FISCAL YEAR 2006 BUDGET STATEMENT

OF

COMMISSIONER BRADLEY M. CAMPBELL
DEPARTMENT OF ENVIRONMENTAL PROTECTION

BEFORE THE

ASSEMBLY BUDGET COMMITTEE

MAY 5, 2005
I am pleased to present Acting Governor Codey’s proposed Fiscal Year 2006 budget for the Department of Environmental Protection (DEP).

The Fiscal Year 2006 funding level for DEP has been set at $347.1 million. Our operating budget of $214.2 million (plus $2.4 million for the Palisades Park Commission) has been reduced by $8.9 million, nearly a 4 percent drop, as compared to Fiscal Year 2005 adjusted levels. Our Grants in Aid have been totally eliminated – down from $16.25 million for FY 2005 – and our State Aid funding has been reduced by $2.3 million to $10.1 million. Our Capital budget has been reduced by 29 percent to $82.4 million for Fiscal Year 2006, which includes full funding of the shore protection account at $25 million.

This is an austere budget that incorporates significant reductions that Governor Codey has directed. For the fourth consecutive year, the DEP’s budget calls for a reduction in the Department’s appropriation from the General Fund. For the fourth consecutive year, DEP will be implementing a number of new programs and legislative mandates by reallocating existing resources rather than seeking new resources. For the fourth consecutive year, we are reducing the cost of service delivery. For the fourth consecutive year, smarter use of existing resources will allow us to address longstanding challenges.

And for the fourth consecutive year, we are achieving these economies while providing better service to New Jersey residents and the regulated community, and stronger protection of the environment and natural resources.

A. Reducing demands on the General Fund.

Over the past four years, DEP has systematically updated our fee structure and user fees to ensure that we minimize burdens on the General Fund. Wherever possible, we have sought to shift the burden to those specific parties that either are responsible for the problems we are working to correct or benefit from the services we provide. We also have sought to use available funds in constitutionally dedicated accounts more effectively, while trimming expenditures on travel, temporary services, and overtime.

As a result, the percentage of the DEP’s FY 2006 budget appropriated from the General Fund will be only 21 percent, significantly down from 41.3 percent in FY 2002. (See Attachment 1). Our general fund appropriation of $45.0 million for FY06 compares with a General Fund Appropriation of $90.8 million in FY02. We have cut our demands on the General Fund by more than half over four years.

1. Practical Steps Taken to Improve Efficiency

The DEP has taken action in a number of areas to eliminate waste and to safeguard the public’s dollars. Between 2001 and 2004, the amount we spent on overtime fell by over 20 percent. While looking for additional opportunities for savings in this area, it should be remembered that there are certain essential programs such as emergency response where denial of overtime could be detrimental to public health and welfare.
We have also drastically reduced the amount of temporary services we employ. There was a time when it seemed that nearly every DEP bureau used at least one “temp” to perform a variety of functions. In many cases, at the time when these temps were taken on, their use was warranted to meet a temporary demand. However, many were kept on beyond their usefulness such that in 2001, the DEP spent close to $900,000 in this manner. I am happy to say that we have reduced that amount by over 57 percent. Instead of using temps as a way to get around Department of Personnel hiring regulations, we now employ temps only for justifiable seasonal or other short-term periods where the public would suffer if they were not employed.

We have also made concerted efforts to better manage our fleet of vehicles. At one point in the not-too-distant past, every Assistant Commissioner and many Directors had vehicles personally assigned to them, regardless of how justified the assignments may have been. Over the past three and a half years we have reviewed the assignment of vehicles and 60 percent of our fleet of 1,516 vehicles are now pool or field assignments. They are only assigned individually based on function, need or to ensure the security of the vehicle.

Similarly, we have taken steps to drastically reduce the amount of business and conference travel. In FY 2001, the total amount paid by the DEP for travel related expenses was $896,091. We have steadily cut this so that in FY 2004 the amount has been reduced by over half to $422,458. Indications are that with only $178,643 spent thus far in FY 2005, we will continue this downward trend into the future.

