

Testimony of
Patrick McDonnell, Secretary
Pennsylvania Department of Environmental Protection
Governor's Proposed Fiscal Year 2019-20 Budget
Appropriations Committee Budget Hearing

Thank you for the opportunity to present Governor Wolf's proposed Fiscal Year 2019-20 budget for the Department of Environmental Protection (DEP).

I want to begin by acknowledging the almost 2,500 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 \$135.186 million from the General Fund and a total spending authorization of \$783.820 million. The proposal includes \$271.705 million of special fund authorizations as well as \$251.680 million in Federal spending authority. For reference, in 2018-19, DEP's total enacted General Fund budget was \$156,049,000 which included a \$9,602,000 increase. The current budget further increases this budget by another \$4,617,000 to a total of \$160,666,000¹, a two-year increase of \$14,219,000. This is an increase of \$21,433,000 from the last year budget of the prior administration.

Recognizing that agencies across commonwealth government have been tasked with finding efficiencies in order to achieve a high level of service with limited budgetary increases, DEP is working to meet our obligations to the best of our abilities at our current staffing level of 2,497. To achieve the proposed savings in the general fund budget, the Chesapeake Bay Agricultural Source Abatement Fund, Transfer to Conservation District Fund, and funding for several commissions will be appropriated from the Environmental Stewardship Fund in the amount of \$8.031 million. Another \$7.449 million from the Environmental Stewardship Fund and \$10 million from the Recycling Fund is proposed to be utilized to augment department operations.

The Governor's Budget also proposes to fully fund Pennsylvania's commitments to interstate compacts, commissions and partners including the Susquehanna River Basin Commission, Delaware River Basin Commission, Ohio River Valley Water Sanitation Commission, and Chesapeake Bay Commission.

Through this testimony, I'd like to update you on several core initiatives DEP has undertaken that are directly related to our mission and our fiscal accountability – improving our permit review process; preparing for the future of clean-up of hazardous sites throughout the commonwealth as that funding stream ends; reducing runoff pollution through improved stormwater management statewide; continuing our partnership with conservation districts; making unprecedented progress on our federal obligations to improve local water quality in the Chesapeake Bay Watershed; and continuing toward a clean energy economy.

Before I begin, I would like to note that Governor Wolf's Restore Pennsylvania initiative, while separate from this proposed budget, would have a strong positive impact on each of these

¹ After including additional authorizations assumed by the Environmental Stewardship and Recycling Funds.

essential environmental programs. DEP welcomes the opportunity to add resources which will help us better achieve our mission to protect public health and the environment, and Restore Pennsylvania is the only option available to provide much-needed resources for many of the department's priority areas.

Improving our permit review process

DEP receives more than 31,000 permit applications a year, and each of these permits is important to a project somewhere in the commonwealth. Broadly speaking, permits are required for certain types of construction projects that require control of erosion or air emissions, cross waterbodies, result in industrial wastewater or stormwater discharges, or are drinking water and sewerage construction. DEP permitting is often a critical step for community growth and redevelopment.

Both permitting and inspections cover almost every industry in our state, and are often a requirement to maintain primacy of certain federal programs, where DEP is delegated federal authority by the U.S. Environmental Protection Agency (EPA) to enforce both state and federal laws and regulations, such as Safe Drinking Water, Air Quality, and Mining.

One year ago, I was honored to stand with Governor Tom Wolf to announce plans to modernize the permit process, reduce the backlog, and improve our already exemplary oversight. To help us deal with long-standing reductions to the agency's budget, we sought a \$2.5 million budget allocation to facilitate the strategy. This funding enabled DEP to fill 33 mission-critical positions, seventeen in our Regional Offices, sixteen for our Central Office operations, and funded two Human Resource Delivery Center positions to process DEP hiring requests more quickly and efficiently. Staff throughout DEP have focused our efforts on increased responsiveness, improved customer service, and working smarter with the help of technology to enhance operations and give applicants tools to provide complete applications at the outset.

