

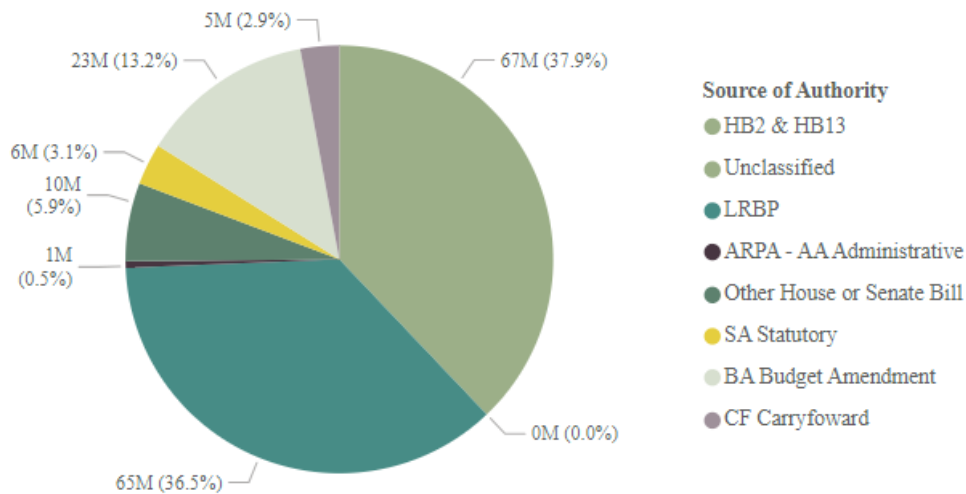
# DEPARTMENT OF ENVIRONMENTAL QUALITY

## FYE 2024 Finical Report

### 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 37.9% 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.

**Total Modified Budget by Source of Authority**



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	67,155,063	52,258,532	77.8%
BA Budget Amendment	23,309,195	5,384,715	23.1%
CF Carryforward	5,192,783	393,444	7.6%
LRBP	64,621,783	5,327,252	8.2%
Other House or Senate Bill	10,488,812	279,491	2.7%
SA Statutory	5,550,000	5,477,600	98.7%
Unclassified	3,236		
ARPA	865,959	235,321	27.2%
<b>Total</b>	<b>177,186,831</b>	<b>69,356,356</b>	<b>39.1%</b>

### Budget Amendments

Statute allows agencies to amend the budget to access additional federal revenues (17-7-402(1)(a)(xii), MCA). Federal authority through budget amendments totals \$23.3 million and is 23.1% expended through fiscal year end (FYE) 2024.

The budget allocation for addressing acid mine surface water drainage from abandoned coal and metal mines totals about \$9.5 million or 40.7% of the total authority under budget amendments. This funding primarily supports two major mine drainage projects: the Belt Water Treatment Plant and the Zortman/Landusky mining district, both of which require ongoing, perpetual treatment of surface water runoff. In addition to these primary projects, the federal budget allocates \$2.5 million for other surface mine reclamation efforts.

Environmental Protection Agency grants totaling \$3.0 million, are designated for developing non-regulatory approaches to reduce greenhouse gas emissions. Nonpoint source pollution mitigation received \$2.9 million, while other water quality projects were allocated \$1.3 million.

The High Efficiency Electric Home Rebate Program, established by the Inflation Reduction Act to promote energy-efficient appliances and systems in American households, was budgeted \$1.8 million for fiscal year 2024. To modernize the coal mining industry's regulatory processes, \$1.5 million was designated for the Coal E-Permitting system, aimed at streamlining permit applications and reviews.

Lastly, the budget includes \$650,900 for air quality monitoring programs, rounding out a comprehensive approach to environmental management and protection in Montana. This diverse allocation of funds reflects the state's commitment to addressing both legacy environmental issues and future sustainability challenges.

The table below summarizes the budget amendment authority for the department.

