

FY 2013-14: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: Conference Report
Senate Bill 195 (S-1) CR-1



Analyst: Viola Bay Wild

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Conference	Difference: Conference From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$9,021,200	\$9,401,900	\$9,399,300	\$9,401,900	\$9,401,900	380,700	4.2
Federal	161,687,500	150,929,700	150,911,400	150,929,700	150,779,700	(10,907,800)	(6.7)
Local	0	0	0	0	0	0	0.0
Private	533,200	541,800	541,800	541,800	541,800	8,600	1.6
Restricted	231,275,600	327,690,900	320,626,100	320,690,900	327,340,900	96,065,300	41.5
GF/GP	29,812,400	29,104,500	26,399,900	29,104,600	29,104,500	(707,900)	(2.4)
Gross	\$432,329,900	\$517,668,800	\$507,878,500	\$510,668,900	\$517,168,800	84,838,900	19.6
FTEs	1,327.5	1,291.5	1,291.5	1,291.5	1,287.5	(40.0)	(3.0)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

(3) House figures are appropriations made in Article VII of House Bill 4328 (H-1).

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 2012-13 YTD Appropriations

1. Funding Authorization Reductions

Executive reduces restricted funding by \$1.9 million to align with anticipated revenues. Restricted funds reduced include Water Analysis Fund, Waste Reduction Fund, Septage Waste License Fees, Hazardous Materials Transport Permit Fund, Infrastructure Construction Fund, and CMI Clean Water Fund.

House, Senate, and Conference concur with Executive.

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
Gross	N/A	(\$1,937,000)
Restricted	N/A	(1,937,000)

2. Hazardous Waste Management Program Fee Increase

Executive replaces restricted funding used in FY 2012-13 that is no longer available with \$1.5 million restricted funding to be generated by a fee increase and restructuring of the Hazardous Waste Management Fees. Executive also eliminates \$400,000 federal funding to align with anticipated revenues and replaces that funding with \$400,000 one-time GF/GP.

	FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
Gross	N/A	\$0
Federal	N/A	(400,000)
Restricted	N/A	0
GF/GP	N/A	\$400,000

House does not include \$1.5 million restricted funding from a fee increase or the \$400,000 one-time GF/GP, but replaces the current-year restricted funding no longer available with Waste Reduction Fee revenue transferred into this line item from the Office of Environmental Assistance line item.

Senate does not include \$1.5 million restricted funding from a fee increase and reduces line item by \$1.5 million restricted funding to align with anticipated revenues. Senate reduces federal funding by \$400,000 and replaces that funding with \$400,000 one-time GF/GP.

