

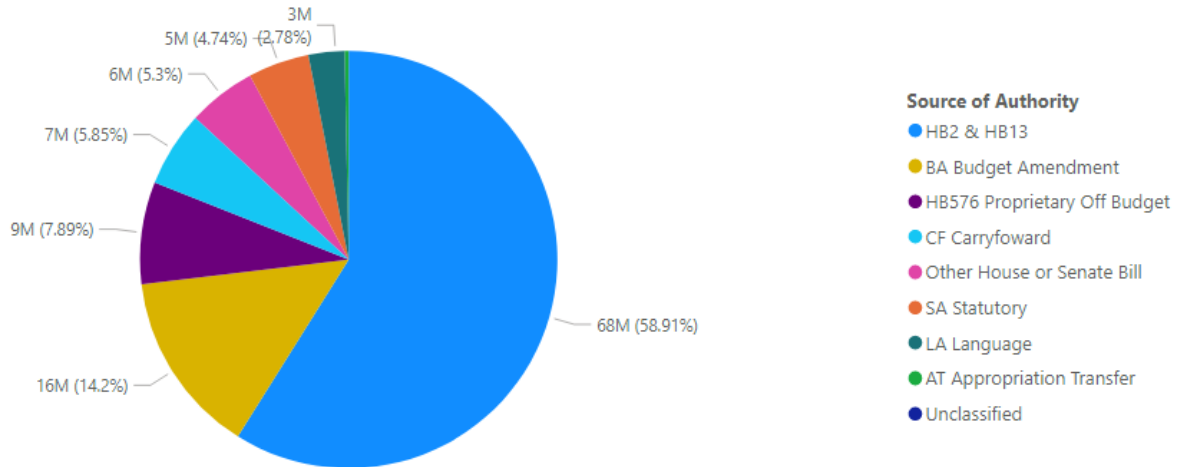
DEPARTMENT OF ENVIRONMENTAL QUALITY

TOTAL APPROPRIATION AUTHORITY

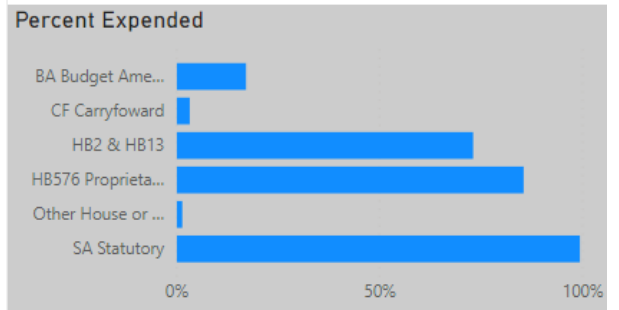
The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 58.9% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Dept of Environmental Quality

Total Appropriation Authority



Fiscal Year	2021		
LFD_src_auth_descr	Budget	FYE Expended	Percent Expended
AT Appropriation Transfer	363,893		
BA Budget Amendment	16,329,647	2,790,530	17.1%
CF Carryforward	6,730,480	217,733	3.2%
HB2 & HB13	67,734,577	49,455,483	73.0%
HB576 Proprietary Off Budget	9,074,152	7,753,964	85.5%
LA Language	3,200,000		
Other House or Senate Bill	6,094,531	84,697	1.4%
SA Statutory	5,450,000	5,412,405	99.3%
Unclassified	3,925		
Total	114,981,205	65,714,811	57.2%



Appropriation Transfers

Authority originally budgeted in the Office of Budget and Program Planning, \$364,000 or 0.3% of the total budget, for the revision of open cut laws (SB 343) was transferred to the agency. The authority that was not expended represents the amount in excess of available cash in this program.