<b>Department of Environmental Quality Budget Amendment Authority</b>			
Fiscal Year End 2024			
<b>Federal Grants</b>	<u>Budgeted</u>	<u>Expended</u>	<u>% Expended</u>
Belt Water Treatment Plant	\$6,240,103	\$951,076	15.2%
Zortman and Landusky water treatment and reclamation	3,245,945	2,159,820	66.5%
Montana Environmental Protection Agency Pollution Reduction Planning Grant	3,000,000	170,809	5.7%
Nonpoint Source Water Quality Projects	2,938,232	998,881	34.0%
Surface Mine Reclamation	2,376,269	519,700	21.9%
High Efficiency Electric Home Rebate Program	1,779,435	66,510	3.7%
Coal E-Permitting	1,539,914	165,880	10.8%
Air quality monitoring programs	649,899	100,358	15.4%
Clean Water Act Section 106 Grant	464,509	107,342	23.1%
Sewer Overflow and Storm Water Reuse Municipal Grant Program	461,000	-	0.0%
Lead Monitoring In School Drinking Water	280,156	43,196	15.4%
Smurfit-Stone Mill Groundwater Monitoring	156,000	31,704	20.3%
Water Quality Management Planning Program	57,230	33,646	58.8%
Other IT Projects	120,502	35,793	29.7%
<b>Total Federal Budget Amendments</b>	<b>\$23,309,195</b>	<b>\$5,384,715</b>	<b>23.1%</b>

## Other Bills

Funding appropriated through HB 5 totals \$10.5 million, constituting 5.9% of the agency's overall budget. This includes appropriations from the general fund for removal of lead in school drinking water. State special revenue designated for petroleum tank remediation is appropriated under HB 5. Funding for capital projects is for state building energy conservation and energy efficiency of state buildings.

The table below summarizes authority and expenditures from other bills.

Department of Environmental Quality Appropriation Through Other House or Senate Bills				
<b>General Fund</b>	<b>Fund</b>	<b>Budgeted</b>	<b>Expended</b>	<b>% Expended</b>
HB 5 Section 5 (10) School Drinking Water Lead Remediation	General Fund	\$3,700,000	\$0	0.0%
HB 971 Revise Environmental Policy Act, Section 2	General Fund	500	-	0.0%
	<b>Total General Fund</b>	<b>\$3,700,500</b>	<b>\$0</b>	<b>0.0%</b>
<b>State Special Revenue</b>	<b>Fund</b>	<b>Budgeted</b>	<b>Expended</b>	<b>% Expended</b>
HB 5 (2021 Legislature) Section 3 (6)	Petroleum Tank Remediation	\$603,312	\$279,491	46.3%
	<b>Total State Special</b>	<b>\$603,312</b>	<b>\$279,491</b>	<b>46.3%</b>
<b>Capital Projects</b>	<b>Fund</b>	<b>Budgeted</b>	<b>Expended</b>	<b>% Expended</b>
HB 5 State Building Energy Improvements	Energy Conservation Capital Projects	\$500,000	\$0	0.0%
HB 5 State Building Energy Improvements	American Recovery and Reinvestment Act	5,685,000	-	0.0%
	<b>Total Capital</b>	<b>\$6,185,000</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Other House and Senate Bills</b>	<b>Total Funding</b>	<b>\$10,488,812</b>	<b>\$279,491</b>	<b>2.7%</b>

## Long-Range Building and Planning

The Long-Range Building and Planning (LRBP) program funds major repairs, capital development, new facilities, energy conservation, maintenance and renovations, and other projects that require funding beyond the current biennium. The LRBP appropriations that are unspent do not revert at the end of the biennium as with most HB 2 appropriations. Remaining balances are re-appropriated for their original purposes until the projects are completed. The program is administered by the Architecture and Engineering Division of the Department of Administration, but DEQ is involved in certain aspects, particularly related to energy conservation.

