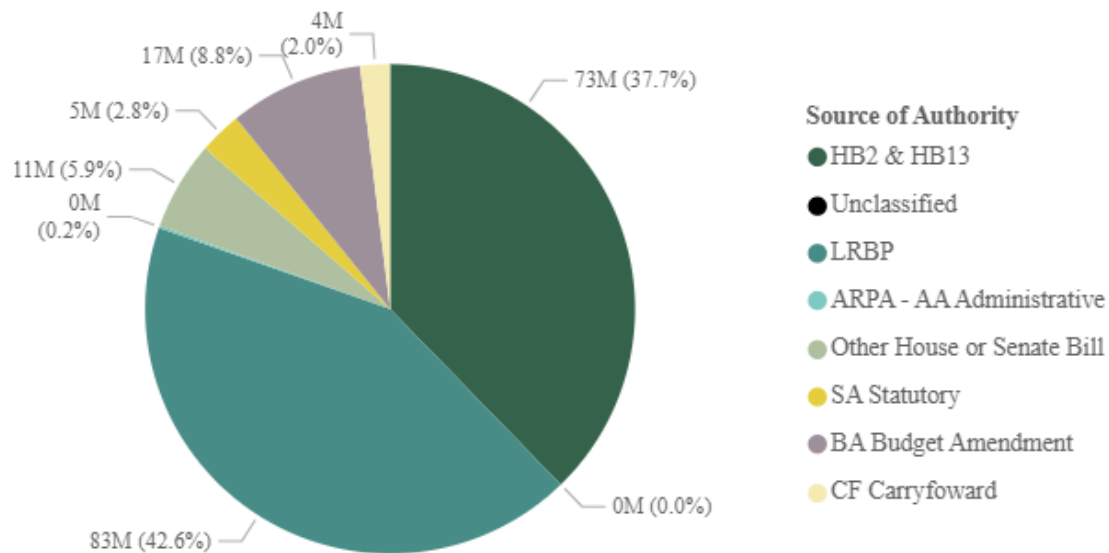


DEPARTMENT OF ENVIRONMENTAL QUALITY

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Department of Environmental Quality is shown in the pie chart below. HB 2 and HB 13 provide 37.7% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
HB2 & HB13	73,367,129	21,108,800	28.8%
BA Budget Amendment	17,187,361	2,120,212	12.3%
CF Carryforward	3,833,944	2,751	0.1%
LRBP	82,893,460	3,225,515	3.9%
Other House or Senate Bill	11,410,100	67,456	0.6%
SA Statutory	5,450,000	1,046,317	19.2%
Unclassified	3,089		
ARPA	301,541	64,265	21.3%
Total	194,446,623	27,635,316	14.2%

Budget Amendments

Statute allows agencies to amend the budget to access additional federal revenues (17-7-402(1)(a)(xii), MCA).

Federal authority added through budget amendments totals \$17.2 million, with 12.3% spent through November of FY 2026.

About \$5.0 million, 27.9% of the amended authority, is directed to addressing acid mine drainage from abandoned coal and metal mines, including \$1.7 million for ongoing surface-water treatment in the Zortman/Landusky mining district and \$3.3 million for additional surface mine reclamation work. Nonpoint-source pollution mitigation received \$3.2 million, and EPA grants totaling \$2.6 million support non-regulatory strategies to reduce greenhouse-gas emissions. Another \$1.8 million is allocated to other water-quality projects.

The High Efficiency Electric Home Rebate Program is budgeted at \$1.2 million for FY 2026, and \$1.3 million is set aside to modernize coal-mining regulatory processes through the Coal E-Permitting system. The budget includes \$939,400 for air-quality monitoring and \$809,400 for operation and maintenance of the Libby Asbestos Superfund site.

Groundwater monitoring at the Smurfit-Stone mill Superfund site is funded at \$334,900; monitoring occurs annually during high-water periods for contaminants such as arsenic, manganese, dioxins/furans, and PCBs.

The table below summarizes federal grants and expenditures authorized through the budget amendment process.

