

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
PUBLIC HEARING

STATE CAPITOL
HARRISBURG, PA
MAIN CAPITOL BUILDING
140 MAJORITY CAUCUS ROOM

THURSDAY, JANUARY 25, 2018

PRESENTATION ON
SPECIAL FUNDS RELATED TO
DEPARTMENT OF ENVIRONMENTAL PROTECTION
AND
DEPARTMENT OF CONSERVATION
AND NATURAL RESOURCES

BEFORE :

HONORABLE STAN SAYLOR, MAJORITY CHAIRMAN
HONORABLE JOSEPH F. MARKOSEK, MINORITY CHAIRMAN
HONORABLE KAREN BOBACK
HONORABLE SHERYL M. DELOZIER
HONORABLE GEORGE DUNBAR
HONORABLE KEITH J. GREINER
HONORABLE MARCIA M. HAHN
HONORABLE DOYLE HEFFLEY
HONORABLE SUSAN C. HELM
HONORABLE WARREN KAMPF
HONORABLE FRED KELLER
HONORABLE DUANE MILNE
HONORABLE BRAD ROAE
HONORABLE JAMES R. SANTORA
HONORABLE CURTIS G. SONNEY
HONORABLE TIM BRIGGS
HONORABLE DONNA BULLOCK
HONORABLE MARY JO DALEY
HONORABLE MARIA P. DONATUCCI
HONORABLE ED GAINEY
HONORABLE LEANNE KRUEGER-BRANEKY

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

TESTIFIERS

* * *

NAME PAGE

CINDY ADAMS DUNN
SECRETARY,
DCNR.....5

PATRICK McDONNELL
SECRETARY,
DEP.....5

SUBMITTED WRITTEN TESTIMONY

* * *

(See submitted written testimony and handouts online.)

P R O C E E D I N G S

* * *

1
2
3 MAJORITY CHAIRMAN SAYLOR: We'll get the
4 Appropriations hearing started. I want to thank
5 Secretary Dunn and Secretary McDonnell for
6 agreeing to appear before the Committee today.

7 Again, as I do every time we have a
8 hearing and meeting, I remind members and
9 personnel in the room to silence their cell
10 phones. This meeting or hearing is being
11 recorded. The phones do interfere with that
12 recording, as such, so if we would do that.

13 Again, the purpose of today's hearing is
14 to allow the members of the Appropriations
15 Committee to ask questions and learn more about
16 the operations of special funds under the
17 purview of DEP and DCNR. We're looking to get a
18 better understanding of how these funds function
19 and how the moneys are expended and what revenue
20 sources are utilized and why balances exist in
21 these funds.

22 During budget negotiations this year,
23 many in the House had an interest in these
24 funds, of transferring those, due to the
25 downturn in revenue for our fiscal year '16-17.

1 As this Committee digs into the balances of the
2 various funds, it is apparent there are many,
3 many questions concerning the funds of the
4 State. The past year has been with many
5 difficulties.

6 Today we're here to get accurate and
7 current information on these funds. I'm hoping,
8 again, that everybody will understand, when this
9 hearing is done, more about these funds and how
10 they're handled.

11 I'm asking that members and testifiers
12 please keep your questions and answers very
13 concise, so that members -- I would ask, as well
14 as the secretaries, we don't need speeches
15 today; we need facts. That goes for members.

16 Again, I'm going to ask both secretaries
17 if they would rise and raise their right hand to
18 be sworn in.

19 SECRETARY McDONNELL: Sure.

20 MAJORITY CHAIRMAN SAYLOR: Do you swear
21 or affirm that the testimony that you are about
22 to give is true to the best of your knowledge,
23 information and belief?

24 If so, say I do.

25 SECRETARY McDONNELL: I do.

1 SECRETARY DUNN: I do.

2 MAJORITY CHAIRMAN SAYLOR: Thank you.

3 With that, I will ask if the secretaries
4 have opening comments?

5 SECRETARY DUNN: I would just like to
6 start by saying we welcome this opportunity to
7 talk about our special funds. DCNR's
8 Environmental Stewardship, Keystone and
9 Environmental Ed. Funds are true workers' funds
10 that are really the meat of our programming.

11 Pennsylvania is very fortunate: 6,000
12 local parks, hundreds of trails, 121 State parks
13 and 2.2 million acres of forestland. I can
14 stand before you today and say we could not
15 operate these great assets in the Commonwealth
16 of Pennsylvania without the special funds.

17 SECRETARY McDONNELL: Thank you,
18 Chairman Saylor. Thank you, Chairman Markosek,
19 and members of the Committee, for the
20 opportunity today.

21 We rely on a number of special funds and
22 restricted accounts within the Department for
23 our day-to-day operations. I think one of the
24 things you'll find today is that none of those
25 funds are, quote, typical. There's no such

1 thing as a typical special fund. They all
2 operate in their own unique ways in terms of
3 funding sources, the types of things they can
4 fund, what the cash flow looks like on a
5 month-to-month, year-to-year basis.

6 In broad terms, the specific funds that
7 were outlined in the letter support site
8 cleanup, watershed grants, our partnership with
9 conservation districts and the permitting that
10 they perform, mine cleanups, municipal waste
11 management, recycling programs and tools for
12 environmental educators.

13 This support is provided through grants,
14 contracts, personnel and operational dollars.
15 In addition, these funds help us leverage
16 Federal dollars as part of match, so happy for
17 the opportunity today to have a discussion with
18 all of you and look forward to the questions.

19 MAJORITY CHAIRMAN SAYLOR: I will
20 recognize Representative Markosek.

21 MINORITY CHAIRMAN MARKOSEK: Thank you,
22 Chairman.

23 I would like to welcome the secretaries
24 here today. I would like to remind all of the
25 folks in the room here today, the members and

1 the guests, that Article 1, Section 27 of the
2 Pennsylvania Constitution -- I'm not going to
3 read the whole thing -- it basically says the
4 people, meaning Pennsylvanians, have a right to
5 clean air, pure water and the preservation of
6 the natural scenic, historic and esthetic values
7 of the environment.

8 So the two of you here today have a very
9 very -- and your staff -- have a very, very
10 important job because it's constitutionally
11 mandated that you do a good job at this.

12 This is a hearing this morning relative
13 to transparency, transparency regarding your
14 special funds, what you may or may not have in
15 those funds and what you may or may not have in
16 those funds that is not already encumbered.

17 SECRETARY McDONNELL: Sure.

18 MINORITY CHAIRMAN MARKOSEK: Obviously,
19 you have special funds. A lot of that is
20 already earmarked and spoken for, so to speak.
21 But that's what we're here to find out today.

22 I just want to welcome you. I want to
23 remind the folks in the room that we all have a
24 responsibility for the environment. We look
25 forward to your testimony.

1 Thank you.

2 SECRETARY McDONNELL: Thank you.

3 MAJORITY CHAIRMAN SAYLOR: With that, I
4 did want to -- we're doing a test run today of a
5 new system.

6 Somewhat similar to last year, we have
7 remotes on each of the tables on both sides of
8 the room and in front of the secretaries.
9 Mostly, that's for the members, to remind them
10 they have five minutes to ask questions.
11 Hopefully, if the secretaries are as concise as
12 possible, we can get most of their questions in
13 in that five minutes.

14 So when we start the five-minute clock,
15 it will go green. When it gets to 30 seconds
16 left, it will go yellow, of course, then red.

17 Mr. Secretary, I'm going to kind of
18 start off on a fund that's really not been too
19 much discussed, but it comes from the Volkswagen
20 Settlement Fund. I have great concern about
21 that.

22 As somebody who has been very much
23 interested in improving air quality in
24 Pennsylvania, we received about, I believe, \$110
25 million total from the Volkswagen Settlement

1 Fund.

2 One of the concerns I have is, under the
3 terms of that settlement, it said that
4 Pennsylvania could, up to 75 percent
5 reimbursement for an electric vehicle versus up
6 to only 25 percent for a natural gas vehicle. I
7 think it's important for us to understand
8 Pennsylvania's resource is natural gas.

9 I think it should be a level playing
10 field, not Pennsylvania government picking which
11 one is better. We know electric vehicles cost
12 at least twice as much as natural gas vehicles.
13 We're seeing more of our companies throughout
14 Pennsylvania -- since we're not talking about
15 cars here and pickup trucks, we're talking
16 about, I believe, mid-size and tractor-trailer
17 size vehicles, that we make sure it's a level
18 playing field for all.

19 Many of our corporations are switching
20 to natural gas engines. Some of which are
21 manufactured here in Pennsylvania. So I'm
22 concerned about the jobs in Pennsylvania, not
23 only in natural gas, but in the manufacturing
24 industry who are making products now to meet the
25 needs of Pennsylvania's natural gas industry.

1 With the cracker plant coming into Beaver
2 County, I want to make sure that we're getting
3 everything we can out of our resources.

4 So I would ask the secretaries to please
5 consider, as they decide how they're expending
6 these funds, to make sure it's a level playing
7 field. I believe, you know, right now, if you
8 were to buy a million dollar mass transit bus
9 for electric, it's electric, they would get a
10 reimbursement of seven-fifty, where a natural
11 gas bus only costs \$500,000.00, somewhere in
12 that area.

13 I'm rounding up and down a little bit
14 here. So I just think it's important, as DEP
15 moves forward on the expenditures of the funds,
16 that we get the most bang for our dollar, and
17 more importantly, that we consider the resources
18 of Pennsylvania and how we manage those funds
19 that we've got. We've been very lucky.

20 I also believe, by going to natural gas
21 vehicles, since we'll be able to purchase more
22 natural gas vehicles -- I say us, I mean the
23 people in the Commonwealth -- we'll also be able
24 to clean our air up, rather than reducing the
25 amount of vehicles that will be bought by

1 investing more of our money into electric
2 vehicles. Nothing against electric vehicles, by
3 the way.

4 These are simply -- the importance, I
5 think for Pennsylvanians, is to get more
6 vehicles out there that are lowering the NOx in
7 Pennsylvania. So with that, I'll turn it over
8 to -- or if you want to comment on that?

9 SECRETARY McDONNELL: You know, one,
10 there are restrictions in the settlement in
11 terms of the percentages, in terms of who can
12 get what. With that said, I think we're open to
13 any and all -- and, in fact, one of the things
14 that should be out shortly is, frankly, a
15 relatively open request for information from
16 people who have ideas about the types of
17 projects that they would like to see as part of
18 this, so we can make sure we're adaptive to all
19 of the good ideas that are out there related to
20 this money.

21 MAJORITY CHAIRMAN SAYLOR: I know both
22 sides of the aisle here -- and I know the
23 Governor is focused on jobs, jobs, jobs here in
24 Pennsylvania -- because we lost 10,000 last
25 year. I think it's important for us to make

1 sure, as we invest taxpayer dollars -- while
2 maybe they didn't come directly from taxpayers,
3 it came from customers of Volkswagen -- that we
4 spend those dollars to benefit Pennsylvania in
5 as many ways as we can --

6 SECRETARY McDONNELL: Sure.

7 MAJORITY CHAIRMAN SAYLOR: --
8 particularly in the jobs area. So thank you
9 very much for your comments there. I look
10 forward to seeing what the Department does in
11 that particular area.

12 Now I'm going to call on
13 Representative Sonney to start the questioning.

14 REPRESENTATIVE SONNEY: Thank you,
15 Mr. Chairman.

16 I don't have a time clock over here on
17 this podium, by the way.

18 Secretaries, thank you for being here.

19 You know, one of the things that seems
20 to be apparent, you know, as we've been
21 addressing this issue is there is somewhat of a
22 disconnect as far as the passing of information,
23 you know, between departments and the
24 legislature.

25 You know, obviously, I think anybody,

1 when they would look at those fund balances and
2 see, you know, rather large sums of money in
3 some of them, everybody is going to have a
4 what-the-heck moment.

5 So my first question is, you know, have
6 you given any thought to how you can address
7 that particular problem?

8 In other words, both of you have, you
9 know, multiple projects that you're discussing
10 as possibilities for the future or that you've
11 made verbal commitments to, but there's no
12 contract signed. So, you know, how are we going
13 to correct that problem?

14 SECRETARY McDONNELL: I would say, on my
15 end, one, those differences vary fund by fund.
16 So for example, in our Recycling Fund, we
17 reserve about \$20 million each year for
18 performance grants. Those are something that
19 show up within our system and that we report on
20 and are reporting back to the legislature about
21 how we're expending the money, but it won't show
22 up on those balances.

23 So you know, on my end, it's
24 understanding kind of what information is
25 useful, relevant and is -- sorry, not close

1 enough to the microphone -- what information is
2 useful, relevant for you all and how best can we
3 give that to you.

4 We have a number of annual reports and
5 things that we provide for a lot of these funds.
6 If there are better ways for us to do that, we
7 definitely want to understand and take a better
8 approach there.

9 SECRETARY DUNN: I would second what
10 Secretary McDonnell said. I think this kind of
11 communication I really welcome, and this
12 opportunity for the hearing.

13 I think the way we manage funds, a very
14 public-facing approach, we're constrained in the
15 language by accounting terms. When you
16 mentioned that we made a promise for -- it's
17 actually a fairly formal process. We call it
18 pre-committed. That's not a formal accounting
19 term.

20 The only formal accounting term that the
21 SAP System really recognizes is committed, which
22 means contracted. But because in the case of a
23 grant program, it's an open, transparent and
24 competitive program, when grants are selected by
25 a fairly long, rigorous process by staff and

1 announced at that point, they're committed --
2 pre-committed in our system. They don't show up
3 as contracted until a contract is actually
4 signed.

5 So there's a period of time while we're
6 getting the contract completed, and it's very
7 similar on the park and forest infrastructure
8 side. You know, our planning documents in parks
9 and forestry, we have a long, long, long list of
10 projects that need to be done in parks and
11 forests. You know, it runs in the hundreds of
12 millions of dollars.

13 We select projects. Public health and
14 safety often has to come up top, like dam
15 replacement and stuff.

16 REPRESENTATIVE SONNEY: Madam Secretary,
17 if I might -- I noticed, looking over some of
18 your information that most of your projects seem
19 to run on a three-year cycle as far as beginning
20 to completion.

