

D40W01
Maryland Department of Planning

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$9,133	\$9,011	\$8,128	-\$1,004	\$8,746	\$617
Contractual Services	861	555	506	-355	384	-122
Grants	392	166	0	-392	0	0
Contingent & Back of Bill Reductions	0	0	0	0	-38	-38
Adjusted Grand Total	\$10,386	\$9,732	\$8,635	-\$1,751	\$9,092	\$457
General Funds	8,543	8,009	7,405	-1,137	7,793	387
Contingent & Back of Bill Reductions	0	0	0	0	-38	-38
Adjusted General Funds	\$8,543	\$8,009	\$7,405	-\$1,137	\$7,755	\$349
Special Funds	280	170	225	-55	326	101
Federal Funds	147	202	0	-147	0	0
Reimbursable Funds	1,417	1,351	1,004	-412	1,011	6
Adjusted Grand Total	\$10,386	\$9,732	\$8,635	-\$1,751	\$9,092	\$457
Annual % Change		-6.3%	-11.3%		5.3%	

- The Maryland Department of Planning (MDP) has participated in cost containment for the past two years: \$497,297 in fiscal 2003 and \$414,439 in fiscal 2004. The units that have felt the brunt of these reductions are General Administration and Comprehensive Planning.
- MDP's fiscal 2005 allowance represents a 5.3%, or \$456,996 increase above the fiscal 2004 working appropriation. MDP's general funds increase by \$349,313, or 4.7%, primarily because the fiscal 2005 allowance assumes the merger of the Office for Smart Growth (OSG) into MDP. Special funds increase by \$101,490, or 45.1% largely due to additional anticipated revenue from the sale of MdProperty Map Web Companion.

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

For further information contact: Amanda M. Mock

Phone: (410) 946-5530

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	135.0	129.0	120.0	-15.0	124.0	4.0
Contractual FTEs	13.0	10.0	8.0	-5.0	2.5	-5.5
Total Personnel	148.0	139.0	128.0	-20.0	126.5	-1.5

Vacancy Data: Regular Positions

Turnover Expectancy	5.51	4.59%
Positions Vacant as of 12/31/03	6.00	5.00%

- Cost containment and budget reduction actions resulted in the elimination of 15 regular positions between fiscal 2002 and 2004, representing an 11% decrease in the agency's workforce. The bulk of these reductions took place in the General Administration and Local Planning Assistance units.
- The fiscal 2005 allowance assumes the transfer of three regular positions from OSG and one regular position from the Department of Human Resources into MDP. Furthermore, one new secretarial position is requested, which is offset by the elimination of one vacant position in the General Administration unit.
- MDP's fiscal 2005 turnover rate of 4.6% is slightly lower than the fiscal 2004 working appropriation rate of 5.0%.

Analysis in Brief

Issues

Merging the Office for Smart Growth into MDP: OSG and MDP have similar statutory mandates and programs. For the past two years, the Department of Legislative Services (DLS) has recommended eliminating OSG and transferring funds and positions to MDP for implementation of Smart Growth education and coordination activities. **DLS recommends that the administration describe its rationale for proposing a merger of OSG and MDP, in light of its reluctance to support a merger during the 2003 legislative session. MDP should also discuss whether, and if so how, Smart Growth policy will be implemented and how outcomes will be specifically evaluated in the future. Furthermore, since legislation to effect the proposed merger differentiates Smart Growth from the administration’s new “priority places” strategy, the similarities and differences between these two concepts should be explained. Finally, MDP should discuss whether it is utilizing OSG’s previous Annapolis office suite, and if so, justify this use.**

The Need for Capacity Analysis: Capacity analysis involves analyzing the development capacity of the natural or infrastructure systems as well as the appropriate allocation for development. In October 2003, the Governor signed the Priority Places Executive Order (01.01.2003.33) that among other things, established a Development Capacity Task Force. **DLS recommends that MDP brief the committee on why capacity analysis should be a priority for MDP, how it could impact MDP’s current and future workload, and whether consideration is being given to the imposition of capacity analysis requirements on local jurisdictions.**

