

**Department 303 - Department of Environmental Quality
Senate Bill No. 2024**

Executive Budget Comparison to Prior Biennium Appropriations

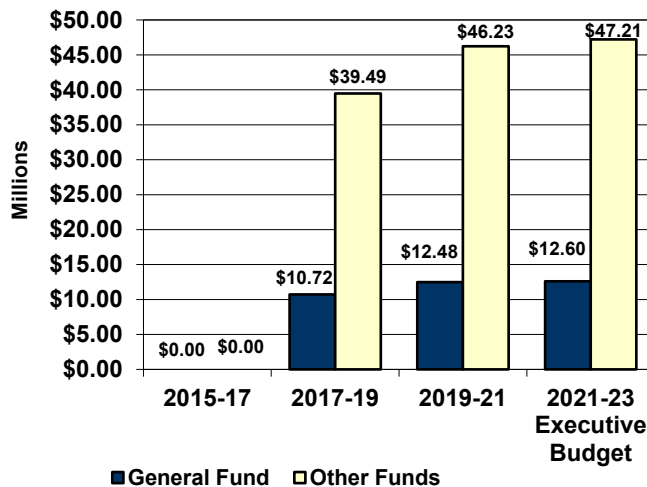
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	166.00	\$12,597,698	\$47,209,656	\$59,807,354
2019-21 Legislative Appropriations ¹	165.50	12,480,922	46,233,574	58,714,496
Increase (Decrease)	.50	\$116,776	\$976,082	\$1,092,858

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional special funds of \$17,658 transferred from the state's litigation pool and federal Coronavirus (COVID-19) funds authority of \$927,500 resulting from Emergency Commission action during the 2019-21 biennium.

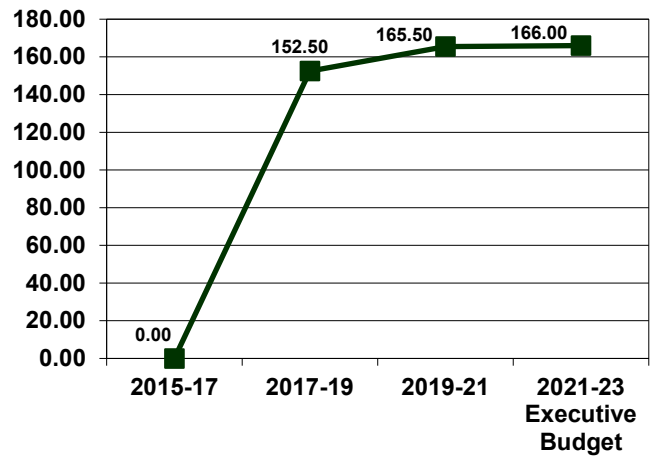
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$12,597,698	\$0	\$12,597,698
2019-21 Legislative Appropriations	12,480,922	0	12,480,922
Increase (Decrease)	\$116,776	\$0	\$116,776

Agency Funding¹



FTE Positions¹



¹In Senate Bill No. 2327 (2017), the Legislative Assembly transferred the Environmental Health Section of the State Department of Health to the new Department of Environmental Quality. Funding and FTE positions prior to the 2017-19 biennium are not available.

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$12,597,698	\$47,209,656	\$59,807,354
2021-23 Base Level	12,480,922	45,193,574	57,674,496
Increase (Decrease)	\$116,776	\$2,016,082	\$2,132,858

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$784,398 is for salary increases, \$8,086 is for health insurance increases, and \$159,299 is for retirement contribution increases. The Senate added salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on	\$287,805	\$663,978	\$951,783

July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month. The Senate did not add funding for retirement contribution increases.

