

**Program Biennium Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	3,759,755	3,848,580	88,825	2.36 %
Operating Expenses	5,994,573	5,867,962	(126,611)	(2.11)%
<b>Total Expenditures</b>	<b>\$9,754,328</b>	<b>\$9,716,542</b>	<b>(\$37,786)</b>	<b>(0.39)%</b>
General Fund	1,691,019	1,751,482	60,463	3.58 %
State/Other Special Rev. Funds	6,533,082	6,504,304	(28,778)	(0.44)%
Federal Spec. Rev. Funds	1,530,227	1,460,756	(69,471)	(4.54)%
<b>Total Funds</b>	<b>\$9,754,328</b>	<b>\$9,716,542</b>	<b>(\$37,786)</b>	<b>(0.39)%</b>
<b>Total Ongoing</b>	<b>\$9,754,328</b>	<b>\$9,716,542</b>	<b>(\$37,786)</b>	<b>(0.39)%</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>

**Program Biennium Comparison -**

The biennium comparison table shows a total decrease in appropriation of 0.4%.

**Program Description**

The central services division is responsible for agency-wide administration, management, planning, evaluation, and support. It consists of the director’s office and the centralized services division.

- The director’s office includes the director’s staff, a centralized legal pool, the Montana Environmental Policy Act and the Montana Facility Siting Act functions, public affairs, and the enforcement program.
- The centralized services division is an extension of the director’s office and provides overall policy direction and support services to the agency in the areas of human resources, information management and technology, fiscal, records management, safety, emergency management, and continuous process improvement.

**Program Highlights**

<b>Centralized Services Division Major Budget Highlights</b>
<p>The executive proposes a 0.4% or \$37,800 decrease in total appropriations compared to the previous biennium. The executive proposals include:</p> <ul style="list-style-type: none"> <li>• Statewide present law adjustments of \$104,800</li> <li>• A funding shift of \$41,600 from state special revenue to the general fund</li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	20.58	20.58	20.58	20.58
Personal Services	1,726,137	1,871,216	1,888,539	1,921,156	1,927,424
Operating Expenses	1,915,485	3,077,245	2,917,328	2,934,148	2,933,814
<b>Total Expenditures</b>	<b>\$3,641,622</b>	<b>\$4,948,461</b>	<b>\$4,805,867</b>	<b>\$4,855,304</b>	<b>\$4,861,238</b>
General Fund	877,463	892,808	798,211	875,771	875,711
State/Other Special Rev. Funds	2,377,127	3,265,187	3,267,895	3,250,748	3,253,556
Federal Spec. Rev. Funds	387,032	790,466	739,761	728,785	731,971
<b>Total Funds</b>	<b>\$3,641,622</b>	<b>\$4,948,461</b>	<b>\$4,805,867</b>	<b>\$4,855,304</b>	<b>\$4,861,238</b>
<b>Total Ongoing</b>	<b>\$3,641,622</b>	<b>\$4,948,461</b>	<b>\$4,805,867</b>	<b>\$4,855,304</b>	<b>\$4,861,238</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Program Discussion -

#### *FY 2020 Appropriations Compared to FY 2020 Actual Expenditures*

The central management program expended 73.6% of its \$4.9 million HB 2 modified budget in FY 2020. This rate of expenditure is consistent with the average rate of expenditure over the last ten years. Unexpended appropriation totaled \$1.3 million primarily in state special and federal revenue. The general fund appropriation of \$892,800 was 98.3% expended, leaving \$15,300 unexpended. Personal services were 92.2% expended. Appropriations for operating expenses were 62.2% expended leaving \$1.2 million unexpended. Unexpended operating expenses are funded through fees for licenses, permits, contracts, and revenue received from the Major Facilities Siting Act. Historically, appropriations from state and federal sources are higher than actual revenues from those sources.

#### *FY 2020 Appropriations Compared to FY 2021 Appropriations*

Appropriations decreased by 2.9% or \$142,600 between FY2020 and FY 2021. Appropriations for personal services grew by 0.9% or \$17,300, appropriations for operating expense decreased by 5.2% or \$159,900.

#### *Executive Request*

The executive proposal for the 2023 biennium includes statewide present law adjustments and a funding switch from state special revenue to the general fund, which would result in a decrease of total appropriations of 0.4% or \$37,800. As proposed by the executive the budget is funded 18.0% with general fund, 67.0% with state special revenue, and 15.0% federal sources.

#### *Personal Services*

The personal services appropriation in FY 2021 totaled \$1.9 million or 39.3% of total appropriations. The FY 2021 appropriation funded 20.58 FTE. The Executive proposes SWPL adjustments that increase personal services by \$32,617 in FY 2022 and \$38,885 in FY 2023, with no increase in FTE. Formula based and management decisions account for all increases. All employees received statutory adjustments, several positions received market adjustments and adjustments for longevity. Increases in appropriations for personal services are funded primarily from the general fund.

### Funding

The following table shows proposed program funding by source of authority.

