

FISCAL YEAR 2023 BUDGET STATEMENT
OF
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BEFORE THE
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BUDGET AND APPROPRIATIONS COMMITTEE

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STATE OF NEW JERSEY
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Good afternoon, Chairman Sarlo, Vicechair Cunningham, Majority Leader Ruiz, and esteemed members of the Senate Budget and Appropriations Committee. I have had the pleasure of engaging with most of you on matters of importance to your districts and our beloved state in recent years; but for those I have yet to spend time with, I am Shawn LaTourette, and I have the privilege of serving our fellow residents as New Jersey's Commissioner of Environmental Protection. I am honored by your invitation to address Governor Murphy's proposed budget for Fiscal Year 2023, which reflects our shared—Legislative and Executive—commitment to protecting public health, safety, and our environment, while facilitating investments in the environmental infrastructure that is critical to our state's long-term economic growth and vitality.

The Governor's proposed FY23 budget for the Department of Environmental Protection ("DEP"), excluding debt service, is \$468.8 million—an increase of \$42.6 over DEP's FY22 enacted budget. In FY23, Governor Murphy has proposed increases for drinking water protection, infrastructure project support, flood control, urban parks, and a green jobs training program. Programs reliant upon the corporate business tax dedication—brownfields cleanup, watershed restoration, and open space are also expected to see modest growth.

As this Committee knows, DEP has a broad legislative mandate that touches every sector of our economy and reaches every corner of our state. The moniker "environmental protection" actually fails to capture the full scope of services that DEP provides for the public we serve because our work sits squarely at the intersection of environmental, health, social, and economic improvement. We do not protect our environment simply because natural beauty should be preserved. While our mission should and does make us feel good, DEP does this important work because the economic growth and long-term success of our communities demands that the government maintain the free public services that clean, healthy, and equally accessible natural capital provides for the people.

From the air that fills our lungs to the marshes that filter our water, to the trees whose roots literally hold together our riverbanks and help control flooding, our natural capital is always working for us. But since our environment never sends a bill, our underinvestment in its good care can too easily become the deficit spending we just forget. That is why this Legislature created us. It is incumbent upon DEP to ensure the protection of natural resources that are doing valuable work for the public; work that our fellow residents would otherwise have to pay for—be it through bills to clean the water that the degraded wetlands would have cleaned for free, or through dues necessary to build the flood wall where that forest was that once protected your community from riverine flooding.

Last week, we celebrated Earth Day, the global theme of which was, to my mind, a fitting charge to “Invest in Our Planet.” Viewing public health, safety, and environmental improvement through this lens—as a sound investment—has positioned DEP to drive economic growth in communities across New Jersey. Governor Murphy’s proposed budget ensures that tradition will continue, and it asks us to do more: a vote of confidence for which my incredible DEP colleagues and I are grateful, and a challenge that we are ready to meet.

Each day, DEP ensures that our residents breathe cleaner air and drink cleaner water by fairly regulating our industries and holding polluters responsible if they harm the public’s natural resources. We invest in and manage public lands so that residents and tourists can enjoy quality urban and rural parks, forests, historic sites, and beaches that host thriving habitats for fish and wildlife. But more than just a regulator and public lands manager, DEP is an investor, and we have been busy deploying investments in environmental infrastructure, such as:

- \$2 billion in water infrastructure investments in Governor’s Murphy’s first term, with hundreds of millions awarded to projects under construction in the current fiscal year
- \$400 million in parks, open space, and natural resource restoration projects in the first term, with \$100M awarded through Green Acres to local parks projects in the current fiscal year
- \$115 million in climate action investments in 2021 to improve air quality in underserved communities and reduce emissions through electrification of transportation equipment
- \$45 million in flood and climate resilience infrastructure projects in 2021

Alongside these direct investments, DEP supports public and private sector investments through sound asset-based regulatory advancements that help to ensure the state’s long-term economic vitality while furthering New Jersey’s values of environmental quality and equity, such as:

- The implementation of a nation-leading law to rid our water systems of the scourge of lead-laden infrastructure that endangers public health (especially the health of our children) and contemporaneous deployment of pro-active regulatory measures that will reduce lead exposure risks as lead service line are removed over the next 10+ years
- The design of a regulatory scheme to effectuate New Jersey’s landmark Environmental Justice Law, which will better protect neighborhoods that experience disproportionate degrees of pollution through measures that improve public and environmental health outcomes while supporting projects that are positive for both our economy and their host communities
- The asset-based modernization of decades old environmental rules, including long overdue updates to our flood protection standards, to help ensure that what we build today will stand the test of time amidst a changing climate. DEP’s NJ PACT (Protecting Against Climate Threats) regulatory reform initiative is aimed at securing public and private investments for the long-term.

