

**Summary: Executive Budget Recommendation
for Fiscal Year 2024-25**

DEPARTMENT OF ENVIRONMENT, GREAT LAKES, & ENERGY



Analyst: Austin Scott

| | FY 2023-24 | FY 2024-25 | Difference: FY 2024-25 | |
|--------------|-------------------------|------------------------|------------------------|------------|
| | Enacted as of 2/7/24 | Executive | Amount | % |
| IDG/IDT | \$4,035,100 | \$4,085,900 | \$50,800 | 1.3 |
| Federal | 441,297,200 | 463,788,900 | 22,491,700 | 5.1 |
| Local | 0 | 0 | 0 | -- |
| Private | 1,360,700 | 1,364,200 | 3,500 | 0.3 |
| Restricted | 358,966,800 | 387,149,300 | 28,182,500 | 7.9 |
| GF/GP | 245,952,100 | 247,810,800 | 1,858,700 | 0.8 |
| Gross | \$1,051,611,900 | \$1,104,199,100 | \$52,587,200 | 5.0 |
| FTEs | 1,616.0 | 1,704.0 | 88.0 | 5.4 |

Note: Appropriation figures for FY 2024-25 include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environment, Great Lakes, and Energy (EGLE) is responsible for managing Michigan's air, land, water, and energy resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 1. Fee Increase – Landfill Tipping Fee (Renew Michigan Program) | FTE | 131.0 | 51.0 |
| Appropriates \$80.0 million from the Renew Michigan Fund and 36.0 FTE positions to integrate a proposed increase in the landfill tipping fee from \$0.36 per ton to \$5.00 per ton. New revenue would be expended in accordance with the Renew Michigan Program's statutory purposes: environmental remediation and brownfield redevelopment, recycling, and solid waste programs. An additional 15.0 FTE positions are also added to increase staff for contaminated site remediation. | Gross | \$70,211,500 | \$80,000,000 |
| | Restricted | 70,211,500 | 80,000,000 |
| | GF/GP | \$0 | \$0 |
| 2. GF/GP Match for Federal Lead Line Replacement Funding | Gross | NA | \$40,000,000 |
| Provides \$40.0 million GF/GP (\$5.0 million ongoing, \$35.0 million one-time) to access available federal funding for lead service line replacement projects. | GF/GP | NA | \$40,000,000 |
| 3. Clean Fuel and Charging Infrastructure (One-time) | Gross | \$0 | \$25,000,000 |
| Includes \$25.0 million GF/GP for electric vehicle charging stations and hydrogen fueling facilities. | GF/GP | \$0 | \$25,000,000 |
| 4. Clean Fleets (One-time) | Gross | \$0 | \$20,000,000 |
| Appropriates \$20.0 million GF/GP for grants to local governments, transit authorities, colleges, universities, ports, and airports for the purchase of electric and hydrogen vehicles. | GF/GP | \$0 | \$20,000,000 |
| 5. Water State Revolving Funds – Federal Infrastructure Act IIJA | FTE | NA | 2.0 |
| Provides \$25.0 million Gross (\$3.5 million GF/GP) and 2.0 FTE positions for local water infrastructure projects. The GF/GP funding is to be used as match to access federal Infrastructure Act funding. | Gross | NA | \$24,956,000 |
| | Federal | NA | 21,456,000 |
| | GF/GP | NA | \$3,500,000 |
| 6. Stormwater Grants | FTE | 0.0 | 2.0 |
| Includes \$15.3 million GF/GP (\$5.3 million ongoing, \$10.0 million one-time) and 2.0 FTE positions for grants to local governments for stormwater projects that mitigate climate change. | Gross | \$0 | \$15,300,200 |
| | GF/GP | \$0 | \$15,300,200 |

