



Budget Briefing: Environment, Great Lakes, and Energy

Austin Scott, Senior Fiscal Analyst

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Department of Environment, Great Lakes, and Energy

The Department of Environment, Great Lakes, and Energy (EGLE) was established by executive order in 1995; environmental regulatory programs were previously administered by the Department of Natural Resources (DNR). Subsequent executive orders granted EGLE authority over drinking water programs, radiological protection, waste management, and water quality monitoring.

- The EGLE budget provides funding for:
 - Air quality monitoring
 - Water quality monitoring
 - Great Lakes protection and restoration
 - Underground storage tank management
 - Waste management
 - Pollution prevention and control
 - Environmental investigations and cleanups
 - Climate and energy programs

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2019-20 is October 1, 2019 through September 30, 2020.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the legislature.

Line Item: Specific appropriation amount in a budget bill which establishes spending authorization for a particular program or function.

Boilerplate: Specific language sections in a budget bill which direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapse: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

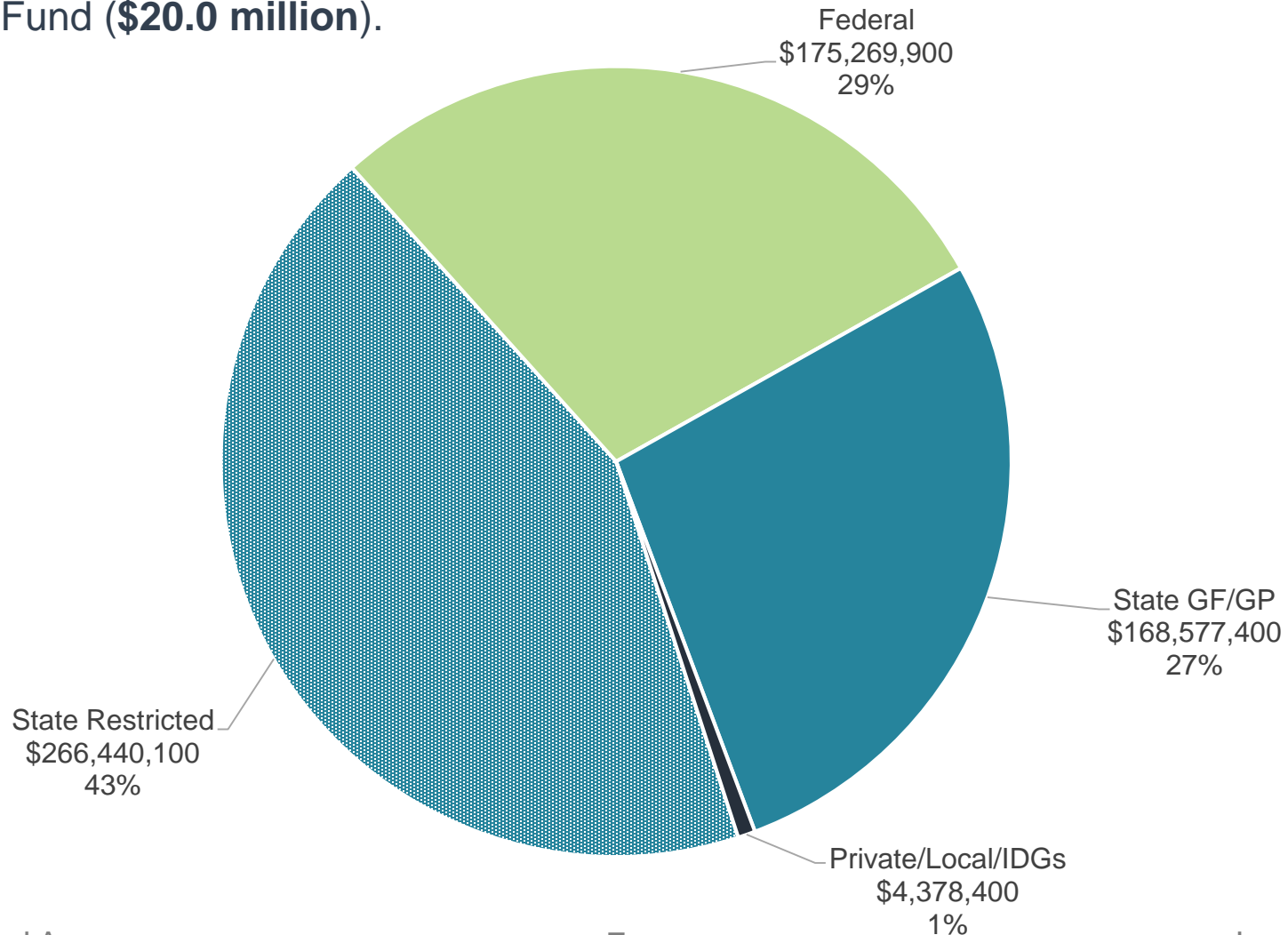
Funding Sources

FY 2019-20 EGLE Budget

Fund Source	Funding	Description
Gross Appropriations	\$614,665,800	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	3,176,600	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$611,489,200	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	175,269,900	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	1,201,800	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	266,440,100	State revenue restricted by the Michigan Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$168,577,400	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