Entrepreneurial Spirit or Wandering Mission?: Over the past year, MDP has been engaged in several efforts that appear to fall outside of its core programmatic areas, specifically the “Maryland Smart Sites” project and brownfield policy coordination. **DLS recommends that MDP brief the committee on why MDP and not the Department of Business and Economic Development and Department of Housing and Community Development should be spearheading the sale of excess State property, and why MDP and not the Maryland Department of the Environment should be coordinating the State’s brownfield policy efforts.**

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Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete Special Secretary position.	\$ 128,177	1.0
2. Delete new office secretary I position.	9,754	1.0
3. Reduce funds for the Local Planning Division.	800,000	14.0
Total Reductions	\$ 937,931	16.0

Updates

Updating the State's Land Preservation and Recreation Plan (LPRP): This update provides background and status information about the LPRP development process.

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Operating Budget Analysis

Program Description

The Maryland Department of Planning (MDP) develops, coordinates, reviews, and monitors public and private sector plans for growth and development in the State. MDP consists of an administrative unit and the five programmatic units described below.

- **State Clearinghouse for Intergovernmental Assistance** facilitates intergovernmental review. The clearinghouse also coordinates review of applications for financial assistance, nominations to the National Register of Historic Places, proposals for direct federal development programs, drafts of environmental impact statements, State plans requiring gubernatorial review, and other actions requiring intergovernmental coordination.
- **Planning Data Services** collects, analyzes, and publishes social, economic, and geographic information relating to the State and its political subdivisions; identifies and evaluates development issues; and prepares reports and studies on specific topics for the Governor and General Assembly. The program also disseminates U.S. Census and U.S. Department of Commerce information to State and local governments and the private sector.
- **Local Planning Assistance** provides technical services to improve the planning and management capacity of local governments. The program's Centreville, Cumberland, Salisbury, and Annapolis offices help local governments with land use planning, zoning, and urban design issues.
- **Comprehensive Planning** prepares studies and plans to guide the State's development. The program also provides technical support for the Patuxent River Commission.
- **Parcel Mapping** prepares computerized property maps. The program develops and sells maps on CD-ROMs to the public. This function was transferred from the Department of Assessments and Taxation to MDP in fiscal 1998.

MDP's primary goals are to:

- preserve valuable State natural resources including forests and DNR farmland;
- support and enhance the vitality of communities and neighborhoods that DHCD/DBED have an existing or planned infrastructure;
- increase the return on infrastructure investments by encouraging DHCD/DBED new residential and employment growth in Priority Funding Areas; and
- provide web-enabled information and services to the public over the Internet.

Performance Analysis: Managing for Results

While the merger of the Office for Smart Growth (OSG) and MDP is proposed in the fiscal 2005 allowance, MDP’s fiscal 2005 Managing for Results plan does not indicate how this merger will impact programs. While the OSG resources proposed for transfer to MDP are modest, MDP would become responsible for some potentially significant Smart Growth coordination and education activities. **DLS recommends that MDP brief the committees on how this agency merger may impact its performance.**

In 2002, the Office of Legislative Audits conducted a performance audit to determine the accuracy of MDP’s fiscal 2001 MFR performance measures as reported in the Governor’s fiscal 2003 budget books. The audit concluded that for the five measures tested, two were reasonably accurate and three could not be verified because MDP had not developed written definitions and comprehensive procedures to control the collection, calculation, and reporting of performance measurement results. In response to this audit, MDP has deleted one measure and adjusted the other two measures.

Exhibit 1 provides data on a handful of performance measurements that reflect MDP’s key program areas. This data indicates the following performance trends:

- 75% of new school sites being located in priority funding areas;
- a 14.7% annual average decrease in the number of comprehensive plans and ordinances being written for local governments; and
- modest projected increases in the percent of Maryland that is protected from development.