In brief, DEP has:

- Opened the Regional Permit Coordination Office (RPCO), a centralized permitting office to assist with construction permitting and coordination related to erosion and sediment control (Chapter 102) and water obstruction and encroachment (Chapter 105) for large-scale, multi-county or multi-regional infrastructure projects, such as pipelines and highways.
- Developed electronic permitting applications for well drilling and erosion and sedimentation control at oil and gas sites (ESCGP), surface coal mining, air emissions from certain natural gas activities (GP-5 and GP-5A), Chapter 105 water obstruction and encroachment general permits, storage tank renewals, and radiation protection x-ray registration renewals.
- Increased the efficiency of inspection for oil and gas sites, erosion and sedimentation, waterways encroachment, waste management, spill cleanup, and emergency response through the development and implementation of electronic tools.
- Begun to digitize files while also requesting electronic submissions to improve Right to Know and informal file review processes, reinforcing DEP's commitment to transparency.

- Significantly improved permitting efficiency by meeting with and clearly communicating permitting and regulatory requirements to the regulated community and consultants.

As a result of these and other staff-designed modernization efforts, collaborations, and innovations, we have reduced permit review times substantially (in some cases by more than 220 days) while maintaining our commitment to our mission of protecting public health and our environment.

Preparing for the future of clean-up of hazardous sites

As Governor Wolf addressed last week as part of the Restore Pennsylvania initiative, former industrial and commercial sites sit waiting for cleanup as a catalyst for new economic opportunity. One of the most important tools Pennsylvania has to provide these opportunities is the Hazardous Sites Cleanup Fund under the Hazardous Sites Cleanup Act (HSCA).

This special fund supports investigation, cleanup and monitoring at contaminated sites, implementation of Pennsylvania's Land Recycling Program, and participation in the federal Hazardous Waste Program and in the Federal Superfund Program (coordinated with the U.S. Environmental Protection Agency). Over the 22-year history of the Land Recycling Program, DEP has approved more than 6,687 actions. As a result of voluntary actions by developers and landowners and DEP enforcement and cleanup responses, contaminated and abandoned sites have been cleaned, put back into service, and regained productive value to the residents of adjacent communities and the commonwealth overall.

Under this fund, DEP has performed investigations of groundwater and soil contamination, replaced contaminated water supplies, removed and disposed of toxic wastes, implemented groundwater treatment actions, and addressed threats posed by toxic chlorinated solvents, toxic heavy metals, flammable materials, corrosive substances and radiological materials.

Now, the future of this program is in jeopardy. The funding of \$40 million per year was generated by the Capital Stock and Franchise Tax. With the phase-out of that tax, DEP will be unable to sustain these valuable programs without a new source of \$30 million annually to support the projects required by the act.

Outside of finding an extra \$30 million in General Fund dollars, Restore Pennsylvania could be the answer to finding new additional revenue to fund this critical program.

Reducing runoff pollution through improved stormwater management

Just about every Pennsylvanian noticed the record-breaking storms that hit the state in 2018. Flooding was so dangerous that some residents lost their lives, roads were destroyed, and homes and businesses were severely damaged. In addition to causing flooding-related disaster, stormwater runoff from impervious surfaces is one of the biggest sources of flooding and water pollution and one of the thorniest problems to solve.

As the negative impacts of storms have increased, the EPA has required about 950 Pennsylvania municipalities with urbanized areas (commonly referred to as MS4s, or municipal separate storm sewer systems) to meet new, more stringent stormwater management requirements, including developing stormwater management ordinances and practices that control stormwater runoff from development to reduce flooding and pollution.

DEP has worked shoulder to shoulder with municipal leaders around the state to help them understand and work through these new federal requirements. Through extensive assistance in

the application process, new mapping tools, and training events, we've ensured that most municipalities have met their permit application deadlines, despite the complexity of this new approach.

