

**BUDGET SUMMARY  
PRESENTATION  
FISCAL YEAR 2024**



**Driven by Employee Pride**

**Harold Ward, Cabinet Secretary**

# PURPOSE



- W. Va. Code § 22-1-1 (a)(1) – Restoring and Protecting the environment is fundamental to the health and welfare of individual citizens, and our government has a duty to provide and maintain a healthful environment for our citizens.
- W. Va. Code § 22-1-1 (b)(4) - ...to improve the quality of the environment...consistent with the benefits to be derived from strong agricultural, manufacturing, tourism and energy-producing industries...

# VISION



*A fully-protected and healthy environment where every West Virginian can live, work, prosper and enjoy a high quality of life.*

# MISSION

*To efficiently and effectively carry out the State's environmental laws and regulations that are designed to provide and maintain a healthful environment consistent with the economic benefits derived from strong agricultural, manufacturing, tourism and energy-producing industries.*



# CORE VALUES

*Professionalism*

*Integrity*

*Education*

*Knowledge*

*Expertise*

*Credibility*

*Public Service*



# DEP ORGANIZATION

**Harold Ward, Cabinet Secretary**



**Scott Mandirola, Deputy Cabinet Secretary**



# ACTIVITIES



Air Quality, Water Quality, Waste Management, Oil & Gas, and Mining

Permitting

Inspection

Enforcement

Remediation

Voluntary Compliance

Education & Outreach



## Division of Air Quality

The Division of Air Quality (DAQ) protects the State's air quality as follows...

1. Monitor, collect, analyze and summarize air quality data collected
2. Inspect and investigate air pollution sources
3. Address citizen complaints involving alleged air pollution violations
4. Inspect asbestos demolition and renovation projects
5. Process permit applications for major air emission facilities (Federal Clean Air Act)
6. Process source pre-construction permit applications for industry to build or expand operations
7. Develop and revise state implementation plans for National Ambient Air Quality Standards (enabling West Virginia to maintain federal funding)
8. Provide free confidential air quality assistance to small businesses (Small Business Assistance Program)





## Division of Land Restoration

The Division of Land Restoration (DLR) restores the State's environment by reclaiming former coal mining and industrial sites. The two offices of the Division of Land Restoration are Environmental Remediation and Environmental Reclamation. Environmental cleanup includes...

### 1. Remediation

- a. EPA's Superfund
- b. Brownfields
- c. Voluntary Remediation

### 2. Reclamation

- a. Abandoned Mine Lands and Reclamation (AMLR) - restores and reclaims West Virginia's land and water resources disturbed by surface mining operations prior to the passage of the federal Surface Mine Control and Reclamation Act of 1977. This office is funded 100% by federal dollars and conducts millions of dollars in reclamation work each year.
- b. Special Reclamation (SR) – Rehabilitation of lands which were subjected to permitted surface mining operations and abandoned after August 3, 1977.
- c. Landfill Closure and Assistance Program (LCAP) – Remediation of non-compliant and closed landfills as of December 31, 1994 to acceptable environmental standards.



## Division of Mining and Reclamation

The Division of Mining and Reclamation (DMR) regulates the surface effects of all coal and non-coal mining activity under the West Virginia Surface Coal Mining and Reclamation Act and other applicable state laws and rules. One of the critical goals of the DMR is to ensure that the State's program conforms to the federal Surface Mining Control and Reclamation Act, with oversight from the federal OSM. This is accomplished through...

1. Permitting
2. Inspection
3. Enforcement

# Division of Water and Waste Management



The Division of Water and Waste Management's (DWWM) mission is to preserve, protect, and enhance the state's watersheds for the benefit and safety of all citizens. Regulated activities and efforts include the following:

1. Hazardous waste
2. Solid waste
3. Surface and groundwater pollution
4. Industrial, municipal and storm water discharges
5. Construction, operation, and closure of hazardous and solid waste facilities
6. Underground and above ground storage tank programs
7. Education, technical, and financial assistance
8. Comprehensive watershed assessments
9. Groundwater monitoring
10. Water quality standards implementation
11. Wetlands preservation
12. Permitting
13. Inspection
14. Enforcement

The Clean Water State Revolving Fund program is a funding program to address water quality problems through wastewater facility construction, upgrades, or expansions. The program is charged with general oversight, fiscal management, and administrative compliance review of local governmental entities that receive funds. To date, the program has granted more than \$1 billion in loans to assist with construction and upgrades to these facilities.