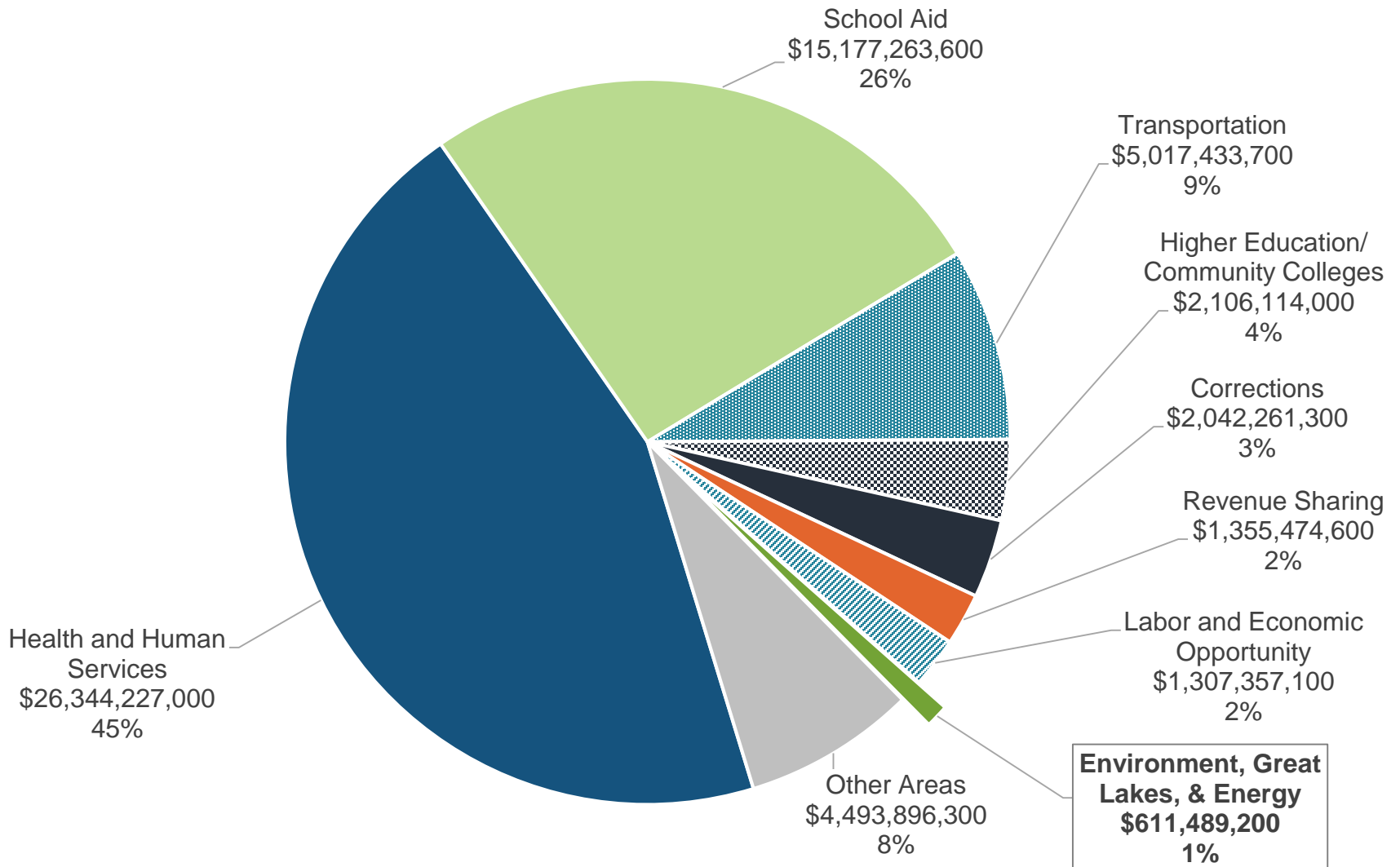
FY 2019-20 Fund Sources

Close to half of the **\$614.7 million** EGLE budget is funded by state restricted revenue. There are 54 funds that comprise this revenue, four of which make up over half of the total: Renew Michigan Fund (**\$68.5 million**), Refined Petroleum Fund (**\$42.4 million**), Cleanup & Redevelopment Fund (**\$21.3 million**), and Underground Storage Tank Cleanup Fund (**\$20.0 million**).



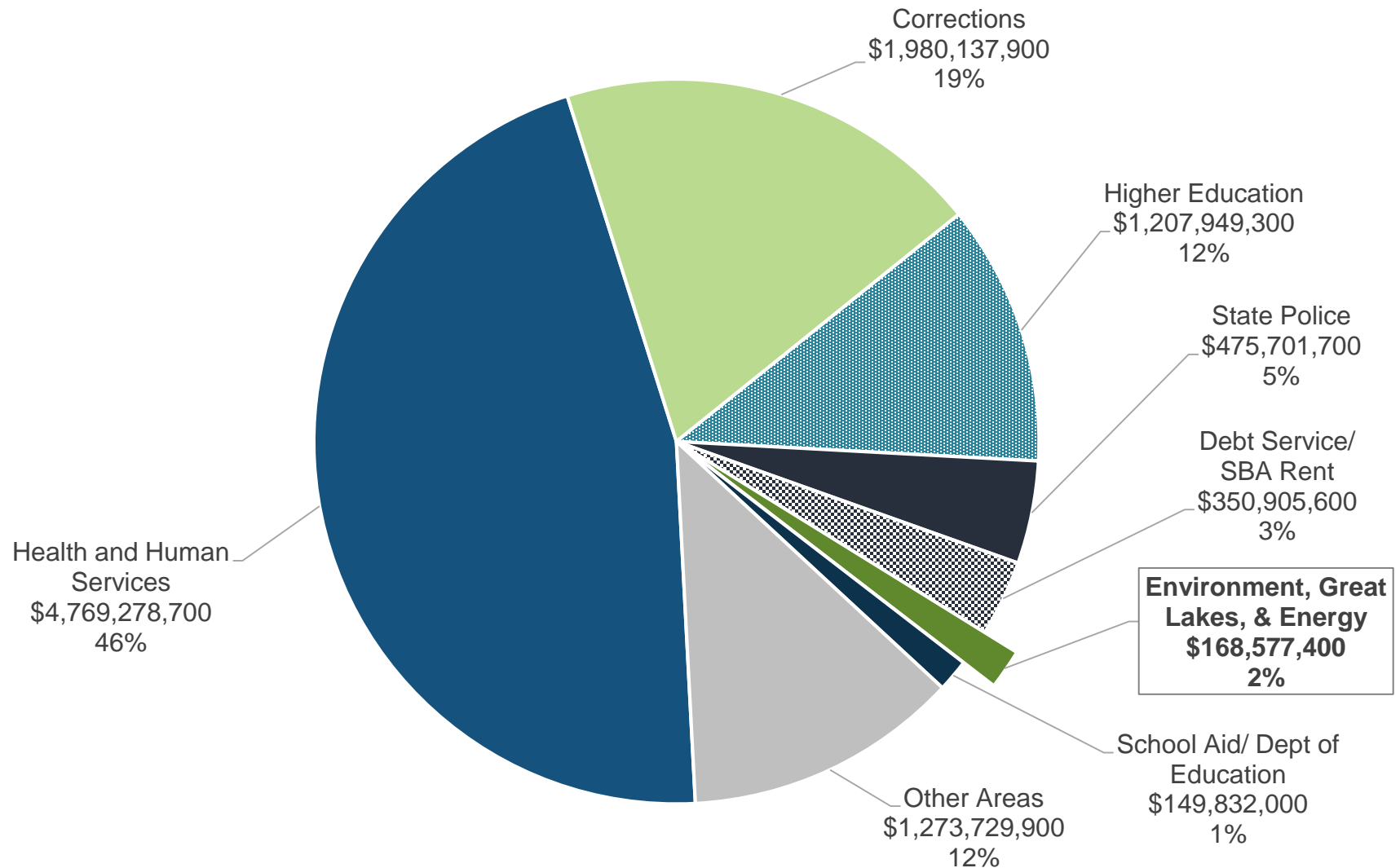
EGLE Share of Total State Budget

The EGLE budget represents **1%** of the **\$58.5 billion** state budget (adjusted gross) for FY 2019-20.



