

K00A
Department of Natural Resources

Operating Budget Data

	(\$ in Thousands)				
	FY 02	FY 03	FY 04	FY 03 - 04	FY 03 - 04
	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
General Funds	\$75,183	\$80,499	\$77,599	-\$2,900	-3.6%
FY 2003 Cost Containment	0	-2,468	0	2,468	
Contingent & Back of Bill Reductions	0	-35	-267	-232	
Adjusted General Funds	\$75,183	\$77,997	\$77,332	-\$665	-0.9%
Special Funds	61,908	65,498	62,973	-2,525	-3.9%
Contingent & Back of Bill Reductions	0	-21	-173	-151	
Adjusted Special Funds	\$61,908	\$65,477	\$62,800	-\$2,677	-4.1%
Federal Funds	23,540	23,770	25,089	1,320	5.6%
Contingent & Back of Bill Reductions	0	0	-45	-45	
Adjusted Federal Funds	\$23,540	\$23,770	\$25,044	\$1,274	5.4%
Reimbursable Funds	9,325	10,155	6,304	-3,851	-37.9%
Contingent & Back of Bill Reductions	0	0	-11	-11	
Adjusted Reimbursable Funds	\$9,325	\$10,155	\$6,293	-\$3,862	-38.0%
Adjusted Grand Total	\$169,956	\$177,398	\$171,469	-\$5,929	-3.3%

- The Department of Natural Resource's (DNR) fiscal 2004 allowance represents a \$5.9 million or 3.3% decrease from the fiscal 2003 working appropriation. DNR's general funds decrease by 0.9%, special funds decrease by 4.1%, federal funds increase by 5.4%, and reimbursable funds decrease by 38%.
- DNR's fiscal 2004 allowance abolishes 87.2 regular positions.

Personnel Data

	FY 02	FY 03	FY 04	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,618.20	1,577.20	1,490.00	-87.20
Contractual FTEs	331.95	470.95	475.80	4.85
Total Personnel	1,950.15	2,048.15	1,965.80	-82.35

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	59.90	4.02%
Positions Vacant as of 12/31/02	139.3	8.83%

Note: Numbers may not sum to total due to rounding.

For further information contact: Amanda M. Mock

Phone: (410) 946-5530

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- On July 1, 2002, 44 DNR positions were abolished, consistent with Section 20 of the fiscal 2003 budget bill. DNR lost 87.2 positions in the fiscal 2004 allowance. These reductions are spread throughout the department, but the Forest and Park Service and the Fisheries Service bear a substantial portion.
- DNR's turnover rate of 4.02% is significantly lower than the budgeted fiscal 2003 rate of 6.88%; in effect, making additional funds available for DNR's personnel expenses.
- DNR's contractual employees increase by 144 full-time equivalent positions (FTEs) or 43% between the fiscal 2002 actual budget and the fiscal 2004 allowance. During the same period, regular positions decrease by 128 positions or 8%. This significant increase in contractual FTEs and corresponding decrease in regular positions suggests that DNR is using contractual employees to fill seasonal positions.

Analysis in Brief

Issues

The Impact of Invasive and Non-native Species in Maryland: The discovery and elimination of northern snakeheads, fish native to Asia, in a Crofton pond last summer brought considerable public attention to the risks associated with non-native species. **The Department of Legislative Services (DLS) recommends that DNR discuss the costs associated with Maryland's invasive species management efforts, the legal limitations DNR faces in this area, and the potential impact additional regulatory responsibilities will have on DNR's budget and programs.**

Merging DNR's Law Enforcement Functions into the Department of State Police (DSP): The fiscal 2004 allowance provides funding for several police forces in agencies throughout State government, including the Department of General Services, Maryland Transit Administration, DSP, and DNR. Two of the largest, DSP and DNR's Natural Resource Police (NRP), wardens, and rangers, could possibly benefit from consolidation. **The Department of Budget and Management (DBM), DNR, and DSP should prepare a study outlining the cost savings – including positions – from consolidating DNR's NRP, wardens, and rangers into DSP, a proposal for how to accomplish the change, and draft legislation effecting the consolidation.**

Allocate the Maryland Department of Agriculture's Resource Conservation Functions to DNR: The Maryland Department of Agriculture's (MDA) resource conservation programs overlap with DNR's mission and programs. **DLS recommends budget language directing MDA, DNR, and the Department of Business and Economic Development (DBED), with the DBM as the lead agency, to examine the feasibility of eliminating MDA and transferring functions to DNR and DBED to improve program delivery.**

Status of DNR's Vessels and Maintenance/Equipment Machinery: In compliance with fiscal 2003 budget narrative, DNR submitted an inventory of its vessels, outboard motors, and heavy equipment/machinery. **DNR should advise the committees of its current and future efforts to maintain and replace this aging inventory.**

Recommended Actions

Funds

1. Add budget bill language to require a report on re-allocating the Maryland Department of Agriculture's functions to the Department of Natural Resources and the Department of Business and Economic Development.

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Funds

2.	Add budget bill language requesting a report on consolidating the Department of Natural Resources' law enforcement functions within the Department of State Police.	
3.	Add budget bill language to reduce funding for telephone expenses by \$80,000.	
4.	Add budget bill language to reduce funding for vehicle maintenance and expenses by \$250,000.	
5.	Eliminate the Green Shores Buffer Incentive Program.	\$ 50,000
6.	Delete funding for the Conservation Reserve Enhancement Program bonus payment.	1,300,000
7.	Reduce funding for the Wildlife and Heritage Service.	200,000
8.	Reduce rent funds in the Licensing and Registration Service.	100,000
	Total Reductions	\$ 1,650,000

Updates

February 2003 DNR Follow-up Audit Review Indicates Improvement: An Office of Legislative Audits follow-up review indicates DNR has made progress in resolving the 19 findings in the unsatisfactory February 2002 audit report.

The Cost of a Clean Bay: In January 2003, the Chesapeake Bay Commission released a fiscal analysis of *Chesapeake 2000* to quantify the financial needs associated with cleaning up the Chesapeake Bay. The report found that \$18.7 billion would be needed over the next eight years, and an estimated \$13 billion funding gap existed.

Status of DNR Special Funds Workgroup: The 2002 *Joint Chairmen's Report* included narrative requesting the creation of a workgroup during the 2002 interim to review the special funds administered by DNR. The workgroup intends to complete this research during the 2003 interim and report its recommendations by December 1, 2003, to allow consideration during the 2004 legislative session.