Budget Amendments

Budget amendments totaling \$16.3 million or 14.2% of the total budget are comprised of various federal grants. The agency expended \$2.8 million or 17.1% of these funds. The agency may apply for extensions of the federal in future biennia for the unexpended portion. Federal grants for projects include:

- Non-point source water quality projects, \$3.7 million budgeted, \$1.2 million or 32.4% expended;
- Abandon mine reclamation, \$8.2 million budgeted, \$181,000 or 2.2% expended;
- Mine permitting and air quality programs, \$2.8 million budgeted, \$854,000 or 30.5% expended;
- Water quality and monitoring programs, \$1.3 million budgeted, \$155,000 or 11.9% expended; and
- Information technology projects, \$410,000 budgeted, \$375,000 or 91.4% expended.

Carryforward and/or Continuing Authority

The agency had \$6.7 million or 5.9% of total authority brought forward from FY 2020. Carryforward authority is almost entirely state special revenue totaling \$6.7 million. \$218,000 or 3.2% was expended in the Water Quality Division. The agency may take up to two years to expend carryforward authority. Of the unexpended authority, \$3.1 million can be carried forward to FY 2022.

Non-Budgeted Proprietary Funding

Proprietary revenue is derived from fees charged to DEQ programs, through our indirect cost rates and are used to support central services functions including the Director's Office, financial services, human resources and information technology. Indirect rates are approved by the legislature in HB 2. Proprietary funds support \$9.1 million or 7.9% of the total funding for the agency.

Other Bills

Funding from HB 5 totals \$6.1 million or 5.3% of the budget. These funds are from the orphan share state special revenue account and capital projects account and are for long range projects related to environmental clean-up and energy conservation capital projects. Unused appropriations designated as long range projects may be used in future biennia.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor's Office. Administration authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page. The appropriation authority for CARES I and ARPA shown below remains with the Governor's Office.

Coronavirus Stimulus Appropriations Dept of Environmental Quality

Stimulus Authority	Budget	FYE Expended	Percent Expended
CARES I	463,455	463,455	100.0%

All CARES I funding was expended entirely on personal services and operating expense. Operating expenditures were primarily related to IT remote work needs and cleaning supplies. Personal Services expenditures included staff time working on COVID projects including the rental assistance program and the Joint Incident Command center.

Statutory Appropriations

Revenues from a portion (\$0.0075) of the tax on gasoline, diesel, heating oil, and aviation fuel is statutorily appropriated to pay for the petroleum storage tank releases clean up and accounts for 4.8% of the agency budget. Authorized statutory funding is expended through the Petroleum Tank Release Compensation Board.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority.

The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

HB 2 Modifications Dept of Environmental Quality

Agency Program	HB2 Budget	FYE Modified Budget	Net Modifications	
10 CENTRAL MANAGEMENT PROGRAM	4,805,867	4,892,307	86,440	
20 WATER QUALITY DIVISION	17,989,877	18,589,037	599,160	
40 WASTE MGMT & REMEDIATION DIV	23,182,544	24,606,286	1,423,742	
50 AIR ENERGY & MINING DIVISION	20,795,876	18,515,083	-2,280,793	
80 LIBBY ASBESTOS SF ADVISORY TM		480,000	480,000	
90 PETRO TANK RELEASE COMP BOARD	652,100	651,864	-236	
Total	67,426,264	67,734,577	308,313	308,313

Expenditure Account	HB2 Budget	FYE Modified Budget	Net Modifications	
61000 Personal Services	32,243,886	32,232,257	-11,629	
62000 Operating Expenses	30,662,377	30,035,415	-626,962	
63000 Equipment & Intangible Assets	101,740	141,398	39,658	
66000 Grants	1,685,863	1,925,863	240,000	
67000 Benefits & Claims		60,000	60,000	
68000 Transfers-out	2,732,398	3,339,644	607,246	

Fund Type	HB2 Budget	FYE Modified Budget	Net Modifications	
01 General	5,486,202	5,547,565	61,363	
02 State/Other Spec Rev	37,967,632	38,215,753	248,121	
03 Fed/Other Spec Rev	23,972,430	23,971,259	-1,171	

Modifications to the \$67.4 million HB 2 budget for FY 2021 increased total authority by \$308,313 or 0.5%. The agency moved \$250,000 of unexpended biennial authority from the state special revenue orphan share account from FY 2020 to FY 2021. The agency also received a transfer of \$67,770 from the Office of Budget and Program planning for personal services contingency. This authority was used to support staff in the central management program, due to the reduction of cost recovery project work. Reduction to worker compensation totaled \$3,457.

