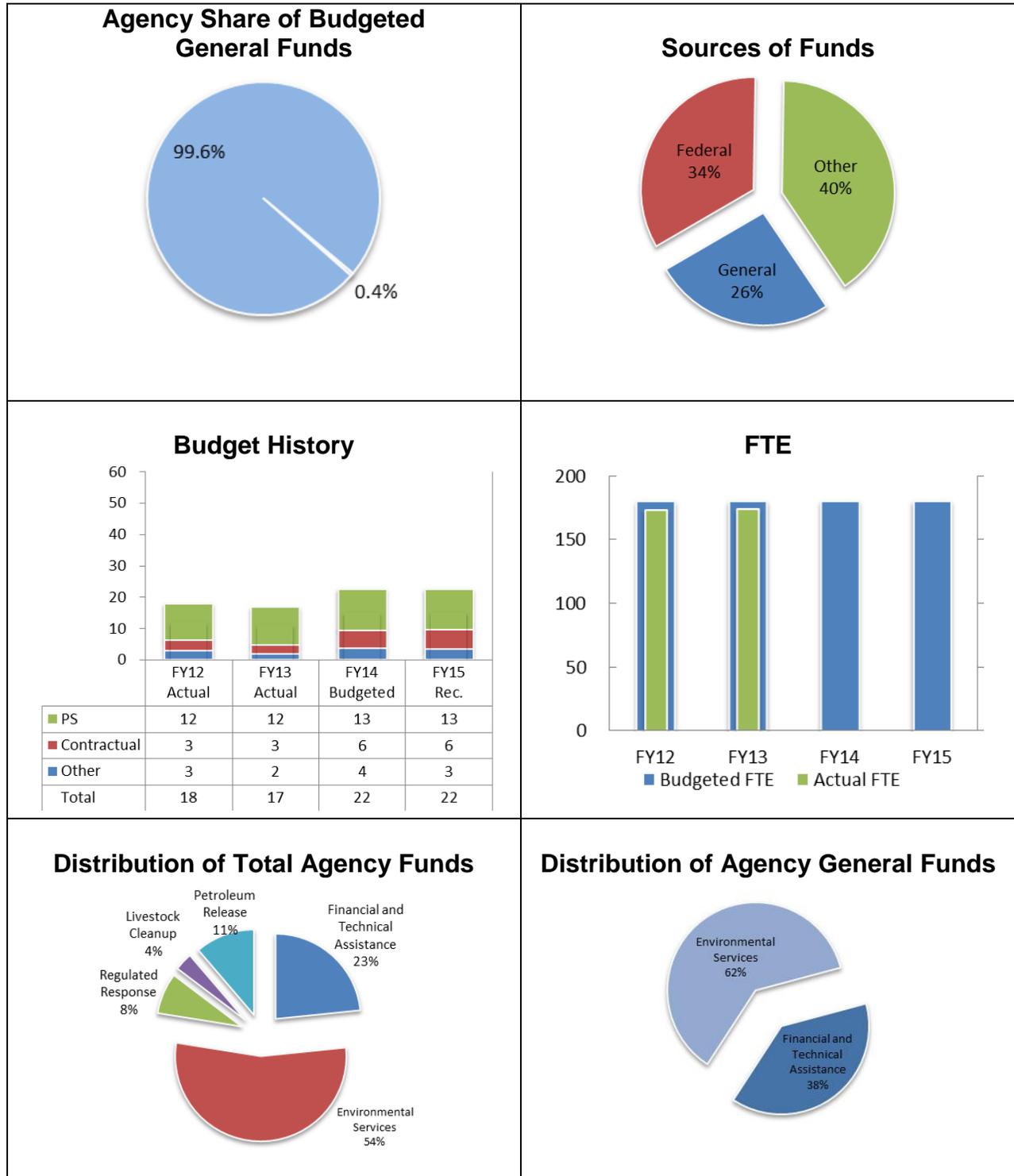


FY15 Budget Briefing

Department of Environment and Natural Resources

Information contained in this document is based on the Governor's original recommended FY15 budget.
This document may not correspond with the FY15 budget adopted by the Legislature.



