

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
ENVIRONMENTAL QUALITY**



Analyst: Viola Bay Wild

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$9,021,200	\$9,401,900	\$380,700	4.2	\$9,401,900	0	0.0
Federal	161,687,500	150,929,700	(10,757,800)	(6.7)	150,929,700	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	533,200	541,800	8,600	1.6	541,800	0	0.0
Restricted	231,275,600	322,190,900	90,915,300	39.3	325,255,800	3,064,900	1.0
GF/GP	29,812,400	29,104,500	(707,900)	(2.4)	28,526,700	(577,800)	(2.0)
Gross	\$432,329,900	\$512,168,800	\$79,838,900	18.5	\$514,655,900	\$2,487,100	0.5
FTEs	1,327.5	1,291.5	(36.0)	(2.7)	1,291.5	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Funding Authorization Reductions	Gross	N/A	(\$1,937,000)	\$0
Reduces restricted funding by \$1.9 million to align with anticipated revenues. Restricted funds reduced include Water Analysis Fund, Waste Reduction Fund, Septage Waste License Fees, Hazardous Materials Transport Permit Fund, Infrastructure Construction Fund, and CMI Clean Water Fund.	Restricted	N/A	(1,937,000)	0
2. Great Lakes Restoration Initiative (GLRI)	Gross	\$25,000,000	(\$10,000,000)	\$0
Decreases federal EPA authorization for GLRI funding by \$10.0 million. Funding is reduced because many GLRI grants are being awarded directly to locals rather than to DEQ as a pass-through agency.	Federal	25,000,000	(10,000,000)	0
3. Hazardous Waste Management Program Fee Increase	Gross	N/A	\$0	(\$400,000)
Replaces one-time restricted funding used in FY 2012-13 that is no longer available with \$1.5 million restricted funding to be generated by a fee increase from restructuring the Hazardous Waste Management Fees. In addition, eliminates \$400,000 federal funding to align with anticipated revenues and replaces that funding with \$400,000 one-time GF/GP in FY 2013-14.	Federal	N/A	(400,000)	0
	GF/GP	N/A	\$400,000	(\$400,000)
4. Leaking Underground Storage Tanks (LUST) Cleanups	Gross	\$30,000,000	\$2,500,000	\$0
Includes additional \$2.5 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites. Funding is available by replacing \$2.5 million of RPF revenues currently used for debt service in Treasury with GF/GP funding.	Restricted	30,000,000	2,500,000	0

Major Budget Changes From FY 2012-13 YTD Appropriations		Executive Changes			
		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15	
5. Underground and Aboveground Storage Tank Inspection/Permitting Program		FTE	37.0	(37.0)	0.0
Reduces restricted funding by \$3.7 million and federal funding by \$1.3 million and eliminates 37.0 FTE positions to reflect the transfer to LARA of the underground and aboveground storage tank programs. Transfer authorized by E.O. 2012-14.		Gross	\$4,925,700	(\$4,925,700)	\$0
	Federal	1,255,300	(1,255,300)	0	
	Restricted	3,670,400	(3,670,400)	0	
6. Strategic Water Quality Initiatives Funding (SWQIF)		Gross	N/A	\$100,000,000	\$0
Includes additional \$100.0 million restricted funding from SWQIF bond revenues. Provides \$97.0 million funding for the SWQIF grants and loans program which makes awards to local governments to improve sewage collection and treatment systems and \$3.0 million to establish the new wetland mitigation bank funding program to provide grants and loans to eligible municipalities.		Restricted	N/A	100,000,000	0
7. Office of the Great Lakes		Gross	\$500,000	\$0	\$0
Includes \$500,000 GF/GP funding to support the Office of Great Lakes and to satisfy the state's responsibilities under the Great Lakes Compact Agreement. Funding replaces restricted funding that is no longer available.		Restricted	500,000	(500,000)	0
	GF/GP	\$0	\$500,000	\$0	
8. Wetlands Funding		FTE	24.0	1.0	0.0
Funds Wetlands Program at \$2.1 million Gross (\$1.6 million GF/GP). Reclassifies \$1.0 million GF/GP one-time funding in current year for Wetlands Program to on-going base funding and includes additional \$100,000 GF/GP funding and 1.0 FTE for a Wetlands Ombudsman. One-time GF/GP support totals \$600,000 for FY 2013-14.		Gross	\$2,000,000	\$100,000	(\$600,000)
	Federal	500,000	0	0	
	GF/GP	\$1,500,000	\$100,000	(\$600,000)	
9. Revenue Alignment Adjustments		Gross	N/A	\$229,400	\$0
Includes additional \$234,400 IDG authorization to receive additional funding from the Michigan Department of State Police to more accurately reflect the DEQ's costs associated with the radiological protection program. Decreases restricted funding by \$5,000 for IT charges due to program rate changes.		IDG	N/A	234,400	0
	Restricted	N/A	(5,000)	0	
10. Surface Water Quality Program		Gross	N/A	\$200,000	0
Includes additional \$200,000 GF/GP funding to be used as matching funds for federal grants available for enforcement, the issuance of permits, and compliance activities concerning water quality.		GF/GP	N/A	\$200,000	\$0
11. Cost Allocation Adjustment		Gross	N/A	\$0	\$0
Adjusts funding to reflect cost allocation changes from FY 2012-13.		IDG	N/A	22,500	0
	Federal	N/A	(36,500)	0	
	Restricted	N/A	14,000	0	
12. Information Technology Upgrades		Gross	N/A	\$90,300	\$0
Includes additional \$90,300 (\$4,600 GF/GP) funding for wireless infrastructure and Internet bandwidth rate increases.		IDG	N/A	2,600	0
	Federal	N/A	18,300	0	
	Restricted	N/A	64,800	0	
	GF/GP	N/A	\$4,600	\$0	
13. Removal of FY 2012-13 One-Time Supplemental Funding — Aquifer Protection Program		Gross	\$600,000	(\$600,000)	\$0
Eliminates \$600,000 supplemental funding for the Aquifer Protection Program appropriated in P.A. 305 of 2012. One-time appropriation is anticipated to sufficiently fund program for 3 years.		Restricted	600,000	(600,000)	0

