

MULTIDEPARTMENTAL BUDGET: FYs 2011-12 and 2012-13
Summary: As Reported by Committee
House Bill 4524 (H-1)



TOTAL APPROPRIATIONS BY BUDGET AREA

| Budget Area | FY 2011-12 Appropriations | | FY 2012-13 Anticipated Appropriations | |
|---|---------------------------|---------------------|---------------------------------------|---------------------|
| | Gross | GF/GP | Gross | GF/GP |
| Agriculture and Rural Development (Page 1) | \$71,351,600 | \$27,835,000 | \$72,747,800 | \$28,447,400 |
| Environmental Quality (Page 35) | 412,304,100 | 21,135,900 | 417,041,200 | 21,719,600 |
| Natural Resources (Page 92) | 329,969,200 | 13,604,500 | 336,302,600 | 13,952,700 |
| TOTAL | \$813,624,900 | \$62,575,400 | \$826,091,600 | \$64,119,700 |

**AGRICULTURE AND RURAL DEVELOPMENT:
FYs 2011-12 and FY 2012-13
Summary: As Reported by Committee
Article I, House Bill 4524 (H-1)**



Analyst: William Hamilton

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|---------------------|--|--------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | 289,100 | 297,600 | 8,500 | 2.9 | 297,600 | 0 | -- |
| Federal | 14,922,600 | 14,184,700 | (737,900) | (4.9) | 14,386,700 | 202,000 | 1.4 |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 260,100 | 171,300 | (88,800) | (34.1) | 171,300 | 0 | -- |
| Restricted | 30,679,400 | 28,863,000 | (1,816,400) | (5.9) | 29,444,800 | 581,800 | 2.0 |
| GF/GP | 30,297,100 | 27,835,000 | (2,462,100) | (8.1) | 28,447,400 | 612,400 | 2.3 |
| Gross | \$76,448,300 | \$71,351,600 | (\$5,096,700) | (6.7) | \$72,747,800 | \$1,396,200 | 2.0 |
| FTEs | 458.5 | 438.0 | (20.5) | (4.5) | 438.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed only and would not be legally-binding appropriations.

Overview

The Department's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

The House bill reflects the Governor's proposed budget with the following exceptions: The House bill does not recognize \$300,000 in restricted revenue from proposed grain dealer fees and instead retains \$300,000 GF/GP. The House bill does not recognize \$550,000 in restricted revenue from a proposed Intercounty Drain fee and includes \$432,300 GF/GP. The effect of these two changes is that *Gross appropriations* in the House Bill are \$117,700 less than the Governor's recommendation; GF/GP funding is \$732,300 more than the Governor.

The House generally follows the line item format of the current year budget with the exception of two current year line items, *Groundwater and freshwater protection program*, and *Agriculture pollution prevention program*, which were rolled up into a single *Environmental stewardship* line. In addition, restricted *Freshwater protection fund* revenue was added to the *Michigan agriculture environmental assurance program* line to better reflect actual program funding. The House bill also retains a number of legislative boilerplate sections.

The only difference between the FY 2011-12 and FY 2012-13 budgets is the inclusion in FY 2012-13 of a \$1,396,200 item, "*Active and retiree insurance and pension adjustment*." FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|--------------|--------------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Commissions and Boards No change from current year. | Gross | \$23,800 | \$0 | \$0 |
| | Restricted | 8,800 | 0 | 0 |
| | GF/GP | \$15,000 | \$0 | \$0 |
| 2. Unclassified Positions No change from current year. | FTEs | 2.0 | 0.0 | 0.0 |
| | Gross | \$213,300 | \$0 | \$0 |
| | GF/GP | \$213,300 | \$0 | \$0 |
| 3. Executive Direction Reflects economic adjustment. | FTEs | 8.0 | 0.0 | 0.0 |
| | Gross | \$996,200 | \$54,400 | \$0 |
| | Restricted | 38,400 | 2,100 | 0 |
| | GF/GP | \$957,800 | \$52,300 | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|---|-------------------------------------|-------------------------------------|
| 4. Management Services/Operational Services | FTEs 12.0 | 3.0 | 0.0 |
| Reflects economic adjustment. | Gross \$928,600 | \$52,500 | \$0 |
| | Restricted 57,800 | 0 | 0 |
| | GF/GP \$870,800 | \$52,500 | \$0 |
| 5. Statistical Reporting Service | FTEs 1.0 | 0.0 | 0.0 |
| Reflects economic adjustment. | Gross \$148,500 | \$9,800 | \$0 |
| | Private 82,600 | 5,400 | 0 |
| | GF/GP \$65,900 | \$4,400 | \$0 |
| 6. Emergency Management | FTEs 6.5 | (4.5) | 0.0 |
| Reflects anticipated end of a \$500,000 US Food and Drug Administration Rapid Response Team grant; economic adjustments. | Gross \$741,800 | (\$498,200) | \$0 |
| | Federal 500,000 | (500,000) | 0 |
| | GF/GP \$241,800 | \$1,800 | \$0 |
| 7. Accounting Service Center | Gross \$878,300 | \$0 | \$0 |
| Department reimburses the Michigan Department of Transportation for accounting services. No change from current year. | GF/GP \$878,300 | \$0 | \$0 |
| 8. Departmentwide – Rent and Building Occupancy | Gross \$1,042,200 | (\$50,300) | \$0 |
| Appropriation for estimated building occupancy costs of \$991,900 includes \$442,000 in federal funds; however federal grants do not generally participate in building occupancy costs. As a result, only restricted and GF/GP funds are actually available for use by the department; costs not supported by actual revenue are charged to department program lines. | Federal 464,400 | (22,400) | 0 |
| | Restricted 577,800 | (78,800) | 0 |
| | GF/GP \$0 | \$50,900 | \$0 |
| 9. Information Technology | Gross \$1,500,800 | (\$197,000) | \$0 |
| Recognizes \$20,600 in economic increases; \$57,600 GF/GP decrease for early retirement savings; restricted revenue decrease of \$160,000 to reflect actual revenue. | IDG 2,800 | 0 | 0 |
| | Restricted 307,800 | (157,700) | 0 |
| | GF/GP \$1,189,800 | (\$39,300) | \$0 |
| 10. Food and Dairy – Food/Milk Safety and Quality Assurance | FTEs 107.0 | (6.0) | 0.0 |
| Governor recommends transfer of some elements of dairy inspection program to the dairy industry through use of industry-employed, department-certified field inspectors, resulting in GF/GP savings of \$600,000. Recognizes \$458,700 in economic increases; \$493,300 GF/GP decrease for early retirement savings. House concurs with the Governor's recommendation. | Gross \$13,004,100 | (\$634,600) | \$0 |
| | Federal 658,700 | 27,800 | 0 |
| | Restricted 3,163,500 | 133,300 | 0 |
| | GF/GP \$9,181,900 | (\$795,700) | \$0 |

The \$8.4 million in GF/GP revenue is the largest use of GF/GP revenue in this budget.

