

# State Water Resources Control Board Budget Process

Presented by  
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State Water Board's  
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Fee Branch Chief





# Introductions

- Bill Damian, State Water Board's Division of Administrative Services Assistant Deputy Director
- Glen Osterhage, State Water Board's Division of Administrative Services Fee Branch Manager



# Questions

- Questions will be answered at the end of the presentation.
- Questions can be emailed during the presentation to [Fee\\_Branch@waterboards.ca.gov](mailto:Fee_Branch@waterboards.ca.gov)



# Objective

- Provide an overview of the State of California's Budget Process and how this process effects how the State Water Board adopts annual fees for Water Quality and Water Rights Programs.



# Overview

- California's Budget Process
- State Water Board's Roles and Responsibilities in Implementing the Budget Act
- State Water Boards Fee-Setting Process



# Budget Process

- January
  - State Constitution requires that the Governor submit a balanced budget to the legislature by January 10<sup>th</sup> (Governor's Proposed Budget)
- February
  - Legislative Analyst's Office issues the "Analysis of the Budget Bill"
    - [www.dof@ca.gov](http://www.dof@ca.gov)

# Budget Process (cont'd)

- February – April
  - Department of Finance (DOF) proposes adjustments (finance letters) to the Governor's Budget.
  - Budget Hearings take place so that the Legislature hears the various issues under consideration and vote to either approve or deny the requests.
- May – June
  - Governor's May Revision is presented to update the budget with the latest revenue and expenditure numbers.
  - Additional Assembly and Senate Budget Hearings take place to review and approve/deny the changes from the May Revision.
  - Budget Conference Committee meets to reconcile the differences between the Assembly and Senate versions of the budget and submits a final budget to the Governor for adoption.



## Budget Process (cont'd)

- June – enacted State budget
  - State Constitution requires that the Legislature pass the Budget Bill by June 15<sup>th</sup>
  - Requires a majority vote by the Legislature to pass the Budget Act (Proposition 25).
  - Governor allowed to reduce or eliminate an appropriation (line-item veto).
  - State Budget is enacted upon the Governor's signature.





## State Water Boards' Roles and Responsibilities in the Development of the Budget

- January through December, the Governor's Office and the DOF issue Budget Letters and Management Memos that convey the Administration's guidelines for budget preparation to agencies and departments.
- Beginning in July of each year, the State Water Board works with DOF to prepare the next Fiscal Year Budget.
- This begins with the Budget Act as the baseline funding, then adjustments are made as necessary (BCPs, Control Sections, etc.) and all approved items are included in the Governors Budget.



# Budget Change Proposals (BCPs)

- Prepared/Submitted by:
  - Agencies and Departments submit to the DOF for review and approval. If approved, the changes will be incorporated into the Governor's Budget.
- Purpose
  - To change the level of services (increases, decreases, or shifts in positions and funding) or funding sources (new funds or utilizing different fund source for the same purpose) for activities authorized by the Legislature, or to propose new program activities not currently authorized.
- Timeframe
  - July through December



## BCPs (cont'd)

- Information contained in a BCP is part of the Governor's Budget deliberation process, as such, every BCP must be treated as confidential until the BCP is released to the Legislature as part of the Governor's Budget.
- DOF signature at the bottom of the BCP cover page signifies the BCP has been released to the Legislature and will be available to the public at that time.
- Each department is responsible for maintaining the confidentiality of their respective BCPs until they are released to the Legislature.



## State Water Board's Roles and Responsibilities in the Implementation of the Budget Act

- Once the Budget is enacted upon the Governor's signature, State Water Board staff update resource allocations to reflect the final Budget Act.
- Ensures all funds are allocated to the appropriate program areas.
- This is when we have the final allocations for all programs within the Waste Discharge Permit Fund (WDPF) and the Water Rights Fund (WRF), as well as all other Water Board funds.
- Information is used to develop and set fees.



# State Water Boards Fee-Setting Process

- Water Code Section 13260:
  - Requires each person who discharges waste or proposes to discharge waste that could affect the quality of waters of the state to file a report waste discharge with the appropriate regional board and to pay an annual fee set by the State Water Board, the funds from which are deposited into the WDPF.
  - Requires the State Water Board to adopt, by emergency regulations, an annual schedule of fees for persons discharging waste to the waters of the state.
  - Requires the State Water Board to adjust the annual fees each fiscal year to conform to the revenue levels set forth in the Budget Act.



# Waste Discharge Permit Fund (WDPF)

- Water Quality Programs
- FY 2014-15 Total Budget is approximately \$120 million
  - \$66 million is the budget for the Water Quality Fee-Paying programs.
  - \$54 million is the budget for the Redirected programs.



# WDPF Programs

## Water Quality Fee-Paying Programs

- Waste Discharge Requirements (WDR)
- Landfill
- NPDES
- Storm Water
- Confined Animal Feeding (CAF)
- Irrigated Lands
- 401 Certification

## Redirected Programs

- Basin Planning
- Total Maximum Daily Load (TMDL)
- Enforcement
- Fee Branch
- Surface Water Ambient Monitoring Program (SWAMP)
- Groundwater Ambient Monitoring Program (GAMA)



## WDPF: Redirected Programs

- Essential to the State Water Board's operations and benefit the quality of the State's Waters.
- Basin Planning and TMDLs prioritize and provide guidance upon which all permits are developed and issued.
- Enforcement is required to ensure State and Federal guidelines are being followed and the State is meeting its water quality objectives.





