



STATE OF CONNECTICUT  
DEPARTMENT OF ENVIRONMENTAL PROTECTION



Public Hearing – February 18, 2009  
Environment Committee

Testimony Submitted by Commissioner Gina McCarthy  
Department of Environmental Protection

**Governor Rell's Proposed Budget for the 2010 – 2011 Biennium (Including HB 6371)**

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Thank you for opportunity to address the Committee today and to talk about the Governor's proposed budget and how it changes DEP's operating budget for the next biennium.

DEP's basic Operating Budget Funding for the current fiscal year ending June 30, 2009, which covers Salaries, Other Expenses (e.g. electricity, heating oil, telephones, vehicles, gas for vehicles, laboratory services, field supplies, parks maintenance materials, parks trash removal, etc.), and Equipment, is supported by Special Revenue Funds, Federal Funds and General Funds, in the following distribution:

- 54% Special Revenue Funds (i.e. user fees)
- 20% Federal Funds (from 11 different federal agencies)
- 25% General Funds; and
- 1% Private donations, trusts and bond funds.

As this shows, the General Fund currently provides only about one-quarter of DEP's total Operating Budget, a percentage that has been steadily declining over the past fifteen years when it first fell below 50% (in FY92). As General Funds and Federal Funds have remained flat for the past decade and more, DEP has become increasingly reliant on its special funds, placing a significant and unsustainable strain on a number of these funds, most notably the agency's larger funds (EQ and EC Funds).

The Governor's recommended budget for the coming biennial period resolves concerns with future insolvency of DEP's larger special funds by transferring staff to the General Fund. In addition, it sends a clear signal that DEP's mission of preserving and protecting this state's natural resources is a core function of state government.

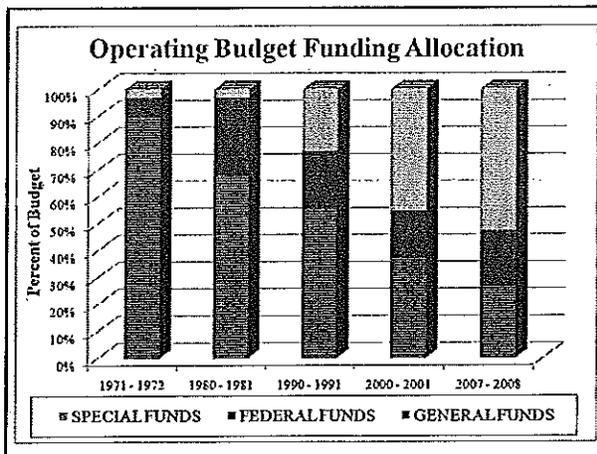
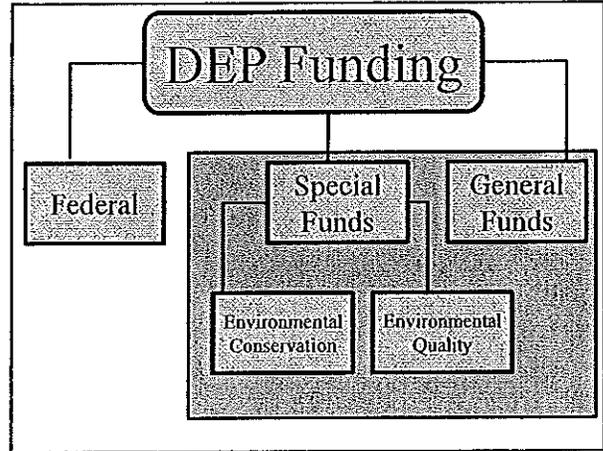
This proposal has several additional benefits to the State and DEP. To begin, this transfer provides a one-time infusion of approximately \$52M to the General Fund from current special fund account balances to help deal with the projected General Fund deficit in this fiscal year. Second, beginning this July, the transfer of special revenue programs to the General Fund helps DEP deal with two of the most significant cost increases that have depleted our special funds in