Restore Pennsylvania could provide municipalities with funding required to meet these federal requirements. Restore Pennsylvania could also provide financial assistance to flood mitigation programs such as DEP's Stream Improvement Program, and help fund high hazard dam rehabilitation projects, and the operation and maintenance of Commonwealth built flood protection projects sponsored by municipalities.

Continuing our strong partnership with Conservation Districts

Pennsylvania's County Conservation Districts provide invaluable regulatory support to DEP and the communities they serve. DEP, through agreements with these Conservation Districts, delegates the implementation of erosion and sediment control program, and the authorization of activities eligible for coverage under the Chapter 105 General Permits relating to water obstructions and encroachments. The Conservation Districts also review and approve nutrient management plans, and assist with flood response and stream improvement projects. The Conservation Districts provide these services at the local level which maximizes accessibility of these programs to the public.

Making unprecedented progress on improving local water quality

DEP, along with the Departments of Agriculture and Conservation and Natural Resources, has achieved an unprecedented degree of momentum and partnership with county leaders, as well as those in agricultural, business, and community organizations, in developing Phase 3 of the state Watershed Implementation Plan to reduce nutrient and sediment pollutants in local streams and rivers in the Chesapeake Bay watershed.

This strong partnership, along with a ground-up framework, has created an innovative new tool for county-level planning that enables local leaders to plan projects strategically, where they can serve local priorities and have the greatest pollutant-reducing impact.

Both Lancaster and York Counties have completed their local plans using the new tool, meaning that Pennsylvania now has a plan for 25 percent of its part of the watershed. Franklin and Adams Counties are finishing up their local plans, with the process to be rolled out to the remaining counties in early spring. What's more, we're bringing the same degree of fresh momentum as we look beyond plan development this spring to plan implementation starting in late summer.

Continuing toward a clean energy economy

All Pennsylvanians -- government leaders, business owners, organizations, and residents -- must understand how they can help keep global temperature increases below 2 degrees Celsius, to ensure that human-caused climate change is not catastrophic.

DEP continues to make advances on Pennsylvania's clean energy economy, with a goal to reduce energy bills, create opportunities for businesses, and enhance public health through a cleaner environment.

Our "Finding Pennsylvania's Solar Future Project" outlines a path for achieving 10 percent solar electricity generation by 2030. As noted in the plan, the investment potential in solar is estimated to be at least \$2.9 billion in significant economic benefits and additional jobs. Our plan guides the commonwealth to capitalize on those benefits.

To help transition our transportation sector to cleaner options, DEP has issued several rounds of grants and rebates to cleaner vehicles and infrastructure from Pennsylvania's share of a national settlement with Volkswagen Group of America after that automaker cheated on U.S. Environmental Protection Agency emission tests. Pennsylvania received \$118 million in the settlement for projects in Pennsylvania that reduce emissions of nitrous oxides.

In January, Governor Wolf issued an Executive Order setting a statewide goal to reduce greenhouse gas emissions 26 percent by 2025, and 80 percent by 2050. The Executive Order also sets energy reduction performance goals for state government. As part of the newly established Green Government Council, DEP will partner with the Department of General Services and Department of Conservation and Natural Resources to develop strategies to ensure state government meets these goals. We anticipate that current DEP technical assistance and funding programs for building and vehicle energy efficiency and conservation will play a role.

Next month, DEP will issue its Climate Action Plan update, a set of recommendations that can prepare Pennsylvania for the impacts of climate change and outline ways to mitigate it, as required by the Legislature. The plan analyzes 19 strategies that may enable Pennsylvania to achieve these emission reduction goals and enable us to better adapt to impacts of climate change we're already seeing. Over one hundred actions in nine sectors are outlined, with a key focus on energy, as 88 percent of state greenhouse gas emissions come from electricity generation, and energy use such as the heating and cooling of buildings, and transportation. DEP stands ready to work with the General Assembly to implement the recommended strategies, many of which will require legislative action.

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