

**FY21 Budget Performance Review**  
**Department of Environmental Quality / 292**

Lead Administrator: Scott Thompson, Executive Director

Lead Financial Officer: Kathy Aebischer, CFO

**Agency Mission**

The mission of the Oklahoma Department of Environmental Quality is to protect people through the air we breathe, the water we drink, and the land on which we thrive, helping to make Oklahoma an even better place to live.

**Division and Program Descriptions**

*Note: Please define any acronyms used in program descriptions.*

**Administrative Services Division (ASD) - 11**

Overall agency policy and administration. DEQ Administrative Staff, Executive Director's Office and Office of External Affairs interact with multiple federal agencies to make Oklahoma DEQ a voice and a leader within the US.

**State Environmental Laboratory Services Division (SELSD) - 21**

SELSD's organic and inorganic chemistry laboratories provide analytical support to the various programs within DEQ, to other state agencies, and to public water supply systems of the state. The Laboratory Accreditation Unit operates an accreditation program for in-state and out-of-state environmental laboratories.

**Environmental Complaints and Local Services Division (ECLSD) - 30**

ECLSD is responsible for receiving and resolving environmental complaints from citizens of Oklahoma. Complaints are received in the 22 field offices and by the 24/7 environmental complaints hotline. ECLSD also responds to environmental emergencies, such as spills of hazardous materials and natural disasters. Other responsibilities include response to citizen requests for private well inspections, percolation and soil profile tests, and inspections of individual sewage disposal systems; licensing and regulation of septic tank installers and septic tank cleaners; and multi-media inspections of facilities across the state, including water supplies, water pollution control facilities, solid waste landfills, industrial waste facilities, and facilities with air quality permits.

**Air Quality Division (AQD) - 50**

AQD implements the requirements of the state and federal Clean Air Acts. This includes compliance, enforcement, emissions inventory, quality assurance, monitoring, analysis, and permitting.

**Water Quality Division (WQD) - 55**

WQD operates programs for public water supplies, source water protection, sludge disposal, and municipal and industrial water pollution control. These programs include review of plans and specs, permitting, tracking, compliance, enforcement, water quality planning, training and certification, and complaint resolution activities. WQD provides licensing and regulation of municipal water and wastewater operators.

**Land Protection Division (LPD) - 61**

LPD implements programs for solid waste and hazardous waste planning, management, permitting, and enforcement. It coordinates the federal chemical spill and reporting program and peer reviews risk assessment decisions for the agency. LPD is also responsible for regulatory activities for the use of atomic energy and other sources of ionizing and non-ionizing radiation and for state activities associated with the federal Superfund Program.

**Information Technology (IT) - 88**

In FY2013, due to implementing HB 1304, agencies had to set their budget structures with separate divisions for Information Technology (IT) functions. IT consists of the agency's postal meters, telephone charges, IT agreements with OMES and anything else that reasonably falls within the guidelines set forth in HB1304.

**Sec of Energy and Environment (OSEE) - 70**

The Office of the Secretary of Energy and Environment (OSEE) coordinates and makes application on behalf of various state environmental agencies for U.S. EPA Clean Water Act funds, and disburses such funds to state environmental agencies based upon statutory duties and responsibilities. In FY 15, at the request of OSEE, DEQ assumed responsibility for certain administrative support functions related to these OSEE responsibilities.

**FY'20 Budgeted Department Funding By Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
11	Administrative Services	\$0	\$6,137,367	\$7,910,131		\$100,000	\$14,147,498
21	State Environmental Lab Services	\$3,200,746	\$1,127,923	\$2,886,924			\$7,215,593
30	Environmental Complaints and Local Services	\$3,349,996	\$764,764	\$3,746,433			\$7,861,193
50	Air Quality	\$0	\$2,442,928	\$10,049,870		\$6,438,840	\$18,931,638
55	Water Quality	\$1,458,507	\$6,100,594	\$6,500,511			\$14,059,612
61	Land Protection	\$0	\$12,350,729	\$11,064,349			\$23,415,078
88	Information Technology	\$0	\$883,667	\$2,954,297			\$3,837,964
70	Sec of Energy and Environment *	\$0	\$7,903,285	\$0			\$7,903,285
<b>Total</b>		<b>\$8,009,249</b>	<b>\$37,711,257</b>	<b>\$45,112,515</b>	<b>\$0</b>	<b>\$6,538,840</b>	<b>\$97,371,861</b>

