

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	349.24	8.50	5.25	362.99	8.50	5.25	362.99	362.99
Personal Services	12,666,881	1,804,442	412,022	14,883,345	1,890,110	404,149	14,961,140	29,844,485
Operating Expenses	23,946,366	30,910,687	7,465,449	62,322,502	(5,342,287)	3,157,569	21,761,648	84,084,150
Equipment	93,060	190,832	48,990	332,882	52,942	40,000	186,002	518,884
Grants	1,085,813	196,782	204,000	1,486,595	243,558	204,000	1,533,371	3,019,966
Benefits & Claims	0	3,500,000	0	3,500,000	0	0	0	3,500,000
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	540,000	540,000	540,000
Total Costs	\$37,792,120	\$36,602,743	\$8,130,461	\$82,525,324	(\$3,155,677)	\$4,345,718	\$38,982,161	\$121,507,485
General Fund	3,266,376	1,045,531	(8,861)	4,303,046	657,417	(8,936)	3,914,857	8,217,903
State/Other Special	19,857,864	28,963,210	4,619,582	53,440,656	(6,801,160)	948,592	14,005,296	67,445,952
Federal Special	14,667,880	6,594,002	3,519,740	24,781,622	2,988,066	3,406,062	21,062,008	45,843,630
Total Funds	\$37,792,120	\$36,602,743	\$8,130,461	\$82,525,324	(\$3,155,677)	\$4,345,718	\$38,982,161	\$121,507,485

Agency Description

The Department of Environmental Quality is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

Summary of Legislative Action

The legislature approved present law changes in HB 2 adding 8.5 FTE in each year of the biennium and increasing base expenditures by \$2.0 million (\$1.4 million general fund) over the 2003 biennium compared to 2001 biennium. New proposals in HB 2 add 5.75 FTE and \$12.5 million over the biennium. Major budgetary issues include the following. The legislature:

- ?? approved \$345,000 for database maintenance and \$1.3 million for database development. The department will move forward with converting multiple existing databases into a single "enterprise" database
- ?? granted authority of \$5.7 million for various "base adjustments" over the biennium. This funding brought the department back to full funding levels. Increases in spending were made because of position vacancies, increases in contract costs, increased workloads, increases in non-state rent, and increased travel costs
- ?? approved \$3.9 million of federal authority to provide grants to local watershed groups and review federal resource management plans as they relate to water quality objectives for non-point sources. In addition, the legislature approved \$1.1 million of authority to increase total maximum daily load efforts
- ?? approved \$3.5 million in state special revenue authority to pay for orphan share costs. Orphan share costs are costs incurred for site cleanup when the responsible parties are bankrupt or otherwise defunct
- ?? approved a biennial appropriation of \$30.5 million to utilize bond forfeitures to cleanup mine sites
- ?? approved an appropriation of up to \$540,000 from the Resource Indemnity Trust (RIT) fund after the balance exceeds the \$100 million cap. This appropriation will provide funds to purchase securities. The securities will be used as part of a funding package for water treatment efforts at the former Zortman and Landusky mines
- ?? added \$4.0 million state special revenue funds to implement Senate Bill 484 and purchase bonds for water treatment during mining reclamation projects
- ?? approved \$0.8 million of federal special revenue and 1.0 FTE for public water system operator training
- ?? added \$0.6 million state special and federal special revenue to spend an extension on leaking underground storage tank grant funds. No additional duties were added to the department in connection to this grant

Other Legislation

House Bill 4 - HB 4 appropriates money that would usually be appropriated by the budget amendment process for fiscal 2001. This bill appropriates \$0.8 million for fiscal 2001 to the Department of Environmental Quality for various projects including environmental impact statements, Total Maximum Daily Load special projects, and air quality database performance partnership grants.

House Bill 7 - The legislature appropriated RIT interest to the Department of Natural Resources and Conservation for reclamation and development projects. Included in the appropriation is just over \$1.7 million to the Department of Environmental Quality for: 1) a trust fund to ensure long-term water quality at Zortman-Landusky mine - \$300,000; 2) completion phase at the Pony Mill site - \$291,191; 3) organic soil amendments - \$300,000; 4) Ruby Gulch Tailings removal at the Zortman Mine; 5) coal bed methane gas environmental impact statement - \$250,000; and 6) Gregory Mine reclamation project - \$300,000. See the Long Range Planning section in Volume 4 for a list of specific projects funded in HB 7. There may not be enough money to fund all the projects in the 2003 biennium (see Resource Indemnity Trust in the "Agency Discussion" section for the Department of Natural Resources and Conservation).

House Bill 10 - The legislature appropriated federal oil overcharge money for various energy saving projects. Included in this appropriation is \$98,000 to the department for: 1) a grant to ethanol producers and consumers - \$3,000; 2) a grant to the National Center for Appropriate Technology to promote the use of soil monitors on irrigated land - \$5,000; and 3) a re-appropriation to fund the state energy program - \$90,000.

House Bill 12 - The legislature appropriated \$3.0 million of bond proceeds to the department to fund various energy conservation projects under the State Building Energy Conservation Program for state agencies listed in the legislation. In addition, \$100,000 of carryover federal oil overcharge money and \$450,000 of bond proceeds appropriated by past legislatures (but not spent) were appropriated to the department to prepare and implement energy conservation projects.

House Bill 69 - HB 69 revises the definitions, applicable fees, and mine performance bonding and appeal procedures of the metal mine reclamation laws. Due to increases in fees for the exploration licenses operating permits, just over \$15,000 additional state special revenue will be generated each fiscal year. In addition, HB 69 designates the hard-rock mining and reclamation account to be interest bearing and adds an irrevocable letter of credit as an acceptable performance bond. Further, the bill grants a licensee 60 days to negotiate a preliminary bond determination with the department and requires the department to issue a final bond determination in 30 days. Failure to post proper bond will render the applicant unable to continue mining or exploration until the bond issue is settled. These requirements clarify bonding requirements that previous statute did not address.

House Bill 462 - HB 462 would allow a petroleum storage tank owner or operator who would otherwise lose eligibility for reimbursement from the petroleum tank release cleanup fund by failing to remain in compliance with operational and cleanup requirements to potentially receive some reimbursement when the violations are corrected. In a typical year, the department issues five violation letters. The average cleanup cost is approximately \$11,200 per violation. If all violators complied, the cleanup fund would be decreased by \$56,000 per year.

House Bill 484 - At the beginning of fiscal 2003, this bill creates a hard-rock mining reclamation debt service fund and a new hard-rock mining reclamation special revenue account. The fund would be used to pay debt service on an authorized bond sale to fund reclamation work. Further, the bill allocates 8.5 percent of metalliferous mines license tax collections to the debt service fund and would eliminate the current law allocation of 8.5 percent of revenue from this tax to the orphan share fund. The effects of this legislation are increases in operating expenses primarily due to reclamation work at Beal Mountain Mine, Zortman Mine, Landusky Mine, and the CR Kendall Mine. The legislature appropriated \$4.0 million from the account over the 2003 biennium to implement HB 484.

House Bill 499 - HB 499 creates a credit against air quality fees imposed by the Department of Environmental Quality for recycling of post-consumer glass. Costs associated with implementing HB 499 will be absorbed by existing budgets. However, air quality fees will decline by approximately \$50,400 each year of the 2003 biennium.

Senate Bill 161 - SB 161 allows the Board of Environmental Review to set solid waste management fees. The department will proceed with proposed rule making for the board to approve a fee increase to cover expenditures already authorized in HB 2.

Senate Bill 167 - SB 167 will increase the number of reviews of non-public water and sewer systems in subdivisions by 50 to 60 percent. Grants to counties will increase because the types of reviews proposed by counties are projected to change. Counties will conduct 70 to 80 percent of reviews. SB 167 increases the reimbursement to counties by approximately 20 percent each year. This translates to approximately \$204,000 in additional grant expenditures each fiscal year for which authority was provided in HB 2. DEQ will proceed with a rulemaking process to increase subdivision fees to cover the cost of the increase in grants.

Senate Bill 168 - SB 168 increases the junk vehicle disposal fees on passenger cars and trucks under 8,001 pounds gross vehicle weight by \$.50 to \$2.00. In addition, the annual license fee for motor vehicle wrecking facilities was also increased by \$50 to \$100. A companion bill, HB 524, would have added \$.15 to the fees contemplated by SB 168 to be used to contract for removal of abandoned vehicles. However, the Governor vetoed HB 524 and earmarked \$.15 of the increased fees in this bill to be used to contract for the removal of abandoned vehicles. Spending authority was granted through HB 2.

Senate Bill 378 - SB 378 authorizes the department to collect interest on past-due remedial action costs and to deposit those funds into the environmental quality protection fund. The department estimates that an additional \$24,000 in interest revenue will be generated each fiscal year.

Senate Bill 449 - SB 449 eliminates the hard-rock mining and reclamation account and opencut mining and reclamation account in the state special revenue fund and establishes an environmental rehabilitation and response account. All money previously going to the hard-rock and opencut accounts along with unclaimed bond forfeitures will be deposited into the new account. Existing fees will remain at current levels and money will be available to the department by appropriation to perform tasks such as reclamation and re-vegetation of land affected by mining activities and to respond to imminent threat of substantial harm to the environment. Unspent or unencumbered money in the account remains in the account until appropriated by the legislature. The legislature appropriated \$125,000 from the account to implement SB 449 in the 2003 biennium.

