

Agency 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.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	64,445,111	65,890,354	1,445,243	2.24 %
Operating Expenses	59,863,295	59,648,323	(214,972)	(0.36)%
Equipment & Intangible Assets	493,480	203,480	(290,000)	(58.77)%
Grants	3,551,726	1,810,334	(1,741,392)	(49.03)%
Benefits & Claims	0	850,000	850,000	0.00 %
Transfers	6,246,898	6,079,288	(167,610)	(2.68)%
Total Expenditures	\$134,600,510	\$134,481,779	(\$118,731)	(0.09)%
General Fund	10,919,326	15,921,826	5,002,500	45.81 %
State/Other Special Rev. Funds	75,909,279	68,629,291	(7,279,988)	(9.59)%
Federal Spec. Rev. Funds	47,771,905	49,930,662	2,158,757	4.52 %
Total Funds	\$134,600,510	\$134,481,779	(\$118,731)	(0.09)%
Total Ongoing	\$133,600,510	\$134,481,779	\$881,269	0.66 %
Total OTO	\$1,000,000	\$0	(\$1,000,000)	(100.00)%

Agency Biennium Comparison -

The biennium comparison table shows a decrease in total expenditures of 0.1%, ongoing appropriations increase by 0.7%.

Mission Statement

To protect, sustain, and improve a clean and healthful environment to benefit present and future generations.

Agency Highlights

Department of Environmental Quality Major Budget Highlights
<p>Base funding for the agency totals \$67.0 million in each year of the biennium and represents 99.7% of the proposed budget. In addition to base funding the executive proposes a net increase of \$0.4 million as follows:</p> <ul style="list-style-type: none"> • A shift in funding of \$4.5 million from the state special revenue funds to the general fund • Statewide present law adjustments for personal services and operating expense totaling \$1.4 million • Increased appropriation from the orphan share state special revenue fund totaling \$1.1 million • Reducing appropriations from state special revenue accounts to align expenditures with projected revenue by \$2.1 million

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	365.54	365.54	365.54	365.54
Personal Services	27,471,524	31,986,352	32,458,759	32,896,152	32,994,202
Operating Expenses	19,154,218	29,699,144	30,164,151	29,821,403	29,826,920
Equipment & Intangible Assets	305,139	391,740	101,740	101,740	101,740
Grants	1,616,222	1,775,863	1,775,863	905,073	905,261
Benefits & Claims	0	0	0	425,000	425,000
Transfers	299,584	3,207,254	3,039,644	3,039,644	3,039,644
Total Expenditures	\$48,846,687	\$67,060,353	\$67,540,157	\$67,189,012	\$67,292,767
General Fund	5,405,513	5,433,124	5,486,202	7,953,848	7,967,978
State/Other Special Rev. Funds	27,716,851	37,827,754	38,081,525	34,284,826	34,344,465
Federal Spec. Rev. Funds	15,724,323	23,799,475	23,972,430	24,950,338	24,980,324
Total Funds	\$48,846,687	\$67,060,353	\$67,540,157	\$67,189,012	\$67,292,767
Total Ongoing	\$48,346,687	\$66,560,353	\$67,040,157	\$67,189,012	\$67,292,767
Total OTO	\$500,000	\$500,000	\$500,000	\$0	\$0

Agency Discussion

FY 2020 Appropriation Compared to FY 2020 Actual Expenditures

The Department of Environmental Quality HB 2 modified budget of \$67.0 million was 72.8% expended as of the end of FY 2020 leaving about \$18.2 million in unspent budget authority. The unexpended authority is summarized below:

- Of the \$5.4 million appropriation in general fund the agency expended 99.5%, leaving \$28,000 unexpended. General fund support programs that monitor water resources and drinking water, mine reclamation and operation, solid waste cleanup, environmental remediation, enforcement and attorneys' fees. The general fund expenditures are typically matched with federal and state sources
- Of the \$37.8 million appropriation in state special revenues the agency expended 73.3%, leaving \$10.1 million unexpended. The agency's state special revenue funding is comprised of 40 state special revenue funds. Funds budgeted for monitoring hard rock mining, mine remediation, air quality, Libby cleanup, water pollution control, drinking water, waste and underground tank management account for most of the unexpended funds
- Of the \$23.8 million in appropriations from federal sources the agency expended 66.1%, leaving \$8.1 million unexpended. The agency receives funding from about 50 different federal sources. Most of these federal funds are used to match expenditures from the general fund and state special revenues

Over the previous ten years the agency has on average spent 77.5% of the HB 2 appropriation, primarily due to the fact that the agency can only spend resources once they have received the corresponding fees, and expenses are closely aligned with projects for which those fees are paid.

General fund is on average 97% expended since FY 2020. State special revenues are generated from permits or fee for service supported with federal grants. Over the past five biennia, appropriations from state and federal sources has exceeded actual revenues, resulting in a low expenditure rate compared to appropriations.

FY 2020 Appropriations Compared to FY 2021 Appropriations

Agency Actuals and Budget Comparisons

The total appropriation increased by 0.7% or \$4479,800 in FY 2021 compared to FY 2020. Increases in budget include:

- Personal services increase by 1.5% or \$472,400
- Operating expenses increase by 1.6% or \$465,000

Decreases in the budget include:

- Equipment purchases decrease by 74.0% or \$290,000 for the Hard Rock Mining Bureau
- Transfers decrease by 5.2% or \$167,600 transfers are funded primarily from federal sources

Comparison of FY 2021 Legislative Budget to FY 2021 Base

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized FY 2021 base budget, which included modifications as approved by the executive during the interim. The FY 2021 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

Figure 1

FY 2021 Legislative Appropriations - Department of Environmental Quality				
	Legislative Action	Per Statutory	Executive Base	% Change from Legislative Action
10 CENTRAL MANAGEMENT PROGRAM				
61000 Personal Services	1,888,539	-	1,888,539	0.0%
62000 Operating Expenses	2,917,328	-	2,917,328	0.0%
10 CENTRAL MANAGEMENT PROGRAM Total	4,805,867	-	4,805,867	0.0%
20 WATER QUALITY DIVISION				
61000 Personal Services	11,991,532	200,000	12,191,532	1.7%
62000 Operating Expenses	5,832,324	210,000	6,042,324	3.6%
66000 Grants	162,020	90,000	252,020	55.5%
68000 Transfers-out	4,001	-	4,001	0.0%
20 WATER QUALITY DIVISION Total	17,989,877	500,000	18,489,877	2.8%
40 WASTE MGMT & REMEDIATION DIV				
61000 Personal Services	8,434,793	-	8,434,793	0.0%
62000 Operating Expenses	9,759,209	1,200,000	10,959,209	12.3%
66000 Grants	1,523,843	-	1,523,843	0.0%
68000 Transfers-out	2,714,699	-	2,714,699	0.0%
40 WASTE MGMT & REMEDIATION DIV Total	22,432,544	1,200,000	23,632,544	5.3%
50 AIR ENERGY & MINING DIVISION				
61000 Personal Services	9,815,428	(271,742)	9,543,686	-2.8%
62000 Operating Expenses	11,228,903	(1,908,258)	9,320,645	-17.0%
63000 Equipment & Intangible Assets	101,740	-	101,740	0.0%
68000 Transfers-out	13,698	-	13,698	0.0%
50 AIR ENERGY & MINING DIVISION Total	21,159,769	(2,180,000)	18,979,769	-10.3%
80 LIBBY ASBESTOS SF ADVISORY TM				
61000 Personal Services	-	-	-	0.0%
62000 Operating Expenses	-	172,754	172,754	0.0%
68000 Transfers-out	-	307,246	307,246	0.0%
80 LIBBY ASBESTOS SF ADVISORY TM Total	-	480,000	480,000	0.0%
90 PETRO TANK RELEASE COMP BOARD				
61000 Personal Services	400,209	-	400,209	0.0%
62000 Operating Expenses	251,891	-	251,891	0.0%
90 PETRO TANK RELEASE COMP BOARD Total	652,100	-	652,100	0.0%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY Total	67,040,157	-	67,040,157	0.0%

Legislative action for DEQ includes base appropriations contained in HB 2, plus other appropriations passed by the 2019 Legislature that were designated to be included in the base.

