

K00A
Department of Natural Resources

Operating Budget Data

(\$ in Thousands)

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$75,387	\$76,972	\$64,836	-\$12,136	-15.8%
Special Fund	65,735	74,761	99,339	24,578	32.9%
Federal Fund	22,723	25,241	23,780	-1,460	-5.8%
Reimbursable Fund	<u>6,215</u>	<u>10,375</u>	<u>8,509</u>	<u>-1,866</u>	<u>-18.0%</u>
Total Funds	\$170,061	\$187,349	\$196,464	\$9,115	4.9%

- The Department of Natural Resources (DNR) has submitted a fiscal 2008 budget deficiency request for \$1.2 million in special funds and \$2.6 million in federal funds. The special funds increase would include \$210,000 for research activities in support of the Maryland Energy Administration's new energy efficiency initiatives, and the federal funds increase would include \$1,025,840 for maritime security and boating safety activities. Funding is available from the Department of Homeland Security as part of the fiscal 2006 Port Security Grant Program funding that was carried over from fiscal 2007 and available through March 2009.
- DNR's \$196.5 million fiscal 2009 allowance is \$9.1 million, or 4.9%, more than the fiscal 2008 working appropriation. The single largest component of this increase is \$4.9 million for the future retiree health insurance liability followed by \$4.7 million for the Maryland Park Service enhancement. However, the underlying fiscal 2009 budget change for DNR, absent regular health insurance and the future retiree health insurance funding liability which distorts year-to-year comparisons, is \$1.9 million, or 1.1%.
- DNR's \$64.8 million fiscal 2009 general fund allowance is \$12.1 million, or 15.8%, less than the fiscal 2008 working appropriation. This decrease primarily reflects the shift from general funds to special funds (a decrease of \$16,264,242) in the Maryland Park Service as part of the allocation of the transfer tax to the Maryland Park Service (Chapter 2 of the 2007 special session). Increases that partially offset the decline include \$1.8 million for the mandated general fund appropriation to the Fisheries Research and Development Fund and \$1.8 million for the mandated general fund appropriation to the Waterway Improvement Fund (Chapter 6 of the 2007 special session). There is also a \$750,000 increase due to the match provided to the angler and sport fishing license increases codified in Chapter 217 of 2007.

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

For further information contact: Andrew D. Gray

Phone: (410) 946-5530

K00A – Department of Natural Resources

- The special fund allowance of \$99.3 million increases \$24.6 million, or 32.9%, relative to the fiscal 2008 working appropriation. The primary component of the special fund revenue increase is the \$21.0 million for the Maryland Park Service from the Program Open Space allocation. Enhancements for the Maryland Park Service include the following: \$1.3 million for equipment, \$1.3 million for new positions, \$1.1 million for contractual full-time equivalent (FTE) positions, and \$1.0 million for a new Civic Justice Corps program.
- Federal funds decrease in the allowance by \$1.5 million, or 5.8%, to \$23.8 million. The main revenue decrease is one-time homeland security funding of \$3,088,608.
- A decrease of \$1.9 million, or 18.0%, in reimbursable funds primarily is due to the reduction of funds for the Western Maryland Rail Trail construction agreement with the Maryland Department of Transportation.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	1,368.50	1,356.50	1,404.50	48.00
Contractual FTEs	<u>386.89</u>	<u>426.49</u>	<u>446.67</u>	<u>20.18</u>
Total Personnel	1,755.39	1,782.99	1,851.17	68.18

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	99.86	7.11%
Positions Vacant as of 1/1/08	123.50	9.10%

- DNR’s allowance reflects the abolishment of 11 positions and the transfer of 2 positions to the Office of the Governor. Four positions were abolished in Watershed Services (2 administrators, 1 administrative officer, and 1 natural resources planner). Three positions were abolished in the Office of the Secretary (1 administrative officer, 1 personnel officer, and 1 administrator). One position was abolished in each of Engineering and Construction (1 water resources engineer), Resource Assessment Service (1 research statistician), Maryland Environmental Trust (1 administrator), and Fisheries Service (1 administrator).

The fiscal 2009 allowance provides for a net 20.2 additional contractual FTEs, due to an increase of 59.2 FTEs (primarily for the new Civic Justice Corps and seasonal FTEs in the Maryland Park Service), and a decrease of 39.0 Maryland Park Service FTEs that are converted to regular positions.

- The allowance includes 61 new positions: 58 in the Maryland Park Service and 3 in the Fisheries Service. Of the 58 Park Service positions, 39 are contractual conversions in order to bring DNR back to its full complement of positions before the consolidation of the law enforcement functions of the Maryland Park Service and Natural Resource Police; and 19 are new positions for additional services in Maryland parks. Funding is available for the 58 Park Service positions through Chapter 2 special session of 2007, which allocated the greater of \$21 million, or 20%, of the Program Open Space formula to be used for operation of State forests and parks. The 3 Fisheries Service positions are involved in the new sport fisheries master plan initiative.
- DNR's projected fiscal 2009 turnover rate of 7.11% is 1.99% lower than the current vacancy rate of 9.10%. To achieve this turnover rate in fiscal 2007, it will be necessary for DNR to maintain 99.86 vacancies. DNR has 54.50 positions that have been vacant longer than 12 months.

Analysis in Brief

Major Trends

Riparian Forest Buffer Goal Will Not Be Met: The goal of 2,000 cumulative miles of riparian forest buffer restored will not be met in fiscal 2010 due to reduced incentives under the federal Conservation Reserve Enhancement Program.

Boating Inspections Down: Boating inspections declined between fiscal 2006 and 2007 despite a slight increase in vessels registered.

Blue Crab Dredge Survey Index Decrease: Blue crab stock size appears to be showing a decreasing trend.

Issues

Chesapeake Bay 2010 Trust Fund Allocation: Chapter 6 of the 2007 special session created a Chesapeake Bay 2010 Trust Fund for the purpose of providing technical assistance to meet the Chesapeake Bay 2000 Agreement goals, and legislation has been introduced in the 2008 session relating to the allocation of the fund (SB 213/HB 369). **The Department of Legislative Services (DLS) recommends that DNR discuss what strategies it would recommend for allocation of the Chesapeake Bay 2010 Trust Fund revenue for effective and efficient restoration of the bay.**

New Licensing and Registration System Proposed: DNR has submitted an Information Technology Project Request that is included in the Department of Budget and Management's (DBM) Information Technology fiscal 2009 allowance. The proposed project is to develop a web-based system for DNR-issued licenses and products. **DLS has recommended in the DBM Information Technology**

analysis that the new licensing and registration system be funded by a surcharge on the licenses and products that will be transacted. DLS also recommends that DNR discuss the feasibility of increasing license and registration fees to pay for the system.

Maryland Park Service Funding Augmented: Chapter 2 of the 2007 special session expressed the Maryland General Assembly’s intent to eliminate the use of general funds and to provide a funding increase for the Maryland Park Service. Three concerns stand out in the fiscal 2009 allowance for the Maryland Park Service: (1) the sustainability of revenue due to the shift to the Program Open Space transfer tax allocation; (2) potentially increasing expenditures due to the 58 new positions; and (3) the lack of any park service charge reduction. **DLS recommends that the budget committees reduce the Maryland Park Service’s special fund appropriation by \$2.3 million and abolish 58 new PINs and associated funding. This reduction would allow for the re-allocation of \$2.3 million in special funds to reduce park service charges and require DNR to submit a report on the service charge reduction.**

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add budget language to restrict \$2,715,000 in special funds from the increase in non-tidal angler and sport fishing license fees until the submission of a report on how the funds would be used.		
2. Delete a position vacant for longer than 12 months.	\$ 55,811	1.0
3. Add budget language to reduce the Maryland Park Service fiscal 2009 special fund appropriation by \$2.3 million and 58 PINs, and require a report on how entrance and camping service charges for Maryland parks would be reduced.		
4. Delete a position vacant for longer than 12 months.	58,777	1.0
5. Reduce the Fisheries Service general fund appropriation by \$750,000 for three new positions and associated funding and for the sport fisheries master plan initiative.	750,000	3.0
Total Reductions	\$ 864,588	5.0

Updates

DNR Restructures within Existing Resources: DNR announced in August 2007 that it has restructured in order to work more collaboratively on cross-cutting policy issues. DNR reports that the restructuring occurred within existing resources.

K00A
Department of Natural Resources

Operating Budget Analysis

Program Description

The Department of Natural Resources (DNR) preserves, protects, enhances, and restores the State's natural resources for the wise use and enjoyment of all citizens. To accomplish this mission, DNR is structured into the programmatic units described below.