Senate Bill 506 - SB 506 amends the laws relating to alternative energy systems and creates a state special revenue account that will be used to provide loans to individuals and small businesses for building alternative energy systems. The loan program will be administered by the Department of Environmental Quality and will be funded by Air Quality Non-compliance fees. The bill allows for an administrative assessment of 10 percent of the loan amount. The legislature granted the department \$120,000 of state special revenue authority to fund the administration costs for loans generated under SB 506.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	349.24	370.74	362.99	(7.75)	370.74	362.99	(7.75)	
Personal Services	12,666,881	14,904,953	14,883,345	(21,608)	14,982,823	14,961,140	(21,683)	(43,291)
Operating Expenses	23,946,366	55,638,965	62,322,502	6,683,537	22,203,111	21,761,648	(441,463)	6,242,074
Equipment	93,060	404,550	332,882	(71,668)	158,576	186,002	27,426	(44,242)
Grants	1,085,813	1,282,595	1,486,595	204,000	1,329,371	1,533,371	204,000	408,000
Benefits & Claims	0	3,500,000	3,500,000	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	540,000	540,000	540,000
Total Costs	\$37,792,120	\$75,731,063	\$82,525,324	\$6,794,261	\$38,673,881	\$38,982,161	\$308,280	\$7,102,541
General Fund	3,266,376	4,655,294	4,303,046	(352,248)	4,251,752	3,914,857	(336,895)	(689,143)
State/Other Special	19,857,864	49,188,159	53,440,656	4,252,497	13,154,133	14,005,296	851,163	5,103,660
Federal Special	14,667,880	21,887,610	24,781,622	2,894,012	21,267,996	21,062,008	(205,988)	2,688,024
Total Funds	\$37,792,120	\$75,731,063	\$82,525,324	\$6,794,261	\$38,673,881	\$38,982,161	\$308,280	\$7,102,541

Executive Budget Comparison

The legislature approved increases of \$7.1 million over the biennium from the level proposed by the executive. Of that, general fund has been decreased by \$0.7 million, state special revenue increased by \$5.1 million, and federal special revenue increased by \$2.7 million. The general fund decrease of \$0.7 million over the biennium was accomplished primarily through decisions to reduce numerous decision packages containing general fund requests and through funding switches. Instead of using general fund, the legislature approved state special and federal authority to fund several project areas. In state special revenue, the largest increase came from \$4.0 million appropriated to implement SB 484 which, in part, creates a hard-rock mining reclamation special revenue account that will be used to pay debt service on an authorized bond sale to fund reclamation work.

The bulk of the additional federal special revenue authority is an additional \$2.5 million in federal grants from the U.S. Forest Service for water treatment at Zortman and Landusky mines. In addition, the legislature appropriated \$540,000 from the Resource Indemnity Trust (RIT) fund balance after it reaches \$100 million to buy a zero coupon bond. The bond will also be used as part of a larger funding package to treat water at the Zortman and Landusky mines. For a further discussion of RIT, see the Department of Natural Resources and Conservation "Agency Discussion" in Volume 4 of the Fiscal Report.

Language

Items [Planning, Prevention, and Assistance; Remediation; and Permitting and Compliance] include a total of \$177,855 for the 2003 biennium for the Montana Natural Resources Information System. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.

Item [Permitting and Compliance; Statewide Travel Reduction] includes a reduction of general fund of \$7,328 in fiscal year 2002 and \$7,328 in fiscal year 2003. This reduction is the equivalent of an 8 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Permitting and Compliance] includes a reduction of \$21,608 general fund in fiscal 2002 and \$21,683 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	1,350	694	0	2,044	694	0	2,044	4,088
Operating Expenses	16,072	302,183	0	318,255	2,191	0	18,263	336,518
Total Costs	\$17,422	\$302,877	\$0	\$320,299	\$2,885	\$0	\$20,307	\$340,606
General Fund	14,041	302,877	0	316,918	2,885	0	16,926	333,844
Federal Special	3,381	0	0	3,381	0	0	3,381	6,762
Total Funds	\$17,422	\$302,877	\$0	\$320,299	\$2,885	\$0	\$20,307	\$340,606

Program Description

The Central Management Division consists of the Director's Office and a Centralized Services office. The Director's Office includes the director's staff, a centralized Legal Services Unit, and a centralized Personnel Office. The Central Management Division is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Centralized Services office provides budgeting, accounting, payroll, procurement, contract management, and information technology services support to other divisions.

Funding

The primary functions of this division are funded with proprietary funds (non-budgeted) and are not appropriated in HB 2. A discussion of the proprietary rates to support the function follows. The funding in HB 2 consists of general fund for Board of Environmental Review expenses. Table 1 details the Central Management Program's funding sources.

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	<u>\$14,041</u>		<u>\$316,918</u>		<u>\$16,926</u>	
Subtotal -- General Fund	14,041	80.6%	316,918	98.9%	16,926	83.4%
EPA Performance Partnership Grant	<u>3,381</u>		<u>3,381</u>		<u>3,381</u>	
Subtotal -- Federal	3,381	19.4%	3,381	1.1%	3,381	16.6%
Total Funding	<u>\$17,422</u>	100.0%	<u>\$320,299</u>	100.0%	<u>\$20,307</u>	100.0%

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(1,350)					(1,350)
Vacancy Savings					0					0
Inflation/Deflation					67					106
Fixed Costs					0					0
Total Statewide Present Law Adjustments					(\$1,283)					(\$1,244)
DP 2 - Board of Environ. Review Base Adjustments	0.00	4,266	0	0	4,266	0.00	4,235	0	0	4,235
DP 46 - DEQ Database Development	0.00	150,000	0	0	150,000	0.00	0	0	0	0
DP 57 - Legal Challenges	0.00	150,000	0	0	150,000	0.00	0	0	0	0
DP 699 - Vacancy Savings at 4 Percent	0.00	(106)	0	0	(106)	0.00	(106)	0	0	(106)
Total Other Present Law Adjustments	0.00	\$304,160	\$0	\$0	\$304,160	0.00	\$4,129	\$0	\$0	\$4,129
Grand Total All Present Law Adjustments					\$302,877					\$2,885

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 2 - Board of Environ. Review Base Adjustments - The legislature approved funds for Board of Environmental Review per diem and travel costs to bring the zero-based per diem amount for board members back to the same level as the 2001 biennium, as well as provide increased travel expenses for board members due to anticipated changes in the makeup of the board. The legislature also provided for a small increase in indirect costs, in proportion to the increased per diem costs.

DP 46 - DEQ Database Development - The legislature approved a restricted, biennial, one-time-only, general fund appropriation to continue the department's database development consolidation project started during the previous biennium.

DP 57 - Legal Challenges - The legislature approved a one-time-only, biennial appropriation of \$150,000 general fund to respond to a variety of legal challenges to the department's permitting and bonding actions. This funding will be used to hire outside expert legal services for: 1) cases that require specialized legal counsel; 2) minimizing the cost when a short hearing is a long distance away; 3) large complex cases that would take time away from regular caseload; and 4) cases that require local counsel.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Proprietary Rates

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 indirect pool consists of expenditures from the Director's Office, Personnel and Legal units, Central Services Administration, and the Fiscal Management, Contracts and Procurement, Systems Solutions, and Systems Administration Bureaus.

Revenues and Expenses

The department anticipates negotiating an indirect cost rate with the U.S. Environmental Protection Agency (EPA) of approximately 24 percent in fiscal 2002 and fiscal 2003. Revenues generated by the current indirect cost rate fund 42.00 FTE.

Rate Explanation

The department negotiates an annual indirect cost rate with EPA. The approved rate is a fixed rate. This rate is applied against the personal services charged within each division of the department, other than the Central Management Program.

The legislature approved increasing the indirect cost rate from the 23 percent approved in the last legislative session to 24 percent. The proposed one percent increase will fund the transfer of 6.50 FTE from other department programs to the Central Management Program in an effort to centralize the information technology function of the department and fund 2.00 FTE that were authorized by the 1999 legislature, but remain vacant. In addition, the rate increase includes base adjustments, equipment, and software upgrades.

The department's indirect cost rate is determined based on guidelines prescribed by the federal government. In addition, the department complies with 17-3-111, MCA, which requires agencies to negotiate a rate that would recover indirect costs to the fullest extent possible. In order to comply with this law, the legislature approved a rate that may vary slightly from the rate the department actually negotiates with EPA. The rate approved by the legislature is considered a cap and therefore, the department cannot negotiate for a rate higher than what has been approved by the legislature. However, the rate negotiated with EPA may be slightly lower.

Significant Present Law

The legislature approved present law proposals to transfer 6.50 FTE each year from programs 20, 30, 40, and 50 to program 10. The amount being transferred is \$301,066 and \$285,916 for fiscal 2002 and fiscal 2003, respectively. This includes personal services costs, as well as operating costs associated with these positions. These costs represent 2 percent of the total indirect cost rate of 24 percent. There is no effect on the unreserved fund balance.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	90.54	2.00	7.50	100.04	2.00	7.50	100.04	100.04
Personal Services	3,418,419	446,901	363,903	4,229,223	468,059	354,955	4,241,433	8,470,656
Operating Expenses	3,670,135	2,311,792	2,472,204	8,454,131	1,880,440	2,355,843	7,906,418	16,360,549
Equipment	65,085	100,000	40,000	205,085	0	40,000	105,085	310,170
Grants	39,507	(39,507)	0	0	(39,507)	0	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$7,193,146	\$2,819,186	\$2,876,107	\$12,888,439	\$2,308,992	\$2,750,798	\$12,252,936	\$25,141,375
General Fund	1,747,869	395,389	8,900	2,152,158	386,832	8,900	2,143,601	4,295,759
State/Other Special	911,584	151,948	60,000	1,123,532	146,927	60,000	1,118,511	2,242,043
Federal Special	4,533,693	2,271,849	2,807,207	9,612,749	1,775,233	2,681,898	8,990,824	18,603,573
Total Funds	\$7,193,146	\$2,819,186	\$2,876,107	\$12,888,439	\$2,308,992	\$2,750,798	\$12,252,936	\$25,141,375

Program Description

The division 1) monitors air and water quality conditions and trends, and assesses sources and severity of pollution problems; 2) works in the areas of air quality, water quality, land conservation, and energy efficiency to find ways to prevent pollution before it occurs; 3) provides planning for energy, watershed, air-shed, and solid and hazardous waste management; 4) helps develop water Total Maximum Daily Loads (TMDL); 5) coordinates department positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 6) provides economic modeling and analysis; 7) finances energy retrofits of public buildings, as well as construction and improvement of community drinking water and wastewater systems; and 8) provides technical assistance, education, and outreach regarding energy efficiency, occupational health, indoor air quality and radon. The division consists of the Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance Bureaus.

