

**Summary: Executive Budget Recommendation
for Fiscal Years 2014-15 and 2015-16
ENVIRONMENTAL QUALITY**



Analyst: Viola Bay Wild

	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	9,401,900	9,530,500	128,600	1.4	9,530,500	0	0.0
Federal	150,779,700	150,367,600	(412,100)	(0.3)	150,367,600	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	541,800	546,900	5,100	0.9	546,900	0	0.0
Restricted	327,340,900	302,770,900	(24,570,000)	(7.5)	302,770,900	0	0.0
GF/GP	29,104,500	40,875,900	11,771,400	40.4	38,375,900	(2,500,000)	(6.1)
Gross	517,168,800	504,091,800	(13,077,000)	(2.5)	501,591,800	(2,500,000)	(0.5)
FTEs	1,287.5	1,290.5	3.0	0.2	1,290.5	0	0.0

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) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

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.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 YTD (as of 2/5/14)	Executive Changes	
			FY 2013-14 to FY 2014-15	FY 2014-15 to FY 2015-16
1. Funding and FTE Authorization Adjustments	FTE	N/A	(5.0)	0.0
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 by \$2.2 million Gross (\$7,100 GF/GP increase) to reflect various technical funding adjustments - including reductions for the following funding that is no longer available:	Gross	N/A	(\$4,788,600)	\$0
	IDG	N/A	(240,600)	0
	Federal	N/A	(700,000)	0
	Restricted	N/A	(2,855,100)	0
	GF/GP	N/A	(\$992,900)	\$0
<ul style="list-style-type: none"> - Federal Funding (\$ 700,000) - Cleanup and Redevelopment Fund (1.3 million) - CMI - Clean Water Fund (1.2 million) - Environmental Protection Fund (668,100) - Environmental Pollution Prevention Fund (263,000) 				
2. Water Quality and Use Initiative	FTE	N/A	5.0	0.0
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.	Gross	N/A	\$3,977,200	\$0
	GF/GP	N/A	\$3,977,200	\$0
3. Recycling Initiative	FTE	N/A	3.0	0.0
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.	Gross	N/A	\$1,000,000	\$0
	GF/GP	N/A	\$1,000,000	\$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>Executive Changes</u>			
	<u>FY 2013-14 YTD (as of 2/5/14)</u>	<u>FY 2013-14 to FY 2014-15</u>	<u>FY 2014-15 to FY 2015-16</u>	
4. Office of Environmental Assistance	FTE	40.0	0.0	0.0
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 and industries.	Gross	\$6,187,200	\$1,000,000	\$0
	Federal	773,200	0	0
	Private	356,600	0	0
	Restricted	5,307,400	0	0
	GF/GP	\$0	\$1,000,000	\$0
5. Electronic Document Management System	Gross	N/A	\$2,500,000	(\$2,500,000)
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 by making them directly accessible on the Department's website.	GF/GP	N/A	\$2,500,000	(\$2,500,000)
6. Hazardous Waste Management Program	FTE	51.0	0.0	0.0
Provides \$1.9 million GF/GP support to maintain the current funding of the Hazardous Waste Management Program. Funding would replace \$400,000 one-time GF/GP funding and \$1.5 million one-time restricted funding appropriated in FY 2013-14 that is no longer available.	Gross	\$6,331,600	\$1,900,000	\$0
	Federal	3,255,000	0	0
	Restricted	3,076,600	0	0
	GF/GP	\$0	\$1,900,000	\$0
7. Refined Petroleum Fund Increase	Gross	N/A	\$3,014,500	\$0
Includes additional \$3.0 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites (\$1.9 million) and staff support for contaminated site investigations and cleanups (\$1.1 million). Funding is available by replacing the remaining \$3.0 million of RPF revenues currently used for debt service in Treasury with GF/GP funding.	Restricted	N/A	3,014,500	0
In addition, shifts \$2.0 million RPF from Refined Petroleum Product Cleanup Program line item for LUST cleanups to the line item for staff funding, so the cleanup line item has a net reduction from these two changes of \$100,000 RPF funding in FY 2014-15 and the line item supporting cleanup staff has a net increase of \$3.1 million RPF funding.				
8. Drinking Water Revolving Fund Program	Gross	N/A	\$2,500,000	\$0
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.	GF/GP	N/A	\$2,500,000	\$0
9. Strategic Water Quality Initiative Fund (SWQIF)	Gross	N/A	(\$24,600,000)	\$0
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.	Restricted	N/A	(24,600,000)	0
10. Cost Allocation Adjustment	Gross	N/A	\$0	\$0
Adjusts funding to reflect cost allocation changes from FY 2013-14.	IDG	N/A	281,700	0
	Federal	N/A	(312,700)	0
	Restricted	N/A	31,000	0
11. Economic Adjustments	Gross	N/A	\$419,900	\$0
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.	IDG	N/A	87,500	0
	Private	N/A	5,100	0
	Federal	N/A	600,600	0
	Restricted	N/A	(160,400)	0
	GF/GP	N/A	(\$112,900)	\$0

Major Boilerplate Changes From FY 2013-14

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

Sec. 213. Administrative Rule Promulgation – DELETED

Prohibits DEQ 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. 224. Quarterly FTE Report – DELETED

Requires DEQ to report on the number of FTEs in pay status; report required quarterly.

Sec. 228. Customer Satisfaction Evaluation Program – DELETED

Requires report on development of customer satisfaction evaluation program and public feedback received.

Sec. 229. Expedited Permitting Program – DELETED

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

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.

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

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.

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. .

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.

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

Requires \$700,000 and 5.0 FTEs be allocated to the permit review program within the ANC program; requires report.

Sec. 407. Groundwater Discharge Sodium Levels – DELETED

Prohibits Department from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge.

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.

Sec. 602. Clean Sweep Program – DELETED

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.

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.

Sec. 604. EPPF Balance Stipulation – DELETED

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

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

States intent that FY 2013-14 line item appropriations will be the same as those for FY 2012-13 with certain economic adjustments.

Sec. 1202. Identification of Future Retirement Costs – DELETED

States legislative intent that the DEQ identify the FY 2015 retirement costs for line items listed in part 1.