2. DEP Organizational Consolidation

Over the past three years, we have intensively reviewed the entire DEP organization to identify and implement opportunities for consolidation and elimination of redundancy. Throughout the department, a number of divisions, along with their management positions, have been eliminated. Within the Divisions that remain, we have further consolidated the organization, in turn eliminating a number of lower level management (Bureau Chief) positions over that period. Let me provide you with a couple of examples as to what we have done.

At the time I took office, three separate Directors reported to the Assistant Commissioner for Environmental Regulation to oversee pollution prevention, release prevention and related functions. Through consolidation and retirements, a number of Divisions were reduced into a single Division of Environmental Safety and Health under one Director. Similarly, we were able to reorganize in this Division so that two bureaus were consolidated into one, with an associated position elimination and downgrade.

The newly consolidated Division of Environmental Safety and Health has seen a substantial increase in workload because of the domestic security demands placed on the Toxics Catastrophe Prevention Act program, the Discharge Prevention, Containment, and Countermeasures program, the Nuclear Emergency Response program, and the Radioactive Materials program. The reorganization allowed us to consolidate all of the programs bearing this domestic security workload under an existing Assistant Director. The consolidation put us in the best position to handle the drastically increased workload associated with domestic security without increasing staff.
Another example of our reorganization efforts is in regards to the air program. The Air Quality Permit Program and the Air Quality Management Program each reported to the Assistant Commissioner for Environmental Regulation. Each program was under the supervision of an Administrator, both in Senior Executive Service. The two programs included a total of nine bureaus. The two programs were consolidated into a single Division of Air Quality, under one Director (one of the former Administrators, who remains in Senior Executive Service), with the other SES position downgraded to a trainee. In the consolidation, the Bureau of Regulatory Development was eliminated, along with the Manager 4 position of the Bureau's former Chief. In addition, the Bureau of New Source Review and the Bureau of Air Quality Engineering were combined into a single Bureau of Preconstruction Permitting, and another Manager 4 position was eliminated.

The DEP has also streamlined management in our Human Resources office. The former Director was earning $100,627 when he transferred out of DEP. That managerial position was not filled and remains vacant to date. Managers assigned to Human Resource Services, Human Resources Operations and Labor Relations have assumed the duties formerly assigned to the Director without any diminution of services.

The DEP will continue to examine its organization and look for further opportunities for consolidation and improved efficiencies. We have already identified several positions in which the incumbent is due to retire soon that will either not be backfilled or will be filled at a much lower level. In Human Resources, for example, a Personnel Assistant 1 with a current salary of $76,823 will be retiring and the position will not be backfilled. Similarly, a Manager 1 IP earning $83,578 will be retiring. This position will be backfilled at the entry level of DP Programmer 3 at $40,522.61, for savings of $43,055.78.

The Division of Solid and Hazardous Waste Management is being downsized and a Director, Assistant Director and Bureau Chief position eliminated. The Division of Smart Growth will not be established as a division but as a unit under the Director of Land Use. Existing staff will be reallocated to staff the new section with only some new staff coming on board, as necessary. Additionally, the Northern Planning Bureau in the Division of Watershed Management is being eliminated, critical functions are being placed into other units; one Bureau Chief position is being eliminated.

In general, the DEP is reviewing all manager titles as they are vacated and eliminating any titles when functions can be consolidated under other units.

3. Reallocating resources to meet new mandates

The DEP is truly doing more with less. Unlike many other State agencies, however, we have had an additional disadvantage of making up for severe cutbacks levied during the 1990’s. DEP’s present number of FTEs stands at 3,454 employees. When compared to FY 1994, our staffing levels – excluding DEP’s Office of Natural & Historic Resources that manages the operations of our parks and wildlife refuges – continue to reflect a 13 percent reduction or 363 FTEs. (See Attachment 2).
Over these same years, the number of state and federal statutory and regulatory requirements the DEP is required to implement have increased significantly. The number of parties and activities regulated by the DEP has more than doubled over this period. A recent analysis that we conducted shows that from 1995 to today, the Legislature enacted 340 separate laws that impose new requirements on DEP. Of these, 217 represent statutory changes of varying degrees, 123 of these were major statutory changes involving new or expanded program requirements. A number of these laws created entirely new programs that were passed without allocating sufficient resources for implementation.

