OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY
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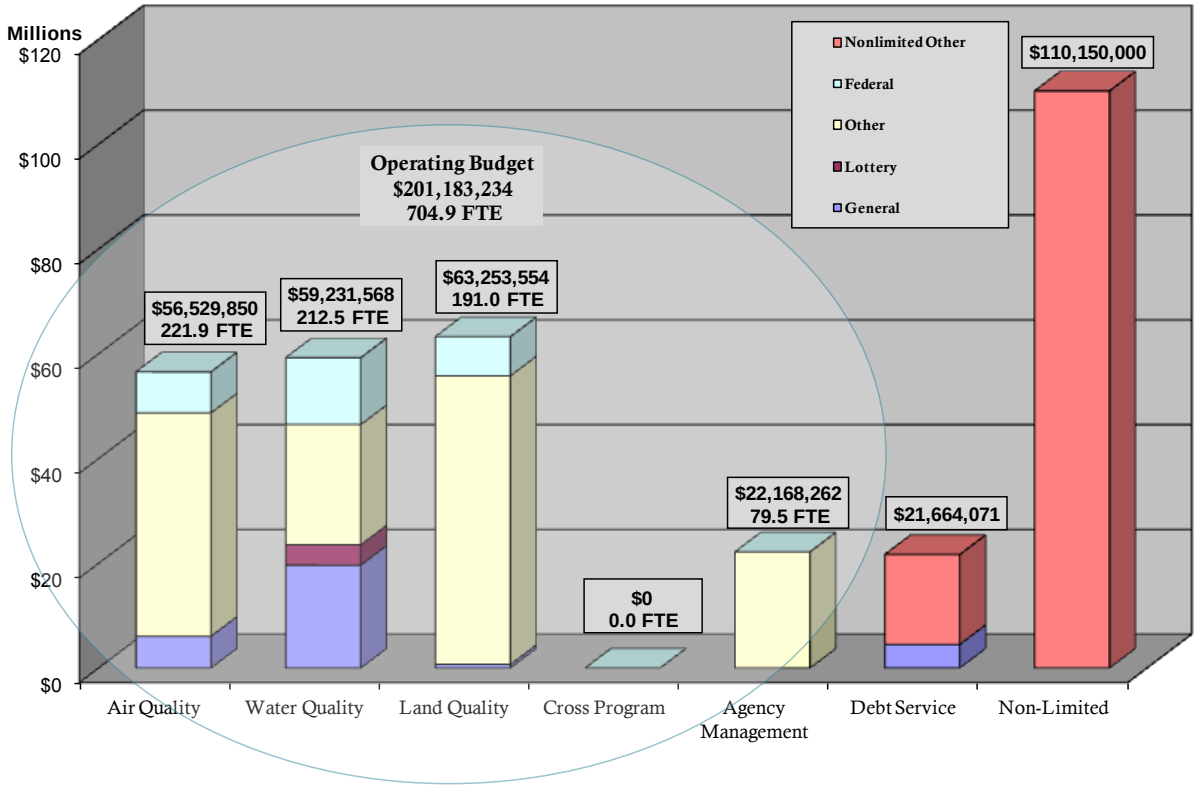
The 2013-15 DEQ Legislatively Approved Budget is shown below.

Figure 1 -
2013-2015 Legislative Approved Budget, By Program
$332,997,305



- The four program areas circled make up the "Operations Budget," authorizing 705 FTE and $201 million in total funds spending for DEQ operations. The 2013-15 LAB budget shifted the relatively small activities contained in Cross Program into the four main program areas.
- For the 2013-15 biennium, approximately 38 percent ($131.8 million) of the total budget provides for environmental benefit to Oregon, but does not directly support DEQ services:
  - $5.6 million of ongoing debt service on Orphan Site bonds is used to fund cleanup for contaminated sites, mostly in prior budget periods, where no responsible party was available to cover costs.
  - $16.1 million of debt service on bonds sold to provide state match for federal capitalization grants and $110.2 million for the Clean Water State Revolving Fund to provide low interest to local municipalities for the construction/upgrade of sewage treatment facilities.

OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY
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2015-17 MODIFIED CURRENT SERVICE LEVEL BUDGET

The first stage in developing the 2015-17 Agency Request budget is to apply standardized adjustments to the 2013-15 budget to generate the projected 2015-17 costs of continuing permanent services, known as the **Current Service Level (CSL)** budget. Using Federal, Other and Lottery Fund revenue estimates for 2015-17, DEQ then creates a ***Modified*** **Current Service Level (MCSL)** or "Affordable Budget" that balances proposed spending with revenues, prior to any requested legislative actions. Balance is achieved by reducing budget spending until a fund reaches a zero ending balance (for Federal and Lottery Funds) or a desired ending balance (for Other Funds) to allow for cash management needs.

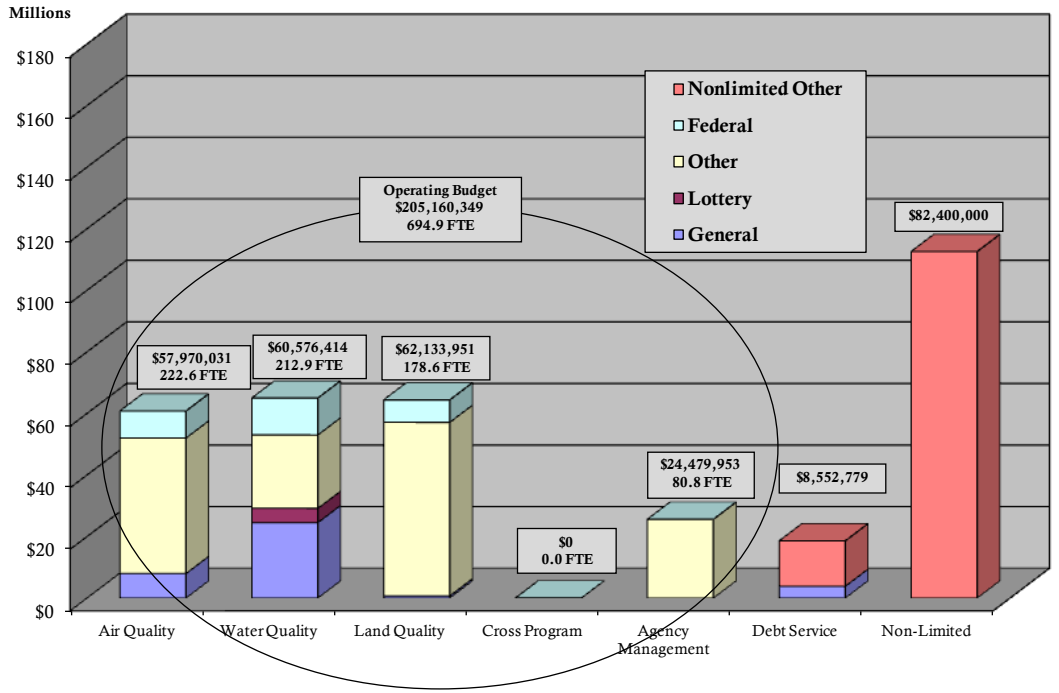
The result of the modified current service level budget is shown in Figure 2, the 2015-17 Affordable Budget. The changes in the 2015-17 affordable budget relative to the current 2013-15 Legislatively Approved Budget are discussed in mostly in terms of FTE, because inflation on costs can make it appear that the budget, in dollars, is growing when the agency's ability to deliver services may actually be shrinking.

The reductions required to balance the 2015-17 affordable budget are discussed in further detail in the program chapters of the budget, and are summarized below:

Water Quality Program
- 6.75 FTE in Wastewater Permitting
- 2.15 FTE in TMDL program and Non Point Source
- 0.40 FTE in program support infrastructure

Land Quality Program
- 1.00 FTE in Solid Waste
- 1.00 FTE in Hazardous Waste
- 2.00 FTE in Cleanup
- 0.90 FTE in Oil Spill Prevention
- 0.20 FTE in Ballast Water
- 3.00 FTE in Leaking Underground Storage Tank Cleanups

Figure 2 -
2015-2017 Affordable Budget, By Program
$296,113,128



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2015-17 POLICY OPTION PACKAGES

DEQ proposes a total of 20 Policy Option Packages for the 2015-17 biennium as summarized in figure 3 and discussed in further detail in the program chapters of the budget:

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

- 9.55 FTE
- $1.15 million General Fund
- $0.40 million Lottery Fund
- $0.92 million Other Fund
- -$0.63 million Federal Fund

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

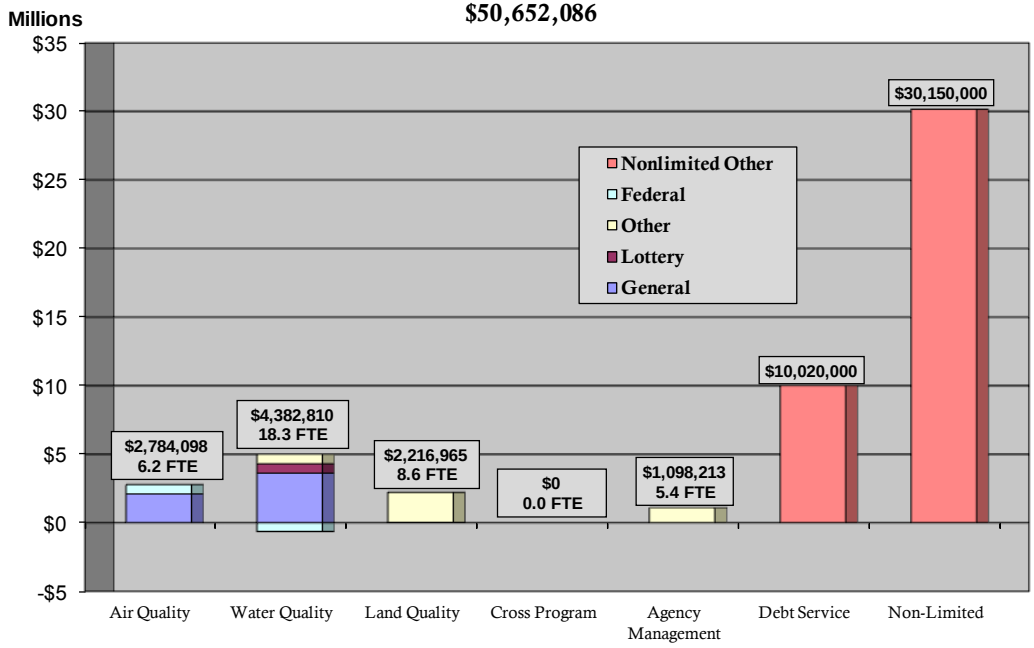
- 28.92 FTE
- $4.59 million General Fund
- $0.28 million Lottery Fund
- $3.08 million Other Fund
- $0.68 million Federal Fund

Expansion of current, non-operational activities:

- $30.15 million Non-limited, for loans associated with the 2015-17 federal Clean Water State Revolving Fund capitalization grants.
- $10 million debt service on new CWSRF bonds.