Conference includes the \$400,000 GF/GP, but does not include \$1.5 million restricted funding from a fee increase and replaces that funding with fund balances of 2 restricted funds anticipated to be statutorily combined with the Environmental Pollution Prevention Fund through statutory change.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
3. Office of Environmental Assistance			
<u>House</u> includes a \$1.5 million restricted fund reduction of Waste Reduction Fee revenue in the Office of Environmental Assistance (OEA) line item; funding is transferred to Hazardous Waste Management line item and OEA line item is reduced by \$1.5 million (See item #2).			
<u>Conference</u> does not include transfer, but reduces funding by \$500,000 Gross and eliminates 4.0 FTE positions.			
	FTEs	44.0	(4.0)
	Gross	7,082,600	(\$500,000)
	Private	348,700	0
	Federal	902,700	(150,000)
	Restricted	5,831,200	(350,000)
4. GF/GP Reduction			
<u>House</u> includes a GF/GP funding reduction that totals \$1.6 million throughout various line items.			
<u>Conference</u> does not include reduction.			
	Gross	N/A	\$0
	GF/GP	N/A	\$0
5. Wetlands Funding			
<u>Executive</u> funds Wetlands Program at \$2.1 million Gross (\$1.6 million GF/GP), reclassifies \$1.0 million GF/GP one-time funding in current year for Wetlands Program to on-going base funding, and includes additional \$100,000 GF/GP funding and 1.0 FTE for a Wetlands Ombudsman. In addition, includes one-time GF/GP support totaling \$600,000.			
	FTE	24.0	1.0
	Gross	\$2,000,000	\$100,000
	Federal	500,000	0
	GF/GP	\$1,500,000	\$100,000
<u>House</u> include \$1.6 million on-going GF/GP funding, \$500,000 federal funding, and 1.0 FTE for Wetland Ombudsman in line item.			
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
6. Great Lakes Restoration Initiative (GLRI)			
<u>Executive</u> decreases federal EPA authorization for GLRI funding by \$10.0 million. Funding is reduced because many GLRI grants are being awarded directly to locals rather than to DEQ as a pass-through agency.			
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
	Gross	\$25,000,000	(\$10,000,000)
	Federal	25,000,000	(10,000,000)
7. Leaking Underground Storage Tanks (LUST) Cleanups			
<u>Executive</u> includes additional \$2.5 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites.			
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
	Gross	\$30,000,000	\$2,500,000
	Restricted	30,000,000	2,500,000
8. Underground and Aboveground Storage Tank Inspection/Permitting Program			
<u>Executive</u> reduces restricted funding by \$3.7 million and federal funding by \$1.3 million and eliminates 37.0 FTE positions to reflect the transfer to LARA of the underground and aboveground storage tank programs. Transfer authorized by E.O. 2012-14.			
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
	FTE	37.0	(37.0)
	Gross	\$4,925,700	(\$4,925,700)
	Federal	1,255,300	(1,255,300)
	Restricted	3,670,400	(3,670,400)
9. Strategic Water Quality Initiatives Funding (SWQIF)			
<u>Executive</u> includes additional \$100.0 million restricted funding from SWQIF bond revenues. Provides \$97.0 million funding for the SWQIF grants and loans program which makes awards to local governments to improve sewage collection and treatment systems and \$3.0 million to establish the new wetland mitigation bank funding program to provide grants and loans to eligible municipalities.			
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
	Gross	N/A	\$100,000,000
	Restricted	N/A	100,000,000
10. Office of the Great Lakes			
<u>Executive</u> proposes \$500,000 GF/GP funding to support the Office of Great Lakes and to satisfy the state's responsibilities under the Great Lakes Compact Agreement. Funding would replace restricted funding that is no longer available.			
<u>House</u> does not include GF/GP funding.			
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
	Gross	\$500,000	\$0
	Restricted	500,000	(500,000)
	GF/GP	\$0	\$500,000

