2009-11 biennium. The spotlight assessment and the affordable levels of FTE do not indicate the ability or inability of the specific operating subprograms to adequately meet program objectives, timeliness, or key performance measures. The drop in many of the DEQ program fees, and subsequent reduction in affordable FTE affects each subprogram differently, with some subprograms experience a reduction in workload with the drop in fees, such as with onsite septic and storm water permits, and others see no real change of workload, such as with solid waste tipping fee.

DEQ also will not typically allow the Operating Budget execution plan to be finalized with a red summary rating, since creating a workable 2009-11 execution plan for each activity is a key goal of the process. As a result, only a very small number of operating subprograms have yellow, or cautionary ratings and no activity is shown as red.




Detailed information can be provided to the commission on any or all of the subprogram units. DEQ welcomes any suggestion for future changes so that this report can better meet the needs of the commission.

A. Agency summary report

		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE			NOTES	
Air Quality Total		236.25	228.69	208.09		
Water Quality Total		239.01	223.38	204.47		
Land Quality Total		229.12	200.84	191.77		
Cross Program Total		6.00	5.48	3.33		
Agency Management		79.73	75.15	73.60		
Agency Total		790.11	733.53	681.26		

The Operating Budget column represents the estimated level of affordable FTE, which is 56 FTE below the Legislatively Approved Budget. The treatment of furlough days in the DEQ payroll system results in about a 2.5 percent reduction in reported FTE, which averaged 681 for the first six months of the biennium. Adjusting for this effect raises the level to 698 FTE, which still provides some financial cushion against any further deterioration of the level of affordability.














B. Air Quality Operating Budget report






		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE				NOTES
ACDP Permits		34.70	31.45	23.50		Will see FTE increase as new area source NESHAP positions phase in throughout the biennium (higher FTE toward the end of biennium). Currently holding vacancies to ensure an adequate ending balance since NESHAP revenue estimates continue to decline.
Title V Permits		35.15	28.28	28.07		Title V relies heavily on an emissions fee to fund the program. With plant shut downs and reduced schedules, revenues are down significantly compared to the amount anticipated in the legislative budget. Holding vacancies to ensure an adequate ending balance.
Area/Mob OF		2.00	0.70	2.06		Includes OR Low Emission Vehicle program and Vapor Recovery program. FTE in this operating sub-program will decline to operating budget levels when gasoline stations and terminals become subject to area source NESHAP permits in ACDP.
Area Mobile GF/FF/Agency-Wide Infrastructure		38.57	38.46	34.77		Includes: air toxics, low carbon fuel standard, diesel admin, open burning, non-permitted complaints, sustainability, cross program air toxics, a portion of criteria pollutant monitoring and associated overhead charges. Expect increased effort in this area as Portland air toxics and low carbon fuel standard work increases.
Asbestos		7.20	6.92	6.04		The downturn in the construction industry means reduced asbestos revenue. Holding asbestos education and outreach position vacant until we see good signs of economic recovery.
GHG Reporting		1.50	2.91	0.63		Operating budget FTE are higher than legislative budget because we plan to use internal (DEQ) information technology staff to build new greenhouse gas reporting systems instead of an outside contractor as anticipated in the legislative budget.
Special Federal Grants		5.40	10.09	8.69		Includes fine particulate and air toxics monitoring grants and administration associated with the diesel federal stimulus grant. Laboratory overhead charges are more than the amounts provided by the federal monitoring grants. Must subsidize this operating subprogram with GF.
Revenue Agreements		1.00	1.35	1.71		Includes agreements for Forest Service/BLM monitoring, analysis of LRAPA air toxics samples and field burning monitoring and rulemaking. Planned FTE is higher in the beginning of the biennium due to the field burning rulemaking and monitoring. Field burning monitoring expected to decline next year as field burning acres are drastically cut.
Vehicle Inspection		110.74	108.52	102.62		VIP is operating close to levels anticipated in the operating budget (furlough days lower the actuals FTE calculation).
Air Quality Total		236.25	228.69	208.09		

Subprogram unit summaries:

The Operating Budget execution plan for all subprogram units is currently within acceptable financial limits, with implementation for the first six months of the biennium under planned for most units. Current economic conditions have reduced affordability in certain fee-funded programs, as noted in the table.