<sup>2</sup> Other funding listed is the amount expected for DEQ for the Volkswagen Emissions Settlement for Oklahoma.

\* OSE&E's Federal Water Quality Management Fund was moved from OWRB's budget to DEQ's budget for FY2015 and remains with DEQ.

**FY'19 Carryover by Funding Source**

Carryover	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
	\$0	\$0	\$0	\$0	\$0	\$0
	\$0					\$0

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable:

**What changes did the agency make between FY'19 and FY'20?**

**1.) Are there any services no longer provided because of budget cuts?**

No programs or major services were entirely eliminated from FY 19 to FY 20.

**2.) What services are provided at a higher cost to the user?**

N/A

**3.) What services are still provided but with a slower response rate?**

Response times for local services (e.g. complaint response) has increased over the past few years.

**4.) Did the agency provide any pay raises that were not legislatively/statutorily required?**

In September 2019, the DEQ Board voted to give the Executive Director a 5% raise. The Secretary of Energy and Environment gave a flat \$5,000 annual raise to his employees effective October 1, 2019; one of these employees is budgeted in dept 70 at DEQ.

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**FY'21 Requested Funding By Department and Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change**
11	Administrative Services***	\$0	\$4,229,367	\$5,911,298	\$100,000	\$10,240,665	-27.62%
21	State Environmental Lab Services	\$3,200,746	\$1,127,923	\$2,386,924	\$0	\$6,715,593	-6.93%
30	Environmental Complaints and Local Services	\$3,349,996	\$764,764	\$3,746,433	\$0	\$7,861,193	0.00%
50	Air Quality	\$0	\$2,442,928	\$10,049,870	\$6,438,840	\$18,931,638	0.00%
55	Water Quality	\$1,458,507	\$6,100,594	\$6,075,516	\$0	\$13,634,617	-3.02%
61	Land Protection	\$0	\$12,350,729	\$10,296,600	\$0	\$22,647,329	-3.28%
88	Information Technology	\$0	\$1,053,126	\$3,758,394	\$0	\$4,811,520	25.37%
70	Sec of Energy and Environment *	\$0	\$7,903,285	\$0	\$0	\$7,903,285	0.00%
95	Building Capital Maintenance	\$13,000,000	\$0	\$0	\$0	\$13,000,000	-86.65%
<b>Total</b>		<b>\$21,009,249</b>	<b>\$35,972,716</b>	<b>\$42,225,035</b>	<b>\$6,538,840</b>	<b>\$105,745,840</b>	<b>8.60%</b>

<sup>1</sup> Other funding listed is the amount expected for DEQ for the Volkswagen Emissions Settlement for Oklahoma.

\* OSE&E's Federal Water Quality Management Fund was moved from OWRB's budget to DEQ's budget for FY2015 and remains with DEQ.

\*\*Information Technology is increasing by 25.37% due to OMES SOWS and MSA application maintenance fees from FY2020 being removed with the new IT Rate Schedule that provides DEQ with 7 dedicated IT staff at an approximate cost of \$1.2M plus Desk PC charges of \$0.5M; if it weren't for a few IT projects DEQ removed from FY2020 to FY2021, the increased costs in IT charges to OMES alone would be roughly \$1.2M.

\*\*\*Administrative Services % Change is due to a required maintenance needed to attempt to prolong the current parking garage at DEQ until funding could be secured. The increase in appropriations is the request for funding to replace the DEQ Parking Garage.

