

# Department of Environmental Quality Budget & Funding History

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## Where are we now?

- > Current Funding Structure
- > Current Authorized Staff Positions

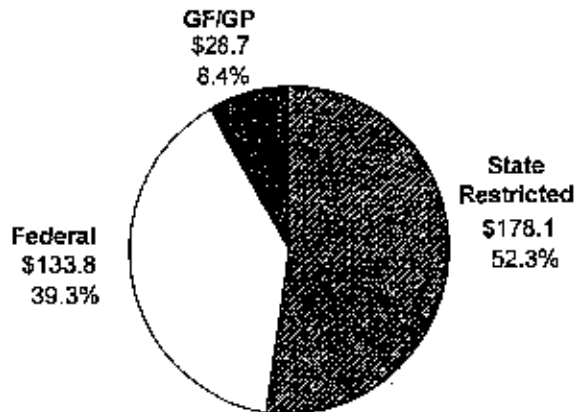
## Where have we been?

- > History of Appropriations & Issues by Fiscal Year
- > Funding Trends & Comparisons



Prepared by: MDEQ, Financial & Business Services Division, 3/1/05

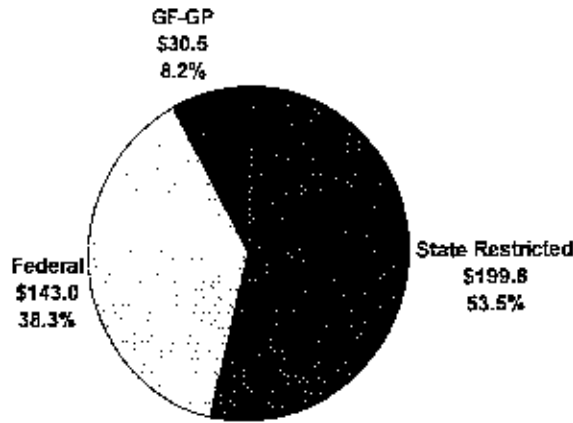
## Current DEQ Funding Structure



**FY05 Appropriations = \$340.6 million**

Prepared by: MDEQ, Financial & Business Services Division, 3/1/05

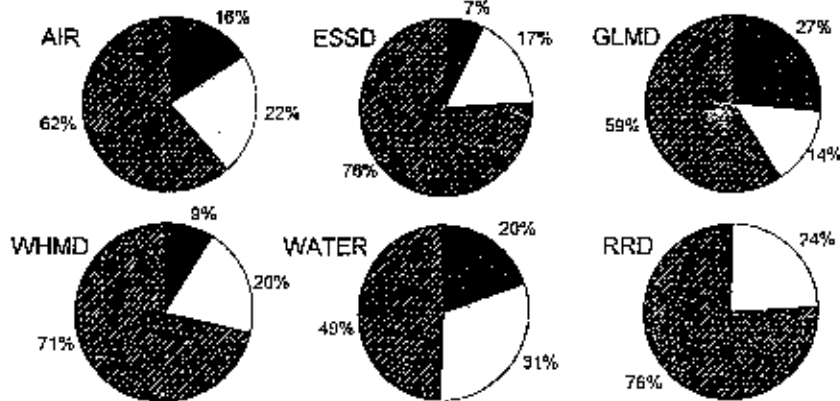
## FY06 Executive Recommendation \$373.3 million



Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

### DEQ Current Funding Structure by Program Divisions

FY2005 Appropriations

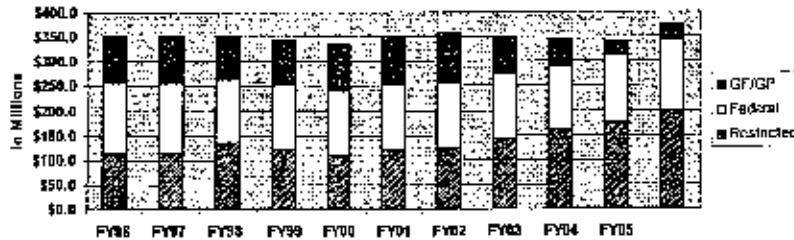


DIVISION	St. Rest	Federal	GF/GP	FY05 TL
AIR QUALITY	13,787	3,563	5,010	22,360
ESSD	16,062	3,580	1,518	21,160
GLMD	12,995	3,123	5,842	21,960
RRD	29,895	9,523	0	39,418
WHMD	12,948	3,011	1,599	18,158
WATER	21,771	13,486	8,815	43,872