C. Water Quality Operating Budget report

		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE				NOTES
Wastewater Permitting		76.34	72.46	64.34		New construction stormwater applications and annual fee revenue expected to be down significantly. Likely forego 14 months of the 3% annual increases. Delaying recruitment for several positions. Uncertain how the vacancies in the operating budget will affect our ability to meet workload demands.
WQ Operator Certification		2.00	2.18	2.24		
TMDL & Oregon Plan		34.32	34.72	32.99		
WQ Ambient Monitoring		29.50	32.09	30.81		Includes toxics monitoring, beach bacteria monitoring, national assessments, and Mid Columbia assessment.
MAPS		-	-	-		
WQ Program Support		14.05	15.55	14.21		
WQ Data Management		4.00	3.46	3.40		
WQ Standards & Assessments		8.04	7.92	7.82		Vacancies recently filled. Delaying recruitment for one position until 2011 to fund temps to assist with development of the integrated water quality report.
Ground Water		5.00	4.29	4.79		
401 Certification-Dredge & Fill		1.60	2.80	2.36		Projected workload exceeds available revenue. Prepared to implement a plan to reduce costs. Additional LNG mega fees are expected.
401 Certification - Hydro		3.75	2.21	2.37		Annual fee and cost reimbursement revenues are in decline. Holding one position vacant and reassigning staff to other work. Expect to provide base program tasks, but will not provide regional project specific technical support work.
CW State Revolving Fund Administration		12.85	14.43	11.01		
DW Assessments & Implementation		5.50	4.42	4.42		









		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE			NOTES	
On-Site Systems Permitting		23.19	11.79	11.19	Applications expected to be down significantly throughout 2009-11. Holding numerous positions vacant and reassigning staff to other work. Expect to issue timely field service through fee increase and slowly add back FTE. Program implemented streamlining measures and expedited enforcement. Technical assistance will be limited.	
Underground Injection Control		5.25	3.41	2.41	Revenues projected to fall materially short of our Legislatively Adopted Budget revenue. Expect to timely review and approve UIC applications, provide technical assistance and public outreach, but have been unable to conduct timely UIC compliance and enforcement actions.	
NPS Implementation 319 Grants		8.12	8.89	7.18		
DW & Laboratory Certification		1.00	1.01	0.85		
Receipts Authority		4.50	1.75	2.08		
Water Quality Total		239.01	223.38	204.47		






Subprogram unit summaries:

The Operating Budget execution plan for all subprogram units is currently within acceptable financial limits, with implementation for the first six months of the biennium under planned for most units. Current economic conditions have reduced affordability in certain fee-funded programs, as noted in the table.

Uncertainty regarding the scope of the liquefied natural gas work that is not funded by permit fees caused the 401 Certifications – Dredge and Fill unit to be assigned a yellow (cautionary) rating, requiring increased monitoring throughout the biennium.

D. Land Quality Operating Budget report

		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
			FTE			NOTES
Solid Waste		57.49	52.11	53.46		\$2M cut from original SW program spending plan due to significant revenue decline. Operating Budget holds 7 positions vacant (including 2 new product stewardship positions) and significantly cuts grants/contracts to provide ending balance of about \$1.2M. Managers will continue to identify savings to lessen est. \$3M to 4M shortfall in 2011-13. FTE exceeds Budget in E-cycles, due to system development costs.
Hazardous Waste		35.98	34.43	30.08		Revenues, including CEG funds from SW tipping fee, are declining. Operating budget consumes about 1/2 of nearly \$2M of beginning balance in 2009-11. Will need to continue to spend below operating budget in order to have sufficient funds for 2011-13.
Orphans - Industrial		2.00	2.00	1.60		Almost all available industrial orphan cleanup funds will be spent during 2009-11. In 2011-13, will need a source of funds to meet match obligations and to continue to pay fixed costs (Operations & Maintenance).
Orphans - Solid Waste			0.03	0.05		Includes placeholder spending estimate of \$1.7M. No new sites currently planned, so only minimal FTE budgeted to continue work at Santosh Landfill. Like other SW fees, revenues are declining, so if \$1.7M is spent, \$2.2M beginning balance will drop to \$1.7M.
Cleanup - McCormick & Baxter		0.90	0.90	0.80		Represents only federally funded portion of work; current agreement ends Sep 2011. Operations & Maintenance (O&M) for the soil remedy included in Orphans - Industrial. Insufficient orphan revenue for O&M in 2011-13.
Cleanup - Dry Cleaners		2.41	2.32	2.40		Budgeted contract spending cut in 1/2, to \$620k to balance budget. Revenue decline is caused primarily by industry shifts, not economy. Will need to cut program further in 2011-13. No plans to raise fees at this time.
Cleanup - Non-Dedicated		70.82	56.61	51.77		2009-11 ending balance healthy, but assumes revenues from a major settlement & continued good level of cost recovery. Revenue from large projects has remained strong so far.
Cleanup - Dedicated			0.29	0.13		Projects funded by "escrow" funds from RPs. Work only done if funded. Small FTE included in "non-dedicated" cleanup.




