

Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency Budget Comparison							
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change
FTE	383.47	383.47	365.55	365.54	383.47	365.54	(17.93)
Personal Services	26,154,656	28,600,895	29,153,487	29,251,962	54,755,551	58,405,449	3,649,898
Operating Expenses	21,981,631	28,250,831	34,334,893	34,339,671	50,232,462	68,674,564	18,442,102
Equipment & Intangible Assets	157,973	101,740	101,740	101,740	259,713	203,480	(56,233)
Grants	1,094,008	1,635,863	1,635,863	1,635,863	2,729,871	3,271,726	541,855
Benefits & Claims	0	425,000	0	0	425,000	0	(425,000)
Transfers	76,313	35,400	32,398	32,398	111,713	64,796	(46,917)
Total Costs	\$49,464,581	\$59,049,729	\$65,258,381	\$65,361,634	\$108,514,310	\$130,620,015	\$22,105,705
General Fund	5,303,211	5,508,477	5,545,692	5,540,248	10,811,688	11,085,940	274,252
State/Other Special Rev. Funds	25,976,905	32,613,798	36,374,721	36,492,827	58,590,703	72,867,548	14,276,845
Federal Spec. Rev. Funds	18,184,465	20,927,454	23,337,968	23,328,559	39,111,919	46,666,527	7,554,608
Proprietary Funds	0	0	0	0	0	0	0
Total Funds	\$49,464,581	\$59,049,729	\$65,258,381	\$65,361,634	\$108,514,310	\$130,620,015	\$22,105,705

Agency Description

The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations and for the siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and cleanup activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands. The department works in partnership with the federal Environmental Protection Agency (EPA), but many federal statutes contain preference for delegation of the program to the states when the state can demonstrate the capacity to carry it out. This arrangement establishes state-federal environmental goals and priorities with the funding and flexibility to achieve desired results.

Agency Highlights

Department of Environmental Quality Major Budget Highlights
<ul style="list-style-type: none"> • The biennial appropriations increases by 11.2% or \$13.1 million dollars when compared to the 2015 biennium <ul style="list-style-type: none"> ◦ The majority of this increase was related to new proposals in state and federal special revenue • Present law adjustments reduced department funding by \$1.5 million, primarily due to personal services and operating adjustments • New proposals totaling \$15.6 million increase the overall departmental budget <ul style="list-style-type: none"> ◦ \$500,000 in general fund for water treatment at Zortman/Landusky ◦ \$7.0 million in state special revenue for expanded use of the Orphan Share Fund ◦ \$8.0 million in federal special revenue for remediation of abandoned mine lands

Summary of Legislative Action

The legislatively approved budget increases total expenditures by \$22.1 million over the level proposed by the executive. The adjustment includes \$7.0 million in additional authority for expanded use of the orphan share fund and \$8.0 million in federal funding for abandoned mine lands.

Agency Discussion

Expanded Orphan Share Usage

The legislature authorized and the governor approved SB 96 which expanded the acceptable uses of the Orphan Share Fund. The Orphan Share program was established to provide a means for determining and paying for a defunct party's share of remediation costs. The expansion of the orphan share allows the department to use the fund for response to occasions where "there has been a release or there is a substantial threat of a release into the environment that may present an imminent and substantial endangerment to the public health, safety, or welfare or to the environment" (Chap 119, 2015 session). Additionally, the expansion allows the department to use up to 20% of the appropriated funds for data collection and analysis. The use of all Orphan Share funds must be reviewed by the Environmental Quality Council each year.

The change allows the department to be far more proactive in its remediation actions when authority is available. As a starting initiative in using the expanded Orphan Share, the legislature appropriated \$7.0 million over the 2017 biennium to the department. The department suggested that the expanded authority could be used in sites such as a former dry cleaning facility with air and groundwater contamination, an inactive railroad repair facility with soil contamination, and an end-of-life fuel station that could be set up for closure.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department of Environmental Quality Funding by Source of Authority 2017 Biennium Budget - Department of Environmental Quality						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	11,085,940	0	0	11,085,940	7.28 %	
State Special Total	72,867,548	0	7,474,000	80,341,548	52.75 %	
Federal Special Total	46,666,527	0	0	46,666,527	30.64 %	
Proprietary Total	0	14,203,774	0	14,203,774	9.33 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$130,620,015	\$14,203,774	\$7,474,000	\$152,297,789		
Percent - Total All Sources	85.77 %	9.33 %	4.91 %			

The department's largest source of funding is state special revenue. This revenue is derived from permitting fees, fines, and bond proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenue is provided from the U.S. Environmental Protection Agency (EPA) performance partnership grant, the Superfund Program, and other federal grant resources. The partnership grant is a block grant to the state to provide funding the EPA had previously made through individual grants. General fund is utilized for personal services, travel, communications, equipment, and to match federal grants.