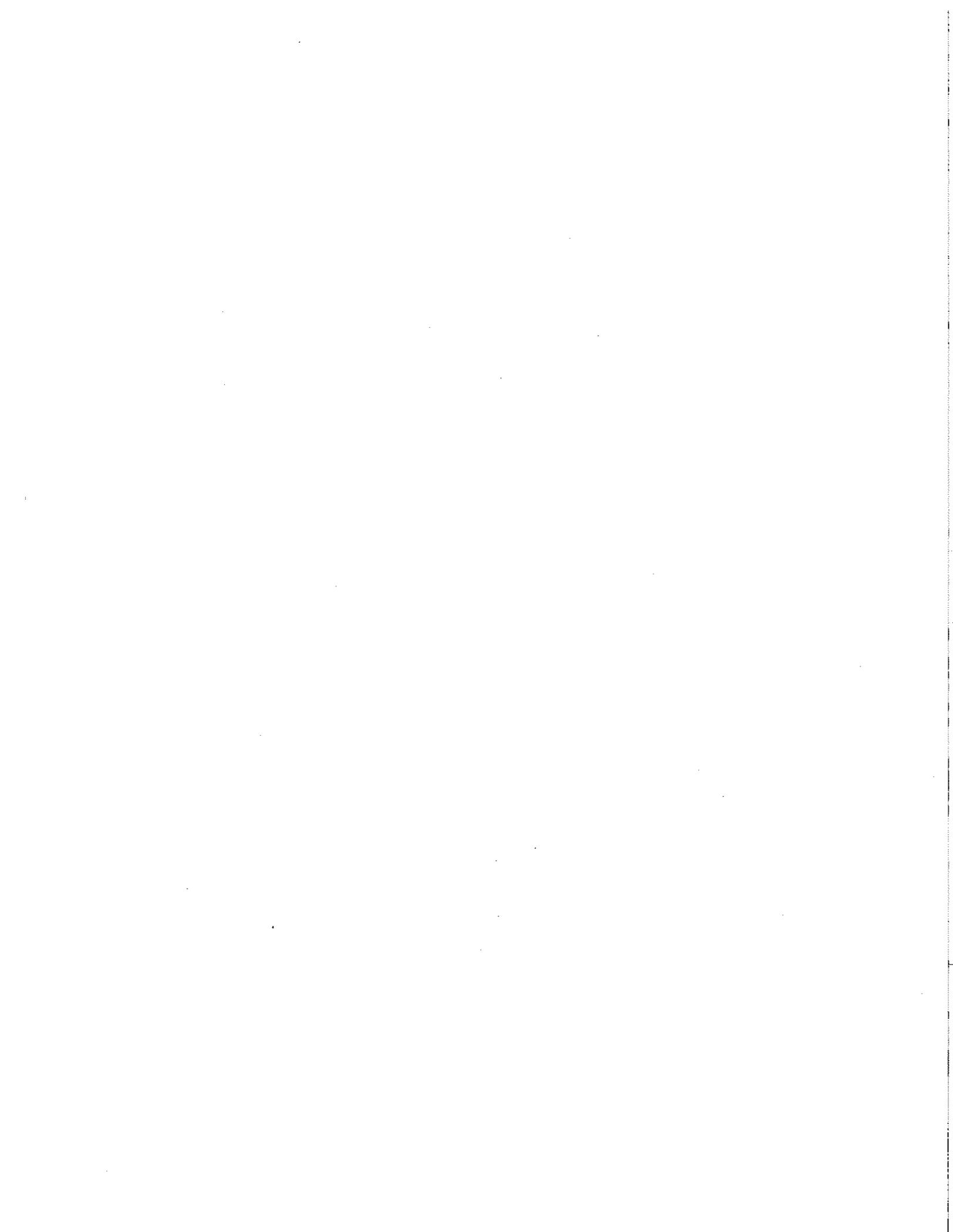
# DEP Budget

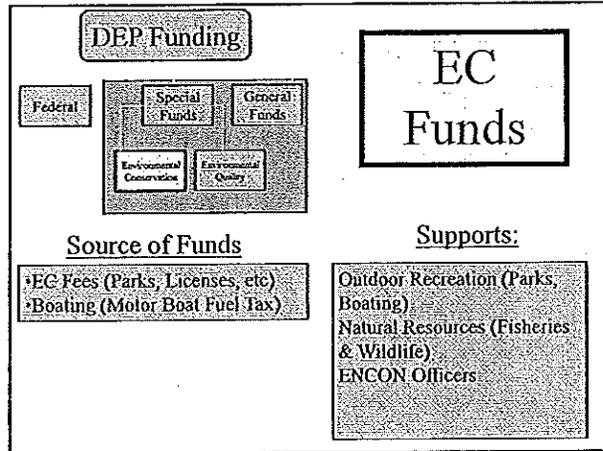
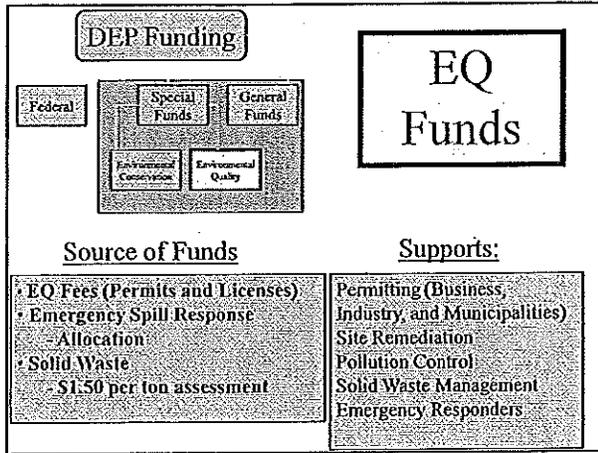
Appropriations Committee  
February 17, 2009



### Increased Reliance on Special Funds

- Flat General Funds
  - Past 20 years DEP Operating Budget Has ↑ 1.39%
- Flat Federal Funds
  - Largest Fed. Fund (PPG) ↓ 1.55% in last 9 years