Department of Environmental Quality Budget Amendment Authority			
November FY2026			
<u>Federal Grants</u>	<u>Budgeted</u>	<u>Expended</u>	<u>% Expended</u>
Surface Mine Reclamation	\$3,299,360	\$590,981	17.9%
Nonpoint Source Water Quality Projects	3,158,690	119,934	3.8%
Montana Environmental Protection Agency Pollution Reduction Planning Grant	2,601,623	171,592	6.6%
Zortman and Landusky Water Treatment and Reclamation	1,667,000	773,880	46.4%
Coal E-Permitting	1,340,058	1,322	0.1%
High Efficiency Electric Home Rebate Program	1,187,628	-	0.0%
Air Quality Monitoring Programs	939,423	166,957	17.8%
Lead Monitoring In School Drinking Water	827,099	16,404	2.0%
Libby Operation and Maintenance	809,403	65,450	8.1%
Sewer Overflow And Storm Water Reuse Municipal Grant Program	456,500	20,068	4.4%
Clean Water Act Section 106 Grant	349,767	77,088	22.0%
Smurfit-Stone Mill Groundwater Monitoring	334,937	12,476	3.7%
Water Quality Management Planning Program	131,166	19,351	14.8%
Other It Projects	84,709	84,709	100.0%
Total Federal Budget Amendments	\$17,187,361	\$2,120,212	12.3%

Other Bills

Funding appropriated through HB 5 totals \$11.4 million, constituting 5.9% of the agency's overall budget. This includes appropriations from the general fund for removal of lead in school drinking water. State special revenue designated for petroleum tank remediation is also appropriated in HB 5. Funding for capital projects is included for state building energy conservation and energy efficiency of state buildings.

The table on the next page summarizes authority and expenditures from other bills.

Department of Environmental Quality Appropriation Through Other House or Senate Bills				
General Fund	Fund	Budgeted	Expended	% Expended
HB 5 Section 5(10) School Drinking Water Lead Remediation	General Fund	\$3,089,483	\$12,500	0.4%
HB 971 Revise Environmental Policy Act, Section 2	General Fund	500	-	0.0%
	Total General Fund	\$3,089,983	\$12,500	0.4%
State Special Revenue	Fund			
HB 5 (2021 Legislature) Section 3(6)	Petroleum Tank Remediation	\$2,135,117	\$54,956	2.6%
	Total State Special	\$2,135,117	\$54,956	2.6%
Capital Projects	Fund			
HB 5 State Building Energy Improvements	Energy Conservation Capital Projects	\$500,000	-	0.0%
HB 5 State Building Energy Improvements	American Recovery and Reinvestment Act	5,685,000	-	0.0%
	Total Capital	\$6,185,000	-	0.0%
Total Other House and Senate Bills		\$11,410,100	\$67,456	0.6%

Long-Range Building Program

The Long-Range Building Program (LRBP) funds major repairs, capital development, new facilities, energy conservation, maintenance and renovations, and other projects that require funding beyond the current biennium. The LRBP appropriations that are unspent do not revert at the end of the biennium as with most HB 2 appropriations. Remaining balances are re-appropriated for their original purposes until the projects are completed. The program is administered by the Architecture and Engineering Division of the Department of Administration, but DEQ is involved in certain aspects, particularly related to energy conservation.

In FY 2026, \$82.9 million in federal special revenue funds, 42.6% of the agency's total budget, was budgeted for long-range building program projects.

Major funding includes \$31.9 million from the Department of Energy to improve the reliability and resilience of electrical grids against hazards such as extreme weather, wildfires, and other disruptions. An additional \$27.1 million in Infrastructure Investment and Jobs Act authority targets the removal of PFAs ("forever chemicals") from drinking water. Mine remediation efforts are supported with \$967,400 for the Upper Tenmile Creek Mining District Superfund site near Rimini, and \$11.6 million for Abandoned Mine Land projects. Revolving fund authority totaling \$7.5 million is allocated for drinking water, wastewater, and clean water projects. Brownfield projects received \$1.3 million to assess, clean up, and redevelop potentially contaminated former industrial or commercial properties. Funding to develop smart manufacturing technologies is budgeted \$1.8 million. Lastly, \$443,700 is budgeted to support improvements in solid waste infrastructure.

The table on the following page summarizes the Long-Range Building Program budget for FY 2026.

