

Budget Testimony for
Interim Acting Secretary Jessica Shirley
PA Department of Environmental Protection

House Appropriations Committee – 1:00 p.m. 28 February

Thank you, Chairman Harris, Chairman Grove, and members of the House Appropriation Committee, for inviting us here today. I'm Jessica Shirley, the Interim Acting Secretary for the Department of Environmental Protection (DEP). Thank you for the opportunity to present Governor Shapiro's proposed Fiscal Year 2024- 2025 budget for DEP.

I want to begin by acknowledging the 2,607 dedicated public servants who work every day to uphold the Department's mission. DEP safeguards Pennsylvania's Environmental Rights Amendment, which affirms Pennsylvanians constitutional right to clean air, pure water, and preservation of natural resources. Pennsylvania's public natural resources are the common property of all the people, including generations yet to come. Pennsylvanians, no matter their location, demographic, or wealth have equal access to environmental protection.

This year, the Governor's proposed budget includes \$11 million to support operations within the Oil and Gas Programs. In addition, \$145,000 is allocated to support two additional positions for well plugging activities in the General Fund and five positions on federal funds. Orphaned and abandoned gas wells represent potential threats to human health, safety, and the environment. Therefore, this funding will help DEP continue to aggressively work to plug leaking oil and gas wells across Pennsylvania. So far under the Shapiro Administration, DEP has plugged 169 orphaned and abandoned wells.

The Governor's proposed budget also requests \$2.49 million to expand the scope of the Energy Programs Office (EPO) and authorize 20 additional positions with a focus on planning and implementation. This office is responsible for drawing down hundreds of millions of dollars in federal funding for the implementation of programs that will decrease the cost of living for many low- and middle-income Pennsylvanians.

We have also requested \$1.5 million to expand PFAS water testing capacity at DEP's laboratory. With this investment, DEP will be better able to serve the good people of Pennsylvania with our ability to test their water for these harmful substances with greater availability. Our proposed budget also includes \$1.1 million to improve the Bureau of Air Quality's air monitoring capabilities, with particular focus on oil and gas activity.

With permitting at the forefront of our environmental responsibilities, DEP has begun working to modernize and streamline our business processes into a digital format, and this is illuminated in the proposed \$7 million in digital transformation of aging IT systems along with more efficient businesses processes that provide better support of our workforce and improved customer experience. This funding is instrumental in establishing an excellent customer service model. To further speed up the permitting process, \$3.5 million is proposed to expand our complement with 40 permit reviewers and support staff for a total of \$10.5 million. This funding will be used to improve permit review times and provide better customer service to support all stakeholders through the permitting process.

Through this testimony, I would like to share several initiatives DEP has undertaken that relate to our mission. DEP is seeking new opportunities for innovation and this is demonstrated by improving our permit review process; enhancing our customer service across the Department; leading industrial decarbonization projects by leveraging federal investment from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA); continuing our partnerships to restore and protect streams and rivers in Pennsylvania; actively engaging with Environmental Justice communities to ensure Pennsylvanians most at risk from the health effects of pollution and other environmental impacts have a voice in the decision making process; taking proactive steps to address and monitor for PFAS; and continuing to combat climate change. With appropriate funds, DEP will be at the forefront of addressing environmental issues and cementing Pennsylvania's place as an energy leader.

Permitting

Under the direction of Governor Shapiro, DEP staff have created a permitting plan to improve the process for obtaining an environmental permit in Pennsylvania. The primary focus revolves around modernization and staffing – DEP has been evaluating staffing needs to meet a goal of improving permit review times. The proposed budget includes 40 new positions to assist in the permit reform effort and funding for our modernization and digital transformation projects.

DEP has created a new Center of Environmental Excellence (COEE), which will use a new operations system and Key Performance Indicators (KPIs) to drive operational goals. COEE is a specialized office within DEP that focuses on driving and optimizing key initiatives. COEE is a hub for data analytics, innovation, and best practices expertise. In addition to issuing annual reports that show yearly progress, DEP will apply private-sector management principles to quarterly operational reviews. DEP has an early engagement and pre-application consultation tool, which facilitates the pre-application meeting process to better inform potential applicants of processes and needed permits as well as drive down permit application deficiencies. The agency is working to streamline reviews, which will engage outside permit expertise to review permit forms and processes to identify areas of improvement with a focus on user experience.