**FY'21 Top Five Operational Appropriation Funding Requests**

Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	DEQ – Parking Garage	\$13,000,000
<b>Top Five Request Subtotal:</b>		<b>\$13,000,000</b>
<b>Total Increase above FY-20 Budget (including all requests)</b>		<b>\$ 13,000,000</b>
Difference between Top Five requests and total requests:		\$0

**Does the agency have any costs associated with the Pathfinder retirement system and federal employees?**

Yes, but it does not only affect federally funded employees; pathfinder has the ability to jeopardize DEQ's funding sources. DEQ receives Federal grants and has an Indirect Cost Proposal that states that DEQ will, according to federal guidelines, account for similar types of costs in a consistent manner which means that the costs are unallowable for all billable sources for DEQ and not just unallowable for federal awards. DEQ believes that all employees should be treated equally and retirement funds set aside should follow the applicable employee.

**How would the agency be affected by receiving the same appropriation for FY '21 as was received in FY '20? (Flat/ 0% change)**

If there are no changes to the FY-2020 General Appropriation (GR), the agency would still have to make programmatic changes to fund the increases that occur in doing business from year to year, which would include but not be limited to PathFinder contributions and the continued increased costs for Information Technology support in the ever growing technological environment that is needed for the agency to receive, transmit and adequately be able to report as needed. Additional changes might be an increase in response time to environmental complaints, as the agency adjusts to the increasing cost of travel. Small communities struggling to meet federal mandates could receive reduced levels of assistance from DEQ.

**How would the agency handle a 2% appropriation reduction in FY '21?**

A reduction of 2% to the FY-2020 General Appropriation (GR) would equal \$160,185. DEQ's state-appropriated money principally funds personnel, specifically in these areas: drinking water program, wastewater program, environmental complaints and local services program, and state environmental laboratory program. A cut in general revenue of 2% translates into a reduction of positions. A reduction in personnel means that there is a decreased capacity for responsiveness and assistance, especially to municipalities and individual citizens, who are the ones that most directly benefit from the programs and personnel that are funded with state dollars. This diminished capacity will affect assistance provided to communities with identifying the source of and potential measures to address drinking water issues, including lead in drinking water, and fewer and/or less intensive inspections of drinking water and wastewater facilities, with an associated increase in the likelihood of operational issues or problems.

**Is the agency seeking any fee increases for FY '21?**

	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1		
Increase 2		
Increase 3		

**What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?**

Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCPC? (Yes/No)
Priority 1		
Priority 2		
Priority 3		

**Federal Funds**

CFDA	Federal Program Name	Agency Dept. #	FY 20 budgeted	FY 19	FY 18	FY 17	FY 16
12.113	Reimb of Tech Svcs-St Memo	11/61/88	203,318	158,256	168,200	105,514	84,324
15.616	Clean Vessel Act	11/88	350,000	-	51,023	271,783	13,595
66.034	Clean Air Act Surveys, etc	11/50/88	419,000	381,130	422,711	407,584	395,538
66.040	State Clean Diesel	11/50/88	980,066	367,644	15,053	-	-
66.419	Water Poll Control-St. Int Fed\$	11/30/55/88	2,100,000	1,754,564	1,501,566	2,817,947	2,576,563
66.468	Cap Grts, Drinking Water - Fed\$	11/21/30/55/88	4,502,288	3,838,034	4,292,019	4,395,670	3,540,696
66.605	Perform Partnership Grts-Fed \$	11/21/30/50/55/61/88	4,375,921	6,134,042	4,857,949	4,106,734	7,072,039
66.708	Pollution Prevention	11/61/88	-	70,000	39,759	10,241	-
66.802	Superfund St Site Spec - Fed \$	11/61/88	8,773,236	7,212,035	3,905,403	5,418,333	5,210,121
66.817	Brownfields-State/Tribal Resp	11/61/88	1,635,746	357,758	403,386	427,936	428,800
66.818	Brownfields Assess & Cleanup	11/61/88	515,390	11,628	311,003	57,383	20,928
66.608	Exchange	11/30/88	215,120	-	-	-	-
66.468	Water Infrastructure Improvements for the Nation Act Assistance for Small and Disadvantaged Communities	11/21/30/55/88	600,000	-	-	-	-
66.468	Drinking Water Grant	11/21/30/55/88	700,000	-	-	-	-
66.460	OSEE - Nonpoint Source Implem - Fed \$	70	3,190,000	2,838,890	2,041,275	2,651,817	3,193,192
66.461	OSEE Wetlands Grants	70	570,000	173,440	138,342	259,617	348,418
66.419	OSEE Water Poll Control-St/Int Fed\$	70	3,904,000	2,407,116	2,103,572	3,239,422	2,370,304
66.454	OSEE Water Quality Management Plan	70	239,285	89,212	113,128	138,945	123,844