The agency transferred HB 2 authority from program 50, air energy & mining division, to program 80, libby asbestos super fund advisory team. Expenditure authority for the advisory team was established in SB 315 (2017 session) for the 2019 biennium but not the 2021 biennium. The executive approved a transfer of excess HB 2 state special revenue authority in program 50 to the advisory team to cover the activities required under SB 315 in FY 2020.

Other changes moved appropriations from program 50 to other programs: \$500,000 to the water quality division and \$1.2 million to the waste management & remediation division. These same budget modifications move \$397,200 from personal services and operations to grants and transfers.

Executive Request

The executive proposes a decrease of 0.1% or \$118,700 in total expenditures and a 0.7% or \$881,300 increase in ongoing expenditures, including:

- Statewide present law adjustments of \$1.4 million for personal services, fixed costs, and inflation. The proposal funds the adjustments with \$409,400 in general \$2.0 million in federal funds to offset a decrease in state special revenue of \$1.0 million
- A reduction in two state special revenue accounts totaling \$2.1 million. This proposal would align appropriations with anticipated revenues for the universal systems benefits program and the junk vehicle disposal state special revenue accounts. Projected revenues for these accounts are less than base appropriations.
- Increase ongoing appropriations from the state special revenue orphan share account by \$1.1 million over the biennium to allow the agency to evaluate and take remedial actions to respond to a release or threatened release of hazardous substances
- The executive proposes a \$4.5 million funding switch from the state special revenue to the general fund resulting in the general fund share of the budget increasing by 3.8% compared to the previous biennium.

As proposed by the executive, the agency HB 2 appropriation would be funded 51.0% state special revenue, 37.1% federal revenue and 11.9% general fund.

5% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2023 biennium 5% plan submitted for this agency can be found online at the Section C subcommittee page on ["Tab 4 Materials."](#)

The Department of Environmental Quality 5% plan reduces general fund by \$251,986 annually by reducing expenditures for travel, training, personal services, contracted services, and other operating expenses. These reductions would also reduce state special revenue authority by \$725,892.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

Expected Changes

This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

Personal Services Management Decisions

Any agency management decisions that adjusted employee pay. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff, or moving FTE between programs.

Modifications to the Personal Services Base Budgets

Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Personal Services Present Law DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modifications	DP1 SWPL
10 CENTRAL MANAGEMENT PROGRAM	16,337	16,280	-	32,617
20 WATER QUALITY DIVISION	(34,295)	395,893	-	361,598
30 TBD - ENFORCEMENT DIVISION	-	-	-	-
40 WASTE MGMT & REMEDIATION DIV	46,677	93,296	-	139,973
50 AIR ENERGY & MINING DIVISION	302,702	(397,626)	-	(94,924)
80 LIBBY ASBESTOS SF ADVISORY TM	-	-	-	-
90 PETRO TANK RELEASE COMP BOARD	(435)	(1,436)	-	(1,871)
Agency Total	\$ 330,986	\$ 106,407	\$ -	\$ 437,393

In FY 2021 the Department of Environmental Quality was appropriated \$32.5 million to fund 365.54 FTE, the personal services budget represented 48.1% of the total appropriations. The executive proposes to increase personal services by \$437,393 in FY 2022 and \$535,443 in FY 2023. Management decisions include increases in pay beyond the statutory pay plan and movement of FTE between programs. Other changes include changes in pay rates due to turnover.

Statewide present law adjustments for the agency include a funding shift from state special revenue to general fund and federal sources. The \$437,393 increase in personal services is funded as follows:

- Increase in general fund: \$139,361
- Decrease in state special revenue: \$621,935
- Increase from federal sources: \$919,967

The executive proposal includes a 2% reduction for vacancy savings. In FY 2020 the agency utilized 85.7% of the total personal services hours budgeted. At the beginning of FY 2021 vacant positions totaled 48.73 FTE, an increase of 6.5 FTE compared to the beginning of FY 2020.

Funding

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

Total Department of Environmental Quality Funding by Source of Authority 2023 Biennium Budget Request - Department of Environmental Quality						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	15,921,826	0	0	0	15,921,826	9.80 %
State Special Total	68,629,291	0	0	9,980,000	78,609,291	48.40 %
Federal Special Total	49,930,662	0	0	0	49,930,662	30.74 %
Proprietary Total	0	0	17,968,643	0	17,968,643	11.06 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$134,481,779	\$0	\$17,968,643	\$9,980,000	\$162,430,422	
Percent - Total All Sources	82.79 %	0.00 %	11.06 %	6.14 %		

The department's largest source of funding is state special revenue. This revenue is derived from permitting fees, fines, and bond proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenue is provided from the U.S. Environmental Protection Agency (EPA) performance partnership grant, the super fund program, and other federal grant resources.

General fund is utilized for personal services, travel, communications, and equipment.

Statutory appropriations are funded by a tax on petroleum-based fuels and are appropriated to the administrative cost of the petroleum tank clean up.

The agency is funded by 40 state special revenue accounts, 56.3% of HB 2 is funded with state special revenue. The 20 funds that make up 91.0% of the agency's state special revenue appropriation are listed in the table below.

Executive Proposal for Major State Special Funds 2021 Biennium				
(The funds listed below constitute 91.0% of agency state special funding)				
Fund	Beginning ¹ Balance	Revenues	Expenditures ²	Ending Balance
			HB 2 Appropriated	
02201 Air Quality-Operating Fees	\$1,453,316	\$8,372,000	(\$8,364,513)	\$1,460,803
02162 Environmental Quality Protecti	951,069	9,110,400	(7,963,538)	2,097,931
02278 MPDES Permit Program	1,555,141	6,965,000	(7,301,565)	1,218,576
02988 Hard Rock Mining Reclamation	4,554,495	5,018,000	(6,368,629)	3,203,866
02845 Junk Vehicle Disposal	0	3,450,000	(5,741,392)	(2,291,392)
02058 Petroleum Storage Tank Cleanup	2,839,975	15,967,000	(15,569,324)	3,237,651
02576 Natural Resources Operations	150,465	4,390,000	(6,508,208)	(1,967,743)
02472 Orphan Share Fund	495,305	3,501,000	(3,909,694)	86,611
02204 Public Drinking Water	824,643	2,900,036	(2,905,677)	819,002
02418 Subdivision Plat Review	2,578	2,800,000	(2,719,086)	83,492
02542 MT Environ Policy Act Fee	448	2,668,161	(2,668,609)	0
02157 Solid Waste Management Fee	55,366	2,000,000	(2,179,745)	(124,379)
02223 Wastewater SRF Special Admin	3,033,212	2,800,000	(2,317,636)	3,515,576
02036 Opencut permit Fees	210,163	1,634,344	(1,628,741)	215,766
02676 Hard Rock Reclamation	6,849	1,470,000	(1,470,000)	6,849
02428 Major Facility Siting	202	1,470,000	(1,469,294)	908
02070 Hazardous Waste-CERCLA	547,455	1,120,000	(1,327,230)	340,225
02491 Drinking Water Spec Admin Cost	2,278,526	1,500,000	(1,466,142)	2,312,384
02130 Libby Asbestos Cleanup O&M	174	1,160,000	(1,160,000)	174
02955 State Energy conservation ARRA	16,861,651	1,088,500	(1,076,944)	16,873,207
Total funding	\$35,821,033	\$79,384,441	(\$84,115,967)	\$31,089,507

Notes

¹ The beginning balance is calculated using FY 2020 actual revenues and expenditures and FY 2021 forecast revenues and appropriations

² HB 2 appropriated includes appropriations to other agencies and non-HB 2 appropriations

LFD COMMENT

Projected Negative Fund Balances State Special Revenue Accounts

Projected revenues are not enough to cover proposed appropriations for three state special revenue funds: junk vehicle disposal, natural resources operations and the solid waste management fee.

