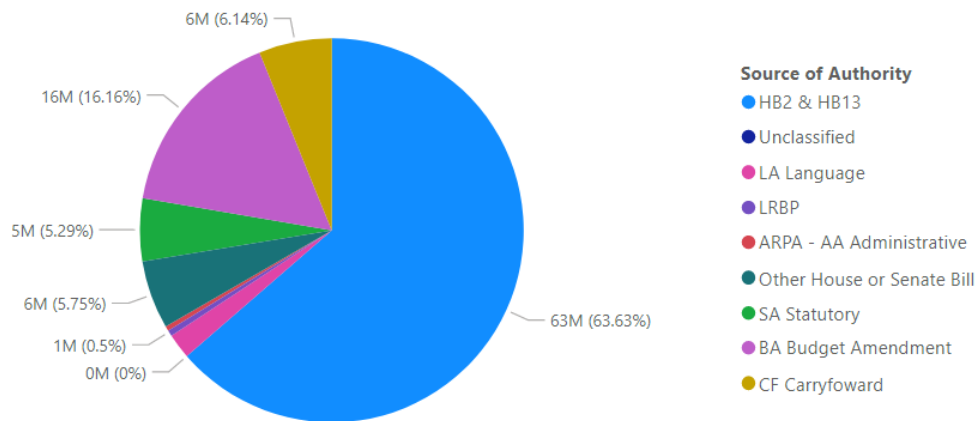


DEPARTMENT OF ENVIRONMENTAL QUALITY

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 64.4% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	63,198,118	39,178,241	62.0%
BA Budget Amendment	16,051,864	4,164,292	25.9%
CF Carryforward	6,103,239	926,153	15.2%
LA Language	2,100,000		
LRBP	500,000	0	0.0%
Other House or Senate Bill	5,715,301	579,130	10.1%
SA Statutory	5,250,000	4,054,655	77.2%
Unclassified	1,953		
ARPA	400,000	62,059	15.5%
Total	99,320,475	48,964,530	49.3%

Budget Amendments

Through budget amendments, the agency increased federal appropriations by \$16.1 million and has expended 25.9% of that amount. Budget amendments include:

- Non-point source water quality projects; \$2.5 million budgeted, \$1.2 million or 48.0% expended. Non-point source projects protect and restore rivers, lakes, streams, groundwater and wetlands from pollutants from sources such as urban and construction site runoff, agricultural runoff, and resource extraction
- Abandoned mine reclamation; \$8.0 million budgeted, \$1.0 million or 12.5% expended. This authority was established for the construction of the Belt Water Treatment Plant for acid mine drainage which began construction in October 2021

- Mine permitting and air quality programs; \$4.0 million budgeted, \$1.3 million or 33.3% expended. This authority was established for grants from the Department of the Interior for Zortman Landusky and the coal e-permitting system
- Water quality and monitoring programs; \$1.5 million budgeted, \$644,500 or 43.0% expended. Montana’s water quality monitoring program conducts sampling and analysis of Montana’s surface waters to determine the health or impairment of those waters and
- Information technology projects; \$35,200 budgeted, \$9,200 or \$26.1% expended. This authority is restricted for integration with the Environmental Protection Agency’s Safe Drinking Water Information System Prime software.

Statutory Authority

The agency has expended \$4.1 million in statutory authority.

Revenues from a portion (\$0.0075) of the tax on gasoline, diesel, heating oil, and aviation fuel is statutorily appropriated to pay for the petroleum storage tank release clean up and accounts for 4.0% of the agency budget. Authorized statutory funding is expended through the Petroleum Tank Release Compensation Board, which is administratively attached to the agency.

Carryforward

The agency had \$6.1 million or 6.2% of total authority brought forward from FY 2021. This authority is primarily state special revenue budgeted for cost recovery projects and will only be expended if there are new projects that require the funding. The agency has expended \$926,153 or 15.2% of this authority.

Language

The legislature provided language in HB 2 to authorize the following appropriations.

The agency has budgeted \$1.1 million in bond revenue for the Carpenter/Snow Creek superfund site near Neihart, Montana. This authority is established to ensure DEQ has the authority necessary to meet the state match requirements for federal superfund site clean-up projects.

The Petroleum Board budgeted \$1.0 million from the petroleum tank cleanup fund for paying contract expenses.