- **Office of the Secretary:** Provides leadership, public outreach, customer service, legislative, financial, administrative, information technology (IT) and legal services.
- **Forest Service:** Manages the State forests and 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 107,500 acres of State-owned lands classified as Wildlife Management Areas.
- **Park Service:** Manages natural, cultural, historic, and recreational resources in parks across the State, and provides related educational services.
- **Capital Grants and Loan Administration:** Administers diverse financial assistance programs that support public land and easement acquisitions, local grants, waterway improvements, and shoreline protection.
- **Licensing and Registration Service:** Operates seven 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 (NRP):** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law.
- **Public Lands Policy and Planning:** Provides technical assistance to land managers in property acquisition, development, and management.
- **Engineering and Construction:** Provides engineering, project management, and in-house construction services.

K00A – Department of Natural Resources

- **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, ensures electricity demands are met at reasonable costs while protecting natural resources, and provides scientific assessments and technical guidance for the management of geologic and hydrologic resources.
- **Maryland Environmental Trust:** Negotiates and accepts conservation easements over properties with environmental, scenic, historic, or cultural significance and provides grants, loans, and technical assistance to local land trusts.
- **Watershed Services:** Develops and supports watershed and waterway management strategies for the restoration, protection, and economic vitality of Chesapeake and coastal ecosystems.
- **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 to achieve:

- sustainable populations of living resources and aquatic habitat in the mainstem 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
- a diverse workforce and efficient operations.

Performance Analysis: Managing for Results

DNR's goals of healthy Maryland watershed lands, streams, and non-tidal rivers; diverse outdoor recreation opportunities for Maryland citizens and visitors; and sustainable populations of living resources and aquatic habitat in the mainstem of the Chesapeake Bay, tidal tributaries, and coastal bays are highlighted in **Exhibit 1**. The trends shown are as follows:

- the goal of 2,000 miles of cumulative riparian forest buffer restored will not be met in fiscal 2010; DNR states that reduced incentives have been available under the federal Conservation Reserve Enhancement Program (CREP), other programs have been unfunded or lacking in incentives, and increasing land prices have made land owners reluctant to commit land to conservation purposes; DNR notes that reduced CREP incentives have also compromised DNR's ability to reach its goal of restoring 100,000 acres of wetland and riparian buffers by fiscal 2009;
- the number of boating inspections decreased between fiscal 2006 (54,770) and 2007 (50,039) despite a slight increase in the number of vessels registered between fiscal 2006 (107,980) and 2007 (109,123); DNR states that the decrease is due to NRP assuming additional homeland security and State-owned land law enforcement duties; however, DNR notes that a class of 30 NRP officers was slated to be ready on January 1, 2008;
- blue crab stock size measured by the dredge survey index appears to be showing a decreasing trend despite a level trend in the fishing mortality rate; DNR states that a number of factors beyond harvest intensity are responsible for the decrease including oceanic water temperature, current speed and direction anomalies at the mouth of the bay, and habitat degradation.

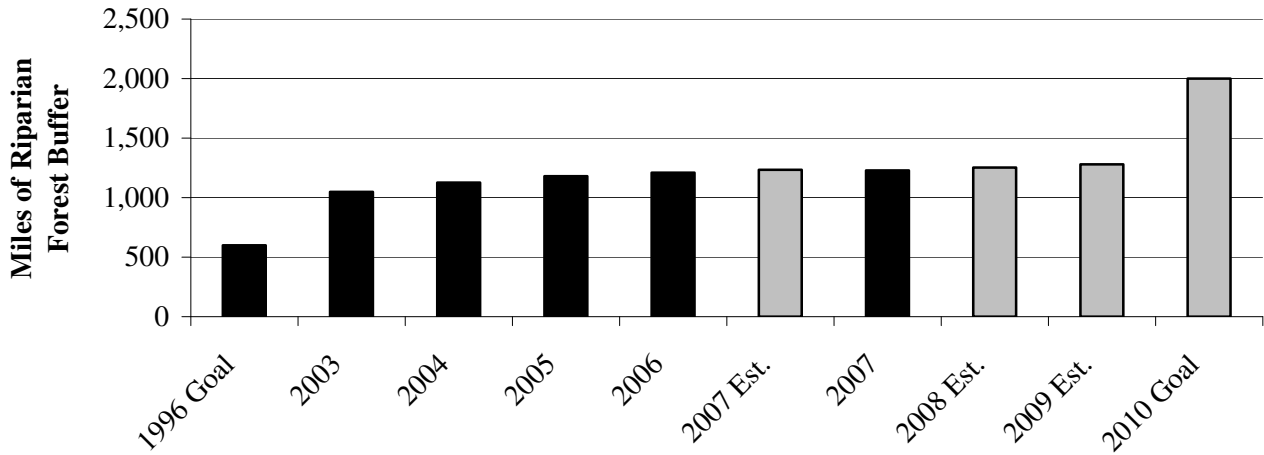
The Department of Legislative Services (DLS) recommends that DNR brief the committees on the likelihood of enhanced CREP funding being available in the federal Farm Bill to restore riparian forest buffers and wetlands; the nature of the homeland security work and State-owned land enforcement duties that are taking away from boating inspections; and the management scenarios for recovery of the blue crab population.

Fiscal 2008 Actions

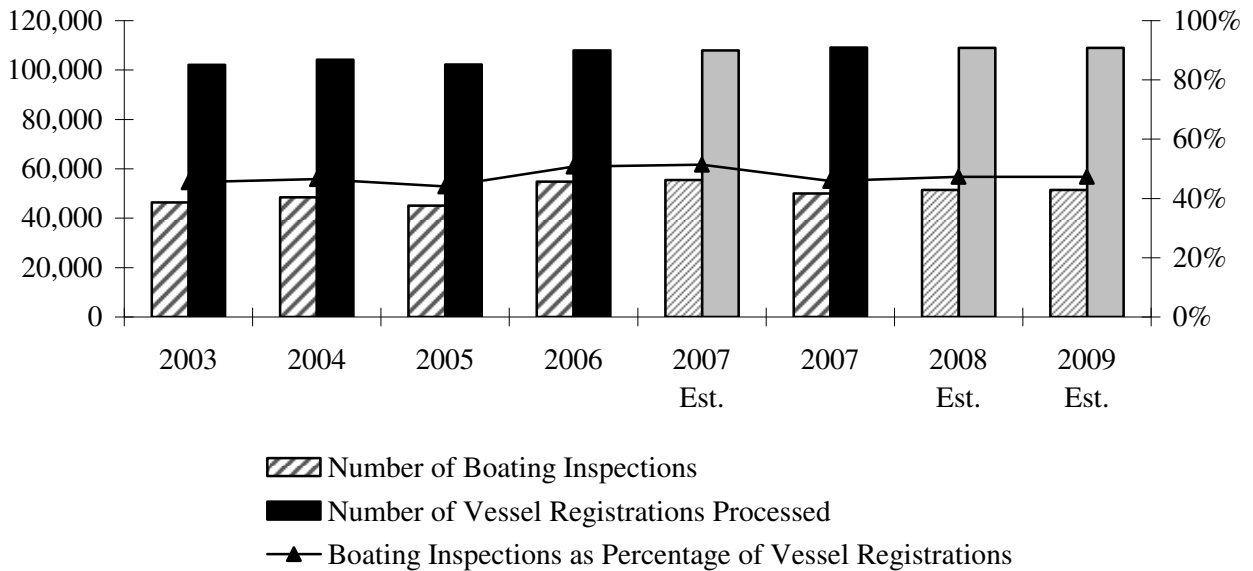
Proposed Deficiency

The Governor has submitted a deficiency appropriation for the fiscal 2008 operating budget, which increases DNR's special fund appropriation by \$1,161,138 and the federal fund appropriation by \$2,571,752.