21 SECRETARY DUNN: We used to say that.
22 Now, the reality is it can often go into four.
23 When we now contract a grant, we actually allow
24 a four-year contract. The reality is, on the
25 park and forest infrastructure, you know, until

1 we get a project designed, we go through permit
2 processes with DEP and Labor & Industry, as
3 well.

4 We're working with partners, whether
5 it's a municipality or, you know, so we have --

6 REPRESENTATIVE SONNEY: Is there any way
7 you can shorten up that time period because, you
8 know, obviously, if you're carrying this money
9 over year after year for a committed project,
10 you know, that is taking three and four years to
11 complete, correct?

12 SECRETARY DUNN: I understand what
13 you're saying. A couple of things we've done:
14 they recognize that need, in fact, as you
15 suggest. In the grants program, we made a big
16 adjustment about three years ago or maybe a
17 little longer.

18 We used to make a grant without
19 double-checking if the municipality was truly
20 ready to go. You know, sometimes you have an
21 enthusiastic staff person submit a grant
22 application and they didn't really have, at that
23 time, you know, the line-up of their appropriate
24 support from township supervisors and such.

25 We now require it be ready to go, have a

1 match, in other words, it's in the municipal
2 budget, and they can support that. So that
3 really has helped a lot.

4 REPRESENTATIVE SONNEY: Then why is it
5 -- so it sounds like what you're telling me is
6 that you're really looking at shovel-ready jobs
7 because, you know, the municipality or whatever
8 has done their homework, they have their
9 matching money, they're ready to go.

10 Why does it still take three and four
11 years?

12 SECRETARY DUNN: You know, things like
13 construction seasons, Labor & Industry approval
14 of the buildings, in some cases, stream
15 crossings, wetlands, earthmoving, you know, with
16 the county. So the reality is, these projects
17 take some time. Then sometimes there are design
18 adjustments.

19 REPRESENTATIVE SONNEY: All of that time
20 is basically dealing with other departments
21 within the Commonwealth, for the most part,
22 because of the permitting?

23 SECRETARY DUNN: No. It's at the local
24 level, as well.

25 Another thing we've done, too, that

1 streamlines and assists, we've -- at the
2 Governor's urging under a program called
3 GO-TIME, we have enacted an electronic signature
4 process that really speeds up on the contracting
5 side. That's been a big improvement, as well.

6 I think the reality is these projects,
7 to do them right, to do them with quality, do
8 take time. There's a constant conveyor belt of
9 projects moving. It's a system that really
10 works, but at any point in time when you do a
11 check on the funds, you'll see balances.

12 It could be -- some projects are in
13 their third year, some in the second year, some
14 of them are in the first year, some are just
15 contracted. For instance, we announced a bunch
16 of grants on December 5th, and they're just
17 being contracted now, you know, dozens a day
18 being contracted now.

19 So a snapshot you might take two days
20 ago is going to look different than the one you
21 take tomorrow.

22 REPRESENTATIVE SONNEY: How long would
23 you wait before you cancel a project?

24 You know, is there a time limit or will
25 you continue to work with them to try and get it

1 completed, you know, basically no matter what it
2 takes?

3 SECRETARY DUNN: I would say we try --
4 again, we're public-facing. We try the best we
5 can to work with the municipality, to meet their
6 needs and finish their project and get them
7 ready. At some point, we do have to pull the
8 plug.

9 Interestingly, when we do cancel a
10 project, we're often sitting in a legislative
11 office explaining why we do. So again, we're
12 trying to accomplish a mission through the
13 grants. We're trying to really deliver public
14 service, local jobs, recreation. So we do work
15 very hard to make it work.

16 Granted, that can mean projects go on,
17 but at the end of the day, often with very good
18 results.

19 REPRESENTATIVE SONNEY: Do you see a
20 change -- for both secretaries -- in these fund
21 balances?

22 As we progress forward, do you expect
23 them to, basically, kind of remain where they're
24 at, you know, just a slow up-and-down level or
25 do you expect them to decrease and level out at

1 some smaller number in the future?

2 SECRETARY McDONNELL: The way I would
3 answer it is, yes. I mean, it's very much
4 depending on the funds. We have some funds
5 right now that we're seeing declining balances
6 within, that we spend out of operationally.

7 You know, one of the funds we're talking
8 about today, the Conservation District Fund, to
9 support the conservation districts, will get
10 money, but then, you know, on a quarterly basis,
11 the districts are spending down that money. So
12 it kind of peaks and valleys at different points
13 during the year, depending on when you look at
14 it. So it really varies fund by fund in terms
15 of how that cash flow moves through the fund.

16 SECRETARY DUNN: I think we're all
17 looking for continuous improvement. You know,
18 we're always open to move things along faster.
19 We're looking for efficiencies, you know, in our
20 own operation, always open to those ideas.

21 You know, the economy is cooking along
22 pretty good; construction is happening. I think
23 that could be good or it could mean competition
24 for construction companies and local businesses.
25 And the park project that some municipality

1 wants may wait behind another project, a highway
2 or bridge, for instance.

3 REPRESENTATIVE SONNEY: Madam Secretary,
4 looking at your charts, you say the future need
5 is great, which would lead me to tend to believe
6 that we should somehow streamline the process a
7 little bit more and try to complete these
8 projects, you know, a little bit quicker instead
9 of carrying them for three and four years.

10 You know, it seems like it would be much
11 simpler, even accounting, you know, to clear
12 these projects much quicker instead of
13 continuing to carry all of these open projects,
14 and at the same time, you know, keep adding new.

15 SECRETARY DUNN: I think one thing we
16 can do, we're looking at more design build on
17 our parks and forest infrastructure. A lot of
18 our parks and forest infrastructure was built in
19 the '60s, '70s, '80s; it's really coming of age.

20 So we really have everything from old
21 dams to bathhouses to parking lots, things that
22 are really coming of age. That's why that need
23 looks very large. We have a demand on the Parks
24 and Forest Grant -- Parks and Recreation Grant
25 Program. So we -- yeah, to the extent that we

1 can streamline and improve, that will allow us
2 to move faster to the next project and that
3 would be beneficial.

4 REPRESENTATIVE SONNEY: Thank you.

5 Thank you, Mr. Chairman.

6 MAJORITY CHAIRMAN SAYLOR: You're
7 welcome, Representative.

8 I just wanted to explain, and for the
9 members' purposes, I did give
10 Representative Sonney a little bit longer time
11 than normal because he conceded yesterday to
12 give Representative Daley an opportunity to do a
13 second round. He was very gracious, and that's
14 why I gave him a little bit of extra time today.

15 REPRESENTATIVE DALEY: I hope you still
16 give me time.

17 MAJORITY CHAIRMAN SAYLOR: You'll get
18 five minutes. If we have a second round,
19 Representative, you can get that next question
20 in and the next question and whatever.

21 But no, I try to make sure that we
22 balance between both sides. I felt bad
23 yesterday not letting Representative Sonney ask
24 the question, but I wanted -- I had also
25 promised Representative Daley that I would give

1 her a chance to ask her question.

2 (Unidentified speaker not using
3 microphone.)

4 MAJORITY CHAIRMAN SAYLOR: Yes, I know.
5 You said that.

6 Thank you very much, Representative
7 Daley, for your courtesy.

8 So anyway, with that, we'll move on to
9 Representative Briggs.

10 REPRESENTATIVE BRIGGS: (Microphone
11 malfunction.)

12 There it goes. It's been a while since
13 I've spoken at this podium; right, Joe?

14 Like eight or nine years, too long. I'm
15 glad I deferred yesterday's questioning, so I
16 get 10 minutes. This is exciting.

17 This wasn't my question, but regarding
18 DCNR, I have a project and have been a strong
19 supporter of a trail in my community that was
20 fortunate to receive funding a number of years
21 ago. When they got the funding, they had it all
22 engineered and ready to go.

23 They faced a series of land acquisition,
24 right-of-way problems. It was entering Valley
25 Forge Park, where stuff happened in the '70s

1 when the State gave the park to the Federal
2 government that we had a rollback. It just was,
3 I think, a year or two ago that we started
4 breaking ground.

5 Your Department has been very helpful
6 through that process. So these projects, just
7 from a personal experience, don't happen right
8 when you get the commitment. Everything in my
9 eyes was ready to go.

10 Then when we started to get in -- it
11 took me partnering with Warren Kampf to get him
12 to get Chairman Metcalfe to introduce
13 legislation to convey some land back to the
14 local community that the State, we learned,
15 owned.

16 So I get, you know, when we get awarded
17 funding, we would like the projects to be as
18 quick as possible, at least before the next
19 November, but a lot of times that doesn't
20 happen. I really understand the hard work that
21 you guys do to make sure that these projects --
22 this is a long-term commitment that we're trying
23 to do for our communities.

24 The questions I had were more about the
25 way some of these funds are funded. The

1 Environmental Stewardship Fund, the Growing
2 Greener bond, if you could talk a little bit
3 about the ballot referendum, what the
4 Commonwealth voted on, how that got the pot of
5 money, then what the health of the fund is now,
6 you know.

7 I can't imagine that there would be much
8 support for raiding that fund. Then also, a
9 different topic in my community I heard a lot
10 about is the Recycling Fund, when there are
11 talks about raiding that. I know that is an
12 ongoing fee generated by the tip.

13 But if you could talk about two of those
14 and then a little bit more -- since I have 10
15 minutes -- about the Growing Greener, just the
16 long term health of that.

17 Thank you.

18 SECRETARY DUNN: Sure. I'll give a
19 general sense of the history of those funds.

20 Thank you about your point about the
21 trail and your patience there. Trails,
22 particularly, run into, you know -- linear
23 systems run into a lot, including Federal
24 requirements and everything else.

25 Thank you for your forbearance. They're

1 always worth the effort. The benefit to the
2 economy, et cetera, is astounding.

3 So there's a long history of special
4 funds for the environment and for conservation,
5 dating before the Environmental Stewardship Fund
6 and Keystone, going back to Project 500,
7 Project 70. A lot of parks were built on that.

8 But looking at the Environmental
9 Stewardship Fund, Governor Ridge and the
10 legislature conveyed about \$625 million of the
11 Environmental Stewardship Fund to the purposes
12 that it is still used for today, DEP and DCNR
13 purposes, you know, from waterways and mine
14 remediations and trails and parks, ag and
15 PENNVEST.

16 And then, starting in '99, the
17 legislature and the Governor added a permanent
18 funding source for the landfill tipping fee.
19 Again, there's some, you know, congruity there,
20 landfill tipping fee, money goes into the
21 environment. That gave the Environmental
22 Stewardship Fund a solid base of steady funding.

23 It's frankly, you know, running a
24 program, that regular funding that you can build
25 a program on its back is really critical for us.

1 And then, when Governor Rendell came in, the
2 Growing Greener Program was so popular that he
3 added a bond fund, that \$625 million bond fund
4 put before the voters in a referendum vote, 70
5 percent approval across the Commonwealth,
6 bipartisan support, and added --

7 REPRESENTATIVE BRIGGS: Could I just
8 ask, was that like a one-time fund, that you
9 borrow \$625 and then you're living off the
10 interest and projects?

11 Or is that an ongoing --

12 SECRETARY McDONNELL: So the money was
13 expended over a five-year period following the
14 bond issuance and the debt service on the bond
15 is actually paid for out of the Environmental
16 Stewardship Fund. Today, the only revenue that
17 the Environmental Stewardship Fund receives is
18 that \$4.25 tipping fee on waste disposed as well
19 as transfers from the Marcellus Legacy Fund.

20 REPRESENTATIVE BRIGGS: I understand,
21 Chairman. I was just being a little sarcastic,
22 but thank you for --

23 MAJORITY CHAIRMAN SAYLOR: I know. I
24 know.

25 REPRESENTATIVE BRIGGS: -- thank you for

1 that. Hopefully there will be a second round.

2 MAJORITY CHAIRMAN SAYLOR: With that,
3 we'll call on Representative Greiner.

4 REPRESENTATIVE GREINER: Thank you,
5 Mr. Chairman.

6 Yesterday I think I only had three
7 minutes, too, but anyway, thank you for being
8 here today.

9 Being from Lancaster County, I would
10 like to talk about the Conservation District
11 Fund a little bit. I know there is some
12 frustration in our area and other areas about
13 moneys coming in and the timing of it.

14 Real quickly, describe your relationship
15 with them or how that works, so that people --
16 because I do think there is confusion, you know,
17 concerning that and the funding and the cash
18 flow, you know, out to the districts.

19 SECRETARY McDONNELL: Sure. We receive
20 a line item in our budget, as does Department of
21 Agriculture. And then, in addition, there's
22 some Environmental Stewardship Fund money and
23 Act 13 money.

24 They end up, in terms of the
25 General Fund and the Act 13 piece, there is over

1 \$7 million available in those pots, then an
2 additional \$2.2 million each year out of
3 Growing Greener for the watershed specialists in
4 each of the counties.

5 So we fund them through the Conservation
6 District Fund. And then, as I said, we have
7 quarterly requests for reimbursement.

8 REPRESENTATIVE GREINER: Let me ask you
9 about that. My background is as an accountant.
10 Isn't there a way that maybe we can streamline
11 this process?

12 I mean, should this even be part of DEP
13 or even Ag's budget?

14 I mean, should we be thinking kind of
15 outside the box?

16 When people are concerned about not
17 getting their funding and their money in a
18 timely fashion, this seems like maybe something
19 we should look at and maybe try to -- that's
20 just me thinking.

21 You know, I don't know what your
22 thoughts are. I mean, we could -- should it be
23 under -- should we be having these transfers?

24 SECRETARY McDONNELL: I'll say that
25 we've had some meetings in the Department here

1 very recently where I've made it abundantly
2 clear to staff that the expectation is that our
3 conservation districts are funded and reimbursed
4 in very timely ways, that we rely on their
5 partnership for a variety of things, not the
6 least of which is erosion, you know, the 102,
7 erosion sedimentation programs and the
8 Chesapeake Bay commitments that we have.