		Executive Changes		
Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
14. Removal of FY 2012-13 One-Time Boilerplate Appropriation — Engineering Study		Gross \$300,000	(\$300,000)	\$0
Eliminates \$300,000 boilerplate appropriation for an engineering study concerning the Wickes Manufacturing TCE plume site.		Restricted 300,000	(300,000)	0
15. Removal of FY 2012-13 One-Time Funding Items		Gross \$11,049,200	(\$11,049,200)	\$0
Eliminates one-time funding items from previous year that will not receive any funding in FY 2013-14:		IDG 48,800	(48,800)	0
-Brownfield Grants and Loans (\$5.0 million)		Federal 415,700	(415,700)	0
-MiWaters Data System Project (\$2.0 million)		Private 4,200	(4,200)	0
-State Employees Lump-Sum Payments (\$1.5 million)		Restricted 7,920,400	(7,920,400)	0
-Drinking Water Revolving Fund State Match (\$2.5 million)		GF/GP \$2,660,100	(\$2,660,100)	\$0
16. Economic Adjustments		Gross N/A	\$5,531,100	\$3,487,100
Reflects increased costs of \$5.5 million Gross (\$747,600 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$3.5 million Gross (\$422,200 GF/GP) projected for FY 2014-15.		IDG N/A	170,000	0
		Federal N/A	1,331,400	0
		Private N/A	12,800	0
		Restricted N/A	3,269,300	3,064,900
		GF/GP N/A	\$747,600	\$422,200

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2012-13 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs.

Sec. 213. Administrative Rule Promulgation – DELETED

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 223. FTE Report by Line Item – DELETED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item.

Sec. 224. Quarterly FTE Report – DELETED

Requires DEQ to report on the number of FTEs in pay status; report required quarterly.

Sec. 227. Permit Application Status Tracking Tool – DELETED

Requires report on implementation of a permit application tracking tool on DEQ website.

Sec. 228. Customer Satisfaction Evaluation Program – DELETED

Requires report on development of customer satisfaction evaluation program and public feedback received.

Sec. 229. Expedited Permitting Program – DELETED

Requires report listing actions and program changes taken to implement the Expedited Permitting Program; report must include a plan, timeline, and estimated costs.

Sec. 230. Measurable Outcomes Report – DELETED

Requires report identifying 10 principal measurable outcomes of budget expenditures.

Sec. 231. Website Scorecard – NEW

Includes new language that requires DEQ to maintain on a publicly accessible website a department scorecard with key metrics concerning the agency's performance.

Sec. 232. Publication Revenue Fund Transfer – NEW

Includes new language that transfers surplus funds of up to \$72,600 from the Publication Revenue Fund to the Oil and Gas Regulatory Fund on October 1, 2013.

Major Boilerplate Changes From FY 2012-13

Sec. 305. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program.

Sec. 307. Engineering Study Appropriation – DELETED

Appropriates \$300,000 CMI funding for an engineering study concerning the Wickes Manufacturing TCE plume site.

Sec. 309. Brownfield Grants and Loans Program Work Project Language – DELETED

Provides that Brownfield Grants and Loans Program funding are work project appropriations and allows carry-forward of remaining funds; projects accomplished by contract; tentative completion date is September 30, 2017.

Sec. 401. Aquatic Nuisance Control (ANC) – DELETED

Requires \$700,000 and 5.0 FTEs be allocated to the ANC program; requires report.

Sec. 402. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available.

Sec. 403. Aquatic Invasive Species Council – DELETED

Requires DEQ to support funding for an Aquatic Invasive Species Council.

Sec. 601. Solid Waste Program Report – DELETED

Requires report on the Department's Solid Waste Management Program and policies. Report shall include plan for long-term funding and all actions and program changes taken to implement recommendation of 2012 report.

Sec. 602. Clean Sweep Program – DELETED

Directs DEQ to work with local health departments, Department of Agriculture and Rural Development, and USDA to maintain and expand the program for disposal of hazardous household chemicals and drugs; requires report.

Sec. 1201. FY 2013-14 Anticipated Appropriations – DELETED

States intent that FY 2013-14 line item appropriations will be the same as those for FY 2012-13 with certain economic adjustments.