

**Pennsylvania Association of Conservation
Districts, Inc.**

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**Conservation District Budgetary Concerns and
the PA Fair Share for Clean Water Plan**

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Good Morning. My name is Brenda Shambaugh and I am the Government Relations/Policy Specialist for the Pennsylvania Association of Conservation Districts, Inc. (PACD). The PACD is a non-profit organization that represents Pennsylvania's 66 conservation districts. Thank you for the opportunity to address the House Agriculture Committee on the vital role conservation districts play in preserving Pennsylvania's natural resources, the worthwhile environmental activities districts perform on a daily basis, and the state appropriations earmarked for these services.

Conservation districts are subdivisions of state government that were created by state law to promote the protection, maintenance, improvement and wise use of the land, water and other related resources within the Commonwealth of Pennsylvania. Conservation districts are responsible for the implementation of both urban and agricultural conservation programs.

Pennsylvania's County Conservation districts were established in 1945 when the General Assembly passed the Soil Conservation District Act. For over 60 years the state's 66 conservation districts have served as leaders, addressing local natural resource concerns at the county level. Conservation districts were initially established to promote the value of conserving soil and water to farmers. Today's conservation districts have evolved to provide expertise in almost every area of natural resource conservation. Conservation districts continue to help people and communities manage the natural resources in their county. I would be remiss if I did not take this opportunity to sincerely thank the members of the House Agriculture Committee and the General Assembly as a whole for the recent passage of SB 1020, which updated the Conservation District law allowing districts to further their mission.

Key District Programs and Their Related State Agency

To give you a better idea of the scope of programs conservation districts work with, I have delineated them below.

Department of Environmental Protection

Abandoned Mine Reclamation
Biosolids
Chesapeake Bay Program
Chesapeake Bay Financial Assistance Funding Program
Environmental Education
Erosion and Sedimentation (including National Pollutant Discharge Elimination System)
Storm Water Management
Watershed Management (including Growing Greener)
Waterway (stream encroachments) and Wetlands Protection
West Nile Virus

Department of Agriculture

Agricultural Conservation Technician

Agricultural Land Preservation
Agriculture Ombudsman Program

State Conservation Commission
Dirt and Gravel Road Maintenance Program
Nutrient and Odor Management Program
Resource Enhancement and Protection (REAP)

Department of Community and Economic Development
Floodplain Monitoring

Department of Conservation and Natural Resources
Forest Management
Parks and Public Land Management

As you can see, conservation districts are vital to environmental stewardship programs on the state and local level. Keep in mind that most of these programs do not have state funding associated with them.

Funding Mechanisms

Please allow me to take a moment to discuss the state's appropriation to conservation districts. A June 2005 study from the Legislative Budget and Finance Committee (LBFC) stated "Despite their importance, many conservation districts are struggling for funds." Today in August of 2008, many conservation districts are still struggling for much needed state funding.

Each year for the past eight budget cycles the Governor at that time held the conservation district line items static in the Department of Agriculture and the same in Department of Environmental Protection for the past ten years. Inflation over the past decade has been over 26%. Conservation districts indicated that they have experienced increased costs during this period especially increased health care costs for their employees. Thankfully, the legislature has provided some additional funds and has continually replaced most of the funding that has been removed in each of the proceeding gubernatorial budget proposals.

The LBFC report referenced earlier in my testimony also addresses the State Conservation Commission's (SCC) policy for 50% funding for the Conservation District Fund Allocation Program (CDFAP), which supplies financial support to partially staff conservation districts. These funds are intended to cover 50% of the district manager's salary and benefits, 50% of a district's first technician, 50% of a district's second technician, and certain administrative expenses. Unfortunately, the Commonwealth has never satisfied these recommended appropriations. Consequently, conservation districts are not receiving the much needed state dollars to fully service their county residents and

businesses. Clearly, a deficiency in state funding hinders the activities of local conservation districts.

