

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

REPORT TO THE LEGISLATURE

**THE ABILITY OF LOCAL UNIFIED PROGRAM AGENCIES TO FUND
PROGRAM IMPLEMENTATION FROM FEES ON THE REGULATED
COMMUNITY AND FUTURE FUNDING CONSIDERATIONS**

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State of California

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California Environmental Protection Agency

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EXECUTIVE SUMMARY

This report has been prepared to fulfil the requirements contained in Assembly Bill (AB) 2872 (Statutes of 2000, Chapter 144), and Senate Bill (SB) 1824 (Statutes of 2000, Chapter 730).

Section 25404.5(b)(2) of the Health and Safety Code (HSC) was added by AB 2872. This section requires that California's Secretary for Environmental Protection (Secretary) report to the Legislature, on or before January 10, 2001, on whether the number of entities subject to regulation by the Unified Hazardous Waste and Hazardous Materials Management Regulatory Program (Unified Program) in any county is insufficient to support the reasonable and necessary cost of operating the Unified Program using only the revenues from a single fee. A single fee is a fee imposed by the Certified Unified Program Agencies (CUPAs), pursuant to HSC Section 25404.5, on regulated entities to support implementation of the Unified Program. This report also requires the Secretary to consider whether the Unified Program State surcharge should include an assessment to be used to supplement the funding of Unified Program agencies that have a limited number of entities regulated under the Unified Program.

The Secretary conducted a study to identify jurisdictions that have an insufficient number of regulated entities to support the Unified Program. The study found that in 27, mostly rural, jurisdictions a reasonable single fee imposed on all regulated entities by the CUPA would be insufficient to fully fund all necessary program costs. The Secretary finds that long-term funding sources are necessary in addition to the single fee, to enable the establishment and operation of credible state or local programs in these jurisdictions. Consistent statewide implementation of the Unified Program will benefit all affected businesses in California by providing a level playing field, and benefit all citizens through the equal application of environmental protection standards.

In addition to AB 2872, SB 1824 requires the California Environmental Protection Agency (Cal/EPA) to report to the Legislature recommending a stable source of funds for the implementation and ongoing operation of the Unified Program by the CUPAs. To ensure establishment of fully functional and consistent Unified Program agencies statewide, the Secretary recommends that the Governor and Legislature provide the necessary funding through the budgeting process to make up the difference between what the CUPA's can fund through reasonable fees and the actual cost of implementing the program.

To ensure a stable, long-term funding source to support the CUPAs' program implementation statewide, the Secretary will identify and explore options during the annual budget development process for fiscal year 2002-2003.

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I. Introduction

Health and Safety Code, Section 25404.5(b)(2) requires the Secretary to report to the Legislature, on or before January 10, 2001, on whether the number of entities subject to regulation by the Unified Program in any county is insufficient to support the reasonable and necessary cost of operating the Unified Program using only the revenues from a fee. The Legislature requires the Secretary's report to consider whether the Unified Program State surcharge should include an assessment to be used to supplement the funding of Unified Program agencies that have a limited number of entities regulated under the Unified Program.

Senate Bill (SB) 1824 requires California Environmental Protection Agency (Cal/EPA) to report to the Legislature, on or before February 15, 2001, recommending a funding source to provide a stable source of funds to Unified Program Agencies that have a limited number of entities to implement the Unified Program.

SB 1824 establishes a Rural Certified Unified Program Agency (CUPA) Reimbursement Account and authorizes the Secretary to expend the money to support implementation of the Unified Program by the CUPAs. The Rural CUPA Reimbursement Account is to be used to provide supplemental funding, based on a formula established in statute, to certain rural counties that currently do not have CUPAs. The formula provides that allocation of money from the Rural CUPA Reimbursement Account fund is to be determined by the Secretary based on the population of a county. Currently, the Rural CUPA Reimbursement Account fund does not contain any money for allocation to Unified Program agencies. This report recommends that the Governor and Legislature jointly determine the level and most appropriate combination of funds to provide a stable source of funding.

