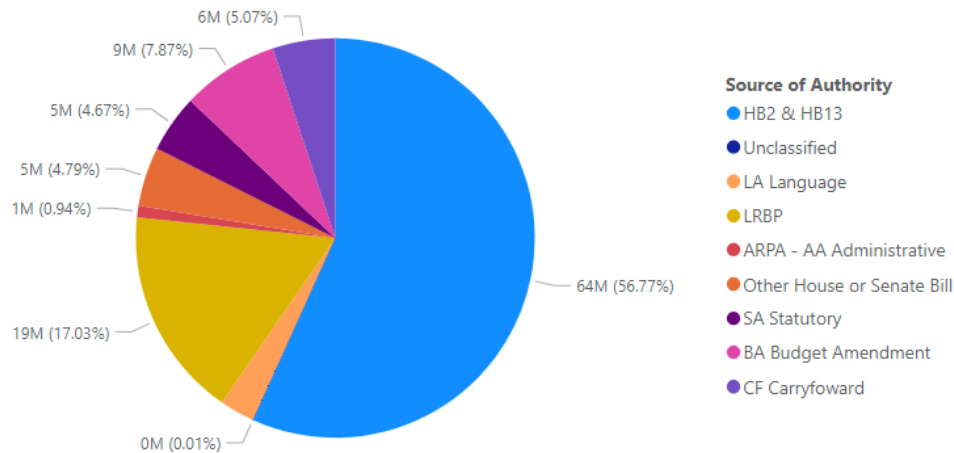


# DEPARTMENT OF ENVIRONMENTAL QUALITY

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Environmental Quality is shown in the pie chart below. HB 2 and HB 13 provide 56.8% of the total authority for this agency. All types of appropriation authority for this agency are described below, including the total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	63,787,443	50,787,495	79.6%
BA Budget Amendment	8,838,247	2,626,337	29.7%
CF Carryforward	5,698,238	520,260	9.1%
LA Language	3,200,000		
LRBP	19,135,589	961,103	5.0%
Other House or Senate Bill	5,378,731	1,175,978	21.9%
SA Statutory	5,250,000	4,825,924	91.9%
Unclassified	11,264		
ARPA	1,054,715	188,756	17.9%
<b>Total</b>	<b>112,354,228</b>	<b>61,085,853</b>	<b>54.4%</b>

## Budget Amendments

Budget amendments totaling \$8.8 million or 7.9% of the total budget are comprised of various federal grants. The agency expended \$2.6 million or 29.7% of these funds. The agency may apply for extensions of the federal authority into future biennia for the unexpended portion. Federal grants for projects include:

- Non-point source water quality projects, \$2.7 million budgeted; \$906,669 or 32.2% expended
- Zortman Landusky reclamation, \$2.4 million budgeted; \$917,090 or 38.2% expended
- Water quality monitoring programs, \$719,087 budgeted; \$234,348 or 32.6% expended
- Lead in schools, \$396,764 budgeted; \$116,609 or 29.4% expended
- Air quality monitoring, \$647,447 budgeted; \$194,576 or 30.1% expended
- Information technology projects, \$1.9 million budgeted; \$257,045 or 21.9%

## Carryforward Authority

The Department of Environmental Quality has carryforward authority of approximately \$5.7 million almost entirely in state special revenue, of which 9.1% was expended.

Agencies can carry forward into the next fiscal year 30% of unused qualifying authority at the end of the fiscal year (17-7-304(4), MCA). Most of the carryforward authority, \$4.2 million, was budgeted in the central management program with only \$8,929 or 0.2% being expended. Water quality programs had \$1.0 million in carryforward authority and expended \$111,281 or 11.1% percent. Waste remediation programs were budgeted with \$500,000 and expended \$400,050 or 80.0% of the carryforward authority.

## Language

The legislature provided language in HB 2 to authorize two appropriations.

The agency has budgeted \$2.2 million in bond revenue for the Carpenter/Snow Creek superfund site near Neihart, Montana. This authority is established to ensure DEQ has the authority necessary to meet the state match requirements for federal superfund site clean-up projects. This authority was unexpended.

The Petroleum Board budgeted \$1.0 million from the petroleum tank cleanup fund for paying contract expenses. This authority was unexpended.

## Other Bills

Funding from other bills totals \$5.4 million or 4.8% of the budget, of which \$1.2 million or 21.9% was expended. Other house and senate bills include funding for remediation, energy conservation, new standards for methamphetamine cleanup, groundwater nutrient standards, and one-time-only employee bonuses. The table below summarizes authority and expenditures from other bills.

