

FISCAL YEAR 2019 BUDGET STATEMENT

OF

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DEPARTMENT OF ENVIRONMENTAL PROTECTION

BEFORE THE

ASSEMBLY BUDGET COMMITTEE

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STATE OF NEW JERSEY
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Good afternoon, Chairwoman Pintor Marin, Vice Chairman Burzichelli and members of the committee. I greatly appreciate the opportunity to appear before you today to discuss Governor Murphy's proposed Fiscal Year 2019 budget for the Department of Environmental Protection.

Our mission – and we enthusiastically accept it – is to serve the people of New Jersey, more than 9 million from Essex to Salem. We protect and improve the air they breathe, the water they drink and the land and the natural and historic resources we all cherish here in the nation's most densely populated.

It is a solemn responsibility.

Governor Murphy has made clear – with decisive action – that New Jersey once again will be recognized as a national leader in environmental protection. I share his resolve. We are already working to fight climate change by rejoining the Regional Greenhouse Gas Initiative, known as RGGI. And this Administration is working in earnest along with statewide lead BPU to shape a clean-energy future by harnessing offshore wind. Governor Murphy's budget reflects his rock-solid commitment to safeguarding New Jersey's environment and public health and safety. Now more than ever, New Jersey needs a strong and focused DEP, especially given the current leadership at the federal level.

So we are buoyed that this proposed budget will enable us to fulfill our critical mission. And it will help us advance the Governor's vision of a clean, healthy environment for *every* New Jerseyan in every corner of our state.

Yet, we are fully aware that our DEP budget critically hinges on the proposed revenue increases that the Governor's budget includes. As it is, even with a mostly flat budget we are already faced with making tough choices.

For example, this summer we are must consider whether to close the swimming lake at Parvin State Park in Pittsgrove. Parvin Lake attracts visitors from mostly Salem and Cumberland county, including Bridgeton residents, and there are not many other nearby public options for these residents. We are hopeful that we can find a solution to continue to offer an affordable and accessible swimming opportunities.

Without the new sources of revenue included in the Governor's budget, we fear that hard decisions like these will not be solvable – and will become increasingly frequent.

Budget Overview

The DEP funding level proposed by the Governor for Fiscal Year 2019, excluding Debt Service, has been set at \$275.3 million. This is a decrease of \$45.8 million under the FY 2018 adjusted appropriation of \$321.1 million. However, this apparent 14 percent decrease is misleading. While this \$45.8 million decrease is an accurate reflection of the change between the FY 2018 adjusted appropriation of \$321.1 million and the FY2019 recommended budget, it obscures the fact that DEP's budget would be essentially flat in FY 2019. The DEP's FY 2018 appropriations totaled \$275.6 million, just slightly more than the FY 2019 recommended budget. The \$321.1 adjusted appropriation is much higher because it reflects \$38 million of supplemental appropriations of the Preserve New Jersey open space reserve and other nonrecurring supplemental funding traditionally displayed in the Adjusted Appropriation but not in the recommended budget.

The recommended \$275.3 million will allow the DEP to continue all operations at least at its status quo level in all areas, and in a few areas, we will be able to increase our staffing level modestly. Budget increases in Air Pollution Control and Land Use Management will enhance our ability to implement the governor's climate change and environmental-justice priorities through the addition of 6 full-time employees.

While the DEP will indeed have sufficient funds in its FY 2019 budget to support its mission and operations, a reduction in the 4 percent CBT-dedication will decrease the amount of funds that can be disbursed through various CBT-dedication supported grant programs. The proposed CBT dedication for FY 19 is \$105 million, of which \$74 million is legislatively reserved for open-space preservation. The other 29 percent of those funds, which amounts to \$30.5 million, is provided to the DEP in the budget. This is a \$1.9 million reduction below DEP's FY18 CBT appropriation level. This portion of dedicated funds supports key environmental objectives, including brownfields, private underground storage tanks, publicly funded cleanups and water resources.