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Operating Budget Analysis

Program Description

The Department of Natural Resources (DNR) manages the protection, enhancement, and balanced use of the State's natural resources. To accomplish this mission, the department is structured into the following programmatic units:

- **Office of the Secretary:** Provides leadership, public outreach, customer service, legislative, and legal services.
- **Forest Service:** Supports Maryland's forest and tree resources by providing private forestland management expertise, wildfire protection, and urban and community forestry assistance.
- **Wildlife and Heritage Service:** Provides technical assistance and expertise to the public and private sectors for the conservation of Maryland's wildlife resources, including the management of threatened and endangered species, game birds and mammals, and the operation of 105,000 acres of State-owned lands classified as Wildlife Management Areas.
- **Forest and Park Service:** Manages natural, cultural, historic, and recreational resources in 47 forests and parks across the State, and provides related educational and law enforcement services.
- **Land and Water Conservation Service:** Administers diverse financial assistance programs that support public land and easement acquisitions, local grants, and waterway improvements.
- **Licensing and Registration Service:** Operates six regional service centers that assist the public with vessel titling and registration, off-road vehicle registration, commercial fishing licenses, and hunting and sport fishing licenses.
- **Natural Resources Police:** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law.
- **Chesapeake Bay Critical Areas Commission:** Promulgates criteria to minimize storm water runoff impact, conserve living resources and habitats, and establish land use policies that accommodate growth while addressing the environmental impact of development along sensitive shorelines.
- **Resource Assessment Service:** Evaluates and directs implementation of environmental restoration and protection policy for tidal and non-tidal ecosystems.
- **Maryland Environmental Trust:** Negotiates and accepts conservation easements over properties with environmental, scenic, historic, or cultural significance; provides grants, loans, and technical assistance to local land trusts.

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- **Chesapeake and Coastal Watershed Service:** Develops and supports watershed, greenway and waterway management strategies for the restoration, protection, and economic vitality of Chesapeake and coastal ecosystems.
- **Education, Bay Policy and Growth Management:** Coordinates educational activities and Bay restoration policy; and coordinates Maryland's 10 Tributary Strategy Teams.
- **Fisheries Service:** Manages commercial and recreational harvests to maintain sustainable fisheries, enhance and restore fish species in decline, and promote fishery ethics and public involvement.

DNR's six primary goals are listed below:

- sustainable populations of living resources and aquatic habitat in the main stem of the Chesapeake Bay, tidal tributaries, and coastal bays;
- healthy Maryland watershed lands, streams, and non-tidal rivers;
- natural resources stewardship opportunities for Maryland's urban and rural citizens;
- a conserved and managed statewide network of ecologically valuable private and public lands;
- diverse outdoor recreation opportunities for Maryland citizens and visitors; and
- diverse workforce and efficient operations.

Performance Analysis: Managing for Results (MFR)

DNR does a nice job of listing its six core goals and linking associated objectives and performance measures to these goals in the beginning of its MFR plan. This performance summary clarifies how the goals are being measured and whether progress is being made. This glimpse of the department's overall performance provides policy-makers, high-level administrators, and the general public with an opportunity to learn more about DNR's programs and priorities.

The Chesapeake Bay Agreement – known as *Chesapeake 2000* – includes approximately 105 commitments that the various signatories have agreed to pursue. In Maryland, DNR has lead responsibility for 57 of these commitments. DNR's MFR plan includes a measurement that tracks the department's progress towards meeting *Chesapeake 2000* commitments. Also, many related program performance measures reference *Chesapeake 2000*. This practice of incorporating goals from various State agreements is important and helpful. **The Department of Legislative Services (DLS) recommends that DNR expand its use of the MFR plan as a means of tracking progress towards *Chesapeake 2000* goals as well as other agreements.**

DNR's fiscal 2004 MFR plan is considerably different from its fiscal 2003 plan. Many measurements have been changed, reorganized, or omitted entirely. While these adjustments may result in improved

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performance reporting, constant changes to the plan make it quite difficult to track performance over the longer term. **DNR should brief the committees on its efforts to improve internal project management and performance reporting through this plan, and provide summary and crosswalk documents that describe MFR plan changes from one year to the next.**

Exhibit 1 presents data on a handful of performance measurements that summarize several of DNR’s key program areas. The data provided in this chart indicates the following trends:

- less nitrogen loading into the Chesapeake Bay;
- an increasing percentage of land being protected in Maryland, with levels stabilizing in fiscal 2003 and 2004;
- a growing number of riparian buffers established; and
- strong progress towards meeting Maryland’s *Chesapeake 2000* commitments.

Exhibit 1

**Performance Measurements
Fiscal 2000 through 2004**

	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Actual</u>	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>Estimated</u>	<u>2004</u> <u>Estimated</u>	<u>2001 - 2004</u> <u>Change</u>
Nitrogen entering the Chesapeake Bay from Maryland (million lbs/year)	58.0	56.5	56.2	55.8	55.4	-1%
% of land being protected in Maryland	15%	15%	18%	19%	19%	8%
Acres of land protected via:						
Land acquisition programs	n/a	3,656	9,524	1,300	1,300	-29%
Conservation easement programs	n/a	17,535	21,057	19,000	12,000	-12%
Wetlands acres restored.	n/a	42	142	272	402	112%
Acres of riparian forest buffers established	3,847	8,286	13,940	10,000	10,000	6%
Percent of State land area covered by watershed management plans	n/a	n/a	14%	22%	29%	n/a
Cumulative number of Chesapeake 2000 commitments met	n/a	1	5	11	13	135%

Source: Governor’s Budget Book, fiscal 2003 and 2004

Fiscal 2003 Actions

Impact of Cost Containment

As illustrated in **Exhibit 2**, DNR was required to reduce general fund operational expenditures by \$2,467,720, or 3% for cost containment in fiscal 2003. In order to meet this target, DNR will require an additional 3.8% in turnover for general funds. To this end, DNR will hold vacant 114 general funded positions and substitute special funds for salaries to meet the higher general fund turnover rate. Also, since the Licensing and Registration unit is running a surplus in special funded salaries, DNR plans to reduce general funds for rent by \$100,000 and substitute special funds from surplus salaries to meet the cost containment requirement. The agency was also required to abolish 44 positions on July 1, 2002.

Exhibit 2

Fiscal 2003 DNR Cost Containment

<u>Program Area</u>	<u>General Fund Reduction</u>
Secretariat	\$236,000
Office of Attorney General	25,000
Finance and Administration	90,000
Human Resource Service	185,000
Forestry Program	259,000
Statewide Operation	684,000
General Direction – Licensing	100,000
Field Operations/Natural Resources Police	265,000
Resource Planning	286,000
Chesapeake Bay Critical Areas	30,000
Program Development and Operations	64,000
General Direction	100,000
Resource Management	143,720
Total	\$2,467,720

Source: Department of Natural Resources

Fiscal 2003 cost containment reflects the reversion of \$55,918 to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

Governor's Proposed Budget

As shown in **Exhibit 3**, DNR's budget shrinks by 3.3% in the fiscal 2004 allowance. DNR has a 0.9% decrease in general funds, a 4.1% decrease in special funds, a 5.4% increase in federal funds, and a 38.0% decrease in reimbursable funds.