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**Federal Government Impact**

**1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**

Most of our federal money is tied to federally delegated programs. While federal law does not mandate that DEQ administer them, the regulated community prefers that DEQ run those programs in lieu of the federal government.

**2.) Are any of those funds inadequate to pay for the federal mandate?**

See above. Federal mandates primarily affect local governments and businesses that pay fees to make up the difference between federal funding and the cost to implement federal programs in lieu of the federal government. When the U.S. EPA implements programs directly there are typically problems created which unnecessarily increase costs, create confusion, and create inefficiencies.

**3.) What would the consequences be of ending all of the federal funded programs for your agency?**

EPA would become the environmental regulator for the State of Oklahoma, resulting in higher costs to citizens and businesses.

**4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**

With the federal budget still unsettled even for the current year, DEQ like most states, faces uncertainty with its federal budget and requirements.

**5.) Has the agency requested any additional federal earmarks or increases?**

Not at this time. As opportunities come up we do apply for federal funding that may be available for projects. For example, if the federal government offers infrastructure or redevelopment funding in programs that fall under DEQ jurisdiction we will apply for such funding. In some cases we may help local governments or tribes apply for such funding directly.

**FY'20 Budgeted FTE**

Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
11	Administrative Services***	24	46	26	10	34	28
21	State Environmental Lab Services	13	56	2	1	44	13
30	Environmental Complaints and Local Services	13	83	2	1	71	13
50	Air Quality	20	111	5	2	85	29
55	Water Quality	22	107	8	2	79	34
61	Land Protection	20	79	5	0	64	20
88	Information Technology	0	0	0	0	0	0
70	Sec of Energy and Environment *	0	0	1	0	1	0
<b>Total</b>		<b>112</b>	<b>482</b>	<b>49</b>	<b>16</b>	<b>378</b>	<b>137</b>

**FTE History**

Division #	Division Name	2020 Budgeted	2019	2018	2016	2011
11	Administrative Services***	72	74	72	74	68
21	State Environmental Lab Services	58	57	57	60	66
30	Environmental Complaints and Local Services	85	85	84	89	96
50	Air Quality	116	122	123	124	127
55	Water Quality	115	114	114	119	129
61	Land Protection	84	83	86	89	85
88	Information Technology	0	0	0	0	0
70	Sec of Energy and Environment *	1	1	1	1	0
<b>Total</b>		<b>531</b>	<b>536</b>	<b>536</b>	<b>556</b>	<b>570</b>

