

JOINT BUDGET HEARING
OF THE
ASSEMBLY WAYS AND MEANS COMMITTEE
AND THE
SENATE FINANCE COMMITTEE
ON THE
ENVIRONMENTAL CONSERVATION BUDGET
FOR
FISCAL YEAR 2010-2011

Held in Hearing Room B
Legislative Office Building
Albany, NY 12248

January 26, 2010
9:45 A.M.

A P P E A R A N C E S:

ASSEMBLYMAN HERMAN D. FARRELL, JR., Chairman,
New York State Assembly Ways and Means Committee

SENATOR CARL KRUGER, Chairman, New York State
Senate Finance Committee

ASSEMBLYMAN JAMES P. HAYES, Ranking Member, New
York State Assembly Ways and Means Committee

SENATOR LIZ KRUEGER, Vice Chair, New York State
Senate Finance Committee

SENATOR JOHN A. DEFRANCISCO, Ranking Member, New
York State Senate Finance Committee

ASSEMBLYMAN ROBERT SWEENEY, Chair, New York
State Assembly Committee on Environmental Conservation

ASSEMBLYMAN KEVIN CAHILL, Chair, New York State
Assembly Committee on Energy

ASSEMBLYMAN STEVE ENGLEBRIGHT, Chair, New York
State Assembly Committee on Tourism, Parks, Arts & Sports

ASSEMBLYMAN WILLIAM MAGEE, Chair, New York State
Assembly Committee on Agriculture

SENATOR ANTOINE THOMPSON, Chair, New York State
Senate Committee on Environmental Conservation

SENATOR JOSE SERRANO, JR., Chair, New York State
Senate Committee on Cultural Affairs, Tourism, Parks & Recreation

SENATOR GEORGE D. MAZIARZ, Chair, New York State
Senate Committee on Energy

ASSEMBLYWOMAN BARBARA S. LIFTON

ASSEMBLYWOMAN ELLEN C. JAFFEE

ASSEMBLYMAN FRED W. THIELE, JR.

ASSEMBLYMAN JEFFRION L. AUBRY

ASSEMBLYMAN MICHAEL CUSICK

ASSEMBLYMAN MARCUS MOLINARO

ASSEMBLYMAN PETER D. LOPEZ

ASSEMBLYMAN WILLIAM L. PARMENT

ASSEMBLYWOMAN TERESA R. SAYWARD

ASSEMBLYMAN VITO J. LOPEZ

ASSEMBLYWOMAN DEDE SCOZZAFAVA

ASSEMBLYMAN CLIFFORD W. CROUCH

ASSEMBLYWOMAN FRANCINE DELMONTE

ASSEMBLYWOMAN DONNA A. LUPARDO

SENATOR BRIAN X. FOLEY

SENATOR BILL PERKINS

SENATOR SUZI OPPENHEIMER

SENATOR VELMANETTE MONTGOMERY

SENATOR ELIZABETH O'C. LITTLE

SENATOR CARL MARCELLINO

SENATOR CATHERINE M. YOUNG

ALSO APPEARING:

HONORABLE ALEXANDER B. GRANNIS, Commissioner,
NYS Department of Environmental Conservation

MR. STU GRUSKIN, Executive Deputy Commissioner, NYS
Department of Environmental Conservation

HONORABLE CAROL ASH, Commissioner, NYS Office of
Parks, Recreation & Historic Preservation

MR. ANDY BEERS, Executive Deputy, NYS Office of Parks,
Recreation & Historic Preservation

MR. PETE FINN, Financial Deputy, NYS Office of Parks,
Recreation & Historic Preservation

HONORABLE PATRICK HOOKER, Commissioner, NYS
Department of Agriculture & Markets

BILL KETZER, Director of Intergovernmental Relations, NYS
Department of Agriculture & Markets

FRANCIS J. MURRAY, JR., President & CEO, NYSERDA

SEAN MAHAR, Director of Government Relations, Audubon
New York

PAUL HARTMAN, Director of Government Relations, Nature
Conservancy

SCOTT LOREY, Legislative Director, Adirondack Council

WAYNE BAYER, Executive Board Representative, NYS
Public Employee Federation

NEIL WOODWORTH, Executive Director, Adirondack
Mountain Club

SHAWN MCCONNELL, Campaign for Parks Director, Parks
and Trails New York

DAVID HAIGHT, Director, American Farmland Trust

ANDY BICKING, Director of Public Policy, Scenic Hudson

LAURA HAIGHT, Senior Environmental Associate, NYPIRG

ETHAN WINTER, New York Manager, Land Trust Alliance

JANET TORRES, Director of Government & Community
Affairs, Wild Life Conservation Society

JOSHUA RIVERA, Director of Government Relations, New
York Botanical Garden

MATTHEW S. WASHINGTON, Deputy Director, Friends of
Hudson River Park

WILLIAM G. FARBER, Chairman, Hamilton Co. Board of
Supervisors

FREDERICK MONROE, Chairman, Local Government
Review Board, Adirondack Park

ALISON JENKINS, Fiscal Policy Program Director,
Environmental Advocates

WILLIAM COOKE, Director of Government Relations
(Albany), Citizens Campaign for the Environment

CHAIRMAN HERMAN D. FARRELL, JR.: Good morning. Today we begin the second in a series of hearings conducted by the Joint Fiscal Committees of the Legislature regarding the Governor's proposed budget for the Fiscal Year 2010-2011. The hearings are conducted pursuant to Article 7, Section 3 of the New York State Constitution and Article 2, Section 31 and 32A of the Legislative Law.

Today the Assembly Ways and Means Committee and the Senate Finance Committee will hear testimony concerning Environmental Conservation Budget issues.

I will now introduce members from the Assembly who are with us today. We have with us Assemblywoman Jaffee, Assemblywoman Lifton, Assemblyman Sweeney, and Assemblyman Parment.

And we have with us Assemblyman Hayes, Ranking Member.

ASSEMBLYMAN JAMES P. HAYES: Thank you. And also with us is Assemblyman Peter Lopez.

CHAIRMAN FARRELL: And Assemblyman Thiele. We forgot where you belonged.

ASSEMBLYMAN FRED THIELE, JR.: I was waiting to see which side was going to mention me.

CHAIRMAN FARRELL: You're the player to be named.

And we also will hear from Senator Liz Krueger.

SENATOR LIZ KRUEGER: Thank you. Hi, I'm Senator Liz Krueger, the Vice Chair of Finance. And we'll be joined a little later by our Chair.

And I am also joined by our Chair of Environmental Conservation, Antoine Thompson, and also Senator Marcellino, the ranker on the Environmental Conservation Committee.

And if you would like to introduce your other colleague, Carl.

SENATOR CARL MARCELLINO: We're also joined by Senator Betty Little.

SENATOR KRUEGER: Thank you.

Good morning, Commissioner.

CHAIRMAN FARRELL: Good morning, Commissioner.

New York State Department of Environmental Conservation, the Honorable Alexander B. Grannis, better known as Pete.

COMMISSIONER ALEXANDER B. GRANNIS: Good morning, Chairman Farrell and Vice Chair Krueger and Chairs of the Senate and Assembly Environmental Committees. I'm very pleased to be here to take this opportunity to discuss with you Governor Paterson's budget recommendations for the department for the Fiscal Year 2010-2011.

Before I start, I just want to do this because it's

critically important to me. I obviously have been here 3 years and I take great pride in my job, but I take particular pride in the men and women that work in the department. Because every single day, although there are fewer of them -- and I'll talk about that -- than there were when I started, they do a phenomenal job in protecting the environment and looking after the public's interest. And it cannot be said enough the importance of the commitment that these men and women, many of them who have been there for decades, bring to the people of the State of New York in their work every single day at this extraordinarily big department and very complicated department.

Just before I begin my formal presentation, I'd just like to quickly run through -- and this is a slide presentation that sort of sets the context for the department. We are a big and very complicated department. We have 19 bureaus and divisions. We cover a wide range of activities. This is sort of a breakout of our rough program areas, just for your reference. It just is a reminder of the many, many different things that we are called on to do every day to protect the environment and look after the interests of the people of the State of New York.

The next slide is a reminder that our responsibilities include looking after a little over 4.5 million acres of land across the State. We are responsible for roughly 95 percent of all the lands owned by the State of New York, and the amount of land that is under our jurisdiction is bigger than the State of Connecticut. But it's a huge responsibility that stretches from the northern parts of the

Adirondacks to the end of Long Island and Buffalo.

Just some very rough figures. Obviously, they're big numbers. Everything we do in New York involves the environment. There are 70,000 miles of rivers and streams, a lot of lakes, and an awful lot of wetlands that we're responsible for protecting. People have great ideas of things that ought to be built on wetlands. Our job is to look after the requirements of the law that wetlands be protected to the greatest extent possible.

Again, we own an awful lot of fishing sites, forest areas, wild and forest management areas, wildlife management areas. These are all part of our extraordinary responsibilities to look after these natural resources for the benefit of the people of the State and the many, many visitors who come to our State and spend a lot of money.

We have a lot of flood protection projects, we have atmospheric monitoring sites located throughout the State. As you all know, we run a lot of campgrounds throughout the State, very popular, used extensively in the summer and many times in the fall and winter as well.

We have bird conservation areas. We have 12 hatcheries that are renowned for the products they produce for stocking our streams and lakes.

We have four important visitor centers, education centers. We get half a million visitors to those centers a year. People come from all over the country visiting our resources in New York,

and the visitor centers are a prime point of contact, not only for the visitors but for the schools and community groups in the area that use our resources for their own benefit.

We also have four education camps that have 2,000 kids a summer. We write to you regularly urging you and encouraging you to nominate youngsters to go to our camps. We hope you take advantage of that; many of you have. This is an extraordinary opportunity for these youngsters to spend a week outdoors with some very, very good instructors and camp counselors.

Again, we're responsible for hunting and fishing activities of the State. We have nearly three-quarters of a million people that buy hunting, fishing, trapping licenses from us.

We do a lot of inspections. It means a lot of travel to visit solid waste and hazardous waste sites, people that have permits from us under our water and air permits. Obviously a critical part of our responsibilities is to make sure that people that are operating their facilities in the State do so in accordance with the law in order not to jeopardize the public.

Permit applications, we get a lot of permit applications. We're responsible for processing these in a timely way. It's a critical component for people that are doing business in the State and building projects in the State that we get our permits out the door in a reasonable amount of time. It's increasingly difficult because of the limited resources that we have, but we are very mindful of the fact that time is money for business communities. Getting these permit

applications processed quickly and accurately is critically important.

We get reports of 16,000 spills a year. These are issues that come in on our hotlines and that our inspectors see when they're out in the field. These are all issues we have to respond to.

And then the issue of FOIL requests. We get 12,000 FOIL requests a year, which is roughly three times that of any other agency. These are incredibly time-consuming. We find ourselves doing an awful lot of work for people that are paid a lot more than anybody at DEC to look after the interests of their business clients -- but instead of doing their own work, they call on us to produce the documents that they need for their applications. So it's very time-consuming.

And then our public protection activities. Our conservation officers and our forest rangers have national reputations for the work they do in looking after our many, many interests. Our forest rangers are called on by other states to respond to forest fires and field fires. They travel the country in response to requests from other governors to our governor to bring our extraordinarily important services to their jurisdictions when they're in time of need.

We obviously look after people who get lost in the woods, and our rangers are certainly up to the task. And our conservation officers and our rangers and foresters are really almost the most visible part of our department. They're out in the field, they meet with people checking on fishing licenses, checking on illegal hunting activities, looking after the interests of all of our hunting and

fishing cohorts that we really are very, very dependent on for our well-being in New York.

And just quickly, this long list of State-mandated responsibilities is just a reminder of the many, many things that we're called on to do by a long list of our Federally mandated responsibilities under delegated programs and programs for which we're held accountable for producing results -- under, in some cases, some pretty dire threats of what might happen if we don't do the jobs that we're supposed to do according to our good friends in Washington.

So that's pretty much a quick run-through, but just a context of how important and how far-ranging our activities are.

I want to just mention two things. There are two very important anniversaries for us this year. A hundred years ago the State of New York recognized the importance of protecting the environment by establishing the Conservation Department to ensure that fish and wildlife and natural habitat and open space were preserved and managed for the public to enjoy.

And 40 years ago this year, DEC was established as a means of linking New York's historic conservation ethic with new progressive environmental-quality programs designed to address generations of unchecked industrial pollution.

DEC's creation in 1970 coincided with the first Earth Day celebration, which marked the birth of the modern environmental movement. On that day, April 22, 1970, I was proud to join tens of

thousands of marchers on Fifth Avenue and millions more Americans who were simultaneously rallying across the country in a call for action to address the devastating environmental legacy in this country.

The massive national demonstrations of environmental concern spurred the creation of the Federal EPA and other State environmental agencies like mine and the passage of our seminal Clean Water Acts and Clean Air Acts, which radically changed the way we regulate air pollution and safeguard our water. As a result of decades of unchecked industrial pollution, New York's air was foul, our water was polluted, our land was contaminated. Today, however, based largely on the work of the dedicated staff at DEC, New York stands as a beacon for responsible, progressive environmental policy in this nation.

As I travel around the State and visit many of your districts, I am struck by how DEC's priorities and programs reflect the core beliefs and values of all of you and of all New Yorkers, ensuring our place as good environmental stewards, vigorously protecting our natural resources, and facing today's challenges with a continuing commitment to the fundamental truth that a clean and ecologically healthy environment is both our greatest asset and a prerequisite to our future success and well-being.

Our commitment to the environment over the past 40 years has not just been about cleaning up pollution. Protecting the environment has translated into economic growth through programs that support the cleanup of Brownfields, protect our air and water, and

create a vibrant Eco-tourism opportunity for many, many visitors and residents alike.

We have provided outstanding recreational opportunities for our citizens and visitors through the conservation of open surveys and our sound stewardship of these State-owned lands. Environmental protection has resulted in an enhanced quality of life in virtually every community, as our water bodies have become cleaner, our air easier to breathe, and our land safer to use for work and recreation. And perhaps most importantly, our unwavering commitment to a strong environmental ethic has succeeded in preserving and protecting the natural resources that are all too easily taken for granted.

I have found over my many years of service in the Legislature, and in the past three working with you and your colleagues in my current position, that you recognize the importance of strong environmental programs. And I look forward to continuing to work with you in these difficult financial times to build on these efforts.

This won't be easy, given the unprecedented fiscal constraints we're operating under. As Governor Paterson has repeatedly pointed out for the past year and a half, we need to realistically acknowledge the scope and extent of the financial crisis and take necessary steps to deal with it. These steps will have an impact on DEC, as it will on all of our sister agencies and operations. I have great faith and confidence in DEC's team and remain optimistic

and enthusiastic about what we will achieve this year despite the hard choices that will need to be made.

Governor Paterson's 2010-2011 Executive Budget calls for significant spending reductions in order to eliminate the \$7.5 billion deficit, and it institutes key reforms to put New Yorkers on the road to economic and fiscal recovery. The Governor's budget contains more than a billion dollars in reductions to State agency operations. I suspect this will be a message you'll be hearing from my partners today and those that are managing other agencies throughout the State. The billion dollars includes \$500 million in additional across-the-board agency cuts. These cuts will be painful, difficult, and will have a real impact on people's lives. Delaying action will not only make the problem worse but will make it much harder to solve.

Just quickly, the 2010 Executive Budget. I'll give you an overview of the impact of the proposed budget on our staffing and operations, discuss briefly the Environmental Protection Fund, speak to ongoing efforts to obtain critical Federal funds, and highlight some important program areas.

Staffing and expense reductions are at the top of our list. As we struggle to address the fiscal crisis, all agencies have needed to share the pain. To achieve the necessary spending reductions, DEC has considered every cost-cutting measure and efficiency available to try and limit the impact of reduced funding and staffing on the programs the public depends on. Agency operations been evaluated, reevaluated, prioritized and evaluated again to find

ways to end redundancies, to make smart management decisions, and determine how time and energy are best spent and focused.

The funding issues that we face and we are wrestling with right now are real and have had tangible impacts. So far DEC has trimmed our budget by 8 percent in administrative costs below spending in the 2008 fiscal year, which itself was a 30 percent cut from the prior year. We obviously search every day for ways to reduce nonpersonal service expenditures. We've reduced printing costs through greater use of electronic distribution of documents. We've reduced the number of vehicle miles we've driven over the last two years by 5 million miles. We've virtually eliminated Statewide staff and program meetings. We've set a very high bar for any travel and equipment replacement and upgrades. We've taken advantage of every opportunity to achieve energy savings, to advance cost-effective sustainability goals, and to find other NPS efficiencies.

The Executive Budget proposes to further reduce operational expenditures, and DEC will be required to continue to look for ways to absorb these reductions. Realistically speaking, given the cost-reduction actions already taken and the extent to which much of our remaining spending is for fixed costs, it's likely that further reductions will manifest themselves in the services we provide for the public.

The 2009-2010 budget called for staffing reductions at DEC through attrition. This was later supplemented by last year's voluntary severance program. We have lost 314 staff over the last two

fiscal years, with more losses anticipated for the rest of this year and again for the next fiscal year. In addition, the Executive Budget contemplates that the department will lose an additional 54 staff through attrition by the end of 2010-2011, which will bring our staffing level to 3,314.

Considering how that fill level compares to prior years, it's important to bear in mind that in 2007, 254 seasonal positions -- which is people that were working close to full-time -- were reclassified as permanent employees, creating a spike in the agency's fill level. If those conversions are backed out, by the end of the next fiscal year we'll be at our lowest fill level in many years.

As I mentioned, our budget is complex. It includes large amounts of funding from several dozen special revenue accounts, as well as Federal sources, in addition to money from the General Fund. We are at a point in looking at our budget where there is no margin for error, and the decisions we make to implement this budget must be careful and wise to ensure that we take the best advantage of the resources available and capitalize on outside funding opportunities. Accordingly, my staff and I will be using the remainder of this fiscal year to be engaged in a comprehensive planning effort to best address the potential impacts of future reductions.

As I mentioned at the outset, it's a great testament to the dedicated DEC staff that despite the cuts we've had to absorb, we have continued to deliver programs that the public expects. As we take the next necessary steps to operate within the proposed budget,

I've instructed my staff at every level that no program will be held harmless. We're going to keep no idea or option off the table, and we're going to call on every creative tool we can conceive of to mitigate the impacts of these reduced resources.

There are several Article 7 bills included in the budget that address energy efficiency measures which will replace archaic processes with modern technology and allow other administrative changes to enable DEC to better serve the public. There's a bill calling for the elimination of defunct and redundant boards, commissions and task forces, an issue that was I guess commented on at the budget hearing a year ago by Senator Marcellino and others. We've taken that to heart, and one of the Article 7 bills addresses that issue. We also have an Article 7 bill calling for the continuation of the waste tire program.

To modernize our agency operations while maintaining open and transparent public notice and participation -- obviously we're very mindful of that, because that's a continuing responsibility, so we're going to institute, with one of the Article 7 bills, uniform public notice requirements to modernize publication practices and reduce fiscal and administrative burdens on the department. We're going to repeal the requirement for certain annual reports. We're going to streamline statutory permitting and billing requirements and allow New York to recover reimbursement when we help other states combat forest fires and similar disasters.

With regard to the boards and commissions that we're

calling for the elimination of, many of these entities were created without, I think, full consideration of the resources needed for them to succeed. I was actually part of that process for a while, so I accept some responsibility. Now I have a different view on some of these, sitting here. Obviously, given significantly reduced staff and fiscal resources, administering some of these entities is simply not possible at this time.

In addition, this proposal recognizes that over the course of time some of these entities are no longer relevant or are duplicative of other activities, and this measure will serve to free increasingly scarce staff time for our core functions.

Our Waste Tire Management Program began when we identified a number of years ago over 140 waste tire sites across the State holding over 34 million spent tires. I'm very proud to report that over 29 million of those tires, or nearly 80 percent, been cleaned up. Twelve of the largest tire dumps in the State have been completely cleared, including the infamous Fortino site in Oswego County, which had between 11 and 12 million tires piled up on its property. It was actually visible from space.

Nearly all of the waste tires cleaned up under our program have been recycled for other beneficial uses, such as landfill liners and road construction materials. The budget proposes to continue this highly successful program, which is due to expire at the end of the year, and expand its scope to address other critical environmental priorities related to the collection, treatment, and

management of solid and hazardous materials.

The Environmental Protection Fund. The 2010-2011 Executive Budget includes \$143 million for the Environmental Protection Fund. I certainly appreciate the support that you all have provided for the EPF over the years, but must recognize that at this time a reduced EPF is necessary due to the overall State fiscal situation. With respect to the EPF for the current fiscal year, we anticipate that the entire \$180 million in EPF funds provided in the State fiscal plan will be committed by the end of the current fiscal year.

The proposed EPF for 2010-2011 does not include an appropriation for open space conservation by DEC or the Office of Parks, Recreation and Historic Preservation. The moratorium on land acquisition under this line reflects the State's severe fiscal constraints.

We will, however, be completing three very important projects using the dedicated funding from the current EPF. We will be closing on the Big Indian project in the Catskills, which is part of the Belleayre Mountain agreement reached by the administration a number of years ago. We will be closing the deal on purchasing the conservation easements on the Finch-Pruyn properties in the Adirondacks. And we will be completing the deal for the purchase of Hemlock and Canadice Lakes, which are the last two undeveloped Finger Lakes in Central New York and the source of the City of Rochester's drinking water.

During the next fiscal year, we will focus our efforts

on critical stewardship responsibilities and other necessary activities to care for and manage our current land holdings. For that purpose, the EPF stewardship funds used by DEC and OPRHP to manage our 4.5 million acres of public lands for the direct benefit of constituents are critically important. I gave the message before, but we have 3 million acres of constitutionally protected forest land in the Adirondack Park and the Catskills that we're responsible for, 750,000 acres of State forest and unique areas, 200,000 acres of wildlife management areas, 610,000 acres of working forest easements. Collectively, these are bigger than the State of Connecticut.

So active on-the-ground management is required to ensure that the millions of residents and visitors who hunt, fish, hike, camp, boat or swim, or observe wildlife are able to access these special places and connect with nature. For the past few years, alternative capital funding was available for stewardship through a \$100 million OPRHP bonding program. As a result, the historic stewardship allocations in the EPF were able to be reduced. This year, however, with the State facing a 17 percent increase in debt service, the bonding option is no longer available. Accordingly, the Executive Budget has restored the stewardship funding in the EPF to \$30 million.

It's impossible for me to overstate the importance of the stewardship funding, as it enables us to protect and maximize the recreational value of the State's historic and significant investments in public land by providing for the widest range of opportunities in sound

conservation management practices. There's a whole long list of the things we do with the stewardship funds, and I can go into that if you have a particular question or interest in that area.

These capital expenditures are not simply an adjunct to land acquisition; they are the means by which we offer the public the benefits of our world-class natural resources and are fundamentally linked to the continuing success of our open space program.

Another program I'd like to highlight is our acclaimed Hudson River Estuary Program. This extraordinarily successful program has built upon extensive community outreach, public/private partnerships, and significant stakeholder participation up and down the river, resulting in "value-added" benefits which include scientific research and community education programs to help in the protection of the Hudson River. It's one of the best and most comprehensive ecological and environmental estuary protection programs in the nation. It serves as a model for ecosystem-based programs both here and elsewhere in the country.

The EPF recognizes this success with continued funding for the estuary program, and my written testimony highlights a number of other important programs funded through the Environmental Protection Fund.

I want to emphasize here the importance of Federal funding to our activities. State funding has become increasingly scarce. We've been working to take advantage of every opportunity to

find Federal funding to help us continue our important work. In collaboration with Governor Paterson's Washington office, other agencies, and our nongovernmental partners, I've worked with our New York Congressional delegation on the funding opportunities that became available to us from the historic ARRA -- the American Reinvestment and Recovery Act -- to the Great Lakes Restoration Initiative and increased funds to restore Long Island Sound.

Our joint efforts were fruitful and led to an unprecedented funding for wastewater treatment through the ARRA program and enhanced Federal fiscal year 2010 appropriations. These funds have and will continue to flow through DEC to create jobs for New Yorkers and projects and activities that will truly benefit our environment.

Now more than ever, it's important for us to maximize alternative funding opportunities to accomplish our mission. We were very successful last year in advocating for additional Federal funding for ongoing programs and will continue to work to ramp up that effort, to not only get the money that we need to run our programs but to try to avoid, wherever possible, programs that come with strings or mandated match requirements or set-asides that hamper our ability to use Federal funds.

This year, DEC and our partner at the Environmental Facilities Corporation leveraged local investment with the infusion of ARRA monies and the State's existing State revolving loan fund allocation, allowing us to fund nearly \$1 billion in clean water

projects across the State. It's been a very significant challenge for us to make sure that we meet -- to fund these ARRA projects, we have very tight deadlines to meet the tight shovel-ready commitments that are required for this program. But our goal is to make sure that we both fully utilize our allocation and position New York to absorb funding that may become available in the event that other states are not as successful as we are. It is our belief and our commitment that we will meet all ARRA deadlines.

In addition to providing a major cash infusion, ARRA has also included funding for green innovation and green infrastructure projects. We've developed perhaps the best green infrastructure program in the country. Grant recipients are building green roofs, planting trees, establishing rain gardens, vegetated swales, pocket wetlands, and a number of other activities to avoid the need for building costly "gray" infrastructure. These alternative approaches provide a multitude of benefits, including reducing the severity of combined sewer overflows, reducing costs for construction, operation and maintenance of gray infrastructure, reducing our greenhouse gas emissions, and a host of other benefits.

In 2010, this year, I'll be working with our Congressional delegation to enact jobs legislation that is expected to include additional funds for our wastewater treatment programs.

Very quickly, if I can just mention some of our accomplishments in which we take great pride. This has been a very difficult year. We'll supplying you with a full list, a compendium of

all of our accomplishments, which are truly impressive. I'll just highlight a few.

We've issued the Hazardous Waste Siting Plan, an objective that has been in the works and ignored by prior administrations. It's now 20 years overdue. The public comment period just ended, and we are going to be working to finalize that this year.

We adopted the 2009 State Open Space Plan, after a great deal of work and public hearings across the State. We've provided guidance for reviewing greenhouse gas pollution emissions in the SEQR process and are developing a new environmental assessment form to be used in making lead agency determinations. And we've issued updated general permits for concentrated animal feeding operations, CAFOs, and stormwater requirements.

We've helped businesses save money and reduce the use of generation of hazardous materials through the Pollution Prevention Institute -- again, an initiative funded in the EPF. Through a new "Help for Businesses" feature on our web page, we've provided links to useful information on permit applications, greening businesses and a range of other business assistance.

We've received Federal no-discharge-zone designations for the South Shore of Long Island and, working with the Thruway Authority, for a similar designation of the entire State canal system. We've established controls that serve as a national example on ballast water discharges to limit the spread of invasive species.

We've successfully responded to invasive species attacks of snakehead fish -- if you haven't seen one, they're incredibly ugly and very threatening -- as well as the emerald ash borer and oak wilt.

We've continued the successful implementation of our Regional Greenhouse Gas Initiative, which so far has generated \$180 million for New York State. We've launched the process to develop Governor Paterson's ambitious climate action plan, a process that will be informed by over a hundred private and governmental-sector stakeholders. We've created a Climate Smart Communities program to assist communities in attacking climate change. Nearly 50 communities have signed up for this and taken the pledge to date. We've tightened our open burning regulations to protect residents in smaller communities from exposure to pollutants.

We've issued program guidance for remediation programs and Brownfield cleanups designed to assist local economic development agencies and municipalities redevelop Brownfield sites. I want to give particular credit for that to Senator Thompson and the economic development team in the City of Buffalo who suggested this to us, and it was a particularly good idea. We were pleased to announce it several months ago with the Senator in the City of Buffalo.

We've encouraged early engagement with regional and central-office permitting staff for projects that are likely to have environmental impact. We've extended our "Stop Smoking Trucks and Idling Vehicles" Program targeting emissions in communities

across the State with high asthma rates. We've created a very well received government to government policy for working collaboratively with the Indian Nations on environmental and culturally sensitive issues.

Finally, I just want to talk about a few programs that I know are of interest: The expansion of the Bottle Bill, the establishment of the marine fishing license, and natural gas exploration in the Marcellus Shale formation.

The Bigger, Better Bottle Bill, enacted last year, included the first expansion of the Bottle Bill in 25 years. After a protracted discussion with various stakeholders, the injunction against its implementation was finally lifted late last year. The Bottle Bill now covers water bottles, and so far, by the end of the calendar year 2009, the State has collected \$19 million in unclaimed deposits. And obviously we're looking forward to claiming more as the year progresses.

Our marine fishing license bill. The Magnuson-Stevens Act requires establishment of a Federal registry of all saltwater anglers that fish in marine waters or for marine species such as striped bass and shad, but exempts anglers with State licenses which collect comparable information. As a result, you all collectively enacted a marine fishing license last year which is now in effect which has led us to get an exemption from the Federal registry and the fee that is expected to be imposed -- would have been imposed by the feds next year for the Federal license that would have

been multiples of the fee that we now have in place.

During the first three months that the marine fishing license was available, we sold approximately 60,000 licenses, along with 19,000 which were purchased for the calendar year 2010 and generated over a million dollars for the Marine Resources Account in the Conservation Fund.

Marcellus Shale and other gas exploration. For the last two years, as you all know, we've spent an enormous amount of time and effort working on the parameters under which gas drilling using high-volume hydrofracking and horizontal drilling can take place in the Marcellus Shale formation. Following Governor Paterson's direction, the DEC considered the potential environmental impacts of this process.

In 2008, we conducted a round of public hearings on the proposed scope for a supplemental generic environmental impact statement to cover this activity. We received over 3,000 comments on the draft scope, which were factored into the development of the scope that was used to develop the draft SGEIS, which we released last year. We've received a tremendous amount of input from the public and elected officials, including many of you here today. We've received over 13,000 comments on the draft, which staff are reviewing as we speak. The process has generated many substantive and thoughtful comments, suggestions, and ideas which we will review with other involved agencies, including the Department of Health, the Department of Public Service, NYSERDA, and the Department of Ag

& Markets, before moving forward.

Many people have expressed concerns about our ability to manage and oversee the development of the proposed gas drilling in the shale formation, given our current staffing levels. While the Governor recognizes that the Marcellus play represents a significant economic activity, he has said that he will not permit any drilling activity until all potential threats to the environment, especially drinking water, have been addressed. Accordingly, the budget provides support for DEC to hire 29 staff across our multiple divisions to provide appropriate regulatory oversight and enforcement of this activity.

My primary concern and responsibility is to protect the environment. That's a personal commitment as well as a professional commitment on behalf of DEC. And as I have mentioned at every opportunity, we will not allow drilling to go forward until we are confident that the environment will be protected.

Finally, moving forward. Over the past 40 years, we've made progress on New York's environmental agenda, but we have much more to do. While our to-do list continues to grow and our resources are limited, we will not compromise on clean air and water and we won't relax protections on our spectacular natural assets. And we will not backslide on the significant progress we've made on our efforts to protect and preserve New York's environment.

In addition to what I've outlined today, we will continue to seek out partnerships with sister agencies, municipal

partners, industry, nonprofits, and academia -- anyone who can assist us in our charge to help New York emerge from its fiscal crisis stronger, healthier, and better.

The dedicated staff at DEC will continue to lead the way. Almost every day, I learn of a novel, innovative, creative concept or a new idea generated by our staff for tackling a problem. The truth is that something good for the environment happens at DEC every single day, and that will continue even as we do our part to address the State's economic problems.

As I mentioned earlier, Earth Day 1970 was a tipping point for lasting environmental change. Today we face another tipping point, this time fueled by widespread concern about the impacts of climate change. New York State is particularly well-positioned to lead the way on climate initiatives. Governor Paterson has called for an 80 percent reduction of greenhouse gas emissions by the year 2050. He's also directed the establishment of a climate action plan to build on the raft of initiatives which have been undertaken to better understand and address the impacts of climate change.

As I mentioned at the outset, it's my honor and privilege to lead this agency. And although we're facing difficult times, I think we're up to the challenge. The Governor and I and the extraordinary staff at DEC look forward to working with you and your colleagues to address issues under our jurisdiction.

Thank you very much for your patience in sitting

through this long-winded explanation. I am now happy to try to answer any of your questions.

CHAIRMAN FARRELL: Thank you very much, Commissioner.

We have been joined by Assemblyman Lopez, Assemblywoman Lupardo, Assemblywoman DelMonte, Assemblyman and Chair Bill Magee, Assemblyman and Chair Cahill, and Assemblyman Englebright. And also Assemblyman Crouch.

Senator.

CHAIRMAN CARL KRUGER: Yes. We've been joined by my colleagues Senator Serrano, Senator Brian Foley, Senator John DeFrancisco, and Senator George Maziarz. Thank you.

CHAIRMAN FARRELL: First, a question from Chair and Assemblyman Sweeney.

ASSEMBLYMAN ROBERT SWEENEY: Thank you very much, Mr. Chairman.

Commissioner, good morning.

COMMISSIONER GRANNIS: Good morning, Bob.

ASSEMBLYMAN SWEENEY: Let me start by saying that I do appreciate all the hard work that you and all the folks at DEC put in. And I do agree with you, having had a chance to see some of the DEC operations personally, that the staff is extraordinarily committed to what is being done at DEC. And I do commend you for the great job that they are doing and that you are doing. It's unfortunate you're working for an administration that's aggressively

hostile to environmental programs, but I think you're doing a very good job despite that fact.

EPF, let's talk about that a little bit. Land acquisition. Obviously, I'm curious about the zeroing out, a \$59 million reduction for land acquisition. There is some talk that some commitments made previously will nevertheless be honored, and I'm wondering if you can shed any light on -- first of all, on why it was zeroed out and what that will mean for commitments that are out there.

COMMISSIONER GRANNIS: Well, I don't need to remind you of the incredibly difficult budget situation we're in and the fiscal constraints on the State.

I think, in making the decision to zero out on a short-term basis the continued acquisition of lands, it was a very difficult decision. When we're talking about cutting education budgets, healthcare budgets, and many other things, I think the thinking, at least at DEC, and reflected in the Governor's budget, is that at this very difficult time we'd best focus our limited resources on dealing with the lands that we have. It's a message I've gotten from some of you very loudly over the last several years, that obviously we ought to be focusing on the resources that we have.

These resources are incredibly important, and obviously that is reflected in the bump-up of the stewardship money to reflect the fact that we don't have bonding authority. But I think the focus is in the short-term. To focus the resources on protecting and looking after what we have was a very difficult decision. I know this

was not taken lightly by the Executive, and I can assure you it was not taken lightly by me or by the agency. But for this year, the resources probably, we believe, might be best reallocated to other priorities.

That being said, we are planning on closing three crucial deals which have been in the works for a period of time and that are covered under the existing EPF allocations. As I mentioned, that's the purchase of 1200 acres adjacent to Belleayre Mountain as part of the Crossroads -- this is Stu Gruskin, who's the Executive Deputy Commissioner of the department -- but the Crossroads project that was part of the agreed-upon settlement with the developer on what that project might look like on a going-forward basis. It's 1200 acres called Big Indian that protects the watershed of the City of New York, because the western slope of the Big Indian feeds into the city watershed. That project will be closed this fiscal year.

Our acquisition of the conservation easements on the Finch-Pruyn lands will be closed this year. Again, a commitment that was made and has been in the works for a long period of time. That's obviously as important, because it allows the timbering interest to go forward, the land to be used for sustainable forest practices, which is the source of the lumber used by the paper mill in Glens Falls.

And finally, the acquisition of the two Finger Lakes that supply the drinking water for the City of Rochester, Canadice and Hemlock Lakes. Again, projects that have been under discussion and under review and will be closing this year.

That will basically close out our most pressing

acquisition commitments. And on a going-forward basis, at least for the next year, we will not be engaging in any negotiations or closing or committing to any further purchases of land.

ASSEMBLYMAN SWEENEY: It appears that most of the money that's gone out the door from this year's EPF has been for past commitments, and not very much in the 2009-2010 budget. What does the remainder of this fiscal year hold for those programs that were budgeted for 2009-2010?

COMMISSIONER GRANNIS: Well, the fact is for the fiscal plan commitment of \$180 million, we, as I mentioned in my statement, will have that fully committed. As you mentioned, a good part of that will be honoring past commitments.

The EPF, as I've described before, by its very nature has a lag between decisions made to appropriate the money and then the commitments made to get that money out the door. The overhang of past year's commitments we thought was critically important. That was money that had been committed to and promised and contracted for and for which people had done work and were expecting reimbursement.

And so as we mentioned last year, that overhang from past years was among our first priorities, and we are in the process of obviously moving forward with the 2009-2010 commitment that goes beyond the honoring of past commitments and putting out an RFP for our waterfront revitalization programs. The WQIP program, an RFP is out the door. We're getting letters from many of you supporting

projects that your communities have applied for under the WQIP program.

But it's our intention, obviously, to move forward with the resources we've got. The \$143 million in this year's budget, the EPF spending allocations are part of the budget. And it's our intention obviously to use the resources that we've got to honor past commitments and also to move forward with the new commitments contained in this year's budget proposal.

ASSEMBLYMAN SWEENEY: There's at least one program I'm aware of, which is the Breast Cancer Program at Cornell University, funded by the EPF, that has closed. And they allege that they had to close because they never received this year's funding from the EPF, and without the funding they couldn't continue to exist.

First of all, I'm wondering if you have any information that would be contrary to their claim. And I'm also curious whether there are any other programs you are aware of that are in danger of going out of existence because they haven't gotten their money.

COMMISSIONER GRANNIS: Again, with a lot of the programs that EPF funds, this was a program run out of the Department of Health. With the limited resources, this was a decision I guess made by Cornell that they weren't prepared to continue the program on a hope and a promise. Without a firm commitment for funding availability, a decision was made by Cornell not to continue with the study.

ASSEMBLYMAN SWEENEY: I understand. Are there any other programs that are in a similar position that you're aware of that may have indicated to you that they can't continue to operate unless they receive their funding?

COMMISSIONER GRANNIS: Off the top, I don't have a list. We can obviously -- we've been -- you know, since we've worked out with the DOB and the Executive the spending plan for the available resources under this year's EPF, we've been honoring commitments that we have made. We believe that we will be able to continue to honor those.

If there are contracts outstanding for which services have been provided, we will make payments. But to honor those, I know there have been concerns, these payments have been delayed. In many cases -- I know there was an issue at Stony Brook where a lot of work was done and there was concern about their receiving their compensation for that work. It is our intention to honor these as we move forward, and we're working with the partners to manage expectations on a going-forward basis.

I'm not aware of any other programs that are at the risk of imminent closure. And again, I'll just get back to you on it.

ASSEMBLYMAN SWEENEY: Okay, thank you.

CHAIRMAN FARRELL: The problem is, Bob, I've got 8 gigabytes of information here and a 4 gigabyte memory, so I'm sort of --

ASSEMBLYMAN SWEENEY: I understand.

COMMISSIONER GRANNIS: We'll follow up with you.

ASSEMBLYMAN SWEENEY: I understand.

Can you shed any light on why \$5 million in Forest Preserve land taxes all of a sudden shows up in the EPF? Would you consider that to be a core part of the EPF, traditional core purpose of the EPF, to pay for State Forest Preserve taxes?

COMMISSIONER GRANNIS: Well, it's in the EPF, Bob. We were the middleman in this decision. And we will be passing that money along to our good friends at Tax and Finance, who will be -- oh, the Office of Real Property. That we'll be passing that along as part of the roughly \$200 million a year we pay out to communities to honor our commitments to pay property taxes on the lands that we own and manage.

But I have -- no, Bob, that is not part of our -- well, it's in the EPF, and the EPF comes through DEC. That's not a program that we're involved with.

ASSEMBLYMAN SWEENEY: Thank you.

There's been a published report -- and I don't know whether it's true because I haven't been able to do the analysis -- that about 20 percent of the positions eliminated in this budget come from DEC. Are you aware of whether that is the case and what might contribute to the administration taking such a disproportionate whack at DEC.

COMMISSIONER GRANNIS: I think, just -- you

know, we started off, when I got this job, with virtually every one of our bureaus and divisions understaffed. We've been losing people because of the hiring freeze and through attrition and the severance program. I'm told that our participation in the severance program got a gold star from DOB because more people left our agency than left any other agency. I'm not sure that's something to be particularly proud of. But those were choices that were made by people to take advantage of the opportunity to leave with the extra stipend that came with that departure.

But I'm not -- you know, we have a historic attrition pattern. We just haven't been able to refill those positions for the last year and a half. So again, we are facing -- at the end of this fiscal year, I guess we will be down roughly 10 percent on an already depleted staff and we'll be, at the end of the 2010-2011 year, at a historic low for staffing at DEC. I don't have any explanation as to why that happens. That's just a fact.

ASSEMBLYMAN SWEENEY: There is one area where staff would increase, as you indicated, and that is for the Marcellus Shale, for the gas drilling. For obvious reasons, I guess. But let me ask you something, because you've indicated and you say the Governor has said that no permits are going to be issued until everything is the way it needs to be and there's adequate review, et cetera, et cetera. So what happens if you don't get that 29 staff?

COMMISSIONER GRANNIS: Well, let me put it another way. The Division of Budget has an authorization for the

hiring of up to 29 staff. We obviously intend to make sure that if and as permitting activity starts to build, we will have the opportunity to have staff available to meet these obligations.

Clearly, if the staff is not available, we still have obligations to process permit applications, and we will do so. It will be a matter of time. And, you know, the number of permits that will be able to be processed if we're not able to access those staff will be constrained. But we are obligated to move forward when people file applications with us. When we finalize our work on the supplemental generic environmental impact statement, obviously that will be the expectation.

But repeatedly, I think the one -- there have been very few areas of agreement on the Marcellus drilling potential, but the one that seems to have been universally accepted is the fact that we are going to need additional staff to handle this increased permitting and monitoring activity that is going to be necessary if this activity is to proceed.

ASSEMBLYMAN SWEENEY: So would it be fair to say, then, that if you don't get the authorization for that 29 staff, it might slow the permit process?

COMMISSIONER GRANNIS: Well, I think that's probably a fact, yes.

ASSEMBLYMAN SWEENEY: Thank you.

I notice that in the budget you're proposing the elimination of a number of various boards, which actually I want to

congratulate you on the concept. As you know, we've discussed this over the past year, and I've actually had a bill in on this. And I'm very glad to see you're taking a look at some of these entities that have been created over the years and really don't serve a useful purpose anymore.

But on this list there are some boards that do appear to be active, and at least one or two of them that actually appear to be quite new. So I'm curious as to what the process was and why, of the hundreds of boards -- I believe that's accurate, to say there's hundreds of these things -- that you have an obligation to participate in in some way, why these, out of -- what was the process to choose these?

COMMISSIONER GRANNIS: I think when we looked through the list -- and I mentioned, I think, in one of the slides that we used last year that's not here, the 60 or 70 boards that I serve on by reason of my position, and many of them don't meet. We looked at boards that had possible redundancy in program operations, where we had other sources of information, where the boards had outlived their useful time. And some of them, while they may be active and focused on issues, that we believe that those functions are being handled within our agency responsibilities.

These were not easy decisions. I mean, every one of these I can probably make a case for on a stand-alone basis, if I were back with you, that it was well-intentioned, it had an important purpose when it was conceived, it was done for a reason. Obviously, those boards weren't created just out of whim.

But at this point I think that some of them, I think just with available resources -- every one of these activities is not just an abstract thing. For them to function, it depends on input, staff time from us to staff the boards, to staff the operations, provide the information, to do the follow-up.

We just don't have the resources to follow up, so we made a very selective choice of those that we thought could be eliminated in this budget, and that's the list that you have before us. If you have other ideas, we obviously -- as the Governor said before, you know, any good ideas coming from the Legislature will certainly be considered as we move forward with this Article 7 bill.

ASSEMBLYMAN SWEENEY: Thank you.

You mentioned fishing licenses, so I need to ask you. I'm sure you're aware there's legislation that actually we passed in the Assembly that would have corrected the problem that occurred last year where fishing licenses were issued for three months instead of one year, even though people paid the full one-year fee, and so they would be required to get a new license as of January of this year. Did you do or did the administration do anything in this proposed budget to fix that?

COMMISSIONER GRANNIS: No, we did not.

ASSEMBLYMAN SWEENEY: Certain individuals on the State and Federal level have made the suggestion that we ought to be issuing these licenses for free even though, as you point out, this all emanated from a Federal mandate to begin with. What would be

the consequences if DEC had to comply with a requirement like that?

COMMISSIONER GRANNIS: Free license? We estimate that we would lose -- our anticipated revenue from this license is roughly \$3 million. So that would leave a \$3 million hole in the Marine Account of the Conservation Fund, because we'd budgeted against our expectations for the receipt of license fees from this license.

ASSEMBLYMAN SWEENEY: And I suspect there would be some call to issue refunds to those people who already paid for a license, which you indicated is --

COMMISSIONER GRANNIS: If there were to be an adjustment along those lines, obviously it's not just the people that bought the license last year but the 19,000 or so who prepurchased the 2010 license. We always anticipated this was going to be a calendar-year license, and that was our proposal when we submitted it to the Legislature. However, this glitch happened.

At the end of the day, you know, it's -- and I don't want to sort of belittle or in any way take away from the frustration I know fishing constituents feel about this. It's a \$10 license. In a surf-casting plug, you'd be lucky to get one for \$10. And this is a very inexpensive license that at the end of the day provides an opportunity for us to regulate our own activities and keep the revenue from that license fee in New York.

If there'd been a Federal fishing license requirement without a waiver, the fee that we have been hearing would be roughly

two or two and a half times that that we're charging in New York under this Federal construct, which I have to point out was passed unanimously by the United States Senate as well as the House of Representatives.

I think it's all well and good for people to call for us to eliminate license requirements and license fees that they may have voted for or authorized or instigated from Washington. I guess we'd be happier to consider that opportunity if resources would be provided to fill the gap that that would cause in our budget if we were to take that challenge seriously.

ASSEMBLYMAN SWEENEY: Thank you.

