



Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF ENVIRONMENTAL QUALITY

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January 15, 2010

Senator Lavon Heidemann, Chair
Appropriations Committee
State Capitol, Room 1004

Dear Sen. Heidemann:

The Nebraska Department of Environmental Quality will meet reduced appropriations utilizing a number of available adjustments to our operations and aid programs. Following is a summary by Fund type of our plans for FY2010 and FY2011 adjustments.

<u>Cash Fund Appropriation Reductions</u>	<u>FY2010</u>	<u>FY 2011</u>
Operations	\$408,863	\$817,501
Aid	\$400,000	\$800,000

<u>Cash Fund Transfers to General Fund</u>	<u>FY2010</u>	<u>FY2011</u>
Chemigation Cash Fund	\$150,000	
Superfund Cash Fund	\$64,686	
Livestock Waste Management	\$200,000	\$100,000
Waste Reduction and Recycling Incentive Grants	\$1,608,863	\$1,517,501

Reappropriation Reductions

General Fund	\$1,091,060
Cash Fund	\$9,395,912

<u>General Fund Appropriation Reductions</u>	<u>FY2010</u>	<u>FY2011</u>
Operations	\$87,252	\$175,340
Aid	\$62,433	\$124,866

Following is a summary of actions taken or to be taken to meet each appropriation adjustment.

FY2010 & FY2011 Cash Fund Operations

Cash Fund Operations spending authority was reduced \$408,863 in FY2010 and \$817,501 in FY2011. Expenditures for contractual services in our Title 200 program are below anticipated contractual services budgeted in FY2010. Continued spending at this reduced level through FY2011 will achieve the Cash Fund appropriation reductions. The Cash Fund spending authority which was reappropriated from FY2009 is available should expenditures beyond existing spending authority be required.

FY2010 & FY2011 Cash Fund Aid

Cash Fund Aid spending authority was reduced \$400,000 in FY2010 and \$800,000 in FY2011. These reductions will be implemented by reductions in the Waste Reduction and Recycling Incentive Grants program expenditures.

FY2010 Transfer - Chemigation Cash Fund

The Chemigation Cash Fund had a balance which exceeded immediate needs.

FY2010 Transfer Superfund Cash Fund

The Superfund Cash Fund had a balance which exceeded immediate needs.

FY2010 & FY2011 Transfer – Livestock Waste Management Cash Fund

The Livestock Waste Management Cash Fund will be managed pursuant to the statutory funding formula in §54-2428 (4). Cash Fund reductions for FY2010 and FY2011 will be taken into consideration to meet the required 20% cash fund contribution. It is projected that the fee will be adjusted to 8 ¢ in 2011. Fees in FY2011, although increased, would remain 20% lower than the fee established by the Legislature in 2006.

FY2010 & FY2011 Transfer – Waste Reduction and Recycling Incentive Grants Cash Fund

In FY2009, the department was able to provide grants of \$4,580,477 to 165 projects, because the fund balance in this program allowed for additional grants. The decrease of funds available will reduce the amount of grants funded in FY2010 and FY2011 back to historic levels, of about \$2,500,000 each year. The actual number of grants and total amount available for grants will depend on revenue available.

FY2010 General Fund Reappropriation Reduction

The General Fund Reappropriation reduction does not impact department operations.

FY2010 General Fund Operations

FY2010 General Fund Operations reductions will be met by utilizing vacancy savings. From July 1, 2008 to November 30, 2009, the department had 21 positions vacant part or all of the period. Of those vacant positions, 17 positions provided partial or total General Fund vacancy savings, therefore, meeting the \$87,252 Special Session reduction.

FY2011 General Fund Operations

The department will need to reduce two positions in FY2011 to meet General Fund reductions.

Programs likely impacted by reductions would be the Livestock Program, Engineering Reviews of Wastewater plans, and the Performance Partnership Grant, because they are programs with significant general funds. The Performance Partnership Grant includes our Hazardous Waste program, our minor source air regulatory program including air monitoring activities and our primary water regulatory program including water monitoring activities. Impacts will be to monitoring and inspection programs in air and water programs and engineering activities for livestock and wastewater facilities.

Factors which may impact the timing of General Fund reductions in FY2011 include maximizing match in the Performance Partnership Grant and potential additional grant funds which may eliminate the need to reduce positions.

FY2010 & FY2011 General Fund Aid

General Fund Aid reductions will occur in the Stormwater Grants program. Stormwater grants are provided to 22 counties and cities with Stormwater Permits. Grant amounts are based on populations as required by statute and will be reduced proportionally by \$62,433 in FY2010 and \$124,866 in FY2011. The Reduction is equivalent to a 2.5% reduction in FY2010 and a 5% reduction in FY2011.

NDEQ does not plan to use employee furloughs and does not anticipate utilizing layoffs to meet new appropriation levels.

If you have questions regarding this report, please contact me at (402) 471-4235.

Sincerely,

Michael J. Linder
Director

Cc: Senator John N. Harms
Senator Tony Fulton
Senator Tom Hansen
Senator Heath Mello
Senator Danielle Conrad
Senator John E. Nelson
Senator Jeremy J. Nordquist
Senator John Wightman
Legislative Fiscal Office c/o Jeanne Glenn
State Budget Office c/o Cindy Miserez