



## **Background Briefing**

# **ENVIRONMENTAL QUALITY**

**Austin Scott, Fiscal Analyst**

**December 2015**

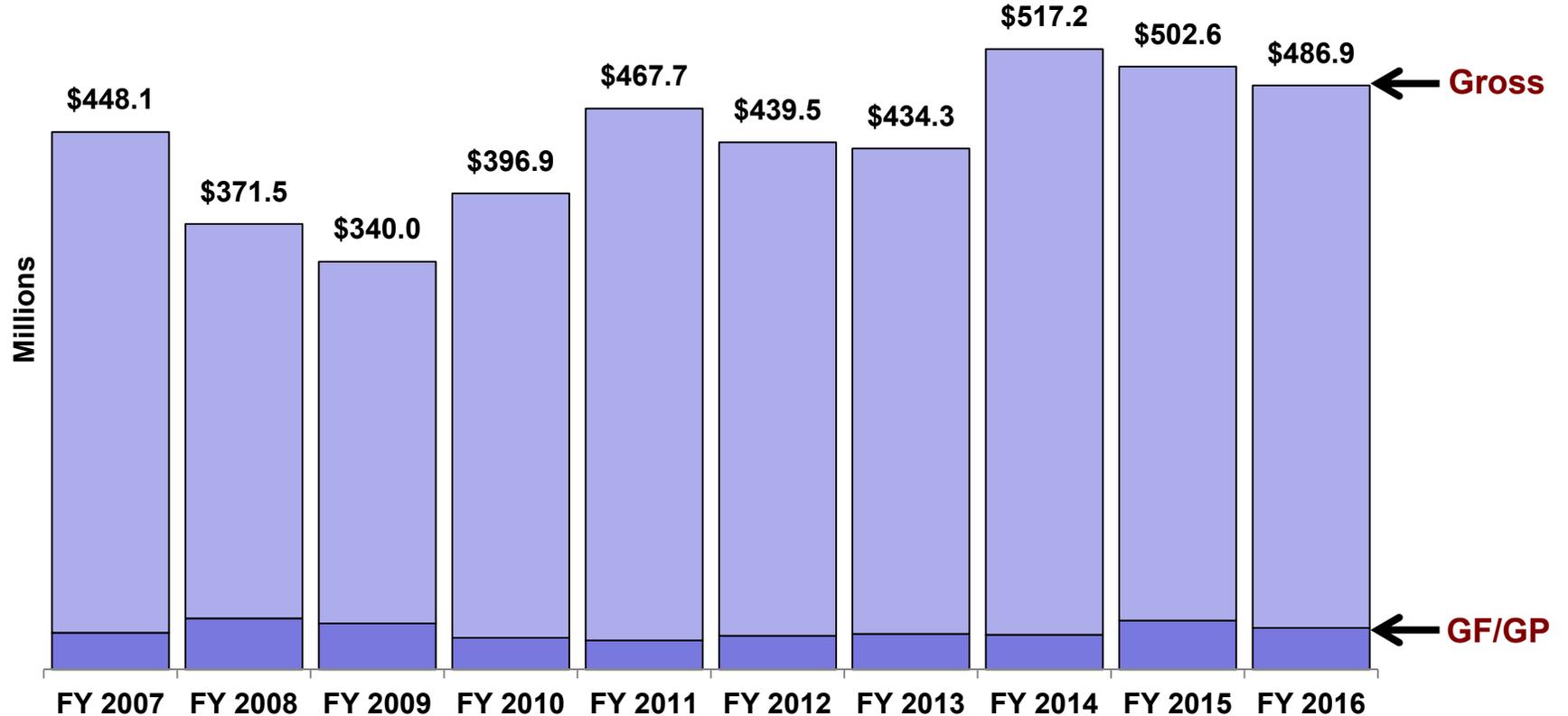
# DEQ Program Areas

Major DEQ programs do the following:

- Administer cleanup and reuse of contaminated properties
- Protect water quality of surface waters and local water supplies
- Administer environmental protection programs and regulate disposal of hazardous and non-hazardous wastes and products
- Monitor and regulate air pollution emissions through air quality permits