Department of Environmental Quality Other House and Senate Bills			
<u>Authority</u>	<u>Budgeted</u>	<u>Expended</u>	<u>Percent Expended</u>
HB 5 - Long-range building appropriations			
Kalispell Pole and Timber, Reliance Refinery Company	\$1,093,535	\$79,993	7.3%
Tank remediation	1,237,824	634,512	51.3%
Energy Improvement Projects	2,485,000	0	0.0%
Total HB 5	4,816,359	714,505	14.8%
HB 13 - One-time-only payment to state employees	427,485	373,979	87.5%
SB 358 - Nutrient Standards	90,031	45,000	50.0%
HB 116 - Indoor cleanup standards for methamphetamine	44,856	42,495	94.7%
Total	\$5,378,731	\$1,175,979	21.9%

## **Statutory Appropriations**

Revenues from a portion of the \$0.0075 tax on gasoline, diesel, heating oil, and aviation fuel is statutory appropriated to pay for petroleum storage tank releases clean up. This authority accounts for 4.7% of the agency's budget.

## **Unclassified**

The Department of Environmental Quality has unexpended unclassified appropriation authority of \$11,264 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

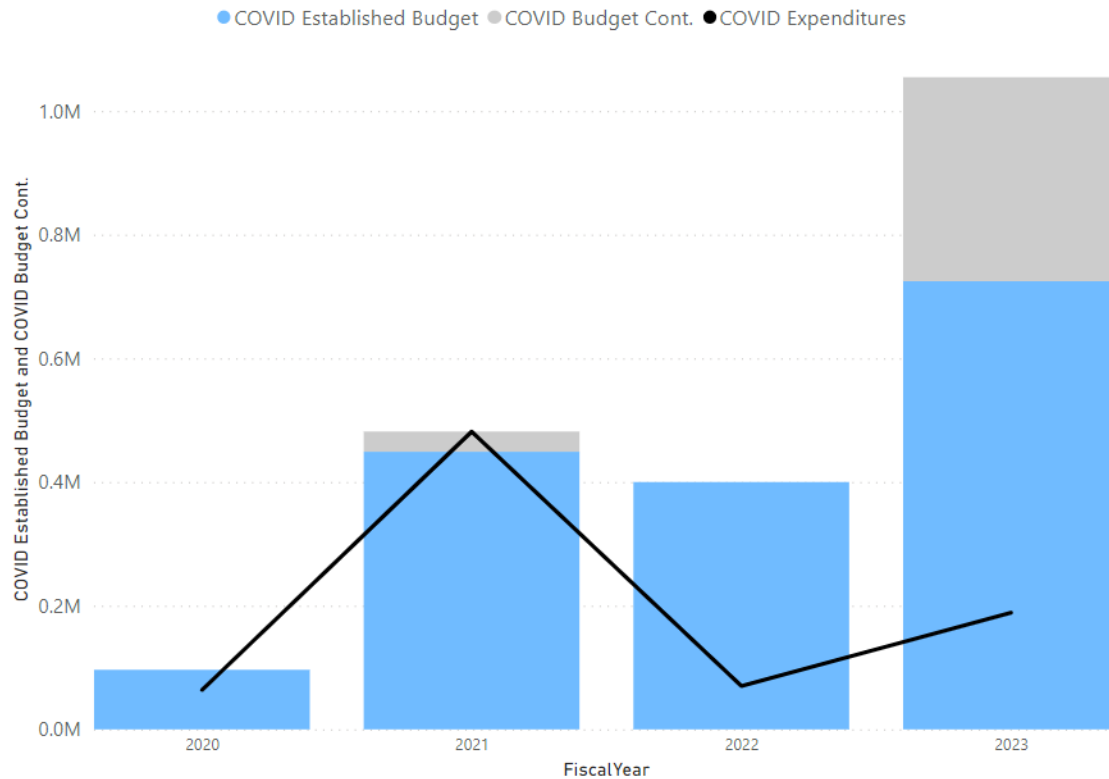
## **Long Range Building Program**

The agency has \$19.1 million in federal revenue budgeted through the long-range building plan. Expenditures for FY 2023 total \$961,103 or 5.0% of the budget. The agency expended \$439,491 on brownfield projects. A brownfield is a property for which the expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. Water quality projects expended \$472,872 of this authority.

