

DEPARTMENT
OF
ENVIRONMENTAL QUALITY

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

Dept. of Livestock
Dept. of Natural Resources & Conservation
Dept. of Agriculture

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)
Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
Alice Hecht
Barb Wagner

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested Budget FY 2026	Requested Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	55.50	54.50	54.50	(1.00)	(0.9%)	
Proprietary Funds	9,706,865	9,967,209	9,905,297	458,776	2.4%	
Total Funds	9,706,865	9,967,209	9,905,297	458,776	2.4%	
Personal Services	5,394,874	5,346,091	5,357,276	(86,381)	(0.8%)	
Operating Expenses	4,003,552	4,312,679	4,239,582	545,157	6.8%	
Equipment & Intangible Assets	119,739	119,739	119,739		0.0%	
Transfers	5,000	5,000	5,000		0.0%	
Debt Service	183,700	183,700	183,700		0.0%	
Total Expenditures	9,706,865	9,967,209	9,905,297	458,776	2.4%	
Total Ongoing	9,706,865	9,967,209	9,905,297	458,776	2.4%	
Total One-Time-Only					0.0%	

Agency Highlights

Department of Environmental Quality	
Major Budget Highlights	
The department non-budgeted proprietary funding increased by about \$485,800 compared to the base budget. Increases include:	
•	Statewide present law adjustments: \$670,900
•	Information Technology Services Consolidation (Reduction): \$212,100

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Environmental Quality										
2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	0	0	9,706,865	97.4%	0	0	0	9,706,865	98.0%
Statewide PL										
Personal Services	0	0	0	57,262	0.6%	0	0	0	68,448	0.7%
Fixed Costs	0	0	0	309,509	3.1%	0	0	0	236,288	2.4%
Inflation Deflation	0	0	0	(382)	(0.0%)	0	0	0	(258)	(0.0%)
Total Statewide PL	0	0	0	366,389	3.7%	0	0	0	304,478	3.1%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	(106,045)	(1.1%)	0	0	0	(106,046)	(1.1%)
Total Adjustments	0	0	0	260,344	2.6%	0	0	0	198,432	2.0%
Total Requested Budget	0	0	0	9,967,209		0	0	0	9,905,297	

Funding

The following table shows proposed agency funding for all sources of authority.

Total Department of Environmental Quality Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	16,578,651				16,578,651	9.5%
02058 Petroleum Storage Tank Cleanup	7,411,435			10,500,000	17,911,435	10.3%
02201 Air Quality-Operating Fees	7,320,646				7,320,646	4.2%
02278 MPDES Permit Program	7,007,137				7,007,137	4.0%
02988 Hard Rock Mining Reclamation	6,252,704				6,252,704	3.6%
02576 Natural Resources Operations	5,231,196				5,231,196	3.0%
Other State Special Revenue	41,214,043				41,214,043	23.7%
State Special Revenue Total	74,437,161			10,500,000	84,937,161	48.7%
03433 EPA Perf Partnership Grant	12,656,372				12,656,372	7.3%
03036 DEQ - Federal Aml Grant	8,756,129				8,756,129	5.0%
03816 DOI OSM A&E Grant	4,458,027				4,458,027	2.6%
03595 DW24 SRF Grant	3,862,698				3,862,698	2.2%
03231 NPS25 Staffing Grant	2,175,108				2,175,108	1.2%
Other Federal Special Revenue	20,963,330				20,963,330	12.0%
Federal Special Revenue Total	52,871,664				52,871,664	30.3%
06509 DEQ Indirects			19,872,506		19,872,506	11.4%
Proprietary Fund Total			19,872,506		19,872,506	11.4%
Total of All Funds	143,887,476		19,872,506	10,500,000	174,259,982	
Percent of All Sources of Authority	82.6%	0.0%	11.4%	6.0%		

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	55.50	55.50	54.50	54.50
Personal Services	4,474,461	5,145,785	5,394,874	5,346,091	5,357,276
Operating Expenses	2,404,344	3,798,246	4,003,552	4,312,679	4,239,582
Equipment & Intangible Assets	13,720	119,739	119,739	119,739	119,739
Transfers	0	5,000	5,000	5,000	5,000
Debt Service	687,652	183,700	183,700	183,700	183,700
Total Expenditures	\$7,580,177	\$9,252,470	\$9,706,865	\$9,967,209	\$9,905,297
Proprietary Funds	7,580,177	9,252,470	9,706,865	9,967,209	9,905,297
Total Funds	\$7,580,177	\$9,252,470	\$9,706,865	\$9,967,209	\$9,905,297
Total Ongoing	\$7,580,177	\$9,252,470	\$9,706,865	\$9,967,209	\$9,905,297
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

The Central Services Division is funded with a non-budgeted proprietary fund. The legislature does not appropriate funds but rather approves rates for the proprietary fund. The Department of Environmental Quality (DEQ) indirect fund supports common functions across DEQ, including administration, human resources, and information technology. In this regard, the indirect fund can be thought of as the "overhead" of DEQ.