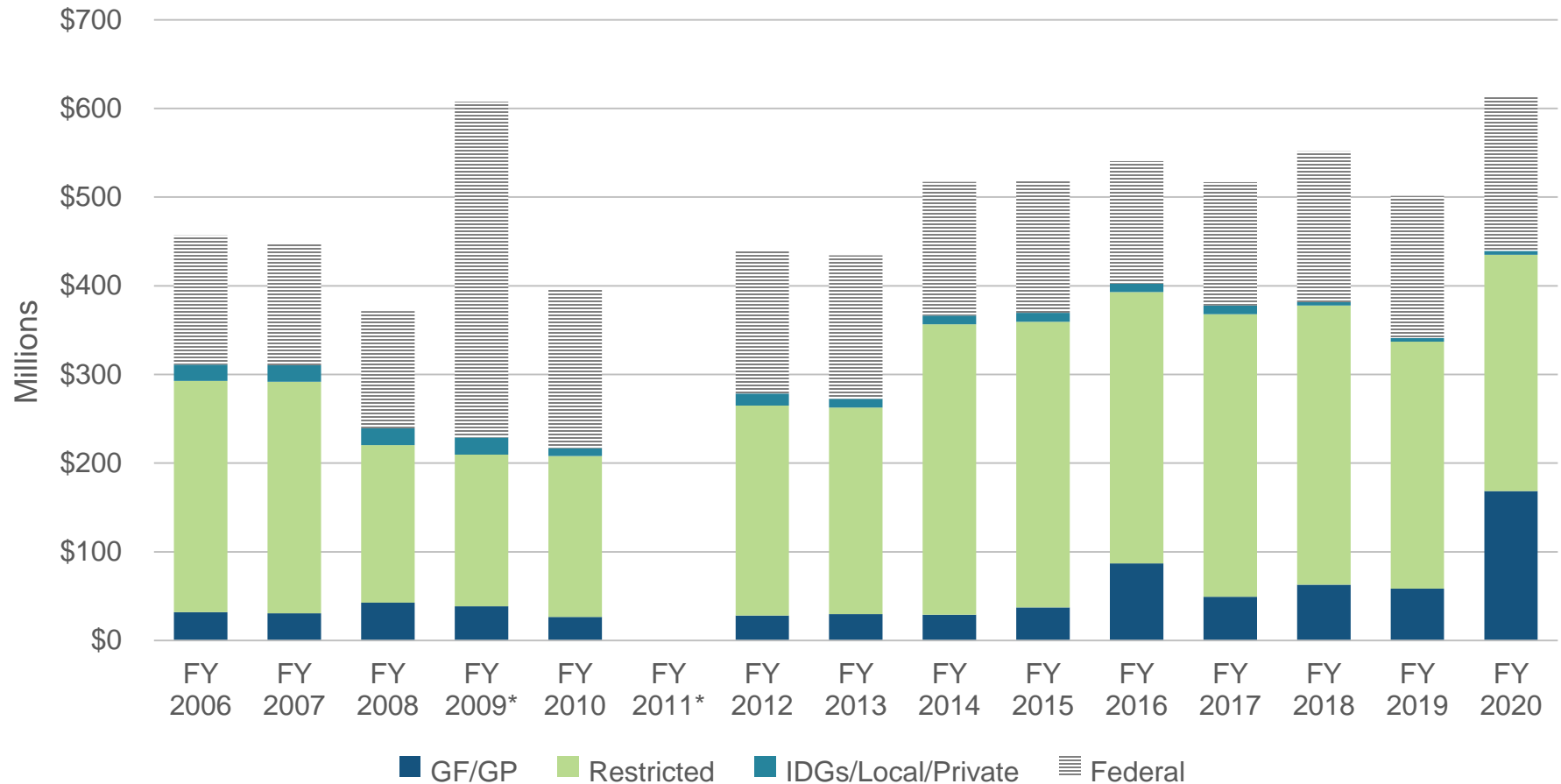
EGLE Share of Total GF/GP Budget

The EGLE budget represents about **2%** of the state's **\$10.4 billion** GF/GP budget for FY 2019-20.



EGLE Funding History

An additional \$95.0 million from the strategic water quality initiatives fund increased EGLE's restricted funding beginning in FY 2013-14; this funding reverted to its previous level in FY 2018-19. Supplemental appropriations for the Flint water emergency totaling \$45.8 million increased GF/GP in FY 2015-16 on a one-time basis. An additional \$120.0 million in one-time GF/GP for drinking water programs is included in FY 2019-20.



Note: The American Recovery & Reinvestment Act added \$248.6 million in one-time federal funding FY 2008-09. The Department of Natural Resources and EGLE were combined for FY 2010-11; this funding is included in the budget briefing for DNR.

Appropriation Areas

EGLE Appropriation Areas

Remediation & Redevelopment: Renewing Michigan's Environment, Underground Storage Tank Authority, refined petroleum cleanups, contaminated site investigations, and lab services

Drinking Water & Environmental Health: Drinking water programs, municipal assistance, and water infrastructure grants & loans

Water Resources: Surface water regulation, wetland programs, groundwater discharge regulation, water withdrawal assessment, and aquatic nuisance control

Departmental Administration: Central administration including information technology and environmental law enforcement

Air Quality: Air emissions inspections, monitoring, and control

Materials Management: Waste management, pollution prevention, recycling, scrap tire programs

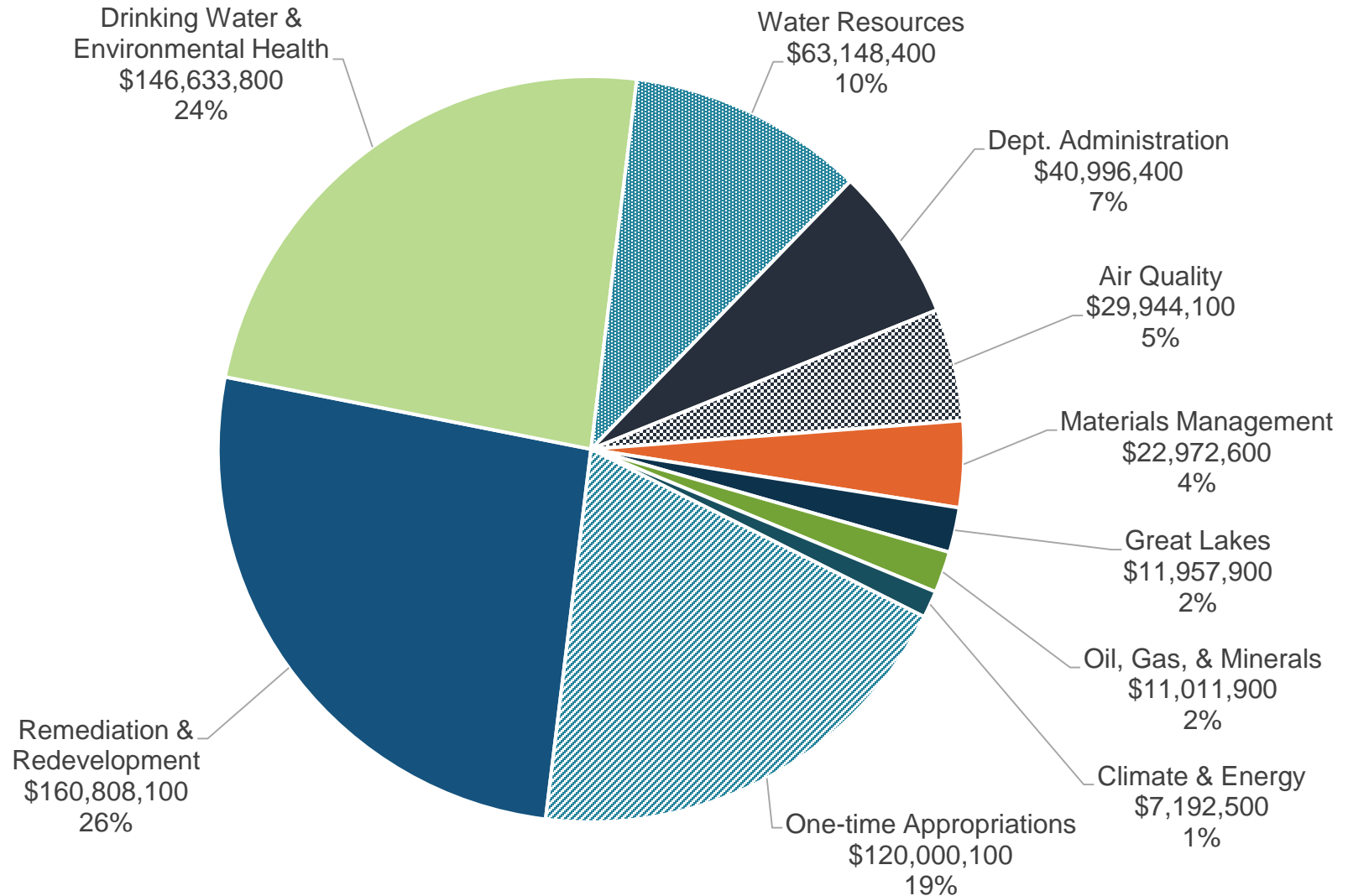
Great Lakes: Coastal management grants, Great Lakes Restoration Initiative and programs