While the total policy package request seems large in the current economic environment, 80 percent ($40 million) of the request is for use outside of DEQ, providing additional low interest loans and support to local municipalities for the construction/upgrade of sewage treatment facilities utilizing federal funding and loan repayments without requiring additional state funding.

Figure 3
2015-2017 Package & Adjustments Budget, By Program
$50,652,086



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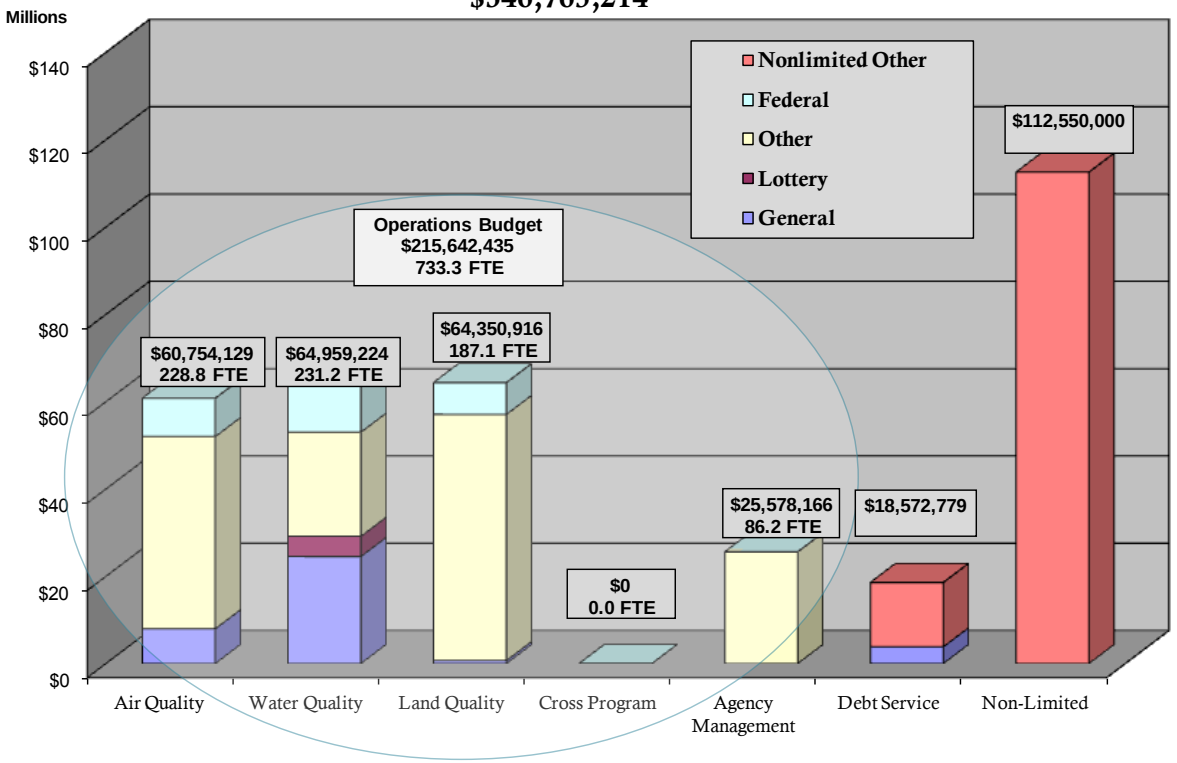
2015-17 Agency Request Budget

The DEQ 2013-15 Legislatively Adopted Budget is comprised of the modified current service level, or affordable budget, plus the policy packages, effectively adding Figure 3 to Figure 2 to create:

Figure 4 -
2015-2017 Agency Request Budget, By Program
$346,765,214



- Note that the four program areas circled make up the "Operating Budget," authorizing 733.3 FTE and $215.6 million for DEQ operations.
- For the 2015-17 biennium, approximately 37 percent ($131 million) of the total budget (outside the circled funds) continues to provide environmental benefit for Oregon, but does not directly support DEQ provided services, maintaining the same rough proportion of operational funding (62%) and non-operational funding (38%) from the 2013-15 budget.
- The Operations Budget is roughly 63 percent ($215.6M) of total budget, comprised of
  - $ 33.2 million General Fund
  - $ 4.6 million Lottery Fund
  - $ 149.8 million Other Fund
  - $ 28.0 million Federal Fund

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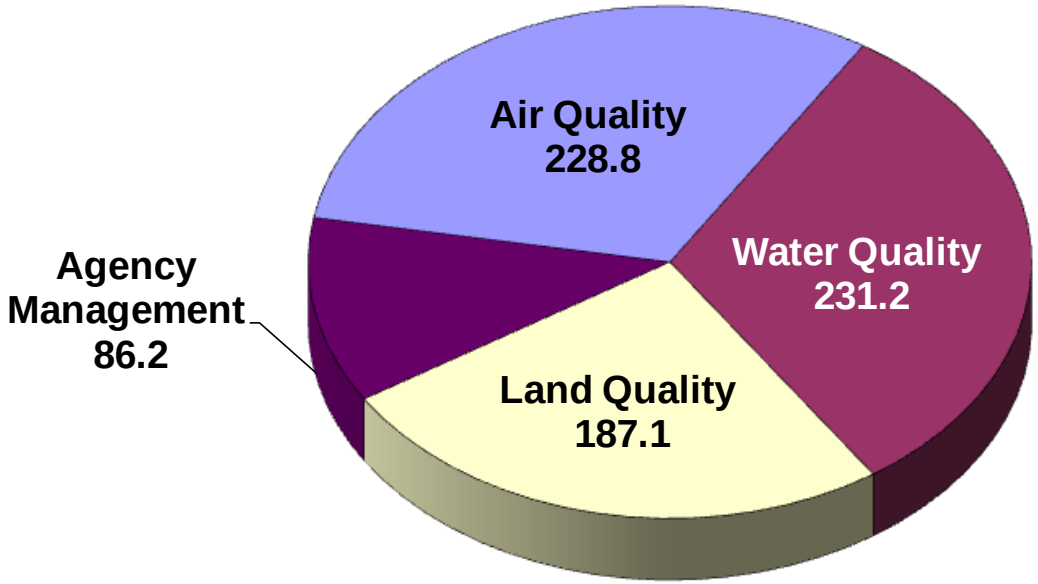
Figure 5 shows the 2015-17 Agency Request Budget FTE by program:

Figure 5 -
2015-2017 Agency Request Budget By Program
TOTAL FTE - 733.3



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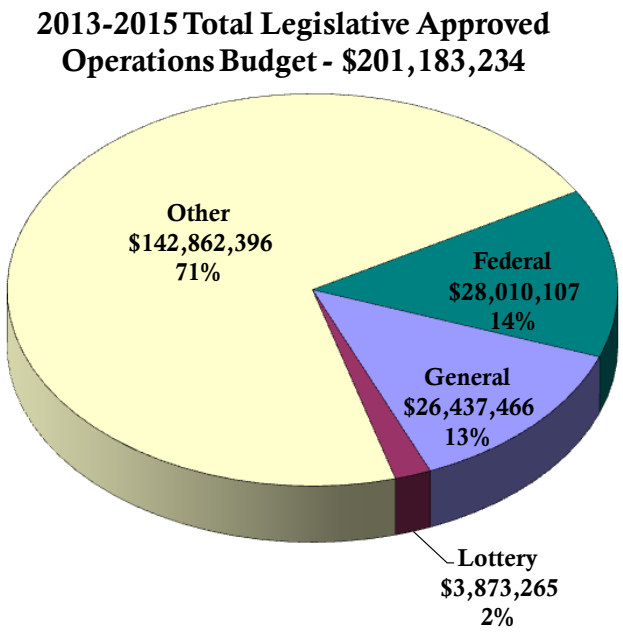
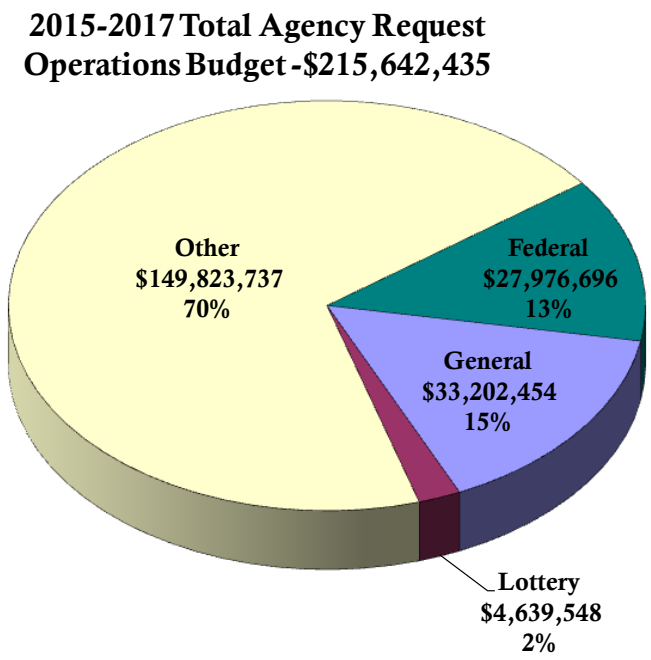
Comparing the 2015-17 Agency Request Budget to the 2013-15 Legislatively Approved Budget (Figure 6), DEQ's requested operations budget has increased by $14.5M and just over 28 FTE. General and Lottery Fund have increased by approximately $7.5M (comprised of $1.8M in increased cost of current services and $5.7M of additional funding requested in policy packages. The Federal Funds budget has remained steady in dollar terms, but can fund slightly less services and its share of the total budget has decreased. Other Fund activities, the largest component of the DEQ operations budget at 70% of the total, experienced $5.2M in increased costs of current services, but $2.2M of those costs could not be absorbed within current funding levels. An additional $4.0M of other fund increases were requested in 2015-17 policy packages.

