

***SEMICOG***

Southeast Michigan Council of Governments

# Purpose

- Status of Michigan's environmental programs
- Michigan's economy
- Changes in revenue structures
- Impacts
- Possible scenarios

# Michigan's Economy

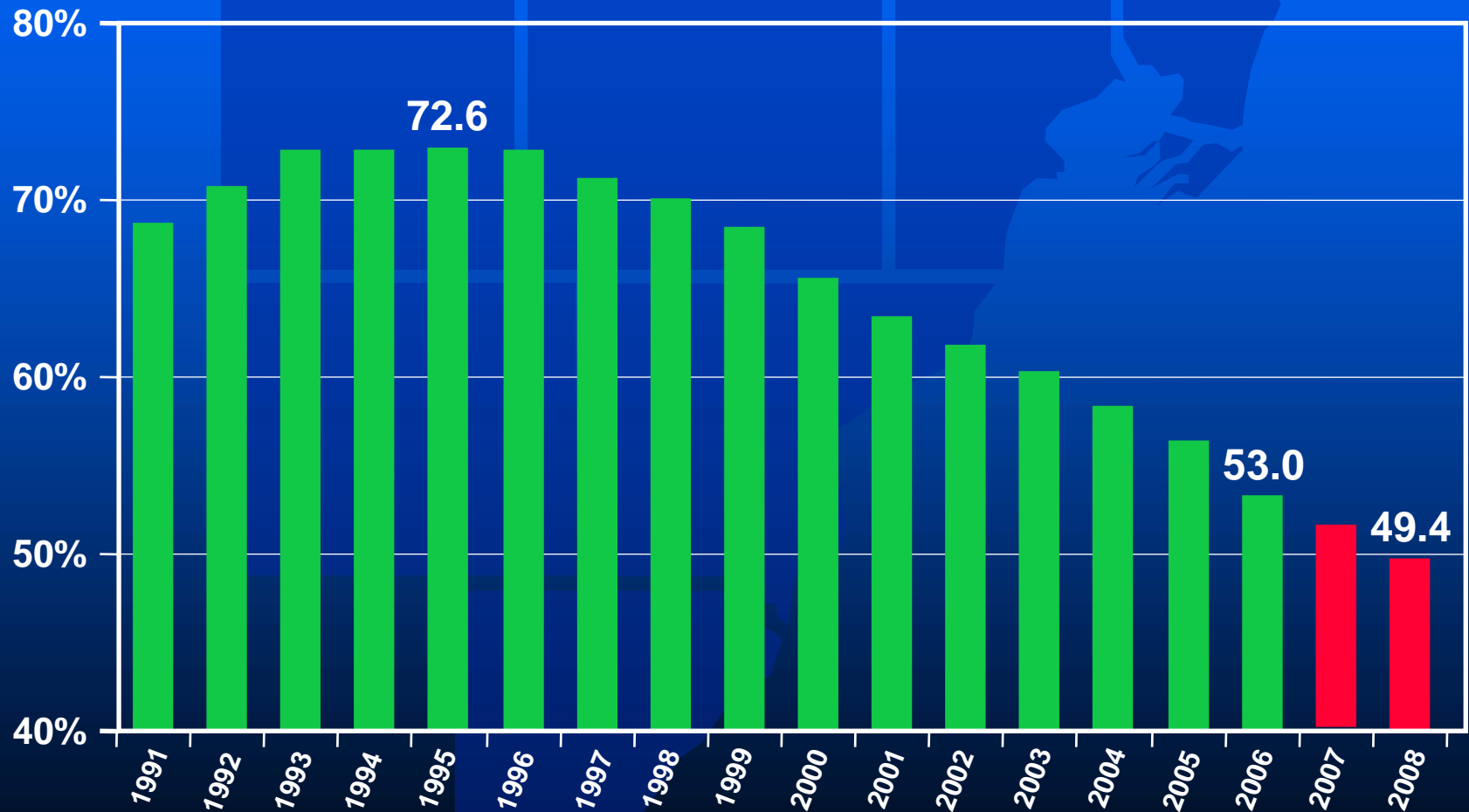
## Percent Concentration by Sector in Southeast Michigan vs. United States, 2005