Oil, Gas, & Minerals: Geological resource monitoring and management

Climate & Energy: Office of Climate & Energy

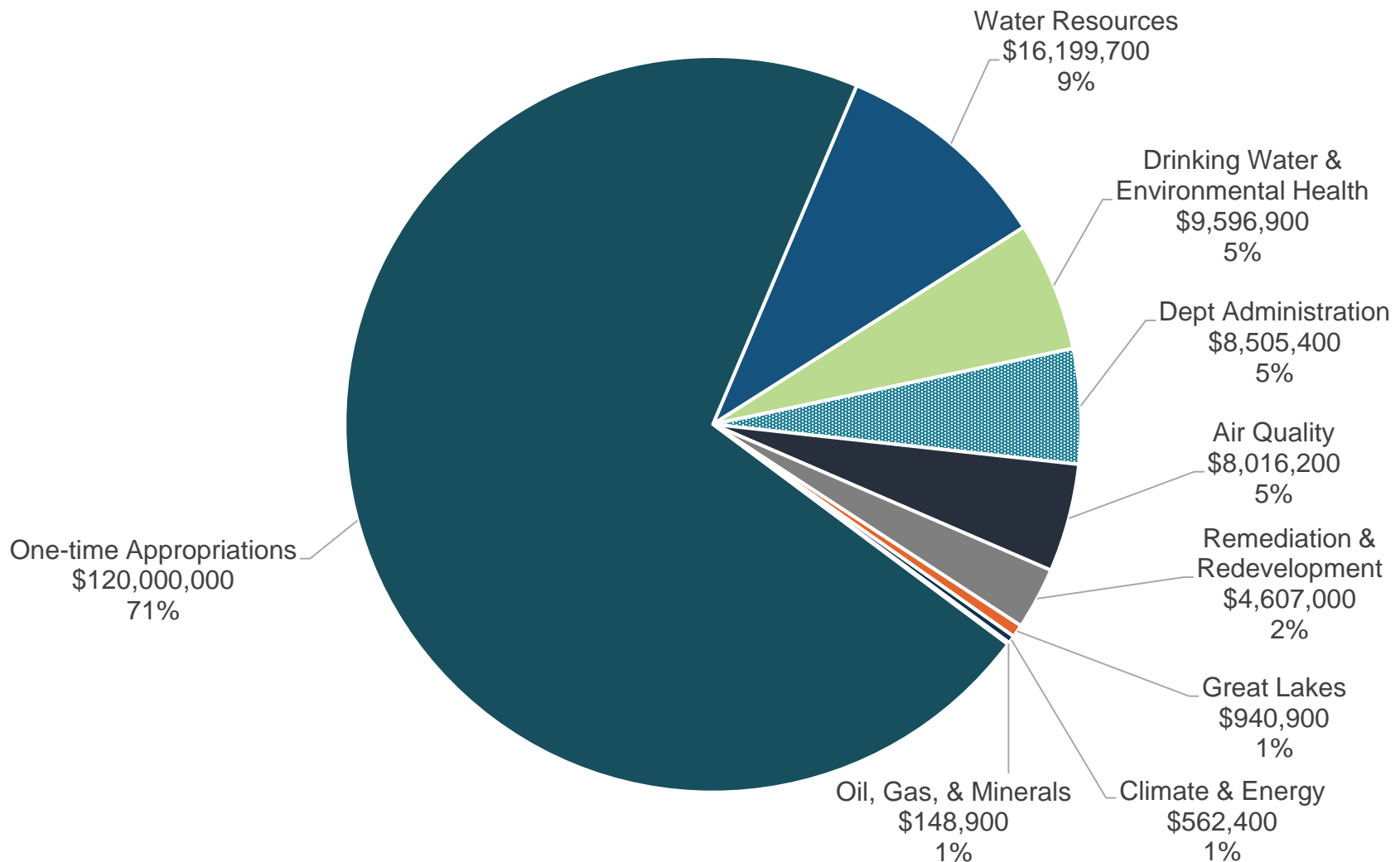
FY 2019-20 Gross Appropriations

Half of EGLE's **\$614.7 million** budget funds environmental remediation & redevelopment and drinking water & environmental health programs.



FY 2019-20 GF/GP Appropriations

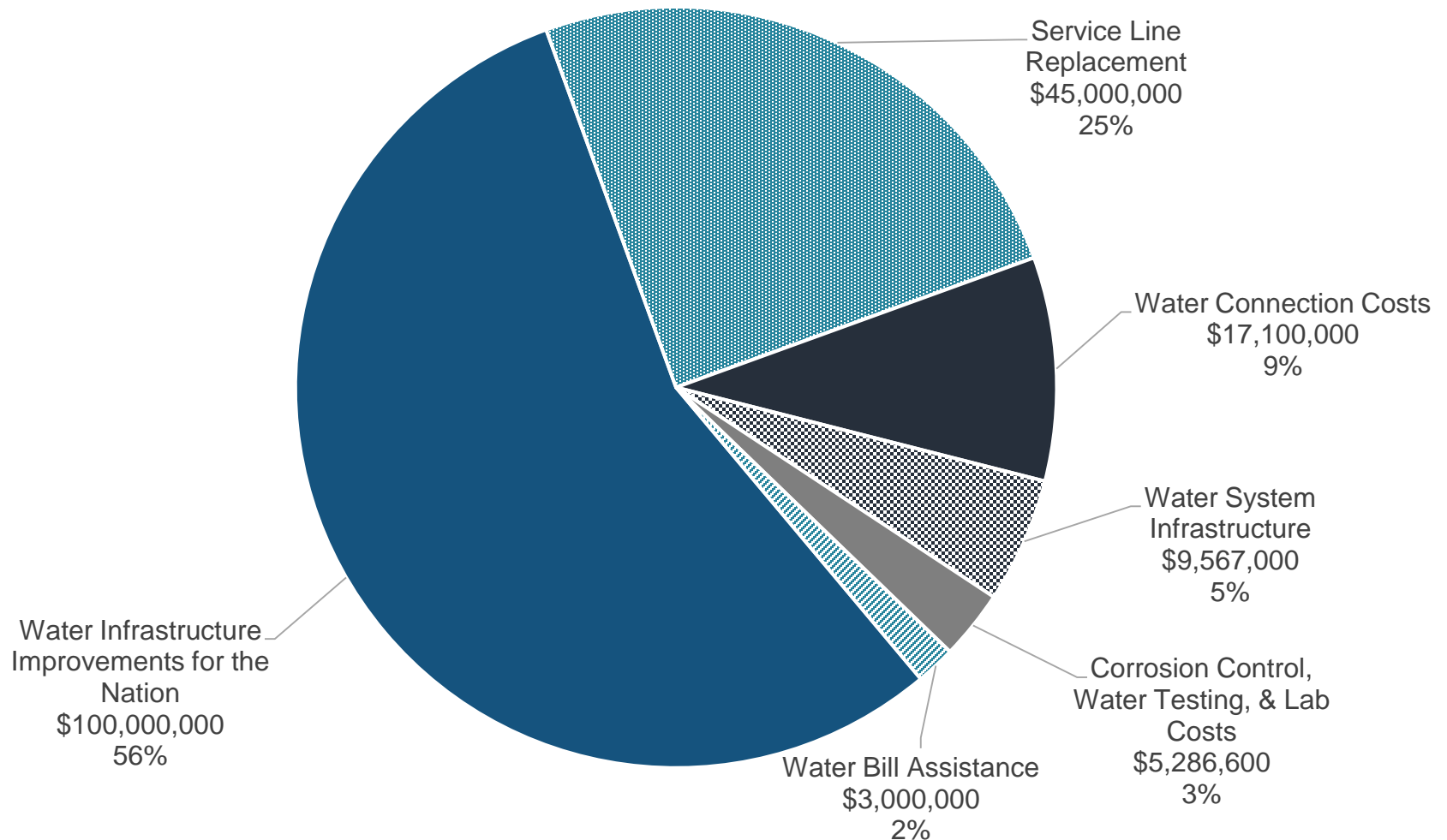
More than two thirds of GF/GP funds, which total **\$168.6 million**, are dedicated one-time appropriations for drinking water initiatives.