**Exhibit 1
Program Measurement Data
Maryland Department of Planning
Fiscal 2001 – 2005**

	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>01-03</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
Percentage of approved new school sites located within Priority Funding Areas.	n/a	75%	50%	80%	80%	n/a	26.5%
By June 2004, 100% of State funding opportunities and development projects reviewed throughout the State will be consistent with Smart Growth and practices.	n/a	99%	99%	100%	100%	n/a	0.5%

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	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>01-03</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
Number of comprehensive plans and ordinances written for local governments.	11	10	8	8	8	-14.7%	0.0%
Percent of Maryland that is protected.*	19.20%	17.20%	19.13%	19.50%	20.00%	-0.2%	2.2%
Population inside Priority Funding Areas	n/a	4,288,463	4,290,000	4,300,000	4,310,000	n/a	0.2%

* Protected lands defined as federal lands (excluding military), State and county owned parks, and State, local, and private easements.

Source: Governor’s budget books, fiscal 2004 and 2005

Fiscal 2004 Actions

Impact of Cost Containment

MDP was required to reduce general fund expenses by \$414,439 for cost containment in fiscal 2004. To achieve this target, MDP abolished four positions (two planners, one librarian, and one information technology position) representing \$274,439. Also, a \$140,000 decrease was implemented since MDP anticipates \$60,000 in additional special funds through the sale of MdProperty Map Web Companion software and \$80,000 in federal grant funds.

Governor’s Proposed Budget

As illustrated in **Exhibit 2**, MDP’s fiscal 2005 allowance represents a 5.3%, or \$456,996 increase above the fiscal 2004 working appropriation. MDP’s general funds increase by \$349,313, or 4.7%, primarily because the fiscal 2005 allowance assumes assimilation of OSG into MDP. A total of \$277,258 in OSG general funds are transferred to MDP: \$257,258 for three positions and \$20,000 in general operating expense funds. Furthermore, one Department of Human Resources position (\$71,099) that was permanently assigned to OSG is transferred to MDP. When adjusted for these transfers, the fiscal 2005 general fund increase is less than \$1,000. To cover salary costs, MDP reduced general funds for technical and special fees, data processing, and contractual services.

Exhibit 2
Governor's Proposed Budget
Maryland Department of Planning
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$8,009	\$7,405	\$7,793	\$387	5.2%
Contingent & Back of Bill Reductions	0	0	-38	-38	
Adjusted General Funds	\$8,009	\$7,405	\$7,755	\$349	4.7%
Special Funds	\$170	\$225	\$326	\$101	45.1%
Federal Funds	\$202	\$0	\$0	\$0	n/a
Reimbursable Funds	\$1,351	\$1,004	\$1,011	\$6	0.6%
Adjusted Grand Total	\$9,732	\$8,635	\$9,092	\$457	5.3%

Where It Goes:

Personnel Expenses

New position.....	\$32
Abolished position.....	-63
Increments.....	110
Positions transferred to MDP and reclassifications.....	587
Employee and retiree health insurance.....	68
Retirement.....	15
Turnover adjustments.....	54
Other fringe benefit adjustments.....	57

Other Changes

Technical and special fees.....	-171
Travel.....	-41
Contractual services.....	-122
Data processing equipment and supplies.....	-61
Other.....	-8

Total **\$457**

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

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Special funds increase by \$101,490, or 45.1% due to additional anticipated revenue from MdProperty Map Web Companion. MDP's new MdProperty Map Web Companion software allows users to access Maryland's 2,800 property tax maps and 2.1 million parcel records in the real property database.

For the second year in a row, MDP's allowance does not reflect any federal funds. However, MDP has applied for several grants and plans to bring federal funds into its fiscal 2004 budget via budget amendment.

Impact of Cost Containment

The fiscal 2005 allowance reflects the elimination of \$38,028 (subobject 0172), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Issues

1. Merging the Office for Smart Growth into MDP

Background

When OSG was created in 2001, DLS noted the striking similarity between OSG's and MDP's statutory mandates. This was not surprising, as Smart Growth is a broad policy and conceptual framework represented by a diverse array of programs. Past DLS analyses of the statutory mandates set forth in OSG's and MDP's authorizing legislation identified several areas in OSG's statute that were unique but clearly could fit under MDP's purview. These statutory comparisons illustrated that significant overlap existed among the agencies coordinating and reporting on Smart Growth. However, the elements unique to OSG were public education and cabinet-level coordination. Overall, DLS has suggested for the past two years that OSG represents another layer of government bureaucracy between State programs and the citizens and organizations being served. To ensure that State resources are utilized more effectively to achieve Smart Growth goals, DLS recommended merging OSG into MDP.