Key Personnel

- Steve Pirner, Secretary
- James Feeney, Director, Financial and Technical Assistance
- Tim Tollefsrud, Director, Environmental Services
- Rob Green, Finance Officer

Department Total

The mission of the Department of Environment and Natural Resources is to protect public health and the environment by providing environmental monitoring and natural resource assessment, technical and financial assistance for environmental projects, and environmental regulatory services; all done with reduced red tape, expanded e-government functions, and exceptional customer service to promote a prosperous economy while protecting South Dakota's environment and natural resources for today and tomorrow.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Inc/Dec FY15	% Change From FY14
Personal Services						
Employee Salaries	9,271,273	9,321,013	10,511,123	10,511,123	0	0.0%
Employee Benefits	2,302,809	2,605,126	2,571,106	2,571,106	0	0.0%
FTE	173.7	174.6	180.5	180.5	0.0	0.0%
Funding Types						
General	4,543,050	4,750,465	4,952,369	4,952,369	0	0.0%
Federal	4,298,158	4,561,153	4,874,274	4,874,274	0	0.0%
Other	2,732,874	2,614,521	3,255,586	3,255,586	0	0.0%
Total PS	11,574,082	11,926,139	13,082,229	13,082,229	0	0.0%
Operating Expenses						
Travel	555,810	604,236	632,522	632,522	0	0.0%
Contractual Services	3,307,983	3,005,326	5,750,145	6,104,844	354,699	6.2%
Supplies & Materials	250,960	305,066	293,738	294,138	400	0.1%
Grants And Subsidies	1,778,969	433,247	2,404,880	2,078,380	(326,500)	(13.6%)
Capital Outlay	312,838	308,750	262,543	262,143	(400)	(0.2%)
Other	433	0	0	0	0	0.0%
Funding Types						
General	870,786	893,478	892,013	900,767	8,754	1.0%
Federal	3,368,614	2,155,914	2,665,144	2,677,479	12,335	0.5%
Other	1,967,593	1,607,233	5,786,671	5,793,781	7,110	0.1%
Total OE	6,206,992	4,656,625	9,343,828	9,372,027	28,199	0.3%
Totals						
Funding Types						
General	5,413,836	5,643,943	5,844,382	5,853,136	8,754	0.1%
Federal	7,666,772	6,717,068	7,539,418	7,551,753	12,335	0.2%
Other	4,700,467	4,221,753	9,042,257	9,049,367	7,110	0.1%
Total	17,781,075	16,582,764	22,426,057	22,454,256	28,199	0.1%

Department Object Detail

Item	Actual FY2012	Actual FY2013	Budgeted FY2014	Gov. Rec FY2015	Inc/Dec FY2014	% Change FY2014
PERSONAL SERVICES						
General	4,543,050	4,750,465	4,952,369	4,952,369	0	0.0%
Federal	4,298,158	4,561,154	4,874,274	4,874,274	0	0.0%
Other Funds	2,732,875	2,614,521	3,255,586	3,255,586	0	0.0%
Total Personal Services	11,574,083	11,926,140	13,082,229	13,082,229	0	0.0%
FTE	173.7	174.6	180.5	180.5	0.0	0.0%
TRAVEL						
General	252,415	291,753	199,261	199,261	0	0.0%
Federal	202,544	211,211	273,597	273,597	0	0.0%
Other Funds	100,850	101,272	159,664	159,664	0	0.0%
Total Travel	555,809	604,236	632,522	632,522	0	0.0%
CONTRACTUAL SERVICES						
General	488,783	478,247	588,960	597,714	8,754	1.5%
Federal	1,578,749	1,559,359	1,752,743	1,765,078	12,335	0.7%
Other Funds	1,240,451	967,720	3,408,442	3,742,052	333,610	9.8%
Total Contractual Services	3,307,983	3,005,326	5,750,145	6,104,844	354,699	6.2%
SUPPLIES AND MATERIALS						
General	92,830	106,918	80,681	80,681	0	0.0%
Federal	96,810	98,491	118,915	118,915	0	0.0%
Other Funds	61,320	99,657	94,142	94,542	400	0.4%
Total Supplies and Materials	250,960	305,066	293,738	294,138	400	0.1%
GRANTS AND SUBSIDIES						
General	1,776	756	0	0	0	0.0%
Federal	1,369,984	201,641	356,880	356,880	0	0.0%
Other Funds	407,209	230,849	2,048,000	1,721,500	(326,500)	(15.9%)
Total Grants and Subsidies	1,778,969	433,246	2,404,880	2,078,380	(326,500)	(13.6%)
CAPITAL OUTLAY						
General	34,980	15,805	23,111	23,111	0	0.0%
Federal	120,446	85,212	163,009	163,009	0	0.0%
Other Funds	157,412	207,734	76,423	76,023	(400)	(0.5%)
Total Capital Outlay	312,838	308,751	262,543	262,143	(400)	(0.2%)
OTHER						
General	2	0	0	0	0	0.0%
Federal	81	0	0	0	0	0.0%
Other Funds	350	0	0	0	0	0.0%
Total Other	433	0	0	0	0	0.0%
TOTAL						
General	5,413,836	5,643,944	5,844,382	5,853,136	8,754	0.1%
Federal	7,666,772	6,717,068	7,539,418	7,551,753	12,335	0.2%
Other Funds	4,700,467	4,221,753	9,042,257	9,049,367	7,110	0.1%
Total All Funds	17,781,075	16,582,765	22,426,057	22,454,256	28,199	0.1%

