

FY 2012-13: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by House Subcommittee
House Bill 5379 (H-1) Draft 2



Analyst: Viola Bay Wild

	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Enacted	Difference: House From FY 2011-12 YTD	
						Amount	%
IDG/IDT	\$12,615,200	\$9,021,200	\$9,021,200			(3,594,000)	(28.5)
Federal	160,757,400	161,687,500	161,687,500			930,100	0.6
Local	0	0	0			0	0
Private	725,800	533,200	533,200			(192,600)	(26.5)
Restricted	226,510,400	230,881,300	230,452,400			3,942,000	1.7
GF/GP	28,378,300	29,405,000	29,072,000			693,700	2.4
Gross	\$428,987,100	\$431,528,200	\$430,766,300			1,779,200	0.4
FTEs	1,340.5	1,347.8	1,327.5			(13.0)	(1.0)

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683.

(2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations designated as one-time.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources.

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Funding Authorization Reductions

Executive reduces funding authorization by \$5.3 million to align with anticipated revenues. Federal funding reduced by \$1.6 million, restricted by \$3.2 million, private by \$200,000, and IDG by \$380,000. Restricted funds reduced include Water Analysis Fees, Great Lakes Protection Fund, Stormwater Permit Fees, and Environmental Protection Bond Fund, and Environmental Response Fund, among others. House concurs.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
Gross	N/A	(\$5,288,800)
IDG	N/A	(380,000)
Federal	N/A	(1,561,600)
Private	N/A	(200,000)
Restricted	N/A	(3,147,200)

2. GF/GP Reduction

House includes \$333,000 GF/GP reduction throughout various line items for a net GF/GP reduction of 1.32% from the Executive recommendation.

Gross	N/A	(\$333,000)
GF/GP	N/A	(\$333,000)

3. FTE Reduction

House includes a reduction of 19.0 FTE authorizations from various line items; these FTEs no longer had funding associated with the positions.

FTE	N/A	(19.0)
Gross	N/A	\$0
Restricted	N/A	0

4. State-Owned Sites Cleanup Program

Executive eliminates one-time \$4.4 million restricted funding of the State Site Cleanup Fund from previous year for cleanups of high risk sites where the State is responsible for the contamination. House concurs.

Gross	\$4,400,000	(\$4,400,000)
Restricted	4,400,000	(4,400,000)

5. Wetlands Funding

Executive eliminates Environmental Protection Fund funding of \$2.0 million because funds are no longer available and replaces funding with \$500,000 federal support and a one-time \$1.5 million GF/GP boilerplate appropriation. House concurs, but appropriates the \$1.5 million one-time GF/GP funding in new line item (the \$1.5 million GF/GP is shown in item #17 below).

Gross	\$2,000,000	(\$1,500,000)
Federal	0	500,000
Restricted	2,000,000	(2,000,000)
GF/GP	\$0	\$0

6. Cost Allocation Adjustment

Executive adjusts funding to reflect cost allocation changes from FY 2011-12. House concurs.

