

# Department of Environmental Quality

(Amounts In Thousands)

## Funding History\*

	<b>FY90</b>			<b>FY01</b>	<b>FY02</b>	<b>FY03</b>
GF/GP	\$95,657.7			\$99,406.6	\$83,613.7	\$74,660.1
All Funds	\$160,084.7			\$499,409.2	\$473,028.3	\$404,825.6
		% Change - GF/GP			-15.9%	-10.7%
		% Change - All Funds			-5.3%	-14.4%

<b>KEY ISSUES</b>	<b>GF/GP</b>	<b>All Funds</b>
Municipal Landfill Match Grants	\$0.0	\$2,000.0
Orphan Well Program Increase	\$0.0	\$682.7
Wellhead Protection, Compliance and Permits Program Increases	\$0.0	\$480.0
Oil and Gas Inspections Increase	\$0.0	\$144.0
Hazardous Waste User Fee - Administration Costs	\$0.0	\$130.0
Adjustment to Reflect Anticipated Revenues	\$0.0	(\$5,513.2)
Replace General Fund with Environmental Response Fund Revenue	(\$8,500.0)	\$0.0
Clean Michigan Initiative Administration Revenue Adjustments	(\$458.3)	(\$47.5)
Annualized Savings From Executive Order 2001-9	(\$22.5)	(\$22.5)
Remove Clean Michigan Initiative One-Time Funding	\$0.0	(\$61,014.0)
Remove Other One-Time Funding	\$0.0	(\$200.0)
Adjustments to Reflect End of 1997 Early Retirement Payouts	(\$216.0)	(\$280.2)
Economic Adjustments	\$1,069.6	\$2,135.2
Staff Reductions Needed to Pay For Employee Economics (12.0 FTE's)	(\$747.0)	(\$747.0)
Other Adjustments	(\$79.4)	(\$5,950.2)
Subtotal	(\$8,953.6)	(\$68,202.7)
<b>FY 2003 Executive Recommendation</b>	<b>\$74,660.1</b>	<b>\$404,825.6</b>

\* FY02 funding amounts assume \$15.0 gross, \$0 GF/FP, included in supplemental appropriations recommended on November 6, 2001

# Department of Environmental Quality

The Department of Environmental Quality is committed to restoring and enhancing Michigan's environment for the protection of public health and the preservation of our natural resources. Acting as chief steward for air, land, and water quality, the department focuses on environmental monitoring, permitting, enforcement, and innovative partnerships that add to the quality of life enjoyed by residents and visitors alike.

The Governor's fiscal year 2003 budget recommendation provides total funding of \$404.8 million, of which \$74.7 million is general fund.

## **Achievements of Engler Administration**

Early in his Administration, Governor Engler announced that a Michigan mercury reduction strategy would be developed. Through implementation of subsequent task force recommendations, significant accomplishments have helped reduce mercury in the Michigan environment including adoption of some of the strictest standards in the nation for mercury controls from hospital/medical/infectious waste incinerators, the elimination of bulk mercury from dental offices, and phasing out the use of mercury in autos.

In order to further improve the management of environmental issues, in 1995, Governor Engler separated the environmental regulatory duties from the state's resource management responsibilities with the creation of the Department of Environmental Quality (DEQ). This separation of duties has benefited both the resource management and environmental regulatory programs of the state, by allowing separate cabinet level agencies to focus more sharply on each mission. The Governor's action elevated environmental issues within the Administration, provided clearer lines of accountability for environmental decision-making, and resulted in greater effectiveness in administering programs.

Environmental enforcement under the Department of Environmental Quality is more vigorous and innovative than ever before. Increased caseloads, reasonable settlements, and modern police work are all representative of the agency's enforcement successes. Additional resources have been devoted to wetlands enforcement in recent years, and the department's surface water enforcement team has compiled an impressive record since 1991, amassing over \$48 million in fines, penalties, supplemental projects and natural resources damage settlements.

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*"Brownfield redevelopment is one of the most exciting and creative environmental cleanup tools and powerful policies to come out of state and federal government in decades."*

**Traverse City Record-Eagle, December 14, 2001**

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Amendments to Michigan's environmental cleanup law eliminated the barriers to redeveloping abandoned, contaminated properties - called "brownfields" - by bringing common sense, fairness and certainty to the process. Prior to these 1995 statutory changes, the purchaser assumed

liability for all existing contamination. Michigan now has a true “polluter pay” law that holds responsible parties liable for contamination that they cause, but does not saddle innocent parties with the burden of liability. These changes have provided a tremendous incentive for redevelopment, generating \$3.5 billion in private investment through 2001.

The Department of Environmental Quality approved a 5-year pollution prevention strategy in 1996. Deemed a proactive approach to environmental protection, the positive fruits of this strategy are evident throughout Michigan in terms of an improved environmental ethic within the regulated community, and in measurable results as demonstrated in annual Toxic Release Inventory reporting. Michigan state government’s voluntary completion of the federal “Green Lights” program in 2000 resulted in savings of \$1.7 million in energy usage and annual reductions into the atmosphere of two pounds of mercury, 52.7 million pounds of carbon dioxide and more than 568,000 pounds of sulfur dioxide.