The fiscal 2004 allowance makes major reductions to DNR's personnel. The allowance eliminates 87.2 regular positions contributing to a \$4.6 million decrease in personnel expenses. Furthermore, the allowance reduces the contractual FTE funding by \$1.4 million but provides 4.85 new contractual FTEs. In spite of the reduction, the contractual funding level in the allowance is still \$1.1 million above the fiscal 2002 actual level.

The reduction in regular positions and slight increase in contractual FTEs illustrates DNR's efforts to place more seasonal employees in contractual positions as opposed to regular positions. It is also important to note that DNR's contractual estimate provides considerable flexibility, as it has tended to overestimate needs in the past. For example, the fiscal 2002 budget allowance sought 90 more contractual employees than were actually used, and the fiscal 2003 working budget currently reflects 18 fewer contractual employees than initially budgeted.

The fiscal 2004 allowance abolishes the following positions:

- 9 in the Office of the Secretary;
- 5 in the Forest Service;
- 5 in the Wildlife and Heritage Service;
- 27.5 in the Forest and Park Service (includes 12 rangers);
- 2 in the Licensing and Registration Service;
- 5 in the Natural Resources Police;
- 6 in Resource Planning;
- 6 in the Resource Assessment Service;
- 3 in the Chesapeake and Coastal Watershed Service;
- 13 in the Fisheries Service (includes 9 natural resources biologists); and
- 5.7 in other programmatic units.

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The major general fund changes include the following:

- \$200,000 increase to reflect a grant to Worcester County per the Atlantic Coastal Bays Protection Act;
- \$100,000 decrease to the Forest and Park Service nature tourism program;
- \$82,000 decrease to Smart Growth management programs;
- \$162,000 decrease to resource planning programs; and
- \$170,000 decrease to the Help Our State Today (HOST) program, which is a special parks maintenance team that works in Western and Central Maryland parks.

Exhibit 3

**Governor’s Proposed Budget
Department of Natural Resources
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
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Where It Goes:

Personnel Expenses

87.2 abolished positions.....	-\$3,951
Cost containment and turnover adjustments	2,656
Health insurance	916
Retirement	-1,192
Workers' Compensation.....	-1,154
Contractual FTE expenses	-1,412
Other adjustments.....	-1,867

Other Changes

Growth management	-82
Resource planning	-162
Forest and Park Service nature tourism program.....	-100
Forest and Park Service HOST program	-170
Federal sport fish restoration funding	585
Federal Chesapeake Bay algal research funding.....	369
Grant to Worcester County per Atlantic Coastal Bays Protection Act	200
Natural Resource Police	-775
Wildlife and Heritage Service license/fee legislation.....	633
MDOT funded hiker-biker trail development in Western Maryland.....	-700
Other	277

Total **-\$5,929**

Note: Numbers may not sum to total due to rounding.

A major special fund change is a \$633,124 increase in Wildlife Management and Protection Fund revenue, as a result of legislation passed during the 2002 session that made several changes to hunting license fees and stamps (SB 599 – Chapter 177, Acts of 2002). The fees paid into this fund are used for scientific investigation, protection, propagation, and management of wildlife. Also, the allowance provides the Natural Resource Police (NRP) with \$775,000 less in Waterway Improvement Funds, consistent with fiscal 1998 budget bill language.

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The major federal fund changes include an increase of approximately \$585,000 from the U.S. Fish and Wildlife Service to restore and manage sport fish populations; and an additional \$368,580 from the National Oceanic and Atmospheric Administration for Chesapeake Bay algal research programs.

The major reimbursable fund changes include a \$3.0 million decrease in stream restoration funds from the Maryland Department of Transportation (MDOT) and a \$700,000 decrease in MDOT-funded trail development in Western Maryland.

Impact of Cost Containment

The fiscal 2004 allowance reflects the elimination of \$496,134 for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the BRFA of 2003.

Issues

1. The Impact of Invasive and Non-native Species in Maryland

Background

Since early colonization of North America, new species have been introduced in Maryland. While most of these introduced species are beneficial or benign, about 15% become invasive. An invasive species:

- shows a tremendous capacity for reproduction and distribution throughout its new home; and
- has a negative impact on environmental, economic, or public priorities.

Introduced invasive species can include a broad variety of creatures including viruses, insects, plants, and fish. Some of the invasive species in Maryland are mute swans, nutria rodents, zebra mussels, water chestnut aquatic plants, phragmite grass, and fish such as the grass carp and flathead catfish. Without the disease and predators that they contend with in their native lands, the spread of these species can be epic in proportion and efforts to control them can cost billions of dollars. A Cornell University study estimated the economic impact of invasive species across the U.S. is \$138 billion annually. The U.S. Fish and Wildlife Service estimates a \$5 billion economic impact can be attributed to the invasive zebra mussel in the Great Lakes.

DNR's Wildlife and Heritage Service is charged with coordinating the State's exotic and invasive species efforts. The service is currently working to address the negative impacts of a variety of species, including the mute swan, nutria, and phragmites. These efforts are being supported with primarily federal grant funds. DNR works in collaboration with other State agencies as well as other states and the federal government on invasive species through the Chesapeake Bay Program's Invasive Species Work Group and the Maryland Invasive Species Council.

The Snakehead Slithers into Maryland

The discovery and elimination of northern snakeheads, fish native to Asia, in a Crofton pond last summer brought considerable public attention to the risks associated with non-native species. Although many species of snakehead are tropical, the northern snakehead is temperate and can survive under ice. Its reproductive capacity and aggressive predatory nature caused biologists to be concerned about its potential impacts on native fish and aquatic ecosystems, especially if it entered the Patuxent River. While experts recommended immediate eradication measures, it took several weeks to negotiate suitable arrangements with private landowners before treatment could begin. The pond and two adjacent ponds were poisoned to kill all aquatic species, and as a result became sterile. DNR has since offered to restock fish in these ponds, but the owners have not responded. DNR advises that the cost of this control action was approximately \$110,000.

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The management actions taken by DNR were based on recommendations of an expert panel that was quickly created by DNR. The panel also recommended legislation authorizing DNR to address introductions of aquatic, invasive species and recover control action costs from responsible parties. Legislation authorizing DNR to adopt regulations to prohibit the importation, possession, or introduction into State water of a non-native aquatic organism was introduced (SB 287) in the 2003 session.