## Office of Oil and Gas

The Office of Oil and Gas protects the public health, environment, and other natural resources through the regulation of oil and gas resource development and the plugging and reclamation of abandoned oil and gas well sites.

1. Permitting
2. Inspection
3. Enforcement
4. Abandoned Well Plugging



## Executive

The Executive Office includes the following units.

1. Administrative Support Offices
  - a. Business Operations
  - b. Integrated Regulatory Information Support (IRIS, which is the IT function for the DEP) - Expansion of E-permitting a top priority
  - c. Human Resources Division
2. Homeland Security and Emergency Response for hazardous waste emergencies (HSER)
3. Environmental Advocate's Office--the public's main access to the DEP
  - a. Youth Environmental Program
  - b. Pollution Prevention and Open Dump
  - c. Public participation in cleaning up roadside litter, streams, and open dumps
  - d. Provide grants for general recycling, litter control, and electronic recycling.
4. Public Information Office (PIO)
5. Office of Legal Services (OLS)

# INVESTMENT STRATEGY, ASSURING FUNDING FOR LONG-TERM LIABILITIES



This agency has invested its applicable special revenue funds for more than 25 years. In the fiscal years 2017-2021, phenomenal investment growth occurred. In FY 2022, the market had a precipitous downturn as reflected in the chart on this page. We are hoping for modest investment growth in FY 2023.

The investments for DEP are managed by the West Virginia State Treasurer and the Investment Management Board (IMB). DEP's portfolio for our investments are considered a moderate risk.

Investment Income	
Amount	FY
3,259,426.37	2016
17,745,357.15	2017
11,093,355.46	2018
19,411,519.99	2019
16,797,869.32	2020
47,974,318.99	2021
-34,322,730.99	2022
6,965,079.20	2023 to date



# FEES

- The DEP collects various fees from the industries it regulates to support its programs. Traditionally, fees are based on estimated costs to run regulatory program(s) supported by the fee.
- The Oil and Gas Operating and Permits Fund is supported by one time permit fees (\$10,000/\$5,000 for a horizontal well and expedited fees of \$30,000/\$15,000.)
- Currently this fee must support the regulatory oversight of these wells into perpetuity.



## DEP CHALLENGES - HSER

- DEP's Office of Homeland Security and Emergency Response (HSER) is responsible for a wide range of activities that have impacts far beyond the scope of this Agency. Response to chemical and other hazardous material spills is the highest profile and, perhaps the most important job. Some of the more high-profile responses that the HSER has provided assistance or taken the lead on are; the Freedom Industries chemical spill into the Elk River of 2014, the Parkersburg Warehouse Fire of 2018, and most recently, the Nicholas County Tire fire of 2021.
- Additionally, this group serves as liaison between DEP and other state and federal agencies in times of natural disasters as related to potential environmental impacts. A few examples of the disasters HSER have assisted in are the 2016 floods to the central and southern parts of the state, and the most recent flood to eastern Kanawha, Fayette, and other counties in this region.
- Lastly, the HSER represents the state on a number of national and regional homeland security and emergency management studies and response groups.



# DEP CHALLENGES – HSER CONTINUED



- Given this brief narrative, one can grasp the responsibilities that the HSER group is tasked with. The one present and future financial issue we are concerned about is providing a consistent and sustainable source of funding for the operation of this unit.
- To fiscally operate this unit, we have, and continue to cobble together, multiple appropriate funds to provide needed services. This method of funding is not effective and is beginning to strain the cash balances of those funds.
- We are not seeking additional funding but will be requesting to end the current General Revenue appropriation earmarked as Meth Lab Cleanup and generalize the appropriation so it can be used for multiple types of environmental emergency responses. This request can be seen in Improvement Priority 1 of our 2024 appropriation request package.

