

ALASKA STATE LEGISLATURE

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Senator Johnny Ellis, Chair

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 Senator Tom Wagoner



SENATE FINANCE SUBCOMMITTEE ON THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

FISCAL YEAR 2011 SENATE BUDGET SUBCOMMITTEE RECOMMENDATIONS

March 17th, 2010

The Senate Finance Subcommittee on the Department of Environmental Conservation submits an operating report to the full Senate Finance Committee for Fiscal Year 2011 as follows:

Fund Source:

	FY10 Management Plan	FY11 Governor's Amended	FY 11 Senate Subcommittee	Difference (Governor to Senate Sub)
Unrestricted General Funds	17,330.4	18,088.8	18,189.2	100.4 (0.6%)
Designated General Funds	24,816.7	24,972.7	24,972.7	0
Federal Funds	10,259.0	10,260.7	10,260.7	0
Other Funds	21,564.9	22,224.5	22,224.5	0
Total	73,971.0	75,546.7	75,647.1	100.4 (0.1%)

Personnel:

The Subcommittee reviewed the authorized position count for the Department. The Governor's amended budget proposal requested one new position. The Subcommittee is recommending three new positions.

Position Summary	FY10 Authorized	FY11 Governor's Amended	FY 11 Senate Subcommittee
Permanent Full Time	532	538	534
Permanent Part Time	2	2	2
Temporary	7	7	7
Total	541	547	543

Budget Action:

The Subcommittee held three meetings with the Department and took the following actions:

1. Adopted the Fiscal Year 2010 Adjusted Base.
2. Reviewed each of the increments and decrements submitted by the Governor. Recommends the adoption of the Governor's proposal with the following exceptions:
 - a. Deny 5 PFT related to Inc 300.0 Fed/300.0 G/F Match "Environmental Protection Agency Drinking Water Rule Implementation" to the Drinking Water allocation of the Environmental Health appropriation.
 - b. Adopt Inc 100.4 UGF "Add One Environmental Health Officer to Focus on Retail Food Establishment Safety Inspections" to the Food Safety and Sanitation allocation of the Environmental Health appropriation.
 - c. Adopt three statements of Legislative Intent:
 - i. "It is the intent of the Legislature that the Department of Environmental Conservation return to the Legislature by the first day of the 27th Legislature with a proposal to make the Spill Prevention and Response fund sustainable through an increased surcharge rate and/or a surcharge for non-taxable barrels of oil transported in the state" to the Spill Prevention and Response appropriation.
 - ii. "It is the intent of the Legislature that the Department of Environmental Conservation and the Department of Labor and Workforce Development collaborate to develop a workforce development plan to train Alaskans for jobs as Ocean Rangers" to the Water Quality allocation of the Water appropriation.
 - iii. "It is the intent of the Legislature that the Department of Environmental Conservation, the Department of Natural Resources, and the Department of Fish and Game work together to develop a plan to remove fish waste from the Kenai and Kasilof Rivers dipnet fishery and maintain a safe and attractive riverfront" to the Water Quality allocation of the Water appropriation.

Amendment Action:

1. The Governor did not submit operating budget amendments for DEC.

Items of Concern:

1. The Subcommittee has serious concern about the sustainability of the Spill Prevention and Response Fund. This year, the Fund will expend approximately \$7.7 million more than its estimated revenues. Over the next few years, this problem is expected to worsen as the level of oil production declines, and the Fund is projected to be insolvent by FY2014. The Department has done significant work to extend the life of the fund, including efficiencies, cost recovery,

and a significantly decreased capital improvement program (from \$5.7M in FY 2010 to \$2M in FY2011 to 0 in FY2012 and forward). The Subcommittee plans to work with the Department to adjust the current \$0.04 surcharge on each barrel of oil produced in the state – including extending the surcharge to barrels produced off of state lands but transported across them and/or a potential increase in the rate of the surcharge. We are extremely concerned, and are sounding the alarm about the fund’s rate of decline.

2. The Subcommittee had considerable discussion regarding the deficiency of the food safety inspection program and the disparity between the Department’s funding level and the expectations of the public at large. Even with the addition of an additional food safety inspector and related costs included in the Subcommittee’s recommendation, the Department expects to be able to inspect significantly less than both DEC’s and the federal Food and Drug Administration’s recommendations. This serious shortfall threatens the health and safety of people across the state, but is felt strongest in rural areas, where costs drive inspection rates even lower than the statewide average.

Documents Attached:

Reports from the Division of Legislative Finance:

1. Appropriation/Allocation Summary – Senate Structure
2. Appropriation/Allocation Summary (GF Only) – Senate Structure
3. Transaction Comparison – Senate Structure (Between Adjusted Base and Senate Sub.)
4. Transaction Comparison – Senate Structure (Between Governor’s Amend. and Sen. Sub.)
5. Transaction Comparison – Senate Structure (Between House-Amds and Senate Sub.)
6. Wordage Report – FY2011 Operating Budget, Senate Structure
7. Agency Totals – FY2011 Operating Budget, Senate Structure

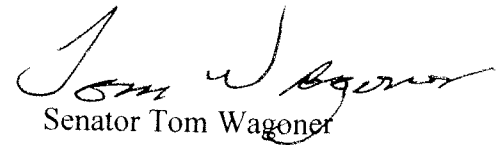
Respectfully Submitted,



Senator Johnny Ellis, Chair



Senator Joe Paskvan



Senator Tom Wagoner

Senate Finance Subcommittee on the Department of Environmental Conservation