The Proposed Merger of MDP and OSG

The fiscal 2005 budget allowance assumes that OSG will be merged into MDP in fiscal 2005. MDP has introduced legislation (House Bill 491) that would effect this merger. In accordance with this legislation, three OSG positions and 45% of OSG's operating expense funds are transferred to MDP, as illustrated in **Exhibit 3**. In addition, one Department of Human Resources (DHR) position that has been assigned to OSG permanently is transferred to MDP. The OSG Special Secretary position would be abolished and the Secretary of MDP would assume many of the Special Secretary's former responsibilities. Overall, \$348,357 in personnel and operating funds are transferred to MDP from OSG and DHR. As a result of this merger, the State would achieve \$196,197 in cost savings.

**Exhibit 3
Smart Growth Transfers**

Fiscal 2004 Working Appropriation			MDP's Fiscal 2005 Allowance				
	<u>Funds (\$)</u>	<u>PINs</u>		<u>Funds (\$)</u>		<u>PINs</u>	
				<u>Transferred</u>	<u>Savings</u>	<u>Transferred</u>	<u>Savings</u>
OSG			OSG				
Personnel	\$428,872	5	Personnel	\$257,258	\$171,614	3	2*
Operating Expenses	44,583		Operating Expenses	20,000	24,583		
Other State Agencies	**	**	DHR	71,099	-	1	-
Total	\$473,455	5		\$348,357	\$196,197	4	2

* An OSG information technology position with a salary of \$72,518 was transferred to the Governor's Office, so it could be argued that the savings resulting from the merger would be significantly less.

** While the expenses incurred by other State agencies on behalf of OSG are not known for fiscal 2004, in fiscal 2003 10 employees from other State agencies with salaries totaling \$267,932 and expenses totaling \$25,549 completed detail assignments at OSG. In fiscal 2002, 16 employees from other State agencies with salaries totaling \$656,674 and expenses totaling \$66,550 completed detail assignments at OSG.

Sources: Department of Budget and Management, Office for Smart Growth, and fiscal 2005 budget books

If the proposed legislation is enacted, essentially all the powers and duties currently assigned to OSG would be transferred to MDP. The Smart Growth Subcabinet would retain its membership but would continue under the leadership of the Secretary of Planning as opposed to the OSG Special Secretary. While OSG has somewhat unique mandates to address public education and cabinet-level coordination, considerable overlap exists between OSG's and MDP's statutory mandates. A comparison of the overlapping statutory mandates set forth in OSG's and MDP's authorizing legislation is provided in **Exhibit 4**. This analysis suggests that the proposed legislation could be streamlined considerably by transferring just those duties that are unique to OSG to MDP.

Exhibit 4
Overlapping Statutory Mandates: Office for Smart Growth and
Maryland Department of Planning

Office for Smart Growth Title 9, State Government Article	Maryland Department of Planning Title 5, State Finance and Procurement Article
<i>State Coordination/Collaboration</i>	
<p>§ 9-1405 (b)(1) review State assistance programs related to smart growth to determine their applicability, if any, to projects that are consistent with the State's smart growth policy;</p> <p>§ 9-1405 (b)(2) promote interagency consensus and cooperation on projects that are consistent with the State's smart growth policy and resolve conflicting agency positions on projects in an expedited manner;</p>	<p>§ 5-402 (a) The department shall: (1) harmonize its planning activities with the planning activities of other units of the State government; (2) coordinate the plans and programs of all units of the State government; (3) cooperate with and assist other units of the State government in the execution of their planning functions, to harmonize their planning activities with the State Development Plan;</p>
<i>Local-State Coordination/Collaboration</i>	
<p>§ 9-1405 (b)(3) provide advisory and technical assistance to local jurisdictions and to the public in preparing, financing, and developing Smart Growth and neighborhood conservation projects;</p> <p>§ 9-1405 (b)(6) work with local governments in expediting review of projects that both the local government and the State agree are consistent with the State's Smart Growth policy;</p>	<p>§ 5-402 (b) The department shall: (1) harmonize its planning activities with the planning activities of local governments; and (2) cooperate with and assist local governments in the execution of their planning functions, to harmonize their planning activities with the State Development Plan.</p>
<i>Planning Reports</i>	
<p>§ 9-1405 (b)(10) report to the Governor and, in accordance with § 2-1246 of this article, to the General Assembly on or before December 1, 2001, and each December 1 thereafter on the activities of the office and the implementation of Smart Growth projects in the preceding calendar year.</p>	<p>§ 5-308 (a) On the request of the Governor, the General Assembly, or the Legislative Policy Committee, the department shall submit a special report on any aspect of the work of the department that is considered to be of current interest. (b) Permitted - the department may submit a special report on any aspect of its work that the Secretary considers to be of current interest. (c) Major research and planning projects - the department shall make special reports on major research and planning projects, as distinguished from mere compilations of current information, available as soon as practicable after completion.</p>

