



Testimony to House Appropriations Committee

Department of Environmental Protection Secretary Patrick McDonnell

January 25, 2018

Chairman Saylor, Chairman Markosek, and members of the committee, thank you for the opportunity to talk about the uses, management, and balances of a few of the Department of Environmental Protection's (DEP) vital programs.

DEP depends on various funding sources, along with the General Fund and federal dollars for our day-to-day operations, and we use the funds that we're here to discuss today as prescribed by statute 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.

These funds are statutorily created and directed to provide important environmental and economic development benefits. These funds are used to bring brownfield and coalfield sites back into productive use, advance new sources of energy, support county conservation districts in their important on-the-ground work, assist municipalities in reducing the amount of waste going to landfills, support watershed protection and restoration, and help fund environmental education projects throughout the state. DEP takes its responsibility as a trustee of these resources very seriously.

Created with legislative foresight to ensure that the agency directs funds to designated needs, the fund balances are prescriptively derived from such sources as fees on solid waste disposal and air emissions; fees on permits and inspections; fees for the annual registration of operations and licenses; appropriations from bonds; and fines and penalties. They are not available to DEP for non-specified activities or General Fund use. The special funds represent 32 percent of the budget, with the balance provided by federal funding (30 percent), general funding (21 percent), and other funding, such as restricted accounts (17 percent).

There is no such thing as a typical use or movement of the dollars in the special fund accounts. As to the use of these funds, they may support operational needs; are delivered externally in the form of grants or contracts; or serve as direct funding to partners, as is the case with Conservation Districts. Revenue from the Conservation District Fund is appropriated to the State Conservation Commission and distributed to the 66 districts to provide local staff resources, training, technical assistance to farmers, and implementation of water quality projects. Not only are the conservation districts frequent awardees in the Growing Greener program but they each receive a yearly grant towards funding Watershed Specialist positions. The total amount each year for these positions is more than \$2 million, and DEP uses it as match for federal grant purposes.

As to the movement of these funds, at any given moment, a fund may appear to be flourishing. That doesn't mean the funds within it aren't pre-committed. Funds are deposited into these accounts throughout a fiscal year, on a quarterly basis, or at the conclusion of a fiscal year, so a one-time snapshot of fund balance does not reflect cash flow or planned activities. Commitments are planned based on the availability of funding and may be competitively awarded as is the case with Growing Greener grants; or the funds may be a planned commitment, as with the Recycling Performance Grants.

Using much of these funds for the general budget would directly result in lapses and delays in services from DEP, like permits, inspections, and responses to complaints. Beyond that, the impact would be felt throughout the Commonwealth: at municipalities, in businesses, in classrooms, and at non-profit organizations. Reducing funding in the Hazardous Sites Cleanup Fund would postpone or cancel projects to rehabilitate sites throughout the state, and require an evaluation of the need to reduce the number of DEP personnel working in brownfield redevelopment, toxic site cleanup and hazardous waste management. Redirecting the Industrial Sites Cleanup and Industrial Sites Environmental Assessment Funds would end projects to rehabilitate industrial brownfields into usable space, such as a proposed pilot project that transforms brownfields into multi-dimensional community assets.

These dollars aren't the only resources for many of the thousands of projects represented in these funds. DEP acts as a responsible steward of these funds, coordinating with other state and federal agencies to leverage additional resources and combine efforts to help execute environmentally beneficial economic development, such as abandoned mine land pilot projects, brownfields to playfields, and Superfund site clean-ups.

The dollars in these funds are in great demand by these partners. Municipalities' requests for reimbursement grants for developing and implementing recycling programs regularly exceeds available funds in the Recycling Fund. That program is supported by the \$2 per ton fee on solid waste disposed at municipal landfills. DEP is especially gratified that the General Assembly recently eliminated the expiration of the recycling fee. Your decision this past October to eliminate the sunset created reliability for local governments who are obligated to provide this legislatively mandated program.

Overall, these programs represent jobs, economic development, and most important, healthy environments for Pennsylvania's communities. We look forward to working with the General Assembly in improving the management and allocation of taxpayers' dollars to protect public health and the environment.