

Commissioner Robert Klee  
Appropriations Committee  
March 2, 2015

Chairmen Bye and Walker, Ranking Members Kane and Zibron, members of the Appropriations Committee...

Thank you for giving me this time to appear before you to discuss the budget for Connecticut's Department of Energy and Environmental Protection (DEEP).

Stepping back to the 30,000 foot level, here is a quick overview of the Governor's budget proposal for DEEP:

- The Governor's budget proposes \$69.4 million in General Fund Appropriations to the agency in Fiscal Year 2016
- This represents a net reduction of approximately \$5.7 million – or 7.3% - from General Fund levels in our “current services” budget submission
- The General Fund Appropriation and other appropriated state funds (PUC and Transportation) represent about 60% of DEEP's annual budget.
- Under the Governor's proposed budget, the total DEEP FY 16 projected budget – including federal funds and other funds – would be \$177.2 – which represents a 6% reduction.

Make no mistake about it, the Governor's budget proposal does recommend reductions in some of the programs and services offered by DEEP. These changes would be felt by citizens of our state.

As the Governor said when presenting his proposed budget to this General Assembly, these reductions are “choices that, under ideal circumstances, Connecticut would not have to make.”

At DEEP, however, we understand that like all other state agencies, we must achieve savings in order to help reduce the overall level of spending and do our part in helping the state through a tough budget cycle.

Let me tell you a little bit about our agency and how the proposed reductions will impact our programs and services.

DEEP has a wide ranging and multi-faceted responsibilities. It makes it very interesting to get up and come to work every day.

We deal with everything from state parks and bears, to air and water discharges, contaminated lands, waste water treatment, protection of Long Island Sound, solid waste, electric rates, energy efficiency, and solar power.

To accomplish our work, we are organized into three branches:

- Environmental Quality – which involves permitting, regulation and compliance to ensure the protection of our air, water, and lands.
- Energy – where we have a bureau that develops and implements energy policy and our utility regulatory authority known as the Public Utilities Regulatory Authority or PURA.
- Environmental Conservation – which covers state parks, forestry, wildlife, boating, resource protection, and includes a law enforcement group of which we are very proud, our Environmental Conservation Police.

Most of the work of our Environmental Quality branch is funded with federal grants and payments –which have been subject to constant cutbacks in recent years requiring us to reduce staff through attrition and to find other efficiencies.

- We expect \$45 million in federal funds for FY 16, which would represent 25% of our overall budget. There are not really significant allocations of General Funds in this branch to tap for budget savings.

Most of the work of our Energy branch – the Energy Policy Bureau and PURA – is funded with an assessment paid by public utility companies.

As part of the Governor’s proposal, \$23.4 million is recommended for the Energy Branch in FY16. These funds are restricted to energy related activities and do not provide relief for other areas of the agency.

More than 75% of the Agency’s General Fund GF appropriations supports DEEP’s Environmental Conservation branch and the agency’s infrastructure. As a result, these program and our facilities would have to absorb the majority of any GF reduction.

To achieve these savings, the Governor’s budget proposes two changes that will effect programs for sportsmen:

- Closing one of our three fish hatcheries, for a savings of \$196,000
- Eliminating a pheasant stocking program, for a savings of \$152,000

The most significant change would impact outdoor recreation as the result of a \$2 million reduction in funding for our state park system.

As you know, our state is blessed with a truly remarkable park system – which, by the way, marked its 100<sup>th</sup> anniversary last year. We have about 140 state parks and State

Forest recreation areas – with coastal and inland beaches, camp grounds, nature centers, hiking trails, fishing areas, historic sites, museums, picnic spots, boat launches and more.

Our parks attract more than 8 million visitors a year – residents and out-of-state guests alike – and generate \$6 million a year in revenue for the General Fund, mainly from parking and camping fees.

I can assure you, no one is excited about scaling back a park system that so many people enjoy so much. This option is simply a sign of the difficult budget choices we all face.

The proposed State Park spending reduction would cut heavily into the funds we have for hiring seasonal staff. We typically bring on about 600 low-cost seasonal workers for the peak summer season to help maintain and operate the park system. In fact, during the busy summer months, seasonals account for about 85% of our park staff.

Without the support of sufficient numbers of seasonal workers, we would have to make changes in the way we operate the park system. It's clear to us that there would be impacts the public will see and feel at this recommended funding level.

Our first goal is to achieve savings in a manner that will minimize these impacts. As a result, we are examining all facets of our operations. I can assure you, we are looking at **EVERYTHING** – although we've already picked much of the 'low hanging fruit' as a result of tight budgets we've lived with the past several years.

Beyond that, we've already engaged our park managers in a detailed review of park operation. They know their parks best, so we've asked them to develop a plan that would allow us to operate within a new, more limited budget framework.

They will be focused on allocating resources to parks with the highest attendance and greatest revenue generation – and to functions needed to ensure a safe and satisfying visit for the highest numbers of people.

This plan will call for steps like closing and reducing hours at some parks and campgrounds, ending the summer season at Labor Day instead of in October, reducing the number of state park beaches where there are lifeguards, eliminating some of the environmental education programs we offer for families at park nature centers, and/or deferring maintenance at park facilities.

It's too early in this process to be more specific – to tell you which park we may need to close or where we may need to curtail hours or programs. We'll be able to share that kind of detail with you as we complete our analysis and fine-tune our plans.

We all wish the budget presented happier opportunities for our state. We know that this

committee faces a challenging and difficult task in bringing Connecticut a balanced and responsible budget.

We are committed, however, to working closely with you and your committee's Conservation and Development subcommittee to find the best solutions possible to the budget issues we face...and to making the best choices and decisions for the people of Connecticut.

Thank you for your time today.

I'd now be pleased to respond to any questions you have.

To help me do that, I do have here with me Deputy Commissioner Susan Whalen and others with responsibility for our State Park System, our Chief Fiscal Officer, Dennis Thibodeau, and staff from other key areas of our agency.