

<b>Department of Environmental Quality (DEQ)</b>				
	<b>2013-15 Actual</b>	<b>2015-17 Legislatively Approved*</b>	<b>2017-19 Current Service Level</b>	<b>2017-19 Governor's Recommended</b>
General Fund	30,960,731	38,207,047	39,963,680	42,388,442
Lottery Funds	3,873,253	4,084,177	4,187,950	5,356,823
Other Funds	120,390,027	153,167,568	160,645,627	192,605,137
Other Funds (NL)	104,790,547	127,264,767	91,216,687	131,686,687
Federal Funds	24,266,508	29,567,515	31,043,806	28,994,638
<b>Total Funds</b>	<b>\$284,281,066</b>	<b>\$352,291,074</b>	<b>\$327,057,750</b>	<b>\$401,031,727</b>
Positions	728	753	749	779
FTE	710.09	730.31	735.93	748.82
*Includes Emergency Board and administrative actions through December 2016.				

### Program Description

The Department of Environmental Quality (DEQ), with policy direction from the five-member Environmental Quality Commission, administers the state's laws regulating air, water, and land pollution. The Department establishes the standards for clean air, water, and land; determines whether or not these standards are being met; and then takes action to enforce the standards when necessary.

### CSL Summary and Issues

*Air Quality* - Phased-out \$110,000 General Fund for a market-based study of controlling greenhouse emissions, while adding \$350,00 for phased-in costs of continuing investment of \$2.5 million General Fund in the 2016 session for improvements to Oregon's air toxics program.

*Air Contaminant Discharge Permits (ACDP)* - A fee increase is needed in the ACDP program to maintain current service level for the next two biennia. DEQ is proposing a total fee increase of \$710,000, equivalent to 22% across all permit types. DEQ is examining workload and resource needs by permit type to determine appropriate increases. The increase would allow the restoration of 4 FTE to the program.

*Harmful Algae Blooms (HABs) and Septic System Loans* - During the 2016 session \$100,000 General Fund was added to monitor and respond to HABs, which was phased-out for 2017-19. DEQ is requesting three positions and \$700,000 General Fund to continue work on HAB response. SB 1563 (2016) established a low interest loan program for on-site septic system repairs and funded it with \$250,000 General Fund. This funding was phased-out for 2017-19.

*Toxic Monitoring and Groundwater Assessment* - DEQ reports it will need to eliminate two positions in each of these programs due to revenue shortfalls. The cost to restore the four positions would be about \$1 million General Fund.

*Stormwater permitting* - Revenue shortfalls result in the elimination of two positions in this program. DEQ proposes restoring them through a combination of General Fund and Other Funds from fee increases. The restoration request follows the current funding ratio of the program of 60% Other Funds and 40% General Fund. The Governor recommended restoring the two positions, but is supporting them with Other Funds revenue only.

*Continue Implementation of Materials Management 2050* - Funds from solid waste tipping fee increases were added in 2015 for planning and development of the new solid waste initiative. To implement this work DEQ is proposing adding new staff (5 positions \$700,00 OF) and \$1.7 million in Other Funds for grants to local governments to reduce waste generation. Revenue from fee increases approved during the 2015 session should be sufficient to pay for the program expansion.

*Underground Storage Tanks* - Increase fees by \$630,000 to restore 2.00 FTE doing tank inspections. Would also add a new program analyst position. Oregon is behind the federal requirement to inspect tanks at least once every three years. Funded by a per tank fee. Current fee is \$135 and was last raised in 2007.

#### Policy Issues

*Air Quality Permitting Rulemaking* - The agency has committed to a complete reworking of its air permitting programs to make them health risk based as part of the Cleaner Air Oregon initiative. This will require significant time and resources. Part of the \$2.5 million General Fund added during the 2016 session was for this purpose. There a number of budget requests related to this on-going effort included in the Governor's Budget, including funding for the Oregon Health Authority to assess risk to public health under the new permitting structure.

*VW Settlement Funding* - As part of the settlement with VW over their hiding true emissions of its diesel vehicles, Oregon will receive \$68 million for reducing diesel emissions in the state. DEQ has a small program doing this work currently that would be expanded. Based on legal advice DEQ now believes the \$430,000 needed for the four positions that would set up and operate this program can be paid from settlement proceeds.

*Emergency Response and Preparedness* - DEQ is the lead agency for cleanup of any oil spill or other hazardous materials. The oil spill in Mosier in June 2016 severely tested the agency's ability to do this job and quickly exhausted its response resources. DEQ reports it eliminated three positions in January 2016 due to insufficient funding in the spills response program.

#### Other Significant Issues and Current Discussions

*National Pollutant Discharge Elimination System (NPDES)* - Due to a significant long standing backlog in in NPDES permit issuance and renewal, the Legislature included a budget note directing the agency to hire an outside consultant to review the NPDES program and make recommendations focusing on improving the program's quality and timeliness. One of the recommendations identified a need for additional

staffing to complete some of technical assistance and compliance tasks currently undertaken by permit writers, thus freeing up the permit writers to focus on the task of preparing permits. The Governor's budget recommended adding four positions funded with a combination of General Funds and Other Funds from permit fees to address the backlog in permits.

The Co-Chairs' Existing Resource Budget Framework includes potential General Fund and Lottery Funds savings from reducing staffing for the Portland Harbor Superfund site coordination that was added during the current biennium, reducing biomonitoring data collection, reducing water quality plan implementation in Eastern Oregon, reducing funding added to coordinate with other agencies on the Integrated Water Resources Strategy, and/or reducing nonpoint source pollution policy development.