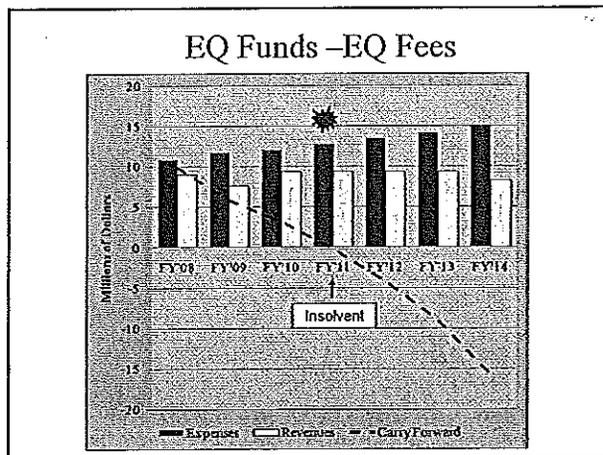
**Special Funds in Jeopardy**

**EQ Fund**

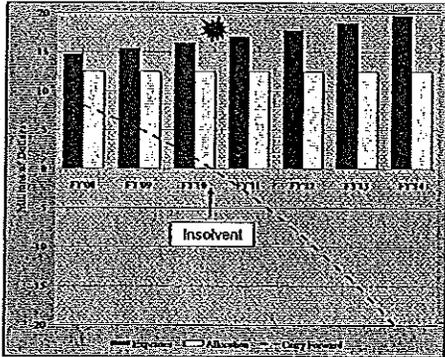
- EQ Fees (FY11)
- Emergency Spill Response (FY10/11)
- Solid Waste (FY12)

**EC Fund**

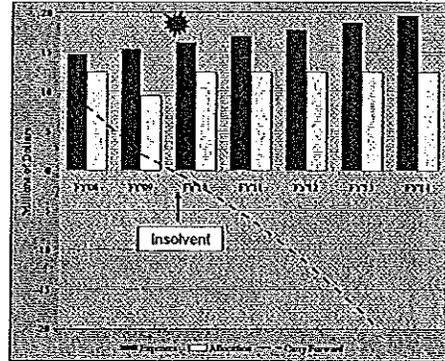
- EC Fees (FY12)
- Boating (FY11)



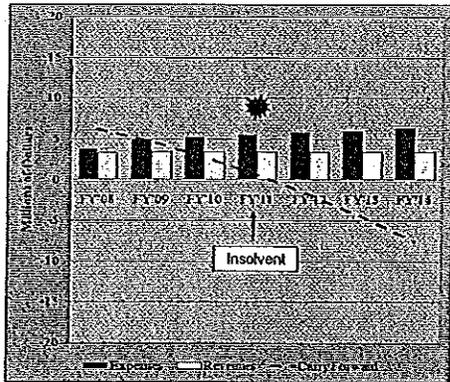
### EQ Funds -Emergency Spill Response



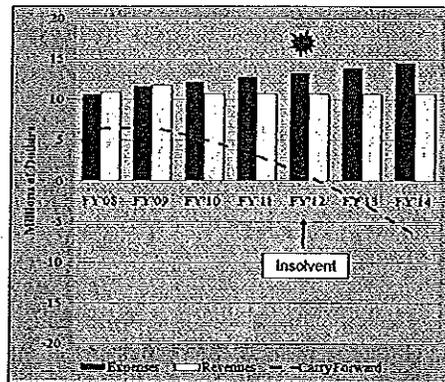
### EQ Funds -Emergency Spill Response (\$3M 2009 Mitigation)



### EQ Funds -Solid Waste Account



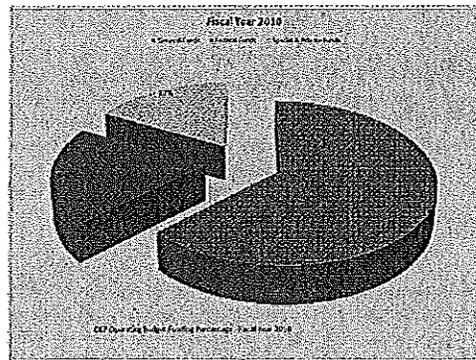
### EC Funds -EC Fees



## DEP Budget Highlights

### Governor Rell's Budget:

- Resolves Special Fund insolvency concerns by moving staff to the General Fund.
- State fringe benefit costs and future collective bargaining increases are off DEP's budget.
- Eliminates most Special Funds and transfers balances to the General Fund to reduce current deficit (\$37 million)



## Budget Highlights cont.

- DEP's GF positions allow us to maintain current staffing levels while eliminating open positions
- Challenges us to look at two specific programs (emergency spill response and fish hatcheries) for increased efficiencies and opportunities for restructuring
- Increases DEP permit and license fees

## Main Benefits to DEP

### Governor Rell's Budget:

- Authorizes \$7.5 million over the biennium to re-establish a Connecticut Conservation Corps
- Recognizes the value of DEP's mission as a core function of State government