

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	8.00	8.00	9.00	8.00	(1.00)	(11.11%)
Personal Services	754,893	837,783	730,827	731,225	1,592,676	1,462,052	(130,624)	(8.20%)
Operating Expenses	801,179	1,063,929	1,212,340	1,211,938	1,865,108	2,424,278	559,170	29.98%
Total Costs	\$1,556,072	\$1,901,712	\$1,943,167	\$1,943,163	\$3,457,784	\$3,886,330	\$428,546	12.39%
General Fund	314,978	370,706	426,288	426,283	685,684	852,571	166,887	24.34%
State Special	940,718	1,189,782	1,191,480	1,151,906	2,130,500	2,343,386	212,886	9.99%
Federal Special	300,376	341,224	325,399	364,974	641,600	690,373	48,773	7.60%
Total Funds	\$1,556,072	\$1,901,712	\$1,943,167	\$1,943,163	\$3,457,784	\$3,886,330	\$428,546	12.39%

Program Description

The Central Management Program consists of:

- o Director's Office
- o Financial Services office
- o 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.

Program Highlights

Central Management Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The executive proposes to increase the division’s budget by 12.4% from the 2013 biennium due to statewide present law adjustments and including request to increase base operating expenses by \$539,648 over the biennium ◆ The executive is requesting to transfer 1.0 FTE attorney position, and approximately \$85,000 to the Remediation Division

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Central Management Program							
Funds	Non-		Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
	HB 2	Budgeted Proprietary					
General Fund	\$852,571	\$0	\$0	\$852,571	4.6%		
State Special Total	\$2,343,386	\$0	\$0	\$2,343,386	12.7%		
02075 Ust Leak Prevention Program	\$25,085	\$0	\$0	\$25,085	0.1%		
02097 Environmental Rehab & Response	\$200,000	\$0	\$0	\$200,000	1.1%		
02157 Solid Waste Management Fee	\$72,870	\$0	\$0	\$72,870	0.4%		
02201 Air Quality-operating Fees	\$133,458	\$0	\$0	\$133,458	0.7%		
02202 Asbestos Control	\$50,269	\$0	\$0	\$50,269	0.3%		
02204 Public Drinking Water	\$18,120	\$0	\$0	\$18,120	0.1%		
02278 Mpdcs Permit Program	\$89,089	\$0	\$0	\$89,089	0.5%		
02370 Energy Conserv Repayment Acct	(\$4)	\$0	\$0	(\$4)	0.0%		
02542 Mt Environ Policy Act Fee	\$1,435,894	\$0	\$0	\$1,435,894	7.8%		
02555 Alternative Energy Rev Loan	\$12,571	\$0	\$0	\$12,571	0.1%		
02576 Natural Resources Operations Ssr Fu	\$266,492	\$0	\$0	\$266,492	1.4%		
02845 Junk Vehicle Disposal	\$39,544	\$0	\$0	\$39,544	0.2%		
02954 Septage Fees	(\$2)	\$0	\$0	(\$2)	0.0%		
Federal Special Total	\$690,373	\$0	\$0	\$690,373	3.7%		
03067 Dsl Federal Reclamation Grant	\$617	\$0	\$0	\$617	0.0%		
03151 2012 Exchange Network Grant	\$48,358	\$0	\$0	\$48,358	0.3%		
03152 Dw Srf Fy15 Grant	\$2,515	\$0	\$0	\$2,515	0.0%		
03228 L.u.s.t./trust	(\$72)	\$0	\$0	(\$72)	0.0%		
03262 Epa Ppg	\$374,443	\$0	\$0	\$374,443	2.0%		
03337 2011 Exchange Network Grant	\$182,000	\$0	\$0	\$182,000	1.0%		
03430 Dw Srf Fy14 Grant	\$2,514	\$0	\$0	\$2,514	0.0%		
03433 Epa Ppg Fy10-11	(\$206)	\$0	\$0	(\$206)	0.0%		
03436 Nps 09 Staffing & Support	\$20,015	\$0	\$0	\$20,015	0.1%		
03437 Doe-state Energy Program	(\$2)	\$0	\$0	(\$2)	0.0%		
03586 Dw Srf Fy12 Grant	(\$18)	\$0	\$0	(\$18)	0.0%		
03691 Non Pt Source Staffing/support	\$19,992	\$0	\$0	\$19,992	0.1%		
03816 Doi Osm A&e Grant	\$40,217	\$0	\$0	\$40,217	0.2%		
Proprietary Total	\$0	\$14,528,211	\$0	\$14,528,211	78.9%		
06509 Deq Indirects	\$0	\$14,528,211	\$0	\$14,528,211	78.9%		
Total All Funds	\$3,886,330	\$14,528,211	\$0	\$18,414,541	100.0%		
Percent - Total All Sources	21.1%	78.9%	0.0%				

