FY 2019-20: DEPARTMENT OF ENVIRONMENT,

GREAT LAKES, AND ENERGY Summary: Conference Report Senate Bill 137 (S-2) CR-1



Analyst: Austin Scott

						Difference: Confe	erence
	FY 2018-19 YTD	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20	From FY 2018-1	19 YTD
	as of 3/5/19	Executive	House	Senate	Conference	Amount	%
IDG/IDT	\$3,143,700	\$3,176,600	\$3,148,600	\$3,176,600	\$3,176,600	\$32,900	1.0
Federal	160,225,400	160,895,300	160,432,600	160,895,300	175,269,900	15,044,500	9.4
Local	0	0	0	0	0	0	
Private	1,061,700	1,061,800	1,061,800	1,061,800	1,201,800	140,100	13.2
Restricted	278,325,300	259,346,600	262,263,700	259,346,600	267,915,100	(10,410,200)	(3.7)
GF/GP	58,546,500	53,793,000	42,519,200	173,793,000	168,577,400	110,030,900	187.9
Gross	\$501,302,600	\$478,273,300	\$469,425,900	\$598,273,300	\$616,140,800	\$114,838,200	22.9
FTEs	1,263.0	1,287.0	1,280.0	1,285.0	1,422.0	159.0	12.6

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (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 4233 as passed by the House. Information on Senate budget action is based on Senate Bill 137 as passed by the Senate.

Overview

The Department of Environment, Great Lakes, and Energy (EGLE) is responsible for managing Michigan's air, land, water, and energy resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference <u>Change</u>	
1. Continued Collection of Sunsetting Fees	Gross	NA	NA	
Executive proposes to continue the collection of 14 fee sunsets that are	GF/GP	NA	NA	
scheduled to sunset prior to January 1, 2020. Collectively these fees				

Fee	
	Annual revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	6,000,000
Electronic device manufacturer's registration	230,000
Electronic device recycler registration	50,000
Groundwater discharge permit	1,190,000
Surface water discharge permit	2,816,800
Stormwater discharge fee	1,625,100
Land and water permit fees (5 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
Total	\$27 843 700

provide \$27.8 million in annual revenue for EGLE.

House, Senate, and Conference concur.

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference <u>Change</u>
2. Drinking Water Compliance Assistance Executive includes an increase of \$1.9 million GF/GP and authorizes 10.0 FTE positions to the Drinking Water and Environmental Health Program to establish a new Drinking Water Compliance Assistance Unit intended to provide technical expertise related to the lead and copper rule requirements. House includes an increase of \$950,000 GF/GP and authorizes 5.0 FTE positions. Senate and Conference concur with Executive.	FTE	115.0	10.0
	Gross	\$16,554,400	\$1,900,000
	Federal	9,434,100	0
	Restricted	4,465,400	0
	GF/GP	\$2,654,900	\$1,900,000
3. Refined Petroleum Product Cleanup Program Staffing Executive authorizes 14.0 FTE positions to the Refined Petroleum Product Cleanup program. This program provides for the remediation of petroleum contaminated sites, including leaking underground storage tanks. House, Senate, and Conference concur.	FTE	85.0	14.0
	Gross	\$34,680,000	\$0
	Federal	2,060,300	0
	Restricted	32,619,700	0
	GF/GP	\$0	\$0
4. Coal Ash Care Fund – Solid Waste Management Program Executive increases \$260,000 from the Coal Ash Care Fund to the Solid Waste Management program in accordance with 2018 PA 640 which provides for the regulation of coal ash landfills with revenue collected from landfill owners and operators. House, Senate, and Conference concur.	FTE	37.0	0.0
	Gross	\$5,159,600	\$260,000
	Restricted	5,159,600	260,000
	GF/GP	\$0	\$0
5. Vapor Intrusion – Contaminated Site Investigations Program Executive eliminates \$1.7 million GF/GP for vapor intrusion remediation from the Contaminated Site Investigations, Cleanup, and Revitalization Program. The Renewing Michigan's Environment Program provides for the remediation of emerging contaminants including vapor intrusion. House, Senate, and Conference concur.	FTE	130.0	0.0
	Gross	\$15,674,100	(\$1,655,300)
	Private	191,100	0
	Restricted	13,857,600	0
	GF/GP	\$1,625,400	(\$1,655,300)
6. Water Quality and Use Initiative Executive eliminates \$1.5 million GF/GP for the Water Quality and Use Initiative and shifts 5.0 FTE positions to the Renewing Michigan's Environment Program which provides for the continuation of this program's efforts. House, Senate, and Conference concur.	Gross	\$1,522,900	(\$1,522,900)
	GF/GP	\$1,522,900	(\$1,522,900)
7. Recycling Initiative Executive reduces the Recycling Initiative by \$1.0 million GF/GP. The Renewing Michigan's Environment Program provides for the continuation of recycling grants to local communities. House, Senate, and Conference concur.	FTE	3.0	0.0
	Gross	\$2,032,300	(\$1,032,000)
	Restricted	1,000,000	0
	GF/GP	\$1,032,000	(\$1,032,000)
8. Lead Remediation Grants Executive eliminates funding for lead remediation grants (\$2.0 million Gross, \$1.0 million GF/GP). Restricted funding is transferred to the Emergency Cleanup Actions program. House, Senate, and Conference concur.	Gross Restricted GF/GP	\$2,000,000 1,000,000 \$1,000,000	(\$2,000,000) (1,000,000) (\$1,000,000)