Funding

This division is funded from general fund and numerous sources of state and federal special revenue. Specific funding sources for the division are shown in Table 2. The primary state special revenue funding sources are from air quality operating permit fees set by the Board of Environmental Quality according to 75-2-220, MCA, and interest earnings from the Resource Indemnity Trust deposited in the Hazardous Waste/CERCLA account. General fund is used primarily for the TMDL program, resource planning and prevention, and administration. The remainder is spread among a number of program functions.

The largest federal funding sources are the EPA performance partnership grant, which is a block grant to fund a wide-range of environmental activities; non-point source pollution control funding, a portion of which is used to fund the TMDL program; and EPA funding from the clean water action plan for non-point source pollution control and allowable administrative costs for the drinking water state revolving fund. The 1997 legislature moved most of the federal non-point source pollution funds from this division to the Department of Natural Resources and Conservation. However, due to executive reorganization, these funds are appropriated in this division.

Table 2
Environmental Quality
Planning, Prevention, & Assistance Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	<u>\$1,747,869</u>		<u>\$2,152,158</u>		<u>\$2,143,601</u>	
Subtotal -- General Fund	1,747,869	24.3%	2,152,158	16.7%	2,143,601	17.5%
State Special Revenue			60,000		60,000	
Hazardous Waste-Cercla	112,105		159,922		159,671	
Solid Waste Management Fee	61,838		68,785		68,333	
Air Quality - Operating Fees	549,199		578,350		574,428	
ARCO	2,305		30,405		30,405	
Agriculture Monitoring	3,911		4,978		4,978	
NPDES Permit Program	67,642		89,189		88,279	
GO94B/Ban 93D Adm. General Oblig. Bonds	54,602		76,280		76,585	
Misc. State Special Revenue	<u>59,982</u>		<u>55,623</u>		<u>55,832</u>	
Subtotal -- State Special Revenue	911,584	12.7%	1,123,532	8.7%	1,118,511	9.1%
EPA/Drinking Water SRF	193,262		616,719		589,510	
Ambeint Air Monitoring			250,612		248,926	
EMAP Grant			180,444		175,869	
Wastewater Treatment Grant	273,227		406,928		404,444	
NPS Implementation Grant	1,210,463		3,579,449		3,557,869	
EPA PPG	1,395,358		1,713,875		1,705,582	
Wetlands Grant	260,631		358,464		355,040	
EPA/ Fed Misc.Special Projects			100,000			
EPA/ One Stop Program			450,000			
EPA Water Quality 205J	205,495		270,626		287,828	
EPA- Construction Grants	250,445		69,802		69,249	
EPA-St. Rev. Fnd.-Drinking Water 1998 Grant	266,514		8,892		8,920	
Drinking Water St. Revol. Fund 99			562,196		564,156	
MDOT-STIP/TMDL			59,993		56,674	
Subtotal -- Federal	4,533,693	63.0%	9,612,749	74.6%	8,990,824	73.4%
Total Funding	<u>\$7,193,146</u>	100.0%	<u>\$12,888,439</u>	100.0%	<u>\$12,252,936</u>	100.0%

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					540,661					563,064
Vacancy Savings					(108,949)					(109,621)
Inflation/Deflation					9,360					15,801
Fixed Costs					34,336					35,830
Total Statewide Present Law Adjustments					\$475,408					\$505,074
DP 1 - TMDL-Total Maximum Daily Load Program	4.00	177,446	0	414,717	592,163	4.00	154,225	0	402,347	556,572
DP 3 - Base Adjustment To Administration	0.00	17,196	2,684	9,541	29,421	0.00	15,340	2,395	8,511	26,246
DP 4 - Base Adjustment To Resource Protection Plan	0.00	68,226	(64,066)	154,140	158,300	0.00	65,110	(65,464)	147,102	146,748
DP 5 - Base Adjustment To Pollution Prevention	0.00	7,678	10,736	627,870	646,284	0.00	6,776	8,814	599,147	614,737
DP 6 - Base Adjustment To Tech & Fin Assistance	0.00	24,446	0	298,913	323,359	0.00	23,696	0	287,081	310,777
DP 7 - Base Adjustment to Monitoring & Data Management	0.00	62,605	50,001	89,694	202,300	0.00	65,439	48,130	84,865	198,434
DP 28 - Move IT Positions To Central Management Program	(2.00)	(8,340)	(6,960)	(85,061)	(100,361)	(2.00)	(7,912)	(6,603)	(80,693)	(95,208)
DP 45 - One Stop Grant For Database	0.00	0	0	450,000	450,000	0.00	0	0	0	0
DP 60 - Source Water Assessment-SRF	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 77 - Lease Vehicles	0.00	0	3,714	13,829	17,543	0.00	0	4,417	16,720	21,137
DP 696 - Data Network Fixed Cost Reduction	0.00	(728)	0	(388)	(1,116)	0.00	(728)	0	(388)	(1,116)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(5,652)	(3,909)	(13,886)	(23,447)	0.00	(5,666)	(3,919)	(13,920)	(23,505)
DP 699 - Vacancy Savings at 4 Percent	0.00	(12,400)	(6,384)	(31,884)	(50,668)	0.00	(12,452)	(6,418)	(32,034)	(50,904)
Total Other Present Law Adjustments	2.00	\$330,477	(\$14,184)	\$2,027,485	\$2,343,778	2.00	\$303,828	(\$18,648)	\$1,518,738	\$1,803,918
Grand Total All Present Law Adjustments					\$2,819,186					\$2,308,992

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - TMDL-Total Maximum Daily Load Program - The legislature approved funding to accelerate the development of total maximum daily loads (TMDLs) to meet the statutory deadline of 2007. The funding includes 4.0 FTE. The department must complete TMDLs for over 860 water bodies by 2007. The department received staffing and resources from the 1997 and 1999 legislatures to develop a TMDL program and work towards meeting the 2007 deadline. Over the first four years of the program, the department developed methods to list, de-list, and prioritize water bodies for TMDL development. The department also completed 128 point source TMDLs and four non-point source TMDLs. The additional staff will perform monitoring, modeling, and assessment duties and provide technical and financial support to local conservation districts and watershed advisory groups to develop water restoration plans and TMDLs.

DP 3 - Base Adjustment To Administration - The legislature approved funding for indirect cost increases in the adjusted base budgets for fiscal 2002 and fiscal 2003.

DP 4 - Base Adjustment To Resource Protection Plan - The legislature approved funding for a base budget adjustment in the Resource Protection Planning Bureau and to fund increased operating costs due to higher rates for in-state lodging and indirect charges.

DP 5 - Base Adjustment To Pollution Prevention - The legislature approved funding to re-establish the base budget for the Pollution Prevention Bureau. The base budget contains a deficit in operating expenditures because of staff turnover and resulting vacancies, and delays in hiring new FTE that were allocated for fiscal 2000. The Environmental Protection Agency (EPA) did not approve the source water protection program that is part of the new drinking water state revolving fund as quickly as expected. According to the department, this caused delays in hiring new staff to work on the program and delayed contracting for services under the program. In addition, staff vacancies in other programs resulted in fewer contracts being awarded under other federal environmental and energy efficiency programs.

DP 6 - Base Adjustment To Tech & Fin Assistance - The legislature approved funding to re-establish the base budget for the Technical and Financial Assistance Bureau. The base budget contains a deficit in operating expenditures because of staff turnover and delays in contract implementation. This base adjustment also contains contracted services in the amount of \$100,000 for technical assistance to public water supplies for managerial and financial capacity development.

DP 7 - Base Adjustment to Monitoring & Data Management - The legislature appropriated funds to the Monitoring and Data Management Bureau to fund increased operating costs, including: 1) higher rates for in-state lodging and indirect charges; 2) safety improvements and maintenance requirements at air monitoring sites; 3) increased administrative support; 4) transfer of smoke management program responsibilities from another department bureau; 5) increased contracted services costs for a largely privately-sponsored Clark Fork monitoring program; and 6) replacement of currently owned vehicles with state motor pool leased vehicles.

DP 28 - Move IT Positions To Central Management Program - The legislature approved a negative adjustment of \$195,569 for the 2003 biennium to reflect transfer of 2.0 FTE to the Central Management Program. The department states it is moving the positions to increase efficiencies and provide centralized management of information technology (IT) activities.

DP 45 - One Stop Grant For Database - The legislature approved a one time-only, biennial appropriation of \$450,000 to enhance environmental information through information technology activities. The one-stop federal grant is furnished to those states that have demonstrated an initiative and the capability to further the goals of the Environmental Protection Agency (EPA) in regard to information technology. The goals of the one stop program are to consolidate and catalogue regulated entities, and provide for data sharing with other government agencies and the public. This grant will provide the Montana Department of Environmental Quality with additional resources to enhance on-going data conversions of air, water and waste databases into an "enterprise" Oracle environment.

DP 60 - Source Water Assessment-SRF - The legislature approved funding to provide technical assistance and administration of the source water program. The source water protection program is authorized under the 1996 amendments to the federal safe drinking water act. This act allows for an annual set-aside to provide technical assistance and administration of the source water program from the drinking water state revolving fund.

