

FY 2019-20: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Passed the Senate
Senate Bill 137 (S-2)



Analyst: Austin Scott

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: Senate From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$3,143,700	\$3,176,600	\$3,148,600	\$3,176,600		\$32,900	1.0
Federal	160,225,400	160,895,300	160,432,600	160,895,300		669,900	0.4
Local	0	0	0	0		0	--
Private	1,061,700	1,061,800	1,061,800	1,061,800		100	0.0
Restricted	278,325,300	259,346,600	262,263,700	259,346,600		(18,978,700)	(6.8)
GF/GP	58,546,500	53,793,000	42,519,200	173,793,000		115,246,500	196.8
Gross	\$501,302,600	\$478,273,300	\$469,425,900	\$598,273,300		\$96,970,700	19.3
FTEs	1,263.0	1,287.0	1,280.0	1,285.0		22.0	1.7

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (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, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Elimination of Fee Sunsets

Executive proposes to continue the collection of 14 fee sunsets that are scheduled to sunset prior to January 1, 2020. Collectively these fees provide \$27.8 million in annual revenue for DEQ.

House and Senate concur.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Senate Change
Gross	NA	NA
GF/GP	NA	NA

Fee	Annual Revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	6,000,000
Electronic device manufacturer's registration	230,000
Electronic device recycler registration	50,000
Groundwater discharge permit	1,190,000
Surface water discharge permit	2,816,800
Stormwater discharge fee	1,625,100
Land and water permit fees (5 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
Total	\$27,843,700

