

FY 2014-15: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by House Appropriations Committee
Article VII, House Bill 5313 (H-1)



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	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$9,401,900	\$9,530,500	\$9,530,500			\$128,600	1.4
Federal	150,779,700	150,367,600	150,367,600			(412,100)	(0.3)
Local	0	0	0			0	--
Private	541,800	546,900	546,900			5,100	0.9
Restricted	327,340,900	302,770,900	301,270,900			(26,070,000)	(8.0)
GF/GP	29,104,500	40,875,900	38,875,900			9,771,400	33.6
Gross	\$517,168,800	\$504,091,800	\$500,591,800			(\$16,577,000)	(3.2)
FTEs	1,287.5	1,290.5	1,290.5			3.0	0.2

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Executive figures do not reflect revisions submitted subsequent to House subcommittee action.

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.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Major Budget Changes From FY 2013-14 YTD Appropriations		
1. Funding and FTE Authorization Adjustments		
<u>Executive</u> eliminates authorization for 5.0 unfunded FTEs in the Water Division; removes \$1.0 million one-time GF/GP for wetlands program and hazardous waste program; reduces IDG and restricted funding by \$970,000 to align with anticipated revenues; reduces funding to reflect various technical funding adjustments. <u>House</u> concurs with the Executive.	FTE Gross IDG Restricted GF/GP	N/A (5.0) (\$2,788,600) (240,600) (1,555,100) (\$992,900)
2. Water Quality and Use Initiative		
<u>Executive</u> provides \$4.0 million GF/GP funding for development of a comprehensive state water strategy, including water quality, use, permit issuance, and water monitoring efforts. Funding will also be used for DEQ's Water Access Tool, additional beach monitoring equipment and programs, and the wetlands program. <u>House</u> concurs with the Executive.	FTE Gross GF/GP	N/A 5.0 \$3,977,200 \$3,977,200
3. Aquatic Nuisance Control (ANC) Program		
<u>House</u> includes a new Aquatic Nuisance Control Program line item funded with \$700,000 restricted funding from the Land and Water Permit Fees and authorizes 5.0 FTE positions for program. The <u>House</u> reduces the Surface Water line item by \$700,000 and 5.0 FTE positions to reflect this structural change. ANC Program remains funded at current-year levels.	FTE Gross Restricted	N/A 0.0 \$0 \$0
4. Recycling Initiative		
<u>Executive</u> includes \$1.0 million GF/GP funding and 3.0 additional FTE authorizations to support a recycling initiative in the state to help increase the number of counties with convenient access to recycling. <u>House</u> concurs with the Executive.	FTE Gross GF/GP	N/A 3.0 \$1,000,000 \$1,000,000
5. Cost Allocation Adjustment		
<u>Executive</u> adjusts funding to reflect cost allocation changes from FY 2013-14. <u>House</u> concurs with the Executive.	Gross IDG Federal Restricted	N/A \$0 281,700 (312,700) 31,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
6. Office of Environmental Assistance			
<u>Executive</u> provides additional \$1.0 million GF/GP funding for the Office of Environmental Assistance; use of funding would include increasing expenditures for the Retired Engineers Technical Assistance Program (RETAP) that provides pollution prevention technical assistance to businesses.	FTE	40.0	0.0
	Gross	\$6,187,200	\$250,000
	Federal	773,200	0
	Private	356,600	0
	Restricted	5,057,400	(1,900,000)
	GF/GP	\$0	\$2,150,000
<u>House</u> provides \$250,000 new GF/GP funding and replaces \$1.9 million restricted funding from the Environmental Pollution Prevention Fund (EPPF) with \$1.9 million GF/GP funding.			
7. Hazardous Waste Management Program			
<u>Executive</u> provides \$1.9 million GF/GP support for the Hazardous Waste Management Program. Funding would replace \$400,000 one-time GF/GP funding and would increase program funding by \$1.5 million GF/GP.	FTE	51.0	0.0
	Gross	\$6,331,600	\$400,000
	Federal	3,255,000	0
	Restricted	3,076,600	400,000
	GF/GP	\$0	\$0
<u>House</u> appropriates an additional \$1.9 million restricted funding from the Environmental Pollution Protection Fund (EPPF) to line item. New funding replaces \$1.5 million current-year restricted funding in line item that is no longer available and increases line item by \$400,000 to replace GF/GP funding appropriated in a separate line item in FY 2013-14 for program.			
8. Federal Cleanup Project Management Program			
<u>Executive</u> eliminates 5.0 FTE positions and reduces federal funding by \$700,000 to better align expenditures with anticipated revenue. <u>House</u> concurs with the Executive.	FTE	60.0	(5.0)
	Gross	\$9,546,900	(\$700,000)
	Federal	5,965,100	(700,000)
	Restricted	3,581,800	0
9. Leaking Underground Storage Tanks (LUST) Cleanups			
<u>Executive</u> reduces funding for the LUST Cleanup line item by \$100,000 restricted funding from the Refined Petroleum Fund (RPF); reduction is the net result of two funding changes:	Gross	\$32,500,000	\$400,000
- an increase of \$1.9 million RPF to this line item transferred from debt service payments in the Treasury budget	Restricted	32,500,000	400,000
- a \$2.0 million transfer from this LUST Cleanup line item to the Contaminated Site Investigation, Cleanup, & Revitalization line item which supports staff.			
<u>House</u> increases funding for the LUST Cleanup line item by \$400,000 restricted RPF funding; increase is the net result of two funding changes:			
- an increase of \$1.9 million RPF transferred from Treasury budget			
- a \$1.5 million transfer from this LUST Cleanup line item to the cleanup line item that supports staff.			
10. Contaminated Site Investigation, Cleanup, & Revitalization			
<u>Executive</u> includes 5.0 additional FTE positions and a net increase of \$1.8 million additional restricted funding; increase is a net result of two funding changes:	FTE	204.0	5.0
- an increase of \$1.1 million RPF to this line item transferred from debt service payments in the Treasury budget	Gross	\$27,754,700	\$1,314,500
- a transfer of \$2.0 million RPF funding to this line item from the LUST Cleanup line item	Private	185,200	0
- \$1.3 million new RPF funding replaces \$1.3 restricted funding from the Cleanup and Redevelopment Fund	Restricted	27,569,500	1,314,500
<u>House</u> concurs with the Executive, but only transfers \$1.5 million RPF funding from the LUST cleanup line item to this staffing line item.			
11. Drinking Water Revolving Fund Program			
<u>Executive</u> provides \$2.5 million GF/GP funding to be as used as matching funds to qualify for additional federal grant money for the Drinking Water Revolving Fund Program which provides low-interest loans to local governments for drinking water infrastructure projects. <u>House</u> concurs with the Executive.	Gross	N/A	\$2,500,000
	GF/GP	N/A	\$2,500,000