DP 77 - Lease Vehicles - The legislature approved funding to replace owned vehicles with leased vehicles. The division currently owns a minivan, pickup, and two sedans with an average mileage on these vehicles of over 150,000.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals											
Prgm	FTE	Fiscal 2002				Fiscal 2003					
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
DP 2 - TMDL Quality Assurance Quality Control	20	2.00	0	0	55,151	55,151	2.00	0	0	43,811	43,811
DP 3 - TMDL/Transportation Improvement	20	1.00	0	0	59,993	59,993	1.00	0	0	56,674	56,674
DP 5 - Nonpoint Source Supplemental Funding	20	1.00	0	0	1,928,973	1,928,973	1.00	0	0	1,928,973	1,928,973
DP 6 - State Energy Prgm Special Projects	20	0.00	0	0	200,000	200,000	0.00	0	0	200,000	200,000
DP 7 - Environmental Monitoring and Assessment	20	1.00	0	0	180,444	180,444	1.00	0	0	175,869	175,869
DP 11 - Air Monitoring Assistance to Tribal Air Program	20	2.00	0	0	108,464	108,464	2.00	0	0	103,772	103,772
DP 13 - NRIS Core Funding	20	0.00	8,900	0	16,000	24,900	0.00	8,900	0	16,000	24,900
DP 25 - Technical Assistance	20	(1.00)	0	0	(162,602)	(162,602)	(1.00)	0	0	(162,300)	(162,300)
DP 26 - Wastwater Technical Assistance	20	1.00	0	0	70,000	70,000	1.00	0	0	70,000	70,000
DP 59 - Particulate Matter (2.5) Monitoring	20	3.00	0	0	250,784	250,784	3.00	0	0	249,099	249,099
DP 78 - Flathead Lake Biological Monitoring Station	20	0.00	0	0	100,000	100,000	0.00	0	0	0	0
DP 79 - SB 506 -- Alternative Energy Revolving Loan Account	20	0.00	0	60,000	0	60,000	0.00	0	60,000	0	60,000
DP 99 - Modified Level FTE To Current Level	20	1.00	0	0	0	0	1.00	0	0	0	0
DP 689 - FTE Reduction	20	(3.50)	0	0	0	0	(3.50)	0	0	0	0
Total	7.50	\$8,900	\$60,000	\$2,807,207	\$2,876,107	7.50	\$8,900	\$60,000	\$2,681,898	\$2,750,798	

New Proposals

DP 2 - TMDL Quality Assurance Quality Control - The legislature approved funding to provide separate quality assurance and quality control functions for all water quality monitoring data collected. This will ensure that data are valid and defensible, and that decisions are based on sufficient credible data. The cost of hiring new FTE includes data network charges, telephone expenses, and computer purchases.

DP 3 - TMDL/Transportation Improvement - The legislature approved funding to review projects identified in the state transportation improvement program. Federal funds will be available under the Transportation Efficiency Act of 1997. The department will hire 1.0 FTE to review and evaluate transportation projects during the early stages of planning to identify projects that may cause significant adverse impacts on water quality or projects that may correct historical damage caused by transportation projects. The FTE will assist MDT to design projects and suggest cost-effective project modifications that can correct past environmental damage and qualify as total maximum daily loads.

DP 5 - Nonpoint Source Supplemental Funding - The legislature approved funding to continue the appropriation authorized last session to support non-point source grant activities and to increase the appropriation amount in anticipation of additional federal funding. The program received authorization to use the next two annual installments of the federal non-point source grant funds. Through a competitive process, funding will be made available to conservation districts, local watershed groups, and other organizations for watershed restoration projects. The project sponsors provide the match required for the federal grant. The program also funds 1.0 FTE and associated operating costs to provide non-point

source information and education to conservation groups, watershed groups, and other organizations and individuals. The position will also review federal resource management plans for consistency with department water quality objectives for non-point sources.

DP 6 - State Energy Program Special Projects - The legislature approved funding to complete competitive grant applications with the U.S. Department of Energy. Over the past few years, the U.S. Department of Energy (DOE) has begun to place increasing emphasis on competitive solicitations rather than on population-based formula grants for funding energy programs. This funding will provide funding for Montana to apply for competitive grants targeted for specific activities, technologies, or audiences. The department prioritizes options and submits proposals to DOE. Often, the department proposals to DOE involve partnering and cost sharing with other entities such as the Montana Power Company.

DP 7 - Environmental Monitoring and Assessment - The legislature approved funding to increase grant amounts for the national water quality monitoring program. Montana has received a federal grant for the state portion of a national water quality monitoring program that is designed to gather chemical, physical, and biological data for approximately 40 randomly selected lakes and streams per year over a five year period. The department will hire 1.0 FTE to manage the project and three contractors will be hired seasonally to assist with field activities.

DP 11 - Air Monitoring Assistance to Tribal Air Program - The legislature granted one-time authority to use a federal grant to provide technical assistance to the air quality monitoring programs of the Blackfeet, Northern Cheyenne, Fort Peck, and Confederated Salish and Kootenai tribes. The cost of hiring 2.0 FTE includes data network charges, telephone expenses, and a computer purchase.

DP 13 - NRIS Core Funding - The legislature approved funding for the Planning, Prevention and Assistance Division's share of funding of the Montana State Library Natural Resource Information System (NRIS). The funding is based upon a three-year average use of NRIS by several departments.

DP 25 - Technical Assistance - The legislature approved a reduction in the wastewater technical assistance program. This reduction was initially part of a change in funding from federal special to general fund. The executive initially requested a companion decision package, DP 26, to be funded with general fund. The legislature approved the reduction in federal funding for this decision package and also approved DP 26. However, the legislature funded DP 26 at a reduced amount with federal special revenue rather than general fund.

DP 26 - Wastewater Technical Assistance - The legislature approved funding for the wastewater technical assistance program. The technical and financial assistance bureau receives funds from the environmental protection agency (EPA) for activities directly related to administration of the water pollution control state revolving fund program (SRF).

DP 59 - Particulate Matter (2.5) Monitoring - The legislature approved restricted federal appropriation authority and 3.0 FTE for air pollution monitoring of fine particulates. The federal grant would continue at approximately its present level, but Montana must continue to administer a fine particulate monitoring program. The federal grant supports the approved 3.0 FTE.

DP 78 - Flathead Lake Biological Monitoring Station - The legislature approved funding for the Flathead Lake Biological Monitoring Station. This funding is contingent upon receipt of Environmental Protection Agency 104b(3) funding. The funding will be used by the monitoring station to support TMDL projects within the department's priority list.

DP 79 - SB 506 - Alternative Energy Revolving Loan Account - The legislature approved funding to implement SB 506. This bill appropriates up to \$60,000 in state special revenue funds in fiscal 2002 and fiscal 2003 used to pay alternative energy revolving loan administration costs associated with the implementation of SB 506, which creates a special revenue account that will be used to provide loans to individuals and small businesses for building alternative energy systems. In

addition, the bill increases the tax credit for capital expenditures for energy conserving investments from 5 percent of expenditures up to a maximum credit of \$150, to 25 percent of expenditures up to a maximum credit of \$500.

DP 99 - Modified Level FTE To Current Level - The legislature approved a transfer of operational authority of \$84,591 in the 2003 biennium to create 1.0 FTE for a wetlands grants manager. The EPA asked DEQ to increase oversight of the wetland conservation grants and agreed to furnish funding for a position to provide that oversight in 1997. Funding has been provided consistently the past few years and is anticipated to be ongoing.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Language

The department is authorized to decrease federal special revenue money in the pollution control and the drinking water revolving fund loan programs and increase state special revenue money by a like amount within the special administration account.

Item [Flathead Lake Biological Monitoring Station] is contingent upon receipt of Environmental Protection Agency 104b(3) ecosystem protection grant funds for the purposes of water quality monitoring and assessment activities. Upon receipt, the department shall contract with the Flathead Lake biological monitoring station for up to \$100,000 of these funds in support of department priority total maximum daily load monitoring and assessment projects.

The funds appropriated in item [SB 506 Alternative Energy Revolving Loan] are from the alternative energy revolving loan account created in Senate Bill 506. The funding must be spent for administration of the loan program subject to restrictions provided in Senate Bill 506.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	17.25	(0.50)	0.00	16.75	(0.50)	0.00	16.75	16.75
Personal Services	697,088	6,679	0	703,767	9,769	0	706,857	1,410,624
Operating Expenses	331,235	54,661	0	385,896	42,739	0	373,974	759,870
Total Costs	\$1,028,323	\$61,340	\$0	\$1,089,663	\$52,508	\$0	\$1,080,831	\$2,170,494
General Fund	501,560	36,196	0	537,756	24,239	0	525,799	1,063,555
State/Other Special	170,063	8,949	0	179,012	9,972	0	180,035	359,047
Federal Special	356,700	16,195	0	372,895	18,297	0	374,997	747,892
Total Funds	\$1,028,323	\$61,340	\$0	\$1,089,663	\$52,508	\$0	\$1,080,831	\$2,170,494

Program Description

The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. The division maintains a citizen complaint clearinghouse and information tracking system. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Funding

This division is funded primarily with general fund and federal funds, with minor amounts of various state special revenue sources that allow enforcement activity. Specific funding sources for the division are shown in Table 3.

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	\$501,560		\$537,756		\$525,799	
Subtotal -- General Fund	501,560	48.8%	537,756	49.4%	525,799	48.6%
UST Leak Prevention Program	53,285		56,721		57,045	
Environmental Quality Protection	4,628		4,814		4,841	
Air Quality - Operating Fees	54,598		58,173		58,506	
Public Drinking Water	15,553		16,311		16,404	
NPDES Permit Program	38,225		37,733		37,948	
Reclamation and Development	3,774		5,260		5,291	
Subtotal -- State Special Revenue	170,063	16.5%	179,012	16.4%	180,035	16.7%
DEQ- Federal AML Grant			11,865		11,905	
DSL Federal SL Reclamation Grant	19,953		19,765		19,877	
LUST/ Trust	34,088		36,492		36,701	
NPS Implementation Grant	57,613		60,248		60,590	
EPA Performance Partnership Grant	245,046		244,525		245,924	
Subtotal -- Federal	356,700	34.7%	372,895	34.2%	374,997	34.7%
Total Funding	\$1,028,323	100.0%	\$1,089,663	100.0%	\$1,080,831	100.0%

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					58,349					61,691
Vacancy Savings					(20,831)					(20,958)
Inflation/Deflation					1,399					2,413
Fixed Costs					5,288					5,910
Total Statewide Present Law Adjustments					\$44,205					\$49,056
DP 8 - Enforcement Division Base Adjustment	0.00	59,038	0	0	59,038	0.00	44,501	0	0	44,501
DP 29 - IT Positions To CMP - Pgm 30	(1.00)	(25,305)	(9,241)	(18,646)	(53,192)	(1.00)	(24,909)	(9,096)	(18,354)	(52,359)
DP 35 - Legal Staff Changes - PGM 30	0.50	0	4,333	20,607	24,940	0.50	0	4,348	20,676	25,024
DP 696 - Data Network Fixed Cost Reduction	0.00	(179)	0	0	(179)	0.00	(179)	0	0	(179)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(1,682)	(860)	(1,802)	(4,344)	0.00	(1,690)	(863)	(1,812)	(4,365)
DP 699 - Vacancy Savings at 4 Percent	0.00	(4,452)	(1,510)	(3,166)	(9,128)	0.00	(4,472)	(1,517)	(3,181)	(9,170)
Total Other Present Law Adjustments	(0.50)	\$27,420	(\$7,278)	(\$3,007)	\$17,135	(0.50)	\$13,251	(\$7,128)	(\$2,671)	\$3,452
Grand Total All Present Law Adjustments					\$61,340					\$52,508

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 8 - Enforcement Division Base Adjustment - The legislature approved funding for operating increases resulting from the reclassification of an existing FTE to a technical position. This reclassification will increase operating, lab analysis, and travel costs.