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Senate Change
2. Drinking Water Compliance Assistance			
<u>Executive</u> includes an increase of \$1.9 million GF/GP and authorizes 10.0 FTE positions to the Drinking Water and Environmental Health Program to establish a new Drinking Water Compliance Assistance Unit intended to provide technical expertise related to the lead and copper rule requirements.	FTE	115.0	10.0
<u>House</u> includes an increase of \$950,000 GF/GP and authorizes 5.0 FTE positions.	Gross	\$16,554,400	\$1,900,000
<u>Senate</u> concurs with <u>Executive</u> .	Federal	9,434,100	0
	Restricted	4,465,400	0
	GF/GP	\$2,654,900	\$1,900,000
3. Refined Petroleum Product Cleanup Program Staffing			
<u>Executive</u> authorizes 14.0 FTE positions to the Refined Petroleum Product Cleanup program. This program provides for the remediation of petroleum contaminated sites, including leaking underground storage tanks.	FTE	85.0	14.0
<u>House</u> and <u>Senate</u> concur.	Gross	\$34,680,000	\$0
	Federal	2,060,300	0
	Restricted	32,619,700	0
	GF/GP	\$0	\$0
4. Coal Ash Care Fund – Solid Waste Management Program			
<u>Executive</u> increases \$260,000 from the Coal Ash Care Fund to the Solid Waste Management program in accordance with 2018 PA 640 which provides for the regulation of coal ash landfills with revenue collected from landfill owners and operators.	FTE	37.0	0.0
<u>House</u> and <u>Senate</u> concur.	Gross	\$5,159,600	\$260,000
	Restricted	5,159,600	260,000
	GF/GP	\$0	\$0
5. Vapor Intrusion – Contaminated Site Investigations Program			
<u>Executive</u> eliminates \$1.7 million GF/GP for vapor intrusion remediation from the Contaminated Site Investigations, Cleanup, and Revitalization Program. The Renewing Michigan's Environment Program provides for the remediation of emerging contaminants including vapor intrusion.	FTE	130.0	0.0
<u>House</u> and <u>Senate</u> concur.	Gross	\$15,674,100	(\$1,655,300)
	Private	191,100	0
	Restricted	13,857,600	0
	GF/GP	\$1,625,400	(\$1,655,300)
6. Water Quality and Use Initiative			
<u>Executive</u> eliminates \$1.5 million GF/GP for the Water Quality and Use Initiative and shifts 5.0 FTE positions to the Renewing Michigan's Environment Program which provides for the continuation of this program's efforts.	Gross	\$1,522,900	(\$1,522,900)
<u>House</u> and <u>Senate</u> concur.	GF/GP	\$1,522,900	(\$1,522,900)
7. Recycling Initiative			
<u>Executive</u> reduces the Recycling Initiative by \$1.0 million GF/GP. The Renewing Michigan's Environment Program provides for the continuation of recycling grants to local communities.	FTE	3.0	0.0
<u>House</u> and <u>Senate</u> concur.	Gross	\$2,032,000	(\$1,032,000)
	Restricted	1,000,000	0
	GF/GP	\$1,032,000	(\$1,032,000)
8. Lead Remediation Grants			
<u>Executive</u> eliminates funding for lead remediation grants (\$2.0 million Gross, \$1.0 million GF/GP). Restricted funding is transferred to the Emergency Cleanup Actions program.	Gross	\$2,000,000	(\$2,000,000)
<u>House</u> and <u>Senate</u> concur.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Senate Change
9. Removal of FY 2018-19 One-Time Funding		Gross	\$2,120,000
<u>Executive</u> removes \$2.1 million GF/GP for one-time projects included in the previous fiscal year's budget.		GF/GP	\$2,120,000
<u>House</u> and <u>Senate</u> concur.			(\$2,120,000)
Inland Lake Aquatic Invasive Plant Species Control and Eradication Program	\$1,000,000		
Landfill Research, Design, and Demonstration Project	120,000		
Mapping and Other Support	400,000		
Michigan Geological Survey	500,000		
Water Withdrawal Implementation	100,000		
10. Technical Adjustments		Gross	NA
<u>Executive</u> decreases DEQ budget by \$19.9 million in restricted authorization to align appropriations with available funds and to remove authorization for concluded programs. Adjustments include eliminating authorization for exhausted bond funding and the aquifer protection revolving fund.		Restricted	NA
<u>House</u> and <u>Senate</u> concur.		GF/GP	NA
			(\$19,927,400)
			(19,927,400)
			\$0
11. Economic Adjustments		Gross	NA
<u>Executive</u> reflects increased costs of \$3.1 million Gross (\$676,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		IDG	NA
<u>House</u> and <u>Senate</u> concur.		Federal	NA
		Private	NA
		Restricted	NA
		GF/GP	NA
			\$3,068,300
			32,900
			669,900
			100
			1,688,700
			\$676,700
12. Ottawa County Comprehensive Groundwater Monitoring Network		FTE	86.0
<u>House</u> includes an increase of \$500,000 GF/GP to the Surface Water program to establish a comprehensive Groundwater Monitoring Network in Ottawa County. Boilerplate section 401 earmarks this funding for the collection of data on groundwater use, flow, and recharge dynamics across the county.		Gross	\$16,291,600
<u>Senate</u> does not include funding.		Federal	6,246,000
		Restricted	7,625,900
		GF/GP	\$2,419,700
			\$0
13. Water State Revolving Funds		Gross	\$120,000,000
<u>House</u> reduces the Water State Revolving Funds by \$500,000 GF/GP. This appropriation provides low-interest loans for local sewage and stormwater treatment facilities as well as drinking water infrastructure projects.		Federal	100,000,000
<u>Senate</u> does not include reduction.		Restricted	15,000,000
		GF/GP	\$5,000,000
			\$0
14. Groundwater Discharge Permit Program		FTE	22.0
<u>House</u> reduces the Groundwater Discharge Permit Program by \$306,500 GF/GP. This program ensures proper design and construction of solid waste disposal facilities and supports facility inspections.		Gross	\$3,253,500
<u>Senate</u> does not include reduction.		Restricted	1,472,500
		GF/GP	\$1,781,000
			\$0
15. Wetlands Program		Gross	\$1,000,000
<u>House</u> reduces the Wetlands Program by \$200,000 GF/GP. This program manages, monitors, and regulates wetlands around Michigan.		GF/GP	\$1,000,000
<u>Senate</u> does not include reduction.			\$0
16. Drinking Water Infrastructure		FTE	2.0
<u>House</u> eliminates \$4.0 million GF/GP and 2.0 FTE positions for matching grants to local governments for PFAS contamination remediation and for costs related to connecting residents to alternative water systems.		Gross	\$4,000,000
<u>Senate</u> concurs.		GF/GP	\$4,000,000
			(\$4,000,000)
			(\$4,000,000)