On the subject of the Conservation Fund, the State-ops portion of the fund shows a decrease of almost a million dollars despite the increases in permit fees from last year. Can you offer an explanation of why that is?

COMMISSIONER GRANNIS: I can't, Bob. I knew this was an issue, and it's something we'll have to get back to you about. I just don't know how they computed that. It seems like an anomaly that when license fees go up, that there would be a cut. I think it has to do with NPS services. I just don't know. We'll get you an answer on that.

ASSEMBLYMAN SWEENEY: Okay. One of the Article 7 bills is quite interesting in that it would require applicants to pay for the cost of some publications and hearings. And it's not clear to me exactly what they would have to pay, if there's a hearing

involved, would they have to pay the entire cost of the -- or exactly how that would work. But it's an interesting and in some ways disturbing concept that people who make applications have to pay for the entire cost of the process.

COMMISSIONER GRANNIS: I think, Bob, this is to target, under the Uniform Procedure Act, existing requirements where people are seeking transcripts from hearings and other things, that they have to pick up the tab for that themselves if they want a hard transcript of the hearing record.

The rest of that, obviously, in some of our permitting activities and particularly the monitoring activities that go along with on-site monitors, applicants are often called on to pick up the costs of the activities that are necessary to monitor their activities.

ASSEMBLYMAN SWEENEY: It appears to go beyond that, though. It appears to require applicants to pay for the cost of publication in newspaper notices and other hearing costs too. I mean, I can understand certainly if they want a transcript, they should pay for it. But it appears to go well beyond that.

COMMISSIONER GRANNIS: Well, I guess, you know, under the Uniform Procedure Act, just -- I don't know the exact answer, but I think in some cases where public comment periods and notices are required, requiring the applicant to pick up the tab for publishing those is something that we think is appropriate.

ASSEMBLYMAN SWEENEY: Okay. I have to ask you, the State successfully requested from the Federal government a

Federal declaration to provide assistance with regard to dredging due to erosion problems along the coast. Thank you, by the way, for your interest in this subject over time.

But now that we're going to get that money, can you tell me more about when we expect it? And can we expect that it will be used in its entirety, in expeditious fashion, to do the dredging necessary to control the erosion?

COMMISSIONER GRANNIS: Bob, if we have Federal money available, I commit to you we will spend it as quickly as we possibly can.

These dredging projects are complicated by the fact that the Army Corps often requires a match. If it's disaster money available to us, there's no match requirement, but the dredging project has to actually reflect conditions occasioned by the natural disaster or the storm.

In some of these cases we found that what is intended is to use the beach erosion, which is the obvious result of some of the very severe storms. But the project is a channel-dredging project, which is not part of the disaster, and it's matching the project to dredge channels that need dredging -- which is not part of the disaster -- with replenishing the beaches, which is part of the disaster. So obviously making that connection is going to be critically important as we move ahead with the Army Corps to deal with these projects.

ASSEMBLYMAN SWEENEY: Do we know when we might be getting this Federal money, though?

COMMISSIONER GRANNIS: I don't know, Bob. Again, it was -- in discussions with your office, people had been told different things by the Army Corps and others that are involved in this from the national government. So I don't know the answer.

ASSEMBLYMAN SWEENEY: Does the lack of staff at DEC affect applications and the receipt of Federal funds? How does that work?

COMMISSIONER GRANNIS: No. The answer is no. The issue, more often than not, is our ongoing discussions with the Army Corps to make sure that they do things that match up with our regulatory requirements. And in many of these projects, there's a Federal match required; often that is left out of the discussions.

And we've had, I think, a good working relationship with the colonel that now heads the regional office of the Army Corps. He's coming to Albany tomorrow with his senior staff. We've had a very good, I think, very productive project management of the Moriches Inlet dredging project that is now going to go ahead. There were some bumps in the road, with the Army Corps believing that they didn't have to pay attention to some of our permitting requirements. We worked very collaboratively with them.

And Colonel Boule, the current director of the regional office of the Army Corps, I think is going to be a good solid partner in moving these projects along. Speed doesn't seem to be a big issue with the Army Corps, but I believe Colonel Boule is -- he's a West Point graduate and understands his ability to get things moving

under his command.

ASSEMBLYMAN SWEENEY: What about the \$60 million grant from the Federal government for the Federal Great Lakes restoration? What's the status of that?

COMMISSIONER GRANNIS: This is the \$475 million Federal appropriation for the Great Lakes cleanup initiative?

ASSEMBLYMAN SWEENEY: Yeah. Isn't there a \$60 million share that we were expecting?

COMMISSIONER GRANNIS: This is a very complicated grant. It's a part of a five-year commitment to provide a great deal of money for Great Lakes restoration. We are working with our sister agencies -- we're the coordinating lead agency -- to get these applications together. This is a case -- these applications are complicated. Some of them require, you know, the identification of matches. We are working collaboratively with our nonprofit partners and other agencies to provide applications which are really consolidated applications for agreed-upon projects.

I think the first one -- we just submitted the applications, I'm told, for \$60 million for the first round. They're putting out this in phases. This is a big undertaking, though. And this, unlike the Army Corps kinds of projects -- because it's unique, it's multi-agency, it crosses a number of programmatic lines -- the ability to coordinate these project applications I think is crucial. And we've been doing a very good job pulling those applications together, and we just put in the first round.

ASSEMBLYMAN SWEENEY: I'd like to conclude with just a couple of quick questions on the Marcellus Shale and gas drilling. And the first obvious question is when you expect to release the revised SGEIS, and will there be another comment period following that.

COMMISSIONER GRANNIS: Well, as I mentioned, we got 13,000 comments, many of them substantive and some of them highly technical. Our responsibility is to go through every single one of those. We obviously anticipate that some of those will give rise to changes in the draft. And so we are moving ahead.

I cannot give you a hard line. Some of these projects have to be peer-reviewed by other professionals beyond our own staff. And so our intent is to obviously pay attention to every single one of those comments. And we will have to prepare a responsiveness document that addresses our reaction to the comments. This is a process that I think we will take the time necessary to do this job properly. We understand the sensitivity of this effort. This was put out as a draft just for that very reason. Obviously it has provoked a good deal of public attention and comment, and we intend to respond accordingly.

So I can't give you a timeline. We're obviously mindful of the need to move this ahead as quickly as possible, but within our available resources. But we won't be taking any shortcuts as we do that.

ASSEMBLYMAN SWEENEY: In some of the

programs, the industry pays for the cost of staff and other charges. So in this particular case, why this should be a General Fund charge and not something paid for by the industry?

COMMISSIONER GRANNIS: Well, we already have a permit fee for drilling permits. And, you know, the idea of having the industry pick up the cost, I think they would be more than happy to do that if we moved this process along more quickly. And I think, while it's an appealing idea, the idea that somehow, you know, this work is going to be funded by industry could be viewed as an incentive for us to do more work more quickly in order to generate more revenue for the permitting process.

I think we are going to be looking to the staffing authorization contained in the budget. That comes out of general funds. And I think to the extent that we have permit fees that cover, obviously, some small portion of our activities, those will continue as they have. I don't think we've got any proposals for changing the permitting fees for our review process. We're looking to the General Fund support for the additional staff as those become needed.

ASSEMBLYMAN SWEENEY: Well, the fact that the staffing request is in this year's budget I guess is an indication that you anticipate beginning to issue permits before April of 2011?

COMMISSIONER GRANNIS: I think it anticipates the possibility of that, that's true. The fact that they're not already provided for indicates that we're not there yet.

ASSEMBLYMAN SWEENEY: Thank you very

much.

CHAIRMAN FARRELL: Thank you.

Senator?

CHAIRMAN KRUGER: Thank you, Mr. Chairman.

At this point, first, I would like to note for the record the arrivals of Senator Perkins, Senator Oppenheimer, and Senator Montgomery.

And our first question is from Senator Antoine Thompson, the chair of the Environmental Committee.

SENATOR ANTOINE THOMPSON: Well, good morning. Thank you. You all are working hard with the resources that you have been given. I just have a few questions for you, and anything else that I need, your office is extremely accessible, and I definitely appreciate that.

A couple of things that I was looking to see in your submittal, and they're not here. And we want to work with you and members on both sides of the aisle in the Senate to get some of these issues addressed.

One is a repayment program in Article 7 language for the Environmental Protection Fund. I intend to work with our committee and staff to propose that we insert in the budget a repayment provision that would not start this year but that would start on April 1st of 2012, where the economy should be a lot better and we should be in a better position and that we would have a repayment program that would initiate around that time. And I know that a number of folks have been looking at that, and we ask that your office

work with the committee to help us achieve that in the budget this year.

Do you have any thoughts on that at all?

COMMISSIONER GRANNIS: Senator, we'll be more than happy to provide you with any information that you and your staff may have an interest in seeing regarding the impacts of the past sweeps. I'm not in a position, as you can imagine, to say that I can commit the administration to supporting that at this time.

SENATOR THOMPSON: Yes. Our position, at least on the committee level, as the chair, would be to start in 2012 and have it resolved by 2020. And then we can work out the details. I know that my colleague Senator Marcellino has a bill, and we've talked back and forth on it.

But I think this is the year we need to do it. I think that hopefully the groups that are here will be supportive of this effort. I think we need to send a message that we believe in the environment and that we need to take care of that business.

Just a couple of other things. The zoos, botanical gardens and all the other organizations, where are they with receiving their monies over this year and the previous year?

COMMISSIONER GRANNIS: Senator, while this is in our budget, Commissioner Ash will be testifying after me, and this is a commitment that goes through the Office of Parks and Recreation.

SENATOR THOMPSON: Yeah, I know it goes to them, but it flows through you as well. So I just want to make sure

that we look at that.

COMMISSIONER GRANNIS: We definitely will. We understand the importance of that to many members. But again, that's a program that's administered by Parks. We suballocate the money for the program pursuant to their direction.

SENATOR THOMPSON: Just a couple of other quick things.

One was on the tire program. And I had asked that we put together at least a roundtable with some of the businesses from Upstate and throughout the State. We're getting clobbered in the entire recycling business by Canada, and I really need, before we pass this budget -- if we need to do that at the committee level, we can do that.

But I believe that we need to see how we can improve our program. Our program is a good program. However, a lot of the tire recycling business for crumb rubber has -- the Canadian government is subsidizing that industry, which is taking our companies from New York and having them move to Canada. And I wanted to see what your thoughts are on how we save that industry in the State of New York.

COMMISSIONER GRANNIS: Senator, I think the suggestion for a roundtable is good. I know that you've made that before, and it's something we would be glad to participate with you on. I think that's a very good idea to hear from our own business partners in this great effort of what they're doing with recycled tires

and things that we might be able to do to assist them in keeping their businesses here.

SENATOR THOMPSON: The last two things, one is going to be on Marcellus Shale and the other will be on the Environmental Bond Act. The Marcellus Shale. Where are we as a state, with the DEC, with our current staffing for supervision of existing wells? And how does that impact with this proposal to increase positions?

COMMISSIONER GRANNIS: Our current activities, we process 500 to 600 permit applications a year for conventional drilling, which is an ongoing activity. We have 13,000 or 14,000 operating wells in this State. Our oil and gas staff -- it's just one figure that I recall from this briefing book -- drive over 100,000 miles a year to monitor well-drilling activities and the follow-up activities on active well sites.

We also have a great need to cap not just the wells that have been recently drilled, because we have resources from the companies that drill those wells to do that, but these thousands of orphan wells that are scattered across our State. We need additional resources. We've been using our resources as they've become available to cap those wells.

But the staffing, the operations, again, we have lost several people from the division, our Oil and Gas Division, and so we're very mindful of the pressures on them. But the site visits are critically important, both before, during and after drilling operations.

And those will obviously play a big part, those same kinds of site visits and hands-on monitoring by our professional staff have to be fully engaged should Marcellus drilling proceed.

SENATOR THOMPSON: I would strongly recommend that whether they are wells that have been closed for some time -- that we have a process to cap them. We will be asking for a report on that, on all these outstanding wells.

Additionally, I believe that the State needs to come up with a staff-to-well ratio so that it can help the State -- we do this for nurses and for other things. I think we need to come up with a ratio that people can live with and bring people from both sides together, both the industry and the advocacy groups, and come up with a ratio that people can live with. And we should as a state make sure that we are doing our job to protect for both the good and the bad.

The last thing I have is on the Green Jobs Bond Act. You talked about the fact that last year we had a windfall for investment in wastewater and other infrastructure. And that money is, I'm assuming, on its way out the door and has been moving along. And now we need to find a way to invest not only in our clean air, clean water, and green jobs. And I was kind of surprised that you all didn't have any reference to that in your submittal.

I just want to get some feedback as to where you all are at. The 1996 Clean Air/Clean Water Bond Act was approved by the voters. This bond act would have to also be approved by the voters. I think we all agree, whether it's waterfronts, parks,

high-speed rail or a number of facilities that we're struggling to pay to get fixed -- I have four or five State parks in my district. Plus, as a strong supporter of municipal parks, I believe it's time that we do it. It's been polled at least three times, and people support it, people support green jobs -- but we've got to pay for it.

And so I wanted to get your feedback on that. And this is something else that I think that we need to try to have inserted and let the voters decide in November whether they support green jobs or not.

COMMISSIONER GRANNIS: Just with regard to the '96 Bond Act, virtually all those funds have been committed. Some of the programs have been extraordinarily popular and way overcommitted, they're way over -- I guess the expectations far exceed the resources that were available from the '96 Bond Act for a number of activities.

Our ARRA funds were one-shot, \$432 million for ARRA funding for wastewater treatment plants, the largest single check ever given out by EPA to a state, in recognition of our extraordinarily successful Revolving Loan Fund commitments to building sewage treatment plants and drinking water facilities across the State. We're obviously hoping to tap into additional ARRA funds should they become available.

The President did provide increased funding for our revolving fund, which was part of an ongoing process led, in large part, by Governor Paterson and our Clean Water Collaborative,

bringing together our interested stakeholders from across the State to lobby our Congressional delegation, who produced big time for us with an increased level of funding for a program that the prior administration had proposed to zero out.

This money is critically important for building projects in your district, Senator. I know that just several of the projects in your communities probably could have used every dollar of the ARRA funds that we got. So obviously we need to find more resources. But we did fund a billion dollars' worth of projects last year, ARRA, enhanced by our own Revolving Loan Fund commitments.

As far as the bond act, you know, we've met with the same people you have. We know of the interest out there, we know of the polling information. At this point I think at this time the administration has chosen not to put forward a bond act. But I think that is clearly, you know, an initiative that is being driven by a lot of people that have a lot of passion and concern about the availability of critical resources for the range of activities you talked about that we're responsible for. I think that will have to be an ongoing discussion.

SENATOR THOMPSON: Thank you.

CHAIRMAN FARRELL: Thank you.

We've been joined by Assemblyman Cusick.

Next to question, Assemblyman Hayes.

ASSEMBLYMAN HAYES: Thank you, Mr.

Chairman. We've also been joined on this side by Assemblyman

Crouch, Assemblywoman Scozzafava, Assemblywoman Sayward, and Assemblyman Molinaro.

Commissioner, thank you very much for your testimony and for coming back. I have just two quick questions for you.

Looking back to last year, in the adoption of the budget there was a sweep and transfer from the Environmental Protection Fund into the General Fund. And I'm just wondering, in your testimony today you talked about the \$180 million that you believe will be fully accounted for in terms of expenditures. That includes the \$37 million that would be left in that budget? The appropriation going forward and the \$37 million that's there adds up to \$180 million?

COMMISSIONER GRANNIS: The appropriation level last year, that \$227 million that the State's fiscal plan, cash plan called for the expenditures of \$180 million against that, that was the figure that we were operating against. The sweep, last year's sweep, the \$10 million sweep was from the difference between the \$180 million and the \$222 million appropriation.

ASSEMBLYMAN HAYES: Okay, I guess the real question or the heart of the question that I have is, is it your belief that a sweep will be enacted going forward for this year? You know, there are many in the Legislature who believe any available nickel that's around -- I'm not one of them, by the way -- but any available nickel that's around in dedicated funds should be, in times of distress, swept

to the General Fund. What's your position on that as commissioner?

COMMISSIONER GRANNIS: This budget does something that I think is unique, because it actually matches the cash appropriation against the appropriation number. So the \$143 million somewhere in all this morass of information is actually matched in the budget. So the expectation is we will be spending the full \$143 million without a sweep.

And cash is cash. Obviously, you know, cash sitting in the bank when daily needs are there, it's fungible. But I think the expectation from the administration and our handlers at the Division of the Budget is that we will be spending the full \$143 million, or have that available without a sweep.

Again, you know, it's a question of making sure that when those commitments are made against the \$143 million, the money will be there to pay them. And that's sort of the rolling commitment of the difference between the appropriation time and then the built-in lag time for making the commitments against those appropriations. And then the lag time, further lag time after those commitments are made for the projects to be completed and the applications to come in for reimbursement, or the RFPs to go out and those to be processed and finalized, and then the contracts made for the grants that follow on those.

So I don't anticipate any sweeps against that \$143 million. I expect that this cash plan match-up of the dollars with the appropriation this year, that we will be committing the full \$143

million.

ASSEMBLYMAN HAYES: That's on a go-forward basis. But last year, or in the current budget year, there was a \$95 million sweep in the current budget and then an additional \$10 million, if I'm correct, as part of the deficit reduction plan, so \$105 million.

So are you saying that you anticipate that the State will make that money available as contracts come due and need to be paid, or is that money gone for good?

COMMISSIONER GRANNIS: There have been two types of sweeps. The types of sweeps that came with commitments to repay that I think Senator Thompson was talking about, where sweeps were with IOUs in the event that the money -- if it were committed. And then I think the most current sweeps did not contain that language. I know the \$10 million did not. I know the \$90 million sweep from the RGGI funds did contain a commitment to honor, you know, to eventually repay those funds.

I can't recall whether the \$95 million sweep did that. But that -- I think the \$95 million sweep was the classic thing where the appropriation numbers didn't match up with the cash plan number. And if that's not a sufficient answer, we'll try to get you a more technical answer. But I don't see that scenario playing out as we move forward through fiscal year 2010.

ASSEMBLYMAN HAYES: Well, I think the general concern is that people that believe that the appropriations and

the monies flowing into the Environmental Protection Fund should be used to protect the environment -- I mean, I know that sounds a little kind of crazy to assume that. But what the Legislature has done in the past has swept those into the General Fund, and the money doesn't ever seem to come back. So I would be concerned about that moving forward, especially since we're facing such an enormous deficit that, you know, the majority of the Legislature might start to think in those very same terms.

My final question involves your estimate that \$9 million in unclaimed deposits have come into the State as a result of the new nickel deposit --

COMMISSIONER GRANNIS: \$19 million.

ASSEMBLYMAN HAYES: -- \$19 million in unclaimed deposits as a result of the new nickel deposit on water bottles. How does that match up to what the revenue projection was at the time that the Legislature passed that? Are we ahead of schedule? I know there's been some --

COMMISSIONER GRANNIS: Well, let me -- the projection was \$118 million, I think. Because of the delays occasioned by the lawsuit challenging the Bottle Bill's implementation -- the injunction against its implementation wasn't lifted until October, I believe. So \$19 million collected in the last -- since mid-October, the last two months of '09, times ten? You know, I think we'll probably -- with that projection, with the collections in hand, we're probably pretty much on-line to meet the target of \$118 million. Our

good friends that manage all this information at Tax & Finance provided us that information.

ASSEMBLYMAN HAYES: Okay, we'll follow up with them when they testify as well.

I think obviously, since the money is going into the General Fund, that revenue projection needs to be as on-target as possible as we work to craft the budget.

Thank you very much.

CHAIRMAN FARRELL: Thank you.

Senator?

CHAIRMAN KRUGER: Thank you, Assemblyman Farrell.

Our ranking on environment, Senator Marcellino.

SENATOR MARCELLINO: Thank you, Mr. Chairman.

Assemblyman Hayes, it's my understanding from the figures that I've gotten from -- or my staff has gotten for me, the net receipts from the Bottle Bill, fiscal year to date, \$19,368,209.75. We're looking for that other 25 cents to round it off.

COMMISSIONER GRANNIS: It would be a little odd if it came out without a nickel at the end, wouldn't it?

SENATOR MARCELLINO: Yeah, that nickel would have been a problem, I can see that, going forward.

Just a couple of technical things. One, generally we ask the commissioners to give us a summary of their report, and they

usually give us a full statement in a written. Trying to follow you, Pete, read this word for word, your statement was a little different. It was far more extensive. I would like the full report.

COMMISSIONER GRANNIS: Absolutely.

SENATOR MARCELLINO: If you could get it to us, I'd appreciate that. That would help.

Also, Mr. Chairman, for both the chairs, I would request that the commercials in the beginning of these presentations, while they're entertaining, and it's nice to see the pretty pictures of the parks and the things, we don't need them here. I think everybody here is pretty much aware of what's going on.

And we could save an awful lot of time in these presentations if we didn't have the videos and if we didn't have that stuff at the beginning. It would certainly help my backside as far as the sitting. I think the audience might appreciate the time constraint as well; some of the speakers would get on a little earlier.

Pete, the -- Commissioner, I'm sorry.

COMMISSIONER GRANNIS: "Pete" is fine.

SENATOR MARCELLINO: The EPF -- as you know, when I got here in 1995, the EPF was not funded. It was a wish, there was some, but it was never funded fully. I think we put the first funding into that of about \$25 million, and it grew from there. And it was my pride and joy to see that proposal, and with cooperation with the chairs from the other house, we grew that fund potentially to \$300 million. To see it now drop back to less than half

that, with the sweeps -- I understand sometimes where the sweeps went. But it's my understanding that the funding the Article 7 -- the funding, the permanent funding out of the rate, has been changed so that the EPF is not going to grow. It's not going to go back. It is permanently reduced to \$143 million; is that your understanding also?

COMMISSIONER GRANNIS: It is proposed to be funded this year \$143 million. The only permanency to that is your vote on a final budget for this fiscal year, Senator. So --

SENATOR MARCELLINO: It helps when the administration puts some money into it and shows us that they really give a damn about this particular plan. I don't see that in the last two governors. I see a drop in focus. And I don't believe it's your drop. I don't lay this on you, and I don't lay this on the staff of the DEC, the dedicated, fine people that they all are. And they work hard. And, Pete, I know where your heart is on this.

But I don't see that here. I see an attitude towards the environment and an attitude towards the EPF is let's use that money to fund everything else but the environment.

And the Assemblyman pointed out that he -- he asked the question do you perceive any more cuts or any more sweeps. It's been my understanding that the money was always allocated dollar for dollar. It was supposedly programs matching the money that was put up. Let me ask the question again, because I'd like to hear a repeat of what Assemblyman Hayes requested of you.

Do you anticipate a sweep or do you see the

possibility -- let me rephrase that question -- do you foresee the possibility of a sweep from the EPF to this year?

COMMISSIONER GRANNIS: Senator, as I sit here defending the budget presentation of the Governor, I do not see a sweep.

Can I say no possibility? I could have told you there was no possibility a plane was going to land on the Hudson River, but it did. I don't see that, Senator. I am very aware of the sensitivity of this issue, having sat up there and watched this program grow.

This administration and the immediately prior administration did provide for increases in the EPF. Obviously, we've hit a major stumbling block with the State's economy and the national economy, and I think this reflects that. If you actually look at the number, though, if you recognize that there is no appropriation for land acquisition, that one change drops the EPF from, you know, roughly where you were last year, a little bit short of that, but roughly where we were last year to the current number, the taking out of the \$60 million for that.

SENATOR MARCELLINO: As one who lives on an island where there is very limited land, and to my knowledge they ain't making any more -- and I understand the fiscal constraints on land purchases. It's just unfortunate -- and just a comment, it's just unfortunate that we are looking at a moratorium on land purchasing when we probably have the lowest land prices out there and could probably get more bang for the buck than we've ever had in the history

of land purchasing in this State. So the timing of it is not all the best. But we're going to deal with that down the road and see what we can do on this.

But I just want to make it clear, and I'm glad that my colleague Senator Thompson is -- I won't say on board, he's always been on board on this -- agrees with me that we need to focus on the sweeps, we need to get the repayment back, we need that money back in the EPF. That would go a long way. So yeah, Antoine, I will be more than happy to work with you to get legislation that would guarantee that that money comes back to the EPF where it belongs.

It was borrowed. That was the only way we agreed to this; it was borrowed by the administrations past and present to, you know, cover contingencies. But we had their word that it would come back, and we want to make sure that their word is kept and we keep our word to the environment that that money goes where it belongs and back into the Environmental Protection Fund.

Can I go back to your tire program? By the way, the EPF, if it stays where it is now, that's a 33 percent reduction. And if you match it against the \$300 million, it's a 52 percent reduction in the EPF. I don't think that's something we want to see continued. There was a \$2.50 tax on tires that was due to sunset, it was my understanding, sunset either at the end of this year or the end --

COMMISSIONER GRANNIS: The end of this year.

SENATOR MARCELLINO: -- at the end of this year on the purchase of every tire to help fund the cleanup of the

waste tires that we have. And your comment was that we are -- and I don't have the percentages in my head, but perhaps you could refresh it. Where are we in the cleanup position?

COMMISSIONER GRANNIS: We've cleaned up roughly 80 percent of the waste tire stockpiles, 80 percent of the tires in the waste tire stockpiles that we identified pursuant to the Waste Tire Cleanup Program.

SENATOR MARCELLINO: Okay. And that's been funded in part by that \$2.50 or in total?

COMMISSIONER GRANNIS: It's a collaboration. The cleanup costs actually are paid for, but we have partnerships with the Department of Transportation and the State economic development agency for their ongoing work to both develop new markets and new techniques for dealing with spent tires and DOT for using spent tires in their highway work.

That has paid -- I think the entire cleanup, the job opportunity to work with ESDC and DOT, has been paid for with the funds collected from the tire deposits.

SENATOR MARCELLINO: Do we have any idea as to the number of new tires coming into the mix?

COMMISSIONER GRANNIS: No, I don't.

SENATOR MARCELLINO: The number of waste tires coming into the mix is probably what I meant to say.

COMMISSIONER GRANNIS: We can get you that, Senator. I don't know. You know, I can tell you how much -- we've

estimated that we've raised \$140 million some with this over time.

Going forward --

SENATOR MARCELLINO: Well, what I'm getting at is, are we going to let this sunset?

COMMISSIONER GRANNIS: No. The Article 7 bill calls for an extension of the fee as we complete our work on the tire cleanups to move on to other cleanup activities that are associated with hazardous and municipal waste.

SENATOR MARCELLINO: So I'm shocked to hear, then, that a tax or a fee that was raised to sunset is not going to sunset, it's going to be used for other purposes, but we're continue that tax and fee. That's the proposal of the administration.

COMMISSIONER GRANNIS: That's the proposal in the Article 7 bill, Senator.

SENATOR MARCELLINO: And it's going to go into hazardous waste cleanup?

COMMISSIONER GRANNIS: I think other cleanup activities done by our Bureau of Solid and Hazardous Waste.

SENATOR MARCELLINO: It's my understanding that some of the funding, if not all of the funding, for those 29 new positions for the Marcellus Shale program are going to come out of that or be part of that?

COMMISSIONER GRANNIS: No. The positions that are authorized under the budget will come out of the General Fund. They're not going to be paid for from this program. Unless you

know something I don't know, Senator.

SENATOR MARCELLINO: I might.

COMMISSIONER GRANNIS: That's entirely possible.

SENATOR MARCELLINO: But I wouldn't bet on it.

The other concern I have is what Assemblyman Sweeney pointed out, that the BCERF -- this is a program that I have supported a long time and tried to keep going -- is going by the wayside. It's no longer going to be funded, the complete BCERF.

COMMISSIONER GRANNIS: I'm sorry?

SENATOR MARCELLINO: The Breast Cancer Program at Cornell.

COMMISSIONER GRANNIS: Breast Cancer, yes. I don't have a good explanation. Again, that's not a program we run out of the department. So the relationship between --

SENATOR MARCELLINO: It comes out of solid waste in the EPF.

COMMISSIONER GRANNIS: The program -- they all come out of the EPF, which is all under our budget umbrella. But the program is administered by the Department of Health with their partner at Cornell. And so really the issues ought to be directed to Dr. Daines and perhaps Cornell as well.

SENATOR MARCELLINO: Yeah, I will. I'd hate to see that go by the wayside. That's an unfortunate loss. And I think we

ought to do as much as we possibly can do to try to keep that program going. It's had some very good points.

I won't prolong this. Most of the questions that I was going to push were raised by my colleagues. I would just raise a caution and a concern here. I will be watching -- as we all will be watching -- very carefully during these budget negotiations to see that we do not lose ground any further on the EPF and on our environmental work here. We have been in the forefront in this State in environmental protection and the activities. That money has got to be there. That agenda has got to be pushed and continued.

And I think even through tough economic times we have to make sure that we maintain our air quality and open space and all the things that are associated with that, and that's a good environment. Pass it on so we have continuing programs. I don't want to see that backslide.

So I'm going to be -- and I know Bob will be doing the same thing in the Assembly -- looking very carefully at what goes on here, because I don't want to see any further erosion. No pun intended, but I don't want to see any further erosion in the funding for the environment in our budgets as we've seen in the past budget.

COMMISSIONER GRANNIS: Senator, we welcome that oversight. Obviously, we try to do everything in the most transparent way. We're prepared to share with you information we have on any of the programs. I know there are a great deal of -- there are so many issues that we are addressing in this budget so that

-- except there are questions that go beyond what you are able to ask today, and we hear from many of you on many different occasions. But we will at least try to respond in writing as quickly as we can if there are questions that go beyond issues that are raised today, Senator.

SENATOR MARCELLINO: Thank you very much, Commissioner.

CHAIRMAN FARRELL: Thank you.
Assemblyman Molinaro.

ASSEMBLYMAN MARCUS MOLINARO: Thank you, Mr. Chairman.

Pete, Commissioner, thanks very much. I certainly share the concern and have voiced it along with my colleagues regarding the continued sweeps from the Environmental Protection Fund. I want to continue in the line of questioning that Chairman Sweeney referred to. In particular, I'll answer his question -- and I know that if you were not behind that desk you'd answer this question the same way -- and that is that no, in fact, the original intent of the EPF was not to pay for property taxes.

But my question is whether or not you foresee or whether or not the department would join in opposing continued additions to spending categories in the Environmental Protection Fund. This is a particular concern because it establishes a precedent where this Legislature has consistently opposed additional line items or spending categories. And I just wonder what the department's take

is at this point and whether or not during budget negotiations there is continued dialogue or would be dialogue to add additional spending categories.

COMMISSIONER GRANNIS: Well, I don't want to take direct issue with you, but a great many of these categories in here -- the Environmental Protection Fund had three core issues, which was open space, waste reduction, and -- virtually all of these categories, a great many of these categories, Assemblyman, were added at legislative instigation. Often with my support when I was sitting where you're sitting.

ASSEMBLYMAN MOLINARO: And what's the current position. Is there a theory or a thought there would be additional categories. Because property tax payment --

COMMISSIONER GRANNIS: At this point, you know, this is the Executive position with these two new categories, picking up several that were added last year, I think that are highlighted here with asterisks in the EPF funding chart. I don't see us adding new categories, at least from the Executive. You have our list. We, you know, present that for your consideration as is.

ASSEMBLYMAN MOLINARO: Fair enough. And I think we all recognize that the current degree of raiding of the Environmental Protection Fund with limited expectation for immediate refund and the current financial or fiscal crisis makes it even more important that we protect what's left.

COMMISSIONER GRANNIS: Absolutely right.

ASSEMBLYMAN MOLINARO: And I think that's the concern.

I wanted to turn to the Hudson River Estuary Program. As you know, this has been an extraordinarily valuable program in the Hudson Valley. In fact, it's seen not only as an environmental protection effort but a strong partnership between municipal governments, not-for-profits, State government, and has resulted in economic development.

Last year's budget, if I'm correct, reduced the Estuary Program by \$4.8 million. The deficit reduction package adopted by the Legislature brought it to 3.7. This budget sort of establishes a baseline, if I'm correct, of about \$4 million.

The concern, of course, that many have is that the value of the Estuary Program has been its ability to grant funds to partners. Is there any expectation that that baseline would allow for the maintenance of any granting programs? And I think not, but perhaps you'll correct me. And if not, what then will happen with current partnerships?

And I would share to you that I would share a concern for the long-term that municipalities, who change elected officials often, would lose that relationship and make it that much more difficult to reestablish the program and its value in the Hudson Valley.

COMMISSIONER GRANNIS: I think the program's strength is it has built these relationships up and down the river. So

the true value is the sort of personal contact between the estuary staff and our support staff in DEC and the community leaders that have participated in that. It's obviously been enhanced by the grant program. We are very mindful of the benefits of those to the many communities that participate and that join in this effort.

This is a bare-bones commitment. And as you know, I have been doing my best by sharing with you the Hudson River Estuary Plan and the 2009 Estuary Plan and the other materials that have been produced by the staff of the Estuary Program. I'm very proud of this program, and my purpose in making sure that you all receive copies and not just links to being able to look this up -- this is an exception. I think this program is exceptional. And I've taken a real opportunity to try to share with all of you I think the great work that this program has been able to accomplish.

We're very mindful of the pressures. You know, this is a difficult time. And I hear from the estuary plan staff, you know, all the time that we need that, that this is a program that needs support.

So this, along with a lot of others, is one where we're going to be looking for extra support. We've been talking to people in Washington, our Congressional delegation, the estuary plan, other great estuaries in the country. The Puget Sound Estuary and others receive substantial funding. We are going to be releasing, I think, a request from the Governor and the Mayor of the City of New York for added funding for the Hudson River Estuary Program.

But clearly this is a very vital place where we could

use additional support. And if we can find that from Washington sources, we're going to be turning over every leaf to try to do that.

ASSEMBLYMAN MOLINARO: Pete -- and I recognize that. And certainly we do. I appreciate the Governor's commitment in this budget to the Greenway and certainly recognize that the Estuary Management Program will exist, so we won't be taking a step backward.

I would offer to you that there is a concern in the Hudson River Valley that not only has there been a straying from environmental protection attention -- not from you, but from budgetary constraints in the administration, perhaps -- but the Hudson Valley in particular has felt as if it's been under assault, to a degree.

And the value of these programs in the valley cannot, I think, be overstressed. And they are very much the premier commitment that the State has made to the people and communities of the Hudson Valley, and in many ways they are economic and environmental protection enhancement programs.

So with that, I just would stress the importance of these programs. I understand that the constraints we're under. And I would recognize your commitment and the department's commitment to the Hudson Valley. So thank you.

Thank you, Mr. Chairman.

CHAIRMAN KRUGER: Thank you.

At this point, Senator Krueger.

SENATOR KRUEGER: Hi. I know we've taken up

a lot of time, so I'm going to just limit myself to one question, Commissioner.

In your earlier presentation you talked about the dilemma of -- it wasn't actually in your written testimony, it was in your comments -- of so many FOIL requests to your agency that -- I don't want to misquote you, and it wasn't written, but that basically you're saying that your limited staff -- and we heard a great deal about that how limited your staff is and will continue to be -- is ended up using up some significant amount of their time and resources answering FOIL requests not -- you implied not necessarily the standard process by which government is obligated to provide FOIL information to make sure that the public has the information it is entitled to of government operations, but you almost implied that somehow you become a non-paid consultant service to entities that are trying to get business assignments done, perhaps for their paying clients, which is fine, but that your agency provides a free service that somebody's getting paid for.

And yet -- I'm circling this around -- if you have no money to do the fundamental responsibilities of the agency that I certainly want your agency to do, and I also know that the State is in a very difficult position being able to provide adequate agency budgets to allow you to have the staff you need, what is the story that's so different in your agency than in other agencies? And perhaps should we be exploring a fee-for-service situation?

COMMISSIONER GRANNIS: Well, I don't think,

you know, a fee for service for FOIL requests necessarily is the right approach.

We've been getting increasing numbers of FOIL requests related to personal injury actions from the 9/11 attacks, the follow-up of people that were injured or suffered from because of their exposure to contaminants down at the site. We get a lot of requests because of -- just our website, we get 25,000 hits on our website a day. There's an incredible amount of interest in what we do. And some of that interest comes from citizens and some of that comes from business interests. And we've been increasingly trying to put more of our information online to avoid our having to -- so that then we can say look it up, it's right there.

But we are obligated to respond to these FOIL requests. And a substantial number of the more complicated FOIL requests, rather than people doing their own work, they just file a FOIL request and we're obligated, we have a very, very tight statutorily imposed timeline on our responding to these requests with consequences if we don't.

And so a lot of these are business interests, where developers or architects, lawyers, engineers, rather than doing their own legwork just, I think, look to us to provide information about the proximity of wetlands or endangered species or a lot of other things that we are hoping to be able to put up online at some point with our expanded computer services so that you'll be able to pinpoint ahead of time all of the information that might relate to a particular site.

It's frustrating. Obviously, you know, the numbers, these numbers are staggering. They're time-consuming. We take these responsibilities seriously. I think openness and transparency is -- the last thing we want to do is say, "Look, we can't do that, we're not going to get back to you, this is too much work."

But it does consume -- as we mentioned on the slides, I think we get five times the number of -- the next highest number of FOIL requests, we are five times above that.

SENATOR KRUEGER: And, Commissioner, I agree with you; we don't want less transparency in government. And I'm the last elected official who would argue against FOIL rights and protections here in the State of New York. So maybe now that I understand the situation better, let me just do a quick follow-up question.

Is there a way that the State could help you speed up the technology improvement process of your agency? Because if I understood you right, if you had a better ability to put this all up on your website through improved technology and, I guess, mapping, when you talk about wetlands issue, people could draw down this information themselves, theoretically decreasing the demands on your staff significantly.

COMMISSIONER GRANNIS: I think, you know, our ability to upload and to digitize the vast amount of information we have available would obviously make a big difference. And we like, every other agency, because of the fiscal constraints, we haven't been

able to upgrade our computer systems to sort of put in place new IT capabilities.

So the answer is clearly yes, I think the best investment that might be made by the administration and by all of you when you're considering things are the capacity that we have to use modern technology to the utmost. And that's an issue that cuts across Medicaid, Parks, us -- the ability for people to look up on our -- we have layers of information on some of our web programs that you can actually go down. We link to the Department of State's programs, we link to -- you know, we have demographic information, we have EJ information, we have obviously air and water and land and endangered species stuff.

The more we can get on there and the better capability people have to look up a site and get all of that information at once, I think then we could come back to you and say, "Look, we need probably a different construct for FOIL. The information is available, and we can provide a readily accessible, usable web alternative to us copying thousands of pages of information." I think that would be the time to do that.

So obviously we are looking to use even our antiquated IT resources to the best capability to speed up and streamline our processes. We have weird constructs. You can buy a car on the Internet. Somehow, for some reason, electronic signatures for people to file applications with us seems to be a computer glitch that we haven't been able to overcome. It's inexcusable to me. But

you can do all these things, you know, you can give a million dollars to some -- today, after the Supreme Court, to any political candidate you want; you can probably do that on the website, but you can't pay a bill. And some of our programs are pay a filing fee with electronic signature.

So those are the capabilities we need. So I think that if we had to look for a single category of support, it would be for enhancing -- and this is not just for us, I think -- but enhancing the State's and particularly our IT capabilities.

SENATOR KRUEGER: Thank you.

Thank you, Mr. Chairman.

CHAIRMAN FARRELL: Thank you.

Assemblywoman Sayward.

ASSEMBLYWOMAN TERESA SAYWARD:

Thank you very much. Thank you, Pete.

I have a couple of questions. One, I'd like to go back to the moratorium on land acquisition for just a moment and ask the -- you told me or this group that the commitments that were already made are still going to be met in this year's budget. Does that --

COMMISSIONER GRANNIS: For three projects.

Which is the acquisition of the conservation easements that are being sold to us by the Nature Conservancy on the Finch-Pruyn properties; the project in the Catskills; and a project out in Monroe County for the City of Rochester's watershed rights.

ASSEMBLYWOMAN SAYWARD: So it's just the

conservation easement lands on Finch and not the fee?

COMMISSIONER GRANNIS: We are only going to be closing on the conservation easements, the working forest conservation easements on the Finch properties.

ASSEMBLYWOMAN SAYWARD: Okay, I appreciate that.

COMMISSIONER GRANNIS: With this year's funds. This is all using funds within this year's Environmental Protection Fund.

ASSEMBLYWOMAN SAYWARD: And just a comment. You know, I would certainly think that it's extremely important and very appropriate to keep the tax money in the Environmental Protection Fund. When we talk about open space preservation, there's no place in the State where there's as much open space that has been purchased and tied up by the State of New York than there is in the Adirondacks. You know, in some of our communities, you're well aware, over 90 percent of the land in the communities is owned by the State of New York. So to keep that the way it is, obviously the State has made that commitment, and so I think that is appropriate.

COMMISSIONER GRANNIS: Can I just -- the \$5 million that's in the EPF is a tiny fraction. I think the number that we have that we pay out every year, the State pays out to communities across the State -- and obviously large numbers in the Adirondacks -- there's roughly \$200 million of money that we commit and pay and

have always paid to communities to cover the property taxes as if those properties had remained on the tax rolls of the communities in which we own land.

ASSEMBLYWOMAN SAYWARD: And we're very thankful for that.

A couple of questions. We look at this budget, and I was curious to know why -- we've had conversations in the past about fees for hiking. I know that people like to hike on the land for free, but there are funding difficulties that are attached to that, and certainly trail maintenance, and just the rescue operations that happen every year in the Adirondacks that are costly to your department as well. Has there been any further talk about having a fee for hikers?

COMMISSIONER GRANNIS: There has not. And obviously, you know, the resources that we make available are funded through the General Fund are there, we've obviously chosen to assess fees for certain other activities -- boat registrations and things like that -- that have enhanced our ability to meet our obligations. But the idea of a permit for hiking on our public lands has not been something that we have been able to figure out how you would even be able to do that.

Obviously the commitments through our various voluntary programs, we ought to be looking for enhancing that. We hope people would participate in those where they put fees into the limited number of programs that we have that seek voluntary support. But we have not pursued a meaningful discussion on determining

whether or not a family that chooses to hike up in your community ought to have a permit from us.

ASSEMBLYWOMAN SAYWARD: And the fishing licenses, we talked about last year the nonresident fishing licenses, talked about the Internet. I know you touched on that earlier. That still hasn't been worked out so that folks can purchase their nonresident fishing licenses on the Internet?

COMMISSIONER GRANNIS: I think our first focus was enabling State residents that were buying their licenses for the first time to be able to use our decal system for doing that. Usually our computerized permitting system only was for renewals of existing -- by existing licenseholders. I think we're expanding the capability to deal with in-state purchases.

It seems to me the idea of being able to -- the out-of-state purchases I guess would be our next focus. I think it's easier for us to run our own checks against DMV records or whatever else we use to figure out whether or not somebody is really in-state as opposed to paying an out-of-state hunting license fee or fishing fee.

ASSEMBLYWOMAN SAYWARD: I don't know how much revenue is lost, but certainly on Lake Champlain many of our nonresidents, because there's reciprocity in our fishing licenses on Lake Champlain, people go to Vermont and they pay their nonresident fee there even though they access on the New York side. So that's an area that we might want to look at to --

COMMISSIONER GRANNIS: I'm not sure that

would change. I mean, the reciprocity also applies on some of the fishing streams that border on the Pennsylvania border. Up to a point, you know, you can fish on either side of the river, whether you're in Pennsylvania or New York. And I guess the same thing applies to Lake Champlain, with Vermont and New York; you'd still be able to go across and get the license.

ASSEMBLYWOMAN SAYWARD: And I understand that. But a lot of people who come to New York State would probably purchase their licenses from the New York side of the lake.

COMMISSIONER GRANNIS: It's certainly something we're going to expand. I mean, people ought to be able to -- this goes back to the question that Senator Krueger asked about what could help. Obviously, our computer capabilities, to not only promote but to facilitate people using our hunting, fishing, hiking, canoeing, all of our great resources. Except that we have fees, so they ought to be able to get those and pay those in the easiest possible way, and that is by computer today.

ASSEMBLYWOMAN SAYWARD: Absolutely.

One last question. Is there any funds available in this current budget to add additional foresters this year?

COMMISSIONER GRANNIS: No.

ASSEMBLYWOMAN SAYWARD: Because I did notice that our State Comptroller said there's probably about \$5 million that we could be capturing in revenues if we were harvesting,

doing sustainable harvesting on reforestation areas. We're not talking about the Preserve, we're talking about areas where we can forest. Do you have any plans?

COMMISSIONER GRANNIS: We do not. Under the current limitations on our being able to hire anybody, we have no plans to hire additional foresters.

We're aware of the Comptroller's report and the recommendation that, you know, the investment of resources in hiring foresters would enable us to better utilize our harvestable timber to the benefit of the State. I'm well aware of the recommendations, but I think we have -- this is not the only place where we could identify benefits to the State from being able to hire additional people. But under the current hiring freeze, we're not able to make those decisions.

ASSEMBLYWOMAN SAYWARD: I would hope, as we work through this budget, that we would realize that there's a lot of places where we could be adding more revenues if we were putting a little bit more money into your budget. And hopefully we can have those conversations so that, going forward, we can replenish the funds that have been taken out of the EPF and we can do that perhaps by just generating more revenues from your department alone. Thank you.

COMMISSIONER GRANNIS: Just on this point, I think in one of the Article 7 bills we do change the contracting provisions for harvesting timber. There's a \$10,000 contract cap, and we raise that to \$50,000. We see that as -- and it expedites the contracting process, which can be burdensome at the best of times.

That ability to avoid having to go through these laborious processes for contracts at five times the current value we believe will yield additional revenue from forestry activities. Small step.

ASSEMBLYWOMAN SAYWARD: Thank you very much.

CHAIRMAN FARRELL: Senator.

SENATOR KRUEGER: Thank you. Our next questioner will be our Finance ranker, John DeFrancisco.