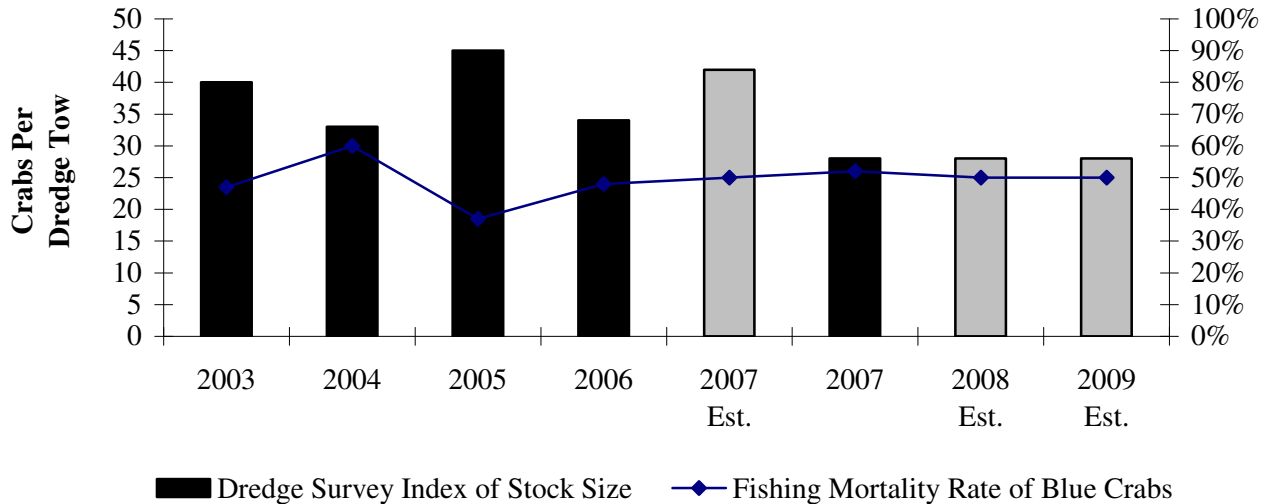
Exhibit 1
Cumulative Miles of Riparian Forest Buffer Restored
Fiscal 1996, 2003-2010



Comparison of Registered Vessels and Boating Inspections
Fiscal 2003-2009



Comparison of Blue Crab Dredge Survey Index and Fishing Mortality Rate Fiscal 2003-2009



Note: The Atlantic State Marine Fisheries Commission set the target fishing mortality rate for blue crabs at 46% in the fiscal 2008 budget book. The Chesapeake Bay Stock Assessment Committee set the target exploitation rate for blue crabs at 46% in the fiscal 2009 budget book.

Source: Governor’s Budget Books, Fiscal 2006-2009

The special fund appropriation increases by \$1,161,138 for the following:

- \$344,000 for maintenance and repairs at the Bear Creek facility (Fisheries Service – Inland Fisheries Management);
- \$210,000 for research activities in support of the Maryland Energy Administration’s new energy efficiency initiatives (Resource Assessment Service – Power Plant Assessment Program) including \$120,000 for analytical support for reviewing the structure of the electric utility industry in Maryland, \$50,000 for ensuring the State’s energy policy is based on proven market and business approaches, and \$40,000 for addressing the technical and market implications of 2008 session energy legislation (SB 205/HB 374; SB 268/HB 368);
- \$207,638 for replacing ash trees as part of the Department of Agriculture’s emerald ash borer eradication effort (Forestry Service);
- \$150,000 for maintenance and repair costs of the vessels assigned to the Hydrographic Operations Division (NRP – Waterway Management Services);

K00A – Department of Natural Resources

- \$149,500 for operating the Maryland Park Service Concession Program (Maryland Park Service – Revenue Operations); and
- \$100,000 for yellow perch management (Fisheries Service – Estuarine and Marine Fisheries).

The federal fund appropriation increases by \$2,571,752 for the following:

- \$1,025,840 for maritime security and boating safety activities (NRP – General Direction) including \$800,000 from the U.S. Coast Guard Recreational Boating Safety Grant and \$225,840 from the Department of Homeland Security as part of the fiscal 2006 Port Security Grant Program funding that was carried over from fiscal 2007 and available through March 2009;
- \$843,112 for equipment purchases and overtime costs in the High Intensity Drug Trafficking Area (HIDTA) program, boating safety activities, training, and purchase of a vessel (NRP – Field Operations) with funding sources including \$400,000 from the U.S. Coast Guard Recreational Boating Safety Grant, \$298,910 from a Joint Enforcement Agreement with the National Marine Fisheries Service to enforce federal and state fisheries regulations in the Exclusive Economic Zone offshore, and \$144,902 from the U.S. Department of Justice Forfeiture and Seizure Program.
- \$233,000 for research in oyster restoration alternatives (Fisheries Service – Shellfish Restoration and Management);
- \$217,400 for the Maryland Conservation Corps program (Maryland Park Service – Statewide Operation);
- \$142,400 for monitoring bird populations for Avian Influenza, monitoring deer populations for Chronic Wasting Disease; and restoring 400 acres of salt marsh in Worcester County (Wildlife and Heritage Service);
- \$75,000 for boating safety activities (NRP – Waterway Management Services); and
- \$35,000 for the Maryland Catch Card Census Program for Atlantic Bluefin Tuna and Billfish landings (Fisheries Service – Estuarine and Marine Fisheries).

Impact of Cost Containment

On July 11, 2007, \$1,096,343 in cost containment actions were approved by the Board of Public Works (BPW). The largest cost containment action (\$725,875) was for management efficiencies and included the reduction of funds for vehicle replacement and monitoring surveys; and the elimination of 10 positions (1 filled position) as follows:

K00A – Department of Natural Resources

- two assistant secretaries – consolidated upper management structure;
- two management positions;
- one administrative assistant – connected with assistant secretaries (filled position);
- one communications position – connected with the Governor’s request for communication positions reductions;
- one geologist position – merged two geology sections under one supervisor;
- one forestry education position;
- one forest fire suppression position; and
- one park technician.

In addition, vehicle replacement funds were reduced resulting in nine fewer vehicles being replaced in fiscal 2008 (\$200,000); federal funds were substituted for general funds in the Corsica River targeted watershed project (\$110,000); salaries were reduced in the Maryland Environmental Trust (\$40,000); and Patuxent River monitoring surveys were reduced from 20 cruises to 16 cruises (\$20,468).

Governor’s Proposed Budget

As shown in **Exhibit 2**, the Governor’s fiscal 2009 allowance of \$196.5 million is \$9.1 million, or 4.9%, greater than DNR’s fiscal 2008 working appropriation. This change reflects a \$12.1 million decrease in general funds, \$24.6 million increase in special funds, \$1.5 million decrease in federal funds, and \$1.9 million decrease in reimbursable funds.

The major change between the fiscal 2008 working appropriation and the fiscal 2009 allowance is the fund source switch in the Maryland Park Service from \$16.3 million in general funds to \$21.0 million in special funds from the Program Open Space (POS) formula transfer tax allocation. Overall, the Maryland Park Service received an enhancement of \$4.7 million for 39 contractual conversions, 19 new positions, contractual full-time equivalent (FTE) positions for a new Civic Justice Corps initiative, 39 new seasonal contractual FTEs, and equipment.

As a percentage of the budget, the major changes between the fiscal 2008 working appropriation and the fiscal 2009 allowance are as follows:

- salaries and wages – increases 1.5% (55.4% to 56.9%);
- contractual services – decreases 1.3% (19.2% to 17.9%);

Exhibit 2
Governor’s Proposed Budget
Department of Natural Resources
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2008 Working Appropriation	\$76,972	\$74,761	\$25,241	\$10,375	\$187,349
2009 Governor’s Allowance	<u>64,836</u>	<u>99,339</u>	<u>23,780</u>	<u>8,509</u>	<u>196,464</u>
Amount Change	-\$12,136	\$24,578	-\$1,460	-\$1,866	\$9,115
Percent Change	-15.8%	32.9%	-5.8%	-18.0%	4.9%

Where It Goes:

Personnel Expenses

Future retiree health insurance liability.....	\$4,905
Position change (39 contractual conversions and 22 new positions).....	993
Increments and other compensation.....	2,081
Current employee and retiree health insurance.....	1,837
One-time hiring freeze savings.....	500
Social Security contributions.....	190
Other fringe benefits.....	34
Increased turnover.....	-2,055
Natural Resources Police Retirement System.....	-812
Deleted (11) and transferred (2) positions.....	-800

Other Changes

Diverse Outdoor Recreation Opportunities for Maryland Citizens and Visitors

Mandated appropriation to the Waterway Improvement Fund.....	1,794
New Civic Justice Corps initiative in the Maryland Park Service.....	1,000
Equipment enhancement in the Maryland Park Service.....	1,300
Park Service seasonal full-time equivalent positions.....	1,100
Reduction in Western Maryland Rail Trail.....	-1,650

Sustainable Populations of Living Resources in the Bay and Tidal Tributaries

Mandated appropriation to the Fisheries Research and Development Fund.....	1,794
Fishing license fee match for sport fisheries master plan initiative.....	580

Diverse Workforce and Efficient Operations

Maryland Environmental Service wastewater treatment plant management fees.....	217
One-time federal homeland security grant.....	-3,089

K00A – Department of Natural Resources

Where It Goes:

One-time federal homeland security grant general fund match	-803
Other changes.....	-1
Total	\$9,115

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

-
- additional equipment – decreases 2.00% (2.50% to 0.04%); and
 - grants, subsidies, and contributions – increases 1.7% (2.6% to 4.2%).

