

**Summary: Conference Report
ENVIRONMENTAL QUALITY
FY 2004-05 Senate Bill 1066**



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	FY 2003-04 YTD (as 2/12/04)	Executive	Senate	House	Conference	Difference: Conference from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$14,142,900	\$14,263,000	\$14,263,000	\$14,263,000	14,263,000	\$120,100	0.8
Federal	131,259,500	133,766,800	133,766,800	133,893,700	133,766,800	2,634,200)	2.0
Local	0	0	0	0	0	0	0.0
Private	435,700	445,900	445,900	445,900	445,900	10,200	2.3
Restricted	171,988,500	153,980,000	155,980,100	155,770,500	164,450,800	(7,537,700)	(4.4)
GF/GP	53,580,775	37,946,100	36,010,000	31,636,400	28,722,800	(24,857,975)	(46.4)
Gross	\$371,407,375	\$340,401,800	\$340,465,800	\$336,009,500	\$341,649,300	(\$29,758,075)	(8.0)
FTEs	1,611.7	1,578.2	1,570.2	1,577.2	1,570.2	(41.5)	(2.6)

Overview

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs. Appropriated funds support regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of annual department revenue is collected from restricted (permit and license) revenue.

Summary of FY 2004-05 Major Budget Issues

Contaminated Site Cleanup

No new funding would be provided for polluted land or water resources. Funding in FY 2003-04 for this purpose was \$35.0 million (restricted funds).

Water Pollution Control – Drinking Water Revolving Fund Match

The General Fund match (\$16.3 million) for the federal grant to the Water Pollution Control Revolving Fund would be eliminated. Debt service on the single sale and redemption payment (from accumulated interest and earnings) will count as the State's match for the FY 2004-05 Federal grant.

Department-wide

The Conference restructured the bill following objects of expense instead of program related spending, and instituted travel reductions in all programs.

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	Conference Change	
1. Contaminated Site Cleanup		Gross	\$34,968,046	(\$34,968,046)
Deletes the boilerplate reappropriation item in the FY 2003-04 supplemental (\$13.3 million). The baseline appropriation for cleanup projects is not included (\$21.7 million). Insufficient revenue exists to cover both environmental cleanup and redevelopment staff needs and the traditional number of cleanup projects.		Restricted	34,968,046	(34,968,046)
Environmental Response Fund and Environmental Protection Fund appropriations have been reduced and program support is shifted to the Cleanup and Redevelopment Fund revenue saved when funding for cleanup projects was eliminated.				
Executive: (\$34,968,046)				
Senate: (\$34,968,046)				
House: (\$34,948,046)				
2. Water Pollution Control Revolving Fund		Gross	\$16,300,000	\$0
Eliminates General Fund match (\$16.3 million) for the federal grant to the Water Pollution Control Revolving Fund. This one time savings is feasible through a one-day bond sale where the debt service on the single sale and redemption payment (from accumulated interest and earnings) is accepted as the State's match for FY 2004-05.		Restricted	0	16,300,000
		GF/GP	\$16,300,000	(\$16,300,000)
Executive: \$16,300,000				
Senate: \$16,300,000				
House: \$16,300,000				
3. Mi. Underground Storage Tank Financial Assurance Fund		Gross	\$0	\$0
The Conference Committee included funding shifts from General Fund to the Refined Petroleum Fund.		Restricted	0	8,207,200
		GF/GP	\$0	(\$8,207,200)
4. Budgetary Savings and Position Phaseout		Gross		\$0
House included a 15% General Fund reduction and required the department to reduce employment levels by 8%. No FTE adjustment was made. The Conference Committee did not concur.		GF/GP		\$0
Executive: \$0				
Senate: \$0				
House: (\$5,416,900)				
5. Air Quality Surveillance Fee funding Shift		Gross		\$0
Senate increased surveillance fees by \$1.2 million and reduced GF/GP. The House did not concur.		Restricted		0
		GF/GP		\$0
Executive: \$0				
Senate: (\$1,200,000)				
House: \$0				
6. Floodplain Mapping		Gross	\$2,120,800	\$475,000
Federal funding is included for the floodplain management program.		IDG	655,300	0
Maps will be used for emergency planning/loss mitigation and to determine eligibility for the Federal floodplain insurance program.		Federal	401,100	475,000
		Restricted	75,000	0
		GF/GP	\$989,400	\$0
Executive: \$475,000				
Senate: \$475,000				
House: \$475,000				

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	Conference Change
7. Aquifer Protection	Gross	\$200,000	\$450,000
Increased appropriation from Aquifer Protection Revolving Fund to reflect reimbursements for groundwater dispute investigation and resolution efforts.	Restricted	200,000	450,000
Executive: \$450,000			
Senate: \$450,000			
House: \$450,000			
8. Dioxin Bio-availability Study	Gross		\$800,000
House added CMI funding for an out of state university study of the public health risks of Dioxin.	Restricted		800,000
Executive: \$0			
Senate: \$0			
House: \$800,000			
9. Economic Adjustments and Employee Related Savings	Gross		\$6,074,600
Increased each line item supporting pay roll expenses to cover the cost of scheduled pay increases and fringe benefit costs (\$10,172,800). Employee salaries are to increase by 7% and health insurance premiums are to increase by 13.6%. The contribution rates for the defined benefit and defined contribution retirement programs are increasing as well, reflecting the system costs related to the recent early retirement program.	IDG		120,100
	Federal		2,032,300
	Private		10,200
	Restricted		2,825,500
	GF/GP		\$1,086,500

Workforce related savings (\$4,098,200) are recommended to offset the cost of included economic adjustments. These savings (amounting to 5% of payroll) are to be achieved through contract concessions.

Major Boilerplate Changes from FY 2003-04:

Sec. 220. Negotiated Contract Savings – NEW

Required the lapse of any savings realized through state employee contract renegotiations.

Sec. 224. Great Lakes Areas of Concern – NEW

Requires the department to collaborate with local advisory councils to restore and formally remove Great Lakes Areas of Concern from the federal list.

Sec. 702. Cleanup Site Listing for Cleanup and Redevelopment Fund Program – DELETED

List of 2 new cleanup projects funded from the appropriation.

Sec. 703. Dioxin Bio-Availability Study

Study of dioxin to be done by an out of state university or other qualified organization.

Sec. 703 (Old). Municipal Landfill Match Grants – DELETED

Provided \$2.0 million for National Priority List Municipal Landfill Match Grants.

Sec. 903. Real Time Water Quality Grant – NEW

Provides instruction regarding the water quality monitoring grant to the City of Algonac.

Sec. 1103. Public Water Supply System Loans – DELETED

Required the Department to provide low interest loans to water supply systems not in compliance with federal arsenic standards.

Sec. 1104. County Grants: Water Quality Monitoring – DELETED

Provided \$700,000 to the City of St. Clair Shores for dredging.