

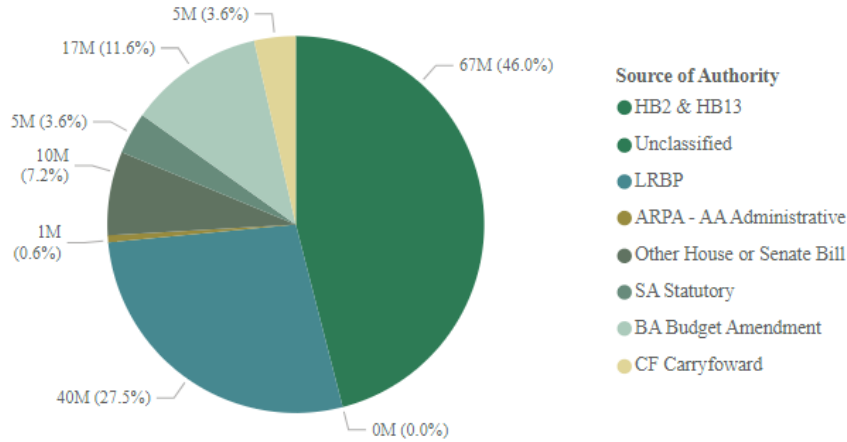
DEPARTMENT OF ENVIRONMENTAL QUALITY

Interim Budget Committee Report for June 2024

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 46.0% 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	43,819,097	65.3%
BA Budget Amendment	16,913,092	2,970,400	17.6%
CF Carryforward	5,192,783	208,317	4.0%
LRBP	40,142,543	4,738,634	11.8%
Other House or Senate Bill	10,488,812	169,550	1.6%
SA Statutory	5,250,000	3,244,930	61.8%
Unclassified	3,236		
ARPA	865,959	206,583	23.9%
Total	146,011,488	55,357,512	37.9%

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 \$16.9 million and are 17.6% expended through the end of May.

Major projects funded through budget amendments include Water treatment and reclamation for the Zortman and Landusky superfund sites, surface mine reclamation, air quality and water quality programs, energy efficiency programs, and IT grants.

The table on the following page summarizes the budget amendment authority for the department.

Department of Environmental Quality Budget Amendment Authority			
As Of May 31, 2024			
Federal Grants	<u>Budgeted</u>	<u>Expended</u>	<u>% Expended</u>
Zortman and Landusky water treatment and reclamation	\$3,245,945	\$1,451,758	44.7%
Montana Environmental Protection Agency Pollution Reduction Planning Grant	3,000,000	137,790	4.6%
Nonpoint Source Water Quality Projects	2,938,232	910,745	31.0%
Surface Mine Reclamation	2,376,269	-	0.0%
High Efficiency Electric Home Rebate Program	1,779,435	51,959	2.9%
Coal E-Permitting	1,539,914	144,235	9.4%
Air quality monitoring programs	649,899	72,949	11.2%
Clean Water Act Section 106 Grant	464,509	103,539	22.3%
Sewer Overflow and Storm Water Reuse Municipal Grant Program	461,000	-	0.0%
Lead Monitoring In School Drinking Water	280,156	32,384	11.6%
Water Quality Management Planning program	57,230	29,248	51.1%
Other IT Projects	120,502	35,793	29.7%
Total Federal Budget Amendments	\$16,913,092	\$2,970,400	17.6%

Other Bills

Funding appropriated through HB 5 totals \$10.5 million, constituting 7.2% 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			
General Fund	Fund	<u>Budgeted</u>	<u>Expended</u> <u>% Expended</u>
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%
	Total General Fund	\$3,700,500	\$0 0.0%
State Special Revenue	Fund	<u>Budgeted</u>	<u>Expended</u> <u>% Expended</u>
HB 5 (2021 Legislature) Section 3 (6)	Petroleum Tank Remediation	\$603,312	\$169,550 28.1%
	Total State Special	\$603,312	\$169,550 28.1%
Capital Projects	Fund	<u>Budgeted</u>	<u>Expended</u> <u>% Expended</u>
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%
	Total Capital	\$6,185,000	\$0 0.0%
Total Other House and Senate Bills	Total Funding	\$10,488,812	\$169,550 1.6%

Long-Range Building and Planning

The agency has expended \$4.7 million or 11.8% of the \$40.1 million in federal special revenue authorized for long-range building. Since the last interim budget committee meeting in March the LRBP budget has increased by \$2.7 million. Major 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 superfund site in the Upper Tenmile Mining District located in the Rimini area. Authority budgeted from revolving funds totals \$6.0 million.