Salaries and wage changes are discussed in the personnel funding section; contractual services, equipment – additional, and grants, subsidies, and contributions will be discussed under program funding.

Personnel Funding

Salaries and wages increase \$8.0 million, or 7.7%, between the fiscal 2008 working appropriation and the fiscal 2009 allowance. Increases include \$4.9 for the future retiree health insurance liability, \$2.1 million for the position changes (39 contractual conversions and 19 new positions in the Maryland Park Service and 3 new positions in the Fisheries Service), \$1.8 million for current employee and retiree health insurance, \$500,000 for one-time hiring freeze savings, and \$190,463 for Social Security contributions. Decreases include \$2.1 million for turnover on new and existing positions, \$811,563 for a change in the NRP Retirement System rate, and \$799,855 for 11 deleted positions and 2 transferred positions as part of the January 30, 2008, BPW actions.

Programmatic Funding

DNR’s programmatic funding may be organized under DNR’s six goals. Under the goal of providing diverse outdoor recreation opportunities is one of the two mandated appropriations as part of Chapter 6 of the 2007 special session and the enhancements to the Maryland Park Service’s budget. The mandated appropriation is \$1.8 million for the Waterway Improvement Fund in the Capital Grants and Loan Administration. Enhancements for the Maryland Park Service include the following: \$1.3 million for equipment, \$1.3 million for new positions, \$1.1 million for 39 seasonal contractual FTEs, and \$1.0 million for a new Civic Justice Corps program. These increases partially are offset by a \$1.7 million reduction for the Western Maryland Rail Trail grant construction agreement with the Maryland Department of Transportation (MDOT) due to the majority of the funding being provided in fiscal 2008.

K00A – Department of Natural Resources

In terms of meeting the goal of sustainable populations of living resources in the bay and tidal tributaries, there are two increases in the Fisheries Service. The first increase is \$1.8 million and is the second mandated appropriation per Chapter 6 of the 2007 special session. The other increase is \$750,000 in general funds for the sport fisheries master plan initiative, which matches the \$2.7 million increase in non-tidal angler and sport fishing license revenue codified via Chapter 217 of 2007. General funds in the fiscal 2009 allowance for the sport fisheries master plan initiative support the following:

- \$357,000 for stock assessment (including \$163,926 for three new positions);
- \$100,000 for stock restoration (including the \$75,000 – \$100,000 Coldwater Hatchery assessment study);
- \$100,000 for increased access;
- \$80,000 for habitat identification and mapping (including \$20,000 for the first year of a four-year North Branch Potomac River water quality study);
- \$75,000 for outreach and education; and
- \$38,000 for Fisheries development.

Under the goal of a diverse workforce and efficient operations, there is an increase for the Maryland Environmental Service's (MES) wastewater plant management fees and decreases for a one-time federal homeland security grant. MES's charges increase \$217,109 in the fiscal 2009 allowance and homeland security funding decreases by \$3,891,891. The decrease for homeland security includes one-time federal funding of \$3,088,608 and an \$803,283 general fund match.

Impact of Cost Containment

The January 30, 2008, BPW actions deleted 11 DNR positions and \$243,004 in funding. DNR states that the reduction will reduce the ability to provide administrative services, critical watershed technical assistance, statistical analyses of resource assessment data, and engineering work for capital projects.

Issues

1. Chesapeake Bay 2010 Trust Fund Allocation

Chapter 6 of the 2007 special session created a Chesapeake Bay 2010 Trust Fund. The fund is a special nonlapsing fund for the purpose of providing financial assistance to meet the Chesapeake Bay 2000 Agreement goals for the restoration of the Chesapeake Bay and its tributaries. The fund is composed of a portion of existing revenues from the motor fuel tax and existing revenues from the sales and use tax on short-term vehicle rentals that would otherwise go to the general fund. In fiscal 2009, the fund is expected to allow for approximately \$50.0 million in assistance. The fund is currently budgeted in the Department of Budget and Management's (DBM) fiscal 2009 allowance pending the determination of how the monies are to be expended.

Legislation has been introduced relating to the allocation of the fund (SB 213/HB 369 of 2008), and it is possible that budget bill language also will be considered this session. SB 213/HB 369 are crossfiled Administration bills that would create the following:

- BayStat program to measure and evaluate efforts to restore the Chesapeake Bay and administer the Chesapeake Bay 2010 Trust Fund;
- BayStat Subcabinet to oversee the BayStat program and disburse monies from the Chesapeake Bay 2010 Trust Fund for nonpoint source pollution control funding;
- BayStat program scientific advisory panel to advise the subcabinet on the use of Chesapeake Bay 2010 Trust Fund monies and monitor the distribution of the monies; and
- Chesapeake Bay Nonpoint Source Fund to provide financial assistance for the implementation of urban and suburban stormwater management practices and stream and wetland restoration.

However, SB 213/HB 369 do not explicitly allocate funds from the Chesapeake Bay 2010 Trust Fund in contrast to previous bills on this subject. **The Department of Legislative Services (DLS) recommends that DNR discuss what strategies it would recommend for allocation of the Chesapeake Bay 2010 Trust Fund revenue for effective and efficient restoration of the bay.**

2. New Licensing and Registration System Proposed

DNR has submitted an Information Technology Project Request (ITPR) that is included in DBM's Information Technology fiscal 2009 allowance. The proposed project is to develop a web-based system for DNR-issued licenses and products. This system would replace the existing Customer Oriented Information Network (COIN) system operated by DNR that handles the sale of sport licenses, commercial fishing licenses, and boat registrations. DNR reports in the ITPR that the sale of these licenses yields \$40.0 million in revenue annually. The system would cost \$6.2 million

in general funds for a four-year fixed-cost contract. **Exhibit 3** shows the projected integration scheme for the new system.

Exhibit 3
Current Status of Components of New Licensing and Registration System

<u>Components</u>	<u>Current Status</u>
Sport Licensing through Sports Agents	Module of COIN
Tidal Fish (Commercial) Licensure and Waterman Management	Module of COIN
Vessel (Boat) Titling, Registrations, and Renewals	Module of COIN
Off-road Vehicle Registrations	Module of COIN
Law Enforcement Verification and Look-up	Module of COIN
On-line Sports License Sales	Separate contractor provides
Telephone Sports License Sales	Separate contractor provides
Sports License Harvest Reporting	Separate contractor provides
Parks Reservations	Separate contractor provides
Hunter Safety Education	Manual system
Boating Safety Education	Manual system
Tidal Fish (Commercial) Harvest Reporting	Manual system
Customer Management and Communication	Non-existent
Geocoding and Mapping	Non-existent

COIN: Customer Oriented Information Network

Source: Department of Natural Resources

Exhibit 4 shows that more than 900,000 licenses are issued and registrations completed annually. Given that the system will benefit the recipients of the licenses and registrations both in terms of the time of processing and the oversight capabilities of NRP and agency service provision, it is reasonable to assume that the recipients of these licenses/registrations should be required to pay for the new system. However, DNR notes that the applicable licenses/registrations are all codified in statute and thus will require legislation to change.

Exhibit 4
Licenses Issued and Registrations Completed
Fiscal 2006-2009

<u>Licenses Issued/Registrations</u>	<u>2006</u>	<u>2007</u>	<u>2008 Est.</u>	<u>2009 Est.</u>
Sport Fishing Licenses	470,000	486,249	485,000	485,000
Hunting Licenses	328,712	328,712	329,000	329,000
Vessel Registrations	107,980	109,123	109,000	109,000
Commercial Fishing Licenses	8,376	8,503	8,500	8,500
Total Transactions	915,068	932,587	931,500	931,500

Source: Governor's Budget Book, fiscal 2009

DLS has recommended in the DBM Information Technology analysis that the new licensing and registration system be funded by a surcharge on the licenses and products that will be transacted. DLS also recommends that DNR discuss the feasibility of increasing license and registration fees to pay for the system.