Industry	Relative Concentration Percentage
Motor vehicles and parts manufacturing (production plants)	+680%
Manufacturing except motor vehicles and parts	-22%
Private nonmanufacturing	-1%

Source: SEMCOG 2035 Regional Development Forecast

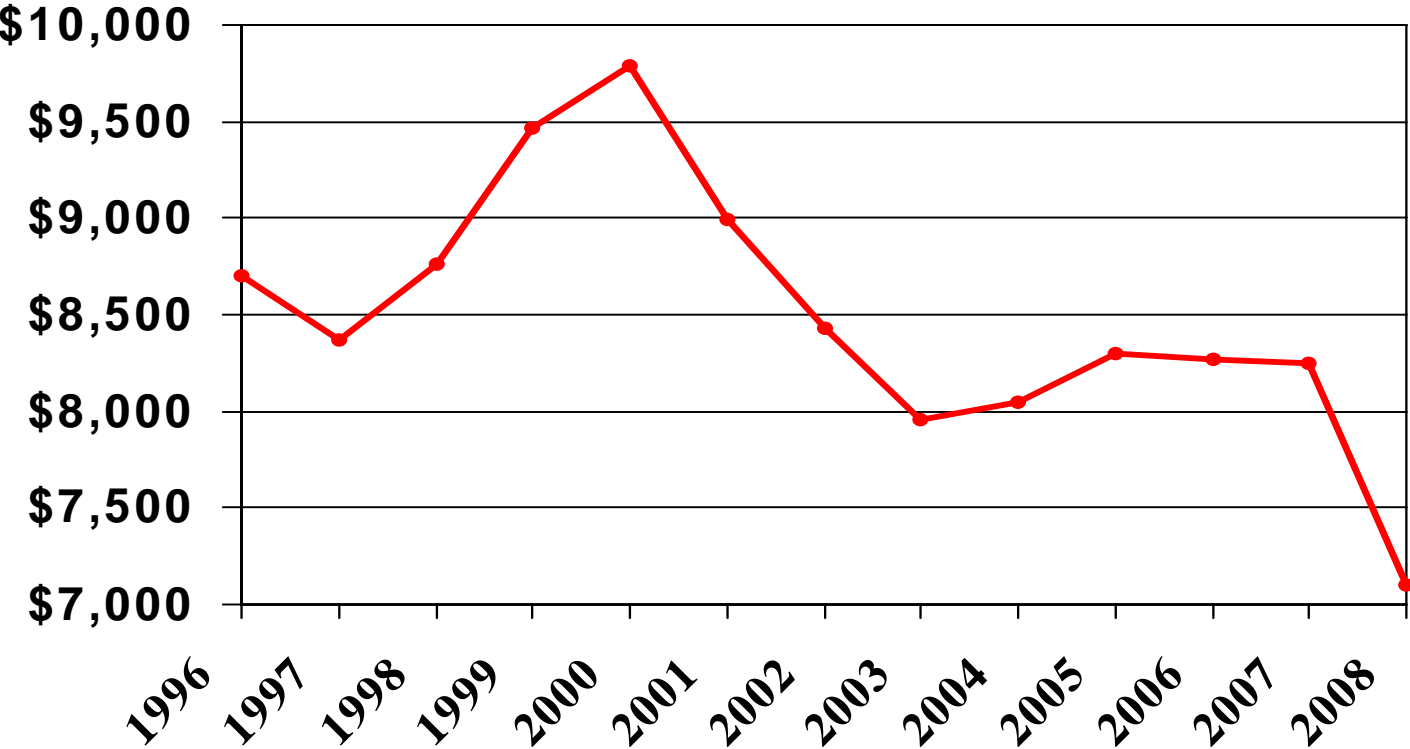
# Big Three Market Share of U.S. Light Vehicle Sales (%)