### 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.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



The COVID-19 authority totals \$1.1 million which includes \$329,873 carried forward from FY 2022. New funding totaling \$724,842 in FY 2023 is for project application review and engineering services. The agency has expended \$188,756 to cover the costs of additional engineers hired to review new water and sewer infrastructure projects.

## HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2022 through June 30, 2023. 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.

### Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications
<b>Dept of Environmental Quality</b>	<b>63,581,032</b>	<b>63,787,443</b>	<b>206,411</b>
AIR ENERGY & MINING DIVISION	16,640,221	16,248,723	-391,498
CENTRAL MANAGEMENT PROGRAM	4,058,257	4,667,759	609,502
LIBBY ASBESTOS SF ADVISORY TM	480,000	480,000	
PETRO TANK RELEASE COMP BOARD	652,868	724,342	71,474
WASTE MGMT & REMEDIATION DIV	22,840,657	22,773,275	-67,382
WATER QUALITY DIVISION	18,909,029	18,893,344	-15,685
<b>Total</b>	<b>63,581,032</b>	<b>63,787,443</b>	<b>206,411</b>
Expenditure Account	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	32,507,287	32,478,829	-28,458
62000 Operating Expenses	25,731,498	25,644,193	-87,305
63000 Equipment & Intangible Assets	101,740	101,740	0
64000 Capital Outlay		605,000	605,000
66000 Grants	1,775,863	1,938,835	162,972
67000 Benefits & Claims	425,000	425,000	
68000 Transfers-out	3,039,644	2,434,644	-605,000
69000 Debt Service		159,202	159,202
Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	5,671,631	5,690,471	18,840
02 State/Other Spec Rev	33,088,348	33,279,579	191,231
03 Fed/Other Spec Rev	24,821,053	24,817,393	-3,660

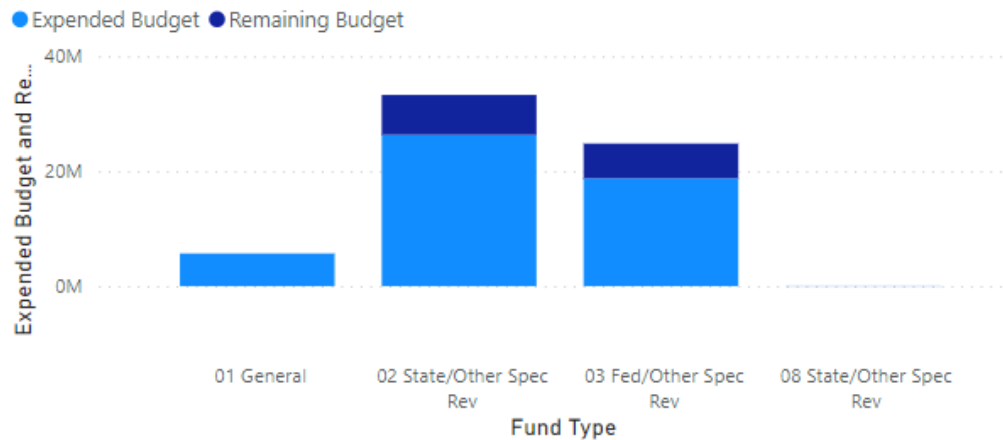
Modifications to HB 2 budget increased total authority by \$206,411 or 0.3%. Increases were primarily state special revenue. Continued authority for the expanded use of the orphan share account increased the budget by \$196,574 general fund authority which was transferred from the budget office to support efficiency improvements added \$20,000, and adjustments for workers compensation reduced the budget by \$10,163 in federal special revenue.

Operating plan changes moved \$605,000 from authority for transfers to capital outlay. Other operating plan changes moved authority from personal services and operating expense to grants and debt service.

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through the end of FY 2023.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



Expenditure Account	Modified Budget	Expended Budget	Percent Expended
Personal Services	32,478,829	27,399,158	84.4%
Operating Expenses	25,644,193	19,606,778	76.5%
Equipment & Intangible Assets	101,740	194,458	191.1%
Capital Outlay	605,000	603,320	99.7%
Grants	1,938,835	1,824,475	94.1%
Benefits & Claims	425,000	384,729	90.5%
Transfers-out	2,434,644	616,167	25.3%
Debt Service	159,202	158,410	99.5%

Program Name	Modified Budget	Expended Budget	Percent Expended
AIR ENERGY & MINING DIVISION	16,248,723	13,454,698	82.8%
CENTRAL MANAGEMENT PROGRAM	4,667,759	3,342,231	71.6%
LIBBY ASBESTOS SF ADVISORY TM	480,000	470,621	98.0%
PETRO TANK RELEASE COMP BOARD	724,342	683,355	94.3%
WASTE MGMT & REMEDIATION DIV	22,773,275	17,561,029	77.1%
WATER QUALITY DIVISION	18,893,344	15,275,560	80.9%
<b>Total</b>	<b>63,787,443</b>	<b>50,787,495</b>	<b>79.6%</b>

State special revenue supports 52.2% of the agencies HB 2 budget, federal sources support 38.9%, and general fund supports 8.9%.

