

### 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	8.00	8.00	7.64	7.64	8.00	7.64	(0.36)	(4.50)%
Personal Services	717,876	792,831	785,075	787,935	1,510,707	1,573,010	62,303	4.12 %
Operating Expenses	1,152,831	1,101,543	1,172,785	1,172,790	2,254,374	2,345,575	91,201	4.05 %
Equipment & Intangible Assets	9,624	0	9,624	9,624	9,624	19,248	9,624	100.00 %
<b>Total Costs</b>	<b>\$1,880,331</b>	<b>\$1,894,374</b>	<b>\$1,967,484</b>	<b>\$1,970,349</b>	<b>\$3,774,705</b>	<b>\$3,937,833</b>	<b>\$163,128</b>	<b>4.32 %</b>
General Fund	284,396	323,563	309,056	309,072	607,959	618,128	10,169	1.67 %
State/Other Special Rev. Funds	1,176,906	1,187,058	1,268,553	1,270,915	2,363,964	2,539,468	175,504	7.42 %
Federal Spec. Rev. Funds	419,029	383,753	389,875	390,362	802,782	780,237	(22,545)	(2.81)%
<b>Total Funds</b>	<b>\$1,880,331</b>	<b>\$1,894,374</b>	<b>\$1,967,484</b>	<b>\$1,970,349</b>	<b>\$3,774,705</b>	<b>\$3,937,833</b>	<b>\$163,128</b>	<b>4.32 %</b>

### Program Description

The Central Management Program consists of the Director's Office, a Financial Services office, and an Information Technology Office. It is the organizational component of DEQ responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out the department's mission and statutory responsibilities. The Director's Office includes the director's staff, the deputy director, an administrative officer, a public information officer, a centralized legal services unit, and a centralized personnel office. The Financial Services Office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The Information Technology Office provides information technology services support to other divisions.

### Program Highlights

Central Management Program Major Budget Highlights	
<ul style="list-style-type: none"> <li>Increases in expenditures are primarily due to various personal services adjustments, including annualization of costs of the 2015 biennium pay plan and fully funding all FTE</li> </ul>	

### Program Discussion -

#### Comparison of 2015 Legislative Appropriation to 2015 Executive Implementation

The only budgetary shift from the legislative appropriation was an adjustment within the program resulting in no change in authority between the original appropriation and the executive implementation.

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

Actual FY 2014 expenditures are \$14,043 below the FY 2015 legislative appropriation. The primary reasons for the difference is lower personal services expenses.

### Funding

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

Department of Environmental Quality, 10-Central Management Program Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	618,128	0	0	618,128	3.00 %
02075 UST Leak Prevention Program	13,563	0	0	13,563	0.53 %
02097 Environmental Rehab & Response	175,190	0	0	175,190	6.90 %
02157 Solid Waste Management Fee	62,396	0	0	62,396	2.46 %
02201 Air Quality-Operating Fees	199,280	0	0	199,280	7.85 %
02202 Asbestos Control	54,257	0	0	54,257	2.14 %
02204 Public Drinking Water	19,692	0	0	19,692	0.78 %
02223 Wastewater SRF Special Admin	5,425	0	0	5,425	0.21 %
02278 MPDES Permit Program	273,576	0	0	273,576	10.77 %
02370 Energy Conserv Repayment Acct	3,662	0	0	3,662	0.14 %
02418 Subdivision Plat Review	143,778	0	0	143,778	5.66 %
02542 MT Environ Policy Act Fee	1,530,293	0	0	1,530,293	60.26 %
02555 Alternative Energy Rev Loan	0	0	0	0	0.00 %
02576 Natural Resources Operations SSR Fu	27,455	0	0	27,455	1.08 %
02955 STATE ENERGY CONSERVATION ARRA	30,901	0	0	30,901	1.22 %
<b>State Special Total</b>	<b>\$2,539,468</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,539,468</b>	<b>12.34 %</b>
03015 2013 Exchange Network Grant	0	0	0	0	0.00 %
03067 DSL Federal Reclamation Grant	56,627	0	0	56,627	7.26 %
03151 2012 Exchange Network Grant	0	0	0	0	0.00 %
03152 DW SRF FY15 Grant	0	0	0	0	0.00 %
03262 EPA PPG	307,009	0	0	307,009	39.35 %
03337 2011 Exchange Network Grant	318,586	0	0	318,586	40.83 %
03430 DW SRF FY14 Grant	0	0	0	0	0.00 %
03433 EPA PPG FY10-11	0	0	0	0	0.00 %
03436 NPS 09 Staffing & Support	20,656	0	0	20,656	2.65 %
03442 FY09 Exchange Network Grant	0	0	0	0	0.00 %
03691 Non Pt Source Staffing/Support	20,612	0	0	20,612	2.64 %
03816 DOI OSM A&E GRANT	56,747	0	0	56,747	7.27 %
<b>Federal Special Total</b>	<b>\$780,237</b>	<b>\$0</b>	<b>\$0</b>	<b>\$780,237</b>	<b>3.79 %</b>
06509 DEQ Indirects	0	16,646,103	0	16,646,103	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$16,646,103</b>	<b>\$0</b>	<b>\$16,646,103</b>	<b>80.87 %</b>
<b>Total All Funds</b>	<b>\$3,937,833</b>	<b>\$16,646,103</b>	<b>\$0</b>	<b>\$20,583,936</b>	

The majority of the functions in the division are funded with non-budgeted proprietary funds that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work study projects as well as contracted services within each division, and transferred to fund operating costs. This funding supports management tasks, budgeting, accounting, payroll, procurement, contract management, and information technology services to other divisions. A further discussion of the proposed rate for the proprietary fund is at the end of the division narrative.