		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE				NOTES
Spills		10.61	10.96	10.32		No significant issues in 0911, unless oil spill planning fees continue to decline. 11-13 likely to use most of HSRAP fee, leaving little for cleanup; potential shortfall in oil spills.
Tanks - UST		10.58	10.31	9.31		Despite declining federal revenue and small drop in fees, program appears to have adequate funding through 2011-13.
Tanks - LUST		22.83	20.32	21.00		Program should have adequate ending balance, if cost recovery revenues do not decline. 1st 2 qtrs. FTE high due to start-up of stimulus work and extra effort on projects funded with special "cleanups completed" federal dollars.
Tanks - Heating Oil		5.34	3.96	3.72		Revenues have declined due to slow real estate business. Shifting program to cleanup section will decrease management costs. Combined with maintaining audit position vacancy, some staff special assignments, and revenues holding steady, expect to break even in 2009-11.
Umatilla Chemical Demilitarization Depot		10.16	6.60	7.13		Program is 100% federally funded. LAB includes more FTE than currently needed to carry out program.
Land Quality Total		229.12	200.84	191.77		

Subprogram unit summaries:

The Operating Budget execution plan for all subprogram units is currently within acceptable financial limits for 2009-11, with implementation for the first six months of the biennium under planned for most units. Current economic conditions have reduced affordability in certain fee-funded programs, as noted in the table. Three subprogram units have been rated yellow (cautionary), principally to highlight longer term issues that begin to impact the unit in the 2011-13 biennium.

Roughly half of the difference between the Legislative Approved Budget and Operating Budget FTE is due to positions not currently used in the Land Quality Division, rather than positions being held vacant to balance the budget. Some of this is due to budget imbalances between the programs for the Laboratory Environmental Assessment Division, regional support, and Business Systems Development that have developed over time as the size of the Land Quality Division has shrunk slightly and the Air Quality and Water Quality Divisions. The Land Quality Division also has a few positions no longer needed for use within the program. DEQ will be working to better align positions during the development of the 2011-13 Agency Request Budget.

E. Cross Program Operating Budget report

		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE				NOTES
Economic Revitalization Team		2.40	2.28	2.01		Eastern Region ERT representation is temporarily filling Acting WQ Mgr role.
Tax Credits		0.60	0.20	0.59		FTE expected to drop with tax credit staff shifting to do Rules Coordinator and Audit work.
Federal Grants		3.00	3.00	0.73		Network Exchange work expected to increase as other systems development projects end
Cross Program Total		6.00	5.48	3.33		

Subprogram unit summaries:

The Operating Budget execution plan for all subprogram units is currently within acceptable financial limits for 2009-11, with implementation for the first six months of the biennium under planned for most units.

F. Agency Management Operating Budget report

		Ending Balance Assessment	Legislative Adopted Budget	Operating Budget	Actuals Avg. (Jul-Dec 2009)	
		FTE				NOTES
Office of the Director	●	3.00	2.25	2.89		FTE will decrease since temporary Auditing staff finished assignment in February 2010
Communications & Outreach	●	7.42	6.05	5.95		
Administration	●	8.00	7.56	7.50		
Accounting	●	23.23	21.75	20.33		
Human Resources	●	9.00	8.66	8.27		
Information Technology	●	10.00	11.20	10.23		
Business Systems	●	13.50	12.25	12.82		FTE may fluctuate due to implementation of new accounting process to more accurately assess project costs and capture more detailed data for software development projects.
Budget	●	4.50	4.35	4.24		
AM All	●	1.08	1.08	1.37		FTE may increase due to revised business systems development accounting process to capture project support from staff outside the Business Systems Development (BSD) section.
Agency Management		79.73	75.15	73.60		

Subprogram unit summaries:

The Operating Budget execution plan for all subprogram units is currently within acceptable financial limits for 2009-11, with implementation for the first six months of the biennium under planned for most units.