SENATOR JOHN DEFRANCISCO: Thank you. I'll be very brief because the person scheduled for the 2:30 time slot, that's now 7:30 tonight. And I just want to give somebody the opportunity to speak that's sitting out there.

Two points. I was listening carefully to your answers on hydrofracking. It's obviously important in Central New York and the Southern Tier. And you've got to take the time you need, but no more time than you need in order to make these decisions, and you basically said that.

I was meeting with some people from the Onondaga County Soil and Water Conservation District, and they were mentioning about the additional people that you may need that are mentioned in the budget. At least in Onondaga County, and I'm sure that would true for all throughout the State, that there are people that willing to help you and volunteer -- I don't know the nature of work that would be needed. But they indicated that I should tell you that they could be helpful as far as assisting you in your responsibilities.

Lastly, a parochial issue, but I just want to put it on the table. In our county budget last year there was a -- they almost closed the Carpenter Brook Fish Hatchery, and there was a major insurrection in Onondaga County of the sportsmen. And they informed me that there's other fish hatcheries in the State that do get State support. And I'm not looking for an answer now; I would just request if someone from your office could see whether that is the case and whether there's any chance of some equity for Onondaga County.

That's all I have. Thank you very much.

COMMISSIONER GRANNIS: I'll get you an answer, Senator.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Thank you, Senator.

Assemblywoman Barbara Lifton.

ASSEMBLYWOMAN BARBARA LIFTON: Thank you, Commissioner Grannis, for being here and for your testimony. I want to thank you, Pete. You know, I appreciate -- I actually like having your visuals. I think, you know, a picture says a thousand words. I think psychologists say we take in 90 percent of our information through our eyes. And getting visual information, I think seeing these maps, I think people fully appreciate the tremendous responsibilities you have and your whole agency has, and all the work that the State has asked you to do. So I think those are actually important pieces of the information that we get. And I do thank you for all your work.

Pete, you raised, you know, at the beginning of your testimony sort of the larger fiscal and budgetary issues that we're facing this year as we slog through this recession. Now we're in a jobless recovery, as they call it. And I know you're no longer making tax and fiscal policy. But as I recall, when you were in the Legislature a few years ago, you probably would have called yourself a Keynesian, not a Chicago school/Milton Friedman economist, as I recall.

And you probably haven't been reading the legislative clips, but I've been out there saying I think a big piece of the solution to our problems ought to be tax reform in the State. As you know and remember well, we cut taxes on the top 4 percent of New Yorkers by 50 percent, starting in 1988. We're now losing to our coffers every year \$21 billion every year. Maybe it's gone up to 22 now, due to those tax cuts.

So I think we need to have a larger discussion about how we solve these problems. And I'm glad to hear from my colleagues that they're very concerned with further hurting your agency, gutting the EPF, and so on. So I hope we can widen that discussion about the real solutions here.

And also, if I'm not mistaken, Pete, how much ARRA money have you gotten in Federal stimulus recovery and reinvestment money --

COMMISSIONER GRANNIS: For our wastewater treatment plants we got \$432 million. And for our drinking water

revolving fund I think we got something like \$87 million. All of which is under contract or will be under contract by February 17th, which is the cutoff date.

ASSEMBLYWOMAN LIFTON: So it's about half a billion dollars.

COMMISSIONER GRANNIS: Half a billion.

ASSEMBLYWOMAN LIFTON: Yes, thank you. So would you agree, as I believe the Keynesian you might admit to being, that if we bring in a billion dollars of Federal money -- obviously we've brought in tens of billions of dollars in Federal money with President Obama's plan -- that if we bring in a billion, if the Federal government gives us a billion for something and the State government cuts a billion, that in fact we lose the stimulus effect of that Federal money, that it's a wash, and we don't benefit the way we would have had we kept State spending level?

COMMISSIONER GRANNIS: Stimulus dollars come with a proviso that these cannot be used to replace existing funding sources, these have to be additions to the well-being of the communities in which they're committed. And so our ARRA funds for wastewater and drinking water were on top of ongoing commitments. There were no cutbacks. In fact, the ongoing commitments received additional funding as well under the base budget that Congress enacted last year.

ASSEMBLYWOMAN LIFTON: So that really prevents us, the Legislature and the Governor, from cutting those kind

of things. It's similar to what we have with Medicaid, where if we cut State Medicaid dollars, we lose more than twice that in Federal Medicaid dollars.

COMMISSIONER GRANNIS: The money is premised on a maintenance of effort for the existing programs.

ASSEMBLYWOMAN LIFTON: Okay. Thank you, Pete. You know, obviously I'm very interested in the Marcellus Shale issue. We are sort of a major center --

COMMISSIONER GRANNIS: That's a surprise, Barbara.

ASSEMBLYWOMAN LIFTON: -- of that. And I didn't see you yesterday in the crowd, but there were 400 or 500 people here from around New York State at a rally and out talking to legislators, and I think some of them came to speak to you folks. And so obviously a lot of controversy about this issue.

I'm very glad to hear you say that again, as you've said before, that you're not going to issue permits unless you feel very certain that we're going to have the protections we need for our water and so on. And you know that very serious concerns have been raised. You've gotten lots of public comments, and I know there's going to be a lot of integrity in that process of looking at those public comments. You've gotten very serious concerns from our EPA, from NRDC, from the Sierra Club, from health departments, and from many scientists concerned about a whole range of issues.

And those are concerns I share. You know, I think

the more I read, the more I hear, the more I listen, the more I think that this industrial-scale gas drilling, like nothing we've ever seen, is frighteningly incompatible with the current economy in my district, with our beautiful landscape and tourism as an important focus, never mind higher ed. It's a little hard to imagine, for me; I was just thinking about it, you know. We talk about tourism more than higher ed. But Cornell is famous for the Johnson Museum. I don't know if you've been up there to the sixth story of that beautiful I.M. Pei building on the Cornell campus and looked out on that beautiful vista on the sixth floor overlooking Cayuga Lake and the whole region. It's a little hard to imagine getting up there and looking out and seeing scores and scores of 150-foot drill rigs that would be at a single spot for three years and more. It's just a little hard to imagine any of that really working. It just seems inherently incompatible with our economy.

So that said, the whole issue of climate change, Pete. You talked about us, you know, wanting to do as much as we can there. It's a very important goal. I'm sure you are aware that the U.N. Climate Panel has said we have six years to cap CO2 and then begin a rapid decline of CO2. So we're on the brink, they say, or climate change could spin out of control after that, not being able to get that back. And I trust -- I don't know about some people, but I trust 99 percent of the climate scientists in the world, and I'm quite sure you do as well. So we have a very serious crisis, a crisis of climate change. And, you know, the natural gas is being billed as a cleaner

fuel, it's going help us with the overall reduction of CO2 emissions. And I just don't know if that's true, Pete. You know, I've heard so many different things.

But it seems to me that we would need, in order to make a determination about whether this is indeed cleaner fuel for our State and for our country, that we would need a full carbon footprint study at the whole process with 3 to 5 million gallons of water coming into each well site -- all of that water often coming back out -- a thousand trucks just carrying water back and forth, never mind all the other vehicles setting up the rest of the operation, coming in and out with water. And, you know, my county has done a study saying 1500 trucks a day now are on the road; it will go to 40,000 trucks a day in Tompkins County with an operation in full swing. And that's because of Marcellus Shale drilling.

I mean, shouldn't we be doing a full carbon study to know indeed whether, when you look at the whole process, whether it's green, whether this fuel is going to end up being any cleaner than what we're doing now? And isn't that important for our goals for State reduction of CO2 and climate change?

COMMISSIONER GRANNIS: Two quick answers, Barbara. Obviously the full range of impacts we have sought to address in our draft environmental impact statement and, to the extent that we have not measured up to everybody's expectations, those are the subject of the comments. So we certainly appreciate sort of the commercial nature of this. Leave out the transition bridge for natural

gas. I mean, natural gas life cycle, do the analysis for life cycling of natural gas versus coal, I'll tell you, natural gas comes out head and shoulders over coal. It's a half to a third as damaging to the environment as the life cycle coal analysis shows.

So obviously the transition to a natural gas as we bridge to a renewable economy or a clean energy economy is going to be crucial globally, nationally, and to some degree in New York State.

So obviously the concerns that you have are the industrial activity which will surely accompany, you know, a decision to let drilling activity proceed in that Marcellus Shale. But those, we hope, are addressed. And to the extent they're not, we encourage you to comment in our environmental impact statement. Those have to be factored in. And at some point, you know, those are going to be reflected in our decision-making and coming up with a final environmental impact statement on what needs to be addressed by the State and by local governments for this activity to proceed.

So it's -- obviously we're looking at that, but it's a short-term activity versus a long-term benefit. That they're two very different issues, the activity for drilling versus using natural gas as opposed to coal.

ASSEMBLYWOMAN LIFTON: I'm not quite sure how these studies get done, because it seems to me we don't even have -- I mean, have we gone to Texas or Pennsylvania to study the distance that these trucks are going from a site to a treatment center to take these toxic chemicals back out of the fluid and be put back into

our waterways? I'm not even quite sure how that --

COMMISSIONER GRANNIS: Our analysis of that, we spent considerable time looking at programs in every other state and obviously paying attention to concerns that have been raised with those program parameters and the activities in those states. We think we've addressed those in the environmental impact statement draft that's now under review. But if we haven't, I would suspect that those comments -- I have not looked at the 13,000 comments. We're reviewing them. We're going to have to respond to every one of them, as I mentioned before.

ASSEMBLYWOMAN LIFTON: Pete, you talk about the DEC working with other agencies on this issue -- with NYSERDA, with Ag & Markets. You don't mention DOT on this. And again, I raised the truck issue. You know, the DOT has been in our region putting new regulations in because we were already inundated with trucks. Every local official says half their calls are about the number of trucks on our roads. And it seems to beg the involvement of DOT when we're talking about 1,000 trucks per well, and 10 to 12 wells on a well pad. That's 10,000 trucks going in and out of any given well pad on this, 40,000 trucks.

I mean, roads and bridges, a lot of talk about the state of our -- you know, we've seen the transportation studies. Comptroller DiNapoli put out a study recently talking about the state of our roads and bridges. We know local governments are strapped, they can't do these road studies that are being suggested. This seems to beg the

involvement of DOT in this issue.

COMMISSIONER GRANNIS: I think we've evaluated truck traffic impacts in our statement. An awful lot of that activity is subject to local regulation, the use of local roads, which is a prime concern I know that you have.

And obviously, you know, I think it's a good suggestion. We have not engaged DOT. We have the Department of Health and the other agencies you mentioned. And, you know, it's clearly an issue we -- for whatever reason, we've been focusing on the impacts on local roads. And we will reach out to DOT as we continue to review the impact statement.

ASSEMBLYWOMAN LIFTON: I'm now hearing from local governments, they're saying you should do a road study to find out what kind of damage is done over the next five or 10 years if indeed there is gas drilling. And they're saying we have no capacity to do a road study. We're not going to be able to send a bill to --

COMMISSIONER GRANNIS: Well, they are responsible for local roads.

ASSEMBLYWOMAN LIFTON: -- ExxonMobil or Halliburton or any of these other companies for the damage to our roads. Who's going to pay for all the damage to the roads?

COMMISSIONER GRANNIS: I think that's an issue that's going to have to be addressed by local governments with the companies that are proposing to use their roads for the drilling activities.

Again, this is an ability of local planning bodies and highway departments and officials to regulate the traffic or to address those issues of impact on local roads. But we'll talk to DOT, Barbara.

ASSEMBLYWOMAN LIFTON: They're feeling very powerless, I can tell you that. They're feeling very cash-strapped and they're feeling very powerless in this. And as we found with the other trucking issue that we've been working on, Senator DeFrancisco and I and others, you know, there was very little local control about truck traffic on the roads. That's why we turned to the DOT. That's why turned to the Governor. And he was good enough to help, but now this is going to undermine all the progress we've made there. So people are very, very frustrated about that issue, I can tell you.

Pete, this whole Great Lakes restoration issue, to what extent does that overlap with Marcellus Shale? We know that parts of the Marcellus Shale are in the Great Lakes watershed that go into Lake Ontario. Is there overlap there between the work being done on habitat and other issues? I'm not quite sure what's entailed by the Great Lakes --

COMMISSIONER GRANNIS: The range of programs for which they're seeking grant applications all deal with habitat and lake quality.

ASSEMBLYWOMAN LIFTON: Habitat where, Pete?

COMMISSIONER GRANNIS: Protection along the lake shore.

ASSEMBLYWOMAN LIFTON: Right along the lake shore. It's not in the larger watershed?

COMMISSIONER GRANNIS: And in the watersheds.

ASSEMBLYWOMAN LIFTON: In the watershed. So the degree to that watershed -- I think the watershed for Lake Ontario comes well back into how many miles back into the State? Do you know?

COMMISSIONER GRANNIS: I don't.

ASSEMBLYWOMAN LIFTON: And overlap, perhaps, the line where Marcellus Shale is. I'm curious about whether people are looking at those overlapping maps and concerned about issues of habitat and the waterways there.

So anyway, I would just urge that we look at that as we go along as well.

Thank you very much, Commissioner.

CHAIRMAN FARRELL: Thank you.

Senator?

CHAIRMAN KRUGER: Thank you, Assemblyman Farrell.

Senator Perkins?

SENATOR BILL PERKINS: Thank you very much. I'm going to be brief.

I first want to just echo the concerns that have already been expressed about the Marcellus Shale. It's obviously a very big

concern for those of us in the City. I was not here earlier to hear your response; I'm sure you've been hearing it all day. But if you can give me a quick brief response in terms of how we're going to deal with this, I would appreciate that.

Then I have another one or two quick questions, but I'm not going to be long with it.

COMMISSIONER GRANNIS: Senator, we're very mindful -- as a City resident myself, obviously, and somebody that worked on these issues well before I got this job -- we're keenly sensitive to the issues being raised by the City and your constituents and a lot of the groups in the City about the potential impact on the City watershed.

And we are obviously working closely with the City. They did a very big analysis of their concerns about the impact of this, where those will be factored into our decision-making. But we're not going to be making any decisions without full consultation with the City of New York. We're protecting -- the filtration avoidance determination is a crucial component that's a big issue for the City. It's a big issue for every City resident and for your constituents who end up having to pay the bill if we don't do the job properly. So we're very mindful of that responsibility, and we will proceed accordingly.

SENATOR PERKINS: Thank you very much. And I would hope that you would keep my office and my colleagues in the City up to the latest thoughts and whatnot that you make before you make the decision, especially if it's going to be one of which we're

going to have a problem.

COMMISSIONER GRANNIS: Yes, sir. We will do that, sir.

SENATOR PERKINS: I just have another quick series of questions related to the contract workers that you may be using and how many and what is the level of work that they're performing and what is the type of employment, what is the cost to the department. And I guess, more importantly, whether or not our full-time agency staff could do that which is being done, for better and for less.

COMMISSIONER GRANNIS: Two quick answers, Senator. Obviously we're mindful of the concern about outside contract help. We use it very, very sparingly. I think last year \$60,000 for temporary services. Only \$60,000 of our budget was used for temporary services.

The one area where we have concerns is in our IT functions, where we might need outside help on certain limited capacities. But I'm a firm believer that our great workforce is able to do almost any task we need done. And to the extent that we can make sure that's done in-house, that's my commitment.

SENATOR PERKINS: Do you have costs that you can share related to the contract workers? Can you get me that?

COMMISSIONER GRANNIS: We'll get you that, Senator. I think, again, it's a very limited use of our budget for contract workers. But we'll get you that information.

SENATOR PERKINS: Can we assume that it's less or more? Which way would you say?

COMMISSIONER GRANNIS: Well, I know about the temporary help, the \$60,000. And if it's anything more, we'll get you that. It's not a big problem in our agency. We have taken on a lot of these responsibilities.

But as we're losing staff and we need particular help, I can't tell you that that's not going to be an option that we might have to pursue on some limited basis, short-term, for particular projects. But I'm not aware of any that -- but we'll get you the detailed information.

SENATOR PERKINS: Thank you very much. I appreciate it. Keep up the good work.

CHAIRMAN FARRELL: Thank you.
Assemblyman Cahill.

ASSEMBLYMAN KEVIN CAHILL: Thank you,
Mr. Chairman.

Pete, Barbara Lifton left already, but she reminded me that it's been almost three years since you sat up here torturing witnesses. And it seems impossible --

COMMISSIONER GRANNIS: What goes around comes around, right?

ASSEMBLYMAN CAHILL: It seems impossible that that much time has passed. But in keeping with the full Grannis tradition -- no.

Actually, before I begin, I would be remiss if I didn't take an opportunity publicly to acknowledge the good work of your agency and in particular the responsiveness that I get out of Region 3 when we call. Whether it's a regulatory matter or a wildlife matter, it doesn't really make a difference what we're calling about; we get a great deal of responsiveness. And we're very happy with that, and we thank you. We think a significant part of it has to do with you, because I drop your name every time I call.

COMMISSIONER GRANNIS: Fortunately, it still works.

ASSEMBLYMAN CAHILL: They answer the phone. Then when I mention your name, they hang up.

I just have a very brief technical question. The department, in addition to the charges that you laid out in your slide show, you're responsible for advancing the climate-change program for New York State. I noted that the budget indicates a transfer from NYSERDA to your agency for that purpose. It's my understanding that the cost of that program is significantly higher than the amount of that transfer, \$1 million; that in fact it will take another \$8 million, at least, from another source.

Can you just elaborate a little bit on the source of that money and when you expect to get it?

COMMISSIONER GRANNIS: The resources that we're getting from NYSERDA is to cover our participation in the climate action plan process. It's a highly technical, fast-track process

called for by the Governor to develop a climate action plan by the end of the year, building on the work of several dozen State climate action plans that have preceded us. We see ours as being sort of the gold standard because we can draw on the work elsewhere.

But that collaborative, that work to do that, we chair the climate action planning process with NYSERDA. It's a joint chair. They have resources from the RGGI proceeds, which are being suballocated to us for the work that we're going to be doing on the climate action plan.

ASSEMBLYMAN CAHILL: Okay, the RGGI proceeds, that was -- you got to the nub of my question very quickly.

As you know -- like the systems benefit charge, like the renewable portfolio standard, the energy efficiency portfolio standard -- the RGGI fund, the Regional Greenhouse Gas Initiative carbon cap and trade fund, is not on budget, and we do not have a clear idea of how that money is truly and finally allocated or how it is ultimately spent.

Last year the Legislature passed and the Governor signed into law "Green Jobs, Green New York" that allocated \$112 million of the RGGI money. The remainder of the RGGI money -- or maybe not all of the remainder, but a significant portion of what is reasonably anticipated to be coming to us over the next several auctions -- was swept for General Fund purposes.

Is there enough left to give you the \$8 million you need? And are you in line ahead of, behind other portions of the

RGGI action plan that have also been allocated for resources?

COMMISSIONER GRANNIS: The operations plan for the expenditure of the RGGI money has been developed through a very, very open and transparent process. There's an advisory group that was relied on for developing the original action plan. And the action plan was modified after the sweep, and the \$112 million for the Green Jobs program was just, I think, very, very thoroughly discussed several weeks ago.

I think you or your office and your counterpart in the Senate are part of that advisory committee. It's a -- I've sat in on a lot of advisory panels, and this was one of the best I've ever heard. Very thoughtful analysis of where NYSERDA is proposing to spend that money for energy research, energy innovation, energy savings, retrofits, the rest of the programs.

We anticipate we will raise nearly half a billion dollars in the three-year RGGI auction cycle. If we carve out the Green Jobs money and some of the operational money that is necessary to run the programs, we think there's going to be far more than the money that has been identified to date, which is the money that is going to the Green Jobs program.

So there are going to be resources there, but the spending plan that NYSERDA is considering includes -- you know, there are a host of activities. And if you haven't seen it, we'll get it for you. It's a --

ASSEMBLYMAN CAHILL: No, I've certainly seen

them. I guess my question really is -- and it's a little difficult to talk about because as RGGI is not on-budget, so the budget cycle is almost irrelevant. Except for the fact that part of the money that's going to be used for the climate change program is coming out of this year's budget through NYSERDA, and it is intended to dovetail with money from the RGGI program.

And I guess my question is, is there enough money in fiscal 2010-2011 to supply the \$8 million additional necessary to advance the climate-change program in this fiscal year that you're aware of? And have you been advised whether you're going to get that money this year or whether you're on-line behind some other resource, some other needs?

COMMISSIONER GRANNIS: Our climate office is part of our ongoing operations funded through our regular agency budget. This money is to enhance its capabilities for dealing with the climate action plan. If I had my druthers, we'd get it all, but that would leave NYSERDA in a very difficult position with their operational plan.

So we are obviously working with NYSERDA to make sure that collaboratively -- I can't answer specifically about the \$8 million, Kevin. I just don't know whether -- I assume money is there. I'm not sure whether that money is all -- or how that money is going to be handled, whether or not we will actually get --

ASSEMBLYMAN CAHILL: Just another by way of comment as opposed to a question, Pete, and then I'll wrap up.

On the subject of Marcellus Shale, it's my understanding that you've had about -- I think last time we talked you said 17,000 individual --

COMMISSIONER GRANNIS: Well, 13,000 on the draft, and we had 3,000 or 4,000 on the draft scope.

ASSEMBLYMAN CAHILL: I applaud you for the thoroughness of the process up to date. As you know, there have been some concerns about issues not yet addressed. And I would certainly urge you to be as thorough in your role as DEC commissioner as I've always known you to be as a legislator, and in your role as DEC commissioner so far, and to assure that every possible answer is ferreted out and provided to the people so we can actually set a tone and an example for the rest of the country how you can responsibly, environmentally, in an environmentally responsible manner, extract natural gas and put it to use.

I know there were a series of questions between you and Assemblywoman Lifton on the subject and the relative value of natural gas as opposed to other fuels. The fact remains that we are importing 95 percent of our natural gas, and it's not a fuel that's going to go away soon, and it's being imported from places that don't have nearly as strict standards as we do. And the proof of their lack of concern over the issues that you're grappling with right now is on the ground in those states, in the horrible circumstances that have resulted.

And I would just urge you to stay the course and

make sure that while I would like it to be done in a deliberate fashion, a thorough fashion is much more important in this case.

CHAIRMAN FARRELL: Thank you.

Senator.

SENATOR KRUEGER: Thank you.

Senator Betty Little.

SENATOR ELIZABETH O'C. LITTLE: Thank you.

Commissioner, despite the fact that it rained all day yesterday, snowmobiling in the North Country continues, and it is very, very important. Three years ago the snowmobilers, snowmobile associations and all the snowmobile clubs agreed to an increase in their registration fees, for the money to go to trail maintenance and trail development. Last year we fought off a million-dollar sweep out of that fund and were able to keep it there.

I see in the Article 7 language, Part HH, that now that money can be used for development and maintenance for all recreational activities on State lands. I assume that's hiking trails, campsites, all kinds of things.

So what reassurance can you give to the snowmobilers, the snowmobile clubs, those who were those told their extra registration money was going for trail maintenance and development, that that's going to happen? I mean, how are you going to allocate this? There hasn't been much trail development, and that's what the money was supposed to be for.

COMMISSIONER GRANNIS: Senator, if and when

you get to Commissioner Ash, if she hasn't left or gone to sleep behind me, that's a question for her agency, not DEC.

SENATOR LITTLE: Oh, that's in Parks & Rec.

COMMISSIONER GRANNIS: But on the snowmobile issue, you know we've worked very carefully with the Adirondack Park Agency --

SENATOR LITTLE: Well, that's where you've maintained the trails in the Adirondacks, so --

COMMISSIONER GRANNIS: -- to come up with, I think, a very, very robust trail program for the parks, with connector trails and the provision of access through areas around Forest Preserve for snowmobilers. We're very mindful of the economic benefit to your communities of people that are interested in snowmobiling, and people come from all over to take advantage of the beautiful places you have available.

And I think the work we did with the Adirondack Park Agency to come up with a snowmobile plan I think will have very big rewards for the communities for which this is important. As far as the trail maintenance and issues that, you know, that the fee pays for, that's a Parks Department responsibility.

SENATOR LITTLE: Right. But it's a philosophy. You can't just go use the money for something else after you've asked for it.

And I apologize, Commissioner Ash, I can't stay for the rest of it -- but we'll talk.

Thank you. Thank you.

CHAIRMAN FARRELL: Thank you.

Assemblyman Englebright.

ASSEMBLYMAN STEVE ENGLEBRIGHT:

Commissioner, I just really want to make an observation. And you don't have to even respond.

COMMISSIONER GRANNIS: Whew.

ASSEMBLYMAN ENGLEBRIGHT: But I do have a very grave concern about the moratorium, so-called moratorium on open space acquisition. Open space acquisition is a fundamental and core part of your mission. And so this amounts, in my opinion, to an abandonment of a part of the mission of your agency.

It's worse than that, though. It's prelude to grand theft of the Environmental Protection Fund. The Environmental Protection Fund was set up with the premise that it was going to be an enabler for protection of watersheds, drinking water source areas, streams, and open-space natural habitat throughout our State. At the same time that this budget, this Executive presentation puts forward a whole series of live-body obligations that would normally be a part of the General Fund portion of the budget, they're now being put into EPF, at the same time that a cornerstone premise for having the EPF is being gradually removed, I believe permanently, in the direction of first taking the step of calling it a moratorium.

That, in my opinion, will lead to in future years the tendency to absorb the revenue sources for EPF completely into

functions other than, as Senator Marcellino indicated, other than environmental conservation. I view that as something that at another level will undermine the enthusiasm of the public for supporting all of the operations of your department.

You will recall -- and I hope the Executive remembers -- that every time that an environmental bond act is advertised and put before the public, that it is the open space, the images of open space -- not pictures of the pipe work inside of our sewage treatment plants -- but the open-space images that are put forward to attract the support of the public for the bond act that in fact supports not just open space but the whole myriad of things that your department does.

And so I just wanted to make the observation that this is an insidious and demonic, in my opinion, approach to budgeting that is fundamentally dishonest -- because it's not a moratorium, this is prelude to the theft of the environmental mission of your department and the protection of the environment for all the people of this State.

As I say, I didn't really want to put you on the spot. But I don't know when else to say what I felt had to be said. And I'm going to do everything I can to work with our chairmen to reinstate at least a portion -- you know, also it strikes me as ironic that at the moment when we can purchase land at bargain-basement prices and have willing sellers, the policy statement that comes from the administration is, "We'll have a moratorium." For what? For when the prices go up? That's not good fiscal policy. That's not good

budget or environmental policy. Let's wait until we don't have willing sellers and let's wait until we have high prices. Nonsense.

And so I just had to say those things. I thank you for listening.

CHAIRMAN FARRELL: Senator.

SENATOR KRUEGER: Thank you.

Our last questioner is Senator Brian Foley.

SENATOR BRIAN FOLEY: Thank you, Senator.

And thank you, Commissioner, for your comments this morning.

And I strongly share Assemblyman Englebright's thoughts on these matters. Both he and I at one time served in the Suffolk County Legislature, as you know, which had allocated more funds for open space acquisition than did most states in the country. And part of the history that we bring to the preservation issue is the fact that as much as the county did many things right in this area, we also saw those occasions in the past when there was a downturn in the economy. And at that particular time -- and this was early '90s -- the county did not move as aggressively as it should to acquire properties, because at that time there was a downturn in the price of land.

So we would hope that this time around that we could amend the budget in order include funding so we can acquire both open space as well as farmland. And farmland in all parts of the State. I can tell you, in Suffolk County there still is farmland available, and farmers are more than willing to have their lands acquired as far as the development rights. But we need the funding to do that.

I just want to focus on two things, very quickly, because I know there's a whole host of speakers. Number one, the great help that your department had given to municipalities, particularly my senatorial district, the Village of Patchogue, with the expansion of the wastewater treatment facility. You mentioned in your comments about the ARRA funding. It was absolutely crucial to enabling that municipality to allocate literally almost \$3 million to expand their facility. And I want to thank you for that.

Secondly, we've heard much about the Long Island Sound, and that's fine and that's important. I can tell you, with the South Shore Estuary, the recent designation of that waterway as an impaired waterway, as much as it's an unfortunate designation, but it also enables us to try to find some additional funding both at the State and Federal level to assist that waterway in repairing its ecological health. So we stand ready, willing, and able to work with your department in order to try to allocate those dollars that should be available now since the estuary has been designated as impaired.

Additionally, both Assemblywoman Ginny Fields and I have legislation that would designate Lake Ronkonkoma, within the constellation of official small lakes within the State. And we've been told that that could also enable some potential funding to be allocated for that lake in order to make improvements there as well.

So I'll leave it at that. There's much more that we can speak about. But I think at this point we can hear from the other presenters.

And, Mr. Chairman, I have a Transportation Committee meeting within three minutes in the Capitol, so I'll be heading over there.

But I do want to thank you, Commissioner. Thank you for coming to my district as well. We had a great discussion about the future of its environmental programs on Long Island. And we stand ready, willing, and able to assist you in the mission of the department. Thank you.

COMMISSIONER GRANNIS: Thanks, Senator.

CHAIRMAN FARRELL: Thank you very much, Senator.

To close, I just had one question, Commissioner, on temporary personnel. I see down here that the Department of Environmental Conservation has spent approximately \$300,000 on that amount of money. Is that a correct figure, and do you know how much jobs you have?

COMMISSIONER GRANNIS: I think that's the 2008-2009 figure, Mr. Chairman.

CHAIRMAN FARRELL: Yes, this is April 1, 2008, to November 3, 2009.

COMMISSIONER GRANNIS: The number that I was given for temp services is \$60,000. And that leaves out -- obviously, we call on outside contractors to do spill cleanups and things like that. We have an array of people that are sort of on-call, not permanently on staff --

CHAIRMAN FARRELL: Emergencies.

COMMISSIONER GRANNIS: Emergency cleanups.

But I think that the number -- and we were going to get a tighter number before for Senator Perkins on outside contractors. But I'm told that the number this year is under \$100,000 for temp services.

I think this issue has come up before, and we were asked both by members of the Legislature and also by the administration to look at our use of outside services. I think we've severely limited those. We'll get you a hard answer.

CHAIRMAN FARRELL: I'd appreciate it if you could get me a letter in writing and clarify exactly what it is.

COMMISSIONER GRANNIS: We will.

CHAIRMAN FARRELL: Thank you very much.

SENATOR KRUEGER: Thank you very much.

COMMISSIONER GRANNIS: Thank you.

SENATOR KRUEGER: I know we're behind schedule, so we're going to ask our next testifiers to move through as quickly as possible. And I'm going to encourage my colleagues to be precise with their questions. I think we're now on schedule to have this hearing through 7:00 or 8:00.

Commissioner Ash is our next testifier.

CHAIRMAN FARRELL: And we've been joined by Assemblyman Aubry.

Commissioner.

SENATOR KRUEGER: Good afternoon, instead of

good morning.

COMMISSIONER CAROL ASH: So in the interest of time and in the interest of everyone's bladder, I'm going to try and move through and condense my testimony. You all have written copies of it, so I'm not going to repeat a whole bunch of it.

But I do think there are important things within the testimony that we need to talk about. So I'll first talk about our operating reductions, then about our personnel losses, then about our impacts of those reductions on our parks and historic sites, and then talk a little bit about what I hope is our capital program.

With me today is Andy Beers, our Executive Deputy, and Pete Finn, who is our Financial Deputy. And behind me are a number of staff from the Parks Department who I have always had the privilege of working with, and I think I end up enjoying them much more than they enjoy me. So I appreciate their loyalty both to the programs and to our parks.

So last week Governor Paterson presented you with his 2010-2011 Executive Budget. Reducing the size of government by cutting State agency operating budgets is among the many actions necessitated. The Governor has proposed \$5.5 billion in cuts, including more than \$1 billion in reductions to State agency operations, including a \$500 million additional across-the-board agency cut announced in January and a \$250 million negotiated workforce savings.

All parts of the State Budget, as you know, have been

affected, and State Parks is no exception. The Executive Budget includes \$25 million in reductions to OPR's operating budget, requiring that we implement cuts in every area of our agency's programs and operations. These cuts will be managed by the agency using a substantial amount of intense park-by-park review of operations. We're currently in the process of developing a plan to implement these cuts.

Last year, as a result of the fiscal crisis, service reductions at 100 State parks and historic sites were required. In 2010, we will need to adopt further service reductions as well as consider all other available actions, ranging from eliminating programs to park closures.

As Commissioner, I'm charged with overseeing one of our State's greatest treasures, our New York parks and historic system. As New Yorkers, we all take great pride in the many iconic locations that comprise our system of 178 parks and 35 historic sites, from Bethpage to Jones Beach on Long Island to the walkway over the Hudson to Letchworth and Niagara Falls. Our system helps to define many communities throughout the State.

And while the role of parks is significant for countless reasons, three stand out that I want to mention. First, an obvious. New Yorkers look to the State parks for affordable family fun, healthful recreation, and a place of rest in these stressful times. Second, our parks shelter countless species of plants and animals and provide irreplaceable vistas and ecosystems and provide incredible

historic and cultural resources. And third, the State parks system is a sound and pragmatic economic investment contributing to the vitality and quality of life of local communities and directly supporting New York's tourism industry.

I want to remind you that Niagara Falls State Park attracts nearly 8 million visitors a year, an attendance greater than that of the Grand Canyon and Yosemite National Parks combined. In 2009, we hosted nearly 56 million visitors, an increase of nearly 2 million visitors over the previous year. And our cabins and campsites were booked more nights than any other year in history.

A recent study by the University of Massachusetts Political Economy Research Institute documented that New York State parks generate nearly \$2 billion in economic activity every year. Nearly half the economic activity is from visitors outside the immediate area where the parks are located.

This year's Executive Budget proposes reductions totaling \$29 million to our operating budget, a 16 percent reduction over the current fiscal year. With these cuts, which are in addition to the budget reduction actions taken in the current fiscal year, OPR's operating spending in the coming year will total \$155 million. We now have 1,100 fewer people in our agency than we did.

The 2010-2011 Budget incorporates a permanent workforce reduction of 67 positions, resulting in a new agency-wide staffing level of 2,006 positions. This represents a cumulative reduction of 265 staff positions since the 2008-2009 budget. In

addition, we will continue to reduce our seasonal staff, which has already been cut by 650 positions during the 2009 operating season. We eliminated the Green Thumb Program and the agency's Conservation Corps Program. In 2009 we also ended the agency's participation in the AmeriCorps program in the Hudson Valley due to the loss of State matching funds. That means we have 1,100 fewer people to operate and maintain our facilities, guard the pools and beaches, provide police and security, and clean the bathrooms. These reductions are spread throughout the agency.

In 2009, we shortened seasons, days, and hours of operation and reduced programming in 100 State parks and historic sites across the State, saving more than \$5 million in operating costs. Beaches and pools were open for swimming on fewer days of the week or fewer hours of the day. Campgrounds opened later, closed earlier. Cleaning, groundskeeping, and trail maintenance were reduced. Nature centers and historic sites offered fewer educational programs. Efforts made to limit cuts to non-peak season or least busy days of the week. These actions that we took last year will be carried through the 2010-2011 Fiscal Year.

Reductions implemented this past fall as part of the deficit reduction plan will continue. Cancellation of existing heritage trail contracts, elimination of the Military Battlefield Preservation Project, and ongoing reductions in equipment replacement and other discretionary spending will continue.

Turning to 2010-2011, reductions in all parts of the

agency's budget will occur, particularly in reducing administrative costs and eliminating all nonessential activities. However, given the extent of the fiscal crisis facing the State and the fact that 85 percent of our budget is spent directly on park operations, we have moved well beyond our ability to manage budget cuts through administrative savings and service reductions alone. Simply stated, we will no longer be able to continue to operate all of the parks and historic sites we currently administer.

As we work to develop the plan to enact these reductions, it is important to note that we generate \$85 million in revenues through user fees, concession contracts and other sources, which account for roughly 40 percent of our budget. When a park or a historic site is closed or the hours of operations are reduced, the savings need to be offset by a loss in revenues.

Another ongoing challenge for our agency is the cancellation of the Police Training Academy. This marks the third consecutive year we have needed to cancel the academy due to the fiscal crisis. Park Police staffing in the parks next summer will be down 25 percent, or 70 uniformed officers, from the 2008 levels. From a high of more than 500 full- and part-time officers in 2003, we are now at a level of 266 police officers.

As we work with this new reality, there will be operational impacts on our system. I want to talk for a minute about our capital budget. Over the last three years I have repeatedly stressed the significant capital needs of our State parks and historic sites. We

still need to invest capital funds to address the huge backlog of repairs and rehabilitation projects our facilities require.

Your past support for the State park revitalization projects means real dollars and real jobs in the communities where we work. Park repair and improvement projects that Governor Paterson and you authorized in the past two years are helping to sustain private construction contractors and subcontractors, material suppliers and engineering and architectural firms that have been hard-hit by the recession. Indeed, I like to claim that by our very nature we are at the forefront of the green jobs movement.

Over the past two fiscal years, OPR has received \$94 million of bonded capital appropriations through the State Parks Capital Initiative. We have aggressively and efficiently put this money to work. As of today, we have committed 99.5 percent of these funds to capital projects in more than 100 State parks and historic sites across the State. Ninety-three percent of these funds have already been spent or are under contract with work underway. The remaining funds will be committing by the end of this fiscal year.

Since 2007, we have let over 419 contracts for construction and consulting. There have been 389 construction contractors hired who have in turn hired 297 subcontractors to help rebuild our park infrastructure. Over the last three years, more than 270 buildings have been rehabilitated, 133 miles of roads have been improved, and 19 miles of waterlines -- which was desperately needed -- two miles of sewer lines and 21 miles of electrical lines have been

replaced. Countless other projects have gone forward.

However, numerous parks still have significant health and safety concerns that require attention, such as outdated water supply systems, aging wastewater treatment plants, and antiquated electrical systems. Many park facilities -- visitor centers, recreational facilities, cabins, campgrounds, swimming pools -- are aging and deteriorating and have not had rehabilitation since the '50s.

The Executive Budget proposes \$32 million in State funding for capital rehab and improvement projects in our State parks and historic sites, including \$12 million available for capital construction projects from the State Park Improvement Fund and \$20 million in EPF funds. And I think I have supplied to you a list of potential projects for that \$20 million. I will not go through the examples because you have them before you. These projects are not projects that are nice to do, they are projects that we have to do. Our ability to undertake them is completely and entirely dependent on receiving the \$20 million in EPF park capital funding.

This is going to be among the most difficult years for State Parks since Niagara Falls State Park was founded 125 years ago, creating the first State park in the nation. I will keep you informed as we move forward to develop and implement an agency plan for the coming fiscal year.

And as always, I am deeply appreciative of the interest and support that you have shown to us in the past. Thank you.

CHAIRMAN FARRELL: Thank you.

Questions?

Assemblyman Englebright.

ASSEMBLYMAN ENGLEBRIGHT: Thank you,
Mr. Chairman.

Commissioner, how are you today? I'm really very disquieted by the budget and by the kinds of cuts that your agency has taken. They appear to me to be disproportionate to the benefit -- and even disproportionate relative to other agencies, but certainly disproportionate to the benefit that your agency provides to the people of the State.

You know, people in New York go to the State parks to have their spirits lifted. And when we're in a recession, something akin to a depression, the parks are even more important than during normal times. They are a place that we as State government can utilize to help reassure our citizens that there is a positive future for them in New York.

And the last thing, it seems to me, that we would wish to do is have our State parks become a big neon billboard that says: New York is collapsing, run for your lives. That should not be the message that New York sends to its citizens. And we should be smart and use our institutions of optimism, most particularly our parks, in order to send the signal that we're going through a bumpy time but it's going to be okay.

Cutting parks -- indeed, the possibility of closing parks -- it seems to me compounds the possibility of prolonging this

recession because it will frighten people and cause them to be fearful of the future. And so the importance of parks in terms of how the State interfaces with its public is something that the numbers alone don't really reveal when you look at the budget. But I believe that many of the people who have dedicated their lives to public service through your agency have -- in other words, the employees of your agency -- understand and know what I'm talking about.

And it's within that context that I am very, very dismayed to see the kinds of cuts that are being proposed. Because it's not just harmful to the mission of your department as it's written down, but it's in a larger sense damaging to our ability as a state to pick ourselves up and project ourselves forward in a positive way.

You have indicated that you're developing a plan. It seems to me that given the trend of cuts that we have seen, that developing a plan should have been something that was done a long time ago. To start developing a plan in the midst of this current crisis and after the presentation of the budget seems to me to be very shortsighted.

And so I'm going to ask, because the rumors are swirling that as many as X number -- I've heard 75 parks may be closed. I've heard various numbers of parks on Long Island may be closed. I don't know what the number is. But I have to ask, what parks are being contemplated for closure? Does a Statewide list exist? And for the Long Island region, where I live, does a list exist?

COMMISSIONER ASH: So thank you,

Assemblyman, for the kind words about parks. And we could not agree more that New Yorkers use their parks. Particularly Long Islanders connect with their parks. I've never seen a fiercer group of people be so loving of their parks.

One of the things that we were very surprised about over the last several months is when we opened our newest park, Walkway Over the Hudson, in the mid-Hudson Valley, we had in the first three months as much attendance as we thought we would have in an entire year. And I think that that is a testament to a couple of things. One, people are sticking closer to home and using their existing outdoor recreation facilities more. And secondly, it is a testament to how absolutely gorgeous the Hudson River is and what kind of attention the Quadricentennial brought to the Hudson River. And the word spread that when you are out in the middle of the walkway looking north or south, it is the most extraordinary view that you will ever see in your life, Niagara Falls notwithstanding.

There is not a list currently. And I think that one of the reasons that we are still in the process of developing a plan is that it was in January that the Division of Budget, as you heard, the Division of Budget Director Megna say in his budget presentation that an additional \$500 million was asked of the agencies across the board. And so that meant that only a couple of weeks ago this additional \$19.8 million was asked of us.

And so that's a lot of money. And we are now trying to judge what can -- how do we juggle the various uses, needs,

localities, sense of place around the State for each of these parks, and so therefore how do we begin to move forward to make the choices that we need to make.

ASSEMBLYMAN ENGLEBRIGHT: So you don't have a list.

COMMISSIONER ASH: Correct. Not a final list yet. Every day, I must say --

ASSEMBLYMAN ENGLEBRIGHT: Not a final list. Do you have a preliminary list?

COMMISSIONER ASH: Well, we have many lists, let me just put it that way.

ASSEMBLYMAN ENGLEBRIGHT: So you do have lists.

COMMISSIONER ASH: We have draft lists, we have working lists, we have numbers that we are trying to sort out to get to a place where we can know what it is that we can reasonably do.

ASSEMBLYMAN ENGLEBRIGHT: I'm not sure that closing a park is reasonable. So that's an oxymoron.

COMMISSIONER ASH: Point well-taken.

ASSEMBLYMAN ENGLEBRIGHT: It seems to me, given the importance -- and your testimony references the importance of parks not only economically for the border area of the park, but for the region -- what we're really talking about when we talk about park closures is the equivalent of having a series of

meteorite impacts upon regions of our State, striking the economy of our State at a very vulnerable time.

And I've already spoken to the psychology of what happens when you have a park closure and what the impact is psychologically. But we're now talking about, if we go to closure, we're talking about real economic hurt. And I really question the wisdom and the viability of the logic that has led to the premise that we might see park closures. It seems to me that it's counterproductive to do that.

You know, during the WPA program back in the 1930's, President Roosevelt, a former governor of this State, wisely realized that if you lift people's spirits by making investments into parks, that you can turn the corner on the sense of desperation and fear that is so pervasive during a recession or a depression.

We should be using that same logic by making people feel positive about their future and positive about the role of their families in the future of New York by enabling them to feel good through the contact that so many of them have that really touches them. I'm not talking about when they pay their taxes, I'm talking about when they really are moved by something that New York State does, it's often in a park. And that's an opportunity to really send a very positive signal.

This is not a positive signal being sent. And I am really dismayed that the budget has been constructed in a way that compounds our overall economic difficulty right now by using parks

in a negative rather than a positive way.

I have a couple of other questions. Last year the Executive --

CHAIRMAN FARRELL: Can you make the questions shorter so the answers will be shorter?

ASSEMBLYMAN ENGLEBRIGHT: Sure.

Last year the Executive Budget defunded Heritage Areas and moved their stewardship out of Parks. This year the Executive Budget proposes to eliminate the Heritage Area Advisory Committee, even though there's no costs associated with that committee, but to move the overall oversight of Heritage Areas back to Parks.

It seems to me that this is contradictory. And it also seems to me that it doesn't make a whole lot of sense to our citizens from all across the State who serve on that advisory committee. Why do we need to tell them that they don't matter and their input is not wanted? And why is your agency, after defunding Heritage Areas last year, why are you interested in having them this year, but without the citizen input?

COMMISSIONER ASH: Well, I think, as you heard from Commissioner Grannis, there were a number of boards and commissions that were included in the Governor's Article 7 bill, and the Heritage Area Advisory Commission was one of those. And I think it was a combination of the Office of Taxpayer Accountability and an acknowledgement even though some of the commissions do

not cost huge amounts of money, that there is staff time that needs to be contributed towards them. And so the Heritage Areas was added to them.

ASSEMBLYMAN ENGLEBRIGHT: So it got kind of lumped in.

Let me go to the ZBGA program. Zoos, botanical gardens, and aquariums represent a whole parallel universe of parks -- zoological, botanical parks, nature areas all across our State. But they're managed by either other local governments or not-for-profit organizations. But they are an extension of what you are. They are being cut this year by something like 50 percent in the budget. I think it's a \$5 million cut out of about a 9-point-something million dollar --

COMMISSIONER ASH: Five out of nine. Well, from nine to five.

ASSEMBLYMAN ENGLEBRIGHT: To five, okay. That's a huge cut.

Now, just a couple of years ago, we saw -- actually, it was last year we saw the Executive Budget propose a 100 percent cut. And you saw the Legislature's response to that. We restored it completely. In a year that we didn't see 100 percent restoration almost anywhere else, there was a 100 percent restoration for the ZBGA program. And yet here the budget comes back -- I mean, we sent a signal there. And here the budget comes back this year with an almost 50 percent cut.