Funding Needed to Meet the Current Needs

In order of priority, the PACD requests that the Commonwealth of Pennsylvania appropriate the following amounts for transfer to the Conservation District Fund to meet current needs:

- \$ 5,520,379 to meet the Conservation District Funding Allocation Program (CDFAP) 50% cost-share policy for conservation district managers, first technicians, and second technicians;
- \$ 2,318,086 for Administrative Assistance to reimburse conservation districts for the full cost of the items allowed under the CDFAP;
- \$ 1,196,733 for Agricultural Conservation Technicians and Engineers to support 50 existing and one new ACT position, and to provide technical training;
- \$ 745,000 for Farmland Preservation Program Support to allow the conservation districts administering the program to supplement their staff to give this important program the attention it deserves;
- \$ 200,000 for Leadership Development to provide leadership training in identified core functions and responsibilities of conservation district directors; and
- \$ 250,000 for the Ombudsman Program to expand this program to the agricultural community in additional geographical areas of the state;
- \$5,029,802 for additional personnel to provide technical assistance as outlined in the PA Fair Share for Clean Water Funding Plan.

Dedicated Funding

The 2005 LBFC report stated that future consideration should be given to providing districts with a dedicated source of funding. Dedicated funding would greatly simplify conservation district annual budgeting processes. PACD has researched other state funding sources for conservation district activities and possible avenues Pennsylvania could consider. One such idea is to add a surcharge to DEP environmental fines and penalties, partially funding conservation district activities. This revenue source, similar to the CAT fund assessed to those who violate speeding limits on Pennsylvania roadways, would not diminish the fines/penalties collected by DEP. It would be an additional charge to those who violate environmental laws and regulations. Representative Ron Miller introduced HB 2491 to provide the mechanism needed for implementation of this program. While this funding source would not be sufficient for all conservation district activities, it is estimated that it would provide approximately \$1.8 million in new funds per year. PACD is also open to suggestions from members of the House Agriculture Committee and other interested parties to formulate viable dedicated funding solutions for conservation district activities.

Energy Related Activities – New Technical Assistance Needed

Recently PACD distributed a paper entitled, "Achieving Pennsylvania's Energy Independence Goals While Strengthening Conservation in Pennsylvania; The Critical Role of Pennsylvania's Conservation Districts." The report is attached to my testimony. In essence, the paper shows that conservation district services will be increasingly necessary as emphasis on bio-fuel production alters farm operations and the need for updated and improved conservation plans. Technical assistance will be needed to keep pace with increased bio-fuel crop production including training and assistance pertaining to conservation practices. Additionally, new technologies to generate energy from combustion, digestion and gasification from manure and other feedstocks need to be accompanied by proper nutrient management. Furthermore, renewable resources in Pennsylvania will not be limited to field crop production. Pennsylvania's forests hold the potential to provide significant biomass for methanol production from currently non-utilized portions of the harvested wood products. Finally, alternative energy sources such as the development of geothermal systems, wind and solar power, and the development of small scale hydropower will necessitate consideration of additional environmental impacts such as erosion and sedimentation control. The end result of amplified domestic energy production could be increased nutrient pollution if not accompanied by conservation measures, and should be seen as an opportunity to greatly expand natural resource conservation activities.

At the recent PACD annual meeting, the following resolution was passed.

"PACD urges conservation districts to work with and encourage the Penn State Cooperative Extension and other organizations to educate landowners about gas exploration, leasing, and development, and to use conservation districts as a resource. PACD also encourages DEP Bureau of Oil and Gas Management to work with conservation districts to ensure water resource protection."

This policy statement is another way conservation districts are assisting local communities and their residents with technical assistance in energy production and conservation practices. Conservation districts continue to stay on the cutting edge of natural resource management and desperately need the state's financial support to augment energy related conservation activities.

Conclusion

In conclusion, conservation districts and the PA Fair Share for Clean Water Coalition are requesting an additional \$10,000,000 in state funding to continue promoting and implementing conservation programs across the Commonwealth. Conservation districts work to protect water, soil and other resources through many programs and services. Additional funding would be used for personnel and programs to promote important environmental stewardship activities.

