

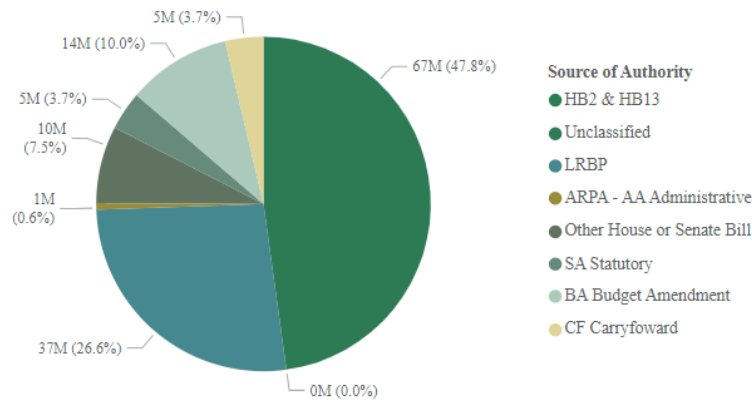
# DEPARTMENT OF ENVIRONMENTAL QUALITY

## Interim Budget Committee Report for March 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 47.8% 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	30,773,242	45.8%
BA Budget Amendment	14,075,823	2,273,102	16.1%
CF Carryforward	5,192,783	62,979	1.2%
LRBP	37,425,793	3,010,333	8.0%
Other House or Senate Bill	10,488,812	141,515	1.3%
SA Statutory	5,250,000	2,435,041	46.4%
Unclassified	3,236		
ARPA	865,959	152,773	17.6%
<b>Total</b>	<b>140,457,469</b>	<b>38,848,985</b>	<b>27.7%</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 \$14.1 million.

Major projects funded through budget amendments include:

- Zortman and Landusky water treatment and reclamation; \$3.2 million budgeted, 32.6% or \$1.1 million expended.
- Montana Environmental Protection Agency Pollution Reduction Planning Grant; \$3.0 budgeted, 1.1% or \$32,000 expended.

This funding is provided to the Montana Department of Environmental Quality under the Inflation Reduction Act to develop a comprehensive, economy-wide climate mitigation plan or update an existing

plan in collaboration with air pollution control districts, large and small municipalities statewide, and tribal governments.

- Nonpoint source water quality projects; \$2.9 million budgeted, 28.9% or \$850,600 expended

Nonpoint source projects protect and restore rivers, lakes, streams, groundwater, and wetlands from pollutants created by urban and construction site runoff, agricultural runoff, and resource extraction.

- High Efficiency Electric Home Rebate Program; \$1.8 million budgeted, 1.0% or \$18,000 expended

The High-Efficiency Electric Home Rebate Act (HEEHRA) provides point-of-sale consumer rebates to enable low- and moderate-income households to electrify their homes.

- Coal E-Permitting; \$1.5 million budgeted, 7.1% or \$108,600 expended

The coal e-permitting system manages new permits and modifications to existing coal mining permits. The system also tracks reclamation activities.

- Air quality monitoring programs; \$650,000 budgeted, 3.3% or \$21,300 expended

Funding support for the air monitoring network is used to monitor, assess and provide information on statewide air quality conditions and trends.

- Lead monitoring in school drinking water; \$280,200 budgeted 9.9% or \$27,800 expended

This funding is to support sampling and remediation technical assistance and guidance to schools.

- Other water quality and IT grants; \$642,200 budgeted, \$155,500 expended

## **Other Bills**

Funding appropriated through HB 5 totals \$10.5 million, constituting 7.4% of the agency's overall budget. These appropriations include \$3.7 million from the general fund for removal of lead in school drinking water. State special revenue totaling \$603,300 is designated for petroleum tank remediation, of which \$141,500 or 23.5%, has been expended. Furthermore, HB 5 appropriates \$6.2 million from state building energy conservation capital funds for enhancing the energy efficiency of state buildings through capital improvements.

## **Long-Range Building and Planning**

The agency has expended \$3.0 million or 8.0% of the \$37.4 million in federal special revenue authorized for long-range building. Since the last interim budget committee meeting in December the LRBP budget has increased by \$21.0 million. The increase includes \$6.8 million allocated for the federal superfund site in the Upper Tenmile Mining District located in the Rimini area. Additionally, there are federal grants totaling \$14.1 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.

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. Funding supports 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 \$63,000 of this authority.

## **Statutory**

The agency has expended \$2.0 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 and accounts for 4.0% of the agency budget. 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 \$152,800. 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.

