

**Summary: Executive Budget Recommendation
for Fiscal Year 2019-20
DEPARTMENT OF ENVIRONMENTAL QUALITY**



Analyst: Austin Scott

	FY 2018-19	FY 2019-20	Difference: FY 2019-20	
	Year-to-Date as of 3/5/19	Executive	Amount	%
IDG/IDT	\$3,143,700	\$3,176,600	\$32,900	1.0
Federal	160,225,400	160,895,300	669,900	0.4
Local	0	0	0	--
Private	1,061,700	1,061,800	100	0.0
Restricted	278,325,300	259,346,600	(18,978,700)	(6.8)
GF/GP	58,546,500	53,793,000	(4,753,500)	(8.1)
Gross	\$501,302,600	\$478,273,300	(\$23,029,300)	(4.6)
FTEs	1,263.0	1,287.0	24.0	1.9

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (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, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Elimination of Fee Sunsets	Gross NA	NA
Proposes to eliminate the 14 fee sunsets that are scheduled to sunset prior to January 1, 2020. Collectively these fees provide \$27.8 million in annual revenue for DEQ.	GF/GP NA	NA

Fee	Annual revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	6,000,000
Electronic device manufacturer's registration	230,000
Electronic device recycler registration	50,000
Groundwater discharge permit	1,190,000
Surface water discharge permit	2,816,800
Stormwater discharge fee	1,625,100
Land and water permit fees (5 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
Total	\$27,843,700

2. Drinking Water Compliance Assistance	FTE	115.0	10.0
Includes an increase of \$1.9 million GF/GP and authorizes 10.0 FTE positions to the Drinking Water and Environmental Health Program to establish a new Drinking Water Compliance Assistance Unit intended to provide technical expertise related to the lead and copper rule requirements.	Gross	\$16,554,400	\$1,900,000
	Federal	9,434,100	0
	Restricted	4,465,400	0
	GF/GP	\$2,654,900	\$1,900,000

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
3. Refined Petroleum Product Cleanup Program Staffing	FTE	85.0	14.0
Authorizes 14.0 FTE positions to the Refined Petroleum Product Cleanup program. This program provides for the remediation of petroleum contaminated sites, including leaking underground storage tanks.	Gross	\$34,680,000	\$0
	Federal	2,060,300	0
	Restricted	32,619,700	0
	GF/GP	\$0	\$0
4. Coal Ash Care Fund – Solid Waste Management Program	FTE	37.0	0.0
Increases \$260,000 from the Coal Ash Care Fund to the Solid Waste Management program in accordance with 2018 PA 640 which provides for the regulation of coal ash landfills with revenue collected from landfill owners and operators.	Gross	\$5,159,600	\$260,000
	Restricted	5,159,600	260,000
	GF/GP	\$0	\$0
5. Vapor Intrusion – Contaminated Site Investigations Program	FTE	130.0	0.0
Eliminates \$1.7 million GF/GP for vapor intrusion remediation from the Contaminated Site Investigations, Cleanup, and Revitalization Program. The Renewing Michigan's Environment Program provides for the remediation of emerging contaminants including vapor intrusion.	Gross	\$15,674,100	(\$1,655,300)
	Private	191,100	0
	Restricted	13,857,600	0
	GF/GP	\$1,625,400	(\$1,655,300)
6. Water Quality and Use Initiative	Gross	\$1,522,900	(\$1,522,900)
Eliminates \$1.5 million GF/GP for the Water Quality and Use Initiative and shifts 5.0 FTE positions to the Renewing Michigan's Environment Program which provides for the continuation of this program's efforts.	GF/GP	\$1,522,900	(\$1,522,900)
7. Recycling Initiative	FTEs	3.0	0.0
Reduces the Recycling Initiative by \$1.0 million GF/GP. The Renewing Michigan's Environment Program provides for the continuation of recycling grants to local communities.	Gross	\$2,032,300	(\$1,032,000)
	Restricted	1,000,000	0
	GF/GP	\$1,032,000	(\$1,032,000)
8. Lead Remediation Grants	Gross	\$2,000,000	(\$2,000,000)
Eliminates funding for lead remediation grants (\$2.0 million Gross, \$1.0 million GF/GP). Restricted funding is transferred to the Emergency Cleanup Actions program.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)
9. Removal of FY 2018-19 One-Time funding	Gross	\$2,120,000	(\$2,120,000)
Removes \$2.1 million GF/GP for one-time projects included in the previous fiscal year's budget:	GF/GP	\$2,120,000	(\$2,120,000)
Inland Lake Aquatic Invasive Plant Species Control and Eradication Program	\$1,000,000		
Landfill Research, Design, and Demonstration Project	120,000		
Mapping and Other Support	400,000		
Michigan Geological Survey	500,000		
Water Withdrawal Implementation	100,000		
10. Technical Adjustments	Gross	NA	(\$19,927,400)
Decreases DEQ budget by \$19.9 million in restricted authorization to align appropriations with available funds and to remove authorization for concluded programs. Adjustments include eliminating authorization for exhausted bond funding and the aquifer protection revolving fund.	Restricted	NA	(19,927,400)
	GF/GP	NA	\$0
11. Economic Adjustments	Gross	NA	\$3,068,300
Reflects increased costs of \$3.1 million Gross (\$676,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	32,900
	Federal	NA	669,900
	Private	NA	100
	Restricted	NA	1,688,700
	GF/GP	NA	\$676,700

Major Boilerplate Changes From FY 2018-19

Sec. 216. Consolidated Report on Environmental Cleanup Projects – REVISED

Requires DEQ to provide status report with detailed information on approved cleanup projects funded through environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, revitalization revolving loan program, brownfield grants and loans, leaking underground storage tank cleanup program, contaminated lake and river cleanup program, refined petroleum product cleanup program, and environmental protection bond projects. Due date revised from March 31 to April 30.

