

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
ENVIRONMENTAL QUALITY**



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	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	9,530,500	0	9,530,500	9,115,300	(415,200)	(4.4)
<b>Federal</b>	149,867,600	(118,000)	149,749,600	138,163,100	(11,586,500)	(7.7)
<b>Local</b>	0	0	0	0	0	0.0
<b>Private</b>	546,900	0	546,900	546,000	(900)	(0.2)
<b>Restricted</b>	301,770,900	20,118,000	321,888,900	304,723,800	(17,165,100)	(5.3)
<b>GF/GP</b>	40,875,900	(3,400,000)	37,475,900	35,377,700	(2,098,200)	(5.6)
<b>Gross</b>	<b>502,591,800</b>	<b>16,600,000</b>	<b>519,191,800</b>	<b>487,925,900</b>	<b>(31,265,900)</b>	<b>(6.0)</b>
<b>FTEs</b>	1,290.5	1.0	1,291.5	1,227.00	(64.5)	(5.0)

Notes: (1) FY 2014-15 year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112 (H-1). (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Environmental Quality is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

**1. Elimination of Fee Sunsets**

Proposes to eliminate the 15 fee sunsets that are scheduled to sunset prior to October 1, 2016. Collectively these fees provide \$27.1 million in annual revenue for DEQ.

Fee	Annual revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	5,300,000
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 (6 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
<b>Total</b>	<b>\$27,143,700</b>

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Gross</b>	<b>N/A</b>	<b>N/A</b>
<b>GF/GP</b>	<b>N/A</b>	<b>N/A</b>

**2. Air Quality Program - Fee Increase**

Proposes to raise the air emissions (air quality) fee from \$47.95 per ton to \$65.00 per ton. This fee is paid by more than 800 facilities and has generated \$9.6 million in annual revenue; it is scheduled to sunset October 1, 2015. This proposed fee increase is expected to generate \$2.3 million in additional revenue, which would exceed a reduction of \$1.3 million in restricted funding to air quality from the environmental pollution prevention fund, resulting in a net increase of \$913,000 in restricted funding. Air emissions fee revenue allows the state to operate its own emissions regulation program rather than be subject to the EPA's program.

	Gross	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Federal</b>		<b>\$26,093,200</b>	<b>\$683,300</b>
<b>Restricted</b>		7,565,300	(229,700)
<b>GF/GP</b>		13,938,700	913,000
		\$4,589,200	\$0

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>3. Drinking Water Revolving Fund Loan Program (DWRFL)</b>		<b>Gross</b>	<b>\$85,193,000</b>
The FY 2014-15 budget as originally enacted included \$5.0 million GF/GP for DWRFL loans. A reduction of \$2.8 million GF/GP was included in EO 2015-5. The FY 2015-16 executive recommended budget includes an additional reduction of \$200,000 GF/GP. These funds are used for state match to a federal program that provides water suppliers with low interest loans to finance public drinking water system infrastructure projects.		Federal	71,543,000
		Restricted	11,400,000
		GF/GP	\$2,250,000
			<b>(\$200,000)</b>
<b>4. FTE Reductions</b>		FTE	1,291.5
Reduces total FTEs from 1,291.5 to 1,227.0. All reduced FTEs are classified positions. The department does not have adequate funding to fill all of its currently allotted positions and this reduction will align FTEs with available resources. No current DEQ employees are expected to lose employment as a result of this reduction.		<b>Gross</b>	<b>N/A</b>
		GF/GP	N/A
			<b>(64.5)</b>
<b>5. Refined Petroleum Product Cleanup Program</b>		<b>Gross</b>	<b>\$32,900,000</b>
Reduces refined petroleum product cleanup program (RPPCP) by \$12.9 million in restricted funding. Responsibility for underground storage tank cleanups was transferred from RPPCP to the newly established Underground Storage Tank Cleanup Program (USTCP) under PA 416 of 2014. This new program receives the first \$20 million of the environmental protection regulatory fee which was first appropriated for FY 2014-15 in HB 4112 and continued in FY 2015-16. The reduction of restricted funding to RPPCP is intended to offset the increase in restricted funding to USTCP.		Restricted	32,900,000
		GF/GP	\$0
			<b>(\$12,900,000)</b>
<b>6. Removal of FY 2014-15 One-time GF/GP for Electronic Document Management</b>		<b>Gross</b>	<b>\$1,850,000</b>
The FY 2014-15 budget as originally enacted included \$2.5 million in one-time GF/GP for electronic document management. A reduction of \$650,000 GF/GP was included in EO 2015-5. The FY 2015-16 executive recommended budget removes the remaining \$1.9 million GF/GP for this one-time appropriation.		GF/GP	\$1,850,000
			<b>(\$1,850,000)</b>
<b>7. Federal Authorization Adjustment</b>		<b>Gross</b>	<b>N/A</b>
Reduces federal authorization by \$11.6 million to reflect a decrease in available federal funds as well as adjustments to the current services baseline and economics.		Federal	149,749,600
		GF/GP	N/A
			<b>(11,586,500)</b>
<b>8. Clean Michigan Initiative (CMI) and Environmental Protection Bond Fund</b>		<b>Gross</b>	<b>\$9,282,100</b>
Reduces restricted funding of the CMI by \$1.5 million. Increases to the environmental bond site reclamation program, nonpoint source pollution prevention and control program, and the contaminated sediment program totaling \$2.5 million in restricted funding are exceeded by a decrease of \$4.0 million in restricted funding for Brownfield grants.		Restricted	9,282,100
		GF/GP	\$0
			<b>(\$1,473,200)</b>
<b>9. Radiological Protection Program</b>		<b>Gross</b>	<b>\$1,693,900</b>
Provides increase of \$249,000 Gross for the radiological protection program. A decrease of \$117,000 in federal funding is exceeded by an increase in \$366,000 IDG support received from Department of State Police. This program supports radiological emergency response training for state and local personnel. An increase in federally mandated preparedness exercises is anticipated in FY 2015-16.		IDG	1,272,100
		Federal	421,800
		GF/GP	\$0
			<b>\$249,000</b>
<b>10. Contaminated Site Investigation, Cleanup, and Revitalization</b>		<b>Gross</b>	<b>\$29,385,200</b>
Reduces restricted funding by \$5.0 million to reflect available resources. This program supports remediation and cleanup efforts at contaminated sites in order to eliminate public health and safety hazards.		Private	187,200
		Restricted	29,198,000
		GF/GP	\$0
			<b>(\$5,000,000)</b>
<b>11. Economic Adjustments</b>		<b>Gross</b>	<b>N/A</b>
Reflects net cost reduction of \$332,700 Gross (\$48,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.		IDG	N/A
		Private	N/A
		Federal	N/A
		Restricted	N/A
		GF/GP	N/A
			<b>(\$332,700)</b>