9 So it is absolutely critical that we're
10 seeing those moneys out the door. I think we
11 have a good working relationship now with the
12 Conservation Commission to get that
13 accomplished.

14 REPRESENTATIVE GREINER: With tight
15 budgets, you know -- and like we said, it's with
16 a lot of these restricted accounts, you know.
17 At the end of 2015-16, we had a little over \$5.5
18 million in that account. The following year, we
19 had over \$5.5 million again.

20 I guess what I'm wondering is, you know,
21 we are looking for moneys to help balance the
22 budget. Why are we keeping a balance such as
23 that in there when, like I said, the money is to
24 be distributed to these districts?

25 SECRETARY McDONNELL: Thank you for

1 that. It actually has everything to do with the
2 cash flow into that account. So PUC manages the
3 Act 13 dollars and the transfers out of the fund
4 to the conservation district. That doesn't
5 happen until right at the end of the fiscal
6 year.

7 So what you're seeing as a balance is
8 actually money they plan on spending over the
9 course of the next fiscal year that they really
10 haven't gotten until the end of that fiscal
11 year, just because of the fact that the money
12 doesn't come in until the spring.

13 REPRESENTATIVE GREINER: There's a
14 Federal component to this also.

15 How much do we receive as far as Federal
16 funds?

17 What are the mandated uses associated
18 with the money from the feds?

19 SECRETARY McDONNELL: So we receive --
20 there are a few different funding sources. I
21 would have to get you the exact amounts, but we
22 receive two different Chesapeake Bay grants.
23 One kind of focuses on the technicians; one
24 focuses on projects.

25 Then they will -- they're also

1 competitive in what we call our 319 grants,
2 which act like Growing Greener, but it's Federal
3 dollars. We use Growing Greener to match those.

4 REPRESENTATIVE GREINER: So you'll let
5 me know what those amounts are?

6 SECRETARY McDONNELL: Sure.

7 REPRESENTATIVE GREINER: And then one
8 last -- you don't have to tell me this now. I
9 think I would like to see this in an e-mail.
10 Maybe you could share this with the Chairman.

11 SECRETARY McDONNELL: Yeah.

12 REPRESENTATIVE GREINER: I would like to
13 know how many commitments are associated with
14 the fund.

15 SECRETARY McDONNELL: Absolutely.
16 Certainly.

17 REPRESENTATIVE GREINER: What is the
18 total cost of these commitments?

19 How many projects -- give me maybe some
20 background history of how many projects you fund
21 in a year.

22 Are all of these commitments funded in
23 one year?

24 Then I would like to know what specific
25 criteria you use to determine which commitments

1 get funded each year.

2 SECRETARY McDONNELL: Certainly.

3 REPRESENTATIVE GREINER: If you could do
4 that, I think that would be a big help to us as
5 we go through this process.

6 Thank you.

7 I'll defer the rest of my time.

8 SECRETARY McDONNELL: Thank you.

9 MAJORITY CHAIRMAN SAYLOR: Wow, a member
10 finished early.

11 I recognize Representative Daley.

12 REPRESENTATIVE DALEY: Thank you,
13 Mr. Chairman.

14 I want to focus on the Hazardous Sites
15 Cleanup Fund. We know that that fund takes care
16 of abandoned hazardous waste sites, supports
17 programs to restore land to productive economic
18 use.

19 Can you talk about how you make up for
20 the loss of the capital stock and franchise
21 taxes that were used in the past to be part of
22 the funding for that special fund?

23 SECRETARY McDONNELL: Sure. Thank you
24 for that question.

25 I'll clarify at the beginning that we do

1 hazardous sites cleanup through that program.
2 In terms of the State cleanups, which we have
3 about 100 of, another 70 that we oversee that
4 are responsible parties, it's how we accomplish
5 the Federal Superfunds Program, so we have 24
6 Superfund sites that we're involved with
7 directly and another, again, 70 that we're
8 overseeing.

9 And then, there is also the
10 Brownfields Program. The Hazardous Waste
11 Program is funded out of the Hazardous Sites
12 Cleanup Program as well as our small business
13 advantage grants. So there is a lot that goes
14 on within that funding source.

15 Traditionally, we've spent between \$45
16 and \$55 million a year, depending on the nature
17 of activity over the last several years out of
18 that fund. The capital stock and franchise tax,
19 as you said, it provided about \$40 million a
20 year.

21 Capital stock and franchise tax has gone
22 away, which frankly, is long overdue. As
23 someone who has been in State government for 20
24 years, I can remember talking about this for at
25 least half of that time, but it has left this

1 thread hanging of what we do about the Hazardous
2 Sites Cleanup funding.

3 Right now, we receive Act 13 dollars
4 there, as well as some fees out of the Hazardous
5 Waste Program. That gives us a little over \$20
6 million into, again, what's traditionally been a
7 \$45 to \$55 million program.

8 So we are now, you know -- we had one
9 year where it was the only year in which we got
10 both capital stock and franchise and those
11 Act 13 dollars. So we've had a bump up, but
12 over the next two years, we'll be spending those
13 moneys down. Frankly, that's a conversation
14 we'll have to have with the legislature, about
15 how it is we make up those moneys and what the
16 program looks like on a going forward basis.

17 REPRESENTATIVE DALEY: So in the chart
18 that you gave us related to this fund, it shows
19 the drop-off of the revenue, but it also shows
20 the planned projects. I'm not going to ask that
21 you give us the planned projects today, but
22 would it be possible for you to provide this
23 Committee with a list of those planned projects
24 so that we would be able to have an idea of how
25 important -- or just to get a better

1 understanding as to what those projects are?

2 I think that would be really helpful.

3 SECRETARY McDONNELL: Certainly.

4 REPRESENTATIVE DALEY: I mean, I know
5 what you've done in my district, and I'm most
6 appreciative of that. I think that work is not
7 done yet, so I'm anticipating seeing some of
8 that still on it, but I would -- I think that
9 could be useful to the Committee.

10 Thank you, Mr. Chairman. I'm finished.

11 MAJORITY CHAIRMAN SAYLOR: Thank you,
12 Representative Daley.

13 With that, we'll move to
14 Representative Keller.

15 REPRESENTATIVE F. KELLER: Thank you,
16 Mr. Chairman.

17 Thank you Madam Secretary,
18 Mr. Secretary.

19 I really don't want to get into the
20 funds and how much money is in them. I just
21 have a question.

22 We have the funds. And I'm assuming
23 that we have a stated purpose and goal for the
24 moneys in each fund; is that correct?

25 SECRETARY DUNN: That's correct.

1 REPRESENTATIVE F. KELLER: Everybody in
2 each department is aware of that goal and
3 purpose.

4 Do we measure how well we're achieving
5 the goal of that fund?

6 I mean, that's just a yes or no.

7 Do we measure those metrics?

8 SECRETARY McDONNELL: Yes. I would say
9 each of the funds has a statutorily derived
10 purpose. So we're spending the money in
11 accordance with those.

12 If you're asking like a numeric goal --

13 REPRESENTATIVE F. KELLER: A performance
14 metric, performance metric; in other words, are
15 we meeting the goal --

16 SECRETARY McDONNELL: Sure.

17 REPRESENTATIVE F. KELLER: -- it has the
18 purpose, but to get to that, we should have a
19 goal and we should have things established.

20 Let me ask you this, have we audited the
21 purpose of each fund to make sure that the money
22 that we're spending is achieving the desired
23 outcome?

24 SECRETARY McDONNELL: I would say yes.

25 REPRESENTATIVE F. KELLER: We have?

1 SECRETARY McDONNELL: Yes.

2 REPRESENTATIVE F. KELLER: For each
3 fund?

4 SECRETARY McDONNELL: Again, I think
5 some of these funds are operational, so it's to
6 manage -- you know, for example, we're managing
7 the Hazardous Waste Program and the oversight of
8 those. So we have -- so it's not a fund
9 measure; it's the program measures derived out
10 of those funds, but yes.

11 REPRESENTATIVE F. KELLER: Right. But
12 you're supposed to -- how many funds we did, how
13 well they were cleaned up, how --

14 SECRETARY McDONNELL: Yes.

15 REPRESENTATIVE F. KELLER: There should
16 be performance metrics to make sure we meet that
17 purpose, yes or no?

18 SECRETARY DUNN: Yes.

19 SECRETARY McDONNELL: Yes.

20 REPRESENTATIVE F. KELLER: We have
21 those?

22 SECRETARY DUNN: Yes.

23 SECRETARY McDONNELL: Yes. They're
24 reported in the budget each year.

25 REPRESENTATIVE F. KELLER: Have we --

1 No. Have we -- I'm not talking just a summary
2 in the budget.

3 What can we show we've done to make sure
4 -- that we've audited -- to make sure we're
5 meeting the goal of that?

6 Have we actually gone through and
7 audited these things and said -- and I don't
8 have one, but I will pick on DCNR just for
9 trails.

10 SECRETARY DUNN: Right. Yes.

11 REPRESENTATIVE F. KELLER: We have a
12 goal of maintaining trails or whatever.

13 SECRETARY DUNN: Right.

14 REPRESENTATIVE F. KELLER: Do we audit
15 the fund that supports it?

16 SECRETARY DUNN: Yes.

17 REPRESENTATIVE F. KELLER: Okay. Could
18 we get the results of the audits of all of these
19 funds?

20 SECRETARY DUNN: Sure. Absolutely.

21 REPRESENTATIVE F. KELLER: I guess
22 that's where I'm at. I mean, I'm not here to
23 debate whether we're spending -- I just want to
24 know if we know what we're doing.

25 You know, going back to private

1 industry, I can always remember a statement that
2 was said by a fellow I respect very much. He
3 said, we tend to feed our failures and starve
4 our opportunities.

5 I just want to make sure that the money
6 that we're spending, as I think everybody in the
7 Commonwealth does, that we're achieving the goal
8 of what we want to do with that. I'm not saying
9 we are or aren't, I would just like to see the
10 data on that.

11 How soon could we get that for each of
12 the funds?

13 SECRETARY DUNN: I think we could get
14 that pretty quickly.

15 REPRESENTATIVE F. KELLER: Okay.

16 SECRETARY DUNN: We measure these
17 metrics as part of the budget process. We're
18 gearing up to present them here, so --

19 REPRESENTATIVE F. KELLER: But I would
20 like to see the measurables for each fund.

21 SECRETARY DUNN: Right.

22 REPRESENTATIVE F. KELLER: How do you
23 measure the success?

24 SECRETARY DUNN: Right.

25 REPRESENTATIVE F. KELLER: Can we define

1 how we measure success in meeting that goal?

2 That's really what I want to see.

3 And then, how are we stacking up to
4 that?

5 SECRETARY DUNN: Sure.

6 What I would really welcome some time,
7 like in front of a committee that talks about
8 programs, whether it's tourism or environmental
9 resources and energy, an opportunity to talk
10 about the program and operational programs we
11 build around these goals and metrics and the
12 legislation that was handed to us.

13 It's a richer conversation than just
14 simply the metrics, but we do have the metrics
15 and I'm happy to provide them.

16 REPRESENTATIVE F. KELLER: Yes, I get
17 that. A lot of times we set up a program and
18 say, here, you've got to do this. We sort of
19 define it out there, but that's the purpose. I
20 think you look at the goals and say, how are we
21 going to meet that purpose?

22 SECRETARY DUNN: Yeah.

23 REPRESENTATIVE F. KELLER: There's got
24 to be a measurement to that, you know.

25 SECRETARY DUNN: Right.

1 REPRESENTATIVE F. KELLER: Anything you
2 do in business or whatever, you know, if you're
3 measuring your safety, your quality, your
4 productivity, your ship on time, there are
5 performance metrics to make sure you're hitting
6 your goals. We should have those. That's
7 really what I'm after.

8 SECRETARY DUNN: Yeah. And we have --
9 go ahead.

10 SECRETARY McDONNELL: The other thing I
11 would say is, I think, more broadly, one of the
12 things we're engaged in right now in the
13 Department is a look at this from the top level,
14 not even in terms of the funds, but as we've
15 looked program by program, making sure that each
16 of those things is truly building up toward, and
17 how it connects back to cleaner air, cleaner
18 water, better land --

19 REPRESENTATIVE F. KELLER: That's
20 exactly what I'm after.

21 SECRETARY McDONNELL: So some of that
22 we're still putting together now, but program by
23 program, we certainly have had metrics,
24 traditionally.

25 REPRESENTATIVE F. KELLER: I just want

1 to make sure that what we're doing is meeting
2 the purpose.

3 SECRETARY McDONNELL: Exactly.

4 REPRESENTATIVE F. KELLER: And again,
5 I'm not even asking you to justify how much
6 money is in the account or whether we should
7 have it or not. I'm just simply saying, hey,
8 look, we've got it there; how are we measuring
9 performance for the citizens of the
10 Commonwealth?

11 SECRETARY DUNN: Yeah.

12 SECRETARY McDONNELL: Absolutely.

13 SECRETARY DUNN: If you would allow me
14 just a second -- Chairman Markosek mentioned the
15 constitutional amendment that really requires us
16 to meet that requirement for all Pennsylvanians,
17 you know, access to nature, access to esthetics
18 and clean air and clean water. It's a fairly
19 lofty goal, so we guide ourselves by a lot of
20 public processes.

21 We do an annual -- I mean, a five-year
22 State recreation plan where we set really
23 specific goals and metrics for ourselves.

24 REPRESENTATIVE F. KELLER: But within
25 that Recycling Fund, the goal is this, and how

1 are we meeting that?

2 Do we have things in there that have
3 worked well and have not?

4 If we run into something that's not
5 working well, what's our plan and how do we
6 handle it?

7 SECRETARY DUNN: Right. Absolutely.

8 REPRESENTATIVE F. KELLER: Thank you.

9 MAJORITY CHAIRMAN SAYLOR:
10 Representative Donatucci.

11 REPRESENTATIVE DONATUCCI: Thank you,
12 Mr. Chairman.

13 Thank you, secretaries, for being here.

14 The Environmental Education Fund, I
15 believe that there are millions of dollars in
16 grants to support environmental education
17 efforts.

