

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
ENVIRONMENTAL QUALITY**



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	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$9,115,300	\$9,225,700	\$110,400	1.2
Federal	138,079,100	138,687,200	608,100	0.4
Local	0	0	0	--
Private	546,000	555,300	9,300	1.7
Restricted	305,341,200	317,344,800	12,003,600	3.9
GF/GP	46,914,200	47,686,400	772,200	1.6
Gross	\$499,995,800	\$513,499,400	\$13,503,600	2.7
FTEs	1,226.0	1,238.0	12.0	1.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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, administering Great Lakes programs, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Flint Declaration of Emergency (one-time)	FTE	N/A	10.0
Provides 10.0 FTEs and \$5.4 million GF/GP for corrosion control, water quality testing in high risk locations, and water connection service payments for October 2016 through December 2016. Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed as an FY 2015-16 supplemental appropriation in the DTMB budget.	Gross	N/A	\$5,400,100
	Restricted	N/A	100
	GF/GP	N/A	5,400,000
2. Flint Declaration of Emergency – Removal of FY 2015-16 supplemental funding	Gross	\$13,086,500	(\$13,086,500)
Removes \$13.1 million Gross (\$12.1 million GF/GP) from FY 2015-16 Flint supplemental funding (2015 PA 143 and 2016 PA 3). Flint emergency response efforts are continued in FY 2016-17 by the above appropriation.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$12,086,500	(\$12,086,500)
3. Water Pollution Control and Drinking Water Revolving Fund (one-time)	Gross	\$84,993,000	\$2,950,000
Provides \$3.0 million in one-time GF/GP to meet the state match for a federal grant for drinking water revolving fund loans. These low-interest loans are provided to water suppliers to finance the construction, upgrades, or expansions of safe public drinking water systems.	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000
4. Contaminated Lake and River Sediment Cleanup Program (one-time)	Gross	\$1,565,000	\$700,000
Provides \$700,000 in one-time Clean Michigan Initiative (CMI) contaminated sediments funding for investigation and remediation projects within the Detroit and Rouge Rivers, which are among DEQ's Areas of Concern sites.	Restricted	1,565,000	700,000
	GF/GP	\$0	\$0
5. Environmental Cleanup and Redevelopment Program	Gross	\$15,000,000	\$14,900,000
Appropriates remaining \$14.9 million CMI response activities funding to begin cleanup efforts at 13 high priority sites in the following counties: Antrim (2), Cass, Charlevoix, Emmet, Gratiot, Houghton, Ingham, Lake, Lapeer, Livingston, Saint Joseph, and Washtenaw.	Restricted	15,000,000	14,900,000
	GF/GP	\$0	\$0

6. Oil, Gas, and Mineral Services (one-time)	FTE	59.0	0.0
Provides \$4.0 million in one-time GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding due to decreased gas prices.	Gross	\$12,012,800	\$4,000,000
	Restricted	12,012,800	0
	GF/GP	\$0	\$4,000,000
7. Refined Petroleum Product Cleanup Program	Gross	\$20,000,000	\$1,500,000
Shifts \$1.5 million in refined petroleum funding (RPF) from the Department of Agriculture and Rural Development (MDARD) to DEQ to better align RPF with the fund's remediation and redevelopment purpose. This shift is the first of a three year plan; funding in MDARD is replaced with GF/GP.	Restricted	20,000,000	1,500,000
	GF/GP	\$0	\$0
8. Water Withdrawal Assessment Program	FTE	4.0	0.0
Provides \$800,000 CMI clean water funding to implement program recommendations made by the Water Use Advisory Council. Recommendations include improvements to the Water Withdrawal Assessment Tool on the DEQ website.	Gross	\$611,900	\$800,000
	Restricted	240,500	800,000
	GF/GP	\$371,400	\$0
9. Five-Year Early Out Sick Leave Payments	Gross	N/A	(\$243,300)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; removes \$243,300 Gross (\$43,800 GF/GP).	IDG	N/A	(8,200)
	Federal	N/A	(53,300)
	Restricted	N/A	(138,000)
	GF/GP	N/A	(\$43,800)
10. Revenue Adjustments	FTE	N/A	4.0
Reduces federal and restricted authorization by a combined \$7.0 million and adds 4.0 FTEs to the underground storage tank cleanup program to reflect available funding. Includes a \$150,000 reduction in federal funding for the Office of the Great Lakes (replaced by restricted funding), a \$1.5 million reduction in CMI authorization for Brownfield grants, and a \$5.4 million reduction in oil and gas regulatory fund authorization for oil, gas, and mineral services.	Gross	N/A	(\$7,012,400)
	Federal	N/A	(150,000)
	Restricted	N/A	(6,862,400)
	GF/GP	N/A	\$0
11. Economic Adjustments	Gross	N/A	\$3,595,700
Reflects increased costs of \$3.6 million Gross (\$552,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	N/A	118,600
	Federal	N/A	9,300
	Private	N/A	811,400
	Restricted	N/A	2,103,900
	GF/GP	N/A	\$552,500