Figure 6 – Comparison of Funding Sources 2013-15 to 2015-17





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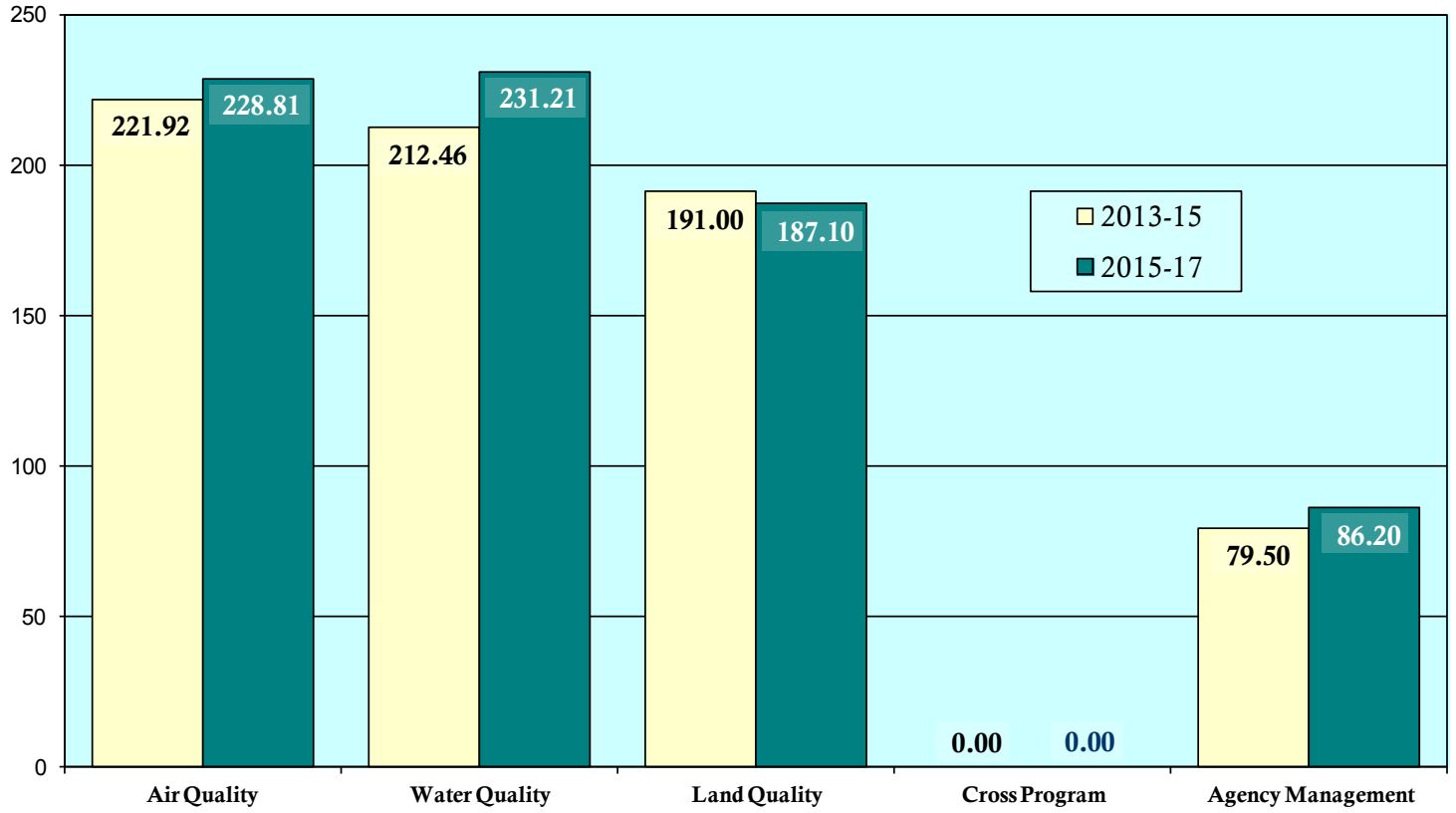
In terms of FTE, Figure 7 shows that comparison of 2013-15 Legislatively Approved Budget FTE to the 2015-17 Agency Request Budget, by program. The net increase in Air Quality, Water Quality, and Agency Management FTE resulted from policy option packages for new work. The Cross Program FTE was shifted into other program areas during the legislative approval of the 2013-15 budget.

Figure 7 -
2013-2015 Approved vs 2015-2017 Agency Request Budget 733.32 FTE



OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY
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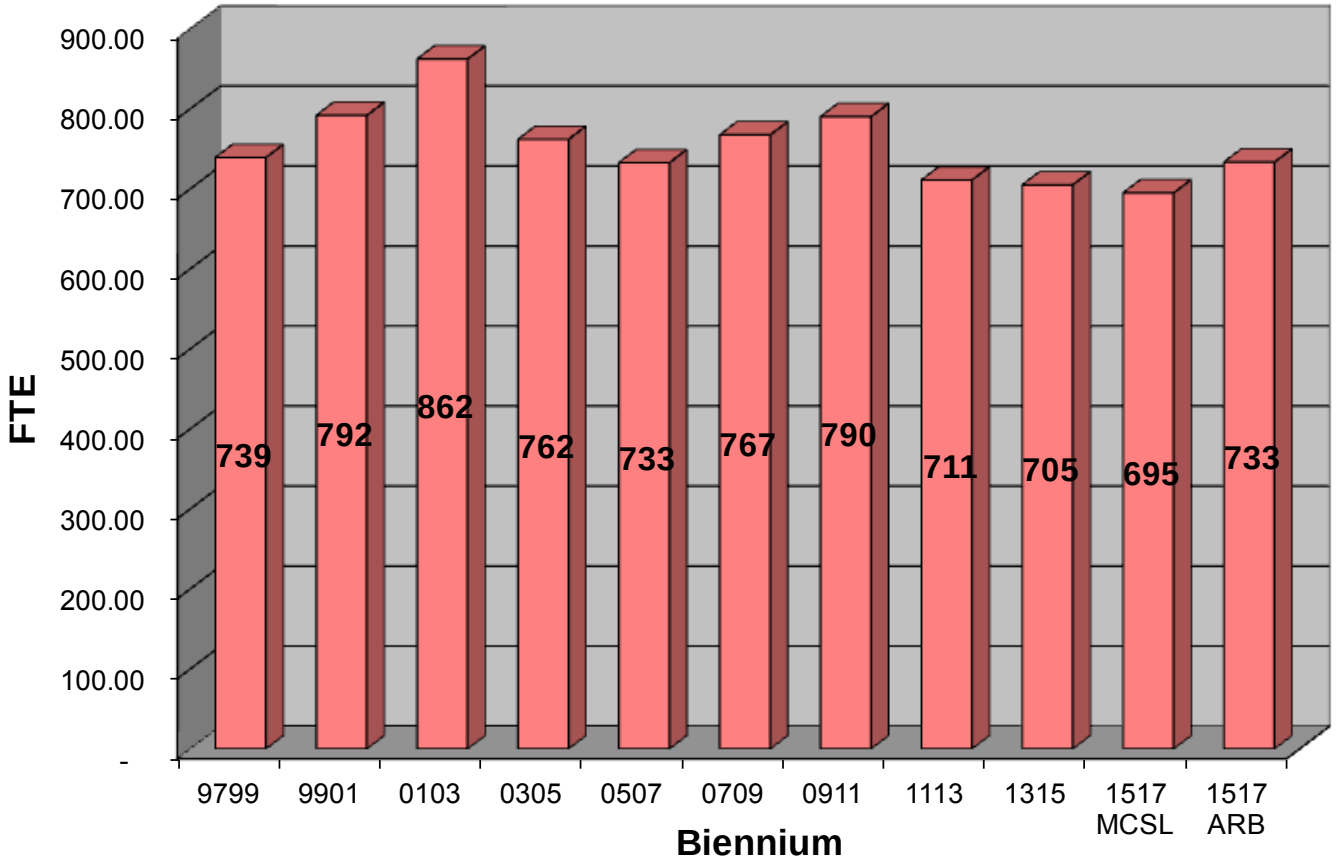
The DEQ Affordable Budget FTE, shown in the 1517 MCSL column in Figure 8, is 10 FTE below the 2013-15 Legislatively Approved Budget. If the legislature were to approved all of the policy packages and 38.5 FTE proposed in the 2015-17 Agency Request Budget, the total Agency staffing would increase to 733 FTE.