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 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	5,486,202	5,486,202	10,972,404	68.91 %	67,040,157	67,040,157	134,080,314	99.70 %
SWPL Adjustments	200,477	208,944	409,421	2.57 %	631,645	735,212	1,366,857	1.02 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	2,267,169	2,272,832	4,540,001	28.51 %	(482,790)	(482,602)	(965,392)	(0.72)%
Total Budget	\$7,953,848	\$7,967,978	\$15,921,826		\$67,189,012	\$67,292,767	\$134,481,779	

HB 2 Language

The following language is requested to be included in HB 2:

"The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2021 biennium for the purpose of paying contract expenses related to the recovery of funds."

"If the Carpenter/Snow and Barker/Hughesville National Priority List (NPL) sites are approved for federal superfund funding by the Environmental Protection Agency, the Department is appropriated \$2.2 million in state special revenue from the CERCLA Bond Proceeds Account."

"The Water Quality Division is authorized to decrease federal special revenue and increase state special revenue in the drinking water and/or water pollution control revolving loan programs by a like amount within the administration account, when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes."

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)%
Total Expenditures	\$9,754,328	\$9,716,542	(\$37,786)	(0.39)%
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)%
Total Funds	\$9,754,328	\$9,716,542	(\$37,786)	(0.39)%
Total Ongoing	\$9,754,328	\$9,716,542	(\$37,786)	(0.39)%
Total OTO	\$0	\$0	\$0	0.00 %

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

Centralized Services Division Major Budget Highlights
<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"> • Statewide present law adjustments of \$104,800 • A funding shift of \$41,600 from state special revenue to the general fund

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
Total Expenditures	\$3,641,622	\$4,948,461	\$4,805,867	\$4,855,304	\$4,861,238
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
Total Funds	\$3,641,622	\$4,948,461	\$4,805,867	\$4,855,304	\$4,861,238
Total Ongoing	\$3,641,622	\$4,948,461	\$4,805,867	\$4,855,304	\$4,861,238
Total OTO	\$0	\$0	\$0	\$0	\$0

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 %
State Special Total	\$6,504,304	\$0	\$0	\$0	\$6,504,304	23.49 %
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 %
Federal Special Total	\$1,460,756	\$0	\$0	\$0	\$1,460,756	5.28 %
06509 DEQ Indirects	0	0	17,968,643	0	17,968,643	100.00 %
Proprietary Total	\$0	\$0	\$17,968,643	\$0	\$17,968,643	64.90 %
Total All Funds	\$9,716,542	\$0	\$17,968,643	\$0	\$27,685,185	

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 %
Total Budget	\$875,771	\$875,711	\$1,751,482		\$4,855,304	\$4,861,238	\$9,716,542	

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)
Grand Total All Present Law Adjustments	0.00	\$56,756	\$3,657	(\$10,976)	\$49,437	0.00	\$56,696	\$6,465	(\$7,790)	\$55,371

**"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
Total	0.00	\$20,804	(\$20,804)	\$0	\$0	0.00	\$20,804	(\$20,804)	\$0	\$0

*"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

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	24,207,362	25,140,479	933,117	3.85 %
Operating Expenses	12,063,406	12,232,952	169,546	1.41 %
Grants	504,040	504,040	0	0.00 %
Transfers	28,612	8,002	(20,610)	(72.03)%
Total Expenditures	\$36,803,420	\$37,885,473	\$1,082,053	2.94 %
General Fund	5,206,846	5,318,311	111,465	2.14 %
State/Other Special Rev. Funds	15,243,724	15,860,917	617,193	4.05 %
Federal Spec. Rev. Funds	16,352,850	16,706,245	353,395	2.16 %
Total Funds	\$36,803,420	\$37,885,473	\$1,082,053	2.94 %
Total Ongoing	\$36,803,420	\$37,885,473	\$1,082,053	2.94 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows an increase in total appropriation of 2.9% or \$1.1 million.

Program Description

The Water Quality Division oversees all aspects of water pollution control in Montana and develops plans to protect Montana's water resources. Water Quality is responsible for:

- Regulating public drinking water and providing certification of public water and wastewater operators
- Developing water quality standards and monitoring conditions of state waters
- Preventing surface and ground water pollution by reviewing pollution sources, issuing discharge permits, developing Total Maximum Daily Loads, and providing technical and financial assistance
- Administering the Water Pollution Control State Revolving Fund, the Drinking Water State Revolving Fund, subdivision review, and public water and wastewater design plan review

Program Highlights

<p>Water Quality Division Major Budget Highlights</p>
<p>The executive proposes a 2.9% or \$1.1 million increase in total appropriations compared to the previous biennium primarily as a result of statewide present law adjustments totaling \$905,700.</p>

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	135.67	135.67	135.67	135.67
Personal Services	10,299,890	12,015,830	12,191,532	12,553,130	12,587,349
Operating Expenses	4,200,400	6,021,082	6,042,324	6,117,126	6,115,826
Grants	204,763	252,020	252,020	252,020	252,020
Transfers	24,083	24,611	4,001	4,001	4,001
Total Expenditures	\$14,729,136	\$18,313,543	\$18,489,877	\$18,926,277	\$18,959,196
General Fund	2,581,640	2,587,589	2,619,257	2,657,762	2,660,549
State/Other Special Rev. Funds	6,439,421	7,587,343	7,656,381	7,923,473	7,937,444
Federal Spec. Rev. Funds	5,708,075	8,138,611	8,214,239	8,345,042	8,361,203
Total Funds	\$14,729,136	\$18,313,543	\$18,489,877	\$18,926,277	\$18,959,196
Total Ongoing	\$14,729,136	\$18,313,543	\$18,489,877	\$18,926,277	\$18,959,196
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Water Quality Division expended 80.4% of its \$18.3 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 \$3.6 million primarily state special and federal revenue. The general fund appropriation of \$2.6 million was 99.8% expended, leaving \$6,000 unexpended.

- Personal services were 85.7% expended leaving \$1.7 million unexpended
- Appropriations for operating expenses were 69.8% expended leaving \$1.8 million unexpended

FY 2020 Appropriations Compared to FY 2021 Appropriations

Appropriations grew by 1.0% or \$176,300 between FY 2020 and FY 2021. Increases are primarily for personal services.

Executive Request

The executive proposal includes only statewide present law adjustments, total appropriations increase by 2.9% or \$1.1 million. As proposed by the executive the budget is funded with 14.0% general fund, 41.9% with state special revenue, and 44.1% federal sources.

Personal Services

The personal services appropriation in FY 2021 totaled \$12.2 million or 65.9% of total appropriations. The FY 2021 appropriation funded 135.67 FTE. The executive proposes SWPL adjustments that increase personal services by \$361,598 in FY 2022 and \$395,817 in FY 2023, there is no increase in FTE. The SWPL adjustment for this program is funded primarily from state special revenue generated from surface water discharge permits. All employees received statutory adjustments, 55 positions career ladder adjustments, and 70 positions had adjustments for longevity. Adjustments are partially offset by employee turnover and retirements.