Current year budget unrolls Food safety and Milk safety programs into two separate line items as follows:

| Unrolled Line Items | | FY 2010-11 Enacted Appropriation | FY 2011-12 House Appropriation |
|---|--------------|--|--------------------------------------|
| <i>Food and Dairy – Food Safety and Quality Assurance</i> | FTEs | 81.0 | 81.0 |
| | Gross | \$9,744,900 | \$9,931,600 |
| | Federal | 624,200 | 651,600 |
| | Restr. | 3,003,500 | 3,034,500 |
| | GF/GP | \$6,117,200 | \$6,145,500 |
| <i>Milk Safety and Quality Assurance</i> | FTEs | 26.0 | 26.0 |
| | Gross | \$3,259,200 | \$2,437,900 |
| | Federal | 34,500 | 34,900 |
| | Restr. | 160,000 | 162,300 |
| | GF/GP | \$3,064,700 | \$2,240,700 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|---|-------------------------------------|-------------------------------------|
| 11. Animal Industry – Animal Health and Disease Response | FTEs 68.0 | (4.0) | 0.0 |
| Recognizes \$137,000 in economic increases; \$35,400 decrease in federal revenue to reflect actual anticipated federal grants. Reduces GF/GP baseline by \$536,700 to reflect advances in Bovine TB Program, specifically: the elimination of the inspection station at the Mackinac Bridge (\$332,000), plus other unspecified program reductions, (\$204,700). | Gross \$9,474,200 | (\$434,800) | \$0 |
| | Federal 1,291,200 | (17,100) | 0 |
| | Restricted 253,800 | 3,800 | 0 |
| | GF/GP \$7,929,200 | (\$421,500) | \$0 |
| <u>House</u> concurs with the Governor's recommendation. | | | |
| The \$7.5 million in GF/GP revenue is the second largest use of GF/GP revenue in this budget. | | | |
| 12. Pesticide and Plant Pest Management – PPPM | FTEs 94.0 | (6.0) | 0.0 |
| Governor recommends elimination of Department inspections of nursery stock intended for in-state sale; Department inspections would be limited to those needed for out-of-state export. Transfer of inspections of in-state stock to industry would result in GF/GP savings of \$500,000. | Gross \$11,347,000 | (\$1,034,300) | \$0 |
| | Federal 2,019,500 | (52,000) | 0 |
| | Private 166,400 | (83,100) | 0 |
| | Restricted 5,134,200 | (104,900) | 0 |
| | GF/GP \$4,026,900 | (\$794,300) | \$0 |
| Governor also proposes elimination of Department animal feed content label sampling/testing (for protein/fat/fiber content), resulting in a GF/GP savings of \$250,000. Department would continue health/safety related inspections. | | | |
| <u>House</u> concurs with the Governor's recommendation. | | | |
| Budget also recognizes \$430,600 in economic increases, \$199,200 GF/GP decrease for early retirement savings, and adjustments of restricted and federal revenue sources to actual, (\$496,400), and (\$19,300). | | | |
| 13. Emerald Ash Borer Program – PPPM | FTEs 10.0 | (3.0) | 0.0 |
| Appropriation of \$1.8 million reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05. | Gross \$2,138,500 | (\$315,900) | \$0 |
| | Federal 2,138,500 | (315,900) | 0 |
| 14. Producer Security/Grain Dealer Licensing – PPPM | FTEs 4.0 | 0.0 | 0.0 |
| Proposed budget recognizes \$23,400 in economic increases, and net \$32,600 reduction to reflect anticipated restricted revenue. The Governor had proposed \$300,000 increase in annual grain dealer fees to offset \$300,000 GF/GP reduction. | Gross \$552,600 | (\$9,200) | \$0 |
| | Restricted 252,600 | (9,200) | 0 |
| | GF/GP \$300,000 | \$0 | \$0 |
| <u>House</u> does not recognize the fee increase and retains \$300,000 GF/GP. | | | |
| 15. Environmental Stewardship (Current Law) | Gross \$94,400 | (\$94,400) | \$0 |
| Current year appropriation is simply a placeholder with no GF/GP funding and no FTEs. The department anticipates lapsing the entire current year appropriation. | Federal 41,700 | (41,700) | 0 |
| | Restricted 52,700 | (52,700) | 0 |
| | GF/GP \$0 | \$0 | \$0 |
| Environmental Stewardship – NEW | FTEs 0.0 | 18.0 | 0.0 |
| <u>House</u> rolls up of two current year line items, <i>Groundwater and freshwater protection program</i> , and <i>Agriculture pollution prevention program</i> , up into a single <i>Environmental stewardship</i> line to provide for agriculture pollution prevention and conservation activities. | Gross \$0 | \$6,133,800 | \$0 |
| | Federal 0 | 1,361,200 | 0 |
| | Restricted 0 | 4,772,600 | 0 |
| | GF/GP \$0 | \$0 | \$0 |
| 16. Michigan Agriculture Environmental Assurance Program | FTEs 3.0 | 0.0 | 0.0 |
| GF/GP increase reflects economic adjustment. | Gross \$262,000 | \$290,600 | \$0 |
| | Restricted 0 | 288,000 | 0 |
| | GF/GP \$262,000 | \$2,600 | \$0 |
| <u>House</u> includes \$288,000 in restricted <i>Freshwater protection fund</i> revenue to better reflect actual program funding. | | | |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|---|-------------------------------------|-------------------------------------|
| 17. Groundwater/Freshwater Protection Program | FTEs 15.0 | (15.0) | 0.0 |
| Among other things, this line provides technical assistance grants, through local conservation districts, to implement conservation programs. | Gross \$5,354,100 | (\$5,354,100) | \$0 |
| | Federal 314,500 | (314,500) | 0 |
| | Restricted 5,039,600 | (5,039,600) | 0 |
| <i>House rolls up this line into Environmental Stewardship, above.</i> | | | |
| 18. Farmland/Open Space Preservation | FTEs 9.0 | 0.0 | 0.0 |
| Reflects economic adjustment. | Gross \$928,600 | \$29,600 | \$0 |
| | Restricted 928,600 | 29,600 | 0 |
| 19. Agriculture Pollution Prevention Program | Gross \$1,000,100 | (\$1,000,100) | \$0 |
| No change from current year. | Federal 1,000,000 | (1,000,000) | 0 |
| | Restricted 100 | (100) | 0 |
| <i>House rolls up this line into Environmental Stewardship, above.</i> | | | |
| 20. Local Conservation Districts | Gross \$100 | \$0 | \$0 |
| Retains \$100 placeholder. General Fund support for the <i>Local conservation districts</i> line had been \$2.8 million in FY 2000-01. | GF/GP \$100 | 0 | 0 |
| 21. Migrant Labor Housing | FTEs 6.0 | 0.0 | 0.0 |
| Reflects economic adjustments. Inspection program supported by GF/GP, and restricted funds from \$5 per occupant migrant labor housing inspection fee established in 2010 PA 13 and 2010 PA 14. Federal funds represent US Department of Labor housing grants. | Gross \$1,142,800 | \$19,500 | \$0 |
| | Federal 463,900 | 7,900 | 0 |
| | Restricted 140,900 | 2,300 | 0 |
| | GF/GP \$538,000 | \$9,300 | \$0 |
| 22. Right to Farm | FTEs 3.0 | 0.0 | 0.0 |
| Reflects economic adjustment. | Gross \$504,300 | \$14,700 | \$0 |
| | IDG 97,200 | 2,800 | 0 |
| | GF/GP \$407,100 | \$11,900 | \$0 |
| 23. Intercounty Drains | FTEs 3.0 | 0.0 | 0.0 |
| Governor proposed a \$500 assessment on intercounty drainage districts to generate \$550,000 in restricted revenue to support program and offset GF/GP reduction; also reflects economic increase of \$16,200. | Gross \$416,100 | \$16,200 | \$0 |
| | Restricted 0 | 0 | 0 |
| | GF/GP \$416,100 | \$16,200 | \$0 |
| <i>House does not recognize the proposed fee revenue and retains \$432,300 GF/GP.</i> | | | |
| 24. Laboratory Services | FTEs 45.0 | (3.0) | 0.0 |
| Recognizes \$162,100 economic increase; \$256,100 GF/GP reduction for early retirement savings; baseline GF/GP reduction of \$427,000. | Gross \$6,085,600 | (\$521,000) | \$0 |
| | IDG 189,100 | 5,700 | 0 |
| | Federal 916,200 | 27,300 | 0 |
| | Restricted 2,476,000 | 61,900 | 0 |
| | GF/GP \$2,504,300 | (\$615,900) | \$0 |
| 25. USDA Monitoring | FTEs 13.0 | 0.0 | 0.0 |
| Reflects economic increase, \$26,300; \$166,700 anticipated increase in federal revenue. | Gross \$2,259,000 | \$193,000 | \$0 |
| | Federal 2,259,000 | 193,000 | 0 |
| 26. Consumer Protection Program | FTEs 39.0 | 0.0 | 0.0 |
| Line supports motor fuel quality program, weights and measures, and metrology laboratory. Restricted revenue includes \$3.2 million from the Refined petroleum fund. Governor's budget reflects economic adjustments only. | Gross \$5,498,100 | \$73,200 | \$0 |
| | Restricted 5,497,500 | 73,200 | 0 |
| | GF/GP \$600 | \$0 | \$0 |
| 27. Agriculture Development | FTEs 4.0 | 0.0 | 0.0 |
| Reflects economic adjustments of \$17,100; adjusts federal and restricted revenue to actual anticipated revenue. | Gross \$2,056,700 | (\$141,400) | \$0 |
| | Private 11,100 | (11,100) | 0 |
| | Federal 1,605,000 | (91,500) | 0 |
| | Restricted 142,400 | (41,500) | 0 |
| | GF/GP \$298,200 | \$2,700 | \$0 |

