

FY 2018-19: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: Conference Report
Senate Bill 854 (S-1) CR-1



Analyst: Austin Scott

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Conference	Difference: Conference From FY 2017-18 YTD	
						Amount	%
	\$3,100,500	\$3,143,700	\$3,143,700	\$3,143,700	\$3,143,700	\$43,200	1.4
Federal	170,042,600	160,225,400	160,225,400	160,225,400	160,225,400	(9,817,200)	(5.8)
Local	0	0	0	0	0	0	--
Private	555,300	1,061,700	1,061,700	1,061,700	1,061,700	506,400	91.2
Restricted	314,725,300	283,210,700	209,325,300	209,325,300	209,325,300	(105,400,000)	(33.5)
GF/GP	63,081,500	46,946,500	71,946,500	47,066,500	73,746,500	10,665,000	16.9
Gross	\$551,505,200	\$494,588,000	\$445,702,600	\$420,822,600	\$447,502,600	(\$104,002,600)	(18.9)
FTEs	1,252.0	1,263.0	1,221.0	1,225.0	1,237.0	(15.0)	(1.2)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (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 5578 as passed by the House. Information on Senate budget action is based on Senate Bill 854 as passed by the Senate.

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, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2017-18 YTD Appropriations

**1. Environmental Cleanup and Redevelopment Program (One-Time);
Renewing Michigan's Environment Program**

Executive intends to use 75.0 FTEs and \$79.0 million in restricted funding, the majority of which would be generated by a proposed increase in Michigan's solid waste tipping fee from \$0.36 per ton to \$4.75 per ton, to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:

Remediation and redevelopment (including vapor intrusion and PFAS)	\$45,000,000
Recycling grants	15,000,000
Solid waste management	6,000,000
State park infrastructure	5,000,000
Water quality monitoring grants	5,000,000
Asbestos and landfill gas monitoring	1,500,000
Materials management	1,500,000

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
FTEs	NA	11.0
Gross	NA	\$25,000,000
GF/GP	NA	\$25,000,000

House intends to use 11.0 FTEs and \$25.0 million GF/GP to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:

Remediation and redevelopment (including vapor intrusion and PFAS)	\$25,000,000
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Senate does not include a solid waste tipping fee increase nor other funding for the program.

Conference concurs with House but makes funding one-time and renames line item "Environmental Cleanup and Redevelopment Program (one-time)."

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
2. Oil, Gas, and Mineral Services GF/GP	FTEs	59.0	0.0
<u>Executive</u> continues \$4.0 million GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. This funding is included in the FY 2017-18 DEQ budget on a one-time basis and moved to ongoing for FY 2018-19.	Gross	\$10,680,900	\$0
<u>House</u> continues this appropriation on a one-time basis.	Restricted	6,680,900	0
<u>Senate</u> and <u>Conference</u> concur with Executive.	GF/GP	\$4,000,000	\$0
3. Solid Waste Management Program	FTEs	37.0	0.0
<u>Executive</u> eliminates the solid waste management program by transferring 37.0 FTEs and \$5.1 million in restricted funding to the proposed Renewing Michigan's Environment Program.	Gross	\$5,077,800	\$0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> make no change.	Restricted	5,077,800	0
	GF/GP	\$0	\$0
4. Lead Remediation Grants	Gross	NA	\$2,000,000
<u>House</u> appropriates \$3.9 million Gross (\$1.0 million GF/GP) for the DEQ to award grants for the remediation and redevelopment of sites contaminated by lead paint. Restricted funding is provided by the Cleanup and Redevelopment Fund.	Restricted	NA	1,000,000
<u>Senate</u> does not include these grants.	GF/GP	NA	\$1,000,000
<u>Conference</u> appropriates \$2.0 million Gross (\$1.0 million GF/GP).			
5. Communications and Community Outreach	Gross	NA	\$0
<u>House</u> reduces the new Office of External Relations included in the FY 2018-19 Executive budget by \$1.0 million GF/GP to create lead remediation grants.	GF/GP	NA	\$0
<u>Senate</u> and <u>Conference</u> do not include reduction.			
6. Emergency Cleanup Actions (Lead Remediation Grants and Recycling Initiative)	Gross	\$3,000,000	(\$2,000,000)
<u>House</u> reduces the Emergency Cleanup Actions program by \$2.0 million from the Cleanup and Redevelopment Fund to create lead remediation grants. This program administers contingency account to abate acute risk sites and provides funding to confirm whether an emergency exists at a site.	Restricted	3,000,000	(2,000,000)
<u>Senate</u> does not include reduction.	GF/GP	\$0	\$0
<u>Conference</u> reduces program by \$2.0 million from the Cleanup and Redevelopment Fund to increase funding for lead remediation grants (\$1.0 million) and recycling initiative (\$1.0 million).			
7. Federal Cleanup Project Management	FTE	40.0	0.0
<u>House</u> reduces the Federal Cleanup Project Management program by 5.0 FTEs and \$850,000 from the Cleanup & Redevelopment Fund to create lead remediation grants. This program provides funding for staff support for federal superfund and other sites in Michigan that qualify for federal dollars; funds implementation of program policy and procedures, the investigation and identification of properties, the oversight and audit of projects, and the coordination of enforcement actions against noncompliant owners and operators.	Gross	\$6,986,500	\$0
<u>Senate</u> and <u>Conference</u> do not include reduction.	Federal	3,320,900	0
	Restricted	3,665,600	0
	GF/GP	\$0	\$0
8. Recycling Initiative	Gross	\$1,011,800	\$1,000,000
<u>House</u> increases the Recycling Initiative by \$1.0 million from the Cleanup & Redevelopment Fund to expand the program. This program builds partnerships with stakeholders to increase the number of counties with access to recycling; promotes regional collaboration; provides education and technical assistance; and develops a measurement system to quantify recycling participation.	Restricted	0	1,000,000
<u>Senate</u> does not include increase.	GF/GP	\$1,011,800	\$0
<u>Conference</u> concurs with House.			

