

DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
Summary: Conference Report
Article 4, House Bill 5396 (S-1) CR-1

Analyst: Austin Scott

	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Conference	Difference: Conference From FY 2019-20 YTD	
			Amount	%
IDG/IDT	\$3,176,600	\$3,337,700	\$161,100	5.1
Federal	175,269,900	171,973,000	(3,296,900)	(1.9)
Local	0	0	0	--
Private	1,201,800	1,412,800	211,000	17.6
Restricted	266,440,100	275,191,800	8,751,700	3.3
GF/GP	168,577,400	59,443,900	(109,133,500)	(64.7)
Gross	\$614,665,800	\$511,359,200	(\$103,306,600)	(16.8)
FTEs	1,422.0	1,424.0	2.0	0.1

Notes:

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or 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 2019-20 YTD Appropriations

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
1. Oil, Gas, and Mineral Services		
Replaces \$3.9 million of restricted funding with \$4.0 million GF/GP for a Gross increase of \$100,000 for oil, gas, and mineral services. This program regulates oil and natural gas exploration, mineral mining, and orphan well closure.	FTE 57.0 Gross \$11,011,900 Restricted 10,863,000 GF/GP \$148,900	0.0 \$100,000 (3,900,000) \$4,000,000
2. Lead and Copper Rule Support – Clare and Burton		
Adds \$2.5 million GF/GP for water line replacement in the City of Clare and \$250,000 for water line replacement in the City of Burton.	Gross NA GF/GP NA	\$2,750,000 \$2,750,000
3. Environmental Cleanup Project (One-time) – Madison Heights		
Includes \$600,000 GF/GP to support the demolition costs of an electroplating services building in Madison Heights.	Gross NA GF/GP NA	\$600,000 \$600,000
4. Watershed Council Grants		
Adds \$600,000 GF/GP for grants to watershed councils for education, administration, and conservation efforts.	Gross NA GF/GP NA	\$600,000 \$600,000
5. Michigan Geological Survey		
Appropriates \$500,000 GF/GP for the Michigan Geological Survey at Western Michigan University.	Gross NA GF/GP NA	\$500,000 \$500,000
6. Multistate Aquifer Study		
Includes \$500,000 GF/GP for a study of the Michindoh Aquifer in Michigan, Indiana, and Ohio.	Gross NA GF/GP NA	\$500,000 \$500,000

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<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
7. Water Treatment Plant Project – Parchment	Gross	NA	\$450,000
Adds \$450,000 GF/GP for contamination remediation at a water treatment plant in Parchment.	GF/GP	NA	\$450,000
8. Land and Water Interface Permit Programs	FTE	82.0	2.0
Appropriates an additional \$350,000 GF/GP and 2.0 FTE positions to the Dam Safety Program. The goal of the program is to reduce and prevent unplanned or uncontrolled releases of water from dams.	Gross	\$12,037,700	\$350,000
	IDG	1,296,900	0
	Federal	2,098,700	0
	Restricted	2,359,400	0
	GF/GP	\$6,282,700	\$350,000
9. Cooperative Lakes Monitoring Program	Gross	NA	\$150,000
Includes \$150,000 GF/GP to continue department's contract for the cooperative lakes monitoring program. The purpose of the program is to help volunteers monitor local lake water quality and document changes over time.	GF/GP	NA	\$150,000
10. Environmental Permit Review Committee – Administrative Hearings Officers	Gross	\$396,000	\$500,000
Adds \$500,000 Gross (\$129,000 GF/GP) to Administrative Hearings Officers for increased environmental permit reviews.	IDG	0	3,900
	Private	0	1,000
	Restricted	396,000	366,100
	GF/GP	\$0	\$129,000
11. Blanchard Dam Bond Inspection and Repair Needs Study	Gross	NA	\$10,000
Appropriates \$10,000 GF/GP for a study to inspect and assess repair needs of Blanchard Dam in Isabella County.	GF/GP	NA	\$10,000
12. Mapping and Other Support	Gross	\$4,300,000	(\$300,000)
Reduces funding for GIS mapping of contaminated sites and groundwater flow, including PFAS sites by \$300,000 GF/GP.	GF/GP	\$4,300,000	(\$300,000)
13. Information Technology Services and Projects	Gross	\$9,679,200	(\$225,000)
Decreases funding for computer operations, systems development, and design projects by \$225,000 GF/GP.	IDG	111,900	0
	Federal	1,838,700	0
	Restricted	7,250,500	0
	GF/GP	\$478,100	(\$225,000)
14. Office of the Great Lakes	FTE	12.0	0.0
Reduces funding for the Office of the Great Lakes by \$75,000 GF/GP. The Office coordinates Great Lakes protection programs and serves as Michigan's primary information source on Great Lakes issues.	Gross	\$2,263,100	(\$75,000)
	Federal	815,600	0
	Restricted	506,600	0
	GF/GP	\$940,900	(\$75,000)
15. Scrap Tire Grants – Alpena	Gross	\$3,500,000	\$3,000,000
Authorizes \$3.0 million from the Scrap Tire Regulatory Fund to expand the Scrap Tire Market Development Grant Program, targeted to Alpena.	Restricted	3,500,000	3,000,000
	GF/GP	\$0	\$0
16. Renew Michigan Program	Gross	\$68,500,000	\$500,000
Restores \$500,000 of restricted funding for the Renew Michigan Program to return funding to \$69.0 million. In FY 2019-20, the governor vetoed a \$500,000 earmark for the Michigan Geological Survey which reduced program funding to \$68.5 million. The program supports environmental remediation at non-petroleum contaminated sites, recycling, and solid waste management; it is funded by an income tax earmark.	Restricted	68,500,000	500,000
	GF/GP	\$0	\$0