Budget Summary by Category

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

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	5,508,477	5,508,477	11,016,954	99.38 %	58,257,215	58,257,215	116,514,430	89.20 %
PL Adjustments	(212,785)	(218,229)	(431,014)	(3.89)%	(794,057)	(690,804)	(1,484,861)	(1.14)%
New Proposals	250,000	250,000	500,000	4.51 %	7,795,223	7,795,223	15,590,446	11.94 %
Total Budget	\$5,545,692	\$5,540,248	\$11,085,940		\$65,258,381	\$65,361,634	\$130,620,015	

Other Legislation

HB 226 - Changed the allocation of the Resource Indemnity Trust proceeds

HB 434 - Revised asbestos control laws including the creation of an asbestos advisory council

SB 20 - Changes the allocation of the metalliferous mines license tax collections

SB 96 – Expanded possible uses for the Orphan Share state special revenue fund

SB 102 – Revised the air quality fee structure of the department

SB 112 – Requires the department to develop total maximum daily load when one is not available and a discharge permit application is made

SB 136 – Caps the total fees that the department can assess for remediation waste

SB 325 – Limits the water standards the department is able to apply to a level no higher than the federal level and sets the process for enacting such standards

SB 355 - Revised the brownfield site cleanup eligibility laws

SB 368 - Requires the department to publish information on pipelines that cross bodies of water

SB 387 - Enacts penalties when the department is obstructed from enforcing water quality regulations

SB 409 – Creates standards for tailing storage facilities including fees, provisions for inspections, and enforcement processes

Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	383.47	365.55	365.55	0.00	365.54	365.54	0.00	0.00
Personal Services	26,154,656	29,653,755	29,153,487	(500,268)	29,661,876	29,251,962	(409,914)	(910,182)
Operating Expenses	21,981,631	30,680,625	34,334,893	3,654,268	30,684,430	34,339,671	3,655,241	7,309,509
Equipment & Intangible Assets	157,973	189,079	101,740	(87,339)	189,079	101,740	(87,339)	(174,678)
Grants	1,094,008	1,654,293	1,635,863	(18,430)	1,654,293	1,635,863	(18,430)	(36,860)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	76,313	130,682	32,398	(98,284)	130,682	32,398	(98,284)	(196,568)
Total Costs	\$49,464,581	\$62,308,434	\$65,258,381	\$2,949,947	\$62,320,360	\$65,361,634	\$3,041,274	\$5,991,221
General Fund	5,303,211	6,011,153	5,545,692	(465,461)	6,011,704	5,540,248	(471,456)	(936,917)
State/other Special Rev. Funds	25,976,905	32,015,567	36,374,721	4,359,154	32,023,117	36,492,827	4,469,710	8,828,864
Federal Spec. Rev. Funds	18,184,465	24,281,714	23,337,968	(943,746)	24,285,539	23,328,559	(956,980)	(1,900,726)
Other	0	0	0	0	0	0	0	0
Total Funds	\$49,464,581	\$62,308,434	\$65,258,381	\$2,949,947	\$62,320,360	\$65,361,634	\$3,041,274	\$5,991,221

The legislatively-approved budget increases total expenditures over the level proposed by the executive by \$6.0 million. The adjustment includes additional state special revenue authority for expanded use of the orphan share fund and additional federal special revenue authority for abandoned mine lands.

Language and Statutory Authority

The legislature included the following language in HB 2:

The Planning, Prevention, and Assistance Division is authorized to decrease federal special revenue and increase state special revenue in the drinking water and/or water pollution control revolving loan programs by a like amount within the administration account when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes.

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.

If SB 136 is not passed and approved, then Hazardous Waste/CERCLA Fees is void.

The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2017 biennium for the purpose of paying contract expenses related to the recovery of funds.