

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 03/13)

Fiscal Year 2014-15	BCP No. 3	Org. Code 3960	Department Toxic Substances Control (DTSC)	Priority No. 3
Program 13- Hazardous Waste Management Program		Element	Component	

Proposal Title  
 Hazardous Waste Manifest Error Correction

Proposal Summary

The Department of Toxic Substances Control (DTSC) requests \$381,000 and three and one half (3.5) two-year limited term positions to correct errors in hazardous waste manifest information. This effort will allow DTSC and other agencies to verify that hazardous waste has reached the appropriate destination; ensure that generators, transporters and receiving facilities comply with manifesting and reporting requirements to better protect public health and the environment.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the California Technology Agency, or previously by the Department of Finance.

FSR  SPR Project No. Date:

If proposal affects another department, does other department concur with proposal?  Yes  No  
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Department Director <i>Deborah D. Ray-Laul</i>	Date <i>1/6/14</i>	<i>Sara Benson</i>	<i>1/6/2014</i>
		Agency Secretary	Date
		<i>[Signature]</i>	<i>1/7/14</i>

**Department of Finance Use Only**

Additional Review:  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Technology Agency

BCP Type:  Policy  Workload Budget per Government Code 13308.05

PPBA Date submitted to the Legislature

**Fiscal Summary**  
(Dollars in thousands)

BCP No.	Proposal Title	Program				
3	Hazardous Waste Tracking System - Manifest Error	13 - HWMP				
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages <sup>1</sup>		3.5	3.5		\$206	\$206
Total Staff Benefits <sup>2</sup>					88	88
<b>Total Personal Services</b>	0.0	3.5	3.5	\$0	\$294	\$294
<b>Operating Expenses and Equipment</b>						
General Expense					22	22
Printing						
Communications					3	3
Postage						
Travel-In State					6	6
Travel-Out of State						
Training					8	8
Facilities Operations					28	28
Utilities						
Consulting & Professional Services: Interdepartmental <sup>3</sup>						
Consulting & Professional Services: External <sup>3</sup>						
Data Center Services					8	8
Information Technology					12	0
Equipment <sup>3</sup>						
Other/Special Items of Expense: <sup>4</sup>						
<b>Total Operating Expenses and Equipment</b>				\$0	\$87	\$75
<b>Total State Operations Expenditures</b>				\$0	\$381	\$369
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>	3960	001	0014		\$381	\$369
Federal Funds						
Other Funds (HWCA)						
Reimbursements						
<b>Total Local Assistance Expenditures</b>				\$0	\$0	\$0
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
<b>Grand Total, State Operations and Local Assistance</b>				\$0	\$381	\$369

<sup>1</sup> Itemize positions by classification on the Personal Services Detail worksheet.

<sup>2</sup> Provide benefit detail on the Personal Services Detail worksheet.

<sup>3</sup> Provide list on the Supplemental Information worksheet.

<sup>4</sup> Other/Special Items of Expense must be listed individually. Refer to the Uniform Codes Manual for a list of standard titles.

<sup>5</sup> Attach a Fund Condition Statement that reflects special fund or bond fund expenditures (or revenue) as proposed.



## Supplemental Information

(Dollars in thousands)

BCP No. 3	Proposal Title Hazardous Waste Tracking System - Manifest Error
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Equipment	CY	BY	BY +1
			0
<b>Total</b>	\$0	\$0	\$0

Consulting & Professional Services	CY	BY	BY +1
<b>Total</b>	\$0	\$0	\$0

Facility/Capital Costs	CY	BY	BY +1
<b>Total</b>	\$0	\$0	\$0

**One-Time/Limited-Term Costs**      Yes       No

Description	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
PC & peripheral		12		0		0
LT Positions	3.5	294	3.5	294	0.0	0
LT OE&E		75		75		0
	3.5	\$381	3.5	\$369	0.0	\$0

**Full-Year Cost Adjustment**      Yes       No

*Provide the incremental change in dollars and positions by fiscal year.*

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0	\$0	0.0	\$0	0.0	\$0

**Future Savings**      Yes       No

*Specify fiscal year and estimated savings, including any decrease in positions.*

Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0	\$0	0.0	\$0	0.0	\$0

## Analysis of Problem

### A. Proposal Summary

DTSC is requesting \$381,000 and three and one-half (3.5) two-year limited term positions funded from the Hazardous Waste Control Account to identify errors on manifests submitted to DTSC, to obtain correct information from manifest users, to incorporate the corrections into the manifest data in the Hazardous Waste Tracking System (HWTS), and to collect the manifest error correction fee from the manifest users. DTSC relies on the data in manifests to monitor hazardous waste management activities and verify the proper management of hazardous waste is an essential element of DTSC's efforts to ensure that public health and the environment are protected from the harmful effects of mismanaged or illegally disposed hazardous wastes. This proposal would resolve critical shortfalls in DTSC's ability to monitor hazardous waste generation, transportation and disposal activities. Once these limited-term positions are able to fully address errors on manifests received in Fiscal Years 2014-15 and 2015-16, they would also be used to address the backlog of errors in the manifest data from prior years.

