

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	376.29	376.29	387.29	387.29	376.29	387.29	11.00	2.92%
Personal Services	21,024,452	23,309,232	25,705,304	25,981,712	44,333,684	51,687,016	7,353,332	16.59%
Operating Expenses	19,642,858	30,235,268	32,185,331	32,061,708	49,878,126	64,247,039	14,368,913	28.81%
Equipment & Intangible Assets	107,827	237,754	151,561	150,527	345,581	302,088	(43,493)	(12.59%)
Capital Outlay	441,304	0	141,304	141,304	441,304	282,608	(158,696)	(35.96%)
Grants	1,870,416	2,216,541	2,033,416	2,033,416	4,086,957	4,066,832	(20,125)	(0.49%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	1,807	0	0	1,807	0	(1,807)	(100.00%)
<b>Total Costs</b>	<b>\$43,086,857</b>	<b>\$56,000,602</b>	<b>\$60,216,916</b>	<b>\$60,368,667</b>	<b>\$99,087,459</b>	<b>\$120,585,583</b>	<b>\$21,498,124</b>	<b>21.70%</b>
General Fund	4,785,174	5,088,372	5,686,935	5,757,709	9,873,546	11,444,644	1,571,098	15.91%
State Special	18,943,357	24,069,733	31,415,503	31,383,445	43,013,090	62,798,948	19,785,858	46.00%
Federal Special	19,358,326	26,842,497	23,114,478	23,227,513	46,200,823	46,341,991	141,168	0.31%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$43,086,857</b>	<b>\$56,000,602</b>	<b>\$60,216,916</b>	<b>\$60,368,667</b>	<b>\$99,087,459</b>	<b>\$120,585,583</b>	<b>\$21,498,124</b>	<b>21.70%</b>

### Agency Description

Mission Statement: To protect, promote, and improve a clean and healthful environment to benefit present and future generations.

The Department of Environmental Quality is responsible for air, land, and water quality; hazardous waste facilities; underground storage tanks; solid waste management systems; drinking water and waste water treatment systems; and mining operations. The department is also responsible for siting and needs analyses of transmission lines and pipelines, and is the lead agency for energy efficiency, renewable energy, and reclamation and clean-up activities related to the federal and state superfund programs.

### Agency Highlights

Department of Environmental Quality HB 2 Budget Highlights	
<ul style="list-style-type: none"> <li>◆ The budget increases by \$21.5 million or 21.7 percent over the previous biennium, of which \$9.9 million is statewide present law adjustments</li> <li>◆ Major increases from the base include               <ul style="list-style-type: none"> <li>• \$6.0 million to expend reimbursements received under the state superfund program</li> <li>• \$1.1 million for increased oversight of Montana public water systems</li> </ul> </li> <li>◆ One-time-only proposals total \$4.7 million over the biennium and include:               <ul style="list-style-type: none"> <li>• \$2.4 million for oversight activities related to the KRY state superfund site</li> <li>• \$750,000 to implement the Basin Creek closure plan</li> <li>• \$728,000 to expedite cleanup at state superfund sites</li> <li>• \$260,000 for the Beal Mountain closure plan</li> <li>• \$500,000 of general fund to offset part of a \$750,000 permanent general fund reduction</li> <li>• \$8.0 million increase related to base budget adjustments to account</li> </ul> </li> </ul>	

<p>for increased rent, contracted services and employee travel and communication costs</p> <ul style="list-style-type: none"> <li>◆ The legislature approved 11.00 new FTE for various functions</li> <li>◆ Activities funded with air quality fees are increased by 41 percent in the 2011 biennium budget</li> </ul>
<b>HB 645 Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The department was provided \$23.1 million in federal authority for diesel emission reductions, water and wastewater plant reviews, leaking underground storage tanks and the state energy program.</li> <li>◆ General fund authority of \$892,000 was provided to support the Permitting and Compliance Division increased activities due to infrastructure development.</li> </ul>

### Summary of Legislative Action

The legislature approved a biennial budget of \$120.6 million. The budget includes \$9.9 million in statewide present law adjustments, \$23.9 million in additional present law adjustments and \$657,000 in new proposals. The budget is funded with 9.4 percent general fund.

The budget contains funding to implement HB 13, the pay plan. This includes \$505,350 in ongoing costs for employee health insurance increases as well as \$64,527 in one-time-only funding to provide a \$450 lump sum payment to qualified employees. Eleven percent of the pay plan is funded with general fund.

Other major biennial budget items include:

- Increased spending authority for reimbursements collected from the state superfund program, \$6.0 million
- \$2.4 million to fund oversight of the KRY state superfund site
- Expanded staffing and support for the Public Water Supply Program, \$1.1 million
- Authority for hard rock reclamation and facility siting projects, \$3.5 million
- State energy conservation program support, \$1.4 million

Budget increases were offset by the following reductions:

- Increase to 7 percent vacancy savings, approximately \$889,000
- Permanent general fund reductions, \$780,000
- Reductions due to vacant positions, \$330,300
- State special revenue reductions due to decreased cash flow, \$50,000

### Agency Discussion

#### *New FTE*

The budget contains authority for the department to hire an additional 11.0 FTE. Figure 1 illustrates where those FTE fall within the department. The 6.0 FTE for the public water supply program were hired as modified FTE during the interim to address the multiple deficiencies cited in the Environmental Protection Agency's primacy review of the Clean Water Act. The remaining FTE are new permanent positions.

Figure 1 Department of Environmental Quality Approved FTE				
DP #	Description	FTE	FY 10	FY 11
2004	Technical Assistance For Waste Water Treatment System	1.00	64,055	65,988
5021	Public Water Supply Staff	6.00	351,828	351,928
5065	Open Cut Mining Additional Resources	4.00	170,802	171,189
	Total	11.00	\$586,685	\$589,105
	Biennium Total			\$1,175,790

*Air Fees*

The Board of Environmental Review (BER) sets air permitting fees based on the estimated emissions from permitted entities and the appropriation authority provided by the legislature. As the appropriation authority increases, the amount of fees paid by permit holders also increases. Appropriation authority of this fund increases 39.5 percent in FY 2010 and 41.7 percent in FY 2011 over the base year. Figure 2 illustrates the change in appropriation authority.

Figure 2 Department of Environmental Quality Utilization of Air Quality Fees (Fund 02201)				
Division	Actual FY 2008	Appropriated FY 2009	HB 2 & HB 13	
			FY 2010	FY 2011
Central Management	\$48,240	\$56,438	\$67,042	\$68,088
Planning, Prevention & Assistance	94,296	121,404	121,039	121,717
Enforcement	48,902	52,087	141,602	143,594
Permitting & Compliance	<u>3,304,418</u>	<u>3,487,645</u>	<u>4,547,528</u>	<u>4,618,936</u>
Total	<u>\$3,495,856</u>	<u>\$3,717,574</u>	<u>\$4,877,211</u>	<u>\$4,952,335</u>
Percent Increase from Base Year			39.5%	41.7%

*Resource Indemnity Trust and Related Funds*

The Resource Indemnity Trust (RIT) and related accounts provide support to the natural resource agencies for a variety of purposes. The department is the largest recipient of RIT funds. However, the decline in RIT interest due to the economic downturn resulted in the need to transfer funds to and reduce appropriations from the natural resources operations fund. Figure 3 below illustrates the condition of the RIT related funds.

**Figure 3**  
**2011 Biennium**  
**Resource Indemnity Funding**

Related Funds	02010	02022	02070	02107	02162	02216	02289	02472	02576
Oil & Gas	Future Fish	HazWas	ECA	EQPF	Wa Sto	GRW	Orphan Share	Operations	
Beginning FY 2009 Fund Balance	\$312,433	\$1,113,055	\$429,779	639,501	\$2,987,113	\$1,420,433	\$0	\$10,632,358	\$4,192,776
RIT Interest		\$500,000	\$287,040	175,000	\$99,360	\$0	\$300,000		\$717,600
STIP									
RIGWA	10,000		10,000	15,000					
Metal Mines Tax			293,711		293,711	150,000	366,000	3,140,398	1,522,936
Oil and Gas Tax									832,000
Other Income	67,000				3,750,000				
FY 2009 Total Revenues & Fund Balance	\$389,433	\$1,613,008	\$1,020,530	\$829,501	\$7,130,184	\$1,570,433	\$666,000	\$13,772,756	\$7,265,312
FY 2009 Appropriations	(174,194)	(1,613,008)	(494,755)	0	(3,008,135)	(520,628)	(666,000)	(19,118)	(5,324,833)
FY 2009 Budget Amendment									(992,037)
Transfers	25,000							(3,025,000)	
Reserved for Capital Appropriations									
Grant Reversion									
Projected Fund Balance Ending FY 2009	\$240,239	\$0	\$525,775	\$829,501	\$4,122,049	\$1,049,805	\$0	\$10,728,638	\$948,442
Revenues for 2011 Biennium									
RIT Interest - Direct	50,000	1,000,000	431,340	175,000	595,310	500,000	600,000	-	1,078,350
RIGWA			820,422		820,422		732,000		
Anticipated reversions									350,000
Short Term Investment Pool - Interest	20,000		20,000		70,000	35,000			
Admin Fees						120,000			6,000
Metal Mines Tax									802,000
Oil and Gas Tax								4,949,187	2,400,108
Agency Generated Revenues	100,000				7,500,000				2,064,139
Transfers - From Water Adjudication Account					(600,000)		(2,400,000)		900,000
Transfers - Other									226,843
Fiscal Note - SB 62 / HB 678									\$8,775,882
Projected Fund Balance Beginning FY 2010	\$410,239	\$1,000,000	\$1,797,537	\$1,004,501	\$13,107,781	\$1,704,805	\$1,332,000	\$13,277,825	
Appropriations for 2011 Biennium									
RRGL and RDGP Programs									
UM-Bureau of Mines							(1,332,000)		(351,772)
DNRC - Conservation and Resource Devel. Division									(1,362,397)
DNRC-Water Resources Division						(535,000)			(451,687)
DNRC - Board of Oil & Gas									
DNRC - Forestry/Trust Lands	(200,000)							(9,600,000)	(199,762)
DEQ-Central Management									(117,114)
DEQ-Planning, Prevention & Assistance			(182,178)						
DEQ-Enforcement					(11,600,998)			(28,851)	(10,260)
DEQ-Remediation			(42,873)						
DEQ-Permitting & Compliance			(872,858)					(4,055,739)	
Future Fisheries		(1,000,000)							
Judiciary-Water Court									(2,082,508)
Governor's Office - Emergency Authority				(1,004,501)					
Total Appropriations	(\$200,000)	(\$1,000,000)	(\$1,097,909)	(\$1,004,501)	(\$11,600,998)	(\$535,000)	(\$1,332,000)	(\$9,628,851)	(\$8,631,239)
Projected Ending Fund Balance	\$210,239	\$0	\$699,628	\$0	\$1,506,783	\$1,169,805	\$0	\$3,648,974	\$144,643

## Major changes include

- Revision of the deposit schedule to the environmental contingency fund from \$175,000 annually to \$175,000 at the beginning of each biennium.
- Elimination of support to the Central Services Division within the Department of Natural Resources and Conservation and the Natural Resources Information System (NRIS) at the State Library
- Reductions to the Permitting and Compliance Division of \$50,000 in FY 2011 to aid in balancing the natural resources operating fund

## Biennial transfers include:

- \$2.4 million per statute from the orphan share to the Zortman/Landusky water treatment trust
- \$2.1 million from the water adjudication fund to the natural resources operations fund to support the water court
- \$0.6 million from the environmental quality protection fund and \$0.3 million from the junk vehicle fund to the natural resource operations fund to cover funding shortfalls

## Biennial appropriations include:

- \$11.6 million to operate the state superfund program, of which \$7.5 million is reimbursement from liable parties
- \$9.6 million to cover the state's share of the cleanup costs of the KRY state superfund site
- \$8.6 million for agency operational support including:
  - \$2.1 million for the Water Court
  - \$4.2 million for the Department of Environmental Quality
  - \$2.0 million for the Department of Natural Resources and Conservation
  - \$0.3 for the Montana Bureau of Mines and Geology

The legislature did not over appropriate any fund based on available revenue estimates. All projected balances could change based on the amount of the appropriations expended and the actual revenues.

