

**Department of Environmental Quality
Budget No. 303
House Bill No. 1024; Senate Bill No. 2015**

	FTE Positions	General Fund	Other Funds	Total
2023-25 legislative appropriations	173.00	\$15,822,024	\$101,936,886	\$117,758,910
2023-25 base budget	166.00	12,661,075	46,969,930	59,631,005
Legislative increase (decrease) to base budget	7.00	\$3,160,949	\$54,966,956	\$58,127,905

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2023-25 legislative appropriations	\$15,634,224	\$187,800	\$15,822,024
2021-23 legislative appropriations	12,661,075	1,000,000	13,661,075
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$2,973,149	(\$812,200)	\$2,160,949
Percentage increase (decrease) to 2021-23 appropriations	23.5%	(81.2%)	15.8%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		\$81,541	\$149,916	\$231,457
Added funding from federal funds for base budget adjustments, including increases in salaries and wages (\$259,515), operating expenses (\$2,338,313), and grants (\$778,000) and a decrease in capital assets of \$113,700			3,262,128	3,262,128
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024		673,222	1,602,721	2,275,943
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month		266,594	615,676	882,270
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget		(947,910)	(2,795,634)	(3,743,544)
Added equity funding for salaries and wages to reclassify chemist and environmental scientist positions		2,000,000		2,000,000

Added funding from federal and special funds for 1 FTE natural resource services III position and related operating expenses of \$7,500	1.00		226,162	226,162
Added funding from federal funds for 2 FTE engineering and planning services VI positions and related operating expenses of \$97,500	2.00		608,784	608,784
Added funding, including funding from federal and special funds, for 1 FTE human resource director position in the Office of the Director and related operating expenses of \$15,165	1.00	94,718	175,903	270,621
Added funding, including funding from federal and special funds, for 1 FTE assistant director in the Office of the Director and related operating expenses of \$15,167	1.00	127,704	237,169	364,873
Added funding, including funding from federal and special funds, for 1 FTE civil rights and environmental justice position in the Office of the Director and related operating expenses of \$25,168	1.00	85,341	158,491	243,832
Added funding, including funding from federal and special funds, for 1 FTE accountant budget specialist III position in the Office of the Director and related operating expenses of \$10,500	1.00	80,141	148,835	228,976
Increased federal funding for temporary salaries related to lead line inventory			274,560	274,560
Added funding for operating expenses related to laboratory information management system maintenance and hosting		280,000		280,000
Added funding, including funding from federal and special funds, for operating expenses related to Information Technology Department rate increases		136,379	86,842	223,221
Added funding from special funds for operating expenses related to lead and copper testing			184,000	184,000
Increased federal funding for operating expenses related to printing lead and copper program materials			10,000	10,000
Added federal funding for operating expenses related to ongoing licensing and maintenance of the drinking water system database			100,000	100,000
Added federal funding for operating expenses for professional services related to a lead line service replacement project			150,000	150,000
Added funding, including federal funds, for operating expenses related to environmental data system maintenance		115,000	35,000	150,000
Removed funding, including funding from federal funds, for 2021-23 biennium bond payment		(59,581)	(60,391)	(119,972)

Added federal funding for grants related to Infrastructure Investment and Jobs Act (IIJA) municipal facilities and lead and copper programs		21,000,000	21,000,000
Added federal funding related a Climate Pollution Reduction Act grant, including funding for salaries and wages, operating expenses, and grants		2,000,000	2,000,000
Added one-time funding for operating expenses related to chemistry laboratory inflation	116,800		116,800
Added one-time funding from federal funds for operating expenses related to administering the IIJA municipal facilities revolving loan fund, including office and information technology equipment		22,350	22,350
Added one-time funding from federal funds for operating expenses to upgrade the drinking water program portal		325,000	325,000
Added one-time funding for operating expenses, including funding from federal and special funds, for environmental data system development	71,000	1,294,444	1,365,444
Added one-time funding from federal funds for equipment over \$5,000 related to administering IIJA municipal facilities revolving loan fund		155,000	155,000
Added one-time funding from federal funds for lead pipe removal and clean water project grants		25,000,000	25,000,000
Added funding for Onsite Wastewater Recycling Technical Committee meeting expense reimbursement (Senate Bill No. 2015)	40,000		40,000
Total	<u>7.00</u>	<u>\$3,160,949</u>	<u>\$54,966,956</u>

FTE Changes

The Legislative Assembly approved 173 FTE positions for the Department of Environmental Quality (DEQ) for the 2023-25 biennium, an increase of 7 FTE positions from the 2021-23 biennium, as follows:

FTE Position Description	FTE Position	General Fund	Other Funds	Total
Natural resource services III position	1.00		\$218,662	\$218,662
Engineering and planning services VI positions	2.00		511,284	511,284
Human resource director position	1.00	\$89,410	166,046	255,456
Assistant director position	1.00	122,397	227,309	349,706
Civil rights and environmental justice position	1.00	76,533	142,131	218,664
Accountant budget specialist III position	1.00	76,466	142,010	218,476
Total	7.00	\$364,806	\$1,407,442	\$1,772,248

One-Time Funding

The following is a summary of one-time funding items for DEQ for the 2023-25 biennium:

	General Fund	Other Funds	Total
Chemistry laboratory inflation	\$116,800		\$116,800
IIJA municipal facilities revolving loan fund administration		\$177,350	177,350
Drinking water program portal		325,000	325,000
Environmental data systems upgrade	71,000	1,294,444	1,365,444
Lead pipe removal and clean water project grants		25,000,000	25,000,000
Total	\$187,800	\$26,796,794	\$26,984,594

Other Sections in House Bill No. 1024

Lead pipe removal and clean water project grants - Section 3 appropriates \$25 million of one-time funding from federal funds, not otherwise appropriated, to DEQ for grants to political subdivisions with a population of 10,000 or less for lead pipe removal and other projects eligible for funding from the clean water state revolving loan fund. The department must require a political subdivision grant recipient to provide 25 percent matching funds and the department may not award grants in excess of \$5,000,000 to a political subdivision.

Environment and rangeland protection fund - Section 4 authorizes the department to spend \$250,000 from the environment and rangeland protection fund for 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 release compensation fund - Section 5 authorizes the department to spend \$723,595 from the petroleum release compensation fund for expenses related to the petroleum tank release program.

Environmental quality restoration fund and fund revenues - Sections 6 and 7 remove the balance requirement in the environmental quality restoration fund to receive deposits and provide if, on the 1st day of July in any year, the amount of uncommitted or unrestricted money in the environmental quality restoration fund is more than \$5 million, the amount in excess of \$5 million must be transferred to the general fund.

Exemption - Laboratory information management system project carryover - Section 8 allows the department to continue unexpended one-time funding provided during the 2021-23 biennium for the laboratory information management system project.

Related Legislation

House Bill No. 1089 (2023) - Solid waste pilot projects - Requires DEQ to adopt rules to establish standards and requirements for solid waste pilot projects.

Senate Bill No. 2015 - Onsite Wastewater Recycling Technical Committee meeting expense reimbursement and funding pools - Section 6 provides an appropriation of \$40,000 from the general fund to DEQ for meeting expense reimbursement for members of the Onsite Wastewater Recycling Technical Committee.

Senate Bill No. 2015 - Funding pools - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$171,256, of which \$51,295 is from the general fund and \$119,961 is from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.

Senate Bill No. 2118 (2023) - Abandoned motor vehicles - Amends sections relating to abandoned motor vehicles and the abandoned motor vehicle disposal process.