

**Summary: Executive Budget Recommendation
for Fiscal Years 2011-12 and 2012-13
DEPARTMENT OF ENVIRONMENTAL QUALITY**



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	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$8,691,800	\$8,918,200	\$226,400	2.6	\$9,075,700	\$157,500	1.8
Federal	182,901,700	159,851,500	(23,050,200)	(12.6)	161,200,300	1,348,800	0.8
Local	0	0	0	0	0	0	0
Private	684,700	711,800	27,100	4.0	731,000	19,200	2.7
Restricted	178,065,000	214,866,200	36,801,200	20.7	217,494,100	2,627,900	1.2
GF/GP	25,322,500	21,491,600	(3,830,900)	(15.1)	22,075,300	583,700	2.7
Gross	\$395,665,700	\$405,839,300	\$10,173,600	2.6	\$410,576,400	\$4,737,100	1.2
FTEs	1483.1	1,450.1	(33.0)	(2.2)	1,450.1	0.0	0.0

Notes:

- (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DEQ's funding after being separated from DNRE by E.O. 2011-1.
- (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.
- (3) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

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.

Executive Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

1. Office of Pollution Prevention and Compliance and Assistance (OPPCA)

Decreases funding by \$1.2 million Gross and GF/GP and eliminates 9.0 FTEs for the OPPCA program which provides environmental regulation assistance and education to businesses and the public.

	FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
FTE	N/A	(9.0)	0.0
Gross	N/A	(\$1,200,000)	\$0
GF/GP	N/A	(\$1,200,000)	\$0

2. GF/GP Reductions

Reduces funding by \$1.5 million Gross and \$1.7 million GF/GP and eliminates 11.0 FTEs in various programs such as Air Quality, Environmental Investigations, Critical Dunes, and Groundwater Discharge, among others; eliminates High Risk Erosion Program; savings realized from program elimination, reductions, and administrative cost savings. Includes \$400,000 fund source shift for Critical Dunes Program from GF/GP to Environmental Protection Fund.

FTE	N/A	(11.0)	0.0
Gross	N/A	(\$1,536,500)	\$0
Federal	N/A	(76,700)	0
Restricted	N/A	202,200	0
GF/GP	N/A	(\$1,662,000)	\$0

3. Early Retirement Savings

Includes \$738,100 Gross and GF/GP savings realized from the FY 2010-11 early retirement incentive program.

Gross	N/A	(\$738,100)	\$0
GF/GP	N/A	(\$738,100)	\$0

4. Accounting Consolidation

Transfers 13.0 FTEs to the Department of Transportation to consolidate accounting staff from various departments. The \$1.2 million Gross and \$162,800 GF/GP funding associated with the FTEs will remain in the DEQ budget to fund an Accounting Service Center.

FTE	13.0	(13.0)	0.0
Gross	\$1,224,700	\$0	\$0
IDG	127,200	0	0
Restricted	934,700	0	0
GF/GP	\$162,800	\$0	\$0

Major Budget Changes From FY 2010-11 YTD Appropriations		Executive Changes		
		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
5. Restricted Funds Authorization Reduction	Gross	N/A	(\$6,413,200)	\$0
Reduces authorization for 17 restricted funds by \$6.4 million to align with anticipated revenues. Funds include Air Emission Fees, Great Lakes Protection Fund, NPDES fees, and Solid Waste Management Fund Staff Account, among others.	Restricted	N/A	(6,413,200)	0
6. Great Lakes Restoration Initiative (GLRI) Reduction	Gross	\$50,000,000	(\$25,000,000)	\$0
Reduces authorization for GLRI federal competitive grant by \$25.0 million to align with anticipated grant awards.	Federal	50,000,000	(25,000,000)	0
7. Nonmetallic Mine Reclamation Program Elimination	Gross	\$23,800	(\$23,800)	\$0
Eliminates Nonmetallic Mining Reclamation Program within the Office of Geologic Survey and the \$23,800 restricted funding associated with the program.	Restricted	23,800	(23,800)	0
8. Geologic Mapping and Information Program Elimination	Gross	\$208,000	(\$208,000)	\$0
Eliminates program funding of \$208,000; recommends that the mapping and evaluation duties of program and the federal funding be reassigned to the Geosciences Department of WMU.	Federal	60,500	(60,500)	0
	Restricted	147,500	(147,500)	0
9. Air Quality Program - Renewable Operating Permits	Gross	N/A	\$840,000	\$0
Includes \$840,000 additional restricted funding authorization to be realized through an increase in fees by a formula change to current fee structure in the Air Quality Program; increase expected to generate sufficient funding to adequately implement the program under the Clean Air Act.	Restricted	N/A	840,000	0
10. Strategic Water Quality Initiative Funds - Nonpoint Source Contamination Cleanups	Gross	N/A	\$30,000,000	\$0
Includes \$30.0 million additional restricted funding to implement PA 232 of 2010 and appropriate funds for cleanups; authorized bonding would generate an estimated \$900,000 in annual General Obligation debt service for the State.	Restricted	N/A	30,000,000	0
11. Solid Waste Surcharge Fee Proposal	Gross	N/A	\$0	\$0
Funding anticipates an increase in the solid waste surcharge fee from 7 cents per cubic yard to 12 cents in order to support the program. Because revenues have been declining, no additional funding authorization is needed.	Restricted	N/A	0	0
12. Wastewater Operator Certification Fees	Gross	N/A	\$156,000	\$0
Increases restricted fund authorization by \$356,000 based on a new increased fee structure for wastewater operator certification exams and renewals; includes a \$200,000 GF/GP reduction.	Restricted	N/A	356,000	0
	GF/GP	N/A	(\$200,000)	\$0
13. Coastal and Inland Waters Permit Program Information System Replacement	Gross	N/A	\$3,200,000	\$0
Includes \$3.2 million available land and water permit fee revenue to replace obsolete software needed for the program.	Restricted	N/A	3,200,000	0
14. State-Owned Sites Cleanup Program	Gross	N/A	\$4,400,000	\$0
Appropriates \$4.4 million in remaining funding from the State Sites Cleanup Fund to address the cleanup of high risk sites where the State is responsible for the contamination.	Restricted	N/A	4,400,000	0
15. Environmental Pollution Prevention Fund (EPPF) - Fund Source Shift	Gross	N/A	\$0	\$0
Increases restricted funding from EPPF for Hazardous Waste Management Program by \$738,000 and reduces GF/GP funding by same amount.	Restricted	N/A	738,000	0
	GF/GP	N/A	(\$738,000)	\$0
16. Oil and Gas Regulatory Fund - Fund Source Shift	Gross	N/A	\$0	\$0
Includes a technical change that reduces restricted funding from the Oil and Gas Regulatory Fund for Oil, Gas and Mineral Services Program by \$150,000 and increases federal funding by same amount.	Federal	N/A	150,000	0
	Restricted	N/A	(150,000)	0