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference <u>Change</u>
 Removal of FY 2018-19 One-Time Funding <u>Executive</u> removes \$2.1 million GF/GP for one-time projects included in the previous fiscal year's budget. <u>House, Senate,</u> and <u>Conference</u> concur. 	Gross	\$2,120,000	(\$2,120,000)
	GF/GP	\$2,120,000	(\$2,120,000)
Inland Lake Aquatic Invasive Plant Species \$1,000,000 Control and Eradication Program Landfill Research, Design, and Demonstration 120,000 Project			
Mapping and Other Support 400,000 Michigan Geological Survey 500,000 Water Withdrawal Implementation 100,000			
10. Technical Adjustments Executive decreases EGLE budget by \$19.9 million in restricted authorization to align appropriations with available funds and to remove authorization for concluded programs. Adjustments include eliminating authorization for exhausted bond funding and the aquifer protection revolving fund. House, Senate, and Conference concur.	Gross	NA	(\$19,927,400)
	Restricted	NA	(19,927,400)
	GF/GP	NA	\$0
11. Economic Adjustments Executive reflects increased costs of \$3.1 million Gross (\$676,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House, Senate, and Conference concur.	Gross IDG Federal Private Restricted GF/GP	NA NA NA NA NA	\$3,068,300 32,900 669,900 100 1,688,700 \$676,700
12. Ottawa County Comprehensive Groundwater Monitoring Network House includes an increase of \$500,000 GF/GP to the Surface Water program to establish a comprehensive Groundwater Monitoring Network in Ottawa County. Boilerplate section 401 earmarks this funding for the collection of data on groundwater use, flow, and recharge dynamics across the county. Senate and Conference do not include funding.	FTE	86.0	0.0
	Gross	\$16,291,600	\$0
	Federal	6,246,000	0
	Restricted	7,625,900	0
	GF/GP	\$2,419,700	\$0
13. Water State Revolving Funds House reduces the Water State Revolving Funds by \$500,000 GF/GP.	Gross	\$120,000,000	\$0
	Federal	100,000,000	0
	Restricted	15,000,000	0
	GF/GP	\$5,000,000	\$0
14. Groundwater Discharge Permit Program House reduces the Groundwater Discharge Permit Program by \$306,500 GF/GP. This program ensures proper design and construction of solid waste disposal facilities and supports facility inspections. Senate and Conference do not include reduction.	FTE	22.0	0.0
	Gross	\$3,253,500	\$0
	Restricted	1,472,500	0
	GF/GP	\$1,781,000	\$0
15. Wetlands Program House reduces the Wetlands Program by \$200,000 GF/GP. This program manages, monitors, and regulates wetlands around Michigan. Senate and Conference do not include reduction.	Gross	\$1,000,000	\$0
	GF/GP	\$1,000,000	\$0
16. Drinking Water Infrastructure House eliminates \$4.0 million GF/GP and 2.0 FTE positions for matching grants to local governments for PFAS contamination remediation and for costs related to connecting residents to alternative water systems. Senate and Conference concur.	FTE	2.0	(2.0)
	Gross	\$4,000,000	(\$4,000,000)
	GF/GP	\$4,000,000	(\$4,000,000)