So for the Bronx Zoo, the Buffalo Zoo, the Ross Park

Zoo, the Burnett Park Zoo, the Utica Zoo, the Staten Island Zoo, the New York Aquarium, the New York Botanic Garden, all of the institutions that are in this parallel parks system, do we really want to have the equivalent of the Baghdad Zoo replace the international reputation of all of our other zoos and botanic gardens? Do we really want to take food and forage away from animals that in many cases are endangered in their native habitats and live only in the zoos? Do we really want to starve them? Are we really in that bad of shape? And do we really want to send that signal to our public: We're going starve the animals in the zoo, run for your lives? That seems to be the overall signal being sent.

Would you like to comment?

COMMISSIONER ASH: I think, as you know, the entire Environmental Protection Fund is lower this year than it has been in previous years. And so each of the programs within the Environmental Protection Fund took a reduction. And the ZBGA took, in fact, from \$9 million to \$5 million. And I think it was anticipated that proportionately, most of the programs would take that kind of a cut.

ASSEMBLYMAN ENGLEBRIGHT: Well, we're going to go to work on this. I really think we should be very cautious about starving animals and the vital public function for tourism in this State that these zoological and botanical garden institutions provide. It is like shooting ourselves in the foot, and I don't think that that's an intelligent thing to do.

I have one last question and I'm going to yield, Mr. Chairman.

CHAIRMAN FARRELL: Thank you.

ASSEMBLYMAN ENGLEBRIGHT: There are many historic programs that you oversee, and I wonder if any of those are scheduled for closure or cuts or whether they're being contemplated. And what they are and what the impact may be on our historic preservation.

COMMISSIONER ASH: As I said earlier, everything is on the table. We are looking through all areas of the agency's budgets to try to meet the reductions that have been asked of us. And so all, all of our programs are being looked at.

ASSEMBLYMAN ENGLEBRIGHT: Thank you.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN KRUGER: Thank you.

Senator Serrano.

SENATOR JOSE SERRANO: Thank you. Chair Kruger and all of my colleagues, I'll be very brief.

Commissioner Ash, first and foremost, I just want to thank you for your testimony and for your ongoing commitment to our parks. As chair of the committee that oversees those State parks in the Senate, it's been an absolute pleasure to work with you over these last couple of years. And I applaud your commitment and your real understanding of how important our parks are.

But I also can appreciate sort of the very difficult constraints you find yourself in, based on what the fiscal realities are within our State. However, you and I have had, on numerous occasions, discussions about our beliefs, and our beliefs being that parks are one of the major revenue generators for our State. And, as Assemblymember Englebright mentioned, that's what makes these cuts I think that much more difficult to handle.

Because when you think about the entire budget and all of the cuts that we have across the board, here's one aspect, here's one section that actually generates more money than is actually spent for it. And every time we cut away at the Parks budget, we actually cut away at our ability to recover from this recession. As Mr. Englebright said, in a recession people use our State parks more and more. That is the one silver lining in this otherwise dismal situation.

I love our State parks. A lot of folks from my district in the South Bronx and East Harlem utilize our parks, and it wouldn't be any season throughout the year without the fun that we have at them. But I think it's important that all of our colleagues here in Albany sort of get that message. Because sometimes I get a feeling that they just sometimes don't get it on the issue of parks and the economic generation that they create and on the cultural side, on the arts, as well.

You know, these are two areas that are usually the ones that are underfunded, usually are the first to get cut. And I think there needs to be better and stronger understanding of the fact that

every time we cut in those sectors, we cut away at our ability to generate revenue, because we generate so much more. So it is a very sound investment, as you said in your opening remarks.

A question for you, just to follow up on the question of closures, potential closures. You said that you don't have any data right now on what these closures will be. Now, last year, unfortunately, we didn't get notice of what these closures would be until after the budget was done, and I think we were at a loss to do anything at that point.

Do you think the opportunity exists for us to get that information before we're done with the budget cycle?

COMMISSIONER ASH: Senator, thank you.

And yes, you have sent me a letter expressing this and asking for a hard copy of our deliberations and what we have. And I am very hopeful that over the next short foreseeable future we will be able to supply you with what our deliberations have been.

SENATOR SERRANO: The other question I had for you, in our discussions we have often spoken about how our State parks are host to many nonprofit camp organizations and what a wonderful program that has been. I, a product of camping in the early '80s in Harriman. And over the years, it's become harder and harder for these camps to sustain themselves, there have been infrastructure issues.

You discussed an opportunity to rehabilitate and improve the 28 children's group camp facilities that serve

economically disadvantaged children at Harriman. Can you briefly tell the committee a little bit about how this would work and how much money would be required to make it work?

COMMISSIONER ASH: Yes. For those of you who don't know or aren't familiar, the Harriman group camps were started in the CCC days. And it was an effort, too, of the Perkins family, the Rockefeller family, the Harriman family to be able to bring poor kids out of the city and introduce them to, one, nature, but, two, a healthy lifestyle.

And the measure of success in those days was that each child was weighed when they came into the park for their summer vacation, and if they had gained five pounds by the time they left, it was a considered a measure of success.

Many of those camps still survive. And they still survive and are used by the same types of organizations that exist today -- the Henry Street Settlement, the shelters for the homeless, et cetera. We probably bring close to 10,000 needy children a year through the camps that are left in Harriman State Park.

But as the Senator mentioned, they have fallen on really hard times because no one has wanted to put in or had the ability to put in the infrastructure. And as Federal and State rules regarding you have to give kids or people clean drinking water, and you need to have a sewage system to be able to handle people who come to the parks -- as those rules have come into effect, we have simply not been able to come up with the resources way back in the

woods to be able to handle that.

And so the Harriman family is actually very interested in helping, trying to work with us to see if there isn't some sort of a capital program that could be initiated by the State that they could begin to put matching funds to or help out in some way so that these camps can continue for the purposes that they were originally founded.

We have -- Andy has just given me -- in the capital program, if it gets funded this year out of the EPF, a million-dollar price tag for trying to put together, fix up the leaky roofs, fix up or create new sanitary wash houses for the children, put together electrical systems within the cottages and bungalows. I don't want to say it out loud, because some agency will come and give me a ticket for what we're not providing for these children. And also for -- I think we now have a new water system in a portion of the camps. We need to get sewage treatment into those camps.

So all of those would be things that could start to be funded out of the \$20 million that is requested in this year's Environmental Protection Fund.

SENATOR SERRANO: Well, I think there could be no greater investment. To deny kids the opportunity to have what I had growing up -- I think it made a significant impact on my life. And I think it can do so much more for inner-city kids. You see, in the summertime, kids unfortunately just getting into bad ways of life when they can be really enjoying all the natural wonders that we have.

Two final very quick questions. I wanted to ask you, what is the status of the parks capital plan that was enacted two years ago? Where are we with that?

COMMISSIONER ASH: We have spent almost all of the money. We need a reinfusion.

SENATOR SERRANO: Right. That was the money that you mentioned earlier?

COMMISSIONER ASH: Right.

SENATOR SERRANO: And also we know that fees actually are a very small percentage of overall park revenue. But in light of all the fiscal constraints we have now, are you contemplating increasing fees?

COMMISSIONER ASH: The Governor has asked that we not increase fees that would seem or be an additional burden on the people of the State. So we are not initiating any new fees.

SENATOR SERRANO: Got it. Okay, thank you very much, Commissioner.

Thank you, Mr. Chair.

CHAIRMAN FARRELL: Thank you, Senator.
Assemblywoman DelMonte.

ASSEMBLYWOMAN FRANCINE DELMONTE:
Thank you, Mr. Chairman.

Good afternoon, Commissioner, and thank you for the fine stewardship that you've been giving the park system under some especially difficult and challenging times. I really appreciate it.

This year Niagara Falls State Park is actually celebrating its 125th anniversary as the oldest State park in the country. You know, by every measure, that would be a cause to be celebrated. I'm beginning to wonder if we could even afford a cake. Maybe we should take up a collection here. I feel very badly that we're in the situation that we're in.

I want to follow up on a comment that Senator Serrano just referenced as it applies to revenue. Now, does every park generate revenue other than parking? And does every park, by the same token -- and I'm not familiar enough to know otherwise, but does every park charge parking?

COMMISSIONER ASH: No. Because there are some parks that don't have the physical space. Walkway, for instance, our newest State park, is one that parking is way off-ground. And so there's no way to sort of capture those in a particular place, those cars that come. So not all parks do have a VUF associated with them. Many parks, however, have concessions that we bring in revenues from that.

ASSEMBLYWOMAN DELMONTE: Do you think that every park or should there be a greater emphasis perhaps within the park system to encourage more public/private sponsorships and/or partnerships to generate more revenues?

COMMISSIONER ASH: Well, we have been trying to do that. And in fact we have quite a bit of success on that. And so, you know, we not only do it with corporate -- attempt to do it with

corporate sponsorship, but we have for our 178 parks and 35 historic sites, we now have 150 friends groups. Just another eight were started this year. The sole purpose for those friends groups is to do a combination of volunteers so that those things that we can't get to, hopefully the volunteers will have a strong enough group that they will be able to help us out on that.

They do fundraising. Some of them are very strong in their fundraising efforts; some of them are not. But we are encouraging a friends group for absolutely every park and historic site. With a view towards them, as we keep going deeper into fiscal difficulties, with a view towards them helping us out over the times when we are in difficulties.

In terms of corporate --

ASSEMBLYWOMAN DELMONTE: I'm not suggesting naming rights, but --

COMMISSIONER ASH: No. We do that to the extent that we can. And to the extent that we have willing partners who don't want too much or don't sort of cross a line. And we've been pretty successful at that as well.

We are currently looking to find corporate sponsors to help us in the future with the Empire State Games. And so it's an ongoing effort that we have, which is to find both private, as we have with the Harriman family on the group camps, and our friends groups and corporate.

ASSEMBLYWOMAN DELMONTE: If you do and

might possibly have to develop this list for closing various parks or some parks throughout the system, would that equal no maintenance in those parks? If you were and have to designate certain parks for closure, what comes with that? Does that mean that that park will be devoid of any maintenance and upkeep? What does that actually constitute? Because so many of these are within communities, especially those that are in my district, and I don't want them to become an eyesore, obviously.

COMMISSIONER ASH: We are in the process of determining what kinds of future responsibilities we will continue to have. And as part of the entire mix of figuring out how we are going to meet the targets that we need to meet, what responsibilities we will still need to have and who will do them. And so I don't have a full answer for you yet, Assemblywoman, but I hope to very soon.

ASSEMBLYWOMAN DELMONTE: Again, I want to thank you for the good work that you and your staff are doing under these very difficult times. And certainly the capital program, that helped with so many parks and improved the infrastructure of so many parks, is a long way from being completed. But I saw firsthand the amount of work that was done in several of the parks in my district and the opportunity that presented for a lot of outside contractors and employees to have additional work during the course of a season.

You know, I'm a friend, Carol, and I certainly want to support the parks and believe as so many of my colleagues here have spoken to the importance not only to the enjoyment of so many

residents and tourists but certainly what they gain in terms of as an investment for the State and a return on dollars that we get for that investment. For a very small investment, we get a lot back in a lot of different taxes. So thank you.

COMMISSIONER ASH: Thank you.

CHAIRMAN FARRELL: Senator.

CHAIRMAN KRUGER: Yes, thank you,
Assemblyman Farrell.

Senator Marcellino.

SENATOR MARCELLINO: Thank you.

And, Commissioner, thank you very much for your attendance and your patience. And I, too, would like to add my congratulations and thanks to your offices and your staff for their attention and help whenever we've called. They've always been very attentive and very helpful to us, and my constituents and I appreciate all those efforts. And hopefully that will continue.

Did the parks get any stimulus money?

COMMISSIONER ASH: No.

SENATOR MARCELLINO: Why not?

COMMISSIONER ASH: Because there was a lot of stimulus money from the Federal government for the rehabilitation of parks, but the Department of Interior made the decision that their national parks needed those dollars. And so none of the Interior Department dollars went down to the -- went out to the states in any way.

We did receive, Pete is telling me, a certain amount of money, \$3 million, for the Conservation Corps, which we used last year. That money has dried up.

SENATOR MARCELLINO: You said you have a staff currently of about 1,100 people?

COMMISSIONER ASH: No, I said our current staffing is at about -- a little over 2,000 and that we have lost, over the last few years, 1,100 people.

SENATOR MARCELLINO: How many people ideally would you require to minimally, in your mind, staff your parks? Or adequately staff your parks.

COMMISSIONER ASH: Well, as you know, our summer needs versus our year-round needs are very different. And of course our police needs are on top of that. And I think, and as I said three years ago when I came in, that we inherited a very lean organization, too lean to be able to do a good job.

Having said that, I do think that our seasonal -- we were up to about 5,000 seasonals, which was a pretty good number. We were able to compensate for some of the lack of permanent staffing due to the seasonals.

And so I think that if we could move ourselves back up to a level of probably 2,500, 2,600 core permanent workers, keep us at a 5,000 level in terms of seasonals. But we do need more police presence, and we need to think about how we are going to gain another academy.

SENATOR MARCELLINO: Your statement talked about three years of cancelling the Police Academy classes due to the fiscal crisis. We're not talking about this current recession, because I can't remember, having been here for the last -- well, since 1995, and sitting through these sessions, I can't remember a budget that actually increased Parks funding. Every budget that I sat here for I think was basically a reduction in Parks funding.

And I would just like to lend my voice to the chorus that you've heard here that's just shortsighted and poor planning. I said that on a number of occasions at these hearings, asking your predecessors if they felt they needed more, and usually they voiced the party line at the time and kept to the script. And I understood that.

But the issue being you do need the funding. And I think we ought to take a hard look, Mr. Chairman, at the commissioner's comment that a core force of about 2,500 people full-time should be something we should be looking at. Maintaining these parks is not an easy task. And the longer we let them go for maintenance and regular maintenance, I think the worse the project and the worse the problem becomes.

I witnessed that in my own county where I live, in Nassau County, where the Parks Department was cut drastically. It became the scapegoat for budgets, and it was cut and cut and recut, to the point where parks became a disgrace. And much like Assemblyman Englebright's point -- Steve, you almost brought tears to my eyes. You brought tears to Denny's eyes.

But the point being is they couldn't do the job, and the parks became a disgrace. And the public reaction was negative. And we don't need that at a time, as you say, when attendance is picking up.

And that leads me to the closings, early closings. Are we actually saving any money there?

COMMISSIONER ASH: Well, we certainly have saved money through a reduced season, because that's people. If you don't bring seasonals on for -- you know, if you used to bring them on in May and now you don't bring them on until June or early July and you let them go two weeks or three weeks early at the end of the season, we did save money.

SENATOR MARCELLINO: Does that offset revenue loss?

COMMISSIONER ASH: Because of the way that we did it, which we were still able to not lose revenues because people still came to the parks, because there was still enough of a critical mass of activities and beach or whatever the activity was that they came for to do. And so we did save money.

The issue now is how do we move into that next phase of needing to save quite a bit more money when there is going to be an inability -- or, I should say, a testing of whether people will still come to the parks -- if the season is so short. And we don't know the answer to that yet.

SENATOR MARCELLINO: Does that impact in any

way your ability to put out services -- food vendors, contracts like that -- that would let to someone who would want to work for a season but it might not be worth their while to do that? Are you losing any vendors, are you losing any contract services in that respect?

COMMISSIONER ASH: No. All of our vendors have long-term contracts, and they are still with us and doing well.

SENATOR MARCELLINO: The ZBGAs were mentioned as well. Have the grant applications for the ZBGAs to be able to access or to put in requests for EPF money, have they been let

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COMMISSIONER ASH: You know, we're on about a six-month lag here, maybe more than that. The applications that came in for 2008 and 2009, those checks are out there, people have received them. And so we will be in the process of the next round.

SENATOR MARCELLINO: So 2009 and 2010, which is current, they're out or going to go out?

COMMISSIONER ASH: They're not -- go ahead, Andy.

MR. ANDY BEERS: For the 2009-2010 appropriation we've determined, since it was the same amount, \$9 million in the EPF in the current fiscal year as the previous, each of the grant recipients is getting the same amount. So they don't need to come in and apply again. It's just a matter of we will be proceeding after April 1st, when monies begin flowing back into the EPF for next fiscal year, to begin actually --

SENATOR MARCELLINO: So these agencies can count on the fact that they're going to get what they got last year?

MR. BEERS: Correct.

SENATOR MARCELLINO: Which, through no fault of yours, is in effect a cut.

MR. BEERS: Well, that's correct --

SENATOR MARCELLINO: Because of inflation and increasing costs in that respect.

MR. BEERS: Right. The impact of the reduction in the EPF to \$5 million in the ZBGA would be felt by the institutions a year later, when we go to pay those 2010-2011 grants.

SENATOR MARCELLINO: But if they get the same amount this year as they got last year, there is an inflationary cost-of-living cut that they're going to take anyway.

MR. BEERS: That's correct.

SENATOR MARCELLINO: That's not your fault, but that's okay. I'm glad to see at least they will be getting their money and they don't have to apply for it. That was a concern.

My friend Cathy Young, Senator Young, and Betty Little raised the issue of the snowmobiles and the trails and the funding that was put. And I remember negotiating that with the snowmobilers. It was a deal cut by the State with them to take and accept an increase in fees for their use of the trails, that the increase in money would go to maintenance of their trails and seeking and producing new trails for them to operate.

Now I understand, from what I'm looking at, is that there has been a shift and a change that that among money is now going to be spread out throughout the system. I understand your concern, I understand your needs budgetary-wise and otherwise. But what I'm looking at here is we're breaking our word to these people.

We gave our words as a state that this is what we would do with their money, this is why we were taking the money, and this is what we wanted to do with the money. These people agreed to it, they accepted the increase in fees. Nobody likes an increase in anything. But they accepted it because they saw a benefit to it accruing to their sport. They're going to lose that, and that changes. We broke our word. Why does anybody have any need to believe us in the future when we say we're going to give you our word, accept something, and, you know, you're going to get it, the check is in the mail? I won't go any further with that analogy.

But this is something I believe we do too often as a state. We're breaking our word to people too many times now, and I think we lose credibility. Your thoughts?

MR. BEERS: Senator, let me respond. I think that the commitments made to the snowmobile clubs -- the grants go to municipalities and not to the clubs -- are still met under this proposal. We've been giving out something more than \$4 million a year in grants for snowmobile grooming to local clubs across the State. That grant amount will continue next year.

When the program was instituted four or five years

ago, there was a provision in the law that allowed State agencies to retain up to 30 percent of the snowmobile registration funds for management of State lands. In the past, the State agencies did not take any of that money; we were able to leave it all in the fund for future grants. Given the fiscal situations, that's just not possible.

Under the 30 percent rule under the existing law, the agencies, DEC and Parks, could retain up to \$1.6 million next year of the snowmobile registration funds. The Executive proposal is to retain \$1 million, so even still less than what's authorized in existing law. And at that level we will still be able to maintain the grants at something in excess of \$4 million a year.

SENATOR MARCELLINO: Andy, what programs will be sustained by this funding?

MR. BEERS: There's an Article 7 bill that would -- the original law said it was for maintenance of snowmobile trails on State land, which we and DEC both do. We haven't accounted for or broken out the exact costs of that. There is an Article 7 bill that just makes it clear that the funds are broadly available to the two agencies for maintenance and grooming and repair and creation of snowmobile trails and other related recreational amenities.

Again, in the context of all the other things happening in the State agencies' budgets and in the State budget as a whole, it was thought that this is -- we feel it's a prudent move given we'll be able to retain the same level of grants that the clubs have previously received.

SENATOR MARCELLINO: So the clubs can expect a level of services that they used to and no diminution in services, from your point of view?

MR. BEERS: That's correct.

SENATOR MARCELLINO: Thank you very much, Mr. Chairman.

CHAIRMAN FARRELL: Thank you. Next is Assemblyman Molinaro.

ASSEMBLYMAN MOLINARO: Thank you, Mr. Chairman. And thank you, Commissioner, for the testimony and the information today.

I wanted to return to historic site maintenance and oversight. I have just two areas of concern. First, while we speak to parks as sort of the overarching term, it would be good to know what will occur with our State's most delicate, if you will, historic sites -- of course, in my district, Staatsburgh, Clermont and Olana, significant economic engines, heritage tourism, what have you.

And if you could just speak to current maintenance of programs in particular -- not necessarily to those sites specifically, but to historic sites' access, public access, and how this current budget proposal might alter access to those sites.

COMMISSIONER ASH: Yes, Assemblyman. And you're right that sometimes we do subsume or talk about our historic sites when we say "New York State parks." And Wint Aldrich reminds me of that on almost a daily basis: "Don't forget to say

historic sites."

ASSEMBLYMAN MOLINARO: Yes, us too.

COMMISSIONER ASH: And they are, in fact, some of our most wonderful -- it is our heritage. It is where we came from. It is always interesting and educational to visit the historic sites, particularly some of the ones in Long Island and along the Hudson.

And I would love to be able to give you a specific answer right now. But I will say that because of the additional budget cuts that we are being asked to come up with, our historic sites are also part of what we are looking at in terms of how do we meet our budget responsibilities and what curtailments or full services do we need to move into. And so parks and historic sites are being looked at equally in that regard.

ASSEMBLYMAN MOLINARO: I join my colleagues in the concern that this Legislature will adopt a budget and then those kinds of decisions get made after the fact. So to the extent -- and I know that many of my other colleagues have already addressed this. But to the extent that the administration is able to identify those changes, that would be an honest conversation with the Legislature. And I would hate to have a dishonest conversation with the Legislature about what we could -- I'm not suggesting you are, but what might happen after the adoption of a budget. Not so much to protest alone, but to be prepared. And I think that knowing those changes prior to budget adoption is a much more engaged dialogue and important dialogue than to wait till after the fact.

COMMISSIONER ASH: It is very much my intention to be able to get you that information. And as I said to Senator Serrano, he has already written me saying that he really needs that information in a timely fashion so that a dialogue can take place.

ASSEMBLYMAN MOLINARO: Thank you.

Now, along those same lines, while not directly within the purview of the department, is the management and oversight of privately owned historic landmarks. And as you know -- and for disclosure purposes, I did suggest that I might want to address this topic -- in our region there was dialogue about the potential sale of an entire historic site, the Montgomery Place Historic Site, owned by a not-for-profit corporation. Whether or not that was their intention or ultimately a desire is not so much my question as much as that because of the current economic situation, many not-for-profits approved for existence by the State of New York are obviously dealing with fiscal concerns, and many may be either selling outright assets within their properties or their inventory, or this concern about the outright sale of an historic site.

So to the degree that you have oversight and involvement, would you be able to comment on not only the Montgomery Place situation really as an example, but this concept or concern that these historic landmarks are threatened by a desire, among others who own them, to balance their bank accounts, so to speak.

COMMISSIONER ASH: It is a concern, because by

their nature historic sites are very difficult to heat, to keep the collections intact and in good condition. And of course that is exactly what the public comes to see.

And it is why I think it's really important for those that are publicly managed that they and the lands that they sit on have an easement, at a minimum, so that we can take its context as a historic site and be sure that that context will, in perpetuity, be available for the people to understand why, for instance, at Philipse Manor along the Hudson, how the Philipse family related to the rest of the community and to the river at the same time.

And so it is also one of the reasons why we have encouraged each site and each park to have a strong friends group, because there's nothing like the eyes and the ears of the community to be able to help in times of need and to start raising a red flag when the time is right to raise the red flag.

So we have been -- with your leadership, I'm happy to say -- very vigilant about Montgomery Place. There is a community, particularly those who originally -- the descendants of those who originally purchased Montgomery Place, thinking that it would be, in perpetuity, protected and open to the public. And we need to make sure that we support that and don't let people off the hook.

ASSEMBLYMAN MOLINARO: And I'll close, Mr. Chairman, just to encourage the department with its limited resources, in particular during this downturn in the economy, to encourage the establishment of friends groups with those not-for-profits, in particular

those that the State grants dollars to. And when and if we can return to the possibility of purchasing either easements or protecting development rights on these private sites, be able to encourage and engage in a dialogue.

And I would just offer that with limited resources, your office has done phenomenal work in the Hudson Valley. And the value of that investment is clear. The City of Poughkeepsie may see an entirely new rebirth, if you will, in a particular area of its city simply because we're now able to walk across the Hudson River. So these kinds of investments definitely have a profound economic and social impact, and I just would encourage vigilance in protecting these historic sites. Thank you.

COMMISSIONER ASH: Thank you.

CHAIRMAN FARRELL: Thank you.

Senator.

CHAIRMAN KRUGER: We're done.

CHAIRMAN FARRELL: No, we're not.

CHAIRMAN KRUGER: Hope springs eternal.

CHAIRMAN FARRELL: Assemblyman Cahill.

ASSEMBLYMAN CAHILL: Thank you, Mr.

Chairman.

Commissioner, thank you for your testimony and thank you for your stewardship of our parks. They are among our most precious resources in the State of New York. And in good times, they're great. In bad times, they're essential. In bad times they are

what allow people who can't go away, who can't take a vacation, to have a vacation near their home. And the fact that they're spread across New York State as well as they are provides a means by which virtually any New Yorker can take advantage of a State park. And they are, each and every one, true gems.

We have very, very tough times that we're facing. And I was very carefully listening to your answers to both Assemblyman Englebright and -- I can't remember, I think it was Assemblyman Molinaro who also asked you to go down the list of parks that are intended for closure.

I'd like to take the question back one notch. Will you be closing parks in this coming fiscal year?

COMMISSIONER ASH: Given the fiscal reality that we are facing, I don't see that we have an alternative right now.

ASSEMBLYMAN CAHILL: And what will be the criteria that you will use to make the determination of what facilities will be closed. Will it be the cost of the facility, will it be the number of visits the facility has, the income potential of the facility.

COMMISSIONER ASH: Well, I think in our deliberation thus far -- and, you know, we're really trying very hard to get to a place where if we could do this without closures, that would be the best. So we've started from a place where last year clearly we had places, parks, where we made determinations that if we shortened the seasons or a place that was, for instance, near the ocean at Jones Beach where it didn't need two swimming pools plus the ocean --

where we could still give people the amenities that they needed and they came for but would also allow us to save the dollars that were required to be saved.

And so it's a combination. And while every region is completely different and every facility is completely different, it is a combination of how much visitorship versus how much cost versus how many other parks are nearby so that the person who wants to visit a park has an alternative nearby or as close to nearby as you can get. Those are the sorts of things that we are at the moment grappling with.

ASSEMBLYMAN CAHILL: And the economic impact on the surrounding communities, is that one of the factors you'll also be considering? Because in many instances -- you know, some communities have colleges, some communities a big manufacturing business, and some communities are the host to a park.

COMMISSIONER ASH: We are very fortunate that Parks and Trails New York did a study for us a couple of years ago that on a county-by-county basis listed out what the economic benefits to that county were because of the parks nearby. And all of that is in our mix.

ASSEMBLYMAN CAHILL: I'm going to switch gears here. Thank you for that.

I read with regret in your testimony that Parks had to walk away from the AmeriCorps partnership in the Hudson Valley this year, and it brought back bad memories of our conversations here last year about another partnership that was compromised, and that

was the Empire State Games.

Can you tell us what's happened over the course of the past year with the Empire State Games? There was some optimism that even though we were going to lose the games for that year that there was possible arrangements that could be made to bring it back to life and full steam.

COMMISSIONER ASH: The games are moving forward, proceeding as planned. We have also been asked to privately fundraise and to try to find -- to Francine's question -- corporate or other funders to help the State out with the games. And to that end, we've put together a committee from around the State of people who are interested in the games. And we have RFPs that are on the street right now to see if what corporations and what entities might be interested in helping us fund the games in the future.

And so we're waiting and talking with a couple of very active, I'd say, people who are interested in at least partially helping.

ASSEMBLYMAN CAHILL: Does the opportunity for a full range of games this year, a full set of games, continue to exist?

COMMISSIONER ASH: Our full set of games are moving ahead.

ASSEMBLYMAN CAHILL: If the opportunity still exists, it's not too late to organize and get them up and running for this coming year?

COMMISSIONER ASH: Well, for 2010 they are up and running. So there's no diminished -- and, you know, they're in Buffalo, and Cortland is always the senior games, Long Island is always the handicapped games. And Lake Placid, of course, for the winter games. So it's moving ahead.

ASSEMBLYMAN CAHILL: My last question -- before I get to my last question, actually, I just wanted to -- can you just give some brief statistics? You mentioned the popularity of the Walkway Across the Hudson. Can you give some statistics so the magnitude of that success can really be known and then maybe clarify what impact that will have on the upcoming budget one way or another?

COMMISSIONER ASH: The walkway has hit such a chord with, I think, people from around the State. And so to date we have had over 400,000 people.

ASSEMBLYMAN CAHILL: And when did it open?

COMMISSIONER ASH: It opened in October. So it's an extraordinary, extraordinary story. And people have come from all over. I think one of the beauties of the walkway and its location is that you can catch a train out of New York City -- with or without your bicycle, with or without your picnic lunch -- and an hour, hour and a half later arrive at the walkway and walk five minutes and you are on top of the bridge.

And so it is absolutely 100 percent accessible to city people as well as Upstate people, and of course the Hudson Valley

itself.

ASSEMBLYMAN CAHILL: It is our hope that it will continue to make our trail system more accessible, thereby having another multiplier effect that maybe was not even envisioned to start with.

Commissioner, the last topic is more down home for me. It has to do with the Overlook fire that took place in Minnewaska last year and the contribution of the community in terms of volunteer services, paid services, expenses. The Ulster County Sheriff's Department saw an expense of over \$20,000 for their services there. Is there any intention on the part of the Parks to reimburse the communities for some or all of those costs? And if so, when?

COMMISSIONER ASH: Have they sent a bill?

ASSEMBLYMAN CAHILL: I don't know.

COMMISSIONER ASH: Okay. So maybe you and I will have a conversation with Commissioner Grannis offline. Because I think for everyone who -- all of the institutions that helped us during that fire -- and as you know, there were many -- they have been, as far as I know from our department, reimbursed.

So if you, Pete, and I can have a conversation about this in particular, and we can try and track it down.

ASSEMBLYMAN CAHILL: I think one of the concerns is that many, many agencies have been withholding payment at the direction of the Executive for cash-flow purposes. And every time that happens, it has an impact downstream. And in the case of

our local fire departments, who are threadbare to begin with, and our local sheriff's department, which operates on an annual budget that's predetermined, it puts great strain on the services that are needed in the local community. So my hope is that's not the reason why. And if not, I certainly will take you up on your offer to sit down and talk about.

Thank you very much for your testimony.

COMMISSIONER ASH: I'll track it down with Pete.

CHAIRMAN FARRELL: Thank you.

To close, listening to so much, I'm getting a little confused. Would you remind me again what were the cumulative cuts that you've had, that your agency sustained? What have you sustained, your total cuts.

COMMISSIONER ASH: Well, on a -- you know, we have had four rounds of cuts at this point.

CHAIRMAN FARRELL: Beginning with A and going to D.

COMMISSIONER ASH: Beginning with A and D, it's about 40 percent of our operating budget.

CHAIRMAN FARRELL: And that 1,100 figure, what is that?

COMMISSIONER ASH: The 1,100 figure is the combination of permanent staff, seasonal staff, Green Thumb staff, Civilian Conservation Corps staff, and AmeriCorps staff that we have lost over the last two or three years.

CHAIRMAN FARRELL: Then I'm going to ask you this question, which I don't know because you have temporary workers. Well, the question, do you have temporary workers?

COMMISSIONER ASH: Well, no, we have contract workers but not temporary workers.

CHAIRMAN FARRELL: The summer people are contract, not temporary?

COMMISSIONER ASH: They're what we call seasonal employees.

CHAIRMAN FARRELL: Yes. That's separate --

COMMISSIONER ASH: That's separate.

CHAIRMAN FARRELL: But you don't have 24 people year-round who are temporary, you don't have anything like that?

COMMISSIONER ASH: Wish we did. No, we do not.

CHAIRMAN FARRELL: All right, I just wanted to make sure.

COMMISSIONER ASH: No, we don't.

CHAIRMAN FARRELL: Senator.

CHAIRMAN KRUGER: One quick question, Commissioner.

So picking up on Senator Marcellino's point, 2,500 employees is a core number?

COMMISSIONER ASH: I don't know that I would

call it a core number. His question was, you know, with what kind of a workforce can you do a pretty good job. And so I would think that that plus our seasonals. You know, we --

CHAIRMAN KRUGER: Which are never counted.

COMMISSIONER ASH: Well, they're --

CHAIRMAN KRUGER: In the world of hires.

COMMISSIONER ASH: In the world of hires, 25-

CHAIRMAN KRUGER: 2,500.

And one other point, we keep on talking about closings, park closings. I guess my question to you is, this is not London where they put a fence around a hotel and they basically closed off the waters and the sewer and they called it planned shrinkage. So now you want to -- you know, you don't want to, but the way the world is evolving, we may find ourselves in the position where we have planned park closings.

In that life cycle, you close a park, someday we know we're going to be able to open it again. How much is that going to cost to reopen? What wilderness will you be walking through that used to be the park?

COMMISSIONER ASH: Well, it is one of the things that we're concerned about, because most of our parks have built infrastructure. And if we are -- and it goes, I think, to the Assemblywoman's question. If we are no longer there, then stuff happens. And --

CHAIRMAN KRUGER: Yeah, this is going to

become no man's land.

COMMISSIONER ASH: We're a little worried about that.

CHAIRMAN KRUGER: I guess, again, when we talk we should tread very lightly not only with the reality of it, but even with the conversation about it, because things in Albany sort of take on a life of their own.

So let's not talk about closings, let's talk about how we're going to fix them up and make them more beautiful and get more folks to come to them.

COMMISSIONER ASH: From your mouth.

CHAIRMAN KRUGER: Thanks for coming today.

COMMISSIONER ASH: Thank you.

CHAIRMAN FARRELL: Thank you very much.

Moving right ahead, Department of Agriculture and Markets, Honorable Patrick Hooker, Commissioner.

Good morning.

COMMISSIONER PATRICK HOOKER: Good morning, Assemblyman. Good morning, members of the Legislature.

On behalf of Governor Paterson, I appreciate the opportunity to provide this Joint Legislative Committee with an overview of the 2010-2011 Executive Budget as it relates to the Department of Agriculture and Markets. I am joined by my Director of Intergovernmental Relations, Bill Ketzer.

In his State of the State address, the Governor

continued his open and honest dialogue about what needs to be done to guarantee New York's ability to close a \$7.4 billion deficit and long-term structural deficit of more than \$60 billion over the next five years. As revenues continue to falter, the Executive proposal before you now takes difficult but necessary actions for the long-term economic well-being of the State.

As was the case during last year's budget process and the deficit reduction actions that followed, the department is not exempt from these new challenges. Over the course of the last two quarters, we prepared a budget for the coming fiscal year that acknowledges our producers and processors as central to the State's economic fabric, focusing primarily on the agency's core regulatory responsibilities to protect public health and safety.

However, as economic indicators failed to signal a faster recovery, it became clear that additional action was needed to meet the goals the Governor presented a few short weeks ago. As a result, the Executive Budget contains a more than \$1 billion reduction to agency operations Statewide. This translates into approximately \$17.3 million in cuts to the department's budget and the assistance it provides to farms and other businesses.

In the State operations side, the Governor's budget proposal reduces the department's operating aid by approximately \$9.6 million. This includes reductions to nonpersonal service, negotiated workforce actions, and numerous initiatives that reconfigure the structure of some of the agency's divisions. For brevity's sake, I'll

keep my comments limited to the more significant initiatives.

Article 7 language related to the transportation, economic development and environmental conservation budget bill contains a measure to provide municipalities with the capacity and the resources to assume sole propriety for a program over which they already have significant authority pursuant to the Agriculture and Markets Law, and that is dog licensing. Over time, the department has worked with local government groups to create a municipal-level program that directs 100 percent of revenues to local governments and provides virtually unlimited flexibility for cities and towns to tailor a licensing function that best serves the needs of its residents.

Currently, cities and towns only retain 53 percent of the cost of a dog license. Although the savings in 2010-2011 to the agency is reflected as only \$157,000, we will realize much greater savings annually by eliminating the need to produce and mail license renewals, dog tags, specialized information systems and other services when the transition takes effect on January 1, 2011.

The proposal also reduces the department's State-subsidized Farm Products Grading and Certification Program. While the grading of products is an important marketing function and enables producers to maximize profits, its affiliation with our core mission to protect public health is limited. As the industry moves further towards supporting the establishment of a more comprehensive third-party grading infrastructure, it is estimated that the department's role in farm product quality control programs will be serviced by

private vendors.

In addition, the Executive Budget restructures the department's kosher foods functions by folding these responsibilities into the Division of Food Safety and Inspection. Because New York's previous kosher law was ruled unconstitutional in 2002 and replaced with a consumer disclosure statute, there's no need to maintain a regulatory function with specialized knowledge of kosher dietary standards. The current law simply requires kosher businesses to disclose to the consumer, via a standardized form, and then to the department, via an electronic registry, who is representing their food as kosher. This function will be absorbed within the Division of Food Safety's inspection portfolio.

The Governor also proposes financing the department's marketing programs with Enterprise funds, which is the revenue earned from year-round events and functions at the New York State Fair. This move is beneficial because the State gets an estimated \$714,000 in General Fund savings, and it's appropriate because of the nexus between the fair, which is the jewel in the crown of the department's marketing efforts, and the rest of our marketing programs. Four positions, primarily associated with the Pride of New York program, will be moved to the State Fair payroll.

Finally, while not a part of the department's budget, we're pleased that the Governor has once again proposed language to allow New York to join 35 other states in authorizing wine to be sold in food stores. This will provide enormous marketing and sales

opportunities for New York's 245 wineries and almost 1,400 grape farmers across the State. There are only 2,400 current wine outlets here, one of the smallest per-capita figures in the United States. Under this proposal, over 19,000 new outlets for wine will be opened to New York wineries, which will provide a real incentive for the growth of the New York wine and grape industry.

Many states have offered wine to consumers through grocers for many years, and time has proven that concerns of small businesses going under were unfounded. We can no longer allow competitors in other states to maximize margins while our wineries must adhere to antiquated Prohibition-era ideologies.

On the Aid to Localities side, the 2010-2011 Executive Budget proposal provides a \$1.5 million increase to the New York State Veterinary Diagnostic Laboratory as it relocates to its new facility at Cornell University this fall.

Overall, the department and its partners will absorb a \$7.7 million reduction in Aid to Localities funding. To the extent practicable, key funding has been maintained for agricultural testing and diagnostic programs to keep the most pressing issues facing our agricultural sectors manageable. These include dairy herd health management priorities, avian disease, Golden Nematode, seed certification, and Farm Family Assistance.

In recent years, the department has refined its promotion programs. The Executive Budget reduces local assistance appropriations traditionally targeted for this purpose. This includes

financial support for many of New York's producer associations. As I indicated last year at this time, each of these industries have proven themselves for decades as top-ranked national and international competitors whose members are consistently resourceful and well-positioned to remain so in lieu of State subsidies. Our county fairs will also continue to provide residents with affordable quality exhibits and entertainment without the minimal State-provided premium reimbursements.

On the Environmental Protection Fund, given cash constraints within the EPF, the Executive rightly decided that adequate soil and water resources and Agricultural Non-Point Source Pollution Control funding succeed in priority over other categories until such time as the economy recovers.

As such, Ag Non-Point funding receives a \$2 million increase over last year, for a total of \$14 million; Soil and Water Conservation District support remains at \$3 million; and farmland protection will be funded at 10.5 million.

So the actions taken before you in this budget are extraordinary, addressing even more urgent needs than any thought would be necessary even six months ago. Nonetheless, the basic principles that guide the department remain significant as guideposts to weather what will certainly be remembered as the most formidable economic challenge of our lifetime.

As always, I'm honored to appear before you today, and I'm looking forward to any questions you might have.

CHAIRMAN FARRELL: Thank you very much. It's an honor to have your brevity with us.

Mr. Magee, Chairman.

ASSEMBLYMAN WILLIAM MAGEE: Yes, thank you.

Commissioner, thank you for being here and explaining what's happening with the budget. But we also, of course, have some concerns recognizing the fact that the agricultural community is extremely important to Upstate New York's economy. And in the process of determining what locality programs were cut out, what was the process for that? And did we offer the associations or whatever, like the wine and grape and the apple people, any other alternatives?

COMMISSIONER HOOKER: Well, the process was really one of understanding what the amount of money would be available overall to the Aid to Localities portion of our budget, and then prioritizing within that.

The focus there -- there's a large portion, as you are well aware and I know supportive of, Assemblyman, in the migrant childcare program, and that program was not taken down any. We have committed that money against Federal money, and it would be a violation of our Federal contract to do anything different.

So once you set that aside, and then you also contemplate the bringing on of the New York State Veterinary Diagnostic Laboratory, the new building that's there -- and of course,

you know, you've seen that and been a part of that development. That's a brand-new \$80 million facility that will come online this summer, this fall. The operation of that, that's BSL-3 secure. You know, there are just more supplies, more maintenance of that kind of facility. So in order for us to be whole in maintaining public and animal health, that operating line had to be increased in order to meet our new obligations with that lab.

So obviously, when you back up from there, there isn't a heck of a lot left. And it's within that last bit that we looked at really the core functions of what we could remain in plant health and seed inspection. And you remember the trying times we've been through on that. And then, you know, obviously with the tremendous difficulty that the dairy industry went through in this last year, we left as much as we could in the area for FarmNet.

And frankly, when you work back through what we couldn't get done, that's what's left. And so that's the process that we went through. We did not -- you know, we didn't -- we have a tremendous relationship. I mean, they are doing a great job, for instance, the apple association that you mentioned. But that money has never been an Executive add either.

ASSEMBLYMAN MAGEE: Okay. On the area of the grading of foods, are there enough private entities out there to pick that up and do it?

COMMISSIONER HOOKER: Yes. We did work with the industry throughout the fall. You know, this was part of a

long, thought-out process of how we could take down program and not get into food safety. So we made sure we do that.

I wouldn't be surprised if where we end up with that is something on the order of what we do on the milk side, with the SMIs, the certified milk inspectors, where they are not employed by us but they can and do receive training and certification from us, but they're privately employed.

And the third-party certification program on product grading is done in other states. And we were -- it was a program -- that portion of it was a program that was not paying for itself.

ASSEMBLYMAN MAGEE: You mentioned something about the fair and that some part of, let's see, the marketing programs were going to be funded by it. What do you mean by "marketing programs"?

COMMISSIONER HOOKER: Well, mostly the private New York staff positions that are there, they will be funded with Enterprise funds now.

ASSEMBLYMAN MAGEE: Enterprise funds?

COMMISSIONER HOOKER: That's State Fair revenue.

ASSEMBLYMAN MAGEE: So the fair apparently generates more than what it costs to operate it.

COMMISSIONER HOOKER: And frankly, thanks to your help, we've been able to use that as our anchor promotion program.

You know, as we've not had the money in the last few years to do the focus of marketing out in Albany -- with, say, radio spots and TV and cost-sharing advertising with Pride of New York -- we've used the facilities we do have. Obviously, with the big Harvest Fest we just put on that you and I were at, and the Pride of New York Marketplace -- you know, we're trying to use the fair as much as we can and be the sort of point. And so it seemed to make sense to consolidate staffing there.

ASSEMBLYMAN MAGEE: And now on the Article 7, the dog licensing, have you had any reaction to that from towns and municipalities? You know, which truthfully it should work well, though, because actually the localities should be doing more than they are. I mean, they're the only ones that can go out there and count the number of dogs there are and make sure they're licensed and so on. And so, you're shifting that responsibility back to them; right?

COMMISSIONER HOOKER: Yeah, we are shifting it to them. But I'll tell you, as you know and just said, they're only keeping 53 percent of the money now. They'll keep all of it going into the future. And if you do have -- which, of course, it used to be mandatory before 1980, enumeration. If towns and villages choose to do that, they may get three times the amount of money that's there now.

We have the database, but 60 percent of the municipalities maintain a parallel database. So this won't be anything new whatsoever to them.

And it's interesting, the point that you just made, since we did this in 1980, compliance with dog licensing has dropped from 70 percent to 20 percent. And it has just been a sort of a patchwork quilt for too many years. And I think, you know, giving the locals all the freedom and all the money and allowing them to build what they want is -- and really, to your very first point, we did work with them throughout the fall.

ASSEMBLYMAN MAGEE: Okay. I guess that's it.

CHAIRMAN FARRELL: Thank you very much.

Senator.

CHAIRMAN KRUGER: Yes, thank you.

Senator Young.

SENATOR CATHARINE YOUNG: Thank you,
Senator Kruger.

Thank you, Commissioner. Hi, how are you.

COMMISSIONER HOOKER: Good.

SENATOR YOUNG: Good to see you. I appreciate you being here.

And I did have some questions, especially about the local assistance portion of the Ag budget. Because when you really look at the numbers from year to year, if you compare this year's proposal by the Governor with last year's appropriations, it's a 33 percent cut. And then you load on top of that \$5.6 million in sweeps. Plus the fact that if you compare it to the 2008-2009 budget two years ago, it's a 55 percent cut. I mean, that's enormous. And it just seems

really just disproportionate to me.

So I'd like to have you explain that, why Ag is -- you know, why the local assistance portion is getting cut by such a huge number.

COMMISSIONER HOOKER: You know, I've thought a lot about why we are all where we are. And frankly, I think the best explanation for this is the explanation that the Governor gave to all of us when he unveiled the budget, when he said, to quote him exactly: "Nobody wants to make these cuts. Nobody does, least of all me. But there's no doubt that these will be difficult, they will be painful, and they will affect the lives of our citizens, but they are necessary because if we put them off, they will be worse."

And I've tried to listen very carefully, because I know what he's gone through to make this budget what it is and to get us to where we are. And they are absolutely large cuts. But what they do in the grand scheme is allow us to continue to focus -- maybe the best way to say this is this is a budget more about protection than it is about promotion. And so things that aren't directly tied to protecting human health and safety or protecting the fundamental ability to conduct plant and animal commerce, we're taking down.