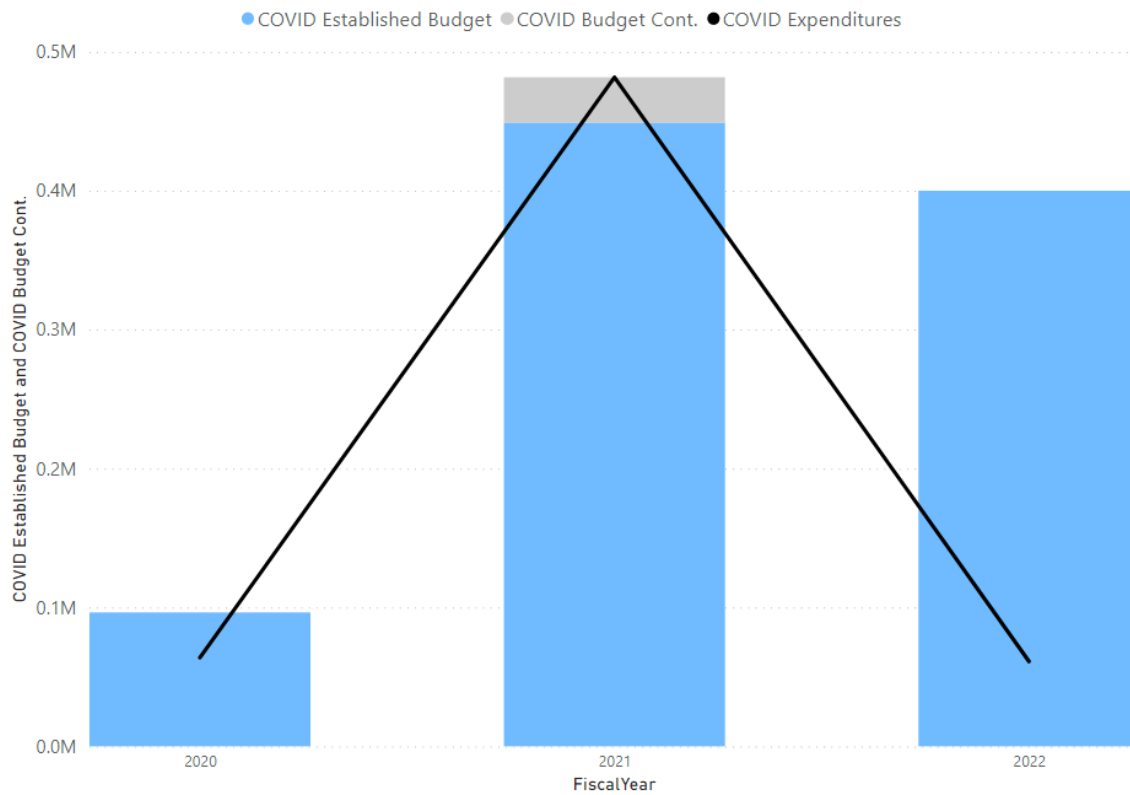
Other Bills

Funding from HB 5 totals \$5.7 million or 5.8% of the budget; \$579,130 or 10.1% has been expended. These funds are primarily from the orphan share state special revenue account and capital projects account. They are for long-range projects related to environmental clean-up and energy conservation capital projects.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



No authority for COVID-19 was brought forward from FY 2021. For FY 2022, the agency received \$400,000 in American Recovery Plan Act funding, and as of May, the agency has expended \$62,100. The agency's ARPA funding will be used to cover the costs of additional engineers hired to review new water and sewer infrastructure projects and will be spent over both FY 2022 and FY 2023.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through May 31, 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	March Modified Budget	June Modified Budget	Net Modifications
Dept of Environmental Quality	63,079,848	63,198,118	118,270
AIR ENERGY & MINING DIVISION	16,235,462	16,235,462	
CENTRAL MANAGEMENT PROGRAM	4,431,831	4,181,831	-250,000
LIBBY ASBESTOS SF ADVISORY TM	480,000	480,000	
PETRO TANK RELEASE COMP BOARD	645,825	645,825	
WASTE MGMT & REMEDIATION DIV	22,601,194	22,599,464	-1,730
WATER QUALITY DIVISION	18,685,536	19,055,536	370,000
Total	63,079,848	63,198,118	118,270

