



**Testimony of
Patrick McDonnell, Secretary
Pennsylvania Department of Environmental Protection
Governor's Proposed Fiscal Year 2018-19 Budget
Pennsylvania House Appropriations Committee
February 26, 2018**

Thank you for the opportunity to present Governor Wolf's proposed Fiscal Year 2018-19 budget for the Department of Environmental Protection (DEP).

I want to begin by acknowledging the more than 2,400 public servants who work every day to achieve the department's mission. Every one of us commits daily to "protect Pennsylvania's air, land and water from pollution, and to provide for the health and safety of our citizens."

This year, DEP's budget request includes \$154.577 million from the General Fund and a total spending authorization of \$722.466 million. The proposal includes \$229.156 million of special fund authorizations as well as \$219.625 million in Federal spending authority. This represents an increase of \$8.130 million in general funds, or a 5.6 percent increase over the current budget.

I do want to thank the House Appropriations Committee for the opportunity to meet with you last month to answer your questions about the uses, management, and balances of the special funds that support several of DEP's programs. DEP depends on those restricted funding sources, along with the General Fund and federal dollars, for our day-to-day operations and to carry out our mission of protecting Pennsylvania's air, land, and water from pollution, and ensuring the health and safety of Pennsylvania's citizens through a cleaner environment. The special funds are statutorily created and directed to provide important environmental and economic development benefits.

This year's General Fund budget reflects a request for \$2.5 million to increase our overall staffing complement by 33 positions to 2,482 for FY2018-19. DEP's staffing levels have decreased by 40 percent over the past 15 years, and although we've worked hard to maintain our statutory obligations, the lack of staff has been felt, especially in the timely reviews of permits.

Last month, Governor Wolf announced the results of our year-long effort to reduce permit backlogs, modernize permitting processes, and better utilize technology to improve permit review, oversight and efficiency. DEP reviews more than 30,000 permit applications in a given year, and we are committed to ensuring that each application is reviewed promptly and thoroughly.

I'm proud that the governor highlighted our innovative new permit review approach to shrink review timelines of the Erosion and Sediment Control General Permit (ESCGP), a key development permit, to under 100 days while reducing backlogs for well permits in our southwest region. Since implementing the new approach, DEP's Southwest District Office reduced its permit review timeline for the ESCGP by over 220 days, and has cut its permit backlog in half.

Our intention with the requested personnel increase is to assign the new positions across programs and regional offices to achieve DEP's overall mission to protect the environment and public health. In addition to maintaining our commitment to timely and effective permit review, the positions are focused on overseeing high hazard dams, ensuring adequate air monitoring support exists for areas that are impacted by natural gas drilling, reviewing sewage expansion requests (critical to economic development), and ensuring facilities are meeting their regulatory obligations. By meeting regulatory obligations more effectively and efficiently, DEP will strengthen our commitment to building a Government that Works for the residents of Pennsylvania.

When Governor Wolf created the Office of Transformation, Innovation, Management and Efficiency (GO-TIME), he gave his Cabinet the charge to think creatively and effectively about modernizing operations not just to reduce costs, but to improve outcomes. At DEP, we consider the collaboration essential; an agency as lean as ours must find efficiencies through partnering. Under Governor Wolf's leadership, we have greatly expanded our cross-agency collaborations, at the local, state, and federal levels.

A few examples:

- DEP is working closely with the Department of Health to ensure prompt review of the necessary permits for 14 dispensaries to begin operations, to achieve Governor Wolf's vision to provide medical marijuana to patients who need it.
- DEP worked closely with the Westmoreland County Industrial Development Corporation to remediate the former Jeannette Glass site. Those 13 acres of remnant manufacturing have been a challenge for the community, but with the help of DEP, local legislators, and the Department of Community and Economic Development, that site will once again be a regional economic driver. It is useful to note here that this is just one of 1,118 brownfield site cleanups that have been completed since the beginning of the Wolf Administration, with another 500 site clean-ups in progress.
- The Department of Transportation (PennDOT) shared its award-winning mobile technology with DEP to help us replace paper forms with mobile applications and mobile field inspections. Our request to PennDOT was to help us continue to be efficient, diligent, and comprehensive in our review, by accessing current technology to help reduce the time it takes us to take final action on applications. E-permitting has already been shown to reduce staff time, and oil and gas staff anticipate a 30 percent decrease in permit review times once their permit applications are moved into an electronic format later this year.