# DEP CHALLENGES – FEDERAL INFRASTRUCTURE GRANT FUNDING



For full disclosure, the Department of Environmental Protection has received an infusion of federal infrastructure grants of approximately \$197 million dollars for the FY 2023 fiscal year. We are requesting the spending authority increases granted for FY 2023 continue for FY 2024.

Additional federal infrastructure grants are anticipated at the same level every year for the next several years.

Our priority is to utilize the grant funds appropriately and as quickly as possible. Given this, we anticipate we will need spending authority to allow for this process to succeed.

# FY 2023 BUDGET HIGHLIGHTS



- Fund 3068 **Mining Mutual Insurance Company Fund** – Senate Bill 1 allowed State budget surplus to transfer into the Mining Mutual Insurance Company as initial capital. DEP received \$50,000,000 on 8/9/2022 and transferred the same to MMIC on 8/12/2022.
- Fund 3305 **Reclamation of Abandoned and Dilapidated Properties Fund** - DEP received \$10,000,000 from Senate Bill 722 to establish the fund. We have encumbered \$9.2M and are working on the selection process to encumber the remaining \$800,000 for projects.

When the fund was created, we were allowed to invest the money. To date we have earned approximately \$87,000 in interest that can be used for additional projects.

- Fund 3334 **Oil and Gas Abandoned Well Plugging Fund** - House Bill 4090 allowed a portion of the Severance Tax to be received and spent for reclamation of abandoned and orphaned wells. Since October 2021 we have received \$5,475,759.27. We have spent \$438K and encumbered \$1,826,472 for projects. We are in the process of awarding the remainder of the funds.
- **Oil and Gas** received \$25M in **Federal Infrastructure** funding to be used within one year of receipt for Abandoned Well Plugging. Since receiving that funding in October 2022, we have encumbered \$24,741,034 for projects.



# BUDGET

The budget of the DEP is predominantly Federal and Special Revenue, with approximately 0.83% (\$6.5 Million) of funds appropriated from General Revenue.

## DEP General Revenue Budget

2020	6,498,479
2021	6,498,479
2022	6,401,002
2023	6,586,199 *
2024	6,586,199

**\*Includes the across the board 5% increase in Personal Services. Does not include the one time legislative directed transfer of General Revenue Surplus to Mining Mutual Insurance Company of \$50,000,000.**

## Total budgets:

FY 2020	\$544,535,096
FY 2021	\$546,338,596
FY 2022	\$544,496,165
FY 2023	\$795,412,798**
FY 2024	\$795,412,798

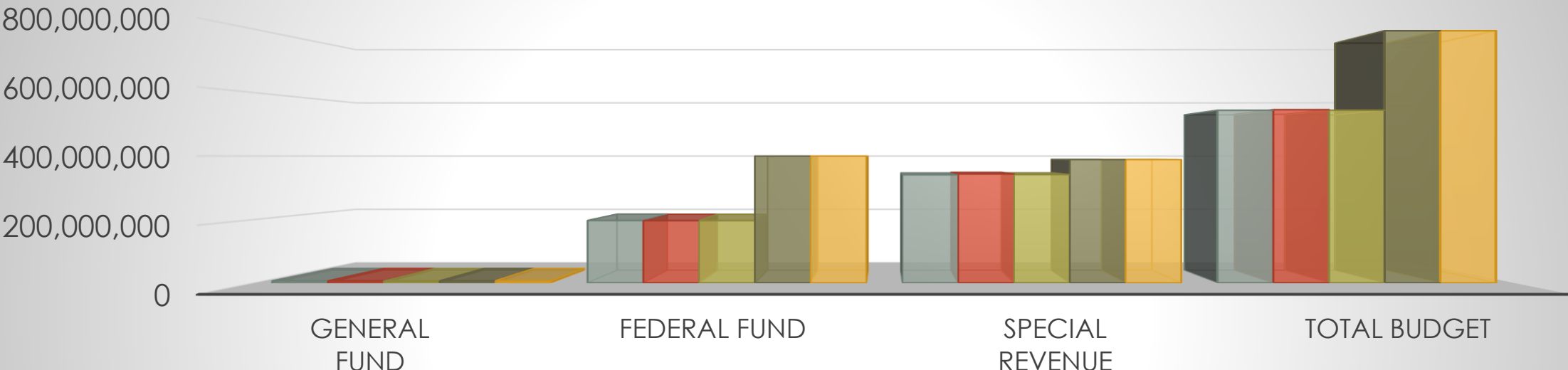
\*\*Original FY 2023 budget of \$565,259,102 was increased for Federal Infrastructure funding- \$196,658,696, CWSRF state match purposes - \$27,745,000, and to allow encumbrances for Abandoned and Dilapidated Properties fund, OOG Well Plugging fund and Brownfields fund - \$5,750,000. We request that these increases continue for FY 2024.