Major Expansions and Reductions

Budget Item	Governor's Recommendation				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
Contractual Services			326,500	326,500	-
Grants and Subsidies			(326,500)	(326,500)	-
Bureau Billings	8,754	12,335	7,110	28,199	-
Total	8,754	12,335	7,110	28,199	-

Contractual Services/Grants and Subsidies- Increase of \$326,500 in Contractual Services other fund expenditure authority to bring the Petroleum Release Compensation Fund (PRCF) budget in line with actual expenditures. This increase will offset the requested \$326,500 decrease in PRCF Grants and Subsidies other fund expenditure authority.

Bureau Billings - Increase of \$8,754 from general funds, \$12,335 in federal fund expenditure authority, and \$7,110 in other fund expenditure authority due to increases in bureau billings.

Governor's Proposed Salary Policy – BFM Pool

For FY15, the Governor recommends the state employee compensation plan be distributed from a pool within the Bureau of Finance and Management. *Therefore, individual agency budgets do not reflect the changes for the compensation plan.*

	<u>General</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
Across the Board Increase and Market Adjustments	\$140,807	\$139,859	\$92,424	\$373,090
Health Insurance	\$90,266	\$89,514	\$59,378	\$239,158
Movement Toward Job Worth (PACE)	\$6,680	\$2,464	\$1,793	\$10,936
Pay for Performance (Career Band Families)	\$138,560	\$138,936	\$69,920	\$347,416
Targeted Compensation Adjustments	\$0	\$0	\$0	\$0
Total of all Components	<u>\$376,313</u>	<u>\$370,773</u>	<u>\$223,515</u>	<u>\$970,600</u>

- ✓ Recommended FY15 - 3.0% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board/Market; 18.6% Health Insurance; Targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs.
- ✓ FY14 – 3.5% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board; 3.5%-4% Market Adjustment for Career Banding; 14.7% Health Insurance
- ✓ FY13 – 2.5% PACE; up to 7.0% Market Adjustment for Career Banding; 3% Across-the-Board; 3.3% Health Insurance.
- ✓ FY12 – 0% PACE; 0% Across-the-Board; 0% Health Insurance. One-time payment to permanent, non-probationary state employees equaling 5%, 3.4%, or 1.7% of the individual's annual salary depending on their longevity. (No increase to base in FY12.)
- ✓ FY11 – 0% PACE; 0% Across-the-Board; 6.3% Health Insurance
- ✓ FY10 – 0% PACE; 0% Across-the-Board; 0% Health Insurance