**Performance Measure Review**

	FY 19	FY 18	FY 17	FY 16	FY 15
<b>Administrative Services</b>					
● Percent of Claims Paid Within 45 Working Days	100%	100%	100%	100%	100%
● Permit Assistance Info Provided to New and Expanding Businesses	100%	100%	100%	100%	100%
● Percent of Initial Response To Requests for Record Searches, Copying and Reviews Within One Day	90%	100%	100%	100%	100%
<b>Air Quality</b>					
● Amount Saved by OK Major Sources (\$ in millions; based on OK Title V program compared to a Fed Title V program & fees)	\$1.8	\$2.1	\$2.2	\$2.2	\$1.9
● Reductions in Tons of Emissions From Enforcement Actions	6,178	457	116	896	755
<b>State Environmental Laboratory Services</b>					
● Provide Analytical Collection Materials and Instruction for Customer Requests	99%	98%	95%	95%	95%
● Percent of laboratory samples processed within appropriate turnaround time targets	91%	90%	91%	90%	90%
<b>Environmental Complaints &amp; Local Services</b>					
● Percent of Complainants Contacted Within Two Days	87%	89%	65%	78%	75%
● Number of Complaints	4,030	3,656	3,357	3,610	2,663
● Percent of Complaints Resolved Within 90 Days or approved extension	100%	100%	100%	100%	100%
● Gallons of Sewage eliminated from the Environment (Millions)	12	12	10.8	10.5	11
<b>Water Quality</b>					
● Amount of Low Interest Loans Provided to Public Water Supply Systems to Help Compliance With Safe Water Drinking Act (Millions)	\$85.6	\$95.1	\$108.4	\$122.3	\$45.8
● Percent of Public Water Supply Facilities In Compliance With Drinking Water Requirements	80.8%	80.8%	77%	76%	76%
<b>Land Protection</b>					
● Number of Acres for Which Remediation Was Completed at Highly Contaminated Sites	142	83	410	260	259
● Number of Abandoned Tires Remediated From Illegal Dumps	29,681	32,524	123,805	120,494	46,783

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Revolving Funds (200 Series Funds)				
<i>Please provide fund number, fund name, description, and revenue source</i>	FY'17-19 Avg. Revenues	FY'17-19 Avg. Expenditures	June '19 Balance	
<b>200: DEQ Revolving Fund</b>	\$40,568,689	\$39,898,326	@6/30	13,077,433
- Operating the following programs: Air Quality Title V, Air Quality Non-Title V, Lab Certification, Laboratory Analysis, Drinking Water, Wastewater, Stormwater, Hazardous Waste, Solid Waste, Radiation, Private Water and Sewage, SARA Title III, Tire, Lead, Voluntary Clean-Up, Highway Remediation, Soil Profiler and Southeast Commerce Passive Treatment			Misc Exp after 6/30	(1,954,834)
			Payroll after 6/30	(619,292)
			Swept	(6,000,000)
			Remaining	4,503,307
<b>210: Environmental Education Fund</b>	\$8,968	\$6,999	@6/30	17,004
- Pass-through money to schools for environmental education – Funds come to DEQ from OTC via the specialized license tags. DEQ uses those funds to grant environmental projects to schools/day cares for environmental education.			Misc Exp after 6/30	-
			Payroll after 6/30	-
			Remaining	17,004
<b>215: Environmental Trust Fund</b>	\$0	\$0	@6/30	0.53
- This fund is no longer used. The balance is less than \$1.00.			Misc Exp after 6/30	-
			Payroll after 6/30	-
			Remaining	0.53
<b>220: Hazardous Waste Penalty Fund</b>	\$25,310	\$133,527	@6/30	17,359
- Match for Superfund program and hazardous waste cleanups, and funding to assist with local hazardous waste emergency response training and equipment. DEQ may or may not have any hazardous waste penalty funds. Depends on what penalties are assessed. DEQ is not anticipating any additional funding at this time. DEQ has been working to establish funding for needs for Local Emergency Planning Committees with the funds available.			Misc Exp after 6/30	(2,784)
			Payroll after 6/30	-
			Remaining	14,575
			<b>225: Certificate Fund</b>	\$684,955
- The Certificate Fund is expended for training programs, including itinerant training programs, meetings, personnel, expenses, and purchase of personal property, to carry out the purposes of the Waterworks and Wastewater Works Operator Certification Act. Only revenue for this fund is OpCert fees.	Misc Exp after 6/30	(87)		
	Payroll after 6/30	(8,772)		
	Remaining	201,359		