

Department of Environmental Quality

Governor's Recommended Budget for Fiscal Years 2020 and 2021

The Department of Environmental Quality (DEQ) works to promote wise management of Michigan's air, land, and water resources to support a sustainable environment, healthy communities, and a vibrant economy. On February 20, 2019, Governor Whitmer signed Executive Order 2019-6 to restructure and rename the department as the Department of Environment, Great Lakes, and Energy (EGLE). The new department will focus on improving the quality of Michigan's air, land, and water, protecting public health, and encouraging the use of clean energy, and will serve as a full-time guardian of the Great Lakes, our freshwater, and our public water supplies.

Subsequent to the effective date of the Executive Order, budget revisions will be submitted to reflect the organizational restructuring, which will support the administration's commitment to environmental protection and improvement.

The Governor's recommended budget for fiscal year 2020 includes total ongoing funding of \$474.3 million, of which \$49.8 million comes from the state's general fund. The Governor also recommends \$4 million general fund in one-time funding in fiscal year 2020.

Highlights

The fiscal year 2019 supplemental includes one key investment:

- ♦ **\$120 million for a new Drinking Water Protection and Innovation Initiative** (general fund) to be used for lead and copper rule implementation, response to PFAS and emerging contaminants, drinking water revolving fund loan support, affordability and planning initiatives, and research and innovation activities. In addition, \$60 million is recommended in the School Aid budget for a statewide initiative to replace existing drinking fountains in older school buildings with hydration stations, to provide clean, filtered drinking water to Michigan's school children.

The Governor's recommended fiscal year 2020 budget includes three key investments:

- ♦ **\$69 million for Renewing Michigan's Environment** (restricted) to continue the program created in fiscal year 2019. Approximately \$45 million (65%) is dedicated to environmental cleanup and redevelopment; approximately \$9 million (13%) will be used for the waste management program; and approximately \$15 million (22%) will be used for the recycling program.
- ♦ **\$1.9 million for a new Drinking Water Compliance Assistance Unit** (general fund) to provide technical expertise related to the implementation of lead and copper rule requirements to better safeguard Michigan residents from lead and copper in their drinking water.

Environmental Quality

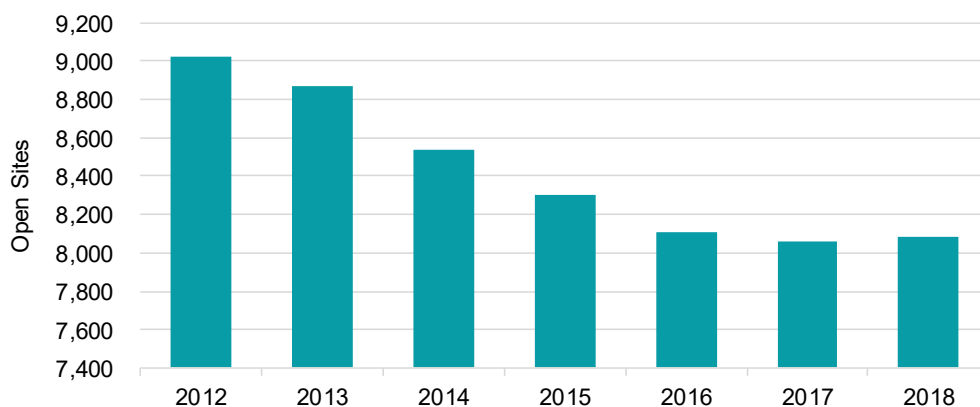
- ♦ **\$9.8 million** to modernize and enhance core programmatic systems dedicated to protecting the environment and the health of residents. These funds will be allocated from the Information Technology Investment Fund (ITIF) in the budget for the Department of Technology, Management, and Budget. The ITIF supports information technology projects that lead to transformative change in state service delivery and the modernization of legacy systems.
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Continuing Funding

Beyond the investments highlighted above, the Governor's recommended budget continues funding for the following programs:

- ♦ **\$27.9 million for Air Quality** (\$6 million general fund) to ensure that Michigan's air remains clean by regulating sources of air pollutants to minimize adverse impacts on human health and the environment.
- ♦ **\$120 million for the State Revolving Fund** (\$5 million general fund), a low interest loan program that assists qualified municipalities with the construction of water pollution control facilities.
- ♦ **\$54.9 million for Petroleum Cleanup Programs** (restricted) to support the management and reduction of risk at thousands of sites contaminated by refined petroleum products. The funds support both owner and state cleanup efforts.

DEQ Reduces Number of Contaminated Gas Station Sites



Reductions

The recommended budget reduces general fund for the following programs:

- ♦ **\$2.7 million in general fund replaced by the Renewing Michigan’s Environment Program.** Current general fund support for recycling and vapor intrusion is no longer needed due to the creation of a restricted fund source.
- ♦ **\$1.5 million for the Water Quality and Use Initiative.** The long-term vision funded by this initiative has been established, so general fund resources can now be redirected to other key priorities.
- ♦ **\$1 million for Lead Remediation Grants.** Funding is instead provided for lead remediation in the Department of Health and Human Services budget.

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 \$ in Thousands

FY 2020 Adjustments

	<u>GF/GP</u>	<u>GROSS</u>
FY 2019 Current Law	\$58,546.5	\$501,302.6
Removal of FY 2019 One-Time Funding	(\$6,120.0)	(\$6,120.1)
FY 2020 Ongoing Investments		
Drinking Water Compliance Assistance (10 FTEs)	\$1,900.0	\$1,900.0
FY 2020 Reductions		
Recycling Grants - Replaced by funding in the Renewing Michigan's Environment Program	(\$1,032.0)	(\$1,032.0)
Vapor Intrusion - Replaced by funding in the Renewing Michigan's Environment Program	(\$1,655.3)	(\$1,655.3)
Water Quality and Use Initiative	(\$1,522.9)	(\$1,522.9)
Lead Remediation Grants	(\$1,000.0)	(\$1,000.0)
FY 2020 Baseline Adjustments		
Employee Payroll Related Adjustments	\$676.7	\$3,068.3
Other Technical Adjustments	\$0.0	(\$20,667.4)
FY 2020 Total Executive Recommendation - Ongoing Funding	\$49,793.0	\$474,273.2
FY 2020 One-Time Investments		
Drinking Water Infrastructure Grants For Remediation of Local Drinking Water Systems	\$4,000.0	\$4,000.0
Drinking Water Declaration of Emergency Placeholder	\$0.0	\$0.1
FY 2020 Total Executive Recommendation - One-Time Funding	\$4,000.0	\$4,000.1
FY 2020 Total Executive Recommendation - Ongoing and One-Time	\$53,793.0	\$478,273.3
\$ Change from FY 2019 - Total Funding	(\$4,753.5)	(\$23,029.3)
% Change from FY 2019 - Total Funding	(8.1%)	(4.6%)

FY 2021 Adjustments

	<u>GF/GP</u>	<u>GROSS</u>
FY 2020 Total Executive Recommendation	\$53,793.0	\$478,273.3
Removal of FY 2020 One-Time Funding	(\$4,000.0)	(\$4,000.1)
FY 2021 Baseline Adjustments - Remove FY 2020 one-time employee salary increase	(\$362.2)	(\$1,646.8)
FY 2021 Total Executive Recommendation	\$49,430.8	\$472,626.4
\$ Change from FY 2020 - Total Funding	(\$4,362.2)	(\$5,646.9)
% Change from FY 2020 - Total Funding	(8.1%)	(1.2%)