Funding

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

Department of Environmental Quality, 20-Water Quality 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	5,318,311	0	0	0	5,318,311	14.04 %	
02204 Public Drinking Water	2,615,233	0	0	0	2,615,233	16.49 %	
02206 Agriculture Monitoring	10,914	0	0	0	10,914	0.07 %	
02223 Wastewater SRF Special Admin	2,163,523	0	0	0	2,163,523	13.64 %	
02278 MPDES Permit Program	6,796,370	0	0	0	6,796,370	42.85 %	
02316 SRF Bonds State Administration	70,004	0	0	0	70,004	0.44 %	
02418 Subdivision Plat Review	2,573,090	0	0	0	2,573,090	16.22 %	
02420 Bd of Cert For W&WW OP	314,324	0	0	0	314,324	1.98 %	
02491 Drinking Water Spec Admin Cost	1,317,459	0	0	0	1,317,459	8.31 %	
State Special Total	\$15,860,917	\$0	\$0	\$0	\$15,860,917	41.87 %	
03003 Regional Wetlands Program	362,726	0	0	0	362,726	2.17 %	
03033 FY19 WQ 604B Grant	0	0	0	0	0	0.00 %	
03091 106 Monitor Suppl Initiative	312,360	0	0	0	312,360	1.87 %	
03101 106 Suppl Monitor 2016-2019	0	0	0	0	0	0.00 %	
03149 WPC17 SRF Grant	0	0	0	0	0	0.00 %	
03190 Water 106 Monitoring Init.	49,950	0	0	0	49,950	0.30 %	
03229 Wetland Voluntary Restoration	0	0	0	0	0	0.00 %	
03231 NPS20 Staffing Grant	428,880	0	0	0	428,880	2.57 %	
03245 WPC19 SRF Grant	100,000	0	0	0	100,000	0.60 %	
03262 EPA Ppg	0	0	0	0	0	0.00 %	
03311 FY16 NPS Project Grant	0	0	0	0	0	0.00 %	
03312 FY17 NPS Project Grant	0	0	0	0	0	0.00 %	
03318 Water Quality 604B Grant	200,000	0	0	0	200,000	1.20 %	
03364 NPS20 Project Grant	0	0	0	0	0	0.00 %	
03385 106 Monitoring 2019-2022	0	0	0	0	0	0.00 %	
03409 WPC18 SRF Grant	0	0	0	0	0	0.00 %	
03433 EPA Perf Partnership Grant	8,259,614	0	0	0	8,259,614	49.44 %	
03436 NPS Staffing & Support	0	0	0	0	0	0.00 %	
03442 DEQ-COVID Relief 12/30/20	0	0	0	0	0	0.00 %	
03449 NPS18 Project Grant	0	0	0	0	0	0.00 %	
03450 NPS19 Project Grant	0	0	0	0	0	0.00 %	
03457 WPC20 SRF Grant	302,174	0	0	0	302,174	1.81 %	
03478 Lead in Schools	0	0	0	0	0	0.00 %	
03676 Bureau of Land Management	361,488	0	0	0	361,488	2.16 %	
03691 Non Pt Source Staffing/Support	2,133,330	0	0	0	2,133,330	12.77 %	
03695 SRF St Tribal Rel Agrmt Grant	116,800	0	0	0	116,800	0.70 %	
03812 DW 18 SRF Grant	150,000	0	0	0	150,000	0.90 %	
03813 DW19 SRF Grant	420,080	0	0	0	420,080	2.51 %	
03814 EPA Water Quality 205J	200,000	0	0	0	200,000	1.20 %	
03815 DW20 SRF Grant	3,308,843	0	0	0	3,308,843	19.81 %	
03952 DW16 SRF Grant	0	0	0	0	0	0.00 %	
03953 DW17 SRF Grant	0	0	0	0	0	0.00 %	
Federal Special Total	\$16,706,245	\$0	\$0	\$0	\$16,706,245	44.10 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$37,885,473	\$0	\$0	\$0	\$37,885,473		

The water quality division is funded primarily with state and federal funds. State and federal funds constitute 86.0% of the total budget. The divisions primary state special revenue funds are the fees collected for Montana pollutant discharge elimination system permits, wastewater revolving funds, drinking water revolving funds, and fees for subdivision plat reviews. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund supports personal services and operating expenses.

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	2,619,257	2,619,257	5,238,514	98.50 %	18,489,877	18,489,877	36,979,754	97.61 %
SWPL Adjustments	38,505	41,292	79,797	1.50 %	436,400	469,319	905,719	2.39 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,657,762	\$2,660,549	\$5,318,311		\$18,926,277	\$18,959,196	\$37,885,473	

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	17,312	227,988	116,298	361,598	0.00	21,202	243,997	130,618	395,817
DP 2 - Fixed Costs	0.00	21,193	39,104	22,606	82,903	0.00	20,090	37,066	21,428	78,584
DP 3 - Inflation Deflation	0.00	0	0	(8,101)	(8,101)	0.00	0	0	(5,082)	(5,082)
Grand Total All Present Law Adjustments	0.00	\$38,505	\$267,092	\$130,803	\$436,400	0.00	\$41,292	\$281,063	\$146,964	\$469,319

**"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.

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	16,743,489	17,181,104	437,615	2.61 %
Operating Expenses	22,790,777	22,297,389	(493,388)	(2.16)%
Grants	3,047,686	1,306,294	(1,741,392)	(57.14)%
Benefits & Claims	0	850,000	850,000	0.00 %
Transfers	5,556,398	5,429,398	(127,000)	(2.29)%
Total Expenditures	\$48,138,350	\$47,064,185	(\$1,074,165)	(2.23)%
General Fund	672,414	675,688	3,274	0.49 %
State/Other Special Rev. Funds	26,948,649	24,789,462	(2,159,187)	(8.01)%
Federal Spec. Rev. Funds	20,517,287	21,599,035	1,081,748	5.27 %
Total Funds	\$48,138,350	\$47,064,185	(\$1,074,165)	(2.23)%
Total Ongoing	\$47,138,350	\$47,064,185	(\$74,165)	(0.16)%
Total OTO	\$1,000,000	\$0	(\$1,000,000)	(100.00)%

Program Biennium Comparison -

The biennium comparison table shows a decrease in total appropriation of 2.2% or \$1.1 million, ongoing appropriations decrease by 0.2% or \$0.1 million.

Program Description

The waste management and remediation division protects human health and the environment by preventing exposure to contaminants, working with Montana communities and businesses to implement effective material management and cleanup strategies, and overseeing compliance with state and federal laws and regulations. It oversees and conducts or supports remedial investigation and efficient, cost-effective cleanup activities at state and federal superfund sites; supervises voluntary cleanup activities; reclaims abandoned mine lands; implements corrective actions at sites; and administrators regulatory waste management programs.