DLS recommends that DNR brief the committee on the costs associated with Maryland’s invasive species management efforts, the legal limitations DNR faces in this area, and the potential impact additional regulatory responsibilities will have on DNR’s budget and programs.

2. Merging DNR’s Law Enforcement Functions into the Department of State Police

The State benefits from several police forces ranging from the federal U.S. Park Police, to the Maryland Department of State Police (DSP), to local law enforcement agencies. At the State level, independent law enforcement agencies are funded within the following departments: Department of General Services, Maryland Transit Administration, DSP, and DNR. Just within DNR, there are two law enforcement forces: NRP and sworn forest and park wardens and forest, park, and wildlife rangers. Two of the largest State departments, DSP and DNR, could possibly benefit from consolidation. **Exhibit 4** provides details on the department’s respective fiscal 2004 allowances.

Exhibit 4

**Law Enforcement Resources
DSP and DNR Fiscal 2004 Allowances**

Department of State Police	
Sworn Personnel	1,594
Civilian Personnel	901.5
Total Budget	\$291,225,000
DNR - Natural Resources Police	
Sworn Personnel	190
Civilian Personnel	95
Total Budget	\$27,453,607
DNR - State Forest and Park Service Wardens and Rangers	
Sworn Personnel	153
Civilian Personnel	178.5
Total Budget	\$40,716,041

Source: Department of State Police; Department of Natural Resources

Given the statewide focus of DSP and the limited jurisdictions in which DNR operates, police functions could be potentially aided through merging DNR’s NRP, wardens, and rangers into the current DSP structure. In addition, the statutory mission of these police agencies is similar in that all are responsible for upholding the laws of the State. While DSP is responsible for all laws, DNR is responsible for natural resource laws, as illustrated in **Exhibit 5**. While DNR’s NRP, wardens, and rangers are

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integral to protecting natural resources, the department in which it operates is focused on reviewing and evaluating all natural resource policies; coordinating natural resource activities; collecting and organizing information on natural resources; and unifying and promulgating policies which ensure the preservation and enjoyment of all natural resources. Patrol, investigation, and enforcement activities to protect the State's natural resources could potentially be handled more cost effectively by an agency focused on patrol, investigation, and enforcement. Additional potential benefits of consolidation include:

- **Unification of Command:** Having a single point of command and clear line of authority within the combined jurisdictions would facilitate a unified and effective response.
- **Cost Savings:** The DSP and DNR police officers share a pension system and salary costs are paid using a similar pay scale. Cost savings in terms of administration and training could be realized.

There is precedent for combining like functions within DSP, while maintaining the identity and integrity of agencies. The Office of State Fire Marshal (OSFM) was transferred in 1997 from the Department of Public Safety and Correctional Services to DSP (Chapter 352, Acts of 1997). Both DSP and OSFM have clearly defined roles, responsibilities, and authorities but share administrative infrastructure and report to the Superintendent of State Police. DSP reports that a close and coordinated working relationship has been fostered, and both agencies have benefited under this configuration.

Exhibit 5

DNR and DSP Responsibilities

DNR Responsibilities

The NRP force specifically is charged with enforcing the natural resource laws of the State.

Wardens and rangers may exercise the authority and power of a NRP officer and are charged with enforcing forest and park laws and laws and regulations enacted for the protection of public and private land and waters.

DSP Responsibilities

The department shall have the general duty to safeguard the lives and safety of all persons within the State, to protect property, and to assist in securing to all persons the equal protection of the laws. Specifically, this duty includes the responsibilities to preserve the public peace; to detect and prevent the commission of crime; to enforce the laws and ordinances of the State and local subdivisions; to apprehend and arrest criminals and those who violate or are lawfully accused of violating such laws and ordinances; to preserve order at public places; to maintain the safe and orderly flow of traffic on public streets and highways; to cooperate with and assist law enforcement agencies in carrying out their respective duties; and to discharge its duties and responsibilities with the dignity and manner which will inspire public confidence and respect.

Source: Department of Legislative Services

DLS recommends that the Department of Budget and Management (DBM), in consultation with DSP and DNR, prepare a study outlining the cost savings – including positions – from consolidating DNR's NRP, wardens, and rangers into DSP; develop a proposal for how to accomplish the change; and draft legislation effecting the consolidation.

3. Allocate the Maryland Department of Agriculture's Resource Conservation Functions to DNR

The Maryland Department of Agriculture (MDA) plays a dual role of supporting and regulating the agricultural industry; and conserving the State's natural resources. Currently, MDA's programs are organized within three offices: Resources Conservation; Plant Industries and Pest Management; and Marketing, Animal Industries, and Consumer Services. The functions and goals of MDA's Office of Resources Conservation are described below.

- **Function:** Oversees a range of programs aimed at helping farmers balance farm productivity with the need to protect soil and water resources.
- **Goals:** To provide and promote land stewardship, including conservation, environmental protection, preservation, and resource management. To preserve adequate amounts of productive agricultural land and woodland in Maryland in order to provide for the continued production of food and fiber, to limit random development, and to protect agricultural land and woodland as open space.

Since DNR's mission is, "...to protect what makes Maryland unique – our treasured Chesapeake Bay, our diverse landscapes, and our living and natural resources" there appears to be considerable overlap between DNR and MDA's resource conservation programs. This programmatic overlap is further exemplified by the fact that significant funds are initially appropriated to DNR for several of MDA's resource conservation programs, including the Conservation Reserve Enhancement Program and the Maryland Agricultural Land Preservation Program.

Transferring MDA's resource conservation program to DNR could enhance the State's resource conservation program performance and efficiency. DNR could bring a wealth of technical and programmatic resources and skills to the agricultural community, that MDA's limited resources and staff cannot. In addition to increasing operational efficiencies, this shift could reduce administrative overhead costs.

DLS recommends budget language directing MDA, DNR, and the Department of Business and Economic Development (DBED), with the Department of Budget and Management as the lead agency, to examine the feasibility of eliminating MDA and transferring its natural resource conservation functions to DNR and its business development functions to DBED. A report should be submitted by November 15, 2003, addressing the following issues: (1) MDA program areas that are duplicative of DNR and DBED programs; (2) potential strategies for transferring MDA programs to DNR and DBED; (3) the advantages, disadvantages, and cost savings (positions and funds) associated with each strategy; and (4) draft implementing legislation.