Achieving Pennsylvania's Energy Independence Goals While Strengthening Conservation in Pennsylvania The Critical Role of Pennsylvania's Conservation Districts

ENERGY FACTS

- In 2006, 78,327,000 acres of corn was planted nationwide. In 2007, 92,888,000 acres of corn was planted nationwide, resulting in a 14,561,000 acre increase. In Pennsylvania, corn production acres increased by 100,000 acres from 2006 to 2007.
- In 2005, 4 billion gallons of ethanol was produced in the U.S. By 2012, that figure is estimated to increase to 12 billion gallons of ethanol.
- In 2001, 20% of the corn produced nationwide was converted to ethanol. In 2007, over 30% of the total corn production was used to manufacture ethanol.
- Recently Lake Erie Biofuels plant was awarded funding to build a plant producing 45 million gallons of biofuels annually.
- In Clearfield County, Bionol Clearfield LLC, a subsidiary of BioEnergy International, recently selected the site for its proposed \$200 million traditional dry milled corn ethanol plant. This represents a significant investment in north central PA. The plant will utilize conventional corn-based technology, will be among the largest east of the Mississippi River, and one of the nations top 10 based on output. The company has also committed to developing a pilot cellulosic ethanol plant to produce fuels using locally available organic wastes such as wood and agricultural residue.
- It is estimated that PA could produce and consume 1 billion gallons of biofuel by 2017 containing 30 percent ethanol.
- History has shown that energy production has created negative legacy issues from in-stream mills, coal mining, and oil and gas wells in PA. To help prevent negative environmental ramifications from renewable energy development, PA needs to be proactive in natural resource stewardship as we pursue increased domestic energy sources.
- A recent report from the Chesapeake Bay Commission entitled, "Biofuels and the Bay" stated, "Handled correctly, biofuels have the potential to provide significant and permanent new income sources for farmers and foresters, while serving as a means to substantially reduce greenhouse gases and better manage agricultural nutrient loadings within the watershed. Handled incorrectly, biofuels could lead to shifts in crop patterns and acreages that create an uncertain future for farmers and foresters and seriously worsen the overload of nutrients to our rivers and the Bay."
- New technologies are being developed that utilize combustion, anaerobic digestion and gasification to generate energy from manure and other feedstocks.

IMPLICATIONS FOR CONSERVATION AND THE ENVIRONMENT

- Conservation District services will be needed to provide technical assistance to keep pace with increased biofuel crop production including training and education pertaining to conservation practices.
- Increased biofuel crop production will add to nutrient pollution if not accompanied by conservation measures, and should be seen as an opportunity to greatly expand cover crops and support for other agricultural best management practices. A statewide program to promote no-till and cover crops on farmland will facilitate additional erosion control.
- As biofuel plants are built and operating in PA, distiller's grain will become available for animal feed. Nutrient management technical assistance will become more crucial and conservation districts are in a position to assist the agricultural community with those needs.
- Conservation districts can provide technical assistance to the agricultural community as they convert cool season grass production to a warm season grass for the development of cellulosic based bio-fuels. Additionally, districts are poised to assist farmers as they convert marginal cropland to a warm season grass.
- Increasing emphasis on bio-fuel production will alter farm operations and increase the need for updated and improved conservation plans. A number of federal and state programs already require farmers to have a current conservation plan or an agricultural erosion and sediment control plan to meet the program's standards. Unfortunately, USDA and state agencies have not been able to provide farmers with the technical assistance necessary to help farmers meet these needs because of decreased funding and staffing.
- Pennsylvania's forests hold the potential to provide significant biomass for methanol production from currently non-utilized portions of the harvested wood products. Conservation districts can provide the oversight of these harvesting activities and encourage fast growing tree species to provide landowners income and protect the resource base.
- Alternative energy sources such as the development of geothermal systems, wind and solar power, and the development of small scale hydropower will necessitate consideration of additional environmental impacts such as erosion and sedimentation control. Conservation districts can provide assistance in the earthmoving activities associated with the construction of these needed energy sources.
- New technologies to generate energy from combustion, digestion and gasification from manure and other feedstocks need to be accompanied by proper nutrient management.
- Pennsylvania's Conservation Districts are poised to provide leadership in the area of stewardship of our non-renewable natural resources by promoting conservation of these fuels. Districts could become leaders in educating our citizens about the benefits of energy conservation.

