

U00A01
Maryland Department of the Environment - PAYGO

Pay-As-You-Go Capital Budget Summary

(\$ in Thousands)

	<i>FY 2002 Approp.</i>	<i>FY 2003 Approp.</i>	<i>FY 2004 Allowance</i>	<i>Percent Change</i>	<i>DLS Recommd.</i>
Maryland Water Quality Revolving Loan Fund	\$113,492	\$46,434	\$70,000	50.7%	\$70,000
Drinking Water Revolving Loan Fund	11,041	12,416	11,000	-11.4%	11,000
Total	\$124,533	\$58,850	\$81,000	37.6%	\$81,000
Fund Source					
General	\$8,033	\$8,250	\$0	-100.0%	\$0
Special	116,500	50,600	35,212	-30.4%	35,212
Federal	0	0	37,623	n/a	37,623
GO Bonds	0	0	8,165	n/a	8,165
Total	\$124,533	\$58,850	\$81,000	37.6%	\$81,000

Summary of Issues

Achieving the State's Point Source Nutrient Reduction Goals through Wastewater Treatment Plant Improvements: The Chesapeake Bay Agreement and a Executive Order currently lay out aggressive goals for reducing nutrients levels from wastewater treatment plant effluent. **The Maryland Department of the Environment (MDE) should be prepared to brief the committee on the current administration's point source nutrient reduction goals. Specifically, MDE should explain whether all tenets of the November 2002 Executive Order are still in effect; the status of implementing this Executive Order; and the costs associated with meeting the point source nutrient reduction goals in the Executive Order and the Chesapeake Bay Agreement.**

Summary of Recommended Actions

1. Concur with Governor's allowance.

Overview

The fiscal 2004 allowance includes \$72.8 million in PAYGO and \$8.2 million in general obligation (GO) bond capital funds. This represents a 37.6% increase from the fiscal 2003 appropriation. The allowance provides required State matching funds for both loan programs in the general obligation bond capital budget; in fiscal 2003, general funds were used for this purpose. The increase in the Water Quality Revolving Loan Fund is the direct result of increased demand for loan funds.

In the past, federal funds received for the Water Quality and Drinking Water Revolving Loan Funds were labeled as special funds instead of federal funds. A June 2002 legislative audit found this practice problematic and has prompted MDE, the Department of Budget and Management, the Office of the Comptroller, and the State Treasury to develop a new, mutually agreed upon accounting practice. For budgeting purposes, MDE has agreed to represent these revolving loan funds as federal funds. This adjustment makes it appear that the loan programs are receiving large federal funding increases, when in fact they are not.

Consolidated Administrative Expenses – All Programs

	FY 2002	FY 2003	FY 2004
Sources:			
Special Funds			
Water Quality Revolving Loan Fund	\$1,721,204	\$1,881,000	\$1,938,000
Drinking Water Revolving Loan Fund	206,948	161,880	167,580
Subtotal Special Funds	\$1,928,152	\$2,042,880	\$2,105,580
General Funds	52,858	44,000	51,000
Federal Funds			
Water Quality Revolving Loan Fund	325,249	281,600	326,400
Drinking Water Revolving Loan Fund	270,560	339,200	358,400
Total Funds	\$2,576,819	\$2,707,680	\$2,841,380

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Uses:			
Direct Expenses	2,215,810	2,340,880	2,453,580
Indirect Expenses	361,009	366,800	387,800
Total Direct & Indirect Expenses	\$2,576,819	\$2,707,680	\$2,841,380

The table (Consolidated Administrative Expenses – All Programs) illustrates the administrative expenses associated with the two loan funds discussed in this analysis. MDE includes salaries and fringe benefits, as well as nonsalary expenses, in its direct expenses. Nonsalary expenses include contractual services such as a financial advisor, a bond counsel, and accountant/auditor, as well as office supplies and materials, travel, training, and professional memberships. Indirect expenses are charged at approximately 28% of salary and fringe benefits for federal funds and at approximately 14% of all special fund expenses. The department includes \$215,000 in general funds in its operating expenses to provide a required 20% match on direct federal expenses under the Water Quality Revolving Loan Fund (WQRLF). No general fund match is required for direct federal expenses under the Drinking Water Revolving Loan Fund (DWRLF).