We are now devoting resources to a number of new statewide obligations that were not in place just four years ago: the Private Well Testing Act, the California Low Emission Vehicle Program, the September 11th, 2001 Anti-Terrorism Act, Smart Growth Areas Permit Streamlining (Fast-track law), Highlands Water Protection and Planning Act, School Integrated Pest Management Act, Auto Mercury Switch Removal, and Open Space Prioritization Act all impose significant demands in terms of staffing for implementation. Of these, new resources were appropriated for only two (Highlands and Smart Growth), and in both cases the full amount of appropriated funding has not been released to the Department.

I do not mention these laws to argue with their need. The DEP supported passage of each of these bills as they moved through the Legislature. They all make good policy sense and the people and environment of New Jersey are certainly better off because they were enacted. However, each enactment, singly and especially cumulatively, imposes implementation costs and requires staffing.

For example, we have successfully implemented the Open Public Records Act (OPRA) without any new resources, simply by reallocating existing staff and resources. However, as of April 12, 2005, the Department of Environmental Protection has received 26,792 OPRA requests while the other state departments have cumulatively received approximately 15,715 requests. Therefore, the DEP has received approximately 63 percent of all requests submitted to all state departments (See Attachment 5). DEP must allocate more than $1.4 million per year to respond to OPRA requests. Since enactment of OPRA two and a half years ago, we have reallocated approximately $4 million to this effort.

Many of the OPRA requests we receive come from consultants and law firms who, through this law, in essence are able to shift the costs of their work to DEP. For example, one law firm has submitted nearly 275 OPRA requests over the last two and a half years. One environmental company submitted 200 OPRA requests in one day. This certainly was not the intent of the Legislature when they passed this worthy statute.

Even in the absence of new statutory mandates, the scope and scale of existing programs has expanded significantly without commensurate increases in staffing or resources. For example, as a result of new federal mandates, the universe of permits that must be written and reviewed in the New Jersey Discharge Elimination Program has increased by more than 31 percent in the last four years.

Similarly, the expansion of parks and open space has significantly increased acreage under public management, even as the staff needed to manage those lands has been declining in
recent years. As an example, the precious resources of the historic Walt Whitman House in Camden must be managed by rangers and staff from Brendan Byrne State Forest over 30 miles away. As these staffing trends continue, we are at risk of failing to meet the demands of stewardship at our parks, natural lands, and historic sites

B. Better Service for New Jersey residents

1. Achieving a “backlog-free” DEP

At the start of my tenure, this committee and residents from across New Jersey expressed well-justified frustration at the backlogs, delays, and long wait times for decisions in DEP regulatory programs. At that time, there were individual DEP programs that had a backlog of literally hundreds of decisions, often spanning several years.

My commitment has been to achieve a backlog-free DEP across all programs, and I am pleased to inform the committee that we are on-track to achieving that goal in FY06. Given the austere budget climate, we have not been able to address this issue by adding significant numbers of staff to our permitting programs. Rather, we have fundamentally changed the way we do business to ensure that our improvements to service are sustained.

These changes include a broader array of general permits to simplify processing times and cut red tape, more effective use of information technology, and close tracking of employee performance. The results have been dramatic. The water allocation program has tripled its rate of decision-making, and the backlog for water allocation decisions and agricultural certifications will be eliminated by the end of the year. Since the start of my tenure, 80 percent of the backlog for air preconstruction permits has been eliminated. Since the start of my tenure, more than 50 percent of the backlog in the air operating permit program has been eliminated. The backlog for both programs will be eliminated by year’s end, and the progress in other regulatory programs is comparable.

Electronic permitting and reporting have reduced the amount of paper coming into the DEP and contributing to the permit backlogs. DEP now receives electronically 100 percent of Air Emission Statements and 85-90 percent of all air permit applications. The regulated community is able to draft their own permits and submit them to the DEP. They are electronically imported into the New Jersey Environmental Management System (NJEMS) by the click of a button and can be reviewed or modified online, thereby expediting permit development. The DEP's recent introduction of Electronic Data Interchange (EDI) capability enables the water discharge permittees to electronically submit their Monitoring Report Forms, freeing DEP staff from the laborious and resource intensive task of data entry. The benefits of EDI include improved data quality, quick feedback on the receipt of forms, timely access to new monitoring reports and cost savings for both the DEP and the regulated community.