DP 29 - IT Positions To CMP - Program 30 - The legislature approved funding to transfer 1.0 FTE in the Enforcement Division to the Central Management Program. DEQ continues to refine its internal structure since the department was organized by the 1995 legislature. To increase efficiencies and provide centralized management of information technology (IT), the department is moving IT services into the new IT bureau located within the Centralized Services Division.

DP 35 - Legal Staff Changes - PGM 30 - The legislature approved funding to transfer 0.5 FTE from program 50 to address enforcement cases. The Enforcement Division used an increased number of attorney hours (the equivalent of 3.0 FTE) in fiscal 2000.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	79.75	4.00	(1.25)	82.50	4.00	(1.25)	82.50	82.50
Personal Services	2,589,257	637,462	0	3,226,719	657,115	0	3,246,372	6,473,091
Operating Expenses	6,789,887	1,264,890	472,610	8,527,387	894,461	397,610	8,081,958	16,609,345
Equipment	0	30,000	0	30,000	0	0	0	30,000
Grants	5,894	0	0	5,894	0	0	5,894	11,788
Benefits & Claims	0	3,500,000	0	3,500,000	0	0	0	3,500,000
Total Costs	\$9,385,038	\$5,432,352	\$472,610	\$15,290,000	\$1,551,576	\$397,610	\$11,334,224	\$26,624,224
State/Other Special	2,659,229	4,395,834	158,978	7,214,041	600,082	83,978	3,343,289	10,557,330
Federal Special	6,725,809	1,036,518	313,632	8,075,959	951,494	313,632	7,990,935	16,066,894
Total Funds	\$9,385,038	\$5,432,352	\$472,610	\$15,290,000	\$1,551,576	\$397,610	\$11,334,224	\$26,624,224

Program Description

The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions at sites with leaking UST; 5) providing staff support for processing eligibility applications and claims submitted to the Petroleum Tank Release Compensation Board for cleanup funds; and 6) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination. The purposes of these activities are: 1) to protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division works closely with the board, which provides financial assistance for cleanup of petroleum-contaminated leaking UST sites. The board is attached to the Department of Environmental Quality for administrative purposes.

Funding

Specific funding sources for the division are shown in Table 4. State special funding sources include: 1) revenue from the \$0.0075 gas tax for petroleum tank cleanup; 2) Resource Indemnity Trust (RIT) interest (deposited to the environmental quality protection fund); 3) metalliferous mines and a portion of the resource indemnity and groundwater tax revenues (deposited to the orphan share account); and 4) underground storage tank registration fees.

Federal funding sources include: 1) a federal tax on Montana's coal production of which up to 50 percent is returned to the state for abandoned mine reclamation; 2) money from the U.S. Environmental Protection Agency (including superfund, leaking underground storage tank trust, and performance partnership grants); and 3) money from as of yet unidentified federal entities that may partner with the division in cleanup activities.

Table 4
Environmental Quality
Remediation Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
UST-Installer license & Permit	\$63,496		\$115,243		\$115,812	
Petroleum Storage Tank Cleanup	1,302,669		1,777,234		1,630,888	
EMT Certification	3,834		0		0	
BN Activity	142,778		149,286		149,761	
Hazardous Waste-Cercla	189,716		251,659		248,616	
UST Leak Prevention Program	221,289		430,660		365,262	
Misc. State Special Revenue	5,923		0		0	
Environmental Quality Protection	623,366		950,959		793,880	
ARCO	2,333		2,350		2,362	
Agriculture Monitoring	9,979		11,173		11,200	
Circle K Remediation	84,685		(508)		(510)	
Orphan Share	<u>9,161</u>		<u>3,525,985</u>		<u>26,018</u>	
Subtotal -- State Special Revenue	2,659,229	28.3%	7,214,041	47.2%	3,343,289	29.5%
DEQ- Federal AML Grant	4,291,983		4,469,047		4,467,742	
Underground Storage Tank	20,711		22,184		22,456	
Superfund Lockwood Solvent Site	0		434,450		377,084	
LUST/ Trust	814,692		1,288,390		1,272,964	
Superfund Core	238,930		285,030		281,921	
Superfund Multi-site	877,850		1,053,271		1,044,320	
EPA Performance Partnership Grant	269,481		307,783		308,474	
AML Special Projects	<u>212,162</u>		<u>215,804</u>		<u>215,974</u>	
Subtotal -- Federal	6,725,809	71.7%	8,075,959	52.8%	7,990,935	70.5%
Total Funding	<u>\$9,385,038</u>	100.0%	<u>\$15,290,000</u>	100.0%	<u>\$11,334,224</u>	100.0%

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					614,727					634,656
Vacancy Savings					(87,518)					(88,115)
Inflation/Deflation					4,729					8,523
Fixed Costs					11,593					9,467
Total Statewide Present Law Adjustments					\$543,531					\$564,531
DP 9 - Base Adjustments	0.00	0	340,596	99,785	440,381	0.00	0	224,973	98,319	323,292
DP 30 - IT Positions To CMD - Remediation Division	(2.00)	0	(58,782)	(29,403)	(88,185)	(2.00)	0	(54,700)	(27,735)	(82,435)
DP 49 - Leaking Underground Storage Tank Trust Fund	1.00	0	0	0	0	1.00	0	0	0	0
DP 53 - Cleanup Sites/Lockwood Solvent	1.00	0	0	580,450	580,450	1.00	0	0	513,208	513,208
DP 65 - CECRA Staff	2.00	0	122,000	0	122,000	2.00	0	112,248	0	112,248
DP 66 - Contracted Services -- Legal Support	0.00	0	150,000	0	150,000	0.00	0	0	0	0
DP 70 - Petroleum Release Corrective Action Plan	2.00	0	122,000	0	122,000	2.00	0	112,248	0	112,248
DP 75 - Replace PCs And Printers	0.00	0	29,682	43,804	73,486	0.00	0	20,193	29,802	49,995
DP 79 - LUST Trust Truck Replacement	0.00	0	3,000	27,000	30,000	0.00	0	0	0	0
DP 99 - Orphan Share Reimbursements	0.00	0	3,500,000	0	3,500,000	0.00	0	0	0	0
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(990)	0	(990)	0.00	0	(990)	0	(990)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(20,319)	(20,002)	(40,321)	0.00	0	(20,420)	(20,101)	(40,521)
Total Other Present Law Adjustments	4.00	\$0	\$4,187,187	\$701,634	\$4,888,821	4.00	\$0	\$393,552	\$593,493	\$987,045
Grand Total All Present Law Adjustments					\$5,432,352					\$1,551,576

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 9 - Base Adjustments - The legislature granted authority for base adjustments. These base adjustments are for such things as contracted services, supplies, telephone charges, travel, and training in areas where vacancies have occurred throughout fiscal 2000. These base adjustments would be funded from state and federal special revenue sources.

There have been positions: 1) held vacant for a portion of the year to meet the vacancy savings requirements; 2) where recruitment efforts have lagged as position descriptions needed to be updated; or 3) where program priorities precluded acting more quickly. (According to the department, these positions will be filled in the near future). Services that will be provided include educational outreach activities, third party inspections for underground storage tanks, assessment of underground storage tank facilities failing to either upgrade or meet closure requirements, database conversion, and software upgrades. These activities will largely be completed through the use of contracted services.

DP 30 - IT Positions To CMD - Remediation Division - The legislature approved a transfer of 2.0 FTE and \$170,620 from the remediation program to the central management program to increase efficiencies and provide centralized management of information technology (IT) activities.

DP 49 - Leaking Underground Storage Tank Trust Fund - The legislature approved the establishment of 1.0 FTE and

related funding of \$86,209 through an operational category change for the leaking underground storage tank (LUST) trust. There will be no increase in the funding because the existing modified FTE will be funded through a corresponding reduction in the contracted services budget.

DP 53 - Cleanup Sites/Lockwood Solvent - The legislature approved a biennial appropriation to fund cleanup sites. The Environmental Protection Agency (EPA) is planning to propose or conduct cleanup activities at several sites over the coming biennium. Review and comments on the associated documents fluctuate with the number of projects and the activity levels associated with the various stages of these projects.

DP 65 - CECRA Staff - The legislature approved 2.0 FTE and related funding to address non-national priority list Comprehensive Environmental Cleanup and Responsibility Act (CECRA, Montana Superfund) sites. Although these costs would be funded out of the Environmental Quality Protection Fund (EQPF) initially, many of the costs would be recovered from responsible parties as these parties are identified during the investigation and cleanup process.

DP 66 - Contracted Services - Legal Support - The legislature approved a restricted, one-time only, biennial appropriation from the environmental quality protection fund for contracted legal support for addressing challenges to department orders and additional court actions to achieve cleanup and recover costs at CECRA sites. Expenditures on these CECRA sites, including these contracted services for legal support, are recoverable.

DP 70 - Petroleum Release Corrective Action Plan - The legislature approved funding for a petroleum release corrective action plan. The 2.0 FTE would be required to manage a backlog of leaking underground storage tank (LUST) sites.

DP 75 - Replace PCs And Printers - The legislature approved funding to purchase replacement personal computers and printers in order to maintain a four-year replacement schedule. The proposal funds replacement of 26 computers in fiscal 2002 and 20 computers in fiscal 2003.

DP 79 - LUST Trust Truck Replacement - The legislature approved one-time-only funding to replace a truck used in the leaking underground storage tank trust (LUST) program. The LUST trust program truck is used to respond to emergency situations involving petroleum contamination across the state. These situations include explosive or toxic vapors in buildings and contaminated public drinking water supplies. The truck contains safety and emergency response equipment enabling staff to respond to emergencies on short notice.