Water Quality Revolving Loan Fund (Statewide)

PAYGO SF	\$32,596,000	Recommendation:	Approve
PAYGO FF	\$31,170,000		
GO Bonds	\$6,234,000		

Program Description: The Maryland Water Quality Revolving Loan Fund was created to provide low-interest loans to counties and municipalities to finance water quality improvement projects. The fund was established by the federal government in the Clean Water Act of 1987 and by the State of Maryland in §9-204 and §9-1604 Environment Article to replace the federal construction grants program that was phased out. Projects eligible for funding include wastewater treatment plants, failing septic systems, and nonpoint source projects such as urban stormwater control projects. The federal act requires a 20% State match. As of June 2002 the Water Quality Revolving Loan Fund (WQRLF) had executed approximately \$660 million in low interest loans.

Prior to fiscal 2004 this federal grant was budgeted as special funds. However, to comply with audit recommendations, this grant is now budgeted as federal funds.

Year Program Began: 1989

Comments: The fiscal 2004 allowance provides \$32.6 million in PAYGO special funds, \$31.2 million in PAYGO federal funds, and \$6.2 million in general obligation bond funding for WQRLF. The allowance will be used to fund a total of \$70.0 million in projects. Specifically, it will fund seven projects in five jurisdictions (Baltimore City and Baltimore, Anne Arundel, St. Mary's, and Worcester counties). Two projects will improve wastewater treatment plants serving 417,232 residences. Four other projects will improve sewers, stormwater drains, and pumping stations serving 847,122 homes. The final project will close and cap the 28-acre St. Andrews Landfill in St. Mary's County.

The fiscal 2004 allowance includes funding for this program in the PAYGO operating budget as well as the general obligation bond capital budget allowance. In recent years, PAYGO general funds have been used to cover the required 20% State match. However, the fiscal 2004 budget includes the required \$6.2 million State match in the general obligation bond allowance.

Water Quality Revolving Loan (Statewide) Fund Data

Fund History

	<i>FY 2002 Actual</i>	<i>FY 2003 Estimated</i>	<i>FY 2004 Estimated</i>
Beginning Balance	\$54,026,251	\$98,953,276	\$50,352,112
REVENUE			
General Funds	6,492,000	6,434,000	*215,000
GO Bonds	0	0	**6,234,000
Federal Funds	32,461,011	32,171,436	***32,243,409
Investment and Other Income	8,157,786	9,000,000	9,000,000
Loan Repayments and Interest	60,689,493	33,000,000	35,000,000
TOTAL REVENUE	107,800,290	80,605,436	82,692,409
TOTAL AVAILABLE	161,826,541	179,558,712	133,044,521
ENCUMBRANCES			
Loans	45,439,202	112,000,000	70,000,000
Debt Service	15,334,752	15,000,000	15,000,000
Operating Expenses	2,099,311	2,206,600	2,315,400
TOTAL ENCUMBRANCES	62,873,265	129,206,600	87,315,400
Ending Balance	\$98,953,276	\$50,352,112	\$45,729,121

* State match to \$1,073,409 in federal funds for operating expenses.

** State match to \$31,170,000 in federal funds for loans.

*** Federal funds include \$1,073,409 for operating expenses and \$31,170,000 for loans.

(\$ in Millions)

<i>Description</i>	<i>2002 Approp.</i>	<i>2003 Approp.</i>	<i>2004 Request</i>	<i>2005 Estimate</i>	<i>2006 Estimate</i>	<i>2007 Estimate</i>	<i>2008 Estimate</i>
PAYGO GF	\$6.492	\$6.434	\$0	\$0	\$6.5	\$6.5	\$6.5
PAYGO SF	107.000	40.000	32.596	31.0	31.0	31.0	31.0
PAYGO FF	0	0	31.170	32.5	32.5	32.5	32.5
GO Bonds	0	0	6.234	6.5	0	0	0
Total	\$113.492	\$46.434	\$70.000	\$70.000	\$70.000	\$70.000	\$70.000

Issues

1. Achieving the State's Point Source Nutrient Reduction Goals through Wastewater Treatment Plant Improvements

Background

The Chesapeake Bay Agreement was signed by the Governor of Maryland, along with the Governors of Pennsylvania and Virginia, the Mayor of the District of Columbia, the Administrator of the U.S. Environmental Protection Agency, and the Chair of the Chesapeake Bay Commission. By 2010 the Bay Agreement signatories have committed to correct the nutrient and sediment related problems in the Chesapeake Bay and its tributaries so the Bay is no longer on the list of impaired waters under the federal Clean Water Act. Since wastewater treatment plants treat approximately 95% of the State's total sewage flow to the Chesapeake Bay, they have been identified as a key tool for meeting this goal.