The purpose of the Unified Program is to coordinate, consolidate, and make consistent, six of California's existing hazardous waste and hazardous materials management programs, and implement them at the local level. A goal of the Unified Program is to allow the public to interact with one local regulatory agency rather than multiple agencies, and to decrease program bureaucracy, duplication, and inconsistency of services. Pursuant to HSC, Section 25404.1(b), each county was required to apply to the Secretary for certification as a CUPA to implement the Unified Program. Certain cities were also allowed to become certified as CUPAs. Senate Bill 1824(2000) expanded the authority to become a CUPA to State agencies when no local agency is capable. Currently, 43 counties and 26 cities are certified as CUPAs. The remaining 15 counties (see Table 1) either did not apply for certification as a CUPA or their applications were rejected because of insufficient information. These 15 counties are not currently implementing a Unified Program, although all are implementing some elements of the Unified Program. It is these 15 counties that may receive funding from the Rural CUPA Reimbursement Account once they become CUPAs.

Table 1
Non-CUPA Counties

Butte County	Modoc County
Calaveras County	Plumas County
Colusa County	Sierra County
Glenn County	Sutter County
Imperial County	Tehama County
Inyo County	Trinity County
Lassen County	Yuba County
Mariposa County	

Cal/EPA has also determined that 12 existing CUPAs (see Table 2) have insufficient numbers of regulated entities in their jurisdictions to support the necessary and reasonable cost of operating the Unified Program from only a single fee. These CUPAs are either supplementing funding and resources from other local funds or are not implementing all mandated elements of the Unified Program. Consequently, some regulated businesses in counties where aspects of the Unified Program are not being carried out, may not be in compliance with regulatory requirements of all program elements of the Unified Program, and are receiving less oversight by the regulatory agency, than businesses in jurisdictions with fully operational CUPAs. The reduced program implementation results in an unfair competitive advantage to businesses in such counties over those located in other CUPA jurisdictions, and creates an increased risk to public health and safety, and the environment.

The State has a responsibility to protect all citizens from the risks posed by hazardous materials and hazardous wastes. The lack of a consolidated, coordinated, and consistent statewide Unified Program reduces environmental protection, and threatens public health. In addition, under the statute, the State ultimately has the responsibility to implement the Unified Program in counties where there are no CUPAs or where all elements of the program are not being implemented. However, implementation of the Unified Program by a State agency would be much more expensive than implementation by a local agency.

This report has been prepared to identify jurisdictions that do not have a sufficient number of regulated entities to support the Unified Program from a reasonable fee. The report makes recommendations for a stable source of funds for the implementation and ongoing operations of the Unified Program statewide.

II. Background

The statute (HSC, Division 20, Chapter 6.11) that establishes the Unified Program requires each county to apply for certification as a CUPA, and requires implementation of the Unified Program in each county. CUPAs are authorized to institute a single fee system pursuant to HSC, Section 25404.5. This statute also mandates that the governing body of the CUPA shall establish the fee at a level sufficient to pay the necessary and reasonable costs incurred by them in implementing the Unified Program. The statute includes a fee accountability requirement that is intended to ensure that the single fee is charged to cover only the necessary and reasonable costs of the Unified Program, and to encourage more cost effective operation of the program.

A Cal/EPA survey, and a 1999 Bureau of State Audits survey in conjunction with supporting and related information was analyzed in developing this report. In addition to comparing fees imposed by CUPA and non-CUPA jurisdictions, a comparison of economic parameters such as population, unemployment rate, and per-capita income was also conducted. Table 4., which shows the comparison and the analysis of the data, supports the concept that non-CUPA counties cannot support the Unified Program from a reasonable fee alone because of their small number of regulated entities, low population, low per-capita income, and high unemployment rate. This data showed that most non-CUPA counties, which are rural jurisdictions, do not have enough regulated entities to support the Unified Program through revenues generated by reasonable fees imposed on regulated businesses. Recently, SB 1824 established the Rural CUPA Reimbursement Account fund to subsidize the cost of implementing a Unified Program in these jurisdictions. The Governor's proposed budget includes funding for the Rural CUPA Reimbursement Account.