Does not include the one time \$50,000,000 budget for the Mining Mutual Insurance Company fund.

# BUDGET



**Budget By Funding Source**



	General Fund	Federal Fund	Special Revenue	Total Budget
FY 2020	6,498,479	196,980,318	341,056,299	544,535,096
FY 2021	6,498,479	196,508,818	343,331,299	546,338,596
FY 2022	6,401,002	196,508,818	341,586,345	544,496,165
FY 2023	6,586,199	400,034,583	388,792,016	795,412,798
FY 2024	6,586,199	400,034,583	388,792,016	795,412,798

FY 2023 reflects a series of supplemental increases, as a result of federal grant awards through the Infrastructure Investment Jobs Acts (IIJA), after the 2022 Legislative session adjourned.

Improvement packages 2-5, and additional supplemental increases that have been approved will bring the FY 2024 level of funding equal to FY 2023 level.

# EMPLOYMENT

The agency strives to staff the organization to the needs of its regulatory requirements. As the needs of the regulated community fluctuate, the agency is constantly adjusting. Filled FTEs have been relatively static, even as the DEP has expanded some programs to meet additional regulatory requirements.



## DEPARTMENT OF ENVIRONMENTAL PROTECTION SUMMARY FILLED VACANT AND BUDGETED POSITIONS

	TOTAL FTE	VACANT	FILLED
2017	935	125	810
2018	933	137	796
2019	912	158	754
2020	889	118	771
2021	873	111	762
2022	874	125	749
2023	874	130	744

# DEP PROPOSED FEDERAL INCREASES/IMPROVEMENT REQUESTS



## Improvement Requests

Priority 1	\$	-	Change name of Homeland Security General Revenue Meth Lab appropriation to Environmental Response and Cleanups
Priority 2 & 3	\$	27,745,000	Clean Water State Revolving Fund <b>Federal Infrastructure</b> Supplemental Increase
Priority 4	\$	25,000,000	Oil and Gas <b>Federal Infrastructure</b> Supplemental Increase
Priority 5	\$	2,000,000	Environmental Remediation Brownfields <b>Federal Infrastructure</b> Supplemental Increase

Since submitting our FY 2024 Appropriation Request we have received two additional Federal Infrastructure grant awards. FY 2023 Supplemental Increases have been approved for these awards. In order to fully spend the grant awards we will need the Supplemental Increases to continue for FY 2024.

	\$	140,751,469	Abandoned Mine Land Reclamation <b>Federal Infrastructure</b> Supplemental Increase
	\$	1,162,227	Environmental Remediation Brownfields Revitalization <b>Federal Infrastructure</b> Supplemental Increase
<hr/>			
	\$	<b>196,658,696</b>	<b>Total</b>

# FEDERAL FUNDS CARES ACT/ARPA



Cares Act - \$0.00

American Rescue Plan Act - \$ 491,000

- Air Quality ARPA grant - Received on 8/1/22. Used to replace or enhance existing monitors to provide real-time reporting of air quality concentrations. Remaining balance \$491,000 – no additional funds are expected.