Fiscal 2004 State funds are provided for wastewater treatment plant (WWTP) construction and improvements through MDE's Water Quality Revolving Loan Fund in the PAYGO capital budget and the Biological Nutrient Removal and Supplemental Assistance programs in the general obligation bond capital budget. These grant and loan programs help local jurisdictions offset the expenses associated with removing nutrients (nitrogen and phosphorous) from WWTP discharges. There are two significant technologies being implemented to reduce nutrients in WWTP effluent: Biological Nutrient Removal and Enhanced Nutrient Removal.

- Biological Nutrient Removal (BNR) biologically removes the total nitrogen to an average level of 8 mg/l and the total phosphates to an average level of 3 mg/l prior to discharging the water into the receiving waters.
- Enhanced Nutrient Removal (ENR) takes water that has gone through the BNR process and further refines the effluent physically, bio-chemically, or chemically to an average level of 3 mg/l nitrogen and 0.3 mg/l phosphorous.

Current Status of Major WWTPs in the State

MDE is currently targeting 66 major WWTPs for BNR and ENR upgrades. These facilities account for over 90% of the flows in the State. As illustrated in **Exhibit 1**, there are 41 major WWTPs in operation with BNR technology in place. Of these 41 WWTPs, 29 discharge an average of 8 mg/l nitrogen or better, and 12 are still in the start up phase. Four WWTPs are currently completing BNR construction and 21 are in the BNR design or planning phase.

Currently there are no operational WWTPs with ENR technology in place. However, due to currently low flows, three of the operational BNR WWTPs are achieving an average discharge of 3 mg/l of nitrogen: Fort Meade and Patuxent in Anne Arundel County and Maryland Correctional Institute in Washington

County. There are four WWTPs being designed for ENR: Princess Anne in Somerset County, Northeast in Cecil County, Mattawoman in Charles County, and St. Michael's in Talbot County. All BNR facilities are able to phase in ENR upgrades in the future.

Exhibit 1

Nutrient Reduction Capacity at Wastewater Treatment Plants

	<u>Operational</u>	<u>Construction</u>	<u>Design</u>	<u>Planning</u>
BNR Plants	41	4	7	8
ENR Plants	0	0	4*	0
Total	41	4	11	8

*The Princess Anne WWTP in Somerset County is an operational BNR facility that is in the design phase of an ENR upgrade.

Note: Two WWTPs in Harford County are under the purview of the federal government and are not included above.

Source: Maryland Department of the Environment

November 2002 Executive Order

On November 14, 2002, former Governor Parris Glendening released an Executive Order (01.01.2002.24) establishing goals for reducing nutrient levels from wastewater treatments plants. Specifically, the Executive Order instructed MDE to develop and implement an ambitious ENR policy for wastewater treatment plants. This ENR policy would achieve 40% of the nitrogen reduction necessary to meet the 2010 Chesapeake Bay Agreement goal.

The key requirements of the Executive Order that directly affect MDE are summarized below.

- MDE should prepare a draft strategy to implement the ENR policy for public review by December 31, 2002. A strategy to comply with this requirement has apparently been drafted but has not been released by MDE.
- By the end of 2003, MDE should publish the final ENR strategy documenting the costs and feasibility elements of the 2002 draft strategy. This document will include recommendations for State grant and loan funds to provide incentives for all facilities to develop treatment plant designs capable of achieving the enhanced wastewater treatment goals.

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MDE estimates that implementation of the proposed ENR strategy will cost between \$500 million and \$1 billion. These estimates are based on the approximate incremental capital costs of upgrading BNR facilities with ENR and estimates developed by the Chesapeake Bay Program Nutrient Removal Technology Cost Task Force. MDE is currently working to develop improved cost estimates.