18 Can you expand on some of the recent
19 projects supported by this fund?

20 What environmental topics do these funds
21 go to promote?

22 SECRETARY DUNN: I'll let Patrick start
23 with that. He generates the fund and --

24 SECRETARY McDONNELL: We have, within
25 our portion of that fund -- and to be clear,

1 it's funded by five percent of fines and
2 penalties received by the Department. And
3 basically, the year after that, it's that amount
4 of dollars within the fund.

5 We fund two, I'll say broad categories,
6 of projects. We have an up-to-\$50,000.00 grant
7 that is, I'll say for larger statewide regional
8 kind of educational efforts. Then we have what
9 we call our mini grant program, which is
10 \$3,000.00, usually for individual schools. That
11 might go toward the purchase of equipment,
12 development of new curriculum, paying to get
13 children out into nature or to particular
14 places.

15 So there are different ways that is
16 expended, but those are the two general broad
17 categories. Then from that fund, from that five
18 percent that Secretary McDonnell mentioned, we
19 get 25 percent. We use that in our State park
20 system for our environmental ed Program.

21 We have five environmental ed centers
22 and, of course, 121 parks. In them, we do
23 direct in environmental education and outdoor
24 programming. So the money goes for everything
25 from equipment to field guides to special

1 speakers to the programs that really engage with
2 the public.

3 You know, our goal, again, is to reach
4 all of the public. So we have to have programs
5 that pull people in. So we have great
6 environmental educators who are really top notch
7 and really do open the kids' and adults' eyes to
8 nature. This fund is our bread and butter for
9 that programming.

10 It's the materials, educational
11 resources, the curricula that we are able to
12 give teachers and students alike.

13 REPRESENTATIVE DONATUCCI: Thank you.

14 You already answered my follow-up
15 questions about the broad values these programs
16 should take to our children at a young age. I
17 don't know if there is anything else you would
18 want to add to that, but I thank you for that.

19 SECRETARY DUNN: I would invite any of
20 the legislature to attend these programs in the
21 local park. I think you would find them
22 engaging, of course, you know. We're always
23 open to your ideas.

24 But sometimes our money is needed to get
25 a school there. Sometimes it's needed for the

1 buses to get there, to allow a school to come.

2 I attended a program in Reading at
3 Nolde Environmental Ed Center just a month ago,
4 One Bird, Two Worlds that talked about birds and
5 bird adaptation. I had a very engaged group of
6 third graders, very well-prepared by their
7 teachers.

8 This funding allowed them to be there.
9 It allowed us to do our work with the Reading
10 Schools, so it was great.

11 SECRETARY McDONNELL: I would be remiss
12 if I didn't point out, you know, we talk about
13 habitat all the time. Habitat is like
14 everywhere -- we're in habitat right now, right?

15 I've been out a couple of times now to
16 City Island, just locally here with some high
17 school students with some kick-nets, you know,
18 wading out into the Susquehanna, pulling up
19 things from the bottom and identifying the
20 different types of organisms just within the
21 Susquehanna, you know, a couple of blocks from
22 here.

23 REPRESENTATIVE DONATUCCI: Thank you.
24 It's a great program.

25 SECRETARY DUNN: Thank you.

1 MAJORITY CHAIRMAN SAYLOR: With that, we
2 go to Representative Helm.

3 REPRESENTATIVE HELM: Thank you,
4 Mr. Chairman.

5 And welcome, Secretary Dunn and
6 Secretary McDonnell.

7 I have two questions. My first one is
8 for Secretary Dunn regarding the Keystone
9 Recreation Park and Conservation Fund.

10 Could you please explain the Keystone --
11 explain it, and then just tell me, you know,
12 kind of how the money you have and how you spend
13 it and just generally what it is?

14 SECRETARY DUNN: Thank you. I was
15 hoping someone would ask that because I timed
16 out when I was talking about the Environmental
17 Stewardship Fund.

18 The Keystone Fund originated in 1993
19 under Governor Casey. The legislature passed it
20 overwhelmingly. It was in front of the voters
21 as a referendum, again, overwhelming public
22 support.

23 The Keystone Fund comes from reality
24 transfer tax. So it's another real workhorse
25 fund for us. It's an annual dedicated fund, so

1 we can build a whole program on it.

2 And for us in DCNR, we allocated -- it's
3 allocated -- it's apportioned by law to
4 community parks, park-enforced infrastructure
5 and then land trusts. It's the 25th anniversary
6 of the Keystone Fund, so we're doing some
7 special education on it.

8 On our web page, you'll see stories of
9 Keystone projects that have been done over the
10 years. It's kind of our workhorse fund on
11 park-enforced infrastructure, as well. Every
12 year, we're able to do projects, you know, big
13 and small from the Keystone Fund.

14 When they're over -- I think it's
15 200,000 -- they come in front of you as part of
16 the budget process; if they're smaller than
17 that, we just go ahead and do them. On the
18 grant side, that fund is the largest fund
19 supporting our Community Conservation
20 Partnership Grants Program. It's allocated by
21 law, you know, to land trusts and local parks.

22 It's a competitive process to receive
23 those funds. Of the 266 grants we announced on
24 December 5th, the majority of them would have
25 been from the Keystone Fund.

1 REPRESENTATIVE HELM: You do carry
2 high-end balances. I just wonder -- explain why
3 you have to do that.

4 SECRETARY DUNN: It's the same reason as
5 I was discussing earlier. A lot of these
6 projects are construction projects. You go
7 through the planning process, design, and then
8 approvals doing site work. Again, working with
9 the local -- if it's a grant, working with local
10 government and we find that the larger
11 construction projects can go three to four
12 years.

13 Smaller projects can sometimes be done
14 in a year. You know, that happens. We do have
15 some planning projects in the mix, some river
16 conservation projects. Recently, we've
17 allocated some of the funding as allowed by law
18 to the Rivers Project, a portion of it that
19 we're allowed to allot to the Rivers Project.

20 We're using half a million of that, last
21 year and again we plan to this year, for forest
22 riparian buffer work, to meet our goals with
23 Chesapeake Bay, but also water quality
24 statewide. So it's a statewide program and
25 we're getting a lot of interest in Rivers

1 Conversation.

2 Fortunately, that project has been so
3 successful that PENNVEST has added funding for
4 that. So we're able to really expand our reach
5 and to help Secretary McDonnell with the Bay
6 requirements.

7 But also, I mean, a real benefit is to
8 the streams of Pennsylvania. It gets all kinds
9 of people involved.

10 REPRESENTATIVE HELM: Since you
11 mentioned rivers, does any of that go to our
12 Save our Susquehanna Project?

13 SECRETARY DUNN: So our way of saving
14 the Susquehanna is this forest buffer project.
15 Of course, we think it will have a bearing on
16 the Susquehanna as we plant buffers on the
17 tributaries of the Susquehanna.

18 REPRESENTATIVE HELM: Thank you.

19 Secretary McDonnell, I just have a real
20 quick question. In your letter to us on
21 September the 8th, you say, removing \$100
22 million from the Underground Storage Tank
23 Indemnification Fund undermines the payment of
24 cleanups for about 1,000 sites where toxic and
25 carcinogenic chemicals from petroleum products

1 threaten residents.

2 Having done real estate for a long time
3 and people selling houses that they had to
4 remove underground tanks from that probably they
5 didn't even use for years, does any of that
6 money go to the regular homeowner?

7 Where does this money go?

8 SECRETARY McDONNELL: It's actually --
9 USTIF is both an insurance fund and then through
10 some previous legislative action and then recent
11 legislative action, we've had access to some
12 dollars there in order to run a couple of
13 programs, one of which is exactly focused on how
14 do we clean up home heating oil tank spills and
15 things like that.

16 So we have that program both
17 reauthorized with the funding in order to
18 accomplish it.

19 REPRESENTATIVE HELM: All right. Thank
20 you.

21 SECRETARY McDONNELL: Thank you.

22 MAJORITY CHAIRMAN SAYLOR: With that, we
23 go to Representative Heffley.

24 REPRESENTATIVE HEFFLEY: Thank you,
25 Mr. Chairman.

1 Thank you for coming to testify today.
2 Just a couple of points and just a couple of
3 questions.

4 Obviously, there has been a lot of talk
5 recently about these funds, reserve balances and
6 money that's kind of on the sidelines. I know a
7 lot of these moneys are committed to projects.

8 One of the things that -- it seems like
9 government, for the most part, can't get out of
10 its own way. A lot of times you get these
11 projects completed -- and I know you mentioned a
12 little bit about local governments. I hear from
13 many of my local governments when it comes to
14 projects, some of these projects are taking two,
15 three, seven, eight years.

16 Whether you're dealing with PennDOT,
17 whether you're dealing with DEP, dealing with
18 the Fish and Boat Commission, the
19 Game Commission, then you've got U.S. Fish and
20 Wildlife, then you have other, you know,
21 Sierra Club or Appalachian Trail Conservancy
22 filing a brief against it. I guess the point
23 that I think a lot of people are trying to make,
24 the people that I represent, they see this money
25 sitting on the sidelines. They see all these

1 projects and are totally frustrated with the
2 inefficiency of government agencies to get these
3 projects moving.

4 These are some of the projects, talking
5 about PennDOT trying to put a culvert, you know,
6 maybe there's a drainage ditch under the road
7 and they need to replace it. They have
8 everything ready to go, but they can't get their
9 permit improved in time. So now they have to
10 wait another season before they can get in to
11 replace that.

12 Meanwhile, everybody is driving down
13 that road hitting this ditch. It creates
14 problems for safety, but there's no concern to
15 public safety. The only concern is, we've got
16 to do another study, and it seems the government
17 can't get out of the way.

18 So then they look at this money sitting
19 on the sideline and say, why would government --
20 why would the legislature want to raise taxes to
21 pay -- you know, because we need money for the
22 schools, we need money for medicaid, for those
23 people with special needs. It's pretty
24 important to fund those.

25 So I can see the dilemma that we're in.

1 I guess my question would be, what do we need to
2 do?

3 I raised a question yesterday to the
4 DCED Secretary. How do we need to speed these
5 projects up?

6 I know there are so many different
7 layers, but it just seems it's incredibly
8 frustrating. We have a couple of projects going
9 right now in Carbon County that it's just delay,
10 delay, delay, delay. It's years that this money
11 -- and we worked through, you know, the offices
12 out here, through the Governor's Office, through
13 some of your departments to secure these funds
14 for really good projects in the district. Yet,
15 you know, it's years until these projects come
16 to fruition.

17 It's just another study, another
18 rattlesnake study. I can tell you there are a
19 lot of rattlesnakes in Carbon County. There
20 are, obviously, a lot of bog turtles. So let's
21 just assume that they're there and build these
22 things before we have to do these redundant -- I
23 mean, hundreds of thousands of dollars that is
24 sitting in these accounts is going to be wasted
25 on engineering costs for redundant studies.

1 What can be done?

2 Because it's frustrating for me to sit
3 here and say, oh, there's money sitting here for
4 these projects that are approved, but they're
5 not going to go for another seven or eight
6 years. Meanwhile, we have a budget gap now and
7 we need these funds for public safety issues.

8 So I guess that's a part of, I guess,
9 maybe part of my point or part of my question.

10 What is being done to streamline these
11 processes?

12 I mean, the people are there. The
13 shovels are ready. They're in the ground, but
14 nobody is letting them start the project.

15 And what is being done for better
16 collaboration for those projects?

17 SECRETARY DUNN: A couple of thoughts.

18 First of all, there is nobody more
19 interested in improving government processes
20 than the Governor. So when he meets with the
21 cabinet, he's encouraging that. In fact, some
22 of the new programs he's instituted, GO-TIME and
23 Lean, are really aimed at helping the agencies.

24 Also, he's encouraged an atmosphere --
25 and I think it is something we all agree and

1 relish -- we're getting together more than ever.

2 So just as an example with PennDOT. A
3 lot of times, DCNR can use our grant funding for
4 a plan or design on an underpass or a trail or
5 something that ultimately is going to be a
6 PennDOT project. So we've really got the
7 coordination down a lot better. Same with DEP;
8 we meet and coordinate a lot with DEP.

9 We're speeding up our payment processes.
10 I think we can improve that and we have improved
11 that, so we're moving on that.

12 You mentioned the rattlesnakes. We have
13 -- we operate what's called Conservation
14 Explorer. It's the tool that shows where
15 threatened and endangered species are. We only
16 have, in our jurisdiction, you know, the plants.
17 The Pennsylvania Fish and Boat Commission has,
18 you know, rattlesnakes and bog turtles and fish
19 and aquatic insects. Game has birds and
20 mammals.

21 What we were hearing, you know, from
22 users of this system, whether it's highway
23 projects, development projects, pipelines, they
24 want to know sooner where are the bog turtles.
25 So we have really improved that tool. If you

1 get online, you can see exactly where things are
2 and avoid them.

3 REPRESENTATIVE HEFFLEY: Just to follow
4 up on that issue, because that was a big debate
5 about a session ago. So they already have all
6 of these maps, so the Fish and Boat Commission
7 before you -- when you apply for a permit, they
8 already know. They have everybody's property
9 map as to where these, you know, bog turtles
10 are, where the bats are, where all of these
11 other reptiles, species are.

12 Is that map made public to the
13 developers?

14 SECRETARY DUNN: Yes.

15 REPRESENTATIVE HEFFLEY: At what point
16 can you say -- there was an issue, and I want to
17 commend DEP for working very closely in Carbon
18 County for the issue of the Banks Township mine
19 fire. I think it was \$9 million that you put in
20 to get that done.

21 But you had to deem it an emergency
22 because it was a public safety hazard because
23 there were bats nesting in the trees, but then
24 they waived that.

25 So why can't we get some of these other

1 projects to be deemed emergencies like that to
2 get these public safety projects done as they
3 did in that project, as well?

4 SECRETARY DUNN: We're getting great
5 feedback on the fairly new Conservation Explorer
6 tool. That allows the project developer to get
7 in there and see where the hits are.

