

**Summary: Executive Budget Recommendation
for Fiscal Year 2021-22**

DEPARTMENT OF ENVIRONMENT, GREAT LAKES, & ENERGY



Analyst: Austin Scott

	FY 2020-21 Year-to-Date as of 2/11/21	FY 2021-22 Executive	Difference: FY 2021-22 vs. FY 2020-21	
			Amount	%
IDG/IDT	\$3,337,700	\$3,544,900	\$207,200	6.2
Federal	171,973,000	171,889,200	(83,800)	(0.1)
Local	0	0	0	--
Private	1,412,800	1,411,200	(1,600)	(0.1)
Restricted	275,191,800	600,471,200	325,279,400	118.2
GF/GP	59,443,900	128,700,400	69,256,500	116.5
Gross	\$511,359,200	\$906,016,900	\$394,657,700	77.2
FTEs	1,424.0	1,466.0	42.0	2.9

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 2020-21 Year-to-Date (YTD) Appropriations	FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
1. High Water Infrastructure Grants (One-Time) Provides \$30.0 million GF/GP for infrastructure grants to address flooding, erosion, and other coastal issues; provides \$10.0 million GF/GP for planning grants to address severe weather impacts and changing climate effects.	Gross NA GF/GP NA	\$40,000,000 \$40,000,000
2. Contaminated Site Cleanup (One-Time) Includes \$20.0 million GF/GP for the prioritization and remediation of newly contaminated properties statewide that emerge throughout the year.	Gross NA GF/GP NA	\$20,000,000 \$20,000,000
3. Dam Safety Emergency Fund (One-Time) Includes \$15.0 million GF/GP to create a new fund to respond to dam emergencies where the owner has not adequately maintained their dam.	Gross NA GF/GP NA	\$15,000,000 \$15,000,000
4. MI Clean Water Plan (One-Time) Appropriates remaining funding from the Strategic Water Quality Initiatives Fund to provide grants to local communities for water infrastructure facility projects (\$235.0 million), failing septic system eliminations (\$35.0 million), and public health mitigation projects (\$20.0 million).	Gross NA Restricted NA GF/GP NA	\$290,000,000 290,000,000 \$0
5. Fee Increase – Land and Water Interface Permit Programs Proposes to raise rates and eliminate sunsets on Land and Water Permit fees that support programs in flood response, dam safety, construction permitting, and great Lakes Shorelands. Increased revenue would support the addition of 25.0 new FTE positions and \$5.3 million in restricted authorization, 10.0 FTE positions would be transferred from the Renewing Michigan's Environment Program.	FTE 84.0 Gross \$12,649,600 IDG 1,338,700 Federal 2,099,100 Restricted 2,410,300 GF/GP \$6,801,500	35.0 \$5,317,000 0 0 5,317,000 \$0

Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations		FY 2020-21 YTD (as of 2/11/21)	Executive Change from YTD
6. Fee Increase – Surface Water and Environmental Health	FTE	NA	1.0
Proposes to raise rates and eliminate the sunset on Wastewater Operator Training Fees that support surface water programs in water quality monitoring, pollutant testing, and wastewater toxicity as well as environmental health programs in drinking water monitoring and emergency response. Increased revenue would support the addition of 1.0 FTE position and \$309,400 from the Wastewater Operator Training Fees Fund.	Gross	NA	\$309,400
	Restricted	NA	309,400
	GF/GP	NA	\$0
7. Fee Increase – NPDES Nonstormwater Program	FTE	83.0	15.0
Proposes to raise rates and eliminate the sunset on National Pollutant Discharge Elimination System Fees and Stormwater (NPDES) Fees that support the regulation of hazardous discharges to Michigan waterways. Increased revenue would support the addition of 11.0 new FTE positions and \$194,900 from the NPDES Fees Fund; 4.0 FTE positions would be transferred from the Renewing Michigan's Environment Program.	Gross	\$13,685,200	\$194,900
	Federal	6,902,400	0
	Restricted	4,305,100	194,900
	GF/GP	\$2,477,700	\$0
8. Fee Increase – Hazardous Waste Management Program	Gross	\$5,851,200	\$100,000
Proposes to raise rates and eliminate the sunset on Hazardous Waste Site Identification Fees that support the processing of new sites for hazardous waste management. Increased revenue would support the addition of \$100,000 from the Environmental Pollution Prevention Fund.	Federal	2,330,400	0
	Restricted	3,520,800	100,000
	GF/GP	\$0	\$0
9. Environmental Cleanup Support – Premcor Settlement	Gross	\$1,000,000	\$29,300,000
Appropriates \$29.3 million from the Environmental Response Fund to cleanup petroleum contamination at former Premcor Refining Group gas station sites in accordance with legal settlement. Supplemental request 2021-5 includes \$5.0 million from the same fund for this ongoing project in FY 2020-21.	Restricted	1,000,000	29,300,000
	GF/GP	\$0	\$0
10. Laboratory Services	FTE	39.0	3.0
Appropriates \$1.5 million in available revenue from the Laboratory Services Fees Fund and authorizes 3.0 FTE positions to expand physical, chemical, and biological testing at environmental and drinking water laboratories.	Gross	\$6,995,400	\$1,450,000
	Restricted	6,995,400	1,450,000
	GF/GP	\$0	\$0
11. Brownfield Grants	Gross	NA	\$1,100,000
Reestablishes the Brownfield Grants appropriation for the remediation and redevelopment of contaminated sites supported by \$1.1 million from the Brownfield Development Fund.	Restricted	NA	1,100,000
	GF/GP	NA	\$0
12. Environmental Support Projects	Gross	\$5,000,000	\$1,000,000
Appropriates \$1.0 million in available revenue from the Settlement Fund for environmental remediation at contaminated sites.	Restricted	5,000,000	1,000,000
	GF/GP	\$0	\$0
13. Oil, Gas, and Mineral Services	FTE	57.0	2.0
Expands the Oil, Gas, and Mineral Services Program by adding 2.0 FTE positions and \$370,000 Gross to recognize the transfer of oversight of underground injection and gas storage wells from the Environmental Protection Agency to EGLE. Interdepartmental support from the Department of Licensing and Regulatory Affairs will provide for partnership between EGLE and the Public Service Commission to regulate gas storage wells.	Gross	\$11,312,600	\$370,000
	IDG	0	220,000
	Federal	0	150,000
	Restricted	6,901,100	0
	GF/GP	\$4,411,500	\$0
14. Scrap Tire Grants	Gross	\$6,500,000	(\$3,000,000)
Reduces scrap tire grant funding from the Scrap Tire Regulatory Fund by \$3.0 million to reflect available restricted revenue. These grants fund the removal of scrap tires from public lands.	Restricted	6,500,000	(3,000,000)
	GF/GP	\$0	\$0

<u>Major Budget Changes from FY 2020-21 Year-to-Date (YTD) Appropriations</u>		<u>FY 2020-21 YTD (as of 2/11/21)</u>	<u>Executive Change from YTD</u>
15. Removal of FY 2020-21 One-Time Funding	Gross	\$5,560,000	(\$5,560,000)
Removes \$5.6 million GF/GP for one-time programs included in the FY 2019-20 budget. Programs included the Blanchard Dam study, Cooperative Lakes Monitoring, Madison Heights Environmental Cleanup, Lead and Copper Rule Support, Michigan Geological Survey, Multistate Aquifer Study, Parchment Water Treatment Plant Project, and Watershed Council Grants.	GF/GP	\$5,560,000	(\$5,560,000)
16. Renewing Michigan's Environment Program	FTE	128.0	(14.0)
Transfers 10.0 FTE positions to Land and Water Interface Permit Programs and 4.0 FTE positions to the NPDES Nonstormwater Program to meet departmental personnel needs.	Gross	\$70,060,200	\$0
	Restricted	70,060,200	0
	GF/GP	\$0	\$0
17. Economic Adjustments	Gross	NA	(\$923,600)
Reflects decreased costs of \$923,600 Gross (\$183,500 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	(12,800)
	Federal	NA	(233,800)
	Private	NA	(1,600)
	Restricted	NA	(491,900)
	GF/GP	NA	(\$183,500)

Major Boilerplate Changes from FY 2020-21

Sec. 206. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law.

Sec. 209. GF/GP Lapse – REVISED

Requires report of estimated GF/GP appropriation lapses at close of previous year. Revised due date from November 30 to December 31.

Sec. 210. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers of up to \$3.0 million restricted; authorizes expenditure after legislative transfer to specific line items. Revised to include contingency fund transfer authority of \$30.0 million federal, \$5.0 million restricted, and \$500,000 private.