**Funding**

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
10 Central Management Program	\$ 546,347	\$ 2,989,300	\$ 1,004,690	\$ 4,540,337	3.77%
20 Plan.Prevent. & Assist.Div.	5,927,951	4,388,361	16,007,499	26,323,811	21.83%
30 Enforcement Division	1,225,744	986,484	639,717	2,851,945	2.37%
40 Remediation Division	-	16,221,240	15,076,118	31,297,358	25.95%
50 Permitting & Compliance Div.	3,744,602	36,740,034	13,613,967	54,098,603	44.86%
90 Petro Tank Release Comp. Board	-	1,473,529	-	1,473,529	1.22%
Grand Total	<u>\$ 11,444,644</u>	<u>\$ 62,798,948</u>	<u>\$ 46,341,991</u>	<u>\$ 120,585,583</u>	<u>100.00%</u>

The department's largest source of funding at 65 percent is state special revenue. This revenue is derived from permitting fees, fines, and bonds proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. State special revenue also includes funding derived from interest on the Resource Indemnity Trust (RIT) and resource indemnity taxes. The major RIT fund for this department is the natural resources operations fund. As previously discussed, this fund required signification actions by the 2009 Legislature to bring it in balance.

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. Federal grants have varying match requirements. Wetland grants require 25 percent match, drinking water capital improvement requires a 20 percent match, and non point source funding can require as much as a 40 percent match. General fund is utilized for personal services and related operating expenses such as travel, communications, and equipment.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	4,785,174	4,785,174	9,570,348	83.62%	43,086,857	43,086,857	86,173,714	71.46%
Statewide PL Adjustments	445,784	454,892	900,676	7.87%	4,906,165	4,997,321	9,903,486	8.21%
Other PL Adjustments	700,865	717,566	1,418,431	12.39%	11,876,688	11,974,366	23,851,054	19.78%
New Proposals	(244,888)	(199,923)	(444,811)	(3.89%)	347,206	310,123	657,329	0.55%
<b>Total Budget</b>	<b>\$5,686,935</b>	<b>\$5,757,709</b>	<b>\$11,444,644</b>		<b>\$60,216,916</b>	<b>\$60,368,667</b>	<b>\$120,585,583</b>	

**Other Legislation**

**HB 645** - In addition to the appropriations provided in HB 2, the Department of Environmental Quality is provided with \$23.9 million in funding for the state energy building program, development of wastewater and drinking water infrastructure, clean up of leaking underground storage tanks, diesel emission reductions and support for permit functions associated with infrastructure development.

Figure 4 illustrates HB 645 funding by program.

A portion of the federal funds provided by the American Recovery and Reinvestment Act (ARRA) to Montana for specific purposes enabled the legislature to free-up general fund for use in implementing the intent of ARRA at the state level. The \$829,212 general fund appropriated in HB 645 to the department is directed to support permitting programs within the Permitting and Compliance Division. Most major infrastructure development will require some sort of environmental permit. This appropriation provides the resources to allow the department to release these permits in a timely manner.

Figure 4 Department of Environmental Quality - HB 645 Biennium Budget			
Division	General Fund	Federal	Special
Planning, Prevention and Assistance	0	19,941,534	
Remediation Division	0	2,000,000	
Permitting and Compliance Division	829,212	1,142,354	
<b>Total</b>	<b>829,212</b>	<b>23,083,888</b>	

The \$21.1 million of the federal funds provided by the ARRA to Montana are “siloe’d” funds that have specific federal direction pertaining to the expenditure of those funds. These include funds to the state energy program for energy conservation planning, clean water grants, diesel emissions funds and funds to support the review of waste water and drinking water plans. The remaining \$2.0 million in federal authority was provided to develop an energy storage grant program.

Figure 5 2011 Biennium HB 2 and HB 645 Combined Department of Environmental Quality			
Fund	HB 2	One-time HB 645	2011 Biennium Revised Total
General Fund	\$11,444,644	\$829,212	\$12,273,856
State Special Revenue	62,798,948	0	62,798,948
Federal Special Revenue	46,314,991	23,083,888	69,398,879
<b>Total Funds</b>	<b>\$120,558,583</b>	<b>\$23,913,100</b>	<b>\$144,471,683</b>

**HB 2 and HB 645 Combined**

Figure 5 illustrate HB 2 and HB 645 combined. The first two columns show the appropriations in HB 2 and HB 645, and the third column shows the total funding for the agency from both bills.

**HB 75** - Revises provisions of the environmental rehabilitation and response account. The bill allows money in the account to be spent for cleanup at solid waste sites. HB 2 contains appropriations for this purpose.

**HB 678** - Revises laws related to opencut mining, including establishing an opencut fund and annual fee and exempting certain operations from the Resource Indemnity and Ground Water Assessment Tax. HB 2 contains funding for 4.0 FTE to complete this work.

SB 5 - This legislation requires approval by the board of land commissioners for the gift or purchase of land for the purpose of reclamation of mines.

SB 62 - This bill clarifies funding for the environmental contingency account from the interest of the resource indemnity trust. The deposit of interest to the fund was changed from annual to a biennial basis. (see Figure 3 – RIT Chart)

SB 71 - Improves the financial reimbursement process for state superfund sites that have gone through an allocation of liability under the Controlled Allocation of Liability Act. Under that process, a party conducting a cleanup can be reimbursed for the "orphan share," or the share of cleanup costs that a defunct or insolvent party should have funded.

SB 97 - Revises use of the petroleum tank release compensation fund. The bill establishes incentives for the use of private insurance to help pay costs related to tank releases, prohibits "double dipping" between an insurance policy and the compensation fund, offers monetary incentives to those reporting a release by October 2009, and expands circumstances under which a fuel tax may be collected.

### Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	376.29	384.29	387.29	3.00	384.29	387.29	3.00	
Personal Services	21,024,452	25,591,747	25,705,304	113,557	25,674,357	25,981,712	307,355	420,912
Operating Expenses	19,642,858	37,401,716	32,185,331	(5,216,385)	36,304,394	32,061,708	(4,242,686)	(9,459,071)
Equipment & Intangible Assets	107,827	151,561	151,561	0	150,527	150,527	0	0
Capital Outlay	441,304	141,304	141,304	0	141,304	141,304	0	0
Grants	1,870,416	2,033,416	2,033,416	0	2,033,416	2,033,416	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$43,086,857</b>	<b>\$65,319,744</b>	<b>\$60,216,916</b>	<b>(\$5,102,828)</b>	<b>\$64,303,998</b>	<b>\$60,368,667</b>	<b>(\$3,935,331)</b>	<b>(\$9,038,159)</b>
General Fund	4,785,174	5,915,015	5,686,935	(228,080)	5,940,515	5,757,709	(182,806)	(410,886)
State/Other Special	18,943,357	36,301,861	31,415,503	(4,886,358)	35,223,942	31,383,445	(3,840,497)	(8,726,855)
Federal Special	19,358,326	23,102,868	23,114,478	11,610	23,139,541	23,227,513	87,972	99,582
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$43,086,857</b>	<b>\$65,319,744</b>	<b>\$60,216,916</b>	<b>(\$5,102,828)</b>	<b>\$64,303,998</b>	<b>\$60,368,667</b>	<b>(\$3,935,331)</b>	<b>(\$9,038,159)</b>

The legislature approved a biennial budget \$9.0 million lower than the executive request. This primarily relates to the decision by the legislature to provide \$9.0 million in funding for the state's share of the reclamation of the KRY state superfund site to the Department of Natural Resources and Conservation, who has oversight of the contaminated state land rather than the department. The other changes to the budget that decreased general fund support are offset by increases for pay plan and additional FTE for the open cut mining program.

### Language and Statutory Authority

The legislature added the following language to HB 2:

"The department is authorized to decrease federal special revenue in the water pollution control and/or drinking water revolving loan programs and to increase state special revenue by a like amount within the special 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 as authorized in law providing for the distribution of funds as authorized in law providing for the distribution of funds."

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	10.00	10.00	10.00	10.00	10.00	10.00	0.00	0.00%
Personal Services	733,384	797,259	782,715	791,242	1,530,643	1,573,957	43,314	2.83%
Operating Expenses	1,182,701	1,221,781	1,478,858	1,487,522	2,404,482	2,966,380	561,898	23.37%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$1,916,085</b>	<b>\$2,019,040</b>	<b>\$2,261,573</b>	<b>\$2,278,764</b>	<b>\$3,935,125</b>	<b>\$4,540,337</b>	<b>\$605,212</b>	<b>15.38%</b>
General Fund	373,992	411,306	271,010	275,337	785,298	546,347	(238,951)	(30.43%)
State Special	1,202,096	1,362,540	1,490,946	1,498,354	2,564,636	2,989,300	424,664	16.56%
Federal Special	339,997	245,194	499,617	505,073	585,191	1,004,690	419,499	71.69%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$1,916,085</b>	<b>\$2,019,040</b>	<b>\$2,261,573</b>	<b>\$2,278,764</b>	<b>\$3,935,125</b>	<b>\$4,540,337</b>	<b>\$605,212</b>	<b>15.38%</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 department 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 Division HB 2 Budget Highlights	
♦	The budget increases 15.4 percent over the previous biennial budget, primarily due to statewide present law adjustments and base adjustments
♦	New proposals reduced the biennial budget by \$390,000 due to an unspecified general fund reduction, elimination of a vacant position and increased vacancy savings.
♦	The legislature approved an increase in the agency indirect rate

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.



