

**FISCAL YEAR 2020 BUDGET STATEMENT**

**OF**

**Commissioner Catherine R. McCabe**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**BEFORE THE**

**SENATE BUDGET AND APPROPRIATIONS COMMITTEE**

**APRIL 4, 2019**



**STATE OF NEW JERSEY**  
**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

## **Introduction**

Good afternoon, Chairman Sarlo, Vice Chairwoman Cunningham and members of the committee. I greatly appreciate the opportunity to appear before you today to discuss Governor Murphy's proposed Fiscal Year 2020 budget for the New Jersey Department of Environmental Protection.

Since we met this time last year, the DEP has moved forward on Governor Murphy's commitments and the DEP's mission to protect the state's environment and public health. Under his leadership, the DEP has enabled New Jersey to take substantive action on climate change, environmental justice, cleaning up contamination, protecting our drinking water and many other pressing issues.

For instance, the Governor's recent Executive Order to establish new regulatory principles reaffirms New Jersey's role as an environmental leader. At a time when federal activity and rollbacks threaten our state's environment and public health, the Executive Order makes clear that the DEP may adopt rules that go further than the federal government, if authorized by statute. It also directs the DEP to develop a streamlined and efficient regulatory process that engages stakeholders representing everyone in the state.

In short, this Executive Order and other actions by the Governor and the DEP promote the dual priorities of environmental protection and economic development, ensuring a high quality of life for all New Jerseyans.

But there is still much work to be done.

The DEP's work directly supports the Governor's mission of a stronger, fairer New Jersey. For example: preparing New Jersey to reduce and respond to climate change makes the state stronger and more resilient for generations to come. And holding polluters accountable for cleaning up contaminated sites puts the burden fairly on them, rather than shifting the cost to taxpayers.

Moreover, the budget presented today mirrors the Governor's commitment toward a stronger fiscal house for New Jersey and away from unsustainable budget gimmicks.

Specifically, the budget puts an end to using \$20 million of the State's Clean Energy Fund to balance the budget for State Parks operations. This stop-gap measure started in FY 2016 and was continued for three more years, diverting a total of \$80 million from the Clean Energy Fund to support the State Parks. In FY 2020, the State Parks service will be again funded with \$31.3 million of General Fund resources.

This budget allocates resources that also support the DEP's five priorities. First: reduce and respond to climate change. Second: Protect New Jersey's water. Third: Revitalize our communities and protect public health. Fourth: Manage and promote thriving natural and historic resources. And, finally: strengthen the DEP, an important factor in achieving the first four priorities.

Here's an example of how today's budget directly affects the DEP's ability to make New Jersey stronger: staffing New Jersey's marine fisheries.

Marine fisheries provide significant benefits to New Jersey's economy and its clean energy goals. Despite being a major economic driver for our coastal economy, recent research indicated that the state's appropriation for marine fisheries management was the smallest on the East Coast, when measured by dollar per angler. The recent supplemental appropriation helps to address this shortfall and increased staffing improves New Jersey's ability to steward our marine resources for the crucial natural and economic resource they are. Equally important: our ability to increase staffing empowers the DEP to ensure that marine resources and economic benefits are protected during offshore wind initiatives.

The adequate staffing of marine fisheries illustrates exactly how important today's conversation is to the strength of New Jersey, its environment and its public health. I am proud to say that the DEP's recent track record toward the state's goals make me optimistic about our path forward – not just in leading the state but leading the nation in environmental protection.

## **Budget Overview**

Governor Murphy called on us to find savings within our department, and we set a goal to reduce our overtime costs in targeted areas for savings of \$230,000.

The DEP funding level proposed by the Governor for Fiscal Year 2020, excluding Debt Service, has been set at \$319.4 million. This is a decrease of \$69.1 million from the FY 2019 adjusted appropriation of \$388.5 million, which includes \$41 million of supplemental appropriations from the Preserve New Jersey open space reserve, a one-time \$50 million appropriation from the Exxon settlement, and other nonrecurring supplemental funding.

While the decrease of \$69.1 million decrease is an accurate reflection of the change between the FY 2019 adjusted appropriation of \$388.5 million and the FY 2020 recommended budget, the DEP's budget will actually be higher in FY 2020. The DEP's FY 2019 appropriations totaled \$277.8 million; the FY 2020 budget is \$41.6 million more. The \$388.5 million adjusted appropriation is higher because it reflects \$41 million of supplemental appropriations from the Preserve New Jersey open space reserve, a one-time \$50 million from the Exxon settlement, and other nonrecurring supplemental funding traditionally displayed in the Adjusted Appropriation but not continued in the recommended budget.