The agency transferred authority between programs to align authority with available funds. Excess state special authority in the Air, Energy, and Mining Division was moved to the Water Quality Division, Waste Management and Remediation Division, and the Libby Asbestos Advisory team. Excess authority for federal funds was moved from the Water Quality and the Waste Management and Remediation Divisions to the Air, Energy, and Mining Division and the Central Management Program. The table below summarizes the transfer of authority between divisions.

**Department of Environmental Quality
Transfers of HB 2 Authority Between Divisions**

<u>Division</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Total Program Transfer</u>
Central Management	-	25,000	25,000
Water Quality Division	800,000	(200,000)	600,000
Waste Management and Remediation Division	1,200,000	(25,000)	1,175,000
Air Energy and Mining Division	(2,480,000)	200,000	(2,280,000)
Libby Asbestos Advisory Team	<u>480,000</u>	<u>-</u>	<u>480,000</u>
Net Budget Impact	-	-	-

Changes to the department's operating plan moved \$551,458 in authority from operating expenditures to other expenditure accounts. The table below summarizes the changes to the HB 2 operating plan.

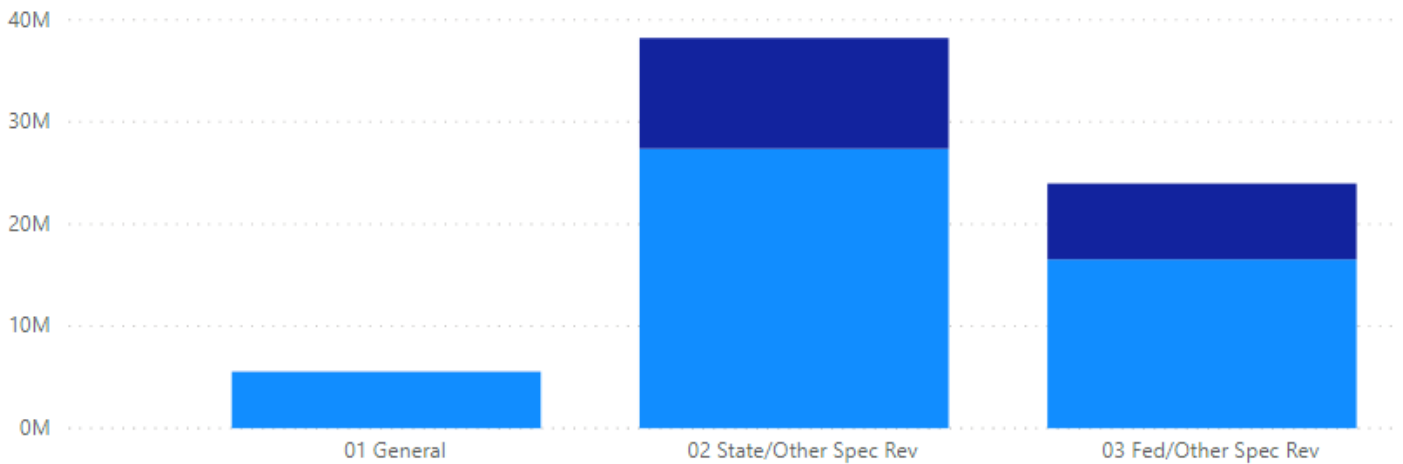
Department of Environmental Quality HB 2 Operating Plan Adjustments