### Operating Expenses

The agency expended 76.5% of the \$25.6 million budgeted for operations, leaving \$6.0 million unexpended, which is in line with expenditure rates from the previous five fiscal years.

### Grants

Appropriations for grants were \$1.9 million in state special revenue. The agency expended \$1.8 million or

94.1% of this authority. Junk vehicle grants to counties totaled \$1.5 million, and grants to support subdivision water projects totaled \$1.5 million.

### **Capital Outlay**

The agency expended \$603,320 of federal special revenue for the Great Falls coal acid mine drainage treatment project.

### **Equipment and intangible assets**

The agency expended \$194,458 or 91.1% more than what was budgeted. The agency purchased a new truck for the Zortman Landusky site, a UAV for the hard rock mining bureau, air monitoring, and other laboratory equipment.

### **Benefits and claims**

State special and federal special revenues totaling \$384,729 were expended on the following two projects;

- The Joslyn Street tailings remediation in Helena, MT - \$317,227 state special revenue
- Libby asbestos cleanup operation and maintenance - \$67,502 federal special revenue

### **Transfers**

Transfers totaling \$616,167 were made primarily to the Libby asbestos team.

## Personal Services

The budget for personal services was 84.4% expended which is 5.5% lower than the five previous fiscal years.

In FY 2023, the agency was budgeted for 366.04 full time equivalent (FTE) positions. As of June 1, 2023, the agency had 52.08 vacant positions that have been open on average for 9.9 months. During FY 2023, the agency had 34 employees leave state government, 13 transfer to a new agency, and twelve retired. Of the total person hours budgeted, the agency utilized 83.2% of the hours.

The table below summarizes open positions within the agency as of June 1, 2023.

Department of Environmental Quality Vacancies As of June 1, 2023								
<u>Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>		<u>FTE</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>	
<b>Water Quality</b>				<b>Waste Mgmt &amp; Remediation</b>				
Subdivision Review Sanitarian	1.00	9.6	\$31.77	Asbestos-Meth Environmental Sp	1.00	9.9	\$32.61	
SRF Professional Engineer	1.00	11.7	24.65	Environmental Project Officer	1.00	9.2	32.61	
Program Section Supervisor	1.00	7.6	36.25	Materials Mgmt Specialist	1.00	7.9	32.61	
Water Quality Permit Writer	1.00	10.5	32.61	Hazardous Waste Specialist	1.00	1.8	32.61	
Water Quality Permit Writer	0.57	6.9	32.61	Program Support Specialist	1.00	14.8	18.15	
SRF Professional Engineer	1.00	6.4	24.65	Environmental Project Officer	1.00	1.8	32.61	
Financial Analyst	1.00	7.8	33.52	Program Support Specialist	1.00	4.1	18.15	
Water Quality Modeler	1.00	6.4	38.5	Program Support Specialist	1.00	3.7	18.15	
WQ Monitoring Specialist	1.00	3.7	26.75	Waste Mgmt Specialist	1.00	3.2	32.61	
Water Quality Scientist	1.00	10.6	32.61	Waste Mgmt Specialist	1.00	16.1	32.61	
Water Quality Scientist	1.00	5.0	32.61	Environmental Project Officer	1.00	4.5	32.61	
WQ Standards Scientist	1.00	23.9	38.5	Records Info Mgmt Specialist	1.00	3.8	19.9	
WQ Monitoring Scientist	1.00	28.0	32.61	Environmental Project Officer	0.50	17.9	32.61	
Program Financial Specialist	1.00	4.1	29.57	Environmental Project Officer	1.00	8.1	32.61	
Program Support Specialist	1.00	13.1	18.15	Environmental Project Officer	0.51	18.4	32.61	
Environmental Field Inspector	1.00	5.5	32.61	Environmental Project Officer	1.00	2.8	32.61	
Computer Systems Analyst	1.00	2.3	41.13	Environmental Project Officer	1.00	11.0	32.61	
Operations Analyst	1.00	17.9	47.69	Asbestos-Meth Environmental Sp	0.50	23.9	32.61	
<b>Division Total / Average<sup>1</sup></b>	<b>17.57</b>	<b>10.1</b>	<b>\$32.60</b>	Asbestos-Meth Environmental Sp	1.00	17.9	32.61	
				Program Section Supervisor	1.00	1.4	36.25	
<b>Air Energy &amp; Mining</b>				<b>Division Total / Average<sup>1</sup></b>	<b>18.51</b>	<b>8.2</b>	<b>\$29.78</b>	
Bureau Chief	1.00	24.8	\$51.21					
Program Section Supervisor	1.00	1.8	36.25	<b>Petro Tank Release Comp. Board</b>				
Computer Systems Analyst	1.00	28.0	41.13	Fund Cost Specialist	1.00	12.0	\$27.86	
Reclamation Specialist	1.00	22.0	32.61	<b>Division Total / Average<sup>1</sup></b>	<b>1.00</b>	<b>12.0</b>	<b>\$27.86</b>	
Program Section Supervisor	1.00	6.4	36.25					
Database Analyst	1.00	5.0	39.46					
AQ Environmental Scientist	1.00	20.9	32.61					
Program Support Supervisor	1.00	10.1	20.74					
Financial Analyst	1.00	8.7	33.52					
Energy Engineering Analyst	1.00	2.3	24.65					
Program Section Supervisor	1.00	17.9	36.25					
Program Specialist 2	1.00	18.9	36.35					
Fiscal Section Supervisor	1.00	1.8	37.29					
Program Support Specialist	1.00	2.8	18.15					
Reclamation Specialist	1.00	4.1	32.61					
<b>Division Total / Average<sup>1</sup></b>	<b>15.00</b>	<b>11.7</b>	<b>\$33.94</b>	<b>Grand Total<sup>1</sup></b>	<b>52.08</b>	<b>9.9</b>	<b>\$31.89</b>	