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 Senate Change
17. Oil, Gas, and Mineral Services Fund Shift		FTE 57.0	0.0
<u>House</u> shifts \$3.9 million in spending authorization from GF/GP to the Oil and Gas Regulatory Fund (\$2.0 million) and Orphan Well Fund (\$1.9 million).		Gross \$10,804,700	\$0
<u>Senate</u> does not include fund shift.		Restricted 6,804,700	0
		GF/GP \$4,000,000	\$0
18. Surface Water Fund Shift		FTE 86.0	0.0
<u>House</u> shifts \$1.2 million in spending authorization from GF/GP to the Environmental Response Fund.		Gross \$16,291,600	\$0
<u>Senate</u> does not include fund shift.		Federal 6,246,000	0
		Restricted 7,625,900	0
		GF/GP \$2,419,700	\$0
19. Administrative Efficiencies		Gross NA	\$0
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies.		Federal NA	0
<u>Senate</u> does not include reduction.		Restricted NA	0
		GF/GP NA	\$0
20. Information Technology Reduction		Gross \$9,076,800	\$0
<u>House</u> reduces funding available for information technology services and projects by 25%.		IDG 111,900	0
<u>Senate</u> does not include reduction.		Federal 1,338,000	0
		Restricted 7,154,100	0
		GF/GP \$472,800	\$0
21. Drinking Water Protection and Innovation Initiatives		Gross NA	\$120,000,000
<u>Senate</u> includes \$120.0 million GF/GP for drinking water protection and innovation initiatives from Supplemental Request 2019-4:		GF/GP NA	\$120,000,000
Drinking Water Revolving Fund Loan Forgiveness	\$30,000,000		
PFAS and Emerging Contaminants	30,000,000		
Stormwater, Asset Management, and Wastewater Program	30,000,000		
Lead and Copper Rule Implementation	25,000,000		
Private Well Testing	5,000,000		
22. Air Quality Programs		Gross \$27,493,200	\$2,000,000
<u>Senate</u> increases air quality funding by \$2.0 million GF/GP. This appropriation supports air emissions control, air quality monitoring, facility inspections, and compliance with EPA air standards.		Federal 7,277,800	0
		Restricted 14,310,700	0
		GF/GP \$5,904,700	\$2,000,000
23. Watershed Grant Program		Gross NA	\$1,350,000
<u>Senate</u> provides \$1.4 million GF/GP for grants to watershed councils for education, administration, and management.		GF/GP NA	\$1,350,000
24. Cooperative Lakes Management Program		FTE 86.0	0.0
<u>Senate</u> includes an increase of \$150,000 GF/GP to the Surface Water program to continue the Cooperative Lakes Monitoring Program.		Gross \$16,291,600	\$150,000
<u>House</u> earmarks existing Surface Water funds for this purpose (Sec. 413).		Federal 6,246,000	0
		Restricted 7,625,900	0
		GF/GP \$2,419,700	\$150,000

Major Boilerplate Changes From FY 2018-19

Sec. 210. Contingency Fund Transfer Authority – DELETED

Provides authority for contingency fund transfers: up to \$30.0 million federal, \$5.0 million restricted, \$100,000 local, and \$500,000 private; transfers must be approved by both the House and Senate Appropriations Committees.

Senate deletes.

Major Boilerplate Changes From FY 2018-19

Sec. 216. Consolidated Report on Environmental Cleanup Projects – REVISED

Requires DEQ to provide status report with detailed information on approved cleanup projects funded through environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, revitalization revolving loan program, brownfield grants and loans, leaking underground storage tank cleanup program, contaminated lake and river cleanup program, refined petroleum product cleanup program, and environmental protection bond projects. Executive revises due date from March 31 to April 30, House retains March 31 due date, Senate concurs with Executive.

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 – DELETED

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business. Executive deletes, House retains, Senate deletes.

Sec. 235. Clean Michigan Initiative Report – REVISED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds, as well as a March 31 report deadline. Executive revises due date from March 31 to April 30, House retains March 31 due date, Senate concurs with Executive.

Sec. 238. Fee and Fund Source Report – RETAINED

Requires DEQ to report on its public website information detailing activities related to departmental fees and fund sources. Executive deletes, House and Senate retain.

Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED

Authorizes unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023.

Executive revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$2.0 million; changes completion date to 2024.

House revises to change estimated cost to \$2.0 million and change completion date to 2024.

Senate rolls into Sec. 308.

Sec. 303. Restricted Fund Transfer: Cleanup and Redevelopment Trust Fund – DELETED

Transfers \$1.0 million from Cleanup and Redevelopment Trust Fund to Environmental Protection Fund. Executive and House retain, Senate deletes.