8 Yeah, the bog turtle sites won't be
9 marked bog turtle because, you know, people
10 collect them and steal them, but they will be
11 marked as a hint of an endangered species. So
12 that has given developers a great planning tool
13 that they know well ahead of time.

14 We're getting good feedback, you know,
15 from the gas industry and others who are using
16 it, on its efficacy. I think it's a huge
17 improvement.

18 Again, some of what you referenced --
19 bats at this point are very highly regulated,
20 Federal law, because of extreme endangerment
21 that some of the bat species face. You know, we
22 don't want them to blink out of existence in
23 Pennsylvania, so it's critical to watch that,
24 but I think, yeah, working the agencies, we can
25 often work with our Federal partners and find

1 and understand the constraints and
2 opportunities.

3 REPRESENTATIVE HEFFLEY: A lot of issues
4 that you --

5 MAJORITY CHAIRMAN SAYLOR:
6 Representative, I've got to cut you off.

7 REPRESENTATIVE HEFFLEY: All right.

8 MAJORITY CHAIRMAN SAYLOR: If you want a
9 second round, we'll have a second round.

10 REPRESENTATIVE HEFFLEY: No. I'm good.
11 Thank you very much.

12 SECRETARY DUNN: Feel free to contact us
13 any time.

14 MAJORITY CHAIRMAN SAYLOR:
15 Representative Krueger-Braneky.

16 REPRESENTATIVE KRUEGER-BRANEKY: Thank
17 you, Mr. Chairman.

18 Thank you, secretaries, both for joining
19 us here today.

20 I want to also talk about the
21 Conservation District Fund. I'm grateful that
22 our Minority Chairman opened his remarks by
23 reminding us that our State Constitution
24 protects our right to clean air and clean water,
25 not just for current generations, but all future

1 generations. That's something that I keep in
2 mind a lot when we're looking at bills related
3 to the environment.

4 So the Conservation District Fund, I
5 came up close and personal with conservation
6 district folks over the course of the past year
7 because of the Mariner East 2 Pipeline. This is
8 a project where there were over 100 spills and
9 accidents, contaminated drinking water, people
10 lost their wells.

11 In my district in Delaware County, we
12 were constantly fielding calls from constituents
13 who were reporting incidents that later turned
14 out to be violations. Oftentimes, when I called
15 the Southeastern Regional Office to say, hey, a
16 constituent called and reported that someone has
17 a concern that maybe their well was
18 contaminated, can you go investigate, I was
19 told, well, we'll put it on the list, but we
20 don't actually have the capacity to get out
21 there today or tomorrow. It may take us a
22 couple of days.

23 So my first question,
24 Secretary McDonnell, can you remind us how many
25 DEP staff have been cut over the past decade?

1 SECRETARY McDONNELL: Over the last
2 decade, we've lost between 700 and 800 staff.

3 REPRESENTATIVE KRUEGER-BRANEKY: About
4 how many of those are inspectors?

5 SECRETARY McDONNELL: I don't have the
6 inspector number off the top of my head, but we
7 can look at that.

8 REPRESENTATIVE KRUEGER-BRANEKY: But 700
9 to 800 staff cut over the past decade; so when I
10 called the Southeastern Regional Office to say,
11 hey, my constituents are concerned about this,
12 after I was told, well, I'm sorry, we don't have
13 an inspector who can go out today, they're
14 working on all of these other things, I would
15 often be told, well, we'll ask the conservation
16 district to look into it.

17 So I know that there was a proposal last
18 year to cut \$3.3 million from the Conservation
19 District Fund. Can you tell us, Secretary, what
20 would the impact have been on staffing if that
21 cut had been in place?

22 SECRETARY McDONNELL: I mean, the
23 Conservation District Fund itself is really,
24 over the course of a year, again, some of the
25 cash flow issues I mentioned earlier, but it

1 truly is money-in money-out.

2 We get, in terms of the General Fund and
3 Act 13, about \$7 million, you know, over
4 \$7 million into that fund. So almost half of
5 the money that goes to support the conservation
6 district technicians and engineers would have
7 been cut.

8 REPRESENTATIVE KRUEGER-BRANEKY: So what
9 would the impact have been on staffing --

10 SECRETARY McDONNELL: About half.

11 REPRESENTATIVE KRUEGER-BRANEKY: -- if I
12 called the Southeastern Regional Office?

13 About half?

14 SECRETARY McDONNELL: Yeah. Off the top
15 of my head, I think we had some specific numbers
16 and I can get that for you, but it would be
17 coming up on half, if that had been the cut.

18 REPRESENTATIVE KRUEGER-BRANEKY: So I
19 was already being told there weren't enough DEP
20 inspectors to get out to look as quickly as my
21 constituents wanted, if the conservation
22 district funds had been cut by half, it would
23 have taken even longer because even they would
24 not have had the capacity to come and look at
25 all of the accidents in Delaware County.

1 My last question. So before I came to
2 the legislature, I was a non-profit executive
3 director; I dealt a lot with grant funds. The
4 idea of restricted versus unrestricted funds was
5 something that we took very, very seriously.
6 The restricted funds that we received as an
7 organization, we were not actually allowed to
8 use for anything else.

9 So even if we had a cash flow gap or
10 there was a program that took higher priority,
11 if funds came in as restricted, I could not just
12 allocate them to something else, even if there
13 was a shortfall.

14 So can you talk about these fund
15 balances? I'd like to hear, both for DEP and
16 DCNR, are these restricted funds?

17 SECRETARY McDONNELL: Sure. For us, and
18 I'm asking -- I guess I want to ask
19 clarification -- in terms of the money we give
20 out or in terms of the money as it's given to
21 us?

22 REPRESENTATIVE KRUEGER-BRANEKY: The
23 money as it's given to you.

24 SECRETARY McDONNELL: In terms of the
25 money as it's given to you -- given to us, it's

1 very -- it again varies fund by fund. In some
2 cases, we'll have a fund that says, this fund is
3 established for purposes of adherence to the
4 Act, which can be relatively broad.

5 In the case of the Environmental
6 Stewardship Fund, it starts to get more
7 prescriptive in terms of the types of
8 activities, who's an eligible recipient, where
9 that money can go, how much money you can spend
10 on administrative costs, et cetera.

11 So it really will vary fund by fund
12 based on what the authorizing statute is.

13 REPRESENTATIVE KRUEGER-BRANEKY: And for
14 DCNR, is that the same thing?

15 SECRETARY DUNN: Same thing. You know,
16 I have worked in the non-profit world, as well.
17 Overhead administrative costs, you are always
18 trying to keep to the minimum. Well, for these
19 funds, we have a very little bit of overhead
20 administrative funds.

21 I believe with ESF, it's 2.5 percent;
22 and with Keystone, it's 5 percent. So the
23 Agency's operational funds from these are very
24 limited. Everything else is restricted by law
25 to the purpose for which the fund was granted.

1 We used to have a less restricted fund,
2 major maintenance fund of State parks. It came
3 from the fees that we collected at things like
4 swimming pools and concessions, and then we were
5 able to then use that for emergency purposes in
6 a park or something that would arise.

7 That went away in like '08 or '09. So
8 we have very limited unrestricted funds. It is
9 an operational restraint from when issues arise.

10 REPRESENTATIVE KRUEGER-BRANEKY: So
11 would it be constitutional for this legislature
12 to try to allocate these funds to other sources
13 or purposes?

14 SECRETARY DUNN: No. No. The purpose
15 of the Fund, by law, is pretty prescriptive,
16 especially in the Keystone. In the pie diagrams
17 provided, they show the purpose and restriction
18 on this.

19 REPRESENTATIVE KRUEGER-BRANEKY: Okay.
20 So it would be unconstitutional?

21 SECRETARY DUNN: Yes.

22 MAJORITY CHAIRMAN SAYLOR:
23 Representative, I have to correct the Secretary
24 on that.

25 The legislature can change the law at

1 any time.

2 SECRETARY DUNN: You can change -- yeah.

3 MAJORITY CHAIRMAN SAYLOR: If it's a
4 bond issue, we can't do that, yes.

5 REPRESENTATIVE KRUEGER-BRANEKY: But we
6 would have to go in and change the underlying
7 Act?

8 MAJORITY CHAIRMAN SAYLOR: We would do
9 that in like a Fiscal Code or somewhere like
10 that; it depends how we do the budget.

11 REPRESENTATIVE KRUEGER-BRANEKY: But
12 without us changing the law, it would be
13 unconstitutional?

14 MAJORITY CHAIRMAN SAYLOR: Correct.

15 SECRETARY DUNN: Yeah, it would be
16 unconstitutional. I couldn't change it; you
17 could.

18 MAJORITY CHAIRMAN SAYLOR: Yes. The
19 Secretary can't do it without legislative
20 approval. That's one of the things that I -- I
21 don't mean to take up -- well, your time is up.

22 One of the things I think the
23 legislature needs to look at is to give
24 secretaries sometimes the ability, when they
25 have dollars in one fund and they really need

1 money in another fund, we may need to look at
2 allowing the secretaries, with legislative
3 approval, to move funds from one fund to the
4 other to help them do better for Pennsylvania,
5 whether it's jobs, it's the environment,
6 whatever it is.

7 I think sometimes we get so restrictive
8 in these accounts. I apologize for giving a
9 speech here. But we don't give the secretaries
10 the ability to do their job because, oh, this
11 money has got to stay here; but what if there's
12 another program?

13 As you've heard me say in PlanCon
14 Commission, we visit things once every 20 years.
15 Things change over those 20 years. I think we
16 in the legislature need to keep a closer eye in
17 working with the departments in making sure that
18 they have the tools they need to do what we
19 would like them to do.

20 REPRESENTATIVE KRUEGER-BRANEKY: Yes.
21 Mr. Chairman, I look forward to that
22 conversation over the course of many budget
23 hearings this spring. We'll continue to remind
24 us about our constitutional obligation around
25 clean air and clean water.

1 Thank you.

2 SECRETARY McDONNELL: Thank you.

3 MAJORITY CHAIRMAN SAYLOR: With that, we
4 go to Representative Boback.

5 REPRESENTATIVE BOBACK: Thank you,
6 Mr. Chairman.

7 Secretary McDonnell, as members of the
8 Appropriations team, our purpose is to find out
9 where every penny of every dollar of this
10 Commonwealth is going, how it's spent, of
11 course, but we're also looking forward to seeing
12 that those moneys, those dollars, create more
13 jobs, jobs, jobs.

14 Now, of course, first and foremost,
15 matters of health and public safety -- and
16 that's where you come in -- that's utmost, and
17 we all understand that.

18 My concern is with the decrease of your
19 regiment, 700 to 800 staff members gone.

20 I would follow up to
21 Representative Heffley and ask you, do you need
22 more staff?

23 Because when we're talking about jobs,
24 jobs, jobs, in my district, I get the same
25 comments as both former colleagues: I can't get

1 my business to grow; I'm waiting on a permit,
2 what can you do; it's been taking months, now
3 we're going into a year; I had to lay off staff;
4 if I could grow my business, I could grow more
5 jobs.

6 Now, we did lose 10,000 jobs over the
7 course of the last year. So my question is,
8 yes, matters of health and public safety,
9 without question, but if you need more staff,
10 we've got to get more feet on the ground.

11 How do we do that?

12 And why was there such a decrease in
13 DEP?

14 Of all departments, you're like the
15 police of our environment. Why?

16 SECRETARY McDONNELL: Well, we had,
17 again, over that 10-year period, we had
18 significant cuts to our General Fund budget. So
19 we balanced that in some ways, but there were
20 other ways in which we couldn't. In particular,
21 you know, I always say we're a department, but
22 when you look at each of our individual
23 programs, they're really funded in very, very
24 different ways.

25 So our air program, for example, is

1 primarily funded by our Special Fund and Federal
2 dollars. It was really the water programs,
3 which is where a lot of these development
4 permits sit that got hit hardest because it was
5 the most dependant upon the General Fund.

6 So the vast majority of those positions
7 we've lost over time fell within our regional
8 and our bureau water programs, which has led to
9 some of the issues. I always make a point of
10 saying, this is a more complicated issue than
11 kind of putting your thumb on one thing.

12 We're engaged in a lot of efforts around
13 IT right now to simplify processes. We're
14 relooking at a lot of our forms, guidances,
15 processes to try to simplify things and make
16 sure we have a good management structure in
17 place, make sure we have consistency across our
18 regions. But you know, certainly, the resources
19 issue is one of the major factors in what's
20 happened over time within the permitting realm.

21 REPRESENTATIVE HELM: I'm happy to sit
22 down and meet with you.

23 SECRETARY McDONNELL: Sure.

24 REPRESENTATIVE HELM: There's got to be
25 a way to rectify this. Again, it's impacting

1 jobs in the Commonwealth. Protect our
2 environment. Let's do it right, but let's do it
3 expeditiously.

4 I know you can do that. So if you need
5 help, I'm here for you, but I want to get that
6 conversation started.

7 SECRETARY McDONNELL: We would
8 definitely welcome that. Thank you.

9 REPRESENTATIVE HELM: Thank you.

10 Secretary Dunn, I noticed that with the
11 Environmental Stewardship Fund, a large chunk,
12 71 percent on my data, says it's from the
13 transfer of Marcellus Legacy Fund.

14 If I remember correctly, that came out
15 of Act 13.

16 SECRETARY DUNN: Right.

17 REPRESENTATIVE HELM: With the impact
18 fee and money trickling through counties, what
19 would happen if a severance tax usurped the
20 impact fee?

21 Would there be any impact on this legacy
22 fund, do you know?

23 SECRETARY DUNN: I don't know. It
24 depends on what the bill is. There are so many
25 different proposals out there. Many of them

1 protect the flow of the Marcellus Legacy Fund,
2 both to us and the county. A lot of them
3 recognize the importance of that.