General permits also are responsible for much of the progress in reducing backlogs. The DEP has developed general permits that include environmentally protective conditions for smaller common types of equipment to eliminate case-by-case evaluation of these sources, to provide consistent and meaningful permit conditions for the source category and to reduce the
resources needed for permitting. DEP currently has 92 general permits in place within our air, water and land use programs, with more than a dozen in the works.

Delays and backlogs have hampered progress in our cleanup as well as our permitting programs. Where responsible parties are the cause of delay, more aggressive use of our enforcement tools under Governor Codey’s “Time’s up for Cleanup” initiative will accelerate the pace of cleanup. Where delays have been attributable to DEP, a series of changes in the way we manage the cleanup process are helping to reduce and eliminate delays in review of cleanup plans and issuance of “no further action” (NFA) letters to confirm that cleanups are complete. For example, we launched the innovative “Cleanup Star” program to allow the use of pre-qualified professionals to oversee work at low-risk cleanups. We allowed “soils-only” NFAs to expedite cleanup and redevelopment where groundwater issues may take longer to resolve. Our adoption of the “triad” approach to site characterization has reduced time and costs by 20 percent or more. And our establishment of Technical Review Panels has helped resolve technical disputes that have sometimes brought cleanup work to a halt.

In the coming year, we will complete soil remediation standards and convert site remediation programs to our New Jersey Environmental Management System (NJEMS) to ensure quicker decisions, better-managed cleanups, and better public access to remediation information. We will also continue to implement reforms developed in partnership with the Chamber of Commerce and the New Jersey Business and Industry Association.

While there is still much improvement to be achieved, progress is evident. In 2004, the site remediation program issued more than 3500 NFAs signifying the completion of cleanup work. This is more than double the number and rate of NFAs when compared to the start of my tenure.

2. Using Information Technology to Improve Service

Effective use of information technology has been critical to improving DEP’s service to the public while reducing our appropriations from the General Fund. As discussed above, electronic permitting and reporting have been critical to reducing costs and backlogs. By improving our Web presence, we have been able to achieve these gains while also expanding the information available to businesses and constituents and making DEP data easier to access without staff involvement.

DEP Data Miner, which went live this May, has generated over 260,000 reports for people who have accessed this site. We have new reports going live daily. New reports or reports about to be released include:

- **Highlands Reports** – This group of reports displays information about permit applications for projects located within the Highlands Preservation area.
- **Community Outreach Reports** - This group of reports displays information about NJDEP Permitting and Enforcement activities that are occurring or have taken place in a specific area.
• **Permitting Dashboard Reports** – The Permitting Dashboard Reports monitor permits from application receipt to final permit approval, providing transparency for the public and increased accountability of the DEP.

• **Multi-Media Release Report (MMRR)** – Under final development and available to the public this spring, the Multi-Media Release Report (MMRR) provides a summary of releases at a site or sites, by year, pollutant, and media.

The DEP has also developed an electronic reporting system that will be used by laboratories and water systems to submit data to the DEP. The goal of this system is to provide laboratories with one consistent way to submit more reliable data, faster and easier. This allows DEP to process the data and respond to environmental and public health concerns more quickly. This is especially important in the first use of this system, which will allow laboratories and drinking water systems to submit electronically drinking water analysis data. DEP is also in the process of developing systems for laboratories to submit quantitative limit data and private well testing data electronically.

The DEP is developing an eSolution for permits that will allow an applicant to submit their application and payment electronically, provide a complete list of requirements for completeness to the applicant so they know what is required, evaluate the submittal to determine if the requirements have been met and process the application. The system will be linked to the Department’s i-Map system, a web mapping tool to allow for identification of the proposed project and evaluation with over 40 GIS data layers. This will provide the applicant and the DEP with a way to determine if environmentally sensitive areas would potentially be impacted. For example, it will notify the submitter when a proposed well is located within an area of ground water contamination.