In addition to non-CUPA counties, the data shows that a few existing CUPAs cannot support the necessary cost of operating the Unified Program using only revenue from a single fee because of an insufficient number of regulated entities. In these jurisdictions, either supplemental funds or resources are being temporarily transferred from other sources, or these jurisdictions are not implementing all elements of the Unified Program.

SB 1824 expanded the authority to become a CUPA to State agencies, when no local agency is capable. However, the purpose of the Unified Program is to coordinate, consolidate, and make consistent, six of California's existing hazardous waste and hazardous materials management programs and implement them at the local level. One of the Unified Program benefits is to allow the public and regulated businesses to interact with one local regulatory agency rather than state agencies located at a distance from the impacted community. An additional benefit of program consolidation and implementation at the local level is the greater efficiency and therefore reduced cost of local implementation. The costs associated with conducting the Unified Program at the state level will be greater due to the need for the development of a program infrastructure by the state, which already exists at the local level. For example, local agencies already have offices and staff located in relatively close proximity to regulated businesses and the public impacted by the activities of these businesses. By

contrast, state agencies typically locate staff in relatively fewer offices are usually in larger metropolitan settings that are far removed from many of these rural communities that are currently without a functioning CUPA. State implementation within these rural jurisdictions would require the hiring and training of additional staff who would spend a large part of their time traveling to the distant location of the regulated businesses, or the establishment of a number of new state offices in these rural locations, or a combination of these options. Additionally, local agencies report to a local Board of Supervisors who are directly accountable to the citizens of that jurisdiction. This reporting relationship provides a perspective, interest and responsiveness that is more often lacking in a state agency that reports to a management structure that is far removed from this regulated community.

In addition to simply establishing CUPA's within qualified jurisdictions, Cal/EPA has been working with a number of stakeholders to explore structural options that may be more cost effective.

There are several jurisdictions where it may be prudent to combine resources to form a CUPA. This may be the case with certain existing city CUPAs, that do not have a sufficient business base to support a single-fee based program. Some of these are currently within counties that also are CUPAs (see Table 2). There are also several rural counties currently working with Cal/EPA to form joint powers authorities (JPAs), which would be fully self-supporting due to "economies of scale."

One option considered to supplement shortfalls in these rural counties is simply to increase the fees in that jurisdiction until the revenues are sufficient to meet the costs. However, this alternative would likely increase costs for regulated businesses in that jurisdiction to levels where it would be economically infeasible for the business to operate or compete on a level playing field with businesses located in jurisdictions with lower Unified Program fees.

III. Research Completed

Research Objectives:

- To identify the jurisdictions that have an insufficient number of regulated entities to support the cost of operating the Unified Program using only revenue from the single fee.
- To determine the cost of implementing the Unified Program and potential revenues from the single fee alone, in jurisdictions where there is an insufficient number of regulated entities.
- To determine fee differentials of local agencies based on their geographic locations.

To accomplish the above stated objectives, existing records (such as CUPA applications, Unified Program files, CUPA to State annual summary reports, etc.) were examined to gather information on the number of certified and non-certified local agencies implementing all or part of the Unified Program, the number of businesses regulated under each program element of the Unified Program in each local jurisdiction, and any other information that was useful for preparing this report. In addition, Cal/EPA, in coordination with the California CUPA Forum Board (Cal-CUPA Forum), the Regional Council of Rural Counties (RCRC), and the California Conference of Directors of Environmental Health (CCDEH) conducted a survey (Attachment 1) of all CUPAs and non-CUPA counties. This survey was used to determine which CUPA and non-CUPA jurisdictions do not have a sufficient number of regulated entities to support the Unified Program from fees alone, and to evaluate their current fee structures, cost of implementing the Unified Program, and revenue (potential revenue in non-CUPA counties) generated from their single fee. Information collected by the Bureau of State Audits and their 1999 CUPA and non-CUPA survey results were also reviewed for evaluating the fees imposed by CUPAs.

