

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



**Analyst: Viola Bay Wild**

IDG/IDT	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	%
	\$9,021,200	\$9,401,900	\$9,399,300	\$9,401,900	\$9,401,900	380,700	4.2
<b>Federal</b>	161,687,500	150,929,700	150,911,400	150,929,700	150,779,700	(10,907,800)	(6.7)
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	533,200	541,800	541,800	541,800	541,800	8,600	1.6
<b>Restricted</b>	231,275,600	327,690,900	320,626,100	320,690,900	327,340,900	96,065,300	41.5
<b>GF/GP</b>	29,812,400	29,104,500	26,399,900	29,104,600	29,104,500	(707,900)	(2.4)
<b>Gross</b>	<b>\$432,329,900</b>	<b>\$517,668,800</b>	<b>\$507,878,500</b>	<b>\$510,668,900</b>	<b>\$517,168,800</b>	<b>84,838,900</b>	<b>19.6</b>
<b>FTEs</b>	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
<b>Gross</b>	N/A	<b>(\$1,937,000)</b>
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
<b>Gross</b>	N/A	<b>\$0</b>
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.

<b>Major Budget Changes From FY 2012-13 YTD Appropriations</b>		<b>FY 2012-13 Year-to-Date (as of 2/7/13)</b>	<b>FY 2013-14 Conference Change</b>
<b>3. Office of Environmental Assistance</b>	FTEs	44.0	(4.0)
<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).	<b>Gross</b>	7,082,600	<b>(\$500,000)</b>
<u>Conference</u> does not include transfer, but reduces funding by \$500,000 Gross and eliminates 4.0 FTE positions.	Private	348,700	0
	Federal	902,700	(150,000)
	Restricted	5,831,200	(350,000)
<b>4. GF/GP Reduction</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> includes a GF/GP funding reduction that totals \$1.6 million throughout various line items.	GF/GP	N/A	\$0
<u>Conference</u> does not include reduction.			
<b>5. Wetlands Funding</b>	FTE	24.0	1.0
<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.	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$100,000</b>
	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> .			
<b>6. Great Lakes Restoration Initiative (GLRI)</b>	<b>Gross</b>	<b>\$25,000,000</b>	<b>(\$10,000,000)</b>
<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.	Federal	25,000,000	(10,000,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
<b>7. Leaking Underground Storage Tanks (LUST) Cleanups</b>	<b>Gross</b>	<b>\$30,000,000</b>	<b>\$2,500,000</b>
<u>Executive</u> includes additional \$2.5 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites.	Restricted	30,000,000	2,500,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
<b>8. Underground and Aboveground Storage Tank Inspection/Permitting Program</b>	FTE	37.0	(37.0)
<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.	<b>Gross</b>	<b>\$4,925,700</b>	<b>(\$4,925,700)</b>
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	1,255,300	(1,255,300)
	Restricted	3,670,400	(3,670,400)
<b>9. Strategic Water Quality Initiatives Funding (SWQIF)</b>	<b>Gross</b>	<b>N/A</b>	<b>\$100,000,000</b>
<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.	Restricted	N/A	100,000,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
<b>10. Office of the Great Lakes</b>	<b>Gross</b>	<b>\$500,000</b>	<b>\$0</b>
<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.	Restricted	500,000	(500,000)
<u>House</u> does not include GF/GP funding.	GF/GP	\$0	\$500,000
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			

<b>Major Budget Changes From FY 2012-13 YTD Appropriations</b>		<b>FY 2012-13 Year-to-Date (as of 2/7/13)</b>	<b>FY 2013-14 Conference Change</b>
<b>11. Revenue Alignment Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$229,400</b>
<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	234,400
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	N/A	(5,000)
<b>12. Surface Water Quality Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$200,000</b>
<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	\$200,000
<u>House</u> does not include GF/GP funding.			
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
<b>13. Cost Allocation Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Executive</u> adjusts funding amounts to reflect cost allocation changes from FY 2012-13.	IDG	N/A	22,500
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	N/A	(36,500)
	Restricted	N/A	14,000
<b>14. Information Technology Expansion</b>	<b>Gross</b>	<b>N/A</b>	<b>\$90,300</b>
<u>Executive</u> includes additional \$90,300 (\$4,600 GF/GP) funding for wireless infrastructure and Internet bandwidth expansions.	IDG	N/A	2,600
<u>House</u> does not include funding.	Federal	N/A	18,300
<u>Senate</u> and <u>Conference</u> concur with <u>Executive</u> .	Restricted	N/A	64,800
	GF/GP	N/A	\$4,600
<b>15. Removal of FY 2012-13 One-Time Supplemental Funding — Aquifer Protection Program</b>	<b>Gross</b>	<b>\$600,000</b>	<b>(\$600,000)</b>
<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	(600,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
<b>16. Removal of FY 2012-13 One-Time Boilerplate Appropriation — Engineering Study</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
<u>Executive</u> eliminates \$300,000 boilerplate appropriation for an engineering study concerning the Wickes Manufacturing TCE plume site.	Restricted	300,000	(300,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
<b>17. Removal of FY 2012-13 One-Time Appropriations</b>	<b>Gross</b>	<b>\$11,049,200</b>	<b>(\$11,049,200)</b>
<u>Executive</u> eliminates one-time funding items from previous year that will not receive any funding in FY 2013-14:	IDG	48,800	(48,800)
• Brownfield Grants and Loans (\$5.0 million)	Federal	415,700	(415,700)
• MiWaters Data System Project (\$2.0 million)	Private	4,200	(4,200)
• State Employees Lump-Sum Payments (\$1.5 million)	Restricted	7,920,400	(7,920,400)
• Drinking Water Revolving Fund State Match (\$2.5 million)	GF/GP	\$2,660,100	(\$2,660,100)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .			
<b>18. Mason Water Tower</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> includes a \$100 GF/GP placeholder for a water tower in the City of Mason.	GF/GP	N/A	\$0
<u>Conference</u> does not include funding.			
<b>19. Brownfield Grants</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,500,000</b>
<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
<b>20. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,531,100</b>
<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	170,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	N/A	1,331,400
	Private	N/A	12,800
	Restricted	N/A	3,269,300
	GF/GP	N/A	\$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.