The appropriated funds provide support for the agency's legal services, the Board of Environmental Review, and Montana Environmental Protection Act (MEPA) activities. The appropriated funds consist of general fund, a number of state special revenue fees, and small federal grants. The majority of the funding comes from MEPA review fees.

### 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								
Budget Item	-----General Fund-----				-----Total Funds-----			
	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	323,563	323,563	647,126	104.69 %	1,894,374	1,894,374	3,788,748	96.21 %
PL Adjustments	(14,507)	(14,491)	(28,998)	(4.69)%	73,110	75,975	149,085	3.79 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$309,056</b>	<b>\$309,072</b>	<b>\$618,128</b>		<b>\$1,967,484</b>	<b>\$1,970,349</b>	<b>\$3,937,833</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	(45,384)	161,143	(123,515)	(7,756)	0.00	(66,964)	248,468	(186,400)	(4,896)
DP 99 - LEG. Present Law	0.00	30,877	(79,648)	129,637	80,866	0.00	52,473	(164,611)	193,009	80,871
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$14,507)</b>	<b>\$81,495</b>	<b>\$6,122</b>	<b>\$73,110</b>	<b>0.00</b>	<b>(\$14,491)</b>	<b>\$83,857</b>	<b>\$6,609</b>	<b>\$75,975</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.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	7.64	\$1,525	\$3,279	(\$1,090)	\$3,713
Executive Implementation of 2015 Pay Increase		4,748	13,818	(4,567)	13,998
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		(51,657)	144,047	(117,857)	(25,468)
<b>Personal Services Present Law Adjustments</b>	<b>7.64</b>	<b>(\$45,384)</b>	<b>\$161,143</b>	<b>(\$123,515)</b>	<b>(\$7,756)</b>
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	7.64	\$1,525	\$3,279	(\$1,090)	\$3,713
Executive Implementation of 2015 Pay Increase		4,458	13,935	(4,395)	13,998
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		(72,947)	231,254	(180,915)	(22,608)
<b>Personal Services Present Law Adjustments</b>	<b>7.64</b>	<b>(\$66,964)</b>	<b>\$248,468</b>	<b>(\$186,400)</b>	<b>(\$4,896)</b>

The executive proposes to decrease overall personal services in both FY 2016 and FY 2017 when compared to the FY 2015 legislative appropriation. Part of this reduction is due to implementation of the HB 2 boilerplate language.

DP 99 - LEG. Present Law -

This adjustment reflects all present law requests by the executive that are unrelated to personal services, including statewide present law adjustments for inflation and fixed costs.

**Other Issues -**

**Proprietary Program Overview**

The Agricultural Development Division operates two proprietary programs: the Hail Insurance program and the Montana Beginning Farmer/Rancher Loan Program.

*DEQ Indirect (Proprietary Fund)*

This program is funded with an proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. The DEQ Indirect fund supports common functions across the agency. In this regard, the indirect fund can be thought of as the “overhead” of the department.

Expenses?

The functions supported by the indirect fund include:

- management
- budgeting
- accounting
- payroll
- procurement
- contract management
- information technology services

Revenues?

The fund is supported by a charge against other parts of the department. The percentage of the charge is approved by the United State Environmental Protection Agency. The rate cannot exceed 24%. At the time of writing an approved rate was not available.

2017 Biennium Report on Internal Service and Enterprise Funds								
Agency # 53010	Agency Name: Department of Environmental Quality			Program Name: Central Management Program				
	Fund 06509	Fund Name DEQ Indirects						
			Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
<b>Operating Revenues:</b>								
Fee and Charges								
Fee Revenue A			3,997,135	4,116,721	4,622,768	4,699,500	5,750,000	5,750,000
Other Operating Revenue			7,932	5,953	2,639	500	500	500
<b>Total Operating Revenues</b>			4,005,067	4,122,674	4,625,407	4,700,000	5,750,500	5,750,500
<b>Expenses:</b>								
Personal Services			3,909,050	4,071,300	4,253,083	4,383,603	4,989,893	4,810,183
Other Operating Expenses			2,715,216	2,831,161	2,964,897	3,014,756	3,390,289	3,392,571
<b>Total Operating Expenses</b>			6,624,266	6,902,461	7,217,980	7,398,359	8,380,182	8,202,754
<b>Operating Income (Loss)</b>			(2,619,199)	(2,779,787)	(2,592,573)	(2,698,359)	(2,629,682)	(2,452,254)
Nonoperating Revenues:								
Other Revenue B			2,668,860	2,389,519	2,461,335	2,986,018	2,667,800	2,667,800
Nonoperating Expenses:								
<b>Total Nonoperating Revenues (Expenses)</b>			2,668,860	2,389,519	2,461,335	2,986,018	2,667,800	2,667,800
<b>Income (Loss) Before Contributions and Transfers</b>			49,661	(390,268)	(131,238)	287,659	38,118	215,546
Transfers In								
			-	-	33,883	-	-	-
Transfers Out								
			-	(3,724)	-	-	-	-
<b>Change in Net Position</b>			49,661	(393,992)	(97,355)	287,659	38,118	215,546
<b>Beginning Net Position - July 1</b>			852,518	902,179	507,076	409,721	697,380	735,498
Prior Period Adjustments			-	(1,111)	-	-	-	-
Change in Net Position			49,661	(393,992)	(97,355)	287,659	38,118	215,546
<b>Ending Net Position - June 30</b>			902,179	507,076	409,721	697,380	735,498	951,044
<b>Net Position (Fund Balance) Analysis</b>								