# DEQ: Gross Appropriations

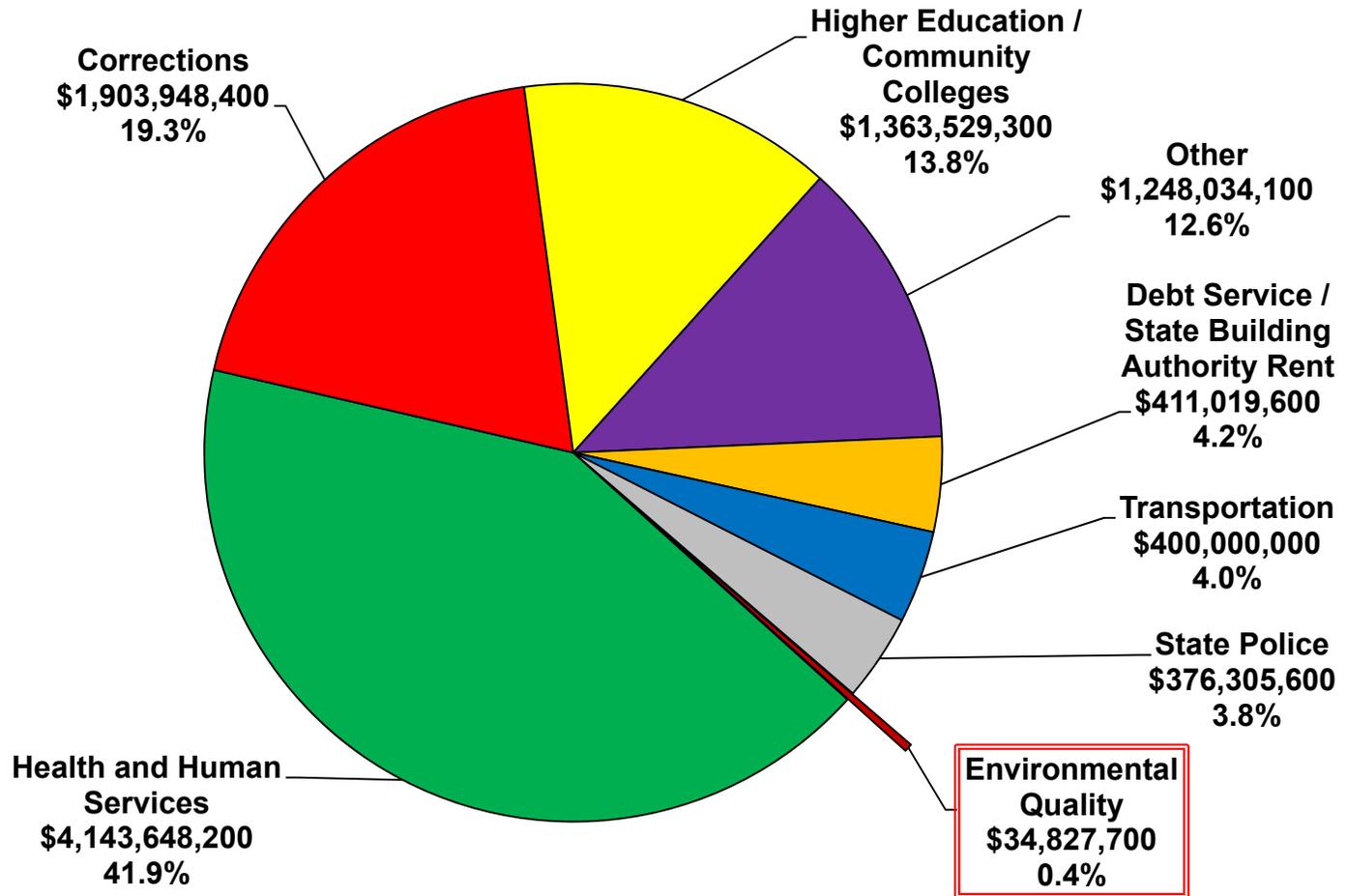
FY 2011 includes \$70.0 million in new Strategic Water Quality Initiatives funding (SWQIF). FY 2014 includes \$100.0 million in additional SWQIF funding (\$97.0 million for grants/loans and \$3.0 million for wetland mitigation banks). FY 2016 includes reductions in restricted and federal funding (\$9.6 million) as well as a reduction in GF/GP (\$6.0 million).