Waste Management & Remediation Major Budget Highlights
<p>The executive proposal decreases total appropriations of 2.2% or \$1.1 million, while ongoing expenditures would decrease by 0.2% or \$74,200. The executive proposes:</p> <ul style="list-style-type: none"> • Decrease in state special revenue appropriation of \$641,400 <ul style="list-style-type: none"> ◦ Increases in appropriation from the state special revenue orphan share account: \$1.1 million ◦ Reducing appropriation from the state special revenue junk vehicle disposal account to align expenditures with anticipated revenues: \$1.7 million • Statewide present law adjustments totaling \$440,500

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	100.01	100.01	100.01	100.01
Personal Services	7,406,126	8,308,696	8,434,793	8,574,766	8,606,338
Operating Expenses	7,756,197	11,331,568	11,459,209	11,149,193	11,148,196
Grants	1,411,459	1,523,843	1,523,843	653,053	653,241
Benefits & Claims	0	0	0	425,000	425,000
Transfers	204,874	2,841,699	2,714,699	2,714,699	2,714,699
Total Expenditures	\$16,778,656	\$24,005,806	\$24,132,544	\$23,516,711	\$23,547,474
General Fund	333,226	334,570	337,844	337,844	337,844
State/Other Special Rev. Funds	10,448,531	13,435,231	13,513,418	12,382,431	12,407,031
Federal Spec. Rev. Funds	5,996,899	10,236,005	10,281,282	10,796,436	10,802,599
Total Funds	\$16,778,656	\$24,005,806	\$24,132,544	\$23,516,711	\$23,547,474
Total Ongoing	\$16,278,656	\$23,505,806	\$23,632,544	\$23,516,711	\$23,547,474
Total OTO	\$500,000	\$500,000	\$500,000	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The waste management & remediation division expended 69.9% of its \$24.0 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 \$7.2 million primarily state special and federal revenue. The general fund appropriation of \$334,600 was 99.6% expended, leaving \$1,300 unexpended. Unexpended appropriation is summarized below:

- Personal services were 89.1% expended leaving \$902,600 unexpended
- Appropriations for operating expenses were 68.4% expended leaving \$3.6 million unexpended
- Appropriation budgeted for transfers, primarily federal funds, were 7.2% expended leaving \$2.6 million unexpended

- State special revenue appropriated for grants from the junk vehicle disposal account were 92.6% expended leaving \$112,400 unexpended

FY 2020 Appropriations Compared to FY 2021 Appropriations

Appropriations grew by 0.5% or \$126,700 between FY 2020 and FY 2021. Personal services increased by 1.5% or \$126,100. Operating expenses grew by 1.1% or \$127,600. Funds appropriated for transfers declined by 4.5% or \$127,000.

Executive proposal

The executive proposal includes statewide present law adjustments and reductions in state special revenue. Statewide present law adjustments total \$440,500 and are funded with state special revenue and federal revenue. New proposals are funded solely from the state special revenue Orphan Share Account, they include:

- Expanding the use of the Orphan Share account by \$1.1 million. The 2019 Legislature approved expanding the use of the Orphan Share account by \$500,000 to allow the Department of Environmental Quality to evaluate and take remedial actions to respond to a release or threatened release at petroleum or hazardous substance sites. New proposals would increase appropriations for the same purpose
- Reducing the appropriation from the Junk Vehicle Disposal account by \$1.7 million to align appropriations with anticipated revenues.

As proposed by the executive, the division budget is funded 1.4% with general fund, 52.7% with state special revenue, and 45.9% from federal sources.

Personal Services

Personal services appropriation in FY 2021 totaled \$8.4 million or 35.0% of total appropriations. The FY 2021 appropriation funded 100.01 FTE. The Executive proposes SWPL adjustments that increase personal services by \$139,973 in FY 2022 and \$171,545 in FY 2023, with no increase in FTE. The SWPL adjustments for this program reflect a shift away from state special revenues towards federal sources designated for reclamation of abandoned mines. All employees received statutory adjustments, 50 positions received career ladder adjustments, and 41 positions had adjustments for longevity. Adjustments are partially offset by employee turnover and retirements.

Funding

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

53010 - Department Of Environmental Quality 40-Waste Management & Remediation Division

Department of Environmental Quality, 40-Waste Management & Remediation 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	675,688	0	0	0	675,688	1.44 %	
02054 UST-Installer Lic & Permit Acc	200,818	0	0	0	200,818	0.81 %	
02058 Petroleum Storage Tank Cleanup	3,281,021	0	0	0	3,281,021	13.24 %	
02070 Hazardous Waste-CERCLA	1,275,024	0	0	0	1,275,024	5.14 %	
02075 UST Leak Prevention Program	906,911	0	0	0	906,911	3.66 %	
02157 Solid Waste Management Fee	2,055,251	0	0	0	2,055,251	8.29 %	
02162 Environmental Quality Protecti	7,963,538	0	0	0	7,963,538	32.12 %	
02202 Asbestos Control	454,230	0	0	0	454,230	1.83 %	
02206 Agriculture Monitoring	29,992	0	0	0	29,992	0.12 %	
02314 DNRC Grants - REMediation	457,060	0	0	0	457,060	1.84 %	
02421 Hazardous Waste Fees	358,597	0	0	0	358,597	1.45 %	
02438 Pegasus - Beal Mountain	1,988	0	0	0	1,988	0.01 %	
02472 Orphan Share Fund	1,122,530	0	0	0	1,122,530	4.53 %	
02565 LUST Cost Recovery	900,026	0	0	0	900,026	3.63 %	
02676 Hard Rock Reclamation	1,470,000	0	0	0	1,470,000	5.93 %	
02845 Junk Vehicle Disposal	3,895,796	0	0	0	3,895,796	15.72 %	
02940 Pegasus - Basin	77,964	0	0	0	77,964	0.31 %	
02954 Septage Fees	138,716	0	0	0	138,716	0.56 %	
02130 Libby Asbestos Cleanup O&M	200,000	0	0	0	200,000	0.81 %	
02519 CERCLA CSC Bond Proceeds	0	0	0	0	0	0.00 %	
State Special Total	\$24,789,462	\$0	\$0	\$0	\$24,789,462	52.67 %	
03028 UST Energy Policy Act Prov	0	0	0	0	0	0.00 %	
03036 DEQ - Federal Aml Grant	1,013,760	0	0	0	1,013,760	4.69 %	
03058 Abandoned Mine Lands	2,640,428	0	0	0	2,640,428	12.22 %	
03155 2004 Network Exchange Grant	400,000	0	0	0	400,000	1.85 %	
03158 Abandoned Mine Lands	0	0	0	0	0	0.00 %	
03221 EPA LUST Trust	0	0	0	0	0	0.00 %	
03222 Mgmt Assist Special Acct	954,520	0	0	0	954,520	4.42 %	
03228 L.U.S.T./Trust	1,182,451	0	0	0	1,182,451	5.47 %	
03232 Mgmt Assist Bulk	500,000	0	0	0	500,000	2.31 %	
03249 Abandoned Mines 19	3,674,073	0	0	0	3,674,073	17.01 %	
03256 EPA Superfund Core	0	0	0	0	0	0.00 %	
03257 Superfund Multisite TechAssist	0	0	0	0	0	0.00 %	
03259 Superfund Multisite TechAssist	416,000	0	0	0	416,000	1.93 %	
03260 Carpenter Snow Creek Superfund	400,072	0	0	0	400,072	1.85 %	
03261 Superfund Multisite TA Bulk	400,000	0	0	0	400,000	1.85 %	
03262 EPA Ppg	0	0	0	0	0	0.00 %	
03309 UST Leak Prevention Grant	680,690	0	0	0	680,690	3.15 %	
03360 Management Assistance - Bulk	290	0	0	0	290	0.00 %	
03433 EPA Perf Partnership Grant	1,198,052	0	0	0	1,198,052	5.55 %	
03438 Brownsfield State Response	1,513,641	0	0	0	1,513,641	7.01 %	
03442 DEQ-COVID Relief 12/30/20	0	0	0	0	0	0.00 %	
03447 Belt Water Treatment Fund	300,000	0	0	0	300,000	1.39 %	
03463 Mine Lease/Reclamation	125,518	0	0	0	125,518	0.58 %	
03468 Core Cooperative Grant	452,009	0	0	0	452,009	2.09 %	
03663 Abandoned Mines Lands Grant	2,280,803	0	0	0	2,280,803	10.56 %	
03667 Abandoned Mines	0	0	0	0	0	0.00 %	
03721 Libby Sitewide	966,728	0	0	0	966,728	4.48 %	
03798 LIBBY O&M GRANT	400,000	0	0	0	400,000	1.85 %	
03820 FY10 Exchange Network Grant	1,500,000	0	0	0	1,500,000	6.94 %	
03966 DEQ ASSET MHGMT FED FUNDS	0	0	0	0	0	0.00 %	
03973 EPA Brownfields Grant	0	0	0	0	0	0.00 %	
03342 Butte Mine Flooding	600,000	0	0	0	600,000	2.78 %	
Federal Special Total	\$21,599,035	\$0	\$0	\$0	\$21,599,035	45.89 %	
06509 DEQ Indirects	0	0	0	0	0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$47,064,185	\$0	\$0	\$0	\$47,064,185		

The waste management and remediation division is funded with general fund, state special and federal revenue. State special revenue comes from junk vehicle fees, \$0.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust (RIT). Federal special revenue is derived from the federal EPA for superfund oversight and various other activities. Other federal revenue sources include the Office of Surface Mining for the Abandoned Mine Lands Program.