We've also undertaken our own internal efforts to achieve GO-TIME efficiencies. A few highlights of our modernization include:

- e-Inspections: Replacing paper inspections of oil and gas activity with electronic applications is expected to save DEP almost \$12 million by 2020, as mining and drinking water inspections are converted to the new format.
- e-Permitting: Providing permit applicants with an online form will reduce errors, speed up processing and review, and allow electronic payment of fees. After starting with the bituminous surface mining permit, DEP is moving to add e-permitting for applications submitting to oil and gas, air quality, waterways engineering and wetlands, radiation protection, and storage tank programs. The expected savings by next fiscal year should be more than \$630,000 annually, through improvements in productivity, mailing, and document management.

- e-Grants: Modernizing our separate 35 grant programs, and consolidating the system into a central office will allow DEP to reduce duplication, and add services to the stakeholders, and is anticipated to reduce annual costs by almost \$150,000.

I'd like to highlight a few programmatic focus areas for DEP this year. One of our most important is to create momentum for Pennsylvania's Clean Energy Economy to reduce energy bills, create jobs and opportunities for businesses, and enhance public health through a cleaner environment. First, as part of an update to Pennsylvania's Climate Change Action Plan, DEP is developing a Statewide Energy Resource Assessment to create a baseline that will help to identify greenhouse gas emission reduction strategies.

Additionally, DEP's "Finding Pennsylvania's Solar Future Project" will present a final plan this year which will outline a cost-effective path to achieving 10 percent solar electricity generation by 2030. Solar currently generates less than .5 percent of total generation in Pennsylvania, or 347 megawatts, and results in nearly 4,000 jobs. More than 530 solar companies are located in Pennsylvania, including 114 manufacturers and 306 installers/developers. The investment potential in solar is estimated to be at least \$2.9 billion in significant economic benefits and additional jobs and last year the U.S. Labor Department found that the occupation predicted to grow the most in the entire country over the next decade is solar installer. Our goal is to provide a plan that guides our commonwealth to capitalize on these benefits.

It's encouraging to note that DEP has the opportunity this year and in the coming years to improve air quality across the state, without costing taxpayers a dime. Through a settlement between the U.S. Environmental Protection Agency, the U.S. Department of Justice, and Volkswagen, roughly \$118 million has been set aside for projects in Pennsylvania that reduce vehicle emissions which contribute to the creation of smog, ground level ozone, and acid rain.

In 2017, DEP solicited feedback from the public regarding the allocation of the uses of the funds as proscribed by the settlement. This year, we will begin soliciting projects to send to the court-appointed Trustee for funding recommendation. This presents a huge opportunity for partnerships with local governments, small businesses, fleet owners, and residents of Pennsylvania to have a meaningful impact on their local air quality while driving a market transformation.

I also want to provide an update on DEP's unprecedented level of partnership with the Department of Agriculture and Department of Conservation and Natural Resources in the effort to clean up local waters in Pennsylvania's 43 counties in the Chesapeake Bay Watershed. In addition to combining technical expertise and funding opportunities, we're bringing together and leveraging the expertise of many stakeholder groups, including conservation districts, municipalities, community organizations, and federal agencies. All of these partners are essential for us to meet the Phase III Watershed Implementation Plan, as mandated by the U.S. Environmental Protection Agency.

In Governor Wolf's budget address, he spoke of protecting the investments that taxpayers have already made. We at DEP believe that protecting our environment is an investment in economic prosperity.

There are many challenges we collectively face. We seek to collaborate with the General Assembly on programs that have been important investments in the Commonwealth's future. Legislatively, we hope to work with you to modernize and fix the Covered Device Recycling Act, and fund the Hazardous Sites Cleanup Program.

We look forward to working with the legislature on the challenges and opportunities that lie ahead this fiscal year. Thank you for your consideration.