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*“... the DEQ has a record of inspecting streams, monitoring violator farms and responding to complaints.”*

**Grand Rapids Press, September 2, 2001**

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Improving our lakes and rivers has been among the Administration’s top priorities during the past decade.

Water quality is a large component of the 1998 Clean Michigan Initiative environmental bond, with about \$165 million dedicated to water protection and enhancement. Areas of funding include nonpoint source pollution, dredging of contaminated sediments, and water monitoring. The department also works closely with communities to eliminate untreated sewage discharges, and maintains active permitting and enforcement programs.

Michigan’s air quality has shown significant improvement over the last 10 years as pollution sources have been identified and solutions implemented. The entire state came into compliance with all federal air standards in 1999 when southeastern Michigan was designated as being in attainment for carbon monoxide standards, one of the six criteria pollutants defined in the Clean Air Act.

Aquatic nuisance species have plagued Michigan’s waters for many decades. Michigan is now second in the nation to have an exotic species state management plan approved by the U.S. Fish and Wildlife Service. Our state’s plan for management of these pests has resulted in substantial policy, research, and educational efforts to control the introduction and spread of exotic species in the state.

### **Response to Revenue Decline**

During the past year, state agencies were forced to reduce spending in order to bring expenditure levels in line with available funding. The Department of Environmental Quality reduced general fund spending by \$20.0 million over the past two fiscal years, but was able to increase funding from restricted revenue sources by \$16.7 million in order to protect critical environmental programs.

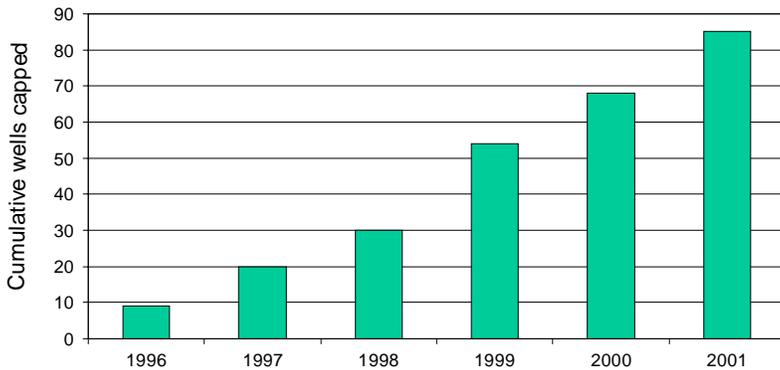
Spending reductions were achieved through operational efficiencies, vacancy savings, reductions to voluntary water monitoring programs and waste water grants, and termination of the medical waste program. Legislative support is requested to repeal the medical waste program.

**Summary of Fiscal Year 2003 Executive Budget**

The Governor’s recommendation continues all spending reductions and corresponding restricted revenue increases embodied in Executive Order 2001-9. In addition, the Governor recommends that an additional \$8.5 million in general

fund support for environmental programs be replaced, on a one-time basis, with available Environmental Response Fund revenue. The Governor’s fiscal year 2003 budget provides increased federal support of \$300,000 to fund additional grants in the Water Pollution Control program, and \$180,000 for further development of the statewide groundwater database. A funding increase of \$2.0 million in restricted revenue is recommended for the Municipal Landfill Match Grants Program and \$683,000 is also recommended to

**Number of Abandoned Oil and Gas Wells Capped**



continue the department’s efforts to cap abandoned or improperly closed oil or gas wells. In addition, a restricted fund increase of \$144,000 will support additional oil and gas inspections of active wells.

*Oil and gas  
producer  
fees  
support  
efforts to  
cap wells*

With a new fee system for the Hazardous Waste Management Program scheduled to take effect in October of 2002, the Governor’s recommendation includes \$130,000 in restricted fund support to administer the new fee system. A shift to Clean Michigan Initiative support of \$458,000 for administrative activities will allow the general fund budget to be reduced by an equivalent amount.

The fiscal year 2003 recommendation also funds non-discretionary economic costs, including additional rent funding to support the department’s move to its new headquarters in Constitution Hall. Twelve staff positions are eliminated to fund employee economics.

Program Outcomes	Fiscal Year			
	2000	2001	2002	2003
To prevent release of hazardous substances into the environment, increase the percent of cleaned Leaking Underground Storage Tank sites versus contaminated sites	51%	51%	55%	56%
To promote urban renewal and economic development opportunities <ul style="list-style-type: none"> <li>• Increase the cumulative financial investments in brownfield properties</li> <li>• Increase the cumulative number of jobs created at brownfield sites</li> </ul>	\$1.8 billion 8,200	\$3.5 billion 9,600	\$4.5 billion 11,000	\$5.0 billion 12,000
To protect surface water bodies against toxic pollution from industry, reduce the amount of chemical toxins released into bodies of water per year	930,000 lbs.	889,000 lbs.	849,000 lbs.	808,000 lbs.
To safeguard against the release of toxic emissions into the air from industry, reduce air emissions from major pollutant sources per year	33.5 million lbs.	29.2 million lbs.	25.0 million lbs.	21.0 million lbs.