3. Maryland Park Service Funding Augmented

Chapter 2 of the 2007 special session expressed the Maryland General Assembly's intent to eliminate the use of general funds and to provide a funding increase for the Maryland Park Service. To accomplish this, the General Assembly changed the transfer tax formula for POS allocation. Before the formula change, 50% of the POS formula was allocated to the State and 50% to local jurisdictions. After the change, 50% is allocated to the State; the higher of 20%, or \$21.0 million, is allocated to the Maryland Park Service; and the remainder is allocated to local jurisdictions. In addition, the Maryland Park Service will continue to receive \$1.2 million from the State share of the POS allocation.

Maryland State Parks Funding Study

Fiscal 2008 budget bill language required DNR to submit a plan on how to fully fund the operations of the Maryland Park Service using general funds. DNR responded by creating a Maryland State Parks Funding Study Work Group, which included representatives from the following entities: the Friends of Maryland State Forests and Parks, Inc.; Parks and People Foundation; Maryland Recreation and Parks Association; Nature Conservancy/Partners for Open Space; W.L. Gore and Associates/Corporate Communications; Cecil County; and Maryland National Capital Park and Planning Commission, in addition to staff from DNR and a facilitator.

K00A – Department of Natural Resources

A summary of the recommendations is as follows:

- to strive to be the national model for State park systems;
- to provide for park operations with an increased share of general fund revenues, a small share of any new proposed revenues, and a higher percentage of POS stateside revenues now dedicated to capital development;
- to study (DNR and General Assembly) ways to reduce park fees;
- to create a Park Restoration Bond Bill to eliminate the deferred maintenance backlog and provide additional bond proceeds for capital improvements or major critical maintenance projects;
- to establish a Maryland Park Service Trust Fund; and
- to refocus the Governor’s State Parks Advisory Commission.

Fiscal 2009 Allowance for Maryland Park Service

The Maryland State Parks funding study described three aspirational scenarios for funding the Maryland Park Service, which were described as basic sustainability (\$42.0 million), restoration budget (\$51.0 million), and national model (funding to be determined). The plan included for each scenario a breakdown of six budget categories: (1) public safety; (2) education; (3) environmental quality; (4) public health and recreation; (5) economic engine; and (6) infrastructure. **Exhibit 5** shows the DLS presentation of the budget enhancements between the fiscal 2008 working appropriation and the fiscal 2009 allowance from the \$4.7 million Program Open Space allocation.

Budget Concerns

Three concerns stand out in the fiscal 2009 allowance for the Maryland Park Service: (1) the sustainability of revenue due to the shift to the POS transfer tax allocation; (2) potentially increasing expenditures due to the 58 new positions; and (3) the lack of any park service charge reduction. The sustainability of revenue concern stems from the volatility of the two main sources of Park Service revenue: (1) the POS allocation; and (2) the service charge (park entrance and use fees). While the Maryland Park Service’s share of the POS allocation will not fall below \$21.0 million, the transfer tax which funds POS is a volatile revenue source. In addition, though not a new concern, the park entrance and use fees are linked to the weather and thus cannot be a reliable support for the Maryland Park Service the way general funds once were.

Exhibit 5
Maryland Park Service Enhancements from Program Open Space Allocation
Fiscal 2008 Working Appropriation to Fiscal 2009 Allowance

<u>Budget Enhancement</u>	<u>Amount</u>
Equipment	\$1,300,000
Contractual conversions (39) and new positions (19)	1,300,000
Seasonal contractual full-time equivalent positions	1,100,000
Civic Justice Corps	1,000,000
Total	\$4,700,000

Source: Department of Legislative Services

Fifty-eight new positions are included in the Park Service’s fiscal 2009 allowance in order to reduce the reliance on seasonal staff to do the work of regular positions (the 39 contractual conversions) and to bring the Park Service back to staffing levels before the merger of the park rangers with law enforcement duties with NRP as a cost-saving measure (the 19 new positions). The Maryland Park Service would like to return to a staffing ratio of 1 employee to 33,000 visitors – last attained in 1991 (with the positions in the allowance, the ratio would be approximately 1 employee to 41,000 visitors). In terms of future funding, the 58 positions represent a 28% increase in positions from the fiscal 2008 working appropriation of 210.75 positions. Since the fringe benefits increase for all existing employees was approximately \$800,000 in the allowance, it is reasonable to assume that fringe benefits will increase by at least \$224,000 (28% of \$800,000) per year due to the 58 new positions. Although 39 contractual FTEs are being converted, the budget actually includes a net increase of 16.88 contractual FTEs. The approximately 56 contractual FTEs (39 contractual FTE to replace the conversions plus 16.88 new contractual FTEs) include approximately 100 at-risk youth that will be part of the proposed Civic Justice Corps (two half-year sessions of six work teams of 8 youth each) which DNR hopes will provide a diverse labor pool for the future while conducting environmental restoration work in the parks.

The Maryland Park Service’s service charges (entrance and user fees) were described as the highest in the nation in Governor O’Malley’s environment and natural resources transition team report. While this does not appear to be accurate, in a strict sense (California and New Hampshire both have fees higher than Maryland for individual entrance, passenger vehicle, and campsite rental), Maryland does have higher service charges than the national average. This is particularly evident when Maryland is compared to other states in the Mid-Atlantic region as shown in **Exhibit 6**. However, as stated before, there is no service charge reduction programmed in the fiscal 2009 allowance.

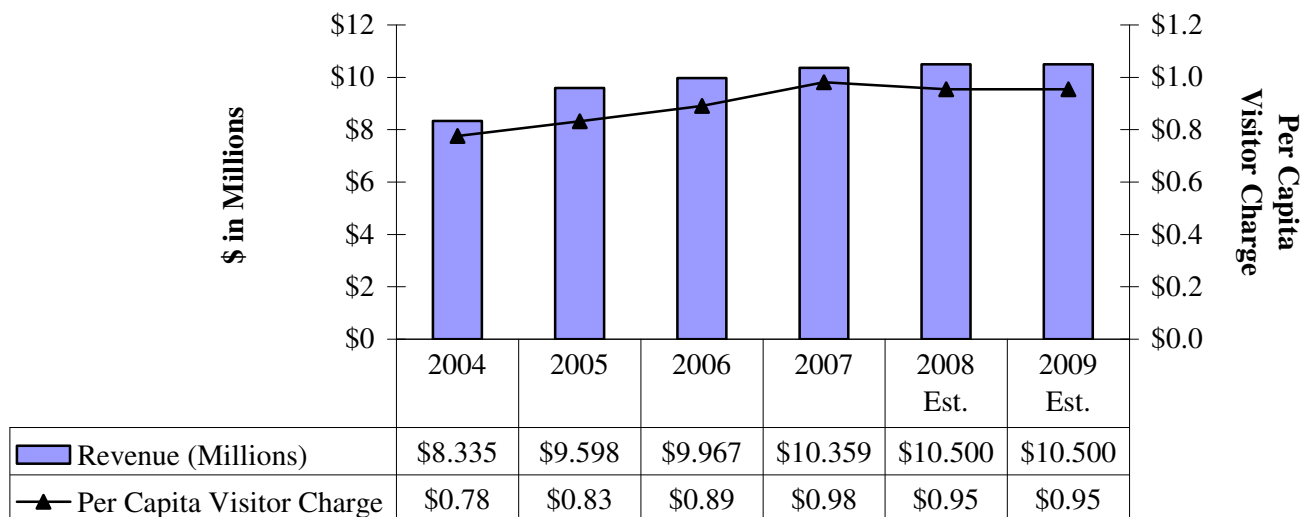
**Exhibit 6
Mid-Atlantic State Service Charge Comparison
Fiscal 2006**

	<u>Resident Adult Individual</u>	<u>Resident Passenger Vehicle</u>	<u>Campsite Rental – Water and Electric Hookups</u>
Maryland	\$3.50	\$3.50	\$30.00
Delaware	0.00	3.50	25.50
West Virginia	0.00	3.00	0.00
Virginia	0.00	0.00	25.00
Pennsylvania	0.00	0.00	0.00

Source: National Association of State Park Directors, 2007 Annual Information Exchange

Exhibit 7 shows the trend in revenue generated by the service charges in Maryland. As can be seen, the per capita visitor revenue (a way to account for the fluctuating attendance levels) increases from \$0.78 in fiscal 2004 to the projected \$0.95 in fiscal 2008 and 2009. This reflects a \$2,165,167 increase over the time period with the single largest revenue increase between fiscal 2004 and 2005 of \$1,263,191.