Since 1984 the U.S. Environmental Protection Agency (EPA) has provided over \$126 million in special appropriation grants for BNR upgrades in Maryland. Furthermore, recent legislation and pending reports suggest that there is continued interest at the federal level in helping states address WWTP infrastructure needs. The proposed federal Chesapeake Bay Watershed Nutrient Removal Act (S. 1961/H.R. 4666), if approved, would direct EPA to provide grants to States and municipalities to upgrade municipal wastewater treatment plants located within the Chesapeake Bay watershed. Also, EPA expects to submit a Clean Water Needs Survey Report to Congress in June 2003.

MDE should be prepared to brief the committee on the current administration’s point source nutrient reduction goals. Specifically, MDE should explain whether all tenets of the November 2002 Executive Order are still in effect; the status of implementing this Executive Order; and the costs associated with meeting the point source nutrient reduction goals in the Executive Order and the Chesapeake Bay Agreement.

Recommended Actions

1. Concur with Governor’s allowance.

Fiscal 2004 Proposed Projects

<u>County</u>	<u>Project</u>	<u>FY 2004 Amount</u>	<u>State Share of Total Cost</u>
Anne Arundel	Annapolis WRF Expansion	\$22,586,000	100%
Baltimore City	Moore Run Stormwater Drainage Improvements	6,830,000	100%
Baltimore City	Sanitary Sewer Overflow Improvements	14,985,730	46%
Baltimore City/Co.	Patapsco WWTP Fine Screens & Electrical Improv.	12,608,270	81%
St. Mary’s	St. Andrews Landfill Closure (Cell 3, 5)	4,400,000	100%
St. Mary’s	Marley-Taylor WWTP Upgrade/Solids	4,590,000	100%
Worcester	Ocean Pines WWTP Upgrade	4,000,000	100%
Total		\$70,000,000	

Note: Project list is subject to change.

Fiscal 2003 Project Status

<u>County</u>	<u>Project</u>	<u>FY 2003 Amount</u>	<u>Project Status – January 2003</u>
Baltimore City/Co.	Back River WWTP Electrical Distribution	\$4,000,000	Under Construction
Baltimore City/Co.	Patapsco Liquid Oxygen Improvements	4,600,000	Under Construction
Cecil	North East WWTP - BNR	4,500,000	Under Construction
Charles	La Plata Inflow/Infiltration	1,750,000	Under Design
Prince George's/Montgomery	Piscataway WWTP Sludge Dewatering	11,400,000	Under Construction
Washington	Hagerstown WWTP Upgrade (Phase 2)	11,000,000	Under Design
Worcester	Pocomoke Landfill Capping & Closure	2,750,000	Under Design
Total, 2003		\$40,000,000	

Additional Projects Using Prior Year Appropriations

Baltimore	Hernwood Landfill Capping	\$9,902,000	Under Design
Baltimore City/Co	Back River WWTP Lab HVAC	3,300,000	Under Construction
Baltimore City/Co	Patapsco Chlorine Loading Facility	2,145,000	Under Design
Baltimore City/Co	Patapsco Chlorine/Dechlorine Process	2,000,000	Under Design
Baltimore City/Co	Back River Roads and Stormwater	5,400,000	Under Design
Carroll	Taneytown Piney Creek Interceptor	1,428,000	Under Design
Cecil	Carpenters Point Sewer System	1,000,000	Under Design
Charles	Indian Head WWTP BNR Upgrade	1,200,000	Under Design
Dorchester	Beulah Landfill Capping	3,500,000	Under Design
Dorchester	Hurlock WWTP BNR Upgrade	1,375,000	Under Design
Montgomery/Prince George's Co.	WSSC – Sewerage Energy Performance	11,500,000	Bids Opened
Queen Anne's	KN/S/G WWTP BNR Upgrade/Expansion	22,000,000	Bids Opened
Washington	Halfway Interceptor Upgrade	2,500,000	Under Design
Wicomico	Salisbury WWTP – BNR (Design Phase)	2,000,000	Under Design
Worcester	Snow Hill Landfill Capping	2,750,000	Under Design
Total, Prior Years		\$72,000,000	

Source: Maryland Department of the Environment

Drinking Water Revolving Loan Fund (Statewide)

PAYGO SF	\$2,616,000	Recommendation:	Approve
PAYGO FF	\$6,453,000		
GO Bonds	\$1,931,000		

Program Description: The Maryland Drinking Water State Revolving Loan Fund (DWSRLF) was established in accordance with a federal capitalization grant approved by Congress in 1996 in anticipation of future federal capitalization grants. This program was authorized by the General Assembly in 1993 to provide loans to counties and municipalities to finance water supply improvements and upgrades. In accordance with the federal legislation, these funds may also be loaned to private parties. The federal act requires that a minimum of 20% of State matching funds for each year's federal capitalization grant be deposited into the fund. As of June 2002 this program had executed approximately \$50 million in low interest loans.

