

FY 2016-17: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: Conference Report
Senate Bill 787 (S-2) CR-1



Analyst: Austin Scott

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Conference	<i>Difference: Conference From FY 2015-16 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$9,115,300	\$9,225,700	\$9,225,700	\$9,225,700	\$9,225,700	\$110,400	1.2
Federal	138,079,100	138,687,200	138,687,200	138,687,200	138,687,200	608,100	0.4
Local	0	0	0	0	0	0	--
Private	546,000	555,300	555,300	555,300	555,300	9,300	1.7
Restricted	305,341,200	317,344,800	315,844,800	317,344,800	317,344,800	12,003,600	3.9
GF/GP	46,914,200	47,686,400	56,186,400	47,686,400	47,736,400	822,200	1.8
Gross	\$499,995,800	\$513,499,400	\$520,499,400	\$513,499,400	\$513,549,400	\$13,553,600	2.7
FTEs	1,226.0	1,238.0	1,238.0	1,238.0	1,238.0	12.0	1.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2015-16 YTD Appropriations

1. Flint Declaration of Emergency (one-time)

Executive provides 10.0 FTEs and \$5.4 million GF/GP for corrosion control, water quality testing in high risk locations, and water connection service payments for October 2016 through December 2016. Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed as an FY 2015-16 supplemental appropriation in the DTMB budget. House, Senate, and Conference concur with Executive.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
FTE	N/A	10.0
Gross	N/A	\$5,400,100
Restricted	N/A	100
GF/GP	N/A	\$5,400,000

2. Flint Declaration of Emergency – Removal of FY 2015-16 Supplemental Funding

Executive removes \$13.1 million Gross (\$12.1 million GF/GP) from FY 2015-16 Flint supplemental funding (2015 PA 143 and 2016 PA 3). Flint emergency response efforts are continued in FY 2016-17 by the above appropriation. House, Senate, and Conference concur with Executive.

Gross	\$13,086,500	(\$13,086,500)
Restricted	1,000,000	(1,000,000)
GF/GP	\$12,086,500	(\$12,086,500)

3. Water Pollution Control and Drinking Water Revolving Fund (one-time)

Executive provides \$3.0 million in one-time GF/GP to meet the state match for a federal grant for drinking water revolving fund loans. These low-interest loans are provided to water suppliers to finance the construction, upgrades, or expansions of safe public drinking water systems. House, Senate, and Conference concur with Executive.

Gross	\$84,993,000	\$2,950,000
Federal	71,543,000	0
Restricted	11,400,000	0
GF/GP	\$2,050,000	\$2,950,000

4. Contaminated Lake and River Sediment Cleanup Program (one-time)

Executive provides \$700,000 in one-time Clean Michigan Initiative (CMI) contaminated sediments funding for investigation and remediation projects within the Detroit and Rouge Rivers, which are among DEQ's Areas of Concern sites. House, Senate, and Conference concur with Executive.

Gross	\$1,565,000	\$700,000
Restricted	1,565,000	700,000
GF/GP	\$0	\$0

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 Conference Change
5. Environmental Cleanup and Redevelopment Program			
<u>Executive</u> appropriates remaining \$14.9 million CMI response activities funding to begin cleanup efforts at 13 high priority sites in the following counties: Antrim (2), Cass, Charlevoix, Emmet, Gratiot, Houghton, Ingham, Lake, Lapeer, Livingston, Saint Joseph, and Washtenaw. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	\$15,000,000	\$14,900,000
	Restricted	15,000,000	14,900,000
	GF/GP	\$0	\$0
6. Oil, Gas, and Mineral Services (one-time)			
<u>Executive</u> provides \$4.0 million in one-time GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding due to decreased gas prices. <u>House</u> provides \$3.5 million in one-time GF/GP. <u>Senate</u> and <u>Conference</u> concur with Executive.	FTE	59.0	0.0
	Gross	\$12,012,800	\$4,000,000
	Restricted	12,012,800	0
	GF/GP	\$0	\$4,000,000
7. Refined Petroleum Product Cleanup Program			
<u>Executive</u> shifts \$1.5 million in refined petroleum funding (RPF) from the Department of Agriculture and Rural Development (MDARD) to DEQ to better align RPF with the fund's remediation and redevelopment purpose. This shift is the first of a three year plan; funding in MDARD is replaced with GF/GP. <u>House</u> does not include shift. <u>Senate</u> and <u>Conference</u> concur with Executive.	Gross	\$20,000,000	\$1,500,000
	Restricted	20,000,000	1,500,000
	GF/GP	\$0	\$0
8. Water Withdrawal Assessment Program			
<u>Executive</u> provides \$800,000 CMI clean water funding to implement program recommendations made by the Water Use Advisory Council. Recommendations include improvements to the Water Withdrawal Assessment Tool on the DEQ website. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	FTE	4.0	0.0
	Gross	\$611,900	\$800,000
	Restricted	240,500	800,000
	GF/GP	\$371,400	\$0
9. Five-Year Early Out Sick Leave Payments			
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years; removes \$243,300 Gross (\$43,800 GF/GP). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	N/A	(\$243,300)
	IDG	N/A	(8,200)
	Federal	N/A	(53,300)
	Restricted	N/A	(138,000)
	GF/GP	N/A	(\$43,800)
10. Revenue Adjustments			
<u>Executive</u> reduces federal and restricted authorization by a combined \$7.0 million and adds 4.0 FTEs to the underground storage tank cleanup program to reflect available funding. Includes a \$150,000 reduction in federal funding for the Office of the Great Lakes (replaced by restricted funding), a \$1.5 million reduction in CMI authorization for Brownfield grants, and a \$5.4 million reduction in oil and gas regulatory fund authorization for oil, gas, and mineral services. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	FTE	N/A	4.0
	Gross	N/A	(\$7,012,400)
	Federal	N/A	(150,000)
	Restricted	N/A	(6,862,400)
	GF/GP	N/A	\$0
11. Economic Adjustments			
<u>Executive</u> reflects increased costs of \$3.6 million Gross (\$552,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	N/A	\$3,595,700
	IDG	N/A	118,600
	Federal	N/A	811,400
	Private	N/A	9,300
	Restricted	N/A	2,103,900
	GF/GP	N/A	\$552,500
12. Statewide School Water Testing for Lead			
<u>House</u> provides \$9.0 million GF/GP for reimbursements to public and private pre-kindergarten through twelfth grade schools for costs associated with testing for lead in water. <u>Senate</u> and <u>Conference</u> do not include this appropriation.	Gross	N/A	\$0
	GF/GP	N/A	\$0
13. Saginaw River Dredging Project – Phase I			
<u>Conference</u> provides \$50,000 million GF/GP for phase I of a dredging project in the Saginaw River.	Gross	N/A	\$50,000
	GF/GP	N/A	\$50,000