IV. Results and Analysis

Results of survey conducted by Cal/EPA:

- Forty-five CUPAs submitted information requested in the survey. Of these, 33 CUPAs report that the number of regulated entities is sufficient to fund all costs of operating the Unified Program using only revenues from a single fee. Twelve CUPAs (Table 2), based on their own determination, report that they do not have a sufficient number of regulated entities in their jurisdictions to fully fund the Unified Program from a single fee. Refer to Attachment 2 for total number of regulated entities for each program element in CUPAs with an insufficient number of regulated businesses.

Table 2
CUPAs with an Insufficient Number of Regulated Entities¹

El Dorado County	City of Petaluma (Sonoma County)
City of Hesperia (San Bernadino County)	Sonoma County
Kings County	San Luis Obispo County
Madera County	City of San Rafael (Marin County)
Marin County	Siskiyou County
City of Newark (Alameda County)	Tuolumne County

- Eleven of 15 non-CUPA counties submitted information requested in the survey. All these counties, after assessing their regulated universe, report that their number of regulated entities is insufficient to fully fund all costs of operating the Unified Program using only revenue from the single fee (Attachment 3).
- Fees imposed by the CUPAs range widely. In general, the smaller the CUPA (based on number of regulated businesses, and population of the jurisdiction), the lower the fee (Attachment 4).
- Fees imposed by non-CUPA counties, CUPAs that have an insufficient number of regulated entities, and rural CUPAs that are adjacent to non-CUPA (adjacent CUPA) jurisdictions have similar ranges of fees for specific program elements. Table 3 shows the ranges of fees in these jurisdictions, and some urban county CUPAs (Los Angeles, Orange, and San Diego) for underground storage tank program, business plan program and California Accidental Release Prevention program. Since non-CUPA counties do not implement the hazardous waste generator and onsite treatment programs, fees for these programs are not included in Table 3. Also, most CUPAs and non-CUPA counties assess the

¹Several city CUPAs (see Table 2), located within CUPA counties, have reported they do not have an adequate business base to support a Unified Program. These are located within counties that are CUPAs and these counties do not have the same problem. It may be fiscally prudent to decertify these city CUPAs, and absorb them into the existing county CUPA.

uniform fire code program fee as part of the business plan program fee;
therefore, a fee for the uniform fire code program is not included in Table 3.

Table 3
Fee Comparison

<u>Jurisdiction</u>	<u>Fee Range (\$)</u>		
	UST	BP	CaIARP
Non-CUPA Counties	55-273	53-546	40/hr
CUPAs w/ Insufficient Regulated Entities	50-310	50-738	50/hr
CUPAs Adjacent to Non-CUPAs	50-347	12-2,840	65/hr
LA County CUPA	32-434	45-2,730	37/hr
Orange County	61-300	100-6,500	68/hr
San Diego CUPA	120/tank	55-165	80/hr

Analysis:

Health and Safety Code, Section 25404.5(a)(2) requires the governing bodies of CUPAs to establish a single fee system at a level sufficient to pay the necessary and reasonable costs incurred by the CUPAs.

Title 27, California Code of Regulations (CCR), section 15210(a)(3) states, "... a CUPA or a participating agency has the authority to determine the level of service it will provide and to set its fees to fund the necessary and reasonable costs of its program."

