

**Statement of
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Acting Secretary
Pennsylvania Department of Conservation and Natural Resources
Before the
Senate Environmental Resources and Energy Committee
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Madame Chairperson and distinguished members of this Committee, thank you for the opportunity to come before you this morning to discuss DCNR's FY 2009-2010 budget. The budget required difficult choices for my agency and for me personally. The women and men of my agency keenly felt the pain of the separation or reduction in work of respected full-time colleagues and valued seasonal employees.

The fiscal 2009-10 budget, as enacted, reduces DCNR's General Fund authorization by \$21 million, or 19%, below the already reduced levels of the final available budget from the previous fiscal year. Given the depressed housing industry and therefore revenue from the sale of timber, only an extraordinary infusion of money from the Oil and Gas Lease Fund kept the department from an even greater number of furloughs, service reductions and the closure of state parks. Even with those augmentations, however, DCNR's overall budget decreased by 10% from the previous year's available budget.

I would like to outline briefly the impacts of those reductions on the agency, and then answer any questions you may have.

Personnel: With this budget, DCNR has lost the equivalent of 367 full-time positions through furloughs, elimination of salaried positions, and reduction of seasonal wage staff. More specifically, DCNR has furloughed 9 full-time employees: 2 from State Parks, 5 from Forestry, and 2 from General Government Operations. We have eliminated 43 vacant salaried positions. We have reduced our seasonal Parks and Forestry wage staff by 243 positions. Another 892 wage workers – 700 in Parks and 192 in Forestry – have had their work seasons shortened by several months.

Forests: The budget for Forestry wage staff has effectively been cut in half. We must therefore defer maintenance on many miles of state forest roads and eliminate the program that raises and sells native seedlings to private forest landowners. Wage employees, for the most part, will not be available to assist in suppression activities for the spring wildfire season. **And** because the budget for Forest Pest Management was cut more than 55%; we will eliminate spraying for gypsy moth and curtail the surveillance of other forest pests such as emerald ash borer and hemlock woolly adelgid.

Parks: As you may be aware, this October Pennsylvania's state park system was awarded the 2009 National Gold Medal Award for Excellence in Park and Recreation Management from the American Academy for Park and Recreation Administration and the National Recreation and Park Association. The award honors excellence in long-

range planning, resource management, volunteerism, environmental stewardship, program development and professional development. It recognizes the skills of the women and men of DCNR in managing our state parks and our innovative approaches that have drawn people into our parks in new ways and connected them to nature through outdoor recreation. It is truly an honor to be chosen from among the best systems in the country. The other finalists were the state park systems of Georgia, Michigan and North Carolina.

The challenge of maintaining the best-run state parks system in the nation is obvious, especially when the FY 09-10 State Park general fund budget is more than \$2 million smaller than the budget in 2002. In response to the Governor's direction that state government operate as cost-effectively as possible, for the last seven years we have made numerous system-wide changes to operate at higher efficiency with fewer resources. Under the current budget, however, we must move from a state park system that provides services year round toward a seasonal park system where smaller parks provide services for only part of a year.

We are also reducing service levels at all state parks by shortening swimming seasons at pools and beaches; closing campgrounds earlier and opening them later in the year; more selectively removing snow and mowing grass; and reducing or eliminating park environmental education, interpretive and recreational programming and teacher training.

It is important for me to point out that the enacted General Fund appropriation for state parks was insufficient to allow all 117 state parks to remain open even after these severe service reductions. Indeed, we prepared a plan to close 24 state parks to make up almost \$2 million needed to close the budget gap. Because state parks are integral to the economies of the communities in which they are located and because of the important recreational opportunities they offer, the Governor directed that none of our Gold Medal Award-winning state parks will close, and that we are to use some unanticipated revenue in the Oil and Gas Lease Fund to reduce the DCNR budget shortfall by enough to keep all 117 state parks open for public enjoyment. I will provide additional information on that unanticipated revenue later in my presentation.

Projects and Grants: Funding has been eliminated for the PAMAP program that is producing a three-dimensional map of the state using GIS and aerial photography. Only large DCNR infrastructure projects that either will generate additional revenues, or are important to the long term care and sustainability of the system, will continue with the available funding provided by law specifically for those purposes. DCNR will continue to make focused and strategic investments in conservation and recreation through its grants program with the reduced dollars that have been provided by law specifically for those purposes.

Leasing: DCNR has opened six tracts of state forest land, totaling approximately 32,000 acres, for a lease sale of subsurface oil and gas rights. The tracts are located in the Elk, Moshannon, Sproul, Susquehannock and Tioga state forests in Cameron, Clearfield, Clinton, Potter and Tioga counties. Bids will be opened publicly on Tuesday, January 12,

2010. This lease sale requires a minimum bid of \$2,000 per acre and royalties of 18 percent.

We chose these tracts of land, all of which have been nominated for leasing by industry multiple times, after extensive environmental reviews. These reviews are conducted to protect the health of the forest now and in the future, to allow for gas and timber extraction and public recreation, and to keep intact ecosystems that support a diversity of wildlife and plants.

Only a small portion of the total acreage will be used for well site location. For each tract, we have identified the number of well pads that will be allowed and we will encourage developers to use existing roads. Additionally, there are portions of the tracts that cannot be developed on the surface in order to protect wild or natural areas, ecosystems, water bodies, recreational opportunities, and visual impacts from vistas and trails.

In late September DCNR received an initial formal proposal from a company that had acquired the oil and gas rights on private lands along the Susquehanna River to lease Commonwealth-owned oil and gas beneath those waters. That Commonwealth-owned land will be accessed by horizontal drilling on the adjacent lands into the Marcellus Shale formation. DCNR has authority under Act 18 to lease oil and gas rights owned by the Commonwealth in this situation and we have determined that the requested leases are appropriate. We are currently negotiating the terms of these leases. They will become public records that can be disclosed when they have been fully executed. DCNR expects two leases to be executed that could generate in excess of \$10 million in revenue for the Oil and Gas Lease Fund by March 2010.

I can assure the members of this Committee that we will continue to do our best to meet our mission with available resources, and that we will continue to look for innovative ways to do our work more efficiently, more effectively, and more economically.

Madame Chairperson, I would be happy to answer any questions you may have. Thank you again for your interest in DCNR.