Note that funding from this budget also includes monies for the three in-but-not-of agencies: The Palisades Interstate Park Commission, \$3.1 million; The Highlands Water Protection and Planning Council, \$2.3 million; and The Pinelands Commission, \$2.8 million.

The Governor's budget includes adequate funding to staff the DEP with 2,742 full-time employees. The DEP currently has 2,631 full-time permanent employees. Funds provided will allow DEP staff to increase to its highest level in six years.

The governor's budget positions the DEP to make significant headway on various key initiatives, particularly climate change, clean energy and environmental justice. As part of the governor's commitment to advancing the clean-energy economy and protecting our environment, \$5 million has been allocated to support energy-efficiency projects in state government. And the governor is making progress in this budget in weaning New Jersey from reliance on the Clean Energy Fund to cover general state purposes.

New Jersey traditionally had been a national leader in environmental protection. During the past eight years, however, our leadership in energy efficiency, offshore-

wind development, clean-energy technologies and environmental enforcement has faltered.

In a recent executive order, Governor Murphy said that New Jersey, as a coastal state, can harness offshore wind and use this abundant resource to create renewable, sustainable energy that will bring reliability and relief to the regional electric grid. At one time, New Jersey was earning recognition as a frontrunner in developing offshore-wind production and in attracting production facilities. But those efforts stalled, and New Jersey became stuck in its reliance on energy sources that clearly are behind the times.

The DEP will coordinate with the Board of Public Utilities in implementing Governor Murphy's Offshore Wind Strategic Plan. The DEP will play a key role in protecting the state's natural resources during all stages of offshore wind production.

In keeping with another of the Governor's key priorities, this budget also fortifies the DEP's work to rejoin RGGI and ensures our ability to effectively negotiate with other RGGI states as well as succeed in rule-making and stakeholder outreach.

The DEP, Governor Murphy and I believe human activity is the major contributor to climate change. As you know, RGGI is a regional cap-and-trade program that includes nine other states in the Northeast and imposes a surcharge on carbon-dioxide emissions from power plants.

RGGI will have a significant, positive affect on the quality of our air in New Jersey and will slow the effects of climate change.

Rejoining RGGI not only will reduce dangerous greenhouse-gas emissions, but it also will create incentives for clean-energy generation.

I am sure you know that New Jersey was an original member of RGGI. We proudly and successfully participated in that program until 2012. But then the previous administration decided to withdraw. It was a short-sighted move – and costly. Indeed, it has been estimated that New Jersey lost \$279 million in revenue from that program. We could have used those funds to invest in developing clean-energy technology that would have benefited the entire state.

Now, we fully intend to successfully negotiate our way back into RGGI. And then New Jersey once again will be leading the way in the fight against climate change, armed with funding that will enable us to make great strides in slowing the adverse effects of our changing climate – particularly along our state’s treasured coastline.

Further, these resources will advance this Administration’s keen focus on addressing environmental justice and the health disparities that exist in low-income communities and in communities of color.

Our fellow New Jerseyans in these communities have been unfairly overburdened by environmental and public-health hazards. They are plagued with pollution and contamination that threatens their air, water and land. We share the Governor’s firm belief that every resident – regardless of race, color, national origin or income – should live, work, and raise families in a clean, healthy environment.

We are working with the Governor’s Office to determine the process for evaluating and selecting projects to be funded by the Volkswagen settlement, aiming for cost-effective, technically feasible projects that benefit large populations, with a focus on EJ communities.

Finally, we have a long list of worthwhile restoration projects to undertake with natural resource damages funds. We will be reviewing these projects and matching them with available funds.

In closing, please know that I – and many of my DEP colleagues – have devoted their entire careers to environmental protection. Under Governor Murphy’s leadership, we are confident that we can once again make New Jersey a national leader in environmental protection and clean-energy. Simply put, we have a governor who ‘gets it.’ And from his first days in office, he made it clear he intends to walk the walk.

To us, his proposed budget demonstrates that he fully understands New Jersey’s environmental challenges and that he values and respects the agency’s important work – and the people who do it every day.

I thank you once more for allowing me to offer this testimony. And I am happy to answer your questions.