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 Year-to-Date (as of 2/7/13)	FY 2013-14 Conference Change
11. Revenue Alignment Adjustments		Gross	N/A
<u>Executive</u> includes additional \$234,400 IDG authorization to receive additional funding from the Michigan Department of State Police to more accurately reflect the DEQ's costs associated with the radiological protection program. Decreases restricted funding by \$5,000 for IT charges due to program rate changes.		IDG	N/A
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .		Restricted	N/A
			\$229,400
			234,400
			(5,000)
12. Surface Water Quality Program		Gross	N/A
<u>Executive</u> includes additional \$200,000 GF/GP funding to be used as matching funds for federal grants available for enforcement, the issuance of permits, and compliance activities concerning water quality.		GF/GP	N/A
<u>House</u> does not include GF/GP funding.			
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
			\$200,000
			\$200,000
13. Cost Allocation Adjustment		Gross	N/A
<u>Executive</u> adjusts funding amounts to reflect cost allocation changes from FY 2012-13.		IDG	N/A
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .		Federal	N/A
		Restricted	N/A
			\$0
			22,500
			(36,500)
			14,000
14. Information Technology Expansion		Gross	N/A
<u>Executive</u> includes additional \$90,300 (\$4,600 GF/GP) funding for wireless infrastructure and Internet bandwidth expansions.		IDG	N/A
<u>House</u> does not include funding.		Federal	N/A
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .		Restricted	N/A
		GF/GP	N/A
			\$90,300
			2,600
			18,300
			64,800
			\$4,600
15. Removal of FY 2012-13 One-Time Supplemental Funding — Aquifer Protection Program		Gross	\$600,000
<u>Executive</u> eliminates \$600,000 supplemental funding for the Aquifer Protection Program appropriated in P.A. 305 of 2012. One-time appropriation is anticipated to sufficiently fund program for 3 years.		Restricted	600,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			(\$600,000)
			(600,000)
16. Removal of FY 2012-13 One-Time Boilerplate Appropriation — Engineering Study		Gross	\$300,000
<u>Executive</u> eliminates \$300,000 boilerplate appropriation for an engineering study concerning the Wickes Manufacturing TCE plume site.		Restricted	300,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			(\$300,000)
			(300,000)
17. Removal of FY 2012-13 One-Time Appropriations		Gross	\$11,049,200
<u>Executive</u> eliminates one-time funding items from previous year that will not receive any funding in FY 2013-14:		IDG	48,800
• Brownfield Grants and Loans (\$5.0 million)		Federal	415,700
• MiWaters Data System Project (\$2.0 million)		Private	4,200
• State Employees Lump-Sum Payments (\$1.5 million)		Restricted	7,920,400
• Drinking Water Revolving Fund State Match (\$2.5 million)		GF/GP	\$2,660,100
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			(\$11,049,200)
			(48,800)
			(415,700)
			(4,200)
			(7,920,400)
			(\$2,660,100)
18. Mason Water Tower		Gross	N/A
<u>Senate</u> includes a \$100 GF/GP placeholder for a water tower in the City of Mason.		GF/GP	N/A
<u>Conference</u> does not include funding.			\$0
			\$0
19. Brownfield Grants		Gross	N/A
<u>Revised Executive</u> includes \$5.5 million restricted funding for grants to give support for existing contaminated site cleanup projects. <u>Conference</u> concurs with <u>Executive</u> .		Restricted	N/A
			\$5,500,000
			5,500,000
20. Economic Adjustments		Gross	N/A
<u>Executive</u> reflects increased costs of \$5.5 million Gross (\$747,600 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.		IDG	N/A
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .		Federal	N/A
		Private	N/A
		Restricted	N/A
		GF/GP	N/A
			\$5,531,100
			170,000
			1,331,400
			12,800
			3,269,300
			\$747,600

Major Boilerplate Changes From FY 2012-13

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2012-13 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding. The list below includes major boilerplate changes, but is not a comprehensive list of all sections deleted.

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, Senate, and Conference retain current-year language.

Sec. 213. Administrative Rule Promulgation – RETAINED

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House, Senate, and Conference retain current-year language.

Sec. 218. Office Space Consolidation Plan – DELETED

Includes legislative language that DEQ cooperate with the development and implementation of a statewide office space consolidation plan. ; House retains current-year language; Executive, Senate, and Conference delete language

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 deletes language; House, Senate, and Conference retain current-year language.

Sec. 224. Quarterly FTE Report – RETAINED

Requires DEQ to report on the number of FTEs in pay status; report required quarterly. Executive deletes language; House, Senate, and Conference retain current-year language.

Sec. 227. Permit Application Status Tracking Tool – DELETED

Requires report on implementation of a permit application tracking tool on DEQ website. House revises report language; Executive, Senate, and Conference delete language.

Sec. 228. Customer Satisfaction Evaluation Program – RETAINED

Requires report on development of customer satisfaction evaluation program and public feedback received. Executive deletes language; House, Senate, and Conference retain current-year language.

Sec. 229. Expedited Permitting Program – REVISED

Requires report listing actions and program changes taken to implement the Expedited Permitting Program; report must include a plan, timeline, and estimated costs. Executive deletes language; Senate retains current-year language. House and Conference revise report language.

Sec. 230. Measurable Outcomes Report – DELETED

Requires report identifying 10 principal measurable outcomes of budget expenditures. Executive, House, Senate, and Conference delete language.