STRATEGIES

In order to achieve energy independence goals there is a need to expand the technical assistance capacity within Pennsylvania's Conservation Districts commensurate with the need to develop biofuel and alternative energy production that also protects soil, water and air resources. The goal of this strategy is to position Conservation Districts to deliver new technical assistance necessary to enhance the energy efficiencies within agriculture. The following funding is needed each year for the next five years.

Conservation Planning:

- Idaho has a successful website technical assistance system designed to assist farmers in meeting their "core" natural resource planning requirements for state and federal programs through web based conservation planning tool. PA could emulate the Idaho program focusing on a website allowing PA farmers to develop conservation plan components consistent with conservation planning requirements. A Conservation website to produce and maintain an online conservation planning tool will cost approximately \$ 1 million over a 5 year period.

Website Construction and Maintenance

\$200,000 a year for 5 years

- Technical assistance to complete conservation plans begun with Web-based tool (40 conservation planners needed)

\$2 million a year for 5 years

Conservation Planning Total

\$2.2 million a year for 5 years

Other Technical Assistance:

- Deliver technical assistance to producers to improve the energy efficiency of their operations, including field and machinery operations, crop and livestock production inputs, and heating, cooling and lighting of buildings; requires hiring of new multi-county staff.
- Assist producers in adopting sound cropping systems including crop production on marginal farmland to provide feedstocks for biofuel production, such as switchgrass for cellulosic ethanol production and other crops for the manufacture of biodiesel fuels.
- Oversight of forest harvesting activities for methanol production.
- Aid landowners and local governments as they develop alternative energy sources which necessitate consideration of additional environmental impacts such as erosion and sedimentation control.
- Technical assistance and educational programs for conservation and nutrient management for the farming community.

Other Technical Assistance Total

\$ 6.8 million a year for 5 years

Statewide Tillage Program

- Increase adoption of conservation tillage on cropland, with the goal of at least 50% of producers transitioning to no-till and a cover crop program by 2012. This new program would be administered by the State Conservation Commission through conservation districts.

Program Total

\$ 1 million a year for 5 years

TOTAL ENERGY STRATEGY FUNDING

\$ 10 M per year for 5 years

Pennsylvania Association of Conservation Districts, Inc.

**APPROPRIATION REQUEST
FOR
CONSERVATION DISTRICTS
2009/10 Fiscal Year**

A. Conservation Districts May Eliminate Programs

For Fiscal Year (FY) 2008/09 Conservation districts were allocated \$ 3,600,000 in the Pennsylvania Department of Environmental Protection's budget and \$ 1,660,000 in the Pennsylvania Department of Agriculture's budget for the Conservation District Fund Allocation Program (CDFAP). Since FY 2004/05, conservation districts have received less than a 1% increase in the CDFAP while the rate of inflation was 15.35% during the same period.

In addition to operating without a much needed increase in CDFAP funding, conservation districts are operating several state delegated and contracted programs without state funding support. These programs include Chapter 105 permitting, Biosolids, NPDES Phase 2, and the Resource Enhancement and Protection Program (REAP). These programs are being conducted using current staff who are already overextended by existing programs. Given that there are several state programs with no state funding, and that state funding for existing programs, such as Chapter 102, is inadequate, conservation districts are faced with the difficult decision of reducing or eliminating programs in order to meet budgetary constraints.

B. 2005 Legislative Budget and Finance Committee Recommendation Still Not Addressed

The Review of the Operation and Structure of County Conservation Districts report, released on June 7, 2005 by the Legislative Budget and Finance Committee (LBFC) concurred with the position of the Pennsylvania Association of Conservation Districts (PACD) – that Pennsylvania's conservation districts are under-funded. On page S-6, the LBFC report emphasized the need for increased state funding for conservation districts by stating "Despite their importance, many districts are struggling for funds."