SENATOR YOUNG: But, Commissioner, you know, I thought maybe 10 percent cut, 20 percent cut. But 33 percent cut from year to year, and 55 from two years ago, that's really deep. And I don't understand why there's so many lines that have zero, zero, zero, zero, zero after them.

And I'm concerned about the future of these programs because I don't know how they ever come back. I don't know how you get back the IPM program, for example, or the Farm Viability Institute once it's gone. Because especially in the research programs, a lot of those researchers may just even go to other states from Cornell if they don't have the funding here.

So it would be a tremendous loss to New York State agriculture. That's what I'm trying to understand, because I was just reviewing some figures. New York State lost 270,000 jobs last year -- 270,000 jobs. And a lot of these programs that are zeroed out are programs that boost the economy, they grow more jobs, they give the resources to organizations that are going to be out there promoting apples and grapes and so on. You know, the Farm Viability Institute, that's about entrepreneurship and new opportunities in agriculture, and you take that down to zero.

I mean, I just can't understand, quite frankly, how we can take these programs that really build up the economy -- and especially in these times, you know better than anybody else, milk price is killing the dairy farmers, all the commodities got hurt this past year. So everybody is hurting, all the farmers are hurting.

I guess, you know, I know that we have to have some pain, but why have so much pain in agriculture?

COMMISSIONER HOOKER: Yeah, I think what you'll find and I think what we've heard throughout the morning is there is equal pain in many, many agencies. And this is the way it is

most obvious, though, at the Department of Agriculture and Markets.

I would point out a lot of those zeros, as you know, and certainly having worked with you for many years on these projects, are added by the Legislature. They're not core things that are put in by the Executive. So there is still a great deal of money that was put in by the Executive. But certainly to the extent that these programs are a priority to stakeholders, it does, I'm sure, look daunting today.

SENATOR YOUNG: You know, Commissioner, I would agree with you in a normal year. But this is not a normal year. And I think it's all about priorities. And when the Governor came out with his budget, obviously agriculture was not a priority. And I'm concerned about that, because it's going to be very, very tough to make restorations this year, I believe. So it would have been maybe more prudent for the Governor to maybe cut somewhere else a little bit more.

Because in the grand scheme of things, you know, \$7 million or \$8 million doesn't seem like a lot in the entire realm of the budget when you have -- what's it up to -- a \$135 billion budget. You would think we would have been able to find \$7 million or \$8 million to make the restorations. And so that's a deep concern that I have. And, you know, I'll continue to fight to restore Ag because I think it's really important to our State, our economy, and our future. But I'm just saying I don't think you needed to cut \$7 million out of Ag, I really don't.

I had another question, and it really had to do with the wine in the grocery stores. And I know that the Governor is looking at that to try to put it into place again. But I have to tell you, I have a few wineries in my district that sell retail -- you know them, Johnson Estate, Merritt, Widmer, Eagle Crest up in Livingston County -- and all of them think this is a bad idea. So if the wineries that sell retail think it's a bad idea, I mean, it seems like it's a pretty mixed bag. And they've been pretty active. For example, Eagle Crest I think has been very active; Fred Johnson, of Johnson Estate, has been.

My concern is, how can you guarantee that these retail outlets will put New York State wine on the shelves? Because what I fear is that we'll just have a glut of Gallo from California, just cheap California wine, and not have New York State wine guaranteed on the shelves. I mean, how do you guarantee that?

COMMISSIONER HOOKER: Well, certainly there's no provision to guarantee it. But New York State wines do not need charity. New York State wines are some of the most award-winning wines in the world now. And so the truth of the matter is we sell 180 million bottles of wine a year because it's excellent.

And the truth is when we take all of the food stores around Johnson Estate -- and he is a marvelous individual, and I've been to the winery -- the opportunity for sales -- I think people tend to think about this as only something that will be attractive to grocery stores, and I don't think that's the case.

There's 570 municipalities in the State of New York

-- and I know your district, a lot of them are in your district -- that have a food store of some kind, some little mom-and-mop food store, but they don't have a liquor store. And so we're leaving a lot of money on the table, we're leaving a lot of sales when we don't consider all the little regional food stores who know Fred Johnson and want to work with him and want to support him and want to carry even a few cases at a time. It will be convenient for them to do so and for him to make those sales. I think that there's no other product that we would limit like that.

I think you also have a situation where, because of the current business model we've evolved more as a tourist industry, more as a destination location. Because it's so difficult sometimes to get your product placed from Western New York into New York City, then you come up with another way to move product. And I think once we open the possibilities up, it will be pretty remarkable what we see.

We're pretty confident, in looking at the data in other states, that we're going to grow more grapes in Western New York, we're going to put more people to work, we're going to sell more stainless steel tanks and more bottles and more labels and this really will be a boost.

SENATOR YOUNG: Yeah, I mean, I know you disagree -- or we disagree on this somewhat. But Fred Johnson, for example, used to work in retail, so he understands the system very, very well. He used to place products in stores. The same with Eagle

Crest Wineries.

So again, my concern is it seems like the State wants to do this but the State doesn't have any plan to try to get the New York State wine in the grocery stores. And I think that if you're going to do this, you have to have a plan to. That's my point.

COMMISSIONER HOOKER: Well, thank you. And certainly I think the Governor is all ideas, you know, nobody -- I think it's important to say there's -- I think you can see the difference in the proposal this year to try to assist liquor stores and help move their businesses forward too. And Fred does have some marvelous ideas there and, I think you're right, a unique perspective. And the Governor is open to thoughts and ideas, absolutely. I welcome -- maybe we should spend more time on this.

SENATOR YOUNG: Okay, I look forward to that. Thanks, Commissioner.

CHAIRMAN KRUGER: Assemblyman Cahill.

ASSEMBLYMAN CAHILL: Thank you. Hello, Commissioner. Welcome back. And you've got a good guy there to your left.

COMMISSIONER HOOKER: Yes.

ASSEMBLYMAN CAHILL: Commissioner, I'm going to try to do a short version of last year's discussion of this topic. And Senator Young just introduced it again, and I think it's important that we go through it.

I was intrigued by many of your statistics and they

seem to, in my view, point in the opposite direction. We have a vital and healthy wine industry in the State of New York, a very healthy wine industry and a growing wine industry in the State of New York. We are terrific exporters of wine -- maybe not as great as California and Washington State, but I think if you look at the other 35 states that have wine in grocery stores, I think we're well ahead of most of those states, wouldn't you agree?

COMMISSIONER HOOKER: We are ahead of most of those. We're the third-largest wine-producing state in the country.

ASSEMBLYMAN CAHILL: And for those states that have wine in grocery stores, has it done anything to enhance their wine industry? As I read in your comments that you allude to, one of the great benefits would be that it would just enhance the wine industry in the State. And I just don't hear much about New Jersey wines.

COMMISSIONER HOOKER: Well, we used to be the second leading producing state in the country, and then Washington State some time ago went to wine in grocery stores and they are now the second. And they're the closest analogous state to us in terms of size of the industry --

ASSEMBLYMAN CAHILL: With all due respect, Commissioner, Washington State became first not because of wine in grocery stores, but because of the great amount of intellectual investment in the State, on the part of Washington State University in particular, and developed a desire to improve Washington State wines

and grapes. And the retail aspects of it in fact came after Washington became a great wine-producing state.

COMMISSIONER HOOKER: When you look at their rate of growth -- and I don't think their commitment has been any different, Assemblyman, than here. This legislative Body created the Wine and Grape Foundation in 1985. In the next room over was the press conference; I was there. And you can track the progress since you folks have been committed to promoting New York wine.

And the dean at the College of Agriculture has created an enology department, and investment at Geneva has come on. We've done the same kinds of things. We've grown a tremendous amount. But our rate of growth is, you know, a little bit different.

ASSEMBLYMAN CAHILL: Well, you and I can debate whether the ability of someone to purchase wine in a convenience store along a highway in Washington State has been the reason for their success, or whether the quality of the wine and the other investments that have been made by the state are the reason for it.

But the fact remains that that is one. There are 34 other states that also allow wine in grocery stores, and it doesn't seem to have done much for their wine industry in those states.

I don't know what the magic formula is here. I have been to other states since our last conversation on this subject, and I've gone out of my way to take a look at those instances where wine has been offered at any retail outlet, as is proposed in New York State --

essentially any retail outlet, because anybody can be a store -- and those states that continue to limit it.

And the difference that I saw, and particularly as compared to New York State, is that if you go to a state, say, New Hampshire -- and I don't even know if they have an indigenous wine business or wine culture in that state, but I happened to have to go into a Wal-Mart. And that's the way I go into a Wal-Mart, when I have to. And it was the only store for 20 miles around. And right there in between the dry goods and the cosmetics and the televisions and all the other things that used to be offered in individual stores on Main Street, USA, was a rack about as big as that table of wine. There was not a single local wine on that table. In fact, on that rack there were six brands, all of which are relatively familiar to most of us, all of which were relatively low-cost wines taking up that shelf space.

I would venture to say that there are few if any wineries in New York State that could keep a Wal-Mart shelf stocked all year and do it in a satisfactory way. I would also venture to say that of the 17,000 potential new venues that the Governor is proposing that we sell wine in, that they also are not necessarily very legitimate candidates for New York wines.

So while I understand that if I owned a grocery store, if I owned a grocery store chain, if I owned a grocery store chain that was in a shopping center that used to have a liquor store in it but I was somehow able to squeeze them out and make it my own, I would be very much in support of this. I understand that if I owned a large

vineyard in California or Australia or Chile or South Africa or someplace else -- maybe even Washington State, if those large vineyards exist -- I could see there could be a rationale for why we as the State of New York ought to be promoting this.

But that's not the case. We are not talking about the interests of a few chain grocery stores, a few large wineries in California and around the world. We're talking about the wine industry in New York State and, equally important, the local wine and liquor store industry in New York State, 2400 units that have spent their entire existence under, and using your words, Prohibition-era regulation. And now it's being suggested that we pull the rug out from under them and do so in such a way that probably will also -- and we will differ on this -- also run the risk of compromising the New York State grape-growing and winery industry because those outlets will no longer be able to compete.

The finances, the economics of it don't make any sense from an agricultural perspective, from everything that I've seen, don't make any sense for those of us who support Main Street businesses, from everything that I've seen. It makes sense for big box stores, it makes sense for a handful of wineries -- not even New York State wineries, maybe one or two. So I'm at a loss to understand the logic behind this. If it hasn't worked for 34 other states, why will it work for New York?

COMMISSIONER HOOKER: Well, certainly I'd love to continue this conversation with you. It has worked for many

of those other states --

ASSEMBLYMAN CAHILL: Like who?

COMMISSIONER HOOKER: -- that have -- I'll be happy to get you the data. I didn't bring other state --

ASSEMBLYMAN CAHILL: Just give me one.

COMMISSIONER HOOKER: I'll be happy to get that for you.

I'd like to point out a couple of things, one of which is an e-mail I received yesterday. And I'd like to get you some more data in this area as well, because the notion that the only people that will benefit are the big box stores is categorically incorrect.

We have, as you just pointed out, 2,400 outlets in this State for wine sales. Our information right now is that only about 300 of them carry New York State wine. So we're talking about going not from 2,400 but probably something more like 300, to the possibility of 19,000 more. It's just dramatic.

Another trend that we're missing here in this discussion which I see daily, and you probably do too, when you reflect on the growth of farmers' markets and local food production and the desire to -- especially, I think, in these difficult economic times, people are trying to support their neighbors. And there is no question that if we can offer, in the Hudson Valley, wine in little food stores around, and certainly -- and I don't know whether Wal-Mart will stock this material or not, but there are certainly not that many Wal-Marts in the State compared to how many other outlets there are

in our small towns in the Hudson Valley.

And one statistic that is -- I didn't bring it overall, but I received this e-mail just yesterday from a vineyard in Western New York. They said they're a six-generation family farm that has had to dump tons of vinifera grapes on the ground each year for the past three years. "This year we're anticipating having to leave an oversupply of 80-plus tons, almost 25 percent of our crop."

And it's simply a market contribution, because -- and this is happening around the State. I saw a listserv from Cornell Extension earlier this year about how many vinifera grapes weren't finding a home because we simply can't move them to the consumer in an efficient way.

So I'll be happy to share data as the year goes on. But the people in the industry want this. The consumers of the State, who all work late hours and they're driving home at night, are leaving, are going home without the possibility of adding this food to their evening meal because we restrict this. And it's not right for consumers, it's not right for farmers, it's not right for the State. It's something we need to get our mind around.

If there are things that we should change in the bill, if there are other things liquor stores should have, if there are safeguards for small wineries, I mean, we should talk about those things. But I think we should be open-minded to the fact that at the end of the day, this is tremendous for small business and consumers.

ASSEMBLYMAN CAHILL: I will leave this topic

with these two points, sir.

First, my experience talking to the local wineries, including those who are present at our farmers' markets through a licensing rule that's allowed in New York State, have resoundingly told me that they're also opposed to this legislation, that they think it will put them out of business. So that's one point.

The other point is that this is not a discussion that's starting here today. And while I welcome and look forward to the information that you intend to provide to me, I suggest to you that that information could have been provided by you and your agency over the course of the past year and we could have been having a serious discussion about this as the year went on, and it simply did not occur.

Just to shift gears very quickly and to move on to a more pleasant note as between us, and that is to applaud your agency's good work in continuing to find suitable childcare services for the children of migrant farm workers. I know that the Department of Agriculture was just instrumental in developing a program in my community, as you have been across the State, and I applaud you for that effort. And I hope that the budget constraints don't prevent us from making sure that every child has a safe and nurturing place to be at the end of the day.

COMMISSIONER HOOKER: Thank you for that, Assemblyman. I'll tell you, it's another area we'd love to work with you on. And that is, you know, we have built a wonderful opportunity, a quality-of-life issue for farm workers to come into the

State and have those services and have that peace of mind.

The completely unreasonable attitude that Congress has had for a very long number of years about immigration reform, and the separation of families that have occurred because of all of that, I think is an area that we should take a look at and work on. Because there is a trend that's starting, the families are separating themselves and not being here at all.

And so I think we're headed in a troublesome direction for the future of agriculture and for the future of the families that are working on our farms, even with this great program.

SENATOR KRUEGER: Thank you.

Senator John DeFrancisco.

SENATOR DEFRANCISCO: Thank you. I'd like to talk about the great New York State Fair. Are any revenues from the State of New York used in order to support either capital or operating expenses of the New York State Fair?

COMMISSIONER HOOKER: Not operating. But it's all capital. We have -- the capital budget is \$3.7 million this year.

SENATOR DEFRANCISCO: So no operating expenses are covered?

COMMISSIONER HOOKER: No.

SENATOR DEFRANCISCO: Okay. And at least for operating expenses, the State Fair is self-supporting; correct?

COMMISSIONER HOOKER: From an operational standpoint.

SENATOR DEFRANCISCO: That's from advertisements that sold --

COMMISSIONER HOOKER: From events that we have, right, throughout the year.

SENATOR DEFRANCISCO: From money at the gates and so forth. All right.

How do you justify four State payroll positions going to be placed on the New York State Fair when it's self-supporting? Why should the fair support four positions primarily associated with the Pride of New York program.

COMMISSIONER HOOKER: Well, you know, what we have tried to do with the fair is showcase local foods, New York State products, New York State businesses. And these folks have worked informally with the State Fair for as long as I have been here. And so it just seems like there is a connection that makes sense to do that.

SENATOR DEFRANCISCO: Who paid their payroll before?

COMMISSIONER HOOKER: The four positions were paid on the General Fund. Are still paid on the General Fund.

SENATOR DEFRANCISCO: All right. And what's the total cost of those four positions?

COMMISSIONER HOOKER: Well, from a full-time-equivalent standpoint it's probably around -- I don't have the numbers. But when you put everything together, they're probably

close to \$100,000, in terms of the total carrying costs, apiece.

SENATOR DEFRANCISCO: All right. Are any of the capital programs that the State pays for, were they in the past ever paid for out of revenues out of the State Fair?

COMMISSIONER HOOKER: Not capital.

SENATOR DEFRANCISCO: None of them ever have?

COMMISSIONER HOOKER: No.

SENATOR DEFRANCISCO: Okay. How about out of sponsorship, by way of whether it's the Center of Progress Building -- I don't even know who's on it now. Is Verizon still on it?

COMMISSIONER HOOKER: I don't know.

We have a study right now -- one thing that was also never done, as it related to all those sponsorships you're referencing -- is we never had a sense of value. So we are actually determining what scientifically, if you will, what those things are worth.

So I'd have to check and see if there -- I don't think -- I think the answer is no to your question, but I'll check that for sure.

SENATOR DEFRANCISCO: Well, I guess what I'm looking at, in the past weren't sponsorships by various businesses, the monies that came in, used for capital expenditures?

COMMISSIONER HOOKER: I don't think so.

SENATOR DEFRANCISCO: No improvements to any of the buildings?

COMMISSIONER HOOKER: No, I don't believe so.

SENATOR DEFRANCISCO: But you'll check on that for me?

COMMISSIONER HOOKER: I absolutely will.

SENATOR DEFRANCISCO: Okay. And there was a big hullabaloo at one time concerning the contract as far as the entertainment at the fair, the paid entertainment. How did that end up? What's the situation now? What company has the rights to what's being produced at the fair, and what did they pay for those rights?

COMMISSIONER HOOKER: I may have to get you the exact numbers. I haven't looked at that in a while. But what you're referring to is the first year in the administration we hired Live Nation, who -- I don't know who, but I can tell you how this worked. But they had a relationship already with other State agencies, and we had a retirement at the fair. And so we had correspondence with the Comptroller and were allowed to go ahead and hire Live Nation, paid a lot for that -- don't recall the amount of money, but obviously I can get that for you. Got a tremendous amount for it. They did promotion and booking and tremendous amount of advertising. We had our largest concert series ever.

Nevertheless -- and I think, Senator, you and I had a discussion about this once -- it was a steep learning curve for us. We looked at the next year at how to let that contract. We were in the rebuilding phase internally. We now have it with a company whose name I simply can't recall. I'll have to get you the name of the current

--

SENATOR DEFRANCISCO: All right. But what I'm getting at, the fair actually paid this company \$500,000 or somewhere in that range?

COMMISSIONER HOOKER: Yeah, I think you're in the range.

SENATOR DEFRANCISCO: And in the past did you make money off of those concerts? In the past.

COMMISSIONER HOOKER: Not always. And I can give you those numbers too. We lost money.

SENATOR DEFRANCISCO: And what did you lose the year you paid this company \$500,000 --

COMMISSIONER HOOKER: We didn't lose. We made money.

SENATOR DEFRANCISCO: Now, did you stay with that company?

COMMISSIONER HOOKER: Live Nation? No, we didn't. Well, what happened was we went to bid, as we told the Comptroller we would, and they did not win the bid.

SENATOR DEFRANCISCO: Okay. And have they been in a cycle yet as far as having provided the entertainment, this new company?

COMMISSIONER HOOKER: The new company?

SENATOR DEFRANCISCO: Yeah.

COMMISSIONER HOOKER: Yes. So our first year with the new company would have been this past fair.

SENATOR DEFRANCISCO: And were there profits from that relationship?

COMMISSIONER HOOKER: There were profits. And I'd be happy to get you what those were. It's not really apples to apples. We had a different schedule in terms of the number of concerts. And we decided to invest more money at Chevy Court, in bringing in those more moderately priced acts and offer more free concerts there.

SENATOR DEFRANCISCO: And the reason I'm asking these questions, it's in my district, so that I get these questions all the time. But Live Nation, when you gave them the contract, that was a no-bid contract; correct?

COMMISSIONER HOOKER: It was a -- they did not bid for it, that's correct.

SENATOR DEFRANCISCO: So that's a no-bid contract; right?

COMMISSIONER HOOKER: Yeah. There's a better euphemism for it, but I can't think of it right now; "sole source," I believe, is what the Comptroller uses. Thank you.

SENATOR DEFRANCISCO: Sole source, does that mean anything different than no-bid?

COMMISSIONER HOOKER: Yeah, well, so what we did was --

SENATOR DEFRANCISCO: No, but sole source doesn't mean anything different than no-bid.

COMMISSIONER HOOKER: You're absolutely right. But, I mean, it sounds a little nefarious --

SENATOR DEFRANCISCO: Not to me. Unless there's something I don't know.

COMMISSIONER HOOKER: It certainly did to the Post-Standard, notwithstanding many meetings and bits of correspondence with them.

SENATOR DEFRANCISCO: Okay. I guess, when did you first become commissioner?

COMMISSIONER HOOKER: January 2007. Thank you.

SENATOR DEFRANCISCO: Okay. And when was Live Nation first --

COMMISSIONER HOOKER: They first and only were with us then at the fair in '07.

SENATOR DEFRANCISCO: Okay. So that's the learning curve you were talking about.

COMMISSIONER HOOKER: Indeed.

SENATOR DEFRANCISCO: All right, I don't have any other questions. Thank you.

CHAIRMAN FARRELL: Thank you very much.
Assemblywoman.

ASSEMBLYWOMAN DELMONTE:

Commissioner, just a follow-up to the comment that Chairman Magee had made about the FarmNet. How much is FarmNet being funded

for this year? Is it less than the \$384,000 that was appropriated last year -- well, in this year's budget.

COMMISSIONER HOOKER: It's down a little, Assemblywoman, yeah, down a little. And I'm sorry, I don't have the breakout of the local assistance right in front of me. But it is down a little, yup.

ASSEMBLYWOMAN DELMONTE: And will any of that funding be used for the mental health programs that had once been part of FarmNet? Is there any chance that some of that funding could be used for that particular service.

COMMISSIONER HOOKER: Well, they used to get money from the Office of Mental Health. I don't know if they are currently doing that or not.

ASSEMBLYWOMAN DELMONTE: That's not administered through Ag and --

COMMISSIONER HOOKER: But they do hire counselors with some of that money to do that counseling, yes.

ASSEMBLYWOMAN DELMONTE: Was there a separate appropriation for --

COMMISSIONER HOOKER: No, it's all the same appropriation. It goes them as one contract, and then they have some mental health people and then farm business specialists and so on.

ASSEMBLYWOMAN DELMONTE: But that was all through FarmNet?

COMMISSIONER HOOKER: Yes.

ASSEMBLYWOMAN DELMONTE: Thank you.

CHAIRMAN FARRELL: Thank you.

Senator?

SENATOR KRUEGER: Thank you. Senator Cathy Young, for a follow-up question.

SENATOR YOUNG: Thank you.

While I have you here, Commissioner, you were referencing earlier about what a tough times it is for farmers. And I was hoping you could just give us really a brief synopsis. What's the state of State agriculture right now in New York State? Because, you know, it has been our top history. What's going on with the farms? What's going on with agriculture?

COMMISSIONER HOOKER: Well, if you start with dairy, which is two-thirds of the industry, when you count related crop and animal sales from the farms, it's still huge. And prices now and cheese market futures are such that it's break-even, certainly from an operational standpoint.

We have not seen the rapid rise that we saw after the '06 collapse. And it would be nice to have that to try to make up some of the ground, because obviously -- which you know as well as anyone in the room -- dairy farmers lost a tremendous amount last year, between 700 million and a billion dollars. And that, of course, turns over four times out in the local communities. So it was a huge hit Upstate.

All that said, production is up a tiny bit. They are a

resilient bunch. And so the natural ability that we have to produce milk is still there. We are fortunate to have the markets of our Upstate cities. We supply, I think, probably the majority of milk into Boston and certainly into New York City. Even that that's processed in New Jersey goes into the City.

We're coming off a tremendous fruit crop. Having some trouble, a little bit of trouble on the grape side, with marketing. The apple crop was tremendous, and the marketing is going very, very well there. The vegetable producers, other than some odd -- it kind of depends on the circumstance you were in in your own climate, or maybe the kind of vegetable that you had. There were some dry periods, there were some cool periods. So depending on the crop, you had some challenges in production last year, but by and large that crop came off all right. Some spotty hail.

I don't know if, you know -- there's some talk about global warming and the effects that has. The first effect that we see in the data is that you have climate change and then you have the -- and farmers clearly are seeing this. We're having more hail, we're having more dry periods or more wet periods. So it's not so much the warming, it is the really odd periods of weather that we're experiencing right now.

SENATOR YOUNG: Well, just in my district alone, last year we had tremendous flooding, we had hailstorms, we had really late freezes. So when you talk about the different crops, the grapes were horrible in Chautauqua County. It never got warm

enough --

COMMISSIONER HOOKER: Right, you had the freeze early.

SENATOR YOUNG: And it never got warm enough at the end of the season to really raise the sugar content.

So, you know, I think overall you're saying that it's a pretty good picture. I don't know. I know an awful lot of farmers that really, really suffering right now.

And, you know, could you comment on the latest last downturn in the dairy prices? Because that was sustained. Was that a record amount of time that that went on for?

COMMISSIONER HOOKER: It was a record amount and duration, that's right. If you plotted it, it would look like an EKG that is going out of control.

And what we've seen is for the last 12 years, it's a three-year cycle. The trouble is the highs are getting higher and the lows are getting lower. And it is a universal concern. The secretaries of agriculture in Vermont and Pennsylvania and myself are working together -- honestly, sometimes more than weekly.

In fact, I am going to be meeting with all the New England secretaries I think it's this Friday and with the deputy secretary of the USDA, Kathleen Merrigan, to talk about -- I mean, we simply -- there are two issues. One is volatility, which some people argue you can manage. But I would argue, beyond that, there is an issue of price adequacy here in the Northeast versus the cost of

production and the ability to have fresh, locally produced milk.

And so the issue, you know -- I think in New England, as you look at their trends, they're down much more than us. I think there's a real issue of are we producing the food that the people in the Northeast need locally. And I think the answer is we are now. And without some Federal policy change, I'm not confident of it in the future.

SENATOR YOUNG: Well, I agree with you, there has to be some Federal policy changes. And one of the things that contributes, as you know, to the volatility is the tying of milk prices to the Chicago Mercantile Exchange when only 2 percent, I think, of the cheese is actually traded on the CME. But you have these spikes. So I hope you bring that up.

COMMISSIONER HOOKER: Well, I couldn't agree with you more.

And I think the thing that we should really consider here in the Northeast is decoupling our fluid milk from these mechanisms. The fact that there's literally a 60,000-cow dairy in Idaho who doesn't have a market so they produce a powder plant and then they sell all that to the government, why should our farmers in the Northeast put up with a structure like that? It's unfathomable to me.

SENATOR YOUNG: Do you think our farmers can bear, you know, additional costs placed on them right now?

COMMISSIONER HOOKER: You know, it's --

some can, some can't.

SENATOR YOUNG: Well, dairy farmers. Let's talk about dairy farmers.

COMMISSIONER HOOKER: I think that's a good question for farm credit. But I think the equity position on a lot of farms is strong. But it was eroded significantly this year because they borrowed in order to cash flow.

SENATOR YOUNG: Right. And, you know, my concern is if we pile more taxes, regulation, everything else on top of these farmers, I mean, you know, I'm sure you heard about the farmer down in Columbia County who shot 51 cows and turned the gun on himself.

COMMISSIONER HOOKER: Absolutely.

SENATOR YOUNG: I mean, those are real-life stories. When I talked to FarmNet last week, their calls from farmers are up 50 percent this year. And we're talking suicides, bankruptcies, divorces, mental breakdowns. That's what they're going through.

And so I would say to you, as the person who's in charge of the Agriculture and Markets agency, that there are threats out there right now that would add additional costs to farms. And I just don't think our farmers can take any more.

COMMISSIONER HOOKER: Yeah, I think you're right. They're at a point where they -- it was, as you know, very, very difficult -- I think one of the things the Governor, although it's perhaps small and easily missed unless you are living it, one of the things was

you'll see a little bump in the EPF in this area where there is a need to comply with the EPA CAFO regulations which are administered here in New York, as a fully delegated state with DEC and Ag & Markets. And there's a recognition that farmers cannot take additional financial pain in terms of complying with that. So that's a small example.

SENATOR YOUNG: In terms of complying with a lot of things.

COMMISSIONER HOOKER: Yup.

SENATOR YOUNG: Right. So you would agree with that.

COMMISSIONER HOOKER: Oh, certainly. There are a lot of changes.

SENATOR YOUNG: Okay. All right. Well, thank you, Commissioner.

COMMISSIONER HOOKER: Certainly.

CHAIRMAN FARRELL: Assemblyman Crouch.

ASSEMBLYMAN CLIFFORD CROUCH: Thank you. Thank you, Mr. Chairman. Thank you, Commissioner, for being here.

Just a couple quick questions, or one question and a comment. As you've looked at cutting your budget - if you said it earlier I missed it - but staff reduction, overall?

COMMISSIONER HOOKER: Yes. Staff reductions overall. So in '09-10 we had a fill level of 616 people. With the reductions that occurred in attrition and, you know, that happened last

year, that dropped us down 33. And in this budget, in the program areas that I went through, we will be down another 41 at the end of '10-11. So, we will be from last year -- I should say this current fiscal year it's 616 and next year 542.

ASSEMBLYMAN CROUCH: And I know Ag and Markets has always been fairly lean, but of those positions, are any of them administrative or are you contemplating administrative cuts?

COMMISSIONER HOOKER: None of those are in the front office.

ASSEMBLYMAN CROUCH: Okay. Just a comment about FarmNet. I totally support their funding and I echo Senator Young's comments that it was truly a tragedy what happened down in Columbia County --

COMMISSIONER HOOKER: Right.

ASSEMBLYMAN CROUCH: -- and it's just an indication that we need to pay attention to things like that. FarmNet certainly has done a great service out there. We also need to look at support, and it's probably there, but I want to mention it just to make sure it's brought to the head of the table. As we're supporting farmers and families, a lot of the support needs to make sure they go the farm wives. Farm wives are often the ones that pay the bills and bear some stress because they don't want to let their husbands know what's really going on because for fear of what just happened down in Columbia County. So, I just want to bring that up.

COMMISSIONER HOOKER: Yes, thank you.

ASSEMBLYMAN CROUCH: Thank you.

CHAIRMAN FARRELL: Further questions?

Senator.

SENATOR KRUEGER: Thank you. It's more, I guess, a quick editorial; I had to leave the room, I'm sorry, when some of my colleagues were questioning you. So, just for the record I wanted to say that the part of the budget that the Governor has put in to expand wine in grocery stores and revitalization of liquor stores, in fact, was basically a bill that I carry in the Senate and my good colleague, Joe Morelle, carries in the Assembly.

So, just for the record I think we have been passing around that material to our colleagues in both Houses and great people can disagree on what the impact will be, but I'm very glad that the Governor has included it in his budget. I do think it is a win for New York State grape growers, New York State wineries and consumers throughout the State. So, just for the record.

COMMISSIONER HOOKER: Thank you, Senator. Did you get that? Okay, terrific.

SENATOR KRUEGER: Thank you. Thank you, Commissioner.

CHAIRMAN FARRELL: Thank you very much.

COMMISSIONER HOOKER: All right, thank you.

CHAIRMAN FARRELL: Francis J. Murray, Jr., President and CEO, NYSERDA.

MR. FRANCIS J. MURRAY, JR.: Good morning,

Mr. Chairman, and thank you very much. I'm joined this morning by my colleagues at NYSERDA, Jeff Pitkin; Jeff is our Treasurer and Chief Financial Officer. And I think a number of you know Tom Lynch; Tom is our Director of Governmental External Affairs and a long-time aide to your former colleague Assemblyman - now Congressman - Paul Tonko.

I know it's already been a very long day for you and there's still more to come, so with your indulgence what I'd like to do is -- I have submitted a rather extended statement for the record, and rather than sit here and read it to you what I'd like to do is just make a couple of quick points and then make ourselves available to answer any questions that you may have.

CHAIRMAN FARRELL: Thank you very much.

MR. MURRAY, JR.: You're more than welcome, Mr. Chairman.

Once again, a good morning -- good afternoon Chairman Farrell, Senators and colleagues in the Assembly. As you know better than I, I believe, New York State is facing a \$7.4 billion budget deficit, and a long-term structural deficit of \$60.8 billion over the next five years. Both are addressed in Governor Paterson's Budget through necessary but very difficult decisions. The Governor has laid out an aggressive economic recovery plan and NYSERDA is playing a key role in its implementation. And I'd like to talk a little bit about that today.

Now, we work with consumers, businesses,

municipalities and research institutions all across the State to create clean energy strategies, practices and products that will reduce our dependence on fossil fuels, promote economic development, protect the environment and, perhaps most importantly in today's economic climate, create jobs. To do this, we operate across a wide range of activities and, frankly, in your wisdom in creating NYSERDA back in the 1970's, you set in place a structure that allows us to work across a variety of different levels to promote economic development. By supporting the development and commercialization of new technologies, we are delivering significant economic benefits to the State, and creating clean energy and green-collar jobs.

Companies we have assisted have received national and, indeed, international recognition for their innovations and their potential to grow. In 2008, energy efficiency and clean energy commercial products that were developed through our research and development programs approached \$250 million. Now, one of our newest initiatives most recently is the Clean Energy Business Incubator Program, which offers support for clean energy entrepreneurs and early stage companies to professional networking, business advice and mentorship, technical support, technical transfer, entrepreneurial development and training and access to Angel and Venture capital.

Over the past six months, we have set up four clean energy business incubator programs in Rochester, Syracuse, Buffalo and New York City, and shortly we will be announcing two more

incubators: One here in the Capital Region and another down on Long Island, bringing the total program to six incubators Statewide with a four-year budget of \$9 million. Already, the four incubators that we have up and operating are housing 17 clean energy companies in various stages of early development.

Now, our programs also help energy consumers save hundreds of millions of dollars each year through energy efficiency. Working in partnership with our colleagues at the Public Service Commission, NYSERDA has the most sophisticated and far-reaching energy efficiency and research development program in the nation. That is something you, as members of our State Legislature, should be proud of. These programs have helped consumers save \$600 million annually while reducing greenhouse gases by 2 million tons, the equivalent to removing about 400,000 cars from the State's roadways every single year. And for every dollar New York has invested through this program, two dollars in total economic and environmental benefits are realized.

We also continue to put building contractors to work, another example of what we're doing at NYSERDA. Our Home Performance with Energy Star program, which is our basic, fundamental residential energy efficiency program, reached a record-breaking number of 716 homeowners in December. This program, which has helped nearly 30,000 New Yorkers since its inception, cut their energy cost and reduced their carbon footprint, has been emulated by state programs across the country and, indeed, is

serving as a model for the National Home Star Program, a proposal now being considered by the President and for the Congress in the inclusion of the Federal Jobs Bill. Again, as New Yorkers we should be proud of this.

The second point I wanted to talk about and a theme that we reiterate time and time again is central to our success and our mission at NYSERDA, is the concept of partnership. We have learned through experience that we are most successful working together - government - with the private sector and academia. We cannot accomplish this by ourselves in government, but we can, indeed, provide leadership and seed capital, expertise and knowledge to help realize this.

And central to that concept of partnership, quite frankly, is the involvement of you as members of the State Legislature. Some of you know I began my career in public service in the Legislature, in the U.S. Congress. I welcome - and I say so today - welcome the participation and the involvement of you as individual members of the Senate and the Assembly in the development and the implementation of our programs.

And in response to several initiatives that you recently have enacted in posing new responsibilities to NYSERDA, let me just quickly bring you up to date on where we are. Two years ago you passed a bill directing NYSERDA to develop a green residential building program. We have recently completed the promulgation of regulations to implement this program. Those regulations will be

presented to our board for its approval on March 1st, and at that point we will immediately begin implementing this Legislative initiative.

Secondly, late last year you passed a bill, the Green Jobs/Green New York Program, directing us to administer \$112 million, I believe it was, in energy assistance from the RGGI Program to help residential and small commercial establishments. In fact, today we are having our first meeting of that Green Jobs/Green New York Advisory Committee. Jeffrey, particularly, Karen Villeneuve, who runs our Residential Energy Assistance Program, along with about a half dozen other members of our staff, have been meeting with the various constituency groups now for two months trying to develop the financing, the outreach, the implementation aspects of that program. And we are planning to roll that out in April.

We welcome your involvement, your participation; I believe we have invited Legislative staff to the advisory committee meetings. If you feel you're not being kept as fully informed as you wish to be, just ask. We are more than willing to keep you up to speed. It is your initiative, it's an important program and I think it can be a rousing success.

We are taking that program, in fact, and trying to leverage that program into an even greater investment of residential efficiency and small commercial. Again, last year you passed a bill here in the State Legislature, the Municipal Finance Bill, known in the Federal level as PACE. We are attempting, through an application of the Federal government with the City of New York for \$75 million, to

integrate the green jobs legislation you passed with this PACE legislation, along with a pilot program regarding on-bill recovery in the National Grid system to develop three different mechanisms to determine which of those are going to work best in which parts of the State, depending upon which the customer/audience is. And Jeff, along with Karen, have been leading that effort.

I also compliment you, while I have the time and the opportunity, for the legislation you passed last year establishing a statutory State energy planning process. Now, as you know, Governor Paterson implemented last year an energy planning process through Executive Order, and in December the Governor accepted the final 2009 State Energy Plan from the State Energy Planning Board. And that plan provides a comprehensive blueprint for New York to continue the transition to a clean energy economy over a ten-year planning horizon. And indeed, as the first energy plan since the year 2002, and thanks to your foresight in enacting a statutory energy plan, it will not be the last.

Now finally, I listened to some of the questions that were being asked of my colleagues this morning, particularly Pete Grannis, and I wanted to take an opportunity here just to bring you up to date quickly as to where we are in both the RGGI allocation funds, as well as the Federal Economic Stimulus Program. As you know, we had to - Commissioner Grannis alluded to this morning - we had to revise the operating plans to the RGGI Fund. That reflected a number of different actions: One, the original RGGI plan anticipated a

funding level for the sale of these carbon allowances which, in fact, as experience has taught us, was too high. So, we've had to revise our revenue estimates downward.

In addition, last year the Governor proposed and you in the State Legislature concurred with taking \$90 million in the available RGGI funds and using that as part of the deficit reduction program. Those two actions together reduced the overall amount of funding available from RGGI from approximately \$525 million to \$300 million. I think Pete this morning mentioned the number \$500 million; Pete misspoke, but Pete is not quite as close to some of the numbers as we are since we are the agency charged with administrating.

So, we're talking about a universe of about \$300 million, of which through legislation last year you then appropriated and directed us to spend approximately \$113 million, I think it was, on this Green Jobs/Green New York program. So what's left over is somewhere in the vicinity of about \$180 million spread over a three-year period. It's not like we have \$180 million sitting there in the bank right now. This is revenue that we're projecting to come in over the next two- to three-year period.

We have revised the operating plan. We presented it to our advisory committee last week - I believe there are representatives in both the Chairs of the Senate, as well as the Environmental Conservation Committees in both Houses who are members of that advisory committee - and we laid out how we

propose to spend that money over the next three years. It involves a variety of different activities; I'm not going to take time at this moment and walk you through each one of them. Any members of the Legislature that are interested, I'll gladly sit down with you and walk you through it.

We are already spending some of that money. You heard Commissioner Grannis this morning talk about the economic stimulus funds that he's receiving for sewage treatment plants. Sewage treatment plants are one of the largest consumers of energy, and there are some real opportunities to marry the economic stimulus funds for sewage treatment plants with the RGGI funds that we have available for energy efficiency; and that's exactly what we've done. We've put about \$15 million into Commissioner Grannis's sewage treatment construction grant program to leverage those Federal funds into an even more larger, more energy efficient investment.

In addition, we've already earmarked and allocated \$12 million in those RGGI funds, both to maintain the Long Island Power Authority Solar Pioneer Program on Long Island, as well as the PV Program that we operate at NYSERDA; indeed, one of the most popular programs we've ever operated at NYSERDA, which is growing by leaps and bounds.

With respect to the RGGI money, as many of you know, we are the State agency charged with the administration of virtually all Federal energy funds received under economic stimulus here in New York State, with the exception of the Weatherization

Program; that is operated through our colleagues at the Department of Housing and Community Renewal.

The Federal funds that we receive under the economic stimulus package breaks itself into basically four categories. We received approximately, I think it was, \$112 million; it was called State Energy Planning Funds. The Governor asked us to allocate as much of those monies as possible to programs where we could get secondary benefits, such as reducing pressure in local property taxes, helping schools reduce operating costs. So, we targeted most of that money to four categories: Municipal buildings, not-for-profits, schools and hospitals. We released a solicitation late last year for \$75 million; \$25 million of that was spent, allocated very quickly. We have re-proposed the additional \$50 million; it was simply a case where the municipalities were not quite ready to bid so they needed more time. So, we took the remaining \$50 million, put that back out in the street. My recollection is in response to that \$50 million, we received over 300 applications all across the State. We deliberately allocated the programs all across the State, by region, to ensure that every region of the State received its fair share of the money. Within each of those regions, we sub-allocated them on each of those categories, so we made sure we hit municipal buildings, hospitals, schools and not-for-profits in each region of the State. We anticipate being in a position to announce the winners of that \$50 million in early February. So, that was one big pot of money.

A second big pot of money we received was the

Energy Efficiency Community Block Grant money; that was approximately \$24 million, I believe, we're administering for small municipalities. Some of you may have heard of larger numbers than that; some of the larger communities, the cities and counties in the State, received allocations directly under the Energy Efficiency Community Block Grant program. We are not responsible for administering those programs, we are responsible for administering this \$24 million that is directed towards the small municipal program.

And in addition, we received \$18 million, which will be available on President's week, to provide rebates to consumers all across New York State to purchase new energy efficiency appliances. So, I encourage you to get that news out to your constituents, encourage them to show up at those stores on Sunday morning and start purchasing as many of these energy efficiency appliances as possible.

In addition to these programs that we have direct program responsibility for, we have been working closely with universities and industries throughout New York State to use our expertise, our limited resources, some of the funds that the Governor has made available through NYSTAR particularly to secure as many Federal R&D dollars to support the activities under way here in New York State. And we have been very successful, I think, in that effort.

We continue to work across the State to make businesses more energy efficient. We help businesses, municipalities, not-for-profit, both large and small, medium as well. Just in the last

two or three years we've helped some signature companies here in New York State, such as the United States Tennis Center in Queens, the New York Times Building in Midtown Manhattan, Aviator Sports in Brooklyn, Bard College down in the Hudson River Valley, GE's Wind Energy Center and Battery Manufacturing Facility in Schenectady and its Digital Mammography Production Center in East Greenbush, Alcoa up in the North Country, Welch Allyn in Central New York, Cornell's combined heat and power system, Syracuse University's construction of the world's greenest and most energy efficient data center, Corning Glass, Ford Motor, AMD; it goes on and on and on. We very much see ourselves as part of not only the Governor, but the Legislature's engine of economic development in New York State.

The future, I believe, lies very much in the green economy, and there are very few states in this country that have a resource available to them that can work from the research and all the way to the deployment end, not only with respect to technology, but energy efficiency, renewable energy that we have here in New York with NYSERDA. I'm very proud to lead that organization. I wake up every day happy to go do work, do what we can together to make this a better place for all New Yorkers and to provide all the dignity and the opportunity that full employment represents.

So, thank you, Mr. Chairman. I know I said I was going to be short; I did deviate from the script, I didn't read the whole 50 pages.

CHAIRMAN FARRELL: Thank you very much.

Questions?

SENATOR KRUEGER: Just a quick comment, I don't have a question. So, you're the only one in New York State that has money, so everybody should be rushing on over to NYSERDA for an application because no other agency that comes before us --

MR. MURRAY, JR.: Well --

SENATOR KRUEGER: -- for the rest of our budget hearings is going to have all this great news.

MR. MURRAY, JR.: Well, Senator, I would make two points: One, I have more friends now than I ever knew I had, and secondly, yes, I would encourage you to send people to us. It is not our money - I tell this to audiences time and time again - it is not our money, it is your money. I don't mean the State Legislature, I mean the people out there in New York. And we want to put it to work for those businesses and for those consumers. We want to attract this new technology to New York State, we want to reduce our energy bills, we want to make the State more energy secure and we want to put people back to work.

CHAIRMAN FARRELL: Well, since you stated it that way, 159-00 Riverside Drive; do you have an application handy?

MR. MURRAY, JR.: Excuse me, have you got that down, Matt?

SENATOR KRUEGER: Do you live there?

CHAIRMAN FARRELL: Yes, and I talked them

into doing a co-op into putting on the roof what you did up on United Street in Washington Heights --

MR. MURRAY, JR.: Right.

CHAIRMAN FARRELL: So, you're supposed to be doing this other one and for some reason or other they can't seem to go forward. And I think we met all of our requirements and there are problems.

MR. MURRAY, JR.: Right. We are aware of that situation, yes.

CHAIRMAN FARRELL: Is that a valuable statement?

SENATOR KRUEGER: The problem might be that you live there, Mr. Chair.

CHAIRMAN FARRELL: But I'm not a co-operator.

SENATOR KRUEGER: Okay; fine.

MR. MURRAY, JR.: Well, rest assured, Mr. Chairman, we will check into it.

CHAIRMAN FARRELL: I'm a rent control person and knew they hate that. Okay.

Mr. Cahill.

ASSEMBLYMAN CAHILL: Thank you, Mr. Chairman. I have about 75,000 other addresses for you when you're done; each one of my constituents and probably another 75,000 of people who have been in touch with me.

Mr. Murray, thank you for your testimony. In fact, it

was thorough. Your written testimony, of course, is additionally thorough and we will be looking into those remarks and getting back to you, probably with some telephone calls or written comments about them and written questions.

MR. MURRAY, JR.: Thank you, Mr. Chairman. We look forward to it.

ASSEMBLYMAN CAHILL: There are a couple of things that I'd like to start out -- one of the things that you did not touch on in your oral statement - and I can't tell you for sure whether it's in the written one yet - is the role that NYSERDA plays in electricity reliability in New York State. Can you elaborate on that? And if it has any budgetary implications, let us know about that, too.