The recommended \$319.4 million will allow the DEP to continue all operations at least at its status quo level in all areas, and in one important area, Drinking Water Systems Oversight, the FY 2020 budget will allow for increased staffing and enhanced effort. Other good news in the DEP budget is that \$23.7 million of funding for department operations will shift off the Clean Energy Fund and resume being funded through the State budget instead. This \$23.7 million of funding shift appears to grow the budget for the Parks and Energy and Sustainability programs, but in fact, it keeps these areas at the status quo level, but with a General Fund funding source.

Several DEP programs will benefit from a \$16 million increase in the CBT dedication in FY 2020. The full 6 percent CBT dedication for FY 2020 is estimated at \$210 million. Of that \$210 million, \$164 million is legislatively reserved for open-space preservation, and the remaining 22 percent, \$46 million, is provided to the DEP in the budget. This reflects a \$16 million increase over the original FY 2019 CBT appropriation level, and DEP will also benefit from \$10.6 million of supplemental CBT funding during FY 2019. In FY 2020, CBT funding will be doubled for the Water Resources and Publicly Funded Cleanup areas, to \$10.5 million apiece. There is also significant growth for the Brownfields assistance program, providing a \$4.2 million increase to \$14.7 million for FY 2020. The Private Underground Storage Tank assistance program sees a smaller increase, \$1.1 million, as its share of the overall CBT dedication shrinks from 9 percent to 5 percent, per the constitutional amendment.

Note that funding from this budget also includes monies for the three in-but-not-of agencies: The Palisades Interstate Park Commission, \$3.2 million; The Highlands Water Protection and Planning Council, \$2.3 million; and The Pinelands Commission, \$2.9 million.

## **Recent Accomplishments**

The DEP budget presented today is vital to meeting the Governor's goals and the DEP's mission and priorities. The Department's achievements since our last budget hearing give me confidence that we can achieve those goals and further establish New Jersey as a national leader in environmental protection.

We have made significant progress toward the Governor's goal of 100 percent clean energy by 2050 through our re-entry into the Regional Greenhouse Gas Initiative (RGGI). In late 2018, the DEP completed negotiations with the RGGI states to rejoin RGGI and issued the necessary proposed rules. We expect that the rules will be finalized next month, enabling RGGI to take a formal vote to allow New Jersey to rejoin and participate in the allowance auctions beginning in 2020.

New Jersey is also leading the nation in protecting its water, especially when it comes to the PFAS family of contaminants – or “forever chemicals.” Earlier this month, the DEP proposed new rules establishing stringent new limits on two PFAS chemicals. This comes on the heels of a first-of-its-kind directive issued in late March holding five companies responsible for the contamination of the PFAS family of chemicals in New Jersey's water and two other maximum contaminant levels established in September 2018.

The state has held polluters accountable for the impact they have had on New Jersey's environment and surrounding communities. Together with the Office of the Attorney General, the DEP has filed multiple Natural Resource Damages lawsuits against responsible parties across the state. Not only will these lawsuits strengthen our environment by requiring clean-up, it promotes a fairer New Jersey by putting the financial responsibility squarely where it belongs: on the companies who neglected our environment and communities.

In 2018, the DEP has reduced the number of contaminated sites to near-record lows. Nearly 1,600 site remediations were concluded in 2018, bringing the total number of contaminated sites down to 13,759. This is only the second time that the number of contaminated sites has been under 14,000 since the inception of the Site Remediation and Reform Act of 2012.

Last year, the DEP's brownfields program worked directly with communities in Camden, Perth Amboy, and Trenton to promote economic redevelopment of contaminated sites in EJ communities. This year, the DEP is working closely with the Economic Development Authority to expand its highly successful program of embedding DEP professionals within targeted communities to assist and promote their economic development, as well as cleaning up their contaminated sites. This assistance has been instrumental in supporting successful redevelopment projects in the City of Camden, working with the community-based Camden Collaborative Initiative.

The success of these programs – and many others at the DEP – are the result of strong leadership, collaboration and effective resource management. I look forward to reporting back on new successes this time next year.

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