Figure 8- DEQ STAFFING OVER TIME



Calculating the Cost of DEQ Positions in the 2015-17 Agency Request Budget

The main costs for DEQ positions are salary and benefits, which are totaled into a category labeled Personal Services. The state position inventory control system (PICS) and budget development system (ORBITS) work together to calculate most of the personal services costs, with some of the costs not directly related to specific positions (such as temporaries, overtime, and shift differential) being manually entered by DEQ. The factors used to do the calculations are standardized for all agencies, and for the 2015-17 ARB, they are as follows, on a biennial basis:

ORBITS Account	Description	Calculation
3110	Salaries & Wages	Determined by standard classification, range and step salary schedule. Step increases in salaries estimated only through end of 2013-15. Traditional estimates of step increases during budgeted biennium were *not* included for 2015-17 Agency Request
3210	Employment Relations Board	$44/ FTE
3220	Public Employee Retirement	15.79% of Salary
3230	Social Security Taxes	7.65% of Salary
3250	Worker's Compensation Assessment	$69/ FTE
3260	Mass Transit Tax	0.6% of Salary, excluding Federal Funds
3270	Flexible Benefits (medical/dental)	$30,528/ FTE

In addition to the calculated costs discussed above, there are two other major entries associated with the cost of positions that were estimated in total for the GBB, but are not assigned directly to a particular position:

ORBITS Account	Description	Calculation
3221	PERS Obligation Bond Debt Service	An amount allocated to each Agency, based on estimated salaries, to cover state debt service payments on bonds sold to reduce the unfunded liability in the PERS account. Estimated at 6.7% of salary
3465	Personal Services Reduction	None in ARB

In addition to the Personal Services cost of each position, there are associated Services and Supplies (S&S) costs required to run the agency. Some of these costs are associated with

positions (such as travel, training, rent, office supplies) and others that are not, like contracts. The amounts budgeted in this category vary from one activity to the next, depending on many factors, such as location of employees, frequency of travel for site visits, technical level of the positions, special supplies such as for laboratory analysis, etc. DEQ attempts to align the amounts budgeted with the amounts spent in prior periods for each operating subprogram, within the constraints of the statewide budget development rules.

The other direct expenditures categories include

- **Capital Outlay** (equipment >$5000), mainly for the DEQ laboratory and information technology.
- **Special Payments** – payments to other state agencies, government and non government entities
- **Debt Service** on bonds

As mention in other documents, DEQ's Agency Management program is comprised of centrally provided services and is funded by an Indirect surcharge set at 19% of Salaries and Benefits on the other program activities, regardless of funding source.

ORBITS Account	Description	2015-17 Calculation	Change from 2013-15
3110	Salaries & Wages	Determined by standard classification, range and step salary schedule. Step increases in salaries estimated only through end of 2013-15. Traditional estimates of step increases during budgeted biennium were *not* included for 2015-17	Salary schedule increased by 3.53% for negotiated Cost of Living
3210	Employment Relations Board	$44/ FTE	Up $4/FTE from $40/ FTE
3220	Public Employee Retirement	15.79% of Salary	Up from 14.67% of Salary
3230	Social Security Taxes	7.65% of Salary	7.65% of Salary
3250	Worker's Compensation Assessment	$69/ FTE	Up $10/FTE from $59/ FTE
3260	Mass Transit Tax	0.6% of Salary, excluding Federal Funds	0.6% of Salary, excluding Federal Funds
3270	Flexible Benefits (medical/dental)	$30,528/ FTE	Same - $30,528/ FTE
3221	PERS Obligation Bond Debt Service	An amount allocated to each Agency, based on estimated salaries, to cover state debt service payments on bonds sold to reduce the unfunded liability in the PERS account. Estimated at 6.7% of salary	Increase to 6.7% of salary from 6.33%
3465	Unallocated Personal Services Reduction	None	1.5% of General Fund

DEQ's 2015-17 Legislative Agenda Development Timeline

June 2013

- DEQ's 2013-15 Budget was adopted

Late 2013 through March 2014

- Development begins on 2015-17 Budget
  - Determine cost of currently approved programs adjusting for 2015-17 costs
  - Estimate future revenues
  - Determine "restorations" needed to cover future costs
  - Develop budget package proposals for new work that DEQ anticipates doing
  - Develop legislative concepts

February 2014

- Short Session (2/2 – 3/7)

March 2014

- 13– Budget and Legislative Concept Instructions are released by DAS
- 19-20 – EQC Meeting – update on budget and leg concept development
- Ongoing legislative concept and budget policy package proposal development
- Program Funding Teams start meeting

April 2014

- Ongoing legislative concept and budget policy package proposal development
- Stakeholder outreach begins
- Program Funding Teams meet

May 2014

- 2 – Legislative concepts are due to DAS
- Ongoing budget development
- Stakeholder outreach
- Program Funding Teams meet

June 2014

- 2– DAS submits approved legislative concepts to Legislative Counsel
- 18-19 – EQC Meeting – update on legislative agenda and review of budget submittal to DAS on 6/30
- 30 – Budget request submitted to DAS for audit
- Program Funding Teams meet
- Incorporate Program Funding Team recommendations

July 2014

- 14 – Last day to modify legislative concepts
- Budget narrative development
- Incorporate Program Funding Team recommendations

August 2014

- **Budget narrative development**
- **Program Funding Teams meet**
- **7 – EQC Budget Meeting**
- **27-28 – EQC Meeting – legislative agenda update and Chair signs the Budget Certification Form (part of the agency of budget request document)**
- **29 – Agency Request Budget due to DAS and Governor**

September, October and November 2014

- DEQ works with Legislative Counsel on draft bills (legislative concepts)
- DAS and Governor review DEQ budget request
- Nov 5-6 EQC meeting

December 2014

- 1 - Governor's Recommended Budget submitted to the Legislature
- 15 - Governor pre-session files approved bills

January 2015

- Jan 7-8 – EQC Meeting – chair signs the Budget Certification Form (part of the Governor's Budget Request document)
- 12 – 2015 Legislative Session begins – initial 3 days

February 2015

- 2 - 2015 full Legislative Session begins

2015-17 Policy Packages and Legislative Concepts for Agency Request Budget

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
1	AQ	GF	**Implement Clean Fuels Program**	The statute authorizing the Clean Fuels Program contains a sunset of Dec. 31, 2015. Proposal is for LC 582 and a POP	LC 582 to remove the Dec. 31, 2015 sunset. POP to add positions to implement the full program	POP LC582	-	2.19	2.19	$778,141	$778,141		
2	WQ	GF	**Replacing wastewater permit system (WQSIS)**	The system currently in use was put in place in 1999-2001, and both the technology used and the processes it was designed support have become obsolete. Consequently, maintaining the system is very burdensome and increasingly ineffective in supporting the permitting program. WQSIS is a potential single point of failure for the water quality program, and delay in replacing it has been identified as a substantive business risk.	Replace WQSIS with a contractor-configured, commercial off-the-shelf product, capable of supporting water quality permitting in the near term and serve as the foundation/inital module of an agencywide permitting system in the future.	POP	N	1.0 - PM2 (24 months)	1.00	$558,392 (includes $325K for IT contracts, ongoing as agency permitting systems work)	$452,719	$105,673	
3	CS	GF	**Agency infrastructure (business analysts)**	DEQ has many business processes that are not documented and many basic infrastructure elements (e.g., records management; invoicing) are not fully developed or integrated. Also, until recently, individual programs and divisions developed their own processes to respond to stakeholder demand, resulting in redundant, dissimilar processes and systems to address the same concern (e.g., invoicing). This is proving to be an obstacle to moving toward consistent business processes and an e-government model.	New positions are needed to help DEQ evaluate agency's major processes and look for improved efficiency and effectiveness, including program areas (such as permitting), common infrastructure needs (recordkeeping, procurement and invoicing) and human capital areas (such as workforce development and succession planning).Also want to ensure that DEQ invests wisely in its technology improvements, including alignment with any Enterprise direction, and that technology supports documented business processes.	POP, maybe LC in 2017		6 (2 LD, 4 permanent - costs already assume phased-in)	6.00	$1 million		$1,000,000	
4	AQ	GF	**Meet Federal Air Quality Health Standards**	Seven communities are currently nonattainment or maintenance areas for particulate pollution. As a federal requirement of their SIPs, these communities must operate local programs to restrict burning on poor air quality days. GF through DEQ provides a portion of the funding but it is inadequate and several local governments are considering handing their local air quality program back to DEQ. If that happens, it would cost DEQ significantly more money to run the same program. Also, communities facing non-attainment are suspect of the placement of our federal reference monitor that determines attainment/non-attainment status. Before the budget cuts of the last five years, DEQ performed a monitoring study to determine the appropriate Federal Reference Monitor location.	Restore funding for SIP required programs that reduce particulate pollution administered by local governments. GF cuts in 2011 reduced funding from $240K to $160K for the following work: public education, implementing woodstove and open burning advisories on poor air quality days and performing compliance and enforcement activities. Requesting additional $140K to fund communities that must maintain compliance. This package would also add five new technology monitors for airshed characterization studies in various communities to determine the most appropriate location for the FRM monitor.	POP			-	$220,000	$220,000		