Since the last interim budget committee meeting in June, the LRBP budget has increased by \$24.5 million. Major new funding includes authority through the Infrastructure Investment and Jobs Act totaling \$18.9 million to address PFSA (forever chemicals) in drinking water, and \$2.8 million for mining projects. Other funding includes federal grants totaling \$17.6 million provided by the Department of Energy. These grants aim to enhance the reliability and resilience of electrical grids against various hazards, including extreme weather, wildfires, natural disasters, and human-caused outages. Federal funds totaling \$6.8 million are allocated for a superfund site in the Upper Tenmile Mining District located in the Rimini area. Authority budgeted from revolving funds totals \$6.0 million.

The agency has expended \$5.3 million or 8.2% of the \$64.6 million in federal special revenue authorized for long-range building. For more information on long range building projects, see the infrastructure table at: Long-Range Building Projects Map

## **Carryforward Authority**

After each fiscal year, 30.0% of the unexpended and unencumbered HB 2 appropriation in the prior fiscal year for personal services, operating expenses, and equipment may be approved by OBPP to be carried forward up to two fiscal years following (17-7-304(4)(a), MCA).

The agency had \$5.2 million in total carryforward authority from FY 2023 and FY 2022. The carryforward authority consists of \$4.0 million in state special revenue, \$1.1 million in federal special revenue, and the remainder in general fund. The carryforward authority is budgeted for the Montana Pollutant Discharge Elimination System (MPDES) permit system, subdivision plat reviews, oil and gas remediation, and the Montana Environment Policy Act (MEPA), super fund clean-up, and federal grants. The agency has expended about \$393,500 of this authority.

## **Statutory**

The agency has expended \$5.5 million in statutory authority. 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 release clean up. Statutory funding is expended through the Petroleum Tank Release Compensation Board, which is administratively attached to the agency.

## **ARPA**

American Rescue Plan Act (ARPA) funding is available for professional engineer review of drinking water and wastewater projects proposed by DNRC. For fiscal year 2024, the agency had expended about \$235,300. The total administrative appropriation was \$1.1 million, of which \$258,900 was expended prior to FY 2024 leaving a balance of about \$866,000. Future expenditures will be dependent on the number of reviews submitted to DEQ.

## HB2BUDGET 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 June 1, 2024 through July 1, 2024. 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	Modified Budget	Net Modifications
<b>Dept of Environmental Quality</b>	<b>66,819,663</b>	<b>67,155,063</b>	<b>335,400</b>
10 CENTRAL MANAGEMENT PROGRAM	4,908,229	4,908,229	0
20 WATER QUALITY DIVISION	19,547,392	19,547,392	0
40 WASTE MGMT & REMEDIATION DIV	24,308,665	24,644,065	335,400
50 AIR ENERGY & MINING DIVISION	16,691,555	16,691,555	0
80 LIBBY ASBESTOS SF ADVISORY TM	486,580	486,580	0
90 PETRO TANK RELEASE COMP BOARD	877,242	877,242	0
<b>Total</b>	<b>66,819,663</b>	<b>67,155,063</b>	<b>335,400</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	33,661,330	33,670,230	8,900
62000 Operating Expenses	27,653,114	27,818,459	165,345
63000 Equipment & Intangible Assets	101,740	238,395	136,655
64000 Capital Outlay		1,445,500	1,445,500
66000 Grants	1,938,835	1,938,835	0
67000 Benefits & Claims	425,000	425,000	0
68000 Transfers-out	3,039,644	1,618,644	-1,421,000
<b>Total</b>	<b>66,819,663</b>	<b>67,155,063</b>	<b>335,400</b>

