

**Summary: Executive Budget Recommendation  
for Fiscal Year 2020-21**

**DEPARTMENT OF ENVIRONMENT, GREAT LAKES, & ENERGY**



**Analyst: Austin Scott**

	FY 2019-20 Year-to-Date as of 2/6/20	FY 2020-21 Executive	Difference: FY 2020-21 Vs. FY 2019-20	
			Amount	%
<b>IDG/IDT</b>	\$3,176,600	\$3,337,700	\$161,100	5.1
<b>Federal</b>	175,269,900	171,973,000	(3,296,900)	(1.9)
<b>Local</b>	0	0	0	--
<b>Private</b>	1,201,800	1,412,800	211,000	17.6
<b>Restricted</b>	266,440,100	272,191,800	5,751,700	2.2
<b>GF/GP</b>	168,577,400	74,133,900	(94,443,500)	(56.0)
<b>Gross</b>	<b>\$614,665,800</b>	<b>\$523,049,200</b>	<b>(\$91,616,600)</b>	<b>(14.9)</b>
<b>FTEs</b>	1,422.0	1,422.0	0.0	--

Notes: (1) FY 2019-20 year-to-date figures include mid-year budget adjustments through February 6, 2020. (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.

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>	<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>1. Environmental Contamination Rapid Response (One-Time)</b>	<b>Gross NA</b>	<b>\$20,000,000</b>
Includes \$20.0 million GF/GP for the prioritization and remediation of non-petroleum contaminated properties statewide. Sites may include PFAS, vapor intrusion, or other emerging contaminants.	<b>GF/GP NA</b>	<b>\$20,000,000</b>
<b>2. Oil, Gas, and Mineral Services</b>	<b>FTE 57.0</b>	<b>0.0</b>
Replaces \$3.9 million of restricted funding with \$4.0 million GF/GP for a Gross increase of \$100,000 for oil, gas, and mineral services. This program regulates oil and natural gas exploration, mineral mining, and orphan well closure.	<b>Gross \$11,011,900</b>	<b>\$100,000</b>
	<b>Restricted 10,863,000</b>	<b>(3,900,000)</b>
	<b>GF/GP \$148,900</b>	<b>\$4,000,000</b>
<b>3. Environmental Permit Review Committee – Administrative Hearings Officers</b>	<b>Gross \$396,000</b>	<b>\$500,000</b>
Adds \$500,000 Gross (\$129,000 GF/GP) to Administrative Hearings Officers for increased environmental permit reviews.	<b>IDG 0</b>	<b>3,900</b>
	<b>Private 0</b>	<b>1,000</b>
	<b>Restricted 396,000</b>	<b>366,100</b>
	<b>GF/GP \$0</b>	<b>\$129,000</b>
<b>4. Renew Michigan Program</b>	<b>Gross \$68,500,000</b>	<b>\$500,000</b>
Restores \$500,000 of restricted funding for the Renew Michigan Program to return funding to \$69.0 million. In FY 2019-20, the governor vetoed a \$500,000 earmark for the Michigan Geological Survey which reduced program funding to \$68.5 million. The program supports environmental remediation at non-petroleum contaminated sites, recycling, and solid waste management; it is funded by an income tax earmark.	<b>Restricted 68,500,000</b>	<b>500,000</b>
	<b>GF/GP \$0</b>	<b>\$0</b>

<b>Major Budget Changes from FY 2019-20 Year-to-Date (YTD) Appropriations</b>		<b>FY 2019-20 YTD (as of 2/6/20)</b>	<b>Executive Change from YTD</b>
<b>5. Environmental Workshops and Conferences – Environmental Support</b>	FTE	31.0	0.0
	<b>Gross</b>	<b>\$4,659,000</b>	<b>\$335,900</b>
Adds \$335,900 of private funding to the Environmental Support appropriation for environmental outreach through EGLE-sponsored workshops and conferences. This appropriation is named Communications and Community Outreach in FY 2019-20 and provides funding for departmental communications and public affairs.	Federal	2,200	0
	Private	364,100	335,900
	Restricted	1,457,800	0
	GF/GP	\$2,834,900	\$0
<b>6. Efficiency and Renewable Energy Revolving Loan Fund – Environmental Sustainability and Stewardship</b>	<b>Gross</b>	<b>NA</b>	<b>\$250,000</b>
Recognizes the transfer of \$250,000 from the Efficiency and Renewable Energy Revolving Loan Fund from LARA to EGLE in accordance with Executive Order 2019-6 which transitioned the department from DEQ to EGLE.	Restricted	NA	250,000
	GF/GP	NA	\$0
<b>7. Removal of FY 2019-20 One-Time Funding</b>	<b>Gross</b>	<b>\$120,000,100</b>	<b>(\$120,000,100)</b>
Removes \$120.0 million GF/GP for drinking water initiatives included in the FY 2019-20 budget. Initiatives included Drinking Water Revolving Fund loan forgiveness, lead and copper rule implementation, PFAS and emerging contaminant remediation, and grants for the development of asset management plans.	Restricted	100	(100)
	GF/GP	\$120,000,000	(\$120,000,000)
<b>8. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$243,900</b>
Increases EGLE budget by \$243,900 Gross (\$8,000 GF/GP) to align appropriations with available restricted and federal funding and further align appropriations with departmental transition from DEQ to EGLE.	IDG	NA	69,300
	Federal	NA	(4,323,900)
	Private	NA	(127,500)
	Restricted	NA	4,618,000
	GF/GP	NA	\$8,000
<b>9. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$6,453,700</b>
Reflects increased costs of \$6.5 million Gross (\$1.4 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	87,900
	Federal	NA	1,027,000
	Private	NA	1,600
	Restricted	NA	3,917,700
	GF/GP	NA	\$1,419,500

