



Senate Environmental Resources and Energy Committee

Senator Mary Jo White
Chairman

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To: All Republican Senators

From: Senator Mary Jo White, Chairman
Senate Environmental Resources & Energy Committee

Date: October 7, 2009

Re: DEP Budget

Recently, several news media outlets have reported claims by Representative Greg Vitali that the Senate budget proposal would cut DEP's operating budget by 30%. Senators have even been accused of intentionally reducing DEP's budget so as to hinder the agency's ability to enforce environmental laws.

I believe some context is in order when responding to these allegations. Certainly, DEP has taken budgetary hits because of the state's deficit, as has nearly every state agency. But I do not believe these cuts have disproportionately targeted DEP's ability to enforce Pennsylvania's environmental laws.

Last year, DEP's total budget was \$217.5 million. The budget passed by the Senate – with the support of Governor Rendell – is \$159 million. However, much of this reduction is attributable to the elimination of either new or discretionary grant programs – not personnel – including:

\$11 million for Safe Water grants
\$15 million for Consumer Energy Rebates

With regard to water infrastructure, I would note that the General Assembly approved \$1.2 billion in new bond funding last year. Additionally, PA received \$220 million in federal stimulus money for water and sewer projects. With regard to Consumer Energy funding, Pennsylvania is receiving nearly \$253 million in federal stimulus money for energy efficiency projects. These funds do not appear in DEP's budgetary bottom line.

Further, the majority of DEP's budget appropriation is found in three line items:

General Government Operations (reduced \$3.3 m)
Environmental Program Management (reduced \$5 m)
Environmental Protection Operations (reduced \$13.5 m)

However, unlike some agencies DEP receives significant money from fees assessed on the regulated community. DEP either has approved or is in the process of approving, through regulation, new fee increases totaling nearly \$20 million annually:

<u>DEP Program</u>	<u>Fee Increase (Annual)</u>
Oil and Gas Permits	\$10 million (\$17m by FY '11-'12)
Air Quality Permits	\$5 million
Erosion & Sed. Control	\$2 million
Coal Mining Permits	\$1.2 million
Water Oper. Cert.	\$875,000
Environ. Lab. Accred.	\$800,000
Beneficial Coal Use Permit	\$100,000

The rationale for each fee increase is to offset DEP's reliance on General Fund revenue and ensure that permit and enforcement costs are sufficiently collected from the regulated community. This fee revenue is available to DEP to replace lost revenue from the agency's General Fund appropriation.

I urge you to keep these facts in mind when responding to questions regarding the budget's impact on DEP. If you have any questions, please feel free to contact me.