DP 99 - Orphan Share Reimbursements - The legislature approved a one-time, restricted, biennial appropriation of \$3,500,000 for orphan share reimbursements. Orphan share costs are those that can be attributed to defunct or bankrupt liable persons and reimbursement from state funds can only occur after site cleanup is complete.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals Prgm	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 9 - NRIS Core Funding - Remediation Division										
40	0.00	0	10,672	9,338	20,010	0.00	0	10,672	9,338	20,010
DP 15 - Aboveground Storage Tank Survey										
40	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 16 - Petroleum Board Fund Liabilities Study										
40	0.00	0	75,000	0	75,000	0.00	0	0	0	0
DP 42 - Database Development										
40	0.00	0	18,306	34,294	52,600	0.00	0	18,306	34,294	52,600
DP 50 - LUST Trust Contracted Service Increase										
40	0.00	0	30,000	270,000	300,000	0.00	0	30,000	270,000	300,000
DP 689 - FTE Reduction										
40	(1.25)	0	0	0	0	(1.25)	0	0	0	0
Total	(1.25)	\$0	\$158,978	\$313,632	\$472,610	(1.25)	\$0	\$83,978	\$313,632	\$397,610

New Proposals

DP 9 - NRIS Core Funding - Remediation Division - The legislature approved additional funding for the Remediation Division portion of core funding for the Montana State Library Natural Resource Information System (NRIS). The additional funding level is based upon a three-year average use of NRIS by the departments.

DP 15 - Aboveground Storage Tank Survey - The legislature approved one-time-only, restricted funding for a statewide survey of aboveground petroleum storage tanks (ASTs), funded by the petroleum tank release cleanup fund (PTRCF). The PTRCF is used to fund cleanup of releases from ASTs as well as underground storage tanks (USTs). The number of ASTs has increased over the past several years, potentially increasing the number of releases. This survey will be used to determine the number of ASTs and assess the public health and environmental concerns.

DP 16 - Petroleum Board Fund Liabilities Study - The legislature approved a one-time only, restricted appropriation for an actuarial study intended to identify the long-term fiscal liability associated with the petroleum tank release compensation fund. Under the Petroleum Tank Release Compensation Act, the petroleum fund reimburses underground storage tank owners/operators and their consultants for remediation of leaks and spills of petroleum products from eligible facilities. In 1998, new standards were fully implemented for construction, operation, and maintenance of underground storage tank systems. As a result, it is expected that the number of sites requiring remediation in the future should decrease and petroleum fund support for cleanups should be minimal.

DP 42 - Database Development - The legislature granted one-time-only, restricted authority for information systems maintenance, development, and conversion activities.

DP 50 - LUST Trust Contracted Service Increase - The legislature granted one-time-only, restricted authority to fund the federal leaking underground storage tanks (LUST) contracted services. The LUST grant carryover funds are available and the U. S. Environmental Protection Agency (EPA) is mandating that the department spend these funds within the next couple of years. These funds will augment current efforts to investigate and cleanup LUST sites where a responsible party is unable or unwilling to do the work, or where no responsible party can be identified.

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	161.70	3.00	(1.00)	163.70	3.00	(1.00)	163.70	163.70
Personal Services	5,960,767	712,706	48,119	6,721,592	754,473	49,194	6,764,434	13,486,026
Operating Expenses	13,139,037	26,977,161	4,520,635	44,636,833	(8,162,118)	404,116	5,381,035	50,017,868
Equipment	27,975	60,832	8,990	97,797	52,942	0	80,917	178,714
Grants	1,040,412	236,289	204,000	1,480,701	283,065	204,000	1,527,477	3,008,178
Debt Service	0	0	0	0	0	540,000	540,000	540,000
Total Costs	\$20,168,191	\$27,986,988	\$4,781,744	\$52,936,923	(\$7,071,638)	\$1,197,310	\$14,293,863	\$67,230,786
General Fund	1,002,906	311,069	(17,761)	1,296,214	243,461	(17,836)	1,228,531	2,524,745
State/Other Special	16,116,988	24,406,479	4,400,604	44,924,071	(7,558,141)	804,614	9,363,461	54,287,532
Federal Special	3,048,297	3,269,440	398,901	6,716,638	243,042	410,532	3,701,871	10,418,509
Total Funds	\$20,168,191	\$27,986,988	\$4,781,744	\$52,936,923	(\$7,071,638)	\$1,197,310	\$14,293,863	\$67,230,786

Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities that relate to 25 state regulatory and five 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, and 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 a facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the Air & Waste Management (air, asbestos, hazardous waste); Community Services (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management (hard rock, facility siting); Industrial and Energy Minerals (coal, uranium, opencut); and Water Protection (subdivisions, water) bureaus.

Funding

This division is funded from general fund and numerous sources of state and federal special revenue. Specific funding sources for the division are shown in Table 5. General fund is used primarily for activities concerning hard rock mining, solid waste management, major facility sites, and opencut mining. The largest source of state special revenue funding is from forfeited hard rock mining bonds followed by air quality operating fees, junk vehicle fees, and funding from the reclamation and development RIT account. Funding from EPA performance partnership grants provides the largest source of federal funds followed by the Department of State Lands reclamation account and the state revolving drinking water grant.

Table 5
Environmental Quality
Permitting and Compliance Division

	Actual FY 2000	Percent of Total	Legislative Budget FY 2002	Percent of Total	Legislative Budget FY 2003	Percent of Total
General Fund	<u>\$1,002,906</u>		<u>\$1,296,214</u>		<u>\$1,228,531</u>	
Subtotal -- General Fund	1,002,906	5.0%	1,296,214	2.4%	1,228,531	8.6%
State Special Revenue	0		4,000,000		540,000	
Hazardous Waste-Cercla	442,464		529,451		526,643	
Pegasus Reclamation/Zortman	443,474		443,474		0	
Reclamation - Bond Forfeitures	5,418		2,733,087		0	
Solid Waste Management Fee	434,638		595,692		562,303	
Air Quality - Operating Fees	1,624,606		1,711,911		1,705,436	
Asbestos Control	137,139		211,707		211,087	
Public Drinking Water	621,736		680,855		679,029	
NPDES Permit Program	649,165		881,580		878,777	
Subdivision Plat Review	603,529		1,204,773		1,205,521	
BD of Cert for W&WW op	80,248		86,164		102,545	
Hazardous Waste Fees	21,461		192,142		41,994	
Major Facility Siting	288,629		1,298,739		(51)	
Pegasus-Geal Mountain	3,044,254		2,500,000		0	
Reclamation Hardrock	12,561		125,000		0	
Reclamation and Development	1,053,972		1,484,644		1,483,641	
Pegasus Bankruptcy/Operations	539,193		923,439		0	
Junk Vehicle Disposal	1,112,406		1,407,733		1,412,882	
Pegasus-Basin	1,553,154		1,600,000		0	
Zortman Reclamation -Comp Bid	772,120		6,300,000		0	
Landusky Reclamation -Comp Bid	2,149,545		14,500,000		0	
Zortman/Landusky Nitrate System	375,596		1,500,000		0	
Septage Fees	12,197		13,680		13,654	
Glacier General Insurance Co.	<u>139,484</u>		<u>0</u>		<u>0</u>	
Subtotal -- State Special Revenue	16,116,989	79.9%	44,924,071	84.9%	9,363,461	65.5%
Operator Training Reimbursement	0		398,901		410,532	
DSL Federal SL Reclamation Grant	860,019		860,624		860,937	
EPA/Drinking Water SRF	0		90,020		73,955	
NPS Implementation Grant	72,939		73,645		73,641	
EPA Performance Partnership Grant	1,876,795		2,016,630		2,005,599	
EPA Special Studies	7,132		0		0	
Bureau of Reclamation Drought	0		3,000,000		0	
EPA-St. Rev. Fnd.-Drinking Water 1998 Grant	<u>231,412</u>		<u>276,818</u>		<u>277,207</u>	
Subtotal -- Federal	3,048,297	15.1%	6,716,638	12.7%	3,701,871	25.9%
Total Funding	<u>\$20,168,192</u>	100.0%	<u>\$52,936,923</u>	100.0%	<u>\$14,293,863</u>	100.0%