### B. Background/History

The Hazardous Waste Tracking System (HWTS) is DTSC's primary hazardous waste data system.

Using information contained on manifests, HWTS allows DTSC to track hazardous wastes from their point of generation to their ultimate destination. This allows DTSC and other hazardous waste regulatory agencies to verify that hazardous wastes are safely and legally managed. When there are errors in the data within HWTS, DTSC is unable to verify that hazardous wastes are being properly managed. Over 90 percent of DTSC's referrals to prosecutors for criminal enforcement of illegal hazardous waste handling have used manifests as key evidence to substantiate the alleged violations.

Because of the significant number of errors currently found in the data within HWTS, it is becoming increasingly difficult for DTSC staff to monitor hazardous waste shipments, investigate suspected illegal activities, provide copies of manifests as evidence in legal proceedings, research hazardous waste management activities and trends, and audit payments of fees that support the HWMP.

Over two million tons of hazardous waste is shipped each year by approximately 100,000 California businesses that, in the course of their business, generate hazardous wastes. This hazardous waste accounts for approximately 450,000 distinct shipments of hazardous waste, using 1,000 different registered transport companies. By law, all of these shipments must be accompanied by the hazardous waste manifest document. This document provides a record of the details of the shipment. Each hazardous waste manifest contains information about the shipment including the type and amount of the waste shipped, the names and contact information for the generator, transporter and destination facility, and how the waste was handled at the destination facility. The manifest also provides documentation that the hazardous waste has reached its destination, and that the hazardous waste has been properly treated, stored, or disposed of at a facility which is authorized to do so. The law requires both the generator of the waste as well as the receiving facility to send a copy of the hazardous waste manifest to DTSC allowing DTSC to match the information from both the beginning and end of each shipment.

When DTSC receives each copy of the manifest, it is scanned to create an electronic image and microfilmed to create a permanent record. The information on each copy is also keyed in using a double blind process to reduce data entry errors. All of the fields on the manifest must be completed, after which the document is signed by all persons that are associated with the shipment (the generator, transporter and receiving facility). Each signature on the manifest attests that the information on the manifest is accurate. Information from manifests has been incorporated into HWTS since 1993, with earlier archived information going back to the mid-1980s.

The information in the HWTS is vital to DTSC's ability to ensure proper management of tremendous volumes of hazardous waste. This data is used to:

1. Verify the proper handling of the hazardous waste at each generator location.
2. Verify that the hazardous waste shipment has reached its intended destination.

## Analysis of Problem

3. Verify that generators, transporters, and receiving facilities are complying with the manifesting and reporting requirements.
4. Tally the amount and types of hazardous wastes being handled in California each year.
5. Assess the various hazardous waste fees by the Board of Equalization (BOE) and by DTSC.
6. Measure, comparing, and analyzing waste management trends over time.
7. Identify potential violations and mismanagement of hazardous waste and referring the information to enforcement for investigation.
8. Provide evidence in enforcement actions.

### Manifest Correction Resource History *(Dollars in thousands)*

Program Budget	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Authorized Expenditures	109.8	109.8	109.8	109.8	109.8
Actual Expenditures	109.8	109.8	109.8	109.8	109.8
Revenues (Correction Fee)	47.4	72.3	70.7	44.6	58.8
Authorized Positions	1.5	1.5	1.5	1.5	1.5
Filled Positions	1.5	1.5	1.5	1.5	1.5
Vacancies	0	0	0	0	0

### Workload History

Workload Measure	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Number of manifests received	412,732	385,809	466,940	444,750	450,000
Number of errors corrected	12,381	11,574	14,008	13,342	15,000
Estimated errors remaining in backlog	28,892	27,007	32,686	31,133	30,000

## C. State Level Considerations

Restoring the quality of the data in the HWTS is one of DTSC's highest priorities and is aligned with DTSC's business strategic plan. Improving data quality within the HWTS through increased manifest corrections aligns with Goals 2 and 4 of DTSC's 2014-2018 Strategic Plan:

Goal 2: Effectively, efficiently, and fairly administer and enforce California's hazardous waste management laws.