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

28. Grape and Wine Program

Recognizes economic adjustment.

| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--------------|--------------------------------------|-----------------------------|-----------------------------|
| FTEs | 3.0 | 0.0 | 0.0 |
| Gross | \$736,800 | (\$500) | \$0 |
| Restricted | 736,800 | (500) | 0 |

29. Horse Racing Programs

The fund source for this line item is the Agriculture Equine Industry Development Fund (AEIDF). The Governor's budget reflects ongoing reduction in AEIDF revenue available for horse racing programs.

| | | | |
|--------------|--------------------|--------------------|------------|
| FTEs | 3.0 | 0.0 | 0.0 |
| Gross | \$3,820,100 | (\$698,200) | \$0 |
| Restricted | 3,820,100 | (698,200) | 0 |

| | Current YTD | House FY 2011-12 |
|---|--------------------|---------------------|
| Horse racing administration | 394,400 | 331,300 |
| Purses & supplements-fairs/licensed tracks | 764,300 | 611,400 |
| Licensed tracks - light horse racing | 42,600 | 34,100 |
| Standardbred (SB) breeders' awards | 312,500 | 250,000 |
| SB purses/supplements-licensed tracks | 577,000 | 461,600 |
| SB sire stakes | 261,200 | 209,000 |
| SB training and stabling | 11,600 | 9,300 |
| Thoroughbred owners' awards | 39,900 | 31,900 |
| Thoroughbred supplements-licensed tracks | 387,000 | 309,600 |
| Thoroughbred breeders awards | 387,000 | 309,600 |
| Thoroughbred sire stakes | 267,600 | 214,100 |
| Distribution of outstanding winning tickets | 375,000 | 350,000 |
| Total | \$3,820,100 | \$3,121,900 |

30. Capital Outlay - Farmland/Open Space Acquisition

Adjusts state restricted Agriculture Preservation Fund revenue to better align with actual revenue estimates.

| | | | |
|--------------|--------------------|----------------------|------------|
| Gross | \$3,300,000 | (\$1,000,000) | \$0 |
| Federal | 1,250,000 | 0 | 0 |
| Restricted | 2,050,000 | (1,000,000) | \$0 |

31. Economics

State Budget Office identifies \$1.6 million in net economic increases: \$1,914,400 increase related to retirement contributions; \$172,400 decrease for insurance costs; \$12,700 increase for workers compensation, and \$50,300 decrease for building occupancy charges. In addition, the budget recognizes \$20,600 in economic increases related to information technology services.

| | | | |
|--------------|------------|--------------------|--------------------|
| Gross | N/A | \$1,640,900 | \$1,396,200 |
| IDG | N/A | 8,500 | 0 |
| Federal | N/A | 202,900 | 202,000 |
| Private | N/A | 8,700 | 0 |
| Restricted | N/A | 586,700 | 581,800 |
| GF/GP | N/A | \$804,400 | \$612,400 |

Executive budget detail shows a \$1,396,200 increase in FY 2012-13 for "Active and retiree insurance and pension adjustment."

Boilerplate Changes From FY 2010-11

Sec. 201. Total State Payments/Payments to Local Units – MODIFIED

Identifies total state spending; payments of state funds to local units of government from the funds appropriated. Updated to reflect Part 1 appropriations.

Sec. 202. Management and Budget Act – RETAINED

Indicates that appropriations are subject to the Management and Budget Act.

Sec. 203. Abbreviations – RETAINED

Defines abbreviations.

Sec. 204. Civil Service Charge – RETAINED

Requires Department of Civil Service to bill departments at the end of the first fiscal quarter for 1% charge authorized in the Constitution; requires payment by the end of the second fiscal quarter.

Sec. 205. Hiring Freeze – RETAINED

Imposes a hiring freeze for state civil service positions.

Sec. 206. Contingency Appropriations – RETAINED

Provides for contingent federal, state, local, and private appropriations per Management and Budget Act. (Renumbered from Section 228.)

Sec. 207. Transparency Report – MODIFIED

Directs department to develop, post, and maintain on a publically accessible website expenditures made during the fiscal year. (Renumbered from Section 215.)

Sec. 208. Internet Reporting – RETAINED

Requires Department to use the Internet to fulfill reporting requirements.

Sec. 209. Purchase of Foreign Goods – RETAINED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.

Sec. 210. Economically Distressed Areas – RETAINED

Encourages the department to contract with businesses in economically distressed areas.

Sec. 211. Information Technology – RETAINED

Allows establishment of IT projects as Work Projects. (Renumbered from Sec. 220.)

Sec. 212. Indemnification Payments – Moved to Section 453.

Sec. 212. Receive/Retain Reports – NEW

Requires department to retain reports funded from appropriation in part 1.

Sec. 214. Information Technology – RETAINED

Requires Department to pay user fees to Department of Technology, Management, and Budget subject to provisions of interagency agreement. (Renumbered from Section 219).

Sec. 214. Grant Notification – Moved to Section 302

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. (Renumbered from Section 224.)

Sec. 216. Out-of-State Travel – MODIFIED

Limits out-of-state travel for certain circumstances and requires reporting on all out-of-state travel. (Renumbered from Section 223.)

Sec. 224. Communication with the Legislature

(Renumbered as Section 215.)

Sec. 226. Hire of Outside Legal Counsel – RETAINED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General. (Renumbered from 230.)

Sec. 228. General Fund Lapse Report – RETAINED

Requires report on estimated GF/GP lapses. (Renumbered from Section 237.)