2. Adjusts base payroll	\$735,778	\$540,462	\$1,276,240
3. Decreases funding for temporary salaries	(\$138,050)	\$0	(\$138,050)
4. Transfers 1 FTE computer and network specialist III position to the Information Technology Department for the information technology (IT) unification initiative and reduces salaries and wages \$224,357 and increases operating expenses \$224,357. The Senate IT unification initiative increased operating expenses by \$230,134, including \$224,357 for base salaries and \$5,777 for salary and benefit increases related to the position transferred.	\$0	\$0	\$0
5. Removes 2 FTE environmental scientist II positions paid from the general fund (Positions are restored from special funds - See items 6, 7, and 8 below)	(\$360,800)	\$0	(\$360,800)
6. Adds .5 FTE environmental scientist III position and related funding for salaries and wages	\$0	\$66,879	\$66,879
7. Adds .5 FTE accounting/budget analyst III position, including salaries and wages of \$110,099 and related operating expenses of \$8,201	\$0	\$118,300	\$118,300
8. Adds 1 FTE environmental scientist II position, including salaries and wages of \$152,169 and related operating expenses of \$33,331 in the petroleum tank release program to adjust the funding source to special funds	\$0	\$185,500	\$185,500
9. Adds 1.5 FTE accounting positions, including 1 FTE accounting manager II position and .5 accounting/budget specialist III position, and related funding for salaries and wages of \$329,622 and reduces funding for operating expenses by \$470,361 related to accounting services provided by the State Department of Health	\$0	(\$140,739)	(\$140,739)
10. Increases funding from fees for boiler inspection program operating expenses	\$0	\$200,000	\$200,000
11. Removes funding for operating expenses related to the water treatment system operator certificate program. The Senate did not remove funding for the water treatment system operator certificate program.	(\$125,000)	\$0	(\$125,000)
12. Decreases funding for operating expenses	(\$614,873)	\$0	(\$614,873)
13. Adds funding from pollutant discharge elimination system program fees for operating expenses to develop a web-based application reporting system for the North Dakota pollutant discharge elimination system program	\$0	\$343,732	\$343,732
14. Cost to continue increases in operating expenses (\$1,168,827) and grants (\$113,000), including funding to fully fund the Quad O and Quad Oa program, increases in IT data processing, IT equipment, and repairs	\$362,474	\$919,353	\$1,281,827
15. Decreases funding for Volkswagen settlement grants to provide a total of \$4,485,118	\$0	(\$914,411)	(\$914,411)
16. Adds funding for Microsoft Office 365 licensing expenses	\$5,618	\$13,109	\$18,727
17. Adjusts funding for bond and capital payments to provide a total of \$119,972, of which \$59,581 is from the general fund	(\$34,110)	(\$62,347)	(\$96,457)
18. Adjusts funding for extraordinary repairs to provide a total of \$24,000, of which \$4,800 is from the general fund	(\$2,066)	(\$934)	(\$3,000)
19. Adjusts funding for equipment and IT equipment over \$5,000 to provide a total ongoing appropriation of \$1,103,200 of other funds	\$0	\$83,200	\$83,200

Other Sections in Senate Bill No. 2024

Environment and rangeland protection fund - Section 3 authorizes the department to spend \$250,000 from the environment and rangeland protection fund for the ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

Petroleum tank release compensation fund - Section 4 authorizes the department to spend up to \$773,787 from the petroleum tank release compensation fund for expenses related to the petroleum tank release program.

Boiler inspection certificate - Section 5 amends North Dakota Century Code Section 23.1-16-10 to increase the fee for a boiler inspection certificate from \$20 to \$35.

Legislative intent - Federal coronavirus relief funds - Section 6 provides legislative intent that the department use federal coronavirus relief funds available for wastewater testing before accessing the general fund deficiency appropriation in House Bill No. 1025. The House did not include a deficiency appropriation for the Department of Environmental Quality in House Bill No. 1025.

Legislative Management report - Low-carbon initiative - Section 7 requires the department to gather information from private industry, private organizations, and government that relates to carbon reduction initiatives, rules, or policies that will affect North Dakota residents and industries and report to the Legislative Management.

Continuing Appropriations

Environmental quality restoration fund - Sections 23-31-01 and 23-31-02 - Allows the Department of Environmental Quality to provide immediate and timely response to catastrophic events that threaten the public and environmental health and when the responsible party is late in responding or cannot be located.

Deficiency Appropriation

The Department of Environmental Quality has requested a general fund deficiency appropriation of \$1.4 million for a wastewater testing project. **(The House did not include a deficiency appropriation for the Department of Environmental Quality in House Bill No. 1025 because funding was provided in House Bill No. 1395.)**

Significant Audit Findings

The Department of Environmental Quality is scheduled for an audit in the third quarter of 2021.