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<u>Major Budget Changes From FY 2019-20 YTD Appropriations</u>		FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Conference Change
17. Environmental Workshops and Conferences – Environmental Support	FTE	31.0	0.0
	Gross	\$4,659,000	\$335,900
Adds \$335,900 of private funding to the Environmental Support appropriation for environmental outreach through EGLE-sponsored workshops and conferences. This appropriation is named Communications and Community Outreach in FY 2019-20 and provides funding for departmental communications and public affairs.	Federal	2,200	0
	Private	364,100	335,900
	Restricted	1,457,800	0
	GF/GP	\$2,834,900	\$0
18. Efficiency and Renewable Energy Revolving Loan Fund – Environmental Sustainability and Stewardship	Gross	NA	\$250,000
Recognizes the transfer of \$250,000 from the Efficiency and Renewable Energy Revolving Loan Fund from LARA to EGLE in accordance with Executive Order 2019-6 which transitioned the department from DEQ to EGLE.	Restricted	NA	250,000
	GF/GP	NA	\$0
19. Removal of FY 2019-20 One-Time Funding	Gross	\$120,000,100	(\$120,000,100)
Removes \$120.0 million GF/GP for drinking water initiatives included in the FY 2019-20 budget. Initiatives included Drinking Water Revolving Fund loan forgiveness, lead and copper rule implementation, PFAS and emerging contaminant remediation, and grants for the development of asset management plans.	Restricted	100	(100)
	GF/GP	\$120,000,000	(\$120,000,000)
20. Technical Adjustments	Gross	NA	\$243,900
Increases EGLE budget by \$243,900 Gross (\$8,000 GF/GP) to align appropriations with available restricted and federal funding and further align appropriations with departmental transition from DEQ to EGLE.	IDG	NA	69,300
	Federal	NA	(4,323,900)
	Private	NA	(127,500)
	Restricted	NA	4,618,000
	GF/GP	NA	\$8,000
21. Economic Adjustments	Gross	NA	\$6,453,700
Reflects increased costs of \$6.5 million Gross (\$1.4 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	87,900
	Federal	NA	1,027,000
	Private	NA	1,600
	Restricted	NA	3,917,700
	GF/GP	NA	\$1,419,500

Boilerplate Changes From FY 2019-20

Sec. 216. FTE Vacancies and Remote Work Report – NEW

Requires the department to report quarterly on the number of FTE positions filled, FTE vacancies, the number of employees working remotely, the number of employees authorized to work remotely, estimated cost savings from remote work, and reduction in office space due to working remotely.

Sec. 217. Expending Available Work Project Authorization – NEW

Advises the department not to expend appropriations in part 1 until existing work project authorization for the same purpose has been expended.

Sec. 218. State Administrative Board Transfers – NEW

Allows the legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers fund appropriated in part 1.

Sec. 219. Receipt and Retention of Reports – NEW

Requires the department to receive and retain copies of all reports funded in part 1.

Sec. 220. Report on Policy Changes Made to Implement Public Acts Affecting Department – NEW

Requires the department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

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Boilerplate Changes From FY 2019-20

Sec. 238. Fee and Fund Source Report – DELETED

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

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

Authorizes unexpended funds appropriated for Emergency Cleanup Actions, Environmental Cleanup and Redevelopment Program, and Refined Petroleum Product Cleanup Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanups with a tentative completion date of September 30, 2022. Revised to exclude the Environmental Cleanup and Redevelopment Program.