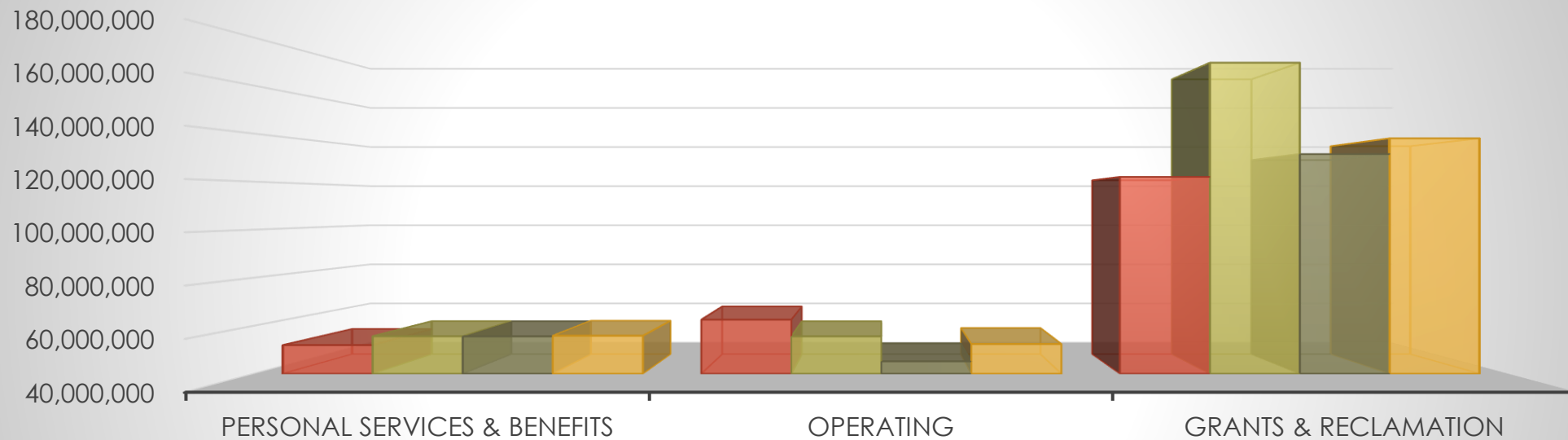
# EXPENDITURES



The Chart below reflects DEP’s actual expenditures (cash outflows from personnel, benefits, goods and services, loans, awards, state grants, and transfers out to intergovernmental state agencies) from 2019 to 2022. While the expenditures have remained relatively consistent, as reflected in this chart through FY 2022, we anticipate expenditures to increase rapidly with the recent infusion of Funding from the WV Legislature and the Governor of \$10,000,000 for the new Reclamation of Abandoned and Dilapidated Properties Program.

In addition to state funding, the DEP anticipates funding from the federal government through the Infrastructure Investment and Jobs Act (IIJA) of nearly \$200,000,000. We anticipate this funding to continue into state FY 2024 and beyond.

**Actual Expenditures**



	Personal Services & Benefits	Operating	Grants & Reclamation
FY 2019	51,967,677	62,553,875	121,949,578
FY 2020	55,656,829	55,595,586	169,468,093
FY 2021	55,596,845	45,201,052	131,457,531
FY2022	55,835,846	52,406,236	138,008,486

# BOARDS AND COMMISSIONS BUDGETS



	2021	2022	2023	2024
Air Quality Board	\$76,053	\$76,053	\$76,053	\$76,053
Environmental Quality Board	\$163,483	\$163,485	\$169,534	\$169,534
Surface Mine Board*	\$216,816	\$216,816	\$216,816	\$216,816
Oil and Gas Conservation Commission	\$335,367	\$335,368	\$338,393	\$338,393
Solid Waste Management Board	\$3,013,165	\$3,013,165	\$3,040,395	\$3,040,395
<b>Total Budget</b>	<b>\$3,804,884</b>	<b>\$3,804,887</b>	<b>\$3,841,191</b>	<b>\$3,841,191</b>
*included within Environmental Protection budget				