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference <u>Change</u>
17. Oil, Gas, and Mineral Services Fund Shift House shifts \$3.9 million in spending authorization from GF/GP to the Oil and Gas Regulatory Fund (\$2.0 million) and Orphan Well Fund (\$1.9 million). Senate does not include fund shift. Conference concurs with House.	FTE	57.0	0.0
	Gross	\$10,804,700	\$0
	Restricted	6,804,700	3,900,000
	GF/GP	\$4,000,000	(\$3,900,000)
18. Surface Water Fund Shift House shifts \$1.2 million in spending authorization from GF/GP to the Environmental Response Fund. Senate does not include fund shift. Conference concurs with House.	FTE	86.0	0.0
	Gross	\$16,291,600	\$0
	Federal	6,246,000	0
	Restricted	7,625,900	1,200,000
	GF/GP	\$2,419,700	(\$1,200,000)
 19. Administrative Efficiencies House reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies. Senate and Conference do not include reduction. 	Gross	NA	\$0
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$0
20. Information Technology Reduction House reduces funding available for information technology services and projects by 25%. Senate and Conference do not include reduction.	Gross IDG Federal Restricted GF/GP	\$9,076,800 111,900 1,338,000 7,154,100 \$472,800	\$0 0 0 0 \$0
21. Drinking Water Protection and Innovation Initiatives (One-Time) Senate and Conference include \$120.0 million in one-time GF/GP for drinking water protection and innovation initiatives from Supplemental Request 2019-4:	Gross	NA	\$120,000,000
	GF/GP	NA	\$120,000,000
PFAS and Emerging Contaminants \$40,000,000 Drinking Water Revolving Fund Loan 35,000,000 Forgiveness Lead and Copper Rule Implementation 30,000,000 Affordability and Planning 7,500,000 Private Well Testing 7,500,000	l I		
22. Air Quality Programs Senate increases air quality funding by \$2.0 million GF/GP. This appropriation supports air emissions control, air quality monitoring, facility inspections, and compliance with EPA air standards. Conference concurs.	Gross	\$27,493,200	\$2,000,000
	Federal	7,277,800	0
	Restricted	14,310,700	0
	GF/GP	\$5,904,700	\$2,000,000
23. Watershed Grant Program Senate provides \$1.4 million GF/GP for grants to watershed councils for education, administration, and management. Conference does not include program.	Gross	NA	\$0
	GF/GP	NA	\$0
24. Cooperative Lakes Management Program Senate includes an increase of \$150,000 GF/GP to the Surface Water program to continue the Cooperative Lakes Monitoring Program. House earmarks existing Surface Water funds for this purpose (Sec. 413). Conference concurs with House.	FTE	86.0	0.0
	Gross	\$16,291,600	\$0
	Federal	6,246,000	0
	Restricted	7,625,900	0
	GF/GP	\$2,419,700	\$0
25. Contaminated Site Investigations, Cleanup, and Revitalization Conference provides an additional \$307,000 GF/GP for contaminated site investigations. The department uses this appropriation to support staff engaged in environmental contamination site response activities.	FTE	130.0	0.0
	Gross	\$15,674,100	\$307,000
	Private	191,100	0
	Restricted	13,857,600	0
	GF/GP	\$1,625,400	\$307,000

