

**FY 2017-18: DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**Summary: As Passed by the Senate**  
**Senate Bill 140 (S-1)**



**Analyst: Austin Scott**

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: Senate From FY 2016-17 YTD	
						Amount	%
<b>IDG/IDT</b>	\$9,225,700	\$3,100,500	\$3,100,500	\$3,100,500		(\$6,125,200)	(66.4)
<b>Federal</b>	139,022,800	170,042,600	170,042,600	170,042,600		31,019,800	22.3
<b>Local</b>	0	0	0	0		0	--
<b>Private</b>	555,300	555,300	555,300	555,300		0	0.0
<b>Restricted</b>	318,959,200	285,825,300	285,825,300	269,802,400		(49,156,800)	(15.4)
<b>GF/GP</b>	49,273,400	51,318,300	43,976,600	46,502,400		(2,771,000)	(5.6)
<b>Gross</b>	<b>\$517,036,400</b>	<b>\$510,842,000</b>	<b>\$503,500,300</b>	<b>\$490,003,200</b>		<b>(\$27,033,200)</b>	<b>(5.2)</b>
<b>FTEs</b>	1,243.0	1,260.0	1,233.0	1,236.0		(7.0)	(0.6)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

**NOTE:** Information on House budget action in this document is based on House Bill 4323 as passed by the House.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Senate Change
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**Major Budget Changes From FY 2016-17 YTD Appropriations**

**1. Elimination of Fee Sunsets**

Executive proposes to eliminate the sunsets on eight DEQ fees scheduled to sunset October 1, 2017. These eight fees provide \$1.6 million in revenue for DEQ annually. House and Senate concur with Executive.

Fee	Annual Revenue
Liquid industrial by-product transporter site identification number	
Liquid industrial by-product facility site identification number	\$3,900
Hazardous waste manifest	
Hazardous waste handler user charge	1,052,300
Hazardous waste generator, transporter, or treatment, storage or disposal facility user charge	43,800
Wastewater operator training and certification fees	242,000
Drinking water operator training and certification fees	220,000
Sewage operator training and certification fees	0
<b>Total</b>	<b>\$1,562,000</b>

<b>Gross</b>	<b>NA</b>	<b>NA</b>
<b>GF/GP</b>	<b>NA</b>	<b>NA</b>

**2. Drinking Water Declaration of Emergency One-Time Funding**

Executive provides \$1.0 million Gross (\$1.0 million GF/GP) for engineering support and technical assistance in response to the drinking water declaration of emergency.

House concurs with Executive, Senate does not include this increase.

<b>Gross</b>	<b>NA</b>	<b>\$0</b>
<b>Restricted</b>	<b>NA</b>	<b>0</b>
<b>GF/GP</b>	<b>NA</b>	<b>\$0</b>

