



PennFuture

Testimony of
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to the Joint Pennsylvania Senate & House Democratic Policy Committees
“A People’s Budget: the Environment”

Good afternoon, Chairwoman Muth, Chairman Bizzarro, Subcommittee Chairwoman Fiedler, and Members of the Senate and House Democratic Policy Committees. Thank you for the opportunity to speak today on behalf of PennFuture, a statewide environmental advocacy organization leading the transition to a clean energy economy in Pennsylvania and beyond. We protect Pennsylvanians’ air, water, and land, and work to empower citizens to build sustainable communities for future generations.

My name is Ezra Thrush and I serve as PennFuture’s Director of Government Affairs, based in our Harrisburg office. I work as our organization’s chief liaison to the legislative and executive branches in our state and federal governments.

The Commonwealth finds itself today burdened with myriad challenges; some were created by years of state policymakers refusing to side with everyday Pennsylvanians and instead kicking the can down the road. Some of these challenges were created by policymakers who were happy to oblige Pennsylvania’s industry by making the Commonwealth’s treasury a piggy bank.

Pennsylvania Must Adequately Invest in Environmental Protection & Conservation

For years we knew that Pennsylvania had been chronically underfunding and understaffing its critical resource agencies, with the worst-hit being the Commonwealth’s Department of Environmental Protection (DEP). Though the agencies have been largely flat-funded the last several years, we are still slipping away from meeting our investment goals spectacularly, because these funding levels only provide for the cost-to-carry expenses. The historic budget cuts that have happened at our agencies over the last twenty years have left the DEP down 900 jobs and nearly 40% funding since 2002.

On top of this, we are obligated to invest \$324M annually into watershed cleanup in the Chesapeake, we face a \$1B backlog on maintenance and infrastructure at the Department of Conservation and Natural Resources, plus much more. PennFuture has been tracking and researching this issue for some time and preliminary findings show that the Legislature and Governor must increase funding levels in a 3 or 5-year plan to get Pennsylvania back on track or we will be underwater for quite a long time. We must reject all calls for austerity measures in public budgeting.

Simply put, Pennsylvania policymakers are not rising to the occasion. To meet the moment, at this juncture, the Commonwealth requires significant, bold, innovative, and robust investments. Making the same policy decisions around funding the environment and conservation in Pennsylvania as last year, and the last five to ten years, is not acceptable. To do this, policymakers must be serious about revenue generation.

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State Policymakers Should Harness, Leverage Opportunities for Stimulus & Recovery

To that end, PennFuture has been thinking about this for some time. This past July, we published a new report on [“A Green Stimulus & Recovery Platform for Pennsylvania”](#) offering a way forward through, and out of, the coronavirus pandemic and its induced economic recession. In it, PennFuture makes dozens of policy and funding recommendations, including putting forward ideas for revenue generation in Pennsylvania. We call for significant state and federal investment and include a push for a climate and conservation jobs platform.

The four overarching goals of the platform are:

1. Safely and equitably restart the economy in a way that protects human health from both the pandemic as well as pollution,
2. Avoid state budget cuts that will harm economic recovery and set back our nature-based businesses,
3. Target recovery investments that put Pennsylvanians back to work rebuilding our natural infrastructure, and
4. Support Pennsylvania’s homegrown sustainable industries, like clean energy, that have long-term growth trajectories.

The policy agenda is estimated to require \$2.83 billion in annual investments for the duration of the crisis and recovery, preserving or creating as many as 389,000 jobs.

	Total Investment	Jobs Preserved or Created
Preserve Nature-Based Small Businesses		
<i>Support Nature-Based Tourism Businesses</i>	\$130 million	250,000
<i>Support Small Farmers and Food Producers</i>	\$340 million	102,000
Green Jobs Program		
<i>Conservation and Economic Recovery Corps</i>	\$905 million	15,000 (Minimum)
<i>Legacy Drilling and Mining Pollution</i>	\$673 million	8,480
<i>Shovel-Ready Energy Efficiency Projects</i>	\$397 million	7,940
<i>Shovel-Ready Clean Water Infrastructure</i>	\$385 million	5,775
TOTAL, Jobs and Stimulus Proposals	\$2.83 billion	389,195

The federal government also has a role to play with advancing a just, People's budget for environmental protection and conservation in Pennsylvania that helps to put residents back to work, while cutting carbon emissions and curbing water pollution, for instance.