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

Requires 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 – DELETED

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

Sec. 218. State Administrative Board Transfers – DELETED

Authorizes legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds.

Sec. 219. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

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

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.

Sec. 221. Rule Promulgation – DELETED

Requires report on any policy changes made to implement a public act; prohibits department from adopting a rule that applies to a small business if it has a disproportionate economic impact.

Major Boilerplate Changes from FY 2020-21

Sec. 237. Employee Legal Costs Related to Drinking Water Declaration of Emergency – DELETED

Requires department to be responsible for payment of current and former department employees' legal costs from legal actions taken related to drinking water declaration of emergency.

Sec. 305. Refined Petroleum Fund – DELETED

Expresses 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

Requires list of cleanup sites addressed by Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year.

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

Authorizes unexpended funds appropriated for Emergency Cleanup Actions 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. Revised to add funds appropriated for Emergency Cleanup Support.

Sec. 312. Work Project – Environmental Cleanup Support – NEW

Authorizes unexpended funds appropriated for Environmental Cleanup Support to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanup at former Premcor Refining Group gas station sites.

Sec. 315. Environmental Response Fund and Natural Resource Damage Fund Receive and Expend – NEW

Authorizes expenditure of funds from the Environmental Response Fund or Natural Resource Damage Fund upon receipt as outlined by legal decisions; requires a report on this section's preceding fiscal year's expenditures by February 1.

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

Earmarks \$350,000 and 2.0 FTE positions from Land and Water Interface Permit Programs for Dam Safety Programs. Revised to exclude FTE positions earmark.

Sec. 902. Scrap Tire Grants Earmark – DELETED

Earmarks \$3.0 million from Scrap Tire Grants for a project in Alpena.

Sec. 1005. Private Well Testing – DELETED

Directs expenditure if funding becomes available for private well testing to local health departments to provide water testing to private well owners; requires report on expenditures.

Sec. 1005. Work Project – Dam Safety Emergency Fund – NEW

Authorizes unexpended funds appropriated for Dam Safety Emergency Fund to be considered work project appropriations and carried forward into succeeding fiscal year; program will address risks and threats to dam safety.

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

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

Sec. 1006. High Water Infrastructure Grants – NEW

Directs expenditure of funding for High Water Infrastructure Grants for grants to local communities for severe weather and climate planning (\$10.0 million) and infrastructure (\$30.0 million); caps individual planning grants at \$200,000 and infrastructure grants at \$2.5 million.

Sec. 1007. Cooperative Lakes Monitoring Program – DELETED

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

Sec. 1007. Work Project – MI Clean Water Plan – NEW

Authorizes unexpended funds appropriated for MI Clean Water Plan to be considered work project appropriations and carried forward into succeeding fiscal year; program will provide local water infrastructure grants.

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

Directs expenditure of funding for environmental cleanup project to support demolition costs of an electroplating services building in Madison Heights.

Sec. 1009. Lead and Copper Rule Support – DELETED

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

Major Boilerplate Changes from FY 2020-21

Sec. 1010. Michigan Geological Survey – DELETED

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

Sec. 1011. Multistate Aquifer Study – DELETED

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

Sec. 1012. Water Treatment Plant Project – DELETED

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

Sec. 1013. Watershed Council Grants – DELETED

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

<u>Supplemental Recommendations for FY 2020-21 Appropriations</u>		<u>FY 2020-21 Recommendation</u>
1. Energy Infrastructure Program	Gross	\$5,000,000
Provides \$4.9 million GF/GP for grants with a 50% match rate to propane storage companies for new storage tanks and \$100,000 GF/GP for grants to local entities for energy infrastructure planning.	GF/GP	\$5,000,000
2. Superfund Cleanup – Spartan Chemical	Gross	\$10,000,000
Appropriates \$10.0 million in available federal funding to continue remediation and development at the Spartan Chemical site.	Federal GF/GP	10,000,000 \$0
3. Premcor Remediation Activities	Gross	\$5,000,000
Appropriates \$5.0 million from the Environmental Response Fund to cleanup petroleum contamination at former Premcor Refining Group gas station sites in accordance with legal settlement. The FY 2021-22 executive budget includes \$29.3 million from the same fund for this ongoing project.	Restricted GF/GP	5,000,000 \$0