DEP has created a Backlog Reduction Plan, a mechanism to reduce the annual backlog of permit reviews. As part of this plan, DEP will undergo a long-needed technology upgrade for systems to modernize and potentially consolidate permit review programs and enhance security, enhance training to ensure staff are trained on the latest technology and programs to ensure efficiency, and will put in place an external plan for ongoing stakeholder engagement to work with the Governor's Office of Transformation and Opportunity to engage stakeholders and identify opportunities for improvement and continuous learning. For example, DEP has created a quarterly agriculture permitting stakeholder roundtable that began last fall and has engaged more than 50 operators, conservation district managers, technical agricultural experts, and others in the agriculture industry.

In 2023, DEP cataloged and analyzed its permitting activities under Executive Order 2023-07. We analyzed over 700 different permit types, with varying fees, review times, and levels of complexity, and established a foundation for efficiency in permitting for the future. Through that exercise, DEP found that, for some permits, the average number of business days it takes to review a deficient application is approximately twice the average number required to review one with no deficiencies. Several aspects of permit review work are out of DEP's hands, such as requirements to hold public comment periods (sometimes dictated by state or federal statute) and the need to wait for performance bonds or property ownership. Many of our authorizations would benefit from electronic review.

DEP launched Project JumpStart in 2023 as a process improvement initiative focused on enhancing the quality and efficiency of Chapter 102 Erosion and Sediment Control and Chapter 105 Waterways and Wetlands permitting. The project embodies DEP's vision of operational excellence. DEP leveraged internal subject matter experts to document existing processes and identify strengths and improvement opportunities. Then, the team designed a desired future state, developing solutions to deliver rapid results and improve the user experience, all while continuing to protect resources. The goal of the effort was to improve performance by 20%, along with the quality of incoming applications, the speed from application submission to final decision, all while leveraging modern, industry standard technology solutions to support operations. The findings from the project will be monitored and tested in a pilot program over the next several months with select county conservation districts to measure success. DEP plans to adopt this project approach to launch pilots in new programs and learn and adapt with data-driven decision-making throughout the agency.

One of Governor Shapiro's great accomplishments in 2023 was the successful launch and implementation of the PAYback platform pursuant to Executive Order, EO 2023-07, which tremendously improves the predictability of the permitting process and provides applicants and Executive Agencies with improved tracking and reporting tools to ensure timely processing of all applications. This Executive Order required any Executive Agency under the Governor's jurisdiction, after having received a completed application that exceeds the application processing time, to refund the amount of the application fee to the extent permitted by law. The PAYback platform launched on November 1, 2023, provides applicants with an online tool to check on their eligibility for fee refunds and file a fee refund request. Leading up to November 1, 2023, DEP cataloged, analyzed and established review timeframes for its permits, licenses, and certifications and developed new internal tracking and reporting tools to implement EO 2023-07. These tools significantly improved DEP's abilities to track and prioritize pending authorization reviews and manage the backlog. Since December 1, 2023, DEP was able to reduce the backlog of overdue reviews received prior to November 1, 2023 by more than 30 percent.

Changing Culture & Improving Customer Service

In 2023, DEP created the Customer Experience Office (CXO) and Center of Environmental Excellence (COEE), which are dedicated within DEP to optimize and oversee all interactions between customers and the agency. DEP is committed to designing and delivering services that are effective and efficient in a manner the public expects and deserves. In July 2023, DEP appointed our first Chief Customer Service Officer, Rosetta Carrington Lue. She is responsible for assisting DEP leaders in improving how the public interacts with DEP. Serving as a bridge, the CXO and COEE will ensure that a customer's journey with the DEP is smooth, consistent, and aligned with our values and objectives. A top-tier customer experience is facilitated through the CXO's work on customer journey mapping, feedback collection and analysis, service optimization, training and development, technology integration, cross-functional collaboration, performance metrics and reporting, and complaint management and tracking. These functions allow the CXO to track customer experience and feedback and identify areas of improvement and growth opportunities to further enhance the DEP's customer service across the agency.