Even amidst this progress, which DEP will expand upon in the next fiscal year, we must acknowledge that degraded natural resources and failing environmental infrastructure continues to plague many areas of our State. At DEP, we have the expertise and drive necessary to prioritize among and address unmet needs, and we are deeply committed to confronting and, with time and concerted action, overcoming the longstanding environmental inequities that still work disproportionate public health and environmental burdens upon many low-income and minority communities. Accomplishing this hard work of course requires sustained partnership from the Legislature, including a continuing commitment to fund our legacy statutory obligations and the growing responsibilities legislatively assigned to DEP.

Governor Murphy's proposed budget continues to set DEP on the right course; enabling us to meet the needs of our communities today while investing in tomorrow. Our efforts will, for example, build more community resilience to the impacts of extreme weather and flooding, reduce emissions of climate pollutants that are fueling a worsening of these events, invest in failing sewer and stormwater infrastructure that is causing flooding in our communities and impairing our water quality, and upgrade antiquated drinking water systems to deliver the clean water that keeps our families healthy and our businesses running. We can do this, and more, while growing traditional jobs and creating opportunities for the new green jobs of the future.

Water Infrastructure Investments and Accountability

Notwithstanding the exciting infusion of federal funds from the Infrastructure Investment and Jobs Act ("IIJA"), or Bipartisan Infrastructure Law as it is often called, Governor Murphy's proposed budget recognizes that sustained state investment in water infrastructure is a necessity.

New Jersey has an estimated and overwhelming need for more than \$30 billion in water infrastructure improvements. Over the next five years, IIJA is estimated to bring New Jersey \$1 billion in federal funding for water infrastructure. These funds require varying levels of matching state investment. The Legislature's steadfast partnership will be critical if we are to make meaningful progress on long overdue infrastructure projects, especially given the dueling public health concerns posed by continuing sources of lead in components of aging water systems, the discovery of synthetic "forever chemicals" (or PFAS) in drinking water supplies throughout the state, and the legacy combined sewer overflow ("CSO") systems that discharge raw sewage into our communities during high rain events. New Jersey's lead, PFAS, and CSO challenges alone constitute a \$6 to \$8 billion dollar need. Together, we must accelerate the pace of improvement projects that address these serious public health and safety risks through continuing general fund appropriations that enable DEP to supplement and leverage federal funding along with private

market investment through our partnership with the New Jersey Infrastructure Bank.

As DEP continues to work with the hundreds of municipally owned water systems throughout the state as an investment partner, our regulators will also be firm in their approach to ensuring compliance with safe drinking water and clean waterway standards because that is what the public deserves. Water systems must not defer investments and should be held accountable for sound asset management, the lack of which can and does compromise public health.

Historically, the operations of these systems have been unevenly monitored by the DEP and compliance has not been universally assured in part because compliance information from water systems is, to this day, submitted on paper, requiring prolific efforts to digitize and make the information reviewable on modern systems. This necessarily increases the risk of delay in assessing potential public health concerns and it must change. This budget will help DEP in its efforts to modernize water compliance and enforcement.

At the same time, we must also encourage water systems to consider shared and consolidated services, which can reduce costs to consumers while improving water quality and protecting public health from current threats and the next generation of chemicals that land in our waterways and water systems—because there is *always* a next generation.

The Governor's proposed budget will help build DEP's capacity to respond to new and existing risks through an investment of more than \$3 million to increase staff and technical capabilities. It will enable DEP to recover from some of our historic attrition by recruiting personnel with the necessary expertise as we develop and implement technology to streamline regulatory compliance, increase emergency response preparedness, ensure system accountability, and enhance the public accessibility of important water quality information.

