

**NATURAL RESOURCES AND RECREATION**

Agency 462

**Pollution Liability Insurance Program**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2013-15 Expenditure Authority</b>	6.0		1,594	1,594
<b>Total Maintenance Level</b>	6.0		1,683	1,683
Difference			89	89
Percent Change from Current Biennium	0.0%		5.6%	5.6%
<b>Performance Changes</b>				
Oil Heat Fund Shift				
Increased Staff Operational Growth	2.0		607	607
Website Redesign			40	40
Actuarial Study on Insurance Rates			97	97
CTS Central Services			2	2
DES Central Services			3	3
State Public Employee Benefits Rate			6	6
Nonrepresented Job Class Specific Increases			2	2
General Wage Increase for State Employees			37	37
<b>Subtotal</b>	2.0		794	794
<b>Total Proposed Budget</b>	8.0		2,477	2,477
Difference	2.0		883	883
Percent Change from Current Biennium	33.3%		55.4%	55.4%
<b>Total Proposed Budget by Activity</b>				
Heating Oil Tank Liability Insurance	1.3		957	957
Pollution Liability Reinsurance	6.7		1,520	1,520
<b>Total Proposed Budget</b>	8.0		2,477	2,477

**PERFORMANCE LEVEL CHANGE DESCRIPTIONS**

**Oil Heat Fund Shift**

The Heating Oil Pollution Liability Insurance Program provides insurance coverage, up to a certain amount, for cleanup of contamination from registered heating oil tanks at no charge to the owner. Insurance coverage is provided from the Heating Oil Pollution Liability Trust Account (HOPLTA) which receives funds from a fee paid by special fuel dealers for heating oil sold in the state. The account has experienced a decline in revenues. To ensure adequate funding exists to continue the program, \$140,000 of expenditure authority is shifted from HOPLTA to the Pollution Liability Insurance Program Trust Account, where an adequate fund balance exists. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Nonappropriated)

## **NATURAL RESOURCES AND RECREATION**

### **Increased Staff Operational Growth**

Funding and full-time equivalent staff are provided to increase technical and financial capacity within the Pollution Liability Insurance Agency. A licensed hydrogeologist will provide necessary technical expertise and guidance for statewide oversight of agency insured and reinsured cleanup site claims with complex requirements, including groundwater cleanup and monitoring. A financial manager will provide financial oversight related to insurance treaties, fund administration and budget coordination. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Nonappropriated)

### **Website Redesign**

One-time funding is provided to redesign the agency website for improved ease of use and greater clarity of information. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Nonappropriated)

### **Actuarial Study on Insurance Rates**

One-time funding is provided for an actuarial study to review the rate structures and coverages of the three underground storage tank insurers currently being reinsured by the agency. (Pollution Liability Insurance Program Trust Account-State)

### **CTS Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

### **DES Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

### **State Public Employee Benefits Rate**

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

### **Nonrepresented Job Class Specific Increases**

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State, various other accounts)

### **General Wage Increase for State Employees**

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

**ACTIVITY DESCRIPTIONS**

**Heating Oil Tank Liability Insurance**

The Heating Oil Pollution Liability Insurance Program provides pollution liability coverage and technical assistance to owners of heating oil tanks. There is no direct cost to owners for the pollution liability insurance. The program is funded by fees paid by heating oil dealers, as well as special taxes on petroleum products. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Nonappropriated)

**Pollution Liability Reinsurance**

The Washington Pollution Liability Insurance Program makes pollution liability insurance available and affordable to the owners and operators of regulated petroleum underground storage tanks by serving as the reinsurer of private-sector insurance policies. Availability of reinsurance allows tank owners and operators to comply with the financial responsibility regulations of the federal Environmental Protection Agency and the Washington State Department of Ecology. This program is funded entirely by special taxes on petroleum products. (Pollution Liability Insurance Program Trust Account-State)