DEP is initiating a transformative step to enhance customer service delivery through the establishment of a Customer Experience Advisory Council. The Council will comprise a mix of senior executives from

diverse industry sectors and expertise to advise DEP and the Chief Customer Experience Officer on ways to incorporate innovative practices into public service. Additionally, a key DEP strategy is focused on our ability to provide professional customer service training for ALL employees who interact with the public. In January 2024, DEP launched the new DEP Customer Experience Institute to provide comprehensive training programs that equip employees with the skills and knowledge needed to improve the customer's experience. During the month of March 2024, DEP will embark on a major campaign to begin the Customer Service Satisfaction survey that will provide us with a baseline on our customer satisfaction score. We have also incorporated human centered design thinking into our approach so we can understand what our permit application end users need and want; DEP staff will employ those insights to enhance the design process for permit reviews. The overall goal of CXO and COEE is to understand the applicant's permit application journey and uncover new opportunities for innovation.

Environmental Justice

All of us at DEP are working to ensure environmental justice because our most vulnerable residents across all communities will not flourish without it. DEP aims to increase outreach around the Commonwealth and build long-lasting relationships with communities, large and small, rural and urban. Too often, DEP has only been able to reach out to communities when they are facing an environmental crisis or dealing with a newly permitted facility. DEP aims to reach out proactively to provide communities with the necessary information and tools to advocate for themselves more effectively, to benefit from available resources, and with the goal of preventing environmental crises from occurring in the first place.

In September 2023, DEP published an Interim-Final Environmental Justice Policy developed through significant public input. The purpose of the policy is to facilitate environmental justice in communities across Pennsylvania and to ensure every community, no matter their location, demographic, or wealth has equity and environmental justice in the administration of DEP's constitutional, statutory, and regulatory duties.

Over the last year, DEP has added Environmental Justice Regional Coordinators in each of the six regional offices who are establishing relationships early on with residents and community organizations. Environmental Justice Regional Coordinators are essential to ensuring that the Department's Permitting Efficiency Plan is implemented effectively and there is adequate community participation and environmental justice among vulnerable communities. Engaging, educating, and empowering EJ communities before an event of concern builds trust and develops communities that are responsive and receptive to the new Enhanced Public Participation Process. This results in communities better prepared to provide timely public comment – maximizing permitting efficiency and ensuring their voices are heard.

Investments in Infrastructure

The IIJA and IRA present a once-in-a-generation opportunity that will provide billions of dollars in funding for various DEP programs. As of the fourth quarter of 2023, DEP received over \$1.3 billion in federal commitments from the IIJA and IRA. In 2024, DEP anticipates receiving several hundred million dollars in additional funds to implement major programs established under the IRA and IIJA. This massive influx of federal dollars will bolster existing programs that have been chronically underfunded as well as create new programs, better enabling the Department to serve the people of Pennsylvania.

IIJA and IRA funded projects have provided well-paying jobs for Pennsylvanians, cleaned up legacy pollution, and prepared Pennsylvania for future climate impacts. DEP will continue to take full advantage of all federal funds available and direct investments to communities across the Commonwealth.

The Energy Programs Office will implement programs under the IIJA (~\$67 million) and IRA (~\$261 million) to assist with their energy resilience, clean energy, and decarbonization efforts. These programs include: Preventing Outages and Enhancing Resilience of the Electric Grid – 40101(d) (\$40.5 million), Climate Pollution Reduction Grants for Planning and Implementation (up to \$500 million), Home Efficiency Rebates (HER) (~\$130 million over 10 years), High-Efficiency Rebate Program (HEAR) (~\$130 million over 10 years), Solar for All (potentially \$250 million), and Clean Heavy-Duty Vehicles (\$1 billion available nationally).