**Exhibit 7
Comparison of Maryland Park Service Revenue and Per Capita Visitor Charge
Fiscal 2004-2009**



Source: Department of Natural Resources

Possible Solutions to Budget Concerns

Any solutions to the abovementioned budget concerns will have advantages and disadvantages. One way to address these budget concerns is to focus on a service charge reduction – a \$2.2 million rollback of service charges would be in line with the increases experienced since fiscal 2004. **Exhibit 8** provides some options for reducing the service charges. Of note, the last service charge increase primarily was focused on camping and overnight charges. DNR states that changing camping service charges would involve a change to the contract with its park registration vendor, but that changing the entrance service charge could be handled in-house. Also, DNR states that decreasing entrance service charges would increase attendance but may also lead to more park closures due to overcrowding. This situation could be exacerbated without additional personnel to keep facilities open, and park facilities may deteriorate more rapidly if staff are not available to do preventative maintenance work and provide oversight of park facility use. **Exhibit 9** provides a list of major Maryland Park Service service charge revenue.

Exhibit 8 Options for Reducing Service Charges

<u>Action</u>	<u>Advantage</u>	<u>Disadvantage</u>
Abolish new positions and funding (-\$1.3 million); cut initiatives (-\$1.0 million); reprogram funding to reduce service charges (\$2.3 million)	Return to affordability levels before fiscal 2004. Benefits could be provided in future. Allows for 39 new seasonal FTEs.	No Civic Justice Corps
Allow for new positions and funding and seasonal FTEs (-\$0); restrict funding for initiatives until a plan for targeted reduction of service charges is provided (\$1.0 million restricted)	Plan for accessibility to parks; increased professional contact with visitors; possibility of Civic Justice Corps	Positions take up significant amount of available funding; overcrowding but no deterioration due to increased use; may not actually increase accessibility to parks

FTEs: Full-time equivalent positions

Source: Department of Legislative Services

Exhibit 9
Maryland Park Service Charge Revenue
Fiscal 2004, 2006, and 2007

<u>Revenue Source</u>	<u>2004</u>	<u>2006</u>	<u>2007</u>
Camping	\$5.1 million	\$5.8 million	\$6.0 million
Park Facilities Use	2.9 million	3.5 million	3.6 million
Cabins and Cots	0.8 million	1.1 million	1.1 million
Pavilions and Shelters	0.8 million	0.9 million	0.9 million

Source: Department of Natural Resources

DLS recommends that the committees eliminate the funding for the new positions (\$1.3 million) and the Civic Justice Corps enhancement (\$1.0 million). This leaves the Maryland Park Service with the 39 contractual FTEs and \$2.4 million of the Maryland Park Service funding increase for equipment and operating enhancements including additional contractual FTEs. In addition, this reduction would allow for the re-allocation of \$2.3 million in special funds to reduce the entrance and camping service charges and would require DNR to submit a report on how to reduce the entrance and camping service charges.

Recommended Actions

1. Add the following language:

Provided that \$2,715,000 in special funds from the increase in non-tidal angler and sport fishing license fees may not be expended until the submission of a comprehensive plan to the budget committees on how the new revenues would be used.

Explanation: The increase in non-tidal angler and sport fishing license fees is projected to generate \$2,715,000 for the Fisheries Management and Protection Fund and Fisheries Research and Development Fund. However, the Department of Natural Resources (DNR) does not appear to have a comprehensive plan for the expenditure of this additional revenue. Therefore, the budget committees restrict the \$2,715,000 in special funds until DNR submits a report on how the additional revenue will be spent. The budget committees will have 45 days to review and comment.

Information Request	Author	Due Date
Report on how the non-tidal and angler and sport fishing license fees increase will be spent	DNR	Prior to the expenditure of the \$2,715,000 angler and sport fishing license fees revenue increase
		<u>Amount Reduction</u>
		<u>Position Reduction</u>
2. Delete a position vacant for longer than 12 months. This personnel administrator I position (PIN 057385) is in the Human Resource Service and has been vacant since June 6, 2006.		\$ 55,811 GF 1.0
3. Add the following language to the special fund appropriation:		
<p><u>, provided that this appropriation is reduced by \$2.3 million for the 19 new parks services associate I positions and fringe benefits associated with the 39 contractual conversions (\$1.3 million); and the Civic Justice Corps program (\$1.0 million). In addition, 19 new parks services associate I positions and 39 positions associated with contractual conversions are abolished for a total of 58 positions abolished. It is the intent of the General Assembly to reduce the entrance and camping service charges for Maryland parks. Therefore, the entrance and camping service charges shall be reduced as of July 1, 2008, and the Department of Natural Resources (DNR) shall submit a report to the budget committees by June 1, 2008, on how the entrance and camping service charges would be reduced. The budget committees shall have 30 days to review and comment on the report.</u></p>		

K00A – Department of Natural Resources

Explanation: The Maryland General Assembly is concerned that Maryland parks have the highest individual entrance and campsite rental service charges in the region and that no plan has been put forth in the Governor’s fiscal 2009 allowance for reducing these service charges despite the funding enhancement provided to the parks. Therefore, the Maryland General Assembly reduces the Maryland Park Service’s fiscal 2009 special fund allowance by \$2.3 million and 58 PINs and requires the reduction of entrance and camping service charges in Maryland parks by July 1, 2008. Prior to the service charges reduction, DNR is required to submit a report by June 1, 2008, on how the entrance and camping service charges would be reduced. The budget committees shall have 30 days to review and comment on the report. After this reduction, DNR still receives \$1.1 million for 39 new contractual full-time equivalent (FTE) positions, \$1.3 million for equipment and infrastructure needs, and maintains 39 existing FTEs in contractual status.

Information Request	Author	Due Date
Report on entrance and camping service charge reductions	DNR	June 1, 2008

	<u>Amount Reduction</u>		<u>Position Reduction</u>
4. Delete a position vacant for longer than 12 months. This natural resources planner V position (PIN 014179) is in Coastal Zone Management and has been vacant since September 6, 2006.	58,777	FF	1.0
5. Reduce the Fisheries Service general fund appropriation by \$750,000 for three new positions and associated funding and for the sport fisheries master plan initiative. This reduction of \$163,926 for the three new positions and \$586,074 for the sport fisheries master plan initiative is a prudent cost-saving measure.	750,000	GF	3.0
Total Reductions	\$ 864,588		5.0
Total General Fund Reductions	\$ 805,811		
Total Federal Fund Reductions	\$ 58,777		

Updates

1. DNR Restructures within Existing Resources

DNR announced in August 2007 that it has restructured in order to work more collaboratively on cross-cutting policy issues. DNR reports that the restructuring occurred within existing resources. The components of this restructuring include the following:

- creation of a new Office for a Sustainable Future – developing a Sustainable Strategic Plan for the agency and a Framework for a Sustainable Future for Maryland’s Public Land’s System;
- creation of three Matrix Teams – working interdisciplinarily on invasive species, resource conflict resolution among stakeholder groups, and engaging youth in outdoor experiences (No Child Left Inside program);
- re-establishment of a Boating Services Unit – coordinating water improvement activities, boating and waterway planning functions, hydrographic support operations and the Boat Act Advisory Committee; and
- consolidation of land planning and acquisition functions – budgeting resources more efficiently.

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 2007					
Legislative Appropriation	\$74,566	\$73,901	\$21,225	\$5,148	\$174,840
Deficiency Appropriation	800	1,796	5,317	0	7,913
Budget Amendments	326	1,492	92	3,650	5,560
Reversions and Cancellations	-306	-11,453	-3,911	-2,584	-18,254
Actual Expenditures	\$75,386	\$65,736	\$22,723	\$6,214	\$170,059
Fiscal 2008					
Legislative Appropriation	\$76,988	\$73,376	\$25,241	\$9,125	\$184,730
Cost Containment	-1,096	0	0	0	-1,096
Budget Amendments	1,081	1,385	0	1,250	3,716
Working Appropriation	\$76,973	\$74,761	\$25,241	\$10,375	\$187,350

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

Fiscal 2007

DNR's general fund appropriation increased by a net of \$820,856. The increase is due to a deficiency appropriation (\$800,000) to match Port Security Grant Program federal funds and budget amendments. Budget amendments increased the appropriation by a net of \$326,461 and included allocation of the cost-of-living adjustment (COLA) general fund appropriation (\$997,523) to State agencies as authorized in the fiscal 2007 budget bill (Budget Amendment 001-07) and to an annual salary review and other salary adjustments as part of Budget Amendment 028-07 (\$381,233).