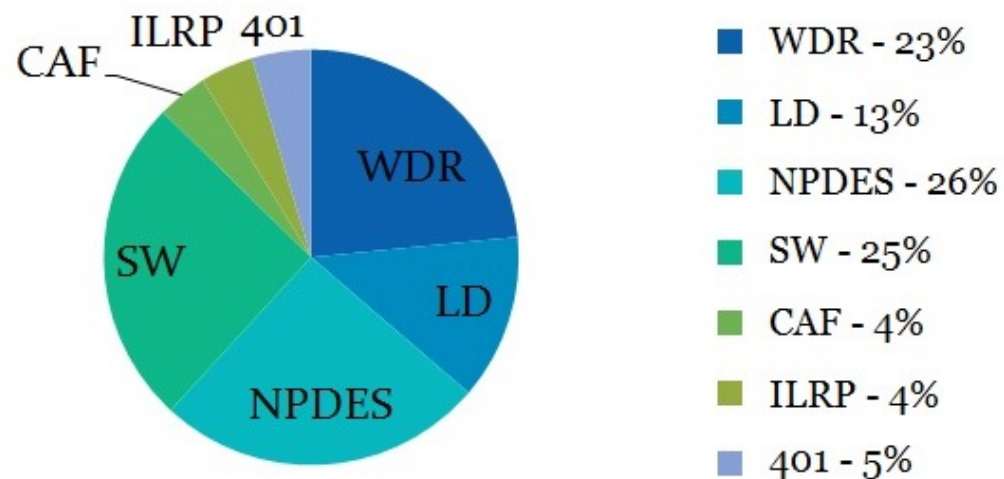
## WDPF: Determining Total Program Costs

- Total all Redirected program costs.
- These costs are prorated to each Water Quality Fee Paying Program.
- Proration is based on the size of the Water Quality Fee Paying Program's Budget.

## WDPF: Determining Total Program Cost (cont'd).

- Example of determining total program cost for each Water Quality Fee-Paying Program.
  - WDR program has an estimated budget of \$15 million
  - Total Water Quality Fee-Paying Budget is \$66 million.
  - WDR program budget is 23 percent of the total Water Quality Fee-Payers budget.

### Water Quality Fee Paying Budget



## WDPF: Determining Total Program Cost (cont'd).

- Total Redirected Program Cost is \$54 million
- WDR prorated portion of the Redirected program cost would be approximately \$12 million (23 percent of the total Redirected program cost).
- Total WDR program cost including its share of redirected cost is \$27 million (\$15 million of the WDR Program Budget plus the \$12 million of Redirected program cost).



## WDPF: Estimating Revenue

- Analyze the current fee payers and determine how much revenue would be generated based off of the current fee schedules.
- Project revenue from new programs and determine which facilities may be terminating their permit coverage which would result in a loss of revenue to the fund.



## WDPF: Setting Fees

- Compare total of each Water Quality Fee-Payers program cost vs estimated revenue for each program to determine fees.
- Example: If the WDR program has a total WDR program cost of \$27 million and the program is projected to generate \$25 million, the WDR program needs to generate an additional \$2 million in revenue.
  - Resulting in an average 8 percent fee increase for the WDR Program.
- Fund Reserve Balance



# Water Rights Fund: Statutory Authority

- Water Code Section 1525 requires the State Water Board to adopt, by emergency regulations, an annual schedule of fees.
- Water Code Section 1525 further requires the State Water Board to adjust the fees annually to conform to the amounts appropriated by the Legislature.
- Water Code Section 1551 requires that all water rights fee revenue be deposited in the Water Rights Fund.



# Water Rights Fund

- FY 2014-15 Total Budget is approximately \$18 million
- Like the WDPF, the same principles and concepts apply for setting fees.
  - Except the Water Rights Fund does not have the Water Quality Program redirected cost as part of the funds allocation.



# What are my fees paying for?

- Fee collected under each program go towards:
  - Personnel Costs
  - Operations and Equipment
  - Indirect/Overhead Cost
  - WDPF Redirected Program Cost





# Future Meetings

- January 10<sup>th</sup> Governor's Proposed Budget
  - February 6, 2015 – Water Rights Fee Stakeholder Meeting
  - February 13, 2015 – Water Quality Fee Stakeholder Meeting
- May Revise Budget
  - June 5, 2015 – Water Rights Fee Stakeholder Meeting
  - June 12, 2015 – Water Quality Fee Stakeholder Meeting
- Tentative Enacted Budget
  - July 31, 2015 – Water Rights Fee Stakeholder Meeting
  - August 7, 2015 – Water Quality Fee Stakeholder Meeting

# Resources

- Department of Finance – The Budget Process
  - <http://www.dof.ca.gov/fisa/bag/process.htm>
- State Water Board’s Fee Webpage
  - <http://www.waterboards.ca.gov/resources/fees/>
- State Water Board’s Lyris List Subscription for Fee Regulation Updates
  - [http://www.waterboards.ca.gov/resources/email\\_subscriptions/swrcb\\_subscribe.shtml](http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.shtml)
    - Water Quality Fees – Select General Interest and then select Fee Regulations/Water Quality
    - Water Rights Fees –Select Water Rights and then select Water Rights Fees
- State Water Board’s Resource Alignment Project
  - [http://www.waterboards.ca.gov/water\\_issues/programs/rap/index.shtml](http://www.waterboards.ca.gov/water_issues/programs/rap/index.shtml)
- State Water Board’s Annual Performance Report
  - [http://www.waterboards.ca.gov/about\\_us/performance\\_report\\_1213/](http://www.waterboards.ca.gov/about_us/performance_report_1213/)



# Questions?

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