Flood Risk Reduction & Resilience to Extreme Weather

DEP has the great responsibility of serving as the state's flood plain administrator and the regulator of certain development within flood prone areas, a responsibility we share with local governments. DEP also hosts the State's Chief Climate Resilience Officer, whose office last year released the first iteration of our statewide Climate Resilience Strategy, an appraisal of our state's challenges in the face of rising sea-levels, increasing precipitation, more intense storms, and other existing and worsening climate risks to our State. DEP has led outreach efforts to build awareness of these risks at all levels of government and we look forward to working with each of you and leaders across your districts so that we may together build the community-based resilience measures that are critical if we are to sufficiently protect our public and private investments that are, unquestionably, facing an increasing risk of loss.

As one example, since 1999, precipitation has increased between 2.5% to 10% depending on your area of the state. Increases are greater in the northwest and central parts of New Jersey than in the south or along the coast. Along the coast, sea-level is rising at a greater rate in New Jersey than most other parts of the world and could increase by as much as two feet in less than thirty years. That is a significant additional risk that our residents will face within the life of a typical mortgage. These risks will only grow in the decades that follow, and we are not prepared. Despite marked increases in precipitation over the last 23 years, we still use 1999 data in the designing and construction of buildings and infrastructure. Especially as we greet considerable new investment from IJA and anticipated ancillary growth, we must ensure that our investments are built to stand the test of time amidst a changing climate.

Under the Governor's proposed budget, DEP will continue carving a path toward a more resilient New Jersey. DEP will work with local governments on vulnerability assessments and planning efforts that are critical for our communities to position themselves as recipients of federal investment in resilience measures, which in turn provide confidence to the financial markets and investors in private assets and public bonds. At the same time, the Governor's proposed budget will amplify state investment in resilience infrastructure through sustained investments in both shore protection (\$45M) and inland flood control (\$16.5M). DEP will continue examining opportunities to leverage these investments in partnership with federal entities, such as the Army Corp of Engineers, while also exploring beneficial engagements with nongovernmental entities investing in resilience solutions. We should all expect that fiscal demands for such projects will increase significantly in the years to come.

Watershed Management

While continued investment in climate and flood resilience projects are vital to protecting life, property, and infrastructure, we must also recognize that it is not possible to meet our resilience needs with hard infrastructure alone. As New Jersey continues to grapple with the worsening impacts of climate change, engineering and cost constraints will limit what protective civil works projects we can pursue and where. But the resilience menu is large, and we must invest in each course.

The answer to our flooding and water quality challenges also lies in improving the management of our interconnected watersheds. How we develop, conserve, and manage property, and the water that runs off it, has implications for our neighbors. Our penchant for focusing on single-lot developments often leads us to take this connectivity for granted, with sometimes significant consequences for both flood risk and water quality, as we saw when the

remnants of Tropical Storm Ida devastated many of our communities. Management practices that see beyond property and municipal boundaries, like regional watershed planning and the establishment of stormwater utilities, are one of our best defenses against flooding. But the benefits do not stop there. These initiatives leverage the connectedness of our communities and environment to reduce polluted surface runoff that impairs our drinking water sources, diminishes recreational opportunities, and harms waterfront businesses that rely on pristine waters that drive tourism.

The projected increase in CBT revenue dedicated to watershed management (total \$15.3M) will support DEP's more holistic watershed management efforts, including by offering technical assistance and grants to support the development of stormwater utilities and to reduce the risk of incidents like harmful algal blooms that can disrupt our lakes and the communities and business around them. In short, DEP will promote and reward better stewardship of the water resources that connect us.

Pollution Cleanup, Redevelopment, and Community Revitalization

Even as we confront emerging environmental challenges like increased flooding and the advent of new chemicals that harm our water supplies, we must also maintain our focus on cleaning up the legacy pollution of the past. As one example, last summer, Governor Murphy and I requested that the US Environmental Protection Agency formally designate the lower Hackensack River as a Superfund site, triggering the authority of the federal government to compel a long-overdue cleanup of mercury and other contamination in river sediments, funded by private parties responsible for the pollution. As more detailed assessment and remediation plans are formed, DEP will support the federal government, which takes the lead role in overseeing the cleanup of most Superfund sites.

