

**Testimony of David Sutherland – Director of Government Relations
Before the Appropriations Committee – February 17th, 2009**

On behalf of The Nature Conservancy, and considering the budget climate we all face, I would like to express our support for Governor Rell's budget proposal in Bill 6365, which would change the manner in which the Department of Environmental Protection is funded.

While we are very concerned about program and staff eliminations or deficiencies in other portions of the bill or her budget, which I will address in separately submitted testimonies; Bill 6365 importantly addresses a long-term structural defect in the way in which the DEP has been funded.

This bill would transfer the funding of 353 DEP staff positions from special dedicated-revenue funds to the General Fund, and transfer the fund balances in the dedicated accounts, and the dedicated-fee revenues to the General Fund. Since we believe that the agency is seriously underfunded, and that certain types of revenues should be dedicated to relevant programs, **we think a better solution would be to retain the special funds for the agency and significantly increase the number of General Fund positions, as this committee proposed to do last year.** Since that seems unlikely to happen in the foreseeable future, we believe that the concept in Bill 6365 is the next best alternative to avert an even worse fiscal crisis than currently exists at the agency.

Over the past twenty years, the number of DEP positions covered by the General Fund has been cut almost in half, from 779 in 1988 to 391 today. Special dedicated fees have made up the difference, increasing from 35 in 1988 to 444 today. There are two serious problems with this transfer from General Fund to Special funds.

First, when positions are funded by the General Fund, the Comptroller's Office, not DEP, pays for employee benefits, which now amount to 60% of salary. When positions are funded by special or dedicated fees, the benefits are paid for by the agency. Second, most general fund positions are adjusted for inflation annually; dedicated fees are increased only occasionally. DEP has been projecting and warning for a few years that these factors would create the need for very significant layoffs in 2010 -2012, even without the state's budget woes.

DEP's special dedicated fees were established by the legislature in 1990 as a compromise measure to avoid the layoffs of 76 staff positions that had been proposed by Governor O'Neill. Advocates representing regulated industries, park visitors, anglers, and others who paid fees, agreed to increase most fees by 25% if the revenues from the *increased amount (not the underlying fees, which still went to the general fund)* were dedicated to two new accounts at the agency which would be used to retain the positions slated for layoffs.

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From the beginning, advocates insisted that this would not be a sustainable solution, due to the two inherent disadvantages to using dedicated fees mentioned above, and a concern that future cuts in general fund positions would more than offset any gains from fees. A task force was appointed to determine more sustainable funding mechanisms for the DEP, but it never issued recommendations.

It should be noted that even back in 1990, the DEP was already understaffed to meet its responsibilities. The Thomas Commission (*The Commission to Study the Management of State Government, chaired by DeRoy Thomas – President of ITT*) found that of thirteen state agencies it studied in 1990, the DEP was unique to the extent it was “under-resourced”. This commission, by the way, was not an advocate of big spending; in looking at other agencies, the commission identified over \$500 million in annual savings it maintained the state could achieve.

Since then, as we have come to better understand the role that a healthy, clean environment plays in the health of our communities, the DEP has been given many new responsibilities, some of them by the federal government. For a period in the mid-90's, an increase in federally-funded positions (*from 218 in 1988 to 298 in 1994*) helped the agency from falling egregiously behind in its duties. Since then, however, federally-funded positions have decreased back to 1988 levels.

Last year, the leaders of the Appropriations Committee proposed an additional fifty positions for the DEP. When a new budget was not adopted for this current fiscal year, those new positions were obviously lost. We're in a far more difficult climate this year, and adding new staff is impossible. This committee clearly singled this agency out last year, however, as one where further cuts would create severe hardships for our municipalities, our business community, and our environment.

Without Bill 6563 or a significant increase in General Fund positions, DEP will suffer very severe deficits and layoffs. By 1) diverting the balances that were in the special fund accounts to the General Fund, and 2) splitting the fiscal burden for salaries and benefits, of many positions currently funded by special funds, between the DEP and the Comptroller's “benefits account”; the bill will avoid a deficit in the general fund for at least the next two years, and avert disastrous cuts at the agency. We urge your support.



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**In Opposition to Elimination of Funding for
the Council on Environmental Quality**

On behalf of The Nature Conservancy, I would like to express our strong opposition to Governor Rell's proposal to eliminate funding for the Council on Environmental Quality (CEQ). The CEQ has been a crucial component of the success Connecticut has achieved on the environmental front in the past four decades.