Revenues and Expenses

The fund is supported by a charge against other divisions of DEQ. The percentage of the charge is approved by the United States Environmental Protection Agency.

Rate(s) and Rate Explanation

The rate being requested is a fixed rate that will not exceed 28% of the personal services base. This rate structure has been effective in providing the needed revenue to the internal service fund to provide services to all of the programs.

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

2027 Biennium Report on Internal Service and Enterprise Funds						
Agency # 53010	Agency Name: Department of Environmental Quality			Program Name: Central Management Program		
	Fund	Fund Name				
	06509	DEQ Indirects				
		Actual	Actual	Actual	Budgeted	Budgeted
		FY22	FY23	FY24	FY25	FY26
						Budgeted
						FY27
Operating Revenues:						
Fee and Charges						
	Fee Revenue A	5,259,538	5,371,713	5,144,077	5,896,400	5,896,400
	Fee Revenue B	2,615,685	2,676,172	3,491,653	2,989,355	2,989,355
	Other Operating Revenue	-	-	-	2,500	2,500
	Total Operating Revenues	7,875,223	8,047,885	8,635,730	8,888,255	8,888,255
Expenses:						
	Personal Services	4,155,233	4,253,533	4,384,765	4,003,552	4,143,566
	Other Operating Expenses	3,919,127	3,209,895	3,057,755	4,003,552	4,143,566
	Expense B	-	57,057	52,475	183,700	183,700
	Expense C	492,219	(20,245)	51,757	683,700	683,700
	Total Operating Expenses	8,566,579	7,500,240	7,546,752	8,874,504	9,154,532
	Operating Income (Loss)	(691,356)	547,645	1,088,978	13,751	(266,277)
Nonoperating Revenues:						
Nonoperating Expenses:						
	Total Nonoperating Revenues (Expenses)	-	-	-	-	-
	Income (Loss) Before Contributions and Transfers	(691,356)	547,645	1,088,978	13,751	(266,277)
	Transfers Out	-	21,443	-	5,000	5,000
	Change in Net Position	(691,356)	569,088	1,088,978	18,751	(261,277)
	Beginning Net Position - July 1	(21,574)	(712,930)	(143,842)	945,136	963,887
	Change in Net Position	(691,356)	569,088	1,088,978	18,751	(261,277)
	Ending Net Position - June 30	(712,930)	(143,842)	945,136	963,887	597,747
Net Position (Fund Balance) Analysis						

Changes in Level of Fees and Charges

The percentage has remained the same. However, the percentage split has changed from 24% personal services base, 4% operating services base to 28% personal services base.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The agency expended 81.9% of the FY 2024 budget, leaving \$1.7 million unexpended. Unexpended budget categories include:

- Personal services: \$671,300
- Operating expense: \$1.4 million
- Debt service was over expended: \$504,000
- Other categories: \$124,700

FY 2024 Appropriations Compared to FY 2025 Appropriations

The budget for personal services and operating expense combined increase by 4.9% or \$454,400 in FY 2025 compared to FY 2024.

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 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	57,262	0.00	0	0	0	68,448
DP 2 - Fixed Costs	0.00	0	0	0	309,509	0.00	0	0	0	236,288
DP 3 - Inflation Deflation	0.00	0	0	0	(382)	0.00	0	0	0	(258)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$366,389	0.00	\$0	\$0	\$0	\$304,478

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

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes 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:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

DP 2 - Fixed Costs -

The executive proposes 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, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The executive proposes adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 10100 - ITSD Security Consolidation	(1.00)	0	0	0	(106,045)	(1.00)	0	0	0	(106,046)
Total	(1.00)	\$0	\$0	\$0	(\$106,045)	(1.00)	\$0	\$0	\$0	(\$106,046)

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

DP 10100 - ITSD Security Consolidation -

The executive proposes a reduction of 1.00 PB from Central Management Program (CMP) as part of security consolidation efforts across the Executive Branch.