MR. MURRAY, JR.: Well, yes, Mr. Chairman -- if you don't mind, Mr. Cahill is my chairman in the Assembly Energy Committee --

ASSEMBLYMAN CAHILL: And he's my chairman, so whatever bills we do he still has to pass.

MR. MURRAY, JR.: All right. We interact in a number of different ways. One - working your question backwards - it doesn't have direct budgetary impact, but we do dedicate R&D funds to transmission-related activities. In addition, you'll see in the RGGI plan that we have identified one category - and I'll look at it right here - advanced power delivery systems. We are looking forward to using some of that money to support those sort of technologies, as well.

In addition, we do operate -- we have formed in the

last year two significant consortia with industry and academia, both of which are related to transmission reliability issues. One is a smart grid, and that is chaired by a gentleman I think many of you know, Bob Cattell, the former Chairman of National Grid - I happen to be one of the vice-chairmen - and what we're doing there is trying to bring together in kind of a concerted, organized way the expertise and the resources of government, the private sector and academia to go after as many of these Federal dollars as possible to implement a smart grid system here in New York State.

I think the smart grid system is an integral part, long-term, of developing a more reliable electric system here in New York State. Directly related, however, to some of the smart grid technologies is battery storage.

ASSEMBLYMAN CAHILL: Yes.

MR. MURRAY, JR.: And we have a separate consortium, we call it New York BES: Battery and Energy Storage Consortium, as well. And there we have almost 200, I believe it is, different entities working together - again, government, the private sector, academia - to develop a research agenda. We put a small solicitation on the street, I think it may have been for \$6 million recently. We received \$31 million in applications for energy storage and battery technology, all of which, once again, is related to the reliability of the electric system here in New York State and transmission.

And, of course, we are members of the Governor's

Energy Planning Board. Under the legislation you passed, you named the President of NYSERDA - thank you - as the Chair of that Energy Planning Board, so we will be increasingly involved in these issues of reliability and transmissions.

ASSEMBLYMAN CAHILL: Those issues have a direct impact on the pocketbooks of people of New York, not just the question of the security of our system and the reliability of our system, but to the extent that the transmission system has been underdeveloped over the years. We've seen, over the course of the past several years, particularly with some of the scandalous issues that have arisen through the ISO, cost to consumers in this State that maybe are approaching \$1 billion.

So, these issues are critically important for the pocketbooks of all New Yorkers, and I thank you for your efforts in that regard.

MR. MURRAY, JR.: Well, I agree with you, Mr. Chairman. I do state, for the record - and gladly - that I have no responsibility whatsoever for the ISO.

ASSEMBLYMAN CAHILL: I think a sentiment you will be gladder and gladder for as the year goes on.

A couple of other things I want to touch on. You did touch on it several times, but I want to try to get it into focus for colleagues who don't deal with this every day, and that's the RGGI Fund. The RGGI Fund is our carbon cap-and-trade auction fund where we take the proceeds -- after charging our power producers for

the carbon that they put into the atmosphere, we use the proceeds of those auctions to fund our program, our Regional Greenhouse Gas Initiative Program; at least, that was the intention.

So far as I know, one section of that money is safe and secure, and that's the Green Jobs money, which is carrying out exactly the mission - in fact, consistent with the mission of the President of the United States - of what a carbon cap-and-trade program ought to be doing. The remainder of the money, for the time being - current dollars - have essentially been swept into the General Fund; about \$90 million so far, which I think if you take that together with the segregated \$112 million will account for pretty much everything we have raised and will raise, perhaps, in the next one or two auctions.

Is that a fair --

MR. MURRAY, JR.: Mr. Chairman, I don't have the numbers right in front of me. I actually believe -- if you'll hold for a moment. Actually, Mr. Chairman, if you project forward through the next fiscal year, the scheduled auctions, and assume the floor price - and that's what we're assuming in our plan in order to be fiscally prudent - we envision revenues being available during Fiscal Year 2010-11 to be approximately \$229 million. Now, Jeffrey's telling me that's after you sweep the \$90 million --

ASSEMBLYMAN CAHILL: \$200- and what?

MR. MURRAY, JR.: \$229 million.

ASSEMBLYMAN CAHILL: 229 unencumbered

millions of dollars; correct?

MR. MURRAY, JR.: Yes, yes. I would caution you on the unencumbered. I just want to be as perfectly open as possible. That's our projection of available revenues. Some of that money we have already moved forward to obligate. I mentioned earlier the monies, it's about --

ASSEMBLYMAN CAHILL: Let me be clear: Unencumbered by the Green Jobs Program, unencumbered by the Governor's sweep.

MR. MURRAY, JR.: I'd have to reduce that \$229-; I can get you that number. But it's a significant number.

ASSEMBLYMAN CAHILL: Okay. But you reduce that \$229- by the full \$112 million? Okay. So, now the \$229- comes down to \$117-. Does the \$90- come out of the \$117-?

MR. MURRAY, JR.: I'm sorry. It came off already.

ASSEMBLYMAN CAHILL: It came off already, okay.

MR. MURRAY, JR.: So, that's gone.

ASSEMBLYMAN CAHILL: So, \$117 million anticipated going forward. I know that the RGGI plan had called for an expenditure of a significantly larger amount than that over the course of the next fiscal year and onward. Can you just, in brief, tell me what has actually happened as a result of that? What programs will have to be slowed down? What are you doing to moderate the commitment under the RGGI program in accordance with the fact that

the Governor insisted that we sweep \$90 million out of the fund?

MR. MURRAY, JR.: Well, I would point out - not to pick a fight by any stripes of the imagination --

ASSEMBLYMAN CAHILL: I don't mind picking a fight.

MR. MURRAY, JR.: -- but the \$90 million, frankly, was a joint decision by both the Governor and the Legislature as part of the deficit reduction program. But nevertheless, whoever's responsible, that money is gone.

Looking at the revised operating plan, in broad terms what we had to do -- remember, we went from \$525 million to basically \$300 million over this time horizon. We substantially increased, actually, the amount of money that we proposed to make available to residential space and efficiency program. And that was largely due to the action of the State Legislature in passing the Green Jobs/Green New York bill.

We had to significantly reduce the amount of funding we had originally proposed to make available for commercial, industrial, municipal and institutional programs. Now, in part, that also reflected the fact that between the time we did the original RGGI operating plan and the time we proposed the revised operating plan, we got this big slug of Federal stimulus money. And we took that \$75 million I was talking about and we targeted it heavily towards the same municipal and institutional customers that otherwise would have been funded under RGGI under the original operating plan. So, we

attempted to cushion the impact of that reduction using some of the economic stimulus plans.

The biggest hit in the RGGI operating plan from the original operating plan to the revised operating plan is probably in the transportation sector. We're proposing reduced funding there from roughly \$78 million to about \$21 million. We also reduced funding for the photovoltaic program. We originally proposed \$32 million, we reduced it to \$12 million. We have, in fact, spent that \$12 million; that was the \$6- for LIPA and the \$6- for NYSERDA's program that we talked about. But to some extent, that also has been cushioned by the actions of the Public Service Commission in sustaining the funding for the renewable portfolio standard program, as well.

The advanced power system; we proposed reducing it from \$71 million in the original operating plan to \$39 million in this operating plan. But consistent with the commitment that I made to the State Legislature at the time you passed the Green Jobs bill, we are maintaining funding for both advanced renewable energy systems, as well as the carbon capture and sequestration program. We had to reduce proposed funding for the Ag Program from roughly \$10 million to \$5 million; cut it in half.

The major victim, so to speak, the other major victim of the original RGGI operating plan is we had proposed a rather creative innovative \$41 million competitive greenhouse gas reduction program, put the \$40 million out there, see who came in, let the creative juices of the private sector develop techniques to reduce

carbon emissions. That fell victim, as well, to the reduction in funding.

ASSEMBLYMAN CAHILL: When you add those reductions up that you just outlined, do they add up to \$202 million or do they add up to \$90 million, or --

MR. MURRAY, JR.: They add up to the \$301 million. From that you back out the \$112 million you made available. I mean, I have a chart that I'll certainly share with you.

ASSEMBLYMAN CAHILL: Right. No, my question is you just indicated the number of cuts that had to be made.

MR. MURRAY, JR.: Yes.

ASSEMBLYMAN CAHILL: And if you're indicating that \$300 million worth of cuts had to be made because of a segregation of \$112- and a sweep of \$90- --

MR. MURRAY, JR.: Correct.

ASSEMBLYMAN CAHILL: -- there's still another \$100- that I'm not understanding why it had to be cut out of the program.

MR. MURRAY, JR.: I'm not sure I'm following your question entirely.

ASSEMBLYMAN CAHILL: Okay. You just said that -- you just listed \$300 million worth of cuts.

MR. MURRAY, JR.: No, I listed \$300 million worth of programs.

ASSEMBLYMAN CAHILL: Okay. My question to

you was what's the total value of the cuts that you just told us about?

MR. MURRAY, JR.: Well, the total value of the cuts is \$225 million.

ASSEMBLYMAN CAHILL: \$225- -- so it actually exceeds the Green Jobs money and the \$90 million sweep.

MR. MURRAY, JR.: I'm sorry?

ASSEMBLYMAN CAHILL: I said it actually exceeds the --

MR. MURRAY, JR.: Yes, yes.

ASSEMBLYMAN CAHILL: Okay.

MR. MURRAY, JR.: Not on an annual basis, this is over a --

ASSEMBLYMAN CAHILL: Right.

MR. MURRAY, JR.: -- three-year time horizon; yes, it does exceed.

ASSEMBLYMAN CAHILL: Is that because of rounding, or was there another reason that you went beyond what was necessary to cut in order to accommodate the segregation of money for Green Jobs and the sweep of \$90 million?

MR. MURRAY, JR.: Well, remember my original comments, Mr. Cahill, there was also a reduction in the revenues attributable to the reduction in the costs that we were receiving for the allowances. That was a big chunk.

If you remember, the original operating plan that we based this \$525 million estimate on, assumed that we were going to

get roughly \$3 per ton for the carbon allowances. And initially we did, but over time that number has gradually reduced. I think the last auction it was just over \$2 a ton. So, we revised it for planning purposes to \$1.86.

That's a big chunk of the difference between the \$525 million and the \$300 million. The two items that account the most for that difference is the \$90 million that we moved over for the deficit reduction plan and the reduction in revenues attributable to the lower price at which we are selling the carbon allowances.

ASSEMBLYMAN CAHILL: Okay. All right. You just mentioned in passing just now, the renewable portfolio standard.

MR. MURRAY, JR.: Yes.

ASSEMBLYMAN CAHILL: The renewable portfolio standard, the systems benefit charge, the energy efficiency portfolio standard are all charges - along with RGGI - that are not part of the New York State Budget, yet they account for how much money altogether, probably over \$1 billion?

MR. MURRAY, JR.: Well, not quite that much, but it is substantial. It's probably in the order of \$5-, \$600 million.

ASSEMBLYMAN CAHILL: You've made, and I did see in your written comments where you've made rationale of what a good job everybody has done with those funds, and I don't disagree with you, by the way. I think it's been stewarded wonderfully and good things --

MR. MURRAY, JR.: Thank you.

ASSEMBLYMAN CAHILL: -- have happened. But, there have been concerns that have been expressed that, number one, there's not enough accountability of that, there's not enough prioritization of it. You heard a Senator here just say, "You're the only folks with money." Is it really fair that this is where we're salting away our money in this when, you know, we're talking about closing parks, we're talking about cutting out programs for children in the agricultural world, and on and on and on. What is the issue? What is the problem with putting these items on budget so that you have to come to us ahead of time and say, "Here's what we plan to do." I'm almost certain -- in fact, I am certain -- you're not doing it seat of the pants.

MR. MURRAY, JR.: No.

ASSEMBLYMAN CAHILL: So, you know ahead of time what you're going to do. What's the big deal about making it part of the budget so that we can show it to all of New York State and make it be weighed into all the other considerations that we have for this \$1 billion?

MR. MURRAY, JR.: Well, it shouldn't surprise you, Mr. Cahill, that as a member of the Executive branch as opposed to the Legislative branch, I come at it from a slightly different direction. I do believe - and I entirely agree with you - that we need to be held, as a public entity, accountable for every penny that we spend. I would argue that we are being held accountable, highly accountable. I welcome, and I repeat this time and time again, legislative oversight

on any element of our budget or our programs.

ASSEMBLYMAN CAHILL: How about making it part of the budget so that we can hash it out right here and now and make it part of this overall discussion, instead of having to try to pull together pieces based upon what we know from last year, what we assume might happen in the coming year. I understand the value of what you're doing, and I think that's an important point for you to make, but I don't know that it addresses the issue of the question that I asked of what would be the problem with putting it in the budget?

MR. MURRAY, JR.: Well, some of these programs, I think, in a pure sense, if you put them in the budget -- and best example would be the renewable portfolio standard where you will, in fact, defeat the purpose of the program. I used to work for a wind developer; I have a pretty good understanding of the process that they go through to make their decisions about long-term investments and these sort of technologies. They cannot rely upon a revenue stream that is subject to the annual changes in the State's economy and the Legislative appropriation process.

ASSEMBLYMAN CAHILL: Excuse me for interrupting.

MR. MURRAY, JR.: Yes.

ASSEMBLYMAN CAHILL: Right now the RPS isn't subject to any level of predictability. It can be adjusted at will. The Legislature, the annual Budget process can do nothing to ameliorate increases or decreases in that fund. So where does keeping

it off the budget cycle lend to a forward-looking ability of a company to rely upon it when they can't do it with -- you know, if it could change tomorrow, where's the reliability?

MR. MURRAY, JR.: Well, the way it works right now, Mr. Chairman, is that when we receive the funding from the Public Service Commission and go through this very public competitive auction process, we then put that money under contract. And that, from a developer's point of view, is a very secure revenue stream for the next ten years. The Commission has been - so far five years into the ten year program - very supportive of maintaining the necessary funding level to support those ten-year contracts.

ASSEMBLYMAN CAHILL: Well, I appreciate your answer. I think we will have to agree to disagree as to whether you've justified for the Executive why it should not be part of the budget process. I think, in fact, you may have proven why it shouldn't be part of the budget process.

MR. MURRAY, JR.: Mr. Chairman, one other point --

ASSEMBLYMAN CAHILL: Sure.

MR. MURRAY, JR.: -- about the accountability, because that is an important issue. We are audited by the Comptroller repeatedly. And, again, we welcome those audits.

ASSEMBLYMAN CAHILL: So are other agencies that are subject to the Budget.

MR. MURRAY, JR.: Well, that's true.

ASSEMBLYMAN CAHILL: You know, I understand that you're party of the Executive branch and we're part of the Legislative branch --

MR. MURRAY, JR.: Right.

ASSEMBLYMAN CAHILL: -- and I guess the Executive wants to maintain exclusive dominion over certain pots of money to do with as they see fit. And when we have a responsible governor and we have a governor who, perhaps, like Governor Paterson, knows something who knows something about energy --

MR. MURRAY, JR.: Right.

ASSEMBLYMAN CAHILL: -- we're in good shape. But that's not always the case in New York, is it? And what we're losing here, with all due respect, Mr. Murray, is one of the very important fundamental checks and balances that exist in government by this sort of shadow government that's emerging, and this shadow budget that's emerging.

This is a lot of money. This is a lot of money on people's electric bills; it's a lot of money that's available out there to do good things for the people of the State of New York. I heard concerns expressed, not by you but perhaps by one of your predecessors, that the next thing you know, if the Legislature got ahold of it, we'd be putting solar panels on little league dugouts; well, entirely possible but I wouldn't be surprised if there aren't solar panels going on little league dugouts now under the existing program.

The Legislature, as an entity, whether the Governor

respects us as individuals - and he's demonstrated pretty clearly he does not - but the Legislature as an entity does deserve the respect and the accord that's designed in any legislative system of government, and that's what we have.

So, if you can offer me something else, not necessarily here at this table, but if you can offer me something else that would rationalize and justify why this should not be put on budget except to say, "We're doing a good job with it right now," I'd be more than willing to hear it. In the meantime, I hope that over the course of negotiations in the next several weeks we change course there.

I'm going to try not to take up too much more time. I would like to have a more detailed thumbnail sketch - again, for the benefit of my colleagues - of where exactly we are with Green Jobs, what is going to be rolled out in April; if you can just very briefly summarize that then I'll turn the microphone back to the Chairman.

MR. MURRAY, JR.: Okay. Would you like me to do that now?

ASSEMBLYMAN CAHILL: If you could, just briefly, yes.

MR. MURRAY, JR.: Well, where we are right now is -- as I said, today, in fact, as we sit here, the first meeting of the Green Jobs Advisory Committee is being held at NYSERDA's headquarters. We have about 30 members of that advisory committee from all across the State - from Buffalo to Long Island - representing a wide variety of interests from the financing community to the labor

community to the community-based organizations. And we have been working with them over the last three months through a series of working groups - I think it's six or seven of them - each focusing on a different aspect of the program to develop recommendations which, frankly, we're looking forward to hearing from the advisory committee today.

So, that activity has been going forward.

In addition to that, largely under Jeff's leadership, we have been meeting with folks in the financial community, with some of the interest groups who had lobbied you for enactment of that legislation, along with some foundations to look at ways in which we could take the money that you've appropriated to us for Green Jobs and leverage it into a financial structure that allows us to actually do more energy efficiency than simply the \$112 million would allow us. Part of that effort was the submission to the Federal government I talked about, the \$75 million application response to one aspect of the economic stimulus program.

So, that's been going on as well.

Thirdly, within the institutional processes that we use at NYSERDA, we have been moving through the process, the approval of funding to go out and retain our own independent financial advisor to help us set up the fund, as well as outside counsel.

So, we're moving forward on three different areas at the same time. I've spoken with Tom and I'm sure this is going to occur very soon, even before this hearing today, about sitting down

with you and your colleagues in the State Senate and giving you, you know, your own briefing, taking the time to answer all the questions that you have as to where we are in even more detail.

ASSEMBLYMAN CAHILL: As the person we put in charge of the program, can you just say in a sentence or two, in plain English, as opposed to the stuff that we need to do to make budgets and to answer these questions: What exactly do you expect to be the outcome of all of this beaurocratese that we're going through right now?

MR. MURRAY, JR.: Well, what we expect it to be -- actually, it's a couple of things. One, we expect there to be the establishment of a revolving loan fund - that you had directed us to do so - sometime this year; I don't have a timetable off the top of my head, in part because I still want to get the input of the advisory committee.

Secondly, we're looking to take that money and leverage it into a larger part of money, okay? Third thing is we will be making grants available to community-based organizations to help us go out and find and market the program, as well as to secure clients who want to participate in the program. And we will also be setting aside a pot of money - and will be issuing that fairly soon - to do some of the job training associated with the community outreach as well as the financing of the projects.

On-the-job training we have spent, I think, at NYSERDA over the last two years, about \$15 million through a

variety of different sources on job training. So, one of our challenges is to integrate that pot of money with some of these other programs we already have, again, to leverage as much as possible of limited resources into as much job training as possible.

ASSEMBLYMAN CAHILL: Well, thank you, Mr. Murray. And Mr. Chairman, back to you.

MR. MURRAY, JR.: Thank you, Mr. Chairman.

ASSEMBLYMAN CAHILL: And thank you also for the good job that you're doing in leading these programs that we keep piling on you.

MR. MURRAY, JR.: Well, we appreciate it, Mr. Chairman. Thank you for the kind comments.

CHAIRMAN FARRELL: Thank you.

Mr. Hayes; Assemblyman Hayes.

ASSEMBLYMAN HAYES: Thank you, Mr. Chairman.

Mr. Murray, thank you for your testimony. I have just one question and it involves the State Energy Efficient Appliance Rebate Program.

MR. MURRAY, JR.: Yes.

ASSEMBLYMAN HAYES: We heard from our constituents during the Federal "Cash for Clunkers" program, and there was a lot of concern about the administration, not about the goals of the project and about how it would encourage the purchase of energy-efficient vehicles and, in this case, appliances, but the actual

administration.

So, I want to ask you just to clarify how NYSERDA is set up to deal with what we anticipate is going to be a very popular program. And, you know, when we have popular State programs, the phone rings in the district office and in our offices and we get asked very specific questions.

So, as I understand it, somebody shows up beginning on that Sunday of President's week to buy any of the appliances that are covered under the rebate.

MR. MURRAY, JR.: Right.

ASSEMBLYMAN HAYES: They'll purchase those appliances for cash and then they'll submit a receipt, a document in a receipt?

MR. MURRAY, JR.: You asked the same questions I asked.

ASSEMBLYMAN HAYES: Okay.

MR. MURRAY, JR.: Well, how it will work --

ASSEMBLYMAN HAYES: This was determined by your agency and the Governor's Cabinet or is this a Federally-determined program? How the rebate will work?

MR. MURRAY, JR.: The funds come from -- the source of the funds is the Federal government. We had to develop a plan and then submit the plan to the Federal government to receive the funds. So, the Federal government signed-off on the plan.

The plan that we submitted to the Federal

government identified the particular appliances that we proposed to fund, what criteria they had to meet, how much the rebate would be, how we would deal with recapture and recovery of the old appliances. It didn't go into the level of detail that you and I need as consumers.

So, what I envision happening is on Sunday when this thing begins, you would go to your local appliance store, your Home Depot or Lowe's, you would purchase your appliance, you go to the cash register checkout, you would get a receipt, you would take that home, you would go online, okay? And you can go right to the ERDA site, there will be a form on the line that you -- our hope is that you -- for those who are capable, you can manually fill out that form right there online. Otherwise, what you do is you print the form, fill it out, you send it back in. We have a contractor already under contract who will actually handle all the paperwork and the administration.

So, then you'll get a check in the mail, as a consumer, from NYSERDA.

ASSEMBLYMAN HAYES: It will come directly from NYSERDA?

MR. MURRAY, JR.: Correct.

ASSEMBLYMAN HAYES: The one concern that came about with the "Cash for Clunkers" programs, the rebate of course wasn't going to the consumer, it was going to the auto dealer --

MR. MURRAY, JR.: Right.

ASSEMBLYMAN HAYES: -- in that particular instance. And we had calls from people saying that the auto dealers

were then saying to them that they had to sign a form releasing them from the rebate or taking responsibility for the rebated amount up front if the funds were to run out.

Now, in this particular instance, with \$18.75 million, let's assume that there's a huge rush that week and this program accomplishes all that it is designed to. Are we going to get people who are going to get, "Sorry, we ran out of rebates on Monday morning, you didn't your form in too quickly"?

MR. MURRAY, JR.: Right, right. I asked that question, too. And the way that's going to work is you'll be able to go the NYSERDA website on a daily basis, even on an hourly basis, and find out how much money is still available in the program. So, if you wait until Friday or Saturday to buy your appliance, you click on to the NYSERDA website and it'll tell you whether there's still money available. So, you won't need to -- now, my own expectation is, and it's just my expectation, is I would be surprised if we make it through the entire \$18 million in one week.

ASSEMBLYMAN HAYES: Okay.

MR. MURRAY, JR.: At which point in time, when we get to the end of the week, if there's still money available we will then assess how much is available and we'll probably have a second one. And a logical time to target it, you know, we'll discuss it internally, but a logical time to time the second round of an appliance program like that might be Earth Day, which is what some other states are doing. The states, generally speaking, in the region are targeting

their programs either for President's week or to kick out an Earth Day.

ASSEMBLYMAN HAYES: The other question I have is, it's an increased amount of rebate if the consumer verifies that their old equipment or their old appliance is recycled; they get an actual bonus for that, right?

MR. MURRAY, JR.: Correct.

ASSEMBLYMAN HAYES: So, the consumer advocate in me is sometimes cynical about wondering what safeguard or protection is there in there for the appliance companies simply to mark up the cost of the appliances based on what we've said is the rebate? Is there any monitoring of that going to go on, either through the Attorney General's office or through the Office of Consumer Affairs? I mean, there have been people who would say, you know, "I'm watching the prices very carefully and I know that you're offering a rebate and now all of the sudden the price jumps."

MR. MURRAY, JR.: Right, right. Well, Assemblyman, I don't know the answer to that question; I will get back to you, however, with an answer. But if you look at the state of the economy right now, it's in the interest, frankly, of a lot of these appliance dealers, because of the competition, to keep their price as low as possible. There's no guarantees that that, indeed, will be what happens, but I'll get back to you with a better answer than that.

ASSEMBLYMAN HAYES: Thank you very much.

MR. MURRAY, JR.: You're welcome.

CHAIRMAN FARRELL: Assemblywoman

DelMonte.

ASSEMBLYWOMAN DELMONTE: Mr. Murray, I'm going to ask a few questions on behalf of a constituent who is involved with the small wind incentive program --

MR. MURRAY, JR.: Okay.

ASSEMBLYWOMAN DELMONTE: -- or would like to be more involved with the small wind incentive program. I understand that the PSC did approve bridge funding at \$300,000 at \$50,000 per month, if I understand this correctly. NYSERDA has indicated that the request to the PSC from the program manager was in the amount of \$250,000 per month.

MR. MURRAY, JR.: Right.

ASSEMBLYWOMAN DELMONTE: Will NYSERDA take steps to increase the inadequate amount of \$50,000 per month allocation?

MR. MURRAY, JR.: Assemblywoman, this sounds to me like it's a small wind program.

ASSEMBLYWOMAN DELMONTE: Yes it is. The small wind incentive program.

MR. MURRAY, JR.: Okay. Well, we had -- and you do have the numbers correct, you have a very well-informed constituent there.

ASSEMBLYWOMAN DELMONTE: I do, and I'm meeting with him tomorrow, so I need this information.

MR. MURRAY, JR.: Well, what I would encourage

that constituent to do is -- this is only bridge financing. This is the Public Service Commission's estimate of how much money would be made available for the small wind program over -- I believe until the end of June. I would encourage that constituent, either himself/herself or through one of the local trade associations, and there are a couple, to educate the Public Service Commission on the need for more funding going forward.

They control the revenue source. I don't have additional revenues to make up that difference, so to speak. We are giving -- whatever the number you mentioned, \$300,000. That's got to last us through the end of June. Based upon our experience, it won't last that long.

ASSEMBLYWOMAN DELMONTE: This particular constituent has a backlog of farm wind project applications to submit to NYSERDA that exceeds the six-month total allocation.

MR. MURRAY, JR.: Im sure they do, yes.

ASSEMBLYWOMAN DELMONTE: Is NYSERDA taking any steps to provide long-term and possibly permanent funding for small wind?

MR. MURRAY, JR.: Again, Assemblywoman, we are dependent upon other sources for our revenues, largely through the Public Service Commission. I don't know the answer to your question. As I said, this is just temporary bridge funding. The Commission is going to be looking, over the next couple of months, at a permanent source of funding for that program beginning June 1st. I

don't know what we have proposed in our testimony off the top of my head. If, based upon experience, we have found that \$250,000 a month is roughly what the small wind industry has been spending in this program, I would be surprised if we are recommending anything less than that, but I'd have to double-check for you.

But I would also encourage the constituent that you're talking to to contact us and talk to our wind people, and we'll see.

ASSEMBLYWOMAN DELMONTE: I believe he has. Actually, his interest is with small farms.

MR. MURRAY, JR.: Yes, oh, great.

ASSEMBLYWOMAN DELMONTE: To help farms with their overhead cost. And he just asked if enough is being done with the program to ensure that those farms that have an interest in siting a wind turbine will have the support of the program on a long-term basis. I think you've answered that question for me, but that's a follow up to this.

MR. MURRAY, JR.: Well, I think finding ways of helping farmers reduce their cost of doing business is a terribly important initiative.

ASSEMBLYWOMAN DELMONTE: It is.

MR. MURRAY, JR.: I listened to Commissioner Hooker just before I spoke. We do run a number of programs that are targeted specifically at the agricultural community and we would encourage farmers to reach out to us, either themselves or through the trade associations. We do have flex-tech programs that are designed

to help farmers, we have new construction programs that are designed to help farmers. And recently, as part of one of the funding streams we received from the Public Service Commission under the energy efficiency portfolio standard - yet another funding mechanism - we were directed to set up a \$5 million program, I think it is, specifically to help farmers reduce their energy costs.

And the first meeting of that working group, which includes legislative representatives, is actually tomorrow. So, if there are ways that your constituent or others, ideas that they have where we might be able to help, particularly the farm community, reduce their energy and make their operations more efficient so they continue to thrive here in New York State, we're all for it. We'd gladly sit down and talk to them.

ASSEMBLYWOMAN DELMONTE: And the name of the program that has the \$5 million allocation?

MR. MURRAY, JR.: In the energy efficiency portfolio standard program? In fact, if you give me a moment I might find something even more specific than that. It's called the New York State Agriculture Energy Efficiency Program, and it's a \$5 million program that NYSERDA runs. It has three main components: Outreach and consumer enrollment to recruit farms into the program, audits and studies for farms interested in identifying their energy efficiency options, and then energy improvement installation to offset the cost of some of these improvements. That's specifically targeted to the agricultural community, but I would also encourage members of

the agricultural community to look at all these other programs we have, too, and come meet with us and we'll see what opportunities exist.

ASSEMBLYWOMAN DELMONTE: Thank you.

MR. MURRAY, JR.: You're welcome.

CHAIRMAN FARRELL: Further questions?

Assemblywoman Sayward.

ASSEMBLYWOMAN SAYWARD: Thank you.

Just a couple quick questions. The first one is: Do you have any programs that would help -- I have some constituents over in Hamilton County in the Town of Bensen who -- because there's forest preserve land on either side of the road and the roadway actually is considered also to be forest preserve, we can't have power polls or run electric lines.

MR. MURRAY, JR.: Oh, yes, yes.

ASSEMBLYWOMAN SAYWARD: We have telephone service, but are there any programs that could help them with their electric needs, generator types of things?

MR. MURRAY, JR.: That's a tough one. I've heard of similar circumstances up in the Adirondacks with the forest preserve, as well. Assemblywoman, let me have somebody get back to you directly, okay --

ASSEMBLYWOMAN SAYWARD: Great.

MR. MURRAY, JR.: -- rather than answer it off the top of my head.

ASSEMBLYWOMAN SAYWARD: Great. Now I have a budget question, or another related question about NYSEERDA. You have a program that runs where you help individuals to tighten up their homes energy-wise.

MR. MURRAY, JR.: Yes, that's called -- the whole performance with Energy Star Program.

ASSEMBLYWOMAN SAYWARD: Great program.

MR. MURRAY, JR.: Thank you.

ASSEMBLYWOMAN SAYWARD: The problem that we have had in the Adirondack North Country is that people have to drive great distances to get the training in order for the electricians or the contractors; is there any opportunity for either, or both, Adirondack Community College or North Country Community College to run those programs? I've spoken with both presidents and they would be interested.

MR. MURRAY, JR.: Oh, good. Oh, good. Well, the way we spend most of our money, Assemblywoman, is through solicitations. We put either program opportunity notices or requests for proposals out on the street and then it's open to bid by the world-at-large. My guess is in the past, either of those community colleges did not bid to participate in the program or they bid and they lost out to others. We work and we welcome the opportunity to work through community-based colleges like that; we do it all across the State. And I will have somebody reach out to both of those colleges and see if there is ways that we can help them.

You describe a very real problem up there in the North Country. That region is so big, and in the past we've basically had, I think, one energy coordinator covering that whole region. And what we're considering doing now is basically splitting the region so that we have an energy coordinator that will cover the East side of the Adirondack region and a separate coordinator that will cover the West side, for exactly the reasons you just described, that it's a large land mass and it's considerable distances that individuals have to travel to take advantage of some of these programs.

ASSEMBLYWOMAN SAYWARD: I appreciate that. So, now you have two areas with 3 million acres in each. Thank you.

MR. MURRAY, JR.: It's beautiful country.

CHAIRMAN FARRELL: Further questions?

Thank you very much.

SENATOR KRUEGER: Thank you very much.

MR. MURRAY, JR.: Thank you, Mr. Chairman.

Thank you, members.

CHAIRMAN FARRELL: Audubon New York, Sean Mahar, Director of Government Relations. And then after him, Nature Conservancy, and then Adirondack Council. If they would move down to get closer. Now we're going to try to get out of here before the moon comes out. We've given up on the sun.

Sean.

MR. SEAN MAHAR: Thank you very much, Mr.

Chairman and members of the Legislature who are still here at this hearing today. My name is Sean Mahar, I'm the Director of Government Relations for Audubon New York. We're the State program of the National Audubon Society representing 50,000 members in New York State and 27 local chapters.

I will try and be brief, but that's a hard thing to do in this so-called "winter of reckoning" that the Governor has put forward before us. And in this reckoning, it's unfortunate that we must note that his administration has seemingly become one that knows the cost of everything and the value of nothing. If this budget truly reflects the Governor's priorities, then as it pertains to the environment the Governor's priorities are misguided, shortsighted and lack a basic understanding of environmental trends and concepts.

I want to make it clear that we are not oblivious to the dire economic crisis that's facing our State and, indeed, our nation, and stand ready to work with the State to address these challenges. However, this budget proposal set forth by the Governor lacks leadership in tackling some of the most pressing environmental and economic problems facing our State today. His proposal does little to stimulate the economy and keep people working through investing in environmental protection and restoration initiatives, and in some instances does just the opposite by disproportionately targeting environmental spending and environmental State agencies for cuts.

I won't read this whole testimony today, but I do just want to point out some of the economic recovery themes through

environmental restoration investments that we pointed out last year. And that is, most notably, continued investment in the restoration of New York's air, water and open space resources can and should play an important role in the revitalization of the State economy.

Numerous economic analyses by the Brookings Institution, and other credible economic entities, have proven that investing in the protection and restoration of these resources can yield significant returns on the State's investment and make our communities more attractive to businesses and people.

And, you know, because we are a bird conservation organization, and bird watching is the fastest growing outdoor recreational activity in the United States, it should be no surprise that when considering the tourism trends of State residents, that more people are traveling locally and looking for opportunities to recreate closer to home in this economic downturn. Specifically to bird watching, there are 3.8 million people who consider themselves bird and wildlife watchers in New York State, and they contribute an estimated \$1.6 billion to the State economy; as noted by the Fish and Wildlife Service in their most recent economic analysis, and that included \$250 million in dedicated State sales tax revenue.

This is happening, currently, in this State with no over-arching State program to really capitalize or market this State as a bird watching or Eco-tourist destination. And it really highlights that the State must do more to promote itself as a bird watching destination, yet Governor Paterson's proposed budget does not provide

any initiatives to capitalize on Eco-tourism revenue. And by disproportionately cutting State agencies, like the Office of Parks, Recreation and Historic Preservation and the Department of Environmental Conservation, his proposal further hinders the State's ability to promote itself as a tourist destination.

In my testimony, we call for the State and the Legislature to really look at creating an "I Bird NY" program; I know that may make some people giggle, but there are several other "I Love NY" campaigns like the "I Fish NY" and other such tourism and promotion campaigns that I think can go far to really help the State capitalize on this tourism revenue and get more people to get outside and reconnect with nature. And through this program, in addition to really promoting the State and the State's tourism economy, it can also help promote some of the voluntary conservation programs that the State has to offer, such as the Habitat Access Stamp and the Return a Gift to Wildlife Program.

I know, Ms. Sayward, you alluded to possibly exploring a hiker's fee in the future, but there are these two voluntary programs that already exist that aren't getting promoted by the State currently, and I think that if we invested just a little bit, you'd see huge returns and you'd see more of our conservation members really contribute to those programs. And we've tried our best to educate our 50,000 members in New York State about that, but I think the State of New York can do a better job of promoting those two voluntary programs.

While the Governor's budget does miss many opportunities to capitalize on tourism revenue, his Executive Budget proposal also disproportionately cuts environmental spending in the State. Of particular concern to Audubon New York is the proposal to cut the EPF from \$212 million, as enacted in the deficit reduction measure passed in December, to \$143 million, which is a 33 percent cut in funding this year.

This funding cut is also compounded by the cuts to Environmental Agency budgets and staffing. In particular, the DEC budget is cut by 34 percent and the State Parks budget is cut by an additional 20 percent, while other agencies like the State Education Department and Department of Health are only cut 2 percent and 1 percent, respectively.

It begs the question: Why is the Governor proposing to balance the State Budget on the backs of the environment this year? Environmental funding is not a luxury item. As stated previously, the longer we wait to make investments in restoring and protecting our air and water resources, the problems only get worse and more costly to fix. These Draconian cuts to the EPF and Environmental Agency budgets are the wrong course of action and put at risk many projects across the State that help restore the environment and provide for Eco-tourism opportunities.

This not only further compounds the economic woes facing out not-for-profit organizations and local governments, but also further cuts vital programs that enhance education opportunities aimed

at teaching our children to be proper environmental stewards and combat obesity by inspiring children and adults to get outside and be active.

In particular as it pertains to the EPF, we strongly urge the Legislature to restore funding to the EPF to the \$222 million level that was enacted by the Legislature last year before the deficit reduction bill. In restoring the EPF, we especially encourage you to restore the cuts to the ZBGA program, which we really appreciate the Legislature's attention to in the last few fiscal years, and fund those programs in their traditional sources in other parts of the budget.

While some may question how we could ask for such a restoration in these difficult budget times, it's important to note that with the passage of the EPF Enhancement Act in 2007, the EPF was scheduled to increase to \$300 million last fiscal year. Appropriating \$222 million this year would represent a 26 percent cut from the \$300 million level that the EPF was legally required to increase to.

And I just have to note that even in these trying economic times with rates of home foreclosure increasing, the rut continues to bring in hundreds of millions of dollars to the State, more than enough to fully fund the EPF at \$222 million this year and at the \$300 million, as well.

And additionally, we must remind the Legislature, too, that the environment has already given its fair share to help solve the State's fiscal problems. Over the past seven years, more than \$500 million that was dedicated to the EPF was transferred to

non-environmental purposes. Also last year, we fought hard to secure expansion of the Returnable Beverage Container Act and consented to these environmental funds being used for budget relief. We are happy to report that this proposal has brought in much needed revenue for the State's General Fund. And this year, we stand with the Friends of New York Environment Coalition in strongly urging that the Legislature, as part of this year's budget, develop a multi-year repayment plan to replace the more than half a billion dollars that's been taken for the environment.

One of the other specific proposals with regard to the EPF that we'd like to draw your attention to is regarding the moratorium on open space protection and the cuts to land acquisition funding and farm land protection funding. We truly think that this is one of the more shortsighted and damaging proposals that the Governor has put forward, is placing that moratorium on open space protection.

This proposal would seriously undermine efforts to advance conservation at a time when opportunities to save the last remaining open spaces could not be greater. This backwards proposal creates a disincentive for willing landowners who may want to sell their land for conservation purposes, and provides even greater threats of development to many unique and irreplaceable natural areas across this great State. With habitat loss remaining the leading threats to birds and other wildlife in New York, and with many of the State's bird species in steep declines, this proposal only threatens our future

ability to protect the State's important bird areas and the species that depend on them.

It's unfortunate that many in this State, the Governor included, do not see the economic value and benefits of protecting open space and farmland, which we list many of those in our testimony. And I think in addition to all those that we list, some of the most important ones are the connections to health and, in particular, obesity prevention and really helping to combat some of the other health care epidemics that Governor Paterson is trying to combat in other portions of his budget.

It should be no surprise that children today are facing dwindling access to open space and devote less time interacting and learning outside in nature and more time to inside activities, like watching television and playing video games. Numerous studies have shown a correlation between this lack of outdoor experience and the rise in childhood obesity, as well as other learning disabilities, such as Attention Deficit and Hyperactivity Disorder.

Simply stated, the availability of parks and open space help make people healthier, and as combating this epidemic of obesity is one of Governor Paterson's top initiatives, we would hope that he would try and take a very broad look at all the factors that are facilitating this crisis and strive to promote those programs that combat this threat.

But, once again, the Governor's budget proposal cuts EPF programs, like ZBGA and the Municipal Parks Program, in

addition to land acquisition and farm land protection, and proposes to close two of the visitors' interpretative centers in the Adirondacks, which serve many different roles, from promoting tourism to combating childhood obesity. In addition, he proposes deeper cuts to the State Parks budget, which could ultimately lead, as we heard today, to increasing parks closings across the State, and elimination of other critically important initiatives at State parks that seek to inspire children and adults to get outside and be less sedentary and instill a love in nature for our future environmental stewards.

So, in addition to restoring the cuts to the ZBGA program, land acquisition funding, the farm land protection program and removing that misguided open space moratorium, we strongly urge the Legislature to dedicate a portion of the proposed obesity tax revenue to the State Parks office to offset the cuts to their budget and keep parks open and develop new initiatives with the Department of Health to combat obesity and inspire their children and their parents to get outside and be active.

Long term, as the economy turns around and the State Parks budget improves, this portion of funding should be used for a grants program that would promote environmental education initiatives aimed at combating obesity and getting children and students outside and active, and would help leverage Federal funds that may be made available through the proposed No Child Left Inside Act. And I can provide more information on the No Child Left Inside Act after this testimony if you'd like, as well.

In addition to some of the initiatives that we proposed before, we would like to propose two other sources of revenue generation that the Legislature should consider, one of those being a clean water surcharge on the sale of non-agricultural esthetic lawn care pesticides and fertilizers, which keep increasing in use across the State and posing many threats to the State's water quality and aquatic resources. And secondly, we encourage the State to explore instituting an application fee for permits to modify freshwater wetlands. Currently, the DEC is operating that freshwater wetlands permit at a loss, and it would be an interesting way to get more revenue back into the DEC to run that program.

In addition, we did outline one of the future EPF programs that we'd like to see, and that's just how the State can better incentivize conservation on private lands, specifically through continuing what's known as the land owner incentive program that was created through Federal funds, which is providing Federal resources directly to land owners to manage their habitat in large agricultural areas for the benefit of grassland birds.

With regard to some of the other budget initiatives that the Governor proposes, with regard to expanded natural gas drilling in the Marcellus Shale field, we're obviously deeply concerned with this rush to expand drilling for natural gas and with the draft supplemental generic environmental impact statement that the Department put out, and we outline some of the concerns with this in our testimony.

As it pertains to the proposed severance tax, Audubon New York strongly believes that any severance tax considered by the State must apply not only to expanded drilling but to existing wells already in production, and provide funds for the protection of unfragmented forests, restoration of wetland habitat and improvement of water quality, in addition to helping to provide more resources for staff at the DEC and other agencies. The Governor's proposed severance tax does not go far enough to mitigate for the environmental destruction that will undoubtedly occur if this expanded drilling is allowed, and must be amended to ensure that this funding is used to protect and restore New York's environment.

As it pertains to the elimination of certain boards and commissions that the Governor proposes, I just wanted to draw your attention to two of those that are of utmost importance to Audubon, and that's the State's Bird Conservation Area Advisory Committee and the Invasive Species Advisory Council for the State.

The first one has no fiscal impact on the State whatsoever. It's a program that brings together State parks and DEC, along with groups like Audubon to really look at the State's bird conservation area program and help us make sure that the State agencies are actively and accurately managing their resources for the benefit of birds. And it has yielded a lot of great collaborative initiatives and better communication between our State agencies and our environmental partners. So, we hope that you can undo that very shortsighted proposal, as well.

So, in conclusion, meeting the demand for environmental improvements and protecting bird species from further decline will take creativity and a commitment from all levels of government. And we stand ready to work with the Legislature, and thank the Legislature for its leadership in conservation efforts around the State and look forward to working with you in the coming months to ensure the Governor's misguided budget proposal is overturned and needed environmental investments are made to help stimulate the economy and keep New Yorkers working.

So, thank you again, and I'd be happy to entertain any questions you may have.

SENATOR KRUEGER: Thank you. Any Assemblymember questions? The Senate's in Session, so thank you very much --

MR. MAHAR: Thank you.

SENATOR KRUEGER: -- for staying and testifying.

Our next is Paul Hartman, Director of Government Relations of the Nature Conservancy.

MR. PAUL HARTMAN: Good afternoon. I am Paul Hartman, Director of Government Relations for the Nature Conservancy of New York. I am here on behalf of our 70,000 members in New York, as well as 1 million members across the globe.

The Legislature -- I want to just take this opportunity, and I'm not going to read from my testimony here. We have 13 pages of grievances for you to mull over at another time. The Nature

Conservancy wants to continue to applaud the work that the Legislature has done over the years on the Environmental Protection Fund, open space protection, protecting our clean waters and ensuring that our environment is a key component of the work that we do on a daily basis.

The Executive has talked for nearly two years now about shared pain and the fiscal realities that we face. And we fully comprehend the notion of shared pain; however, we also advocate for shared responsibility. This budget contains a whole lot of pain and not a lot of joint responsibility. This budget says to the conservation community, "We've done our share, it's time for you to go alone."

Now, while my organization's mission very closely aligns with the mission of DEC, as was pointed out by Assemblyman Englebright earlier today, we are prepared to continue to work on the conservation that needs to be done in the State of New York. We will rally with our conservation partners to ensure that the work gets done. However, this is a sad day when New York's legacy of environmental leadership, across the globe, is threatened by an Executive Budget that fails to recognize the value of that work historically and the amount of work that we still have yet to do.

Our goals are to implement the goals of the State of New York: The open space plan, the invasive species recommendations, the recommendations of the Sea Level Rise Task Force, of the Sea Grass Task Force, of all the entities that are designed to move New York forward in an environmentally sustainable and

beneficial way. We all know that a budget is nothing more than a collection of priorities, and the Governor has laid out \$134 billion for the priorities, the most priorities we've ever had in the State of New York. Yet, at its fully funded nature, the Environmental Protection Fund has only ever equaled one-tenth of 1 percent of the State Budget.

A couple other numbers I want to throw out -- I know you've heard thousands of them already today -- 34, 33, 1 and zero. Minus 34 percent, the amount of all funds dedicated to the Department of Environmental Conservation in this fiscal budget; negative 33 percent, the amount of reduction to the Environmental Protection Fund; one, the increase in all funds for Tax and Finance; and zero, the amount of funds provided for the Environmental Protection Fund's open space line - the third leg of the Environmental Protection Fund that was founded in 1993.

The Environmental Protection Fund was designed to protect our waters, our lands and our air. We are removing one of the major tenets of the objectives of the Environmental Protection Fund if this budget is to be enacted as is.