As a part of the executive committee for the new Reimagine Appalachia coalition with labor and economic development partners, PennFuture also supports its federal policy blueprint which could bring stunning, and much-needed, investment to the Keystone State and our Appalachian neighbor states. If enacted, Pennsylvania stands to gain as many as 243,000 family-sustaining jobs while building out our infrastructure to be more resilient, adaptive, and clean.

The Reimagine Appalachia coalition is advocating for federal policy change and appropriations to bring this money home to our region, centering on building a 21st century sustainable Appalachia, that would include repairing the damage done in the last century, modernizing the electric grid, expanding manufacturing by making it more efficient and cleaner, building a sustainable transportation system, and relaunching the Civilian Conservation Corps.

A parallel effort completed in the last few months is the Marshall Plan for Middle America led by the City of Pittsburgh, University of Pittsburgh, PERI, and other stakeholders. For similar levels of investments, we see similar jobs numbers. This federal investment and re grants to state and municipal governments through either of these programs would mean huge, positive growth for Pennsylvanians.

Curbing, Eliminating Fossil Fuel Subsidies Can Bring Significant Revenue to PA's Budget

A key way to bring about revenue generation for Pennsylvania's investments in environmental protection, clean energy, climate, and conservation initiatives is to reign in our out of control giveaway of money to polluting fossil fuel industries in the Commonwealth.

On February 22, PennFuture released its third edition of its fossil fuel subsidies report, "Buried out of Sight: Uncovering Pennsylvania's Hidden Fossil Fuel Subsidies." PennFuture was able to identify over 50 ways that our state and local governments subsidize fossil fuels. Of the \$3.8 billion total in FY 2019, the shale gas industry captured 52.1 percent, or \$2.0 billion. Pennsylvania's unconventional gas industry also caused at least \$11.1 billion in external damages in FY 2019, including water well contamination, negative health impacts like asthma and cancers, and damages to public infrastructure. These damages cost an average of \$867 per resident.

Fossil fuel subsidies distort Pennsylvania's economy in favor of an industry which degrades the environment, threatens public health, and destabilizes the climate, all while robbing our state and local governments of resources to pursue core functions including, ironically, the regulation of fossil fuel companies. The federal government is now stepping in to address these historic wrongs on the national level, and Pennsylvania legislators must do the same. Pennsylvanians doled out \$3.8 billion in fossil fuel subsidies for Fiscal Year 2019, or about \$296 per Pennsylvania resident. This represents a 14 percent increase from previous analyses conducted by PennFuture in 2015, which means our fossil fuel subsidy problem in Pennsylvania is getting worse, not better.

Conservative estimates put US fossil fuel subsidies at \$27.4 billion each year. After factoring in negative externalities, however, the International Monetary Fund (IMF) values this number closer to \$649 billion annually. This makes the United States the second largest fossil fuel subsidizer in the world. It is no mere coincidence then that the United States is also the largest producer of fossil fuels.

Despite widely accepted evidence that taxation plays only a minor role in investment decisions, states continue to use fiscal policy to attract oil and gas investment – and study after study shows that Pennsylvania is winning the race to the bottom.

Despite a scientific consensus regarding the climate crisis, Pennsylvania remains one of the largest fossil fuel states in the nation yet our elected officials have refused to move away from supporting the industry at every turn. If our elected officials had a chance to inject billions of dollars back into Pennsylvania’s annual state budget, why wouldn’t they act immediately to do so?

We offer 5 solutions:

- (1) End economic reliance on fossil fuels,
- (2) Reduce subsidies for greenhouse gas emissions,
- (3) Shift the public health burden of shale gas development to the industry,
- (4) Restore \$2.0 billion in foregone revenues by enacting a severance tax and forcing industry to pay its fair share, and
- (5) Track and reduce fossil fuel subsidies by requiring annual reports on the purpose, progress, cost, and success of DCED’s tax credit, grant, and loan programs.

Pennsylvanians Deserve a Budget that Centers Critical Environmental Investments

We call on Gov. Wolf and Members of the General Assembly to be bold and creative when crafting the finer details of this budget. Pennsylvania is still in the midst of intersecting crises with the ongoing pandemic, the climate crisis, and longstanding crises of inequity. We need real and immediate action, not for lawmakers to check boxes in a business-as-usual approach.

PennFuture stands ready to aid Pennsylvania policymakers in guiding, devising, and advocating for these good public policies that would bring about increased economic and environmental benefits to the People’s budget process.

“The vast possibilities of our great future will become realities only if we make ourselves responsible for that future.”

- former Governor of Pennsylvania & first leader of US Forest Service, Gifford Pinchot

Thank you, once again, for hearing my testimony today. Please feel free to reach out and let us be a resource for you.

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