

### Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	207.14	207.14	197.64	197.64	207.14	197.64	(9.50)	(4.59)%
Personal Services	13,838,254	15,148,914	15,785,489	15,789,712	28,987,168	31,575,201	2,588,033	8.93 %
Operating Expenses	8,946,147	12,941,745	12,171,778	12,174,240	21,887,892	24,346,018	2,458,126	11.23 %
Equipment & Intangible Assets	124,965	101,740	156,071	156,071	226,705	312,142	85,437	37.69 %
Grants	1,094,008	1,635,863	1,654,293	1,654,293	2,729,871	3,308,586	578,715	21.20 %
Transfers	23,294	26,036	27,663	27,663	49,330	55,326	5,996	12.15 %
<b>Total Costs</b>	<b>\$24,026,668</b>	<b>\$29,854,298</b>	<b>\$29,795,294</b>	<b>\$29,801,979</b>	<b>\$53,880,966</b>	<b>\$59,597,273</b>	<b>\$5,716,307</b>	<b>10.61 %</b>
General Fund	1,829,563	1,897,482	2,351,145	2,351,458	3,727,045	4,702,603	975,558	26.18 %
State/Other Special Rev. Funds	15,653,156	20,765,486	20,301,751	20,306,899	36,418,642	40,608,650	4,190,008	11.51 %
Federal Spec. Rev. Funds	6,543,949	7,191,330	7,142,398	7,143,622	13,735,279	14,286,020	550,741	4.01 %
<b>Total Funds</b>	<b>\$24,026,668</b>	<b>\$29,854,298</b>	<b>\$29,795,294</b>	<b>\$29,801,979</b>	<b>\$53,880,966</b>	<b>\$59,597,273</b>	<b>\$5,716,307</b>	<b>10.61 %</b>

### Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 17 state regulatory and 5 related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety, and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws, and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, and when necessary recommends formal enforcement actions to the Enforcement Division. Activities are organized in the Air Resources Management Bureau (air); Industrial Energy and Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply, subdivision and operator certification); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks, and meth standards).

**Program Highlights**

<b>Permitting and Compliance Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• Requested increases are due primarily to:</li> <li>• Full funding of personal services and annualization of HB 13 increases</li> <li>• General operations adjustments related to metal mine reclamation and Major Facility Siting Act projects</li> <li>• Other general operations adjustments to increase appropriations to the prior appropriated level</li> <li>• A new proposal for water treatment at Zortman/Landusky</li> </ul>
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>• Funding for Zortman/Landusky water treatment was shifted from state special to general fund</li> </ul>

**Program Discussion -**

**Comparison of FY 2015 Legislative Base to FY 2015 Appropriation**

The executive implemented a \$250,000 reduction of authority in accordance with contingency language regarding the orphan share included in HB 2, though this change is not reflected in the budget comparison table.

FY 2015 Appropriation Transactions - Department of Environmental Quality					
Program	Legislative Appropriation	Legislative Approps OTO	House Adjustment	Operating Plan	Total Executive Implementation
Personal Services	\$15,074,597	\$117,514		(\$3,002)	\$15,189,109
Operating Expenses	12,651,550	250,000	(250,000)	3,002	12,654,552
Equipment & Intangible Assets	101,740				101,740
Grants	1,635,863				1,635,863
Transfers	23,034				23,034
<b>Program Total</b>	<b>\$29,486,784</b>	<b>\$367,514</b>	<b>(\$250,000)</b>	<b>-</b>	<b>\$29,604,298</b>

**Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation**

Actual FY 2014 expenditures are \$5,460,116 below the FY 2015 legislative appropriation. Primary reasons for the difference are:

- Lower personal services costs
- Lower expenditures than appropriated in the base year for cost reimbursement projects related to the Major Facility Siting Act and hard rock reclamation
- Lower grants than anticipated

**Funding**

The following table shows proposed program funding by source from all sources of authority.