(in thousands)

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

### DEQ Funding History FY96 - FY05 Operational Appropriations by Funding Sources



FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06*
\$113.4	\$113.4	\$135.9	\$123.2	\$112.3	\$121.5	\$124.1	\$142.9	\$160.0	\$178.1	\$199.8
\$142.4	\$142.4	\$127.1	\$127.0	\$126.8	\$129.7	\$131.3	\$131.5	\$129.2	\$133.8	\$143.0
\$96.1	\$96.1	\$86.3	\$82.5	\$96.2	\$99.9	\$101.0	\$72.4	\$56.2	\$28.7	\$30.5
<b>\$352.0</b>	<b>\$352.0</b>	<b>\$349.3</b>	<b>\$342.7</b>	<b>\$335.4</b>	<b>\$351.2</b>	<b>\$356.4</b>	<b>\$346.8</b>	<b>\$345.4</b>	<b>\$340.6</b>	<b>\$373.3</b>

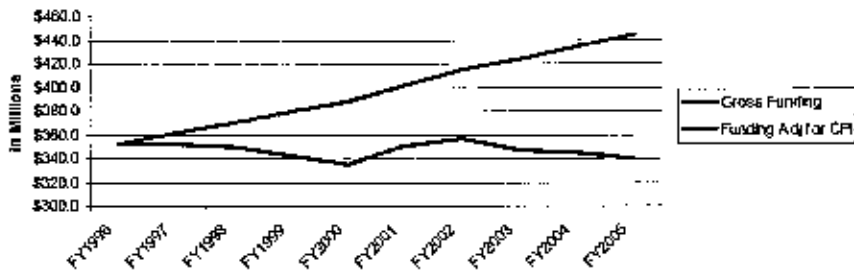
\*FY06 Executive Budget recommendation

air service appropriations have been pulled out from 1998-2003 purposes with 2004 and 2005 (approx \$52million)

Prepared by: MDEQ, Financial & Business Services Division, 3/1/05

### DEQ Funding History FY96 - FY05 Compared with Inflation

*(based on adjusting FY1996 appropriations each year by the Detroit CPI)*

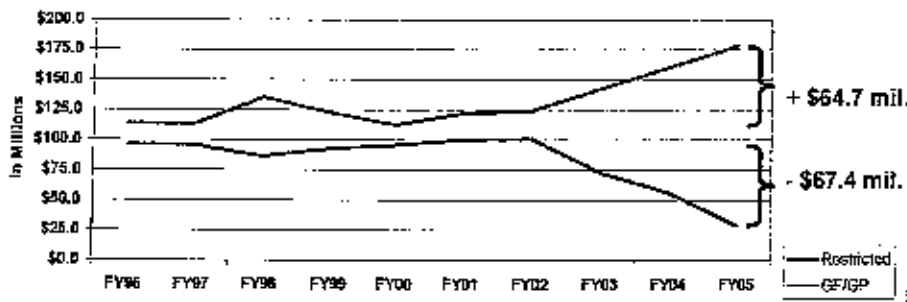


	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
Gross Funding	\$352.0	\$352.0	\$349.3	\$342.7	\$335.4	\$351.2	\$346.8	\$345.4	\$345.4	\$340.6
Adj for CPI	\$352.0	\$331.9	\$370.9	\$379.4	\$380.9	\$401.8	\$415.0	\$423.7	\$434.3	\$444.3
Detroit CPI	2.4%	2.5%	2.3%	2.5%	3.3%	3.3%	2.1%	2.5%	2.5%	2.7%
Funding Shortfall against Inflation		-\$9.9	-\$21.6	-\$36.7	-\$45.5	-\$50.6	-\$68.6	-\$78.9	-\$88.9	-\$103.7

\* estimated Detroit CPI for FY2005

Prepared by: MDEQ, Financial & Business Services Division, 3/1/05

### DEQ Funding History FY96 - FY05 Decrease of General Fund Support



Historical General Fund Reductions				
FY02	FY03	FY04	FY05	Cumulative
(\$19.6)	(\$12.0)	(\$13.3)	(\$27.5)	(\$72.4)

