

FY 2017-18: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by the House Subcommittee
House Bill 4231 (H-1)



Analyst: Austin Scott

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$9,225,700	\$3,100,500	\$3,100,500			(6,125,200)	(66.4)
Federal	139,022,800	170,042,600	170,042,600			31,019,800	22.3
Local	0	0	0			0	--
Private	555,300	555,300	555,300			0	0.0
Restricted	318,959,200	285,825,300	285,825,300			(33,133,900)	(10.4)
GF/GP	49,273,400	51,318,300	43,976,600			(5,296,800)	(10.7)
Gross	\$517,036,400	\$510,842,000	\$503,500,300			(13,536,100)	(2.6)
FTEs	1,243.0	1,260.0	1,233.0			(10.0)	(0.8)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 YTD Appropriations

1. Elimination of fee sunsets

Executive proposes to eliminate the sunsets on eight DEQ fees scheduled to sunset October 1, 2017. These eight fees provide \$1.6 million in revenue for DEQ annually. House concurs with Executive.

Fee	Annual revenue
Liquid industrial by-product transporter site identification number	
Liquid industrial by-product facility site identification number	\$3,900
Hazardous waste manifest	
Hazardous waste handler user charge	1,052,300
Hazardous waste generator, transporter, or treatment, storage or disposal facility user charge	43,800
Wastewater operator training and certification fees	242,000
Drinking water operator training and certification fees	220,000
Sewage operator training and certification fees	0
Total	\$1,562,000

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Gross	NA	NA
GF/GP	NA	NA

2. Drinking Water Declaration of Emergency one-time funding

Executive provides \$1.0 million Gross (\$1.0 million GF/GP) for engineering support and technical assistance in response to the drinking water declaration of emergency.

House concurs with Executive.

Gross	NA	\$1,000,100
Restricted	NA	100
GF/GP	NA	\$1,000,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
3. Environmental Cleanup and Redevelopment Program fund shift		Gross	\$29,900,000 (\$14,900,000)
<u>Executive</u> provides \$14.9 million in one-time funding from the refined petroleum fund to offset the loss of Clean Michigan Initiative (CMI) – response activities funding, which has been fully expended from CMI bond revenue. <u>House</u> does not include fund shift.	Restricted	29,900,000	(14,900,000)
	GF/GP	\$0	\$0
4. Contaminated Site Investigations, Cleanup, and Revitalization – Vapor Intrusion		FTE	131.0
<u>Executive</u> increases by 4.0 FTEs and \$1.3 million GF/GP funding for the vapor intrusion program, bringing the total program funding to 8.0 FTEs and \$2.6 million Gross. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used to identify and investigate at-risk sites. <u>House</u> does not include this increase.	Gross	\$15,171,200	\$0
	Private	191,100	0
	Restricted	13,668,100	0
	GF/GP	\$1,312,000	\$0
5. Laboratory Services – Vapor Intrusion		FTE	39.0
<u>Executive</u> provides \$122,800 from laboratory services fee to support the vapor intrusion program. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used for site sampling costs. <u>House</u> concurs with Executive.	Gross	\$6,175,300	\$122,800
	IDG	3,858,800	0
	Restricted	2,316,500	122,800
	GF/GP	\$0	\$0
6. Drinking Water and Environmental Health – Lead and Copper Rule Program		FTE	106.0
<u>Executive</u> provides 17.0 FTEs and \$2.6 million GF/GP funding to expand the Lead and Copper Rule Program which regulates these elements in public drinking water. <u>House</u> does not include this increase.	Gross	\$14,901,900	\$0
	Federal	9,237,600	0
	Restricted	4,356,900	0
	GF/GP	\$1,307,400	\$0
7. Drinking Water and Environmental Health – Manufactured Housing Community Drinking Water Monitoring		FTE	106.0
<u>Executive</u> provides 3.0 FTEs and \$500,000 GF/GP funding to support drinking water programs in manufactured housing communities. <u>House</u> concurs with Executive.	Gross	\$14,901,900	\$500,000
	Federal	9,237,600	0
	Restricted	4,356,900	0
	GF/GP	\$1,307,400	\$500,000
8. Communications and Community Outreach – Communications and Public Affairs Staff		FTE	NA
<u>Executive</u> provides 5.0 FTEs and \$1.0 million GF/GP funding to help create a communications and public affairs office for the department. <u>House</u> does not include this appropriation.	Gross	NA	\$0
	GF/GP	NA	\$0
9. Office of the Great Lakes – Communications and Public Affairs Staff		FTE	12.0
<u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department. <u>House</u> concurs with Executive.	Gross	\$2,170,700	(\$152,700)
	Federal	787,900	0
	Restricted	483,100	0
	GF/GP	\$899,700	(\$152,700)
10. Office of Environmental Assistance – Communications and Public Affairs Staff		FTE	38.0
<u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department. <u>House</u> concurs with Executive.	Gross	\$6,257,700	(\$152,700)
	Private	364,200	0
	Federal	704,800	0
	Restricted	2,321,200	0
	GF/GP	\$2,867,500	(\$152,700)
11. Oil, Gas, and Mineral Services ongoing GF/GP		FTE	59.0
<u>Executive</u> transfers \$4.0 million GF/GP funding that was included in the FY 2016-17 DEQ budget on a one-time basis to ongoing funding for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. <u>House</u> reduces this appropriation by \$1.0 million GF/GP and moves remaining \$3.0 million GF/GP to one-time funding.	Gross	\$10,794,800	(\$1,000,000)
	Restricted	6,794,800	0
	GF/GP	\$4,000,000	(\$1,000,000)
12. Air Quality Programs fund shift		FTE	188.0
<u>Executive</u> replaces \$1.4 million funding from the environmental pollution prevention fund with \$1.4 million GF/GP funding to help offset a loss of fee revenue that supports air quality monitoring and regulation. <u>House</u> does not provide GF/GP.	Gross	\$27,231,500	(\$1,362,000)
	Federal	7,450,200	0
	Restricted	15,377,000	(1,362,000)
	GF/GP	\$4,404,300	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change	
13. Water State Revolving Funds one-time GF/GP		Gross	\$84,993,000	\$2,950,000
<u>Executive</u> provides \$3.0 million GF/GP to meet the state match requirement for water suppliers to qualify for federal safe drinking water infrastructure grants. <u>House</u> concurs with Executive.	Federal	71,543,000	0	
	Restricted	11,400,000	0	
	GF/GP	\$2,050,000	\$2,950,000	
14. Refined Petroleum Product Cleanup Program (one-time)		Gross	NA	\$14,900,000
<u>House</u> provides \$14.9 million in one-time funding from the refined petroleum fund to the refined petroleum product cleanup program.	Restricted	NA	14,900,000	
	GF/GP	NA	\$0	
15. Recycling Initiative		FTE	3.0	(1.0)
<u>House</u> reduces the recycling initiative by 1.0 FTE and \$150,000 GF/GP.	Gross	\$1,008,700	(\$150,000)	
	GF/GP	\$1,008,700	(\$150,000)	
16. Removal of FY 2016-17 supplemental funding		FTE	1.0	(1.0)
<u>Executive</u> removes \$3.5 million Gross (\$1.5 million GF/GP) for FY 2016-17 supplemental appropriations included Public Acts 340 and 341 of 2016. Appropriations included support for the drinking water declaration of emergency and dredging in the Saginaw River (PA 340) as well as funding to implement public utility reforms (PA 341). <u>House</u> concurs with Executive.	Gross	\$2,175,000	(\$2,175,000)	
	Federal	335,600	(335,600)	
	Restricted	1,614,400	(1,614,400)	
	GF/GP	\$225,000	(\$225,000)	
17. Removal of FY 2016-17 one-time funding		FTE	10.0	(10.0)
<u>Executive</u> removes \$9.1 million Gross (\$8.4 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included contaminated lake and river sediment cleanups, support for the drinking water declaration of emergency, dredging in the Saginaw River, and drinking water revolving fund GF/GP match. <u>House</u> concurs with Executive.	Gross	\$9,100,100	(\$9,100,100)	
	Restricted	700,100	(700,100)	
	GF/GP	\$8,400,000	(\$8,400,000)	
18. Technical Adjustments		FTE	NA	1.0
<u>Executive</u> reduces IDG/IDT and restricted authorization while increasing federal and GF/GP authorization for a net decrease of \$20.5 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds, fund shifts to reflect expenditures, and the reclassification of interdepartmental grants as restricted funding where necessary. <u>House</u> concurs with Executive.	Gross	NA	(\$20,511,400)	
	IDG/IDT	NA	(6,168,500)	
	Federal	NA	31,048,300	
	Restricted	NA	(\$45,411,800)	
19. Economic Adjustments <u>Executive</u> reflects increased costs of \$1.6 million Gross (\$313,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs with Executive.	GF/GP	NA	\$20,600	
	Gross	NA	\$1,594,900	
	IDG/IDT	NA	43,300	
	Federal	NA	307,100	
	Restricted	NA	931,500	
	GF/GP	NA	\$313,000	