Major Budget Topics

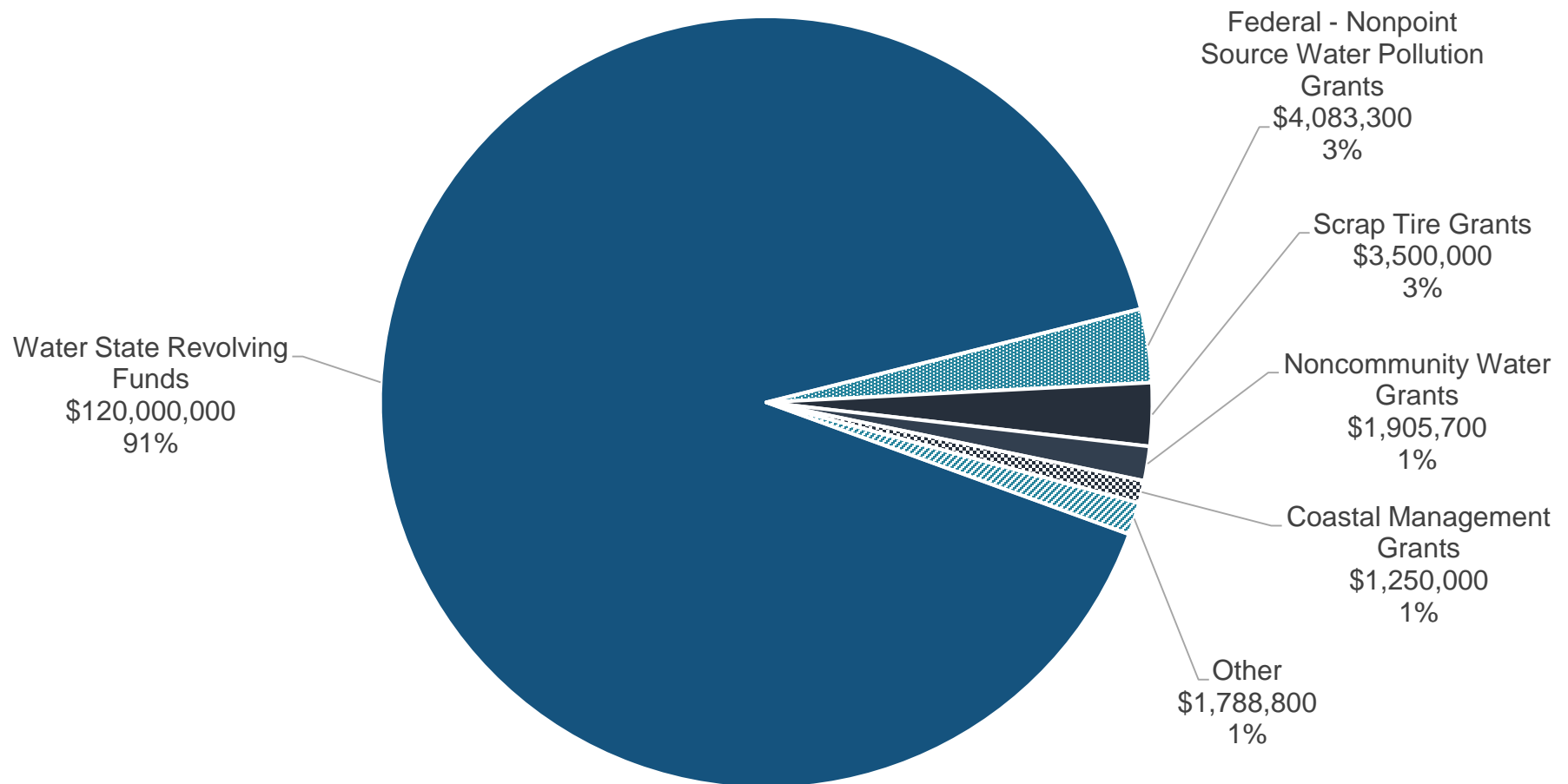
Flint Declaration of Emergency

Appropriations for EGLE totaling **\$180.0 million** were enacted through FY 2017-18 in response to the Flint declaration of emergency. The Water Infrastructure Improvements for the Nation program provided federal assistance for water meter and service line replacement, water system infrastructure, and corrosion control.



EGLE Grant Programs

The FY 2019-20 EGLE budget includes **\$132.5 million** in grant funding available to public, private, and nonprofit organizations, most of which is dedicated to water infrastructure projects.