The eSolution not only provides regulated entities with a way to submit easier, faster and more reliable permit applicants, but it provides the applicant and DEP with more information upfront in the permit process and to identify areas of concern that may impact the project. For the public and environmental constituents, it will provide immediate and 24/7 access to proposed projects allowing them to participate in the review process immediately by providing notification of proposed projects, based on geographic location or permit type.

This eSolution will provide complete transparency to permits proposed, processing status and timeframes. Constituents will be asked to participate in the final design of this application to ensure it provides a real solution.

Working with Earth911, a nonprofit organization, DEP developed a paperless, web accessible beach monitoring system. The system allows for collection and reporting of beach water quality data. Counties use this system to enter their water monitoring records and laboratories log on and add the water analysis information to those records. The system then determines if a beach should be closed and emails both the county and state with the laboratory results. If the county closes a beach, the system automatically notifies the public by posting the beach closure to the DEP and Earth911 websites. The public can also sign up for email notification of closures. This summer, DEP will begin using the system to also record State Park swimming beach status. This will provide Park users with the same web and email notification.
The DEP’s efforts to develop and maintain a first class website are important on many levels. The information provided on the website is helping the DEP to meet its responsibilities to implement the Open Public Records Act (OPRA). As indicated above, the costs to DEP to implement OPRA has amounted to over $4 million since enactment. It is unfathomable what the cost to the DEP would be if it were not for automation and use of the web. However, as I indicated above, this has placed an incredible burden on the DEP and I repeat my call to the Legislature to consider some changes to allow for greater recovery of costs, particularly from profit making ventures.

C. Smarter Use of Existing Resources

An austere budget requires us to use existing resources more thoughtfully, and to stretch our existing resources to meet new challenges. I would like to highlight a few areas where a combination of policy innovation and more effective management have allowed us to address longstanding areas of neglect, or expand existing programs, without any new demands on New Jersey’s taxpayers.

1. State and local parks

Over the past several years, funding for parks capital projects has been significantly below needs while demands for parks and recreation areas have been increasing. Recognizing this challenge, DEP has taken a number of steps to identify resources to invest in our parks without requiring additional appropriations. First, we have accelerated parks funding under the Garden State Preservation Trust to increase support for local endeavors through Public Question #1 on the 2003 Ballot. We also have changed the funding formula to ensure fairness to more densely populated communities, while expanding program eligibility to include projects in our state parks system. As a consequence, total Green Acres appropriations have increased from $153 million in 2001 to $225 million in 2005, an increase of almost 50 percent.

In addition, DEP has established New Jersey as the only state that systematically pursues claims for public compensation for injuries to natural resources. Natural resource damage (NRD) recoveries, where the contamination has affected recreational interests, are contributing directly to the improvements and expansion of state and local parks. For example, funding from the Jersey City chrome NRD settlement will fund a $10-million natural area restoration project at Liberty State Park. A recent NRD settlement for the IMTT-Bayonne facility will fund the completion of Bayonne’s North 40 Park project and create a new public access point along Bayonne’s waterfront. We expect that NRD settlements will continue to enhance other state and local parks where contamination has affected nearby recreational interests.

2. Open space preservation

NRD recoveries also have augmented preservation of open space. Where there are injuries to ground water, we have encouraged responsible parties to resolve their liability by permanently protecting watershed lands and ground water recharge areas as in-kind restitution for the
public’s loss. A recent settlement with Hatco, Inc. for injuries to water resources along the Raritan River was resolved by acquiring and preserving a critical parcel on the Raritan Greenway. We expect additional settlements of this type in the coming fiscal year.

In addition, recognizing that watershed lands are a critical water supply resource, we have worked with the New Jersey Water Supply Authority and the North Jersey Water Supply District Commission to expand their investments in preservation of watershed lands. On this same basis, we have worked with the Environmental Infrastructure Trust (EIT) to expand their low-interest loan program to include preservation of watershed lands. To date, these new funding sources have expanded open space funding by $52 million.