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While the merger of OSG and MDP has not been approved, it has for the most part already occurred. Since June 2003, OSG staff have been working on MDP programs and operating out of MDP's Baltimore office. Specifically, OSG's staff has worked on the new "Maryland Smart Sites" real property database and marketing effort, continued to analyze the barriers to Smart Growth, and provided technical assistance to local planning and development projects. In addition, one OSG staff person has assumed a MDP Special Secretary position and has been tasked with coordinating and developing a State policy plan for the administration's brownfields and waste water treatment plant initiatives. The focus of this position is not consistent with MDP's mission and is thus examined later in this analysis.

Language in the fiscal 2004 budget bill prohibited OSG from maintaining more than one office space. Prior to fiscal 2004, OSG had operated out of office suites in both Baltimore and Annapolis. Maintaining offices within 45 minutes of one another was seen as excessive in light of the State's fiscal condition. There is evidence that MDP has assumed the use of OSG's Annapolis office suite. In light of the proposed organizational merger, MDP's use of this office space may be inconsistent with the intent of the fiscal 2004 language.

DLS recommends that the administration describe its rationale for proposing a merger of OSG and MDP, in light of its reluctance to support a merger during the 2003 legislative session. MDP should also discuss whether, and if so how, Smart Growth policy will be implemented and how outcomes will be specifically evaluated in the future. Furthermore, since legislation to effect the proposed merger differentiates Smart Growth from the administration's new "priority places" strategy, the similarities and differences between these two concepts should be explained. Finally, MDP should discuss whether it is utilizing OSG's previous Annapolis office suite, and if so, justify this use.

2. The Need for Capacity Analysis

Background

Municipal master plans typically establish goals relating to managing infrastructure, protecting natural resources, and preserving community character. Unfortunately, these planning goals do not always relate well to zoning ordinances and the actual outcomes of the land development process. Analytical tools that may be used to help bridge this breakdown include build-out and capacity analysis.

- **Build-out Analysis** – Calculating the amount and type of development that would occur if all developable land within an area were developed in accordance with the prevailing zoning classifications. This is intended to provide a potential vision of an area based upon the amount of developable land and the existing zoning.

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- **Capacity Analysis** – Analyzing the development capacity of the natural or infrastructure systems as well as the appropriate allocation for development. Capacity analysis addresses issues such as the availability of water to supply projected development, how non-point source pollution generated by new development will impact local streams and lakes, and the ability of existing roads and transit systems to handle increased traffic.

In spite of State and local interest, there has been very limited use of build-out and capacity analysis in Maryland. One reason is the costs associated with implementing these analytical techniques. Generally, a municipality must hire a professional consultant to complete the analysis at a cost of \$25,000 to \$150,000 depending on the quality of available data. Secondly, significant disagreement can exist over the most appropriate analytical models and methodologies to use. Elements that can be particularly controversial are the model's assumptions, the boundary of the model, and what determined the sustainable goal. Finally, capacity analysis clearly has limits, such as outside forces (e.g., global warming) and the fact that natural systems do not observe political boundaries.