Department of Environmental Quality Long Range Building Program FYE 2025			
<u>Project</u>	<u>Budget</u>	<u>Expended</u>	<u>% Expended</u>
Energy Efficiency and Grid Resiliency	31,880,736	171,142	0.5%
PFAS ("forever chemicals")	27,145,679	1,145,006	4.2%
Abandon Mines	11,559,977	783,587	6.8%
Drinking Water, Waste Water, and Clean Water	7,520,325	687,366	9.1%
Ten Mile Creek	967,432	19,877	2.1%
Brownfields	1,314,165	269,260	20.5%
Smart Manufacturing Technologies	1,772,351	52,161	2.9%
Solid Waste Infrastructure for Recycling	443,684	60,438	13.6%
Other Projects	289,111	36,678	12.7%
Total Long Range Building and Planning	82,893,460	3,225,515	3.9%

Carryforawrd Authority

After each fiscal year, 30.0% of the unexpended and unencumbered HB 2 appropriations in the prior fiscal year for personal services, operating expenses, and equipment may be approved by OBPP to be carried forward up to two fiscal years following (17-7-304(4)(a), MCA).

The agency has \$3.8 million in total carryforward authority. The carryforward authority consists of \$3.2 million in state special revenue, \$600,000 in federal special revenue, and a small amount of general fund. The agency expended \$2,750 of this authority through November.

Statutory Appropriations

The agency has expended about \$1.0 million of its nearly \$5.5 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. Statutory funding is expended through the Petroleum Tank Release Compensation Board, which is administratively attached to the agency. The Board has expended about \$1.0 million so far in FY 2026.

The 2025 Legislature passed HB 808 Montana Brownfields Revitalization Act creating a state brownfields state special revenue fund to support cleanup and redevelopment of contaminated properties. It defines eligible brownfield sites, gives DEQ authority to oversee and regulate cleanup activities, and repeals older petroleum brownfields statutes. HB 808 transfers \$200,000 of general fund in each year of the 2027 biennium into the new state special revenue account; the fund balance is statutorily appropriated for the Montana brownfields program. Year-to-date this authority has been unexpended.

ARPA

American Rescue Plan Act (ARPA) funding is available for professional engineer review of drinking water and wastewater projects proposed by DNRC. For fiscal year 2026, the agency budgeted \$301,500 and has expended about \$64,300.

HB 2 Budget Modifications

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2025, through November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
Dept of Environmental Quality	73,604,479	73,367,129	-237,350
10 CENTRAL MANAGEMENT PROGRAM	5,610,458	5,607,771	-2,687
20 WATER QUALITY DIVISION	21,694,336	21,694,336	0
40 WASTE MGMT & REMEDIATION DIV	24,684,745	24,684,745	0
50 AIR ENERGY & MINING DIVISION	20,172,676	19,938,013	-234,663
80 LIBBY ASBESTOS SF ADVISORY TM	488,686	488,686	
90 PETRO TANK RELEASE COMP BOARD	953,578	953,578	
Total	73,604,479	73,367,129	-237,350

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
61000 Personal Services	37,760,270	37,718,339	-41,931
62000 Operating Expenses	30,338,990	29,654,721	-684,269
63000 Equipment & Intangible Assets	101,740	337,590	235,850
64000 Capital Outlay		2,689,699	2,689,699
66000 Grants	1,938,835	2,141,835	203,000
67000 Benefits & Claims	425,000	425,000	
68000 Transfers-out	3,039,644	399,945	-2,639,699
Total	73,604,479	73,367,129	-237,350

Fund Type	HB 2 Budget	Modified Budget	Net Modifications
01 General	8,642,702	8,642,295	-407
02 State/Other Spec Rev	38,019,429	37,783,369	-236,060
03 Fed/Other Spec Rev	26,942,348	26,941,465	-883
Total	73,604,479	73,367,129	-237,350

HB 2 modifications decreased authority by about \$237,700 in state special revenue in the Air Energy and Mining Division.