The report provided several recommendations concerning conservation district funding beginning on page S-8. Of these recommendations, one major funding recommendation still has not been addressed. Recommendation 3b states that the General Assembly should strive to meet funding levels outlined in the State Conservation Commission's policy for funding the CDFAP for the conservation districts. The CDFAP is intended to cover 50% of the salary and benefits for conservation district managers, first and second technicians, and certain administrative expenses. Unfortunately, the funding levels outlined in this policy have never been met.

Given escalating operating costs for health care, travel, office overhead, etc., conservation districts are facing extremely difficult financial conditions. Adequate funding is essential to maintaining conservation district leadership and the delivery of effective conservation programs at the local level.

C. Conservation Districts Need Dedicated Funding

The PACD believes that stable and predicable State funding for conservation districts to administer programs on behalf of the State is critical. To help provide stable and predictable funding, conservation districts must be provided with a dedicated funding source. This is a high priority for the PACD and we welcome the opportunity to work with the administration and legislators to identify and establish a source of dedicated funding. Once identified, dedicated funds should be deposited into the non-lapsing Conservation District

Fund. The Conservation District Fund is administered by the State Conservation Commission and has administrative advantages, including the ability to provide advances to conservation districts.

D. Conservation District Fund Appropriation and PACD Request

The table below provides a summary of funding for conservation districts in the Commonwealth budget, identified as Local Soil and Water District Assistance in the budgets of the Pennsylvania Department of Environmental Protection and Pennsylvania Department of Agriculture. As a result of Act 110 of 2006, the funds appropriated in these line items will be deposited into the Conservation District Fund.

The first column of the table below identifies the priority of the item as identified by PACD members. The second column identifies the purpose of the funds. The third column provides the amounts allocated to conservation districts by the State Conservation Commission for FY 2008/09 (including \$193,400 in carryover funds from the previous year). The fourth column identifies the additional appropriation needed; and the last column provides the PACD funding request which is the total appropriation needed for the Conservation District Fund for FY 2009/10. A detailed description of the FY 2009/10 request is provided in the attached Appendix.

CONSERVATION DISTRICT FUND APPROPRIATION				
<u>Priority</u>	<u>Purpose</u>	<u>FY 2008/09 Allocation</u>	<u>Additional Funding Needed</u>	<u>FY 2009/10 Total Request</u>
1	50% Cost-Share for District Managers, First Technicians, and Second Technicians	\$ 3,144,600	\$ 2,375,779	\$ 5,520,379
2	Administrative Assistance	587,400	1,730,686	2,318,086
3	ACT (Technicians, Engineers, and Training)	1,093,000	103,733	1,196,733
4	Farmland Preservation Program Support	422,100	322,900	745,000
5	Leadership Development	57,500	142,500	200,000
6	Ombudsman Program	148,800	101,200	250,000
Total		\$ 5,453,400	\$ 4,776,798	\$ 10,230,198

APPENDIX

**CONSERVATION DISTRICT FUND
APPROPRIATION NEEDED FOR FY 2009/10**

1. Additional funding is needed to achieve 50% cost-share of district managers and cost-share for technicians.

The State Conservation Commission has the long established goal of providing 50% cost-share of salary and salary related costs for 66 conservation district managers and cost-share for 114 technicians at 35%, 50%, or 65%, depending on the program level of the conservation district. Due to inadequate funding, the FY 2008/09 maximum cost-share was limited to \$ 27,000 for a district manager, \$ 16,500 for a district's first technician, and \$ 5,800 for a second technician. The total needed in FY 2009/10 to provide full cost-share for these staff is \$ 5,520,379.

	<u>FY 2009/10</u>
Conservation District Managers (50%, all state sources)	\$ 2,316,998
1 st Technicians (35%, 50%, or 65%)	1,788,397
2 nd Technicians (35%, 50%, or 65%)	<u>1,414,984</u>
Total Needed for Cost-Share	\$ 5,520,379

2. State funding for mandated administrative expenses is inadequate.

Administrative Assistance funding helps defray documented district administrative expenses relative to actions required by the Conservation District Law or the State Conservation Commission. According to the State Conservation Commission's Statement of Policy on district funding, Administrative Assistance funds can be used only for directors' official travel, bonding, audit, liability and errors and omissions insurance, postage, publishing an annual report, legal fees, and expenses related to keeping full and accurate records. These funds are important because they can be used to reimburse conservation districts for salary and related expenses for clerical staff utilized to keep full and accurate records.