Gross	N/A	\$0
IDG	N/A	(52,000)
Federal	N/A	(367,100)
Restricted	N/A	419,100

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
7. Leaking Underground Storage Tanks (LUST) Cleanups <u>Executive</u> includes additional \$10.0 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites. Funding is available by replacing \$10.0 million of RPF revenues currently used for debt service in Treasury with GF/GP funding. <u>House</u> concurs.	Gross	\$20,000,000	\$10,000,000
	Restricted	20,000,000	10,000,000
8. MiWaters Data System Project <u>Executive</u> provides \$2.0 million funding from Land and Water Permit Fees Fund to upgrade the National Pollutant Discharge Elimination Management System and combine it with Coastal and Inland Waters Permit Information System (CIWPIS) to form new MiWaters data system. Eliminates \$3.2 million funding for CIWPIS in FY 2011-12. <u>House</u> concurs.	Gross	\$3,200,000	(\$1,200,000)
	Restricted	3,200,000	(1,200,000)
9. Drinking Water Revolving Fund (DWRf) Program <u>Executive</u> includes \$2.5 million GF/GP for DWRf program to provide state match to secure federal funding for infrastructure loans for public water facilities. An additional one-time GF/GP appropriation of \$2.5 million is provided through boilerplate. <u>House</u> concurs, but appropriates \$2.5 million one-time GF/GP funding in new line item (additional \$2.5 million shown in item #17 below).	Gross	N/A	\$2,500,000
	GF/GP	N/A	\$2,500,000
10. State Revolving Fund Program Staff <u>Executive</u> includes \$725,000 funding from the Strategic Water Quality Initiative Fund and 5.0 FTE positions for new cleanup program for sewer improvement projects. <u>House</u> concurs.	FTE	N/A	5.0
	Gross Restricted	N/A N/A	\$725,000 725,000
11. Great Lakes Compact Council <u>Executive</u> provides \$50,000 GF/GP to help fund administrative costs of the Great Lakes Compact Council. <u>House</u> concurs.	Gross	N/A	\$50,000
	GF/GP	N/A	\$50,000
12. Nonferrous Metallic Mining Funding <u>Executive</u> provides \$100,000 funding from the Nonferrous Metallic Mineral Surveillance Fund and 1.0 FTE position for the nonferrous metallic mining program. <u>House</u> concurs.	FTE	N/A	1.0
	Gross Restricted	N/A N/A	\$100,000 100,000
13. Large Quantity Water Withdrawal Fee Increase <u>Executive</u> includes additional 1.25 FTE positions and \$103,900 restricted funding authorization. \$648,300 estimated to be realized through a 25% increase in the large quantity water withdrawal annual fee (from \$200 to \$250) and extension of the fee to agricultural sector. New revenue would replace \$325,000 CMI funding and fund the current year unfunded authorization of \$205,200. <u>House</u> does not include fee increase revenues or the additional 1.25 FTE authorization and eliminates the \$325,000 CMI funding that is no longer available.	FTE	N/A	0.0
	Gross Restricted	N/A N/A	(\$325,000) (\$325,000)
14. FY 2011-12 Contingency Plans Funding <u>Executive</u> includes reduction of \$81,600 GF/GP funding as part of an employee concessions contingency plan for FY 2011-12. <u>House</u> concurs.	Gross	N/A	(\$81,600)
	GF/GP	N/A	(\$81,600)
15. Muskegon Cleanup Site One-Time Appropriation <u>Executive</u> eliminates one-time funding of \$6.0 million GF/GP for Muskegon cleanup site appropriated through boilerplate in FY 2011-12. <u>House</u> concurs.	Gross	\$6,000,000	(\$6,000,000)
	GF/GP	\$6,000,000	(\$6,000,000)
16. Other Post-Employment Benefits (OPEB) FY 2011-12 GF/GP Relief Adjustment <u>Executive</u> includes adjustments to replace the one-time IDG funding relief of \$3.5 million for OPEB costs in FY 2011-12. <u>House</u> concurs.	Gross	N/A	\$0
	IDG	N/A	(3,293,400)
	Federal	N/A	1,393,800
	Restricted GF/GP	N/A N/A	1,899,600 \$0

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
17. One-Time Appropriations	Gross	N/A	\$5,549,200
<u>Executive</u> includes the following one-time appropriations in boilerplate for FY 2012-13: <ul style="list-style-type: none"> \$1.5 million Gross (\$160,100 GF/GP) for negotiated one-time lump sum payments to state employees. \$2.5 million Gross and GF/GP for Drinking Water Revolving Fund state match program. \$1.5 million Gross and GF/GP for Wetlands Program. 	IDG	N/A	48,800
	Federal	N/A	415,700
	Private	N/A	4,200
	Restricted	N/A	920,400
	GF/GP	N/A	\$4,160,100

House concurs, but appropriates funding in a separate line item unit.

18. Economic Adjustments	Gross	N/A	\$1,983,400
<u>Executive</u> reflects increased costs of \$2.0 million Gross (\$398,200 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution, and other economic adjustments. Additional increase of \$4.5 million Gross (\$490,400 GF/GP) projected for FY 2013-14.	IDG	N/A	82,600
	Federal	N/A	549,300
	Private	N/A	3,200
	Restricted	N/A	950,100
	GF/GP	N/A	\$398,200

House concurs.

