



# Senate Environmental Resources and Energy Committee

## Senator Mary Jo White Chairman

*Patrick Henderson, Executive Director*

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October 15, 2009

Don Welsh, President & CEO  
Pennsylvania Environmental Council  
130 Locust Street  
Suite 200  
Harrisburg, PA 17101

Dear Don:

I am writing to take issue with several of the assertions made in the Pennsylvania Environmental Council's (PEC) press release issued yesterday.

I recognize and applaud PEC's commitment to and advocacy for the Commonwealth's environment and natural resources. Without question, the state's serious fiscal deficit has had an impact on all state agency budgets, and both the Department of Environmental Protection (DEP) and the Department of Conservation and Natural Resources (DCNR) are affected by the final budget approved last week. However, I believe several of the claims included in PEC's press release are misleading and fail to provide any context to those who read it. For example:

Claim: DEP General Fund appropriation was cut \$58 million, much in personnel line items

Response: Approximately \$26 million was cut from non-personnel grant programs, such as Safe Water and Consumer Energy rebates. The claim ignores the receipt of hundreds of millions of dollars in federal stimulus funds. Further, DEP is in the process of raising various fees – intended to displace DEP's reliance on General Fund money – by approximately \$20 million annually. This substantially mitigates the net impact of DEP's appropriation reduction.

Claim: \$234 million earmarked for conservation was “diverted” to the General Fund in the FY '09-'10 budget

Response: When the Oil and Gas Lease Fund was created in 1955, it is safe to assume that no one foresaw an infusion of money like we have seen from leasing natural gas rights. Even after these transfers, the Oil and Gas Lease Fund will still be left with considerably more money than pre-Marcellus Shale leasing. For example, DCNR received \$168 million from the Sept. 2008 lease offering, and is retaining \$25 million for its own uses – more than the Fund spent over the past 4 years combined.

Claim: \$376 million over seven years cut from wastewater plant operations

Response: While I too am disappointed that these funds were not appropriated, leaving the impression that this money was “cut” from DEP’s budget and therefore impacted DEP’s ability to do its job is inaccurate. In most cases, these funds have been made up for by local ratepayers. The claim also overlooks the infusion of over **\$1.6 billion** in new state and federal water and sewer funding.

Claim: \$100 million taken from the Environmental Stewardship Fund to pay debt service on the Growing Greener Bond

Response: Use of existing tipping fee revenue for debt service was a *prerequisite* for enactment of the Growing Greener Bond in 2005 – a bond which PEC led the charge in actively urging voters to approve. The assertion overlooks the fact that the debt service is financing \$625 million in up front funding through the Growing Greener bond. In short, you cannot criticize how a bond is repaid while simultaneously ignoring what the bond is used for.

Claim: The Commonwealth is “selling off” state forestland to balance the budget

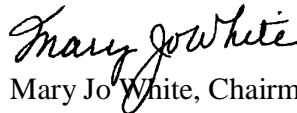
Response: Earlier this year, DCNR informed me that they were contemplating a new lease offering of between 70,000 – 80,000 acres. Clearly DCNR believes this amount of leasing can be done in a sustainable manner. DCNR also retains the ability to insist on a minimum per acre bid amount (I note that DCNR Acting Secretary John Quigley has publicly denounced this concept).

Act 50, legislation which transfers \$60 million from leasing to the General Fund, also authorizes DCNR to expend up to \$50 million annually from royalties in the Oil and Gas Lease Fund for conservation and natural resource programs – a significant increase over the \$5-\$6 million annually DCNR typically receives from this fund.

Lease revenue has also paid for over \$7 million in carbon sequestration data gathering, and nearly \$100,000 paid to PEC for DCNR’s Carbon Management Advisory Group report – in addition to helping acquire land leading to the creation of dozens of state parks in the past.

By no means do I wish to minimize the real impact the state’s budget will have on programs and employees across the board. However, I do not think it is accurate to assert that environmental and conservation programs have been disproportionately targeted by the General Assembly. The final budget is certainly open to critique, but I encourage all to evaluate the budget and spending priorities fairly and in their proper context.

Sincerely,



Mary Jo White, Chairman  
Senate Environmental Resources  
& Energy Committee