Expenditure	March Modified Budget	June Modified Budget	Net Modifications
61000 Personal Services	31,973,867	31,972,137	-1,730
62000 Operating Expenses	25,763,734	25,692,741	-70,993
63000 Equipment & Intangible Assets	101,740	101,740	
66000 Grants	1,775,863	1,966,856	190,993
67000 Benefits & Claims	425,000	425,000	
68000 Transfers-out	3,039,644	3,039,644	0

Fund Type	March Modified Budget	June Modified Budget	Net Modifications
01 General	5,524,436	5,644,236	119,800
02 State/Other Spec Rev	32,819,464	32,818,507	-957
03 Fed/Other Spec Rev	24,735,948	24,735,375	-573

Modification to the budget in the last quarter increased HB 2 appropriations by \$118,270. The agency transferred \$120,000 of general fund authority from the Governor's Office of Budget and Program Planning for efficiency studies. The agency adjusted workers compensation resulting in a decrease in personal services totaling \$1,730. Authority totaling \$250,000 was transferred between the central management program and the water quality division.

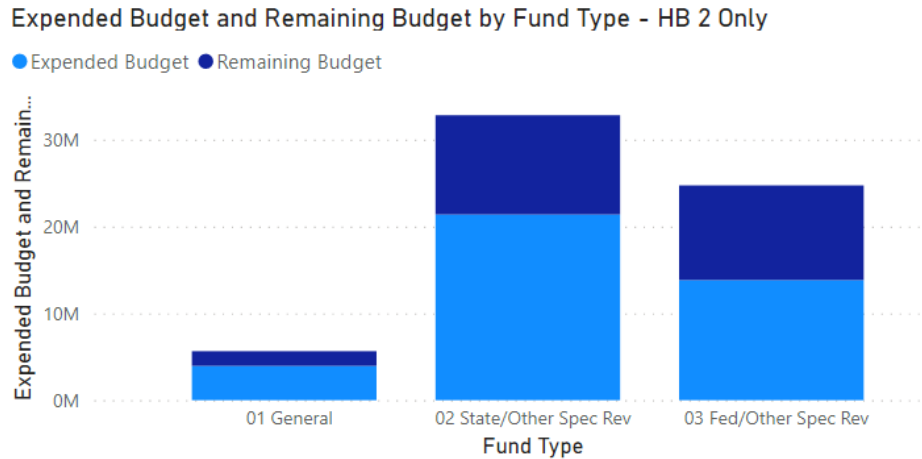
Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through May 2022.



Expenditures	Modified Budget	Expended Budget	Percent Expended
Personal Services	31,972,137	23,878,143	74.7%
Operating Expenses	25,692,741	13,219,681	51.5%
Equipment & Intangible Assets	101,740	66,332	65.2%
Grants	1,966,856	1,782,962	90.7%
Benefits & Claims	425,000	231,123	54.4%
Transfers-out	3,039,644		
Total	63,198,118	39,178,241	62.0%

Program Name	Modified Budget	Expended Budget	Percent Expended
AIR ENERGY & MINING DIVISION	16,235,462	9,952,078	61.3%
CENTRAL MANAGEMENT PROGRAM	4,181,831	2,528,550	60.5%
LIBBY ASBESTOS SF ADVISORY TM	480,000	1	0.0%
PETRO TANK RELEASE COMP BOARD	645,825	546,857	84.7%
WASTE MGMT & REMEDIATION DIV	22,599,464	13,728,200	60.7%
WATER QUALITY DIVISION	19,055,536	12,422,556	65.2%
Total	63,198,118	39,178,241	62.0%

The authority from HB 2 supports \$63.2 million or 64.4% of the agency total budget and is funded primarily with state special and federal special revenue. General fund supports only \$5.6 million or 8.9% of the agency HB 2 budget and is used primarily to fund personal services, match federal grant programs, and operations across all programs. The agency has expended 62.0% of the HB 2 appropriation through May 2022.

Personal Services

The agency was budgeted \$32.0 million in personal services to fund 365.5 FTE. The agency has expended 74.7% of that appropriation as of the end of May. By comparison, in the three previous biennia, expenditure rates for personal services at this same point of the fiscal year have ranged between 74.2% and 85.6%, with an average of 79.4%.

Operations

The agency expended 51.5% of the \$25.7 million budgeted for operations, 4.2% points higher than the average expenditure rate of 47.3% in the previous three biennia.