The CEQ is a nine-member board that, though housed in the Department of Environmental Protection (DEP) for administrative purposes, has a separate staff and budget and works independently of the DEP. The Chairman and four other members are appointed by the Governor; two members are appointed by the President Pro Tempore of the Senate and two by the Speaker of the House. The Council was created in 1971 to do three jobs:

1) investigate citizens' complaints and allegations of violations of environmental laws; 2) advise other state agencies on the environmental impacts of proposed construction projects; and 3) assess the condition of Connecticut's environment and report its findings annually to the Governor, and recommend actions to improve state environmental programs.

The Governor has proposed to have the council's duties assumed by the DEP. This is unworkable for two reasons. First of all, DEP is already severely understaffed; it has no staff capacity to assume these additional responsibilities. Either there will be no savings from eliminating the council's staff, or its work will not be completed. **More importantly, a crucial function of the CEQ is to provide independent oversight and analysis regarding DEP's work; this clearly and by definition will not occur even if DEP staff had the capacity to assume some of the council's work.**

I'll give one of what could be many examples. Two years ago, the CEQ did an in-depth analysis of the inadequacies of DEP's enforcement against illegal encroachments on State Park and Forest land and other preserved land. The topic was first brought to the council's attention by citizens. The CEQ's subsequent report uncovered very important cases of significant violations of state land that went unimpeded and unpunished because of inadequacies in existing statutes, DEP practices, and DEP staffing levels. The report also gave practical, workable solutions for some of these factors. As one result of the report, critical legislation was passed that updated penalties for encroachments on preserved land.

For a variety of reasons, most state agencies are simply not going to publish a report pointing out their own inadequacies; as a result many inadequacies or poor practices never get addressed. In this particular case, CEQ, as it has in regards to many other areas of DEP and municipal commission work, examined these encroachment concerns in an objective, constructive manner, and developed sound, practical solutions. **Please keep the CEQ a separate, funded agency.**

Changing the Forestry Funding Formula in Section 23-20 Would be Revenue-Neutral AND Enhance the Health of our State Forests

In our separate testimony on DEP funding, we express our support for the concept in Bill 6365 to transfer the funding of many DEP positions from special dedicated-revenue funds to the General Fund. We also express, however, that we think the solution this committee proposed last year - to retain special funds and significantly increase general fund support for the agency - would be a better, but in this fiscal climate unlikely, solution. **In DEP's Forestry Division, however, this type of solution would be better fiscally and ecologically for the state.**

The State Lands Management staff in the DEP's Forestry Division has suffered a 50% decrease in staffing levels over the past several years. Since each of the State Lands Managers raises more in General Fund revenues, from carefully-supervised sales of State Forest timber, than it costs to employ them, these staff reductions make no sense fiscally, and have lost the state considerable revenues.

Other factors such as weather and timber prices affect timber revenues, but when the DEP added three foresters in 1997 at an annual total cost of \$206,000, revenues increased by \$313,000 annually. Conversely, the Division had two fewer State Lands Managers in 2001-02 than in 1999-00, and as a result raised \$350,000 less from timber sales.

The staff reductions over the past 15 years have also greatly hindered the agency's abilities to accomplish critical ecological objectives through the management of our State Forests.

Sec 23-20 currently directs any timber revenues under \$600,000 annually to the General Fund, and any in excess of \$600,000 to the DEP. The problem with this is that with current staff, the agency only generates an average of \$620,000 annually. There is not enough staff to manage the forests properly and the revenues do not exceed the statutory threshold sufficiently to enable the agency to hire additional staff.

If 1) the formula was changed to enable the DEP to keep the *first* \$400,000 of revenues, 2) that threshold was incrementally increased over successive years, and 3) "temporary" funds could be "loaned" to the agency to enable it to hire three additional staff; this formula would enable the DEP to hire additional Foresters with the revenues that they and current staff generate, and then generate additional revenues that could go to the General Fund. This plan would be revenue-neutral in the short-term, and would increase state revenues in the future.

A critical point here is that timber harvests, which are performed by private loggers, have to be carefully supervised, and planned within the context of our entire State Forest system, by DEP foresters. Increasing our forest management and timber harvesting, under this supervision and third-party certification, would provide crucial

enhancement of the ecological health of our forests. Such an increase *without* close DEP supervision or without certification would be a very risky proposition, which we would oppose.