| Major Budget Changes from FY 2023-24 Enacted Appropriations | | FY 2023-24 Enacted (as of 2/7/24) | Executive Change from Enacted |
|---|--------------|--|--|
| 7. Permitting Outreach Staff | FTE | NA | 26.0 |
| Appropriates \$4.4 million GF/GP and 26.0 FTE positions for staff to improve permit applications. | Gross | NA | \$4,400,500 |
| | GF/GP | NA | \$4,400,500 |
| 8. Information Technology Services and Projects | Gross | \$9,240,100 | \$1,008,100 |
| Provides \$1.0 million Gross (\$226,100 GF/GP) for increasing costs related to computer operations, systems development, and design projects. | IDG | 49,900 | 4,900 |
| | Federal | 1,793,000 | 241,500 |
| | Restricted | 5,308,100 | 535,600 |
| | GF/GP | \$2,089,100 | \$226,100 |
| 9. Drinking Water and Environmental Health – Healthy Hydration | FTE | 157.0 | 3.0 |
| Includes \$450,300 GF/GP and 3.0 FTE positions to support the acquisition of drinking water filtration devices in schools and child care centers located in areas of need. | Gross | \$36,803,500 | \$450,300 |
| | Federal | 13,619,200 | 0 |
| | Restricted | 7,763,500 | 0 |
| | GF/GP | \$15,420,800 | \$450,300 |
| 10. Environmental Investigations | FTE | 12.0 | 0.0 |
| Appropriates \$384,000 GF/GP for pay increases to conservation officers to approach compensation rates of comparable law enforcement personnel, including the Michigan State Police. | Gross | \$1,990,700 | \$384,000 |
| | IDG | 13,300 | 0 |
| | Restricted | 1,415,400 | 0 |
| | GF/GP | \$562,000 | \$384,000 |
| 11. Spending Authorization Alignment | Gross | NA | (\$104,500) |
| Increases IDG funding by \$4,100 and reduces restricted funding by \$108,600 across divisions to align spending authorization with available resources. | IDG | NA | 4,100 |
| | Restricted | NA | (108,600) |
| | GF/GP | NA | \$0 |
| 12. Underground Storage Tank Cleanup Program | FTE | 8.0 | 4.0 |
| Provides 4.0 new FTE positions to administer the Underground Storage Tank Cleanup Program which provides funding for reimbursements to owners and operators who pay to clean up their respective leaking underground storage tanks. | Gross | \$20,095,600 | \$0 |
| | Restricted | 20,095,600 | 0 |
| | GF/GP | \$0 | \$0 |
| 13. Removal of FY 2023-24 One-Time Appropriations | Gross | \$164,585,200 | (\$164,585,200) |
| Removes \$164.6 million Gross (\$109.6 million GF/GP) of one-time funding that was included in the FY 2023-24 budget to support the following: | Restricted | 55,000,000 | (55,000,000) |
| | GF/GP | \$109,585,200 | (\$109,585,200) |
| <ul style="list-style-type: none"> Carbon emissions tracking software and services (\$1.7 million Gross) Contaminated site remediation and redevelopment (\$55.0 million Gross) Critical mineral recycling research hub (\$5.0 million Gross) Dam risk reduction program (\$1.8 million Gross) Delineation of critical sand dunes (\$2.5 million Gross) Environmental justice contaminated site cleanup (\$20.0 million Gross) Geologic core facility (\$3.0 million Gross) Groundwater data collection (\$15.0 million Gross) Renewable-ready communities program (\$30.0 million Gross) Reverse vending machine technology (\$2.0 million Gross) Sustainable business park (\$5.0 million Gross) Transfer facility (\$1.0 million Gross) Water and energy nexus research (\$2.5 million Gross) Water career and workforce development pilot (\$100,000 Gross) Water infrastructure reserve fund (\$5.0 million Gross) Water project inflation (\$15.0 million Gross). | | | |

| <u>Major Budget Changes from FY 2023-24 Enacted Appropriations</u> | <u>FY 2023-24 Enacted (as of 2/7/24)</u> | <u>Executive Change from Enacted</u> | |
|---|--|--------------------------------------|--------------------|
| 14. Economic Adjustments | Gross | NA | \$5,777,800 |
| Reflects increased costs of \$5.8 million Gross (\$2.2 million GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments. | IDG | NA | 41,800 |
| | Federal | NA | 794,200 |
| | Private | NA | 3,500 |
| | Restricted | NA | 2,755,500 |
| | GF/GP | NA | \$2,182,800 |

Major Boilerplate Changes from FY 2023-24

Sec. 207. Disciplinary Action Against State Employees – DELETED

Prohibits department from disciplining state employees for communicating with members of the legislature and their staffs, unless communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 211. Contingency Fund Transfer Authority – REVISED

Allows for the legislative transfer process to increase state restricted authorization by up to \$3.0 million and private authorization by up to \$10.0 million. Revises to increase federal authorization by up to \$100.0 million.

Sec. 212. Expenditure Posting on Internet – DELETED

Requires expenditures to be reported on the internet on a searchable website, including specific expenditure information.

Sec. 213. Restricted Fund Revenues, Expenditures, and Fund Balances – DELETED

Requires annual report on fund balances, revenues, and expenditures for state restricted funds for previous and current fiscal years.

Sec. 214. Website Scorecard – DELETED

Requires department to maintain on a publicly accessible website a department scorecard with key metrics concerning the department's performance.

Sec. 218. Remote Working – DELETED

States legislative intent to prioritize in-person work for the state's workforce where possible unless they were working remotely prior to February 28, 2020.