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 House Change</u>	
12. Electronic Document Management System	Gross	N/A	\$1,250,000
<u>Executive</u> includes \$2.5 million one-time GF/GP funding for the implementation of an electronic document management system which would enable the Department to make available to the public a greater amount of requested information and documents on the Department's website.	GF/GP	N/A	\$1,250,000
<u>House</u> includes \$1.25 million GF/GP funding for system and includes boilerplate language stating intent that an additional \$1.25 million be appropriated in FY 2015-16.			
13. Strategic Water Quality Initiative Fund (SWQIF)	Gross	N/A	(\$24,600,000)
<u>Executive</u> reduces SWQIF support by \$15.0 million for the Environmental Cleanup and Redevelopment Program to reflect actual projected needs; removes \$9.6 million SWQIF funding for SWQIF loans no longer needed pursuant to PA 562 of 2012 which redirected funding for loans to new SWQIF Grants and Loans Program which remains funded at \$97.0 million in FY 2014-15. <u>House</u> concurs with the Executive.	Restricted	N/A	(24,600,000)
14. Economic Adjustments	Gross	N/A	\$419,900
<u>Executive</u> reflects increased costs of \$419,900 Gross (\$112,900 GF/GP reduction) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> concurs with the Executive.	IDG	N/A	87,500
	Private	N/A	5,100
	Federal	N/A	600,600
	Restricted	N/A	(160,400)
	GF/GP	N/A	(\$112,900)

Major Boilerplate Changes From FY 2013-14

Sec. 207. Retention of Reports – RETAINED

Requires DEQ to retain copies of all reports funded from appropriations. Executive deletes language; House retains language.

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 retains 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 retains 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 retains 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 retains 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 retains language.

Sec. 229. Expedited Permitting Program – RETAINED

Requires report listing actions and program changes taken to implement the Expedited Permitting Program; report must include which programs have implemented the expedited program. Executive deletes language; House retains language.

Sec. 232. Publication Revenue Fund Transfer – DELETED

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 deletes language; House concurs with Executive.

Sec. 233. Request for Proposal (RFP) Language – RETAINED

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. Executive deletes language; House retains language.

Major Boilerplate Changes From FY 2013-14

Sec. 234. Identification of Legacy Costs – NEW

States that appropriations for legacy costs in part 1 for FY 2014-15 equal \$34.0 million. Of this amount, pension-related legacy costs are estimated to be \$19.0 million and retiree health care legacy costs are estimated to be \$15.0 million. Executive includes new language; House concurs with Executive.

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 retains language.

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

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed. Executive deletes language; House includes revised list of projects.

Sec. 401. Aquatic Nuisance Control (ANC) – REVISED

Requires \$700,000 and 5.0 FTEs be allocated to the permit review program within the ANC program; requires report. Executive deletes language; House revises language to reflect new ANC line item.

Sec. 402. Water Quality and Use Initiative – NEW

Requires that of the funding in part 1 for the Water Quality and Use Initiative, \$1.0 million must be allocated for wetlands, \$500,000 for real-time beach monitoring equipment, and funding must be used to enhance the water use assessment tool. Requires report on comprehensive plan for use of funding and identify amount of expenditures made for specific programs. House includes new language.

Sec. 407. Groundwater Discharge Sodium Levels – DELETED

Prohibits Department from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge. Executive deletes language; House concurs with Executive.

Sec. 408. Beach Monitoring – DELETED

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. Executive deletes language; House concurs with Executive.

Sec. 601. Statewide Septic Code – NEW

Requires that the Department conduct a study concerning establishing a statewide septic code.

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 retains language.

Sec. 603. Environmental Pollution Prevention Fund (EPPF) – DELETED

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. Executive deletes language; House concurs with Executive.

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

Requires the Department to compile and post on public website a report containing the asset management plans for all previously awarded SAW grants; requires locals obtaining SAW grants to submit asset management plans to DEQ and allow plan to be placed on public website. House includes new language.

Sec. 604. EPPF Balance Stipulation – RETAINED

Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced. Executive deletes language; House retains language.

Sec. 701. Electronic Document Management Program – NEW

States legislative intent that an additional \$1.25 million GF/GP funding would be appropriated in FY 2015-16 for the Electronic Document Management Program. House includes new language.

Sec. 1201. FY 2013-14 Anticipated Appropriations – RETAINED

States intent that FY 2013-14 line item appropriations will be the same as those for FY 2012-13 with certain economic adjustments. Executive deletes language; House retains language and updates fiscal years.

Sec. 1202. Identification of Future Retirement Costs – RETAINED

States legislative intent that the DEQ identify the FY 2015 retirement costs for line items listed in part 1. Executive deletes language; House retains language and updates fiscal year.