Prepared by: MOED, Financial & Business Services Division, 01/2005

## FY 2006 Executive Budget

Prepared by: MOED, Financial & Business Services Division, 01/2005

### Estimated Shortfalls

California	\$6.7 billion
Connecticut	\$600 million - \$1 billion
Illinois	\$1.4 billion
Indiana	\$400 million - \$1 billion
Iowa	\$231 million
Massachusetts	\$300 - \$800 million
Minnesota	\$485 - \$700 million
New Jersey	\$4 billion
New York	\$3 - \$6 billion
North Carolina	\$1.1 billion
Ohio	\$1.4 - \$2 billion
Wisconsin	\$810 to \$940 million

Prepared by: MOEG, Financial & Business Services Division, 3/17/05

### Fiscal Year 2006 General Fund Revenues

Consensus Revenues	\$8,156.2
Revenue Sharing Freeze	396.1
Suspend County Revenue Sharing	182.3
Continue other FY05 Revenue Adjustments	30.0
<b>TOTAL FY06 REVENUE ESTIMATE</b>	<b>\$8,764.6</b>

Prepared by: MOEG, Financial & Business Services Division, 3/17/05

### Fiscal Year 2006 General Fund

FY05 Enacted Appropriations	\$8,699.5
<b>Baseline Spending Adjustments</b>	
Loss of federal special financing revenue	161.2
Medicaid caseload & utilization	214.3
Tobacco tax fund shift from MBTF to GF	119.5
Medicaid – lost Merit Award funds	60.4
Corrections bed space needs	55.6
Debt service	46.4
FIA caseloads	11.3
Restore FY05 employee concessions	76.3
Employee benefit cost increases	80.8
Other	11.9
<u>Subtotal Baseline Spending Adjustments</u>	<u>837.7</u>
<b>TOTAL BASELINE SPENDING ESTIMATE</b>	<b>\$9,537.2</b>
<b>TOTAL REVENUE ESTIMATE</b>	<b>\$8,764.6</b>
<b>TOTAL FUNDING GAP</b>	<b>\$772.6</b>

Prepared by: NCEG, Financial & Business Services Division, 3/17/05

## State of Michigan Goals

**Education:** *Improve Student Achievement*

**The Economy:** *Sustain and Create Business Investment and Jobs in Michigan*

**Health And Human Services:** *Make Michigan's People Healthier and Our Families Stronger*

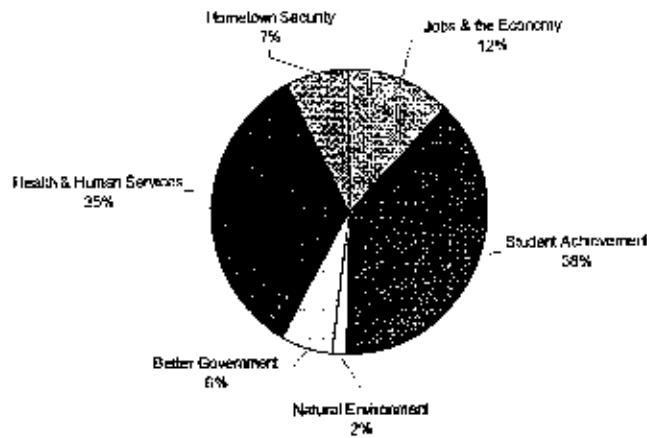
**Hometown Security:** *Protect Our Citizens and Make Michigan's Communities Safer*

**The Environment:** *Enhance the Quality of Michigan's Natural Environment*

**Better Government:** *Make Government in Michigan More Cost Effective and Efficient*

Prepared by: NCEG, Financial & Business Services Division, 3/17/05

## Total Recommended Spending Fiscal Year 2006



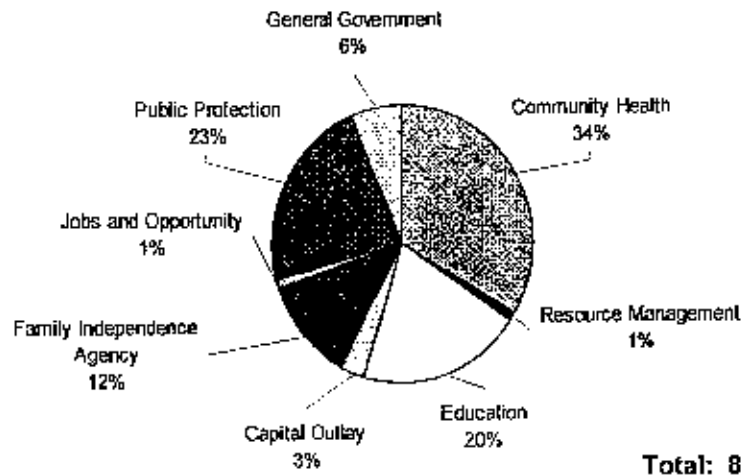
*Student Achievement spending represents over 38% of the total state budget.*