3. Coastal water pollution

Federal funding for New Jersey’s Clean Water and Safe Drinking Water revolving funds requires DEP to maintain specified reserves for the program. In 2003, I initiated a reappraisal of the reserve requirements with EPA and as a consequence we were able to identify $30 million that could be used for water pollution control projects. This will enable DEP to fund $30 million in coastal water pollution control projects, as announced by Governor Codey at the recent Shore Summit, without any new demands on the General Fund. We expect to submit appropriate implementing legislation to the committee within the next two weeks.

4. Water Supply Infrastructure

The 2002 water supply emergency, resulting from the earliest and most severe drought recorded in New Jersey, identified a longstanding failure by the Department to make appropriate investments in New Jersey’s water supply infrastructure. For South Jersey, DEP worked closely with the legislature to appropriate $34 million in unused Water Supply Bond Act funds for the support of water reuse and recharge demonstration projects. DEP has identified 23 projects in 11 counties that will benefit from this long overdue funding.

In addition, the New Jersey Water Supply Authority is repaying outstanding 1987 and 1988 loans due the Department thereby providing the Department with monies that can provide funding for overdue water supply projects in North Jersey. We will soon submit to the legislature a request to appropriate these monies to needed water supply projects that have been identified for more than 40 years but never built. DEP hopes to fund improvements to the Virginia Street Pumping Station and the startup work on the Confluence Interconnection using these funds.

5. Brownfields funding

Over the past three years, DEP has worked with the Administration’s Brownfields Task Force to expand funding available for brownfields cleanup and redevelopment. As a result of this initiative, both the Legislature’s and the public’s support of Public Question #2 in 2003, and supporting legislation, New Jersey is now the only state with dedicated funding for brownfields cleanups and has expanded cleanup reimbursement eligibility to include a broader range of site reuses. We are currently supporting passage of S277/A2815 to expand this program still further. This new and expanded funding comes from constitutionally
dedicated accounts that had been accruing surpluses for years and, therefore, has required no new appropriation from the General Fund.

We also have significantly expanded the use of the EIT to provide low-interest loans to brownfields redevelopment and cleanup projects. In the most recent funding round, the EIT expects to loan more than $392 million to brownfield redevelopment projects.

6. Dam Safety

As recent flooding in Burlington County and along the Delaware River have sadly demonstrated all too clearly, there is a substantial need for flood control and dam improvement funding in the state. The DEP is implementing the voter-approved “Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003,” which authorizes bonds for $200,000,000 for a variety of infrastructure improvements throughout the State. The Legislature is currently considering bills to appropriate $95 million to reconstruct private and publicly-owned dams, $15 million to repair or refurbish State-owned dams, and $25 million for state flood control projects. I urge these bills be sent to the Governor as soon as possible.

In regards to the $45 million and $5 million provided respectively to the DEP and the Environmental Infrastructure Trust authorized by this bond act, the DEP is implementing the Bond Act provisions through the existing leveraged Environmental Infrastructure Financing Program, financing up to $90 million in project costs initially. These funds will augment federal SRF funds for both wastewater and drinking water purposes. In addition, the Department intends to request legislative authorization to set aside a portion of these funds (up to $10 million) as a dedicated account to finance emergency situations arising from failed water supply and wastewater infrastructure that must be quickly addressed to protect public health and the environment.

The Department estimates that the administrative costs for implementing all portions of the Bond Act will be approximately $1,360,000 per year.

D. Ongoing Challenges

1. Parks and Forestry

Last year, when I appeared before you, I spoke of the difficult choices we had to make relative to capital funding in our State Parks. Last year, the Legislature was able to provide our Capital program with funding for us to reinvest $2 million in State park recreational facilities. This year, there unfortunately cannot be any provision of funds towards this purpose.

Our parks are in desperate need of repair. We have performed an exhaustive inventory and have identified over $220 million in needed repairs to our State-owned park and forest resources. The amount continues to increase as we further defer needed maintenance.
We have had preliminary discussions with the Treasurer and members of the Legislature about investigating some creative ways to provide this funding that would not affect the General Fund. A registration system and fees for off-road vehicles (ORVs) may provide one potential source of funding. We look forward to bringing these proposals to you and working with you to explore a stable source of funding for our state parks.