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 in the two fiscal years following (17-7-304(4)(a), MCA).

The agency had \$5.2 million in total authority carried forward 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 \$203,800 of this authority.

Statutory

The agency has expended \$3.2 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

ARPA funding is available for Professional Engineer review of Drinking Water and Wastewater Projects proposed by DNRC. For fiscal year 2024 the agency has expended about \$206,600. 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.

HB2 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, 2023 through May 31, 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.

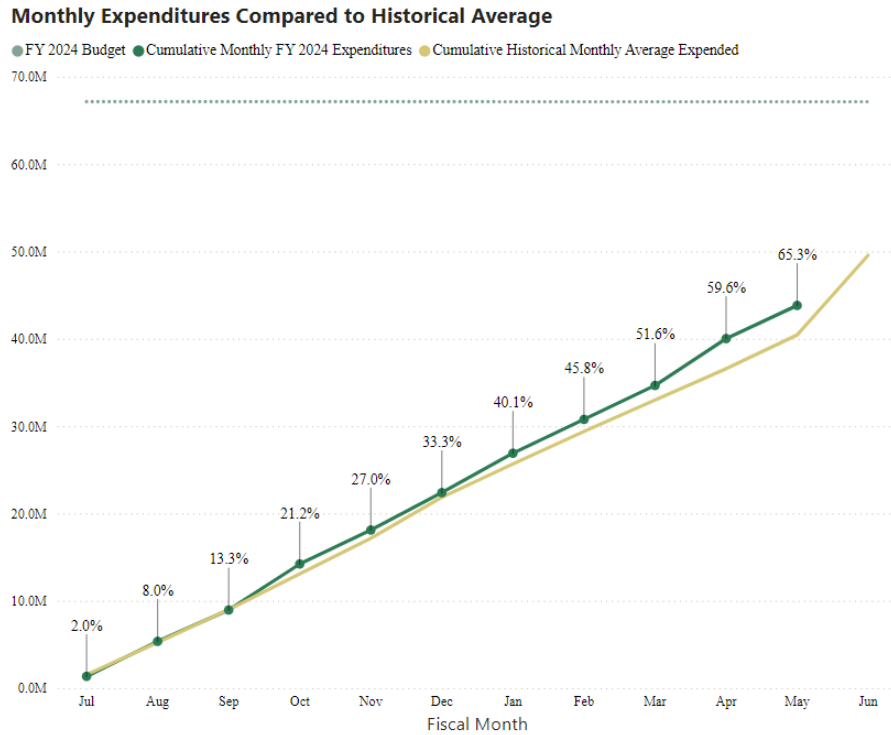
Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
Dept of Environmental Quality	67,155,063	67,155,063	0
10 CENTRAL MANAGEMENT PROGRAM	4,908,229	4,908,229	
20 WATER QUALITY DIVISION	19,547,392	19,547,392	0
40 WASTE MGMT & REMEDIATION DIV	24,644,065	24,644,065	0
50 AIR ENERGY & MINING DIVISION	16,691,555	16,691,555	
80 LIBBY ASBESTOS SF ADVISORY TM	486,580	486,580	
90 PETRO TANK RELEASE COMP BOARD	877,242	877,242	
Total	67,155,063	67,155,063	0
Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	33,694,730	33,694,730	0
62000 Operating Expenses	27,955,114	27,955,114	0
63000 Equipment & Intangible Assets	101,740	101,740	
66000 Grants	1,938,835	1,938,835	
67000 Benefits & Claims	425,000	425,000	
68000 Transfers-out	3,039,644	3,039,644	0
Total	67,155,063	67,155,063	0
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	6,797,215	6,797,215	
02 State/Other Spec Rev	35,109,635	35,109,635	0
03 Fed/Other Spec Rev	25,248,213	25,248,213	0
Total	67,155,063	67,155,063	0

Since March, the agency has not modified the HB 2 budget.

HB2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through May 31, 2024.