1991-2008



Source: SEMCOG 2035 Regional Development Forecast

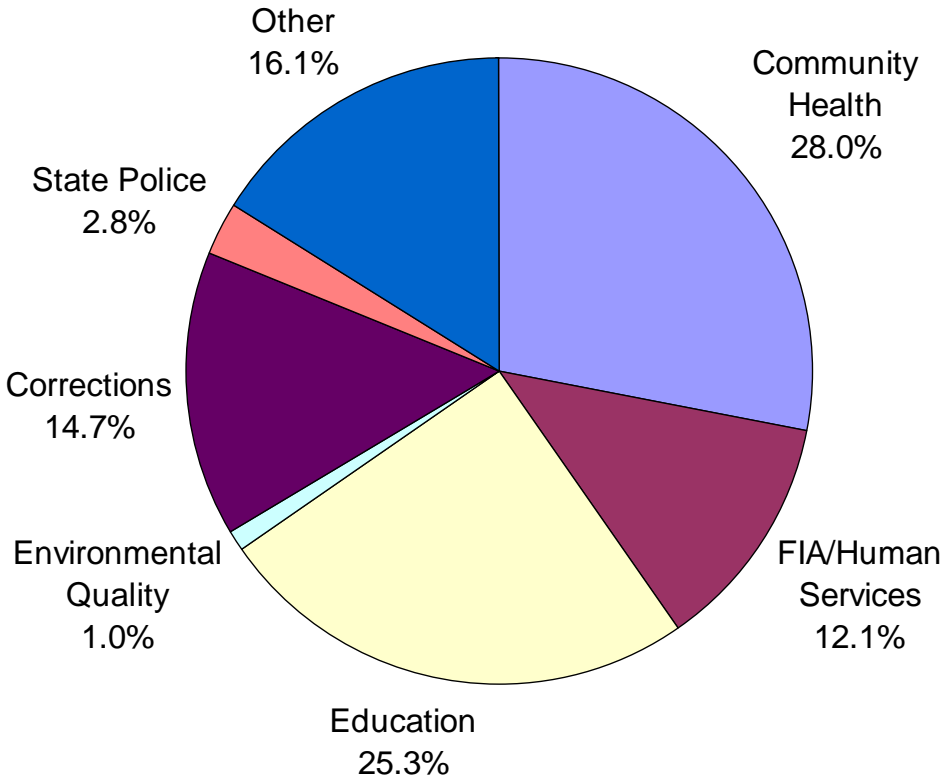
# State General Fund Revenues (\$ in millions)