The general fund appropriation budget amendment increases partially were offset by decreases. Decreases included cost containment actions taken by BPW on February 28, 2007, (\$1,039,087) and the costs of a comprehensive salary study (\$13,208). BPW actions reflected savings from a hiring freeze in February 2007 and overbudgeted health insurance.

General fund reversions totaled \$305,605 and were primarily in NRP – General Direction (\$147,561) and Watershed Services – Coastal Zone Management (\$133,084). DNR states that reverted general funds came from savings related to having vacant positions.

The special fund appropriation decreased by a net of \$8,165,174. The Governor budgeted a deficiency appropriation for the fiscal 2007 operating budget, which increased the special fund appropriation by \$1,796,151. The deficiency appropriation detail is as follows:

- \$572,328 for the operation and maintenance of Maryland Park Service facilities in the Maryland Park Service;
- \$500,000 for new power plant-related projects in the Power Plant Assessment Program;
- \$204,337 for studying the growth and production of Atlantic Menhaden and Bay Anchovy in the Chesapeake Bay in the Fisheries Service;
- \$200,000 for the State's groundwater and stream gauge monitoring network in the Maryland Geological Survey;
- \$200,000 for assistance in evaluating parcels of land for acquisition through POS in Capital Grants and Loan Administration – Operations;
- \$39,000 for a waterfowl habitat restoration project in the Wildlife Heritage Service;
- \$31,250 for the Maryland Marine Debris Removal Project in Watershed Services – Program Development and Operation from a private donation;
- \$25,000 for creating a Terrestrial Monitoring Plan as part of the Coastal Bays Comprehensive Monitoring Strategy in Watershed Services – Program Development and Operation;

K00A – Department of Natural Resources

- \$21,596 for the control of the invasive plant purple loosestrife in the Wildlife Heritage Service; and
- \$2,640 for conservation and law enforcement efforts using a donation from the National Wild Turkey Federation in NRP – Field Operations.

The special funds brought in via budget amendment (\$1,492,042) are as follows:

- \$451,628 for allocation of the COLA special fund appropriation as authorized in the fiscal 2008 budget bill (Budget Amendment 002-08);
- \$393,800 for full-time and seasonal staff to manage Deep Creek Lake;
- \$187,300 for additional contractual services and utilities at Somers Cove Marina;
- \$112,000 for DNR Managed Hunt permit allocation fees to be transferred to the Maryland Park Service;
- \$89,200 for tree planting as part of CREP;
- \$70,000 for seasonal staff at Fair Hill Natural Resources Management Area;
- \$55,000 for NRP overtime payments from local jurisdictions;
- \$23,690 for a Ducks Unlimited-funded waterfowl habitat restoration project;
- \$21,000 for the interactive Maryland Bay Game for children;
- \$19,430 for law enforcement duties conducted during filming along the Potomac River;
- \$19,038 for annual salary review and other salary adjustments;
- \$18,441 for controlling Japanese Hops and implementing forest management practices;
- \$14,300 for cages and veterinary care of three NRP canines;
- \$13,500 for NRP Southern Region Headquarters operation fees received from the Charles County Sheriff's Department;
- \$2,275 for a covert operations seminar hosted by NRP; and

K00A – Department of Natural Resources

- \$1,440 for Assateague Facility rent payments received from NRP reserve officers.

These special fund deficiency appropriation and budget amendments were entirely offset by \$11,453,367 in cancellations. The majority of the cancellations took place in the following programs: NRP – Field Operations (\$2,738,553); Maryland Park Service – Statewide Operation (\$2,073,625); Capital Grants and Loan Administration – Operations (\$748,865); Maryland Environmental Trust – General Direction (\$719,737); Engineering and Construction – General Direction (\$704,467); and Office of the Secretary – Secretariat (\$639,380). DNR states that these special fund cancellations were related to its inability to fill vacant positions due to the hiring freeze.

Federal funds dedicated to operating functions increased by a net of \$1,498,418. The Governor budgeted a \$5,316,969 deficiency appropriation. The deficiency appropriation included the following:

- \$1,644,255 for participating in the Port Security Grant Program;
- \$1,575,000 for boating safety enforcement in NRP – Field Operations;
- \$340,426 for large scale submerged aquatic vegetation restoration project site assessments in the Chesapeake Bay in Tidewater Ecosystem Assessment;
- \$300,000 for planning and implementation of wildlife conservation and restoration projects in the Wildlife and Heritage Service;
- \$284,839 for costs associated with the Maryland Conservation Corps payroll and operating costs for CREP in the Maryland Park Service;
- \$282,127 for supporting agency participation in a Joint Enforcement Agreement with the National Oceanic and Atmospheric Administration to conserve and enforce Maryland’s marine fisheries in NRP – Field Operations;
- \$269,145 for emergency out-of-state fire activities and to appropriate new funds for targeting Community Wildfire Planning and Hazard Fuel Reduction in Maryland in the Forestry Service;
- \$152,341 for the restoration of eelgrass in the South River in Tidewater Ecosystem Assessment;
- \$84,585 for Maryland Soil Survey update projects in the Maryland Geological Survey;
- \$80,000 for the monitoring of Maryland’s bird populations for Avian Influenza in the Wildlife and Heritage Service;

K00A – Department of Natural Resources

- \$80,000 for the development of a Habitat Conservation Plan for the endangered Delmarva fox squirrel in the Wildlife and Heritage Service;
- \$56,678 for submerged aquatic vegetation restoration in the Potomac River in Tidewater Ecosystem Assessment;
- \$49,271 for the collection of bathymetric and sediment data in the coastal bays in support of a cooperative agreement from the National Park Service in the Maryland Geological Survey;
- \$40,925 for production of a statewide landscape-level assessment of all mapped non-tidal wetlands in Watershed Services – Program Development and Operation;
- \$30,709 for submerged aquatic vegetation restoration in the Potomac River in Tidewater Ecosystem Assessment;
- \$21,000 for the monitoring of Maryland’s deer populations for chronic wasting disease in the Wildlife and Heritage Service;
- \$18,455 for agency participation in the U.S. Immigration and Customs Enforcement Initiative in NRP – Field Operations; and
- \$7,213 for overtime costs in the HIDTA Program in NRP – Field Operations.

Federal fund budget amendments totaling \$92,380 include the following:

- \$38,510 for participation in the HIDTA agreement and U.S. Department of Justice Forfeiture Program;
- \$27,620 for salary costs related to fighting emergency out-of-state fires;
- \$20,000 for the interactive Maryland Bay Game for children; and
- \$6,250 for NRP to provide drug investigation assistance to the Hagerstown Task Force and Organized Drug Enforcement Task Force.

The federal fund deficiency appropriation and budget amendment increases were partially offset by \$3,910,931 in cancellations. The majority of the cancellations were in the following programs: Fisheries Service – Inland Fisheries Management (\$694,564); Fisheries Service – Estuarine and Marine Fisheries (\$613,655); Resource Assessment Service – Tidewater Ecosystem Assessment (\$513,075); Forestry Service (\$368,098); and NRP – General Direction (\$357,205). DNR states that the federal fund cancellations were due to grant funds that were not available.

K00A – Department of Natural Resources

The reimbursable fund appropriation increased by a net of \$1,066,299. The appropriation increased by \$3,650,431 due to budget amendments including the following:

- \$1,200,000 from the Maryland Emergency Management Agency to DNR for implementation of the federal fiscal 2006 Urban Area Security Initiative whereby the communications center in the basement of DNR's Tawes Building would be relocated to a leased building at Sandy Point State Park in order to prevent, deter, respond to, and recover from threats and incidents of terrorism;
- \$464,341 from MDOT – State Highway Administration (SHA) to enhance State park recreational trails;
- \$230,180 from the Maryland Department of Agriculture – Plant Protection and Weed Management to the DNR's Forestry Service for technical services provided in conjunction with the Emerald Ash Borer Project that is ongoing in Prince George's County;
- \$250,000 from DNR's Resource Assessment Service to Watershed Services for the geographic information system group to obtain high resolution, natural color, digital, ortho-photography for Garrett, Allegany, Washington, and Frederick counties;
- \$214,401 from MDE for an agreement with DNR – Resource Assessment Service for support of the Mid-Atlantic Highlands Action Program Liaison grant and for monitoring support for the Clean Water Act;
- \$200,000 from the Maryland Emergency Management Agency for purchase of a Response Watercraft for Homeland Security;
- \$200,000 from DNR's Capital Grants and Loan Administration to the Wildlife and Heritage Service to assist in the identification, evaluation, review, and acquisition of POS funded properties;
- \$179,590 from MDOT's SHA to DNR's Wildlife and Heritage Service for the "Recreational Trails" program administered by SHA;
- \$150,000 from DNR's Fisheries Service to Watershed Services for the two-year Aquatic Resources Education Program;
- \$75,000 from MDE to DNR – Maryland Park Service as part of an agreement both agencies entered into with Baltimore City that would reimburse Baltimore City for renovation of the Carroll and Archer playground in Baltimore;
- \$62,750 from the University of Maryland – Center for Agro-Ecology to DNR's Forestry Service to conduct a "Comprehensive State Forest Assessment" whereby the Forestry Service