DEP's Office of Active and Abandoned Mining Operations continues to make progress on grant work originating from IIJA and is positioned well to handle the influx of federal dollars. Over the next 15 years, DEP will receive approximately \$3.7 billion to fund projects that reclaim abandoned mine lands (AML), decrease acid mine drainage (AMD), and treat AMD through the construction, operation, and/or maintenance of AMD treatment facilities. These efforts will provide opportunities to revitalize local economies and remove ongoing threats to human health and wildlife.

For the Department's Water Programs, this funding is assisting with restoring water quality in Pennsylvania waterways – including those that flow into the Chesapeake Bay – and upgrading wastewater and drinking water infrastructure statewide through the Clean Water and Drinking Water State Revolving Fund programs administered jointly by PENNVEST and DEP. This includes projects to address emerging contaminants like PFAS, providing technical assistance, and the Lead Service Line Replacement (LSLR) Accelerators to advance the nationwide goal of replacing 100% of lead service lines. As of the fourth quarter of 2023, Pennsylvania has obligated over \$440 million to Water Programs, which will reduce excess nutrients, restore water quality, and improve our infrastructure so that it is resilient to climate change and prepared to address emerging contaminants like PFAS. This work is critical in both achieving our water quality and stewardship goals and to protecting human health and safety.

The IIJA and IRA provide Pennsylvania with a historic opportunity to address legacy pollution. Many oil and gas wells in Pennsylvania were drilled before modern mapping and regulations, and Pennsylvania has an estimated 350,000 abandoned and orphaned wells. For too long, the Commonwealth had inadequate resources to address this problem. In 2023, under the IIJA's Orphan Well Plugging Program Initial Grant, DEP's Office of Oil and Gas Management plugged 124 wells—more wells than in the prior six years combined. This effort will ramp up with the Formula Grant stage of the Orphan Well Plugging Program, which will see DEP receive a total of \$305.6 million over the next four years. The plugging of these wells is of vital importance as they emit potent greenhouse gases, hazardous air pollutants, and volatile organic compounds and can impact local water supplies, human health, and wildlife. These efforts also drive important economic development in the Commonwealth as the well plugging program benefits local businesses and provides long-term employment opportunities for Pennsylvanians.

PFAS

At the core of DEP's mission is a need to be aware of potential risks to public health and our environment. It would be difficult to do this without mentioning PFAS. As you likely know, PFAS (Perfluoroalkyl and polyfluoroalkyl substances) are a unique class of chemicals used for decades in industrial and manufacturing applications. Their widespread use is due to their exceptional ability to repel water and oils, reduce friction, and resist heat, which also makes them particularly hard to destroy. We know that they pose risks to human and animal health and continue to learn more about how their widespread use has resulted in widespread contamination across the Commonwealth.

DEP has been and continues to work on addressing this issue with public health squarely in mind. The Commonwealth's first drinking water maximum contaminant level (MCL) for PFAS went into effect last year, and reporting from larger public water systems is coming in now. The Department is prepared to use this data to inform additional monitoring efforts and is working closely with state and federal partners to meet the support needs of Pennsylvania's water suppliers through permitting, technical support, and connecting them to available funding for treatment.

Chesapeake Bay Watershed Restoration

Through an extensive network of partners, DEP continues to make progress cleaning up local waterways as part of Pennsylvania's Phase 3 Chesapeake Bay Watershed Implementation Plan, or Phase 3 WIP. The Phase 3 WIP outlines the Commonwealth's plan to meet the goals of the Chesapeake Bay Watershed Agreement and the nutrient and sediment pollution reduction targets established in the Chesapeake Bay Total Maximum Daily Load. DEP's work to implement the Phase 3 WIP, supported by various federal and state funding, has generated an unprecedented level of engagement and momentum with an array of partners engaged in this work, particularly in the agricultural conservation space. DEP has restructured organizationally and adjusted funding mechanisms to ensure efficient and effective use of available funds, but significant funding gaps still exist for DEP and its partners to fully implement the Phase 3 WIP. The appropriation of \$220 million in federal ARPA funds to a new Clean Streams Fund as part of the FY 2022-23 budget, including the Agriculture Conservation Assistance Program (ACAP) administered by the State Conservation Commission, was a great step towards bolstering Commonwealth support for these efforts, but fully meeting the goals of the Phase 3 WIP will require sustained, predictable, long-term funding to support the people and partnerships implementing the necessary projects to meet those goals to restore local waters in Pennsylvania's portion of the Chesapeake Bay watershed.