Additional Detail:

Directly less than the first \$400,000 to the DEP Conservation Fund would not generate any additional funds for the General Fund.

- Five DEP Forestry Division State Lands Managers currently generate an average of about \$620,000 annually (*about \$124,000 each*) from the sale of timber harvested from State Forest lands. All of this revenue currently goes into the General Fund.
(*Exact revenues vary depending on weather and timber prices.*)
- Diverting the *first* \$400,000 of this revenue to the DEP Conservation Fund to enable the agency to hire 3 additional State Lands Managers.
(*Each Lands Manager hired would need a vehicle. The Conservation Fund also pays the benefits for all staff hired with its funds – this would save the general fund in the other benefits account.*)
- It is anticipated that these Land Managers would generate an average of an additional \$410,000 in annual revenues.
(*The new staff could focus more exclusively on timber harvests, and so would generate about 10% more in revenues per staff person than current staff, which have to meet other responsibilities.*)
- Total revenues per year would therefore average approximately \$1,020,000. Subtracting the \$400,000 that would now go to DEP Conservation Fund, the General Fund would receive about 620,000 annually, the same as is generated now.

Directing less than \$400,000 to the Conservation Fund would result in less staff hired, and therefore less revenues, so would not generate any significant additional revenues for the General Fund.

For example, if the first \$260,000 were directed to the Conservation Fund, that would allow two additional Land Managers to be hired. This new staff would generate an average of approximately \$270,000 annually in additional revenues. Total revenues would then be an average of about \$890,000. Subtracting the \$260,000 now directed to the Conservation Fund would result in average revenues to the General Fund of about \$630,000 – only a \$10,000 increase over current revenues.

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In Opposition to the Elimination of Funding for the DEP's Invasive Plants Control Program

**Testimony of David Sutherland - Director of Government Relations
Before the Environment Committee - January 31, 2007**

On behalf of The Nature Conservancy's 28,000 members, I am here today to express our opposition to Governor Rell's proposal to eliminate all funding for the new Invasive Plants program at the Department of Environmental Protection. In recognition of the severe threat that invasive plants pose to our natural wildlife habitats, this committee appropriated \$500,000 annually for this program in the current budget. **We urge you to retain at least some portion of this funding to enable this new and vital program to continue.**

What's the Problem with Invasive Plants?

Thousands of plants have been introduced to New England over the past few centuries from other regions or continents. Most of them do not present problems for natural habitats.

Several dozen of these alien species, however, are a grave threat to forests and other natural areas, because they are able to aggressively out-compete native plants, and are not nearly as valuable for native animals which evolved with those native plants. Instead of a mosaic of many species of native plants and animals, our forests and wetlands become dominated by far fewer species of plants and animals, and therefore less healthy. Many lakes and rivers have become impenetrably clogged with aquatic invasive plants.

Unlike pollution, invasive plants, once introduced, continue to spread without further human assistance and do not degrade over time. Rare species appear to be particularly vulnerable to changes wrought by non-native invaders, but even relatively common native plants and animals can be driven to near extinction by some invasives.

How are Invasive Plants Spread?

Invasive species are spread into new areas by many means, including landscaping and the sale of plants between countries and states; inadvertently through the transport of other products; seeds or plant fragments transported on boats from one water body to another; and by wind, water, and birds.

What Can We Do?

Reducing the spread and impacts of invasive plants will require many different approaches, including physical removal, education of nursery consumers, rapid

detection of response to invasions by new species, and restrictions on sale of certain plants. **Many municipalities, land trusts, lake associations and other organizations are spending hundreds of thousands of dollars annually to remove or control invasive plants.**

The funding in the current year's budget provides for the coordination of agency staff and hundreds of volunteers across the state who are working to control the spread of invasive plants; educational activities such as production of poster exhibits of banned plants (posted where plants are sold), remediation of invasives such as the clean-up of the aquatic invasive Hydrilla from the Silvermine River, inspections for illegal sales of banned invasive plants in pet shops and nurseries, and a Grants to Municipalities Program to encourage management of invasive plants on public use lands.

The response to the grants program's first round indicates how widespread the concern about invasive plants is in the state. Despite a very short time period to submit applications and a required match, 38 municipalities applied for grants. Funding is available to support only about 1/3 of the applications received.

We thank this committee for your past support for this critical issue, and urge you to maintain at least minimal funding to enable this new program to continue to assist our communities in addressing a growing problem.