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Conference <u>Change</u>
26. Renewing Michigan's Environment FTE Positions Conference provides an additional 93.0 FTE positions for the Renewing Michigan's Environment Program. This program administers cleanup and redevelopment activities for non-petroleum contaminated sites, waste management, and recycling.	FTE Gross Restricted GF/GP	30.0 \$69,000,000 69,000,000 \$0	93.0 \$0 0 \$0
27. Departmental Reorganization – EGLE Conference recognizes the creation of the Department of Environment, Great Lakes, and Energy (EGLE) by transferring the Office of Great Lakes from DNR to EGLE, restructuring the Resource Management Division, and transferring the Michigan Agency for Energy from the Department of Licensing and Regulatory Affairs to EGLE.	Gross Federal Private Restricted GF/GP	NA NA NA NA	\$19,560,500 14,374,600 140,000 3,468,500 \$1,577,400

Major Boilerplate Changes From FY 2018-19

Sec. 210. Contingency Fund Transfer Authority - REVISED

Provides authority for contingency fund transfers: up to \$30.0 million federal, \$5.0 million restricted, \$100,000 local, and \$500,000 million private; transfers must be approved by both the House and Senate Appropriations Committees. Executive and House retain, Senate deletes.

Conference revises to eliminate federal, local, and private authority and lowers restricted authority to \$3.0 million.

Sec. 216. Consolidated Report on Environmental Cleanup Projects – RETAINED

Requires EGLE to provide status report with detailed information on approved cleanup projects funded through environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, revitalization revolving loan program, brownfield grants and loans, leaking underground storage tank cleanup program, contaminated lake and river cleanup program, refined petroleum product cleanup program, and environmental protection bond projects. Executive revises due date from March 31 to April 30.

House retains March 31 due date.

Senate concurs with Executive.

Conference concurs with House.

Sec. 220. Disciplinary Action Against State Employees - RETAINED

Prohibits EGLE 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 EGLE from adopting a rule that has a disproportionate economic impact on small business.

Executive and Senate delete, House and Conference retains.

Sec. 235. Clean Michigan Initiative Report - RETAINED

Requires EGLE to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds, as well as a March 31 report deadline.

Executive revises due date from March 31 to April 30.

House retains March 31 due date.

Senate concurs with Executive.

Conference concurs with House.

Sec. 238. Fee and Fund Source Report - RETAINED

Requires EGLE to report on its public website information detailing activities related to departmental fees and fund sources.

Executive deletes, House, Senate, and Conference retain.

Sec. 239. Environmental Rules Review Committee - NEW

Earmarks \$150,000 of the central support services appropriation for the Environmental Rules Review Committee to contract with consultants to assist with business before the committee.

House and Conference add new section.

Major Boilerplate Changes From FY 2018-19

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

Authorizes unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023.

<u>Executive</u> revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$2.0 million; changes completion date to 2024.

House revises to change estimated cost to \$2.0 million and change completion date to 2024.

Senate and Conference roll into Sec. 308.

Sec. 303. Restricted Fund Transfer: Cleanup and Redevelopment Trust Fund - DELETED

Transfers \$1.0 million from Cleanup and Redevelopment Trust Fund to Environmental Protection Fund.

Executive and House retain, Senate and Conference delete.

Sec. 304. Restricted Fund Transfer: Community Pollution Prevention Fund – DELETED

Transfers \$1.0 million from Community Pollution Prevention Fund to Environmental Protection Fund.

Executive and House retain, Senate and Conference delete.

Sec. 305. Refined Petroleum Fund – RETAINED

Expresses intent of the legislature to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Executive and Senate delete, House and Conference retain.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program - REVISED

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

Executive and House delete, Senate and Conference roll into Sec. 308.

Sec. 308. Work Projects - Refined Petroleum Product Cleanup Program - REVISED

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

<u>Executive</u> revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$34.8 million; changes completion date to 2024.

House revises to change estimated cost to \$34.8 million and change completion date to 2024.

Senate and Conference revise to include Sec. 302 and Sec. 307.

Sec. 313. Vapor Intrusion - DELETED

Requires EGLE to use funds appropriated for vapor intrusion to investigate potential vapor intrusion sites.

Executive deletes, House, Senate, and Conference concur.

Sec. 315. Lead Remediation Grants - DELETED

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

Executive deletes, House, Senate, and Conference concur.

