

**Testimony to the Joint Finance Committee
By DNR Secretary Cathy Stepp
April 4, 2011**

Committee Co-Chairs Senator Darling and Representative Vos and members of the committee, thank you for the opportunity to testify today supporting the Governor's proposed 2011-2013 Budget for the Wisconsin Department of Natural Resources.

The Governor recognizes that state agencies must live within our means and find new solutions for achieving our shared goals. This budget reflects Governor's Walkers commitment to making government and the Wisconsin Department of Natural Resources a partner in creating 250,000 new private sector jobs in Wisconsin.

Equally important, this budget is good for Wisconsin's environment, because a strong economy and a clean environment go hand in hand. Businesses want to locate here because Wisconsin promises a healthy place to grow families and we have abundant recreational opportunities.

Accordingly, Governor Walker's budget maintains a strong DNR staff to protect and enhance our natural resources and environment; assures public safety; and focuses \$13 million on the worst cause of water pollution in Wisconsin, which is urban and rural runoff.

This is a very restrained spending package, reflective of the Governor's philosophy of a smaller and more efficient government capable of living within its means.

Thanks to smart refinancing and also to program transfers, our base is actually reduced by 10 %. However, if we focus in only on the State Operations portion of the budget—DNR's actual day to day operations—the bill actually increases our spending by about one half of one percent. [*The transfer of Recycling Funds -\$64.2 million for the biennium; Bond Debt Service Reestimates -49.5 million for the biennium.*]

There are NO new GPR-funded initiatives.

There are also NO proposed increases to hunting or fishing licenses or state park fees.

A few areas of the budget have generated media attention. Let me address those areas head on.

RECYCLING

Twenty years ago Wisconsin launched its forward-looking recycling program aimed at reducing wastes and recapturing a valuable supply of raw resources for our industries.

Recycling has become a part of daily lives, both in the home and in the work place. We know that by recycling, we protect the environment and at the same time divert resources from costly landfills and instead fuel business growth.

It's time to let these fundamental evolutionary changes reach their potential.

Recycling can and should stand on its own. For 20 years, our Wisconsin businesses have paid a surcharge to fund grants to local communities to institutionalize recycling programs. At this trying time in our economy, Governor Walker believes it's now more critical to re-direct that surcharge back into Wisconsin business. The Economic Development Fund that is proposed in the Governor's budget will do exactly that, and I believe many of the businesses that will benefit from that fund will be related to recycling.

To be sure, Wisconsin DNR will remain a committed and active partner to continue our state's great tradition of recycling. We will concentrate on sharing the models and strategies that will help community recycling projects support themselves...models like Waukesha County, where 22 communities have banded together to create a recycling program that can turn a profit without state government grants.

Our staff will focus their efforts on growing recycling markets and community programs by helping to establish successful recycling programs like that of Waukesha County.

ON WATER QUALITY (STORMWATER AND PHOSPHORUS)

The Governor's and my philosophy is that government should devote its resources where we can get the biggest return on investment. This will be evident in the approach we want to take in improving water quality.

Clean water is vital to public health, recreation and tourism, and to our businesses. In short it is a key element to Wisconsin's quality of life.

Our water quality experts have long known that the biggest source of impairment to Wisconsin's water quality is run-off from both urban and rural landscapes. In fact, about 80% of the nutrient loading to Wisconsin's waterways comes from run-off. To ensure we continue to make progress in cleaning up the state's waters, the Governor's budget increases the DNR's funding for run-off control by \$13 million dollars to address this issue.

With this funding, the Department will continue its efforts to curb sources of run-off with cost-share grants to municipalities and farmers. We will do this in partnership with federal and state agencies, NGOs, local government and citizens. We expect to leverage fiscal and staff resources to maximize our return.

However, as you may know, the Governor's budget also proposes to step back from a stringent regulatory approach for the remaining 20% of the nutrient loading – discharges from municipal treatment plans and industry.

- The nonpoint performance standard of a 40% reduction of total suspended solids in storm water by municipalities is eliminated. This is because the cost for many municipalities to achieve this standard is prohibitive.