Goal 4: Maintain and increase DTSC's organizational and operational capacity, effectiveness, and performance.

This proposal is also directly related to the Fixing the Foundation Fundamentals Work Plan. This work plan's goal is to, "Implement a new information technology system that improves the availability and usability of hazardous waste management data."

This proposal would ensure continued support for the various programs that use the data in the HWTS and depend upon the veracity of its data to ensure effective, timely, and efficient results.

Restoring the quality and completeness of the information in the HWTS would allow DTSC and others that use the HWTS to achieve these goals.

### Impacts on Other Agencies

The Hazardous Waste Tracking System is the primary data system used by the BOE to collect hazardous waste fees. Data errors and inaccuracies in the HWTS makes it more difficult for the BOE

## Analysis of Problem

to accurately assess fees on businesses and can also compromise the Board's ability to defend their assessments when fee payers appeal and claim that their fee liability was inaccurately assessed.

This proposal will also impact Certified Unified Program Agencies (CUPAs) that implement hazardous waste control programs at the local level. CUPA inspectors use the HWTS to identify potential violations, CUPA inspectors also use the data to evaluate the compliance of hazardous waste handlers to ensure that they properly and safely treat, store, or dispose of hazardous waste pursuant to applicable statutes and regulations.

This proposal will directly impact businesses that generate and handle hazardous waste in California that submit manifests to DTSC. With the proposed staffing resources, DTSC will begin identifying manifest errors and assessing manifest correction fees to businesses.

### D. Justification

Because DTSC's programs rely on manifest information to be efficient and effective, the manifest data in the HWTS must be accurate and complete. There are many factors that can influence the quality of the data in the HWTS, and there are a number of ways to control errors to prevent them from diminishing the quality of data in HWTS. For example, to control data entry errors, DTSC has required its key data entry contractor (BMI Imaging) to use procedures to achieve a maximum allowable data entry error rate of one percent or less. Although the potential for data entry errors is large with 450,000 shipments, this has been the easiest to control, and BMI has consistently met this goal. The largest threat to HWTS data quality come from the generators, transporters, and facilities, who are legally responsible for ensuring that all the manifest data is complete and accurate.

Many of the manifests submitted to DTSC contain significant errors that are the source of incorrect and misleading information. When this information is entered into the HWTS, it compromises the data. The most common source of these errors has been the generator's copy of the manifest. In 2006, the United States Environmental Protection Agency (U.S. EPA) required the use of a *federal* manifest form. Prior to that time, DTSC exclusively used the California form. When U.S. EPA mandated the federal form, it eliminated the California manifest form that was sent to DTSC by each generator. In the absence of the California form, generators make a photocopy of the federal form that the transporter leaves with them. Quite often, the federal form is illegible and, when photocopied, becomes even less legible.

In addition to the problem with legibility of the generator copies, even more critical are the errors in the information entered onto the manifest by the users. Errors in this area can include empty boxes, wrong identification information or numbers, wrong waste information, erroneous handling codes, waste codes, units of measure, and waste amounts. Based on DTSC information, it is estimated that at least 10 percent of manifest records received have significant errors. In other words, of the 450,000 copies received, approximately 45,000 have errors.

When manifest errors are discovered, DTSC staff generate letters informing the generator of the error and instructing them on how to submit a Manifest Correction Letter and payment to the Department. The manifest correction process is a labor intensive activity requiring research and analysis of the information on the manifest. While some corrections are simple and straightforward, in other instances, the errors are not obvious and cannot be corrected without a more in-depth knowledge of both the HWTS and the shipment details.

DTSC currently has 1.5 positions dedicated to error correction. Current staffing levels enable DTSC to correct approximately 15,000 manifests annually, leaving a backlog of approximately 30,000 uncorrected manifests. Since 2007-08, the six-year backlog of uncorrected manifests has grown to over 180,000.

Manifest records that contain errors in the HWTS compromises the functionality of the HWTS. Manifest data is still available for many uses, but retrieving useable data is becoming increasingly difficult. Accurate data and reports can now only be obtained through the use of highly trained and capable IT staff and scientists that are able to create filters and other approaches to account for the errors.

## Analysis of Problem

### Manifest Correction Fee

DTSC is authorized to collect a fee to cover the cost of making manifest corrections. Statute allows DTSC to charge a fee of \$20 per manifest when information is incorrect or missing. The fee applies only to those cases where DTSC discovers the errors and requests that a manifest be corrected. Current estimates are approximately 50 percent of the total manifest corrections are DTSC-initiated, for which DTSC charges the \$20 correction fee. In addition to more aggressive pursuit of manifest errors as part of the activities this BCP would fund, DTSC will be making a number of improvements to enable a more precise tracking of error correction, fee assessment and fee collection activities.