Sec. 229. Impact of New Legislation and Administrative Rules – DELETED

Boilerplate Changes From FY 2010-11

Sec. 231. Direct Service Levels – DELETED

Establishes baseline level of 315 direct service Department employees.

Sec. 301. Miscellaneous Revenue/Expenditures – RETAINED

Allows Department to receive/expend revenue to cover expenses related to publications, audits, sales, inspections, and other Department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by Department. (Renumbered from Section 302.)

Sec. 302. Grant Notification – RETAINED

Requires report on grants made to local units of government, institutions of higher education, or non-profit organizations. (Renumbered from Section 214.)

Sec. 306. Matching Funds for Agriculture Statistics Studies – DELETED

Requires industry matching funds for study costs.

Sec. 401. Restaurant Inspection and Licensing – DELETED

Requires Department to monitor restaurant inspection/licensing activities conducted by locals and report to Legislature.

Sec. 402. Food-borne Illness Report – RETAINED

Requires Department to provide reports on food-borne outbreaks and emergencies related to food safety.

Sec. 404. Consumer and Industry Food Education Fund – RETAINED

Requires not less than \$150,000 from the fund be expended for purposes required under Section 4117 of the Food Act of 2000.

Sec. 406. Food Safety FTEs – DELETED

Exempts food and dairy inspectors from hiring freeze.

Sec. 451 Bovine Tuberculosis Split State Status – RETAINED

Requires Department to pay for all whole-herd and individual-animal testing costs to maintain split-state status, including indemnity.

Sec. 452. Bovine TB – DELETED

Requires Department to apply for all available federal funds to support program.

Sec. 453. Indemnification Payments – RETAINED

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; provides for report. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars. (Renumbered from Section 212.)

Sec. 454. Bovine TB – RETAINED

Directs Department to collaborate with USDA and work to eradicate Bovine TB.

Sec. 456. Electronic Animal Identification (EID) – RETAINED

Prohibits use of funds to enforce EID program for domestic animals other than cattle without specific authorization in statute.

Sec. 457. Bovine TB Report – MODIFIED

Requires quarterly report on Bovine TB program.

Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – RETAINED

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

Sec. 459. Bovine TB FTEs – DELETED

Exempts Bovine TB program from hiring freeze.

Sec. 460. Aquaculture Reductions – DELETED

Excludes aquaculture program from potential reductions in animal health and welfare appropriations.

Sec. 551. Fruit and Vegetables Industry Inspections – MODIFIED

Legislative intent that the Department work with fruit and vegetable industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables. House incorporates Section 553 as Subsection (2).

Sec. 552. Invasive Species Control – DELETED

Directs the department to evaluate methods of limiting invasive species in or on pallets.

Sec. 553. Earmark for Export Inspections – RETAINED

Earmarks \$200,000 in PPPM to ensure commodity export inspections; House incorporates into Section 551.

Boilerplate Changes From FY 2010-11

Sec. 601. Environmental Stewardship – NEW

Clarifies intent of line item funding: "*The part 1 appropriation line item environmental stewardship shall be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan natural resources and environmental protection act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal farm bill of 2008.*"

Sec. 603. Migrant Labor Housing – DELETED

Requires Department to apply for any available federal funds to support the migrant labor housing program.

Sec. 606. Environmental Quality Incentives – RETAINED

Requires the department to actively search for all possible funding sources to be used to match federal funds in the USDA environmental quality incentives program.

Sec. 607. Inter-County Drain Program – MODIFIED

Indicates legislative intent that Department continue its activities as provided under the Drain Code.

House adds new subsection directs department to work with representatives of intercounty drain districts to develop method for recovering program costs.

Sec. 706. Agricultural Development – RETAINED

Requires Department to report on agricultural development and export market development activities.

Sec. 709. Grape and Wine Industry Council – RETAINED

Requires Department to provide report describing activities of the council.

Sec. 711. Michigan Strategic Fund – DELETED

Indicates legislative intent that MSF work with MDA to promote Michigan agriculture.

Sec. 801. Ag Equine Industry Development Fund – RETAINED

Requires that all appropriations in part 1 from the AEIDF be spent for equine-related purposes.

Sec. 802. Agriculture Equine Fund Reduction – RETAINED

Requires that department make proportionate reductions in AEIDF appropriations, except for the racing commission and laboratory analysis, if AEIDF revenue falls below original appropriation amounts.

Sec. 803. Thoroughbred Program Escrow – RETAINED

Provides for "escrowing" of funds for thoroughbred program.

Sec. 804. Michigan Gaming Control Board – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Sec. 1001. Farmland and Open Space Development Rights – RETAINED

Indicates that the appropriation for farmland and open space development acquisition shall be used for the purchase of development rights and the awarding of grants by the agriculture preservation fund board under the MNREPA.

Sec. 1002. Provisions Regarding Lump Sum Payments – RETAINED

Indicates that the director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Limits lump sum appropriation carry forward to no more than 3 fiscal years following appropriation and provides for lapse of funds to original fund source per DMB Act.

Sec. 1003. Provisions Regarding Carry Forward Authority – RETAINED

Provides for appropriation carry-forward authority per DMB Act.

DEPARTMENT OF ENVIRONMENTAL QUALITY: FYs 2011-12 and 2012-13
Summary: As Reported by Committee
Article II, House Bill 4524 (H-1)



Analyst: Viola Bay Wild

| | FY 2010-11 | FY 2011-12 | Difference: FY 2011-12 | | FY 2012-13 | Difference: FY 2012-13 | |
|-------------------|-------------------------------|--------------------|------------------------|----------------|--------------------|------------------------|----------------|
| | Year-to-Date as of 2/17/11 | | House Committee | Vs. FY 2010-11 | | House Committee | Vs. FY 2011-12 |
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$8,691,800 | 9,043,200 | 351,400 | 4.0 | \$9,200,700 | \$157,500 | 1.7 |
| Federal | 182,901,700 | 159,701,500 | (23,200,200) | (12.7) | 161,050,300 | 1,348,800 | 0.8 |
| Local | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 |
| Private | 684,700 | 711,800 | 27,100 | 4.0 | 731,000 | 19,200 | 2.7 |
| Restricted | 178,065,000 | 221,711,700 | 43,646,700 | 24.5 | 224,339,600 | 2,627,900 | 1.2 |
| GF/GP | 25,322,500 | 21,135,900 | (4,186,600) | (16.5) | 21,719,600 | 583,700 | 2.8 |
| Gross | \$395,665,700 | 412,304,100 | 16,638,400 | 4.2 | 417,041,200 | \$4,737,100 | 1.1 |
| FTEs | 1,483.1 | 1,450.10 | (33.0) | (2.2) | 1,450.1 | 0.0 | 0.0 |

Notes:

- (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DEQ's funding after being separated from DNRE by E.O. 2011-1.
- (2) FY 2012-13 figures are projected or proposed 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 2010-11 YTD Appropriations | | FY 2010-11 YTD | House Committee Changes | |
|--|--------------|-----------------|-----------------------------|-----------------------------|
| | | (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Office of Pollution Prevention and Compliance Assistance (OPPCA) <u>Executive</u> and <u>House</u> decrease funding by \$1.2 million Gross and GF/GP and eliminates 9.0 FTEs for the OPPCA program which provides environmental regulation assistance and education to businesses and the public. | FTE | N/A | (9.0) | 0.0 |
| | Gross | N/A | (\$1,200,000) | \$0 |
| | GF/GP | N/A | (\$1,200,000) | \$0 |
| 2. GF/GP Reductions <u>Executive</u> reduces funding by \$1.5 million Gross and \$1.7 million GF/GP and eliminates 11.0 FTEs in various programs such as Air Quality, Environmental Investigations, Critical Dunes, and Groundwater Discharge, among others; savings realized from program elimination, reductions, and administrative cost savings. Includes \$400,000 fund source shift for Critical Dunes Program from GF/GP to Environmental Protection Fund. <u>House</u> includes these GF/GP reductions and reduces GF/GP funding by an additional \$355,700 in various line items. | FTE | N/A | (11.0) | 0.0 |
| | Gross | N/A | (\$1,892,200) | \$0 |
| | Federal | N/A | (76,700) | 0 |
| | Restricted | N/A | 202,200 | 0 |
| | GF/GP | N/A | (\$2,017,700) | \$0 |
| 3. High Risk Erosion <u>Revised Executive</u> and <u>House</u> include additional \$18,000 Gross funding for the High Risk Erosion program; funding helps retain current federal funding in DEQ budget. | Gross | N/A | \$18,000 | \$0 |
| | Restricted | N/A | 18,000 | 0 |
| 4. Early Retirement Savings <u>Executive</u> and <u>House</u> include \$738,100 Gross and GF/GP savings realized from the FY 2010-11 early retirement incentive program. | Gross | N/A | (\$738,100) | \$0 |
| | GF/GP | N/A | (\$738,100) | \$0 |

| | | House Committee Changes | | | |
|---|--|---|-------------------------------------|-------------------------------------|------------|
| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 5. Accounting Consolidation | | FTE | 13.0 | (13.0) | 0.0 |
| <u>Executive</u> and <u>House</u> transfer 13.0 FTEs to the Department of Transportation to consolidate accounting staff from various departments. The \$1.2 million Gross and \$162,800 GF/GP funding associated with the FTEs will remain in the DEQ budget to fund an Accounting Service Center. | | Gross | \$1,224,700 | \$0 | \$0 |
| | | IDG | 127,200 | 0 | 0 |
| | | Restricted | 934,700 | 0 | 0 |
| | | GF/GP | \$162,800 | \$0 | \$0 |
| 6. Restricted Funds Authorization Reduction | | Gross | N/A | (\$6,413,200) | \$0 |
| <u>Executive</u> and <u>House</u> reduce authorization for 17 restricted funds by \$6.4 million to align with anticipated revenues. Funds include Air Emission Fees, Great Lakes Protection Fund, NPDES fees, and Solid Waste Management Fund Staff Account, among others. | | Restricted | N/A | (6,413,200) | 0 |
| 7. Great Lakes Restoration Initiative (GLRI) Reduction | | Gross | \$50,000,000 | (\$25,000,000) | \$0 |
| <u>Executive</u> and <u>House</u> reduce authorization for GLRI federal competitive grant by \$25.0 million to align with anticipated awards. | | Federal | 50,000,000 | (25,000,000) | 0 |
| 8. Nonmetallic Mine Reclamation Program Elimination | | Gross | \$23,800 | (\$23,800) | \$0 |
| <u>Executive</u> and <u>House</u> eliminate Nonmetallic Mining Reclamation Program within the Office of Geologic Survey and the \$23,800 restricted funding associated with the program. | | Restricted | 23,800 | (23,800) | 0 |
| 9. Geologic Mapping and Information Program Elimination | | Gross | N/A | (\$358,000) | \$0 |
| <u>Executive</u> and <u>House</u> eliminate program funding of \$208,000; recommends that the mapping and evaluation duties of program and the federal funding be reassigned to the Geosciences Department of WMU. | | Federal | N/A | (210,500) | 0 |
| | | Restricted | | (147,500) | 0 |
| 10. Air Quality Program - Renewable Operating Permits | | Gross | N/A | \$840,000 | \$0 |
| <u>Executive</u> and <u>House</u> include \$840,000 additional restricted funding authorization to be realized through an increase in fees by a formula change to current fee structure in the Air Quality Program; increase expected to generate sufficient funding to adequately implement the program under the Clean Air Act. | | Restricted | N/A | 840,000 | 0 |
| 11. Strategic Water Quality Initiative Funds - Nonpoint Source Contamination Cleanups | | Gross | N/A | \$30,000,000 | \$0 |
| <u>Executive</u> and <u>House</u> include \$30.0 million additional restricted funding to implement PA 232 of 2010 and appropriate funds for cleanups; authorized bonding would generate an estimated \$900,000 in annual General Obligation debt service for the State. | | Restricted | N/A | 30,000,000 | 0 |
| 12. Solid Waste Surcharge Fee Proposal | | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> include funding that anticipates an increase in the solid waste surcharge fee from 7 cents per cubic yard to 12 cents in order to support the program. Because revenues have been declining, no additional funding authorization is needed. | | Restricted | N/A | 0 | 0 |
| 13. Wastewater Operator Certification Fees | | Gross | N/A | \$156,000 | \$0 |
| <u>Executive</u> and <u>House</u> increase restricted fund authorization by \$356,000 for new increased fee structure for wastewater operator certification exams and renewals; includes a \$200,000 GF/GP reduction. | | Restricted | N/A | 356,000 | 0 |
| | | GF/GP | N/A | (\$200,000) | \$0 |
| 14. Coastal and Inland Waters Permit Program Information System Replacement | | Gross | N/A | \$3,200,000 | \$0 |
| <u>Executive</u> and <u>House</u> include \$3.2 million available land and water permit fee revenue to replace obsolete software needed for the program. | | Restricted | N/A | 3,200,000 | 0 |
| 15. State-Owned Sites Cleanup Program | | Gross | N/A | \$4,400,000 | \$0 |
| <u>Executive</u> and <u>House</u> appropriate \$4.4 million in remaining funding from the State Sites Cleanup Fund to address the cleanup of high risk sites where the State is responsible for the contamination. | | Restricted | N/A | 4,400,000 | 0 |

| Major Budget Changes From FY 2010-11 YTD Appropriations | | House Committee Changes | | |
|---|--------------|---|-------------------------------------|-------------------------------------|
| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 16. Environmental Pollution Prevention Fund (EPPF) - Fund Source Shift | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> increase restricted funding from EPPF for Hazardous Waste Management Program by \$738,000 and reduces GF/GP funding by same amount. | Restricted | N/A | 738,000 | 0 |
| | GF/GP | N/A | (\$738,000) | \$0 |
| 17. Oil and Gas Regulatory Fund - Fund Source Shift | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> include a technical change that reduces restricted funding from the Oil and Gas Regulatory Fund for Oil, Gas and Mineral Services Program by \$150,000 and increases federal funding by same amount. | Federal | N/A | 150,000 | 0 |
| | Restricted | N/A | (150,000) | 0 |
| 18. IDG / Restricted Fund Source Shift | Gross | N/A | \$0 | \$0 |
| <u>Revised Executive</u> and <u>House</u> include a technical change that reduces restricted funding from the Public Utility Assessment by \$125,000 and increases the Michigan State Police IDG by same amount for radiation protection programs. | IDG | N/A | 125,000 | 0 |
| | Restricted | N/A | (125,000) | 0 |
| 19. Brownfield Grants and Environmental Bond Site Reclamation Program Grants | Gross | N/A | \$6,952,500 | \$0 |
| <u>Revised Executive</u> and <u>House</u> include \$6,952,500 additional restricted funding for grant programs to local units of government and brownfield redevelopment authorities for cleanup projects. | Restricted | N/A | 6,952,500 | 0 |
| 20. Economics | Gross | N/A | \$6,697,200 | \$4,737,100 |
| <u>Executive</u> and <u>House</u> increase funding in FY 2011-12 by \$6.7 million Gross and \$707,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$137,600 Gross and \$7,100 GF/GP for DIT economics. For FY 2012-13, proposed funding for economics is increased by an additional \$4.7 million Gross and \$583,700 GF/GP. | IDG | N/A | 226,400 | 157,500 |
| | Federal | N/A | 1,937,000 | 1,348,800 |
| | Private | N/A | 27,100 | 19,200 |
| | Restricted | N/A | 3,799,500 | 2,627,900 |
| | GF/GP | N/A | \$707,200 | \$583,700 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 204. Civil Service Charges – RETAINED

Requires Civil Service to charge state departments 1% of salary payments. Executive deletes language; House retains language.

