

FY 2014-15: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As passed Senate
Senate Bill 766 (S-1)



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	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	<i>Difference: House From FY 2013-14 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	9,401,900	9,530,500	9,530,500	9,530,500		128,600	1.4
Federal	150,779,700	150,367,600	150,367,600	150,367,600		(412,100)	(0.3)
Local	0	0	0	0		0	0.0
Private	541,800	546,900	546,900	546,900		5,100	0.9
Restricted	327,340,900	302,770,900	301,270,900	301,271,000		(26,069,900)	(8.0)
GF/GP	29,104,500	40,875,900	38,875,900	40,875,900		11,771,400	40.4
Gross	517,168,800	504,091,800	500,591,800	502,591,900		(14,576,900)	(2.8)
FTEs	1,287.5	1,290.5	1,290.5	1,290.5		3.0	0.2

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Information on House budget action in this document is based on House Bill 5313 as reported by the House Appropriations Committee.

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 2013-14 YTD Appropriations

1. Funding and FTE Authorization Adjustments

Executive eliminates authorization for 5.0 unfunded FTEs in the Water Division; removes \$1.0 million one-time GF/GP for wetlands program and hazardous waste program; reduces IDG and restricted funding by \$970,000 to align with anticipated revenues; reduces funding to reflect various technical funding adjustments. House and Senate concur with the Executive.

FTE	N/A	(5.0)
Gross	N/A	(\$2,788,600)
IDG	N/A	(240,600)
Restricted	N/A	(1,555,100)
GF/GP	N/A	(\$992,900)

2. Water Quality and Use Initiative

Executive provides \$4.0 million GF/GP funding for development of a comprehensive state water strategy, including water quality, use, permit issuance, and water monitoring efforts. Funding will also be used for DEQ's Water Access Tool, additional beach monitoring equipment and programs, and the wetlands program. House and Senate concur with the Executive.

FTE	N/A	5.0
Gross	N/A	\$3,977,200
GF/GP	N/A	\$3,977,200

3. Aquatic Nuisance Control (ANC) Program

House includes a new Aquatic Nuisance Control Program line item funded with \$700,000 restricted funding from the Land and Water Permit Fees and authorizes 5.0 FTE positions for program. House reduces the Surface Water line item by \$700,000 and 5.0 FTE positions to reflect this structural change. ANC Program remains funded at current-year levels.

FTE	N/A	0.0
Gross	N/A	\$0
Restricted	N/A	\$0

4. Recycling Initiative

Executive includes \$1.0 million GF/GP funding and 3.0 additional FTE authorizations to support a recycling initiative in the state to help increase the number of counties with convenient access to recycling. House and Senate concur with the Executive.

FTE	N/A	3.0
Gross	N/A	\$1,000,000
GF/GP	N/A	\$1,000,000

5. Cost Allocation Adjustment

Executive adjusts funding to reflect cost allocation changes from FY 2013-14. House and Senate concur with the Executive.