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
5	WQ	GF	**Columbia Corridor RST Liaison**	Regional Solutions Centers were established in 2011 to create a nexus for state agencies to work together as a team to facilitate solutions to local community and economic development challenges. DEQ has been staffing the centers since their establishment in 2011 but has been unable to adequately serve the communities in this northeastern/Columbia River Corridor area due to the demands for assistance in other areas of the state. With the passage of House Bill 2620, it is necessary to ensure that DEQ is able to fully serve all the regional solutions teams and centers.	Establish a Regional Solutions liaison position based out of the North Central Regional Solutions Center office in The Dalles, and serving the North Central and Greater Eastern Regional Solutions Centers and most of the ports within the Columbia River Corridor – an area that is currently underserved by DEQ due to inadequate staffing. position would serve primarily the counties of Hood River, Wasco, Sherman, Gilliam, Wheeler and Morrow, as well as the ports along the Columbia River in this vicinity. This would include the Port of Cascade Locks, the Port of Hood River, the Port of The Dalles, the Port of Arlington, the Port of Morrow and the Port of Umatilla.	POP	N	1.00	1.00	$288,199	$288,199		
6	WQ	GF	**Water quality assessment**	DEQ is unable to produce timely and comprehensive water quality assessments to guide Oregon's efforts and investments in water quality improvement and watershed health and meet federal requirements. DEQ needs dedicated staff with the right skill sets to develop and maintain a data management system and to interpret the data and related information to develop water quality assessments and reports for Oregon's waters. These products will enable DEQ and other agencies, as well as local partners, to guide and evaluate water quality restoration efforts and ensure permits are based on relevant information.	Enable DEQ to meet its statutory requirements and provide information needed by state agencies, decision makers and Oregonians to protect and restore water quality throughout the state by providing resources to (1) develop and maintain a water quality data management system and (2) analyze and interpret the data and related information to develop assessments and report findings. The new system is necessary to enable DEQ to produce transparent and reproducible assessments to support decision-making and ensure this information can be made available to the public.	POP	N	2.25 - ISS5; 0.75 NRS3 (phase in); 0.50 NRS2 (phase in)	2.25	$491,435	$491,435		
7	WQ	GF	**Restoring nonpoint source grant program**	In December 2013, NOAA and EPA proposed to find that Oregon has failed to submit an approvable coastal nonpoint program under the Coastal Zone Act Reauthorization Amendments (CZARA). A final decision is due by January 30, 2015. If Oregon's program is disapproved, federal law mandates that EPA withhold an amount equal to 30% of Oregon's 319 grant. DEQ uses 319 grant dollars to fund nonpoint source pollution control and TMDL staff, and to fund on-the-ground nonpoint source pollution control projects. A 30% reduction would eliminate more than $600,000 in grants to local groups to undertake water quality improvement projects to address high priority water quality problems.	This package would replace lost federal dollars with General Fund and allow DEQ to maintain the current level of funding for its nonpoint source grant program.	POP	TBD	-	-	$631,500 (special payments)	$631,500		

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
8	LQ	OF	**Materials Management, toxics coordinator and green chemistry executive order implementation**	Significant environmental, economic and social problems are directly related to how we produce and use materials – and current production and use of materials are not sustainable. • Rapid rise in material use has led to serious environmental effects, including impacts from toxic chemicals; damage to ecosystems and biodiversity; unsustainable use of energy, water and other natural resources; and global warming. Many environmental challenges across all DEQ programs are related to how materials are produced, used and managed. • Increasing consumption, particularly of nonrenewables, global competition for declining resources and rising prices seriously impact our economy. To address these impacts more holistically and effectively, the EQC adopted the *Materials Management in Oregon: 2050 Vision and Framework for Action* to guide DEQ's – and Oregon's – actions toward sustainable materials management. DEQ lacks capacity to effectively implement the Vision and Framework.	To provide the foundation for implementing the Vision and Framework, this **Legislative Concept**: 1) Increases program tipping fees to adjust for inflation, and includes mechanism to trigger future fee adjustments. 2) Sets goals and measures to improve environmental outcomes. 3) Updates Recycling Opportunity Act to increase and improve recycling. To complete high priority work, **this POP** provides funding for 7 additional FTE through the LC and permit fees changed by rule, and adds $392,960 in contracts and $100,000 in grants for '15-'17 biennium to: • Increase and improve prevention and recovery of high impact wastes, including food. • Reduce toxics and other impacts of materials purchased by state agencies, local governments and industry. • Help Oregon businesses reduce environmental impacts and gain efficiencies through product and packaging redesign and green chemistry. • Build internal and statewide capacity to fully understand impacts of products and better inform priority actions by all stakeholders (e.g.	POP LC588 for fee increases LC587 for goals/measure changes	7.00	-	7 FTE 1 NRS 2 2 NRS3s 4 NRS 4s	$2,095,466		$2,095,466	
9	LQ	GF and OF	**Ballast water**	Ballast water fees are established in statute and require periodic amendments in order to keep revenue in pace with administrative costs. Original intent for the Ballast Water program included funding 50% from fees and 50% from the General Fund. Additional General Fund support is also requested. This is important to stakeholders.	Amend ORS 783.636 to increase ballast water fee sufficiently to maintain current service level through 2019, provided commensurate increase in General Fund appropriation to achieve 50/50 cost share.	POP LC585	0.20	-	0.20	$49,734	$32,003	$17,731	
10	WQ	GF/OF	**Restoring the wastewater permitting program**	DEQ faces an approximately $1.5 million revenue shortfall in the wastewater permitting program because neither federal funds nor permit fees are keeping up with program costs. DEQ will need to reduce the program by 7.3 FTE unless this shortfall is addressed. The loss of these positions affects several different areas of the permitting program, including wastewater permit issuance, program/guidance development, stormwater permitting, pretreatment, biosolids and water reuse.	This package would restore 6.0 FTE through a combination of General Fund and fee increases that, in conjunction with the revenues proposed in Policy Package #120 (WQSIS), will restore the wastewater permitting program to the 60/40 split between fees and public funds.	POP	6.00	-	6.00	$1,220,384	$488,154	732,230	

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
11	AQ	GF	**Continue Air Toxics Monitoring**	Air toxics pose significant risks to public health. DEQ needs detailed air toxics data to characterize which air toxics are of most concern, which geographic areas (neighborhoods, populations) face the highest risk, and help identify which emission sources are significant and which are not.	Continue funding provided by the 2014 Legislature for Swan Island air toxics monitoring to support the monitoring in other locations. The monitor will be built on a trailer and can be moved to other locations to do assessments. This estimate assumes the funding required to complete the year-long Swan Island project is provided in DEQ's CSL budget ~$120K.	POP		1.52	1.52	$361,562	$361,562		
12	LQ	OF	**Emergency response**	The Department of Environmental Quality oil spill prevention and preparedness program requires certain facilities and vessels to prepare oil spill contingency plans and conduct emergency response exercises. The Department is also required to prepare and maintain a statewide oil spill response plan. The activities to review and approve plans, plan, conduct and evaluate exercises and prepare a statewide oil response plan are funded by the Oil Spill Prevention Fees. Current fees are not adequate to fund the authorized 2.35 FTE to implement this program. ***The POP also requests .45 FTE (1.0 phased in)*** to improve plan approval times and conduct drills according to schedule.	Increase the oil spill prevention fee and allow the funds in the Oil Spillage Control fund to be used as an additional source of funds for the activities required in ORS 468B.345 through ORS 468B.500. The last time the fee was increased was in 2007. Current law only allows for expenditure of Oil Spill Controllage Fund to be used for carrying out cleanup activities and for the rehabilitation of affected fish and wildlife.	POP LC586	0.90	0.45	1.35	$337,240		$337,240	
13	AQ	GF	**Reduce Harmful Diesel Emissions**	Uncontrolled diesel engine exhaust is a significant public health and environmental risk. Diesel particulate is a known carcinogen and in Oregon one of the top three air pollutants causing unacceptable risks for cancer and it also contributes to asthma and heart disease. Minority and low income populations are disproportionately impacted by diesel engine exhaust.	DEQ is proposing legislative concept 583 that would require the use of clean diesel equipment and vehicles when state agencies contract for public improvement projects and purchase goods and services. DEQ will need two positions to identify clean diesel equipment and assist agency contracting staff in meeting the requirements. Also includes $100K for a thorough survey of the Oregon diesel fleet.	POP LC583		1.63	1.63	$504,717	$504,717		
14	AQ	GF	**Implement Greenhouse Gas Regulations**	EPA will promulgate new rules to reduce greenhouse gas emissions from existing power plants, under section 111(d) of the Clean Air Act. The draft rule was published in June 2014 and the final rule is scheduled for June 2015. Under the current schedule, states must submit implementation plans to EPA by June 2016 with options for complete plans by June 2017 and 2018.	DEQ will need one additional position to develop Oregon's plan, implement the plan and provide general climate change coordination. Work will include coordination with other agencies, other states and affected utilities to develop an Oregon state plan. That plan will likely be very complex and might require not only new rules, but revisions to statues, and the drafting of MOUs with other states. DEQ may also need to establish a new administrative structure and system for tracking GHG reduction credits. Position is phased-in October 1, 2015	POP		0.88	0.88	$239,678	$239,678		