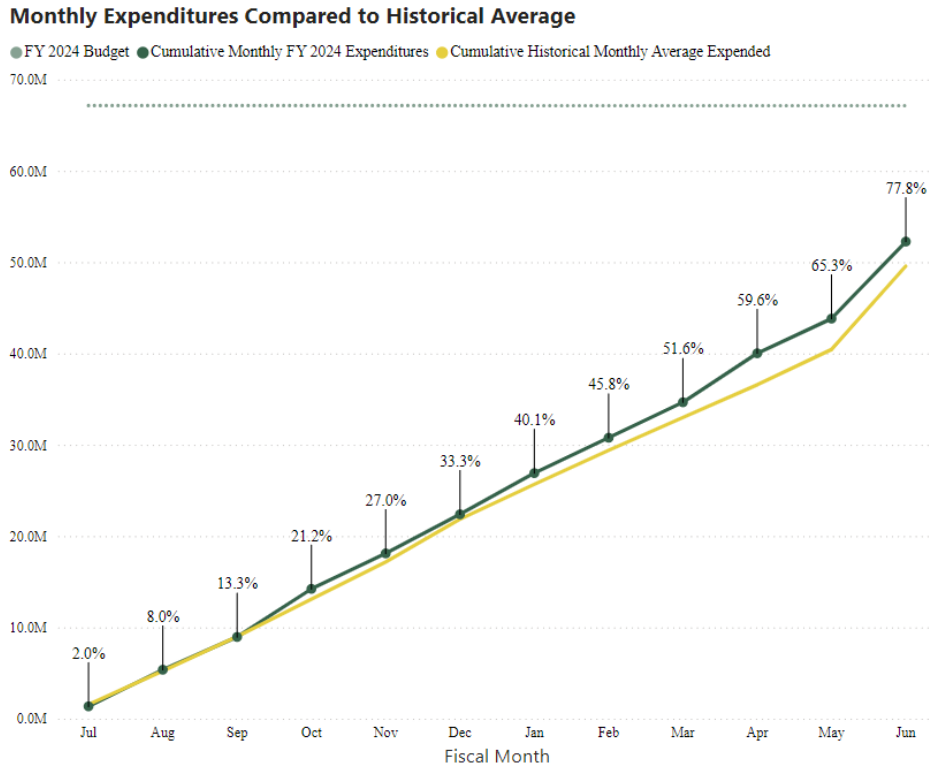
  

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	6,797,215	6,797,215	0
02 State/Other Spec Rev	35,109,635	35,109,635	0
03 Fed/Other Spec Rev	24,912,813	25,248,213	335,400
<b>Total</b>	<b>66,819,663</b>	<b>67,155,063</b>	<b>335,400</b>

Amendments to federal authority increased the HB 2 budget by \$335,400. Other amendments moved \$1.4 million from benefits and claims expenditure authority primarily to capital outlay authority to properly account for expenditures.

# HB2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through June 30, 2024.



The tables below show expenditure rates through FYE 2024 for the agency compared to average expenditure rates over the previous five years.

Department of Environmental Quality, FYE 2024				
Program Name	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
Central Management Program	4,908,229	3,186,626	64.9%	69.3%
Water Quality Division	19,547,392	16,277,004	83.3%	81.8%
Waste Mgmt & Remediation Div	24,644,065	18,570,403	75.4%	69.0%
Air Energy & Mining Division	16,691,555	12,972,660	77.7%	71.9%
Libby Asbestos Sf Advisory Tm	486,580	486,337	100.0%	74.3%
Petro Tank Release Comp Board	877,242	765,502	87.3%	94.2%
<b>Total</b>	<b>\$67,155,063</b>	<b>\$52,258,532</b>	<b>77.8%</b>	<b>73.8%</b>
Accounting Classification	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
Personal Services	\$33,670,230	\$29,026,753	86.2%	87.2%
Operating Expenses	27,818,459	18,679,455	67.1%	64.2%
Equipment & Intangible Assets	238,395	360,242.91	151.1%	87.8%
Capital Outlay	1,445,500	1,531,886.44	106.0%	108.2%
Grants	1,938,835	1,815,250	93.6%	93.0%
Benefits & Claims	425,000	348,052.82	81.9%	24.7%
Transfers-out	1,618,644	496,892.09	30.7%	14.4%
<b>Total</b>	<b>\$67,155,063</b>	<b>\$52,258,532</b>	<b>77.8%</b>	<b>73.8%</b>
Funding Source	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
General Fund	\$6,797,215	\$6,709,682	98.7%	99.0%
State Special Revenue	35,109,635	24,304,480	69.2%	72.5%
Federal Special Revenue	25,248,213	21,244,370	84.1%	69.7%
<b>Total</b>	<b>\$67,155,063</b>	<b>\$52,258,532</b>	<b>77.8%</b>	<b>73.8%</b>