4. Status of DNR's Vessels and Maintenance/Equipment Machinery

During the 2002 session, the budget committees expressed concern about the state of DNR's vessels and maintenance/equipment machinery. In a vehicle fleet report, DNR stated that it managed 979 pieces of maintenance equipment/machinery, with an estimated value of \$8,663,141. However, the report

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provided no information on the condition of these vehicles, and DNR admitted that "...there had been no inspection of these maintenance vehicles by the DNR fleet administrator and staff to date." To ensure that adequate management practices were put in place, the 2002 *Joint Chairmen's Report* required DNR to submit a report providing details on the "...condition of vessel and maintenance equipment machinery including hours used, mileage (if applicable) and age." Furthermore, DNR was required to consult with the Maryland Department of Transportation (MDOT) about efficient and effective maintenance and inventory methods.

In response to the budget narrative, DNR developed an inventory of all vessels, outboard motors and heavy equipment/machinery to include quantity, age, and purchase cost. As shown in **Exhibit 6** the inventory includes the following:

Exhibit 6

2003 Vessels and Maintenance/Equipment Machinery Inventory

<u>Description</u>	<u>Cost</u>	<u>Quantity</u>
Vessels	\$8,461,156	783 (424 small boats, 346 law enforcement vessels 2 yachts, 11 work boats)
Outboard Motors	1,587,079	514
Heavy Equipment/Machinery	8,071,114	582 (119 trucks, 126 trailers, 337 tractors/machinery)
Total	\$18,119,349	1,879

Source: Department of Natural Resources

DNR reports that the inventory is adequately maintained and in acceptable condition given the age of some items. However, the basis for this statement was not provided, and DNR admits that maintenance efforts are not formally documented by all facilities. With regard to age, DNR found that a significant portion of its inventory is approaching the end of its useful life: 65% of the vessels are 12 or more years old, and 64% of the heavy equipment and machinery was constructed prior to 1990.

To promote more consistent and structured inventory management, DNR developed two draft priority maintenance and operations policies as a part of this effort. The policies direct users of vessels and heavy equipment/machinery to comply with individual manufacturer requirements for proper operation and maintenance; and, to develop a record of maintenance efforts for subsequent verification. DNR's report to the committees did not provide information about the required consultation with MDOT.

Since a major portion of DNR's \$18.1 million inventory of vessels and maintenance/equipment machinery is approaching the end of its useful life, significant maintenance and replacement costs appear imminent. **DNR should advise the budget committees of its current and future efforts to maintain and replace this aging inventory, especially in light of current cost containment measures. DNR should also discuss whether a consultation with MDOT occurred, and if one did, the outcomes.**

Recommended Actions

1. Add the following budget bill language:

Provided that the Maryland Department of Agriculture (MDA), the Department of Natural Resources (DNR) and the Department of Business and Economic Development (DBED), with the Department of Budget and Management as the coordinating entity, shall develop a report by November 15, 2003, providing recommendations for transferring functions of MDA to DNR and DBED. A report should be submitted by November 15, 2003, addressing the following issues: (1) MDA program areas that are duplicative of DNR and DBED programs; (2) potential strategies for transferring MDA programs to DNR and DBED; (3) the advantages, disadvantages, and cost savings (positions and funds) associated with each strategy; and (4) draft implementing legislation.

Explanation: Many of the MDA's programs overlap considerably with the activities undertaken by DBED and DNR. This budget language directs MDA, DNR, and DBED, with DBM as the lead agency, to examine the feasibility of eliminating MDA and transferring functions to DNR and DBED to improve program delivery.

Information Request	Authors	Due Date
Report on re-allocating MDA's functions to DNR and DBED.	MDA DNR DBED DBM	November 15, 2003

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2. Add the following budget bill language:

Provided that the Department of Budget and Management (DBM), in consultation with the Department of Natural Resources (DNR) and the Department of State Police (DSP), should prepare a study outlining how DSP and sworn officers at DNR could make more efficient use of State law enforcement resources through consolidating the two organizations. The report should discuss areas of duplication; potential administrative, program, personnel, and cost savings from consolidating DNR Natural Resource Police, wardens, and rangers into DSP; recommendations for streamlining programs such as training; a proposal for how to accomplish the change; a discussion of how to accommodate cultural differences between the two agencies, and draft legislation, if appropriate, effecting the consolidation.

Explanation: The DSP currently manages a police force of 1,594 sworn troopers. This includes divisions handling protection of the Governor and Lieutenant Governor, members of the legislature, an aviation division that operates helicopters and fixed wing aircraft for law enforcement activities and Medevac, drug interdiction task forces, and executive protection activities. The Natural Resources Police (NRP), wardens, and rangers within DNR are responsible for policing the State parks and enforcing natural resource laws. DNR's fiscal 2004 allowance provides for 343 sworn officers. Cost efficiencies and improved coordination and service could possibly be attained through merging DNR's NRP, wardens, and rangers into DSP.

Information Request	Authors	Due Date
DNR and DSP law enforcement consolidation	DBM DNR DSP	November 1, 2003

3. Add the following budget bill language:

Provided that \$80,000 of general funds that were earmarked for telephone expenses are deleted from the budget of the Department of Natural Resources.

Explanation: This language reduces the Department's appropriation for telephone expenses by \$80,000 in general funds. This reduction brings DNR back in line with the fiscal 2002 actual appropriation. As this reduction spans many subprograms in the Department, placing this language on DNR's appropriation is the most efficient way to implement the reduction. The agency may allocate this reduction across its programs.

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4. Add the following budget bill language:

Provided that \$250,000 of general funds that were earmarked for passenger vehicle maintenance expenses are deleted from the budget of the Department of Natural Resources.

Explanation: This language reduces the Department’s appropriation for passenger vehicle maintenance expenses by \$250,000 in general funds. By the end of fiscal 2003, DNR estimates that approximately 300 new vehicles will be available. Since a greater percentage of the fleet will be new, less funding is needed for vehicle maintenance. This reduction will bring DNR back in line with the fiscal 2002 actual appropriation. As this reduction spans many subprograms in the Department, placing this language on DNR’s appropriation is the most efficient way to implement the reduction. The agency may allocate this reduction across its programs.

	<u>Amount</u>	
	<u>Reduction</u>	
5. Eliminate the Green Shores buffer incentive program. This program gives a one-time incentive of \$300/acre to landowners who establish a riparian forest buffer on their property. In light of this State’s fiscal condition, this grant program is not essential.	\$ 50,000	GF
6. Delete funding for the Conservation Reserve Enhancement Program (CREP) Bonus Payment. This program is designed to encourage farmers to participate in the federal-State CREP program by providing a one time, \$100/acre bonus payment for each acre enrolled in CREP. CREP pays rent to farmers for 15 years on acres enrolled in the program and pays for best management practices to be installed on the land. Additionally, DNR purchases conservation easements on CREP enrolled property from farmers. To meet the required State match, DNR should continue to use Program Open Space and in-kind services. Furthermore, Rural Legacy funds should be considered as a source of State matching funds.	1,300,000	GF
7. Reduce funding for the Wildlife and Heritage Service. The Wildlife and Heritage Service will benefit from additional special funds in fiscal 2004 due to recent fee increases for hunting licenses and stamps. DNR should use these special funds to offset this general fund reduction to salaries.	200,000	GF

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8. Reduce rent funds in the Licensing and Registration Service. DNR reduced rent funds in this unit by this amount as part of fiscal 2003 cost containment, since special fund revenue was available. This unit's special funds increase in fiscal 2004, so adequate special funds should be available again to offset this general fund reduction.