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 204. Benchmark Requirements – DELETED**

Requires DEQ establish benchmarks and report performance of programs appropriated at \$500,000 or more.

### **Sec. 207. Retention of Reports – DELETED**

Requires DEQ to retain copies of all reports funded from appropriations.

### **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. Administrative Rule Promulgation – DELETED**

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

### **Sec. 216. Annual Report on Cleanup Projects – NEW**

Requires DEQ to report on cleanup projects appropriated from specific DEQ cleanup funds.

### **Sec. 217. Expending Remaining Appropriations for – NEW**

Allows DEQ to expend unexpended and unencumbered amounts remaining from current and prior year appropriations for legislatively-approved cleanup, remediation, and redevelopment projects.

### **Sec. 223. FTE Report by Line Item – DELETED**

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item.

### **Sec. 228. Customer Satisfaction Evaluation Program – DELETED**

Requires report on development of customer satisfaction evaluation program and public feedback received.

### **Sec. 229. Expedited Permitting Program – DELETED**

Requires report listing actions and program changes taken to implement the Expedited Permitting Program.

### **Sec. 305. Refined Petroleum Fund – DELETED**

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

### **Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED**

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed.

### **Sec. 401. Aquatic Nuisance Control (ANC) – DELETED**

Requires \$700,000 and 5.0 FTEs be allocated to the permit review program within the ANC program; requires report.

### **Sec. 402. Water Quality and Use Initiative Report – DELETED**

Requires DEQ to report a plan detailing the use of the water quality use and initiative appropriation in part 1. The Department must also detail expenditures for specific programs made from the water quality and use/ general, real-time beach monitoring, and wetlands programs.

### **Sec. 501. Air Quality Program – NEW**

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act.

### **Sec. 502. Air Quality Penalties – DELETED**

Prevents DEQ from assessing penalties under part 55 of NREPA (1994 PA 451) for violations that occurred under a previous owner unless legally required to do so.

### **Sec. 603. Local Government Asset Management Plans – DELETED**

Requires DEQ compile an annual report of completed asset management plans for stormwater, asset management, or wastewater grants awarded to local units of government.

### **Sec. 604. Environmental Pollution Prevention Fund Balance Stipulation (EPPF) – DELETED**

Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced.

### **Sec. 701. Underground Storage Tank Authority – NEW**

Allows unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 20, 2020.

### **Sec. 1201. FY 2015-16 Anticipated Appropriations – DELETED**

States intent that FY 2015-16 line item appropriations will be the same as those for FY 2014-15 with certain economic adjustments.

**Sec. 1202. Identification of Future Retirement Costs – DELETED**

States legislative intent that the DEQ identify the FY 2015-16 retirement costs for line items listed in part 1.