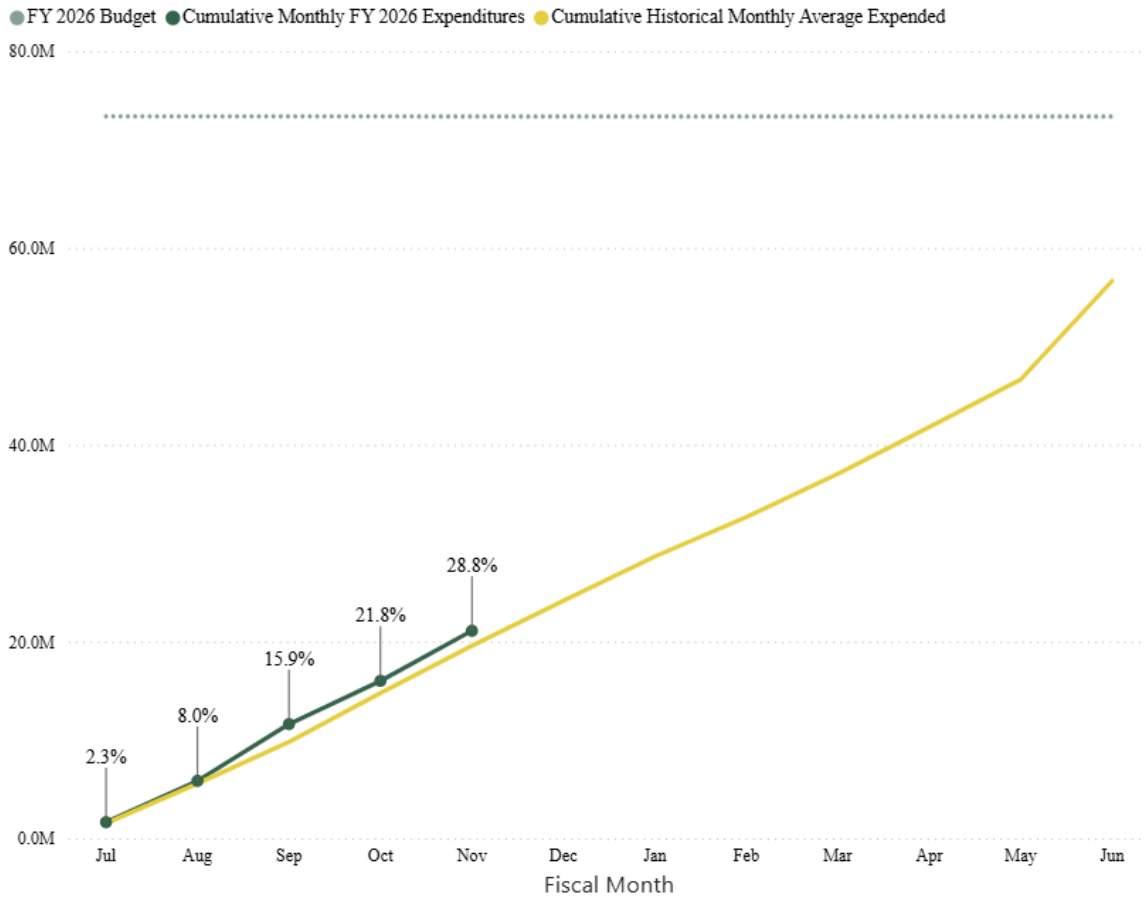
The Montana Legislature passed HB 217 which transfers the state buildings energy conservation program from the Department of Environmental Quality to the Department of Administration. The transfer includes 2.00 positions budgeted (PB) and \$234,700 in state special revenue for personal services and operating costs.

The department moved \$2.6 million in transfer authority and \$684,300 in operating expense to capital outlay, equipment, and grants.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2025.

Monthly Expenditures Compared to Historical Average



In FY 2026 through November, the Department of Environmental Quality has expended \$21.1 million, or 28.8% of its \$73.4 million HB 2 modified budget. This is \$1.5 million more than expected based on the agency's five-year average expenditure rate of 26.7% for the same period. The Waste Management and Remediation Division expended \$1.8 million in federal funds under capital outlays for abandoned mines; historically no capital expenditures have been made in this program during the first quarter.

Personal services, operating expenditures, and other expenditure categories tracked closely to historical averages.

The table on the following page shows expenditure rates through November FY 2026 for the agency compared to average expenditure rates over the previous five years.