Program Funding Table Central Management Program						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000 Total General Fund	\$ 373,992	19.5%	\$ 271,010	12.0%	\$ 275,337	12.1%
01100 General Fund	373,992	19.5%	271,010	12.0%	275,337	12.1%
02000 Total State Special Funds	1,202,096	62.7%	1,490,946	65.9%	1,498,354	65.8%
02075 Ust Leak Prevention Program	62,697	3.3%	55,867	2.5%	56,741	2.5%
02097 Environmental Rehab & Response	5,587	0.3%	104,000	4.6%	104,000	4.6%
02157 Solid Waste Management Fee	33,632	1.8%	44,695	2.0%	45,393	2.0%
02201 Air Quality-Operating Fees	48,204	2.5%	67,042	3.0%	68,088	3.0%
02202 Asbestos Control	8,682	0.5%	17,875	0.8%	18,153	0.8%
02204 Public Drinking Water	6,729	0.4%	8,938	0.4%	9,081	0.4%
02278 Mpdcs Permit Program	34,661	1.8%	46,930	2.1%	47,662	2.1%
02418 Subdivision Plat Review	23,996	1.3%	35,756	1.6%	36,315	1.6%
02542 Mt Environ Policy Act Fee	903,526	47.2%	1,011,510	44.7%	1,013,057	44.5%
02576 Natural Resources Operations Ssr Fu	44,623	2.3%	58,105	2.6%	59,009	2.6%
02845 Junk Vehicle Disposal	27,804	1.5%	37,992	1.7%	38,588	1.7%
02954 Septage Fees	1,955	0.1%	2,236	0.1%	2,267	0.1%
03000 Total Federal Special Funds	339,997	17.7%	499,617	22.1%	505,073	22.2%
03067 Dsl Federal Reclamation Grant	13,434	0.7%	-	-	-	-
03155 2004 Network Exchange Grant	172	0.0%	-	-	-	-
03228 L.U.S.T./Trust	55,161	2.9%	62,575	2.8%	63,555	2.8%
03232 Fy08 Exchange Network Grant	-	-	100,000	4.4%	-	-
03262 Epa Ppg	133,173	7.0%	-	-	-	-
03385 Epa/One-Stop Grant	15,602	0.8%	-	-	-	-
03433 Epa Ppg Fy10-11	-	-	176,554	7.8%	179,320	7.9%
03436 Nps 04 Staffing & Support	-	-	-	-	13,613	0.6%
03437 Sep Base 2004	8,661	0.5%	11,174	0.5%	11,348	0.5%
03442 Fy09 Exchange Network Grant	-	-	33,612	1.5%	159,238	7.0%
03691 Nps Staffing/Support	11,860	0.6%	13,410	0.6%	-	-
03812 Epa 106 Water Grant	14,475	0.8%	-	-	-	-
03815 Dw Srf 09 Grant	-	-	22,348	1.0%	-	-
03816 Doi Osm A&E Grant	-	-	22,348	1.0%	22,701	1.0%
03818 Dw Srf 10 Grant	-	-	-	-	22,702	1.0%
03952 2006 Implementation Grant	87,459	4.6%	57,596	2.5%	32,596	1.4%
Grand Total	\$ 1,916,085	100.0%	\$ 2,261,573	100.0%	\$ 2,278,764	100.0%

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 federal Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work-study projects and contract services within each division, and transferred to the Central Management Program to fund operating costs.

Appropriated funds consist of:

- General fund for support of the Board of Environmental Review and general operating costs
- State special revenue, predominantly Montana Environmental Protection Act fees
- Numerous small federal grants

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	373,992	373,992	747,984	136.91%	1,916,085	1,916,085	3,832,170	84.40%
Statewide PL Adjustments	45,429	46,142	91,571	16.76%	144,582	147,492	292,074	6.43%
Other PL Adjustments	17,002	18,517	35,519	6.50%	399,719	408,104	807,823	17.79%
New Proposals	(165,413)	(163,314)	(328,727)	(60.17%)	(198,813)	(192,917)	(391,730)	(8.63%)
<b>Total Budget</b>	<b>\$271,010</b>	<b>\$275,337</b>	<b>\$546,347</b>		<b>\$2,261,573</b>	<b>\$2,278,764</b>	<b>\$4,540,337</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "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 2010-----					-----Fiscal 2011-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				180,440					183,181	
Vacancy Savings				(36,552)					(36,663)	
Inflation/Deflation				694					974	
Total Statewide Present Law Adjustments										
	\$45,429	\$116,261	(\$17,108)	\$144,582	0.00	\$46,142	\$117,480	(\$16,130)	\$147,492	
				0					0	
DP 1001 - Non Proprietary Operations Adjustments -OTO										
	0.00	17,047	199,475	183,265	399,787	0.00	18,566	203,433	186,183	408,182
DP 7101 - Fuel Inflation Reduction										
	0.00	(45)	(18)	(5)	(68)	0.00	(49)	(21)	(8)	(78)
					0					0
Total Other Present Law Adjustments										
	0.00	\$17,002	\$199,457	\$183,260	\$399,719	0.00	\$18,517	\$203,412	\$186,175	\$408,104
					0					0
Grand Total All Present Law Adjustments										
	0.00	\$62,431	\$315,718	\$166,152	\$544,301	0.00	\$64,659	\$320,892	\$170,045	\$555,596

DP 1001 - Non Proprietary Operations Adjustments -OTO - The legislature approved an operations adjustment of \$399,787 in FY 2010 and \$408,182 in FY 2011 in general fund, state special, and federal special revenue. This includes indirect cost rates, staffing costs related to vacant positions and replacement of personal computers in accordance with standard replacement schedules over the course of the biennium.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

## New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1050 - Personal Services Reduction										
10	0.00	(53,168)	(17,722)	0	(70,890)	0.00	(53,183)	(17,728)	0	(70,911)
DP 6013 - Biennium Pay Plan - HB 13										
10	0.00	1,255	1,188	791	3,234	0.00	3,774	3,592	2,380	9,746
DP 6014 - Pay Plan Lump Sum Payment - OTO										
10	0.00	382	131	0	513	0.00	0	0	0	0
DP 6105 - 2 percent unspecified reduction of general fund										
10	0.00	(104,256)	0	0	(104,256)	0.00	(104,257)	0	0	(104,257)
DP 8101 - Increase Vacancy Savings to 7%										
10	0.00	(9,626)	(10,465)	(7,323)	(27,414)	0.00	(9,648)	(10,498)	(7,349)	(27,495)
<b>Total</b>	<b>0.00</b>	<b>(\$165,413)</b>	<b>(\$26,868)</b>	<b>(\$6,532)</b>	<b>(\$198,813)</b>	<b>0.00</b>	<b>(\$163,314)</b>	<b>(\$24,634)</b>	<b>(\$4,969)</b>	<b>(\$192,917)</b>

DP 1050 - Personal Services Reduction - The legislature removed funding for 1.0 FTE that had been vacant longer than six months.

DP 6013 - Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half time employees making \$21.635 per hour or less.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Language and Statutory Authority

The legislature added the following language to HB 2:

“Central Management Program includes a reduction in general fund money of \$104,256 in fiscal year 2010 and \$104,257 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.”

### Agency Indirect Rate

#### 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 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.

The centralized legal services unit has 3.00 FTE that are funded by the internal service fund, two attorneys and one paralegal. This staff provides the administration, management and planning for the legal services unit, and specific duties for department programs, including legislation, rule making, enforcement actions and contract review. The remainder of this unit is funded by direct charges to the programs and projects requiring the legal work.

**Proprietary Rates**

The legislature approved an indirect rate of 24 percent on personal services and 4 percent on operating expenditures for each year of the biennium. These rates are upper limits and will be negotiated with the U.S. Environmental Protection Agency.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	83.50	83.50	84.50	84.50	83.50	84.50	1.00	1.20%
Personal Services	4,852,495	5,182,638	5,665,072	5,732,532	10,035,133	11,397,604	1,362,471	13.58%
Operating Expenses	5,193,729	7,581,246	7,499,960	7,325,273	12,774,975	14,825,233	2,050,258	16.05%
Equipment & Intangible Assets	9,970	52,326	51,004	49,970	62,296	100,974	38,678	62.09%
<b>Total Costs</b>	<b>\$10,056,194</b>	<b>\$12,816,210</b>	<b>\$13,216,036</b>	<b>\$13,107,775</b>	<b>\$22,872,404</b>	<b>\$26,323,811</b>	<b>\$3,451,407</b>	<b>15.09%</b>
General Fund	2,873,851	2,954,048	2,956,275	2,971,676	5,827,899	5,927,951	100,052	1.72%
State Special	1,131,114	1,024,756	2,279,030	2,109,331	2,155,870	4,388,361	2,232,491	103.55%
Federal Special	6,051,229	8,837,406	7,980,731	8,026,768	14,888,635	16,007,499	1,118,864	7.51%
<b>Total Funds</b>	<b>\$10,056,194</b>	<b>\$12,816,210</b>	<b>\$13,216,036</b>	<b>\$13,107,775</b>	<b>\$22,872,404</b>	<b>\$26,323,811</b>	<b>\$3,451,407</b>	<b>15.09%</b>

### Program Description

The Planning, Prevention, and Assistance Division consists of three bureaus: Technical and Financial Assistance; Water Quality Planning; and Air, Energy and Pollution Prevention. The division:

1. Finances construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to Montana communities water infrastructure planners;
2. Assists small businesses in reducing emissions and complying with environmental regulations;
3. Monitors air and water quality conditions, assesses potential pollution problems, and aids industry to achieve cost effective compliance;
4. Assists communities to plan for energy, watershed, airshed, and solid and hazardous waste management;
5. Aids in development of water Total Maximum Daily Loads (TMDL);
6. Proposes rules and policy and develops environmental protection criteria;
7. Provides analysis to assess the cost effectiveness of environmental programs;
8. Finances energy saving retrofits of public buildings and renewable energy systems for homeowners and small businesses; and,
9. Provides technical assistance and education to builders, homeowners and businesses on energy efficiency and renewable energy, indoor air quality, radon, recycling and solid waste reduction.