Sec. 219. State Administrative Board Transfers – DELETED

Allows legislature to adopt a concurrent resolution to intertransfer funds within the department's budget if the State Administrative Board transfers appropriated funds. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 221. Receipt and Retention of Reports – DELETED

Requires department to receive and retain copies of all reports.

Sec. 222. Report on Policy Changes Made to Implement Public Acts Affecting Department – DELETED

Requires department to report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year by April 1.

Sec. 223. Severance Reporting – DELETED

Requires department to report details of severance pay for certain departmental employees.

Sec. 225. Expending Available Work Project Authorization – DELETED

Advises department not to expend appropriations until existing work project authorization for the same purpose has been expended. *(Governor deemed this section unenforceable in FY 2023-24.)*

Sec. 238. Permitting Report – DELETED

Requires report on department's permitting programs including applications, approvals, denials, and backlogs.

Sec. 242. Legislator Notification – REVISED

Requires the department to inform local state legislators within 12 hours when responding to significant incidents to protect life and property. Revises response time to "as soon as possible and within 24 hours."

Sec. 245. Transparency – DELETED

Provides process requirements for grants or projects awarded to single recipient organizations or local governments.

Major Boilerplate Changes from FY 2023-24

Sec. 302. Work Projects – Remediation and Redevelopment Division – REVISED

Authorizes unexpended funds appropriated for brownfield grants, contaminated site cleanup, emergency cleanup actions, environmental cleanup and redevelopment program, environmental cleanup support, and the refined petroleum product cleanup program to be considered work project appropriations and carried forward into succeeding fiscal year; programs will perform contaminated site cleanups. Revises to add contaminated site investigations, cleanup, and revitalization and remove brownfield grants, contaminated site cleanup, environmental cleanup support, and the refined petroleum product cleanup program.

Sec. 902. Municipal Assistance (Stormwater Grants Earmark) – NEW

Earmarks \$5.0 million from Municipal Assistance for grants to local governments for stormwater projects that mitigate climate change; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department.

Sec. 1001. Work Project – Critical Mineral Recycling Research Hub – DELETED

Authorizes unexpended funds for Critical Mineral Recycling Research Hub totaling \$5.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to award grants of no more than \$5.0 million each to Michigan based companies or consortiums partnered with a Michigan based university to create a critical mineral recycling research hub to research the reuse of critical materials for clean energy production.

Sec. 1001. Work Project – Water Infrastructure Initiative (Stormwater Grants Earmark) – NEW

Earmarks funds from Water Infrastructure Initiative for grants to local governments for stormwater projects that mitigate climate change; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department; authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year.

Sec. 1002. Work Project – Dam Risk Reduction Program – DELETED

Authorizes unexpended funds for Dam Risk Reduction Program totaling \$1.8 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to develop fish-passable rapids in Republic Township.

Sec. 1002. Work Project – Drinking Water Infrastructure – NEW

Authorizes unexpended funds for Drinking Water Infrastructure totaling \$35.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to support the upgrade or replacement of water infrastructure.

Sec. 1003. Delineation of Critical Sand Dunes – DELETED

Requires the department to conduct a delineation of Michigan's sand dunes and assess critical dune areas.

Sec. 1003. Work Project – Clean Fuel and Charging Infrastructure – NEW

Earmarks funds from Clean Fuel and Charging Infrastructure for electric vehicle charging stations and hydrogen fueling facilities; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department; authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year.

Sec. 1004. Earmarks and Work Project – Environmental Justice Contaminated Site Clean-up – DELETED

Requires at least 40% of funding to be used in overburdened or significantly overburdened communities as defined in NREPA; earmarks the Environmental Justice Contaminated Site Clean-up appropriation to reduce health burdens in communities with elevated exposure to pollutants due to proximity to emitting sources as identified by the Office of Environmental Justice Public Advocate; earmarks the Environmental Justice Contaminated Site Clean-up appropriation for the remediation and redevelopment of contaminated sites identified in environmental justice communities as determined by the Office of Environmental Justice Public Advocate; authorizes unexpended funds for Environmental Justice Contaminated Site Clean-up to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to remediate and redevelop sites of contamination and improve public health impacts related to environmental pollution in environmental justice communities.

Sec. 1004. Work Project – Clean Fleets – NEW

Earmarks funds from Clean Fleets for grants to local governments, transit authorities, colleges, universities, ports, and airports for the purchase of electric and hydrogen vehicles; at least 40% of grants must be awarded to communities located within environmental justice, overburdened, or significantly overburdened communities as defined by the department; authorizes unexpended funds to be considered a work project appropriation and carried forward into succeeding fiscal year.

Major Boilerplate Changes from FY 2023-24

Sec. 1005. Work Project – Groundwater Data Collection – DELETED

Authorizes unexpended funds for Groundwater Data Collection to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to acquire data and perform research on groundwater resources of the State of Michigan.

