



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 140 (S-1 as passed by the Senate)
Committee: Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 SENATE-PASSED	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,236.0	1,230.0	(6.0)	(0.5)
GROSS	516,886,400	490,003,200	(26,883,200)	(5.2)
Less:				
Interdepartmental Grants Received	9,225,700	3,100,500	(6,125,200)	(66.4)
ADJUSTED GROSS.....	507,660,700	486,902,700	(20,758,000)	(4.1)
Less:				
Federal Funds.....	139,022,800	170,042,600	31,019,800	22.3
Local and Private	555,300	555,300	0	0.0
TOTAL STATE SPENDING.....	368,082,600	316,304,800	(51,777,800)	(14.1)
Less:				
Other State Restricted Funds.....	318,809,200	269,802,400	(49,006,800)	(15.4)
GENERAL FUND/GENERAL PURPOSE.....	49,273,400	46,502,400	(2,771,000)	(5.6)
PAYMENTS TO LOCALS	3,750,000	4,531,000	781,000	20.8

FY 2016-17 Year-to-Date Gross Appropriation	\$516,886,400
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Changes from FY 2016-17 Year-to-Date:

- Vapor Intrusion Program.** The Governor provided \$1.4 million in GF/GP and laboratory services fees, and 4.0 additional FTEs for the establishment of a vapor intrusion program. The program will address public health concerns stemming from chemicals in soil that manage to leak into basements and building foundations. The Senate did not include this item. 0
- Communications and Public Affairs Office.** The Governor and Senate provided GF/GP and 3.0 additional FTEs for the establishment of a communications and public affairs office that would provide a liaison between technical staff and the public. 708,400
- Drinking Water Declaration of Emergency.** The Governor included \$1.0 million GF/GP in support for technical assistance the Department is funding at Flint's water treatment plant. The Senate did not include this item. 0
- Oil, Gas, and Mineral Services.** The Governor and Senate included additional GF/GP funding to support this program, which regulates the extraction of natural resources in Michigan. Low fuel prices have created a structural funding deficit in the program. 4,000,000
- Lead and Copper Rule Program.** The Governor provided additional GF/GP and 17.0 new FTEs to support the Department's compliance efforts with the Federal Lead and Copper Rule. The Senate did not include this item. 0

6. Water State Revolving Funds. The Governor and Senate provided additional Federal authorization to reflect availability of funds. This program, formerly called the Water Pollution Control and Drinking Water Revolving Fund, receives Federal funds and State match which provide grants and loans to local units of government for improvements to drinking water and wastewater infrastructure. Additional GF/GP and loan repayment revenue was included to provide necessary State match to draw down these funds. Total funding is \$120.0 million.	35,007,000
7. Drill Core Storage Facility. The Senate included GF/GP funds for the replacement of a facility in upper Michigan where drill core samples are stored.	500,000
8. Emergency Cleanup Actions. The Senate removed all Refined Petroleum Fund appropriations from this item. After the change, \$3.0 million from the Cleanup and Redevelopment Fund would remain.	(1,000,000)
9. Manufactured Housing Community Regulation. The Governor included \$500,000 GF/GP and 3.0 FTEs to support new regulations on drinking water and wastewater systems in manufactured housing communities. The Senate did not include this item.	0
10. Energy Regulation Package. The Governor and Senate included Public Utility Assessment revenues to support one additional FTE to perform the Department's duties under PA 341 of 2016.	150,000
11. Strategic Water Quality Initiatives Grants and Loans. The Governor and Senate reduced this program to \$62.0 million to reflect availability of funds. Revenue for the program is derived from bond sales authorized under Proposal 2 of 2002.	(35,000,000)
12. Clean Michigan Initiatives - Response Activities. The Governor removed \$14.9 million in CMI funds for response activities at environmental cleanup sites to reflect availability of revenues. CMI funds are dwindling, generally, and have been exhausted in this particular area, as provided by statute. These funds were replaced with a like amount of Refined Petroleum Fund, albeit on a one-time basis. The Senate removed the excess CMI appropriation, but did not supplant those funds with RPF.	(14,900,000)
13. Air Quality Program - Fund Shift. The Governor and Senate removed \$1.4 million in Environmental Pollution Prevention Fund revenue that is no longer available and replaced it with GF/GP.	0
14. Remove FY 2016-17 Supplemental and One-Time Appropriations. The Governor and Senate removed a number of these items that were not included as part of the Department's base budget.	(15,125,100)
15. Other Changes. The Governor and Senate included various technical changes including reductions to over-appropriated restricted and Federal funds, reclassification of an interdivisional charge, removal of lump sum payments to employees, and increased rent costs.	(3,955,400)
16. Economic Adjustments. Includes a negative \$613,900 Gross and a negative \$110,800 GF/GP for OPEB and \$3,345,800 Gross and \$633,900 GF/GP for other economic adjustments.	2,731,900
17. Comparison to Governor's Recommendation. The Senate is \$20,838,800 Gross and \$4,815,900 GF/GP under the Governor.	
Total Changes	(\$26,883,200)
FY 2017-18 Senate-Passed Gross Appropriation.....	\$490,003,200

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Communication with the Legislature.** The Governor removed and Senate retained a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)

2. **Rule Promulgation - Small Business Impact.** The Governor removed and Senate retained a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
3. **Clean Michigan Initiative Report.** The Governor removed and Senate retained a report that requires various information about projects funded with bond proceeds from the Clean Michigan Initiative. (Sec. 235)
4. **Legal Costs Related to Flint Water Crisis.** The Senate included a new section requiring the Department to cover legal costs for current and former Department employees named in lawsuits and investigations related to the Flint water crisis. (Sec. 237)
5. **Refined Petroleum Fund Repayment.** The Governor removed and Senate retained a statement of legislative intent that the \$70.0 million transferred to the Environmental Protection Fund from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
6. **Refined Petroleum Fund Site List.** The Governor and Senate removed a section detailing the RPF sites that would be funded in the budget. (Sec. 306)
7. **PFC Workgroup.** The Governor and Senate removed a section requiring a workgroup to study the effects of exposure to perfluorinated compounds and to establish cleanup criteria. (Sec. 312)
8. **Vapor Intrusion Program.** The Governor included new a new section establishing performance metrics for the new vapor intrusion program. The Senate did not include this section. (Sec. 6-313 of Governor's Rec.)
9. **Water Quality and Use Initiative - Spending Plan.** The Governor and Senate removed a requirement that a spending plan be established for this program. (Sec. 402)
10. **Western Lake Erie Collaborative Agreement.** The Governor removed a reporting requirement on the implementation plan for the Agreement. The Senate retained this section and added additional specifications to the report. (Sec. 410)
11. **Lead and Copper Rule Technical Assistance Metrics.** The Governor included a new section containing metrics for the additional staff and funding for Lead and Copper Rule technical assistance. The Senate did not include this section. (Sec. 6-604 of Governor's Rec.)
12. **Flint Water Crisis Expenditure Report.** The Governor removed a section that requires various information about expenditures made in relation to the Flint water crisis. The Senate retained the section and updated it to reflect additional appropriations made since last year. (Sec. 803)

Date Completed: 5-4-17

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