100,000 GF

Total General Fund Reductions

\$1,650,000

Updates

1. February 2003 DNR Follow-up Audit Review Indicates Improvement

The Office of Legislative Audits (OLA) conducted a follow-up review of the actions taken by DNR as of September 2002 to address the findings in a February 2002 audit report. In that audit, OLA concluded that DNR's fiscal accountability/compliance rating was unsatisfactory. The recent review discloses that DNR has made progress in resolving the 19 findings in the February 2002 audit report, as noted below:

<u>Implementation Status</u>	<u>Number of Findings</u>
Corrected	2
Substantial Progress	7
In Progress	9
Minimal or No Improvement	1

OLA anticipates that if the pace of DNR's current efforts continues, the recommendations implemented remain in effect, and if other areas do not deteriorate, the next OLA audit will result in an improved accountability and compliance rating. The ten findings that DNR has not yet fully or substantially addressed are listed below:

No Improvement

- Customer Oriented Information Network System (COINS) – Standard fee overrides at regional service centers not controlled.

In Progress

- COINS – Issuance of certain licenses was not effectively controlled resulting in possible lost revenues.
- Purchases and Disbursements – Available security features were not fully used for the processing of purchasing and disbursement transactions; and 33 duplicate vendor payments were made totaling \$154,000.
- Contractual Services – Contractor's labor rates were not adequately verified resulting in overpayments of \$56,000; and independent verifications were not performed for payment transactions with contractors handling rentals of State park facilities.
- Reimbursements were not obtained from property owners for all costs related to shore erosion control projects.
- Adequate controls were not maintained over accounts receivable.

- Pre-numbered licenses, decals, and stamp documents were not periodically accounted for.
- Adequate controls were not maintained over equipment.

2. The Cost of a Clean Bay

The Chesapeake Bay Commission is a tri-state legislative assembly representing Maryland, Virginia, and Pennsylvania, which was created to coordinate Chesapeake Bay-related policy across state lines. In 2000, the Commission, along with Maryland, Pennsylvania, Virginia, the District of Columbia, and the U.S. Environmental Protection Agency, signed *Chesapeake 2000* – a blueprint for restoration in the Chesapeake Bay ecosystem. *Chesapeake 2000* lists more than 100 actions deemed essential to protect and restore the Bay’s watershed – its water quality, living resources, and vital habitats. In January 2003, the Commission released a fiscal analysis of *Chesapeake 2000* to quantify the financial needs associated with a clean Bay. As illustrated in **Exhibits 7** and **8**, the report found that \$18.7 billion would be needed over the next eight years and an estimated funding gap of \$12.8 billion existed.

Exhibit 7

Projected *Chesapeake 2000* Funding Needs, by State
Fiscal 2003 through 2010
(\$ in Billions)

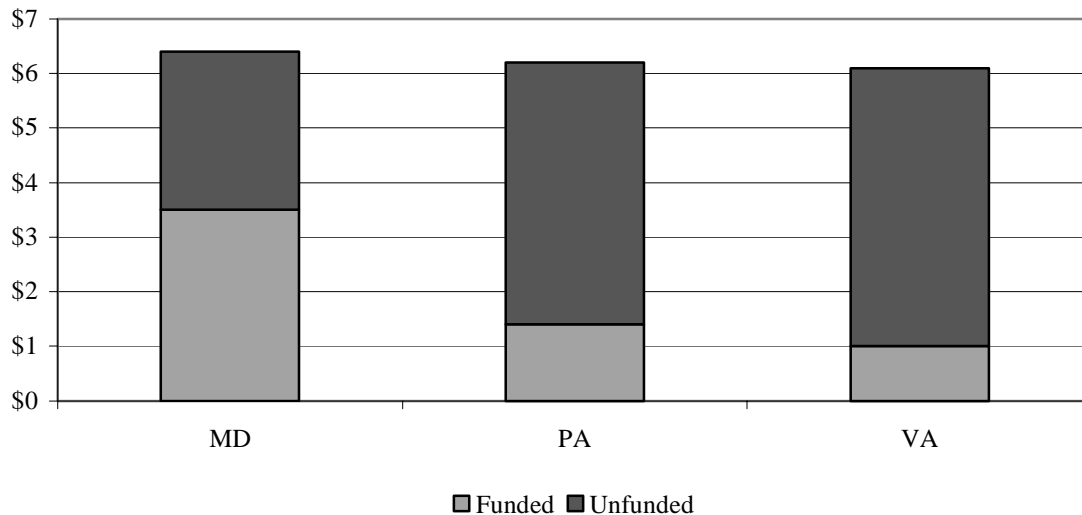
	<u>Maryland</u>	<u>Pennsylvania</u>	<u>Virginia</u>	<u>Total</u>
Projected cost	\$6.4	\$6.2	\$6.1	\$18.7
Projected income	\$3.5	\$1.4	\$1.0	\$5.9
Unfunded gap	\$2.9	\$4.8	\$5.1	\$12.8

Source: Chesapeake Bay Commission

In 2001, Maryland prepared a fiscal 2003-2010 *Chesapeake 2000* cost estimate that differs from the Commission’s estimate. Maryland’s estimate totaled \$7.0 billion, with a projected income of \$4.4 billion and a shortfall of \$2.6 billion. Maryland’s estimate differs because it includes costs to correct combined sewer overflows and sanitary sewer overflows, and to retrofit a larger percentage of existing septic systems. The estimate also makes adjustments to recognize the efficiencies that result from completing multiple commitments.

Exhibit 8

Projected Chesapeake 2000 Funding Gaps, by State
Fiscal 2003-2010
(\$ in Billions)



Source: Chesapeake Bay Commission

3. Status of DNR Special Funds Workgroup

The 2002 *Joint Chairmen's Report* included narrative requesting the creation of a workgroup during the 2002 interim to review the special funds administered by DNR. It was noted that DNR administers an excessive number of special funds, creating confusion as to the appropriate use of such funds within DNR. The workgroup was tasked with reporting back on the following items: the statutory requirements for each special fund; the appropriate level of administrative expenses to be deducted from each special fund; whether any streamlining measures can be implemented to reduce the special fund tracking burden; and whether DNR is using these funds appropriately. The workgroup was supposed to report back by December 1, 2002.