The Department of Environmental Quality has expended 77.8% of its \$67.2 million HB 2 modified budget through for fiscal year 2024. The agency expended \$2.7 million more than would be expected based on the average expenditure rate in the previous five years of 73.8%. The higher expenditure rate was driven by operating expenses funded primarily from federal special revenues for water quality, and waste management and remediation.

**Personal Services**

Appropriations for personal services in the Department of Environmental Quality total \$33.7 million and are 86.2% expended for fiscal year 2024. The department has 370.04 HB 2 FTE of which 40.57 FTE are vacant. The table below summarizes the budgeted FTE for Department of Environmental Quality.

Department of Environmental Quality HB 2 FTE			
Program	Filled	Vacant	Total
Central Management Program	18.08	3.00	21.08
Water Quality Division	125.60	13.07	138.67
Waste Mgmt & Remediation Div	93.01	8.50	101.51
Air, Energy & Mining Division	85.53	15.50	101.03
Petro Tank Release Comp. Board	6.75	1.00	7.75
<b>Total</b>	<b>328.97</b>	<b>41.07</b>	<b>370.04</b>

Since last reported, the agencies vacancies have increased by 0.50 FTE from 40.57 FTE to 41.57 FTE. Overall, the department has utilized 84.1% of the hours budgeted for FY 2024, as shown in the chart. This is in line with the historical utilization rate over the past four years of 84.4%.

The chart below shows the hourly utilization percentage for the Department of Environmental Quality for fiscal year 2024 and the historical rates over the past four years.



The table on the following page shows open positions as of the end of fiscal year 2024. The table includes position description, FTE, midpoint pay, and the number of days the position has been open.