DEP continues to collaborate with an extensive network of partners to restore water quality in local streams across Pennsylvania's portion of the Chesapeake Bay watershed. While there is still a lot more work to do, the partnerships, projects, and funding fueling this work are succeeding, as evidenced by several streams strategically targeted for this work being removed from the Commonwealth's latest list of impaired waterbodies. The Turtle Creek watershed in southeastern Union County is a prime example of this work where strong partnerships and sustained investments have restored local streams, which is good for reducing pollution flowing downstream to the Bay but is also great for Pennsylvania, including local farmers who are benefitting from increased farm vitality through reduced erosion of their valuable soils and improved herd health.

Climate & Clean Energy

The most serious environmental threat facing Pennsylvania now and in the future is climate change. Human-induced climate change presents both a crisis and opportunity. Over the past century, Pennsylvania has undergone a long-term warming of more than 1.8°F. Pennsylvania's warming trend will continue at an accelerated rate and by the middle of the 21st century Pennsylvania will be 5.9°F warmer than it was at the end of the 20th century. As the climate continues to change, the frequency and severity of flooding that Pennsylvanians are already experiencing is expected to continue trending upward along with other severe weather events, and other negative impacts such as harmful algal blooms (HABs) are also expected to become more frequent.

If we use this moment effectively, we can reduce the worst effects on communities across the Commonwealth, including those most vulnerable that disproportionately feel the effects of climate change. Beyond that, we can support the development of clean energy jobs that support family-sustaining wages. Indeed, both residential and grid scale solar projects are being installed at an accelerated rate, and in 2032, solar energy jobs are expected to grow 22% compared to other sectors. Further, by reducing the cost of energy for homes, people will have more in their pockets to pay for other life necessities.

Leveraging federal resources, such as the Climate Pollution Reduction Grant, for climate planning will unlock the potential for substantially more money to benefit local communities. DEP is constantly seeking new avenues for local communities to invest in improving their environment. In addition, the Local Climate Action Plan and Shared Energy Program Manager programs are helping to support local municipalities to make local plans around climate change and leverage the resources to make those plans a reality.

With the advent of clean energy, we are adapting to and mitigating the impacts of changing climate; supporting the development of climate resiliency; and ensuring that Pennsylvania is leader in the clean energy transition. This effort will directly translate to more job opportunities, promotion of human health and safety, and put more money back into people's pockets.

Closing

The Governor's 2024-2025 proposed budget for DEP is laying the groundwork to modernize our department. Through appropriate funding, DEP can make advancements toward a cleaner energy economy and continue to protect Pennsylvania's natural resources. DEP's work is constantly evolving to address environmental issues for all Pennsylvanians.

DEP has leveraged federal funding efficiently, made significant strides towards addressing Environmental Justice, and has overall presented a robust plan for the future of our environment. This funding will prepare Pennsylvania to be a leader in clean energy innovation, economic development, and will ultimately help our communities tackle a substantial source of greenhouse gas emissions. Pennsylvania has an opportunity to lead the industrial decarbonization movement maintaining our history as an energy and economic powerhouse well into the 21st century and this budget recognizes that environmental innovation goes hand in hand with economic opportunities. From leveraging IJA and IRA funding to modernizing and improving permit review times and better serving the public, and to many more initiatives- DEP is moving forward. We are eager to work with the General Assembly for the fiscal year to solve environmental problems while creating economic opportunities in the Commonwealth. Thank you for your consideration.