We, of course, are asking for restoration of the Environmental Protection Fund to \$222 million, which was last year's appropriation. We would like to further put on the record that we ultimately look to get back to the level of \$300 million that you passed as part of the Environmental Enhancement Act of 2007. We join with Senator Thompson in calling for the creation of a repayment plan for the nearly \$500 million of funds that have been removed from the

Environmental Protection Fund in 16 short years, and we call for the rejection of the moratorium on land acquisition.

We understand that there are troubling times, but we understand the value of those acquisitions moving forward. We commend the Executive for recognizing that there are three hallmark acquisition projects that are under way and need to be committed with current fiscal funds, but there are tons of other projects out there that have similarly been in the pipeline that are awaiting State action.

We look at the three projects that were talked about today, and it ignores the small holdings of small land trusts across the State that, unlike my organization, have a disproportionate share of their budget aligned with these projects. We have to look at the fiscal integrity of the community organizations that are working to fulfill the State's open space plan and ensure they were not undermining future years of conservation by eroding the integrity of these organizations.

The Governor has set his priorities, he has identified what they are. We now are looking to you, once again -- year after year it seems we ask the same thing. We're putting, once again, the fate of New York's air, water and lands in your hands and we're asking you, with all humility and humbleness, to recognize the inherent value of our lands, our waters and our air. It is who we are. In the years of declining revenue, we have to continue to ask ourselves who we are and what we value. Historically, New Yorkers have valued our land, our water and our air. We ask you to reaffirm that commitment this year and reject these proposals as they've been put forth.

Thank you very much.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Questions?

SENATOR KRUEGER: The Senate has no questions. Thank you very much.

CHAIRMAN FARRELL: Thank you.

Scott Lorey, Legislative Director, Adirondack Council.

MR. SCOTT LOREY: Thank you, Chairman Farrell.

Good afternoon. My name is Scott Lorey. I'm the Legislative Director for the Adirondack Council. The Adirondack Council is a member-based not-for-profit organization dedicated to ensuring the ecological integrity and the wild character of the Adirondack Park.

Last year, the Legislature did a tremendous job in defending the integrity of the EPF by eliminating a \$45 million sweep, increasing funding to the EPF by \$17 million and maintained the real estate transfer tax as the EPF's main funding source. Unfortunately, we must call upon you again this year to repeat this Herculean effort. The Governor's cuts to the EPF of 33 percent is not only disproportionate, it is terrible public policy. This is exactly the time when this tiny fraction of the State Budget dedicated to environmental protection is most critically needed.

The EPF was created to be a dedicated fund used to protect the environment in good economic times and bad. It was not supposed to be subject to the ups and downs of the General Fund

revenue. We request that the EPF be restored to the 2009-10 funding level of \$222 million, that the \$10 million in offloads be removed from the fund and that the Legislature begin developing a repayment plan for the money that has been taken out in the past.

As you know, the EPF has already been the victim of past sweeps to the tune of nearly \$500 million over the last eight years, or one-third of all the money dedicated to the fund during that same time period. As the EPF represents only about one-tenth of 1 percent of the budget -- let me say that again. The current proposed EPF is one-tenth of 1 percent of the budget -- we do not believe that the EPF should be reduced at all in this year's budget.

The Governor's proposal to zero out the land acquisition line from the EPF is unconscionable. The need to protect open spaces in the Adirondack Park was the driving force behind the creation of the EPF in 1993. It is now up to you to keep the cornerstone of the EPF, land acquisition, intact and fund it at last year's level of \$16 million.

The Governor's proposed moratorium on land protection, often stated as lasting for two years, would affect all non-agricultural land protection, both easements and fee purchase, across the State, from the Adirondacks to Long Island and Buffalo to Binghamton.

There are many good reasons for protecting open space. One is that local governments receive financial assistance through the payment of taxes on forest preserve land. One example is

that in the Town of Harrietstown, the assessor estimated that if the State were to acquire the Follensby Pond tract, local governments would receive an additional \$124,000 in tax revenue from the State paying its fair share of taxes on the land, every year. Similar benefits were realized when the State purchased the Whitney Estate, Domtar Industries, International Paper and Champion International.

Land protection also maintains water quality.

Drinking water, whether surface or subsurface, is always in need of protection across the State and in the Adirondacks. Climate change mitigation is also an important component of open space protection. New research shows that forests in a natural state absorb just as much or more carbon than a managed forest.

Of course, protection of habitat for rare, threatened and endangered species is always a factor to consider when open space is being purchased. One example of this is the first-ever EPF land acquisition project, the Heurich Estate, which was the northernmost habitat of the endangered timber rattlesnake along the shores of Lake Champlain. Another example is the Whitney purchase, which protected a rare heritage strain of brook trout only known to be found in that location, along with the habitat for the endangered spruce grouse.

Tourism remains vital to the economy of the Adirondack Park. It is estimated between 8 and 10 million visitors annually come to the park. The people come to enjoy the winter sports, hiking, fishing, wildlife observing and canoeing. These

activities would not attract nearly as many visitors without the readily available public land on which to recreate.

There is no reason to discontinue the State's long practices of protecting open space. Critics will say, "How can the State afford to buy land right now?" I would ask, "How can the State afford not to buy land right now"? Many parcels are currently available at low prices. When the economy recovers and development increases again, this will no longer be the case. New York should not be penny wise and pound foolish when it comes to land acquisition.

Also, some will argue that the State does not have any plan for what lands to purchase. This is simply not true. With the creation of the EPF, the State initiated the open space plan to prioritize the most important open space parcels the State wanted to acquire. The plan has been a very public process, with stakeholder input and hearings in every region of the State, including the Adirondacks. The plan has been updated five times, including just last year, to make sure that the right properties are on the list.

While some parcels may not be under contract, the State has made a commitment to purchase them. If the State backs away now from the deals that it has already committed to, it will cost additional money in the future to purchase these properties, if they are still available. In addition, land saving organizations that are currently holding on to parcels will no longer be able to take advantage of future purchase opportunities if the State leaves them holding the bag on prior commitments.

Turning to DEC: The DEC continues to be hamstrung by a lack of staffing resources. By eliminating another 83 positions, it will make the department's job nearly impossible to do. One example is that each forester now is responsible for nearly 300,000 acres of State land. That is roughly the size of Westchester County, or half the size of Suffolk County.

DEC has become the poster child for attempting to do more with less, but soon it will end up doing less with less. Forest rangers and environmental conservation officers face similar plights to that of foresters. We hope that the Legislature will consider adding funds for this critical staff at DEC.

And finally, the State's smallest agency, the Adirondack Park Agency, is also slated for drastic staff reductions. The Governor is suggesting that the staff be reduced from last year's level of 72 down to 59; nearly a 20 percent reduction. This proposal would shutter both of the visitor interpretive centers. These centers serve as both attractions for tourists and educational facilities for local school children and residents.

By closing the VICs, the State would be eliminating eight full-time positions. It would also be turning its back on the tourist economy that is vitally important to the Adirondacks. It would also prevent local people from learning about the environment around them. And cutting five critical positions from the already small and overworked staff would create troubling circumstances for the agency. We urge the Legislature to restore the APA's staffing back to last

year's level of 72.

Thank you.

CHAIRMAN FARRELL: Thank you very much.

Questions?

Hearing none, thank you.

SENATOR KRUEGER: Thank you very much.

CHAIRMAN FARRELL: Wayne Bayer, Executive Board Representative, NYS Public Employees Federation.

MR. WAYNE BAYER: Good afternoon, Chairman Farrell and Chairman Sweeney -- I guess he's leaving - Senator Krueger and members of the Assembly. I'm speaking on behalf of myself and the PEF EnCon Steward Council represents the 2,000 Public Employees Federation members working in the professional, scientific and technical job titles in DEC.

Considering the relatively late hour, I would like to take the liberty of advancing a rhetorical argument suggesting that if the Legislature approves the budget for DEC that has been submitted by the Governor without substantial increases in funds for programs and services and staffing, then some could argue, with some degree of arguable credibility, that the Legislature is perhaps engaging in a conspiracy with the Governor and the DEC management in perpetuating a fraud on the public. And the fraud or the misconception perpetuated is that DEC is adequately funded enough to continue its historic missions and to responsibly fulfill its many State and Federal regulatory and statutory responsibilities.

I will repeat, once again, what PEF EnCon has stated in this budgetary forum on more than one occasion in recent years. The staffing and budget cuts made over the last 20 years and proposed again this year make DEC a shadow of what it once was and what it was envisioned to be 40 years ago at its conception. As we indicated in our 2007 testimony, DEC was then and is still operating with a triage management philosophy, and doing superficial drive-by regulatory inspections and oversight.

Expansion of the natural gas drilling in the Marcellus and Utica Shale formations will probably make this situation worse. PEF EnCon joined with many other organizations and individuals in requesting the extension of the public comment period on the draft supplemental environmental impact statement. We did so for a number of environmental administrative reasons that you heard others articulate earlier today. But as a labor organization, we had strong and legitimate concerns about the staffing shortages of DEC that would result in an additional, impossible burden on the agency's ability to fulfill its core mission and to meet its regulatory and statutory responsibilities.

The paltry number of new positions requested by the Governor for the natural gas mission is far from adequate and is more than offset by a reduction in another 54 positions elsewhere in the Budget and the continuing budget freeze in hiring. We are fearful that existing staff would have many of the responsibilities shifted from their important responsibilities now: Permitting to oversight

enforcement of gas drilling activities, because the 28 positions, 29 positions put in the Budget are not nearly enough from our point of view.

We strongly believe the drilling should not proceed until an adequate severance tax on the gas producers is identified and implemented for oversight and enforcement. Drilling should not proceed until enough staff resources are also identified and steps are taken to ensure it is safely done.

New York State's manufacturing and environmental history is full of numerous examples where industrial practices, some innocently undertaken in an earlier era and some done intentionally or accidentally, have caused New York State taxpayers to finance billion dollar bond acts and the creation of costly State-funded programs to investigate and remediate their mistakes. No foreign intruder is threatening to enter New York State to steal this natural resource that has been where it is for millions of years; it is not moving away. Short-term delays to ensure that hydrofracking is done responsibly to recover this resource is both fiscally prudent and environmentally responsible.

Our presentation last year reported that DEC was continuing to rely on costly consultants to perform work that could be done by in-house staff. We stated that DEC was expecting to employ 175 consultant employees, an increase of 14 from the previous fiscal year, at an average cost of \$198,000 per consultant. We specifically asked members of this Committee of the Legislature to question DEC

management to justify why they were, A, hiring these contractors and, B, why they were substantially underreporting the number of consultants at DEC in apparent violation of the Procurement Stewardship Act of 2006.

Last year, the public record said that DEC had close to \$71 million in previously unreported contractors. We would like to know if any members of the New York State Legislature received an explanation from DEC as to why this happened, and if not, why not?

Things are not getting better. Two weeks ago PEF's research staff issued its latest consultant services contract report titled "The tip of the Iceberg." It can be found on the link on the first page of PEF's website, www.pef.org. In this report, PEF said that DEC had neglected to report over \$97 million worth of contracts to the Comptroller's office on form B as required by the Division of the Budget. We strongly urge the Legislature, again, to pursue an explanation for this discrepancy.

Last year at this time, DEC's only remaining operating pheasant farm was in jeopardy. The sports community, the environmental community and PEF EnCon, members of this Legislature rallied to that cause and got that funding restored. Later in the spring, there were serious attempts, we believe -- at least trial balloons floated to close the only remaining tree nursery up in Saratoga. DEC eventually backed off of that proposal, and we thank both the sporting community and the environmental community and the Legislature for its role in that decision.

And it's quite ironic that they were attempting to do that in view of the Commissioner's presentation, testimony this morning that a lot of the nurseries had a significant role in flood plane management and reduction of greenhouse gas emissions with its reforestation and greening of metropolitan urban areas.

We would like to thank any of you that had a role in that decision for remembering the commitment made to New Yorkers back in 1970, when the old conservation department was merged with some State Health Department programs into the new New York State Department of Environmental Conservation. This was the commitment that continued New York's support of the traditional wildlife and conservation programs. We ask you to stay vigilant that DEC does not try to revisit closure of these facilities and to watch closely for plans to close DEC campgrounds and fish hatcheries.

Last year and the year before, we also raised questions about the viability of the State's Brownfield program and the uncapped tax credit's drain on the State Treasury. PEF EnCon urges the Legislature to reexamine this program to limit the tax credits because of the possibility of abuse in unlimited tax credits. There were some revisions made in the Brownfield program two years ago, but this was done with substantial contributions from too many of the architects of the original program that didn't cross the "t's" and dot the "i's" in the original bill.

It looks like history has repeated itself. Again, we believe the tax credits are too high and they may not be spending in

the most environmentally beneficial programs most in need for redevelopment. There has been some other problems within the DEC Brownfields programs that have resulted in numerous court challenges.

We join with environmental advocates in New York State in urging the elimination of the Bunker fuel tax exemption for dirty fuel that is used by ocean-going cargo ships and other marine vessels in New York State's harbors and ports that cost New York State taxpayers around \$35 million a year in tax subsidies, and also contribute significantly to negative environmental impacts.

Before closing, I must comment on what the Commissioner mentioned this morning in talking about the importance of Federal funding. And one of the things he highlighted was President Obama's creation of the Great Lakes Restoration Initiative. And that's ironic because as I was leaving earlier this morning for the hearing, I received an e-mail from one of our staff members in our regional office that said that DEC is in jeopardy of losing \$60 million for the Great Lakes Restoration Initiative because we didn't have the staff to complete the grant proposals that are due this week. I have to pursue that and verify a lot of that information, but the earliest report -- if this is true, it's really most unfortunate.

And the last thing I'd like to comment on is that the Governor indicated that he's been working quite closely -- not the Governor, excuse me; the Commissioner is working quite closely with New York State's Congressional delegation in trying to increase

Federal funding that comes back to New York for environmental programs, State programs. We applaud him for doing that and we hope that he's successful with the Congressional delegation.

But we would also like him to look at one additional problem. As you all know, the Federal Budget is facing the same stresses on its budget, and EPA has been cutting back on the money that it used to send directly to DEC, particularly for the clean air program, the clean waters program. And what they've done with some of this money, they funneled it through some quasi-government public corporations and entities, and they in turn have used that money to come back to New York to finance costly contractors and consultants. And we would hope that the Commissioner would work with our Congressional delegation, and if any of you have access and influence with them, too, would do similar things to see that money is put back into the Federal Budget and goes directly to the environmental agencies in those states that have the mission to enforce those programs.

Thank you for the opportunity to provide this brief presentation. I will be happy to attempt to respond to any questions you may have now or in the future, as will my colleagues at PEF EnCon.

CHAIRMAN FARRELL: Thank you very much.

MR. BAYER: Thank you.

CHAIRMAN FARRELL: Questions?

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Hearing none, have a good day.

Neil Woodworth, Executive Director, Adirondack Mountain Club.

MR. NEIL WOODWORTH: Well, thank you, Assemblypeople and Senators; thank you for persevering. It's been a long day for you.

My organization, with its 30,000 members, represents the people who use public lands and parks; 30,000 of them who sea kayak in the Atlantic Ocean and hike in the Adirondacks and Catskills, enjoy the great trees of Allegany State Park and many other places.

You've heard a lot today -- and I'm not going to repeat it, but I'm going to make these points: New York State, largely through your hard work, has some of the most enlightened and excellent environmental laws in the country. And the Environmental Protection Fund has been one of the greatest achievements of this Legislature when it was enacted in 1993 and in what it has accomplished in protecting our air, protecting our water, protecting our lands since that time.

It's a little ironic with Governor Paterson's proposal for a moratorium on purchases of new State lands that one of the reasons that the Environmental Protection Fund was actually enacted in 1993 was one of the parcels that we might lose now, a place called Follensby Park - a beautiful place in the Northern Adirondacks - that

parcel was lost in 1993 because there wasn't any money to purchase it. It would be ironic if we lost that parcel next year or the year after because we don't have the money to purchase it.

And what I'm concerned about is that all the funding that we commit to protecting our environment and our citizens and our health - our drinking water, the proper disposal of solid waste - all of that depends on two sources of funding: The funding that we give to the Department of Environmental Conservation and the funding that we give to the Environmental Protection Fund.

You've heard about the disproportionate levels of cuts; one-third reduction in the Environmental Protection Fund. If you total the number of people cut from DEC and the Office of Parks and the Adirondack Park Agency, it totals 131 people, full-time equivalents. Across 24 State agencies and offices in New York State, only a total of 630 full-time equivalents are being cut; remember, 130 are being cut from our environmental and park agencies. That, folks, is a very disproportionate level of cuts.

And I, like others, wonder why the environment has been chosen to bear such a disproportionate level of funding. And we face, whether by climate change or the great, perhaps benefits, but perhaps great risks of Marcellus Shale drilling, we face one of the greatest challenges to protection of New York's environment. And whether it is -- and one of the great challenges of Marcellus drilling is the fact that it will require an enormous -- billions of gallons of water to be withdrawn from the State's surface waters. And when I met

recently with the DEC Division of Water chief, I asked him, "What is the regulatory authority of the Department of Environmental Conservation with regard to water withdrawals?" And he said, "Take as much as you want." There literally is no authority to regulate water withdrawals.

So, maybe 29 people are being added, members of the Senate and the Assembly, but we don't have near enough people to -- when we talk about the fact that when those millions and billions of gallons of water that have 50 to 300 tons of chemicals, like Benzene and other carcinogens in them, when we have this water, most of that water will come back up and have to be disposed of. Going through the many surface layers of salt in New York State, that water will come up incredibly salty and briny. It will also come up radioactive from the many layers of Radon that we have below the surface.

It will take a great number, a great deal more than 29 people to regulate that activity and as Assemblywoman Lifton noted today, just the amount of truck traffic and the amount -- and the fact that in the entire region there are just two plants that are able to handle the disposal of all of that waste water; what are we going to do with that? The industry has proposed that we drill wells deep into the ground, in some of the same places where we drill for drinking water, and dispose of the water in those locations.

Ladies and gentlemen, we need a lot more environmental oversight before we allow that to happen. And that oversight is going to take people - scientists and engineers - to oversee

that policy. This is a lot bigger than whether somebody gets a drilling permit or not. We have a duty and a responsibility to ensure that the people of this State continue to have drinking water.

One of the reasons why you shouldn't accept a moratorium on State land purchases is one of the most effective safeguards to the New York City water supply is the purchase of land. I don't know whether you realize this or not, but for every acre that New York City has purchased in the watershed area to avoid filtration requirements, DEC has protected 3 acres. And in the future, before we face that next filtration avoidance decision in 2012, we're going to have to, as a State and as a City, protect a lot more land before the EPA approves that next FAD amendment.

So, that's important. And in order to do that and in order to fund the proper environmental programs, we're going to have to get the Environmental Protection Fund back up to at least \$212 million. And there's a very simple way for you to do that. The Governor has proposed an Article 7 bill that strips away a third of the real estate transfer tax for the Environmental Protection Fund, and if we want to properly fund our environmental programs, you can just say no to that Article 7 bill. Don't let it happen, don't vote for it because our EPF has to be at least \$212 million to properly protect our air, to properly protect our water.

There's some offloads in the Environmental Protection Fund that ought to be stopped. Now, Assemblywoman Sayward, you know that I am a strong proponent of paying State taxes

on lands that we own, but as Mr. Hayes noted, the EPF is no place for State tax payments. It's bad public policy. It wasn't what we intended the EPF to be. When you enacted the Environmental Protection Fund, you enacted it to cover the environmental needs of this State in good times and bad. And because we're in a time of economic uncertainty and crisis, it is no time to jettison the protection of the environment.

We don't have a choice in the drinking water we drink. We don't have much choice in the air we breathe. We need protection. You know, we've canceled out Breast Cancer research as part of the EPF cuts on Long Island. What does that tell us about our priorities?

So, I plead with you: Don't let the Governor strip out the money for the Environmental Protection Fund. Restore the \$70 million. Restore a number of those positions that were cut from Parks and DEC. That will be your job, and your most important job in my view. And I thank you very much for listening.

SENATOR KRUEGER: Thank you very much.

MR. WOODWORTH: Any questions?

SENATOR KRUEGER: I don't have a question, I just want, as a representative from New York City who has also been highlighting the dangers of drilling in the watershed, I appreciate your emphasizing what a complicated issue that is and how the ramifications can be enormous for our clean water throughout the State of New York. So, I appreciate that.

MR. WOODWORTH: For 14 million New Yorkers.

SENATOR KRUEGER: For 14 million New Yorkers. Thank you very much.

Any Assemblymembers?

ASSEMBLYMAN HAYES: Mrs. Sayward has a question.

ASSEMBLYWOMAN SAYWARD: Not a question, just a comment. And I agree with Neil that we have to protect the waters of New York State. You know, we have to get a Constitutional amendment many times to bring clean drinking water to people in our communities in the Adirondack Park. And I think it's going to be the next greatest crisis that we face, and it may already be here. And I know that my colleague, Dede Scozzafava, has a bill that would, in many ways, protect the water that we have here in New York State. So, on that point, Mr. Woodworth, we agree.

MR. WOODWORTH: Yes, we do.

ASSEMBLYWOMAN SAYWARD: Thank you.

MR. WOODWORTH: Thank you.

SENATOR KRUEGER: Thank you very much.

Parks and Trails New York, Shawn McConnell,
Director.

MR. SHAWN MCCONNELL: I have to correct the record. I'm actually the Campaign for Parks Director; I think my boss who is the Director of Parks and Trails New York would be --

SENATOR KRUEGER: A little louder. Sorry.

MR. MCCONNELL: Sorry. I have to correct the

record a little bit. I am actually the Campaign for Parks Director. I think my boss, Robin Dropkin, would be a little upset if she knew I was trying to take over.

First of all, I wanted to thank you for -- I know it's been a long day, but I definitely appreciate you sticking around to listen to the concerns of the environmental community. I am obviously here to talk about parks for the most part, and a little bit about the Environmental Protection Fund.

But first of all, I'd like to start by telling you a little bit about my organization and myself. Parks and Trails New York is a Statewide not-for-profit organization that works to expand, protect and promote a network of parks, trails and open spaces throughout New York State.

I was drawn to this organization and this cause because I was raised in a small town in the Finger Lakes called Branchport, New York, just about a five-minute bike ride from Keuka Lake State Park. As soon as I learned to ride a bike, I peddled that bike to the park and spent almost every summer day of my childhood there. I took swimming lessons, participated in day camp activities and hiked through its trails. The park contributed to my development a great deal. It provided me a safe place to spend the summer days while my parents were at work. It instilled in me a great respect for nature. It provided a place to socialize with other children and it inspired in me, in this age of high obesity rates, a desire and love of exercise.

It contributed a great deal to my community, also. People drawn to the park filled our local shops, wineries and restaurants, providing a boost in revenue that helped keep local establishments profitable and able to employ local workers.

Whether it's Montauk Point, Niagara Falls, Allegany, Harriman, Robert Moses, Letchworth, or Saratoga Spa, New York's 214 parks and historic sites contribute similarly to the economy and quality of life of many of our State's communities. According to the report, *The NYS Park System: An Economic Asset to the Empire State*, the State Park system generates nearly \$1.9 billion in annual economic benefits for the State and local economies. For every one dollar our State spends on the State Park System, we enjoy five dollars in economic activity.

The State Park System creates 20,000 jobs - exclusive of State Park employees. These are long-lasting, sustainable jobs. Many of the parks are located in Upstate New York, where the revenue and jobs they generate are desperately needed.

Another great thing about our State Parks - they're close to home. In a typical year more than 55 million people visit our magnificent State Park and Historic Sites seeking to reconnect with nature and enjoy the great outdoors, while at the same time spending money in every region of the State and that number is increasing as people are less able to afford far-away vacations.

Despite their essential role in New York's economy, health and quality of life, our State parks are in jeopardy. In

December, State Parks reported that their budget had been cut 25 percent since 2008 and the agency had lost nearly 1,000 permanent and seasonal staff. The cuts forced the State parks to cut back programming, maintenance and hours at 100 parks. At that point, the agency warned that the situation was so dire that the further significant cuts would not merely lead to more service and program reductions, but would lead to park closings.

And that is precisely what the proposed Executive Budget will bring about. The current budget proposal will slash \$33 million from the agency's operating budget and \$4 million from State Parks' capital program. If passed, the parks budget will have been reduced 40 percent from 2008-2009 levels and will leave State Parks with no choice but to close parks and historic sites.

Closing parks, reducing hours and eliminating programs will mean fewer visitors, and thus a reduction in revenue for the State and reduced economic benefits for all. If you close a park, you lose revenue. Entrance fees, camping fees, picnic shelter rentals -- all park revenues remain with the agency. Park revenues account for a third of OPRHP's operating budget. Every \$1 million in park closings generates \$650,000 in net budget savings. And because of the expense of bringing a closed park back online, the expectation is that any park that closes will remain closed for three to five years and maybe permanently. The closing of parks is an unprecedented step in our State's history that will have a deleterious effect for years, if not decades, on the State Park System and the economy, particularly of

Upstate.

Does this Legislature want to have the legacy of being the first to close State parks? Judging from the reaction in areas where State parks were proposed to be closed last winter, the public will not take summer park closings lightly and will hold the legislators accountable. Additionally, despite the administration's progress in advancing an aggressive capital program, State parks suffered a \$650 million backlog of unmet maintenance and infrastructure needs - repairs to crumbling buildings, bridges, roads, swimming pools, and water and electrical systems.

Unfortunately and incredibly, State Parks were left out of the Federal stimulus legislation, so relief for these critical capital needs will not come from the Federal government. Moreover, the inability of State Parks to hold annual park police trainings for two years has drained the park police force, threatening the safety of park patrons.

Parks and Trails New York is not oblivious to the State's current fiscal crisis; however, the Governor's proposed Executive Budget for 2010-2011 is larger than the previous year. It inflicts far deeper cuts to parks and environmental programs than most other areas of the budget. According to the Division of Budget's *Briefing Book*, the Executive proposal will cut about 13 percent from funding for both DEC and Office of Parks. Other analysis estimates the total cuts to be much larger; 40 percent from the DEC and 20 percent from the Office of Parks.

Regardless which numbers you use, the environmental agencies were cut at a disproportionately high rate. In addition, the Environmental Protection Fund was cut \$70 million, or 33 percent. Reinstating the Environmental Protection Fund to last year's level of \$212 million would help New York's dedicated source of environmental funding meet the billions of dollars in needs that exist throughout the State for critical, important projects such as open space and farmland protection, recycling, water quality enhancement, in addition to parks.

We strongly oppose such disproportionate cuts to programs that protect our natural resources, protect the public health and enhance New York's quality of life. We call on the Legislature to look for creative ways to bolster the Office of Parks' ability to fulfill its mission, not look to cut the agency to the point where the only option is closing State park facilities. At a time when everyone is searching for ways to stimulate the New York State economy to bring more money and jobs into the State, the tourism dollars generated by our parks are critical to our State's economy, too.

Upstate New York, which has suffered economically well before the most current economic meltdown, especially cannot afford to lose the long-lasting jobs, revenue, services, and pride these parks provide.

And one thing I wanted to add before I go, in reaction to Commissioner Ash's testimony today, is that we really do need to know exactly which parks are going to close. I want to thank

Assemblyman Cahill and those of you who asked that tough question. The public deserves to know, again, what parks will close. Before you can vote on this budget, you should know the ramifications of passing this budget. And if California is any indication, where Governor Schwarzenegger announced that many parks were going to have to close, and the people were up in arms, that will likely happen here.

Again, people love their parks. They depend on their parks. And again, thank you for asking those tough questions, and I hope you continue to seek those answers.

Thank you.

CHAIRMAN FARRELL: Thank you.

SENATOR KRUEGER: Thank you.

I'm sorry, just one very quick question.

MR. MCCONNELL: Yes.

SENATOR KRUEGER: I also was very disturbed that the Federal government did not include parks money as eligible for stimulus funds, and there is discussion of "Stimulus 2." Do you know whether we stand any better chance of getting the Federal government to recognize the importance of parks in "Stimulus 2"?

MR. MCCONNELL: I do not know that right now, but we will definitely be working on that and appreciate any help that we can get from this legislative Body.

SENATOR KRUEGER: We'd be very interested in working with you on that. Thank you very much.

CHAIRMAN FARRELL: David Haight, Director,
American Farmland Trust.

MR. DAVID HAIGHT: It's actually "hate", the
opposite of love. "Height" would be my namesake Laura who will be
testifying in a couple moments. We often argue about how to
pronounce our interesting last name.

Chairman Farrell, members of the Legislature, I thank
you very much for the opportunity to be here late in the afternoon
today. I am here to really raise three points with you this afternoon. I
submitted very detailed written testimony.

The three things I want to raise are the importance of
environmental programs to the health and well-being of all New
Yorkers, the economic connection between environmental
investments, and then lastly the importance of the Legislature's
leadership this year in making a meaningful investment in the
Environmental Protection Fund.

New York farmers -- well, contrary to common
misconception, New York is a farm state. About 25 percent of our
State's land base is in agriculture; about 7 million acres of land. For
that reason, our farmers are critical allies in helping to protect the
health of our environment.

More than half of the State's population gets their
drinking water from an unfiltered water supply, and in those
watersheds that provide that water supply, farmers have proven to be
key allies in adopting conservation practices in protecting their land so

that their land can act as a natural water filter so that we do not need to spend billions of dollars in having constructed water filtration systems. So, when we invest in programs that help farmers protect land and water, we have clean drinking water.

Importantly, more and more New Yorkers are also asking about where their food comes from, whether it be if you are in Manhattan or if you're in another borough of New York, if you're in Central New York, if you're in the North Country, the Southern Tier, the Hudson Valley, more and more New Yorkers are interested in having a nutritious food supply. They are interested in having a secure food supply. And ideally, if they could buy that food from someone that grows it here in New York, so much the better.

Recent Cornell University research indicates that New York's 7 million acres of farmland could grow enough food for about 6 million people; about a third of the State's population. So, every three days here in New York, when we have a farm get developed, we are losing our ability to feed future generations of New Yorkers. So, again, when we talk about environmental programs that help farmers protect land and water, we're talking about food, we're talking about water -- from my days as a Cub Scout, I think there was one more of those, kind of critical human needs - I think it was shelter. So, I think there's two of the three that we're talking about here.

I also want to magnify for you the economic importance of these investments. New York's Farmland Protection

Program has provided a little bit over \$173 million to protect about 72,000 acres of land around this State, a critical environmental accomplishment. But I want to highlight for you how those dollars have benefitted farm families and rural businesses across New York, because the State's Farmland Protection Program acts as a form of equity financing for farmers.

According to surveys we've done in neighboring states, most recently in Vermont, more than 70 percent of farmers that protect their land, they reinvest the money they get from that sale of development rights back into their business. What are the most common things they're doing? They're paying down debt, they're building new buildings, they're buying new equipment, they're buying new supplies, they are going down to the local hardware store, they are looking at new ways of marketing their products.

I want to share with you a quote that I got from a farmer, Matt Critz, who recently protected his farm out in Madison County. Matt and his wife Juanita run a very successful small orchard that draws thousands of school kids from the local area. And Matt said, "We believe in this purchase of development rights program. It's an economic incentive for the region, as well as to provide land protection. This award allows us to ensure that the farm can pass to the next generation, and keeps the land pricing affordable for agriculture. It's also positive for the local economy because we have immediately reinvested back into the community by buying local products from the hardware store to the lumber yard and the

equipment dealers. This helps to sustain ancillary jobs in the area, as well as the 50 or more people employed at our farm."

So, when we think about environmental programs, particularly these programs that help farmers protect land and water, there is a direct economic impact in communities across this State.

Now, I want to move to my third point, which is the importance of the Legislature's leadership this year and making sure there is a meaningful investment in our State's Environmental Protection Fund. As other speakers have highlighted for you, the Governor has proposed a very disproportionate cut to the EPF. I want to highlight really what that means for the State's Farmland Protection Program.

The Governor has proposed to fund that program at \$10.5 million. At that funding level, essentially 94 percent of the farmers that were interested in protecting their land would be turned away. So, that means families like the Schumaker family in Madison County, the Kiernan family in Ulster County, the Sawicki family in Suffolk County -- I could read to you a list of 150 farm families across this State that are interested in protecting their land, investing in the future of their family business. They would be turned away by this proposed appropriation. We hope that you do not let that happen.

I also want to highlight for you the impacts that the proposed sweeps from the Environmental Protection Fund would have. As others have highlighted, roughly \$500 million has been borrowed from the Fund. This is having a significant impact on the

State's Farmland Protection Program, where there is between an \$80- and \$90 million backlog of projects that have been awarded, contracts have been signed, families have spent dollars on lawyers, appraisers, surveyors. They have anticipated that they would be able to invest those dollars back into their business. If the only cash that is available is at the level of the current appropriation, it would take nine years to clear the backlog of projects that are already in the pipeline. That means not doing anything new, but nine years to clear the current backlog.

For that reason, I strongly encourage the Legislature to look at a multi-year repayment plan for the Environmental Protection Fund. Otherwise, we will have families across this State that would be directly impacted by this EPF cash crunch.

So, again, I want to thank you for time this afternoon and really try to reinforce that these environmental investments are critical to food, water, the health and well-being of all New Yorkers, that there is an economic connection between these investments, and that this year, perhaps more than ever before, the Legislature's leadership is needed to make sure that the EPF is funded at a meaningful level.

Thank you very much, and I look forward to taking any questions this afternoon, or certainly following up after today's hearing.

CHAIRMAN FARRELL: Thank you.

SENATOR KRUEGER: Thank you very much.

Any other Assemblymembers?

Scenic Hudson, Andy Bicking, Director of Public Policy.

MR. ANDY BICKING: Thank you very much, members of the Committee. I appreciate the opportunity to speak to you today. My name is Andy Bicking, Director of Public Policy for Scenic Hudson. We work to protect and to restore the Hudson River and its landscape as an irreplaceable natural resource and vital resource for residents and visitors. We have more than 25,000 ardent supporters in the Hudson Valley, and we advocate that an outstanding quality of life is achievable only when a clean, healthy environment is a key component of economic development.

I also want to take a moment to thank the entire Legislature for their work on the Environmental Protection Fund and environmental funding last year, notably, negotiating the passage of the Bottle Bill, restoring the Greenway - thanks to Assemblyman Cahill and many of his colleagues - and also pushing back in the proposal the sweep funds from the Environmental Protection Fund and eventually restoring \$17 million worth of cuts. These actions did make a difference for New York State and for the Hudson Valley, and I thank you.

One of the accomplishments I think we can be the most proud of related directly to the quadricentennial celebrations in the Hudson Valley. The Walkway over the Hudson has attracted more than 415,000 visitors - and their wallets - since its October opening.

And this has really shattered the attendance figures for this dramatic park, which is atop the former railroad bridge which joins Dutchess and Ulster Counties. If you haven't had a chance to see it yet, give me a call. I'd love to take you on a tour of the property.

This success and others really illustrate what the EPF can do, and it also illustrates the Hudson River's ability to engage and to inspire. They also highlight the region's untapped potential as a lynchpin for the tourism industry, which is already a \$4.7 billion economic engine responsible for 80,000 jobs in the Hudson Valley. These accomplishments are built on decades of EPF investments. Yet, despite the accomplishments of last year, the Governor got it wrong this year, and I want to talk to you about how we can correct that.

Specifically, Scenic Hudson stands with our friends in the Friends of New York Environment Coalition in the call for the restoration of \$222 million in the Environmental Protection Fund. We've also heard the importance of land acquisition as a vital program for New York State's environment. This program is one of the foundational programs of the Environmental Protection Fund, which is necessary for its integrity.

I would also like to speak with you in the testimony today about the Hudson River Estuary Program and also touch on a few other issues if there is time.

Before I get into the importance and the value of land conservation for New York State, I want to note that as the gateway

from New York City to Upstate, New York's future prosperity flows right through the Hudson Valley. And the fate of New York City and the Hudson Valley are linked increasingly, like never before. City residents benefit from Valley investments when they turn on their tap for clean drinking water, when they visit urban green markets that are supplied by Upstate farms, when they visit the Hudson Valley for recreational opportunities.

Valley residents, in turn, increasingly see the importance of a healthy urban environment, notably appreciating the Hudson River Park and environmental education programs at our State's zoos, botanical gardens and aquaria. In the context of a \$222 million EPF, all of these programs must be funded to ensure New York State's future prosperity.

We mentioned -- there has been some discussion today about the proposed moratorium on land acquisition in New York State. And in the Hudson Valley, nothing could be more devastating. This is a foundational program of the EPF, and the future of the fund and its ability to leverage community investment is critical in this category. I think rather than viewing land as a luxury item in a recession environment, something that you'd only do in favorable economic times, New York State would do well, as we've heard from testimony from Parks and Trails New York, to note that parks increase surrounding property values and local revenues while keeping the cost of municipal services low. The Parks and Trails New York study, which you can access on their website, shows that \$1 investment in

New York State parks nets a \$5 return in spending.

Parks also spur economic development. They boost nearby businesses as evidenced in the Walkway over the Hudson project. And open space in the Hudson Valley defines the rural character of the region and is a cornerstone of the region's tourism economy that keeps people coming back to appreciate the scenery and rich heritage.

My testimony goes on to explain the importance of protecting land as part of a climate change strategy, both sequestering carbon and helping our shoreline communities that are planning for a six-foot rise in river levels in the next 50 years to understand how to adapt, move critical public infrastructure out of harm's way and deal with rising waters and potential flooding impacts.

Protected forest and wetlands also purify our air and water, reducing the need of costly human-made safeguards. And in the Hudson Valley, New York can be assured that it has a very strong and rigorous partner to do this kind of work. Scenic Hudson has convened the Saving the Land Matters Most Initiative, a coalition of 16 land trusts and conservation organizations that are working to help New York State achieve its goals, as articulated in the open space plan. We know from the studies and research we've done that every dollar New York State would invest in land in the Hudson Valley would be met with \$2.41 from outside municipal county, Federal or private investment; approximately 50 percent of this campaign would be contributed to by the private, philanthropic and non-profit

community.

In short, elimination of the open space line would make it impossible for communities to leverage the private, local and Federal dollars that are important to achieve these benefits, both for our rural areas, our suburbs and our urban areas, as well.

I want to take a few minutes also to touch on another very important regional program in the Hudson Valley, the Hudson River Estuary Program, which works to conserve the River from New York City to the Troy Dam. Its work is guided by an action agenda, a forward-looking plan for collaboration with municipalities and stakeholders that delivers grants and technical assistance, and has managed to inspire and engage 500 partners in the region.

The plan has been adopted also by the New York/New Jersey Harbor Estuary Management Plan, and these two work together to ensure that benefits, both environmental and economic, are received in the Harbor to the head of tide at the Troy/Albany Dam.

The program has a great track record of success. The action plan is currently out there for public comment. I would encourage all of you to have a look at it and send in -- and really learn what a great program this is and the benefits that it can offer to New York State.

The Governor has proposed \$4 million in funding for this program, which is an increase of \$300,000 over last year's deficit reduction plan. This is one of the few areas of the Budget which the

Hudson Valley can say the Governor did something good for the region this year. But I want to note that \$4 million is just scratching the surface of what this program can do. This will allow the staff, the important contracts and the research to continue. It will allow the technical assistance to flow to our communities, but it will not allow the incentives and the grants to take place and encourage communities in our 10-county region to do the right thing and work with New York State on a regional level to achieve the environmental and economic benefits that the program can deliver.

There is one other area in my testimony that I want to touch upon and that is staffing for the Department of State and the Office of Coastal Management. I won't go into detail other than to note that like the DEC, this program has been hit hard over the years. They have only half the number of staff that they had in 1995, which makes it very, very difficult for their planners to be out there working in our communities to get the good work done and help our communities plan for their future.

My testimony also touches on the coalition positions of resisting the offloads that threaten the integrity of the Environmental Protection Fund and also to support Senator Thompson and his work to establish a repayment plan for the fund.

Thank you very much for the opportunity to speak today, and I'd be happy to take any questions or comments you might have.

CHAIRMAN FARRELL: Thank you very much.

SENATOR KRUEGER: Thank you very much.

Next is Laura Haight of NYPIRG, not to be confused with "hate."

MS. LAURA HAIGHT: I would be happy to be confused with David Haight any day, and actually for the record, "hate" is the correct way to pronounce it; my family is just maverick in that department.

Good almost evening. Thank you very much for this opportunity to testify today. I commend you for your fortitude and stamina. I will be brief and summarize my written testimony.

We all knew that this was going to be a year of painful budget cuts. Our concerns here are that they appear to be inequitable, disproportionate, short-sighted and, in many cases, bad public policy.

NYPIRG's primary concern is, of course, what's happening at the agency level and we know that traditionally the State Legislature has not changed the agency budgets. We would ask you to seriously consider an exception this year. It just seems impossible to fathom how these agencies, with the cuts they've already had to take on and the new ones proposed, can absorb further cuts and continue to carry out their mandates. And other people have spoken eloquently about those issues, so I won't go any further, but this is -- you know, this is unsustainable.

It's ironic that as the DEC celebrates its 40th Anniversary, the staffing levels will be reduced to the lowest level in

20 years. And even with the additional agency staff being proposed for the Marcellus Shale oversight, that's nowhere nearly enough, either for that program or to compensate for the other losses.

We're also extremely concerned about the attack on the Environmental Protection Fund's integrity that has been made here by the Governor's announcement of a moratorium on new land acquisition. This is not a key issue for NYPIRG; we've never been one of the land acquisition groups. But this is a key issue for the integrity of the Fund. If today buying new land is a luxury, when will the economy be better so it's not a luxury? You know, when will it be a good time to buy land? If that's the luxury today, then what's going to be the luxury tomorrow: Farm land preservation, recycling?

I mean, this is really a very dangerous language in the Governor's public statements and, in fact, it contradicts what he stated just last year in the introduction to the 2009 New York State Open Space Plan, where he talks about how the plan, which lays out a blueprint for the State's land conservation efforts, declared that the plan maintains New York's long-standing tradition of open space conservation that makes our State a wonderful place to live and attractive to businesses and it is one of the key elements of our economic competitiveness.

Well, we couldn't agree more. So -- and on top of the zeroing out of that line, the moratorium is deeply troubling. In addition, you know, let us just join with our colleagues in calling for restitution of funding to the EPF to last year's levels and the

development of a multi-year repayment plan to restore the funding that has been removed from that fund for other purposes over the years.

In addition to the cuts, which we believe really are disproportionate and inequitable, there's a lot of program changes, many of which we support, some of which we have concerns about and some which we would urge the Legislature to reject. Under the Article 7 Bill, the DERR waivers -- it would allow waivers for diesel vehicles that will be taken out of commission by the end of 2013 to not have to comply with the new diesel emission reduction requirements.

Now, the analysis that was provided with this is a fiscal analysis, so it lays out there will be cost savings to the State - \$1.4 million - and \$36 million in cost savings to public transit systems. But it doesn't lay out the other side of the coin which is the impacts on public health and on the environment. For every dollar spent in diesel emission retrofits, the EPA estimates that \$13 dollars are saved in public health costs. In addition, cash-earned diesel emissions is part of how we will get to the Governor's Executive Order 24, which is the greenhouse gas, the climate action plan.

So, we do have concerns about that revision and the fact that you're not being provided all of the information you need in evaluating that recommendation.

NYPIRG does support making the waste tire fees permanent and using them to fund other waste cleanup projects

beyond the tire dumps, and we also commend the DEC -- they've really done a terrific job in addressing the existing stockpiles of waste tire dumps.

We're still reviewing some of the other requirements that regard public notice, and some of them seem benign. Certainly allowing abbreviated advertisements in newspapers for public notices is fine. Some of them we have some concerns about, such as eliminating, in some cases, or limiting, reducing the amount of public notices provided. And we're looking at that and we'll get back to you with more recommendations. The DEC is proposing to eliminate a number of the reports that they provide. Some of this makes a lot of sense; one of them is a report on local assistance to environmental management councils. Well, the State doesn't do that anymore; it's a shame. The State has lost a lot by cancelling that funding program. But there's no reason to write a report on it if we're not doing it.

So, you know, it's good that the State is looking at reports to cut, but there are some reporting requirements that our organization worked hard for that we do keep an eye on. And we're going to be getting back to you with recommendations on that, as well.

Likewise, with the Boards and Commissions Repeals bill, NYPIRG totally supports eliminating any advisory committee or board that doesn't meet, that is obsolete, that's redundant, that doesn't provide, you know, useful input. But there's about 100 of these in the Article 7 language, and we need to look through them carefully and

see, you know, how many of those fit the bill. A lot of them, in our opinion, do but certainly not all of them.

And then finally - and this is with our good government hat on - there's another Article 7 bill on SAPA and Executive Law efficiencies. Part of it is looking at using new technology to streamline -- to make agencies more efficient. Again, there's a number of provisions there which seem reasonable. I don't know how much the State will benefit financially; there's no financial analysis.

But one provision NYPIRG has a strong objection to, and that is the provision that would allow attendance at meetings by public bodies by telephone. The problem here is the Open Meetings Law, which was designed so that the public can go to meetings - like this - and observe and see what's going on. Now, about 10 years ago they amended the Open Meetings Law to allow for video conferencing, which is new technology, and that was a money-saving initiative, as well and that's fine, but going as far as allowing by telephone literally means that businesses be connected away from the public eye. People will not only not have to come face-to-face with their constituents, but they could be in the offices of, perhaps, somebody who is whispering into their ear who has something to gain from the decisions that get made there. So, NYPIRG has strong objections to that change and urges the Legislature to reject it.

So, I would be remiss before leaving without talking about some of the revenue ideas that aren't in here. My favorite, of

course, is expanding the Bottle Bill; it gets more revenue in there. And if I didn't say that, I think you guys would all ask me why I didn't. There's other revenue generators that groups have advocated in the past that weren't included in this year's Budget. Very troubling that, for instance, Parks - their hands are tied. The Governor has not allowed them to increase fees at parks and they're in this bind. And so, I think that we need to not look at just cutting things, but also look at how we can raise more revenue to support these critically important projects.