# DEQ Share of State GF/GP

DEQ makes up 0.4% of the total state GF/GP budget

FY 2015-16 GF/GP Total = \$9,881,312,900

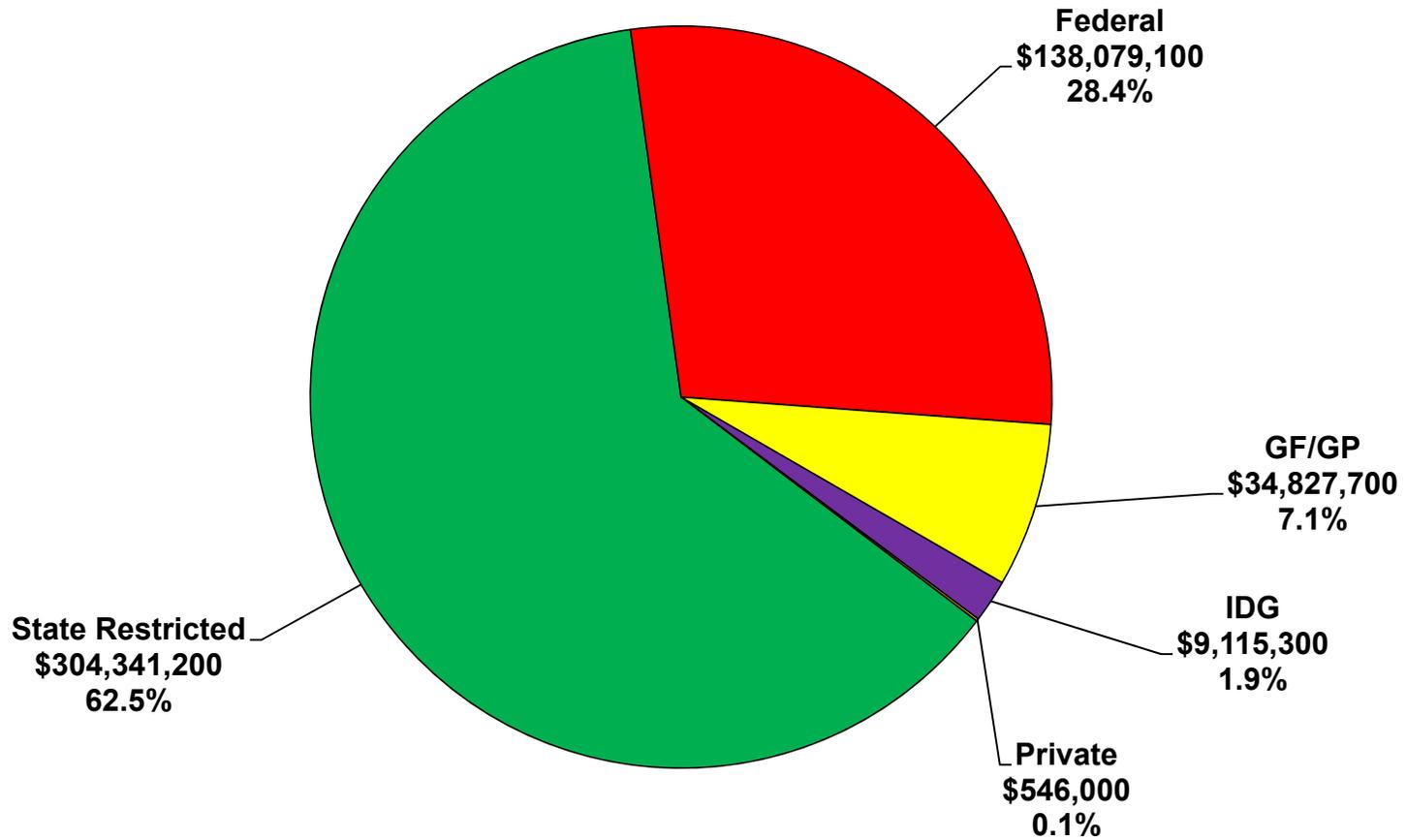


# **SOURCES OF FUNDING**

# DEQ Budget

State restricted funds and federal revenue represent 91% of funding in the DEQ budget.