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
9. Contaminated Site Investigations, Cleanup, and Revitalization			
<u>House</u> reduces the Contaminated Site Investigations, Cleanup, and Revitalization program by 10.0 FTEs and \$1.0 million from the Cleanup & Redevelopment Fund to increase funding for the Recycling Initiative. This program provides funding for staff support for response activities to eliminate danger to public health, safety, welfare, or environment from environmental contamination sites.	FTE	132.0	0.0
<u>Senate</u> reduces this program by \$500,000 GF/GP to provide funding for the Michigan Geological Survey.	Gross	\$16,397,800	\$0
<u>Conference</u> does not make any changes to this program.	Private	191,100	0
	Restricted	13,594,700	0
	GF/GP	\$2,612,000	\$0
10. Michigan Geological Survey (One-Time)			
<u>Senate</u> provides \$500,000 on-going GF/GP to support the Michigan Geological Survey at Western Michigan University which maps the geology of Michigan.	Gross	NA	\$500,000
<u>Conference</u> provides \$500,000 in one-time GF/GP.	GF/GP	NA	\$500,000
11. Landfill Research, Design, and Demonstration Project (One-Time)			
<u>Senate</u> adds \$120,000 GF/GP on a one-time basis to fund a septage bioreactor project at Smith's Creek Landfill in St. Clair County.	Gross	NA	\$120,000
<u>Conference</u> concurs with Senate.	GF/GP	NA	\$120,000
12. Water Withdrawal Assessment Program			
<u>Conference</u> increases support for the water withdrawal assessment program by 1.0 FTE and \$180,000 GF/GP in coordination with House Bill 5638. This program administers the permitting process and monitors large scale withdrawals of groundwater.	FTE	4.0	1.0
	Gross	\$1,438,400	\$180,000
	Restricted	1,050,300	0
	GF/GP	\$388,100	\$180,000
13. Removal of FY 2017-18 Supplemental Funding			
<u>Executive</u> removes 7.0 FTEs and \$40.5 million Gross (\$15.8 million GF/GP) for FY 2017-18 supplemental appropriations included in Public Acts 158 and 201 of 2017. The vapor intrusion, PFAS, and remediation and redevelopment programs are continued in FY 2018-19 through the proposed Renewing Michigan's Environment Program.	FTE	7.0	(7.0)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	\$40,537,500	(\$40,537,500)
	Restricted	24,700,000	(24,700,000)
	GF/GP	\$15,837,500	(\$15,837,500)
14. Removal of FY 2017-18 one-time funding			
<u>Executive</u> removes \$17.1 million in restricted funding for one-time projects included in the previous fiscal year's budget:	Gross	\$17,100,000	(\$17,100,000)
Refined petroleum product cleanup program	Restricted	17,100,000	(17,100,000)
Drinking water declaration of emergency	GF/GP	\$0	\$0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.			
15. Technical Adjustments			
<u>Executive</u> decreases DEQ budget by 20.0 FTEs and \$76.3 million Gross (\$913,400 GF/GP) to align authorization with available funds and comply with organizational changes. Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9), establishing a new Office of External Relations, and eliminating authorization for Strategic Water Quality Initiative grants and loans program which was funded through FY 2017-18.	FTEs	NA	(20.0)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	NA	(\$76,260,400)
	Federal	NA	(10,439,200)
	Private	NA	506,600
	Restricted	NA	(65,414,400)
	GF/GP	NA	(\$913,400)
16. Economic Adjustments			
<u>Executive</u> reflects increased costs of \$3.1 million Gross (\$615,900 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Gross	NA	\$3,095,300
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	IDG	NA	43,200
	Federal	NA	622,000
	Private	NA	(200)
	Restricted	NA	1,814,400
	GF/GP	NA	\$615,900

