



STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

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June 1, 2020

TO: David Schumacher, Director  
Office of Financial Management (OFM)

Lisa Borkowski, Budget Assistant OFM

FROM: Lisa Darnell, Acting Chief Financial Officer *Lisa Darnell*

SUBJECT: Department of Ecology Fiscal Year 2021 Budget Savings Options

In response to the economic toll that the COVID-19 pandemic is expected to take on Washington's economy, we were directed on May 13, 2020 to identify operating budget savings options in fiscal year 2021 (FY21) General Fund-State (GF-S) appropriations. Agencies were given a target of 15 percent of our FY21 GF-S appropriation. For the Department of Ecology, that equals \$4,643,000. Please see the attached list for details on each option identified.

We recognize these are difficult times, and we appreciate OFM allowing agencies to help identify savings options to address the economic downturn.

For Ecology, we identified specific areas of expected underspending in FY21 due to delays or shifts in planned work, anticipated vacancy savings, and/or 2020 supplemental operating budget items that could be delayed or shifted to alternative fund sources. With over 76 percent of our GF-S residing in our Water Resources Program, it was important for us to look across the agency and consider multiple options to help mitigate the potential impact to one area of our environmental work.

In addition to identifying options to reach our FY21 target, the attached list includes \$1.4 million in FY20 GF-S funding that can be used to help address the expected shortfall.

If you have questions or comments, please feel free to contact Garret Ward, Budget Policy Manager at (360) 407-7282 or by email at [garret.ward@ecy.wa.gov](mailto:garret.ward@ecy.wa.gov).

**Budget Savings Options 2020**

Dollars in Thousands

Agency: Department of Ecology

Purpose: Respond to May 13, 2020 OFM memo, which directed agencies to identify General Fund-State savings options for Fiscal Year 2021 in anticipation of the economic downturn resulting from COVID-19.