It is clear that, both statute and regulations require the single fee to be established to pay the reasonable and necessary cost of implementing the program. However, neither the statute nor the regulations define what a reasonable and necessary cost is. A reasonable and necessary cost will vary from jurisdiction to jurisdiction depending on the economic vitality of the population. A wealthy community is likely to pay higher fees for better services. Very poor jurisdictions may not be able to support any more than the most minimal fees. Therefore, certain CUPAs will not be able to collect enough revenue from fees alone to support the program because the fees they charge to do so would not be considered reasonable. A reasonable and necessary fee for implementing the Unified Program may be defined as one that:

- (A) Recovers all expenses that are necessary for the implementation of the Unified Program regardless of the amount of the single fee imposed, or

- (B) Recovers all expenses that are necessary for implementation of the Unified Program and that is similar to other jurisdictions that have similar geographic settings, population size, or number of regulated entities.

If a reasonable and necessary cost is defined as in (A), above then based on the number of regulated businesses in a jurisdiction, the fees from one jurisdiction to another will vary significantly. CCR, Title 27, Section 15210(a)(2)(B) provides that the fees may be different from one jurisdiction to another, based on the necessary and reasonable costs to implement the Unified Program. Under this definition, if a CUPA imposes a single fee which is many times higher than a single fee in its neighboring jurisdictions, this will create an unlevel economic playing field for regulated businesses within these jurisdictions.

On the other hand, if a reasonable and necessary cost is defined as in (B), above then certain CUPAs are not able to set a single fee at a level to recover all necessary and reasonable costs of implementing the Unified Program. We believe this is the economic and political reality that currently prohibits establishment of CUPA programs in 15 jurisdictions and prohibits full program implementation in 12 others. Stable, long term supplemental funding would correct this problem.

A comparison of underground storage tank, Business Plan and California Accidental Release Program fees (as shown in Table 3) was completed for non-CUPA counties, CUPAs with an insufficient number of regulated entities, adjacent CUPAs, and some urban county CUPAs (Los Angeles, Orange and San Diego). The comparison was to determine fee differentials among these jurisdictions. An analysis of these comparisons reveals that:

- Fees imposed by non-CUPA counties, CUPAs with insufficient regulated entities, and adjacent CUPAs for Underground storage tank, Business Plan and California Accidental Release Program programs are within similar ranges.
- Underground storage tank fee imposed by urban CUPAs is within the ranges of Underground storage tank fee imposed by non-CUPA, CUPAs with insufficient regulated entities, and adjacent CUPA jurisdictions.
- Business Plan fee imposed by rural jurisdictions are similar (Attachment 4). Business Plan fees imposed by urban CUPAs, as shown in the attachment, are much higher than rural jurisdictions.
- California Accidental Release Program fees imposed by CUPAs (rural or urban) and non-CUPAs is consistent statewide.
- Minor variations in fees among urban and rural jurisdictions may be because of factors, such as difference in cost of living, staff salaries, travel time to and from regulated entities, etc.

The fees imposed by CUPA and non-CUPA jurisdictions are, in general, similar, and reasonable. In 12 CUPAs and 15 non-CUPA jurisdictions implementation of fees of this magnitude cannot generate sufficient revenue to fully fund the program because these jurisdictions do not have sufficient numbers of regulated businesses.

In addition to comparing fees, a comparison of economic parameters such as population, unemployment rate, and per-capita income was also done. Table 4 shows the comparison.

Table 4
Comparison of Economic Parameters

Jurisdiction	Regulated Entities (Average)	Population (Average)	Unemployment (%)	Income (\$) (Per-Capita)
Non-CUPA Counties	135	49,900	10.24	19,902
CUPAs w/ Insufficient Regulated Entities	536	178,418	7.23	26,135
CUPAs Adjacent to Non-CUPAs	2,176	500,800	8.18	21,424
LA County CUPA	17,809	9,790,000	5.9	26,773
Orange County CUPA	8,898	2,813,700	2.6	32,541
San Diego CUPA	12,582	2,883,500	3.1	27,657

Information contained in Table 4 has been obtained as follows:

Population: This information has been taken from the California Department of Finance website. Information contained is as of July 1, 1999.