Present Law Adjustments	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					884,532					927,776
Vacancy Savings					(187,598)					(188,843)
Inflation/Deflation					7,714					14,707
Fixed Costs					113,228					121,904
Total Statewide Present Law Adjustments					\$817,876					\$875,544
DP 10 - MEPA Base Adjustments	0.00	23,441	(467)	0	22,974	0.00	11,756	(440)	0	11,316
DP 11 - Hazardous Waste Base Adjustments	0.00	0	26,124	39,188	65,312	0.00	0	22,881	34,321	57,202
DP 12 - Asbestos Base Adjustments	0.00	0	10,246	0	10,246	0.00	0	8,503	0	8,503
DP 13 - Air Base Adjustments	0.00	0	(34,042)	0	(34,042)	0.00	0	(48,334)	0	(48,334)
DP 14 - PWSS Base Adjustments	0.00	0	20,727	154,345	175,072	0.00	0	13,473	120,804	134,277
DP 15 - Operator Certification Base Adjustments	0.00	0	5,209	11,500	16,709	0.00	0	21,305	11,500	32,805
DP 16 - Solid Waste Base Adjustment	0.00	11,943	74,230	0	86,173	0.00	9,400	72,150	0	81,550
DP 17 - Junk Vehicle Base Adjustments	0.00	0	23,311	0	23,311	0.00	0	22,226	0	22,226
DP 18 - Hard Rock Base Adjustments	0.00	57,697	153,139	0	210,836	0.00	50,274	142,889	0	193,163
DP 19 - MFSAs Base Adjustments	0.00	21,719	0	0	21,719	0.00	6,391	(40,118)	0	(33,727)
DP 20 - Opencut Base Adjustments	0.00	10,812	38,334	0	49,146	0.00	9,406	33,348	0	42,754
DP 21 - Coal & Uranium Base Adjustment	0.00	0	19,423	58,269	77,692	0.00	0	18,287	54,861	73,148
DP 22 - Water Permits Base Adjustments	0.00	3,000	28,481	7,000	38,481	0.00	3,000	23,254	7,000	33,254
DP 23 - Subdivision Base Adjustment	0.00	0	258,000	0	258,000	0.00	0	255,000	0	255,000
DP 24 - MPDES Permit Writer	1.00	0	64,000	0	64,000	1.00	0	62,000	0	62,000
DP 31 - IT Positions to CMP - Pgm 50	(1.50)	(1,704)	(25,981)	(34,907)	(62,592)	(1.50)	(1,715)	(25,165)	(32,874)	(59,754)
DP 32 - Public Water Supply System Staffing	2.00	0	0	0	0	2.00	0	0	0	0
DP 37 - Legal Staff Changes - PGM 50	(0.50)	0	(10,572)	(15,858)	(26,430)	(0.50)	0	(10,638)	(15,957)	(26,595)
DP 39 - Solid Waste Database Conversion	0.00	50,000	50,000	0	100,000	0.00	15,000	15,000	0	30,000
DP 41 - Junk Vehicle Database Conversion	0.00	0	60,000	0	60,000	0.00	0	18,000	0	18,000
DP 48 - Asbestos Compliance	0.00	28,300	56,700	0	85,000	0.00	28,300	56,700	0	85,000
DP 51 - 401 Certification Permit Writer	1.00	0	65,500	0	65,500	1.00	0	63,500	0	63,500
DP 52 - Hazardous Waste Contracted Services	0.00	0	150,000	0	150,000	0.00	0	0	0	0
DP 54 - Bond Forfeitures	0.00	0	21,478,088	0	21,478,088	0.00	0	(9,021,931)	0	(9,021,931)
DP 55 - Montana Environmental Policy Act Projects	0.00	0	772,085	0	772,085	0.00	0	(228,090)	0	(228,090)
DP 56 - Hard Rock Federal Funds	0.00	0	0	3,000,000	3,000,000	0.00	0	0	0	0
DP 61 - Junk Vehicle Grants	0.00	0	36,289	0	36,289	0.00	0	83,065	0	83,065
DP 62 - Administrative Support	1.00	0	30,500	0	30,500	1.00	0	30,000	0	30,000
DP 68 - AWMB Database Maintenance	0.00	0	28,000	12,000	40,000	0.00	0	28,000	12,000	40,000
DP 72 - Major Facility Siting Act Projects	0.00	0	259,338	0	259,338	0.00	0	0	0	0
DP 73 - Abandoned Vehicle Operating Costs	0.00	0	172,230	0	172,230	0.00	0	172,230	0	172,230
DP 74 - Public Water Supply Equipment										

	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Present Law Adjustments	0.00	0	15,000	0	15,000	0.00	0	15,000	0	15,000
DP 80 - Public Water Supply Leased Vehicles	0.00	0	0	10,338	10,338	0.00	0	0	11,616	11,616
DP 81 - Hard Rock Vehicles	0.00	0	16,240	0	16,240	0.00	0	16,240	0	16,240
DP 82 - Opencut Vehicles	0.00	0	18,092	0	18,092	0.00	0	36,186	0	36,186
DP 696 - Data Network Fixed Cost Reduction	0.00	(855)	(1,180)	0	(2,035)	0.00	(855)	(1,180)	0	(2,035)
DP 698 - Rent Reduction - Use of Capitol Land Grant	0.00	(6,271)	(27,751)	(13,827)	(47,849)	0.00	(6,293)	(27,850)	(13,876)	(48,019)
DP 699 - Vacancy Savings at 4 Percent	0.00	(10,278)	(53,359)	(22,674)	(86,311)	0.00	(10,343)	(53,610)	(22,779)	(86,732)
Total Other Present Law Adjustments	3.00	\$187,804	\$23,775,934	\$3,205,374	\$27,169,112	3.00	\$114,321	(\$8,228,119)	\$166,616	(\$7,947,182)
Grand Total All Present Law Adjustments					\$27,986,988					(\$7,071,638)

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 10 - MEPA Base Adjustments - The legislature granted authority to re-establish the base budget for indirect charges for the Montana Environmental Protection Act (MEPA) personnel expenditures.

DP 11 - Hazardous Waste Base Adjustments - The legislature approved hazardous waste base adjustments. These adjustments include funding for laboratory testing, travel, field and sampling equipment, and additional motor pool usage due to vacancies. Additional funds are requested for indirect charges due to vacancies in fiscal 2000.

DP 12 - Asbestos Base Adjustments - The legislature approved funding for asbestos base adjustments. The authority includes increases for travel and indirect charges.

DP 13 - Air Base Adjustments - The legislature approved a net reduction for air base adjustments for travel, supplies, indirect charges due to vacancies, contracted services to review risk assessments, reductions in IT contracted services, and reductions in expenditures associated with the smoke management program.

DP 14 - PWSS Base Adjustments - The legislature approved additional funding for the public water supply program. Items include: 1) overtime pay; 2) contracted services to perform compliance inspections at public water supplies (sanitary surveys); 3) increased costs for printing, photocopying, and lab testing; 4) increased costs for references, central stores, field equipment, and computer hardware; 5) communications and postage; 6) motor pool mileage, in-state and out-of-state meals, in-state and out-of-state lodging, and commercial air; and 7) retirement pay, increased indirect rates, and vacancy savings. Funding comes from EPA grant Hazardous Waste/CERCLA, Public Water Supply fees, and State Revolving Fund set-asides.

DP 15 - Operator Certification Base Adjustments - The legislature approved funding to re-establish the base budget for the water and wastewater operator certification program. Additional expenditures include: 1) printing, photocopying, office supplies, reference materials, long-distance telephone, and travel related costs; 2) computer replacement; and 3) increased contracted assistance.

DP 16 - Solid Waste Base Adjustment - The legislature approved base adjustments for the solid waste program. The authority includes adjustments to travel, training, communications, and supplies.

DP 17 - Junk Vehicle Base Adjustments - The legislature approved base adjustments to fund indirect costs, legal fees/court costs, computer replacement, travel, communications, and crushing expenses.

DP 18 – Hard Rock Base Adjustments - The legislature approved funding for base adjustments in the Hard Rock program. The authority includes funding for increased expenditures for lab analysis, travel, and communications. These base adjustments include amounts for database maintenance, trouble-shooting, and completing enhanced reporting requests in each year of the upcoming biennium.

DP 19 - MFSA Base Adjustments - The legislature approved funding for the replacement of a digitizer, purchase of a GIS workstation, and purchase of a hand held GPS unit to be used in conducting duties under the Major Facilities Siting Act.

DP 20 - Opencut Base Adjustments - The legislature approved funding to re-establish the base budget for the opencut program. Base increases will be used for hiring an intern, programming, vehicle repair and maintenance, rent, telephone, and travel expenses.

DP 21 - Coal & Uranium Base Adjustment - The legislature approved funding to re-establish the base in the coal and uranium program. Base increases will be used for hiring an intern, programming, rent, office and field supplies, and travel expenses.

DP 22 - Water Permits Base Adjustments - The legislature approved funding to re-establish the base budget for the permits section of the Water Protection Bureau. Additional funding is being added for database maintenance and replacement of printers, fax machine, and computers.

DP 23 - Subdivision Base Adjustment - The legislature approved funding to re-establish the base budget for the subdivision program.

DP 24 - MPDES Permit Writer - The legislature approved 1.0 FTE and related funding for a Montana Pollution Discharge Elimination (MPDES) permit writer in the 2003 biennium. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 31 - IT Positions to CMP - Program 50 - The legislature approved reductions resulting from the move of information technology positions to the Central Management Program. The department proposes to move these activities into the IT bureaus in the Central Management Program. This reduction moves the 1.5 FTE from this program into program 10.

DP 32 - Public Water Supply System Staffing - This legislature approved 2.0 FTE and related funding in the public water supply program. One of these positions is an administrative support position in the Helena office. The position will replace an existing temporary position that is filled year-round. The position will perform support tasks to include imaging of program records, data entry, generation of database reports, filing, and copying.

The second position is a technical position in the Helena Office. This water quality specialist will assist in implementation of new EPA rules; i.e. the groundwater, radon, and arsenic rules. The position will also assist in implementation of other rules, and will provide training and technical assistance to water supply owners and operators.

DP 37 - Legal Staff Changes - PGM 50 - The legislature approved a reduction in funding to account for legal staff changes. Attorneys were originally assigned to each division according to projected needs. Due to an increase in enforcement cases, this transfer moves 0.5 FTE and funding from program 50 to program 30.

DP 39 - Solid Waste Database Conversion - The legislature approved one-time-only funding to upgrade the existing Solid Waste Program database to an Oracle system. The database conversion will take place during fiscal 2002 at an approximate cost of \$100,000. An additional \$30,000 was approved for maintenance and trouble shooting of the system in fiscal 2003.

DP 41 - Junk Vehicle Database Conversion - The legislature approved one-time-only, restricted funding to upgrade the existing Junk Vehicle Program AREV database to the department-supported Oracle system. The database conversion will take place during fiscal 2002 at an approximate cost of \$60,000. An additional \$18,000 was approved for maintenance and trouble shooting of the system in fiscal 2003.

DP 48 - Asbestos Compliance - The legislature approved one-time-only, restricted funding for contracted services in the asbestos program due to an increased workload resulting from increased public awareness of asbestos.

DP 51 - 401 Certification Permit Writer - The legislature approved funding for a certification permit writer. This is due to workload increases in the following areas: changes in the 404 permits and 401 reviews; increased stream restoration projects; additional MEPA review for short-term turbidity authorizations (318's); and increases in Montana Department of Transportation wetland projects. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 52 - Hazardous Waste Contracted Services - The legislature approved a one-time-only, restricted, biennial appropriation for contracted technical assistance. Contractors will investigate facility background; review plans to characterize health and environmental effects of the release of hazardous waste to land, water, or air; identify contaminant sources; prepare human health and ecological risk assessments; and verify data quality.

DP 54 - Bond Forfeitures - The legislature approved one-time-only, restricted funding to re-establish the budget for the expenditure of potential bond forfeitures. The department has numerous mine projects in various stages of reclamation using forfeited bond monies.