## 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, 2023 through February 29, 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>67,158,081</b>	<b>67,155,063</b>	<b>-3,018</b>
10 CENTRAL MANAGEMENT PROGRAM	4,908,229	4,908,229	0
20 WATER QUALITY DIVISION	19,547,701	19,547,392	-309
40 WASTE MGMT & REMEDIATION DIV	24,645,163	24,644,065	-1,098
50 AIR ENERGY & MINING DIVISION	16,693,166	16,691,555	-1,611
80 LIBBY ASBESTOS SF ADVISORY TM	486,580	486,580	
90 PETRO TANK RELEASE COMP BOARD	877,242	877,242	
<b>Total</b>	<b>67,158,081</b>	<b>67,155,063</b>	<b>-3,018</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	33,697,748	33,694,730	-3,018
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	
<b>Total</b>	<b>67,158,081</b>	<b>67,155,063</b>	<b>-3,018</b>

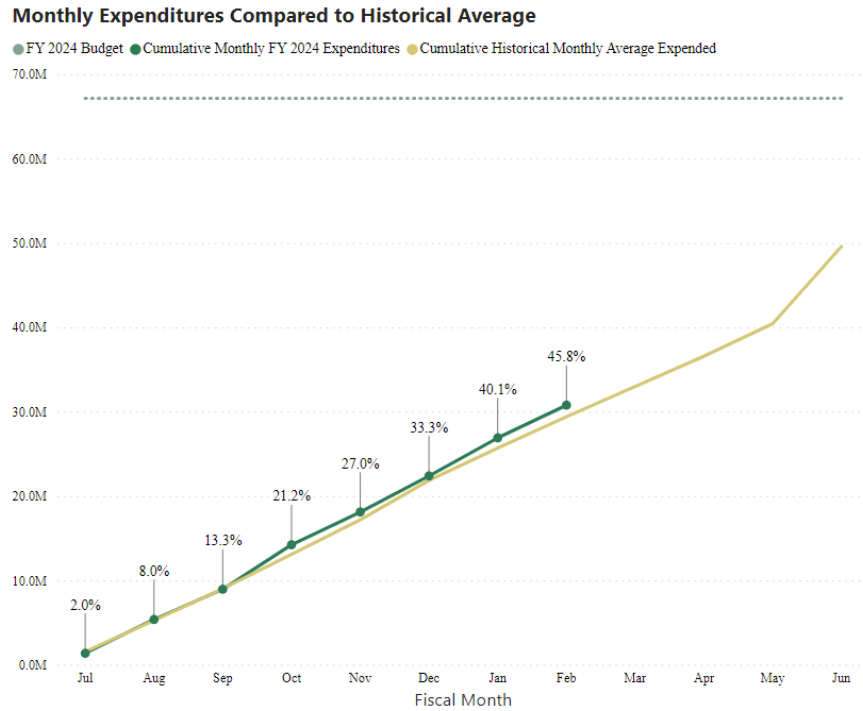
  

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	6,797,524	6,797,215	-309
02 State/Other Spec Rev	35,111,246	35,109,635	-1,611
03 Fed/Other Spec Rev	25,249,311	25,248,213	-1,098
<b>Total</b>	<b>67,158,081</b>	<b>67,155,063</b>	<b>-3,018</b>

The Department of Environmental Quality has made an adjustment for workers compensation, reducing the agency budget by about \$3,000.

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 29, 2024.



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

Program Name	Modified Budget	Expended Budget	% Expended
10 CENTRAL MANAGEMENT PROGRAM	4,908,229	1,996,699	40.7%
20 WATER QUALITY DIVISION	19,547,392	9,680,454	49.5%
40 WASTE MGMT & REMEDIATION DIV	24,644,065	11,376,964	46.2%
50 AIR ENERGY & MINING DIVISION	16,691,555	7,235,958	43.4%
80 LIBBY ASBESTOS SF ADVISORY TM	486,580		
90 PETRO TANK RELEASE COMP BOARD	877,242	483,166	55.1%
<b>Total</b>	<b>67,155,063</b>	<b>30,773,242</b>	<b>45.8%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	33,694,730	18,192,508	54.0%
Operating Expenses	27,955,114	10,949,986	39.2%
Equipment & Intangible Assets	101,740		
Grants	1,938,835	1,309,637	67.5%
Benefits & Claims	425,000	321,110	75.6%
Transfers-out	3,039,644		
<b>Total</b>	<b>67,155,063</b>	<b>30,773,242</b>	<b>45.8%</b>