### Program Highlights

Planning, Prevention & Assistance HB 2 Budget Highlights	
◆	The budget increases 15.1 percent over the previous biennial budget, primarily due to statewide present law adjustments and base operating adjustments
◆	The increase in vacancy savings to 7 percent reduced the budget by \$294,000
◆	The legislature removed \$188,000 for positions vacant longer than six months
◆	An additional 1.0 FTE was approved to provide wastewater treatment system technical support

**HB 645 Budget Highlights**

- ◆ The division received \$21.4 million for the following items:
  - \$8.7 for the state buildings energy conservation program for non construction costs such as tracking energy savings
  - \$7.5 million for energy efficiency block grant to be passed to cities and towns to save energy and create jobs
  - \$1.3 million for oversight of development of clean water and drinking water infrastructure
  - \$0.2 million to address water quality data collection and planning efforts
  - \$1.7 million to reduce diesel emissions in non attainment areas through the replacement of diesel school buses
  - Up to \$2.0 million to establish an energy storage grant program

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table							
Plan.Prevent. & Assist.Div.							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 2,873,851	28.6%	\$ 2,956,275	22.4%	\$ 2,971,676	22.7%
	01100 General Fund	2,873,851	28.6%	2,956,275	22.4%	2,971,676	22.7%
02000	Total State Special Funds	1,131,114	11.2%	2,279,030	17.2%	2,109,331	16.1%
	02070 Hazardous Waste-Cercla	88,908	0.9%	90,869	0.7%	91,309	0.7%
	02157 Solid Waste Management Fee	129,308	1.3%	132,746	1.0%	133,321	1.0%
	02174 Go Fy06 Spb Bond Proceeds	-	-	808,842	6.1%	612,749	4.7%
	02201 Air Quality-Operating Fees	94,296	0.9%	121,039	0.9%	121,717	0.9%
	02203 Arco	8,137	0.1%	7,913	0.1%	7,943	0.1%
	02206 Agriculture Monitoring	4,890	0.0%	8,496	0.1%	8,528	0.1%
	02223 Wastewater Srf Special Admin	408,853	4.1%	519,539	3.9%	525,033	4.0%
	02278 Mpdcs Permit Program	68,230	0.7%	95,505	0.7%	95,854	0.7%
	02316 Go94B/Ban 93D Admin	4,941	0.0%	12,306	0.1%	12,345	0.1%
	02388 Misc. State Special Revenue	22,440	0.2%	23,484	0.2%	23,574	0.2%
	02491 Drinking Water Spec Admin Cost	258,210	2.6%	253,558	1.9%	266,414	2.0%
	02555 Alternative Energy Rev Loan	40,328	0.4%	64,496	0.5%	69,720	0.5%
	02973 Univ System Benefits Program	2,573	0.0%	140,237	1.1%	140,824	1.1%
03000	Total Federal Special Funds	6,051,229	60.2%	7,980,731	60.4%	8,026,768	61.2%
	03003 Tribal Air Quality Fund	1,486	0.0%	14,100	0.1%	14,112	0.1%
	03007 Doe Special Projects	2,769	0.0%	132,565	1.0%	132,246	1.0%
	03010 Nps 04 Projects	5,299	0.1%	-	-	-	-
	03014 Dw Srf Ffy05 Grant	33,579	0.3%	-	-	-	-
	03033 Energy/Fsd	12,303	0.1%	12,099	0.1%	12,149	0.1%
	03070 106 Monitoring Initiative	110,680	1.1%	204,856	1.6%	205,422	1.6%
	03091 106 National Lakes Survey	92,343	0.9%	95,496	0.7%	95,799	0.7%
	03106 Nps 05 Projects	51,993	0.5%	-	-	-	-
	03149 Wpc Srf Fy06 Grant	-	-	206,739	1.6%	144,956	1.1%
	03161 Warner Amendment	3	0.0%	-	-	-	-
	03190 Amoco Oil Overcharge	4	0.0%	-	-	-	-
	03211 Exxon-Sepc	3,497	0.0%	-	-	-	-
	03212 Stripper-Sepc	5,409	0.1%	-	-	-	-
	03213 Stripper-Sbp	1,373	0.0%	-	-	-	-
	03216 Exxon-Icp	294	0.0%	-	-	-	-
	03217 Exxon Ees	44	0.0%	-	-	-	-
	03218 Diamond Shamrock-Admin.	2,889	0.0%	69,177	0.5%	69,273	0.5%
	03227 Fy06 Wetlands Grant	153,560	1.5%	433,434	3.3%	440,971	3.4%
	03229 Fy07 Wetlands Grant	(6)	0.0%	-	-	-	-
	03243 Dw Srf 06 Grant	85,650	0.9%	-	-	-	-
	03245 Wastewater Treatment Grant	24,460	0.2%	5,363	0.0%	67,728	0.5%
	03249 Nps Implementation Grant	349	0.0%	-	-	-	-
	03262 Epa Ppg	1,732,954	17.2%	-	-	-	-
	03289 Wastewater Operator Training	17,904	0.2%	17,568	0.1%	17,663	0.1%
	03311 Doe - Codes And Standards	14,505	0.1%	14,258	0.1%	14,323	0.1%
	03312 Doe-Rebuild America	22,139	0.2%	21,777	0.2%	21,864	0.2%
	03318 Mt School Lab Clean Up	15,450	0.2%	15,184	0.1%	15,246	0.1%
	03364 Fy06 Nps 319 Projects Grant	40,074	0.4%	-	-	-	-
	03433 Epa Ppg Fy10-11	-	-	1,863,751	14.1%	1,876,826	14.3%
	03436 Nps 04 Staffing & Support	-	-	-	-	1,367,339	10.4%
	03437 Sep Base 2004	318,333	3.2%	567,303	4.3%	569,916	4.3%
	03449 Npdes Epa Grant	1,138,150	11.3%	1,710,929	12.9%	1,715,898	13.1%
	03459 Doe Competitive Special Proj	17,275	0.2%	16,994	0.1%	17,052	0.1%
	03465 Doe Washington State Univ	10,700	0.1%	10,530	0.1%	10,563	0.1%
	03608 Nutrient Criteria Pilot Project	254,203	2.5%	-	-	-	-
	03676 Bureau Of Land Management	50,000	0.5%	48,749	0.4%	48,900	0.4%
	03691 Nps Staffing/Support	1,116,445	11.1%	1,357,498	10.3%	-	-
	03695 Srf St Tribal Rel Agrmt Grant	107,158	1.1%	294,108	2.2%	295,258	2.3%
	03704 Doe - Mt Wind Powering	6,786	0.1%	6,675	0.1%	6,696	0.1%
	03716 Doe - Omnibu	25,000	0.2%	24,590	0.2%	24,686	0.2%
	03812 Epa 106 Water Grant	470,937	4.7%	208	0.0%	623	0.0%
	03813 Dw Srf 08 Grant	-	-	745,683	5.6%	-	-
	03814 Epa Water Quality 205J	100,000	1.0%	97,239	0.7%	97,121	0.7%
	03815 Dw Srf 09 Grant	-	-	(11,240)	-0.1%	733,415	5.6%
	03817 Emap	5,238	0.1%	5,098	0.0%	5,136	0.0%
	03818 Dw Srf 10 Grant	-	-	-	-	5,587	0.0%
Grand	Total	\$ 10,056,194	100.0%	\$ 13,216,036	100.0%	\$ 13,107,775	100.0%

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air quality permits and the interest from the investments made in community drinking water projects. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund is utilized for the total maximum daily load (TMDL) program and for matching of federal grants.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,873,851	2,873,851	5,747,702	96.96%	10,056,194	10,056,194	20,112,388	76.40%
Statewide PL Adjustments	182,438	186,557	368,995	6.22%	997,781	1,021,795	2,019,576	7.67%
Other PL Adjustments	(37,545)	(36,288)	(73,833)	(1.25%)	1,491,598	1,510,195	3,001,793	11.40%
New Proposals	(62,469)	(52,444)	(114,913)	(1.94%)	670,463	519,591	1,190,054	4.52%
<b>Total Budget</b>	<b>\$2,956,275</b>	<b>\$2,971,676</b>	<b>\$5,927,951</b>		<b>\$13,216,036</b>	<b>\$13,107,775</b>	<b>\$26,323,811</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "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 2010-----				-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Personal Services					1,229,062				1,252,667
Vacancy Savings					(243,264)				(244,210)
Inflation/Deflation					11,983				13,338
<b>Total Statewide Present Law Adjustments</b>		<b>\$182,438</b>	<b>\$190,549</b>	<b>\$624,794</b>	<b>\$997,781</b>		<b>\$186,557</b>	<b>\$193,400</b>	<b>\$1,021,795</b>
DP 2005 - Planning Division Operations Adjustments									
0.00	(37,119)	73,646	1,456,369	1,492,896	0.00	(35,801)	88,581	1,458,903	1,511,683
DP 7101 - Fuel Inflation Reduction									
0.00	(426)	(100)	(772)	(1,298)	0.00	(487)	(113)	(888)	(1,488)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$37,545)</b>	<b>\$73,546</b>	<b>\$1,455,597</b>	<b>\$1,491,598</b>	<b>0.00</b>	<b>(\$36,288)</b>	<b>\$88,468</b>	<b>\$1,458,015</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$144,893</b>	<b>\$264,095</b>	<b>\$2,080,391</b>	<b>\$2,489,379</b>	<b>0.00</b>	<b>\$150,269</b>	<b>\$281,868</b>	<b>\$2,531,990</b>

DP 2005 - Planning Division Operations Adjustments - The legislature approved an operations adjustment of \$1,492,896 in FY 2010 and \$1,511,683 in FY 2011 in general fund, state special, and federal special revenue. This adjusts for the receipt of federal grants and related vacancy costs such as unspent travel, lab analysis work, supplies, and indirect costs.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.



## New Proposals

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2004 - Technical Assistance for Waste Water Treatment Sys										
20	1.00	0	98,897	0	98,897	1.00	0	101,250	0	101,250
DP 2050 - Personal Services Reduction										
20	0.00	(28,988)	(1,650)	(63,600)	(94,238)	0.00	(28,995)	(1,650)	(63,617)	(94,262)
DP 2051 - State Buildings Energy Conservation Program - BIEN										
20	0.00	0	808,842	0	808,842	0.00	0	612,749	0	612,749
DP 6013 - 2011 Biennium Pay Plan - HB 13										
20	0.00	6,719	3,762	17,042	27,523	0.00	20,200	11,418	51,407	83,025
DP 6014 - Pay Plan Lump Sum Payment - OTO										
20	0.00	3,285	1,284	7,331	11,900	0.00	0	0	0	0
DP 8101 - Increase Vacancy Savings to 7%										
20	0.00	(43,485)	(27,314)	(111,662)	(182,461)	0.00	(43,649)	(27,418)	(112,104)	(183,171)
<b>Total</b>	<b>1.00</b>	<b>(\$62,469)</b>	<b>\$883,821</b>	<b>(\$150,889)</b>	<b>\$670,463</b>	<b>1.00</b>	<b>(\$52,444)</b>	<b>\$696,349</b>	<b>(\$124,314)</b>	<b>\$519,591</b>

DP 2004 - Technical Assistance for Waste Water Treatment Sys - The legislature approved 1.00 FTE and \$98,897 in FY 2010 and \$101,250 in FY 2011 of state special revenue to provide on-site technical assistance and classroom training to help individuals, communities, and subdivisions reduce pollution from wastewater treatment facilities.

DP 2050 - Personal Services Reduction - The legislature removed funding for 2.0 FTE that had been vacant longer than six months.

DP 2051 - State Buildings Energy Conservation Program - BIEN - The legislature approved \$808,842 for FY 2010 and \$612,749 for FY 2011 in state special revenue to operate the State Buildings Energy Conservation Program. This will provide for private contractors to analyze energy efficiency in state facilities and establish projects to reduce energy and water consumption.