Major Boilerplate Changes From FY 2015-16

Sec. 207. Retention of Reports – DELETED

Requires DEQ to retain copies of all reports funded from appropriations. Senate retains, Executive, House, and Conference delete.

Major Boilerplate Changes From FY 2015-16

Sec. 215. Performance Benchmarks – RETAINED

Requires report of benchmarks to measure performance or return for each new program or program increase over \$500,000; includes intent language that any new program include a list of benchmarks in future. Executive and House delete, Senate and Conference retain.

Sec. 220. Disciplinary Action Against State Employees – RETAINED

Prohibits DEQ from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House, Senate, and Conference retain.

Sec. 221. Rule Promulgation – RETAINED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes, House, Senate, and Conference retain.

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. Senate retains, Executive, House, and Conference delete.

Sec. 235. Clean Michigan Initiative Report – NEW

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. House adds new section, Conference concurs.

Sec. 305. Refined Petroleum Fund – RETAINED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes, House, Senate, and Conference retain.

Sec. 306. Refined Petroleum Fund Cleanup Site List – REVISED

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed. Executive deletes, House, Senate, and Conference revise with updated site list.

Sec. 309. Brownfield Grants Program Work Project Language – DELETED

Provides that Brownfield Grants Program funds are work project appropriations and allows carry-forward of remaining funds; requires projects to be accomplished by contract; tentative completion date is September 30, 2020. Executive deletes, House, Senate, and Conference concur.

Sec. 311. Enbridge Settlement Report – DELETED

Requires DEQ to submit a report detailing the remediation and redevelopment actions funded by the May 2015 Enbridge settlement. Senate retains, Executive, House, and Conference delete.

Sec. 312. Perfluorinated Compounds Study and Workgroup – NEW

Requires DEQ to conduct a study on the effects of long-term exposure to perfluorinated compounds and to conduct a workgroup to establish cleanup criteria for perfluorinated compounds under part 201 of the NREPA. Senate adds new section, Conference concurs.

Sec. 402. Water Quality and Use Initiative – RETAINED

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for the Water Quality and Use Initiative Program, the Real-Time Beach Monitoring Program, and the Wetlands Program. Executive and Senate delete, House and Conference retain.

Sec. 406. Groundwater Discharge Permit Fee Revision – DELETED

Requires DEQ to work with stakeholders to revise the ground water discharge permit fee prior to September 30, 2016. Executive deletes, House, Senate, and Conference concur.

Sec. 407. Contaminated Lake and River Sediment Cleanup Program – NEW

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2021. Executive adds new section, House, Senate, and Conference concur.

Sec. 410. Lake Erie Report – NEW

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Senate adds new section, Conference concurs.

Sec. 501. Air Quality Program – DELETED

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act, also includes 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula. Executive deletes, House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2015-16

Sec. 502. Air Quality Penalties – DELETED

Prohibits DEQ from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. House retains, Executive, Senate, and Conference delete.

Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – RETAINED

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years. Executive and Senate delete, House and Conference retain.

Sec. 801. Flint Declaration of Emergency – NEW

Allows the funds appropriated for the Flint declaration of emergency to be expended to keep Flint on the Detroit water system, to cover staff, lab and testing costs, and to cover contract costs. Executive adds new section, House, Senate, and Conference concur.

Sec. 803. Flint Supplemental Funding Report – NEW

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. House adds new section, Conference concurs.

Sec. 2001. FY 2016-17 Anticipated Appropriations – DELETED

States intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments. Executive deletes, House, Senate, and Conference concur.