DP 55 - Montana Environmental Policy Act Projects - The legislature approved restricted, biennial authority to accommodate potential Montana Environmental Protection Act (MEPA) project funding. The department is responsible for preparing and/or coordinating environmental impact statements for major projects.

DP 56 - Hard Rock Federal Funds - The legislature granted one-time-only, restricted, biennial authority to spend Bureau of Land Management (BLM) money and to have authority for current grant proposals to the Environmental Protection Agency (EPA).

DP 61 - Junk Vehicle Grants - The legislature approved authority for increases in spending authority for the Junk Vehicle Program grants given to counties. A three percent increase in the total grants to counties is being approved.

DP 62 - Administrative Support - The legislature approved funding to provide administrative support in the water permits section. Currently, there is a backlog of work in all areas of administrative support duties. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 68 - AWMB Database Maintenance - The legislature approved funding to maintain the recently developed databases within the air and waste management bureau (AWMB). Database maintenance activities will include ongoing technical support by the system designer, minor repairs to correct program "bugs" identified during normal operations, minor modifications to address changes in program priorities or business practices, and system modifications to provide additional functionality to the department, the public, and the regulated community.

DP 72 - Major Facility Siting Act Projects - The legislature approved one-time-only, restricted, biennial spending authority to accommodate potential MFSA project funding. Power generation projects are pending in the department. The department will use the authority to review plans for proposed facilities in an effort to comply with mandatory review time frames.

DP 73 - Abandoned Vehicle Operating Costs - The legislature approved one-time-only, restricted spending authority in the abandoned vehicle program within the junk vehicle fund. It is anticipated that the full implementation and utilization

of the abandoned vehicle program would occur in fiscal 2002 and fiscal 2003. This funding will be used to meet contract payments to participating haulers during that period. The junk vehicle disposal fee paid when registering a motor vehicle funds this program.

DP 74 - Public Water Supply Equipment - The legislature approved one-time-only, restricted funding for scanning (imaging) equipment in the Public Water Supply Program (PWS). The PWS section initiated a file-imaging project in cooperation with DEQ information technology staff, which would provide better access to public water supply file information.

DP 80 - Public Water Supply Leased Vehicles - The legislature approved funds to lease two additional state Motor Pool vehicles for the public water supply program. Both of these vehicles are for the Billings office staff.

DP 81 - Hard Rock Vehicles - The legislature approved funding to lease two vehicles for the hard rock mining program from the State Transportation Motor Pool program. The vehicles will be used for inspecting hard rock mines and exploration projects permitted under the Montana Metal Mines Reclamation Act (MMRA).

DP 82 - Opencut Vehicles - The legislature approved funding to replace three vehicles in the opencut program.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 698 - Rent Reduction - Use of Capitol Land Grant - The legislature approved using Capitol Land Grant funds to augment rent payments made by tenants. Capital Land Grant funds are to be used for qualified maintenance and debt service payments of the General Services Program for state-owned facilities on the Capitol complex.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount.

New Proposals Prgm	-----Fiscal 2002-----					-----Fiscal 2003-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 4 - Storm Water Phase II Permit Writer										
50	1.00	0	64,000	0	64,000	1.00	0	62,000	0	62,000
DP 10 - NRIS Core Funding										
50	0.00	11,175	11,175	0	22,350	0.00	11,175	11,175	0	22,350
DP 17 - Hard Rock Equipment										
50	0.00	0	8,990	0	8,990	0.00	0	0	0	0
DP 75 - SB 484 -- Hard Rock Mining Reclamation										
50	0.00	0	4,000,000	0	4,000,000	0.00	0	0	0	0
DP 76 - SB 449 -- Environmental Rehabilitation/Response										
50	0.00	0	112,439	0	112,439	0.00	0	(12,561)	0	(12,561)
DP 77 - SB 167 -- Sanitation in Subdivision Grants										
50	0.00	0	204,000	0	204,000	0.00	0	204,000	0	204,000
DP 91 - Operator Training Reimbursement Program										
50	1.00	0	0	398,901	398,901	1.00	0	0	410,532	410,532
DP 92 - Zortman/Landusky Long-Term Water Treatment Trust										
50	0.00	0	0	0	0	0.00	0	540,000	0	540,000
DP 689 - FTE Reduction										
50	(3.00)	0	0	0	0	(3.00)	0	0	0	0
DP 691 - Personal Services General Fund Reduction										
50	0.00	(21,608)	0	0	(21,608)	0.00	(21,683)	0	0	(21,683)
DP 693 - Statewide Reduction in Travel										
50	0.00	(7,328)	0	0	(7,328)	0.00	(7,328)	0	0	(7,328)
Total	(1.00)	(\$17,761)	\$4,400,604	\$398,901	\$4,781,744	(1.00)	(\$17,836)	\$804,614	\$410,532	\$1,197,310

New Proposals

DP 4 - Storm Water Phase II Permit Writer - The legislature approved funding for a storm water phase II permit writer. The Environmental Protection Agency has recently implemented additional requirements for storm water permits. Anticipated additional workload includes developing a new general permit, processing the estimated 325 new permit authorizations, providing technical assistance, and conducting field inspections. The new phase II rules require permitting of a number of cities and towns as well as construction sites exceeding one acre in size as opposed to the existing five-acre limit. The cost of hiring a new FTE includes data network charges, telephone expenses, and a computer purchase.

DP 10 - NRIS Core Funding - The legislature approved funding for the Permitting and Compliance Division portion of core funding of the Montana State Library Natural Resource Information System (NRIS). The authority is based upon a three-year average use formula for NRIS that tracks the utilization of state agencies.

DP 17 - Hard Rock Equipment - The legislature approved one-time-only, restricted authority to purchase a digital camera(s) and a plotter. With the digital camera, staff would be able to store site visit photographs with the data collected at that site. The plotter would be used to prepare maps and charts for public meetings and Montana Environmental Protection Act (MEPA) documents.

DP 75 - SB 484 - Hard Rock Mining Reclamation - The legislature approved a restricted, biennial appropriation to implement SB 484. This bill authorizes the sale of general obligation bonds for the reclamation of mine sites. Bond proceeds are to be deposited into a state special revenue fund for reclamation projects performed by the department.

DP 76 - SB 449 - Environmental Rehabilitation/Response - The legislature approved restricted, biennial authority to implement SB 449. SB 449 eliminates funding in fiscal 2002 from the hard rock and opencut mining accounts and establishes funding in an environmental rehabilitation and response account.

DP 77 - SB 167 - Sanitation in Subdivision Grants - The legislature approved restricted funding to implement SB 167. SB 167 authorizes the Department of Environmental Quality to provide additional reimbursements to local governments performing subdivision reviews. The department will work to develop rules to increase subdivision fees to cover the increased cost.

DP 91 - Operator Training Reimbursement Program - The legislature approved funding for the operator training reimbursement program. The Safe Drinking Water Act requires the EPA to reimburse the costs of training (including per diem for un-salaried operators) and certification for persons operating community and non-transient, non-community public water systems serving 3,300 persons or fewer, who undergo training pursuant to EPA operator certification guidelines. Montana has approximately 840 systems that meet these criteria. The authority will fund the eligible reimbursement costs for training, certification, and renewal for the operators. In addition, the authority includes funding for 1.0 FTE and operating costs to support the administrative duties that will be performed by DEQ staff.

DP 92 - Zortman/Landusky Long-Term Water Treatment Trust - The legislature appropriated up to \$540,000 in fiscal 2003 from the Resource Indemnity Trust (RIT) funds in excess of the \$100 million cap. The authority is one-time-only and restricted. After the trust balance is certified by the Governor to have reached \$100 million, the State Treasurer will certify to the Office of Budget and Program Planning and to the Legislative Finance Committee that there is a sufficient amount of cash in the fund. Once this contingency is met, OBPP is authorized to transfer cash of up to \$540,000 to a state special revenue fund to use for the purpose of acquiring a security for water treatment at Zortman/Landusky. The security acquired with this appropriation is the last expected to complete the state funding package for the water treatment trust at the former Zortman and Landusky mines

DP 689 - FTE Reduction - The legislature reduced FTE for all positions vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.

DP 691 - Personal Services General Fund Reduction - The legislature reduced general fund personal services funding at a level equivalent to the general fund share of 1 percent of authorized FTE. No FTE were reduced.

DP 693 - Statewide Reduction in Travel - The legislature made a reduction in general fund each year equivalent to 8 percent of all general fund expenditures for travel in the fiscal 2000 budget base. The entire reduction was made to this division, with the allowance that the agency could reallocate this reduction among divisions when developing 2003 biennium operating plans.

Language

Item [Permitting and Compliance; Statewide Travel Reduction] includes a reduction of general fund of \$7,328 in fiscal year 2002 and \$7,328 in fiscal year 2003. This reduction is the equivalent of an 8 percent reduction in fiscal 2000 base budget travel expenses. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans.

Item [Permitting and Compliance] includes a reduction of \$21,608 general fund in fiscal 2002 and \$21,683 general fund in fiscal 2003. The department may reallocate this reduction in funding among divisions when developing 2003 biennium operating plans. The Office of Budget and Program Planning shall provide a report that details reallocation to the Legislative Finance Committee by October 15 of each fiscal year.

Item [Permitting and Compliance; Zortman/Landusky Water Treatment Trust] includes a restricted, one-time-only appropriation of up to \$540,000 from state special revenue funds in fiscal 2003 that have been transferred from the Resource Indemnity Trust (RIT) fund. The appropriation is contingent upon the state treasurer's certification to the office of budget and program planning and to the legislative finance committee that the trust balance is in excess of \$100 million. Upon meeting the contingency in fiscal 2003, the office of budget and program planning is authorized to transfer up to \$540,000 in cash from the RIT to a state special revenue fund to be used to purchase federal debt obligation

securities that mature in June 2017 to partially fund the long-term water treatment trust for the former Zortman and Landusky mines.

Item [Environmental Rehabilitation and Response] is contingent upon passage and approval of Senate Bill 449.

Item [Hard Rock Mining Reclamation, Operation, and Maintenance] is contingent upon passage and approval of Senate Bill 484.

Item [Sanitation in Subdivision Grants to Counties] is contingent upon passage and approval of Senate Bill 167.

(Note: SB 449, SB 484, and SB 167 have been signed and approved)