### **E. Outcomes and Accountability** *(Provide projected workload metrics that reflect how this proposal improves the metrics outlined in the Background/History section.)*

#### Projected Outcomes

Workload Measure	2012-13	2013-14	2014-15	2015-16
Errors in Current Year Manifests Corrected	12,826	15,000	45,000	45,000
Errors in Backlogged Manifests Corrected	0	0	5,500	5,500

- FY 2013-14 manifests: DTSC's priority is to correct the most recent manifests first. Given current resources, of an estimated 45,000 errors, only 15,000 manifests will be corrected.
- FY 2014-15 / 2015-16 manifests and backlog: The most significant errors in the backlog will be corrected first. This includes EPA ID number errors for transporters and facilities, large volume errors that create phantom waste, and missing waste codes. With the additional limited term positions from this proposal, DTSC projects that, over the two years, in addition to correcting all newly made errors, it will be able to correct 11,000 manifest errors from the backlog. DTSC is exploring additional ways to improve the HWTS correction process. The impact on the backlog would increase to the extent that DTSC is able to improve the process.

### **F. Analysis of All Feasible Alternatives**

**Alternative 1:** Adopt this proposal to add positions to correct manifest errors and begin to correct the backlog.

Pro:

- Corrects all errors committed in the current year.
- Begins to reduce the backlog of errors made in prior years.
- Improves manifest data quality in the HWTS.
- Improves the utility and the value of manifest data.
- Increases the effectiveness of hazardous waste management activities, as a result of the improved quality of the data
- Improves the voluntary compliance and decreased future manifest errors due to the focus on correcting manifest errors.

Con:

- Creates the additional cost of positions

**Alternative 2:** Redirect existing positions to focus on manifest error corrections

Pro:

- No additional funding is required.
- Existing staff are already familiar with the system and issues.
- Corrects all errors committed in the current year.
- Improves manifest data quality in the HWTS.
- Improves the utility and the value of manifest data.

## Analysis of Problem

Con:

- Would leave other high-priority work within DTSC unaddressed.

### **Alternative 3:** Do Nothing

Pro:

- No additional funding is required.
- No redirection or disruption of current efforts would take place.

Con:

- Unaddressed or corrected manifest errors would continue.

## G. Implementation Plan

### **4/1/14 to 7/1/14**

Prepare recruitment and interview process in anticipation of Budget signature.

Prepare notification information to be sent to manifest users, informing them of planned increased manifest error correction efforts.

Develop correction processes and procedures, including tracking and performance metrics for manifest correction efforts.

Coordinate with the Accounting Office to prepare for manifest fee assessments and collection process, including invoicing and revenue collection procedures.

Work with the Office of Legal Affairs on appeal and verification processes to be used.

### **7/1/14 to 10/1/14**

Advertise, interview, select, and hire candidates for these positions.

Train new staff on manifest errors and correction processes.

### **10/1/14-6/30/16**

Begin implementation and monitoring of work effort.

Make necessary adjustments to processes and procedures based on implementation experience.

Prepare quarterly reports of error correction efforts and revenue collections to inform DTSC management.

## H. Supplemental Information *(Check box(es) below and provide additional descriptions.)*

None     Facility/Capital Costs     Equipment     Contracts     Other \_\_\_\_

## I. Recommendation

DTSC recommends adopting Alternative 1 and approving the resources needed to create three and one-half limited term positions as outlined in this proposal.

DEPARTMENT OF TOXIC SUBSTANCES CONTROL

Workload Analysis Chart

BCP TITLE: Manifest Error Corrections

BCP PRIORITY: 3

ACTIVITY/TASK	Basis/Assumption for Workload Standard	PROJECTED 2014-15 & 2015-16			NUMBER OF HOURS IN BASE FOR ACTIVITY	DIFFERENCE ADDITIONAL HOURS NEEDED
		HOURS TO COMPLETE TASK	NUMBER OF TASKS PER YEAR	NUMBER OF HOURS NEEDED PER YEAR		
				-		-
Correct errors contained on current year manifests	Based on average time per correction	0.16	45,000	7,200	2,577	4,623
Correct errors on manifests from past years (backlog)	Based on average time per correction	0.25	5,550	1,388	-	1,388
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
<b>TOTAL HOURS REQUIRED PER YEAR</b>				<b>8,588</b>	<b>2,577</b>	<b>6,011</b>
<b>NUMBER OF PY (Position) NEEDED (HRS/1718)</b>				<b>5.00</b>	<b>1.50</b>	<b>3.50</b>