19. Anticipated FY 2013-14 Budget Changes

Reflects anticipated increase from FY 2012-13 budget of \$4.5 million Gross (\$490,400 GF/GP) for economic adjustments in FY 2013-14 and a decrease of \$2.0 million restricted funding for MiWaters data system (Boilerplate intent language only; would not be binding appropriation.)

Major Boilerplate Changes From FY 2011-12

Sec. 209. Out-of-State Travel Report – NEW

House includes language that requires Department to report out-of-state travel expenses annually.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes language; House retains language.

Sec. 213. Administrative Rule Promulgation – RETAINED

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House retains language.

Sec. 218. Office Space Consolidation Plan – NEW

House includes legislative intent language that the Department work with DTMB to develop and implement a statewide office space consolidation plan.

Sec. 223. FTE Report by Line Item – RETAINED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item. Executive deletes language; House retains language.

Sec. 224. Quarterly FTE Report – RETAINED

Requires DEQ to report on the number of FTEs in pay status; report required quarterly. Executive deletes language; House retains language.

Sec. 227. Permit Application Status Tracking Tool – REVISED

Requires report on implementation of a permit application tracking tool on DEQ website. Executive deletes language; House revises language to require report listing actions and program changes taken to implement the tracking tool, plan and timeline for implementation, and any estimated costs.

Sec. 228. Customer Satisfaction Evaluation Program – REVISED

Requires DEQ to develop a customer satisfaction evaluation program; requires report. Executive deletes language; House revises language to require report on program and feedback the Department received.

Sec. 229. Expedited Permitting Program – REVISED

Requires report identifying specific permit programs for which an expedited permitting option could be developed. Executive deletes language; House revises language to require report listing actions and program changes taken to implement the program, plan and timeline for implementation, and any estimated costs.

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 language; House retains language.

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

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program. Executive deletes language; House revises language to include new list of authorized cleanup sites.

Sec. 307. Engineering Study Appropriation – NEW

House includes language that appropriates \$300,000 CMI funding for an engineering study concerning the Wickes Manufacturing TCE plume site.

Sec. 311. Tax Exemption Certificates – DELETED

Requires DEQ to enter into an MOU with Treasury on tax exemption certificates concerning air and water pollution equipment. Executive and House delete language.

Sec. 401. Aquatic Nuisance Control (ANC) – RETAINED

Requires \$100,000 be allocated to fund the one additional FTE position for ANC program added in FY 2011; requires report. Executive deletes language; House retains language.

Sec. 402. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available. Executive and House delete language.

Sec. 601. Solid Waste Program Report – REVISED

Requires report on the Department's Solid Waste Management Program and policies. Report shall include options for long-term funding, the impact of recycling, composting, and beneficial reuse, as well as the feasibility of contracting out landfill inspections. Executive deletes language; House revises language to require report that includes plan for long-term funding and all actions and program changes taken to implement recommendation of 2012 report.

Sec. 602. Clean Sweep Program – NEW

House includes new language encouraging the Department to work with local public health departments, the Department of Agriculture and Rural Development, and the USDA to maintain and expand the clean sweep program for safe disposal of hazardous household chemicals and drugs; requires report.

Sec. 1001. One-Time Basis Appropriation – NOT INCLUDED

Executive includes language that appropriates \$1.5 million Gross (160,100 GF/GP) for state employee lump sum payments, \$2.5 million GF/GP for Drinking Water Revolving Fund state match, and \$1.5 million GF/GP for wetlands program; funding is on a one-time basis only. House does not include boilerplate language, but appropriates the funding in a separate line item unit.

Sec. 1201. Anticipated FY 2013-14 Appropriations – NEW

House includes language that states legislative intent to provide appropriations for FY 2013-14, adjusting FY 2012-13 amounts based on economic and other factors. (See item 19 under Major Budget Changes for specific anticipated appropriation adjustments.)