Department of Environmental Quality, 50-Permitting & Compliance Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	4,702,603	0	0	4,702,603	7.89 %
02036 Opencut Fees	664,023	0	0	664,023	1.64 %
02054 UST-Installer Lic & Permit Acc	51,104	0	0	51,104	0.13 %
02070 Hazardous Waste-CERCLA	514,198	0	0	514,198	1.27 %
02075 UST Leak Prevention Program	620,736	0	0	620,736	1.53 %
02096 Reclamation - Bond Forfeitures	100,000	0	0	100,000	0.25 %
02157 Solid Waste Management Fee	1,357,054	0	0	1,357,054	3.34 %
02201 Air Quality-Operating Fees	8,653,804	0	0	8,653,804	21.31 %
02202 Asbestos Control	559,122	0	0	559,122	1.38 %
02204 Public Drinking Water	2,360,241	0	0	2,360,241	5.81 %
02278 MPDES Permit Program	6,359,329	0	0	6,359,329	15.66 %
02308 DNRC Grants Permit Cmpl Div	0	0	0	0	0.00 %
02417 Orphan Share Transfers	0	0	0	0	0.00 %
02418 Subdivision Plat Review	1,536,384	0	0	1,536,384	3.78 %
02420 Bd of Cert For W&WW OP	295,608	0	0	295,608	0.73 %
02421 Hazardous Waste Fees	516,824	0	0	516,824	1.27 %
02428 Major Facility Siting	1,858,736	0	0	1,858,736	4.58 %
02472 Orphan Share Fund	0	0	0	0	0.00 %
02521 Pegasus Bankruptcy/Operations	1,474,642	0	0	1,474,642	3.63 %
02576 Natural Resources Operations SSR Fu	4,417,555	0	0	4,417,555	10.88 %
02579 Coal & Uranium Mine Account	554,402	0	0	554,402	1.37 %
02845 Junk Vehicle Disposal	4,136,758	0	0	4,136,758	10.19 %
02954 Septage Fees	148,516	0	0	148,516	0.37 %
02988 Hard Rock Mining Reclamation	4,429,614	0	0	4,429,614	10.91 %
<b>State Special Total</b>	<b>\$40,608,650</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,608,650</b>	<b>68.14 %</b>
03028 UST Energy Policy Act Prov	947,696	0	0	947,696	6.63 %
03067 DSL Federal Reclamation Grant	1,648,269	0	0	1,648,269	11.54 %
03107 National Park Service - Yellowstone	41,827	0	0	41,827	0.29 %
03152 DW SRF FY15 Grant	402,138	0	0	402,138	2.81 %
03243 BLM-ARMB 9/30/16	61,918	0	0	61,918	0.43 %
03262 EPA PPG	5,904,268	0	0	5,904,268	41.33 %
03309 UST Leak Prevention Grant	0	0	0	0	0.00 %
03325 PM 2.5 TO 3/31/09	1,010,285	0	0	1,010,285	7.07 %
03326 BLM For Zortman & Landusky	750,928	0	0	750,928	5.26 %
03430 DW SRF FY14 Grant	0	0	0	0	0.00 %
03433 EPA PPG FY10-11	0	0	0	0	0.00 %
03435 PM 2.5 Fiscal Year 2004	0	0	0	0	0.00 %
03436 NPS 09 Staffing & Support	0	0	0	0	0.00 %
03438 Brownsfield State Response	0	0	0	0	0.00 %
03569 DW SRF FY16 Grant	1,175,727	0	0	1,175,727	8.23 %
03574 DW SRF FY17 Grant	658,057	0	0	658,057	4.61 %
03595 DW SRF FY13	0	0	0	0	0.00 %
03691 Non Pt Source Staffing/Support	0	0	0	0	0.00 %
03798 Homeland Water System Security	0	0	0	0	0.00 %
03816 DOI OSM A&E GRANT	1,648,865	0	0	1,648,865	11.54 %
03973 Brownfields Grants	36,042	0	0	36,042	0.25 %
<b>Federal Special Total</b>	<b>\$14,286,020</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,286,020</b>	<b>23.97 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$59,597,273</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,597,273</b>	

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund supports operating expenses.

State special revenue consists of forfeited hard rock reclamation bonds, and fees collected for various activities such as air permits, junk vehicle fines, public water supply connections, and subdivision reviews. These funds are used to administer related permits and compliance operations in the division. The division also receives Resource Indemnity Trust (RIT)

interest via the hazardous waste and natural resources operations funds. For a further discussion of the RIT funds, see the Summary section of this agency’s narrative.

Federal special revenue sources include the Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM). Federal funds are directed toward specific sites or for primacy costs of the permitting programs.