4 So I would expect that either the
5 legislature or our budget secretary would be
6 sure that the Environmental Stewardship Fund
7 balance stays whole because of the important use
8 of it. But again, it depends on what proposal
9 is out there, but I --

10 REPRESENTATIVE HELM: I know that money
11 is well spent.

12 SECRETARY DUNN: Thank you.

13 REPRESENTATIVE HELM: I have another
14 question. What exactly is the Natural Diversity
15 Conservation Grant?

16 What is natural diversity?

17 SECRETARY DUNN: That's a competitive
18 process. It's very scientific process coming
19 out of a Wild Resource Conservation Fund. You
20 may remember in the beginning of the license
21 plate program, the Wild Resources Conservation
22 Program, for the first one out of the block, the
23 owl. Everyone bought their license plate and we
24 actually had most of the funding coming in from
25 the license plate sales.

1 Now, everybody is in the license plate
2 business and we don't get that much money from
3 that. So now we allocate a portion of our
4 Environmental Stewardship Fund through the
5 budget process. We put that in front of you,
6 and that money is used to further study of
7 endangered species, plants.

8 We sit down with the Game Commission,
9 Fish and Boat Commission and decide what are
10 important studies needed to really understand
11 our biota of Pennsylvania for its protection.
12 So it's a small amount of money and colleges,
13 universities, researchers often receive that.

14 REPRESENTATIVE HELM: Thank you very
15 much.

16 Thank you, Mr. Chairman.

17 MAJORITY CHAIRMAN SAYLOR:
18 Representative George Dunbar.

19 REPRESENTATIVE DUNBAR: Thank you,
20 Mr. Chairman.

21 Thank you, secretaries, for being here.

22 This is a special hearing on funds we
23 had a lot of debate about last year. It was
24 very difficult to try and analyze exactly where
25 all the money is going and how much is the

1 balance that it should have?

2 What is an acceptable balance to have?

3 Throughout the debates we had, and
4 believe me, they were relatively heated, within
5 our own caucus about whether these funds are
6 available or not available, so help me help you.
7 Help me understand this a little bit better.

8 Let's just look at one fund that would
9 pinpoint it the most, like the Environmental
10 Stewardship Fund. That is a fund that's grown
11 52 percent over the last four years. It has a
12 large balance.

13 So for somebody looking from the
14 outside, that would be a prime target. There's
15 \$100 million in it. It's grown from \$60 million
16 to \$100 million.

17 So I understand what we had talked about
18 committed funds and planning and everything like
19 that. So if there are committed funds in
20 planning, do we have a gross number, like a
21 backlog number of all of these things?

22 SECRETARY McDONNELL: When you say
23 backlog, I guess the --

24 REPRESENTATIVE DUNBAR: It's a
25 terminology thing.

1 SECRETARY McDONNELL: Sure. Sure.

2 REPRESENTATIVE DUNBAR: I know we're
3 going through a lot of terminology.

4 SECRETARY McDONNELL: Yeah. Just to
5 talk through -- I think the Environmental
6 Stewardship Fund is one of those that tends, in
7 a lot of ways, to be the hardest to talk about,
8 just because there are so many agencies in it.

9 REPRESENTATIVE DUNBAR: I understand.

10 SECRETARY McDONNELL: I will say, on our
11 end, we receive about \$24 million. We have
12 access to about \$24 million of that fund. And
13 we commit and spend those dollars.

14 You know, we can give you some
15 information about how exactly that happens.
16 DCNR receives a portion; ag receives a portion;
17 PENNVEST receives a portion. Then, as I said
18 earlier, there's a portion of this that goes
19 toward the debt service on --

20 REPRESENTATIVE DUNBAR: Which is all why
21 it makes it so hard to defend.

22 SECRETARY McDONNELL: Exactly. Exactly.

23 So I think that one in particular is one
24 area where it might make the most sense to kind
25 of sit down, all the agencies and Treasury, that

1 we can kind of properly explain where everything
2 sits.

3 REPRESENTATIVE DUNBAR: So is there like
4 a master list of committed funds?

5 SECRETARY McDONNELL: For us?
6 Absolutely.

7 REPRESENTATIVE DUNBAR: Can we have
8 something like that from everybody?

9 SECRETARY McDONNELL: Absolutely.

10 SECRETARY DUNN: Yes.

11 REPRESENTATIVE DUNBAR: Is there a
12 three-year cash flow projection or any type of
13 cash flow projection going forward?

14 SECRETARY McDONNELL: I believe we have.
15 I'll look to my fiscal management director.

16 I think we can provide something like
17 that, right?

18 I mean, it will be a guess --
19 guesstimate, based on the revenues coming in,
20 but --

21 REPRESENTATIVE DUNBAR: We do appreciate
22 if we can have that, as well.

23 Do you have any general concerns over
24 continued revenue in the fund?

25 Because there are two sides to every

1 story. I mean, another reason for keeping a
2 fund balance could be concerns of continuing
3 revenue.

4 Are there any concerns there?

5 SECRETARY McDONNELL: Not -- within
6 Environmental Stewardship Fund, I think there
7 is, I will say robust discussion, right now
8 around things like Chesapeake Bay and some of
9 the other things that, in terms of what the
10 resource needs are going to be there, that the
11 Environmental Stewardship Fund is kind of, at a
12 minimum, necessary for I think as we discussed
13 earlier, Hazardous Site Cleanup Fund.

14 We have a concern about the balance
15 there, as another example.

16 REPRESENTATIVE DUNBAR: In a letter you
17 sent us in September, when a lot of this was
18 being debated, Secretary McDonnell, you had told
19 us that deleting these funds could potentially
20 jeopardize some Federal funding, even drain it a
21 little bit.

22 Can you elaborate a little bit on that,
23 so we can understand?

24 SECRETARY McDONNELL: Sure. It has
25 everything to do, you know, with once we lose

1 those moneys, we have some choices to make in
2 terms of where those dollars go. So for
3 example, the Hazardous Sites Cleanup Fund, as I
4 said, in addition to being our State cleanup
5 program and our Brownfields Program, is also our
6 match for the Federal Superfund Program as well
7 as the Federal RCRA Program, the Hazardous Waste
8 Management Program.

9 So if we don't have dollars available
10 within those funds, realizing we're already on a
11 sharp negative trajectory within that fund, we
12 won't be able to maintain delegation for the
13 Hazardous Waste Program, for example, if we're
14 going to continue to do State cleanups.

15 REPRESENTATIVE DUNBAR: So since there
16 are, I guess, more hands in this pot than some
17 of the other ones, do we expect to expend, for
18 these cash balances to be drawn down then; is
19 that the expectation?

20 SECRETARY McDONNELL: It's a constant --
21 they are drawn down. There's money coming in,
22 as well, on a quarterly basis through the
23 tipping fees.

24 REPRESENTATIVE DUNBAR: But I have not
25 seen it go below \$60 million at any point in

1 time.

2 SECRETARY McDONNELL: No. Again, I
3 think that's why it's probably important to have
4 a conversation among all of the agencies because
5 I'm not sure exactly when, for example, that
6 service payment hits. I know when we do a grant
7 commitment on our end, we're actually committing
8 out EAR funds in some of that, as well.

9 So it's more complex than just looking
10 at, you know, any particular time there may or
11 may not be more or less money in it.

12 REPRESENTATIVE DUNBAR: Just to finish,
13 because the red light is -- any of that
14 information that you can provide us as far as
15 cash flow, backlogs, that type of information,
16 that would truly help us help you.

17 SECRETARY McDONNELL: Certainly.

18 REPRESENTATIVE KAMPF: Thank you.

19 SECRETARY McDONNELL: Thank you.

20 MAJORITY CHAIRMAN SAYLOR: Next up, I
21 want to recognize Representative Jamie Santora.

22 REPRESENTATIVE SANTORA: Thank you,
23 Mr. Chairman. I'm over here.

24 I need to watch the light; the Chairman
25 already warned me.

1 So thank you for being here today. My
2 colleague from Delaware County brought up a very
3 good point about the pipelines and other
4 potential risks to water wells.

5 Do we keep an intensive tracking of all
6 the wells, private wells, that are in
7 Pennsylvania?

8 They're licensed, I believe, or
9 permitted.

10 Do we have a comprehensive list of all
11 of them, where they're located, so that if there
12 was ever an intrusion, I'll call it, a potential
13 contamination of that area where wells are
14 located that we can be proactive versus
15 reactive?

16 SECRETARY DUNN: We actually -- DCNR
17 keeps that list. Our Bureau of Topographic
18 Services registers the water well drillers as
19 well as the locations, latitude, longitude of
20 the actual water wells. And then, they're
21 available online through a system, you know, a
22 prescription system that companies can get on
23 and see where the water wells are because DEP
24 has the permit requirement, for instance, for a
25 gas well, that it can't be within a certain

1 distance of water wells. So they need to know
2 the exact location.

3 So we really have, you know, in the last
4 five years, really made that system more readily
5 available, transparent. We've upgraded our
6 software. We're getting good feedback on that
7 very transparent system.

8 REPRESENTATIVE SANTORA: That's great
9 news. That's good to hear. I was not aware of
10 that.

11 SECRETARY DUNN: Yes.

12 REPRESENTATIVE SANTORA: Which one of
13 the funds would help with cleanup, if necessary,
14 if any of those wells were to become
15 contaminated?

16 SECRETARY McDONNELL: So it would depend
17 on the nature of the contamination. It could be
18 Hazardous Sites cleanup Fund or it could be the
19 Underground Storage Tank Fund. Of course, the
20 first option, regardless of that, is you're
21 always looking for a responsible party.

22 REPRESENTATIVE SANTORA: Of course. But
23 what I'm --

24 SECRETARY McDONNELL: -- that
25 responsible party --

1 REPRESENTATIVE SANTORA: Thinking of is,
2 you know, Mary and Joe, homeowner.

3 SECRETARY McDONNELL: Sure.

4 REPRESENTATIVE SANTORA: They don't
5 understand it all. There are a lot of
6 complexities that go into it.

7 Are we helping them first and then
8 trying to recover from the person doing the
9 contamination or the company; or is the
10 responsibility on Joe and Mary homeowner to go
11 try and recover the funds from the company and
12 then later on go to one of these funds?

13 SECRETARY McDONNELL: Now, it would be
14 more the situation -- the two situations and
15 there's a third option there. One is that we
16 get the company immediately under an Order to
17 deal with the situation and have oversight of
18 that.

19 The second option is that we do go out
20 -- if it's an emergency situation, we have gone
21 out, done work, then sought reimbursement from
22 responsible parties after the fact. But that
23 would tend to be under -- again, assuming it
24 falls under Hazardous Sites Cleanup or the
25 Storage Tanks Program, as examples, that would

1 be the way we would approach it.

2 REPRESENTATIVE SANTORA: Are we finding
3 that these types of cases are taking up a lot of
4 your resources and time?

5 SECRETARY McDONNELL: I couldn't give
6 you the exact number, but I can find out exactly
7 how much staff time we're using on those kind of
8 response cases.

9 I will say, as a matter of course, I
10 guess, on a nightly basis, because I'm on our
11 emergency response list for obvious reasons, at
12 least one, usually two or three notifications of
13 a diesel fuel spill, you know, some kind of
14 incident that's occurred somewhere within the
15 Commonwealth that our folks are out responding
16 to.

17 REPRESENTATIVE SANTORA: I appreciate
18 your answers. Thank you.

19 That information, knowing that that's
20 out there and readily available, the locations,
21 the depths, that just makes it so much easier,
22 so thank you.

23 MAJORITY CHAIRMAN SAYLOR: With that,
24 we're just going to take -- we have a few more
25 questioners -- we're going to take a five-minute

1 break and let everybody -- we're halfway through
2 the hearing or halfway through the scheduled
3 hearing.

4 Hopefully we won't take the whole time,
5 but anyway, we'll give everybody a five-minute
6 break.

7 SECRETARY McDONNELL: Great. Thank you.

8 (Whereupon, a brief recess was taken.)

9 MAJORITY CHAIRMAN SAYLOR: With that,
10 we'll start off with our first questioner,
11 Representative Warren Kampf.

12 REPRESENTATIVE KAMPF: Sorry you weren't
13 kidding, Mr. Chairman.

14 Secretaries, good morning.

15 SECRETARY McDONNELL: Good morning.

16 SECRETARY DUNN: Good morning.

17 REPRESENTATIVE KAMPF: I guess I'm just
18 going to question a little bit on the Recycling
19 Fund. I saw you all gave us some PowerPoint
20 sheets this morning. I looked at those with
21 respect to recycling and then we had our own
22 kind of a similar 2014-15 through '17-18
23 receipts and expenditures balance sheet done.

24 So I guess I just want to start with the
25 premise that, at least by our numbers, '16-17

1 ended with \$86 million or something on that
2 order in the Recycling Fund. Our numbers are a
3 little bit different than yours.

4 We took them from the budget book. Your
5 numbers on the PowerPoint that you gave us, just
6 to give you a sense of the difference -- we took
7 them from the Governor's budget book for '17-18.

8 In '14-15, we have disbursements of \$30
9 million; you have disbursements of \$44 million.
10 Although I see \$8 million of that is planned.
11 So I guess you must actually be saying that \$44
12 million is not disbursements; it's also -- some
13 of it -- what you plan to spend.

14 Maybe I will ask right there; does that
15 mean that \$8 million from '14-15 hasn't yet been
16 spent?

17 SECRETARY McDONNELL: I believe that
18 would be correct, yes. We have -- we're
19 constantly getting grants in the period in which
20 -- we get the grants in what it's funded out of.
21 The reality of this fund is it is continuously
22 rolling forward, so the money gets spent. It
23 becomes a little clunky because of, again, the
24 fact that it lapses back into itself in terms of
25 the explanation.

1 But we are constantly evaluating the
2 grants that we're getting in and moving things
3 forward. The other, I will say, slightly
4 unusual circumstance we had within the context
5 of this fund was, with the potential sunset, we
6 had actually stopped some of our grant programs.

7 So there had been some slowdown. So now
8 we're back into ramping back up and catching up
9 with some of those disbursements.

10 REPRESENTATIVE KAMPF: Forgive me, when
11 did the funds stop?

12 SECRETARY McDONNELL: The sunset date
13 would have been this year, but was -- the sunset
14 of the fee went away as part of the budget
15 process.