Since final appointments to the workgroup were not made until late fall of 2002, the workgroup did not meet until January 15, 2003. The workgroup intends to complete this research during the 2003 interim and report its recommendations by December 1, 2003, to allow consideration during the 2004 legislative session. The next meeting of the workgroup will be held early in the 2003 interim. At that meeting, the workgroup will select a chairman and further discuss its strategy.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Natural Resources (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$78,632	\$64,715	\$26,036	\$7,320	\$176,703
Deficiency Appropriation	0	0	1,000	0	1,000
Budget Amendments	236	1,809	1,067	6,073	9,185
Reversions and Cancellations	-3,685	-4,616	-4,564	-4,068	-16,933
Actual Expenditures	\$75,183	\$61,908	\$23,540	\$9,325	\$169,956
Fiscal 2003					
Legislative Appropriation	\$80,682	\$64,689	\$23,224	\$9,207	\$177,802
Budget Amendments	-2,685	788	546	948	-404
Working Appropriation	\$77,997	\$65,477	\$23,770	\$10,155	\$177,398

Note: Numbers may not sum to total due to rounding.

Fiscal 2002 Budget Changes

General funds decreased by \$3.4 million, with the major changes being:

- \$200,000 increase due to a transfer from the Board of Public Work's contingent fund to the Chesapeake Bay Critical Areas Commission. These funds were used to provide grants to Worcester County and the Town of Ocean City for the implementation of the Atlantic Coastal Bays Act of 2002.
- \$2,968,000 decrease for cost containment
- Several cancellations/reversions occurred, including:
 - \$534,771 in Conservation Resource Enhancement Program (CREP) bonus payments that were not made. CREP is designed to encourage farmers to participate in the program by providing a one-time \$100/acre bonus payment for each acre enrolled.
 - \$100,000 was appropriated for the Bi-State (Virginia and Maryland) Blue Crab Advisory Committee contingent upon a matching appropriation from the State of Virginia. Virginia did not provide a matching contribution, so this appropriation was cancelled.
 - \$77,007 decrease in salaries and fringe benefits, and local government grant funding within the Chesapeake Bay Critical Areas Commission program area.

Special funds dedicated to operating functions decreased by \$2.8 million. The major changes are summarized below:

- \$300,000 from the Maryland Environmental Trust Land Grant Fund to assist in funding a loan for land acquisition of property in the community of Bay Ridge in Anne Arundel County by a local land trust.
- \$330,000 for the purchase of computers and printers used in conjunction with COINS, the software application DNR uses to process hunting, fishing, and boating registrations.
- \$813,000 decrease for cost containment.
- The following special fund reversions occurred:
 - \$504,187 in transfer tax administrative fee funds due to the hiring freeze and staffing reductions;
 - \$456,627 in State Boat Act funds due to the hiring freeze; and
 - \$427,523 in Environmental Trust Funds due to under expenditure of contractual services.

Federal funds decreased by \$4.5 million, largely due to overestimating approved grant amounts, not receiving requested grant amounts, and not being able to fill positions due to the hiring freeze. The major changes were:

- \$1,000,000 deficiency payment from the U.S. Department of Justice for radio communication

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infrastructure improvements for the Natural Resources Police.

- \$300,000 from the U.S. Geological Survey to perform the test drilling phase of a study of the hydrogeological characteristics and water supply potential of Patapsco aquifers in Southern Maryland.
- \$1.5 million less than estimated was provided for the civil works and community year agreements.
- \$307,250 less in federal Wildlife Restoration Act grant funds was available.
- \$254,511 in U.S. Coast Guard and National Marine Fisheries funds were cancelled due to vacancies and reduced overall expenditures.

The major change in reimbursable funding was a \$3.2 million reversion of State Highway Administration funds for a watershed revitalization partnership program and a rails-to-trails project in Western Maryland.

Fiscal 2003 Budget Changes

DNR was required to reduce general fund operational expenditures by \$2,467,720 or 3% for cost containment in fiscal 2003. A description of these changes is provided earlier in the analysis. Also, per fiscal 2003 budget bill language, two positions and associated administrative costs (\$183,021) were transferred from DNR to the Office for Smart Growth.

The special fund increase is due in part to \$181,445 from local jurisdictions to be used by the Maryland Geological Survey for contractual costs associated with water quality monitoring and research, and the second phase of the Southern Maryland Aquifer Study.

The federal fund increase is the result of the following adjustments:

- \$60,982 from the Department of Commerce – National Oceanic and Atmospheric Administration (NOAA) for salaries and related costs associated with the development of a cooperative marine fisheries enforcement regime with the Natural Resources Police.
- \$60,000 from NOAA for salary and travel expenses necessary to conduct water-monitoring tasks under a grant titled “Fish Health, Habitat Quality and Pfiesteria Surveillance in Support of Maryland’s Response to Toxic Outbreaks of Pfiesteria and Similar Dinoflagellates.”
- \$160,400 from the U.S. Department of the Interior and U.S. Department of Agriculture to conduct studies on the Patapsco Aquifers of Southern Maryland, and develop maps and associated databases.
- \$264,630 from the U.S. Environmental Protection Agency to conduct an oyster reef restoration project that tests different reef construction materials.

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Appendix 2

Object/Fund Difference Report
Department of Natural Resources

Object/Fund	FY 02	FY 03	FY 04	FY 03 - FY 04	Percent Change
	Actual	Working Appropriation	Allowance	Amount Change	
Positions					
01 Regular	1618.20	1577.20	1490.00	-87.20	-5.5%
02 Contractual	331.95	470.95	475.80	4.85	1.0%
Total Positions	1950.15	2048.15	1965.80	-82.35	-4.0%
Objects					
01 Salaries and Wages	\$ 96,799,098	\$ 102,400,416	\$ 98,248,112	-\$ 4,152,304	-4.1%
02 Technical & Spec Fees	7,250,636	9,903,809	8,478,126	-1,425,683	-14.4%
03 Communication	2,054,139	2,658,601	3,022,656	364,055	13.7%
04 Travel	608,405	672,637	657,987	-14,650	-2.2%
05 Food	4,211	0	0	0	0.0%
06 Fuel & Utilities	2,858,682	3,440,315	3,308,068	-132,247	-3.8%
07 Motor Vehicles	6,483,996	7,376,094	7,391,498	15,404	0.2%
08 Contractual Services	35,904,488	36,635,650	32,847,616	-3,788,034	-10.3%
09 Supplies & Materials	6,208,473	6,201,503	6,450,585	249,082	4.0%
10 Equip - Replacement	1,340,559	1,300,367	1,684,405	384,038	29.5%
11 Equip - Additional	2,325,883	775,403	821,550	46,147	6.0%
12 Grants, Subsidies, Contr	6,127,561	6,495,633	6,863,756	368,123	5.7%
13 Fixed Charges	1,862,015	1,791,955	1,947,303	155,348	8.7%
14 Land & Structures	127,824	269,125	243,158	-25,967	-9.6%
Total Objects	\$ 169,955,970	\$ 179,921,508	\$ 171,964,820	-\$ 7,956,688	-4.4%
Funds					
01 General Fund	\$ 75,182,967	\$ 80,499,324	\$ 77,599,068	-\$ 2,900,256	-3.6%
03 Special Fund	61,908,158	65,497,983	62,972,521	-2,525,462	-3.9%
05 Federal Fund	23,540,204	23,769,649	25,089,180	1,319,531	5.6%
09 Reimbursable Fund	9,324,641	10,154,552	6,304,051	-3,850,501	-37.9%
Total Funds	\$ 169,955,970	\$ 179,921,508	\$ 171,964,820	-\$ 7,956,688	-4.4%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