FINANCIAL AND TECHNICAL ASSISTANCE

The mission of the Division of Financial and Technical Assistance is to evaluate the natural resources of the state and to provide technical and financial assistance in a customer service-oriented manner for the protection, restoration, and development of those resources.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Inc/Dec FY15	% Change From FY14
Personal Services						
Employee Salaries	2,832,382	2,864,472	3,232,507	3,232,507	0	0.0%
Employee Benefits	704,675	791,896	800,137	800,137	0	0.0%
FTE	53.2	55.0	56.5	56.5	0.0	0.0%
Funding Types						
General	1,760,451	1,828,337	1,903,789	1,903,789	0	0.0%
Federal	1,302,753	1,332,117	1,369,533	1,369,533	0	0.0%
Other	473,852	495,914	759,322	759,322	0	0.0%
Total PS	3,537,057	3,656,368	4,032,644	4,032,644	0	0.0%
Operating Expenses						
Travel	175,123	203,739	210,000	210,000	0	0.0%
Contractual Services	573,673	492,772	791,844	800,657	8,813	1.1%
Supplies & Materials	73,979	92,312	137,052	137,052	0	0.0%
Grants And Subsidies	934,908	9,768	0	0	0	0.0%
Capital Outlay	40,097	28,751	68,381	68,381	0	0.0%
Other	0	0	0	0	0	0.0%
Funding Types						
General	330,791	338,945	338,674	341,389	2,715	0.8%
Federal	1,305,483	352,434	602,761	606,258	3,497	0.6%
Other	161,588	135,962	265,842	268,443	2,601	1.0%
Total OE	1,797,863	827,342	1,207,277	1,216,090	8,813	0.7%
Totals						
Funding Types						
General	2,091,242	2,167,282	2,242,463	2,245,178	2,715	0.1%
Federal	2,608,237	1,684,551	1,972,294	1,975,791	3,497	0.2%
Other	635,440	631,876	1,025,164	1,027,765	2,601	0.3%
Total	5,334,919	4,483,710	5,239,921	5,248,734	8,813	0.2%

Budget Notes

Bureau Billings- Increase of \$2,715 from general funds, \$3,497 in federal fund expenditure authority, and \$2,601 in other fund expenditure authority due to increases in bureau billings.

ENVIRONMENTAL SERVICES

The mission of the Division of Environmental Services is to provide the highest level of service as we work to protect the environment and public health through implementation of the state's environmental regulatory programs for the benefit of all South Dakota citizens.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Inc/Dec FY15	% Change From FY14
Personal Services						
Employee Salaries	6,179,695	6,192,780	6,987,837	6,987,837	0	0.0%
Employee Benefits	1,533,037	1,738,509	1,696,429	1,696,429	0	0.0%
FTE	115.6	114.6	119.0	119.0	0.0	0.0%
Funding Types						
General	2,782,599	2,922,128	3,048,580	3,048,580	0	0.0%
Federal	2,995,405	3,229,037	3,504,741	3,504,741	0	0.0%
Other	1,934,728	1,780,124	2,130,945	2,130,945	0	0.0%
Total PS	7,712,731	7,931,289	8,684,266	8,684,266	0	0.0%
Operating Expenses						
Travel	372,561	385,515	408,722	408,722	0	0.0%
Contractual Services	1,939,135	1,992,824	2,300,077	2,318,839	18,762	0.8%
Supplies & Materials	142,717	164,339	152,686	152,686	0	0.0%
Grants And Subsidies	525,233	245,657	404,880	404,880	0	0.0%
Capital Outlay	169,784	127,216	190,460	190,460	0	0.0%
Other	0	0	0	0	0	0.0%
Funding Types						
General	539,995	554,533	553,339	559,378	6,039	1.1%
Federal	2,063,130	1,803,480	2,062,383	2,071,221	8,838	0.4%
Other	546,655	557,539	841,103	844,988	3,885	0.5%
Total OE	3,149,780	2,915,552	3,456,825	3,475,587	18,762	0.5%
Totals						
Funding Types						
General	3,322,594	3,476,661	3,601,919	3,607,958	6,039	0.2%
Federal	5,058,535	5,032,516	5,567,124	5,575,962	8,838	0.2%
Other	2,481,382	2,337,663	2,972,048	2,975,933	3,885	0.1%
Total	10,862,511	10,846,840	12,141,091	12,159,853	18,762	0.2%

Budget Notes

Bureau Billings- Increase of \$6,039 from general funds, \$8,838 in federal fund expenditure authority, and \$3,885 in other fund expenditure authority due to increases in bureau billings.

REGULATED RESPONSE FUND - INFORMATIONAL

The mission of the Regulated Response Fund is to provide for the cleanup of regulated substances during emergencies or when necessary to protect the public health, safety, welfare, or the environment of the state.

	Actual <u>FY12</u>	Actual <u>FY13</u>	Budgeted <u>FY14</u>	Gov Rec <u>FY15</u>	Inc/Dec <u>FY15</u>	% Change From <u>FY14</u>
Operating Expenses						
Contractual Services	100,399	52,993	1,750,002	1,750,002	0	0.0%
Supplies & Materials	31,857	43,840	0	0	0	0.0%
Capital Outlay	100,274	148,372	0	0	0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	232,530	245,205	1,750,002	1,750,002	0	0.0%
Total OE	232,530	245,205	1,750,002	1,750,002	0	0.0%
Totals						
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	232,530	245,205	1,750,002	1,750,002	0	0.0%
Total	232,530	245,205	1,750,002	1,750,002	0	0.0%

Budget Notes

The Regulated Substance Response Fund was created 25 years ago by the 1988 Legislature to deal with environmental cleanups and is funded by penalties collected from environmental violations and investment interest. A one-time appropriation of \$350,000 from the Petroleum Release Compensation Fund was approved when the fund was created.