In FY 2008/09 districts were initially allocated \$ 8,900 per district for administrative assistance. This is far less than the \$ 2,107,351 total reported in FY 2006/07 in actual costs for these required expenses. Conservation districts have requested that they be reimbursed for the full amount of administration for an estimated total of \$ 2,318,086 for FY 2009/10.

	<u>FY 2009/10</u>
Total Administrative Assistance Funds Needed	\$ 2,318,086

3. Conservation districts need support for agricultural conservation technicians.

The Agriculture Conservation Technician/Engineer Program (ACT) provides one-on-one technical assistance and guidance to farmers. In FY 2008/09, funding was provided to support 51 existing ACT positions and technical training for these technicians. These technicians and engineers help farmers to comply with Pennsylvania's environmental regulations. The funding requested for this category in FY 2009/10 is the amount estimated to continue to support 51 existing agricultural conservation technician/engineer positions, and to provide them with the necessary technical training.

	<u>FY 2009/10</u>
50% Cost-Share for 51 Existing ACT Technicians and Engineers	\$ 1,136,733
Technical Training	<u>60,000</u>
Total ACT Funding Needed	\$ 1,196,733

4. Conservation districts support the Farmland Preservation Program.

Pennsylvania currently preserves more farmland than any other state in the nation through its county-based farmland preservation programs. Conservation district staff provide direct administrative support for the program in 32 counties. In 21 additional counties, district staff members provide support services such as conservation planning and annual farm inspections, and some administrative support. In FY 2008/09 the Pennsylvania Department of Agriculture provided \$ 9,000 per conservation district for reimbursement of expenses for those districts directly administering the program and \$ 4,500 for districts that perform documented indirect services. Because of the increased importance placed on preserving farmland, as well as the increased paperwork required to administer this program, funding should be increased to \$ 20,000 for districts directly administering the program and \$ 5,000 for the districts that provide indirect services. This increase would permit the 32 conservation districts administering the program to give this important program the attention it deserves.

	<u>FY 2009/10</u>
Total Needed to Support the Farmland Preservation Program	\$ 745,000

5. The accountability, and professional, managerial, and leadership skills of district directors and staff must be increased.

As conservation district programs grow, the challenge and responsibility of developing, planning and managing an effective, locally led natural resource program increases dramatically. The long-term success of a conservation district and its programs is dependent on having competent, well-trained directors and staff. District directors must develop and hone the skills necessary to envision, develop and oversee an effective natural resource program designed to meet the needs of the local community. District managers must be formally trained to operate effectively in increasingly complex managerial environments, with greater planning, financial management, and personnel administration responsibilities than ever before. It is critical that both district managers and directors receive formal ongoing training and leadership development.

In FY 2008/09, the Pennsylvania Department of Agriculture provided \$ 57,500 toward leadership development. These funds were used to provide training and leadership services and to hold the District Management Summit. An increase in funding is needed to provide conservation district directors with additional leadership training in identified core functions and responsibilities, and to track the training completed by each individual under the program.

	<u>FY 2009/10</u>
Total Needed for Leadership Development	\$ 200,000

6. Ombudsman services are needed to address complex agricultural issues.

The Pennsylvania Department of Agriculture, in conjunction with the State Conservation Commission, developed the Ombudsman Program to provide specific assistance to agricultural producers and conservation district boards dealing with complex or potentially contentious situations. The program provides an intermediary, or ombudsman to work with agricultural producers, municipalities and special interest groups to resolve issues and protect agriculture's right-to farm. This program also provides education and awareness about production agriculture and related conservation laws and programs. In FY 2008/09 the Pennsylvania Department of Agriculture allocation for this program was \$ 148,800. Increased funding is needed so that this program can be expanded to serve the agricultural community in additional areas of the state.

	<u>FY 2009/10</u>
Total Needed for the Ombudsman Program	\$ 250,000