Department of Environmental Quality, November FY 2026				
Program Name	Modified	Expended	Percent Expended	
	Budget	Budget	FY 2025	Last 5 Years
Central Management Program	\$5,607,771	\$1,568,916	28.0%	23.9%
Water Quality Division	21,694,336	\$6,489,747	29.9%	29.5%
Waste Mgmt & Remediation Div	24,684,745	\$7,891,358	32.0%	24.9%
Air Energy & Mining Division	19,938,013	\$4,806,194	24.1%	24.8%
Libby Asbestos Sf Advisory Tm	488,686	-	0.0%	0.6%
Petro Tank Release Comp Board	953,578	352,585	37.0%	34.4%
Total	\$73,367,129	\$21,108,800	28.8%	26.7%
Expenditure Category			Percent Expended	
			FY 2025	Last 5 Years
Personal Services	\$37,718,339	\$12,188,140	32.3%	32.7%
Operating Expenses	29,654,721	6,254,215	21.1%	20.6%
Equipment & Intangible Assets	337,590	247,417	73.3%	12.9%
Capital Outlay	2,689,699	1,791,652	66.6%	0.0%
Grants	2,141,835	620,355	29.0%	33.7%
Benefits & Claims	425,000	7,020	1.7%	22.3%
Transfers-Out	399,945	-	0.0%	0.0%
Total	\$73,367,129	\$21,108,800	28.8%	26.7%
Funding Source			Percent Expended	
			FY 2025	Last 5 Years
General Fund	\$8,642,295	\$3,540,992	41.0%	33.0%
State/Other Spec Rev	37,783,369	10,385,781	27.5%	25.5%
Fed/Other Spec Rev	26,941,465	7,182,027	26.7%	25.2%
Total	\$73,367,129	\$21,108,800	28.8%	26.7%

Personal Services

Personal services appropriations for the Department of Environmental Quality total \$37.7 million, with 25.7% expended as of November FY 2026.

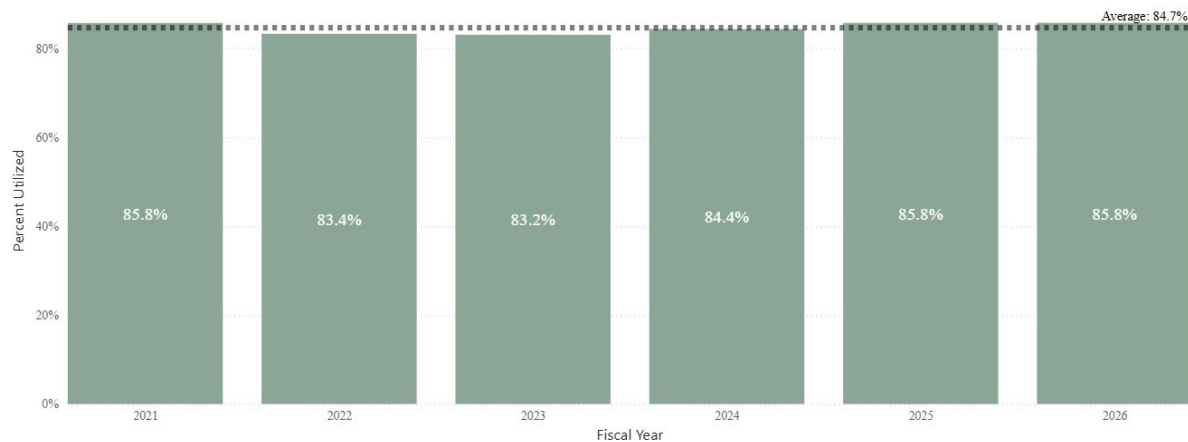
The department has 340.34 HB 2 PB, with 33.7 PB vacant as of November 1. At the beginning of the fiscal year, there were 44.04 vacant PB.

The table below provides a summary of the department's budgeted PB.

Department of Environmental Quality HB 2 PB			
Program	Filled	Vacant	Total
Central Management Program	21.23	1.00	22.23
Water Quality Division	128.50	15.17	143.67
Waste Mgmt & Remediation Div	97.36	5.00	102.36
Air, Energy & Mining Division	86.50	12.53	99.03
Petro Tank Release Comp. Board	6.75	-	6.75
Total	340.34	33.70	374.04

In FY 2026 to date the percentage of budgeted hours utilized was 85.8%, 1.1% higher than the five-year average of 84.7%.

The table below shows the percentage of budgeted hours utilized compared to the five-year historical average.



The table below shows open positions as November 1, 2025. The table includes position description, PB, midpoint pay, and the number of days the position has been open.