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	337,844	337,844	675,688	100.00 %	23,632,544	23,632,544	47,265,088	100.43 %
SWPL Adjustments	0	0	0	0.00 %	204,957	235,532	440,489	0.94 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	(320,790)	(320,602)	(641,392)	(1.36)%
Total Budget	\$337,844	\$337,844	\$675,688		\$23,516,711	\$23,547,474	\$47,064,185	

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	0	(348,413)	488,386	139,973	0.00	0	(324,156)	495,701	171,545
DP 2 - Fixed Costs	0.00	0	44,903	27,524	72,427	0.00	0	42,565	26,090	68,655
DP 3 - Inflation Deflation	0.00	0	(6,687)	(756)	(7,443)	0.00	0	(4,194)	(474)	(4,668)
Grand Total All Present Law Adjustments	0.00	\$0	(\$310,197)	\$515,154	\$204,957	0.00	\$0	(\$285,785)	\$521,317	\$235,532

***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 9 - Orphan Share Expanded Use Rst/Bien	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 30 - CALA Reimbursement	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
DP 97 - Adjust specific SSR appropriations	0.00	0	(870,790)	0	(870,790)	0.00	0	(870,602)	0	(870,602)
Total	0.00	\$0	(\$320,790)	\$0	(\$320,790)	0.00	\$0	(\$320,602)	\$0	(\$320,602)

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

DP 9 - Orphan Share Expanded Use Rst/Bien -

The executive proposes to expand the use of the orphan share account to allow the Department of Environmental Quality (DEQ) to evaluate and take remedial actions to respond to a release or threatened release at petroleum or hazardous substance sites.

LFD COMMENT	SB 96, An act expanding the use of the Orphan Share account
	The 2015 Legislature passed SB 96 which expanded the use of the orphan share account to allow the Department of Environmental Quality to use the account to take remedial action where there has been a release or a substantial threat of a release or hazardous substances into the environment that may present an imminent and substantial endangerment to the public health, safety, or welfare or to the environment and there is no readily apparent person who is financially viable and potentially liable.

DP 30 - CALA Reimbursement -

The executive proposes an appropriation from the state special revenue orphan share account to reimburse remedial action costs in accordance with 75-10-743, MCA.

DP 97 - Adjust specific SSR appropriations -

The executive proposes to reduce authority for the state special revenue junk vehicle disposal account to align appropriation with anticipated revenue.

LFD	Junk vehicle disposal state special revenue account declining fund balance
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COMMENT Over the past nine years revenues for this account have averaged \$1.8 million per year, the current base appropriation for the junk vehicle account is currently set at \$2.9 million per year resulting in a declining fund balance. This proposal would reduce base appropriation to \$2.0 million each year. From FY 2012 to FY 2020 the ending fund balance has declined at an annual rate of 16.3%. At the end of FY 2020 the ending fund balance was \$0.3 million. Revenue for the account is generated from the sale of junk vehicles and license fees paid by wrecking facilities.

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	18,941,702	18,921,307	(20,395)	(0.11)%
Operating Expenses	18,165,227	18,395,093	229,866	1.27%
Equipment & Intangible Assets	493,480	203,480	(290,000)	(58.77)%
Transfers	47,396	27,396	(20,000)	(42.20)%
Total Expenditures	\$37,647,805	\$37,547,276	(\$100,529)	(0.27)%
General Fund	3,349,047	8,176,345	4,827,298	144.14%
State/Other Special Rev. Funds	24,927,217	19,206,305	(5,720,912)	(22.95)%
Federal Spec. Rev. Funds	9,371,541	10,164,626	793,085	8.46%
Total Funds	\$37,647,805	\$37,547,276	(\$100,529)	(0.27)%
Total Ongoing	\$37,647,805	\$37,547,276	(\$100,529)	(0.27)%
Total OTO	\$0	\$0	\$0	0.00%

Program Biennium Comparison -

The biennium comparison table shows a decrease of 0.3% or \$100,500, general fund increases by 144.1%.

Program Description

The Air, Energy and Mining Division (AEMD) permits and regulates environmentally-protective and productive operations in air, hard rock mining, opencut mining, and coal mining industries according to program statutory authority. The permitting and regulatory work includes extensive coordination with other programs to develop environmental review documents that comply with the Montana Environmental Policy Act (MEPA), including environmental assessments and environmental impact statements. AEMD includes the State Energy Office, or Energy Bureau, which promotes and improves Montanan’s access to energy efficiency and alternative energy sources while improving the state’s energy security by offering financing mechanisms, technical assistance, and education for public and private entities.

Program Highlights

Air Energy & Mining Division Major Budget Highlights
<p>Biennial appropriations decrease by 0.3% or \$100,500 when compared to the 2021 biennium. The executive proposes:</p> <ul style="list-style-type: none"> • Funding shift from state special revenue to the general fund totaling \$4.5 million • Decrease in state special revenue of \$0.3 million to align expenditures with anticipated revenue • Statewide present law adjustments which decrease by \$0.1 million

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	103.53	103.53	103.53	103.53
Personal Services	7,627,870	9,398,016	9,543,686	9,448,762	9,472,545
Operating Expenses	5,097,586	8,844,582	9,320,645	9,193,414	9,201,679
Equipment & Intangible Assets	305,139	391,740	101,740	101,740	101,740
Transfers	54,245	33,698	13,698	13,698	13,698
Total Expenditures	\$13,084,840	\$18,668,036	\$18,979,769	\$18,757,614	\$18,789,662
General Fund	1,613,184	1,618,157	1,730,890	4,082,471	4,093,874
State/Other Special Rev. Funds	7,839,339	12,415,486	12,511,731	9,595,068	9,611,237
Federal Spec. Rev. Funds	3,632,317	4,634,393	4,737,148	5,080,075	5,084,551
Total Funds	\$13,084,840	\$18,668,036	\$18,979,769	\$18,757,614	\$18,789,662
Total Ongoing	\$13,084,840	\$18,668,036	\$18,979,769	\$18,757,614	\$18,789,662
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Air Energy & Mining Division expended 70.1% of its \$18.7 million HB 2 budget in FY 2020. This rate of expenditure is consistent with the average rate of expenditure over the last ten years. Unexpended appropriation totaled \$5.6 million includes \$4.6 million in state funds and \$1.0 million if federal funds. The general fund appropriation of \$1.6 million was 99.7% expended, leaving \$5,000 unexpended.