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

Department of Environmental Quality, Expenditures through May 2024				
Program Name	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
Central Management Program	4,908,229	2,833,750	57.7%	61.1%
Water Quality Division	19,547,392	14,191,309	72.6%	67.6%
Waste Mgmt & Remediation Div	24,644,065	15,674,265	63.6%	58.5%
Air Energy & Mining Division	16,691,555	10,439,801	62.5%	56.6%
Libby Asbestos Sf Advisory Tm	486,580	2	0.0%	1.7%
Petro Tank Release Comp Boar	877,242	679,969	77.5%	81.4%
Total	\$67,155,063	\$43,819,097	65.3%	60.6%
Accounting Classification	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
Personal Services	\$33,694,730	\$25,936,432	77.0%	76.0%
Operating Expenses	27,955,114	15,781,948	56.5%	48.5%
Equipment & Intangible Assets	101,740	-	0.0%	48.6%
Grants	1,938,835	1,757,188	90.6%	89.8%
Benefits & Claims	425,000	343,529.74	80.8%	47.2%
Transfers-out	3,039,644	-	0.0%	2.7%
Total	\$67,155,063	\$43,819,097	65.3%	60.6%
Funding Source	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2024	Last 5 Years
General Fund	\$6,797,215	\$5,224,821	76.9%	72.6%
State Special Revenue	35,109,635	21,176,562	60.3%	61.7%
Federal Special Revenu	25,248,213	17,417,714	69.0%	56.4%
Total	\$67,155,063	\$43,819,097	65.3%	60.6%

The Department of Environmental Quality has expended 65.3% of its \$67.2 million HB 2 modified budget through May 31, 2024. The agency expended \$3.2 million more than would be expected based on the average expenditure rate in the previous five years of 60.6%. The higher expenditure rate was driven by operating expenses funded primarily from federal special revenues for water quality, and waste management and remediation.

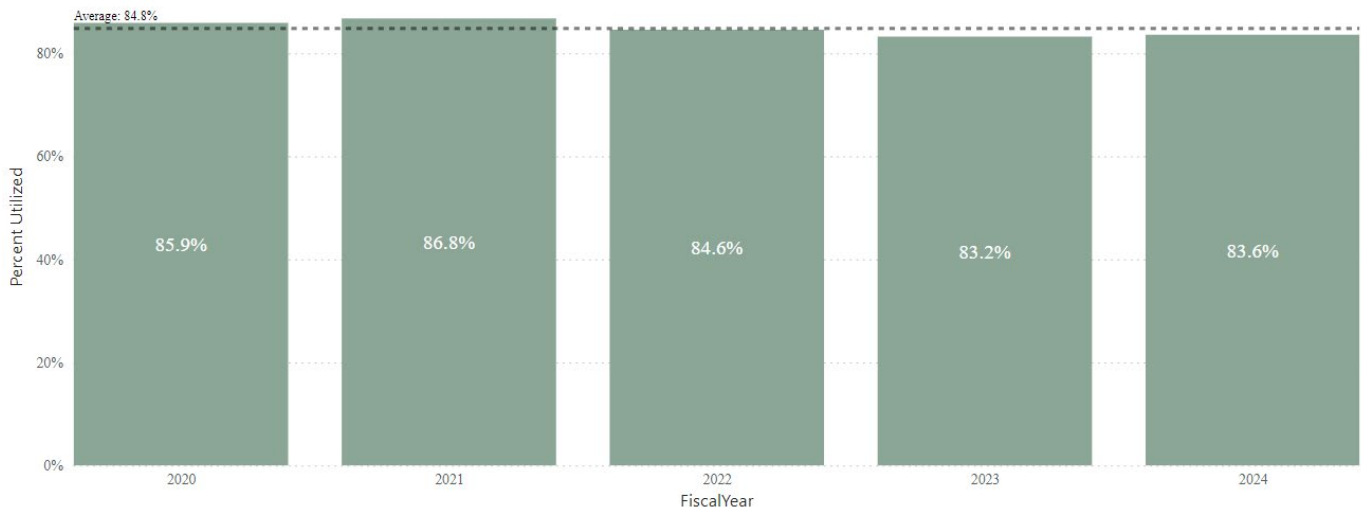
Personal Services

Appropriations for personal services in the Department of Environmental Quality total \$33.7 million and are 77.0% expended through May 1, 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			
<u>Division</u>	<u>Filled</u>	<u>Vacant</u>	<u>Total</u>
Central Management Program	20.08	1.00	21.08
Water Quality Division	126.10	12.57	138.67
Waste Mgmt & Remediation Div	89.51	12.00	101.51
Air Energy & Mining Division	86.03	15.00	101.03
Petro Tank Release Comp Board	7.75	-	7.75
Total	329.47	40.57	370.04