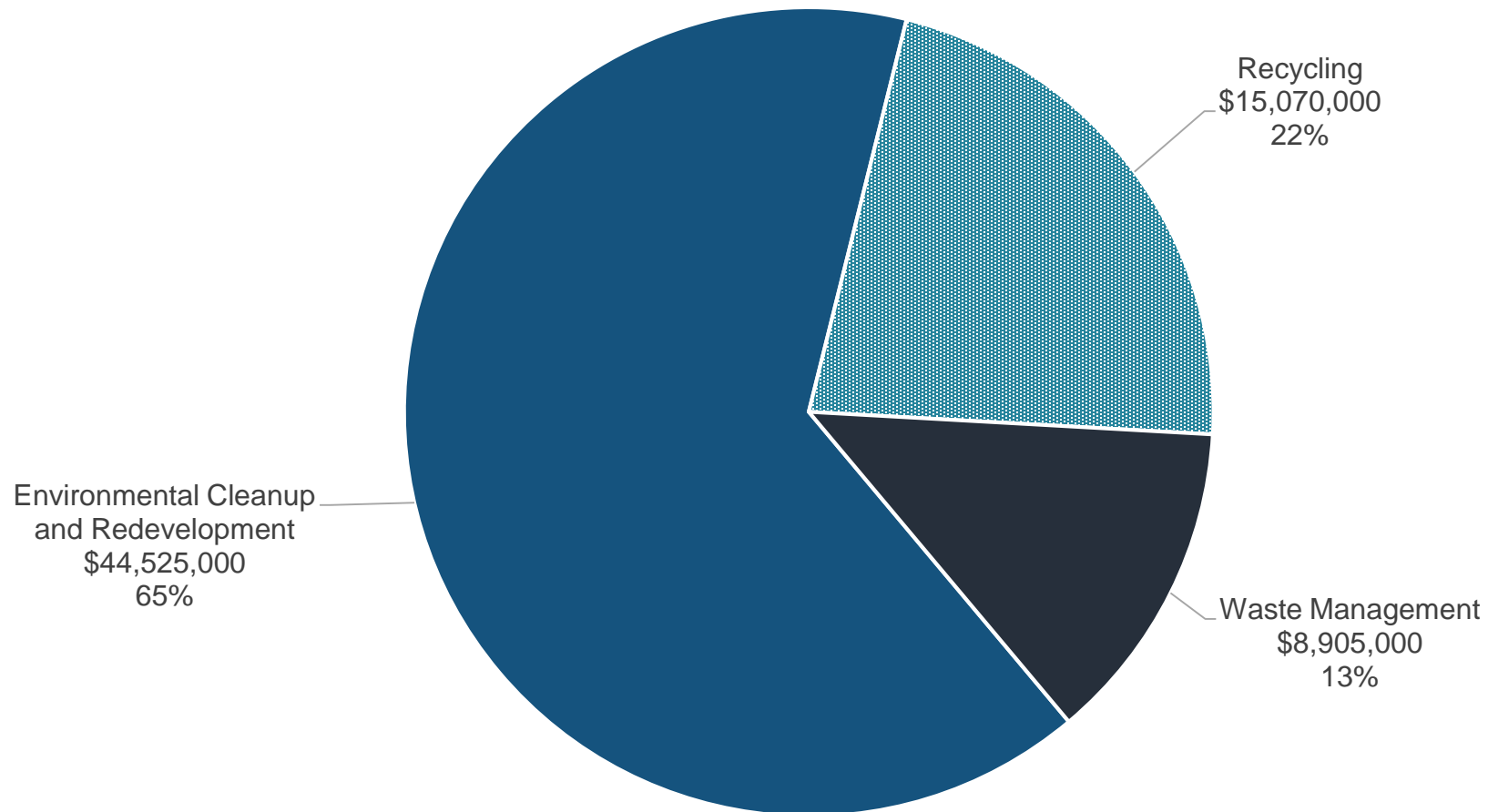
Major Restricted Funds

Restricted funding totals **\$266.4 million** from 54 funds and comprises almost half of the EGLE budget. The Renew Michigan Fund, Refined Petroleum Fund, Cleanup & Redevelopment Fund ,and Underground Storage Tank Cleanup Fund together make up more than half of the department's restricted funding.

Fund	Revenue Source	Purpose
Renew Michigan Fund \$68.5 million	Income tax earmark	Non-petroleum cleanups, recycling, waste management
Refined Petroleum Fund \$42.4 million	One cent per gallon fee paid for each gallon of refined petroleum sold for resale in Michigan	Petroleum cleanups
Cleanup & Redevelopment Fund \$21.3 million	Unclaimed bottle deposits	Non-petroleum cleanups
Underground Storage Tank Cleanup Fund \$20.0 million	One cent per gallon fee paid for each gallon of refined petroleum sold for resale in Michigan	Reimbursing underground storage tank owners/operators for cleaning up their respective petroleum leaks originating after 2014

Renewing Michigan's Environment

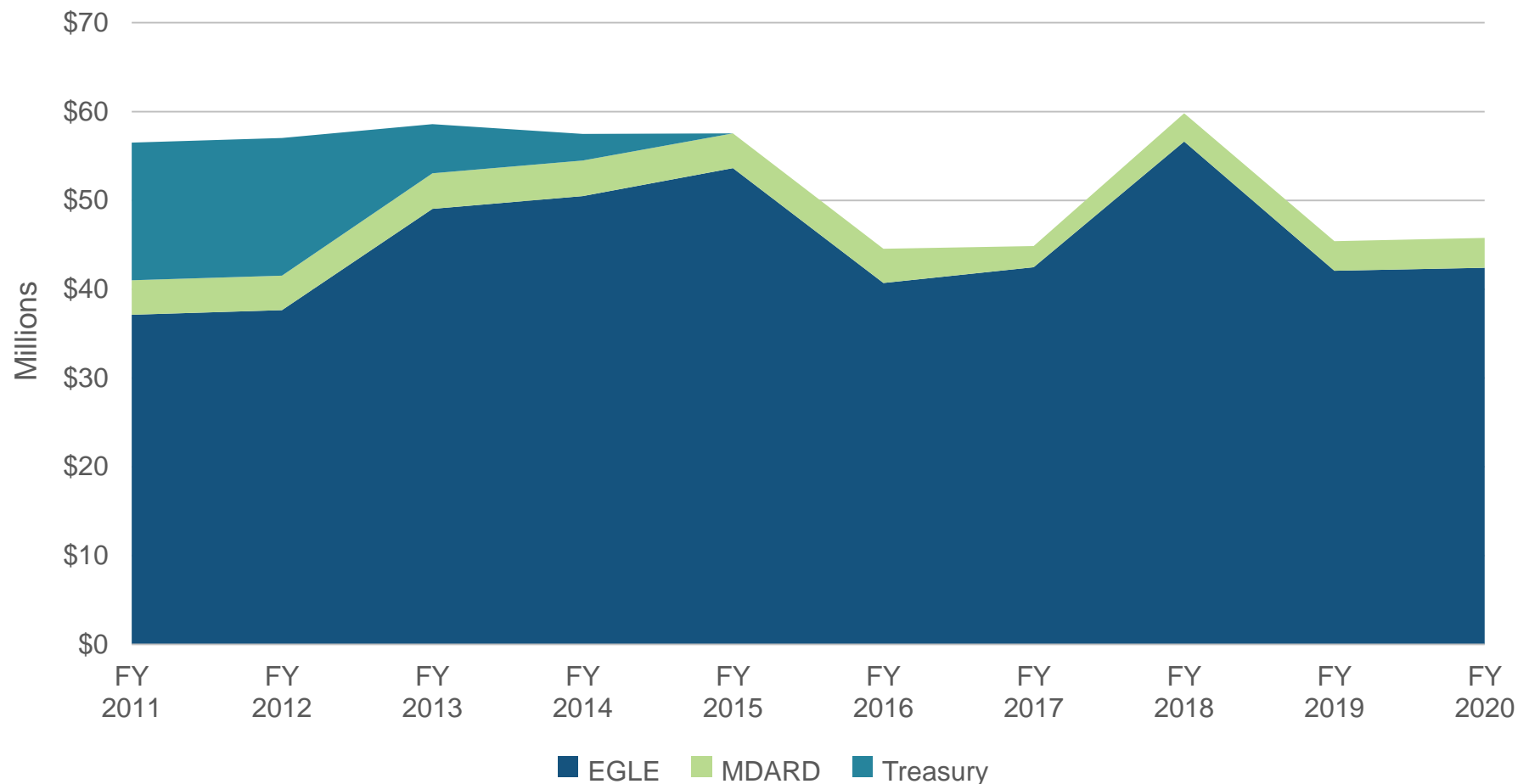
The Renew Michigan Fund was established in 2018 PA 588 as a replacement for the expiring Clean Michigan Initiative. The fund receives **\$69.0 million** in annual revenue from income tax collections to be used for non-petroleum remediation activities, recycling, and waste management. The fund's specific purposes are defined in statute.



NOTE: The governor vetoed a \$500,000 earmark from the fund for the Michigan Geological Survey, reducing the FY 2019-20 appropriation from \$69.0 million to \$68.5 million.