Governor's Development Capacity Task Force

In October 2003, the Governor signed the Priority Places Executive Order (01.01.2003.33). Among other things, this executive order established a Development Capacity Task Force which was charged with completing a study by July 1, 2004. The task force members include representatives from State and local government, and the environmental, planning, economic development, development, and historic preservation communities. The study will:

- provide reliable measures of recent development activity and additional potential development within each jurisdiction;
- be developed with direct involvement of local jurisdictions;
- be provided to State and local governments and regional agencies as a planning tool;
- be conducted in five counties (Harford, Montgomery, Anne Arundel, Worcester, and St. Mary's) and five municipalities (Chestertown, Havre de Grace, Salisbury, Frederick City, and Hagerstown); and
- estimate development capacity in and outside of Priority Funding Areas.

MDP plans to implement this study with existing staff and available funds. MDP advises that its involvement will help ensure that similar methodologies and comparable data will result from jurisdiction to jurisdiction, thus facilitating statewide analysis. The most costly and time consuming element of this effort will be the development and standardization of local data.

The Department of Legislative Services (DLS) recommends that MDP brief the committees on why capacity analysis should be a priority for MDP, how it could impact MDP's current and future workload, and whether consideration is being given to the imposition of capacity analysis requirements on local jurisdictions.

3. Entrepreneurial Spirit or Wandering Mission?

MDP's mission is to "...provide information and services that improve the ability of State and local government, and community, development, and environmental organizations to support desirable growth in Maryland." To achieve this mission, MDP implements several core programs, including local planning assistance, State comprehensive planning, and planning data services. Over the past year, MDP has been engaged in several efforts that appear to fall outside of its core programmatic areas. Two examples are described below.

- **Maryland Smart Sites.** In the summer of 2003, MDP developed a customized, web-based application and established a process for State agencies to review, comment, and classify the State's real property assets. MDP is responsible for maintaining a list of real property owned by the State (Section 5-504 of the State Finance and Procurement Article). However, MDP has taken this effort one step further and is actually serving as the State's real estate agent. MDP recently developed Maryland "Smart Sites," a new Internet-based tool developed to help the State actively market brownfield sites or other underutilized properties. Development opportunities are marketed with a map-based website that displays the designation "Maryland Smart Sites" and describes incentive packages associated with each site.
- **Brownfields Policy Coordination.** MDP created a Special Secretary position for a former OSG staff person, dedicated to coordinating and developing a State policy plan for the Administration's brownfields and wastewater treatment plant initiatives. Since the State's brownfields and wastewater treatment plant programs are located within the Maryland Department of the Environment (MDE), giving policy responsibility to MDP does not appear strategic or even sensible.

While these initiatives clearly illustrate MDP's strong information technology capacity and broad expertise, they also suggest that MDP is moving farther away from its historical and statutory focus. In light of the limited resources available to MDP, this apparent diversion from core programs merits attention.

DLS recommends that MDP brief the committee on why MDP and not the Department of Business and Economic Development and the Department of Housing and Community Development should be spearheading the sale of excess State property, and why MDP and not MDE should be coordinating the State's brownfields and wastewater policy efforts. It is further recommended that the new special secretary position be deleted, as the focus of this position is not consistent with MDP's core mandates.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete Special Secretary position. The Maryland Department of Planning (MDP) created a Special Secretary position for a former Office for Smart Growth staff person, dedicated to coordinating and developing a State policy plan for the administration's brownfields and wastewater treatment plant initiatives. Since the focus of this position is consistent with the Maryland Department of the Environment's mission and not MDP's, it is duplicative.	\$ 128,177	GF	1.0
2. Delete new office secretary I position. The fiscal 2005 allowance includes one new office secretary I position that is the result of a contractual conversion. This action would delete this new position and related fringe benefits but leave the salary funds necessary to retain this position in a contractual status. The Spending Affordability Committee (SAC) recommended that new positions be created only for security needs, new facilities, workload increases, and essential services at 24-hour institutions. This position does not fit the criteria SAC enumerated and thus should be deleted.	9,754	GF	1.0
3. Reduce funding for the Local Planning Division. The Local Planning Division helps local governments improve their planning and management, develop long-range comprehensive plans, and implement programs for economic growth and resource protection. The division operates four regional offices located in Annapolis, Centreville, Cumberland, and Salisbury. The fiscal 2005 allowance provides \$1.6 million in general funds for the Local Planning Division, so this would represent a 50% reduction in funds. Also, 14 filled positions would be eliminated. In light of the State's fiscal situation, funding for responsibilities of the local	800,000	GF	14.0

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jurisdictions should not be a priority. MDP should consider charging local jurisdictions for the services that it provides and bringing these special funds into its budget via budget amendment. Furthermore, MDP may be able to secure federal funds to offset this reduction. While no federal funds are included in the fiscal 2005 allowance, MDP anticipates federal grant funds in fiscal 2004 and secured the following federal funds recently: \$147,095 in fiscal 2002 and \$202,207 in fiscal 2003.