Major Boilerplate Changes From FY 2016-17

Sec. 220. 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. 221. 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. 235. Clean Michigan Initiative Report – REVISED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. Executive deletes, House revises to include total debt obligation on all CMI bonds and a January 1, 2018 report deadline.

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 – DELETED

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 concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 312. Perfluorinated Compounds Study and Workgroup – DELETED

Requires DEQ to conduct a study on the effects of long-term exposure to perfluorinated compounds and to conduct a workgroup to establish cleanup criteria for perfluorinated compounds under part 201 of the Natural Resources and Environmental Protection Act. Executive deletes, House concurs.

Sec. 313. Vapor Intrusion – DELETED

Requires DEQ to use the funds appropriated in part 1 for vapor intrusion to investigate at least 120 potential vapor intrusion sites. Executive adds new section, House deletes.

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

Requires DEQ to expend not more than \$36.0 million of the 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. 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. 410. Lake Erie Report – DELETED

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Executive deletes, House concurs.

Sec. 411. Kalamazoo River Superfund Site Study – NEW

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. House adds new section.

Sec. 604. Lead and Copper Rule – DELETED

Requires DEQ to use the funds appropriated in part 1 for the lead and copper rule program to host three training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule. Executive adds new section, House deletes.

Sec. 606. SAW Program Report – NEW

Requires the department to complete a report of SAW program expenditures related to projects that address a substantial public health risk. House adds new section.

Sec. 801. Drinking Water Declaration of Emergency – REVISED

Allows the funds appropriated for the drinking water declaration of emergency to be expended for water treatment plant operation training expenses and water system needs. Executive revises, House concurs.

Sec. 803. Flint Supplemental Funding Report – REVISED

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. Executive deletes, House revises to include funds appropriated in FY 2016-17.