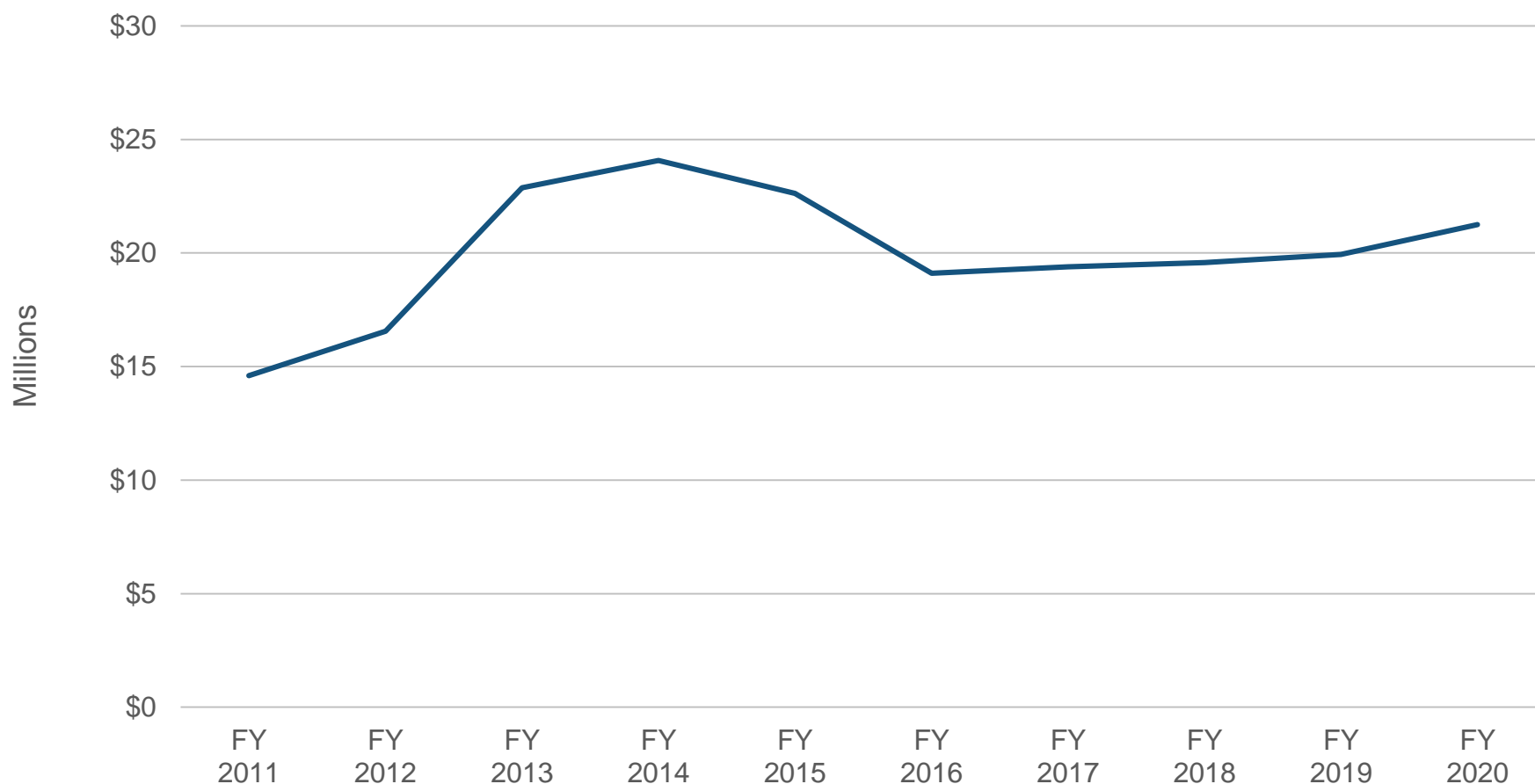
Refined Petroleum Fund (RPF)

Annual appropriations from the RPF hovered around **\$57.0 million** from FY 2010-11 through FY 2014-15. Beginning in FY 2015-16, the Underground Storage Tank Cleanup Fund receives the first **\$20.0 million** in fee revenue, with the remainder being deposited to the RPF. Additional one-time fund balance was appropriated in FY 2017-18.



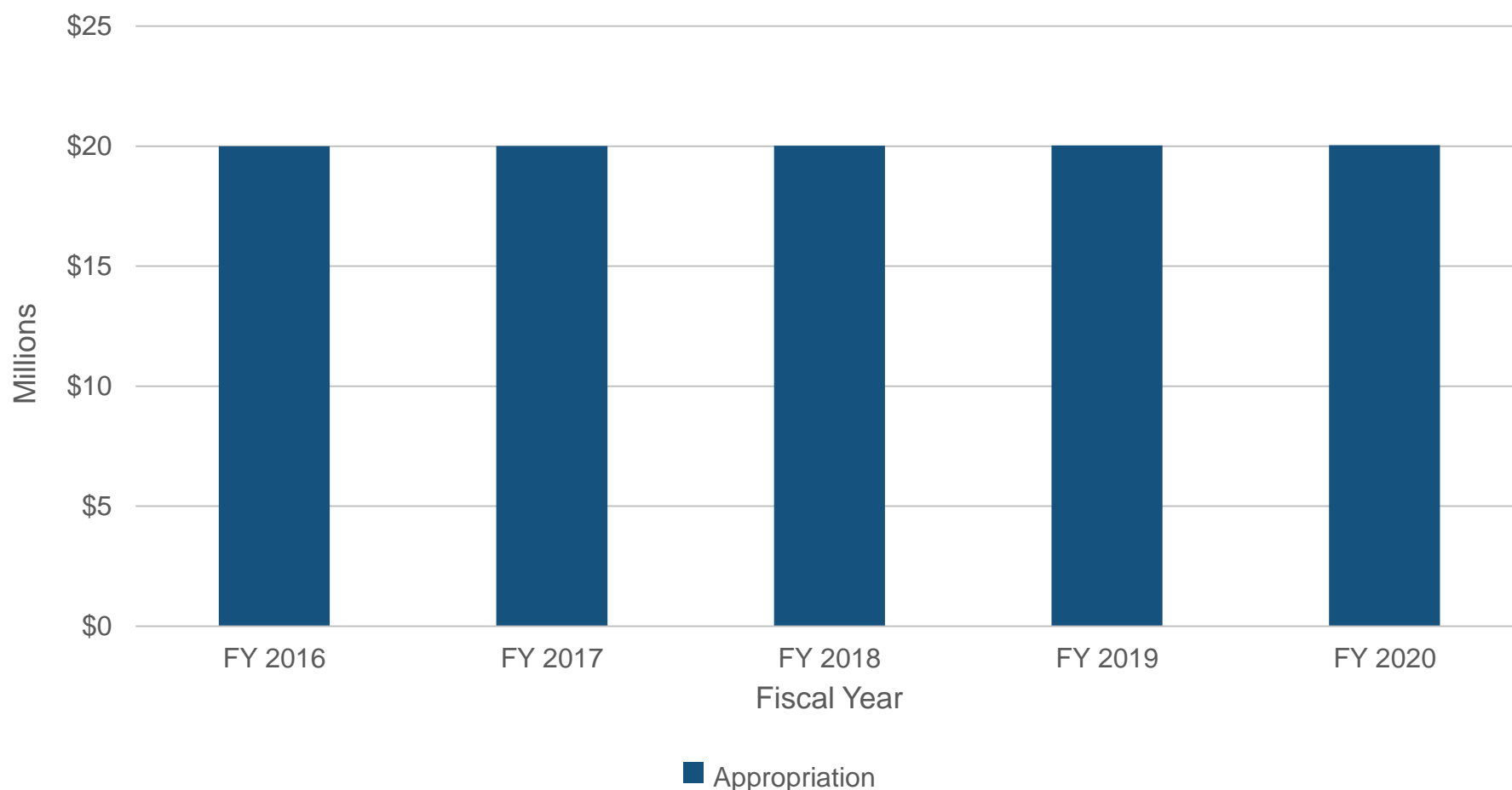
Cleanup and Redevelopment Fund (CRF)

The Cleanup and Redevelopment Fund receives revenue from unclaimed bottle deposits; this revenue supports environmental remediation and redevelopment efforts at sites contaminated by pollutants other than petroleum. Appropriations from the fund are tied to available revenue; program support has fluctuated with increases and decreases in revenue.