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>	FY 2010-11 YTD (as of 2/17/11)	Executive Changes		
		FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
17. Economics	Gross	N/A	\$6,697,200	\$4,737,100
Increases funding in FY 2011-12 by \$6.7 million Gross and \$707,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$137,600 Gross and \$7,100 GF/GP for DIT economics. For FY 2012-13, proposed funding for economics is increased by an additional \$4.7 million Gross and \$583,700 GF/GP.	IDG	N/A	226,400	157,500
	Federal	N/A	1,937,000	1,348,800
	Private	N/A	27,100	19,200
	Restricted	N/A	3,799,500	2,627,900
	GF/GP	N/A	\$707,200	\$583,700

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 204. Civil Service Charges – DELETED

Requires Civil Service to charge state departments 1% of salary payments.

Sec. 208. DIT User Fees – DELETED

Directs Department to pay user fees to DTMB for technology-related services and projects.

Sec. 209. Out-of-State Travel Restrictions – DELETED

Limits purpose/amount of out-of-state travel; requires annual report on January 1 for prior fiscal year.

Sec. 210. Purchase of Foreign Goods and Services – DELETED

Prohibits purchase of foreign goods and services if competitively priced and comparable American goods or services are available; requires preference for goods and services from Michigan businesses and businesses owned and operated by veterans.

Sec. 211. Businesses in Economically Deprived or Depressed Communities – DELETED

Encourages contracts with vendors located in economically depressed communities.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs.

Sec. 213. Rule Promulgation – DELETED

Requires report on policy changes made to implement a public act; Department is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 214. Legal Services – DELETED

Department may not hire attorneys to provide legal services provided by the Attorney General.

Sec. 215. Contingency Fund Transfer Authority – REVISED

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.

Sec. 218. Pending Permits – DELETED

Any permit application pending after a 2-year period shall be considered administratively complete on January 1, 2011.

Sec. 221. Future Use of Refined Petroleum Fund (RPF) Revenues – DELETED

States legislative intent that after FY 2010-11, RPF revenues shall be used solely for leaking underground storage tanks.

Sec. 222. Restricted Fund Revenue, Expenditures, Fund Balances, and FTE Information – DELETED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated; requires report on number and funding of FTE positions that are supported by each line item.

Sec. 225. Out-of-State State Employee Training – DELETED

Prohibits out-of-state travel to attend a conference or seminar for more than one employee unless the travel is funded by a federal or private source, or conference includes multiple issues in which one employee does not have expertise.

Sec. 233. FTE Report and Expenditure Report – DELETED

Requires report on the number of FTEs in pay status; report required quarterly; requires expenditures to be reported on a publicly accessible internet site, including the purpose for which the expenditures were made.

Sec. 234. Website Expenditure Posting Cost – DELETED

Directs Department to spend less than \$10,000 to post expenditures on the website.

Sec. 405. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Major Boilerplate Changes From FY 2010-11

Sec. 406. Operational Memoranda – DELETED

Prohibits expenditure of funds if using operational memoranda or similar documents to impose regulations on individuals or businesses conducting environmental cleanup projects without written consent.

Sec. 407. Solid Waste Management Fund – DELETED

Appropriates \$2.0 million from solid waste management fund perpetual care account to solid waste management fund staff account.

Sec. 408. Refined Petroleum Fund Cleanup Site List – DELETED

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program.

Sec. 651. Aquatic Nuisance Control (ANC) – DELETED

Requires \$100,000 be allocated to fund up to one additional FTE for ANC program; requires report.

Sec. 652. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available.

Sec. 8-305. Restricted Fund Transfer to Environmental Pollution Prevention Fund (EPPF) – NEW

Authorizes transfer of \$2.0 million from the Small Business Pollution Prevention Fund to the EPPF.

Sec. 8-306. Restricted Fund Transfer to Environmental Protection Fund (EPF) – NEW

Authorizes transfer of \$1.3 million from the Small Business Pollution Prevention Fund to the EPF.