Department of Environmental Quality As of Fiscal November 2026							
<u>Division</u>	<u>PB</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>		<u>PB</u>	<u>Months Vacant</u>	<u>Midpoint Pay Rate</u>
Central Management Program				Air, Energy & Mining Division			
Environmental Enforcement Spc	1.00	6.2	32.61	Division Policy Analyst	1.00	26.2	\$39.45
Division Total / Average¹	1.00	6.2	\$32.61	Mining Environmental Scientist	1.00	9.6	32.61
Water Quality Division				Reclamation Specialist	1.00	3.4	32.61
Environmental Compliance Insp	1.00	12.4	\$32.61	Database Analyst	1.00	33.0	39.46
Database Analyst	1.00	7.9	39.46	Program Section Supervisor	1.00	27.5	36.25
Water Quality Permit Writer	1.00	6.0	32.61	Reclamation Specialist	1.00	3.2	32.61
Mining Environmental Scientist	0.17	6.4	32.61	Budget Analyst	1.00	8.7	33.52
Water Quality Permit Writer	1.00	6.0	32.61	Program Support Specialist	1.00	1.3	18.15
Professional Engineer 1	1.00	1.0	40.97	Program Section Supervisor	1.00	13.1	36.25
Professional Engineer 1	1.00	5.4	40.97	Energy Resource Professional	1.00	1.9	36.35
Budget Analyst	1.00	8.7	33.52	Program Section Supervisor	1.00	3.0	36.25
WQ Equipment Specialist	1.00	12.8	26.75	AQ Environmental Scientist	1.00	27.8	32.61
Water Quality Scientist	1.00	6.0	32.61	OTHER/PROF-PROF	0.53	4.1	30.00
Subdivision Review Sanitarian	1.00	2.3	31.77	Division Total / Average¹	12.53	12.8	\$33.68
Engineering Compliance Inspect	1.00	4.0	40.97	Waste Mgmt & Remediation Div			
Grants Contracts Coordinator 1	1.00	7.3	24.51	Environmental Project Officer	1.00	0.9	\$32.61
Program Section Supervisor	1.00	1.0	36.25	Hazardous Waste Specialist	1.00	2.7	32.61
Program Support Specialist	1.00	3.2	18.15	Environmental Project Officer	1.00	6.0	32.61
IT Systems Administrator 2	1.00	11.1	46.88	Professional Engineer 1	1.00	10.0	40.97
Division Total / Average¹	15.17	6.3	\$34.03	Environmental Project Officer	1.00	9.2	32.61
				Division Total / Average¹	5.00	5.8	\$34.28
				Grand Total¹	33.70	8.7	\$33.89

¹ Averages for months vacant and pay rate are weighted by PB

In the first quarter of the year, 2.00 PB associated with the state buildings energy conservation program were transferred to the Department of Administration in accordance with HB 217. So far in FY 2026 eight employees left state government, and an additional five retired.

OTHER ISSUES

Information Technology Project Expenditures

IT projects include development of a Coal e-Permitting System, beginning with Phase I of a five-phase project. Phase I includes developing the e-Permit system, web-enabling Montana's coal database, and integrating the Office of Surface Mining Reclamation and Enforcement's two legacy systems.

The table below summarizes the IT projects.

Large Information Technology Projects Original and Revised Budgets						
<u>Project</u>	<u>Start Date</u>	<u>Status</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Expended</u>	<u>Percent Expended</u>
Coal Information Management System (CIMS)	6/27/2016	On-Hold	1,750,000	1,750,000	709,043	40.5%
Coal Information Management System (CIMS): Phase II	10/22/2021	On-Hold	833,000	833,000	461,375	55.4%

Status of Line-Itemed Decision Packages, 2023 Legislature

DP 10200 - MEPA Environmental Program Review (RST/BIEN/OTO)

FY 2024 – \$100,000 General Fund

FY 2025 – \$100,000 General Fund

The legislature approved a restricted, biennial, and one-time-only appropriation of general fund to support programmatic reviews and categorical exclusions to streamline Montana Environmental Policy Act (MEPA) analysis. The department shall examine internal processes and work with other state agencies to prioritize actions that should be addressed by programmatic reviews and categorical exclusions.

Year-to-date this authority is unexpended.

Required Reports

Required reports for the agency can be found by clicking the link below.

[Required Reports](#)