Standing in the shadow of such large cleanups are a multitude of smaller but nonetheless contaminated commercial and industrial properties across New Jersey, including too many where polluters have absconded—leaving the public holding the bag. In those situations, our local governments are left with dirty, vacant brownfields. The cost of assessment and cleanup is sometimes an overwhelming, multi-million-dollar proposition that local governments cannot bear. As a result, sites that could otherwise be productive economic engines for their neighborhoods are left idle or underutilized and their neighbors subject to blight.

DEP has long worked to clean up brownfields, drive their redevelopment, and spark community revitalization in places where blight once took hold. Brownfields remediation can and has had truly transformative effects—improving local and regional economies and quality of

life for our residents. As state resources for publicly funded remediation has shrunk over the last two decades, reducing DEP's ability to step in and aid local partners in removing contamination, programs that provide incentives for private sector led cleanup efforts have proved helpful. Projected increases in CBT dedications will help DEP in filling gaps. We anticipate that approximately \$52 million would be allocated among the Brownfields Development Assistance Program, which aids private companies in cleanup and redevelopment; the Underground Storage Tank Assistance Program, which assists residents with the cleanup of leak-prone home heating oil tanks; and the Publicly Funded Cleanup Program, which enables DEP to undertake minor cleanup actions where no one else steps up to the plate.

Parks, Open Space, and Recreation

Lastly, in what is likely the most visible and publicly tangible aspect of our work, my DEP colleagues tirelessly manage and seek to improve our 51 State Parks and Forests, 48 Historic Sites, and 122 Wildlife Management Areas spread across more than one-million acres. From High Point State Park in the northwestern most corner of Sussex County, all the way down to Cape May Point on our southeastern shore, DEP truly covers every part of New Jersey. We also invest in local parks through Green Acres, in the creation of flood storage through Blue Acres, and in ecosystem rehabilitation through our Natural Resource Restoration program. In short, within DEP, New Jersey has its very own department of the interior.

Our abilities to invest in amenities and programming to ensure that residents and tourists enjoy a first-class experience at our State Parks are of course constrained by the many competing priorities of any governmental budget. To work our way through the \$500 million backlog in capital needs across the State Park system while providing continuing financial support for land acquisitions and local parks development, DEP relies exclusively on dedications from the CBT. In the current fiscal year, for example, \$140.3 million was allocated to the Green Acres Program to support open space acquisition and local parks development, approximately \$4.9 million for the Blue Acres program, and \$54.5 million to respond to the State Parks capital backlog.

As we work across our existing assets to improve the visitor experience for residents and tourists, we must seek new opportunities that expand the reach of our initiatives, particularly in areas with open and green space deficits. To that end, on Earth Day, we launched *Outside, Together!* to engage all New Jersey communities and stakeholders in the development of our statewide comprehensive outdoor recreation plan, which will take shape over the next year, and guide funding decisions well into the future. This initiative comes on the heels of Governor Murphy's commitment for DEP to acquire 9 miles of former commercial railway stretching from

Montclair to Jersey City. This year, DEP will commit Green Acres funding toward the approximately \$60 million purchase of what will one day be a linear state park that cross high above both the Passaic and Hackensack Rivers. It is surely New Jersey's High Line moment.

Finally, the proposed budget would enable DEP to eliminate parks entry and parking fees (~\$2.7M) that have historically supported operations. This will be a welcome change for residents, who have shown a growing and sustained interest in our State Parks since the onset of the pandemic. As we all know, time spent outdoors is great for both our physical and emotional health. And our State Park Service takes great pride in helping fellow residents connect with nature and one another.

Conclusion

In closing, and on behalf of my DEP colleagues—a downright incredible group of public servants who have made the protection of our environment and public health the cause of their lives—I thank the Committee for this opportunity to share our environmental triumphs and challenges. While no single budget alone will solve every one of those challenges, I do believe that with the Legislature's partnership, New Jersey will continue charting a new course for the future, with a stronger, more just environment at its center—where we refuse to make false choices, acknowledge that a healthy environment supports a strong economy, and ensure that our budgets reflect those values.

Thank you for your public service, your commitment to your constituents, our great state, and the environment we share.