16 So now we have -- we're maintaining that
17 funding on an ongoing basis. It's a \$2 tipping
18 fee on waste disposed within the State.

19 REPRESENTATIVE KAMPF: But there was no
20 -- I mean, there was no hiatus in the resources
21 coming in and being deployed there, was there?

22 SECRETARY McDONNELL: No, but as I said
23 on one of the earlier grants, when we're doing
24 some of these grants, not the performance
25 grants, but some of the other grants within the

1 program, when we make the commitment, we're
2 actually committing out-year -- so if it's a
3 two-year grant, we're usually, frankly, going
4 over three fiscal years with that grant.

5 So we're committing this year and we're
6 committing some of next year's dollars in order
7 to make that happen, which then when you have
8 something like the sunset date approaching, it
9 means you have to start ramping things down
10 earlier than when you get to that sunset date --

11 REPRESENTATIVE KAMPF: Okay.

12 SECRETARY McDONNELL: -- because you've
13 already committed some of those out-year
14 dollars.

15 REPRESENTATIVE KAMPF: I understand that
16 logic.

17 Just moving on, '15-16, so we had \$44
18 million in disbursements from your budget book;
19 and you have spent \$37 million from '16-17. We
20 had \$41 million spent; \$9 million of that was a
21 transfer to the General Fund. You have \$47
22 million spent, so maybe I will pause there.

23 Can you explain to me why there would be
24 this mismatch between the budget book and the
25 numbers you present here?

1 SECRETARY McDONNELL: I didn't look at
2 that, in particular, so I would need to go back
3 and look. I think the budget book represents an
4 authorization, and if there's a need for
5 additional spending, there's a process for
6 developing additional authorizations, but I'd
7 need to, on the particulars of this, find that
8 out.

9 REPRESENTATIVE KAMPF: All right. And
10 then, maybe just lastly, I see, at least from
11 your numbers and more dramatic from ours, an
12 increase in spending or planned spending;
13 '17-18, you have \$15 million is what you're
14 going to spend -- or \$52 million is what you're
15 going to spend.

16 We started out '14-15 thinking you had
17 only spent \$30 million. So that's a \$20 million
18 increase. Even by your own numbers, including
19 planned for '14-15, that's an \$8 or \$9 million
20 increase.

21 What can you say about the increase?

22 SECRETARY McDONNELL: I think the single
23 biggest piece of that goes back to what I had
24 said a moment ago, which was the slowdown in the
25 spending. So typically, in our, you know, in

1 the grants that we give for establishing
2 recycling programs, we do roughly \$15 million a
3 year.

4 We're effectively catching up with the
5 year that we didn't do with the municipalities
6 on that. So we plan on spending thirty, you
7 know, going forward in this fiscal year; you
8 know, fifteen for this year; fifteen for the
9 prior.

10 REPRESENTATIVE KAMPF: Okay. So then
11 just last --

12 MAJORITY CHAIRMAN SAYLOR: I have to cut
13 you off there.

14 REPRESENTATIVE KAMPF: All right.

15 MAJORITY CHAIRMAN SAYLOR: We're going
16 to do a second round, so I will --

17 REPRESENTATIVE KAMPF: Thank you.

18 SECRETARY McDONNELL: Thank you.

19 MAJORITY CHAIRMAN SAYLOR:

20 Representative Delozier.

21 REPRESENTATIVE DELOZIER: Thank you very
22 much. Thank you for being here and answering
23 our questions. I've learned a lot about the
24 different programs.

25 I just wanted to bring a little bit more

1 clarification. My district is right across the
2 river. We sit on the river, but the two
3 programs -- I know they're competitive. My
4 question is dealing with the Keystone and the
5 Growing Greener competitive grants.

6 Can you explain a little bit as to how
7 that process goes, because I know you look at a
8 lot of different issues?

9 And then, I have some follow-up
10 questions about them.

11 SECRETARY McDONNELL: Sure. On our end,
12 as I say, we have roughly \$24 million, a little
13 over \$24 million that comes to the Department
14 out of the Environmental Stewardship Fund; \$2
15 million -- over \$2 million of that goes for
16 those watershed specialists. Most of the rest
17 of it is going toward the watershed grants.

18 That's, as you say, a competitive
19 process. There are requirements within that in
20 terms of how we judge those, what we're looking
21 for, some things related to match, but some
22 things related to programmatic. In some
23 cases --

24 REPRESENTATIVE DELOZIER: Usually,
25 it's 50 match, if I understand correctly, or

1 does it vary?

2 SECRETARY McDONNELL: It's at least
3 that, yes.

4 REPRESENTATIVE DELOZIER: Okay.

5 SECRETARY McDONNELL: Then within that,
6 we also have some prioritization that we lay out
7 within the grant program. So for example, this
8 last year, not a shocker to anybody that
9 Chesapeake Bay would be one of those kind of
10 priorities and things that would help us there.

11 REPRESENTATIVE DELOZIER: Okay.

12 SECRETARY DUNN: In our program -- I
13 will give you just a snapshot of what the year
14 looks like. We have a yearly cycle. We blend
15 the Keystone Fund and the Environment
16 Stewardship Fund, along with two Federal funds,
17 the ATV and Snowmobile Fund. We do one big
18 grant round, Community Conservation Partnership
19 Program.

20 It's more than just a grant. It's a
21 hands-on technical assistance program with
22 municipalities and non-profit partners that are
23 providing conservation recreation across
24 Pennsylvania.

25 So we do a lot of hands-on coaching,

1 workshops. We do specific grant workshops in
2 the fall to help prepare -- help applicants,
3 potential applicants, think about the project
4 that they might have in mind. Then the
5 application period -- it just started this
6 week -- January 22nd, it goes through
7 mid-April -- they submit grants electronically.

8 It's a big improvement on our system.
9 Then throughout this middle process, they can
10 partially load a grant process in, get coaching
11 and advice from staff along the way on the
12 criteria and then the grant round closes.
13 Abruptly at the close of business on that last
14 day and whatever is in that pot, is then
15 evaluated over a period of months by teams of
16 staff.

17 Our procedure is very rigorous. We look
18 at the criteria that are laid out, generally,
19 the same, but there are some tweaks year to year
20 to reach certain criteria. For instance, we are
21 focusing a light on restoring parks.

22 A lot of municipalities have parks. So
23 restoration projects are bringing back life to a
24 beautiful existing park, for instance. We have
25 a lot of interesting trails. Trails really pop

1 out on public surveys through our State
2 Recreation Plan, as in this.

3 So then now those applications are
4 scored and ranked. Then we have a list of what
5 we call selected projects that then go up
6 through the Governor's Office for approval and
7 then are announced.

8 This last year we announced 266
9 successful grants on December 5th. At that
10 point, what that looks like, you know, looking
11 at the appropriations side of it, we get
12 appropriations from the legislature. They're
13 loaded into our, you know, budget. It's
14 released and the money shows as available for
15 us.

16 Then we start committing those grants
17 via contract. We're in the process right now of
18 really contracting a lot of those grants and
19 getting them moving, and then they start moving
20 through that cycle.

21 REPRESENTATIVE DELOZIER: For the year?

22 SECRETARY DUNN: Yeah. Then some of
23 those grants, like we talked about earlier, will
24 continue for several years. And then, of
25 course, a new round is coming in on the heels of

1 this one.

2 So I think the success of the program
3 has to do with it being well understood by our
4 constituents. We get a lot of -- we've had
5 applications and projects in every one of the 67
6 counties. It's broadly used by non-profits.

7 So we have a lot of regularity and
8 predictability of the program, which I think is
9 why it's a success.

10 REPRESENTATIVE DELOZIER: Can I ask, in
11 that process, in either of the agencies, some of
12 my areas have been denied, you know, getting any
13 of the dollars to go to fight the issue of the
14 Chesapeake Bay and what they are required to do.
15 If they're denied and they do not end up on that
16 list, a lot of the costs that go into applying,
17 as you said, it's a rigorous, you know,
18 qualification as to what is required.

19 Are they allowed to -- I just don't know
20 -- are they allowed to then fix -- are they
21 given feedback as to what is wrong with their
22 application and then able to reapply?

23 SECRETARY DUNN: Absolutely.

24 REPRESENTATIVE DELOZIER: Just fixing
25 that part without doing another study, without

1 doing all of that, just for the expense of the
2 municipality?

3 SECRETARY McDONNELL: We offer that. I
4 will say it's pretty much voluntary. We offer,
5 as we give to folks their unsuccessful letters
6 -- offer if you want to speak with someone at
7 the Department about how you can improve the
8 application, that's something that we're very
9 open to.

10 REPRESENTATIVE DELOZIER: I apologize --
11 same idea?

12 SECRETARY DUNN: Yeah. We encourage --

13 REPRESENTATIVE DELOZIER: I'm going to
14 get yelled at.

15 SECRETARY DUNN: -- earlier engagement.
16 As early as possible, we encourage them to
17 engage with us so maybe we can help an applicant
18 really meet the requirements --

19 REPRESENTATIVE DELOZIER: Okay.

20 SECRETARY DUNN: -- and really coach
21 them along the way.

22 REPRESENTATIVE DELOZIER: That's the
23 biggest thing that I would just sneak in here
24 before the Chairman yells at me, as to the fact
25 that a lot of, in our neck of the woods, I do

1 want to thank you with the Keystone -- our area
2 has used those dollars very well with the parks
3 and with our school districts and everything
4 else.

5 The ability to just have the
6 municipalities reapply or kind of fix what is
7 wrong and try again, I think, is a good thing
8 because the dollars are still there. Looking at
9 the accounts, there's money in the end. So they
10 get frustrated when they're like, well, why were
11 we denied when there are still dollars there?

12 I understand the rolling and all of
13 that, but the perception is still that they
14 didn't get the dollars that they needed.

15 Thank you very much.

16 SECRETARY DUNN: Yellow Breeches, one of
17 your streams, is very prominent in our view, in
18 terms of recreation and conservation. So any
19 time that you want to, you know, call us in and
20 talk about opportunities on Yellow Breeches, we
21 would be happy to.

22 REPRESENTATIVE DELOZIER: Okay. Great.
23 Appreciate it.

24 MAJORITY CHAIRMAN SAYLOR: With that, we
25 finished the first round and we will move to the

1 second round of questioning.

2 I recognize Representative Sonney.

3 REPRESENTATIVE SONNEY: Thank you,
4 Mr. Chairman, secretaries, again.

5 Secretary McDonnell --

6 SECRETARY McDONNELL: Yes.

7 REPRESENTATIVE SONNEY: -- this question
8 is going to be specifically for you.

9 In a letter dated September 8th, you
10 stated that many of the funds that are targeted
11 for transfers are used to cover shortfalls in
12 the DEP budget not covered by the General Fund
13 appropriations and would lead to subsequent
14 lapses in delays of inspection, enforcement and
15 permit reviews and potential staffing furloughs.

16 Could you explain that?

17 SECRETARY McDONNELL: Sure. So one of
18 the things that we regularly do within the fund
19 is cover additional things that are covered in
20 the general Fund. We call them augmentations.
21 That tends to be funding for things like our lab
22 costs, our IT costs related to those programs,
23 where we have a fund that requires support from
24 outside of that program.

25 We're moving dollars into the General

1 Fund. Again, that supports our permitting
2 decisions, our inspections, et cetera.

3 REPRESENTATIVE SONNEY: I think that
4 everybody would assume that, you know, every
5 time that you're given some new duty, that
6 there's always going to be some type of
7 operational expense, you know, that goes along
8 with, you know, administering that new duty.

9 SECRETARY McDONNELL: Correct.

10 REPRESENTATIVE SONNEY: Could you, you
11 know, supply this Committee with maybe
12 information over the last three years of how
13 much of these funds have been used for
14 administration of these funds.

15 SECRETARY McDONNELL: Sure.

16 REPRESENTATIVE SONNEY: I think that
17 would also be helpful for the Committee.

18 SECRETARY McDONNELL: Certainly.

19 REPRESENTATIVE SONNEY: I'm sure that
20 you're in the same boat, correct?

21 SECRETARY DUNN: Yeah.

22 REPRESENTATIVE SONNEY: That,
23 administratively, you use some of those funds to
24 pay for the administration of just operating the
25 funds?

1 SECRETARY DUNN: Yes. EFS allows 2.5
2 percent; and Keystone allows 5 percent. In the
3 case of Keystone, on the project side, we do a
4 number of projects in parks and forests. So we
5 will use some of that to pay for wage staff in
6 the summer to do some of the Keystone projects.
7 It's limited, but yes.

8 The administrative fee, 2.5 percent, is
9 very important to our operating budget,
10 actually.

11 REPRESENTATIVE SONNEY: The same
12 restrictions that you know of?

13 Do you have set percentages that you
14 cannot exceed?

15 SECRETARY McDONNELL: In ESF, we have a
16 set percentage. In recycling, there's a set
17 percentage. In Lahaska, for example, it's for
18 purposes of administering the Act. So we may
19 have augmentations, for example, there that
20 would go outside to support labs and other
21 things that we do, but that's all charged to the
22 accounting systems that we have within the
23 Department.

24 I think any information that either of
25 you would supply to us would be helpful or

1 beneficial --

2 SECRETARY McDONNELL: Certainly.

3 REPRESENTATIVE SONNEY: -- and just a
4 better understanding of the operation of those
5 funds.

6 SECRETARY McDONNELL: Certainly.

7 SECRETARY DUNN: Sure.

8 REPRESENTATIVE SONNEY: Thank you.

9 Thank you, Mr. Chairman.

10 MAJORITY CHAIRMAN SAYLOR:

11 Representative Daley.

12 REPRESENTATIVE DALEY: Thanks,
13 Mr. Chairman. I would just like to take a very
14 short time to thank you for these hearings
15 because they've been really helpful in
16 understanding all of this information in
17 addition to the regular hearings that we're
18 going to be having.

19 I just want to remind myself and maybe
20 all of us that last year we passed a
21 performance-based budgeting law. To your
22 knowledge, is that -- and maybe Representative
23 Dunbar can actually answer this better -- going
24 to be used for this year's budget?