Sec. 231. Website Scorecard – NEW

Includes new language that requires DEQ to maintain on a publicly accessible website a department scorecard with key metrics concerning the agency's performance. Executive, House, Senate, and Conference include new language.

Sec. 232. Publication Revenue Fund Transfer – NEW

Includes new language that transfers surplus funds of up to \$72,600 from the Publication Revenue Fund to the Oil and Gas Regulatory Fund on October 1, 2013. Executive, House, Senate, and Conference include new language.

Sec. 233. Request for Proposal (RFP) Language – NEW

Prohibits Department from issuing an RFP for a contract greater than \$5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ) has been considered. Conference includes new language.

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 language; House, Senate, and Conference retain current-year language.

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

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program. Executive deletes language; House, Senate, and Conference include revised list of sites.

Sec. 307. Engineering Study Appropriation – DELETED

Appropriates \$300,000 CMI funding for an engineering study concerning the Wickes Manufacturing TCE plume site. House revises language to require a report on the results of the engineering study; Executive, Senate, and Conference delete language.

Major Boilerplate Changes From FY 2012-13

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

Provides that Brownfield Grants and Loans Program funding are work project appropriations and allows carry-forward of remaining funds; projects accomplished by contract; tentative completion date is September 30, 2017. Revised Executive revises language to refer to Brownfield Grant Program and revises completion date to 2018. House and Senate delete language; Conference includes new language.

Sec. 401. Aquatic Nuisance Control (ANC) – REVISED

Requires \$700,000 and 5.0 FTEs be allocated to the ANC program; requires report. Executive deleted language; House, Senate, and Conference revise language.

Sec. 402. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available. Senate retains current-year language; Executive, House, and Conference delete language.

Sec. 403. Aquatic Invasive Species Council – DELETED

Requires DEQ to support funding for an Aquatic Invasive Species Council. Senate retains current-year language; Executive, House, and Conference delete language.

Sec. 406. Wetlands Ombudsman – NOT INCLUDED

Requires that \$100,000 of the funding appropriated in part 1 for wetlands program be allocated to support 1.0 FTE position for a wetlands ombudsman. House includes new language; Executive, Senate, and Conference do not include language.

Sec. 407. Groundwater Discharge Sodium Levels – NEW

Prohibits Department from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge. Conference includes language.

Sec. 408. Beach Monitoring – NEW

Provides that \$100,000 of funding appropriated in part 1 for surface water be allocated for water quality beach monitoring equipment for Lake St. Clair Metropark Beach. Conference includes language.

Sec. 601. Solid Waste Program Report – DELETED

Requires report on the Department's Solid Waste Management Program and policies. Report shall include plan for long-term funding and all actions and program changes taken to implement recommendation of 2012 report. Executive, House, Senate, and Conference delete language.

Sec. 602. Clean Sweep Program – RETAINED

Directs DEQ to work with local health departments, Department of Agriculture and Rural Development, and USDA to maintain and expand the program for disposal of hazardous household chemicals and drugs; requires report. Executive deletes language; House, Senate, and Conference retain current-year language.

Sec. 603. Environmental Pollution Prevention Fund (EPPF) – NEW

Provides that if statutory changes are made to combine the Waste Reduction Fund and Hazardous Material Transportation Permit Fund into the EPPF, appropriations in part 1 from these funds shall be appropriated from the EPPF. Conference includes language.

Sec. 604. EPPF Balance Stipulation – NEW

Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced. Conference includes language.

Sec. 1201. Anticipated FY 2014-15 Appropriations – RETAINED

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors. (See item 18 under Major Budget Changes for specific anticipated appropriation adjustments.) Executive deletes language; House, Senate, and Conference retain current-year language.

Sec. 1202. Identification of Future Retirement Costs – NEW

States legislative intent that the DEQ identify the FY 2015 retirement costs for line items listed in part 1. Executive and House do not include language; Senate and Conference include language.