<b>Major Budget Changes From FY 2016-17 YTD Appropriations</b>		<b>FY 2016-17 Year-to-Date (as of 2/8/17)</b>	<b>FY 2017-18 Senate Change</b>
<b>3. Environmental Cleanup and Redevelopment Program Fund Shift</b>		<b>Gross</b>	<b>\$29,900,000 (\$14,900,000)</b>
<u>Executive</u> provides \$14.9 million in one-time funding from the refined petroleum fund to offset the loss of Clean Michigan Initiative (CMI) – response activities funding, which has been fully expended from CMI bond revenue.		Restricted	29,900,000 (14,900,000)
<u>House</u> and <u>Senate</u> do not include fund shift.		GF/GP	\$0 \$0
<b>4. Contaminated Site Investigations, Cleanup, and Revitalization – Vapor Intrusion</b>		FTE	131.0 0.0
<u>Executive</u> increases by 4.0 FTEs and \$1.3 million GF/GP funding for the vapor intrusion program, bringing the total program funding to 8.0 FTEs and \$2.6 million Gross. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used to identify and investigate at-risk sites.		<b>Gross</b>	<b>\$15,171,200 \$0</b>
<u>House</u> and <u>Senate</u> do not include this increase.		Private	191,100 0
		Restricted	13,668,100 0
		GF/GP	\$1,312,000 \$0
<b>5. Laboratory Services – Vapor Intrusion</b>		FTE	39.0 0.0
<u>Executive</u> provides \$122,800 from laboratory services fee to support the vapor intrusion program. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used for site sampling costs.		<b>Gross</b>	<b>\$6,175,300 \$0</b>
<u>House</u> concurs with Executive, <u>Senate</u> does not include this increase.		IDG	3,858,800 0
		Restricted	2,316,500 0
		GF/GP	\$0 \$0
<b>6. Drinking Water and Environmental Health – Lead and Copper Rule Program</b>		FTE	106.0 0.0
<u>Executive</u> provides 17.0 FTEs and \$2.6 million GF/GP funding to expand the Lead and Copper Rule Program which regulates these elements in public drinking water. <u>House</u> and <u>Senate</u> do not include this increase.		<b>Gross</b>	<b>\$14,901,900 \$0</b>
		Federal	9,237,600 0
		Restricted	4,356,900 0
		GF/GP	\$1,307,400 \$0
<b>7. Drinking Water and Environmental Health – Manufactured Housing Community Drinking Water Monitoring</b>		FTE	106.0 0.0
<u>Executive</u> provides 3.0 FTEs and \$500,000 GF/GP funding to support drinking water programs in manufactured housing communities.		<b>Gross</b>	<b>\$14,901,900 \$0</b>
<u>House</u> concurs with Executive, <u>Senate</u> does not include this funding.		Federal	9,237,600 0
		Restricted	4,356,900 0
		GF/GP	\$1,307,400 \$0
<b>8. Communications and Community Outreach – Communications and Public Affairs Staff</b>		FTE	NA 5.0
<u>Executive</u> provides 5.0 FTEs and \$1.0 million GF/GP funding to help create a communications and public affairs office for the department.		<b>Gross</b>	<b>NA \$1,013,800</b>
<u>House</u> does not include this appropriation, <u>Senate</u> concurs with Executive.		GF/GP	NA \$1,013,800
<b>9. Office of the Great Lakes – Communications and Public Affairs Staff</b>		FTE	12.0 (1.0)
<u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department.		<b>Gross</b>	<b>\$2,170,700 (\$152,700)</b>
<u>House</u> and <u>Senate</u> concur with Executive.		Federal	787,900 0
		Restricted	483,100 0
		GF/GP	\$899,700 (\$152,700)
<b>10. Office of Environmental Assistance – Communications and Public Affairs Staff</b>		FTE	38.0 (1.0)
<u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department.		<b>Gross</b>	<b>\$6,257,700 (\$152,700)</b>
<u>House</u> and <u>Senate</u> concurs with Executive.		Private	364,200 0
		Federal	704,800 0
		Restricted	2,321,200 0
		GF/GP	\$2,867,500 (\$152,700)
<b>11. Oil, Gas, and Mineral Services Ongoing GF/GP</b>		FTE	59.0 0.0
<u>Executive</u> transfers \$4.0 million GF/GP funding that was included in the FY 2016-17 DEQ budget on a one-time basis to ongoing funding for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding.		<b>Gross</b>	<b>\$10,794,800 \$0</b>
<u>House</u> reduces this appropriation by \$1.0 million GF/GP and moves remaining \$3.0 million GF/GP to one-time funding.		Restricted	6,794,800 0
<u>Senate</u> concurs with Executive.		GF/GP	\$4,000,000 \$0