Sec. 401. Land and Water Interface Permit Programs Dam Safety Earmark – NEW

Earmarks \$350,000 and 2 FTE positions from Land and Water Interface Permit Programs in part 1 for Dam Safety Programs.

Sec. 410. Lake Erie Report – REVISED

Requires department to compile report on status of implementation plan for western Lake Erie basin collaborative agreement; requires report to include estimated cost of removal of total phosphorus per pound at four major wastewater treatment plants, description of grants awarded, description of work that has commenced on issue of dissolved reactive phosphorus, expected objectives and outcomes of that work, list of parties involved in that effort, and description of efforts and outcomes aimed at total phosphorus reduction for River Raisin watershed. Revised to add November 1 report due date.

Sec. 601. Public Service Commission Memorandum of Understanding – DELETED

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

Sec. 901. Volkswagen Settlement Receive and Expend – NEW

Allows expenditure of expenditure of funds from the Volkswagen Environmental Mitigation Trust upon receipt as outlined within State's Mitigation Plan. Requires report on trust's preceding fiscal year's expenditures by February 1.

Sec. 902. Scrap Tire Grants Earmark – NEW

Earmarks \$3,000,000 from Scrap Tire Grants in part 1 for a project in Alpena.

Sec. 1001. Lead and Copper Rule Implementation – DELETED

Directs expenditure of funding for grants for asset management plan creation, water distribution system materials inventories, and public education awareness campaigns related to drinking water contaminants including lead; requires report on expenditures.

Sec. 1002. PFAS and Emerging Contaminants – DELETED

Directs expenditure of funding for grants to municipal airports and drinking water systems for PFAS contaminant remediation or alternate water system connection costs; requires report on expenditures.

Sec. 1003. Drinking Water Revolving Fund Loan Forgiveness – DELETED

Directs expenditure of funding for grants for drinking water infrastructure upgrades included in community asset management plans; requires report on expenditures.

Sec. 1004. Affordability and Planning – DELETED

Directs expenditure of funding for affordability and planning to communities to enhance their respective asset management plans, develop sustainable water rate plans, or develop watershed plans; requires report on expenditures.

Sec. 1005. Private Well Testing – REVISED

Directs expenditure of funding for private well testing to local health departments to provide water testing to private well owners; requires report on expenditures. Revised to make section dependent upon "if funds become available."

Sec. 1006. Blanchard Dam Bond Inspection and Repair Needs Study – NEW

Directs expenditure of funding for Blanchard Dam bond inspection and repair needs study in part 1 to conduct a study of repair needs and for inspection at Blanchard Dam in Isabella County.

Sec. 1007. Cooperative Lakes Monitoring Program – NEW

Directs expenditure of funding for Cooperative Lakes Monitoring Program in part 1 to continue the program which helps volunteers monitor local lake water quality and document changes over time.

Boilerplate Changes From FY 2019-20

Sec. 1008. Environmental Cleanup Project (One-Time) – NEW

Directs expenditure of funding for environmental cleanup project (one-time) in part 1 to support the demolition costs of an electroplating services building in Madison Heights.

Sec. 1009. Lead and Copper Rule Support – NEW

Directs expenditure of funding for lead and copper rule support in part 1 for water line replacement in the City of Clare (\$2.5 million) and the City of Burton (\$250,000).

Sec. 1010. Michigan Geological Survey – NEW

Directs expenditure of funding for Michigan Geological Survey in part 1 to support basic and applied geological research at Western Michigan University and designates the funding as a work project.

Sec. 1011. Multistate Aquifer Study – NEW

Directs expenditure of funding for multistate aquifer study in part 1 for a study of the Michindoh Aquifer in Michigan, Indiana, and Ohio and designates the funding as a work project.

Sec. 1012. Water Treatment Plant Project – NEW

Directs expenditure of funding for water treatment plant project in part 1 for contamination remediation at a water treatment plant in Parchment.

Sec. 1013. Watershed Council Grants – NEW

Directs expenditure of funding for watershed council grants in part 1 for grants to watershed councils for education, administration, and conservation efforts; caps individual grants at \$40,000; requires a report of grant recipients and grant amounts by April 1.

FY 2019-20 Supplemental Boilerplate Items

Article 14, House Bill 5396 (S-1) CR-1

Sec. 401. Volkswagen Environmental Mitigation Trust Agreement

Authorizes the department to receive and expend funding from the Volkswagen Environmental Mitigation Trust Agreement to provide support for activities outlined in the state's mitigation plan; requires a report on expenditures incurred.