Major Related Legislation

Senate Bill No. 2070 - Expands the use of the environmental quality restoration fund to include environmental incidents and contaminated property and provides a continuing appropriation to the Department of Environmental Quality for costs of environmental assessment, removal, corrective action, or monitoring as determined on a case-by-case basis.

House Bill No. 1395 - Provides an appropriation of \$745,000 from the federal Coronavirus Relief Fund as approved by the Emergency Commission and Budget Section for the Department of Environmental Quality for a wastewater testing project during the 2019-21 biennium.

Department of Environmental Quality - Budget No. 303
Senate Bill No. 2024
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	165.50	\$12,480,922	\$45,193,574	\$57,674,496	165.50	\$12,480,922	\$45,193,574	\$57,674,496
2021-23 Ongoing Funding Changes								
Base payroll changes		\$735,778	\$540,462	\$1,276,240		\$735,778	\$540,462	\$1,276,240
Salary increase		237,255	547,143	784,398		226,935	544,350	771,285
Retirement contribution increase		48,108	111,191	159,299				0
Health insurance increase		2,442	5,644	8,086		2,442	5,644	8,086
Decreases funding for temporary salaries		(138,050)		(138,050)		(138,050)		(138,050)
Transfers 1 FTE computer and network specialist III position to the Information Technology Department for the information technology unification initiative and reduces salaries and wages by \$224,357 and increases operating expenses by \$230,134	(1.00)			0	(1.00)	2,022	3,755	5,777
Removes 2 FTE environmental scientist II positions (Positions are restored from special funds as shown below)	(2.00)	(360,800)		(360,800)	(2.00)	(360,800)		(360,800)
Adds .5 FTE environmental scientist position and related funding for salaries and wages	0.50		66,879	66,879	0.50		66,879	66,879
Adds .5 FTE accounting/budget analyst III position, including salaries and wages of \$110,099 and related operating expenses of \$8,201	0.50		118,300	118,300	0.50		118,300	118,300
Adds 1 FTE environmental scientist II position, including salaries and wages of \$152,169 and related operating expenses of \$33,331 in the petroleum tank release program to adjust the funding source to special funds	1.00		185,500	185,500	1.00		185,500	185,500

Adds 1.5 FTE accounting positions and related funding for salaries and wages of \$329,622 and reduces funding for operating expenses by \$470,361 related to accounting services provided by the State Department of Health	1.50	(140,739)	(140,739)	1.50	(140,739)	(140,739)		
Increases funding from fees for boiler inspection program operating expenses		200,000	200,000		200,000	200,000		
Removes funding for operating expenses related to the water treatment system operator certificate program		(125,000)	(125,000)			0		
Decreases funding for operating expenses		(614,873)	(614,873)		(614,873)	(614,873)		
Adds funding from pollutant discharge elimination system program fees for operating expenses to develop a web-based application reporting system for the North Dakota pollutant discharge elimination system program		343,732	343,732		343,732	343,732		
Cost to continue increases in operating expenses (\$1,168,827) and grants (\$113,000), including funding to fully fund the Quad O and Quad Oa program, increases in IT data processing, IT equipment, and repairs		362,474	919,353	1,281,827	362,474	919,353	1,281,827	
Decreases funding for Volkswagen settlement grants to provide a total of \$4,485,118		(914,411)	(914,411)		(914,411)	(914,411)		
Adds funding for Microsoft Office 365 licensing expenses		5,618	13,109	18,727	5,618	13,109	18,727	
Adjusts funding for bond and capital payments to provide a total of \$119,972, of which \$59,581 is from the general fund		(34,110)	(62,347)	(96,457)	(34,110)	(62,347)	(96,457)	
Adjusts funding for extraordinary repairs to provide a total of \$24,000, of which \$4,800 is from the general fund		(2,066)	(934)	(3,000)	(2,066)	(934)	(3,000)	
Adjusts funding for equipment and information technology equipment over \$5,000 to provide a total ongoing appropriation of \$1,103,200 of other funds			83,200	83,200		83,200	83,200	
Total ongoing funding changes	0.50	\$116,776	\$2,016,082	\$2,132,858	0.50	\$185,370	\$1,905,853	\$2,091,223

