



Senate Fiscal Agency
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BILL ANALYSIS

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 CONFERENCE	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,236.0	1,227.0	(9.0)	(0.7)
GROSS	516,886,400	507,317,700	(9,568,700)	(1.9)
Less:				
Interdepartmental Grants Received	9,225,700	3,100,500	(6,125,200)	(66.4)
ADJUSTED GROSS.....	507,660,700	504,217,200	(3,443,500)	(0.7)
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	333,619,300	(34,463,300)	(9.4)
Less:				
Other State Restricted Funds.....	318,809,200	287,825,300	(30,983,900)	(9.7)
GENERAL FUND/GENERAL PURPOSE.....	49,273,400	45,794,000	(3,479,400)	(7.1)
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:

Items Included by the Senate and House

- 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 House and Senate did not include this item. 0
- Water State Revolving Funds.** The Governor, House, 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
- Energy Regulation Package.** The Governor, House, 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
- Strategic Water Quality Initiatives Grants and Loans.** The Governor, House, 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)
- Remove FY 2016-17 Supplemental and One-Time Appropriations.** The Governor, House, and Senate removed a number of these items that were not included as part of the Department's base budget. (15,125,100)
- Other Changes.** The Governor, House, 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)

7. **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

Conference Agreement on Items of Difference

8. **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. The House and Conference did not include the GF/GP portion of this program, but did include \$122,800 in laboratory fee spending authority. 122,800
9. **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. The House and Conference did not provide this increase. 0
10. **Drinking Water Declaration of Emergency.** The Governor and House 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. The Conference did not include GF/GP, but included a \$100 placeholder from the Drinking Water Declaration of Emergency Reserve Fund. 100
11. **Oil, Gas, and Mineral Services.** The Governor, Senate, and Conference 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. The House did not include this item. 4,000,000
12. **Drill Core Storage Facility.** The Senate and Conference included GF/GP funds for the replacement of a facility in upper Michigan where drill core samples are stored. The House did not include this item. 500,000
13. **Emergency Cleanup Actions.** The Senate and Conference removed all Refined Petroleum Fund appropriations from this item. After the change, \$3.0 million from the Cleanup and Redevelopment Fund would remain. The House did not include this reduction. (1,000,000)
14. **Manufactured Housing Community Regulation.** The Governor and House 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 and Conference did not include this item. 0
15. **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. The House and Conference included the RPF, but for the purpose of the cleanup of leaking underground storage tanks, rather than general Part 201 cleanups. 0
16. **Air Quality Program - Fund Shift.** The Governor, Senate, and Conference removed \$1.4 million in Environmental Pollution Prevention Fund revenue that is no longer available and replaced it with GF/GP. The House did not include this item. 0
17. **Recycling Initiative Reduction.** The House reduced GF/GP support for this program from \$1.0 million to \$861,800. The Conference did not include this reduction. 0
18. **Employee Legal Costs.** The Conference included \$3.0 million from the Lawsuit Settlement Proceeds Fund to cover legal costs for former employees related to the Flint water crisis. 3,000,000

Total Changes (\$9,568,700)

FY 2017-18 Conference Report Ongoing/One-Time Gross Appropriation \$507,317,700

Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2016-17 Year-to-Date:Items Included by the Senate and House

1. **Communication with the Legislature.** The Governor removed and House 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 House 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 House and Senate retained a report that requires various information about projects funded with bond proceeds from the Clean Michigan Initiative. (Sec. 235)
4. **Refined Petroleum Fund Repayment.** The Governor removed and House 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)
5. **PFC Workgroup.** The Governor, House, and Senate removed a section requiring a workgroup to study the effects of exposure to perfluorinated compounds and to establish cleanup criteria. (Sec. 312)
6. **Vapor Intrusion Program.** The Governor included new a new section establishing performance metrics for the new vapor intrusion program. The House and Senate did not include this section. (Sec. 6-313 of Governor's Rec.)
7. **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 House and Senate did not include this section. (Sec. 6-604 of Governor's Rec.)

Conference Agreement on Items of Difference

8. **Clean Michigan Initiative Report.** The Governor and Senate removed, and House and Conference retained a report on the projects funded through Clean Michigan Initiative bond proceeds. (Sec. 235)
9. **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. The Conference included this item. (Sec. 237)
10. **Refined Petroleum Fund Site List.** The Governor, House, and Senate removed a section detailing the RPF sites that would be funded in the budget. The Conference included a modified version of this section, requiring a report rather than specifically listing the sites. (Sec. 306)
11. **Refined Petroleum Fund - Reimbursements.** The House and Conference included a section allowing up to \$36.0 million from the RPF to be used for reimbursements to owners and operators of underground storage tanks who have performed corrective actions on leaking tanks, but who are not eligible for reimbursement under the Michigan Underground Storage Tank Authority program. (Sec. 314)
12. **Water Quality and Use Initiative - Spending Plan.** The Governor, Senate, and Conference removed a requirement that a spending plan be established for this program. The House retained this section. (Sec. 402)
13. **Western Lake Erie Collaborative Agreement.** The Governor and House removed a reporting requirement on the implementation plan for the Agreement. The Senate and Conference retained this section and added additional specifications to the report. (Sec. 410)
14. **Kalamazoo River Superfund Site.** The House and Conference included a new section that would earmark \$150,000 in CMI Contaminated Sediments funding for an engineering study pertaining to this site. (Sec. 411)
15. **Stormwater, Asset Management, and Wastewater (SAW) Grant Report.** The House included a new report on expenditures made under this program. The Conference did not include this item. (Sec. 606)
16. **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 and Conference retained the section and updated it to reflect additional appropriations made since last year. The House included a similar report, but the Conference utilized the Senate language. (Sec. 236)

Date Completed: 6-8-17

Fiscal Analyst: Josh Sefton

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.