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – DELETED

Requires report of benchmarks to measure performance or return for each new program or program increase over \$500,000; includes intent language that any new program include a list of benchmarks in future.

Sec. 207. Retention of Reports – DELETED

Requires DEQ to retain copies of all reports funded from appropriations.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits DEQ from disciplining state employees for communicating with members of the Legislature and their staffs.

Sec. 213. Rule Promulgation – DELETED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 223. FTE Report by Line Item – DELETED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item.

Sec. 305. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

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

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed.

Major Boilerplate Changes From FY 2015-16

Sec. 309. Brownfield Grants Program Work Project Language – DELETED

Provides that Brownfield Grants Program funds are work project appropriations and allows carry-forward of remaining funds; requires projects to be accomplished by contract; tentative completion date is September 30, 2020.

Sec. 311. Enbridge Settlement Report – DELETED

Requires DEQ to submit a report detailing the remediation & redevelopment actions funded by the May 2015 Enbridge settlement.

Sec. 402. Water Quality and Use Initiative – DELETED

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for the Water Quality and Use Initiative Program, the Real-Time Beach Monitoring Program, and the Wetlands Program.

Sec. 406. Groundwater Discharge Permit Fee Revision – DELETED

Requires DEQ to work with stakeholders to revise the ground water discharge permit fee prior to September 30, 2016.

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

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carry 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, 2021.

Sec. 501. Air Quality Program – DELETED

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act, also includes 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula.

Sec. 502. Air Quality Penalties – DELETED

Prohibits DEQ from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement.

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.

Sec. 801. Flint Declaration of Emergency – NEW

Allows the funds appropriated for the Flint declaration of emergency to be expended to keep Flint on the Detroit water system, to cover staff, lab and testing costs, and to cover contract costs.

Sec. 2001. FY 2016-17 Anticipated Appropriations – DELETED

States intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments.

<u>Flint-related Supplemental Recommendations for FY 2015-16 Appropriations</u>		<u>FY 2015-16 Recommendation</u>
1. Residential Water Bill Relief	Gross	\$30,000,000
Provides \$30 million GF/GP to the City of Flint to cover the cost of water bills incurred by residential customers of the city water system	GF/GP	\$30,000,000
2. Lead Service Lines Replacement	Gross	\$25,000,000
Provides \$25 million GF/GP for the replacement of lead service lines in high risk, high hazard homes in the City of Flint.	GF/GP	\$25,000,000
3. Water Service Costs: July 2016-September 2016	Gross	\$3,900,000
Provides \$3.9 million GF/GP to the Great Lakes Water Authority water system for water service costs incurred by the City of Flint for the period July 2016 through September 2016. This payment shall only be made after a legally executable agreement has been reached between the City of Flint and the Great Lakes Water Authority.	GF/GP	\$3,900,000
4. Flint Declaration of Emergency Miscellaneous Needs	FTE	4.0
Provides 4.0 FTEs and \$4.5 million GF/GP for miscellaneous needs related to the declaration of emergency which may include additional Flint water system needs or Flint water response team efforts	Gross	\$4,450,000
	GF/GP	\$4,450,000

