

FY 2016-17: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As passed by Senate
Senate Bill 800 (S-1)



Analyst: Austin Scott

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: Senate From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$9,115,300	\$9,225,700	\$9,225,700	\$9,225,700		\$110,400	1.2
Federal	138,079,100	138,687,200	138,687,200	138,687,200		608,100	0.4
Local	0	0	0	0		0	--
Private	546,000	555,300	555,300	555,300		9,300	1.7
Restricted	305,341,200	317,344,800	315,844,800	317,344,800		12,003,600	3.9
GF/GP	46,914,200	47,686,400	56,186,400	47,686,400		772,200	1.6
Gross	\$499,995,800	\$513,499,400	\$520,499,400	\$513,499,400		\$13,503,600	2.7
FTEs	1,226.0	1,238.0	1,238.0	1,238.0		12.0	1.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Major Budget Changes From FY 2015-16 YTD Appropriations			
1. Flint Declaration of Emergency (one-time)			
<u>Executive</u> provides 10.0 FTEs and \$5.4 million GF/GP for corrosion control, water quality testing in high risk locations, and water connection service payments for October 2016 through December 2016. Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed as an FY 2015-16 supplemental appropriation in the DTMB budget. <u>House</u> and <u>Senate</u> concur with Executive.	FTE	N/A	10.0
	Gross	N/A	\$5,400,100
	Restricted	N/A	100
	GF/GP	N/A	5,400,000
2. Flint Declaration of Emergency – Removal of FY 2015-16 supplemental funding			
<u>Executive</u> removes \$13.1 million Gross (\$12.1 million GF/GP) from FY 2015-16 Flint supplemental funding (2015 PA 143 and 2016 PA 3). Flint emergency response efforts are continued in FY 2016-17 by the above appropriation. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$13,086,500	(\$13,086,500)
	Restricted	1,000,000	(1,000,000)
	GF/GP	\$12,086,500	(\$12,086,500)
3. Water Pollution Control and Drinking Water Revolving Fund (one-time)			
<u>Executive</u> provides \$3.0 million in one-time GF/GP to meet the state match for a federal grant for drinking water revolving fund loans. These low-interest loans are provided to water suppliers to finance the construction, upgrades, or expansions of safe public drinking water systems. <u>House</u> and <u>Senate</u> concur with Executive.	Gross	\$84,993,000	\$2,950,000
	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000
4. Contaminated Lake and River Sediment Cleanup Program (one-time)			
<u>Executive</u> provides \$700,000 in one-time Clean Michigan Initiative (CMI) contaminated sediments funding for investigation and remediation projects within the Detroit and Rouge Rivers, which are among DEQ's Areas of Concern sites. <u>House</u> and <u>Senate</u> concurs with Executive.	Gross	\$1,565,000	\$700,000
	Restricted	1,565,000	700,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
5. Environmental Cleanup and Redevelopment Program		Gross	\$15,000,000
<u>Executive</u> appropriates remaining \$14.9 million CMI response activities funding to begin cleanup efforts at 13 high priority sites in the following counties: Antrim (2), Cass, Charlevoix, Emmet, Gratiot, Houghton, Ingham, Lake, Lapeer, Livingston, Saint Joseph, and Washtenaw. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Restricted	15,000,000	\$14,900,000
	GF/GP	\$0	\$0
6. Oil, Gas, and Mineral Services (one-time)	FTE	59.0	0.0
<u>Executive</u> provides \$4.0 million in one-time GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding due to decreased gas prices. <u>House</u> provides \$3.5 million in one-time GF/GP. <u>Senate</u> concurs with <u>Executive</u> .	Gross	\$12,012,800	\$4,000,000
	Restricted	12,012,800	0
	GF/GP	\$0	\$4,000,000
7. Refined Petroleum Product Cleanup Program		Gross	\$20,000,000
<u>Executive</u> shifts \$1.5 million in refined petroleum funding (RPF) from the Department of Agriculture and Rural Development (MDARD) to DEQ to better align RPF with the fund's remediation and redevelopment purpose. This shift is the first of a three year plan; funding in MDARD is replaced with GF/GP. <u>House</u> does not include shift. <u>Senate</u> concurs with <u>Executive</u> .	Restricted	20,000,000	\$1,500,000
	GF/GP	\$0	\$0
8. Water Withdrawal Assessment Program	FTE	4.0	0.0
<u>Executive</u> provides \$800,000 CMI clean water funding to implement program recommendations made by the Water Use Advisory Council. Recommendations include improvements to the Water Withdrawal Assessment Tool on the DEQ website. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Gross	\$611,900	\$800,000
	Restricted	240,500	800,000
	GF/GP	\$371,400	\$0
9. Five-Year Early Out Sick Leave Payments		Gross	N/A
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; removes \$243,300 Gross (\$43,800 GF/GP). <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	IDG	N/A	(\$243,300)
	Federal	N/A	(8,200)
	Restricted	N/A	(53,300)
	GF/GP	N/A	(138,000)
			(\$43,800)
10. Revenue Adjustments	FTE	N/A	4.0
<u>Executive</u> reduces federal and restricted authorization by a combined \$7.0 million and adds 4.0 FTEs to the underground storage tank cleanup program to reflect available funding. Includes a \$150,000 reduction in federal funding for the Office of the Great Lakes (replaced by restricted funding), a \$1.5 million reduction in CMI authorization for Brownfield grants, and a \$5.4 million reduction in oil and gas regulatory fund authorization for oil, gas, and mineral services. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Gross	N/A	(\$7,012,400)
	Federal	N/A	(150,000)
	Restricted	N/A	(6,862,400)
	GF/GP	N/A	\$0
11. Economic Adjustments		Gross	N/A
<u>Executive</u> reflects increased costs of \$3.6 million Gross (\$552,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	IDG	N/A	\$3,595,700
	Federal	N/A	118,600
	Private	N/A	811,400
	Restricted	N/A	9,300
	GF/GP	N/A	2,103,900
			\$552,500
12. Statewide School Water Testing for Lead		Gross	N/A
<u>House</u> provides \$9.0 million GF/GP for reimbursements to public and private pre-kindergarten through twelfth grade schools for costs associated with testing for lead in water. <u>Senate</u> does not include this appropriation.	GF/GP	N/A	\$0