The ending balance in the fund on 6/30/13 was \$2,929,940.

Performance Indicators	Actual FY12	Actual FY13	Estimated FY14	Estimated FY15
Brohm Match	\$163,765	\$139,959	\$0	\$0
Witten - Soil Impact Investigation	\$5,267	\$0	\$0	\$0
Canton - Vapor Impact	\$22,076	\$0	\$0	\$0
Madison VOC	\$0	\$2,560	\$0	\$0
Budgeted Capacity to Match EPA Superfund Expenditures at Brohm and Respond to Other Cleanups Needed to Protect Health and the Environment	\$0	\$1,750,000	\$1,750,002	\$1,750,002

LIVESTOCK CLEANUP FUND - INFORMATIONAL

The mission of the Livestock Cleanup Fund is to provide for the cleanup of discharges or spills from animal feeding operations during emergencies, or when necessary to protect the public health, safety, welfare, or the environment of the state.

	Actual <u>FY12</u>	Actual <u>FY13</u>	Budgeted <u>FY14</u>	Gov Rec <u>FY15</u>	Inc/Dec <u>FY15</u>	% Change From <u>FY14</u>
Operating Expenses						
Contractual Services	28,321	0	765,000	765,000	0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	28,321	0	765,000	765,000	0	0.0%
Total OE	28,321	0	765,000	765,000	0	0.0%
Totals						
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	28,321	0	765,000	765,000	0	0.0%
Total	28,321	0	765,000	765,000	0	0.0%

Budget Notes

The Livestock Cleanup Fund was created 15 years ago by the 1998 Legislature to deal with discharges and spills from animal feeding operations and is funded by penalties collected from animal feeding operations for environmental violations and investment interest. A one-time appropriation of \$750,000 from the State General Fund was approved when the fund was created.

The ending balance in the fund on 6/30/13 was \$1,205,100.

Performance Indicators	Actual FY12	Actual FY13	Estimated FY14	Estimated FY15
Wagner Livestock Yard	\$28,321	\$0	\$0	\$0
Budgeted Capacity to Respond to Cleanups Protect Public Health and the Environment	\$0	\$765,000	\$765,000	\$765,000

PETROLEUM RELEASE COMPENSATION

The mission of Petroleum Release Compensation is to assist in the cleanup of certain petroleum releases; to determine the amount of reimbursement due to responsible parties for corrective actions they have taken; to provide a financial assurance mechanism that will comply with the federal and state financial responsibility requirements for regulated petroleum tank owners; to administer the Abandoned Tank Removal Program; and to make payments for tank pulling and corrective action at abandoned sites.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Inc/Dec FY15	% Change From FY14
Personal Services						
Employee Salaries	259,197	263,761	290,779	290,779	0	0.0%
Employee Benefits	65,098	74,721	74,540	74,540	0	0.0%
FTE	5.0	5.0	5.0	5.0	0.0	0.0%
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	324,294	338,482	365,319	365,319	0	0.0%
Total PS	324,294	338,482	365,319	365,319	0	0.0%
Operating Expenses						
Travel	8,126	13,745	13,800	13,800	0	0.0%
Contractual Services	39,039	39,405	43,222	43,846	624	1.4%
Supplies & Materials	2,406	4,575	4,000	4,400	400	10.0%
Capital Outlay	2,684	4,410	3,702	3,302	(400)	(10.8%)
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	52,255	62,135	64,724	65,348	624	1.0%
Total OE	52,255	62,135	64,724	65,348	624	1.0%
Totals						
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	376,549	400,617	430,043	430,667	624	0.1%
Total	376,549	400,617	430,043	430,667	624	0.1%

Budget Notes

Bureau Billings- Increase of \$624 in other fund expenditure authority due to increases in bureau billings.