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
15	WQ	GF	**Onsite program incentives**	Description TBD	Description TBD	POP	-	-	-	$200,000	$200,000		
16	WQ	GF	**Reducing nonpoint source pollution**	Land management and development activities can produce nonpoint sources of pollution and some of these are the greatest contributor to some of Oregon's water quality impairments. The magnitude of these impacts are projected to increase as population increases and more land becomes developed. DEQ plays a pivotal role in reducing nonpoint source pollution by analyzing water quality data to pinpoint the key pollution sources and providing technical expertise for the design and evaluation of water quality improvement projects. DEQ is also responsible for ensuring those responsible for reducing nonpoint source pollution are doing so in a timely and effective manner. Current staffing levels fall far below what is needed to be successful.	Restore two positions that would be reduced due to a Federal Fund shortfall and phase-in two new positions to provide water quality data and expertise to guide water quality improvement efforts. These positions monitor Oregon's waterways and provide technical assistance to communities, watershed councils and other stakeholders on the design and implementation of water quality restoration projects. They also work with federal, state and local governments, watershed councils, businesses and landowners to ensure those with roles and responsibilities for reducing nonpoint source pollution do so in an effective and timely manner.	POP	2.00	1.16	3.16	$684,249			$684,249
17	AQ	FF	**Federal limitation to support NW Air Quest contract**	In a coordinated effort, EPA Region 10 states contract with NW AirQuest (U of W and WSU) for meteorological and modeling data, which is vital for woodstove curtailment calls and attainment planning. Washington and Idaho have taken turns being responsible for the contracts. It is time for Oregon to do the contracting.	EPA would provide additional federal funding to DEQ through the Performance Partnership Agreement and DEQ would contract with U of W and WSU. DEQ would need additional federal limitation to pass funding to NW AirQuest. Approximately $680,000 per biennium.	POP				$680,000		$680,000	
						Sums	16.10	15.83	31.93	**$10,340,697**	$4,688,108	$4,968,340	$684,249
	WQ	n/a	**Clean Water SRF time extension**	Existing statute [ORS 468.429 2(a)] limits bond purchase agreements for terms up to 30 years to treatment works projects. Non-treatment works projects, including "green" projects such as irrigation system upgrades or other nonpoint source pollution projects, are not eligible for 30 year agreements. For some communities seeking financing for a green project, the debt terms associated with a 20 year repayment period present a hardship for ratepayers whose rates are generally increased to pay for project costs. This can be especially significant to small communities where the high cost of projects is covered by relatively few ratepayers.	Allow longer-term financing associated with bond purchase agreements for terms up to 30 years to all eligible projects, not just treatment works projects. This change would provide more affordable repayment term options to all eligible project types.	LC 584							

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
	DS	OF	**Clean Water State Revolving Fund – Bond Debt Service (#191)**	The federal Water Quality Act of 1987 created the state wastewater treatment revolving loan fund program. The primary source of funds for this program is repayments of loan principal and interest and federal capitalization grants. The federal act requires the state to match federal dollars with state funds in an amount at least equal to twenty percent of the federal capital grant. DEQ issues General Obligation Bonds for match, which is to be authorized by the statewide Bond Bill.	This package seeks to obtain limitation to provide debt service for General Obligation Bonds issued to meet the state match for up to three federal capitalization grants to maintain Oregon's Clean Water State Revolving Fund. All debt service will be sourced from interest earnings of the CWSRF program, and hence these General Obligation Bonds are "self-financed." This package covers $10.02 million of debt service for Bonds of short duration which are fully redeemed during the 2015-17 biennium with no carryover into subsequent biennia. However, if demand for CWSRF loans remains strong and the long-term bond markets are favorable, DEQ will request the issuance of 20-year bonds with debt-service spread equally over as long as 10 biennia.	POP			-	10,020,000			
	NL	OF	**Clean Water State Revolving Fund – Loans and Bonds (#181)**	The federal Water Quality Act amendments of 1987 created the state wastewater treatment revolving loan fund program (the CWSRF). The primary source of funds for this program is federal capitalization grants and repayments of principal and interest on existing loans. The federal act requires states to match federal dollars with state funds in an amount at least equal to twenty percent of the federal capital grant. DEQ issues General Obligation Bonds for the purpose of the match, which is authorized by the statewide Bond Bill each biennium.	This package seeks to obtain non-limited expenditure approval to fund $150,000 of bond issuance costs, including legal and other fees, associated with bonds issued to provide the state match component of up to three federal capitalization grants to maintain Oregon's Clean Water State Revolving Fund. The package also seeks limitation to provide $30 million of additional CWSRF loans using the federal grant monies received. For this package, bond issuance costs for the bonds will be sourced from the interest earnings received by the CWSRF and/or from bond proceeds. Interest earnings may be used to pay bond issuance costs.	POP			-	30,150,000			
	WQ	GF	**Enterprise POP 2: Quantifying conservation outcomes**	Oregonians place a high value on water quality and watershed health. This is demonstrated by millions of dollars of conservation investments annually from state and federal agencies, local governments, businesses, municipalities, land owners, conservation groups and others. However, Oregon lacks a consistent way of setting priorities, tracking and reporting on conservation efforts and determining the environmental response. This makes it difficult to know what these investments have achieved, in terms of environmental outcomes, and ensure money is being spent wisely.	This package will enable DEQ to work collaboratively with OWEB, ODA, ODF and ODFW as well as other relevant agencies and local entities to achieve agreement and adoption of consistent metrics and reporting methods for planning, implementing, tracking, and reporting on watershed restoration and evaluation activities. State-supported watershed planning and implementation efforts (i.e., Agricultural Water Quality Management Plans, Forest Practices Act implementation, watershed council action plans, and TMDLs) will utilize these methods and information to set specific place-based priorities for investments, education and other actions, along with specific expected environmental outcomes they will achieve over particular timeframes. In the realm of water quality, this will include specific target dates for attaining water quality standards where they are not currently met.	POP		4.88	4.88	1,054,524	1,054,524		

Ranking	Program	Type of funding	Name	Problem Statement	Brief Description of Proposal	POP or LC	Restore Existing FTE	New FTE	Total FTE	Cost	*General Fund*	*Other Fund/Federal Fund*	*Lottery Fund*
			Enterprise POP 3: Onsite loan program for small communities	Failing or damaged onsite septic systems pollute Oregon's groundwater. Low- and moderate-income homeowners with failing onsite septic systems often cannot access loans or other financial products to repair the issues, so the system is repaired inadequately or not at all.	This proposed program would provide pass-through General Fund money to a third-party to establish and fund a revolving loan mechanism to fund residential onsite septic system repairs. Over 30 percent of Oregonians rely on septic systems to treat wastewater from their homes. DEQ regulates the siting, design, installation and ongoing operation and maintenance of septic systems. Without this oversight, septic systems can fail or malfunction, pollute Oregon's land and waterways with raw sewage and create public health hazards.	POP LC589		-	-	$4 million	$4,000,000		