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 currently supports 55.00 FTE who provide 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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	314,978	314,978	629,956	73.89%	1,556,072	1,556,072	3,112,144	80.08%
Statewide PL Adjustments	20,640	20,757	41,397	4.86%	62,289	62,924	125,213	3.22%
Other PL Adjustments	90,782	90,660	181,442	21.28%	325,298	324,659	649,957	16.72%
New Proposals	(112)	(112)	(224)	(0.03%)	(492)	(492)	(984)	(0.03%)
Total Budget	\$426,288	\$426,283	\$852,571		\$1,943,167	\$1,943,163	\$3,886,330	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					95,878					96,151
Vacancy Savings					(34,032)					(34,040)
Inflation/Deflation					443					813
Total Statewide Present Law Adjustments		\$20,640	\$55,734	(\$14,085)			\$20,757	\$16,511	\$25,656	\$62,924
DP 1001 - Legal Challenges (OTO)	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 1002 - EPA FY11 Exchange Network Grant	0.00	0	0	91,000	91,000	0.00	0	0	91,000	91,000
DP 1004 - Move Attorney from PGM 10 to PGM 40	(1.00)	(30,186)	0	(55,726)	(85,912)	(1.00)	(30,053)	0	(55,726)	(85,779)
DP 1005 - Central Management Program Base Adjustment HB2	0.00	70,968	195,234	4,008	270,210	0.00	70,713	194,883	3,842	269,438
Total Other Present Law Adjustments	(1.00)	\$90,782	\$195,234	\$39,282	\$325,298	(1.00)	\$90,660	\$194,883	\$39,116	\$324,659
Grand Total All Present Law Adjustments	(1.00)	\$111,422	\$250,968	\$25,197	\$387,587	(1.00)	\$111,417	\$211,394	\$64,772	\$387,583

DP 1001 - Legal Challenges (OTO) – The executive requests funding to serve as a contingency if the department is ordered to pay another party's legal fees for a lost legal action. The department does not currently have a funding source for such expenses. Such costs are not eligible for federal funding, nor can they be passed on to responsible parties. The decision package is requested as a restricted biennial appropriation. This decision package would provide a mechanism to meet these costs when they occur.

LFD COMMENT	The legislature may wish to make this appropriation contingent upon the provision of a report to the Legislative Finance Committee should this payment occur.
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DP 1002 - EPA FY11 Exchange Network Grant – The executive requests authority for EPA grant funding to continue work on the existing Montana Exchange Network Node. The funding has been used to improve data accuracy of underground storage tank/leaking underground storage tank (UST/LUST) site location data and to establish UST/LUST data partnerships with states, tribes, local governments, and interested parties.

DP 1004 - Move Attorney from PGM 10 to PGM 40 – The executive proposes a reduction in funds and 1.0 FTE to adjust for the transfer of an attorney from the Central Management Program to the Remediation Division. This transfer aligns the position with workload requirements. The request is budget neutral (DP 4007) and nets zero across the two programs.

DP 1005 - Central Management Program Base Adjustment HB2 – The executive requests an adjustment to the base due to several factors:

- An increase pertaining to the Montana Environmental Policy Act (MEPA). The department was completing two Environmental Impact Statements (EIS) in the base year and did not have any new projects. However, new projects have already been received and the expenditures for contracted services will increase over the base by \$409,636
- An increase in costs for the hourly rate of the Department of Justice legal services of \$67,450 for the Board of Environmental Review
- An increase in operating and personal services indirects for the attorney pool and education for the attorney pool at \$45,602
- A small increase for ITSD services of \$950 for the biennium

New Proposals

Program	FTE	Fiscal 2014				Fiscal 2015					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - Professional Development Center Fee Allocation	10	0.00	(112)	(206)	(174)	(492)	0.00	(112)	(206)	(174)	(492)
Total	0.00	(\$112)	(\$206)	(\$174)	(\$492)	0.00	(\$112)	(\$206)	(\$174)	(\$492)	

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.

Proprietary Rates

Proprietary Program Description

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department utilizes two rates: one applied to personal services and a second applied to operating expenses to achieve a more equitable basis for funding proprietary services.

The customers of this program are all divisions and employees of the department. Use of these services is mandated by agency policies and procedures. There are no alternative sources for the Central Management Program as a whole. The department contracts for legal services whenever it is cost effective to do so, to obtain specific expertise for a case, or when legal jurisdiction of the case requires an attorney licensed in that state. The department contracts for information technology database development and for hosting of the department's enterprise database.

Proprietary Revenues and Expenses

Funding is collected from all non-proprietary sources expended within the department.

Expenditures

The major cost drivers within this program are personal services costs and fixed costs. Additional costs for overtime are incurred when workload changes, such as upgrades to the state accounting system (SABHRS), a special legislative session, and increased monitoring and oversight of budgets due to revenue shortfalls. Fixed costs are a significant cost to

the proprietary fund. The cost of providing support services is directly related to the number of staff served and the number of contracts and payments processed. Non-typical and one-time expenses are backed out of the cost of providing services before calculating the indirect rate. Salaries are constant throughout the fiscal year, except during fiscal year end, executive budget preparation, and legislative sessions. Supplies are purchased on an as needed basis, except during peak times noted above.

Proprietary Rate Explanation

The department anticipates negotiating an indirect cost rate with the U.S. Environmental Protection Agency (EPA) of approximately 24% percent on personal services and 4% on operating expenses in FY 2014 and 2015, which are the same rates as the 2013 biennium. Revenues generated by the current indirect cost rate fund 55.50 FTE.