Sec. 206. IT Work Projects – NEW

Allows IT projects to be designated as work projects and appropriations to be carried forward. House includes new language.

Sec. 207. Retention of Reports – NEW

Requires DEQ to retain copies of all reports funded from appropriations. House includes new language.

Sec. 208. DIT User Fees – RETAINED

Directs DEQ to pay user fees to DTMB for technology services and projects. Executive deletes language; House retains language.

Sec. 209. Out-of-State Travel Restrictions – REVISED

Limits purpose/amount of out-of-state travel; requires annual report on January 1 for prior fiscal year. Executive deletes language; House retains and includes new language to allow state budget director to grant travel exceptions.

Sec. 210. Purchase of Foreign Goods and Services – RETAINED

Prohibits purchase of foreign goods and services if competitively priced and comparable American goods or services are available; requires preference for goods and services from Michigan businesses and businesses owned and operated by veterans. Executive deletes language; House retains language.

Sec. 211. Businesses in Economically Deprived or Depressed Communities – RETAINED

Encourages vendor contracts in economically depressed communities. Executive deletes language; House retains language.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes language; House retains language.

Major Boilerplate Changes From FY 2010-11

Sec. 213. Rule Promulgation – RETAINED

Requires report on policy changes made to implement a public act; Department is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House retains language.

Sec. 214. Legal Services – RETAINED

Prohibits hiring attorneys for legal services provided by the Attorney General. Executive deletes language; House retains language.

Sec. 215. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers: up to \$30.0 million federal, \$5.0 million restricted, \$100,000 local, and \$500,000 private; transfers must be approved by the House and Senate appropriations committees. Executive and House revise language to amounts listed.

Sec. 218. Pending Permits – RETAINED

Any permit application pending after a 2-year period shall be considered administratively complete on January 1, 2011. Executive deletes language; House retains language.

Sec. 220. Hiring Freeze – NEW

Imposes hiring freeze on state classified civil service. House includes new language.

Sec. 221. Future Use of Refined Petroleum Fund (RPF) Revenues – DELETED

States legislative intent that after FY 2010-11, RPF revenues shall be used solely for leaking underground storage tanks. Executive and House delete language.

Sec. 221. GF/GP Lapse – NEW

Requires report by October 15 that provides estimates of GF/GP appropriation lapses at close of year. House includes new language.

Sec. 222. Restricted Fund Revenue, Expenditures, Fund Balances, and FTE Information – RETAINED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated; requires report on number and funding of FTE positions that are supported by each line item. Executive deletes language; House retains language.

Sec. 225. Out-of-State State Employee Training – RETAINED

Prohibits out-of-state travel to attend a conference or seminar for more than one employee unless the travel is funded by a federal or private source, or conference includes multiple issues in which one employee does not have expertise. Executive deletes language; House retains language (Sec. 223).

Sec. 227. Permit Application Status Tracking Tool – NEW

Requires report on the implementation of a permit application status tracking tool on the DEQ website. House includes new language.

Sec. 228. Customer Satisfaction Evaluation Program – NEW

Requires DEQ to develop a customer satisfaction evaluation program; requires report. House includes new language.

Sec. 229. Expedited Permitting Program – NEW

Requires report identifying specific permit programs to use an expedited permitting option. House includes new language.

Sec. 233. FTE Report and Expenditure Report – RETAINED

Requires report on the number of FTEs in pay status; report required quarterly; requires expenditures to be reported on a publicly accessible internet site, including the purpose for which the expenditures were made. Executive deletes language; House retains language (Sec. 224 - FTE report, Sec. 225 - Internet expenditure report).

Sec. 234. Website Expenditure Posting Cost – RETAINED

Directs DEQ to spend less than \$10,000 to post expenditures on the website. Executive deletes language; House retains language (Sec. 226).

Sec. 307. Restricted Fund Transfer to Environmental Pollution Prevention Fund (EPPF) – NEW

Authorizes transfer of \$2.0 million from the Small Business Pollution Prevention Fund to the EPPF. Executive (Sec. 8-305) and House include new language.

Sec. 308. Restricted Fund Transfer to Environmental Protection Fund (EPF) – NEW

Authorizes transfer of \$1.3 million from the Small Business Pollution Prevention Fund to the EPF. Executive (Sec. 8-306) and House include new language.

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

Provides that Brownfield Grants and Loans Program funding are work project appropriations and allows carry-forward of any remaining funds; requires that all projects be accomplished by contract; tentative completion date is September 30, 2016. Revised Executive and House include new language.

Sec. 310. Environmental Bond Site Reclamation Program Work Project Language – NEW

Provides that Environmental Bond Site Reclamation Program funding are work project appropriations and allows carry-forward of any remaining funds; requires that all projects be accomplished by contract; tentative completion date is September 30, 2016. Revised Executive and House include new language.

Major Boilerplate Changes From FY 2010-11

Sec. 405. Refined Petroleum Fund – RETAINED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes language; House retains language (Sec. 305).

Sec. 406. Operational Memoranda – DELETED

Prohibits expenditure of funds if using operational memoranda or similar documents to impose regulations on individuals or businesses conducting environmental cleanup projects without written consent. Executive and House delete language.

Sec. 407. Solid Waste Management Fund – DELETED

Appropriates \$2.0 million from solid waste management fund perpetual care account to solid waste management fund staff account. Executive and House delete language.

Sec. 408. Refined Petroleum Fund (RPF) Cleanup Site List – REVISED

Lists cleanup projects funded through the RPF Cleanup Program. Executive deletes; House includes revised list (Sec. 306).

Sec. 601. Solid Waste Program Report – NEW

Requires a report on the Department's Solid Waste Management Program and policy. Report shall include options for long-term funding, and the impact of recycling, composting, and beneficial reuse, as well as the feasibility of contracting out landfill inspections. House includes new language.

Sec. 651. Aquatic Nuisance Control (ANC) – REVISED

Requires \$100,000 be allocated to fund up to one additional FTE for ANC program; requires report. Executive deletes; House includes revised language (Sec. 401).

Sec. 652. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available. Executive and House delete language.