**FY 2015-16 Gross = \$486,909,300**



# **APPROPRIATION AREAS**

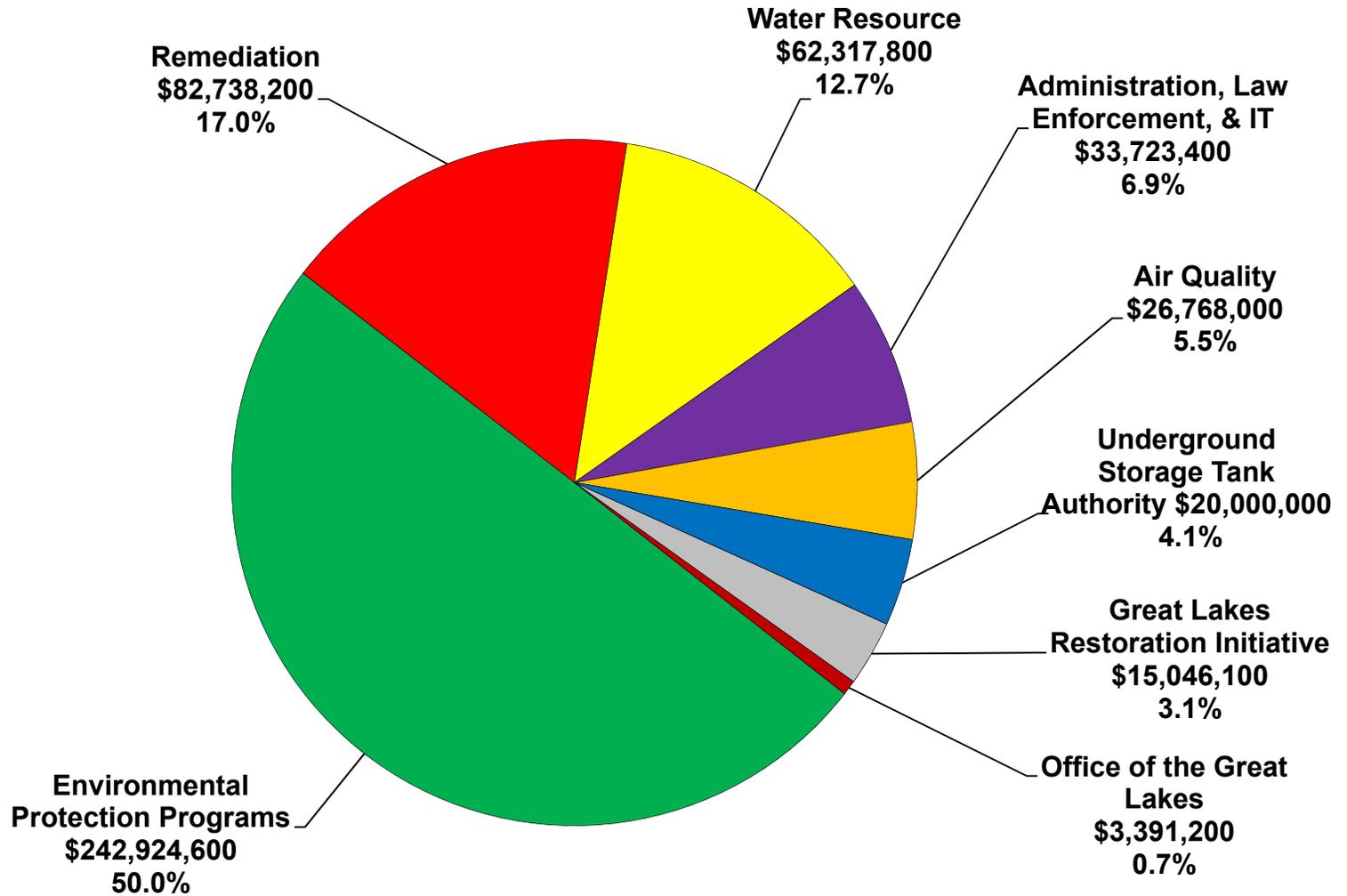
# DEQ Appropriations

The DEQ budget is allocated into the following major spending areas:

- Administration/Law Enforcement/Information Technology
- Office of the Great Lakes
- Water Resource
- Air Quality
- Remediation (Environmental Cleanups)
- Environmental Protection Programs
- Great Lakes Restoration Initiative

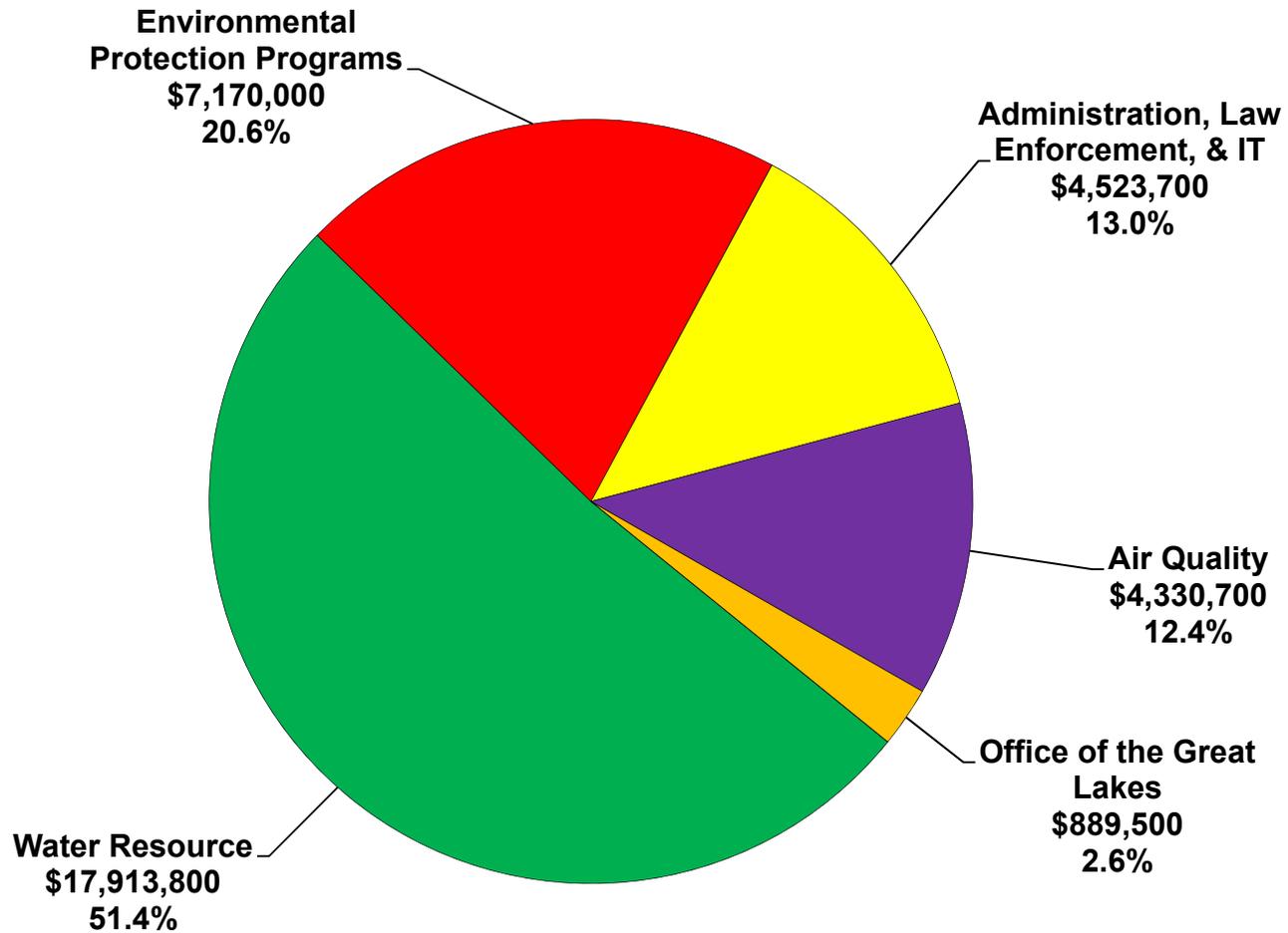
# DEQ Appropriations

FY 2015-16 Gross = \$486,909,300



# DEQ GF/GP Appropriations by Category

FY 2015-16 GF/GP = \$34,827,700



# **MAJOR BUDGET ISSUES**

# DEQ Major Programs

The DEQ budget supports the following major programs:

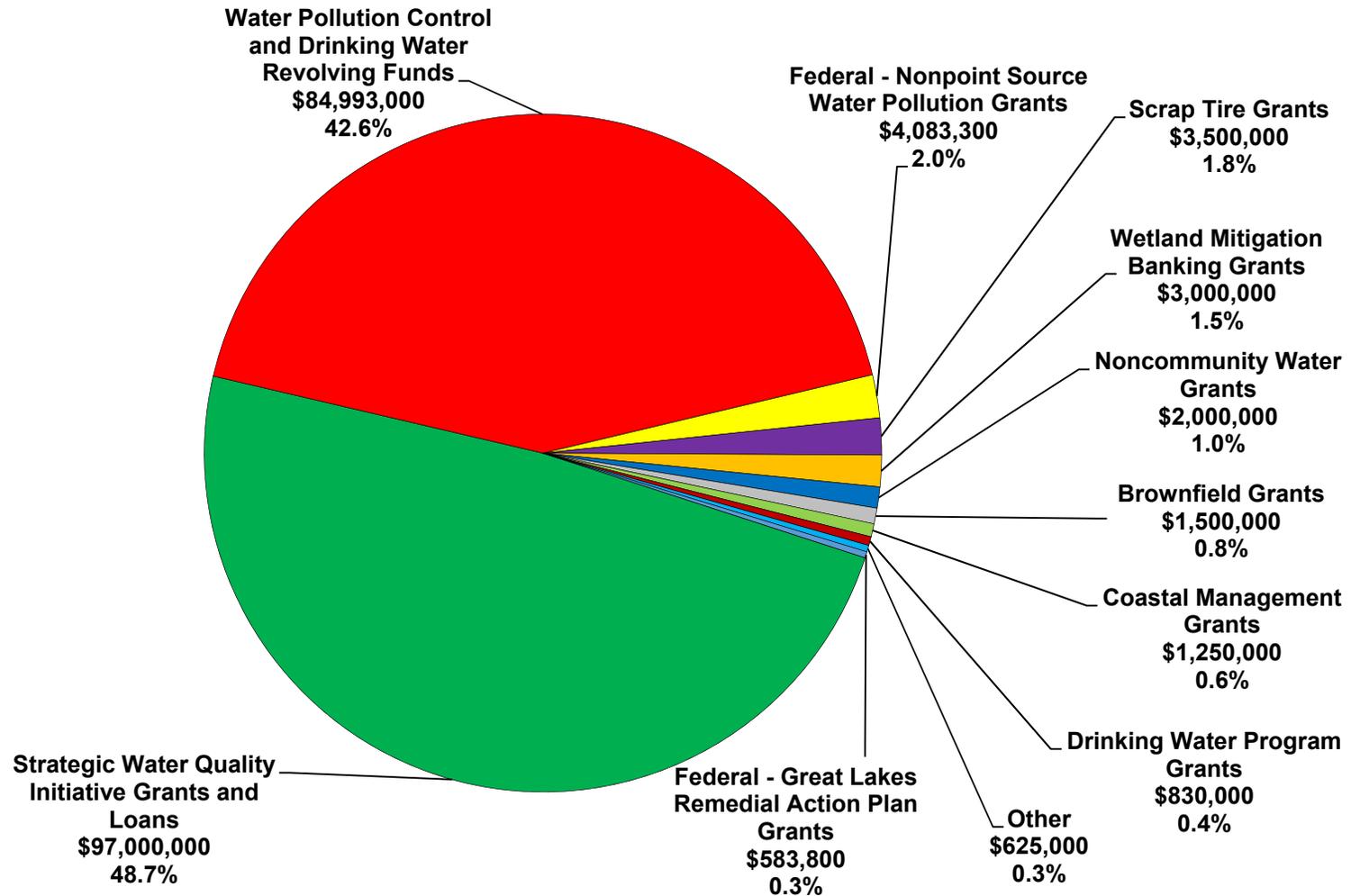
- **Office of the Great Lakes** – lead state agency for the policies and programs to protect and guide the management of the Great Lakes.
- **Surface Water** – protects the water quality of the state’s surface waters, issues permits for the discharge of industrial and municipal waste waters, inspects wastewater treatment facilities, and monitors large scale water withdrawals.
- **Air Quality** – protects the state’s air quality through monitoring air pollution emissions, inspecting emission sources, and issuing air quality permits.
- **Environmental Protection Programs** – regulates the disposal of hazardous and non-hazardous solid and liquid wastes, scrap tires, radioactive materials, and the land application of processed solid waste; provides grants and loans to local governments to improve sewage collection and treatment systems.
- **Environmental Cleanups** – promotes the cleanup and reuse of contaminated properties through response activities at contamination sites and funds the cleanup of leaking underground storage tanks.