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half time employees making \$21.635 per hour or less.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	15.00	15.00	15.00	15.00	15.00	15.00	0.00	0.00%
Personal Services	873,315	912,383	1,007,272	1,017,504	1,785,698	2,024,776	239,078	13.39%
Operating Expenses	309,306	322,587	408,718	418,451	631,893	827,169	195,276	30.90%
<b>Total Costs</b>	<b>\$1,182,621</b>	<b>\$1,234,970</b>	<b>\$1,415,990</b>	<b>\$1,435,955</b>	<b>\$2,417,591</b>	<b>\$2,851,945</b>	<b>\$434,354</b>	<b>17.97%</b>
General Fund	520,386	530,452	608,575	617,169	1,050,838	1,225,744	174,906	16.64%
State Special	348,850	371,162	489,801	496,683	720,012	986,484	266,472	37.01%
Federal Special	313,385	333,356	317,614	322,103	646,741	639,717	(7,024)	(1.09%)
<b>Total Funds</b>	<b>\$1,182,621</b>	<b>\$1,234,970</b>	<b>\$1,415,990</b>	<b>\$1,435,955</b>	<b>\$2,417,591</b>	<b>\$2,851,945</b>	<b>\$434,354</b>	<b>17.97%</b>

**Program Description**

The Enforcement Division is responsible for formal enforcement of the public health and environmental protection laws and rules administered by the department. Division staff works with department attorneys and regulatory programs to draft administrative orders, calculate penalties, negotiate settlements, and monitor compliance with orders issued by the department. The division also manages a complaint clearinghouse that responds to and tracks citizen complaints and reports of spills or releases of materials.

**Program Highlights**

Enforcement Division HB 2 Budget Highlights	
◆	The budget increases 18 percent over the previous biennial budget, primarily due to statewide present law adjustments and base operating adjustments
◆	The increase in vacancy savings to 7 percent reduced the budget by \$46,600

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Enforcement Division							
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011	
01000 Total General Fund	\$ 520,386	44.0%	\$ 608,575	43.0%	\$ 617,169	43.0%	
01100 General Fund	520,386	44.0%	608,575	43.0%	617,169	43.0%	
02000 Total State Special Funds	348,850	29.5%	489,801	34.6%	496,683	34.6%	
02075 Ust Leak Prevention Program	53,815	4.6%	42,487	3.0%	43,076	3.0%	
02201 Air Quality-Operating Fees	48,902	4.1%	141,602	10.0%	143,594	10.0%	
02202 Asbestos Control	36,093	3.1%	49,555	3.5%	50,259	3.5%	
02204 Public Drinking Water	107,211	9.1%	113,270	8.0%	114,881	8.0%	
02278 Mpdcs Permit Program	40,106	3.4%	38,942	2.8%	39,477	2.7%	
02418 Subdivision Plat Review	31,753	2.7%	42,487	3.0%	43,076	3.0%	
02576 Natural Resources Operations Ssr Fu	4,215	0.4%	5,097	0.4%	5,163	0.4%	
02845 Junk Vehicle Disposal	26,755	2.3%	56,361	4.0%	57,157	4.0%	
03000 Total Federal Special Funds	313,385	26.5%	317,614	22.4%	322,103	22.4%	
03067 Dsl Federal Reclamation Grant	10,452	0.9%	-	-	-	-	
03228 L.U.S.T./Trust	34,371	2.9%	30,021	2.1%	30,433	2.1%	
03262 Epa Ppg	219,144	18.5%	-	-	-	-	
03433 Epa Ppg FY10-11	-	-	219,906	15.5%	223,036	15.5%	
03436 Nps 04 Staffing & Support	-	-	-	-	56,004	3.9%	
03691 Nps Staffing/Support	49,418	4.2%	55,219	3.9%	-	-	
03816 Doi Osm A&E Grant	-	-	12,468	0.9%	12,630	0.9%	
Grand Total	\$ 1,182,621	100.0%	\$ 1,415,990	100.0%	\$ 1,435,955	100.0%	

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air, asbestos control, and discharge permits, as well as subdivision review fees. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA) programs, predominantly the performance partnership grant.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	520,386	520,386	1,040,772	84.91%	1,182,621	1,182,621	2,365,242	82.93%
Statewide PL Adjustments	57,700	58,981	116,681	9.52%	162,391	165,363	327,754	11.49%
Other PL Adjustments	41,411	45,452	86,863	7.09%	96,353	105,758	202,111	7.09%
New Proposals	(10,922)	(7,650)	(18,572)	(1.52%)	(25,375)	(17,787)	(43,162)	(1.51%)
<b>Total Budget</b>	<b>\$608,575</b>	<b>\$617,169</b>	<b>\$1,225,744</b>		<b>\$1,415,990</b>	<b>\$1,435,955</b>	<b>\$2,851,945</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "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 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
Personal Services					202,357					205,112
Vacancy Savings					(43,025)					(43,136)
Inflation/Deflation					3,059					3,387
<b>Total Statewide Present Law Adjustments</b>		<b>\$57,700</b>	<b>\$116,390</b>	<b>(\$11,699)</b>	<b>\$162,391</b>	<b>0.00</b>	<b>\$58,981</b>	<b>\$117,415</b>	<b>(\$11,033)</b>	<b>\$165,363</b>
					0					0
DP 3002 - Enforcement Operations Adjustments- OTO/RST										
0.00	41,425	33,341	21,619	96,385	0.00	45,469	36,596	23,730	105,795	
DP 7101 - Fuel Inflation Reduction										
0.00	(14)	(11)	(7)	(32)	0.00	(17)	(12)	(8)	(37)	
				0						0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$41,411</b>	<b>\$33,330</b>	<b>\$21,612</b>	<b>\$96,353</b>	<b>0.00</b>	<b>\$45,452</b>	<b>\$36,584</b>	<b>\$23,722</b>	<b>\$105,758</b>
				0						0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$99,111</b>	<b>\$149,720</b>	<b>\$9,913</b>	<b>\$258,744</b>	<b>0.00</b>	<b>\$104,433</b>	<b>\$153,999</b>	<b>\$12,689</b>	<b>\$271,121</b>

DP 3002 - Enforcement Operations Adjustments- OTO/RST - The legislature approved a one-time-only operations adjustment for \$96,385 in FY 2010 and \$105,795 in FY 2011 in general fund, state, and federal special revenue. Adjustments were made to restore FY 2008 authorized amounts for contracted services (lab analysis, paper service, temp services, publications and graphics), central stores, field equipment, postage and mailing, in-state travel, education and training, and indirect charges.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

### New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
DP 6013 - 2011 Biennium Pay Plan – HB 13										
30	0.00	2,070	1,665	1,080	4,815	0.00	6,255	5,025	3,285	14,565
DP 6014 - Pay Plan Lump Sum Payment - OTO										
30	0.00	876	728	472	2,076	0.00	0	0	0	0
DP 8101 - Increase Vacancy Savings to 7%										
30	0.00	(13,868)	(11,162)	(7,236)	(32,266)	0.00	(13,905)	(11,191)	(7,256)	(32,352)
<b>Total</b>	<b>0.00</b>	<b>(\$10,922)</b>	<b>(\$8,769)</b>	<b>(\$5,684)</b>	<b>(\$25,375)</b>	<b>0.00</b>	<b>(\$7,650)</b>	<b>(\$6,166)</b>	<b>(\$3,971)</b>	<b>(\$17,787)</b>

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment - OTO - This DP funds this program's cost of providing one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half time employees making \$21.635 per hour or less.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	62.76	62.76	62.76	62.76	62.76	62.76	0.00	0.00%
Personal Services	3,339,092	3,753,584	4,066,606	4,110,515	7,092,676	8,177,121	1,084,445	15.29%
Operating Expenses	5,579,929	8,617,870	11,398,386	11,439,243	14,197,799	22,837,629	8,639,830	60.85%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Capital Outlay	441,304	0	141,304	141,304	441,304	282,608	(158,696)	(35.96%)
Grants	0	20,000	0	0	20,000	0	(20,000)	(100.00%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	1,807	0	0	1,807	0	(1,807)	(100.00%)
<b>Total Costs</b>	<b>\$9,360,325</b>	<b>\$12,393,261</b>	<b>\$15,606,296</b>	<b>\$15,691,062</b>	<b>\$21,753,586</b>	<b>\$31,297,358</b>	<b>\$9,543,772</b>	<b>43.87%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	2,473,360	3,300,952	8,093,028	8,128,212	5,774,312	16,221,240	10,446,928	180.92%
Federal Special	6,886,965	9,092,309	7,513,268	7,562,850	15,979,274	15,076,118	(903,156)	(5.65%)
<b>Total Funds</b>	<b>\$9,360,325</b>	<b>\$12,393,261</b>	<b>\$15,606,296</b>	<b>\$15,691,062</b>	<b>\$21,753,586</b>	<b>\$31,297,358</b>	<b>\$9,543,772</b>	<b>43.87%</b>

### Program Description

The Remediation Division protects human health and the environment by preventing exposure to hazardous substances that have been released to soil, sediment, surface water, or groundwater. The division also ensures compliance with state and federal regulations. The division's responsibilities include: oversight, investigation, and cleanup activities at state and federal Superfund sites, and voluntary cleanup activities; reclamation of abandoned mine lands; implementation of corrective actions at sites with leaking underground storage tanks; and oversight of groundwater remediation at sites where improper placement of wastes has caused groundwater contamination. This division is divided into two bureaus:

1. The Hazardous Waste Site Cleanup Bureau (HWSCB) oversees or conducts the investigation and cleanup of sites contaminated by chemical spills, hazardous substances, and petroleum released by industrial and commercial operations other than mining. The bureau works with the Petroleum Tank Release Compensation Board for eligibility and reimbursement determinations and provides grants to local governments for compliance assistance.
2. The Mine Waste Cleanup Bureau (MWCB) is responsible for administering and overseeing remedial actions at historical mine sites, abandoned mines, ore-transport, and processing facilities. It also oversees the provisions of the federal Comprehensive Environmental Response and Liability Act (CERCLA or federal Superfund Program).