### **Major Boilerplate Changes from FY 2019-20**

#### **Sec. 206. Businesses in Economically Deprived or Depressed Communities – REVISED**

Requires director to take reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. Revises to require director to take reasonable steps to the extent permissible under the Management and Budget Act.

#### **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. Revises to include contingency fund transfer authority of \$30.0 million federal, \$5.0 million restricted, and \$500,000 private.

#### **Sec. 220. Disciplinary Action Against State Employees – DELETED**

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs.

#### **Sec. 221. Rule Promulgation – DELETED**

Requires a 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.

#### **Sec. 235. Clean Michigan Initiative Report – REVISED**

Requires department to prepare annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds. Due date revised from March 31 to April 30.

## **Major Boilerplate Changes from FY 2019-20**

### ***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. 238. Fee and Fund Source Report – DELETED***

Requires department to report on its public website information detailing activities related to fees and fund sources.

### ***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 – REVISED***

Authorizes unexpended funds appropriated for Emergency Cleanup Actions, Environmental Cleanup and Redevelopment Program, 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 with a tentative completion date of September 30, 2022. Revises completion date to 2025 and removed Environmental Cleanup and Redevelopment Program.

### ***Sec. 601. Public Service Commission Memorandum of Understanding – DELETED***

Requires department to enter into a memorandum of understanding with the Public Service Commission to outline responsibilities of Office of Climate and Energy.

### ***Sec. 701. Underground Storage Tank Authority – REVISED***

Authorizes unexpended funds appropriated for Underground Storage Tank Cleanup Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 30, 2023. Revises completion date to 2025.

### ***Sec. 801. Renew Michigan Program – NEW***

Authorizes unexpended funds appropriated for Renew Michigan Program to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform environmental cleanup and redevelopment, waste management, and recycling estimated to cost \$69 million with a tentative completion date of September 30, 2025.

### ***Sec. 901. Volkswagen Environmental Mitigation Trust Agreement – NEW***

Authorizes department to receive and expend money from the Volkswagen Environmental Mitigation Trust Agreement and requires annual report.

### ***Sec. 1001. Environmental Contamination Rapid Response – NEW***

Authorizes unexpended funds appropriated for Environmental Contamination Rapid Response to be considered work project appropriations and carried forward into succeeding fiscal year; program will perform environmental cleanup estimated to cost \$20 million with a tentative completion date of September 30, 2025.

### ***Sec. 1001. Lead and Copper Rule Implementation – DELETED***

Directs expenditure of funding for grants for asset management plan creation, water distribution system materials inventories, and public education awareness campaigns related to drinking water contaminants including lead; requires report on expenditures.

### ***Sec. 1002. PFAS and Emerging Contaminants – DELETED***

Directs expenditure of funding for grants to municipal airports and drinking water systems for PFAS contaminant remediation or alternate water system connection costs; requires report on expenditures.

### ***Sec. 1003. Drinking Water Revolving Fund Loan Forgiveness – DELETED***

Directs expenditure of funding for grants for drinking water infrastructure upgrades included in community asset management plans; requires report on expenditures.

### ***Sec. 1004. Affordability and Planning – DELETED***

Directs expenditure of funding for affordability and planning to communities to enhance their respective asset management plans, develop sustainable water rate plans, or develop watershed plans; requires report on expenditures.

### ***Sec. 1005. Private Well Testing – DELETED***

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

**Supplemental Recommendations for FY 2019-20 Appropriations**

**FY 2019-20  
Recommendation**

**1. Superfund Cleanup**

Appropriates an additional \$3.0 million of federal funding for contractual support to remediate contaminated sites that qualify as federal Superfund sites. This additional funding is targeted for groundwater and soil contamination at the Spartan Chemical site in Kent County. The FY 2019-20 EGLE budget presently includes \$1.0 million of federal funding for this purpose.

<b>Gross</b>	<b>\$3,000,000</b>
Federal	3,000,000
GF/GP	\$0

**2. Environmental Cleanup Support**

Appropriates an additional \$2.0 million from the Environmental Response Fund for contractual support for emergencies, special projects, and negotiated settlements associated with contaminated sites. This additional funding is targeted for groundwater and soil contamination at the Michelin-Uniroyal site in Wayne County. The FY 2019-20 EGLE budget presently includes \$1.0 million from the Environmental Response Fund for this purpose.

<b>Gross</b>	<b>\$2,000,000</b>
Restricted	2,000,000
GF/GP	\$0