Governor's Fiscal Year 2006 Budget Recommendation

Prepared by: MOED, Financial & Business Services Division, 3/17/05

Source: OBDGG, CM, 2/14/05

## Fiscal Year 2006 General Fund Spending



**Total: 8.9 billion**

*Community Health spending is the largest single component of the general fund budget.*

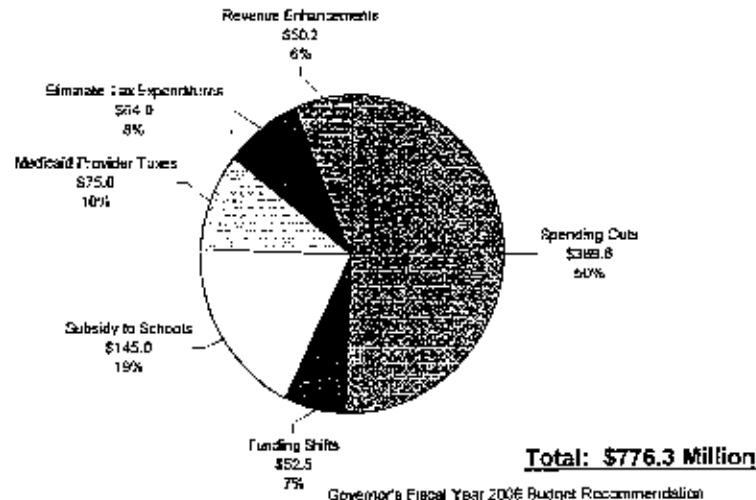
Prepared by: MOED, Financial & Business Services Division, 3/17/05

Source: OBDGG-CM, 2/16/05

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## Half of the FY 2006 Budget Problem is Solved With Spending Cuts

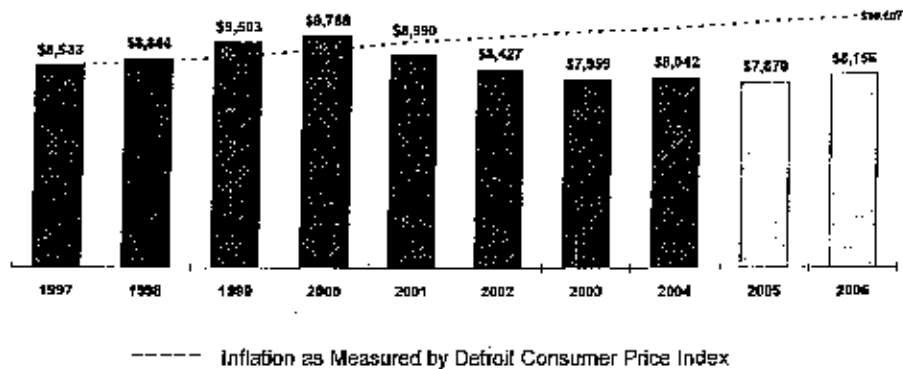
(\$ in Millions)



Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

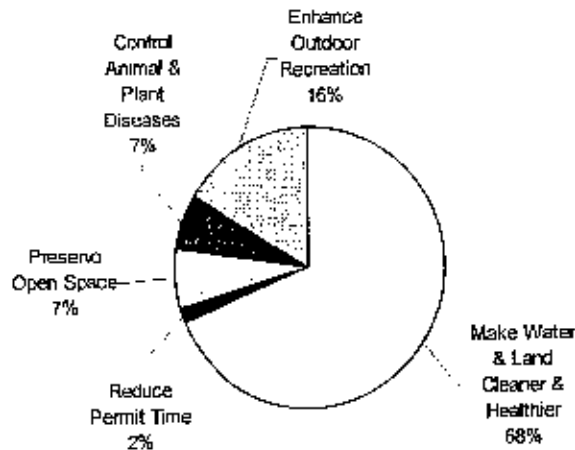
## General Fund Revenues are Almost \$2.5 Billion Below the Rate of Inflation Since 1997