**Budget Summary by Category**

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
	-----General Fund-----				-----Total Funds-----			
Budget Item	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	1,897,482	1,897,482	3,794,964	80.70 %	29,486,784	29,486,784	58,973,568	98.95 %
PL Adjustments	203,663	203,976	407,639	8.67 %	53,287	59,972	113,259	0.19 %
New Proposals	250,000	250,000	500,000	10.63 %	255,223	255,223	510,446	0.86 %
<b>Total Budget</b>	<b>\$2,351,145</b>	<b>\$2,351,458</b>	<b>\$4,702,603</b>		<b>\$29,795,294</b>	<b>\$29,801,979</b>	<b>\$59,597,273</b>	

**Present Law Adjustments -**

The “Present Law Adjustments” table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments										
	-----Fiscal 2016-----				-----Fiscal 2017-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	(704,330)	3,987,366	(2,572,144)	710,892	0.00	(718,420)	4,038,873	(2,605,338)	715,115
DP 99 - LEG. Present Law	0.00	907,993	(4,088,810)	2,523,212	(657,605)	0.00	922,396	(4,135,169)	2,557,630	(655,143)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$203,663</b>	<b>(\$101,444)</b>	<b>(\$48,932)</b>	<b>\$53,287</b>	<b>0.00</b>	<b>\$203,976</b>	<b>(\$96,296)</b>	<b>(\$47,708)</b>	<b>\$59,972</b>

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table below includes all present law adjustments related to personal services, including statewide present law personal services adjustments. This adjustment has been broken out by some of its component parts for a more detailed understanding of the adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2.

The executive proposes to increase overall personal services in both FY 2016 and FY 2017 when compared to the FY 2015 legislative appropriation, primarily due to various global personal services adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	197.64	\$8,340	\$60,700	\$27,013	\$96,053
Executive Implementation of 2015 Pay Increase		26,070	180,964	75,438	282,472
Fully Fund 2015 Legislatively Authorized FTE		13,324	197,693	109,007	320,024
Other		(752,063)	3,548,009	(2,783,602)	12,343
<b>Personal Services Present Law Adjustments</b>	<b>197.64</b>	<b>(\$704,330)</b>	<b>\$3,987,366</b>	<b>(\$2,572,144)</b>	<b>\$710,892</b>

  

FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	197.64	\$8,340	\$60,700	\$27,013	\$96,053
Executive Implementation of 2015 Pay Increase		26,054	180,886	75,532	282,472
Fully Fund 2015 Legislatively Authorized FTE		13,324	197,693	109,007	320,024
Other		(766,138)	3,599,593	(2,816,890)	16,566
<b>Personal Services Present Law Adjustments</b>	<b>197.64</b>	<b>(\$718,420)</b>	<b>\$4,038,873</b>	<b>(\$2,605,338)</b>	<b>\$715,115</b>

DP 99 - LEG. Present Law -

As shown in the present law adjustment table, overall the executive is proposing decreases in costs and funding when compared with the 2015 legislative appropriation.

The LGPL includes a two present law adjustments requested by the department. The first would be a restricted, biennial appropriation to support the Metal Mine reclamation Act and Major Facility Siting Act programs. This request would continue a similar appropriation made during the 2013 legislature. The second is a request to replace an owned vehicle with a leased vehicle. Neither has general fund impact.

**New Proposals -**

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5005003 - Zortman/Landusky Additional (RST/OTO)	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
DP 5005005 - Lease Vehicle for Missoula Office	0.00	0	5,223	0	5,223	0.00	0	5,223	0	5,223
<b>Total</b>	<b>0.00</b>	<b>\$250,000</b>	<b>\$5,223</b>	<b>\$0</b>	<b>\$255,223</b>	<b>0.00</b>	<b>\$250,000</b>	<b>\$5,223</b>	<b>\$0</b>	<b>\$255,223</b>

DP 5005003 - Zortman/Landusky Additional (RST/OTO) -

The executive requests one-time-only, restricted funding for water treatment projects at the Zortman and Landusky mine sites. Annual site operating costs are approximately \$2.5 million, over triple the amount of the water treatment bond that is available annually. As a part of this proposal, the executive has requested the following language be including in HB 2: "If federal funds are received to help meet the annual shortfall in operating and maintenance costs at the Zortman-Landusky mine sites, this general fund spending authority will be reduced by the same amount."

**LFD  
COMMENT**Shifting from State Special Revenue to General Fund

The 2013 legislature approved a similar request to support the Zortman/Landusky site with the orphan share fund. This request would shift the funding from that fund to the general fund. The orphan share fund still has a fund balance that could fund this appropriation.

DP 5005005 - Lease Vehicle for Missoula Office -

The executive requests funding to lease a vehicle from the state motor pool to replace a vehicle leased from a private car rental company.

**Language**

The executive requests the following language be included in HB 2:

"If federal funds are received to help meet the annual shortfall in operating and maintenance costs at the Zortman-Landusky mine sites, this general fund spending authority will be reduced by the same amount"