Source: Citizens Research Council

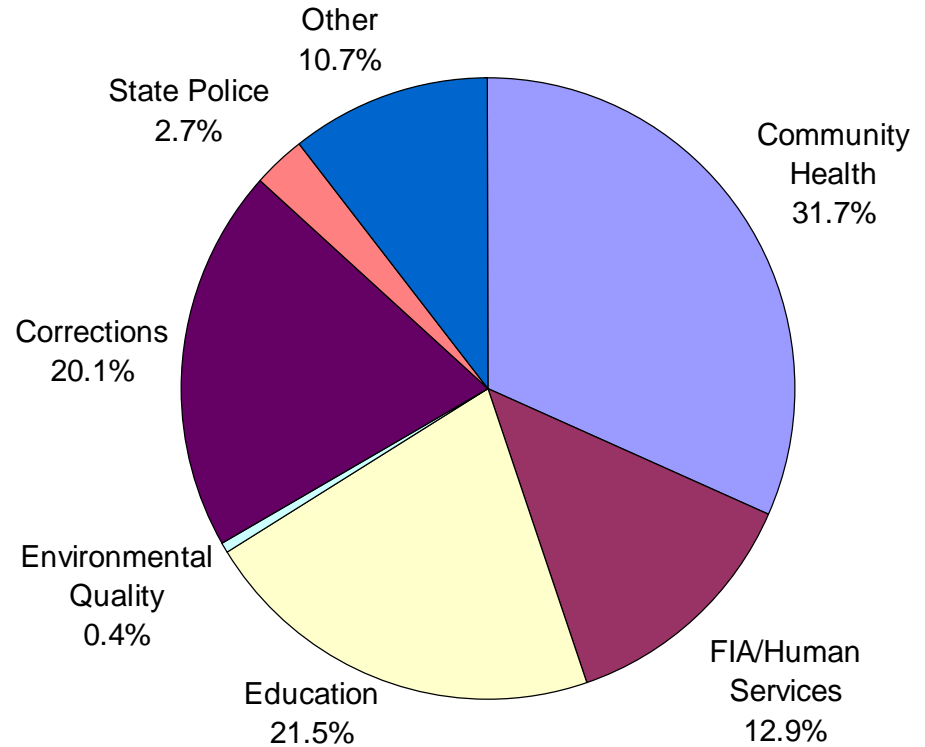
# State Budget Allocations

**FY 2000**



Total State Budget: \$9,229 million  
MDEQ Allocation: \$ 96 million

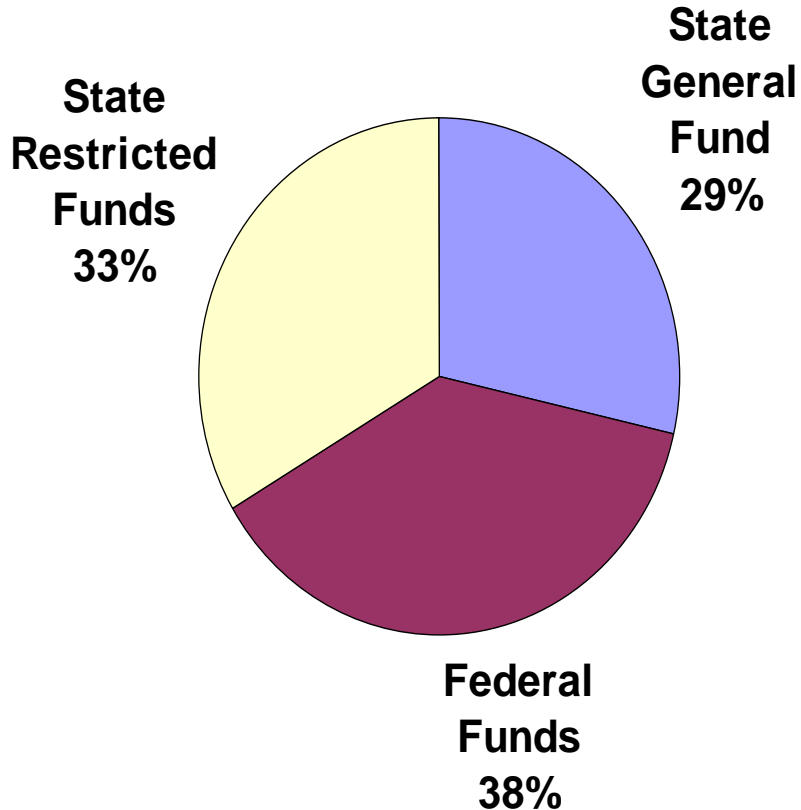
**FY 2007**



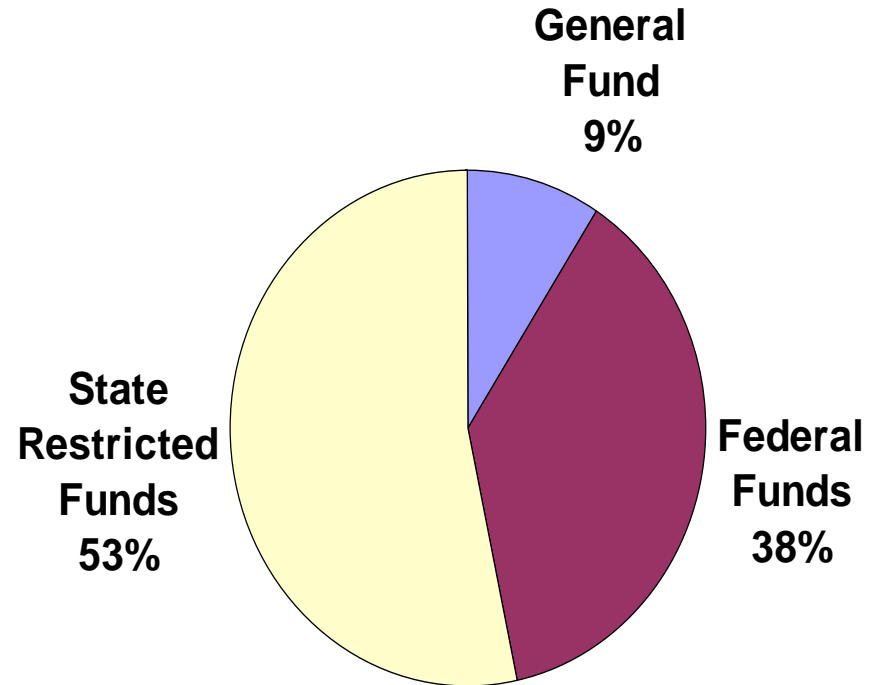
Total State Budget: \$9,223 million  
MDEQ Allocation: \$ 34 million

# MDEQ Funding Sources

**FY 2000**



**FY 2007**



# Implications of Reliance on Fees

## Why we like them:

- Reflect cost of service
- Competition with other GF programs
- Increases accountability
- Political appeal

# Implications of Reliance on Fees

## Why we don't:

- Incompatible with constitutional mandate
- Double taxation
- Loss of big picture perspective
- Global competitiveness?
- Creates bureaucracy

# Implications of General Fund Cuts

- Never to return
- Future cuts won't hurt
- Incompatible with constitutional mandate
- Not passing the buck is passing the buck
- DEQ & fee payers hold each other hostage

# Implication of Federal Funding Dependence

- Over dependence
- MI hostage to D.C.
- Once cut, never to return  
(e.g. sewer funding)



# Federal Budget Deficit

+

# National Debt

# Equals

- a.) Continued strong funding support
- b.) Increases in funding
- c.) Trouble

# Clean Michigan Initiative (CMI)

Activities	Allocated (in Millions)
Brownfields	\$335
Local & State Parks	\$100
Waterfronts	\$50
Contaminated Sediments	\$25
Lead	\$5
Pollution Prevention	\$20
Non-point Source	\$50
Clean Water Fund	\$90
<b>Total</b>	<b>\$675</b>

# Possible Scenarios

Unlikely ← **X** → Very likely

- General fund increases

# Possible Scenarios

Unlikely ← **X** → Very likely

- Continued support from the feds
- General fund increases

# Possible Scenarios

Unlikely ← ~~X~~ → Very likely

- **Infighting on fees**
- Continued support from the feds
- General fund increases

# Possible Scenarios

Unlikely ← **X** → Very likely

- **Program elimination**
- Infighting on fees
- Continued support from the feds
- General fund increases

# Possible Scenarios

Unlikely ← **X** → Very likely

- Efficiency in service
- Program elimination
- Infighting on fees
- Continued support from the feds
- General fund increases