<b>Major Budget Changes From FY 2016-17 YTD Appropriations</b>		<b>FY 2016-17 Year-to-Date (as of 2/8/17)</b>	<b>FY 2017-18 Senate Change</b>
<b>12. Air Quality Programs Fund Shift</b>			
<u>Executive</u> replaces \$1.4 million funding from the environmental pollution prevention fund with \$1.4 million GF/GP funding to help offset a loss of fee revenue that supports air quality monitoring and regulation.			
<u>House</u> does not provide GF/GP, <u>Senate</u> concurs with Executive.			
	FTE	188.0	0.0
	<b>Gross</b>	<b>\$27,231,500</b>	<b>\$0</b>
	Federal	7,450,200	0
	Restricted	15,377,000	(1,362,000)
	GF/GP	\$4,404,300	\$1,362,000
<b>13. Water State Revolving Funds One-Time GF/GP</b>			
<u>Executive</u> provides \$3.0 million GF/GP to meet the state match requirement for water suppliers to qualify for federal safe drinking water infrastructure grants.			
<u>House</u> and <u>Senate</u> concur with Executive.			
	<b>Gross</b>	<b>\$84,993,000</b>	<b>\$2,950,000</b>
	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000
<b>14. Refined Petroleum Product Cleanup Program (One-Time)</b>			
<u>House</u> provides \$14.9 million in one-time funding from the refined petroleum fund to the refined petroleum product cleanup program. <u>Senate</u> does not include this funding.			
	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	Restricted	NA	0
	GF/GP	NA	\$0
<b>15. Recycling Initiative</b>			
<u>House</u> reduces the recycling initiative by 1.0 FTE and \$150,000 GF/GP, <u>Senate</u> does not reduce funding.			
	FTE	3.0	(1.0)
	<b>Gross</b>	<b>\$1,008,700</b>	<b>(\$150,000)</b>
	GF/GP	\$1,008,700	(\$150,000)
<b>16. Drill Core Storage Facility</b>			
<u>Senate</u> provides \$500,000 GF/GP to replace a drill core sample storage facility in northern Michigan.			
	<b>Gross</b>	<b>NA</b>	<b>\$500,000</b>
	GF/GP	NA	\$500,000
<b>17. Emergency Cleanup Actions</b>			
<u>Senate</u> reduces funding by \$1.0 million in restricted funding to remove refined petroleum fund support from the program.			
	<b>Gross</b>	<b>\$4,000,000</b>	<b>(\$1,000,000)</b>
	Restricted	4,000,000	(1,000,000)
	GF/GP	\$0	\$0
<b>18. Removal of FY 2016-17 Supplemental Funding</b>			
<u>Executive</u> removes \$3.5 million Gross (\$1.5 million GF/GP) for FY 2016-17 supplemental appropriations included Public Acts 340 and 341 of 2016. Appropriations included support for the drinking water declaration of emergency and dredging in the Saginaw River (PA 340) as well as funding to implement public utility reforms (PA 341).			
<u>House</u> and <u>Senate</u> concur with Executive.			
	FTE	1.0	(1.0)
	<b>Gross</b>	<b>\$2,175,000</b>	<b>(\$2,175,000)</b>
	Federal	335,600	(335,600)
	Restricted	1,614,400	(1,614,400)
	GF/GP	\$225,000	(\$225,000)
<b>19. Removal of FY 2016-17 One-Time Funding</b>			
<u>Executive</u> removes \$9.1 million Gross (\$8.4 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included contaminated lake and river sediment cleanups, support for the drinking water declaration of emergency, dredging in the Saginaw River, and drinking water revolving fund GF/GP match.			
<u>House</u> and <u>Senate</u> concur with Executive.			
	FTE	10.0	(10.0)
	<b>Gross</b>	<b>\$9,100,100</b>	<b>(\$9,100,100)</b>
	Restricted	700,100	(700,100)
	GF/GP	\$8,400,000	(\$8,400,000)
<b>20. Technical Adjustments</b>			
<u>Executive</u> reduces IDG/IDT and restricted authorization while increasing federal and GF/GP authorization for a net decrease of \$20.5 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds, fund shifts to reflect expenditures, and the reclassification of interdepartmental grants as restricted funding where necessary.			
<u>House</u> and <u>Senate</u> concurs with Executive.			
	FTE	NA	1.0
	<b>Gross</b>	<b>NA</b>	<b>(\$20,511,400)</b>
	IDG/IDT	NA	(6,168,500)
	Federal	NA	31,048,300
	Restricted	NA	(45,411,800)
	GF/GP	NA	\$20,600
<b>21. Economic Adjustments</b>			
<u>Executive</u> reflects increased costs of \$1.6 million Gross (\$313,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.			
<u>House</u> and <u>Senate</u> concur with Executive.			
	<b>Gross</b>	<b>NA</b>	<b>\$1,594,900</b>
	IDG/IDT	NA	43,300
	Federal	NA	307,100
	Restricted	NA	931,500
	GF/GP	NA	\$313,000

## **Major Boilerplate Changes From FY 2016-17**

### ***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 and Senate 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 and Senate retain.

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

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. Executive deletes, House revises to include total debt obligation on all CMI bonds and a January 1, 2018 report deadline, Senate retains.

### ***Sec. 237. Employee Legal Costs Related to Drinking Water Declaration of Emergency – NEW***

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

### ***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 retains.

### ***Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED***

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 and Senate concurs.

### ***Sec. 312. Perfluorinated Compounds Study and Workgroup – DELETED***

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 Natural Resources and Environmental Protection Act. Executive deletes, House and Senate concur.

### ***Sec. 313. Vapor Intrusion – DELETED***

Requires DEQ to use the funds appropriated in part 1 for vapor intrusion to investigate at least 120 potential vapor intrusion sites. Executive adds new section, House and Senate delete.

### ***Sec. 402. Water Quality and Use Initiative – DELETED***

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 retains.

### ***Sec. 410. Lake Erie Report – REVISED***

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Executive deletes, House concurs with Executive, Senate revises to include additional reporting requirements.

### ***Sec. 604. Lead and Copper Rule – DELETED***

Requires DEQ to use the funds appropriated in part 1 for the lead and copper rule program to host three training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule. Executive adds new section, House and Senate delete.

### ***Sec. 801. Drinking Water Declaration of Emergency – DELETED***

Allows the funds appropriated for the drinking water declaration of emergency to be expended for water treatment plant operation training expenses and water system needs. Executive revises, House concurs, Senate deletes.

### ***Sec. 803. Flint Supplemental Funding Report – REVISED***

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. Executive deletes, House and Senate revise to include funds appropriated in FY 2016-17.