Sec. 1006. Work Project – Renewable Ready Communities – DELETED

Authorizes unexpended funds for Renewable Ready Communities totaling \$40.0 million to be considered a work project appropriation and carried forward into succeeding fiscal year; funds will be used to provide grants to local communities to incentivize communities to host renewable energy projects that may incorporate energy storage components.

Sec. 1007. Transfer Facility – DELETED

Requires funding for Transfer Facility to be used to establish a waste and recycling transfer station in Benton Harbor, Berrien County.

Sec. 1008. Water and Energy Nexus Research – DELETED

Provides matching grants to Michigan universities studying emerging responsible clean energy technologies that maximize this state's water resources including geothermal, heat pumps, pump storage, offshore wind, and small scale hydroelectric power.

Sec. 1009. Water Career and Workforce Development Pilot – DELETED

Requires funding for Water Career and Workforce Development Pilot to be used to establish a water career and workforce development pilot program to train water treatment plant operators in Benton Harbor, Berrien County.

Sec. 1010. Reverse Vending Machine Technology – DELETED

Requires funding for Reverse Vending Machine Technology to be expended to strengthen Michigan's beverage container redemption program.

Sec. 1011. Carbon Emissions Tracking Software and Services – DELETED

Requires funding for Carbon Emissions Tracking Software and Services to be expended in collaboration with DTMB to develop a carbon management platform.

Sec. 1012. Sustainable Business Park – DELETED

Directs expenditure of funding for Sustainable Business Park to support the infrastructure necessary to develop a sustainable business park to replace the need for new landfills in Kent County.

Sec. 1013. Water Infrastructure Reserve Fund – DELETED

Directs expenditure of funding for Water Infrastructure Reserve Fund to be used for municipal water infrastructure needs upon legislative transfer.

| <u>Supplemental Recommendations for FY 2023-24 Appropriations</u> | | <u>FY 2023-24 Recommendation</u> |
|--|--|---|
| 1. Energy Programs | | FTE 2.0 |
| Includes \$22.7 million Gross (\$0 GF/GP) and 2.0 FTE positions for hydrogen fueling stations for heavy duty vehicles (\$22.3 million federal IJJA) and for the Rural Energy for America Program Technical Assistance Grant (\$363,000 federal IRA). | | Gross \$22,663,000 |
| | | Federal 22,663,000 |
| | | GF/GP \$0 |
| 2. Oil, Gas, and Mineral Services | | Gross \$6,955,000 |
| Includes \$7.0 million in federal funding for the Methane Emissions Reduction Program (\$5.0 million IRA) and the Underground Injection Control Class VI Wells Program (\$1.9 million IJJA). | | Federal 6,955,000 |
| | | GF/GP \$0 |
| 3. Water Quality Programs | | Gross \$3,298,000 |
| Includes \$3.3 million Gross (\$0 GF/GP) for the Sewer Overflow and Stormwater Reuse Municipal Grants Program (\$2.4 million IJJA), the reappropriation of an aquifer protection work project (\$524,000 Aquifer Protection Revolving Fund), and the Water Withdrawal Assessment Program (\$350,000 Water Use Reporting Fees). | | Federal 2,424,000 |
| | | Restricted 874,000 |
| | | GF/GP \$0 |
| 4. Executive Direction | | Gross \$1,267,000 |
| Includes \$1.3 million in federal funding for the Environmental Protection Agency's Small, Underserved, and Disadvantaged Communities Grant program. | | Federal 1,267,000 |
| | | GF/GP \$0 |

Supplemental Recommendations for FY 2023-24 Appropriations

**FY 2023-24
Recommendation**

5. Employee Lump Sum Payments

Includes \$1.0 million GF/GP to cover costs of one-time lump sum payments for eligible state employees. The Civil Service Commission approved payments of \$2,250 for staff employed full-time as of December 23, 2023.

Gross **\$1,002,900**
GF/GP \$1,002,900

6. Federal – Great Lakes Remedial Action Plan Grants

Includes \$992,000 in federal IIJA funding to award grants to local water providers to remediate emerging contaminants.

Gross **\$992,000**
Federal 992,000
GF/GP \$0

7. Materials Management Programs

Includes \$693,000 Gross (\$0 GF/GP) to reduce diesel emissions by replacing diesel-powered machinery with electric machinery.

Gross **\$693,000**
Federal 231,000
Private 462,000
GF/GP \$0

8. Water Resource Programs

Includes \$475,000 in federal funding (\$300,000 IIJA and \$175,000 IRA) to expand the Coastal Zone Management Program, which provides grants for coastline preservation, protection, and restoration.

Gross **\$475,000**
Federal 475,000
GF/GP \$0