Sec. 220. Disciplinary Action Against State Employees – DELETED

Prohibits DEQ from disciplining state employees for communicating with members of the legislature and their staffs.

Sec. 221. Rule Promulgation – DELETED

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business.

Sec. 235. Clean Michigan Initiative Report – REVISED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds, as well as a March 31 report deadline. Due date revised from March 31 to April 30.

Sec. 238. Fee and Fund Source Report – DELETED

Requires DEQ to report on its public website information detailing activities related to departmental fees and fund sources.

Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED

Authorizes unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$2.0 million; changes completion date to 2024.

Sec. 305. Refined Petroleum Fund – DELETED

Expresses intent of the legislature to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – DELETED

Authorizes unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023.

Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – REVISED

Authorizes unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023. Revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$34.8 million; changes completion date to 2024.

Sec. 313. Vapor Intrusion – DELETED

Requires DEQ to use funds appropriated for vapor intrusion to investigate potential vapor intrusion sites.

Sec. 315. Lead Remediation Grants – DELETED

Requires DEQ to distribute grant awards for remediation and redevelopment of sites contaminated by lead paint, prioritizing sites affecting families with children.

Sec. 316. Environmental Cleanup and Redevelopment Program (One-Time) – DELETED

Requires DEQ to expend funds appropriated for the Environmental Cleanup and Redevelopment Program (one-time) for remediation and redevelopment of nonpetroleum contaminated sites.

Sec. 402. Drinking Water Infrastructure and Mapping – REVISED

Authorizes unexpended funds appropriated for Drinking Water Infrastructure and for Mapping and other support to be considered work project appropriations, and unencumbered or unallotted funds to be available until the projects have been completed. The projects will be accomplished by contract and have a tentative completion date of September 30, 2023. Renumbered Sec. 801 and removed "mapping and other support." Also revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$4.0 million; changes completion date to 2024.

Major Boilerplate Changes From FY 2018-19

Sec. 403. Grants for Drinking Water Systems – REVISED

Authorizes grants of no more than \$2.0 million each to be awarded to drinking water systems for contamination remediation or alternate system connections from the funds appropriated for drinking water infrastructure. Grants will be determined by the size of the population served and will require a 20% local match unless waived by the Water Asset Management Council. Renumbered to Sec. 802.

Sec. 404. Inland Lake Aquatic Invasive Plant Species Control and Eradication Program – DELETED

Requires \$1.0 million appropriation to be used in accordance with 2018 PA 671 for the Inland Lake Aquatic Invasive Plant Species Control and Eradication program.

Sec. 412. Work Projects – Aquifer Protection Program – DELETED

Authorizes unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward. The program will help resolve aquifer disputes between well owners and is estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

Sec. 413. Cooperative Lakes Monitoring Program – DELETED

Earmarks \$150,000 from the Surface Water program (\$16.3 million Gross) to support the Cooperative Lakes Monitoring Program in FY 2018-19.

Sec. 501. Work Projects – Renewing Michigan’s Environment Program – NEW

Authorizes unexpended funds appropriated for the Renewing Michigan’s Environment Program to be considered work project appropriations and carried forward. The program supports nonpetroleum cleanups and is estimated to cost \$69.0 million with a tentative completion date of September 30, 2024.

Sec. 604. Lead and Copper Rule – DELETED

Requires DEQ to use funds appropriated for the lead and copper rule program to host training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule.

Sec. 701. Underground Storage Tank Authority – REVISED

Authorizes unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$20.0 million with a tentative completion date of September 30, 2023. Revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost; changes completion date to 2024.

Sec. 801. Landfill Research, Design, and Development Project – DELETED

Directs expenditure of one-time funding for the landfill development project in St. Clair County.

Supplemental Recommendations for FY 2018-19 Appropriations **FY 2018-19
Recommendation**

1. Drinking Water Protection and Innovation Initiatives	FTEs	3.0
Includes \$120.0 million GF/GP and authorizes 3.0 FTE positions for the following:	Gross	\$120,000,000
<ul style="list-style-type: none">• Not less than \$40.0 million for grants to Drinking Water Revolving Loan Fund applicants.• Not less than \$37.5 million for implementation of the current lead and copper rule, including water service line replacement and local education initiatives by Water Supply Advisory Councils.• Not less than \$30.0 million for remediation of emerging contaminants and for investment in remediation technology in public water systems.• Not more than \$7.5 million for local grants for enhanced asset management plans, sustainable water rate plans, and watershed plans.• Not more than \$5.0 million for optimized corrosion control treatments, improved distribution systems, and enhanced data building capacities of water systems.	GF/GP	\$120,000,000