10% REDUCTION OPTIONS

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Land Quality (003) – Reduce hazardous waste compliance program	Reduces revenue to cover services and supplies. Impact will be felt in 2017-19, when fund balances are depleted. Estimate an additional .12 FTE reduction at that time.	GF -$36,151	GR1 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reduce LEAP office specialist	This position provides administrative support for the laboratory program including phone coverage, filing and document formatting. If taken, technical and policy staff would need to devote more time to routine administrative support work, taking them away from their core work.	GF - $107,503	GR2 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reduce water quality program office specialist	Reduces administrative support for the water quality program including reviewing and formatting documents, preparing mailings, providing administrative support for advisory committees, coordinating ordering and repair of telephone and copying equipment, etc. If taken, technical and policy staff would need to devote more time to routine administrative support work, taking them away from their core work.	GF - $116,136	GR3 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) - Lane Regional Air Protection Agency	The cut in funding would reduce overall services that LRAPA provides for Lane County residents and businesses. Amount represents 10% of the General Fund that is passed through DEQ's budget to Lane Regional Air Protection Agency.	GF -$25,736	GR4 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) - Reduce fine particulate analysis	Reduces fine particulate speciation at three sites (K. Falls, Lakeview and Eugene) during the six non-wood burning months. DEQ will need EPA approval to implement this reduction.	GF - $293,929	GR5 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) - Reduce Eastern Region TMDL implementation	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.	GF -$171,068	GR6 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reduce groundwater data collection and reporting	Reduces capacity for collecting and reporting groundwater and other water quality data. If taken, fewer data would be collected and reports would be delayed, leaving DEQ, communities and other stakeholders with less information to guide their water quality protection and restoration activities.	GF -$177,214	GR7 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reduce capacity for water quality sample analysis	Reduces capacity for nutrients and other inorganic analyses. Fewer samples processed would result in less data available for use in water quality assessments and decision making.	GF - $177,428	GR8 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) – Reduce Air Quality Planning	Reduces project management support for Air Quality projects supported by General Fund; the main focus of work is air toxics, clean diesel and clean fuels.	GF -$129,437	GR9 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) - Reduce Emission Inventory work	Reduces emission inventory work on reducing air toxics and fine particulate pollution. Emission inventories are the scientific underpinning of air quality planning, including identification of sources, determining baseline emission levels, evaluating the benefits of proposed emission reduction strategies, and meeting federal technical requirements. This cut would result in delayed air toxics and fine particulate planning work.	GF - $87,346	GR10 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) - Eliminate statewide groundwater and IWRS coordination	Eliminates position with responsibility for strategic direction for DEQ's groundwater monitoring programs, policy development and interagency alignment on groundwater protection and data management for statewide groundwater resources to support implementation of the Integrated Water Resources Strategy. If taken, DEQ would not be able to provide leadership, both internally and externally, for statewide groundwater protection strategies, and would be limited in the amount of groundwater information it could produce to support these efforts.	GF - $198,805	GR11 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Eliminates half-time NWR 401 dredge and fill permit coordinator.	Reduces administrative support for database management, filing and record keeping, facilitation of public involvement processes, and communication and outreach to applicants on project status. If taken, technical and policy staff would need to devote more time to routine administrative support work, taking them away from their core work such as ensuring all applications are addressed in a timely manner. Loss of this position would also prevent DEQ from fulfilling its customer service outcomes, including developing guidance documents and updating the website so applicants have more knowledge up front.	GF -$77,482	GR12 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) - Reduces AQ Program Manager	Eliminates the Air Quality manager position in Medford. The position is responsible for supervision of Air Quality permitting staff in southwest Oregon. The cut would result in remote supervision of the staff and would shift the responsibility to a manager who supervises a similar sized staff in Salem.	GF - $227,016	GR13 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) - Reduce administrative support for Office of Policy and Analysis and director's office	This position provides administrative support to the Office of Policy and Analysis as well as back up to the Director's Office. In addition, the position is part of the DEQ public records request response team. If taken, policy and management staff would need to devote more time to routine administrative support work, taking them away from their core work. The public records request work would need to be transferred to another administrative support position. In all cases, core work would be performed more slowly. This could include responding to legislative and public inquiries.	GF - $164,840	GR14 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reduce statewide nonpoint source policy development and coordination	Reduces capacity for nonpoint source policy development and interagency coordination on federal land and agricultural water quality issues, including technical assistance, development of memoranda of agreement, reviewing and providing feedback on water quality management plans regarding progress toward meeting TMDL load allocations, and ongoing coordination. Also reduces support for developing guidance, improving coordination between HQ and regions and updating Oregon's nonpoint source program plan.	GF -$253,079	GR15 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) – Reduces Air quality permits - ACDP	Eliminates half of an ACDP position performing inspections and technical assistance to smaller business permit holders.	GF -$87,346	GR16 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) - Reduce water quality data analysis (standards and assessments)	Eliminates water quality specialist position supporting assessments and standards development. This position analyzes data to evaluate current water quality conditions and compare to standards and benchmarks, conducts research and develops analyses to support water quality standards revisions, and evaluates data and reports submitted to DEQ to evaluate data quality and soundness of interpretations and conclusions. If taken, DEQ would be very challenged to fulfill its responsibilities to evaluate and report on statewide water quality conditions and to perform site-specific analyses needed for water quality standards and permit development.	GF - $171,068	GR17 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reduce TMDL development and implementation in eastern Oregon	Eliminates a position that develops and implements TMDLs in NE Oregon. Current focus includes overseeing TMDL implementation in the John Day and Umatilla River basins - two of the largest basins in the state. The position works with federal, state and local governments, watershed councils, businesses and landowners to ensure those with roles and responsibilities for reducing nonpoint source pollution do so in an effective and timely manner. If taken, DEQ would not be able to support this work unless a reevaluation of statewide priorities led DEQ to discontinue TMDL work in western Oregon basins in order to reassign a position to work in NE Oregon.	GF - $191,033	GR18 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Air Quality (001) - Reduce AQ planning work	Eliminates a position that implements the Heat Smart program and provides technical assistance to homeowners on removal of old, polluting woodstoves, which are the leading cause of air quality violations. This cut would result in very minimal support for woodstove work and would halt implementation of the emerging inter-agency approach to wood smoke and biomass work.	GF - $239,272	GR19 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) - Reorganize laboratory QA/ORELAP	Eliminates a position that supports the quality assurance and internal audit functions at the laboratory. This would result in less capacity to handle additional quality assurance work outside the laboratory and require reorganization within the laboratory.	GF - $254,144	GR20 - Combination of factors: Least harm to environmental protection; Maintain strategic priorities.
Water Quality (002) - Reduced analytical capacity for pesticides and volatile organic compounds	Reduces capacity for analysis of pesticides, volatiles and other organic compounds. Fewer samples processed would result in less data available for use in water quality assessments, source water protection and decision making.	LF - $211,517	**LR1** - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) - Reduced frequency of state wide toxics monitoring	Reduces capacity for collecting and reporting toxics and other water quality data. If taken, fewer data would be collected and reports would be delayed, leaving DEQ, communities and other stakeholders with less information to guide their water quality protection and restoration activities.	LF - $195,267	**LR2** - Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) – Reduce federal grants supporting Water Quality initiatives	Would reduce funding DEQ uses to accomplish high priority agency work such as program improvement and streamlining efforts, augmenting existing water quality protection efforts, development and testing of innovative approaches to water quality protection, enhanced use of electronic databases and other information technology innovations, and clean water protection and enhancement activities, including water quality monitoring and Total Maximum Daily Load (TMDL) development.	FF - $409,297	**FR01** *This would reduce DEQ's limitation to accept and spend grants to support high priority agency work supporting its TMDL and wastewater permitting programs.* Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Land Quality (003) - Eliminate grants from Defense-State Memorandum of Agreement for cleanup of formerly used military sites	Eliminate funding supporting DEQ's involvement in the investigation and cleanup of federal facilities, including facilities currently or formerly operated by the Department of Defense and Army Corps of Engineers, some of which the federal government intends to sell or convey to local governments, tribal governments or private use. DEQ's role is to provide technical assistance to the Army Corps of Engineers and US Department of Defense to ensure state cleanup requirements and local community input is considered when addressing environmental conditions at approximately 12 sites. Eliminates .4 FTE.	FF - $173,778	**FR02** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Land Quality (003) - Reduce EPA funding supporting the cleanup program's infrastructure, ongoing policy development and site-specific work.	Eliminate about 14 percent of EPA state response grant funding, which pays for brownfield redevelopment community education and outreach efforts; and assessments and limited cleanup of brownfield sites; health, safety and other training for state cleanup staff; development of cleanup policy and guidance.	FF - $252,195	**FR03** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Land Quality (003) –Eliminate supplemental funding from EPA for cleanup of leaking underground storage tank sites	Eliminate supplemental EPA grant funding that pays for cleanup of leaking underground storage tank sites where owners are unable to perform cleanup. Reduces services and supplies limitation, primarily professional services.	FF - $300,000	**FR04** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) – Reduce federal diesel emission reduction grants	Reduce federal grant limitation for clean diesel projects. Diesel exhaust is one of the most potent air toxics to which Oregonians are exposed. It is a complex mixture of gases and particles that lead to elevated risk for cardiovascular and respiratory diseases including cancer, asthma and bronchitis. DEQ provides school districts and diesel fleet owners with innovative technical and federal grant assistance to upgrade engines with advanced exhaust controls.	FF - $807,805	**FR05** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) – Stop state implementation of Clean Water Act Section 106 grant funded surveys of the nation's waters	This reduction would eliminate federal funding for Oregon's participation in the Clean Water Act Section 106 surveys of the nation's waters. EPA provides funds for States, Tribes and other eligible entities to participate in statistically-valid surveys of the Nation's waters. If DEQ does not conduct the work, it can request EPA to perform the work in Oregon, but will lose the opportunity to leverage this funding to support other monitoring objectives by integrating workplans for sample collection and analysis.	FF - $368,765	**FR06** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Water Quality (002) – Reduce federal Clean Water Act Section 319 grants	Reduction in grants used for watershed restoration activities to improve water quality; currently granting $1.5 to $2.0 million per biennium. No position or FTE impact.	FF - $530,900	**FR07** *This would eliminate one-quarter to one-third of the grants and would likely jeopardize grant funding from EPA.* Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Land Quality (003) - Reduce professional services limitation for certain types of environmental cleanup.	In some circumstances, parties responsible for an environmental cleanup deposit funds with DEQ and contracts for cleanup on their behalf. This typically happens when multiple parties are responsible for contamination. In some cases, DEQ might be able to renegotiate agreements such that payments are made independent of DEQ's budget. This would reduce limitation for professional services for this purpose. If agreements cannot be renegotiated, work would have to be slowed down to remain within the reduced budget limitation.	OF - $3,940,518 Sourced from advance deposits of cost recoveries from responsible parties	**HR01** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Land Quality (003) – Reduce state contractor program for Electronic Waste recycling	Reduce goal for amount of waste to be collected by statewide e-waste recycling program; citizens would need to rely on manufacturer plans (recycling programs run by groups of manufacturers) to pick up the difference. Reduces professional services limitation by 15 percent.	OF - $463,500 Electronic Waste Recycling Assessment	**HR02** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Air Quality (001) – Reduce Vehicle Inspection Program	Close a Portland VIP Station and reduce technical support for the program. Closing an inspection station would drastically increase average wait times at the remaining Portland stations and inconvenience customers in the closure area. Reduce approximately 20% of the vehicle inspection FTE.	OF - $4,402,159 Vehicle Inspection Fee	**HR03** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Land Quality (003) – Reduce cleanups of hazardous waste drug labs	Reduce spending to clean up illegal drug lab by about 50 percent. Reduces contract limitation.	OF - $46,500 Asset forfeitures and drug lab cost recoveries	**HR04** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.
Water Quality (002) – Septic system (Onsite) permitting implemented by county governments	Shift septic system permitting to other government entities. Some counties already perform this function, though expanding the universe would likely be challenging due to local government economic considerations. DEQ would retain oversight and technical assistance. Approximately 10 FTE would be reduced.	OF - $2,402,723 Onsite permit fees	**HR05** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
Agency Management (004) – Support Services	Reductions would be gradually implemented as reductions in indirect revenue accrue from adopting reduction options (all fund types) in program areas, when agency management indirect fund balances drop below the amount needed for ongoing operations. The reduction would reduce $200,000 of capital purchases, $198,000 contract limitation and reduce 11 FTE, with the following impacts on support services provided to other sections of DEQ: - Would eliminate internal CS clerical support. - Business systems development cuts would reduce the agency's ability to develop new systems and keep current systems updated. - IT cuts would reduce help desk support that keeps desktop computer systems working efficiently and reduce support for email services. - Financial Services cuts would reduce accounting support beyond organizational savings already implemented. Could reduce response to audit issues; increase likelihood of accounting errors; delay payments, deposits and report submittals; and decrease oversight of expenditures. Would also reduce procurement and contracts support, potentially delaying needed purchases, contracts and agreements - Eliminate combined rule coordinator/tribal position currently used to provide limitation/funding for parts of other positions.	OF - $2,301,922 Indirect Surcharge	**HR06** Combination of factors: Least harm to agency core infrastructure support and mandatory processes.