Gross	N/A	\$0
IDG	N/A	281,700
Federal	N/A	(312,700)
Restricted	N/A	31,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Senate Change
6. Office of Environmental Assistance			
<u>Executive</u> provides additional \$1.0 million GF/GP funding for the Office of Environmental Assistance; use of funding would include increasing expenditures for the Retired Engineers Technical Assistance Program (RETAP) that provides pollution prevention technical assistance to businesses.	FTE	40.0	0.0
	Gross	\$6,187,200	\$1,000,000
	Federal	773,200	0
	Private	356,600	0
	Restricted	5,057,400	0
	GF/GP	\$0	\$1,000,000
<u>House</u> provides \$250,000 new GF/GP funding and replaces \$1.9 million restricted funding from the Environmental Pollution Prevention Fund (EPPF) with \$1.9 million GF/GP funding. <u>Senate</u> concurs with the Executive.			
7. Hazardous Waste Management Program			
<u>Executive</u> provides \$1.9 million GF/GP support for the Hazardous Waste Management Program. Funding would replace \$400,000 one-time GF/GP funding and would increase program funding by \$1.5 million GF/GP.	FTE	51.0	0.0
	Gross	\$6,331,600	\$400,000
	Federal	3,255,000	0
	Restricted	3,076,600	(1,500,000)
	GF/GP	\$0	\$1,900,000
<u>House</u> appropriates an additional \$1.9 million restricted funding from the Environmental Pollution Protection Fund (EPPF) to line item. New funding replaces \$1.5 million current-year restricted funding in line item that was a one-time appropriation for FY 2013-14 and increases line item by \$400,000 to replace GF/GP funding appropriated in a separate line item in FY 2013-14.			
<u>Senate</u> concurs with Executive in providing \$1.9 million GF/GP support, but reduces restricted funding by \$1.5 million and funds program at its current level.			
8. Federal Cleanup Project Management Program			
<u>Executive</u> eliminates 5.0 FTE positions and reduces federal funding by \$700,000 to better align expenditures with anticipated revenue. <u>House</u> and <u>Senate</u> concur with the Executive.	FTE	60.0	(5.0)
	Gross	\$9,546,900	(\$700,000)
	Federal	5,965,100	(700,000)
	Restricted	3,581,800	0
9. Leaking Underground Storage Tanks (LUST) Cleanups			
<u>Executive</u> reduces funding for the LUST Cleanup line item by \$100,000 restricted funding from the Refined Petroleum Fund (RPF); reduction is the net result of two funding changes:	Gross	\$32,500,000	(\$100,000)
- an increase of \$1.9 million RPF to this line item transferred from debt service payments in the Treasury budget	Restricted	32,500,000	(100,000)
- a \$2.0 million transfer from this LUST Cleanup line item to the Contaminated Site Investigation, Cleanup, & Revitalization line item which supports staff.			
<u>House</u> increases funding for the LUST Cleanup line item by \$400,000 restricted RPF funding; increase is the net result of two funding changes:			
- an increase of \$1.9 million RPF transferred from Treasury budget			
- a \$1.5 million transfer from this LUST Cleanup line item to the cleanup line item that supports staff.			
<u>Senate</u> concurs with the Executive.			
10. Contaminated Site Investigation, Cleanup, & Revitalization			
<u>Executive</u> includes 5.0 additional FTE positions and a net increase of \$1.8 million additional restricted funding from the Refined Petroleum Fund; increase is a net result of two funding changes:	FTE	204.0	5.0
- an increase of \$1.1 million RPF to this line item transferred from debt service payments in the Treasury budget	Gross	\$27,754,700	\$1,814,500
- a transfer of \$2.0 million RPF funding to this line item from the LUST Cleanup line item	Private	185,200	0
- \$1.3 million new RPF funding replaces \$1.3 restricted funding from the Cleanup and Redevelopment Fund	Restricted	27,569,500	1,814,500
<u>House</u> concurs with the Executive, but only transfers \$1.5 million RPF funding from the LUST cleanup line item to this staffing line item.			
<u>Senate</u> concurs with the Executive.			

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Senate Change	
11. Drinking Water Revolving Fund Program <u>Executive</u> provides \$2.5 million GF/GP funding to be as used as matching funds to qualify for additional federal grant money for the Drinking Water Revolving Fund Program which provides low-interest loans to local governments for drinking water infrastructure projects. <u>House</u> and <u>Senate</u> concur with the Executive.	Gross GF/GP	N/A N/A	\$2,500,000 \$2,500,000
12. Electronic Document Management System <u>Executive</u> includes \$2.5 million one-time GF/GP funding for the implementation of an electronic document management system which would enable the Department to make available to the public a greater amount of requested information and documents on the Department's website.	Gross GF/GP	N/A N/A	\$2,500,000 \$2,500,000
<u>House</u> includes \$1.25 million GF/GP funding for system and includes boilerplate language stating intent that an additional \$1.25 million be appropriated in FY 2015-16. <u>Senate</u> concurs with the Executive.			
13. Strategic Water Quality Initiative Fund (SWQIF) <u>Executive</u> reduces SWQIF support by \$15.0 million for the Environmental Cleanup and Redevelopment Program to reflect actual projected needs; removes \$9.6 million SWQIF funding for SWQIF loans no longer needed pursuant to PA 562 of 2012 which redirected funding for loans to new SWQIF Grants and Loans Program which remains funded at \$97.0 million in FY 2014-15. <u>House</u> and <u>Senate</u> concur with the Executive.	Gross Restricted	N/A N/A	(\$24,600,000) (24,600,000)
14. Mancelona TCE Plume Cleanup <u>Senate</u> includes \$100 restricted fund placeholder for the cleanup project near Mancelona for the TCE Plume.	Gross Restricted	N/A N/A	\$100 100
15. Economic Adjustments <u>Executive</u> reflects increased costs of \$419,900 Gross (\$112,900 GF/GP reduction) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> and <u>Senate</u> concur with the Executive.	Gross IDG Private Federal Restricted GF/GP	N/A N/A N/A N/A N/A N/A	\$419,900 87,500 5,100 600,600 (160,400) (\$112,900)