Transfers

The HB 2 budget for transfers totaled \$3.0 million, 90.0% federal funds, and was 0.0% expended. Major components of the \$2.7 million in unexpended federal funds include:

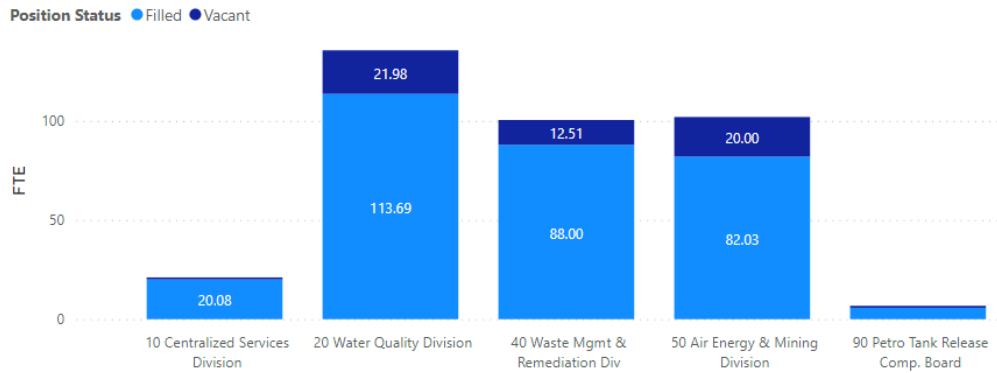
- Abandoned mines: \$2.4 million
- Superfund sites: \$260,000
- Other federal support: \$340,000

Grants, Benefits & Claims

Grants, benefits, and claims are primarily funded with state special revenue, combined, were 84.2% expended. Grant expenditures represent money disbursed to counties as part of the subdivision plat review program in the water quality division, as well as the junk vehicle and septic pumper programs in the waste management and remediation division.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of May 2022.



Total FTE

The Department of Environmental Quality has 365.54 FTE funded in HB 2; each division is staffed as follows:

- Centralized services division – 20.58 FTE
- Water quality division – 135.67 FTE
- Waste management & remediation division – 100.01 FTE
- Air, energy, & mining Division – 103.53 FTE
- Libby asbestos advisory team – 0.00 FTE
- Petroleum tank release compensation board – 5.75 FTE

Utilization Rate

Of the total personal services hours available year to date, the agency has utilized 84.3%.

Vacancies

Vacant positions total 56.49 FTE, a decrease of 1.00 FTE from the previous report. The average position has been vacant for about one year and two months.

In addition to smaller applicant pools, the agency has experienced a higher percentage of offers being rejected in recent years.

The following table lists the vacancies as of May.

Department of Environmental Quality
Vacancies June 2022

Air Energy & Mining Division							
	FTE	Months Vacant	Years Vacant				
Bureau Chief	1.00	11.3	0.9				
Reclamation Specialist	1.00	59.5	5.0				
Computer Systems Analyst	1.00	14.5	1.2				
Reclamation Specialist	1.00	8.6	0.7				
Small Business Ombudsman	1.00	1.4	0.1				
AQ Environmental Scientist	1.00	7.4	0.6				
Reclamation Specialist	1.00	14.5	1.2				
Reclamation Specialist	1.00	1.0	0.1				
Program Section Supervisor	1.00	22.3	1.9				
Air Quality Meteorologist	1.00	0.8	0.1				
Program Support Supervisor	1.00	1.7	0.1				
Data Control Specialist	1.00	10.5	0.9				
Reclamation Specialist	1.00	24.6	2.1				
Program Support Specialist	1.00	0.8	0.1				
AQ Engineering Scientist	1.00	30.4	2.5				
Program Section Supervisor	1.00	4.4	0.4				
Energy Professional Engineer	1.00	5.4	0.5				
AQ Assurance Specialist	1.00	14.5	1.2				
AQ Engineering Scientist	1.00	32.2	2.7				
Program Support Specialist	1.00	1.48	0.12				
Division Total ¹	20.00	13.36	1.11				
Waste Management & Remediation Division							
	FTE	Months Vacant	Years Vacant				
Environmental Project Officer	1.00	1.2	0.1				
Environmental Project Officer	1.00	1.0	0.1				
Program Support Specialist	1.00	1.3	0.1				
Bureau Chief	1.00	0.8	0.1				
Program Support Specialist	1.00	0.8	0.1				
Computer Systems Analyst	1.00	54.5	4.5				
Program Support Specialist	1.00	1.0	0.1				
Waste Mgmt Specialist	1.00	1.7	0.1				
Waste Mgmt Specialist	1.00	2.6	0.2				
Environmental Project Officer	0.50	4.4	0.4				
Records Information Management Specialist	1.00	1.0	0.1				
Environmental Project Officer	0.51	4.9	0.4				
Asbestos-Meth Environmental Sp	0.50	10.5	0.9				
Asbestos-Meth Environmental Sp	1.00	4.4	0.4				
Division Total ¹	12.51	6.4	0.5				
				Petroleum Tank Release Commission			
				FTE	Months Vacant	Years Vacant	
				1.00	1.0	0.1	
				Division Total ¹	1.00	1.0	0.1
				Centralized Services Division			
				FTE	Months Vacant	Years Vacant	
				1.00	5.8	0.5	
				Division Total ¹	1.00	5.8	0.5
				Water Quality Division			
				FTE	Months Vacant	Years Vacant	
				1.00	49.9	4.2	
				1.00	8.6	0.7	
				1.00	9.5	0.8	
				1.00	1.2	0.1	
				1.00	73.7	6.1	
				1.00	65.9	5.5	
				1.00	1.7	0.1	
				1.00	3.5	0.3	
				1.00	43.0	3.6	
				0.98	93.5	7.8	
				1.00	8.1	0.7	
				1.00	10.4	0.9	
				1.00	29.7	2.5	
				1.00	12.5	1.0	
				1.00	14.5	1.2	
				1.00	10.4	0.9	
				1.00	1.2	0.1	
				1.00	2.6	0.2	
				1.00	5.8	0.5	
				1.00	2.5	0.2	
				1.00	4.4	0.4	
				1.00	33.8	2.8	
				Division Total ¹	21.98	22.0	1.8
				Agency Total			
				56.49	14.7	1.2	