Year Program Began: 1996

Comments: The fiscal 2004 allowance provides \$2.6 million in PAYGO special funds, \$6.5 million in PAYGO federal funds, and \$1.9 million in general obligation bond funding for the Drinking Water Revolving Loan Fund. This funding allowance will be used to fund a total of \$11.0 million in projects. Specifically, it will fund seven projects in seven different jurisdictions (Allegany, Baltimore, Calvert, Carroll, Montgomery/Prince George's, St. Mary's, and Washington counties) that will improve water services for approximately 442,000 residences. The allowance is based on \$850 million in anticipated federal funds to capitalize water supply revolving loan funds throughout the United States. Maryland's share of this national amount is estimated at \$9.4 million, requiring a \$1.9 million State match.

The Governor's fiscal 2004 allowance includes the required State matching funding for this program in the general obligation bond capital budget allowance. In recent years, PAYGO general funds have been used to cover the required 20% State match. However, the fiscal 2004 budget includes the required \$1.9 million State match in the general obligation bond allowance.

Drinking Water Revolving Loan Fund Data

Fund History

	<i>FY 2002 Actual</i>	<i>FY 2003 Estimated</i>	<i>FY 2004 Estimated</i>
Beginning Balance	\$13,943,244	\$10,535,241	\$10,355,282
REVENUE			
General Funds	1,541,000	1,816,000	0
GO Bonds	0	0	1,931,000
Federal Funds	5,374,479	6,452,121	6,452,121
Investments and Other Income	1,014,690	1,053,000	1,053,000
Loan Repayments and Interest	1,564,455	1,600,000	1,600,000
TOTAL REVENUE	9,494,624	10,921,121	11,036,121
TOTAL AVAILABLE	23,437,868	21,456,362	21,391,403
ENCUMBRANCES			
Loans	12,425,120	10,600,000	11,000,000
Operating Expenses	477,507	501,080	525,980
TOTAL ENCUMBRANCES	12,902,627	11,101,080	11,525,980
Ending Balance	\$10,535,241	\$10,355,282	\$9,865,423

(\$ in Millions)

<i>Description</i>	<i>2002 Approp.</i>	<i>2003 Approp.</i>	<i>2004 Request</i>	<i>2005 Estimate</i>	<i>2006 Estimate</i>	<i>2007 Estimate</i>	<i>2008 Estimate</i>
PAYGO GF	\$1.541	\$1.816	\$0	\$0	\$1.875	\$1.875	\$1.875
PAYGO SF	9.500	10.600	2.616	2.675	2.675	2.675	2.675
PAYGO FF	0	0	6.453	6.450	6.450	6.450	6.450
GO Bonds	0	0	1.931	1.875	0	0	0
Total	\$11.041	\$12.416	\$11.000	\$11.000	\$11.000	\$11.000	\$11.000

Recommended Actions

1. Concur with Governor's allowance.

Fiscal 2004 Proposed Projects

<u>County</u>	<u>Project</u>	<u>FY 2004 Amount</u>	<u>State Share of Total Cost</u>
Allegany	Lonaconing Water Distribution Upgrade	\$2,098,369	100%
Baltimore City/Co.	Ashburton Filtration Plant Disinfection Upgrade	2,963,600	100%
Calvert	Lusby Town Center Water System	1,561,200	100%
Carroll	Taneytown Water Treatment Upgrade	750,000	100%
Montgomery/Prince George's	WSSC Water Pumping – Energy Upgrade	1,499,131	100%
St. Mary's	METCOM Water Meter Installation	1,515,700	100%
Washington	Clear Spring Water Treatment	612,000	100%
Total		\$11,000,000	

Note: Project list is subject to change.