Major Boilerplate Changes From FY 2013-14

Sec. 207. Retention of Reports – RETAINED

Requires DEQ to retain copies of all reports funded from appropriations. Executive deletes language; House and Senate retain language.

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 and Senate retain 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 and Senate retain language.

Sec. 232. Publication Revenue Fund Transfer – DELETED

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 deletes language; House and Senate concur with Executive.

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

Prohibits DEQ 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. Executive deletes language; House retains language; Senate concurs with Executive.

Sec. 234. Identification of Legacy Costs – NEW

States that appropriations for legacy costs in part 1 for FY 2014-15 equal \$34.0 million. Of this amount, pension-related legacy costs are estimated to be \$19.0 million and retiree health care legacy costs are estimated to be \$15.0 million. Executive includes new language; House and Senate concur with Executive.

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 and Senate retain language.

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 language; House and Senate include revised list of projects.

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

Requires \$700,000 and 5.0 FTEs be allocated to the permit review program within ANC program; requires report. Executive deletes current-year language; House revises language to reflect new ANC line item; Senate retains current-year language.

Sec. 402. Water Quality and Use Initiative – NOT INCLUDED

Requires that of the funding for the Water Quality and Use Initiative, \$1.0 million must be allocated for wetlands, \$500,000 for real-time beach monitoring equipment, and funding must be used to enhance the water use assessment tool. Requires report on plan for use of funding and identify expenditures made for each program. House includes new language; Senate does not include language.

Sec. 407. Groundwater Discharge Sodium Levels – DELETED

Prohibits Department from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge. Executive deletes language; House and Senate concur with Executive.

Sec. 408. Beach Monitoring – DELETED

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. Executive deletes language; House and Senate concur with Executive.

Sec. 601. Statewide Septic Code – NOT INCLUDED

Requires DEQ conduct a study on a statewide septic code. House includes new language; Senate does not include language.

Sec. 602. Clean Sweep Program – DELETED

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 retains language; Senate concurs with Executive.

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

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. Executive deletes language; House and Senate concur with Executive.

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

Requires the Department to compile and post on public website a report containing the asset management plans for all previously awarded SAW grants; requires locals obtaining SAW grants to submit asset management plans to DEQ and allow plan to be placed on public website. House and Senate include new language..

Sec. 604. EPPF Balance Stipulation – DELETED

Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced. Executive deletes language; House retains language; Senate concurs with Executive.

Sec. 701. Electronic Document Management Program – NOT INCLUDED

States legislative intent that an additional \$1.25 million GF/GP funding would be appropriated in FY 2015-16 for the Electronic Document Management Program. House includes new language; Senate does not include language.

Sec. 1201. FY 2013-14 Anticipated Appropriations – NOT INCLUDED

States intent that FY 2013-14 line item appropriations will be the same as those for FY 2012-13 with certain economic adjustments. Executive deletes language; House retains language and updates fiscal years; Senate concurs with Executive.

Sec. 1202. Identification of Future Retirement Costs – RETAINED

States legislative intent that the DEQ identify the FY 2015 retirement costs for line items listed in part 1. Executive deletes language; House and Senate retain language and update fiscal year.