Total General Fund Reductions	\$ 937,931	16.0
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Updates

1. Updating the State's Land Preservation and Recreation Plan

The Department of Natural Resource's (DNR) Program Open Space (POS) provides funds for State and local acquisition and development of public outdoor recreation sites, facilities, and open space. To ensure that POS funds are focused on meeting the most important needs, the State and each local jurisdiction must prepare a land preservation and recreation plan (LPRP) every five years. The State LPRP identifies the acquisition and development needs for parks and open space in the State and provides guidance in this area to local jurisdictions.

MDP, in cooperation with DNR, must prepare and revise the State LPRP by July 1, 2006, and local governing bodies are required to submit local LPRPs to the State by July 1, 2005. The local LPRP must reflect acquisition goals based upon the most current population data available, and DNR and MDP are required to provide joint approval according to the criteria and goals set forth in the State LPRP and any revisions thereof.

The last time a LPRP was required, MDP had a significant amount of difficulty gathering data from local jurisdictions. The last plan should have been completed by 1998; however, it was not finalized until March 2001 largely because of the lack of information from local jurisdictions. As of January 2000, 6 counties had failed to submit plans, 10 counties had submitted drafts for review, and 8 counties had submitted and received approval of their final plans. Since the submittal of a State LPRP was dependent upon local input, the State's land preservation programs operated with an outdated strategic framework for several years.

MDP is confident that the next LPRP will be developed in a timely manner and provide good information. Several events took place over the past four years that MDP advises will facilitate this process, including:

- implementation of recommendations from a joint State-local LPRP study committee, the Joint Subcommittee on Program Open Space, and the Maryland Agricultural Land Preservation Foundation (MALPF); and the Task Force to Study the MALPF; and
- land preservation and supporting commitments Maryland and its jurisdictions made along with the other signatories of the 2000 Chesapeake Bay Agreement.

Guidelines for the new LPRP were distributed to local governments in November 2003. Distribution of these guidelines represents the first step in the development of the State's next LPRP. Representatives from MDP and DNR are already assisting local jurisdictions with the development of local plans. MDP advises that three local jurisdictions have submitted work plans, which are due in February 2004. A letter was sent to each local jurisdiction the first week of February 2004 summarizing the LPRP planning process and requesting a status update meeting. Furthermore, all of the jurisdictions have begun to update data on lands and facilities in the statewide inventory.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Department of Planning (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$8,741	\$170	\$0	\$1,273	\$10,184
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-167	0	364	128	325
Cost Containment	-505	0	0	0	-505
Reversions and Cancellations	-60	0	-162	-50	-272
Actual Expenditures	\$8,009	\$170	\$202	\$1,351	\$9,732
Fiscal 2004					
Legislative Appropriation	\$7,820	\$225	\$0	\$1,004	\$9,049
Cost Containment	-414	0	0	0	-414
Budget Amendments	0	0	0	0	0
Working Appropriation	\$7,405	\$225	\$0	\$1,004	\$8,635

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

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Fiscal 2003

General funds dedicated to operating functions decreased by \$731,730. This reduction was largely due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 165-03). Also, in compliance with budget bill language, two positions and associated administrative costs totaling \$166,495 in general funds were transferred from MDP to OSG.