- Despite the elimination of the 40% standard, municipalities will still be reducing pollution in their storm water through meeting other performance standards such as construction site erosion control, illicit discharge detection and elimination efforts and a 20% reduction in total suspended solids (a standard that has already been achieved in most municipalities)

In our meetings with different organizations and representatives of municipalities, the issue of phosphorus limits has been prominent. In short, they tell us this mandate could not have come at a worse time for them financially. Governor Walker's budget recognizes that this is not the time to force communities to take out very substantial loans to upgrade wastewater treatment plants. They can't afford these investments, nor can their rate-payers.

In a letter to the Committee last week, DOA Secretary Huebsch noted that "The bill needs to be modified to remove reference to standards in other states and should instead delay the effective date of the phosphorus numeric water quality standards." We fully agree,

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- Two-year effective date delay will allow Wisconsin implementation guidance to be developed and Wisconsin permittees more time to consider flexible implementation options.
- Two-year effective date delay will allow time for other states to complete adoption of similar requirements, leveling the business playing field.
- EPA provided Florida 15 months to allow implementation procedures to be established and point source permittees to consider implementation options.

ON STEWARDSHIP

The Governor has kept Stewardship bonding at \$86 million, recognizing that in Wisconsin we value our public lands for recreation, for preserving rare ecosystems, and for providing a strong foundation for our huge tourism and forestry industries.

With his Stewardship proposal, however, he recognizes that public lands are not free. We currently spend \$12 million annually to pay property taxes on DNR's public land. Increasing this payment in lieu of taxes obligations unchecked is not sustainable over the long term.

So Governor Walker has come up with a way of sharing the costs of public land with local communities. State government will not make payments in lieu of taxes on newly acquired land from this point forward. Recognizing that local governments benefit from public land, they will be responsible for the taxes on land they want added to public ownership. And because they will have that financial responsibility, they will be able to weigh in on proposed acquisitions with non-binding resolutions of support or opposition.

To assure a lawmaker voice in the process, Gov. Walker has also lowered the threshold for legislative review of DNR acquisitions to \$250,000.

Make no mistake about it, Governor Walker does support Stewardship. We believe these enhancements to the program will assure its viability for years to come.

OTHER POSITIVES

The budget also includes bonding authority for contaminated sediment (\$5.0 million), dam repair work (\$4.0 million) – especially noteworthy as we face the spring flood season – and cleanup of contaminated soils (\$3.0 million).

The budget allows us to continue to fill critical vacancies. Just last week, a staff person in our South Central Region thanked me for the quick turnaround in filling a much needed LTE position. This flexibility for staff needs assures we will be ready in our parks for our visitors this summer and will get the field work done that assures timber is harvested, lakes are stocked, wildlife habitat is improved, and water and air quality are improved.

The budget also assures hunting and fishing license money is protected and being invested in the programs for which it is intended.

We included money for the Tommy G. Thompson State Park development, plus additional money for other parks improvements – recognizing what an important asset our Wisconsin State Park system is for tourism.

Many people are not aware of the critical role DNR staff plays as first responders to fires, floods, storms – even snow emergencies. The retirement of the baby boomer generation has hit our warden force particularly hard, so money is included to start two new conservation warden classes to shore up our vacancies there. And we've also got money in the budget to assure radios and computers for our first responders are up to date and able to communicate with local law enforcement and fire departments.

IN CONCLUSION

The Governor has charged me with making sure DNR takes its proper place in helping to create the jobs we so need in this state, but he has been very clear, we do so while making sure we uphold DNR's goals to protect and enhance the state's environment.

We are moving on many fronts to make that happen – to make DNR accessible and customer friendly, to streamline our permitting, and to use our dedicated and talented staff in the most strategic way possible.

Governor Walker's budget positions us well to do these things. As lawmakers, taxpayers and license buyers, I want you to know DNR has the utmost respect for each tax and user dollar we receive and that we are keenly aware the public's dollars fund our work. I pledge we will strive to invest our budget efficiently, produce the high level of customer service you expect, and continue to work hard for Wisconsin.

Thank you.