- Personal services were 81.2% expended leaving \$1.8 million unexpended while operating expenses were 57.6% expended leaving \$3.7 million unexpended
- Equipment and transfers, primarily funded with state special revenue, were 84.5% expended leaving \$66,000 unexpended

FY 2020 Appropriations Compared to FY 2021 Appropriations

The appropriation increased by 1.7% or \$312,000 in FY 2021 compared to FY 2020. The largest increase in appropriation is for general fund which increase by 7.0% or \$113,000, state special revenues increase by 0.8% or \$96,000, and federal funds increase by \$103,000. Changes in appropriation are summarized below:

- Personal services increased by \$145,600
- Operating expenditures increased by \$476,000 funded \$100,000 in general fund and the remainder from state special funds and federal sources
- Equipment purchases decreased by \$290,000. State special revenues for equipment purchase for the hard rock mining bureau were budgeted only in the first year of the biennium
- Transfers of federal funds decreased by \$20,000 in the second year of the biennium

Executive Request

The executive proposes a decrease in in total funding of 0.3%. New proposals include a switch of funding source totaling \$4.5 million from state special revenue orphan share fund to the general, this would increase the percentage of the budget funded with general fund by 12.9% when compared to the previous biennium.

The appropriation from the state special revenue junk vehicle account would be reduced by \$1.7 million to align proposed expenditures with anticipated revenue. As proposed, the budget is funded 21.8% with general fund, 51.2% with state special revenue, and 27.1% from federal sources.

Personal Services

Personal services appropriation in FY 2021 totaled \$9.5 million or 50.3% of total appropriations. The FY 2021 appropriation funded 103.53 FTE. The Executive proposes SWPL adjustments that decreases personal services by \$139,973 in FY 2022 and \$171,545 in FY 2023, there is no increase in FTE. All employees received statutory adjustments, 38 positions received career ladder adjustments, and 45 positions had adjustments for longevity. Adjustments are partially offset by employee turnover and retirements.

Funding

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

Department of Environmental Quality, 50-Air Energy & Mining 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	8,176,345	0	0	0	8,176,345	21.78 %
02036 Opencut permit Fees	1,628,741	0	0	0	1,628,741	8.48 %
02058 Petroleum Storage Tank Cleanup	0	0	0	0	0	0.00 %
02095 Opencut Bond Forfeitures	429,248	0	0	0	429,248	2.23 %
02096 Reclamation - Bond Forfeitures	347,688	0	0	0	347,688	1.81 %
02201 Air Quality-Operating Fees	7,951,097	0	0	0	7,951,097	41.40 %
02202 Asbestos Control	0	0	0	0	0	0.00 %
02291 Alternative Energy Loan ARRA	218,340	0	0	0	218,340	1.14 %
02370 Energy Conserv Repayment Acct	24,862	0	0	0	24,862	0.13 %
02555 Alternative Energy Rev Loan	419,518	0	0	0	419,518	2.18 %
02576 Natural Resources Operations	0	0	0	0	0	0.00 %
02579 Coal & Uranium Mine Account	573,138	0	0	0	573,138	2.98 %
02676 Hard Rock Reclamation	0	0	0	0	0	0.00 %
02955 State Energy conservation ARRA	1,062,942	0	0	0	1,062,942	5.53 %
02973 Univ System Benefits Program	182,102	0	0	0	182,102	0.95 %
02988 Hard Rock Mining Reclamation	6,368,629	0	0	0	6,368,629	33.16 %
State Special Total	\$19,206,305	\$0	\$0	\$0	\$19,206,305	51.15 %
03052 DOE SHOPP 09/14/21	34,640	0	0	0	34,640	0.34 %
03067 DSL Federal Reclamation Grant	425,860	0	0	0	425,860	4.19 %
03199 Stripper Wells	9,000	0	0	0	9,000	0.09 %
03262 EPA Ppg	0	0	0	0	0	0.00 %
03289 FY 14 State Clean Diesel	350,000	0	0	0	350,000	3.44 %
03325 EPA 103 PM 2.5	811,938	0	0	0	811,938	7.99 %
03433 EPA Perf Partnership Grant	3,238,934	0	0	0	3,238,934	31.86 %
03459 DOE Competitive Special Proj	801,600	0	0	0	801,600	7.89 %
03672 Source Reduction Assistance	0	0	0	0	0	0.00 %
03723 Clean Diesel DS-97867001	459,368	0	0	0	459,368	4.52 %
03816 DOI OSM A&E Grant	4,033,286	0	0	0	4,033,286	39.68 %
03973 EPA Brownfields Grant	0	0	0	0	0	0.00 %
03492 Coal ePermitting System	0	0	0	0	0	0.00 %
03087 ePermitting-Proj Mngr	0	0	0	0	0	0.00 %
03614 BLM-L17AC00009 O&M	0	0	0	0	0	0.00 %
03981 BLM Air Monitoring 06/22/2022	0	0	0	0	0	0.00 %
03029 SEEDS - EE0007672	0	0	0	0	0	0.00 %
03006 SEP-Utah_EE0008610-DOE	0	0	0	0	0	0.00 %
Federal Special Total	\$10,164,626	\$0	\$0	\$0	\$10,164,626	27.07 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$37,547,276	\$0	\$0	\$0	\$37,547,276	

The Air and Mining Division is funded primarily with state special and federal revenues. State special revenue consists of forfeited mining and reclamation bonds, and air quality fees. The agency also receives Resource Indemnity Trust

(RIT) interest via the natural resource operations fund. Hard rock mining reclamation revenue is primarily from interest earned with the state Board of Investments and funds transferred from the hard rock mining reclamation debt service fund. Federal revenues come primarily from EPA, Department of Energy, and Department of Interior grants. General fund supports personal services and operating expense.

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	1,730,890	1,730,890	3,461,780	42.34 %	18,979,769	18,979,769	37,959,538	101.10 %
SWPL Adjustments	105,216	110,956	216,172	2.64 %	(60,155)	(28,107)	(88,262)	(0.24)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	2,246,365	2,252,028	4,498,393	55.02 %	(162,000)	(162,000)	(324,000)	(0.86)%
Total Budget	\$4,082,471	\$4,093,874	\$8,176,345		\$18,757,614	\$18,789,662	\$37,547,276	

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	83,808	(503,882)	325,150	(94,924)	0.00	89,835	(491,528)	330,552	(71,141)
DP 3 - Inflation Deflation	0.00	(2,583)	(28,829)	0	(31,412)	0.00	(1,620)	(18,079)	0	(19,699)
Grand Total All Present Law Adjustments	0.00	\$81,225	(\$532,711)	\$325,150	(\$126,336)	0.00	\$88,215	(\$509,607)	\$330,552	(\$90,840)

*"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 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 97 - Adjust specific SSR appropriations	0.00	0	(162,000)	0	(162,000)	0.00	0	(162,000)	0	(162,000)
DP 100 - Refinancing Natural Resources Operations Account	0.00	2,246,365	(2,246,365)	0	0	0.00	2,252,028	(2,252,028)	0	0
Total	0.00	\$2,246,365	(\$2,408,365)	\$0	(\$162,000)	0.00	\$2,252,028	(\$2,414,028)	\$0	(\$162,000)

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

DP 97 - Adjust specific SSR appropriations -

The executive proposed to reduce authority for the state special revenue universal systems benefits program account to align appropriation with anticipated revenue.