Since last reported, the agency has reduced vacancies across all divisions by 25.12 FTE from 65.69 FTE to 40.57 FTE. Overall, the department has utilized 83.6% of the hours budgeted for FY 2024, as shown in the chart. This is 1.2% lower than the historical utilization rate over the past four years of 84.8%.

The chart below shows the hourly utilization percentage for the Department of Environmental Quality between July 1 and May 1 for each fiscal year when compared to the available hours for the same time.



The table on the following page shows open positions as of May 1, 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 May 1, 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>
Water Quality Division				Air, Energy & Mining Division			
Wastewater Technical Advisor	1.00	4.3	\$32.61	Division Policy Analyst	1.00	8.2	\$39.45
Environmental Field Inspector	1.00	0.8	32.61	Mining Professional Engineer	1.00	2.7	40.97
Data Control Specialist	1.00	1.3	15.84	Reclamation Specialist	1.00	4.0	32.61
Database Administrator 2	0.57	0.8	39.46	Mining Environmental Spec	1.00	6.8	32.61
Program Support Specialist	1.00	4.0	18.15	Environmental Scientist 2	1.00	3.1	32.61
Water Quality Permit Writer	1.00	9.5	32.61	Database Analyst	1.00	15.0	39.46
Environmental Compliance Insp	1.00	5.4	32.61	Program Section Supervisor	1.00	9.5	36.25
Computer Systems Analyst	1.00	5.4	41.13	Program Support Supervisor	1.00	20.1	20.74
WQ Monitoring Scientist	1.00	3.0	32.61	Energy Engineering Analyst	1.00	3.2	24.65
Data Control Specialist	1.00	2.4	15.84	AQ Engineering Scientist	1.00	3.1	32.61
Water Quality Permit Writer	1.00	0.4	32.61	Program Section Supervisor	1.00	3.6	36.25
PWS Professional Engineer	1.00	7.9	24.65	Energy Resource Professional	1.00	3.0	36.35
Environmental Field Inspector	1.00	23.1	32.61	AQ Environmental Scientist	1.00	9.8	32.61
Division Total / Average¹	12.57	5.4	\$29.15	Reclamation Specialist	1.00	14.1	32.61
				Mining Environmental Scientist	1.00	5.0	32.61
Waste Mgmt & Remediation Div				Division Total / Average¹	15.00	7.4	\$33.49
Environmental Project Officer	1.00	7.8	\$32.61				
Asbestos-Meth Environmental Sp	1.00	19.9	32.61	Petro Tank Release Comp. Board			
Environmental Project Officer	1.00	19.2	32.61	Fund Cost Specialist	1.00	16.0	\$27.86
Materials Mgmt Specialist	1.00	17.9	32.61	Division Total / Average¹	1.00	16.0	\$27.86
Underground Storage Specialist	1.00	2.6	32.61				
Environmental Project Officer	1.00	9.9	32.61	Central Management Program			
Database Analyst	1.00	7.2	39.46	Environmental Enforcement Spc	1.00	2.6	\$32.61
Waste Mgmt Specialist	1.00	13.2	32.61	Division Total / Average¹	1.00	2.6	\$32.61
Environmental Project Officer	1.00	14.5	32.61				
Environmental Project Officer	1.00	18.1	32.61				
Environmental Project Officer	1.00	12.8	32.61				
Environmental Project Officer	1.00	4.5	32.61				
Division Total / Average¹	12.00	12.3	\$33.18	Grand Total¹	40.57	8.1	\$32.03

¹ Averages for months vacant and pay rate are weighted by FTE

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	369,469	44.4%	

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. As of May 2024, the agency has expended \$243,000 or 55.3% of the FY 2024 authority.