6/1/2020

		Fiscal Year 2021 (FY21) Target		4,643													
Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds				FTE Change		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)	
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20					FY 21
H	1	Reduce Unallotted General Fund-State Drought Declaration Funding in FY20	500	-	-	-	-	-	-	-	-	-	-	On April 4, 2019, a drought declaration of issued in the Okanogan, Methow, and Upper Yakima Watersheds. Funding was provided in the 2019-21 operating budget to implement strategies to respond to drought conditions in FY20. This option would return a portion of that funding that went unspent in FY20.	6/20	The drought declaration has ended. There are no impacts to returning this first-year General Fund-State that went unspent.	N/A
H	1	Delay Hiring Positions in Water Resources Program for FY21		1,000	-	-	-	-	-	-	-	-	7.5	This option would require holding the equivalent of 7.5 FTEs vacant in the Water Resources Program for FY21. Vacancies are anticipated to be held in the areas of Water Rights Management and Processing, Integrated Instream Protection, Compliance, and Water Resources Data and Information.	7/20	Depending on where specific vacancies occur, this option could result in fewer water right applications being processed in FY21, which would grow the existing application backlog, and slow economic activity in the region. A reduction in compliance and metering work could result in more illegal water use, and would increase the likelihood that other existing water rights could become impaired. This option could also reduce Ecology's ability to provide local planning assistance to the 15 community watersheds working to improve instream flows under RCW 90.94.	N/A
H	1	Cut 2020 Supplemental Budget Item - Streamflow Restoration Fund Shift		310	-	-	-	-	-	-	-	-	-	This option would involve not using a fund shift in the 2020 supplemental budget from Fund 22K to General Fund-State for FY21. The shift was needed, on a one-time basis, because revenue into Fund 22K was not expected to cover the agency's appropriation level in 2019-21.  Given current vacancies, and the hiring freeze instituted on May 18, 2020, the Program does not expect to be able to use this General-Fund-State in FY21 for its intended purpose.	7/20	This option would further diminish staffing capacity, as a result from the current hiring freeze, to provide local planning assistance to the 15 community watersheds working to improve instream flows under RCW 90.94. Implementation of flow protection projects funded through Ecology's Streamflow Restoration Capital Grant Program could also be impacted.	N/A
H	1	Reduce Water Resources Program Goods & Services, Equipment, and Travel Spending in FY21		250	-	-	-	-	-	-	-	-	-	This option would involve reduced spending in Goods & Services, Travel, and Equipment in the Water Resources Program for FY21.	7/20	This option would limit staff travel, reduce training opportunities, and delay the purchase of equipment and supplies needed to perform job duties.	N/A
H	1	Reduce General Fund-State Clean Air Rule Funding, on a One-Time Basis, in FY20 and FY21	900	1,000	-	-	-	-	-	-	-	-	-	This option would return General Fund-State funding that is currently unallotted in FY20 and FY21 for the Clean Air Rule. The funding is currently unallotted because implementation of the adopted rule is partially on hold after the State Supreme Court ruling in February 2020.	6/20	There is considerable interest for a revised rule moving forward. Both the Governor's Office and Legislature spent considerable time and effort to address the Supreme Court's ruling this past legislative session. However, until a modified approach is determined to amend and implement a revised rule, this funding could be used, on a one-time basis, to help address the economic impacts of COVID-19 in FY20 and FY21. It is important to note that this one-time reduction would limit the funding and options available for any new work on the Clean Air Rule program in FY21.	N/A
H	1	Use Inter-Agency Agreement Funding in Lieu of General Fund-State for Puget Sound Marine Monitoring Work in FY21		175	-	-	-	-	-	-	-	-	-	This option would involve Ecology internally shifting a portion of the Environmental Assessment Program's ocean acidification (OA) work, on a one-time basis, from General Fund-State to a federally-funded inter-agency agreement (IAA) with the Department of Fish and Wildlife in FY21.	7/20	This option would reduce sampling capabilities in FY21 because the purchase of new sensors needed to improve the quality of pH data, and expand sampling in surface waters, would have to be delayed. Instead, Ecology would use that portion of the IAA funding to fully fund the staff leading the agency's OA work in FY21. This activity is tied to recommendations in the Governor's Southern Resident Orca Task Force final report.	N/A