So, that is all I have to say, very briefly. And thank you again, and I'd be happy to answer any questions.

CHAIRMAN FARRELL: Thank you very much.

MS. HAIGHT: Thank you.

CHAIRMAN FARRELL: Next, Ethan Winter, New York Manager, Land Trust Alliance.

MR. ETHAN WINTER: Good afternoon, Chairman, and thank you for the opportunity to comment on the Executive proposed Budget.

I wish to make my remarks today on behalf of the 90 local community-based land trust organizations that the Land Trust Alliance serves across New York State. And this may be a good time to recall the EPF's enabling language which states, and I quote, "The preservation, enhancement and stewardship of the State's environment are among the government's most fundamental obligations.

Appropriate actions to make the State's invaluable natural and historic

resources available for public use and enjoyment are key components of the environmental and social policy of the State." Indeed.

New York's green infrastructure and our environment, with strategic investments from New York State and the Environmental Protection Fund, must be central to New York's economic recovery plan. New York's land trusts, with well over 100,000 members and community volunteers, understand this. And New York's land trusts greatly appreciate the support we have received for core environmental programs from Legislative leaders, including many of you, and the Executive over the years.

The Conservation Partnership Program, Farmland Protection, Open Space funding, ZBGA funding; these programs have helped land trusts and community partners promote sustainable communities, and in doing so have generated a very positive return on investment for New Yorkers across the State.

New York's grassroots land trust community works in the spirit of partnership in virtually every corner of the State, from inner-city neighborhoods in Brooklyn, Harlem, the Bronx, Troy, Buffalo, from Long Island to the Hudson Valley, the Finger Lakes and the North Country, land trusts are vital partners for the State in advancing our shared goals for environmental protection, smart growth, economic development and public health. It goes way, way beyond the open space plan, as important as that is.

Going forward, the Land Trust Alliance and the

Friends of New York's Environment Coalition stand behind you and your efforts to make the EPF more effective, more transparent and more efficient. Working together for a strong EPF, we can and we will ensure that New York emerges from this recession cleaner, greener and more competitive.

Very briefly, I'd like to highlight two of our priorities for the next upcoming Budget. First we ask that the Legislature maintain funding for the Conservation Partnership Program, as included in the Governor's Executive Budget. As many of you know, the partnership program is an EPF-funded initiative that provides matching grants to local land trusts. We believe the partnership program demonstrates what a well-funded EPF can achieve through efficient administration and strategic, targeted investments that benefit communities across the State.

I would like to especially recognize Senator Thompson and Assemblyman Sweeney for their leadership on behalf of the Environmental Conservation Committee, their support of the partnership program and their earnest support of the EPF. Thanks to their and your support of the partnership program, we are investing in urban gardens across New York City, as well as in our Upstate cities, in stewardship in community outreach programs in underserved areas of Hempstead, Rochester, Buffalo and Newburgh. We're investing in local efforts to preserve farmland and strengthen regional food security. And we're investing in the next generation of environmental stewards, from the Hudson Highlands and the New York City

Watershed, to Jefferson and Livingston County, the Land Trust Partnership Program is enhancing public access and supporting environmental education and teacher training in our local schools.

Finally, the EPF enables us to invest in permanence. New York's land trusts apply their partnership program funding to implement best practices and to prepare for certification through a rigorous national accreditation program developed by the Land Trust Alliance. No state in the country has more accredited land trusts than New York State. These grants are also saving land trust jobs, helping these not-for-profit organizations sustain community services as they weather a very difficult recession.

From our perspective, this is what the EPF looks like: It is kids and seniors -- and I'm showing some photos of projects that we have recently funded through the partnership program. The EPF is Upstate farmers and Downstate community gardeners. It's tourists, recreationists and local business owners; it's the next generation of conservationists and environmental stewards in New York State. Again, these organizations mirror the geographic and demographic diversity of New York State, making these EPF investments beneficial for many, many of your constituents.

Finally, we urge the Legislature to restore funding for open space, farmland protection, ZBGA and other vital programs, and we urge you to restore funding for the EPF to at least \$222 million in this budget. Think about it. For every \$100 the State spends in its budget, 10 cents goes to the environment. New York spends far less

per capita on the environment than many other states. Now is not the time to weaken the only funding mechanism New Yorkers have to protect their air, water and land.

Protecting public health and our environment is part of the solution. As my colleague, Andy Bicking, wrote in today's Times Union - I hope you all see this piece - "The environment has to be a key part of New York's economic recovery plan." The air we breathe, our water resources, the lands that support wildlife and grow our food, the special natural places that New Yorkers and millions of paying tourists love -- these are not luxuries. And as Commissioner Ash eloquently stated earlier, these are not nice things, they're necessities. They are what make New York New York.

I'm happy to take any questions, and my contact information is at the end of my testimony. I'm happy to be in touch.

CHAIRMAN FARRELL: Thank you.

SENATOR KRUEGER: Thank you.

Thank you very much.

MR. WINTER: Thank you.

CHAIRMAN FARRELL: Janet Torres, Director of Government Affairs for the Wildlife Conservation Society, and Joshua Rivera, Director of Government Relations, New York Botanical Garden.

MS. JANET TORRES: Hello, my name is Janet Torres, Director of Government and Community Affairs for the Wildlife Conservation Society. I'm joined by my colleague, Joshua

Rivera, who's Director of Government Relations at the New York Botanical Garden.

Today we are here as members of the Coalition of Living Museums and recipients of the Zoos, Botanical Gardens and Aquariums program. On behalf of all 112 member institutions Statewide, I would like to thank Chairmen Sweeney, Thompson, Kruger and Farrell for allowing us the opportunity to testify today.

CLM's institutions span 44 counties and represent a diverse cross-section of New York's zoos, botanical gardens, aquariums, arboretums and nature centers. Living collections require constant intensive care of wildlife and plants even in times of economic hardship. To receive funding from New York State, living museums are required to have public education and environmental interpretation as a core mission. While CLM's living collections help breed endangered species and address the impacts of global climate change, we are most proud to educate and inspire thousands of teachers and millions of children, literally growing new generations of conservation stewards. It is not a stretch to say that living museums are the State's heartbeat of ecological literacy, inspiring the public to care about New York State's natural resources.

Leveraging modest ZBGA funding, living museums generate hundreds of millions of dollars each year for the State in tourism and economic development. Living museums, big and small, Upstate and Downstate, from Nassau to Erie Counties, are core to

stabilizing local economies by providing good-paying jobs and supporting local businesses. Even during this current fiscal downturn, over 10 million visitors seek refuge in our environmental sanctuaries, and these numbers are only growing as people stay closer to home. Increased visitation means increased expenses as demand for our programs and services rises.

ZBGA receives funding through the Environmental Protection Fund, and the Executive Budget proposal cuts EPF by 33 percent from the last fiscal year's appropriation. Considering the wide-ranging benefits provided by the EPF and its benefits to every county in the State, we respectfully request that you consider during the budget negotiation process to include \$222 million in the EPF for State Fiscal Year 2010-2011. The very integrity of the EPF is in jeopardy when cuts to the program's core are being threatened, such as open space -- and you've heard many people speak about that.

For more than 20 years, ZBGA has acted as a reimbursement program and has always drawn down its full allocation. The 45 percent proposed cut would be painful to anticipate under any circumstance. However, this proposed cut, being levied on a reimbursable program, is devastating. To put it simply, the money has already been spent and this disinvestment would undermine the most basic care of our living assets which is the reason we exist. We respectfully ask that you help restore ZBGA back to its former level of \$9 million in State Fiscal Year 2009-2010.

The Coalition of Living Museums recognizes that the

State faces some challenging fiscal realities. It is for these two reasons, quality environmental literacy programs and measurable economic development, that the ZBGA program is essential during difficult times. It is important that protecting and preserving New York's environment, and ensuring the viability of our Eco-tourism industry, remains at the forefront of your budgetary decision-making.

We look forward to working with you to protect these vital environmental programs. Thank you.

CHAIRMAN FARRELL: Thank you.

SENATOR KRUEGER: Thank you very much.

Nice to see you.

CHAIRMAN FARRELL: Friends of Hudson River Park, Matthew Washington, Deputy Director.

MR. MATTHEW WASHINGTON: Good afternoon, and thank you for your time. I was beginning to think my first request would be for hotel reservations for tonight, but the train is still running to New York City so I'll be able to make it home.

CHAIRMAN FARRELL: Don't look out there for the sun.

MR. WASHINGTON: But the river is still beautiful.

My name is Matthew Washington. I'm the Deputy Director of Friends of Hudson River Park. I'd like to take this time to thank you for your support of Hudson River Park over the years, as it has become a flagship for new park development in New York City and New York State. This is a direct result of continued support for

the park from the New York State Legislature. And because of it, Hudson River Park has become a wonderful regional destination that annually welcomes over 17 million visitors from the five boroughs, from New York State, and from across the globe.

The City of New York has budgeted \$11 million for Hudson River Park in its upcoming fiscal year but will only release funding equal to the State's appropriation. In Governor Paterson's fiscal year 2010-2011 Executive Budget, the Environmental Protection Fund includes \$3 million to continue construction in Hudson River Park. This would not allow the park to access the additional \$8 million in the New York City budget, and it represents a decrease of 50 percent from last year's New York State appropriation of \$6 million for the park.

Although we have projects ready for construction and would be able to fully utilize an appropriation of \$11 million, we fully appreciate the current fiscal challenges being faced by the State and are therefore asking for the minimum amount necessary to make sure that work can continue in the park. Without a State appropriation of \$5 million, work might come to a standstill for the first time since construction began in 1999, and the park's construction jobs will be at risk of being lost.

Over the years, Hudson River Park has had a dramatic impact on New Yorkers and has become a centerpiece of Manhattan's West side economic development efforts. Hudson River Park serves as a community resource, an example of important

waterfront stewardship, and an economic development asset to the surrounding neighborhoods. According to a study we concluded in 2007, it is the catalyst to rising property values in its surrounding neighborhoods, generating significant returns on investment for New York. This contributes to a rising tax base and provides other essential services the public requires.

Since its creation, Friends has worked closely with the Hudson River Park Trust to ensure the eventual completion of Hudson River Park and to uphold the integrity of the Hudson River Park Act. We owe much of our success to our supporters and elected officials. As your partner in this endeavor, we believe that the investment in Hudson River Park of at least \$5 million in the Fiscal Year 2010-2011 State Budget will help the State protect jobs and further enhance the value of the surrounding neighborhoods. And the park has been self-sustaining up until this point, with no public resources being used for the annual operation.

The challenges being faced by Hudson River Park are shared challenges of many of the programs being funded through the EPF. This fund has served as an investment in both our economy and quality of life. Many projects being funded through the EPF have been able to stimulate economic growth and encourage healthier lifestyles with increased open and park space for recreation and better air quality. The EPF has been great for New York State and is need of careful consideration and detail.

We stand with the friends of New York's

environment to urge the Legislature to restore the EPF to \$222 million. The EPF has provided for everything from parks, community gardens, wetlands, farms, recycling programs, zoos, botanical gardens, aquariums, and much more that we all love and cherish throughout New York State. This wide range of programs has enhanced the quality of our lives, and we must take a stand together to ensure this great work is preserved for future generations.

In closing, I want to thank you for giving me this opportunity to testify. And we look forward to working with you to ensure the completion of Hudson River Park and to protect the Environmental Protection Fund. Thank you.

CHAIRMAN FARRELL: Thank you very much, Mr. Washington.

CHAIRMAN KRUGER: Thank you.

CHAIRMAN FARRELL: William Farber, Chairman, Hamilton County Board of Supervisors.

MR. WILLIAM FARBER: Thank you, Mr. Chairmen. Good evening. Welcome. Thank you very much for allowing me the opportunity to testify. And I give you all great credit for your stamina here today and this evening.

CHAIRMAN FARRELL: You may have broken our will with this book here.

MR. FARBER: I'll distill it down a little bit and won't torture you with a reading of the whole document.

Two pages would be about it.

MR. FARBER: Could we negotiate for two and a half? It's only 5:30.

In any event, I just want to clarify the fact that I'll also be testifying here this evening as the past president and a member of the Executive Committee of the Adirondack Association of Towns and Villages.

The Adirondack Association of Towns and Villages is an organization that represents the 103 towns and villages wholly and partially within the Adirondack Park. That organization really represents a population of about 130,000 year-round residents and a population that really balloons to many times that in the summer seasons and the tourist seasons.

So when you think about the number of taxpayers that are impacted, property taxpayers, by decisions that get made in the Adirondacks, we're talking about hundreds of thousands of New York State taxpayers that are impacted by these decisions.

When you think about the environment and the Adirondacks, the two are really linked forever and always. Article 14 of the Constitution, as set forth in 1894, really created the "Forever Wild" clause. And then with the subsequent enactment of the Adirondack Park Agency Act, it really took a level of responsibility for the Adirondacks upon the State of New York, concluding that the Adirondacks is a special place. It's the great experiment, if you will.

It's that construct that was put together, a combination of public and private land that is second to number in the world. It really is a model that other countries are now trying to emulate. So when it comes to the Adirondacks, everything about the Adirondacks relates back to the environment.

With that said, I really want to touch on four specific areas of the Executive Budget this afternoon. One is the Governor's proposed moratorium on State land acquisitions. The second is the lack of stewardship funding to maintain the present resource that the State of New York already owns within the Adirondacks. Third is the closure of the two visitor interpretive centers that are operated by the Adirondack Park Agency. And lastly is the lack of any real locally-driven grassroots planning within the Adirondacks.

First and foremost, as an elected official, I recognize what dire economic times we're in. We have all just come off county budget processes that were nothing short of gut-wrenching. I mean, it is very, very difficult to make those difficult decisions when you're talking about cutting healthcare programs, talking about how to better manage pre-K and those programs. So I understand just how daunting it is to come before you today and talk about expenditure of State resources with respect to the environment.

With that said, when you look at the Governor's first proposal, the moratorium, you have to recognize that land acquisition is a significant issue within the Adirondacks. I'm sure there are members of the Legislature that are

saying to themselves, Why is land acquisition within the Adirondacks so controversial, why is it such an issue? And I think the answer to that question really relates to the lack of planning, the lack of shared vision for those acquisitions and how they should move forward.

You have to put in perspective the fact that at the inception of the Adirondack Park, when you look back at that 1894 construct, the original Adirondack Park was 3 million acres with approximately 1 million owned by the State of New York. We've obviously grown now to a park that is a 6 million acre park.

Three million of those acres, nearly, are owned by the State of New York. We really are a park that is going through growing pains. We're going through growing pains in that we don't really know how to deal with that expansion. We all recognize the value of open space; there truly is no argument there. But to think that land acquisition of that magnitude can take place without having any impacts is nothing short of shortsighted, frankly. And that's really what kicks off when the term "moratorium" comes up this basic firestorm of from pro and con advocacy within the Adirondack Park that you hear for land acquisition.

I have to say, I'm sure much to the chagrin of some of my colleagues, that I do support a delay of any further land acquisition in the Adirondacks. And that really comes down to the lack of planning, the fact that I think, before we make million-dollar decisions, we have to know that we're making the right decision. This is not being against open space, it's not being

against even land acquisition in fee when there is a relevant necessary reason for that. But we need to look at this and we need to make sure we've done sufficient planning that we're confident that when we spend millions of dollars to purchase more land in the Adirondacks in fee that it's the right thing to do. We have to know the impact on the economy. We have to know the impacts on affordable housing when you reduce the land that's available. You have to know the impacts on the State costs, whether the annual carrying costs are something that are affordable for the State of New York. Whether it's stewardship or Forest Preserve tax, we have to know whether the impact on the overall sustainability of this great experiment is that it can or cannot be sustained.

I will tell you that I've attached to this -- and I won't go through that -- a presentation on the Adirondack Park Regional Assessment Project, commonly known as APRAP. It's really the first time in my term of office, and I've been a supervisor now for 22 years, that we've had hard data to talk about and look at. It's not a matter of anecdotal information with respect to what's happening within the Adirondacks, we're finally at a point in time where we can look at trends, we can see what the trends are within the communities and we really know whether or not our communities are viable, are surviving in their present context.

And I can tell you, quite frankly, that the communities are suffering. I would welcome the opportunity to present to any members of the Legislature that are interested greater

detail of the findings of that report. And I know that AATV would love the opportunity to talk about that in detail, but obviously there isn't time for that today.

I want to also call your attention to the fact that I have attached to my comments a report on the economic significance and importance of the forest products industry to New York State in general, but certainly to our area. When you look at an area that's as heavily forested as the Adirondacks is and the number of jobs, both direct and indirect, that relate back to the forest products industry, it's important that we scrutinize these decisions about how we maintain open space. And we ought to be in a position where we in every instance optimize the utilization of conservation easements rather than acquisition in fee.

The second point that I want to touch on just briefly is the consistent, over the years, lack of stewardship money, lack of the necessary resources for DEC to maintain what the State of New York already owns, particularly in the Adirondacks. It is a huge, expansive wealth of land.

There are many, many opportunities -- and frankly a lot of the user conflicts that come to you as legislators, that come to DEC when user groups come in and complain, are really the product of the lack of staffing, the lack of ability to maintain and steward that land. It's the lack of enforcement. It's the lack of those issues that really are bubbling up to the top, some of these issues that could be nipped in the bud with adequate stewardship.

The third item, and something that certainly is important to the Adirondacks, is the closing of the visitor interpretive centers -- not just that proposal in isolation, but the cumulative impact of the decisions that are within this Executive Budget that impact the Adirondacks directly.

Certainly it is hard to go through the Executive Budget and look at the impacts on the Adirondacks and not conclude that we're shouldering a disproportionate share of the impacts -- the closures, the cuts -- within the State of New York. And I say that not in an effort to pit one area of the State against the other, but to remind you as legislators that inherent in that construct where the Adirondack Park was set up and protected by Article 14 of the Constitution is that inherent responsibility to the Adirondack Park and to make sure that that balance stays in play. It's spelled out specifically in the Adirondack Park Agency Act, and I ask you to be attentive to that as you make the decisions that you're here to make.

The fourth and last item really cuts across all of the previous ones. It really relates to the fact that we're at a juncture in time when we can't just simply continue to do business as usual. We have to be spending money appropriately. We have to make the right decisions along the way. And frankly, we have to acknowledge, when you look at the way things are going economically within the Adirondack Park and those things, that we haven't done a good job of balancing the needs of the communities, the sustainability of the communities, the sustainability of the economy with the protection of

open space.

We need to figure out how to integrate those two processes so that they really can be successful and this truly can be not the great experiment but the great success story of New York State that really is touted on a worldwide basis.

I would suggest to you that, rather than arguing over the delay of additional State land acquisitions, what we all ought to be doing is finding a way to support the nominal resources that would be necessary to support planning, the planning to protect this great State treasure. I would suggest that everyone here today that testified concerning the moratorium ought to be able to come together and work together to redirect a certain amount of that energy towards fulfilling the vision of this great Adirondack Park.

I've heard testimony that there already is planning in place, that planning is considered in these acquisitions. But I would mention to you a few facts that seem to fly in the face of that. We have had a host of constitutional amendments of late that range from a correction with respect to an airport, making provision for a water system, making provision for an electric system; those things appear that there's more planning necessary. And frankly, when you look at the Adirondack Park Agency and the State Land Master Plan, that State land document that was constructed to govern the way State land was managed and acquired and all those things within the State, frankly, it talks about the need for a public and private mix. It talks about specifically this land relationship also has many advantages.

The more intensive recreational and service facilities on private lands permit a broader spectrum of utilization for recreation and enjoyment purposes.

And frankly, and even more troubling, it goes on later in the State Land Master Plan to talk specifically about land acquisition. And I quote: "Due to the importance of the forest products industry to the economy of the Adirondack region, bulk acreage purchases in fee should not normally be made where highly productive forestry land is involved unless such land is threatened with development."

Frankly, when you read that language, there's no way you can get around the idea that conservation easements will protect that open space character. We frankly have this in a document, we have it in the planning agency document that is responsible for the Adirondacks, and we don't pay any attention to it, we ignore it.

With that as the backdrop, we shouldn't be surprised that, similarly, the Open Space Committee has a rule with respect to local government veto. There are four storable instances where the State of New York simply did an end-run around that language.

I will just wrap up by saying can't we afford a delay right now? Frankly, I would argue that we can't afford not to delay this and do it right.

I want to thank you for the opportunity and welcome the opportunity to explore any of these issues more completely and

fully with any of you. Again, thank you for your time and attention.

CHAIRMAN FARRELL: Thank you.

SENATOR KRUEGER: Thank you.

Senator Betty Little.

SENATOR LITTLE: If I could, I'd just like to say well said, Bill.

And some of the things that he's talking about, you will find the documentation in the APRAP report, which many of you already have, having Teresa and I send it to you. It really talks about our fear, the sustainability of communities in the Adirondacks. Phil mentioned 1971, a population of 130,000. I heard APA mentioned just recently today's population, 130,000, 39 years later.

So thank you very, very much. It was very concise and very much to the point.

CHAIRMAN FARRELL: Assemblywoman Scozzafava.

ASSEMBLYWOMAN DEDE SCOZZAFAVA:

Thank you. Thanks for being here today. And as a representative for the western part of the Adirondacks and some of the communities there, you know, this is a tough budget year. But what you and local government have been trying to do is balance the needs of the local economy and do what we can to create jobs in this park while balancing the environmental sensitivities that we have to balance. And I appreciate that.

We have real infrastructure needs. We have a lot of

dialogue that needs to occur. And I 100 percent agree with you, we've got a lot of land there that's not being properly managed. They don't have the resources to manage it. And it's time to step back, put a plan in place, talk about what we can do to have sustainable communities there that people can live and work and have jobs that work with the environment.

So thank you for being here and testifying today.

MR. FARBER: You're welcome.

CHAIRMAN FARRELL: Thank you.

CHAIRMAN KRUGER: Senator DeFrancisco.

SENATOR DEFRANCISCO: Excuse me. I just wanted to say that everything that you said I, quite frankly, am tired of hearing. I'm from Syracuse, and for seven years I've been hearing this from Betty Little. You know, she's a great advocate for your cause, and we get the message. I've gotten the message, as have the other Senators over the years, because you've got a strong advocate.

MR. FARBER: Well, thank you. You won't be surprised to know that I believed her when she told me she was down in here in Albany advocating for me.

CHAIRMAN FARRELL: Thank you.

Frederick Monroe, Chairman, Local Government Review Board.

MR. FREDRICK MONROE: Good evening.

CHAIRMAN FARRELL: Good evening.

MR. MONROE: Chairmen, legislators, thank you for

the opportunity to testify here today. I'm appearing on behalf of the Adirondack Park Local Government Review Board, and I'm also chairman of the Warren County Board of Supervisors, so I also testify in that capacity.

The review board was created in the same law which created the Adirondack Park Agency in 1971 and is composed of representatives from 12 counties in the Adirondacks.

I would like to focus my comments today on the proposed moratorium in the Governor's budget on State land acquisition. That proposal has the greatest impact on residents of the Adirondacks. A very high percentage of the State land purchases in the last 30 years have been in the Adirondack region. As you know, the Adirondack Park represents one-fifth of the land area of New York State and already holds two-thirds of the land New York State owns in the State.

In the middle of the State's current fiscal crisis, Adirondack local government's position is that spending \$75 million a year for more land would be an unwise use of public money. We believe, as Mr. Farber just stated, that land purchases need to be put on hold and the program reevaluated to consider the consequences of new purchases.

As you know, the Adirondack Park is huge -- 6 million acres, about the size of Vermont, larger than six states, larger than five national parks combined. The local governments and the Adirondack North County Association

commissioned a detailed quantitative analysis of the state of community in the Adirondack Park. And this is the first time this has been done.

The report document what is we view as very scary trends. The aging of the population in the Adirondack Park is three times the national rate. The decline in school enrollment is steeper, and the median age of the population is rising more rapidly than elsewhere. Young people have fled elsewhere in search of jobs, and the population of the Adirondacks is now the oldest in the nation other than the west coast of Florida, and we're soon approaching that. Household incomes are lower than in much of New York State. There's a steady outmigration of young people. Mines and mills of the Adirondacks, which were a large part of our economy, are largely closed.

The sparse population, remote geography, and New York State's policy of removing private land from essential economic activity have contributed to the loss of private sector jobs and employment and a virtual shutdown in private investment.

How does State land acquisition impact the residents and the local governments of the Adirondacks? First, it causes the loss of private land and building rights. Private land is important. It's needed for affordable housing. It's needed for businesses, which create jobs paying a living wage. Without that private land, the viability of communities is threatened. And that has happened in a number of our communities.

Municipalities' tax bases are very insecure when the State is the major taxpayer. Two years ago we had a case from Chautauqua County where the judge ordered the State to stop paying taxes on State lands. That's \$69 million in the Adirondacks. That would cause devastating losses to our schools, our towns, and our counties. Fortunately, that decision was appealed and reversed.

Then, later last year, we had the Governor's proposal for a tax cap on payment of taxes on State lands. Fortunately, again, the Governor withdrew that. But our tax base is always at risk any time the Legislature is in session.

The land itself is protected under the "Forever Wild" clause of the Constitution when it's purchased in fee. It can't be sold without a constitutional amendment, we can't cut the timber, and that's forever. And to state the obvious, forever is a very long time. That's why we must plan the purchases very carefully and why the needs of communities for homes and jobs must be considered.

The proposed moratorium would also have an important impact on the forest products industry and on the economy. DEC has estimated that 1 acre of working forest contributes \$477 a year to the economy. Recreational leases for hunting and fishing clubs and other recreational uses contribute about another \$9 an acre.

If the land is not purchased by the State in fee, it's available to have the carbon credits sold on the carbon market. That, we estimate, would contribute about another \$10 an acre. The total economic loss if the 75,000 acres now proposed for purchase in fee

are purchased would be \$34 million. And that's a year. And it's also in addition to the \$150 million that would not be spent over the next two years on land acquisition. So that's a total of \$210 million, a significant amount.

If the moratorium is not enacted, who will pay that \$210 million? The answer is all New Yorkers will pay it. The impact should be mainly felt in the Adirondacks, but all

New Yorkers would pay that.

We agree there should be a full review of each potential purchase before it is made at both the State and local levels. It should include the impact on the forest products industry. As Mr. Farber mentioned in his testimony just now, the State Land Master Plan provides that there should not be purchases made of productive timberlands in fee unless it's threatened with imminent development.

The lands that are proposed to be purchased now, the major portion of them, approximately 60,000 acres, is now owned by Nature Conservancy. We submit that it's not threatened with imminent development, and that the State Land Master Plan would actually prohibit that purchase.

That provision of the State Land Master Plan, that highly productive timberlands should not be purchased in fee, they should use conservation easements, has been largely ignored. And we need to pay attention to it because it's really threatening the existence of our forest products industry.

Senator Little, Assemblywoman Sayward, and local governments have asked for years how much is enough. We submit that there's a number of towns where it's already too much. The Town of Arietta, the Town of Benson, Inlet, St. Armand, Wells, and Lake Pleasant all have more than 75 percent of State land. The purchases in those communities was not the result of a plan that the towns participated in developing. We believe their needs were not even considered.

There is potential for more purchases in some areas in the Adirondacks, but there must be an acquisition plan with local input. It was mentioned in earlier testimony that there is a plan, the Open Space Plan, but that's a plan that doesn't contain any final goal for the final mix of State and private lands. And we believes that's critically important for our local governments to be able to plan. A moratorium will provide time to develop that plan and to develop a plan to improve the economies and provide much-needed jobs in Adirondack communities.

The Town of Arietta, in Hamilton County, is a poster child for what happens to a community when there's too much State land. The Town of Arietta is very large. It's almost exactly the size of all five boroughs of New York City, 325 square miles. It has only 13 square miles out of 325 square miles, or 4 percent, available for homes and businesses. So that's 94 percent that's unavailable and only 6 percent is available.

What's the impact of that on the tax

base? It has a huge impact on the tax base of the 12 Adirondack counties and 103 towns. The 94 percent that's owned or restrictively controlled by the State pays \$2.37 an acre. The 6 percent that's in private hands pays \$29.60 an acre. Sales tax per acre, 94 percent of State land, zero. The 6 percent, \$27.74. So there's obviously a huge difference.

The APRAP study that Mr. Farber just referred to was very revealing. And one of the most significant things I think it did was to put on a map for the first time every single parcel in the Adirondacks and how it is classified and how it's used. And that's in the packet that I've submitted to you. We believe it clearly illustrates a careless acquisition policy, one that does not consider impacts on communities, on people, on jobs or the economy of 20 percent of the State.

And there's a series of maps at the end of this presentation. The first one shows in dark green the publicly owned "Forever Wild" Forest Preserve lands. That land can't be sold or leased. Timber cannot be cut or removed. It's beautiful but economically unproductive. It can't be used for homes or businesses which create jobs for residents.

In the brighter green is the public conservation easements, and in the orange is the private conservation easements. Together they amount to another 9 percent. Then in the purple is the forest tax-exemption lands. That's the land that is now owned by the large timber companies. That's the

target of these acquisition plans. If they're purchased in fee, it's off-limits to timbering. That's another 11 percent. That includes 60,000 acres of former Finch-Pruyn lands now owned by Nature Conservancy and 15,000 acres of Follensby Pond, now undeveloped except for small hunting and fishing cabins, unlikely to be developed at any time in the near future because it's so remote and inaccessible.

Finally, the red, the next to the last slide shows the slopes and hydrology. Again, off-limits, 3,000 lakes and ponds, 30,000 miles of rivers and streams, unbuildable, steep slopes and water. They account for 583,000 acres, or 10 percent of the Adirondacks. And then, finally, the last slide shows in black the parcels which already have existing land uses. Those areas and the remaining areas in white is where people live and work. The white is primarily what we have left to provide homes and jobs. And that's about 15 percent of the total.

Adirondack local governments do not want any more acquisition without a plan which takes residents' needs into account. The Governor's proposed moratorium would provide time to develop that plan and a publicly developed plan for the final mix of State and private lands.

We submit that with only 15 percent left, the 103 towns and villages in the Adirondacks need to have input into the plan before any more land is put off-limits as "Forever Wild" Forest Preserve lands.

So to sum up, we believe the Governor has been

responsive to the concerns of Adirondack communities. The Governor and our legislators, Assemblywoman Sayward and Senator Little, understand the need to balance economic and environmental interests, both of which are vital to our survival. And we're not opposed to protecting the Adirondacks, but they must make sense and they must not harm communities. We urge you to support the Governor's call for a moratorium.

And thank you for your attention.

CHAIRMAN KRUGER: Any questions?

CHAIRMAN FARRELL: No questions. Thank you very much.

Wait, wait. Assemblyman Cahill.

ASSEMBLYMAN CAHILL: Mr. Monroe, I'll be very brief in my comment to you. I noted two comments you made in series, one after the other. One was a discussion of the real property tax cap that was proposed last year by Governor Paterson, and the very next comment that you made was anytime the Legislature is in session, your tax base is at risk.

I think it's important to remember that the Governor proposed the tax cap last year and it was the Legislature that overturned that tax cap. And it was, I believe, a very significant demonstration of will on the part of this Legislature that prevented the Governor from putting it into this year's budget. Heaven knows he would have liked to have done so, I think, given all the other places where he's placed cuts in taxes.

So I think it's important -- I know that it's very much in vogue to beat up the Legislature this days. But so far as I know, the Legislature itself does not approve any specific land acquisition. We've heard many people today talking about the need to go and protect lands that we have in New York State that are at risk. I happen to be of the mind that those lands are not necessarily in the Adirondacks. The Governor's decision to offer a moratorium on land acquisition will prevent us from being able to acquire and protect very fragile lands across the rest of the State.

And while I sympathize with the plight of the North Country communities and recognize that this has been an ongoing struggle over the course of many, many years, I think it's important to remember that there are friends here in the Legislature too, not just this year but other years as well.

MR. MONROE: Certainly. And that was a coalition, actually, of environmental groups, local government, and support in the Legislature, which we certainly appreciate.

CHAIRMAN FARRELL: Assemblywoman.

ASSEMBLYWOMAN SAYWARD: Right. I don't have a question, Fred, I'm just going to make a comment.

And it does seem like the Adirondack story is a tired old story. But year after year, we listen to folks who talk about how if we don't buy another parcel of property it's going to fall into rampant development in the Adirondacks.

So we're just pleased that everybody today was

willing, all of my colleagues here were willing to listen to this story. Because once the land is purchased in fee, nothing can happen on it. And I say nothing can happen on it because if you are not young enough to walk in where roads have been closed -- because roads are closed once it becomes Forest Preserve. If you can't carry your canoe 10 miles, 12 miles, however far it is to get to the river or stream, you can't get there. It just really slows access for the people.

And our communities are struggling. Economic development is almost nothing, other than tourism. And unless you own the hotel, the motel or the store, you're making minimum wage. And we're losing families. We need family-sustaining jobs. And I'd just ask that you all look at that APRAP study that Fred put here. That's all I am simply asking, is that you take a look so that you have an understanding of the difficulties that our communities have. And I appreciate your time and your willingness to listen. Thank you.

Thank you, Fred.

MR. MONROE: Thank you very much.

SENATOR LITTLE: Thank you, Fred.

CHAIRMAN FARRELL: Thank you.

Alison Jenkins, Fiscal Policy Program Director,
Environmental Advocates.

MS. ALISON JENKINS: Thank you.

CHAIRMAN KRUGER: We would hope you could summarize your remarks. We have the written testimony.

MS. JENKINS: I'll try. I'll try.

Good evening, Chairman Farrell, Chairman Kruger, members of the Assembly Ways and Means Committee and Senate Finance Committee. I'm Alison Jenkins, Fiscal Policy Program Director for Environmental Advocates of New York.

While all of New York State is suffering through the current recession, and almost all agencies have been cut, New York's Department of Environmental Conservation and Environmental Protection Fund were slashed in the 2010 Executive Budget proposal. To put it simply, Governor Paterson's Executive Budget proposal is bad for the environment.

DEC's appropriation is cut by 34 percent after years of stagnant appropriations have already confounded the agency's ability to enforce environmental law and manage the State's natural resources. The twin policies of the hiring freeze and retirement incentives will result in the DEC losing more than 400 staff by the end of this fiscal year. The Executive Budget proposal shows the agency down to 3,300 staff by March of 2011, a far cry from the 4,000 staff that DEC had in the mid-1990's. On top of agency reductions, the Environmental Protection Fund, the State's only dedicated fund protecting the State's air, land and water quality, was cut by a third for the second year in a row.

The DEC needs the resources and staff necessary to comply with and enforce Federal and State laws and to keep both the environment and the public healthy and safe. The well-being of all New Yorkers depends on the State's environmental agency to

implement existing environmental laws. The 2010-2011 Executive Budget proposal slashes DEC appropriations by 34 percent and hews 83 more staff from the already short-handed agency. Years of cutbacks have left the agency with 700 fewer staff than 20 years ago.

The Governor's cuts are disproportionate to those planned for other agencies. The Department of Health received a 1 percent reduction in appropriations, while the State Education Department's budget declined by 2 percent. All three agencies provide services that protect public health and safety, but only the DEC had one-third of its budget eliminated.

Part of the decrease is attributed to

Federal stimulus payments ending. But even taking that into account, the agency would still be without 10 percent of last year's funding. Additionally, a \$60 million Great Lakes restoration initiative grant included in agency operations will mainly serve as a pass-through grant program, with almost no benefit to agency programs, and has yet to be approved by the Federal government. So while agency resources are being cut, some of the resources included in the Governor's Executive Budget are far from certain.

Together, DEC, the Office of Parks and Recreation, the Department of Agriculture, and the Department of State represent 1.7 percent of the total State Budget. And the Executive Budget proposal recommends that environmental agencies receive a cumulative 28 percent cut in total appropriations. These agencies were cut by more than \$600 million, while the total State Budget

increased by an additional \$800 million.

This hacking of agency resources is not a new phenomenon. Ongoing analysis shows the agency in an ever-tightening vice. Resources are dwindling while agency responsibilities continue to grow.

Among other responsibilities, the DEC manages water and air quality, open space, forests, wetlands, gas and oil drilling, hazardous waste, hunting and fishing, invasive species eradication, dam safety, and many other programs. By shortchanging the agency, New York shortchanges the health of our shared environmental.

While many agencies grew and enjoyed an influx of State money in good fiscal times, DEC was enduring stiff cuts. Now, in bad times, the Governor is determined to further damage the already hemorrhaging agency. The DEC protects the air we breathe and the water we drink. Without the staff or resources to effectively manage and prevent pollution, we threaten the well-being of the environment and endanger people's health. By failing to devote resources to critical agency activities now, we risk having to having to clean up costly pollution later.

The DEC is not the only State agency charged with protecting our natural resources, public health, and safety. Environmental agencies such as Parks and Recreation have seen a decline in appropriations and staff levels. The Executive Budget proposal cuts of \$64 million, or 20 percent, will

force Parks and Recreation to close State parks which the State desperately needs for hardworking New Yorkers who need an affordable place to take their families. With budget cuts of \$46 million over the past two years, and reductions in permanent staff of more than 200, and now graver cuts proposed to resources and staff, Parks and Recreation cannot afford to maintain State parks.

At the DEC, the twin policies of the hiring freeze and retirement incentive will result in the agency losing more than 400 staff by the end of the fiscal year. The Executive Budget proposal shows the agency down to 3,300 staff by March of 2011, a far cry from the 4,000 staff the DEC had in the mid-1990's. The proposal also shows the agency gaining 29 new staff to work on issues related to natural gas drilling in the Marcellus Shale formation, but this is simply a shell game. Moving staff from one program to another does not address the hundreds of staff the agency desperately needs.

While the addition of staff to provide oversight for drilling is positive, it is unsettling that the Executive would propose to staff a nonexistent program while allowing current programs to slowly expire because staff cannot keep up with burgeoning responsibilities. Additionally, most staff lost to attrition are experienced scientists whose institutional knowledge will not be replaced.

Let me give you a few examples of how
staffing shortages have affected the agency.

Understaffing at the agency has led to serious problems. For instance, the water program relies on polluters to self-report the toxicity of

effluent discharged into surface water. In 1990, staff sampled effluent 1,113 times to verify polluters' reports. In 2008, the DEC took only 112 samples from thousands of sources that released tens of billions of gallons of sewage and industrial waste every day, a 94 percent decrease due to staff shortages.

The DEC has 19 staff to inspect more than 54,000 generators of hazardous waste. Staff inspected 825 such generators in 2008, only 1.5 percent of all hazardous waste generators.

The EPF appropriation included in the Executive Budget proposal for 2010-2011 cuts funding by a whopping one-third, in addition to a series of cuts over the past few years. Without restorations, the State will not be able to pay the bills for the projects already in the pipeline, projects that address New York's most critical environmental needs, invest in our economy, and protect public health.

The EPF has been ransacked to the tune of almost \$500 million in sweeps over the past 10 years, as well as an unprecedented fourth-quarter cut in February 2009 of \$50 million and another midyear cut of \$10 million this past December. During the 2009-2010 budget negotiations, the State Legislature fought to include \$222 million for EPF-funded programs and provided the revenues to support that level of spending. Environmental Advocates of New York is grateful for that support, and we ask the Legislature again to demonstrate its commitment by restoring the Governor's cuts to the EPF.

New York State is experiencing difficult fiscal times. In addition to the numbers in the Governor's slash-and-burn approach to the Executive Budget, it's critical to keep track of the programs that are cut. Jobs and vital services are at stake. Cutting the jobs, both at the DEC and by means of unfunded EPF projects, will only worsen the State's financial situation.

The DEC has endured years of reductions to resources and staff, and now cutting appropriations by one-third, and adding to the 400 staff lost over the past two years, the Governor's budget proposal puts the agency between a rock and a hard place by mandating that the DEC uphold environmental laws but not giving the agency the resources to do so. And in the final analysis, environmental programs have been disproportionately cut compared with other, similarly critical programs and services.

While the State's financial situation concerns all New Yorkers, the Governor's proposal only makes things worse. By slashing and redirecting funds that help create local jobs and improve quality of life while protecting the environment and public health and safety, the Governor's proposal is bad for New Yorkers and contrary to the public interest.

Thank you.

SENATOR KRUEGER: Thank you. Any questions?
Thank you very much.

CHAIRMAN FARRELL: Thank you very much.

William Cooke, Director of Governmental Relations,

Citizens Campaign for the Environment -- and the closer.

MR. WILLIAM COOKE: Mr. Chairman, esteemed members, your staffs, the six people in the audience, I appreciate the opportunity to appear here.

If you don't mind, I'm not going to read my comments.

CHAIRMAN FARRELL: Please.

CHAIRMAN KRUGER: We don't mind. We don't mind.

MR. COOKE: Thank you. To be honest with you, I'm not even going to pull them out.

Before we begin, just a little perspective. I work for Citizens Campaign. We're the biggest member-based environmental advocacy organization in the State. I want to give you some perspective on me. I'm a farmer. I still do commercial logging. The biggest fixed expense I have a month is my local taxes. So you are not looking at a well-heeled lobbyist wearing Pierre Cardin suits, you're looking at a hick. But it gives me a perspective.

Before I begin, I want to just comment on -- we heard a couple of local government gentleman from out of the Adirondacks talk about how terrible their life is and how we shouldn't protect land. After hearing the numbers closely, I came to the conclusion that one of those gentlemen probably went to the Bernie Madoff School of Accounting. The economy in the Adirondacks is doing a hell of a lot better than a lot of other places in this State. And I hang out there an

awful lot, and I listen to guys get out of their 4-wheel-drive trucks and off their \$10,000 snowmobiles so they can take a minute and tell me how terrible it is.

The only thing I really get stuck on here today is the governor who most recently has protected more land than any other governor is a conservative, fiscally conservative Republican. And when Governor George Pataki protected lands in the Adirondacks, he did it with the support and cooperation of then Senator Ron Stafford, who did a hell of a lot of land acquisition and protection in the Adirondacks.

You folks also understand that groups like the Nature Conservancy don't just look at fee acquisition, they in fact frequently focus on working forests, keeping those lands in timbering, keeping them open to public access -- tourism, hikers, canoers, hunters, campers.

When you look at what's going on in this State, I think you've got to look at the whole picture. Yesterday there was a big demonstration here, 350 people came to Albany to talk about that Marcellus Shale, Utica Shale hydrofracking issue. They're a little unhappy with what DEC's been doing. I was asked to do an interview on Fox News, which if I had been a little brighter I probably would have said no. But it makes me think of something. How is the Governor's budget proposal and Fox News alike? Two ways. One is they claim to be fair and balanced. Two, they're not.

The most valuable resource we have in this State,

everybody in this room agrees, is our children. The second most valuable resource is the air they breathe and the water they drink. The Governor's budget proposal, you've heard from better and brighter than me. The thing I want to mention is we looked at the DEC staffing, the Division of Water, the Division of Marine Resources. We looked at the Governor's proposal to cut staffing at DEC in a number of areas. And then we looked at the one area where the Governor proposes to add staff -- so that we can subsidize corporations and drilling recklessly with toxic chemicals in our State. Twenty-one years I've been doing this. You'd think I would have learned by now to move on.

We are opposing -- first time in my organization's history, we are opposing giving the DEC more staff. You know what, folks? I've got to be honest with you. That makes me a little sick just saying it. But we've got no choice. This Governor is attacking the environment, attacking agencies that deal with the environment. Whether it's DOS, Coastal Zone -- by the way, they do some pretty phenomenal work -- or DEC or Ag & Markets, this budget proposes to attack environmental protection, clean water and clean air. Now, we don't support it. We think it's a mistake.

Now, we have come to you before and we've talked about the Legislature intervening. And God bless, many times you people have. Good to see you, thank you very much. You know what, I'm sorry to come to the well again. But we are here, and we are

asking.

The 350 people who came here yesterday on their dollar and their time came because they are afraid of what DEC is going to do. They are afraid of what Governor Paterson's administration wants to do. Now, we're an environmental group, which means we must like natural gas. We do. But if you're going to tell me it's a choice between natural gas out of New York -- and by the way, Canada will send us a whole bunch really cheap. If you're telling me it's a choice between getting natural gas out of New York but we're going to have to contaminate a hell of a lot of water, my response would be, Hey, folks, water is priceless. Gas, not so much.

Now, will New York City prevail and protect their watershed? Yeah. Hell, half the town's lawyers. They'll sue. It isn't about New York City. It isn't about Skaneateles. It's about everybody. It's about one farm family that pulls water out of the ground.

I bought my farm in large part because I have solid water resources. If you talk to an environmentalist, they'd say I live in a swamp. If you talk to Farm Bureau, they'd say I live with poorly drained soils. But I bought it for the water. I'm right on the edge of the Utica Shale formation. Hey, guys, what's the rush? The gas isn't going anywhere. It's going to do nothing but be worth more. And our drinking water is at risk.

I didn't review the Governor's budget. We pay people, we pay people to do that stuff. Frankly, I couldn't read that

much. So they call me up and they tell me all the great things in it. It was a short conversation.

Folks, you know what, I appreciate your patience. I hope you have a hell of a lot; it's going to be a long fight. But I look to members of this Committee and members of the Legislature and I say, not for me -- for my kids. Make them do the right thing. Fix it, please.

But an EPF without land is not an EPF. The Environmental Protection Fund is about land acquisition. I was there in 1993. So were you. So were a lot of you. You all know what it was about. For my kids, for their kids, for your kids, make them fix it.

Thank you. Good night.

CHAIRMAN FARRELL: Thank you very much.

Questions?

MR. COOKE: Questions? I love questions.

SENATOR KRUEGER: Senator DeFrancisco.

SENATOR DEFRANCISCO: I just want to thank you for endorsing a Republican gubernatorial candidate.

MR. COOKE: Thank you, folks.

SENATOR KRUEGER: Thank you very much.

CHAIRMAN FARRELL: That is it, ladies and gentlemen. Tomorrow at 10 o'clock.

(Whereupon, at 6:15 p.m., the Joint Budget Hearing on Environmental Conservation was concluded.)