Sec. 304. Restricted Fund Transfer: Community Pollution Prevention Fund – DELETED

Transfers \$1.0 million from Community Pollution Prevention Fund to Environmental Protection Fund. Executive and House retain, Senate deletes.

Sec. 305. Refined Petroleum Fund – DELETED

Expresses intent of the legislature to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Executive and Senate delete, House retains.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – REVISED

Authorizes unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023.

Executive deletes, House concurs, Senate rolls into Sec. 308.

Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – REVISED

Authorizes unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023.

Executive revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$34.8 million; changes completion date to 2024.

House revises to change estimated cost to \$34.8 million and change completion date to 2024.

Senate revises to include Sec. 302 and Sec. 307.

Sec. 313. Vapor Intrusion – DELETED

Requires DEQ to use funds appropriated for vapor intrusion to investigate potential vapor intrusion sites.

Executive deletes, House and Senate concur.

Major Boilerplate Changes From FY 2018-19

Sec. 315. Lead Remediation Grants – DELETED

Requires DEQ to distribute grant awards for remediation and redevelopment of sites contaminated by lead paint, prioritizing sites affecting families with children.

Executive deletes, House and Senate concur.

Sec. 316. Environmental Cleanup and Redevelopment Program (One-Time) – DELETED

Requires DEQ to expend funds appropriated for the Environmental Cleanup and Redevelopment Program (one-time) for remediation and redevelopment of nonpetroleum contaminated sites.

Executive deletes, House and Senate concur.

Sec. 402. Drinking Water Infrastructure and Mapping – DELETED

Authorizes unexpended funds appropriated for Drinking Water Infrastructure and for Mapping and other support to be considered work project appropriations, and unencumbered or unallotted funds to be available until the projects have been completed. The projects will be accomplished by contract and have a tentative completion date of September 30, 2023.

Executive renumbered Sec. 801 and removed “mapping and other support.” Also revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$4.0 million; changes completion date to 2024.

House and Senate delete.

Sec. 403. Grants for Drinking Water Systems – DELETED

Authorizes grants of no more than \$2.0 million each to be awarded to drinking water systems for contamination remediation or alternate system connections from the funds appropriated for drinking water infrastructure. Grants will be determined by the size of the population served and will require a 20% local match unless waived by the Water Asset Management Council. Renumbered to Sec. 802.

House and Senate delete.

Sec. 404. Inland Lake Aquatic Invasive Plant Species Control and Eradication Program – DELETED

Requires \$1.0 million appropriation to be used in accordance with 2018 PA 671 for the Inland Lake Aquatic Invasive Plant Species Control and Eradication program.

Executive deletes, House and Senate concur.

Sec. 412. Work Projects – Aquifer Protection Program – DELETED

Authorizes unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward. The program will help resolve aquifer disputes between well owners and is estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

Executive deletes, House and Senate concur.

Sec. 413. Cooperative Lakes Monitoring Program – RETAINED

Earmarks \$150,000 from the Surface Water program (\$16.3 million Gross) to support the Cooperative Lakes Monitoring Program. Revised to include the voluntary stream monitoring program.

Executive deletes, House retains and revises, Senate retains.

Sec. 501. Work Projects – Renewing Michigan's Environment Program – DELETED

Authorizes unexpended funds appropriated for the Renewing Michigan's Environment Program to be considered work project appropriations and carried forward. The program supports nonpetroleum cleanups and is estimated to cost \$69.0 million with a tentative completion date of September 30, 2024.

Executive adds new section, House concurs but specifies that work projects must be completed by contract, Senate deletes.

Sec. 604. Lead and Copper Rule – DELETED

Requires DEQ to use funds appropriated for the lead and copper rule program to host training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule.

Executive deletes, House and Senate concur.

Sec. 701. Underground Storage Tank Authority – RETAINED

Authorizes unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$20.0 million with a tentative completion date of September 30, 2023.

Executive revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$20.0 million; changes completion date to 2024.

House revises to change estimated cost to \$20.0 million and changes completion date to 2024.

Senate retains.

Major Boilerplate Changes From FY 2018-19

Sec. 801. Landfill Research, Design, and Development Project – DELETED

Directs expenditure of one-time funding for the landfill development project in St. Clair County.

Executive deletes, House and Senate concur.

Sec. 802. Watershed Grant Program – NEW

Directs expenditure of one-time funding for the Watershed Grant Program and requires a program report by April 1.

Senate adds new section.