A total of \$364,396 in federal funds was brought in via budget amendment. These funds were to be used as follows:

- \$213,000 from the Appalachian Regional Commission (ARC) for several small grants to communities in Western Maryland (Allegany, Garrett, and Washington counties) to implement community development projects;
- \$80,209 from the U.S. Environmental Protection Agency's (EPA) Surveys, Studies, Investigations, and Special Purpose grant program for salary costs associated with the Owings Mills Joint Development project, an effort to promote Smart Growth and improve air quality; and
- \$71,187 from the U.S. Department of Transportation's (DOT) Federal Highway Administration for salary costs associated with a collaborative pilot project known as the Maryland Integrating Transportation and Smart Growth Project.

Since work was not completed on schedule, the entire \$80,209 EPA grant and \$48,144 in ARC funds and \$33,836 in DOT funds were cancelled and program implementation extensions were approved.

Fiscal 2004

MDP's general funds dedicated to operating functions have decreased by \$414,439. This reduction is due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 37-04). A description of these changes is provided earlier in this analysis.

**Object/Fund Difference Report
Maryland Department of Planning**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	129.00	120.00	124.00	4.00	3.3%
02 Contractual	10.00	8.00	2.50	-5.50	-68.8%
Total Positions	139.00	128.00	126.50	-1.50	-1.2%
Objects					
01 Salaries and Wages	\$ 8,138,047	\$ 7,376,851	\$ 8,279,643	\$ 902,792	12.2%
02 Technical & Spec Fees	244,205	241,928	71,325	-170,603	-70.5%
03 Communication	140,089	180,465	183,834	3,369	1.9%
04 Travel	85,582	72,141	31,306	-40,835	-56.6%
07 Motor Vehicles	5,283	15,031	18,220	3,189	21.2%
08 Contractual Services	555,054	506,419	384,337	-122,082	-24.1%
09 Supplies & Materials	155,149	163,557	99,278	-64,279	-39.3%
10 Equip - Replacement	54,723	24,952	11,000	-13,952	-55.9%
11 Equip - Additional	144,624	0	0	0	0.0%
12 Grants, Subsidies, Contracts	166,247	0	0	0	0.0%
13 Fixed Charges	43,239	53,472	50,897	-2,575	-4.8%
Total Objects	\$ 9,732,242	\$ 8,634,816	\$ 9,129,840	\$ 495,024	5.7%
Funds					
01 General Fund	\$ 8,009,186	\$ 7,405,450	\$ 7,792,791	\$ 387,341	5.2%
03 Special Fund	170,329	225,000	326,490	101,490	45.1%
05 Federal Fund	202,207	0	0	0	0.0%
09 Reimbursable Fund	1,350,520	1,004,366	1,010,559	6,193	0.6%
Total Funds	\$ 9,732,242	\$ 8,634,816	\$ 9,129,840	\$ 495,024	5.7%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
Maryland Department of Planning**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 General Administration	\$ 2,945,758	\$ 2,546,653	\$ 2,475,961	-15.9%	\$ 2,847,844	15.0%
02 State Clearinghouse	593,467	602,820	547,771	-7.7%	625,301	14.2%
03 Planning Data Services	1,449,010	1,606,292	1,606,292	10.9%	1,468,910	-8.6%
04 Local Planning Assistance	2,027,801	1,696,709	1,591,756	-21.5%	1,728,232	8.6%
05 Comprehensive Planning	1,966,022	1,897,052	1,773,307	-9.8%	1,734,194	-2.2%
06 Parcel Mapping	750,184	699,729	639,729	-14.7%	725,359	13.4%
Total Expenditures	\$ 9,732,242	\$ 9,049,255	\$ 8,634,816	-11.3%	\$ 9,129,840	5.7%
General Fund	\$ 8,009,186	\$ 7,819,888	\$ 7,405,450	-7.5%	\$ 7,792,791	5.2%
Special Fund	170,329	224,999	225,000	32.1%	326,490	45.1%
Federal Fund	202,207	-\$ 0	0	-100.0%	0	0.0%
Total Appropriations	\$ 8,381,722	\$ 8,044,889	\$ 7,630,450	-9.0%	\$ 8,119,281	6.4%
Reimbursable Fund	\$ 1,350,520	\$ 1,004,366	\$ 1,004,366	-25.6%	\$ 1,010,559	0.6%
Total Funds	\$ 9,732,242	\$ 9,049,255	\$ 8,634,816	-11.3%	\$ 9,129,840	5.7%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.