One-time funding items

No one-time funding items		\$0	\$0	\$0		\$0	\$0	\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.50	\$116,776	\$2,016,082	\$2,132,858	0.50	\$185,370	\$1,905,853	\$2,091,223
2021-23 Total Funding	166.00	\$12,597,698	\$47,209,656	\$59,807,354	166.00	\$12,666,292	\$47,099,427	\$59,765,719
<i>Total ongoing changes as a percentage of base level</i>	<i>0.3%</i>	<i>0.9%</i>	<i>4.5%</i>	<i>3.7%</i>	<i>0.3%</i>	<i>1.5%</i>	<i>4.2%</i>	<i>3.6%</i>
<i>Total changes as a percentage of base level</i>	<i>0.3%</i>	<i>0.9%</i>	<i>4.5%</i>	<i>3.7%</i>	<i>0.3%</i>	<i>1.5%</i>	<i>4.2%</i>	<i>3.6%</i>

Other Sections in Department of Environmental Quality - Budget No. 303

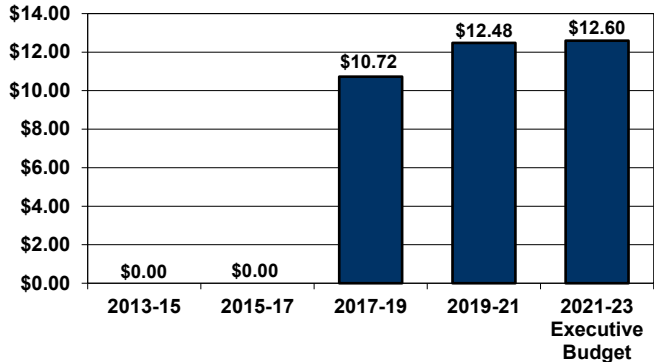
	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Environment and rangeland protection fund	Section 3 would authorize the department to spend \$250,000 from the environment and rangeland protection fund for the ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.	Section 3 authorizes the department to spend \$250,000 from the environment and rangeland protection fund for the ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.
Petroleum tank release compensation fund		Section 4 authorizes the department to spend up to \$773,787 from the petroleum tank release compensation fund for expenses related to the petroleum tank release program.
Boiler inspection certificate		Section 5 amends Section 23.1-16-10 to increase the fee for a boiler inspection certificate from \$20 to \$35. These amendments are also provided in Senate Bill No. 2052.
Legislative intent - Federal coronavirus relief funds		Section 6 provides legislative intent that the department use federal coronavirus relief funds available for wastewater testing before accessing the general fund deficiency appropriation in House Bill No. 1025.
Legislative Management report - Low-carbon Initiative		Section 7 requires the department to gather information from private industry, private organizations, and government that relates to carbon reduction initiatives, rules, or policies that will affect North Dakota residents and industries and report to the Legislative Management.

Department 303 - Department of Environmental Quality

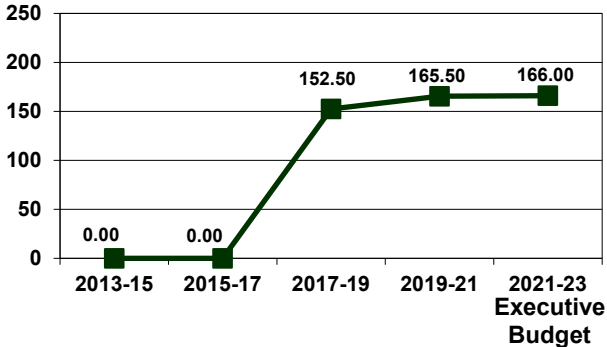
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Agency Funding (in Millions)¹



FTE Positions¹



Ongoing General Fund Appropriations ¹					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	N/A	N/A	\$10,724,151	\$12,480,922	\$12,597,698
Increase (decrease) from previous biennium	N/A	N/A	N/A	\$1,756,771	\$116,776
Percentage increase (decrease) from previous biennium	N/A	N/A	N/A	16.4%	0.9%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	N/A	N/A	N/A	N/A

¹In Senate Bill No. 2327 (2017), the Legislative Assembly transferred the Environmental Health Section of the State Department of Health to the new Department of Environmental Quality. Funding and FTE positions prior to the 2017-19 biennium are not available.