In addition, historic mismanagement of our parks has placed resources and, in some cases, public safety at risk. Our “Parks for the 21st Century” initiative included a comprehensive management review that identified a series of shortcomings and instances of past criminal conduct in parks management. Management was particularly deficient in the Office of Leases and Concessions. This review prompted the appointment of a new Director, who is leading a series of management and program reforms to address longstanding failures of management.

2. Diesel Emission Reduction

In New Jersey, exposure to fine particles, much of which comes from diesel exhaust, is linked to over 370 premature deaths each year; exceeding the number of deaths attributable either to drunk driving or homicide. This pollutant is also associated with increased incidents of asthma, allergies and other breathing disorders. The United States Environmental Protection Agency has recently identified diesel exhaust as a toxic air contaminant and a probable human carcinogen. In short, fine particles pose an extraordinary health risk to the people of New Jersey, especially to the residents of the highly concentrated urban areas.

The DEP believes that public health dictates that establishment of a program to reduce substantially emissions of diesel fine particles be a top priority in the coming year. The DEP has worked closely with the chairs of both environment committees to fashion legislation (S1759(SCS) and A3182) to require retrofitting heavy duty diesel trucks, buses and equipment with special equipment and filters to remove these particulates.

As with parks capital, we will be working with the Legislature to examine ways to fund this program without resorting to the General Fund.

3. Fish and Wildlife Funding

Perhaps our biggest challenge in the coming year will be to provide funding for our Division of Fish and Wildlife.

New Jersey’s wildlife-related recreation supports a $4.1 billion industry, provides for over 33,000 jobs and contributes more than $147 million in taxes to the State each year. The Division of Fish and Wildlife is charged with the responsibility of managing and enhancing this valuable resource. The DEP’s Division of Fish and Wildlife manages 296,000 acres through 119 Wildlife Management Areas. Yet, the Division receives virtually no General Fund money to fulfill its responsibilities. The operations of this Division is dependent on fees collected from fishing and hunting licenses and deposited into the Hunters and Anglers Fund.

The Hunters and Anglers Fund has collected, on average, $13.1 million for the past four years. Last year, however, the revenue dropped to just under $12.1 million. For Fiscal Year
2005 we are projecting revenues under $12.0 million. Through the current fiscal year, the collections are at $8.6 million with another $3.1 million expected during the remaining two and one half months.

The Hunters and Anglers Fund currently has 203 filled positions and has spent, on average, $14.9 million over the past four years. Each successive year’s expense has increased largely because of salary and fringe benefit costs. For Fiscal Year 2005 we are projecting the expenditures to hit $16.6 million with $13.2 million representing salaries and fringe benefits. The Hunters and Anglers Fund is also responsible to pay rent for the Division of Fish and Wildlife’s offices. The projected rent for the Division’s offices that is applicable to the Hunters and Anglers Fund is $336,168.

As the committee is aware, successive audits have identified significant shortcomings in financial and program management in the Division of Fish and Wildlife. We acted immediately when these deficiencies were identified and are working to ensure that no public funds are lost as a result of the deficiencies that have been identified. These issues are more specifically address in our response to questions from the Office of Legislative Services.

Thank you again for the opportunity to appear before you. I am happy to answer any questions you may have.
DEPARTMENT OF ENVIRONMENTAL PROTECTION
COMPARISON OF OPERATING APPROPRIATIONS
FY 2002 - 2006
(millions of dollars)

FY 2002
Total = $220.1

FY 2006
Total = $214.2

Legend:
- General Fund
- Fee Support
- Dedicated
DEPARTMENT OF ENVIRONMENTAL PROTECTION
COMPARISON OF STAFFING LEVELS

January 1994

January 2002

March 2005

Total Department
Regulatory Programs
COMPARISON OF PERMIT BACKLOGS
January 2002 vs. April 2005

Air-Title V

Air-Preconstruction

Water Allocation

Jan-02
Apr-05

NUMBER OF PERMITS

0 100 200 300 400 500 600

PROGRAM
Attachment 5

OPRA Requests Received by Agency (July 2002 to July 2004)