DEPARTMENT OF NATURAL RESOURCES: FYs 2011-12 and 2012-13
Summary: As Reported by Committee
Article III, House Bill 4524 (H-1)



Analyst: Viola Bay Wild

| | FY 2010-11 | FY 2011-12 | Difference: FY 2011-12 | | FY 2012-13 | Difference: FY 2012-13 | |
|-------------------|-------------------------------|----------------------|------------------------|----------------|----------------------|------------------------|----------------|
| | Year-to-Date as of 2/17/11 | | House Committee | Vs. FY 2010-11 | | House Committee | Vs. FY 2011-12 |
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$1,830,100 | \$1,935,000 | \$104,900 | 5.7 | \$1,935,000 | \$0 | 0.0 |
| Federal | 78,713,500 | 69,319,900 | (9,393,600) | (11.9) | 68,668,800 | (651,000) | (0.9) |
| Local | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private | 5,824,400 | 2,842,400 | (2,982,000) | (51.2) | 2,842,400 | 0 | 0.0 |
| Restricted | 220,947,800 | 242,267,400 | 21,319,600 | 9.6 | 248,903,700 | 6,636,300 | 2.7 |
| GF/GP | 15,986,900 | 13,604,500 | (2,382,400) | (14.9) | 13,952,700 | 348,200 | 2.6 |
| Gross | \$323,302,700 | \$329,969,200 | \$6,666,500 | 2.1 | \$336,302,600 | \$6,333,400 | 1.9 |
| FTEs | 2,192.4 | 2,176.4 | (16.0) | (0.7) | 2,176.4 | 0.0 | 0.0 |

Notes:

- (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DNR's funding after being separated from DNRE by E.O. 2011-1.
(2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, state parks and forest campgrounds, and Michigan's historical programs.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Committee Changes | |
|---|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Early Retirement Savings | Gross | N/A | (\$283,900) | \$0 |
| Executive and House include \$283,900 Gross and GF/GP savings realized from the FY 2010-11 early retirement program. | GF/GP | N/A | (\$283,900) | 0 |
| 2. GF/GP Reductions | FTE | N/A | (2.0) | 0.0 |
| Executive reduces funding by \$838,100 Gross and GF/GP by decreasing funding for various programs. Savings realized from a \$92,400 reduction in Law Enforcement, the elimination of 2.0 FTEs and \$253,100 GF/GP funding for Historical Programs, \$184,700 administrative cost savings, and \$307,900 reduction in Wildlife Division programs which includes \$115,000 reduction in funding for captive cervidae program. House does not include the \$115,000 GF/GP reduction for the captive cervidae program, but includes the remaining Executive reductions and reduces GF/GP funding by an additional \$226,800 for a total GF/GP reduction of \$949,900 in various line items. | Gross | N/A | (\$949,900) | \$0 |
| | GF/GP | N/A | (\$949,900) | \$0 |
| 3. Mackinac Island State Park Commission | Gross | N/A | \$0 | \$0 |
| Executive and House reduce GF/GP funding by \$1.6 million and recommend a funding shift of \$1.6 million from GF/GP to Michigan State Park Endowment Fund (MSPEF); MSPEF restricted funding remains in State Parks line item. | Restricted | N/A | 1,561,900 | 0 |
| | GF/GP | N/A | (\$1,561,900) | \$0 |
| 4. Freedom Trail Commission | Gross | N/A | \$100 | (\$100) |
| Executive deletes \$22,500 GF/GP funding for program, House includes \$100 placeholder in FY 2012. | GF/GP | N/A | \$100 | (\$100) |

| | | House Committee Changes | | | |
|--|--|---|-------------------------------------|-------------------------------------|--------------------|
| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 5. Recreation Passport Revenue | | Gross | N/A | \$3,114,000 | \$0 |
| <u>Executive</u> and <u>House</u> increase restricted funding to numerous programs by \$3.1 million to reflect additional revenue from Recreation Passport program. | | Restricted | N/A | 3,114,000 | 0 |
| 6. Great Lakes Restoration Initiative (GLRI) | | Gross | \$15,000,000 | (\$5,000,000) | \$0 |
| <u>Executive</u> and <u>House</u> reduce federal funding authorization by \$5.0 million for the GLRI competitive grant program to align with anticipated grant awards. | | Federal | 15,000,000 | (5,000,000) | 0 |
| 7. Funding Authorization Reductions | | Gross | N/A | (\$3,039,200) | \$0 |
| <u>Executive</u> and <u>House</u> reduce federal, state restricted, and private funding authorizations by \$3.0 million to align with anticipated revenues. Reduced restricted funds include Game and Fish Fund - Turkey Permit Fees, Game and Fish Fund - Wildlife Resources Protection Fund, History Fees, Cervidae Licensing Fees, Public Use Deed Fees, and ORV Trail Improvement Fund, among others. | | Federal | N/A | (1,000) | 0 |
| | | Private | N/A | (1,050,000) | 0 |
| | | Restricted | N/A | (1,988,200) | 0 |
| 8. Accounting Consolidation Changes | | FTE | 14.0 | (14.0) | 0.0 |
| <u>Executive</u> and <u>House</u> transfer 14.0 FTEs to MDOT to consolidate accounting staff from various departments. The \$1.3 million Gross and \$155,000 GF/GP funding associated with the FTEs will remain in the DNR budget and fund an Accounting Service Center. | | Gross | \$1,348,500 | \$0 | \$0 |
| | | Restricted | 1,193,500 | 0 | 0 |
| | | GF/GP | \$155,000 | \$0 | \$0 |
| 9. Captive Cervidae Fee Proposal | | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> includes \$115,000 additional restricted funding to the Cervidae Licensing & Inspection Fees Fund to be realized through an increase in fees on private captive cervidae facilities. Executive proposal would increase 3-year inspection fees from \$750 to \$2,250 for Class III (ranch) and Full Registration facilities. (Executive reduces GF/GP by \$115,000 - see item #2 above.) <u>House</u> does not include increased fee revenue and does not include the \$115,000 GF/GP reduction. | | Restricted | N/A | 0 | 0 |
| | | GF/GP | | \$0 | \$0 |
| 10. Capital Outlay Projects | | Gross | \$18,978,600 | \$6,101,500 | \$569,900 |
| <u>Executive</u> and <u>House</u> increase funding in FY 2011-12 for parks, forestry and waterways capital outlay projects by \$6.1 million Gross. <u>House</u> includes a \$100 placeholder for Grand Marais Harbor. For FY 2012-13, proposed Capital Outlay funding is increased by \$569,900 Gross. | | Federal | 9,075,000 | (5,324,900) | (1,500,100) |
| | | Private | 2,000,000 | (2,000,000) | 0 |
| | | Restricted | 7,903,600 | 13,426,400 | 2,070,000 |
| 11. Economics | | Gross | N/A | \$6,723,900 | \$5,763,600 |
| <u>Executive</u> and <u>House</u> increases funding in FY 2011-12 by \$6.7 million Gross and \$413,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$216,900 Gross and \$26,000 GF/GP for DIT economics. For FY 2012-13, proposed funding for economics is increased by an additional \$5.8 million Gross and \$348,300 GF/GP. | | IDG | N/A | 104,900 | 0 |
| | | Federal | N/A | 932,300 | 849,000 |
| | | Private | N/A | 68,000 | 0 |
| | | Restricted | N/A | 5,205,500 | 4,566,300 |
| | | GF/GP | N/A | \$413,200 | \$348,300 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 204. Civil Service Charges – RETAINED

Requires Civil Service to charge state departments 1% of salary payments. Executive deletes language; House retains language.

Sec. 208. DIT User Fees – RETAINED

Directs DNR to pay user fees to DTMB for technology services and projects. Executive deletes language; House retains language.