Unemployment: This information has been taken from the California Department of Finance's "Civilian Unemployment Rate" data posted on their website. This data is for the year 1999.

Per Capita Personal Income: This information has been taken from the US Department of Commerce, Bureau of Economic Analysis website for their 1998 reporting year.

An analysis of Table 4 reveals the following:

- Non-CUPA counties and some existing CUPAs have a far lower number of regulated entities than in other CUPA jurisdictions. The number of regulated entities in urban CUPAs is many times higher than non-CUPA counties, and other more rural CUPAs.
- Average population is lowest in non-CUPA counties, and highest in urban counties. Population progressively increases from non-CUPA counties to urban CUPA counties.
- Unemployment rate is highest in non-CUPA counties, and lowest in urban CUPA counties. There is a significant unemployment rate differential among non-CUPAs, and urban county CUPAs. Unemployment rate in Imperial County is the highest in the State (23.2%).
- Per-capita income is lowest in non-CUPA counties and highest in urban counties.

This comparison supports the concept that non-CUPA counties cannot support the Unified Program from a reasonable fee alone because of their small number of regulated entities, low population, low per-capita income, and high unemployment rate. Considering the small number of regulated entities, an increase in the single fee above what is considered reasonable in CUPA jurisdictions to implement the Unified Program is not feasible because of the small number of fee payors and low economic viability of those jurisdictions. Therefore, in jurisdictions with an insufficient number of regulated entities, fees cannot be increased to fully support the program.

The California Department of Health Services (DHS) acts on behalf of the county in five rural counties to implement the Unified Program as part of their Contract Counties Health Program for rural Counties. A workload analysis conducted by the DHS also supports the findings described in this report. DHS conducted this analysis of some small counties for full implementation of the Unified Program. An example of such an analysis for Del Norte County is attached (Attachment 5). This analysis is based on the actual number of regulated businesses for all elements of the Unified Program in Del Norte County. The analysis uses estimated workload standards for certain program activities such as inspections, general program administration, and other activities such as staff training, meetings, etc. The workload analysis shows that Del Norte County would need at least 0.6 full-time employees to carry out all activities of the Unified Program and participate in program planning and training activities, a relatively small resource demand. This, however, would cost the county at least \$48,273 more than it now generates in revenues from reasonable fees (\$19,410). This shortfall of \$48,273 is a barrier to full program implementation. According to the DHS analyses, similar shortfalls also exist in other small counties in which they have attempted to implement the program on behalf of the county.

Currently, there is no local funding available to subsidize the cost of implementing a Unified Program in non-CUPA counties, nor are there available resources at the local level that may be redirected to implement the Unified Program in these counties.

Despite an insufficient number of regulated entities, several existing rural CUPAs are implementing the Unified Program by redirecting funds and resources from other local sources. For example, Kings County, San Luis Obispo County, City of Petaluma, and City of San Rafael CUPA use their local General Fund to supplement the cost of implementing the Unified Program or its elements (Attachment 6). El Dorado County, Siskiyou County, and Tuolumne County CUPA supplement funds and resources from other local programs to support the Unified Program. Additionally two non-CUPA counties (Glenn and Imperial) also report supplement funding to implement specific elements of the Unified Program. The redirection of funds and resources for implementing the Unified Program or its certain aspects impacts the implementation of programs from which the funds and resources are redirected. Therefore, the currently redirected funds and resources may not be a stable source for the Unified Program implementation.

