

HEARING AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Fran Pavley, Chair

WEDNESDAY, APRIL 30, 2003
STATE CAPITOL, ROOM 447
8:30 A.M.

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SUBCOMMITTEE OVERSIGHT ISSUES

Many challenges face the Legislature this year in reviewing and adopting the budget. Natural resources and environmental protection are one of the few areas of the budget that receive less General Fund than five years ago. These programs have benefited from voter-approved bond funds in the last three years for investment in California's water quality, water supply, watersheds, habitat and parks.

This year the Legislature must be more thorough and critical in its review of every program to determine priorities and identify programs that should be streamlined to eliminate duplication.

To assist the Subcommittee in reviewing the budget, several actions are being taken: The chairs and vice chairs of the relevant policy committees have been invited to participate in the Subcommittee hearings; four joint hearings with the policy committee to further explore key areas have been scheduled; and, questions have been communicated to each agency and department to get a better understanding of funding levels, expenditure trends and priorities.

From each agency and department, the Subcommittee has asked for the following information:

- The level of funding and PYs for your department and divisions within your department for 1998-99, 2000-01, 2002-03 and proposed budget.
- A list of which divisions or programs are funded by General Fund.
- What actions were taken either voluntarily or by direction from the Governor in the last year to reduce expenditures?
- How have administrative expenses including travel and attendance at conferences been reduced? How has the OE & E schedule been reduced?
- What statutorily mandated work has not been done in the last year because of budget reductions? Has this work been deferred or stopped? If deferred, when do you anticipate completing it?
- How were priorities established for the funding reductions? What are those priorities?
- What programs did you consider shifting funding source including shifting to a fee basis? If you chose not to make the shift to fees, what was the basis of that decision? What programs could be shifted to a fee basis in order to replace General Fund?
- If you were given a 10 percent additional unallocated cut, what programs would you defer or eliminate?

For each Budget Change Proposal:

- What is the purpose of the program and the source of funding?
- How does this funding level and source compare to prior years?
- Does the program have sufficient resources to meet its statutory obligations?
- What is the impact of the requested change in level or source of funding?
- Does this result in a reduction of positions or consulting dollars? If positions were eliminated, were the positions filled or vacant, limited term or permanent?
- If funding was reduced, why is this considered a lesser priority?
- Are there statutory changes that would remove implementation barriers to the program and allow you to better achieve program objectives with fewer resources?

ITEMS TO BE HEARD

3910 - CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

The California Integrated Waste Management Board promotes the following waste management practices: (1) source reduction, (2) recycling and composting, (3) reuse, and (4) environmentally safe transformation and land disposal. The Board protects public health and safety and the environment through the regulation of solid waste facilities, including landfills.

The Board's activities include: permitting, inspection and enforcement at solid waste facilities and the cleanup of abandoned solid waste sites; training, certification, oversight and evaluation of Local Enforcement Agencies that regulate solid waste facilities; review and approval of local integrated waste management plans; research and investigations of new or improved waste handling, disposal, or recycling methods and of waste reduction and reuse alternatives; public market development and business development programs to promote recycling-based industries and alternatives to land disposal; used oil recycling programs; household hazardous waste programs; and programs to promote the recycling or reuse of used tires.

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD (dollars in thousands)

FUND	CURRENT- YEAR 2002-03	BUDGET YEAR 2003-04	CHANGE	
			AMOUNT	PERCENT
- General Fund	\$49	\$0	\$-49	-100%
- Proposition 12	151	152	1	0.7
- Used Oil Recycling Fund	32,221	22,628	-9,593	-29.8
- Tire Recycling Mgmt. Fund	30,969	31,489	520	1.7
- Recycling Market Dev. Subaccount	8,168	8,134	-34	-0.4
- Waste Disposal Site Clean-up Fund	7,582	5,462	-2,120	-27.9
- Integrated Waste Mgmt. Account	42,452	43,955	1,503	3.5
- Farm / Ranch Clean-up Acct.	1,038	1,017	-21	-2.0
- Federal Trust Fund	66	56	-10	-15.1
- Special Deposit Fund	3,000	1,000	-2,000	-66.7
- Reimbursements	585	585	0	0
- Rigid Container Account	1,000	1,000	0	0
TOTAL	\$127,281	\$115,478	-\$11,803	-9.3%

ISSUE 1: BUDGET PROPOSALS

The Governor's 2003-04 budget includes eight proposals for changes to the Boards base budget. These proposals are as follows:

- \$430,000 (CA Tire Recycling Management Fund) in redirected funds to implement provisions of law relating to waste tire piles.
- \$1.5 million (Integrated Waste Management Account) for activities to provide greater detail relating to amounts and types of waste in the State's waste stream.
- \$193,000 (Integrated Waste Management Account) and three limited-term positions for local assistance activities for assistance in diverting waste to recycling facilities.
- \$577,000 (Integrated Waste Management Account) for activities of the Waste Prevention and Market Development Division to achieve the 50% diversion mandate.
- \$129,000 (Integrated Waste Management Account) to the Permitting and enforcement Division to assist in compliance of solid waste facilities.
- \$1.5 million (Integrated Waste Management Account) to increase grants available from the Household Hazardous Waste Grants Program.
- \$640,000 (Integrated Waste Management Account) in support to the Landfill Closure Loan Program for administration of the loan program.
- \$119,000 (Integrated Waste Management Account) increase to offset General Fund reductions to the Waste Board's Border Program activities.