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – RETAINED

Requires report of benchmarks to measure performance or return for each new program or program increase over \$500,000; includes intent language that any new program include a list of benchmarks in future. Executive and House delete, Senate retains.

Sec. 207. Retention of Reports – RETAINED

Requires DEQ to retain copies of all reports funded from appropriations. Executive and House delete, Senate retains.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits DEQ from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House and Senate retain.

Major Budget Changes From FY 2015-16 YTD Appropriations

Sec. 213. Rule Promulgation – RETAINED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes, House and Senate retain.

Sec. 223. FTE Report by Line Item – RETAINED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item. Executive and House delete, Senate retains

Sec. 305. 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, House and Senate retain.

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

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed. Executive deletes, House and Senate revise with updated site list.

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

Provides that Brownfield Grants Program funds are work project appropriations and allows carry-forward of remaining funds; requires projects to be accomplished by contract; tentative completion date is September 30, 2020. Executive deletes, House and Senate concur.

Sec. 311. Enbridge Settlement Report – RETAINED

Requires DEQ to submit a report detailing the remediation & redevelopment actions funded by the May 2015 Enbridge settlement. Executive and House delete, Senate retains.

Sec. 312. Perfluorinated Compounds Study & Workgroup – NEW

Requires DEQ to conduct a study on the effects of long-term exposure to perfluorinated compounds and to conduct a workgroup to establish cleanup criteria for perfluorinated compounds under part 201 of the NREPA. Senate adds new section.

Sec. 402. Water Quality and Use Initiative – DELETED

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for the Water Quality and Use Initiative Program, the Real-Time Beach Monitoring Program, and the Wetlands Program. Executive and Senate delete, House retains.

Sec. 406. Groundwater Discharge Permit Fee Revision – DELETED

Requires DEQ to work with stakeholders to revise the ground water discharge permit fee prior to September 30, 2016. Executive deletes, House and Senate concur.

Sec. 407. Contaminated Lake and River Sediment Cleanup Program – NEW

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2021. Executive adds new section, House and Senate concur.

Sec. 410. Lake Erie Report – NEW

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Senate adds new section.

Sec. 501. Air Quality Program – DELETED

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act, also includes 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula. Executive deletes, House and Senate concur.

Sec. 502. Air Quality Penalties – DELETED

Prohibits DEQ from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. Executive and Senate delete, House retains.

Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – DELETED

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years. Executive and Senate delete, House retains.

Sec. 801. Flint Declaration of Emergency – NEW

Allows the funds appropriated for the Flint declaration of emergency to be expended to keep Flint on the Detroit water system, to cover staff, lab and testing costs, and to cover contract costs. Executive adds new section, House and Senate concur.

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Sec. 2001. FY 2016-17 Anticipated Appropriations – DELETED		
States intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments.		
<u>Executive</u> deletes, <u>House</u> and <u>Senate</u> concur.		