Activity or Program *(which program or activity will not be undertaken)*	**Describe Reduction**	**Amount and Fund Type**	**Rank and Justification**
	- Consolidate agency reception, eliminating 1 FTE. - State government service charge assessment and other DAS charges would be reduced by 10% percent, or $361,142, under the assumption that DAS or other assessed services would be reduced by 10%, lowering the assessment.		
Land Quality (003) – Reduce Orphan Site Cleanup program	Reduces professional services limitation for investigation and cleanup of contaminated sites where the responsible party is unknown or unable to undertake cleanup. Defers work to 2015-17. Would most likely defer investigation of sites where cleanup work has not yet begun, but could also cause delay in cleanup efforts to protect human health and the environment.	$1,035,000	**HR07** Combination of factors: Least harm to environmental protection; Maintain strategic priorities; Least harm to service delivery.

2015-17 Agency Request Budget, By Operating Subprogram

		2015-17 Agency Request Budget										Notable Items Included in the 1517 ARB					Not Included in 1517 ARB		
		Limitation				Limitation	FTE				FTE	Reductions (Pkg 070)		Policy Packages			Reduction Options		
PROG	OP_SUBPROG	GENERAL	LOTTERY	OTHER	FEDERAL	Total	GF	LF	OF	FF	Total	$$$	FTE	$$$	FTE	Pkg No	$$$	FTE	Redux Pkg No
AQ	AQ Permits	78,170		6,520,263	502,709	7,101,142	0.23		27.87	1.60	29.70						553,634	2.50	G13, G16, G19
	AQ Area/Mobile General/Federal Funds	7,128,020			3,829,110	10,957,130	20.87			13.20	34.08			2,104,098	6.23	110 thru 114	536,449	2.50	G04, G05, G09, G10
	AQ Area/Mobile Other Funds			525,805		525,805			1.50		1.50								
	Asbestos			1,918,528		1,918,528			7.23		7.23								
	AQ Greenhouse Gas Reporting			646,830		646,830			2.00		2.00								
	AQ Pass Through Funds	423,815		555,137	2,512,377	3,491,329								680,000		115			
	AQ Revenue Agreements			350,499		350,499			1.19		1.19								
	AQ Special Federal Grants	344,480			1,913,857	2,258,337	1.77			6.09	7.86								
	Title V Permits			9,324,875		9,324,875			35.64		35.64								
	Vehicle Inspection			24,179,654		24,179,654			109.61		109.61								
WQ	401 Certification-Dredge & Fill	214,546		943,051		1,157,597	1.00		4.10		5.10						77,482	0.50	G12
	401 Certification - Hydro			893,100		893,100			3.05		3.05								
	CW State Revolving Fund Administration			3,572,814		3,572,814			15.26		15.26								
	WQ Data Management	536,131			914,376	1,450,507	2.00			3.00	5.00								
	Drinking Water Assessments & Implementation			1,272,532		1,272,532			5.15		5.15								
	Non Point Source Implementation Grants	647,581		122,407	3,222,781	3,992,769			0.50	4.65	5.15	(170,449)	(1.15)	0			253,079	1.00	G15
	Ground Water	1,382,043			396,094	1,778,137	5.00			1.85	6.85						553,447	3.00	G07, G08, G11
	Laboratory Certification			190,198		190,198			0.65		0.65								
	On-Site Systems Permitting	200,000		2,982,649		3,182,649			12.66		12.66			200,000		125			
	WQ Operator Certification			522,427		522,427			2.34		2.34	(4,419)	(0.04)						
	Receipts Authority			1,370,195		1,370,195			5.33		5.33						254,144	1.00	G20
	WQ Standards & Assessments	1,731,962			522,641	2,254,603	6.75			1.89	8.64			608,131	2.75	120, 121	171,068	1.00	G17
	TMDL Development	6,321,096	1,336,320	0	3,104,433	10,761,849	24.04	5.30		11.08	40.42	(124,944)	(1.00)	1,738,773	8.04	126, 128	362,101	2.00	G06, G18
	Underground Injection Control			239,097	178,817	417,914			1.15	0.85	2.00	(1)							
	WQ Ambient Monitoring	3,625,023	3,303,228	1,035,552	1,522,698	9,486,501	6.26	13.75	4.50	5.68	30.20						514,287	3.00	G02, L01, L02
	WQ Program Support	3,521,715			566,003	4,087,718	11.55			2.45	14.00	(252)	(0.36)	288,199	1.00	124	280,976	2.00	G03, G14
	Wastewater Permitting	6,335,872		10,700,769	1,531,073	18,567,714	23.09		41.27	5.06	69.41	(1,125,894)	(6.74)	1,547,707	6.50	120, 123			
LQ	Cleanup Dedicated Projects			5,927,580		5,927,580			0.55		0.55								
	Cleanup - Dry Cleaners			1,122,889		1,122,889			1.95		1.95								
	Cleanup General			13,782,778	2,522,346	16,305,124			48.56	7.45	56.01	(362,598)	(2.00)						
	Hazardous Waste	258,718		5,253,267	1,566,206	7,078,191	0.12		20.83	5.25	26.19	(189,372)	(1.00)				36,154	-	G01
	Leaking Underground Storage Tanks			1,744,514	2,410,534	4,155,048			6.63	7.94	14.57	(596,008)	(3.00)						
	Cleanup - McCormick & Baxter				0	0													
	Tanks - Heating Oil			648,379		648,379			3.65		3.65								
	Cleanup - Orphans			4,958,946		4,958,946			2.95		2.95								
	Spills	231,933		3,153,188	45,390	3,430,511	0.89		12.05	0.17	13.10	(255,697)	(1.10)	338,241	1.55	136, 138			
	Solid Waste	221,349		17,897,849		18,119,198	0.80		56.49		57.29	(132,117)	(1.00)	1,878,724	7.00	132			
	Tanks - Underground Storage Tanks			1,889,799	715,251	2,605,050			7.67	3.18	10.84								
AM	CSD Administration			4,938,531		4,938,531			17.40		17.40			1,098,213	5.40	150			
	Central Reimbursements			760,021		760,021			0.30		0.30								
	Business Systems Development			3,247,153		3,247,153			12.00		12.00								
	Communications and Outreach			0		0			-		-								
	Financial Services			5,141,183		5,141,183			26.50		26.50								
	Human Resources			1,543,796		1,543,796			7.50		7.50								
	Information Technology			3,271,209		3,271,209			14.00		14.00								
	Office of the Director			2,135,875		2,135,875			6.50		6.50								
	State Government Service Charges			4,058,517		4,058,517													
	Office of Policy and Analysis			481,881		481,881			2.00		2.00								
Debt	Debt Service, Limited Orphans	3,844,362				3,844,362													
	Debt Service, Non-Limited Orphan			985,050		985,050													
	Debt Service, Non-Limited CWSRF			13,743,367		13,743,367								10,020,000		191			
NonLim	Non Limited, SRF Loans, Bonds			112,550,000		112,550,000								30,150,000		181			
Total		37,046,816	4,639,548	277,102,154	27,976,696	346,765,214	104.37	19.05	528.52	81.38	733.32	(2,961,751)	(17.39)	50,652,086	38.47		3,592,821	18.50	

THE BUDGET DOCUMENT

INTRODUCTORY INFORMATION

1. Table of Contents
2. Certification (107BF01)

LEGISLATIVE ACTION

1. Budget Report(s)
2. Emergency Board Minutes (if applicable)

AGENCY SUMMARY

1. Agency Summary Narrative (107BF02)
   - Budget Summary Graphics
   - Mission Statement and Statutory Authority
   - Agency two-year Plan
   - Program Descriptions
   - Environmental Factors
   - Initiatives and Accomplishments
   - Criteria for 2015-17 Budget Development
   - Major Information Technology Projects/Initiatives
   - Other Considerations
2. Summary of 2015-17 Budget (Agency-wide and Program Unit levels) (ORBITS)
3. Program Prioritization for 2015-17 (107BF23)
4. Reduction Options (107BF02 and 107BF17)
5. 2013-15 Organization Chart
6. 2015-17 Organization Chart (if changes proposed)

REVENUES

1. Revenue Forecast Narrative/Graphics (107BF02)
2. Detail of Fee, License, or Assessment Revenue Proposed for Increase (107BF08)
3. Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (Agency-wide level (107BF07)

PROGRAM UNITS

1. Program Unit Organization Chart(s).
2. Program Unit Executive Summary (107BF02).
3. Program Unit Narrative (107BF02).
4. Essential and Policy Package Narrative and Fiscal Impact Summary (ORBITS BPR013).

THE BUDGET DOCUMENT

CAPITAL BUDGETING

1. Financing Agreements and COPs.
2. Capital Improvement.
   - Capital Improvement Narrative (107BF02, and 107BF10).
   - Detail of Lottery Funds, Other Funds, and Federal Funds Revenue (BPR012).
3. Capital Construction (Major Construction/Acquisition).
   - Major Construction/Acquisition Narrative (107BF02 and 107BF11).
   - Major Construction/Acquisition Six-Year Plan (107BF13).
   - Capital Financing Six-Year Forecast Summary (107BF12).
   - Project Narrative.
   - Detail of Lottery Funds, Other Funds and Federal Funds Revenue (ORBITS BPR012 and 107BF07).
4. Facilities Maintenance and Management
   - Facilities Maintenance Narrative (107BF02).
   - Facilities Maintenance Summary Report (107BF16a).
   - Facilities Operations and Maintenance Report (107BF16b).
   - Facilities Deferred Maintenance Detail Report (107BF16c).

SPECIAL REPORTS

1. Information Technology-related Projects/Initiatives (Information Technology Project spreadsheet).
2. Annual Performance Progress Report (not required for ARB, include in GB/LAB)
3. Audit Response Report.
4. Affirmative Action Report.