

FY 2016-17: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by the House Subcommittee
House Bill 5267 (H-1) Draft 2



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	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: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$9,115,300	\$9,225,700	\$9,225,700			\$110,400	1.2
Federal	138,079,100	138,687,200	138,687,200			608,100	0.4
Local	0	0	0			0	--
Private	546,000	555,300	555,300			9,300	1.7
Restricted	305,341,200	317,344,800	315,844,800			10,503,600	3.4
GF/GP	46,914,200	47,686,400	56,186,400			9,272,200	19.8
Gross	\$499,995,800	\$513,499,400	\$520,499,400			\$20,503,600	4.1
FTEs	1,226.0	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.

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
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> concurs 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> concurs 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> concurs 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> 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> concurs with Executive.	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.	Gross	\$12,012,800	\$3,500,000
	Restricted	12,012,800	0
	GF/GP	\$0	\$3,500,000
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.	Restricted	20,000,000	0
	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> concurs with Executive.	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> concurs with Executive.	IDG	N/A	(8,200)
	Federal	N/A	(53,300)
	Restricted	N/A	(138,000)
	GF/GP	N/A	(\$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> concurs with Executive.	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> concurs with Executive.	IDG	N/A	118,600
	Federal	N/A	811,400
	Private	N/A	9,300
	Restricted	N/A	2,103,900
	GF/GP	N/A	\$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.	GF/GP	N/A	\$9,000,000
			\$9,000,000

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – DELETED

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 deletes, House concurs.

Sec. 207. Retention of Reports – DELETED

Requires DEQ to retain copies of all reports funded from appropriations. Executive deletes, House concurs.

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 retains.

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 retains.

Sec. 223. FTE Report by Line Item – DELETED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item. Executive deletes, House concurs.

Sec. 235. Clean Michigan Initiative Report – NEW

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. House adds new section.

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 retains.

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 revises 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 concurs.

Sec. 311. Enbridge Settlement Report – DELETED

Requires DEQ to submit a report detailing the remediation & redevelopment actions funded by the May 2015 Enbridge settlement. Executive deletes, House concurs.

Sec. 312. Statewide School Water Testing for Lead – NEW

Requires DEQ to develop a statewide strategic plan for testing lead in water by public and private schools served by municipal water systems. Provides for schools to be reimbursed by DEQ for costs associated with testing water for lead. House adds new section.

Sec. 402. Water Quality and Use Initiative – RETAINED

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 deletes, 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 concurs.

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 concurs.

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 concurs.

Sec. 502. Air Quality Penalties – RETAINED

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

Sec. 601. Statewide Sanitary Septic Code Progress Report – NEW

Requires a report on the development of a statewide sanitary septic code by January 1, 2017. House adds new section.

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

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 deletes, House retains.

Major Budget Changes From FY 2015-16 YTD Appropriations

Sec. 604. Geological Resources Study and Advisory Committee – NEW

Requires DEQ to conduct a study and mapping of the state's geological resources and creates an advisory committee to develop an annual work plan for the study to meet the strategic needs of the state. House adds new section.

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 concurs.

Sec. 803. Flint Supplemental Funding Report – NEW

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. House adds new section.

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. Executive deletes, House concurs.