LFD COMMENT	<p>Universal system benefits program state special revenue account declining fund balance</p> <p>Over the past nine years revenues for this account have averaged \$56,300 per year, the base appropriation for the account is currently set at \$253,000 per year resulting in a declining fund balance. This proposal would reduce base appropriation to \$91,000 each year. From FY 2012 to FY 2020 the ending fund balance has declined at an annual rate of 20.0%. At the end of FY 2020 the ending fund balance was \$64,000. Revenue for the account is generated from a tax on utility revenues.</p> <p>Montana's universal system benefits program was established by the 1997 Legislature as part of restructuring Montana's electric and natural gas utilities. The legislation required utilities to fund pre-existing public purpose programs at a level that existed prior to deregulation.</p>
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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	<p>Proposed legislation redirecting revenue streams from metal mines, oil, and gas.</p> <p>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:</p> <p>LC851 - Eliminate natural resources operations fund</p> <p>The legislature may wish to consider</p> <ul style="list-style-type: none"> • 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
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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	
Operating Expenses	345,508	345,508	0	0.00 %	
Transfers	614,492	614,492	0	0.00 %	
Total Expenditures	\$960,000	\$960,000	\$0	0.00 %	
State/Other Special Rev. Funds	960,000	960,000	0	0.00 %	
Total Funds	\$960,000	\$960,000	\$0	0.00 %	
Total Ongoing	\$960,000	\$960,000	\$0	0.00 %	
Total OTO	\$0	\$0	\$0	0.00 %	

Program Biennium Comparison -

The biennium comparison table shows no changes to the budget. However, this program was created by the executive during the 2021 biennium, and this will be the first time the legislature reviews it in HB 2.

Program Description

The Libby Asbestos Oversight Committee is attached to DEQ for administrative purposes. The Oversight Committee was created to enhance communication with stakeholders regarding the Libby Asbestos Superfund site. In addition, the Oversight Committee advises DEQ on administration of the Libby Asbestos Cleanup Trust Fund and operation and maintenance accounts. The appropriated funds are used to maintain Committee activities and support operation and maintenance at the site for long-term environmental and public health protection.

Program Highlights

<p>Libby Asbestos Advisory Team Major Budget Highlights</p>
<p>This program was created by the executive during the 2021 biennium, and this will be the first time the legislature reviews it in HB 2.</p>

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
Operating Expenses	14,285	172,754	172,754	172,754	172,754
Transfers	16,382	307,246	307,246	307,246	307,246
Total Expenditures	\$30,667	\$480,000	\$480,000	\$480,000	\$480,000
State/Other Special Rev. Funds	30,667	480,000	480,000	480,000	480,000
Total Funds	\$30,667	\$480,000	\$480,000	\$480,000	\$480,000
Total Ongoing	\$30,667	\$480,000	\$480,000	\$480,000	\$480,000
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

In prior biennium the Libby asbestos advisory team was funded outside of HB 2. During the 2021 biennium HB 2 authority was transferred from unused HB 2 state special revenue authority from the air energy & mining division to the Libby asbestos advisory team to fund the team

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Libby asbestos advisory team expended 6.4% of its \$480,000 HB 2 modified budget in FY 2020, leaving \$449,000 unexpended. FY 2020 include state special revenue appropriation for operations and transfers, the advisory team has not personal services.

FY 2020 Appropriations Compared to FY 2021 Appropriations

During the 2021 biennium the executive transferred \$480,000 in HB 2 appropriation from the state special revenue hard rock mining reclamation account to the Libby asbestos cleanup operation & maintenance account. HB 30 of the 2019 session modified the duties of the oversight committee but did not provide an appropriation.

Personal Services

The program has no personal services.

Funding

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

Department of Environmental Quality, 80-Libby Asbestos Advisory Team Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02130 Libby Asbestos Cleanup O&M	960,000	0	0	0	960,000	100.00 %	
State Special Total	\$960,000	\$0	\$0	\$0	\$960,000	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$960,000	\$0	\$0	\$0	\$960,000		

The table above reflects excess HB 2 Authority transferred from the hard rock mining reclamation Fund.

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	0	0	0	0.00 %	480,000	480,000	960,000	100.00 %	
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %	
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$0	\$0	\$0		\$480,000	\$480,000	\$960,000		

53010 - Department Of Environmental Quality 90-Petroleum Tank Release Compensation Board

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	792,803	798,884	6,081	0.77 %	
Operating Expenses	503,804	509,419	5,615	1.11 %	
Total Expenditures	\$1,296,607	\$1,308,303	\$11,696	0.90 %	
State/Other Special Rev. Funds	1,296,607	1,308,303	11,696	0.90 %	
Total Funds	\$1,296,607	\$1,308,303	\$11,696	0.90 %	
Total Ongoing	\$1,296,607	\$1,308,303	\$11,696	0.90 %	
Total OTO	\$0	\$0	\$0	0.00 %	

Program Biennium Comparison -

The biennium comparison table shows an increase of 0.9% or \$11,700 in state special revenue.

Program Description

The Petroleum Tank Release Compensation Board is responsible for administering the Petroleum Tank Release Cleanup Fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs, and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board is responsible for responding to and working with private individuals, corporations, other state agencies, the Governor's Office, the legislature, federal agencies, and other interested parties with activities relative to petroleum storage tanks. It is attached to DEQ for administrative purposes.

Program Highlights

Petroleum Tank Release Compensation Board Major Budget Highlights
The executive proposes an increase of 0.9% or \$11,700 in state special revenue comprised solely of statewide present law adjustments.

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.

53010 - Department Of Environmental Quality 90-Petroleum Tank Release Compensation Board

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	5.75	5.75	5.75	5.75	5.75
Personal Services	411,501	392,594	400,209	398,338	400,546	
Operating Expenses	170,265	251,913	251,891	254,768	254,651	
Total Expenditures	\$581,766	\$644,507	\$652,100	\$653,106	\$655,197	
State/Other Special Rev. Funds	581,766	644,507	652,100	653,106	655,197	
Total Funds	\$581,766	\$644,507	\$652,100	\$653,106	\$655,197	
Total Ongoing	\$581,766	\$644,507	\$652,100	\$653,106	\$655,197	
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The petroleum tank compensation release board expended 90.3% of its \$644,500 HB 2 appropriation in FY 2020. Personal services were over expended by 4.8% or \$18,900 while operating expenses were 67.6% expended. Total unexpended funds total \$62,700 in state special revenue.

FY 2020 Appropriations Compared to FY 2021 Appropriations

The FY 2021 appropriations increase 1.2% or \$7,600 for personal services.

Executive Request

The executive request statewide present law adjustments totaling \$4,100 for personal services, fixed costs, and inflation.

Personal services appropriation in FY 2021 totaled \$400,200 or 61.4% of total appropriations. The FY 2021 appropriation funded 5.75 FTE. The Executive proposes SWPL adjustments that decrease personal services by \$1,534 for the biennium.

Funding

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

Department of Environmental Quality, 90-Petroleum Tank Release Compensation Board Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0	0.00 %	
02058 Petroleum Storage Tank Cleanup	1,308,303	0	0	9,980,000	11,288,303	100.00 %	
State Special Total	\$1,308,303	\$0	\$0	\$9,980,000	\$11,288,303	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$1,308,303	\$0	\$0	\$9,980,000	\$11,288,303		

The program is funded entirely through a portion of the \$.0075 tax on gasoline, diesel, heating oil, and aviation fuel. Statutory appropriations pay for the reimbursement due to storage tank releases as described in 75-11-313, MCA.

53010 - Department Of Environmental Quality 90-Petroleum Tank Release Compensation Board

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 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	0	0	0	0.00 %	652,100	652,100	1,304,200	99.69 %
SWPL Adjustments	0	0	0	0.00 %	1,006	3,097	4,103	0.31 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$653,106	\$655,197	\$1,308,303	

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.

	-----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	0	(1,871)	0	(1,871)	0.00	0	337	0	337
DP 2 - Fixed Costs	0.00	0	2,980	0	2,980	0.00	0	2,825	0	2,825
DP 3 - Inflation Deflation	0.00	0	(103)	0	(103)	0.00	0	(65)	0	(65)
Grand Total All Present Law Adjustments	0.00	\$0	\$1,006	\$0	\$1,006	0.00	\$0	\$3,097	\$0	\$3,097

**"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.