25 SECRETARY DUNN: We haven't had our

1 meetings with our Budget Secretary, so it's a
2 little early to say. I know, to some extent,
3 you know, with the Governor's requirements of,
4 you know, requiring metrics and such, I don't
5 know.

6 I'll look for guidance from Randy
7 Albright on that one.

8 REPRESENTATIVE DALEY: I think it's
9 being phased in over several years. I think
10 because it was just, I believe, enacted last
11 year. So I was just curious because of the
12 questions about metrics, is everything matching
13 up?

14 Because the Department has already put
15 metrics or made metrics available to us, I
16 believe, as part of the budgeting process,
17 correct?

18 SECRETARY McDONNELL: Correct.

19 REPRESENTATIVE DALEY: All right. I
20 believe it's a collaborative effort in the
21 performance-based budgeting, so that we all have
22 an idea of the kind of information you're going
23 to be putting together and then giving back.

24 Is that your understanding of that also?

25 SECRETARY McDONNELL: Yes.

1 SECRETARY DUNN: I think so, yeah.

2 I would say, too, what would really help
3 us -- and we welcome this opportunity, too --
4 because, frankly, this is the only time we get
5 to be in an organized way in front of the
6 legislature. We have individual meetings, but
7 it would be great if the other committees would
8 invite us in to talk about it, so we can talk
9 about it on the program side, at least to a
10 deeper understanding of the service we're
11 providing and, you know, putting the legislation
12 that originates these programs up and at a
13 meeting that, you know, that's a conversation
14 we're always willing to have.

15 It would be great if other committees
16 would invite us in more to talk about that.

17 REPRESENTATIVE DALEY: That's a great
18 idea. I actually am on State Government, which
19 does that on a fairly regular basis, brings the
20 departments in. We do have an opportunity to
21 have a conversation with them.

22 So thank you anyway. I wanted to just
23 remind myself about the performance-based budget
24 that we're going to be seeing over the next
25 several years.

1 Thank you very much.

2 SECRETARY McDONNELL: Thank you.

3 MAJORITY CHAIRMAN SAYLOR:

4 Representative Keller.

5 REPRESENTATIVE F. KELLER: Thank you,
6 Mr. Chairman.

7 Again, thanks to both of the secretaries
8 for being here today. I guess I just want to
9 follow up, you know, a little bit on the
10 performance side of things. I talked a little
11 bit about our performance metrics and how we
12 measure that.

13 I'll be looking forward to the
14 information that we get on the processes within
15 your departments and say, hey, we're meeting
16 these goals.

17 As you've looked at them, do you have
18 any activities that you were doing to support
19 that purpose, that you had to change the
20 activity, change the work activity to support
21 that goal, something that wasn't working?

22 When you audited them, did everything
23 you audit work out perfectly fine?

24 SECRETARY DUNN: I think the issue of a
25 trail just came up. So to serve Pennsylvanians

1 in these broad categories that the funds are
2 allocated in, we actually use a lot of public
3 process to get input.

4 For instance, right now we're running a
5 State parks public process called Penn Parks for
6 All. To hear directly from the public on what
7 they wanted in their State park, similarly, on
8 the trails side, it's included in the State
9 recreation plan where we got over 10,000 people
10 to input. So we realize, to have trails be
11 successful, and in meeting our aspirations, we
12 had to set additional goals beyond anything in a
13 budget process.

14 So we set up a trail gap system, where
15 we actually measure the number of trail gaps in
16 the State and we highlight 10 of them. The good
17 news is we just dropped a bridge in Jim Thorpe a
18 couple of weeks ago. A customer dropped a
19 bridge built by a company out of Pittston to
20 close a trail gap there. We're looking at
21 closing two more trail gaps.

22 We institute this pressure and this
23 competition on ourselves and our partners to try
24 to meet these goals. Similarly, in the
25 Penns Park for All, as we look at the State park

1 system and what people, you know, say they want
2 in their State parks, then we apply, you know,
3 measure by ourselves to meet that.

4 REPRESENTATIVE F. KELLER: I understand
5 that. But I will go, specifically, back to the
6 activities within our control that we might be
7 measuring on how effective we are at getting
8 that service delivered.

9 You know, do we look at those things,
10 too, to make sure that we're taking advantage of
11 technology and all of those things to really
12 reduce the costs of the administration?

13 Because I heard some of that earlier,
14 you know, that it's taking years to do some of
15 these things. I would think that even on the
16 administrative side of things, we should be
17 looking at our processes and say, how do we get
18 the most out of this to deliver a quality
19 product?

20 SECRETARY DUNN: Yeah.

21 REPRESENTATIVE F. KELLER: So do we
22 actually look at the administrative side to see,
23 how do we cut?

24 I don't want to say waste because it's
25 really not, but how do we take advantage of the

1 tools that become available to us over time with
2 technology to reduce our cost in delivering that
3 service?

4 Do we measure that?

5 SECRETARY DUNN: Yeah.

6 SECRETARY McDONNELL: Absolutely. We've
7 looked at that, specifically around the
8 permitting area. We're looking at that within
9 our grants area in terms of both administering
10 it, but also how are we delivering grants.

11 How are the grants matching up with
12 priorities; if they're not, how do we ask that
13 question and make sure that we're managing that?

14 REPRESENTATIVE F. KELLER: So we would
15 actually be able to get a thing of how many of
16 these administrative processes have been audited
17 and how much we've saved over time on that?

18 SECRETARY DUNN: Yes.

19 REPRESENTATIVE F. KELLER: I mean, you
20 would probably have that?

21 SECRETARY McDONNELL: Again, the only
22 hesitancy I have is the word audit, that I'm not
23 sure we would do anything that formal as much
24 as --

25 REPRESENTATIVE F. KELLER: Well,

1 whatever you would call it.

2 SECRETARY McDONNELL: Yeah.

3 REPRESENTATIVE F. KELLER: We called it
4 an audit.

5 SECRETARY McDONNELL: Sure.

6 We altered our process and said, okay,
7 here's what you call non-value added activity.
8 We sort of take that out and there is a savings.

9 SECRETARY MR. McDONNELL: Absolutely.

10 REPRESENTATIVE F. KELLER: So if we
11 could get that, that would be helpful. Again,
12 I'm just trying to make sure -- it should please
13 everyone in this room that I'm not really coming
14 after the amount of money or the funds or
15 anything else. I'm just making sure that the
16 money -- and it is our responsibility as a
17 General Assembly to make sure we're doing that.

18 I'm not questioning that, but if we can
19 be helpful in looking at some of that stuff,
20 that's what we should be all doing. So I
21 appreciate that.

22 SECRETARY McDONNELL: The only
23 additional thing I will add, which I will admit
24 I'm very excited about within our agency, some
25 of my staff knows I'm very excited. We just got

1 approval, actually, to bring on a new position
2 that will focus exclusively on this, on process
3 redevelopment, process improvement within the
4 Agency.

5 REPRESENTATIVE F. KELLER: Sort of like
6 a Lean kind of thing?

7 SECRETARY McDONNELL: Exactly. Exactly.

8 REPRESENTATIVE F. KELLER: We're just
9 starting that?

10 When's the start date for that, if I can
11 ask?

12 SECRETARY McDONNELL: Like I said, we
13 just got approval through the Civil Service
14 Commission to do what we need to do
15 posting-wise.

16 REPRESENTATIVE F. KELLER: But you
17 didn't have to put a plan together to get that
18 position?

19 SECRETARY McDONNELL: We did.

20 REPRESENTATIVE F. KELLER: So when do
21 you plan on commencing and how long will it take
22 you for your first processes?

23 SECRETARY McDONNELL: Yeah. As soon as
24 we can get somebody hired. Within the next
25 couple of months, we'll have that.

1 REPRESENTATIVE F. KELLER: But you've
2 already identified what things you're going
3 after and --

4 SECRETARY McDONNELL: We've absolutely
5 been doing that over the last year and a half,
6 as I've been here.

7 REPRESENTATIVE F. KELLER: Well, that
8 would be interesting to see what that is.

9 SECRETARY McDONNELL: Yeah. I'll get
10 back with you on that.

11 Thank you.

12 SECRETARY McDONNELL: Thank you.

13 MAJORITY CHAIRMAN SAYLOR: Very good.
14 Representative Briggs.

15 REPRESENTATIVE BRIGGS: Sorry, Chairman.
16 I was actually expecting that to run over again
17 because they tend to run over more on your side
18 than our side, but -- I actually I was shocked
19 that I'm up this quick. I wanted to follow up
20 on what Representative F. Keller was saying.

21 During the review on the analysis that
22 you give back to us, if you could also include,
23 in my eyes, there are lots of projects and
24 applications that could be supporting that never
25 get funded.

1 If you could, if you're reviewing how
2 the goal is being met, could you also -- I know
3 this is difficult -- provide to us what it would
4 require to meet the goal?

5 Because everything that I face is that
6 we're shortfunding. We've raided over the years
7 funds from important projects that we've all
8 supported in legislation and given you direction
9 on. When this topic came up in mid to late,
10 September or so of 2017, I was flabbergasted
11 that there would be just money sitting out there
12 that we could just take again.

13 So I think, if there's a goal, which I
14 know there is, and there is funding towards
15 meeting that goal, if you could somehow project
16 what it would meet to complete the goal and not
17 just how do we do more with less and less and
18 less and less.

19 So if you could do that, that would be
20 terrific.

21 SECRETARY McDONNELL: Yeah. We can do
22 our level best to get you that kind of
23 information.

24 MAJORITY CHAIRMAN SAYLOR: Again, I want
25 to thank both secretaries for appearing today.

1 Madam Secretary, if you haven't been to
2 Samuel Lewis State Park, you should.

3 SECRETARY DUNN: I've been there.

4 MAJORITY CHAIRMAN SAYLOR: As a child, I
5 spent a lot of days at the State park climbing
6 the rocks there. For the public's information,
7 it is where George Washington wanted to locate
8 the nation's Capitol.

9 Thank God we didn't. Because you can
10 see almost all the way to Baltimore and to
11 Harrisburg from the top of Samuel Lewis State
12 Park. We're very blessed in York County to have
13 that and the other State parks.

14 Just a note to staff, yours and probably
15 all of the secretaries to a great degree, as we
16 get into budget hearings. Today, we were having
17 some problems seeing the charts and graphs and
18 everything else because they were so small.

19 SECRETARY McDONNELL: Okay.

20 MAJORITY CHAIRMAN SAYLOR: We were able
21 to manipulate one of them. It's not a
22 criticism. It's just there's so much
23 information, trying to fit them on a sheet of
24 paper, I don't know what we can do to manipulate
25 it, but just kind of a note for the future.

1 Again, I want to thank you both for
2 coming in and explaining and educating the
3 members of the Committee about these funds.

4 I think that one of the things that
5 sometimes, Secretary McDonnell, when you talked
6 about expending money from '14-15 now, that's
7 been a long time, I think that confuses members
8 because it's sitting there.

9 SECRETARY McDONNELL: Sure.

10 MAJORITY CHAIRMAN SAYLOR: If there are
11 problems like that with expending dollars in the
12 current years and it's got to be carried out, I
13 think the Committee, both sides of the aisle,
14 need to probably be informed as to what the
15 problems are.

16 Is it something we've created or is it,
17 you know, what is doing it?

18 Because I think it gives us a myth --
19 and even the taxpayers who may go onto the
20 Treasurer's website, who is very good at more
21 transparency for the taxpayers -- it is
22 confusing because they see all of this money
23 sitting there and they're saying, what are you
24 talking about a deficit? You have all of this
25 money here.

1 So it's just, as we get more and more
2 transparent in government, as the Governor and
3 both sides of the aisle want to see more
4 availability, I think it helps taxpayers as well
5 as members understand that.

6 SECRETARY McDONNELL: Absolutely. If I
7 may, I will just say I really appreciate the
8 opportunity. I know, in particular, in our
9 Agency, we have very complex series of funding
10 streams between our restricted accounts and
11 special funds, so the more we're talking about
12 this stuff, the better I think for everybody.

13 MAJORITY CHAIRMAN SAYLOR: Again, thank
14 you.

15 SECRETARY McDONNELL: Thank you.

16 MAJORITY CHAIRMAN SAYLOR:
17 Representative Markosek.

18 SECRETARY DUNN: I just have one
19 comment. I was looking at your letter for our
20 upcoming budget hearing. I was pleased to see
21 that you want to talk about economic and job
22 creation. I think we have a really good story
23 to tell there.

24 So to the extent that you want to pass
25 onto staff any additional guidance, but I think

1 we'll come in prepared to talk about the
2 economic benefit of parks, forests, trails,
3 local parks, river towns and then the return on
4 investment of the money that we are allocated
5 and how that really boosts Pennsylvania's
6 quality of life, but also economy.

7 So we're happy for that focus on the
8 hearing.

9 MAJORITY CHAIRMAN SAYLOR: Thank you.

10 SECRETARY DUNN: Thank you.

11 SECRETARY McDONNELL: Thank you.

12 MAJORITY CHAIRMAN SAYLOR:

13 Representative Markosek.

14 MINORITY CHAIRMAN MARKOSEK: Yes. Thank
15 you.

16 I have waited my turn to talk and all of
17 the lights are on all of a sudden.

18 MAJORITY CHAIRMAN SAYLOR: You're done.

19 MINORITY CHAIRMAN MARKOSEK: Thank you.

20 Just to wrap up and say thanks. It was
21 very good. I thought the members asked good
22 questions, both sides of the aisle, and you did
23 a very good job in answering.

24 I will congratulate the members on the
25 time, as well. They all pretty much behaved

1 themselves.

2 Thank you very much.

3 SECRETARY DUNN: Thank you.

4 SECRETARY McDONNELL: Thank you.

5 MAJORITY CHAIRMAN SAYLOR: The hearing
6 is adjourned.

7 (Whereupon, the hearing concluded.)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T E

I hereby certify that the proceedings
are contained fully and accurately in the notes
taken by me on the within proceedings and that
this is a correct transcript of the same.

Tracy L. Markle

Tracy L. Markle, Court Reporter
Notary Public