COMMENTS:

Staff has reviewed these proposals and has raised no issues with the requests.

3960 - DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control protects public health and the environment by (a) regulating hazardous waste management activities, (b) overseeing or performing cleanup activities at sites contaminated with hazardous substances, (c) encouraging pollution prevention and the development of environmentally protective technologies and (d) providing regulatory assistance and public education.

DEPARTMENT OF TOXIC SUBSTANCES CONTROL
(dollars in thousands)

FUND	CURRENT- YEAR 2002-03	BUDGET YEAR 2003-04	CHANGE	
			AMOUNT	PERCENT
General Fund	32,728	20,106	-12,622	-38.6%
Hazardous Waste Control Account	41,026	46,991	5,965	14.5
Site Remediation Account	8,664	7,850	-814	-9.4
Unified Program Account	955	981	26	2.7
Illegal Drug Lab Cleanup Account	1,953	1,970	17	0.9
Used Oil Recycling Fund	339	337	-2	-0.6
Removal & Remed. Action Acct.	1,840	3,615	1,775	96.5
Haz. Substance Subaccount	1,900	2,600	700	36.8
Expedited Site Remed. Trust Fund	0	2,441	2,441	100
Site Operations and Maintenance Acct.	49	49	0	0
Hazardous Sub. Clearing Account	3,142	2,939	-203	-6.5
Toxic Substances Control Account	36,422	36,258	-164	-0.5
Hazardous Sub. Clean-up Fund	1,831	0	-1,831	-100
Other funds and reimbursements	5,025	6,321	1,296	-2.5
Federal Trust Fund	26,727	26,053	-674	-100
CLEAN Account	971	0	-971	100
Env. Quality Assessment Fund	0	530	530	-3.7
TOTAL	163,572	159,041	-4,531	25.8%

ISSUE 1: BUDGET PROPOSALS

The Governor's budget includes eight proposals from the January budget package. These proposals include:

- \$621,000 (CLEAN Fund) reduction, with a shift of responsibility (\$520,000) to the Toxic Substances Control Account.
- \$3.73 million (federal funds) in expenditure authority for the department's Site Mitigation and Brownfields Reuse Program.
- \$459,000 (Toxic Substances Control Account) for increased oversight of the cleanup of the Casmalia toxic site.
- \$5.02 million (General Fund) reduction to various departmental activities with a \$750,000 (Hazardous Waste Control Account) increase to backfill activities of Hazardous Waste Management Program.
- \$1.94 million (Expedited Site Remediation Trust Fund) for 2 new sites expected to be certified in the fiscal year.
- \$870,000 (reimbursements) for oversight of environmental reviews associated with new school construction.
- \$5.85 million (TSCA and HWCA) for operating costs associated with the move of the Department's laboratory facility.
- \$952,000 (Environmental Quality Assessment Fund) shift of support for the Registered Environmental Assessor Program from the Office of Environmental Health Hazard Assessment to the Department of Toxic Substance Control.

COMMENTS:

Staff has reviewed these proposals and has raised no issue with the requests.

ISSUE 2: APRIL FINANCE LETTERS

In April, the Administration proposed three additional changes to the Department's budget in the form of April Finance Letters. These include:

- \$3.52 million (reimbursement) for the Department's activities relating to Military base oversight. This reflects a change of funding from federal grant funds to reimbursements.
- \$424,000 transfer of CLEAN Fund dollars to TSCA to provide support for Brownfields activities proposed in the January budget.
- \$380,000 (Hazardous Waste Control Account) for payment to the Board of Equalization for the increased cost of fee collection activities of the Board.

COMMENTS:

Staff has reviewed these proposals and has raised no issue with the requests.

ISSUE 3: BROWNFIELDS PROGRAM UPDATE

The CLEAN program provides grants and low-interest loans to property owners, developers, community groups, and local governments to assess the level of contamination at abandoned and underutilized properties and clean up the contamination at these sites.

BACKGROUND:

Brownfields are properties that are contaminated or thought to be contaminated which are underutilized due to perceived remediation costs and liability concerns. DTSC has developed a number of tools and integrated existing tools within the Program.

COMMENTS:

During the current-year budget discussions, the Legislative Analyst and the Legislature expressed interest in utilizing the California Pollution Control Financing Authority (located within the Office of the Treasurer) funds to support the CLEAN Program, which had been funded in the 2000-01 Budget Act with nearly \$85 million in General Fund.

Ultimately, additional funding was not provided in the budget. The Department should provide the Subcommittee with both an overview of the Program, and an update of its activities, efforts, and plans for continued clean-up of Brownfields.