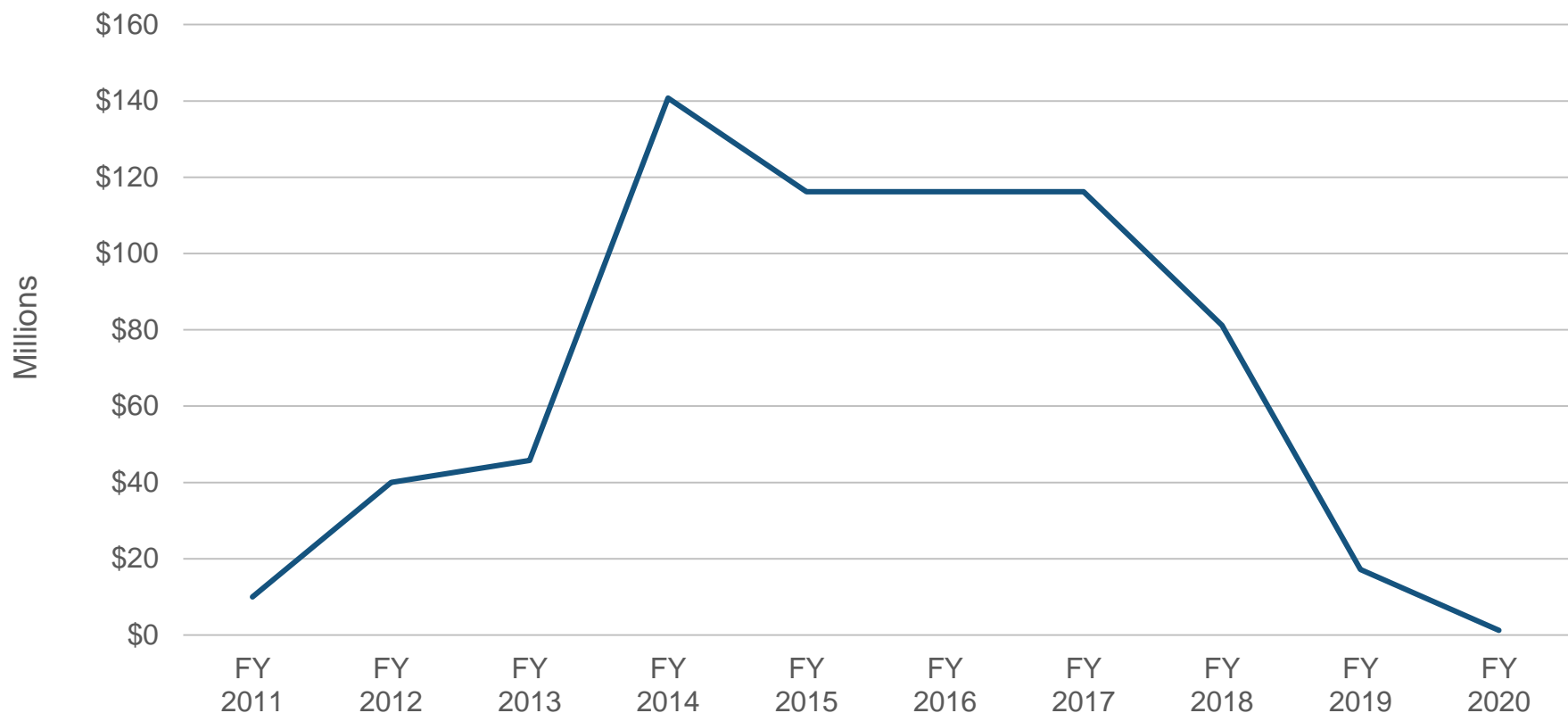
Underground Storage Tank Cleanup Fund (UST)

The UST program provides reimbursements to underground storage tank owners/operators for cleaning up their respective petroleum leaks originating after 2014. The program began in FY 2015-16 with an initial appropriation of **\$20.0 million** and has been basically flat.



Strategic Water Quality Initiatives Fund (SWQIF)

The Great Lakes Water Quality Bond is a **\$1.0 billion** general obligation bond program to help local governments finance sewage treatment projects. Originally, **90%** of bond revenue was deposited to the State Revolving Fund (SRF) and the remaining **10%** was deposited to the SWQIF. However, in 2012 the revenue allocation was revised to **29%** to the SRF and **71%** to SWQIF to give local governments increased access to expanded grant opportunities available through SWQIF. An ongoing decrease beginning in FY 2017-18 is reflected below as bond authority is depleted.



EGLE Funding for PFAS

Appropriations for EGLE totaling **\$67.9 million** (all GF/GP) have been enacted in response to PFAS contamination. The FY 2019-20 EGLE budget includes **\$44.3 million** for grants to drinking water systems for PFAS remediation and contamination mapping.

Public Act	Fiscal Year	Gross Appropriation	Purpose
2017 PA 201	2017-18	\$11.8 million	Remediation and response activities at 14 confirmed sites (\$7.8 million) and additional sites (\$4.0 million)
		\$1.6 million	Community water supply and sampling
		\$1.5 million	Laboratory equipment and support
2018 PA 618	2018-19	\$4.7 million	Contamination mapping (\$4.3 million) and firefighting foam containment (\$400,000)
		\$4.0 million	Matching grants to local governments for remediation and system connection costs
2019 PA 57	2019-20	\$40.0 million	Grants to drinking water systems for PFAS and other contaminants
		\$4.3 million	Contamination mapping

Drinking Water Initiatives

The FY 2019-20 EGLE budget includes **\$120.0 million** in one-time GF/GP funding for drinking water initiatives. This funding is split among five appropriations.

Appropriation	Funding	Purpose
PFAS & Emerging Contaminants	\$40.0 million	Grants of up to \$5.0 million for remediation, connection costs, new technologies; at least \$4.0 million earmarked for grants to municipal airports for PFAS monitoring
Lead & Copper Rule Implementation	\$37.5 million	Grants of up to \$2.0 million to asset management plans & system inventories; grants of up to \$25,000 for public awareness and education related to lead and other contaminants
Drinking Water Revolving Fund Loan Forgiveness	\$35.0 million	Grants of up to \$2.0 million or 30% of project cost for infrastructure upgrades included in asset management plans
Affordability & Planning	\$7.5 million	Grants of up to \$500,000 per applicant or \$2.0 million per region for asset management plan enhancement, water rate plan development, or watershed plan development
Private Well Testing	\$100 placeholder	Grants to local health departments for water testing in privately-owned wells. NOTE: The Ad Board transferred \$7.5 million from Private Well Testing to the Lead & Copper Rule line

For more information about the Environment, Great Lakes, and Energy budget:

HFA Resources

<http://www.house.mi.gov/hfa/EnvironmentalQuality.asp>

Contact Information

Austin Scott

Fiscal Analyst

AScott@house.mi.gov

(517) 373-8080