### Program Highlights

Remediation Division HB 2 Budget Highlights	
◆	The proposed biennial budget is 43.9 percent over the previous biennial budget primarily due to present law adjustments
◆	Present law adjustments total \$12.7 million including \$6.0 million for the state superfund program and one-time-only authority for: <ul style="list-style-type: none"> <li>• \$2.4 million for oversight to the cleanup of the Kalispell Pole &amp; Timber, Reliance Refinery, and Yale Oil (KRY) combined site</li> <li>• \$750,000 for closure activities related to the Basin Creek project</li> </ul>

- \$728,000 to accelerate remediation at various state Superfund sites
- \$260,000 for closure activities related to the Beal Mountain Site
- ◆ Base adjustments total \$929,000 primarily for contract services and travel costs
- ◆ The increase in vacancy savings to 7 percent reduced the budget by \$259,000

#### HB 645 Budget Highlights

- ◆ The division received \$2.0 million for the leaking underground storage tank program to address leaks where the owners are unidentified, unwilling or unable to perform cleanup

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table							
Remediation Division							
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011	
02000 Total State Special Funds	\$ 2,473,360	26.4%	\$ 8,093,028	51.9%	\$ 8,128,212	51.8%	
02058 Petroleum Storage Tank Cleanup	1,095,158	11.7%	1,356,349	8.7%	1,372,954	8.7%	
02070 Hazardous Waste-Cercla	18,325	0.2%	21,336	0.1%	21,540	0.1%	
02162 Environmental Quality Protecti	1,013,963	10.8%	5,792,294	37.1%	5,808,704	37.0%	
02206 Agriculture Monitoring	5,251	0.1%	27,085	0.2%	27,159	0.2%	
02438 Pegasus - Beal Mountain	1	0.0%	130,000	0.8%	130,000	0.8%	
02472 Orphan Share Fund	12,003	0.1%	14,331	0.1%	14,520	0.1%	
02520 Fy06 Cercla Bond Proceeds	139,183	1.5%	527,970	3.4%	528,389	3.4%	
02565 Lust Cost Recovery	130,007	1.4%	158,312	1.0%	159,416	1.0%	
02940 Pegasus - Basin	59,469	0.6%	65,351	0.4%	65,530	0.4%	
03000 Total Federal Special Funds	6,886,965	73.6%	7,513,268	48.1%	7,562,850	48.2%	
03036 Deq Federal Aml Grant	-	-	3,764,226	24.1%	3,783,443	24.1%	
03158 Blm Interagency Agreement	21,173	0.2%	23,271	0.1%	23,335	0.1%	
03228 L.U.S.T./Trust	575,813	6.2%	599,486	3.8%	606,188	3.9%	
03259 Superfund Multi Site	1,270,236	13.6%	1,410,882	9.0%	1,419,435	9.0%	
03262 Epa Ppg	164,700	1.8%	-	-	-	-	
03433 Epa Ppg Fy10-11	-	-	123,326	0.8%	124,089	0.8%	
03438 Brownsfield State Response	897,873	9.6%	873,027	5.6%	883,950	5.6%	
03447 Deq-Federal Aml03 Grant	3,382,338	36.1%	-	-	-	-	
03463 Mine Lease/Reclamation	415	0.0%	443	0.0%	444	0.0%	
03468 Core Cooperative Grant-Fy05	164,905	1.8%	191,987	1.2%	193,891	1.2%	
03663 Aml Special Projects	-	-	72,800	0.5%	72,800	0.5%	
03721 Libby Asbestos/Troy	409,512	4.4%	453,820	2.9%	455,275	2.9%	
Grand Total	\$ 9,360,325	100.0%	\$ 15,606,296	100.0%	\$ 15,691,062	100.0%	

The Remediation Division is funded with a mix of state special and federal revenue sources. State special revenue comes from the \$.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust deposited to the environmental quality protection, orphan share, and hazardous waste funds. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Surface Mining for the Abandoned Mine Lands (AML) program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	9,360,325	9,360,325	18,720,650	59.82%
Statewide PL Adjustments	0	0	0	0.00%	814,660	829,057	1,643,717	5.25%
Other PL Adjustments	0	0	0	0.00%	5,514,710	5,551,459	11,066,169	35.36%
New Proposals	0	0	0	0.00%	(83,399)	(49,779)	(133,178)	(0.43%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$15,606,296</b>	<b>\$15,691,062</b>	<b>\$31,297,358</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the changes to the adjusted base budget made by the legislature. "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 2010-----						-----Fiscal 2011-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				975,034						988,564
Vacancy Savings				(172,561)						(173,109)
Inflation/Deflation				12,187						13,602
Total Statewide Present Law Adjustments										
	\$0	\$320,182	\$494,478	\$814,660	0.00	\$0	\$325,683	\$503,374	\$829,057	
				0					0	
DP 4002 - Remediation Operations Adjustments										
	0.00	0	277,717	169,086	446,803	0.00	0	292,349	191,365	483,714
DP 4005 - Basin Creek Mine Closure Plan - RST- BIEN - OTO										
	0.00	0	375,000	0	375,000	0.00	0	375,000	0	375,000
DP 4006 - Beal Mountain Mine Closure BIEN-OTO										
	0.00	0	130,000	0	130,000	0.00	0	130,000	0	130,000
DP 4009 - KRY Remediation Oversight - BIEN - RST - OTO										
	0.00	0	1,200,000	0	1,200,000	0.00	0	1,200,000	0	1,200,000
DP 4011 - Accelerated Remediation CECRA Sites BIEN/RST/OTO										
	0.00	0	364,000	0	364,000	0.00	0	364,000	0	364,000
DP 4012 - CECRA Accelerated Remediation Base Adjustment										
	0.00	0	3,000,000	0	3,000,000	0.00	0	3,000,000	0	3,000,000
DP 7101 - Fuel Inflation Reduction										
	0.00	0	(324)	(769)	(1,093)	0.00	0	(371)	(884)	(1,255)
					0					0
Total Other Present Law Adjustments										
	0.00	\$0	\$5,346,393	\$168,317	\$5,514,710	0.00	\$0	\$5,360,978	\$190,481	\$5,551,459
					0					0
Grand Total All Present Law Adjustments										
	0.00	\$0	\$5,666,575	\$662,795	\$6,329,370	0.00	\$0	\$5,686,661	\$693,855	\$6,380,516

DP 4002 - Remediation Operations Adjustments - The legislature approved \$446,803 in FY 2010 and \$483,714 in FY 2011 of state and federal special revenue authority. This is a net adjustment of decreased contract services and increased travel, training, and communication expenditures due to vacancies, use of student interns, and indirect cost adjustments.

DP 4005 - Basin Creek Mine Closure Plan - RST- BIEN - OTO - The legislature approved a restricted one-time-only biennial state special revenue authority of \$750,000 to complete the closure at Basin Creek mine. This property was acquired as part of the Pegasus bankruptcy. The project is using a combination of existing reclamation bond monies forfeited by Pegasus and general obligation (GO) bond monies to complete closure. The additional activities will qualify as match for Environmental Protection Agency (EPA) cleanup at the Basin/Upper Ten-mile federal superfund site.

DP 4006 - Beal Mountain Mine Closure BIEN-OTO - The legislature approved a one-time-only biennial state special revenue authority of \$260,000 to implement the Beal Mountain Mine closure plan. These activities will be completed

using reclamation bond monies remaining in the site account as well as the monies generated from the auction of equipment at the site during FY 2009.

DP 4009 - KRY Remediation Oversight - BIEN - RST - OTO - The legislature approved a one-time-only biennial restricted appropriation authority of \$2.4 million in order to implement remedial action plans at Kalispell Pole and Timber, Reliance Refinery, and Yale Oil (KRY) state Superfund sites. This package will cover contracted services to prepare and review engineering plans as well as oversee activities associated with cleaning up the site.

DP 4011 - Accelerated Remediation CECRA Sites BIEN/RST/OTO - The legislature approved a one-time-only biennial restricted appropriation authority of \$728,000 in order to implement remedial action plans at the Upper Blackfoot Mining Complex CECRA site. Funding will be used for contract services to complete baseline human health and ecological risk assessments as well as a feasibility study to identify the appropriate methods to clean up contaminants at the site.

DP 4012 - CECRA Accelerated Remediation Base Adjustment - The legislature approved \$3.0 million per year in state special revenue spending authority for operating expenses in order to continue successful implementation of remedial action plans at state Superfund CECRA sites. Funding will be used for remedial actions to address contaminants affecting human health and the environment using contracted services.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

### New Proposals

New Proposals										
Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4016 - Remediation New Leased Vehicles										
40	0.00	0	0	14,814	14,814	0.00	0	0	17,507	17,507
DP 6013 - 2011 Biennium Pay Plan - HB 13										
40	0.00	0	10,066	10,717	20,783	0.00	0	30,184	32,354	62,538
DP 6014 - Pay plan Lump Sum Payment - OTO )										
40	0.00	0	4,819	5,604	10,423	0.00	0	0	0	0
DP 8101 - Increase Vacancy Savings to 7%										
40	0.00	0	(61,792)	(67,627)	(129,419)	0.00	0	(61,993)	(67,831)	(129,824)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$46,907)</b>	<b>(\$36,492)</b>	<b>(\$83,399)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$31,809)</b>	<b>(\$17,970)</b>	<b>(\$49,779)</b>

DP 4016 - Remediation New Leased Vehicles - The legislature approved \$14,814 in FY 2010 and \$17,507 in FY 2011 in federal special revenue for additional motor pool leases of a hybrid sedan and a hybrid small utility vehicle. These vehicles will be utilized by the Abandoned Mine Lands (AML) program in the Remediation Division. This program is expanding due to increased federal awards from the U.S. Office of Surface Mining (OSM).

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY2010 and an additional \$54 per month for CY2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay plan Lump Sum Payment - OTO - This DP funds this program's cost of providing one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half time employees making \$21.635 per hour or less.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.



### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	199.03	199.03	209.03	209.03	199.03	209.03	10.00	5.02%
Personal Services	10,897,631	12,301,649	13,832,310	13,975,969	23,199,280	27,808,279	4,608,999	19.87%
Operating Expenses	7,163,107	12,154,977	11,016,992	11,005,386	19,318,084	22,022,378	2,704,294	14.00%
Equipment & Intangible Assets	97,857	185,428	100,557	100,557	283,285	201,114	(82,171)	(29.01%)
Grants	1,870,416	2,196,541	2,033,416	2,033,416	4,066,957	4,066,832	(125)	0.00%
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$20,029,011</b>	<b>\$26,838,595</b>	<b>\$26,983,275</b>	<b>\$27,115,328</b>	<b>\$46,867,606</b>	<b>\$54,098,603</b>	<b>\$7,230,997</b>	<b>15.43%</b>
General Fund	1,016,945	1,192,566	1,851,075	1,893,527	2,209,511	3,744,602	1,535,091	69.48%
State Special	13,245,316	17,311,797	18,328,952	18,411,082	30,557,113	36,740,034	6,182,921	20.23%
Federal Special	5,766,750	8,334,232	6,803,248	6,810,719	14,100,982	13,613,967	(487,015)	(3.45%)
<b>Total Funds</b>	<b>\$20,029,011</b>	<b>\$26,838,595</b>	<b>\$26,983,275</b>	<b>\$27,115,328</b>	<b>\$46,867,606</b>	<b>\$54,098,603</b>	<b>\$7,230,997</b>	<b>15.43%</b>

### Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 25 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. Provides assistance to resolve the facility's compliance issues, and when necessary recommends formal enforcement actions to the Enforcement Division.

Activities are organized into the Air Resources Management Bureau (air); Industrial and Energy Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply and subdivision); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks).