# DEQ Grants and Loan Programs

- The DEQ awards grants, administers loan programs and distributes payments to local units of government and nonprofit organizations.
- 40.9% of total department funding is distributed to communities and nonprofit organizations through these programs (\$199.4 million).
- There are 13 specific grant and/or loan programs. Of the \$199.4 million grant/loan program funding:
  - 48.7% is for the Strategic Water Quality Initiative grants and loans (\$97 million).
  - 42.6% of the funding is for the Water Pollution Control and Drinking Water Revolving Fund grants and loans which fund water pollution and drinking water capital projects (\$85.0 Million).
- The remaining grants fund pollution prevention programs, Great Lakes research, radon detection programs, septage waste transportation programs, and scrap tire removal.

# DEQ Grant Programs

FY 2015-16 Gross = \$199,365,100



# DEQ Revenue

- For FY 2015-16, the DEQ budget totals \$486.9 million. Of that amount, only 7.2% is GF/GP funding (\$34.8 million).
- From FY 1999-2000 to FY 2015-16, GF/GP funding has decreased by 63.9%: from \$96.3 million to \$34.8 million.
- 62.5% of funding is from state restricted revenue, mainly license and permit fees and state bond proceeds.
- The largest restricted fund appropriation is from the Strategic Water Quality Initiatives Fund (SWQIF) – \$116.2 million. The SWQIF receives revenue generated from the sale of bond issues under the Great Lakes Water Quality Bond.
- The second largest restricted fund appropriation is from the Refined Petroleum Fund (RFP) – \$40.7 million. The RFP receives a fee of 7/8<sup>th</sup> of one cent for each gallon of refined petroleum sold in the state.

# New for FY 2015-16

- **Fee Sunset Extensions**
  - 14 fees scheduled to sunset in 2015 were extended by four years to October 1, 2019
  - Fees generate \$26.0 million in annual revenue
- **Fee increase**
  - Air emissions fee increased from \$47.95/ton to \$51.15/ton
  - Fee currently generates \$9.6 million in annual revenue
  - Revised rate expected to generate \$1.2 million in new revenue
- **Underground Storage Tank Authority**
  - Authority created to administer new Underground Storage Tank Cleanup Program
  - Supported by \$20.0 million from Underground Storage Tank Cleanup Fund
  - Program established in March 2015 and ongoing for FY 2015-16

**For more information about the  
Environmental Quality budget, contact:**

**Austin Scott  
AScott@house.mi.gov  
(517) 373-8080**