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

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

Executive deletes, House, Senate, and Conference concur.

Sec. 402. Drinking Water Infrastructure and Mapping - DELETED

Authorizes unexpended funds appropriated for Drinking Water Infrastructure and for Mapping and other support to be considered work project appropriations, and unencumbered or unallotted funds to be available until the projects have been completed. The projects will be accomplished by contract and have a tentative completion date of September 30, 2023.

<u>Executive</u> renumbered Sec. 801 and removed "mapping and other support." Also revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$4.0 million; changes completion date to 2024.

House, Senate, and Conference delete.

Major Boilerplate Changes From FY 2018-19

Sec. 403. Grants for Drinking Water Systems - DELETED

Authorizes grants of no more than \$2.0 million each to be awarded to drinking water systems for contamination remediation or alternate system connections from the funds appropriated for drinking water infrastructure. Grants will be determined by the size of the population served and will require a 20% local match unless waived by the Water Asset Management Council. Renumbered to Sec. 802.

House, Senate, and Conference delete.

Sec. 404. Inland Lake Aquatic Invasive Plant Species Control and Eradication Program – DELETED

Requires \$1.0 million appropriation to be used in accordance with 2018 PA 671 for the Inland Lake Aquatic Invasive Plant Species Control and Eradication program.

Executive deletes, House, Senate, and Conference concur.

Sec. 412. Work Projects - Aquifer Protection Program - DELETED

Authorizes unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward. 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 deletes, House, Senate, and Conference concur.

Sec. 413. Cooperative Lakes Monitoring Program - RETAINED

Earmarks \$150,000 from the Surface Water program (\$16.3 million Gross) to support the Cooperative Lakes Monitoring Program. Revised to include the voluntary stream monitoring program.

Executive deletes, House retains and revises, Senate and Conference retain.

Sec. 501. Work Projects - Renewing Michigan's Environment Program - DELETED

Authorizes unexpended funds appropriated for the Renewing Michigan's Environment Program to be considered work project appropriations and carried forward. The program supports nonpetroleum cleanups and is estimated to cost \$69.0 million with a tentative completion date of September 30, 2024.

<u>Executive</u> adds new section, <u>House</u> concurs but specifies that work projects must be completed by contract, <u>Senate</u> and <u>Conference</u> delete.

Sec. 601. Public Service Commission Memorandum of Understanding - NEW

Directs EGLE to enter into a memorandum of understanding with the Public Service Commission to outline the responsibilities of the Office of Climate and Energy.

Conference adds new section.

Sec. 604. Lead and Copper Rule - DELETED

Requires EGLE to use funds appropriated for the lead and copper rule program to host training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule. Executive deletes, House, Senate, and Conference concur.

Sec. 701. Underground Storage Tank Authority – RETAINED

Authorizes unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$20.0 million with a tentative completion date of September 30, 2023.

<u>Executive</u> revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$20.0 million; changes completion date to 2024.

House revises to change estimated cost to \$20.0 million and changes completion date to 2024.

Senate and Conference retain.

Sec. 801. Landfill Research, Design, and Development Project - DELETED

Directs expenditure of one-time funding for the landfill development project in St. Clair County. Executive deletes, House, Senate, and Conference concur.

Sec. 1001. Lead and Copper Rule Implementation - NEW

Directs expenditure of one-time funding for lead and copper rule implementation. Conference adds new section.

Sec. 1002. PFAS and Emerging Contaminants - NEW

Directs expenditure of one-time funding for PFAS and emerging contaminants. Conference adds new section.

Sec. 1003. Drinking Water Revolving Fund Loan Forgiveness - NEW

Directs expenditure of one-time funding for drinking water revolving loan fund forgiveness. <u>Conference</u> adds new section.

Major Boilerplate Changes From FY 2018-19

Sec. 1004. Affordability and Planning - NEW

Directs expenditure of one-time funding for affordability and planning. <u>Conference</u> adds new section.

Sec. 1005. Private Well Testing - NEW

Directs expenditure of one-time funding for private well testing. <u>Conference</u> adds new section.