PETROLEUM RELEASE COMPENSATION - INFORMATIONAL

The mission of Petroleum Release Compensation – Informational is to provide financial assistance in the cleanup of certain petroleum releases; to determine the amount of reimbursement due to responsible parties for corrective actions they have taken; to provide a financial assurance mechanism that will comply with the federal and state financial responsibility requirements for regulated petroleum tank owners; to report to the Governor and Legislature; to administer the Abandoned Tank Removal Program; and to make payments for tank pulling and corrective action at abandoned sites.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec</u> <u>FY15</u>	<u>Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY14</u>
Operating Expenses						
Travel	0	1,237	0	0	0	0.0%
Contractual Services	627,416	427,332	100,000	426,500	326,500	326.5%
Grants and Subsidies	318,828	177,822	2,000,000	1,673,500	(326,500)	(16.3%)
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	946,244	606,391	2,100,000	2,100,000	0	0.0%
Total OE	946,244	606,391	2,100,000	2,100,000	0	0.0%
Totals						
Funding Types						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other	946,244	606,391	2,100,000	2,100,000	0	0.0%
Total	946,244	606,391	2,100,000	2,100,000	0	0.0%

Budget Notes

The Petroleum Release Compensation Fund (PRCF) was created by the 1988 Legislature to prevent and clean up petroleum releases. The PRCF is a state-operated program that can financially assist petroleum tank owners with the cleanup of petroleum releases.

Contractual Services/Grants and Subsidies- Increase of \$326,500 in Contractual Services other fund expenditure authority to bring the Petroleum Release Compensation Fund (PRCF) budget in line with actual expenditures. This increase will offset the requested \$326,500 decrease in PRCF Grants and Subsidies other fund expenditure authority.

Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance on June 30		60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Years	
		FY2012	FY2013		Amount	Month
Company 3036 - Petroleum Release Compensation Fund	249	\$ 3,782,551	\$ 5,413,466	\$ 4,119,087	\$ 3,124,500	August 2008
Company 3072 - Environment and Natural Resources Fee Fund	250	\$ 1,920,497	\$ 2,735,713	\$ 2,224,823	\$ 1,369,544	May 2009
Company 3073 - Water and Environment Fund	252	\$ 15,793,870	\$ 21,321,611	\$ 11,505,365	\$ 4,612,427	December 2010
Company 3074 - Board of Certification Fund	254	\$ 25,947	\$ 17,018	\$ 32,313	\$ 16,667	November 2012
Company 3074 - Other Activities	255	\$ 168,813	\$ (133,174)	\$ (94,480)	\$ (524,779)	September 2012
Company 3075 - Environmental Livestock Cleanup Fund	256	\$ 1,167,480	\$ 1,205,100	\$ 1,128,442	\$ 1,020,109	July 2008
Company 3075 - Hazardous Waste Revolving Fund	257	\$ 82,629	\$ 13,603	\$ 40,794 #	\$ -	July 2008
Company 3075 - Reclamation Fund	258	\$ 7,671,217	\$ 16,288,997	\$ 8,529,962	\$ 6,441,768	July 2008
Company 3075 - Regulated Substance Response Fund	259	\$ 2,934,704	\$ 2,929,940	\$ 2,973,173	\$ 2,589,197	August 2008
Company 3075 - Well Rehabilitation and Plugging Subfund	260	\$ 6,645	\$ 6,798	\$ 4,130	\$ 391	July 2008
Company 3075 - Clean Water State Revolving Fund	261	\$ 29,866,094	\$ 35,225,300	N/A	N/A	N/A
Company 3075 - Drinking Water State Revolving Fund	263	\$ 11,003,553	\$ 5,929,132	N/A	N/A	N/A

#Average cash balance and lowest cash balance are actually less than five years due to age of fund.

Refer to the **Supplemental Information Section** for more information on these and other funds.

Interagency Billings

Below are the sources of funds DENR used to pay for services provided by central governmental bureaus (Bureau of Finance and Management, Bureau of Information and Telecommunications, Bureau of Administration, and the Bureau of Human Resources) in FY2013.

FY13 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	336,313.79	312,075.04	158,112.03	806,500.86
Bureau of Finance and Management	7,507.35	26,540.90	24,892.57	58,940.82
Bureau of Human Resources	28,445.03	33,391.02	18,872.70	80,708.75
Bureau of Information and Telecommunications	128,858.29	154,643.29	73,839.53	357,341.11
<i>Total Bureau Billings</i>	501,124	526,650	275,717	1,303,492