# Possible Scenarios

Unlikely ← **X** → Very likely

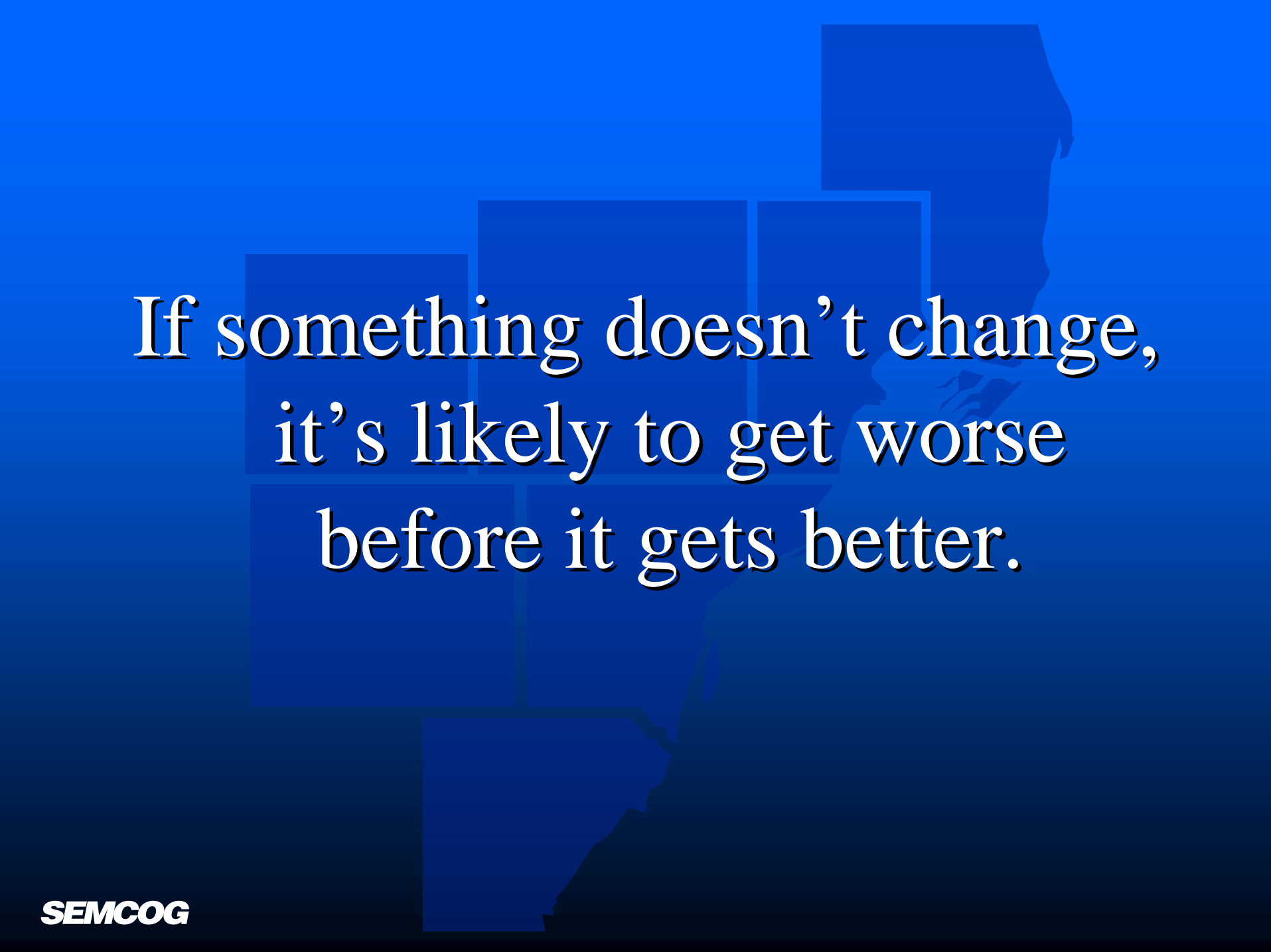
- Legal challenges to fees
- Efficiency in service
- Program elimination
- Infighting on fees
- Continued support from the feds
- General fund increases

# The Problem

Flawed Structure

# What Needs to Happen

- See the problem
- Share the problem
- Consider a new bond
- Tax base support
- What do you think?



If something doesn't change,  
it's likely to get worse  
before it gets better.