Sec. 209. Out-of-State Travel Restrictions – RETAINED

Limits purpose/amount of out-of-state travel; requires annual report. Executive deletes language; House retains and includes new language to allow state budget director to grant travel exceptions.

Major Boilerplate Changes From FY 2010-11

Sec. 210. Purchase of Foreign Goods and Services – RETAINED

Prohibits purchase of foreign goods and services if competitively priced and comparable American ones are available; requires preference for Michigan businesses and those operated by veterans. Executive deletes language; House retains language.

Sec. 211. Businesses in Economically Deprived or Depressed Communities – RETAINED

Encourages vendor contracts in economically depressed communities. Executive deletes language; House retains language.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes language; House retains language.

Sec. 213. Rule Promulgation – RETAINED

Requires report on policy changes made to implement a public act; Department is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House retains language.

Sec. 214. Legal Services – RETAINED

Department may not hire attorneys to provide legal services provided by the Attorney General. Executive deletes language; House retains language.

Sec. 215. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers: up to \$3.0 million federal, \$10.0 million restricted, \$100,000 local, and \$1.0 million private; transfers must be approved by both House and Senate appropriations committees. Executive and House revise language amounts listed above.

Sec. 216. IT Work Projects – NEW

Allows IT projects to be designated as work projects and appropriations to be carried forward. House includes new language.

Sec. 217. Retention of Reports – NEW

Requires DNR to retain copies of all reports funded from appropriations. House includes new language.

Sec. 218. Pending Permits – REVISED

Any permit application pending after a 2-year period shall be considered administratively complete on January 1, 2011. Executive deletes language; House includes new language requiring report on pending permits considered complete under this section.

Sec. 219. Hiring Freeze – NEW

Imposes hiring freeze on state classified civil service. House includes new language.

Sec. 220. GF/GP Lapse – NEW

Requires report by October 15 of estimated GF/GP appropriation lapses at close of previous year. House includes new language.

Sec. 222(1)(2). Restricted Fund Revenue, Expenditures and Fund Balances – RETAINED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated; requires report on number and funding of FTE positions that are supported by each line item. Executive deletes language; House retains language.

Sec. 222(3). FTE Information Report – DELETED

Requires report on number and funding of FTE positions supported by each line item. Executive and House delete language.

Sec. 223. Waterways Fund Projects – RETAINED

Requires report on activities of Waterways Commission during previous fiscal year; list of completed waterways fund projects to be provided to Legislature and State Budget Director by January 31, 2011. Executive deletes language; House retains language.

Sec. 225. Out-of-State State Employee Training – RETAINED

Prohibits out-of-state travel to attend a conference for more than one employee unless funded by a federal or private source, or for conferences on issues for which one employee does not have expertise. Executive deletes language; House retains language.

Sec. 233(1). FTE Report and Expenditure Report – RETAINED

Requires report on number of FTEs in pay status; report required quarterly; requires expenditures to be reported on a publicly accessible internet site, including the purpose for the expenditures. Executive deletes language; House retains language

Sec. 233(2). Expenditure Posting on Internet – RETAINED

Requires expenditures to be reported on a publicly accessible internet site, including the purpose for which the expenditures were made. Executive deletes language; **House** retains language (Renumbers to Sec. 234).

Sec. 234. Website Expenditure Posting Cost – RETAINED

Directs DNR to spend less than \$10,000 to post expenditures on the website. Executive deletes language; House retains language (Renumbers to Sec. 235).

Major Boilerplate Changes From FY 2010-11

Sec. 306. Historical Program Fees – RETAINED

Allows DNR to charge fees for historical program services and museum admissions. Executive eliminates language that requires children under 18 be admitted free to the Michigan Historical Museum; House retains language.

Sec. 307. Freedom Trail Funding – DELETED

Requires \$22,500 funding for the Freedom Trail Commission. Executive and House delete language.

Sec. 308. Land Transactions – RETAINED

Requires report to Legislature on land purchases, sales and exchanges. Executive deletes language; House retains language.

Sec. 501. Bovine TB Eradication Efforts – RETAINED

Requires annual report on enforcement actions taken to eradicate bovine TB, relevant scientific studies and the number of deer found to be infected. Executive deletes language; House retains language (Renumbers to Sec. 401).

Sec. 502. Livestock Loss Indemnification – RETAINED

Requires Department to reimburse Department of Agriculture for livestock losses caused by wolves, coyotes, or cougars. Executive deletes language; House retains language (Renumbers to Sec. 402).

Sec. 502. Water Control Structure Certification – NEW

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures. House includes new language.

Sec. 702. State Park Campground Closures – RETAINED

Requires Department to notify Legislature if reduced operations or recreation opportunities are planned at any state park or recreation area. Executive deletes language; House retains language (Renumbers to Sec. 602).

Sec. 703. Porcupine Mountain Ski Hill – RETAINED

Prohibits DNR from altering operations of the ski hill or demolishing any buildings related to the ski hill in Porcupine Mountains Wilderness State Park. Executive deletes language; House retains language (Renumbers to Sec. 603).

Sec. 708. Property Leases – NEW

Requires DNR to extend or renew existing leases of land that was part of the settlement agreement with utility companies over the Ludington hydroelectric facility to individuals. House includes new language.

Sec. 802. Timber Marking – REVISED

Directs Department to mark and prescribe treatment on 63,000 acres, prepare for harvest 58,000 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report. Executive deletes language; House revises language to require treatment on 95,000 acres and harvest on 77,000 acres (Renumbers to Sec. 702).

Sec. 802. Marine Safety Grants – NEW

Requires Marine Safety Grant Program report. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county. House includes new language.

Sec. 804. Horseback Riding Opportunities – RETAINED

Directs Department to work cooperatively with horseback riding interests to increase horseback riding opportunities. Executive deletes language; House retains language (Renumbers to Sec. 704).

Sec. 805. Contract Foresters – RETAINED

Allows Department to hire sufficient contract foresters to mark timber. Executive deletes language; House retains language (Renumbers to Sec. 705).

Sec. 807. Timber Industry Meetings – RETAINED

Directs Department Director to meet semiannually with timber industry representatives to discuss timber industry issues. Executive deletes language; House retains language (Renumbers to Sec. 706).

Sec. 808. State Forest Campgrounds Mini-State Parks Pilot Program – REVISED

Requires a strategic plan be developed to incorporate selected state forest campgrounds into the state park system as mini-state parks and develop a pilot program using 6 of the state forest campgrounds closed by E.O. 2009-22; requires report. Executive deletes language; House revises language to require completion of the plan (Renumbers to Sec. 707).

Sec. 901. Snowmobile Law Enforcement Grants – RETAINED

Provides snowmobile law enforcement grants to county law enforcement agencies in counties with state snowmobile trails. Executive deletes language; House retains language (Renumbers to Sec. 801).

Sec. 1003. Off Road Vehicle (ORV) Trail Improvement Grants – RETAINED

Requires \$980,000 be expended for new trails. Executive deletes language; House retains language (Renumbers to Sec. 902).

Major Boilerplate Changes From FY 2010-11

Sec. 1101. Capital Outlay Appropriations for the Harbors and Docks Grants in Aid – RETAINED

Provides for disbursement of Waterways Fund appropriation to the federal government and local governmental units. Executive deletes language; House retains language (Renumbers to Sec. 1001).

Sec. 1104. Capital Outlay - Grand Marais Harbor – NEW

States legislative intent that a capital outlay project to restore the breakwall at the Grand Marais harbor be funded.