<u>Division</u>	<u>Personal Services</u>	<u>Operating Expense</u>	<u>Equipment & Intangibles</u>	<u>Grants</u>	<u>Benefits & Claims</u>	<u>Transfers</u>	<u>Net Budget Impact</u>
Central Management	1,800	(1,800)	-	-	-	-	-
Water Quality Division	-	(29,658)	29,658	-	-	-	-
Waste Management and Remediation Division	-	(435,000)	-	150,000	60,000	225,000	-
Air Energy and Mining Division	-	(85,000)	10,000	-	-	75,000	-
Total Operating Plan Adjustment	<u>1,800</u>	<u>(551,458)</u>	<u>39,658</u>	<u>150,000</u>	<u>60,000</u>	<u>300,000</u>	<u>-</u>

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



Expenditure Account	FYE Modified Budget	FYE Expended	Percent Expended
61000 Personal Services	32,232,257	28,073,274	87.1%
62000 Operating Expenses	30,035,415	18,896,838	62.9%
63000 Equipment & Intangible Assets	141,398	27,113	19.2%
66000 Grants	1,925,863	1,890,470	98.2%
67000 Benefits & Claims	60,000	2,775	4.6%
68000 Transfers-out	3,339,644	565,013	16.9%
Total	67,734,577	49,455,483	73.0%

Agency Program	FYE Modified Budget	FYE Expended	Percent Expended
10 CENTRAL MANAGEMENT PROGRAM	4,892,307	3,202,880	65.5%
20 WATER QUALITY DIVISION	18,589,037	15,274,059	82.2%
40 WASTE MGMT & REMEDIATION DIV	24,606,286	16,340,889	66.4%
50 AIR ENERGY & MINING DIVISION	18,515,083	13,572,415	73.3%
80 LIBBY ASBESTOS SF ADVISORY TM	480,000	456,028	95.0%
90 PETRO TANK RELEASE COMP BOARD	651,864	609,212	93.5%
Total	67,734,577	49,455,483	73.0%

The authority from HB 2 supports \$67.7 million or 58.9% of the agency total budget and is funded primarily with state special and federal special revenue. General fund supports only \$5.5 million or 8.1% of the agency budget and is used primarily to fund personal services and operations across all programs. The agency expended 99.7% of the general fund appropriation.

Personal Services

The agency was budgeted \$32.2 million in personal services to fund 365.5 FTE. The agency expended 87.1% of that appropriation. By comparison, in the three previous biennia, expenditure rates for personal services have ranged between 70.3% and 85.8% with an average of 79.4%.

Operations

The agency expended 62.9% of the \$30.0 million budgeted for operations, leaving \$11.1 million unexpended, which is significantly less than the average expenditure 95.3% rate in the previous three biennia. In addition to the unexpended authority shown in the table above, the agency transferred \$551,000 in authority to support grants, transfers, benefits, and claims.

Unspent authority in the central management program is primarily related to state special revenue authority for cost recovery projects and continuing authority related to federal grants. Cost recovery activities are driven by industry and dependent on applications submitted; the amount of authority expended is directly tied to the work associated with applications as they are submitted.

Unspent authority in the Waste Management & Remediation Division is primarily related to multi-year grant funding for abandoned mines and Superfund sites. Both the authority and these projects often span multiple fiscal years.

Transfers

The HB 2 budget for transfers totaled \$3.3 million and was 16.9% expended. Of the federal funds totaling \$2.9 million, only \$70,000 or 2.5% was expended. Major components of unexpended federal funds include:

- Abandoned mines, \$2.2 million
- Superfund sites, \$352,000

State special revenue of \$466,000 was 100% expended. This transfer activity is an annual cash sweep from state special revenue funds to trust funds.

Grants, Benefits & Claims

Grants, benefits and claims are primarily funded with state special revenue and were 95.3% expended. Grant expenditures represent money disbursed to counties as part of the subdivision plat review program in the water quality division and the junk vehicle and septic pumper programs in the waste management and remediation division.