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2015-16 Budget Overview of Environmental Protection Agency and Departments

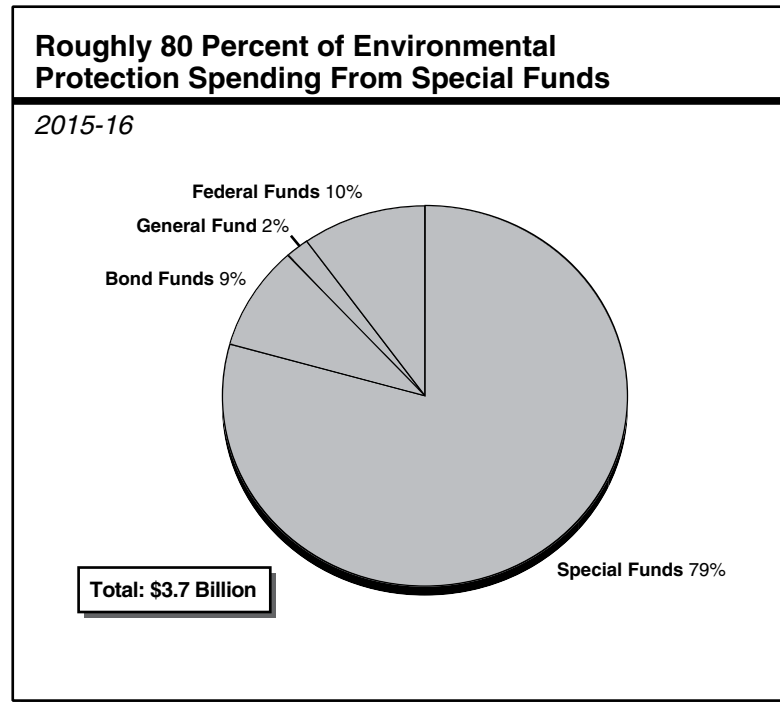
LEGISLATIVE ANALYST'S OFFICE

Presented to:
Senate Budget and Fiscal Review Subcommittee No. 2
On Resources, Environmental Protection, Energy, and
Transportation
Hon. Lois Wolk, Chair





Environmental Protection Funding Sources



- ☑ The Governor's budget proposes a total of \$3.7 billion in 2015-16 for environmental protection programs. Most of this spending would be from special funds.
- ☑ This funding supports the California Environmental Protection Agency, as well as six departments and boards that report to the agency.



Three-Year Budget Summary

(Dollars in Millions)

Fund	Actual 2013-14	Estimated 2014-15	Proposed 2015-16	Change From 2014-15	
				Amount	Percent
General Fund	\$45	\$79	\$70	-\$10	-12%
Special funds	2,397	2,800	2,912	112	4
Federal funds	167	368	368	—	—
Bond funds	156	521	321	-200	-38
Totals	\$2,765	\$3,768	\$3,670	-\$98	-3%

- The Governor's proposed funding level in 2015-16 represents a decrease of \$98 million (3 percent) compared to estimated expenditures in 2014-15.
- General Fund spending is proposed to decrease by \$10 million (12 percent). This primarily reflects reduced General Fund support for drought-related activities at the State Water Resources Control Board.
- Spending from special funds is proposed to increase by \$112 million (4 percent). This is mostly associated with implementation of recent policy changes adopted by the Legislature to (1) increase fees on petroleum stored in underground tanks and (2) use the resulting revenues for new and existing programs related to cleaning up contamination from underground storage tanks.
- Bond funds are proposed to decrease by \$200 million (38 percent). This reflects the funding of projects from Proposition 1B bond funds in 2014-15 designed to reduce emissions associated with transporting goods on trucks, trains, and cargo ships.



Major Environmental Protection Department Budget Summaries

Major Environmental Protection Budget Summary—Selected Funding Sources

(Dollars in Millions)

Department	Actual 2013-14	Estimated 2014-15	Proposed 2015-16	Change From 2014-15	
				Amount	Percent
Resources Recycling and Recovery					
Beverage container recycling funds	\$1,181.9	\$1,189.3	\$1,181.9	-\$7.4	-0.6%
Electronic Waste Recovery	76.3	95.9	101.5	5.6	5.8
Other funds	174.2	254.9	248.3	-6.6	-2.6
Totals	\$1,432.4	\$1,540.1	\$1,531.7	-\$8.4	-0.5%
State Water Resources Control Board					
General Fund	\$13.5	\$42.3	\$32.7	-\$9.6	-22.7%
Underground Tank Cleanup	228.9	234.5	398.4	163.9	69.9
Bond funds	51.3	275.9	320.8	44.9	16.3
Waste Discharge Fund	109.0	122.0	120.2	-1.8	-1.5
Other funds	17.6	462.4	486.7	24.3	5.3
Totals	\$420.3	\$1,137.1	\$1,358.8	\$221.7	19.5%
Air Resources Board					
Greenhouse Gas Reduction Fund	\$30.9	\$209.2	\$211.9	\$2.7	1.3%
Motor Vehicle Account	121.1	131.6	134.1	2.5	1.9
Air Pollution Control Fund	118.4	116.4	117.5	1.1	0.9
Bond funds	104.2	245.0	0.1	-244.9	-100.0
Other funds	113.8	146.2	118.5	-27.7	-18.9
Totals	\$488.4	\$848.4	\$582.1	-\$266.3	-31.4%
Toxic Substances Control					
General Fund	\$21.1	\$27.3	\$27.1	-\$0.2	-0.7%
Hazardous Waste Control	52.1	58.9	60.0	1.1	1.9
Toxic Substances Control	43.8	45.9	48.9	3.0	6.5
Other funds	64.0	101.0	72.1	-28.9	-28.6
Totals	\$181.0	\$233.1	\$208.1	-\$25.0	-10.7%
Pesticide Regulation					
Pesticide Regulation Fund	\$80.0	\$84.7	\$87.8	\$3.1	3.7%
Other funds	3.1	3.0	3.1	0.1	3.3
Totals	\$83.1	\$87.7	\$90.9	\$3.2	3.6%



Other Important Proposals for Legislative Review

- Proposition 1 of 2014 (Water Bond).** The budget includes \$267 million for the State Water Resources Control Board (\$533 million total) to implement its first water bond appropriations. Activities proposed for the board in 2015-16 include water recycling and drinking water quality projects.

- Cap-and-Trade Auction Revenues.** Estimated to be \$650 million in 2014-15 and \$1 billion in 2015-16, but likely to be significantly higher. Some of the higher revenues would be continuously appropriated, while the remainder would be available for appropriation by the Legislature. Under the Governor's budget plan, \$225 million would be for environmental protection programs in 2015-16, specifically low-carbon transportation and waste diversion projects.

- Southern California Consolidation Project.** The Air Resources Board requests the first stage of funding to construct a new consolidated emissions testing facility in southern California, a project that it estimates will cost \$366 million. The administration has not provided the Legislature with a complete analysis of the need for the project, a full analysis of viable alternatives, or a funding plan.