### Program Highlights

Permitting and Compliance Division HB 2 Budget Highlights	
◆	The biennial budget is 15.4 percent over the previous biennial budget primarily due to statewide and other present law adjustments
◆	The budget includes 6.0 FTE for the public water supply program and 4.0 FTE for the open cut mining program to address work load issues.
◆	Increases to the Air Quality Program total \$2.6 million over the biennium for contracted services, student interns, and monitoring
◆	A \$572,000 general fund reductions was approved in programs where fees could cover costs
◆	The increase in vacancy savings to 7 percent reduced the budget by \$853,096

**HB 645 Budget Highlights**

- ◆ The division received \$892,000 general fund authority to address workload issues related to increased anticipated air, water and open cut permitting workload due to stimulus projects

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table Permitting & Compliance Div.							
Program Funding		Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
01000	Total General Fund	\$ 1,016,945	5.1%	\$ 1,851,075	6.9%	\$ 1,893,527	7.0%
	01100 General Fund	1,016,945	5.1%	1,851,075	6.9%	1,893,527	7.0%
02000	Total State Special Funds	13,245,316	66.1%	18,328,952	67.9%	18,411,082	67.9%
	02036 Opencut Fees	-	-	297,442	1.1%	286,733	1.1%
	02054 Ust-Installer Lic & Permit Acc	50,108	0.3%	32,315	0.1%	32,540	0.1%
	02070 Hazardous Waste-Cercla	341,327	1.7%	434,355	1.6%	438,500	1.6%
	02075 Ust Leak Prevention Program	323,585	1.6%	250,777	0.9%	252,198	0.9%
	02096 Reclamation - Bond Forfeitures	-	-	10,000	0.0%	10,000	0.0%
	02157 Solid Waste Management Fee	517,077	2.6%	655,748	2.4%	659,761	2.4%
	02201 Air Quality-Operating Fees	3,304,418	16.5%	4,547,528	16.9%	4,618,936	17.0%
	02202 Asbestos Control	194,948	1.0%	250,321	0.9%	252,285	0.9%
	02204 Public Drinking Water	765,327	3.8%	986,587	3.7%	994,393	3.7%
	02278 Mpdcs Permit Program	1,369,159	6.8%	1,826,721	6.8%	1,841,084	6.8%
	02418 Subdivision Plat Review	1,537,974	7.7%	1,734,196	6.4%	1,746,135	6.4%
	02420 Bd Of Cert For W&Ww Op	96,793	0.5%	114,930	0.4%	115,497	0.4%
	02421 Hazardous Waste Fees	36,163	0.2%	128,026	0.5%	132,224	0.5%
	02428 Major Facility Siting	146,268	0.7%	562,146	2.1%	562,137	2.1%
	02521 Pegasus Bankruptcy/Operations	726,188	3.6%	750,138	2.8%	750,023	2.8%
	02576 Natural Resources Operations Ssr Fu	1,613,163	8.1%	2,044,504	7.6%	2,011,235	7.4%
	02579 Coal & Uranium Mine Account	214,251	1.1%	249,771	0.9%	249,741	0.9%
	02845 Junk Vehicle Disposal	1,974,237	9.9%	2,267,759	8.4%	2,271,929	8.4%
	02947 Zortman/Landusky Nitrate System	1,601	0.0%	1,599	0.0%	1,599	0.0%
	02952 Zortman Recl-Last (1,500,000)	-	-	190,000	0.7%	190,000	0.7%
	02954 Septage Fees	32,729	0.2%	19,089	0.1%	19,132	0.1%
	02988 Hard Rock Mining Reclamation	-	-	975,000	3.6%	975,000	3.6%
03000	Total Federal Special Funds	5,766,750	28.8%	6,803,248	25.2%	6,810,719	25.1%
	03014 Dw Srf Ffy05 Grant	24,495	0.1%	-	-	-	-
	03040 Operator Training Reimbursemnt	258,151	1.3%	303,232	1.1%	304,111	1.1%
	03067 Dsl Federal Reclamation Grant	944,350	4.7%	(19,973)	-0.1%	(13,247)	0.0%
	03107 National Park Service - Yellowstone	38,191	0.2%	19,787	0.1%	(7,764)	0.0%
	03243 Dw Srf 06 Grant	345,531	1.7%	-	-	-	-
	03262 Epa Ppg	2,567,374	12.8%	-	-	-	-
	03309 Ust Leak Prevention Grant	-	-	35,046	0.1%	35,255	0.1%
	03325 Pm 2.5 To 3/31/09	43,472	0.2%	362,386	1.3%	361,184	1.3%
	03326 Blm For Zortman & Landusky	454,759	2.3%	521,319	1.9%	521,248	1.9%
	03433 Epa Ppg Fy10-11	-	-	2,968,779	11.0%	2,985,181	11.0%
	03435 Pm 2.5 Fiscal Year 2004	249,107	1.2%	-	-	-	-
	03436 Nps 04 Staffing & Support	-	-	-	-	1,239	0.0%
	03438 Brownsfield State Response	62,286	0.3%	24,434	0.1%	24,697	0.1%
	03480 Blm Cbm Agreement	196,264	1.0%	348,536	1.3%	350,125	1.3%
	03672 Counter Terrorism Stag	-	-	-	-	-	-
	03691 Nps Staffing/Support	98,286	0.5%	100,085	0.4%	101,927	0.4%
	03798 Homeland Water System Security	52,227	0.3%	59,753	0.2%	60,071	0.2%
	03812 Epa 106 Water Grant	432,257	2.2%	-	-	-	-
	03815 Dw Srf 09 Grant	-	-	926,940	3.4%	932,117	3.4%
	03816 Doi Osm A&E Grant	-	-	1,152,924	4.3%	1,154,575	4.3%
Grand	Total	\$ 20,029,011	100.0%	\$ 26,983,275	100.0%	\$ 27,115,328	100.0%

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund provides 6.9 percent of the total funding and 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 fund.

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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,016,945	1,016,945	2,033,890	54.32%	20,029,011	20,029,011	40,058,022	74.05%
Statewide PL Adjustments	160,217	163,212	323,429	8.64%	2,767,050	2,813,059	5,580,109	10.31%
Other PL Adjustments	679,997	689,885	1,369,882	36.58%	4,196,028	4,217,173	8,413,201	15.55%
New Proposals	(6,084)	23,485	17,401	0.46%	(8,814)	56,085	47,271	0.09%
<b>Total Budget</b>	<b>\$1,851,075</b>	<b>\$1,893,527</b>	<b>\$3,744,602</b>		<b>\$26,983,275</b>	<b>\$27,115,328</b>	<b>\$54,098,603</b>	

### Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,299,017					3,342,161
Vacancy Savings					(567,858)					(569,598)
Inflation/Deflation					35,891					40,496
<b>Total Statewide Present Law Adjustments</b>										
		<b>\$160,217</b>	<b>\$2,062,672</b>	<b>\$544,161</b>	<b>\$2,767,050</b>	<b>0.00</b>	<b>\$163,212</b>	<b>\$2,120,364</b>	<b>\$529,483</b>	<b>\$2,813,059</b>
					0					0
DP 5002 - Air Online Permit & Compliance Reporting BIEN/OTO										
	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 5006 - ARMB Student Intern Funding										
	0.00	0	94,946	0	94,946	0.00	0	94,946	0	94,946
DP 5018 - Permitting & Compliance Operations Adjustments										
	0.00	110,169	939,411	533,493	1,583,073	0.00	110,083	959,025	525,404	1,594,512
DP 5019 - Hard Rock-Major Facility Siting Act Projs-BIEN-RST										
	0.00	0	1,700,000	50,000	1,750,000	0.00	0	1,700,000	50,000	1,750,000
DP 5021 - Public Water Supply Staff										
	6.00	570,000	0	0	570,000	6.00	580,000	0	0	580,000
DP 5050 - Air Quality Support (RST)										
	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000
DP 7101 - Fuel Inflation Reduction										
	0.00	(172)	(1,116)	(703)	(1,991)	0.00	(198)	(1,280)	(807)	(2,285)
					0					0
<b>Total Other Present Law Adjustments</b>										
	<b>6.00</b>	<b>\$679,997</b>	<b>\$2,933,241</b>	<b>\$582,790</b>	<b>\$4,196,028</b>	<b>6.00</b>	<b>\$689,885</b>	<b>\$2,952,691</b>	<b>\$574,597</b>	<b>\$4,217,173</b>
					0					0
<b>Grand Total All Present Law Adjustments</b>										
	<b>6.00</b>	<b>\$840,214</b>	<b>\$4,995,913</b>	<b>\$1,126,951</b>	<b>\$6,963,078</b>	<b>6.00</b>	<b>\$853,097</b>	<b>\$5,073,055</b>	<b>\$1,104,080</b>	<b>\$7,030,232</b>

DP 5002 - Air Online Permit & Compliance Reporting BIEN/OTO - The legislature approved biennial one-time only state special revenue authority of \$150,000 to contract for enhancements to the CEDARS (Consolidated Environmental Database and Retrieval System) database. This enhancement will allow regulated facilities to submit required reports and information online.

DP 5006 - ARMB Student Intern Funding - The legislature approved \$94,946 per year in state special revenue in order to hire student interns in the Air Resources Management Bureau (ARMB). This will fund up to four student interns who will provide assistance with air quality permitting and compliance activities and increase program efficiency.

DP 5018 - Permitting & Compliance Operations Adjustments - The legislature approved a base operating adjustment of \$1,583,073 in FY 2010 and \$1,594,512 in FY 2011 of general fund, and state and federal special revenue. Base expenditures were low in junk vehicle grants to counties, reimbursements for abandoned vehicles, contracts not put into place due to vacancies, and underground storage tank funding.

DP 5019 - Hard Rock-Major Facility Siting Act Projs-BIEN-RST - The legislature approved a restricted biennial request for \$3.5 million in state and federal special revenue for hard rock reclamation and Major Facility Siting Act (MFSA) projects. Project spending authority will be used for reclamation of mine sites that will be funded by various bond forfeitures, settlement agreements, or funds raised through the sale of general obligation bonds authorized by 82-4-314, MCA. The authority for MFSA projects is based on past projects and the potential for future projects.

DP 5021 - Public Water Supply Staff - The legislature approved 6.00 FTE and \$570,000 general fund in FY 2010 and \$580,000 in FY 2011 to address the deficiencies in the 2007 EPA Primacy Report on the status of Montana's Public Water Supply Program. Deficiencies cited include insufficient resources to adequately implement the required elements of the Safe Drinking Water Act, continued EPA roll-out of federal regulations, and failure to protect public health.

*The following information was utilized as part of the legislative decision making process and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.*

#### Justification

The department is the approved (primacy) agency to implement federal drinking water regulations in the state. The department must adopt and implement each new requirement, which often requires resources and ongoing technical assistance. Despite department efforts to increase efficiency and improve resources, it has not been possible to keep pace with the increasing demands and workload.

With two new regulations needing to be implemented now, one more in the very near future (2009), and more on the horizon, the situation has now reached the critical point and has become an unquestionable threat to the public health.

#### Project Outcome(s)

The overall goal of the project is to reduce the number of public water systems (PWSs) that become significant non-compliers (SNCs) and eliminate the backlog of PWS sanitary surveys (inspections) and keep current on all required surveys. This will provide a higher level of assurance to the public that their water is safe to drink.