Fund Type	Modified Budget	Expended Budget	% Expended
01 General	6,797,215	3,962,336	58.3%
02 State/Other Spec Rev	35,109,635	15,627,377	44.5%
03 Fed/Other Spec Rev	25,248,213	11,183,529	44.3%
<b>Total</b>	<b>67,155,063</b>	<b>30,773,242</b>	<b>45.8%</b>

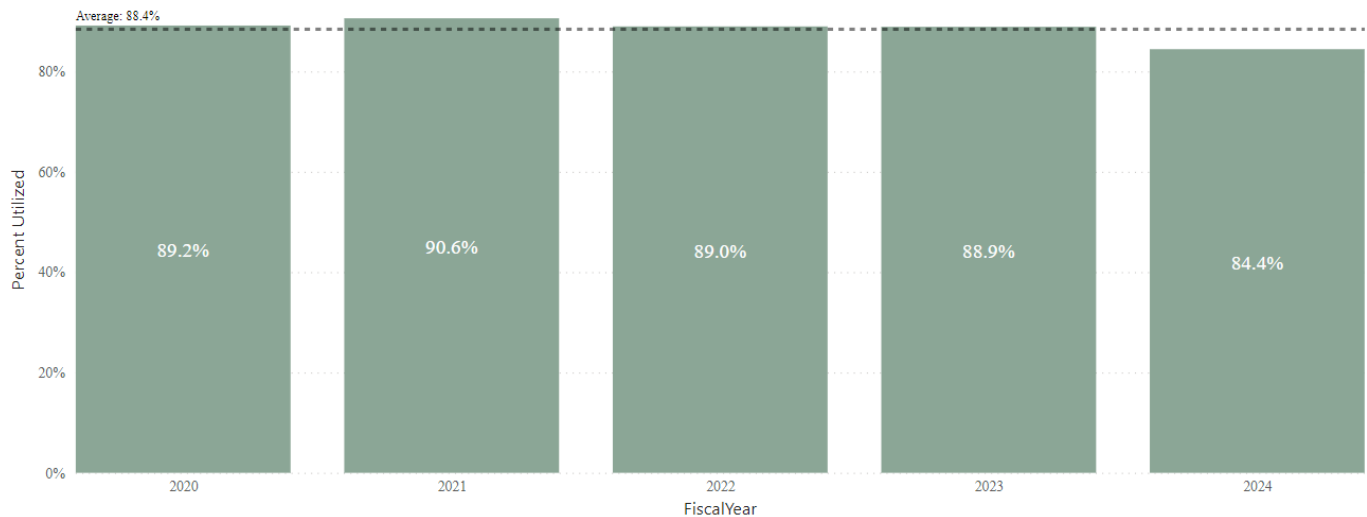
The Department of Environmental Quality has expended 45.8% of its \$67.2 million HB 2 modified budget through February 29, 2024. The agency expended \$1.4 million more than would be expected based on the average expenditure rate in the previous five years of 43.8%. The higher expenditure rate was driven by operating expenses, primarily federal funds, for waste management and remediation.

### Personal Services

Appropriations for personal services in the Department of Environmental Quality total \$33.7 million and are 54.0% expended through February 1, 2024. The department has 370.04 HB 2 FTE of which 65.69 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	19.08	2.00	21.08
Water Quality Division	115.98	22.69	138.67
Waste Mgmt & Remediation Div	83.51	18.00	101.51
Air, Energy & Mining Division	78.03	23.00	101.03
Petro Tank Release Comp. Board	7.75	-	7.75
<b>Total</b>	<b>304.35</b>	<b>65.69</b>	<b>370.04</b>

The chart below shows the hourly utilization percentage for the Department of Environmental Quality between July 1 and February 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 84.4% of the hours budgeted for FY 2024, as shown in the chart. This is 4.0% lower than the historical utilization rate over the past four years of 88.4%.



The agency is dealing with higher than expected turnover and higher than expected rate of rejection by applicants when offers are made. Vacancies do not contribute significantly to overtime.

