

STATE OF CALIFORNIA
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
SAN FRANCISCO BAY REGION

STAFF SUMMARY REPORT (Bruce Wolfe)
MEETING DATE: July 20, 2005

ITEM: **10**

SUBJECT: **Board Budget and Staffing** – Status Report on the Board’s Fiscal Year 2005-06
Budget and Staffing

DISCUSSION: **Summary:** The Governor has just signed the State’s Budget for the 2005-06 fiscal year that started July 1. The Budget addresses both the total funds each agency is allowed to spend and the number of staff positions the agency is authorized to have. While we have yet to receive our Region’s final budget numbers, we anticipate a small increase in funding and a small decrease in authorized staff. However, given that the Region currently has a number of vacancies, we do not foresee any need for layoffs. In fact, we are currently hiring to fill as many of these vacancies as the State Board will approve.

Budget and Staffing Background: Each agency’s annual budget includes the total funds the agency is authorized to spend, the source of those funds, and the number of staff the agency is authorized to have employed. Funds are allocated between staff costs (salaries and overhead), contracts and equipment, staff travel and training, facility costs and other operational expenses.

Both the level of funding and staffing are annually authorized by the Legislature, subject to Governor approval. These levels are reviewed by the Legislature and, in practice, most funding and staffing remains relatively constant from year to year. However, over the past few years, General Funds have been cut significantly from most agency budgets, and new funding and staff have been limited largely to areas where a specific, sustainable funding source has been identified.

The State Board system is authorized funding and staffing as if it was one agency, such that each region receives a portion of the total authorized to the State Board. While each region’s allocation tends to mirror any changes to overall State Board funding and staffing, year-to-year allocation changes may result from changing priorities in a specific program, realignments based on a region’s demonstrated use or need in a program, or from State Board’s own change in program needs.

The State Board system relies on over 90 different funding sources to support all of its programs, with the majority of the funds coming from fees, such as annual fees on dischargers or fees on each gallon of gas sold; other state and federal sources, such as U. S. EPA and the Integrated Waste Management Board; bond funds, such as those from Propositions 13, 40, and 50; cost-recovery, such as charges for oversight of cleanup sites; and the General Fund. At this point, the State Board’s General Fund support is now only about 6% of its total budget.

Each region tends to use a number of fund sources to fund small region-specific programs, such as this Region's small funding to implement the Long-term Management Strategy for Dredged Materials, to participate in the South Bay Salt Pond Restoration Project, and to oversee the Regional Monitoring Program.

One unfortunate reality of each year's budget is that funding and staffing are not totally aligned. The determination of how much the staff authorized to use each funding source should cost rarely matches the actual staff assigned to work on the programs supported by that funding source. For instance, a program augmented or newly mandated by the Legislature may authorize additional staff based on an entry-level salary. If we are balancing such an augmentation with a reduction in staff in another program, we may need to assign existing staff paid at a much higher than entry-level salary to that augmented program. If we are able to hire from outside the Board for new program positions, we are usually able to find highly qualified candidates to hire, but must offer them a top salary level to attract them to the Board. In both these cases, the actual staff costs for a program may be greater than the funding available for that program.

Managing funding and staffing is further complicated by the State's assumption that at any given time, approximately 5% of an agency's positions will be vacant. Thus, each agency is purposely allocated only 95% of the funds needed to fund its entire authorized staff. Given the alignment issue discussed above, our Region typically only has about 92% of the funding it needs to fund all authorized positions. State Board monitors funding conservatively to ensure no region overspends its annual budget. As such, even though we may have authorized positions that are vacant, we may not be able to get State Board approval to hire to fill all of them.

Fiscal Year 05-06 Outlook: Our overall budget for this year is approximately \$14.6 million, an increase of approximately \$200,000 over last year. Most of this goes to staff, with about \$350,000 in contracts (primarily for students and monitoring), \$1.8 million for facilities and operations, and \$140,000 for travel and training. The \$200,000 gain, largely to cover small pay raises granted the line-level engineers and geologists, is countered by the loss of 0.1 positions. We gained some limited funding and partial positions this year for overseeing grants and water quality certifications, but State Board reduced our funding and positions to expand its own statewide enforcement coordination.

Thus, we anticipate starting the year with 119.2 positions, but after the 5% mandated funding reduction, only funding for 113.2. We currently have 108.4 positions filled, and are hiring for 5 positions. As part of this hiring process, we are doing an internal "rotation" exercise with existing staff, to both ensure staffing is aligned with our 05-06 fund sources, and to allow staff an opportunity to work on a different program within the office.

RECOMMEN-
DATION:

This is for information only - no further action is necessary.