

Raphael, Debbie@DTSC

From: Raphael, Debbie <DRaphael@dtsc.ca.gov>
Sent: Thursday, May 10, 2012 10:55 PM
To: peterweiner@paulhastings.com
Subject: Re: Budget Message from DTSC Director

You make me smile.

Sent from my BlackBerry.

-----Original Message-----

From: "Weiner, Peter H." <peterweiner@paulhastings.com>
To: Raphael, Debbie <DRaphael@dtsc.ca.gov>

Sent: 5/10/2012 10:51:56 PM

Subject: RE: Budget Message from DTSC Director

Any time.

PS: I still carry your note with me. One of the nicest I've ever received.

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Francisco, CA 94105 | Direct: +1.415.856.7010 | Main: +1.415.856.7000 |
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-----Original Message-----

From: Debbie Raphael [mailto:DRaphael@dtsc.ca.gov]
Sent: Thursday, May 10, 2012 10:49 PM
To: Weiner, Peter H.
Subject: Re: Budget Message from DTSC Director

Thank you Peter. I am trying hard to demonstrate that there are no "hidden agendas" with me and that I will share any information I can.

There may be some important ways we can benefit from your advice and help. I will keep the offer in mind.

Best,
Debbie

Sent from my BlackBerry.

-----Original Message-----

From: "Weiner, Peter H." <peterweiner@paulhastings.com>
To: Raphael, Debbie <DRaphael@dtsc.ca.gov>

Sent: 5/10/2012 9:57:06 PM

Subject: Budget Message from DTSC Director

Debbie, I know this must have been difficult. I can only tell you, having seen missives so many times in the past from DTSC directors, that this is one of the most thoughtful and well-crafted messages I've seen in the last 20 years. You give real information, you don't sugar-coat it, you make it "us" rather than you and them, and you convey the openness and sincerity that you do in person. I would like to find a way to help on the budget, if you want help. In the meantime, my humble opinion is that you did this very well.

Saludos,
Peter

Dear Colleagues,

This is a rather long-winded email so I hope you will bear with it. I want to take an opportunity to share information on DTSC's current financial situation and the steps we are taking to address the shortfalls in our two major funding sources: the Toxic Substances Control Account (TSCA) and the Hazardous Waste Control Account (HWCA).

Budget Reality

For some time DTSC has experienced declining revenues. The ongoing recession and industry's own efforts to reduce production of materials that contain toxics have sharply reduced our funds, while our costs have either remained steady or increased. I know this information isn't new to you. I've discussed our situation at all-staff meetings, and have asked our management team to keep you informed as we struggled to find a way to address our revenue shortfalls.

We currently face a \$17 million negative gap between annual revenues and expenditures for the Toxic Substances Control Account (TSCA), which funds much of our work in cleanup, pollution prevention, green chemistry and the shared services that support these functions. A negative gap, amounting to \$9 million, also exists for our Hazardous Waste Control Account (HWCA), which funds our enforcement, permitting, corrective action, and related work.

Several years ago expenses billed to these accounts began to exceed the revenue we receive. However, surpluses allowed us to plug the gap. The surplus in TSCA will be gone in a year, and the HWCA surplus will be gone shortly thereafter. Thus, it is essential that we address these imbalances now.

Budget Planning and Process

Some very difficult decisions must be made. Several weeks ago, the Executive Staff began reviewing our priorities and identifying functions, that while important, we could no longer afford to support.

We worked with the Department of Finance and the Governors Office to refine our proposal, and shortly the Department of Finance will make public its recommendations. These Finance Letters will be included in the Governor's proposed budgets for Fiscal Year 2012/13 and Fiscal Year 2013/14, and are subject to a vote of the full Legislature.