**Department of Environmental Quality**  
**As of February 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>
<b>Air, Energy &amp; Mining Division</b>				<b>Central Management Program</b>			
Bureau Chief	1.00	5.2	\$51.21	Environmental Enforcement Spc	1.00	3.7	\$32.61
Reclamation Specialist	1.00	5.6	32.61	Environmental Enforcement Spc	1.00	1.0	\$32.61
Reclamation Specialist	1.00	1.1	32.61	<b>Division Total / Average<sup>1</sup></b>	2.00	2.3	\$32.61
Reclamation Specialist	1.00	5.4	32.61	<b>Petro Tank Release Comp. Board</b>			
Mining Environmental Spec	1.00	3.8	32.61	Fund Cost Specialist	1.00	16.0	\$27.86
Environmental Scientist 2	1.00	0.2	32.61	<b>Division Total / Average<sup>1</sup></b>	1.00	16.0	\$27.86
Database Analyst	1.00	12.1	39.46	<b>Water Quality Division</b>			
Environmental Scientist 2	1.00	0.9	32.61	Source Water Protection Spec	1.00	5.8	\$32.61
AQ Environmental Scientist	1.00	1.1	32.61	Wastewater Technical Advisor	1.00	1.3	32.61
Air Quality Planner	1.00	1.1	43.02	Mining Environmental Scientist	0.12	2.0	32.61
Program Section Supervisor	1.00	6.5	36.25	Drinking Water Scientist	1.00	0.6	32.61
Program Support Supervisor	1.00	17.1	20.74	Drinking Water Scientist	1.00	5.0	32.61
Computer Systems Analyst	1.00	1.0	41.13	Water Quality Permit Writer	1.00	17.5	32.61
Financial Analyst	1.00	15.8	33.52	Water Quality Permit Writer	0.57	13.9	32.61
Energy Engineering Analyst	1.00	0.2	24.65	Program Support Specialist	1.00	1.1	18.15
AQ Engineering Scientist	1.00	0.2	32.61	Water Quality Permit Writer	1.00	6.6	32.61
Program Section Supervisor	1.00	0.7	36.25	Environmental Compliance Insp	1.00	2.5	32.61
Energy Resource Professional	1.00	0.0	36.35	Professional Engineer 1	1.00	1.5	40.97
Energy Resource Professional	1.00	2.9	36.35	Water Quality Modeler	1.00	13.5	38.50
AQ Environmental Scientist	1.00	6.8	32.61	Computer Systems Analyst	1.00	2.5	41.13
Program Support Specialist	1.00	0.6	18.15	WQ Monitoring Scientist	1.00	0.1	32.61
Reclamation Specialist	1.00	11.2	32.61	Water Quality Scientist	1.00	17.6	32.61
Mining Environmental Scientist	1.00	2.0	32.61	Water Quality Scientist	1.00	2.9	32.61
<b>Division Total / Average<sup>1</sup></b>	23.00	4.4	\$33.73	WQ Standards Scientist	1.00	30.9	38.50
<b>Waste Mgmt &amp; Remediation Div</b>				Water Quality Specialist	1.00	2.9	32.61
Database Analyst	1.00	2.2	\$41.13	PWS Professional Engineer	1.00	5.0	24.65
Environmental Project Officer	1.00	4.8	32.61	Environmental Field Inspector	1.00	20.1	32.61
Asbestos-Meth Environmental Sp	1.00	16.9	32.61	Drinking Water Scientist	1.00	3.4	32.61
Environmental Project Officer	1.00	16.2	32.61	Environmental Field Inspector	1.00	12.6	32.61
Materials Mgmt Specialist	1.00	14.9	32.61	Computer Systems Analyst	1.00	1.0	41.13
Hazardous Waste Specialist	1.00	8.9	32.61	Professional Engineer 1	1.00	4.1	40.97
Environmental Project Officer	1.00	7.0	32.61	<b>Division Total / Average<sup>1</sup></b>	22.69	7.3	\$33.63
Public Information Officer	1.00	2.6	38.19	<b>Grand Total<sup>1</sup></b>			
Database Analyst	1.00	4.3	39.46		65.69	6.3	\$33.70
Program Section Supervisor	1.00	3.4	36.25				
Waste Mgmt Specialist	1.00	10.3	32.61				
Database Administrator	1.00	8.4	39.46				
Environmental Project Officer	1.00	11.6	32.61				
Records Info Mgmt Specialist	1.00	1.1	19.90				
Environmental Project Officer	1.00	15.1	32.61				
Environmental Project Officer	1.00	9.8	32.61				
Program Section Supervisor	1.00	1.3	36.25				
Environmental Project Officer	1.00	1.5	32.61				
<b>Division Total / Average<sup>1</sup></b>	18.00	7.8	\$33.85				

<sup>1</sup> 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	361,250	43.4%	

### 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 February 2024, the agency has expended \$108,608 or 24.7% of the FY 2024 authority.