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H	1	FY21 savings from Total Dissolved Gas Rulemaking and savings from delay in hiring water quality inspector.		325	-	-		-	-	-	-	-	2.0	This option would return GF-S proviso'd funding for the Total Dissolved Gas (TDG) Rulemaking (\$290,000) in FY21. It would also capture some savings (\$35,000) from the delay of filling a water quality point source inspector position vacant in FY21 due to the state's current hiring freeze.	7/20	The anticipated TDG rulemaking proviso savings are due to an accelerated work schedule in FY20 that is expected to free up FY21 funding on a one-time basis. The rule is now in place, and the expected workload will be significantly less in FY21, covered by other savings in the Water Quality Program. <u>Note:</u> The proviso funding to complete implementation of the TDG rule, such as conducting follow up to ensure compliance with the rule, is still anticipated to be needed in FY22. Holding the industrial stormwater inspector position vacant in FY21 would result in fewer inspections next year, increasing the number of water pollution violations that may go uncorrected. It would also mean a reduction in Ecology's ability to provide technical assistance to permittees on how to employ best management practices related to industrial stormwater discharges. Both activities are tied to recommendations in the Governor's Southern Resident Orca Task Force final report.	N/A
H	2	Delay Hiring Armor Assistance Position in Shorelands Program for FY21		200	-	-		-	-	-	-	-	1.0	This option would require holding one marine shoreline armoring position vacant in FY21. This Environmental Engineer position is expected to remain vacant in FY21 due to the state's hiring freeze.	7/20	Holding this position vacant in FY21 would result in less technical support to consultants and local governments working minimize the impacts of armoring on marine shorelines. This technical position would review shoreline armoring proposals, develop technical guidance, and provide training for Ecology, local governments, tribes, and other state and federal agencies. The position would also collaborate with agencies, tribes, and universities to carry out an applied science and monitoring program to improve shoreline management practices and reduce the harmful impacts of armoring. Shoreline armor structures, such as bulkheads, can be harmful to forage fish that provide vital food chain support to salmon and orcas. This activity is tied to recommendations in the Governor's Southern Resident Orca Task Force final report.	N/A
H	4	One-time Revenue Transfer from Water Rights Tracking System (Fund 10G) to General Fund - State in FY21		750	-	-	10G	-	-	-	-	-	-	This option would be a one-time revenue transfer from the Water Rights Tracking System Account (Fund 10G) to General Fund-State in FY21. A one-time revenue transfer is a simple way to capture this revenue to address the economic situation and avoids the need to expand the allowable uses of the account that a fund shift would require.	7/20	This option would delay any future upgrades to Ecology's Water Rights Tracking System until economic circumstances improve and the account's fund balance is replenished by new revenue. The Water Resources Program does not anticipate any impact to the current Water Rights Tracking System.	Budget Bill (ESSB 6168) Change - One-time Revenue Transfer
H	4	One-Time Fund Shift of 2020 Supplemental Budget Item - Zero Emissions Vehicle Program - to MTCA-Operating Account in FY21		149	-	-	23P	-	-	-	-	-	-	This option would require shifting funding to implement SB 5811, <i>Reducing Emissions by Making Changes to the Clean Car Standards and Clean Car Program</i> , from General Fund-State in FY21 to the Model Toxics Control Act (MTCA) Operating Account.	7/20	If funding for this bill were cut in FY21, Ecology would need to delay rulemaking and implementation of the new program. As an alternative, funding for this supplemental budget item could be shifted, on a one-time basis, from General Fund-State to MTCA-Operating. RCW 70.105D.190(2)(n) authorizes the use of the MTCA-Operating Account for air quality programs and actions for reducing public exposure to toxic air pollution.  However, please note that such a shift would place more financial pressure on the MTCA-Operating Account, which could also experience a funding shortfall later this year as a result of COVID-19.	Budget Bill (ESSB 6168) Change - One-time Fund Shift  Proviso Change - Sec 302(36)

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			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20				
H	4	One-Time Fund Shift of 2020 Supplemental Item - Clean Energy - to MTCA-Operating Account in FY21		502	-	-	23P	-	-	-	-	-	-	7/20	<p>The Clean Energy Act requires rule adoption to implement the Act by January 1, 2021. If funding from the 2020 supplemental budget were cut or delayed, Ecology would need to suspend other essential and important work within the Air Quality Program, such as work on a permanent rule for hydrofluorocarbon reporting requirements, updates to rules for woodstove emissions standards to address new federal regulations, etc.</p> <p>As an alternative, funding for this supplemental budget item could be shifted, on a one-time basis, from General Fund-State to MTCA-Operating. RCW 70.105D.190(2)(n) authorizes the use of the MTCA-Operating Account for air quality programs and actions for reducing public exposure to toxic air pollution.</p> <p>However, please note that such a shift would place more financial pressure on the MTCA-Operating Account, which could also experience a funding shortfall later this year as a result of COVID-19.</p>	Budget Bill (ESSB 6168) Change - One-time Fund Shift
<b>TOTAL</b>			<b>900</b>	<b>4,661</b>	-	-		-	-	-	-	-	-			

**Priority:**

L = Low priority agency activity or program  
M = Medium priority agency activity or program  
H = High priority agency activity or program

**Impact:**

1 = Allows continuation of the program/activity at a reduced level  
2 = Eliminates the ability to perform program objectives  
3 = Eliminates agency function  
4 = Long term implications (moves the problem to next biennium)  
5 = Short term (reduction to one time increase)