Major Boilerplate Changes From FY 2017-18

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, Senate, and Conference retain.

Sec. 221. Rule Promulgation – RETAINED

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business. Executive deletes, House, Senate, and Conference retain.

Sec. 238. Fee and Fund Source Report – NEW

Requires the DEQ to report on its public website information detailing activities related to departmental fees and fund sources. Senate and Conference add new section.

Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED

Allows unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revised to split environmental cleanup actions (Sec. 302), the environmental cleanup and redevelopment program (Sec. 307), and the refined petroleum product cleanup program (Sec. 308) into separate boilerplate sections.

Executive and Senate revise, House and Conference concur but specifies that work projects must be completed by contract.

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, Senate, and Conference retain.

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

Requires list of cleanup sites addressed by the Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year by January 1. Date revised from November 1 to January 1.

Executive revises, House, Senate, and Conference concur.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – NEW

Allows unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023.

Executive and Senate add new section, House and Conference concur but specifies that work projects must be completed by contract.

Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – NEW

Allows unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023.

Executive and Senate add new section, House and Conference concur but specifies that work projects must be completed by contract.

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

Requires DEQ to expend not more than \$36.0 million of funds appropriated in 2017 PA 107 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.

Executive, Senate, and Conference delete, House retains.

Sec. 315. Lead Remediation Grants – NEW

Requires DEQ to distribute grant awards for the remediation and redevelopment of sites contaminated by lead paint; prioritizing sites affecting families with children.

House and Conference add new section.

Sec. 316. Environmental Cleanup and Redevelopment Program (One-Time) – NEW

Requires DEQ to expend funds appropriated for the Environmental Cleanup and Redevelopment Program (one-time) for the remediation and redevelopment of nonpetroleum contaminated sites.

House and Conference add new section.

Sec. 407. Contaminated Lake and River Sediment Cleanup Program – DELETED

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carried 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, 2022.

Executive, House, Senate, and Conference delete.

Major Boilerplate Changes From FY 2017-18

Sec. 410. Lake Erie Report – RETAINED

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Report shall include estimated cost of removal of total phosphorus per pound at the four major wastewater treatment plants; a description of the grants that have been awarded; a description of the work that has commenced on the issue of dissolved reactive phosphorus, the expected objectives and outcomes of that work, and a list of the parties involved in that effort; and a description of the efforts and outcomes aimed at the total phosphorus reduction for the River Raisin watershed. Executive, Senate, and Conference retain, House deletes.

Sec. 411. Kalamazoo River Superfund Site Study – DELETED

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. Executive, House, Senate, and Conference delete.

Sec. 412. Work Projects – Aquifer Protection Program – NEW

Allows unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will help resolve aquifer disputes between well owners and is estimated to cost \$524,000 with a tentative completion date of September 30, 2023. Executive and Senate add new section, House and Conference concur but specifies that work projects must be completed by contract.

Sec. 413. Cooperative Lakes Monitoring Program – NEW

Earmarks \$150,000 from the Surface Water program (\$16.3 million Gross) to support the Cooperative Lakes Monitoring Program in FY 2018-19. Conference adds new section.

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

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, Senate, and Conference delete, House retains.

Sec. 701. Underground Storage Tank Authority – REVISED

Allows unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 30, 2023. Executive and Senate retain, House and Conference concur but specifies that work projects must be completed by contract.

Sec. 801. Landfill Research, Design, and Development Project – NEW

Directs the expenditure of the one-time funding in part 1 for the landfill development project in St. Clair County. Senate and Conference add new section.