(\$ in Millions)



Source: State Budget Office, OPLCC-CG, 2/14/05

## Environment Spending Plan



**Total: \$680 Million**

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

## Strategies to Achieve Goal

- Make the Great Lakes and Michigan's natural resources cleaner, safer and healthier.
- Protect and preserve more open space, farmland, forestland, and public land.
- Prevent, control or eradicate plant and animal diseases and pests that threaten our health, environment and economy.
- In order to foster both environmental performance and economic growth, reduce the time it takes to issue environmental permits.
- Enhance outdoor recreation and increase use of state facilities, parks and state sponsored recreation.

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

## Spending Priorities

- **Eradication of Emerald Ash Borer**  
*\$27.7 million total; \$0 state general fund*
- **Animal Disease Surveillance and Control Activities**  
*\$11.5 million total; \$5.8 million state general fund*
- **Aquatic Resource Management**  
*\$27.1 million total; \$0 state general fund*
- **Operation of 97 State Parks**  
*\$41.3 million total; \$0 state general fund*
- **National Pollutant Discharge Elimination System**  
*\$10.5 million total; \$2.2 million state general fund*
- **Waste Management Programs**  
*\$18.9 million total; \$1.3 million state general fund*
- **State Cleanup Program**  
*\$41.0 million total; \$0 state general fund*

Prepared by MDES, Financial & Business Services Division, 3/17/05

## New Initiative

- **Clean-up Leaking Underground Storage**  
*\$22 million; \$0 state general fund (FY 2006)*

Prepared by MDES, Financial & Business Services Division, 3/17/05

## Funding Restoration

- **Water Pollution and Drinking Water Revolving Fund—**

Replace \$5.8 million GF-GP reduction in FY 2005 to provide the full state matching funds needed to earn the maximum available federal funds

*\$5,800,000 GF-GP*

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

## DEQ Spending Reductions

- **Groundwater Dispute Resolution**

*\$200,000 GF-GP; \$650,000 Total*

- **Dam Safety**

*\$347,500 GF-GP; \$456,300 Total*

- **GF-GP funding for Radon Grants**

*\$126,500 GF-GP; \$126,500 Total*

- **Continuation of Executive Order Reductions**

*\$2,132,500 GF-GP*

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

## **DEQ Fee Increases to replace General Fund support**

- **Inland Lakes and Streams (part 301) and Wetlands (part 303)--\$2,000,000**
  
- **Critical Dunes Management--\$185,000**

Prepared by: MOFO, Financial & Business Services Division, 3/17/05

## **Spending Reductions DNR and MDA**

- **Office of Racing Commissioner**  
*\$500,000 total; \$0 state general fund*
  
- **Hunting and Fishing Enforcement**  
*\$1.0 million total; \$1.0 million state general fund*
  
- **Horse Race Program Enhancements**  
*\$6.1 million total; \$0 state general fund*
  
- **Horse Race Building and Track Improvements**  
*\$963,200 total; \$0 state general fund*
  
- **Migrant Labor Housing Grants**  
*\$255,000 total; \$255,000 state general*

Prepared by: MOFO, Financial & Business Services Division, 3/17/05

## Indicators of Success

- Improved trends in fish and wildlife populations
- Increase in acres of farm, forest and public land protected from development
- Reduction in plant and animal diseases
- Increased use of Michigan's state parks and forests
- Improved trends in air and water quality
- Faster issuance of environmental permits without compromising standards

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05

### Fiscal Year 2005

(\$ in millions)

Projected Revenue Shortfall	\$335.0
Medicaid Supplemental	40.0
<b>Total Shortfall</b>	<b>\$375.0</b>
<b>Solutions:</b>	
Budget Stabilization Fund Withdrawal	\$67.8
Reverse GF Supplemental to SAF	99.5
Other Spending Reductions	123.7
Medicaid Benefits Trust Fund Withdrawal	25.9
Lapses	15.9
Fund Shifts	40.3
Revenue increases	2.5
<b>Total</b>	<b>375.6</b>

Prepared by: MDEQ, Financial & Business Services Division, 3/17/05