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium

- 1. Added funding for costs related to the Environmental Protection Agency lawsuit \$500,000
- 2. Added funding, including \$500,010 from special funds, for 10 FTE positions in the Environmental Health Section, including air quality (3 FTE positions), municipal facilities (2 FTE positions), waste management (2 FTE positions), and water quality (3 FTE positions) to meet increased demands in oil-impacted areas, including salaries and wages (\$1,388,986) and operating expenses (\$315,518) \$1,204,494

2017-19 Biennium

- 1. Removed 1 FTE electronics technician II position from the Air Quality Division of the Environmental Health Section and related funding for salaries and wages (\$111,233)
- 2. Adjusted the funding source for litigation fees related to the Environmental Protection Agency lawsuit to provide funding from the strategic investment and improvements fund instead of the general fund (\$500,000)

2019-21 Biennium

- 1. Removed 3 FTE positions, including 1 FTE administrative assistant, 1 FTE office assistant, and 1 FTE legal assistant, and related funding for salaries and wages (\$94,123)
- 2. Added 2 FTE positions and related funding from the general fund and the petroleum tank release compensation fund for salaries and wages and operating expenses to transfer the petroleum tank release program from the Insurance Department to the Department of Environmental Quality \$297,217
- 3. Added 2 FTE positions and funding for salaries and wages in the 1st year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs \$384,356
- 4. Added 8 FTE positions and funding in the 2nd year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, including funding for salaries and wages of \$889,640 and operating expenses of \$359,305 \$1,056,767
- 5. Reduced funding for operating expenses related to training water treatment system operators to provide a total of \$125,000 from the general fund (\$55,000)

6. Added funding for Microsoft Office 365 licensing expenses	\$20,048
2021-23 Biennium (Executive Budget Recommendation)	
1. Decreases funding for temporary salaries	(\$138,050)
2. Decreases funding from the general fund for salaries and wages to allocate 1 FTE environmental scientist II position to two .5 FTE special funded positions and provides for a funding source change for 1 FTE environmental scientist II position to special funds for the petroleum tank release program	(\$360,800)
3. Removes funding for operating expenses related to the water treatment system operator certificate program. The Senate did not remove funding for the water treatment system operator certificate program.	(\$125,000)
4. Decreases funding for operating expenses	(\$614,873)
5. Cost to continue increases in operating expenses (\$1,168,827) and grants (\$113,000), including funding to fully fund the Quad O and Quad Oa program, increases in IT data processing, IT equipment, and repairs	\$362,474

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF ENVIRONMENTAL QUALITY
AS SUBMITTED BY THE
OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state department of environmental quality for the purpose of defraying the expenses of the state department of environmental quality, for the biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$30,587,358	\$2,163,585	\$32,750,943
Operating Expenses	9,962,180	786,941	10,749,121
Capital Assets	1,263,429	(16,257)	1,247,172
Grants	<u>15,861,529</u>	<u>(801,411)</u>	<u>15,060,118</u>
Total All Funds	\$57,674,496	\$2,132,858	\$59,807,354
Less Estimated Income	<u>45,193,574</u>	<u>2,016,082</u>	<u>47,209,656</u>
Total General Fund	\$12,480,922	\$ 116,776	\$12,597,698
Full-Time Equivalent Positions	165.50	0.50	166.0

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Air Pollution Program Equipment	<u>\$1,040,000</u>	<u>\$ 0</u>
Total All Funds	\$1,040,000	\$ 0
Less Estimated Income	<u>1,040,000</u>	<u>0</u>
Total General Fund	\$ 0	\$ 0

SECTION 3. ENVIRONMENT AND RANGELAND PROTECTION FUND. The estimated income line item included in section 1 of this Act includes \$250,000, or so much of the sum as may be necessary, to be made available to the state department of environmental quality from the environment and rangeland protection fund, for the biennium beginning July 1, 2021 and ending June 30, 2023. This amount includes \$50,000 for a grant to the North Dakota stockmen's association environmental services program.