

**Summary: Executive Budget Recommendation
for Fiscal Year 2018-19
DEPARTMENT OF ENVIRONMENTAL QUALITY**



Analyst: Austin Scott

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18	Executive	Amount	%
IDG/IDT	\$3,100,500	\$3,143,700	\$43,200	1.4
Federal	170,042,600	160,225,400	(9,817,200)	(5.8)
Local	0	0	0	--
Private	555,300	1,061,700	506,400	91.2
Restricted	314,725,300	283,210,700	(31,514,600)	(10.0)
GF/GP	63,081,500	46,946,500	(16,135,000)	(25.6)
Gross	\$551,505,200	\$494,588,000	(\$56,917,200)	(10.3)
FTEs	1,252.0	1,263.0	11.0	0.9

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (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 2017-18 Year-to-Date (YTD) Appropriations		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
1. Clean Michigan Program	FTE	NA	75.0
Intends to use 75.0 FTEs and \$79.0 million in restricted funding, the majority of which would be generated by a proposed increase in Michigan's solid waste tipping fee from \$0.36 per ton to \$4.75 per ton, to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:	Gross	NA	\$78,963,200
	Restricted	NA	78,963,200
	GF/GP	NA	\$0
Remediation and redevelopment (including vapor intrusion and PFAS)		\$45,000,000	
Recycling grants		15,000,000	
Solid waste management		6,000,000	
State park infrastructure		5,000,000	
Water quality monitoring grants		5,000,000	
Asbestos and landfill gas monitoring		1,500,000	
Materials management		1,500,000	
2. Oil, Gas, and Mineral Services GF/GP	FTE	59.0	0.0
Continues \$4.0 million GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. This funding is included in the FY 2017-18 DEQ budget on a one-time basis and moved to ongoing for FY 2018-19.	Gross	\$10,680,900	\$0
	Restricted	6,680,900	0
	GF/GP	\$4,000,000	\$0
3. Solid Waste Management Program	FTE	37.0	(37.0)
Eliminates the solid waste management program by transferring 37.0 FTEs and \$5.1 million in restricted funding to the proposed Clean Michigan Program.	Gross	\$5,077,800	(\$5,077,800)
	Restricted	5,077,800	(5,077,800)
	GF/GP	\$0	\$0
4. Removal of FY 2017-18 Supplemental Funding	FTE	7.0	(7.0)
Removes 7.0 FTEs and \$40.5 million Gross (\$15.8 million GF/GP) for FY 2017-18 supplemental appropriations included in Public Acts 158 and 201 of 2017. The vapor intrusion, PFAS, and remediation and redevelopment programs are continued in FY 2018-19 through the proposed Clean Michigan Program.	Gross	\$40,537,500	(\$40,537,500)
	Restricted	24,700,000	(24,700,000)
	GF/GP	\$15,837,500	(\$15,837,500)

Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
5. Removal of FY 2017-18 One-Time Funding		Gross	\$17,100,000 (\$17,100,000)
Removes \$17.1 million in restricted funding for one-time projects included in the previous fiscal year's budget:		Restricted	17,100,000 (17,100,000)
		GF/GP	\$0 \$0
Refined petroleum product cleanup program	\$14,900,000		
Drinking water declaration of emergency	2,200,000		
6. Technical Adjustments		FTE	NA (20.0)
Decreases DEQ budget by 20.0 FTEs and \$76.3 million Gross (\$913,400 GF/GP) to align authorization with available funds and comply with organizational changes.		Gross	NA (\$76,260,400)
Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9) and eliminating authorization for Strategic Water Quality Initiative grants and loans program which was funded through FY 2017-18.		Federal	NA (10,439,200)
		Private	NA 506,600
		Restricted	NA (65,414,400)
		GF/GP	NA (\$913,400)
7. Economic Adjustments		Gross	NA \$3,095,300
Reflects increased costs of \$3.1 million Gross (\$615,900 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		IDG	NA 43,200
		Federal	NA 622,000
		Private	NA (200)
		Restricted	NA 1,814,400
		GF/GP	NA \$615,900

Major Boilerplate Changes From FY 2017-18

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. 302. Work Projects - Environmental Cleanup Actions – REVISED

Allows unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revised to split environmental cleanup actions (Sec. 302), the environmental cleanup and redevelopment program (Sec. 307), and the refined petroleum product cleanup program (Sec. 308) into separate boilerplate sections.

Sec. 305. Refined Petroleum Fund – DELETED

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

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

Requires list of cleanup sites addressed by the Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year by January 1. Date revised from November 1 to January 1.

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

Allows unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward into the succeeding fiscal year. 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 – NEW

Allows unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023.

Sec. 314. Refined Petroleum Fund Reimbursements to Owners/Operators of Legacy Releases – DELETED

Requires DEQ to expend not more than \$36.0 million of funds appropriated in part 1 for the refined petroleum product cleanup program to reimburse owners and operators of underground storage tanks who have taken remediation actions to cleanup releases that predate the establishment of the Underground Storage Tank Cleanup Authority in 2014.

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

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carried 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, 2022.

Major Boilerplate Changes From FY 2017-18

Sec. 411. Kalamazoo River Superfund Site Study – DELETED

Sets aside \$150,000 of FY 2017-18 CMI contaminated sediments funding for an engineering study pertaining to the Kalamazoo River Superfund site and allows the study to be conducted by a private engineering firm.

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

Allows unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

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.

Supplemental Recommendations for FY 2017-18 Appropriations

		<u>FY 2017-18 Recommendation</u>
1. Drinking Water Declaration of Emergency		Gross \$29,000,000
Adds \$29.0 million Gross (\$18.0 million GF/GP) for service line replacement related to the drinking water declaration of emergency. This supplemental funding is intended to help meet the requirements of the Concerned Pastors for Social Action settlement agreement.	Restricted GF/GP	11,000,000 \$18,000,000