<sup>1</sup> Averages for months vacant and pay rate are weighted by FTE

During the year, the agency posted openings for 23 positions. Most of the positions were posted for 30 days and received on average eight submission. A few postings for engineers, program specialists, and supervisors were



posted for as long as eight months and received only five submissions. Not all submissions are from qualified individuals.

## **OTHER ISSUES**

### **Information Technology Projects**

#### Coal Information Management System (CIMS) –

The Coal Information Management System (CIMS) is a coal e-permitting system funded with \$1.75 million in federal grants, \$994,324 or 56.8% has been expended.

*CIMS Phase I:* The Office of Surface Mining Reclamation and Enforcement (OSMRE) is still determining what direction they want on the Inspection and Enforcement (INE) application. This phase of the CIMS project is on hold pending that decision.

*CIMS Phase II:* The current application in phase II is DEQ's Bond Reclamation Calculation Estimating Application. This web application will be built by DEQ, and once complete, given to OSMRE where they can make their modifications. Development started on 11/01/21, and is slated to be complete for DEQ by 1/31/2025 and OSMRE's version would then be completed by 6/30/2026.

#### Fees Application and Compliance Tracking System (FACTS)

The Montana Department of Environmental Quality (DEQ) developed the Fees, Application, and Compliance Tracking System (FACTS) for DEQ's water protection permit applications in 2018. The agency has expended \$634,507 on the project.

Phase III of the FACTS project will expand the FACTS ePermitting system to include;

- Additional DEQ permit applications,
- Development of an end-to-end solution for open-cut permits,
- Small miner exclusion statements,
- Portable air facility registrations,
- Subdivision approval process,
- Replace current legacy systems in DEQ's Air, Energy, and Mining Division and DEQ's Engineering and Subdivision Bureau

The expanded FACTS system will align with State standards; include new and/or refined business functionality required by State and Federal law, and meet permitting, and application requirements identified in Air, Energy, and Mining's 2019 and the Subdivision Bureau's 2021 business process assessment.

## **Update on Decision Packages Approved by the 2021 Legislature**

### DP 90 - Orphan Share Expanded Use (RST/BIEN)

FY 2022 \$250,000 State Special Revenue

FY 2023 \$250,000 State Special Revenue

The legislature approved expanded use of the orphan share account to allow the Department of Environmental Quality to evaluate and take remedial actions and to respond to a release or threatened release at petroleum or hazardous substance sites. During the 2023 biennium the agency has expended \$158,853 under this authority.