**Department of Environmental Quality  
As of Fiscal Year End 2024**

<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 Division</b>				<b>Air, Energy &amp; Mining Division</b>			
Wastewater Technical Advisor	1.00	6.3	\$32.61	Division Policy Analyst	1.00	10.2	\$39.45
Environmental Field Inspector	1.00	2.8	32.61	Reclamation Specialist	1.00	6.0	32.61
Database Administrator 2	0.57	2.8	39.46	Program Section Supervisor	1.00	0.5	36.25
PFAS Coordinator	1.00	6.0	30.17	Environmental Scientist 2	1.00	5.1	32.61
Water Quality Permit Writer	1.00	11.5	32.61	Database Analyst	1.00	17.0	39.46
Public Information Officer	0.50	1.9	38.19	Program Section Supervisor	1.00	11.5	36.25
Computer Systems Analyst	1.00	7.4	41.13	Program Support Supervisor	1.00	22.1	20.74
Database Analyst	1.00	1.4	39.46	Program Support Specialist	1.00	1.9	18.15
Fiscal Section Supervisor	1.00	1.2	37.29	Energy Engineering Analyst	1.00	5.2	37.90
Environmental Compliance Insp	1.00	0.5	32.61	AQ Engineering Scientist	1.00	5.1	32.61
Data Control Specialist	1.00	4.4	15.84	Program Section Supervisor	1.00	5.6	36.25
Water Quality Permit Writer	1.00	2.4	32.61	Public Information Officer	0.50	1.9	38.19
PWS Professional Engineer	1.00	9.9	40.97	Program Section Supervisor	1.00	0.8	36.25
Subdivision Review Sanitarian	1.00	0.1	31.77	Bureau Chief	1.00	0.1	51.21
<b>Division Total / Average<sup>1</sup></b>	<b>13.07</b>	<b>4.3</b>	<b>\$33.76</b>	AQ Environmental Scientist	1.00	11.8	32.61
				Reclamation Specialist	1.00	16.1	32.61
<b>Waste Mgmt &amp; Remediation Div</b>				<b>Division Total / Average<sup>1</sup></b>	<b>15.50</b>	<b>7.7</b>	<b>\$34.46</b>
Environmental Project Officer	1.00	9.8	\$32.61				
Asbestos-Meth Environmental Sp	1.00	21.9	32.61	<b>Petro Tank Release Comp. Board</b>			
Materials Mgmt Specialist	1.00	19.9	32.61	Fund Cost Specialist	1.00	16.0	\$27.86
Environmental Project Officer	1.00	16.5	32.61	<b>Division Total / Average<sup>1</sup></b>	<b>1.00</b>	<b>16.0</b>	<b>\$27.86</b>
Environmental Project Officer	1.00	20.1	32.61				
Environmental Project Officer	1.00	0.5	32.61	<b>Central Management Program</b>			
Environmental Project Officer	1.00	14.8	32.61	Environmental Enforcement Spc	1.00	1.4	\$32.61
Environmental Project Officer	1.00	6.5	32.61	Attorney	1.00	1.9	55.14
Underground Storage Tank Spec	0.50	1.4	32.61	Environmental Enforcement Spc	1.00	4.6	32.61
<b>Division Total / Average<sup>1</sup></b>	<b>8.50</b>	<b>13.0</b>	<b>\$32.61</b>	<b>Division Total / Average<sup>1</sup></b>	<b>3.00</b>	<b>2.6</b>	<b>\$40.12</b>
Petroleum Tank Releas Board							
Fund Cost Specialist	1.00	1.9	\$27.86				
<b>Division Total / Average<sup>1</sup></b>	<b>1.00</b>	<b>1.9</b>	<b>\$27.86</b>	<b>Grand Total<sup>1</sup></b>	<b>41.07</b>	<b>7.2</b>	<b>\$34.11</b>

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

Turnover in fiscal year 2024 include the equivalent of 31.00 FTE that left state employment, 13.00 FTE retired, and 6.00 FTE transferred to another agency.

**CONTRACTORS**

In the normal course of business DEQ engages in contracted services for a variety of purposes. Most contracted services are for environmental reclamation and analysis, but other categories include IT consulting & Professional Services, grants to counties/non-profits, and legal fees and court costs. Expenditures to date are \$5,167,166.

Through November 30, 2023, DEQ has not contracted for any services to cover vacant positions.

**OVERTIME**

Due to the vacancy rate at approximately 16%, employees have worked the following excess hours; 677 overtime, 1,316 Non-Exempt Compensatory time, and 4,232 Exempt Comp time, for a total of 6,225 hours. More than 50% of these excess hours are due to the current vacancies in Environmental Science apart from Legal.



As of November 1st, the agency was advertising for five positions. The average position has been vacant for about seven months. In addition to smaller applicant pools, the agency has experienced a higher percentage of offers being rejected in recent years.

OTHER ISSUES

**Information Technology Project Expenditures**

Large Information Technology Projects Original and Revised Budgets						
<u>Project</u>	<u>Start Date</u>	<u>Status</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Expended</u>	<u>Percent Expended</u>
Coal Information Management System (CIMS)	6/27/2016	On-Hold	1,750,000	1,750,000	709,043	40.5%
Coal Information Management System (CIMS): Phase II	10/22/2021	Executing	833,000	833,000	428,875	51.5%

**Status of Line-Itemed Decision Packages, 2023 Legislature**

DP 20012 - Subdivision FTE (OTO)

FY 2024 – \$439,136 General Fund

FY 2025 – \$413,825 General Fund

The legislature approved general fund authority and 3.00 FTE to support subdivision applications. For fiscal year 2024, the agency has expended \$396,618 or 90.4% of the FY 2024 authority.