



The State of New Hampshire  
**DEPARTMENT OF ENVIRONMENTAL SERVICES**



**Thomas S. Burack, Commissioner**

January 19, 2010

The Honorable Marjorie Smith, Chairman  
House Finance Committee  
Legislative Office Building, Room 210-211  
Concord, New Hampshire 03301

**Re: HB 1664 relative to appropriation reductions in the operating budget for fiscal year 2011**

Dear Chairman Smith:

Thank you for the opportunity to comment on HB 1664 relative to appropriation reductions in the operating budget for fiscal year 2011. The Department of Environmental Services (DES) does not support this bill because the proposed budget reductions would drastically curtail or even eliminate the agency's ability to perform many of its core functions. Paragraphs 13, 39, 40 and 50 would have negative impacts on DES operational capabilities and New Hampshire's communities that are discussed in detail below.

In Paragraph 13, HB 1664 proposes to amend the 2011 Operating Budget for accounting unit 03-44-44-440010-1002-102 by reducing the appropriation from \$220,000 to zero. This will eliminate the Department's ability to provide grants to the seven regional planning commissions for ongoing assistance with regional environmental issues.

In Paragraph 39 and 40, the bill proposes to abolish all positions vacated as a result of any layoff that occurs between July 1, 2009 and June 30, 2011 and positions that are unfunded and vacant as of July 1, 2010. Based on reductions that have already occurred, these paragraphs would permanently abolish thirteen (13) general fund positions at DES, resulting in permanent reductions in the Department's general fund positions in the Environmental Laboratory, Solid Waste Management, Biology and Dam Programs and the Human Resources Unit. The programs where these vacancies exist have suffered decreased capacity to perform their functions as a result of these reductions. Since all of these programs play important roles in advancing the DES mission of protecting the environment, we believe that it makes sense to retain the flexibility to restore funding for these vacant positions in future budget cycles in order to meet long term program demands should funding become available or priorities change. Therefore, DES requests that you do not enact into law any form of across-the-board elimination of vacant positions.

In Paragraph 50, HB 1664 bill requires that the Department of Environmental Services reduce its general fund appropriations by \$2,000,000 for the fiscal year ending June 30, 2011. There are a range of possible options to attain this requirement, all of which must include some combination of reductions to the two major general fund budget categories, existing state aid grant payments to municipalities and other public water supplies and personnel. The two "extreme" scenarios, where either state aid grant payments or personnel incur the entire reduction burden, and an intermediate option are presented below to provide an understanding of

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the range and impact of alternatives that could be implemented to meet the proposed reduction requirement:

**Option 1, reduce state aid grants by \$2,000,000:** The FY 2011 state aid grant budgets for wastewater and water supply currently have a total of \$6,786,794 (Account 03-44-44-442010-1003 for wastewater state aid grants has \$5,471,844 and Account 03-44-44-442010-1426 for water supply state aid grants has \$1,314,950). Therefore, assuming uniform reductions, an across the board reduction of 29.4% in grant payments to local communities for water and wastewater projects who are already in the program and receiving funds would be required. This would result in an immediate shortfall in expected revenues to municipalities of \$2,000,000 for FY 2011. It should be noted these proposed reductions would be on top of the negative impacts already experienced by communities in the FY 2010-2011 budget due to the lack of funding in the general fund operating budget for new wastewater and water supply state aid grants.

**Option 2, reduce personnel costs by \$2,000,000:** Assuming reductions by layoff and an average first year savings of \$41,000 per lay off<sup>1</sup>, 50 of 136 (37%) of filled general fund positions would need to be eliminated to achieve the reductions of \$1,000,000. This would require very severe reductions or complete elimination for some that are funded 100% by general funds, in key programs that would include: solid waste program, RCRA, lakes and rivers management, dam regulation, wetlands permitting and compliance, Geological Survey, public water systems, as well as a number of agency administrative functions.

**Option 3, reduce state aid grants by \$1,000,000 and personnel costs by \$1,000,000:** An obvious third option is to split the difference between the two extremes. This would result in 25 layoffs (18 % of DES's 136 filled general fund positions) and \$1,000,000 in reductions in state aid grants to municipalities and public water supplies. However, as described above, this would also result in very substantial negative impacts to both the state aid grant programs and our ability to perform important general fund program functions.

For all of these reasons, the Department of Environmental Services recommends against the passage of HB 1664.

Thank you for this opportunity to comment on this bill. Please feel free to call me at 271-2958, or Harry Stewart at 271-3308, if you have any questions or need additional information.

Very truly yours,

  
for Thomas S. Burack  
Commissioner

cc: Representative Packard  
Representative Kurk

<sup>1</sup> The average employee cost at DES including salary and benefits is \$75,000 and the average cost to the state during the first year of a layoff is \$34,000, resulting in a net savings of \$41,000 in the first year.