V. Discussion

The State is responsible for protecting all citizens from the risk of hazardous wastes and hazardous materials. The lack of a coordinated, consolidated, and consistent Unified Program statewide reduces environmental, and public health protection. Certain Unified Program agencies are not able to support the program with a reasonable single fee due to an insufficient number of regulated entities in their jurisdiction. The regulated businesses in those jurisdictions will continue to be subject to significantly reduced regulatory oversight for some aspects of the program, and a lower fee burden than businesses in jurisdictions with fully operational CUPAs. This potentially results in an unfair competitive advantage for businesses in non-CUPA counties over those located in CUPA jurisdictions.

The California State Auditor, Bureau of State Audits, in its June 1999 report on the Unified Program, recommends that to ensure that State and local agencies implement the Unified Program throughout California, the Secretary should continue to work with the counties that do not have CUPAs to assist each in attaining CUPA certification. The report, however, did not address the issue of lack of adequate funding by non-CUPA counties and a few CUPAs to fully implement all elements of the Unified Program.

A report by the California Legislative Analyst's Office (LAO), "State Agencies Can Do More to Improve CUPA Program", recommends the Secretary pursue any statutory changes that may be necessary to ensure that the Unified Program is implemented in every county. Two bills from the year 2000 legislative session: SB 1824 and AB 2872 attempt to address this problem. SB 1824 establishes a Rural CUPA Reimbursement Account to administer financial assistance to non-CUPA counties that do not have sufficient regulated entities to support a Unified Program in their jurisdiction through a single fee alone. AB 2872 requires the Secretary to determine if the number of regulated entities in *any* county is insufficient to support the reasonable and necessary cost of operating the unified program from fees alone, and to recommend to the Legislature whether the State surcharge should be increased to supplement funding for these agencies. AB 2872 intends to identify any county that has an insufficient number of regulated entities to support the necessary and reasonable cost to implement the

Unified Program. However, the source of funds to provide any financial assistance has not been determined.

Alternatively, it is in the State's interest to fund environmental programs that promote social or economic goals benefitting large groups or society as a whole. For example, police functions are traditionally paid from the general operating funds because they are too important to be subject to the service level variations inherent in fee based funding sources. Fines and penalties are disfavored as a funding source because they may provide an incentive for overzealous law enforcement.

In addition, several other State programs, similar to the Unified Program, are being implemented by local agencies under a specific authority, such as delegation, certification, contract, etc. although, these programs are authorized to be funded by the revenues from the fee imposed by the local implementing agencies; in many cases, the revenue collected from fees is not sufficient. In those cases, the State provides supplemental funding to local agencies to support the program. An example of such a program is the solid waste management program. This program, which is administered by the California Integrated Waste Management Board, is implemented by local agencies known as Local Enforcement Agencies. Although the primary funding source for Local Enforcement Agencies is the fee, a supplemental funding is provided by the State in the form of grants. In this program \$1.5 million is appropriated each year by the Legislature as supplemental funding for the Local Enforcement Agencies. Each Local Enforcement Agency is provided an annual grant consisting of \$15,000 plus an amount determined through a formula that considers population, and number of solid waste facilities in a jurisdiction. This program has been in place for the last ten years. According to the Integrated Waste Management Board, the Local Enforcement Agencies grant program has been very successful in ensuring that Local Enforcement Agencies have sufficient resources to fully implement the program.

VI. Findings

The study conducted by the Secretary for this report found that in 27 CUPA and non-CUPA jurisdictions a reasonable single fee imposed on all regulated entities statewide is insufficient to fully fund all necessary program implementation costs. The Secretary finds that long-term supplemental funding is necessary to enable the establishment and operation of credible programs in these smaller jurisdictions.

VII. Recommendations

To ensure establishment of fully functional and consistent Unified Program agencies statewide, the Secretary for Environmental Protection finds that the existing local single fee structure is inadequate to support actual program implementation costs, especially in small, rural jurisdictions. During the annual budget development process, the

Secretary will identify and explore options for long-term, stable funding to support the Certified Unified Program Agencies. The Governor and the Legislature may consider feasible options (to be identified) for fiscal year 2002-2003.