Department of Environmental Quality, 10-Centralized Services Division						
Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,751,482	0	0	0	1,751,482	6.33 %
02036 Opencut permit Fees	0	0	0	0	0	0.00 %
02070 Hazardous Waste-CERCLA	52,206	0	0	0	52,206	0.80 %
02075 UST Leak Prevention Program	82,258	0	0	0	82,258	1.26 %
02097 Environmental Rehab & Response	500,434	0	0	0	500,434	7.69 %
02157 Solid Waste Management Fee	124,494	0	0	0	124,494	1.91 %
02201 Air Quality-Operating Fees	413,416	0	0	0	413,416	6.36 %
02202 Asbestos Control	128,322	0	0	0	128,322	1.97 %
02204 Public Drinking Water	290,444	0	0	0	290,444	4.47 %
02223 Wastewater SRF Special Admin	5,430	0	0	0	5,430	0.08 %
02278 MPDES Permit Program	505,195	0	0	0	505,195	7.77 %
02418 Subdivision Plat Review	145,996	0	0	0	145,996	2.24 %
02428 Major Facility Siting	1,469,294	0	0	0	1,469,294	22.59 %
02542 MT Environ Policy Act Fee	2,668,609	0	0	0	2,668,609	41.03 %
02576 Natural Resources Operations	0	0	0	0	0	0.00 %
02845 Junk Vehicle Disposal	104,204	0	0	0	104,204	1.60 %
02955 State Energy conservation ARRA	14,002	0	0	0	14,002	0.22 %
<b>State Special Total</b>	<b>\$6,504,304</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,504,304</b>	<b>23.49 %</b>
03046 2019 Exchange Network	200,000	0	0	0	200,000	13.69 %
03067 DSL Federal Reclamation Grant	0	0	0	0	0	0.00 %
03071 2016 Exchange Network	0	0	0	0	0	0.00 %
03231 NPS20 Staffing Grant	0	0	0	0	0	0.00 %
03262 EPA Ppg	0	0	0	0	0	0.00 %
03433 EPA Perf Partnership Grant	973,954	0	0	0	973,954	66.67 %
03442 DEQ-COVID Relief 12/30/20	0	0	0	0	0	0.00 %
03452 2018 Exchange Network	0	0	0	0	0	0.00 %
03459 DOE Competitive Special Proj	0	0	0	0	0	0.00 %
03691 Non Pt Source Staffing/Support	41,776	0	0	0	41,776	2.86 %
03816 DOI OSM A&E Grant	245,026	0	0	0	245,026	16.77 %
03025 2014 Exchange Network Grant	0	0	0	0	0	0.00 %
<b>Federal Special Total</b>	<b>\$1,460,756</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,460,756</b>	<b>5.28 %</b>
06509 DEQ Indirects	0	0	17,968,643	0	17,968,643	100.00 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,968,643</b>	<b>\$0</b>	<b>\$17,968,643</b>	<b>64.90 %</b>
<b>Total All Funds</b>	<b>\$9,716,542</b>	<b>\$0</b>	<b>\$17,968,643</b>	<b>\$0</b>	<b>\$27,685,185</b>	

Most of the activities in the central management program are funded with non-budgeted proprietary funds that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the Environmental Protection Agency (EPA). The indirect rate is assessed against personal services and operations. Appropriated funds constitute 35.1% of total funding sources for the program. The appropriated funds consist of general funds, 14 state special revenue funds, and federal grants. Most of the funding comes from Montana Environmental Protection Act (MEPA) fees. Along with MEPA fees, fees for major facility siting, environmental re-habitation and response, air quality operating fees, and pollutant discharge elimination system permits make up 63.2% of state special revenue appropriations.

### Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the [glossary](#).

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	798,211	798,211	1,596,422	91.15 %	4,805,867	4,805,867	9,611,734	98.92 %
SWPL Adjustments	56,756	56,696	113,452	6.48 %	49,437	55,371	104,808	1.08 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	20,804	20,804	41,608	2.38 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$875,771</b>	<b>\$875,711</b>	<b>\$1,751,482</b>		<b>\$4,855,304</b>	<b>\$4,861,238</b>	<b>\$9,716,542</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	38,241	4,243	(9,867)	32,617	0.00	39,145	6,833	(7,093)	38,885
DP 2 - Fixed Costs	0.00	18,515	0	0	18,515	0.00	17,551	0	0	17,551
DP 3 - Inflation Deflation	0.00	0	(586)	(1,109)	(1,695)	0.00	0	(368)	(697)	(1,065)
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$56,756</b>	<b>\$3,657</b>	<b>(\$10,976)</b>	<b>\$49,437</b>	<b>0.00</b>	<b>\$56,696</b>	<b>\$6,465</b>	<b>(\$7,790)</b>	<b>\$55,371</b>

\*\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula based
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 100 - Refinancing Natural Resources Operations Account	0.00	20,804	(20,804)	0	0	0.00	20,804	(20,804)	0	0
<b>Total</b>	<b>0.00</b>	<b>\$20,804</b>	<b>(\$20,804)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$20,804</b>	<b>(\$20,804)</b>	<b>\$0</b>	<b>\$0</b>

\*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 100 - Refinancing Natural Resources Operations Account -

The executive proposes to shift appropriation authority from the state special revenue natural resource operations account to the general fund.

**LFD COMMENT** Proposed legislation redirecting revenue streams from metal mines, oil, and gas.

The Natural Resources Operations (NRO) state special revenue account is established in 15-38-301. Revenues for the fund are generated from taxes on metal mines, and oil & gas production. Proposed legislation would eliminate this fund and the revenues directed to the general fund. The executive is proposing that the revenue lost due to proposed legislation be replaced with general fund to include base funding and decision packages propose in the 2021 session. The proposed legislation is:

LC851 - Eliminate natural resources operations fund

The legislature may wish to consider

- Including HB2 language making any general fund appropriation approved by the legislature contingent on the passage of LC0851
- Postponing any executive action on the proposal until positive action by the legislature has been taken LC0851