¹ Division Totals for months and days vacant are weighted averages

Turnover

Since July, the agency has had 23.00 FTE leave state employment, 11.00 FTE have retired, and 9.00 FTE have transferred to another agency.

Pay Adjustments

The agency made 165 adjustments to pay increasing annual personal services cost by \$553,200 annually. Pay adjustments include:

- Longevity – 75
- Performance Adjustment – 52
- Market Adjustment – 23
- Career Ladder Adjustment – 10
- Correct Inaccurate Pay – 4
- Reclassification – 1

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s

decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

OTHER ISSUES

Information Technology Projects

Coal Information Management System (CIMS)

The Coal Information Management System (CIMS) is a coal e-permitting system funded with \$1.75 million in federal grants.

CIMS Phase I: The Office of Surface Mining Reclamation and Enforcement (OSMRE) is still determining what direction they want on the Inspection and Enforcement (INE) application. This phase of the CIMS project is on hold pending that decision.

CIMS Phase II: The current application in phase II is DEQ's Bond Reclamation Calculation Estimating Application. This web application will be built by DEQ, and once complete, given to OSMRE where they can make their modifications. Development started on 11/01/21, and DEQ expended \$841,600 year to date. This application is slated to be complete for DEQ by 1/31/2025 and OSMRE's version would then be completed by 6/30/2026.

Fees Application and Compliance Tracking System (FACTS)

The Montana Department of Environmental Quality (DEQ) developed the Fees, Application, and Compliance Tracking System (FACTS) for DEQ's water protection permit applications in 2018. The agency has expended \$104,288 on the project.

Phase III of the FACTS project will expand the FACTS ePermitting system to include:

- Additional DEQ permit applications,
- Development of an end-to-end solution for open-cut permits,
- Small miner exclusion statements,
- Portable air facility registrations,
- Subdivision approval process, and
- Replace current legacy systems in DEQ's air, energy, and mining division and DEQ's engineering and subdivision bureau

The expanded FACTS system will align with state standards, include new and/or refined business functionality required by state and federal law, and meet permitting and application requirements identified in air, energy, and mining's 2019 and the subdivision bureau's 2021 business process assessment.

Update on Decision Packages Approved by the 2021 Legislature

DP 90 - Orphan Share Expanded Use (RST/BIEN)

FY 2022 \$250,000 State Special Revenue

FY 2023 \$250,000 State Special Revenue

The legislature approved expanded use of the orphan share account to allow the Department of Environmental Quality to evaluate and take remedial actions and to respond to a release or threatened release at petroleum or hazardous substance sites. As of May, the agency has expended \$40,262 under this authority.