**Fiscal Summary
Department of Natural Resources**

<u>Unit/Program</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 03</u>	<u>FY 03</u>	<u>FY 02 – FY 03</u>	<u>FY 04</u>	<u>FY 03 – FY 04</u>
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Appropriation</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>
01 Secretariat	\$ 2,607,012	\$ 2,452,043	\$ 2,237,693		-14.2%	\$ 2,190,529	-2.1%
02 Office of the Attorney General	982,923	1,033,447	1,034,410		5.2%	1,041,146	0.7%
03 Finance and Administrative Service	4,316,034	4,302,523	4,269,655		-1.1%	4,221,073	-1.1%
04 Human Resource Service	1,311,437	1,437,050	1,407,546		7.3%	1,266,930	-10.0%
05 Information Technology Service	1,622,995	2,030,710	2,478,019		52.7%	2,572,143	3.8%
06 Public Affairs Office	788,960	728,160	723,362		-8.3%	936,813	29.5%
07 Contributions To Interstate Agreements	399,720	0	0		-100.0%	0	0%
09 Forestry Program	10,133,089	11,229,886	9,965,010		-1.7%	9,922,938	-0.4%
10 Wildlife and Heritage Division	0	8,132,383	0		0%	0	0%
01 Wildlife and Heritage Service	8,570,508	0	9,422,916		9.9%	10,440,644	10.8%
01 Statewide Operation	39,192,169	43,160,990	43,041,740		9.8%	39,214,817	-8.9%
06 Revenue Operations	1,275,605	1,382,877	1,383,339		8.4%	1,501,224	8.5%
02 Program Open Space	0	1,935,666	0		0%	0	0%
05 Operations	5,245,342	700,531	5,044,489		-3.8%	5,067,473	0.5%
08 Shore Erosion Control Program	0	1,441,754	0		0%	0	0%
13 Rural Legacy	0	327,779	0		0%	0	0%
01 General Direction	3,889,842	3,696,988	3,621,417		-6.9%	3,699,863	2.2%
01 General Direction	6,922,214	7,440,735	5,944,491		-14.1%	5,548,285	-6.7%
04 Field Operations	18,757,781	18,799,215	20,165,432		7.5%	19,769,352	-2.0%
05 Waterway Management Services	2,036,595	2,290,273	2,278,019		11.9%	2,135,970	-6.2%
01 General Direction	1,831,302	1,942,724	1,949,061		6.4%	1,671,852	-14.2%
01 General Direction	5,087,318	4,452,635	5,214,528		2.5%	4,558,057	-12.6%
03 In-House Construction	0	0	0		0%	0	0%
04 Physical Plant Maintenance	0	0	0		0%	0	0%
01 Chesapeake Bay Critical Area Commission	2,083,898	2,002,344	2,025,092		-2.8%	2,231,723	10.2%
01 Support Services	628,843	731,128	729,354		16.0%	727,099	-0.3%
04 Monitoring And Non-Tidal Assessment	2,666,435	2,817,125	2,870,781		7.7%	3,048,433	6.2%
05 Power Plant Assessment Program	5,978,444	6,466,533	6,452,793		7.9%	6,360,496	-1.4%
06 Tidewater Ecosystem Assessment	4,747,872	4,710,521	4,895,001		3.1%	4,769,718	-2.6%
07 Maryland Geological Survey	3,299,395	2,822,048	3,487,443		5.7%	3,118,058	-10.6%
01 General Direction	957,942	1,369,665	1,380,126		44.1%	1,373,094	-0.5%
01 General Direction	506,597	470,034	463,323		-8.5%	399,099	-13.9%
02 Geographic Information Service	7,731,775	8,414,476	8,425,212		9.0%	5,370,805	-36.3%

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Appendix 3

Appendix 3

05 Coastal Zone Management	9,495,182	9,579,096	9,579,345	0.9%	10,202,505	6.5%
01 General Direction	1,605,643	2,018,667	1,993,295	24.1%	1,973,185	-1.0%
07 Growth Management	0	0	0	0%	0	0%
01 General Direction	4,851,391	5,261,790	5,364,013	10.6%	5,111,451	-4.7%
02 Policy and Fisheries Development	0	177,000	0	0%	0	0%
06 Restoration and Enhancement	4,228,232	4,648,872	4,575,186	8.2%	4,181,333	-8.6%
08 Resource Management	3,355,447	4,254,993	4,123,717	22.9%	3,961,273	-3.9%
11 Shellfish Restoration and Management	2,848,028	3,138,802	3,375,700	18.5%	3,377,439	0.1%
Total Expenditures	\$ 169,955,970	\$ 177,801,463	\$ 179,921,508	5.9%	\$ 171,964,820	-4.4%
General Fund	\$ 75,182,967	\$ 80,682,345	\$ 80,499,324	7.1%	\$ 77,599,068	-3.6%
Special Fund	61,908,158	64,688,581	65,497,983	5.8%	62,972,521	-3.9%
Federal Fund	23,540,204	23,223,637	23,769,649	1.0%	25,089,180	5.6%
Total Appropriations	\$ 160,631,329	\$ 168,594,563	\$ 169,766,956	5.7%	\$ 165,660,769	-2.4%
Reimbursable Fund	\$ 9,324,641	\$ 9,206,900	\$ 10,154,552	8.9%	\$ 6,304,051	-37.9%
Total Funds	\$ 169,955,970	\$ 177,801,463	\$ 179,921,508	5.9%	\$ 171,964,820	-4.4%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.