Fiscal 2003 Project Status

<u>County</u>	<u>Project</u>	<u>FY 2003 Amount</u>	<u>Project Status – January 2003</u>
Carroll	Manchester Rt. 30 Water Main Replacement	\$200,000	Under Bidding
Carroll	Maple Crest Water Line	139,916	Under Design
Carroll	New Windsor Dennings Well Connection	172,200	Under Construction
Cecil	Cecilton Water System Upgrade	1,325,000	Under Design
Cecil	Rising Sun Water Storage	750,000	Under Construction
Cecil	Rising Sun Water Main Replacement	1,400,000	Under Construction
Cecil	North East Water System Improvements	2,174,661	Under Design
Cecil	Port Deposit Pumping Station Upgrade	240,000	Under Design
Frederick	Brunswick Finished Water Reservoir Cover	500,000	Under Design

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<u>County</u>	<u>Project</u>	<u>FY 2003 Amount</u>	<u>Project Status – January 2003</u>
Harford	Havre de Grace Water Main Replacement	1,528,000	Under Design
Harford	Havre de Grace WTP Baffle Upgrade	214,000	Under Design
Kent	Chestertown Water Plant Upgrade	1,207,823	Under Design
Somerset	Johnson Creek Water Line	348,400	Under Design
Washington	Clear Spring Water Storage Tank	400,000	Under Bidding
Total		\$10,600,000	

Note: Project list is subject to change.

Object/Fund Difference Report
Maryland Department of the Environment - PAYGO

<u>Object/Fund</u>	<u>FY 02 Actual</u>	<u>FY 03 Working Appropriation</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 Amount Change</u>	<u>Percent Change</u>
Objects					
08 Contractual Services	\$ 244,184	\$ 700,000	\$ 0	-\$ 700,000	-100.0%
12 Grants, Subsidies, Contr	4,255,816	0	0	0	0.0%
14 Land & Structures	124,533,000	58,850,000	72,835,000	13,985,000	23.8%
Total Objects	\$ 129,033,000	\$ 59,550,000	\$ 72,835,000	\$ 13,285,000	22.3%
Funds					
01 General Fund	\$ 12,533,000	\$ 8,950,000	\$ 0	-\$ 8,950,000	-100.0%
03 Special Fund	116,500,000	50,600,000	35,212,000	-15,388,000	-30.4%
05 Federal Fund	0	0	37,623,000	37,623,000	N/A
Total Funds	\$ 129,033,000	\$ 59,550,000	\$ 72,835,000	\$ 13,285,000	22.3%

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

Fiscal Summary
Maryland Department of the Environment - PAYGO

<u>Unit/Program</u>	FY 02		FY 03		FY 03	FY 02 - 03		FY 04	FY 03 - 04
	<u>Actual</u>	<u>Legislative Appropriation</u>	<u>Working Appropriation</u>	<u>Appropriation</u>	<u>Appropriation</u>	<u>% Change</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>
03 Capital Appropriation – Water Quality	\$ 113,492,000	\$ 46,434,000	\$ 46,434,000	\$ 46,434,000	\$ 63,766,000	-59.1%		\$ 63,766,000	37.3%
04 Capital Appropriation – Hazardous Substance Clean-Up	750,000	700,000	700,000	700,000	0	-6.7%		0	-100.0%
05 Capital Appropriation – Drinking Water	11,041,000	12,416,000	12,416,000	12,416,000	9,069,000	12.5%		9,069,000	-27.0%
06 Capital Appropriation – Biological Nutrient Removal	3,750,000	0	0	0	0	-100.0%		0	0%
Total Expenditures	\$ 129,033,000	\$ 59,550,000	\$ 59,550,000	\$ 59,550,000	\$ 72,835,000	-53.8%		\$ 72,835,000	22.3%
General Fund	\$ 12,533,000	\$ 8,950,000	\$ 8,950,000	\$ 8,950,000	\$ 0	-28.6%		\$ 0	-100.0%
Special Fund	116,500,000	50,600,000	50,600,000	50,600,000	35,212,000	-56.6%		35,212,000	-30.4%
Federal Fund	0	0	0	0	37,623,000	0.0%		37,623,000	N/A
Total Appropriations	\$ 129,033,000	\$ 59,550,000	\$ 59,550,000	\$ 59,550,000	\$ 72,835,000	-53.8%		\$ 72,835,000	22.3%

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