#### Performance Criteria

With the added staff, the PWS Program should be able to:

- Adopt and implement new federal regulations; Long Term 2 Surface Water Treatment Rules (LT2), Stage 2 Disinfection and Disinfection By-Product Rules (Stage 2), and the Groundwater Rule
- Provide additional technical assistance to public water systems and eliminate the backlog of sanitary surveys needed
- Reduce the number of systems becoming SNCs

### Milestones

- Adopt and begin implementation of LT2 and Stage 2 regulations by June 2010
- Adopt and begin implementation of the Groundwater Rule by December 2011
- Eliminate backlog of sanitary surveys (approx. 400) by June 2011
- Reduce number of SNCs by 20 percent by the end of the biennium

### FTE

During FY2009 the Governor's Office authorized 9.00 modified FTE across 13 positions to begin the process of improving the state's ability to implement the regulations and increase assurance the drinking water provided to the public is safe. Those positions include:

- Nine environmental science specialists whose duties include rule implementation, compliance determination, technical assistance, sanitary surveys, and operator training
- One data control technician who would be responsible for inputting data generated by the new FTE into the database, verifying data accuracy, and preparing reports from the database
- Two administrative support positions to provide assistance to the new FTE

(Note: After executive reductions, this decision package contained funding for only 6.00 FTE.).

### Funding

General fund is requested because existing funding sources consisting of fees and federal grants are inadequate. No additional federal grant funding is available. The fees are statutorily set and would require more than a 300 percent increase to fund the proposal. The program will require ongoing support of \$1.1 to \$1.2 million per year after the 2011 biennium.

### Obstacles

New environmental science specialists will need training and guidance on the regulations that they will be working with. Depending on the experience level of a new employee and the regulations they will be responsible for, it could take six months to a year before an employee is fully proficient. EPA Region 8 has committed to providing access to EPA's rule management staff to assist in training the new staff.

### Risk

If the modified positions are not approved and retained, the remaining staff will have the task of trying to implement all existing and new federal regulations for public drinking water. Since it has already been documented that current staffing levels are inadequate, it is highly likely that staff will only be able to partially implement the regulations and will be unable to provide much technical assistance to the water systems. The number of water systems with violations will increase and sanitary surveys will become further backlogged. Assurances that public drinking water is safe will decline.

In the worst case, the Environmental Protection Agency (EPA) could determine that DEQ cannot adequately implement the requirements of the federal regulations in Montana. The EPA could withdraw the state's "primacy", meaning that the EPA could withdraw the authority they have granted us to be the primary agency to implement the federal rules, resulting in a loss of approximately \$1.2 million in federal revenue.

DP 5050 - Air Quality Support (RST) - The legislature provided \$125,000 each year of the biennium of state special revenue derived from air quality fees to support the following functions: 1) financial support for county air programs; 2) Butte office operations, and; 3) air monitoring equipment, operations and maintenance in the Sidney area to obtain data on the effects of the oil and gas industry on air quality.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

## New Proposals

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5010 - Swift Gulch Treatment System Operating Expenses										
50	0.00	40,000	0	0	40,000	0.00	40,000	0	0	40,000
DP 5050 - RIT Reduction - Environmental Management										
50	0.00	0	0	0	0	0.00	0	(25,000)	0	(25,000)
DP 5055 - RIT Reduction - Industrial Energy Bureau										
50	0.00	0	0	0	0	0.00	0	(25,000)	0	(25,000)
DP 5060 - General Fund Reduction										
50	0.00	(285,866)	0	0	(285,866)	0.00	(287,194)	0	0	(287,194)
DP 5065 - Open Cut Mining Additional Resources										
50	4.00	0	297,442	0	297,442	4.00	0	286,733	0	286,733
DP 5070 - MFSA Changes										
50	0.00	8,720	0	0	8,720	0.00	33,888	0	0	33,888
DP 5075 - Restoration of Unspecified GF Reduction (OTO)										
50	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
DP 6013 - 2011 Biennium Pay Plan - HB 13										
50	0.00	3,854	44,849	20,563	69,266	0.00	11,706	135,986	62,163	209,855
DP 6014 - Pay Plan Lump Sum Payment OTO										
50	0.00	2,037	23,876	11,610	37,523	0.00	0	0	0	0
DP 8101 - Increase Vacancy Savings to 7%										
50	0.00	(24,829)	(278,444)	(122,626)	(425,899)	0.00	(24,915)	(280,008)	(122,274)	(427,197)
<b>Total</b>	<b>4.00</b>	<b>(\$6,084)</b>	<b>\$87,723</b>	<b>(\$90,453)</b>	<b>(\$8,814)</b>	<b>4.00</b>	<b>\$23,485</b>	<b>\$92,711</b>	<b>(\$60,111)</b>	<b>\$56,085</b>

DP 5010 - Swift Gulch Treatment System Operating Expenses - The legislature provided \$40,000 general fund per year in the 2011 biennium for operating expenses for the Swift Gulch treatment system at the Zortman-Landusky mine site.

DP 5051 - RIT Reduction - Environmental Management - The legislature approved a FY 2011 reduction of \$25,000 from the RIT natural resource operations funding from the Environmental Management Bureau to account for reduced revenues to the fund.

DP 5055 - RIT Reduction - Industrial Energy Bureau - The legislature approved a FY 2011 reduction of \$25,000 from the RIT natural resources operations funding from the operations of the Industrial Energy Bureau to account for reduced revenues to the fund.

DP 5060 - General Fund Reduction - The legislature approved general fund reductions in the Permitting and Compliance Division in areas where fees are required by statute to cover costs. This totals approximately \$573,060 over the biennium.

DP 5065 - Open Cut Mining Additional Resources - The legislature approved state special revenue authority to implement HB 678. This legislation addresses public notice requirements for open cut mines, and enacts a fee to replace groundwater taxes to fund permitting and compliance of open cut mines. This decision package includes 4.0 FTE.

DP 5070 - MFSA Changes - The legislature provided general fund of \$8,720 in fiscal year 2010 and \$33,888 in fiscal year 2011 to cover the costs of implementing SB 360. This legislation requires the Board of Environmental Review to cover the cost of appeals of department decisions under the Major Facility Siting Act.

DP 5075 - Restoration of Unspecified GF Reduction (OTO) - The legislature partially restored a reduction to the general fund as a one-time-only appropriation. The authority is for \$250,000 each year of the biennium.

DP 6013 - 2011 Biennium Pay Plan - HB 13 The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half time employees making \$21.635 per hour or less.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

The legislature added the following language to HB 2:

"Permitting and Compliance Division includes a reduction in general fund money of \$285,866 in fiscal year 2010 and \$287,194 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

The agency may allocate Restoration of Unspecified GF Reduction among programs when developing 2011 biennium operating plans."

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	328,535	361,719	351,329	353,950	690,254	705,279	15,025	2.18%
Operating Expenses	214,086	336,807	382,417	385,833	550,893	768,250	217,357	39.46%
<b>Total Costs</b>	<b>\$542,621</b>	<b>\$698,526</b>	<b>\$733,746</b>	<b>\$739,783</b>	<b>\$1,241,147</b>	<b>\$1,473,529</b>	<b>\$232,382</b>	<b>18.72%</b>
State Special	542,621	698,526	733,746	739,783	1,241,147	1,473,529	232,382	18.72%
<b>Total Funds</b>	<b>\$542,621</b>	<b>\$698,526</b>	<b>\$733,746</b>	<b>\$739,783</b>	<b>\$1,241,147</b>	<b>\$1,473,529</b>	<b>\$232,382</b>	<b>18.72%</b>

### Program Description

The Petroleum Tank Release Compensation Board is attached to the department for administrative purposes. The purpose of the board is to administer the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board has a staff of 6.00 FTE. The board is attached to the Department of Environmental Quality for administrative purposes only.

### Program Highlights

Petroleum Tank Compensation Board HB 2 Budget Highlights	
♦	The biennial budget is 18.7 percent over the previous biennial budget primarily due to statewide present law adjustments
♦	The base increases \$270,000 for legal costs
♦	The increase in vacancy savings to 7 percent reduced the budget by \$21,000

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table						
Petro Tank Release Comp. Board						
Program Funding	Base FY 2008	% of Base FY 2008	Budget FY 2010	% of Budget FY 2010	Budget FY 2011	% of Budget FY 2011
02000 Total State Special Funds	\$ 542,621	100.0%	\$ 733,746	100.0%	\$ 739,783	100.0%
02058 Petroleum Storage Tank Cleanup	542,621	100.0%	733,746	100.0%	739,783	100.0%
Grand Total	\$ 542,621	100.0%	\$ 733,746	100.0%	\$ 739,783	100.0%

The program is funded solely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana.



**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	542,621	542,621	1,085,242	73.65%
Statewide PL Adjustments	0	0	0	0.00%	19,701	20,555	40,256	2.73%
Other PL Adjustments	0	0	0	0.00%	178,280	181,677	359,957	24.43%
New Proposals	0	0	0	0.00%	(6,856)	(5,070)	(11,926)	(0.81%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$733,746</b>	<b>\$739,783</b>	<b>\$1,473,529</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “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 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					34,157					35,029
Vacancy Savings					(14,507)					(14,544)
Inflation/Deflation					51					70
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$19,701</b>	<b>\$0</b>	<b>\$19,701</b>	<b>0.00</b>	<b>\$0</b>	<b>\$20,555</b>	<b>\$0</b>	<b>\$20,555</b>
					0					0
DP 9001 - Petroleum Board Subrogation Operation Adjustments	0.00	0	178,280	0	178,280	0.00	0	181,677	0	181,677
					0					0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$178,280</b>	<b>\$0</b>	<b>\$178,280</b>	<b>0.00</b>	<b>\$0</b>	<b>\$181,677</b>	<b>\$0</b>	<b>\$181,677</b>
					0					0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$197,981</b>	<b>\$0</b>	<b>\$197,981</b>	<b>0.00</b>	<b>\$0</b>	<b>\$202,232</b>	<b>\$0</b>	<b>\$202,232</b>

DP 9001 - Petroleum Board Subrogation Operation Adjustments - The legislature approved a request to restore base expenditures for the Petroleum Tank Release Compensation Board. The biennial request includes \$20,000 for retirement costs, \$5,987 for communications, \$63,983 for agency indirects, and \$270,000 for legal fees related to subrogation.

**New Proposals**

New Proposals										
Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2011 Biennium Pay Plan -HB 13										
90	0.00	0	1,932	0	1,932	0.00	0	5,838	0	5,838
DP 6014 - Pay Plan Lump Sum Payment OTO										
90	0.00	0	2,092	0	2,092	0.00	0	0	0	0
DP 8101 - Increase Vacancy Savings to 7%										
90	0.00	0	(10,880)	0	(10,880)	0.00	0	(10,908)	0	(10,908)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$6,856)</b>	<b>\$0</b>	<b>(\$6,856)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$5,070)</b>	<b>\$0</b>	<b>(\$5,070)</b>

DP 6013 - 2011 Biennium Pay Plan -HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan. In addition, the legislature provided a one-time-only payment of \$450 for all employees earning less than \$45,000 annually. These costs are included in DP 6014.

DP 6014 - Pay Plan Lump Sum Payment OTO - This DP funds this program's cost of providing one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half time employees making \$21.635 per hour or less.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

The legislature added the following language to HB 2:

"The department is appropriated up to \$500,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2011 biennium for the purpose of paying contract expenses related to the recovery of funds."