K00A – Department of Natural Resources

will collect, compile, analyze, classify, and manage the data necessary for the sustainable management of 200,000 acres of public forest land;

- \$55,740 from DNR's Watershed Services to DNR's Fisheries Service;
- \$123,448 from DNR's Watershed Services to DNR's Resource Assessment;
- \$62,909 from DNR's Watershed Services to Resource Assessment Service to carry out technical assistance, education and outreach, water and habitat quality monitoring, and on-site restoration of submerged aquatic vegetation;
- \$58,883 from the University of Maryland – Center for Agro-Ecology to the DNR's Forestry Service to quantify riparian forest buffers primarily on private land in three watersheds and to estimate values for future wood products, nutrient reduction, and air quality improvements;
- \$36,000 from DNR's Forestry Service to Watershed Services for (1) a geographic information system map of current riparian forest buffer; (2) digital image analysis for urban canopy assessment; and (3) geographic information system services to support the Governor's Commission for Protecting the Chesapeake Bay through Sustainable Forestry;
- \$30,000 from DNR's Forestry Service to Watershed Services for conducting the research to analyze satellite data; and collect and compile historic and field data necessary to create a stand level data management system on 200,000 acres of State forest land as part of the "Comprehensive State Forest Assessment" project with the University of Maryland Center for Agro-Ecology;
- \$14,500 from Administrative Office of the Courts – Judicial and Legal Review to DNR's Office of the Secretary for a workplace mediation skills trainer;
- \$8,000 from DNR's Watershed Service to Wildlife and Heritage Service's Watershed Service – Ecosystem Restoration Center to survey freshwater mussels on the Corsica River; and
- \$5,000 from Office of Courts' Judicial and Legal Review – Administration to DNR's Office of Fair Practices for the Maryland Mediation and Conflict Resolution Office Grant Agreement in order to hire a mediation trainer to train about 20 people in the most effective techniques of providing employee-workplace mediation skills, fall 2006.

The reimbursable fund budget amendment increases were partially offset by \$2,584,132 in cancellations. The majority of the cancellations were in the following programs: NRP – General Direction (\$1,200,336); Maryland Park Service – Statewide Operation (\$453,476); and Engineering and Construction – General Direction (\$445,495). DNR states that the reimbursable fund

cancellations were due to funds that were not available from the Military Department, MDOT, and internally from DNR's Watershed Services.

Fiscal 2008

The general fund appropriation decreases by a net of \$15,561. The decrease is due to \$1,096,343 in cost containment actions approved by BPW on July 11, 2007. The largest cost containment action was a decrease of \$725,875 for the abolishment of 10 regular positions. Other cost containment decreases included \$200,000 in vehicle replacement funding, \$110,000 for the Corsica River Project, \$40,000 for reduction of salaries in the Maryland Environment Trust, and \$20,468 for Patuxent River monitoring. The decrease is partially offset by the allocation of the salary increase general fund appropriation of \$1,080,782 to State agencies as authorized in the fiscal 2008 budget bill (Budget Amendment 001-08).

The special fund appropriation increases by \$1,385,107 due to a budget amendment of \$908,145 for administration; survey and design; and a portion of the construction phase for the Blackwater Restoration and Enhancement Project on approximately 728 acres of land purchased in Dorchester County. In addition, the appropriation increases due to the allocation of the COLA special fund appropriation of \$476,962 as authorized in the fiscal 2008 budget bill (Budget Amendment 002-08).

The federal fund appropriation does not change.

The reimbursable fund appropriation increases by \$1,249,896. The increase is due to \$1,204,896 transferred from the Maryland Emergency Management Agency to DNR for the Urban Area Security Initiative and \$45,000 transferred from within DNR's Watershed Services to DNR's Chesapeake Bay Critical Area Commission to provide assistance in updating and printing the "Critical Area and You" guidance document.

**Object/Fund Difference Report
Department of Natural Resources**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1368.50	1356.50	1404.50	48.00	3.5%
02 Contractual	386.89	426.49	446.67	20.18	4.7%
Total Positions	1755.39	1782.99	1851.17	68.18	3.8%
Objects					
01 Salaries and Wages	\$ 100,628,226	\$ 103,811,888	\$ 111,785,303	\$ 7,973,415	7.7%
02 Technical and Spec. Fees	8,678,134	10,017,722	11,520,054	1,502,332	15.0%
03 Communication	1,826,634	2,186,203	2,075,793	-110,410	-5.1%
04 Travel	623,165	739,931	753,126	13,195	1.8%
06 Fuel and Utilities	4,281,505	5,449,649	5,632,694	183,045	3.4%
07 Motor Vehicles	9,349,420	8,053,407	8,259,307	205,900	2.6%
08 Contractual Services	28,303,503	35,996,618	35,108,767	-887,851	-2.5%
09 Supplies and Materials	5,751,929	6,735,070	6,729,475	-5,595	-0.1%
10 Equipment – Replacement	1,876,838	1,340,013	1,625,462	285,449	21.3%
11 Equipment – Additional	1,951,804	4,644,431	875,296	-3,769,135	-81.2%
12 Grants, Subsidies, and Contributions	4,251,765	4,791,454	8,290,872	3,499,418	73.0%
13 Fixed Charges	2,411,973	2,599,577	2,788,993	189,416	7.3%
14 Land and Structures	125,719	983,337	1,018,837	35,500	3.6%
Total Objects	\$ 170,060,615	\$ 187,349,300	\$ 196,463,979	\$ 9,114,679	4.9%
Funds					
01 General Fund	\$ 75,387,055	\$ 76,972,266	\$ 64,835,893	-\$ 12,136,373	-15.8%
03 Special Fund	65,735,424	74,761,114	99,338,765	24,577,651	32.9%
05 Federal Fund	22,723,340	25,240,654	23,780,252	-1,460,402	-5.8%
09 Reimbursable Fund	6,214,796	10,375,266	8,509,069	-1,866,197	-18.0%
Total Funds	\$ 170,060,615	\$ 187,349,300	\$ 196,463,979	\$ 9,114,679	4.9%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
Department of Natural Resources**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 Office of the Secretary	\$ 13,347,998	\$ 13,392,795	\$ 13,427,876	\$ 35,081	0.3%
02 Forestry Services	11,201,881	11,319,198	12,026,596	707,398	6.2%
03 Wildlife and Heritage Service	9,537,727	9,533,562	10,909,938	1,376,376	14.4%
04 State Forest and Park Service	32,290,733	33,191,797	39,052,266	5,860,469	17.7%
05 Capital Grants and Loan Administration	4,974,483	7,498,357	9,749,367	2,251,010	30.0%
06 Licensing and Registration Service	3,742,348	4,055,411	4,330,450	275,039	6.8%
07 Natural Resources Police	40,946,032	45,914,787	41,972,352	-3,942,435	-8.6%
08 Resource Planning	1,318,497	1,349,167	1,628,739	279,572	20.7%
09 Engineering and Construction	4,965,873	7,724,375	6,265,214	-1,459,161	-18.9%
10 Chesapeake Bay Critical Area Commission	2,010,999	2,280,235	2,337,979	57,744	2.5%
12 Resource Assessment Services	17,876,419	19,063,817	18,772,701	-291,116	-1.5%
13 Maryland Environmental Trust	805,889	1,252,449	1,333,273	80,824	6.5%
14 Watershed Services	12,394,973	13,680,798	14,164,522	483,724	3.5%
17 Fisheries Service	14,646,763	17,092,552	20,492,706	3,400,154	19.9%
Total Expenditures	\$ 170,060,615	\$ 187,349,300	\$ 196,463,979	\$ 9,114,679	4.9%
General Fund	\$ 75,387,055	\$ 76,972,266	\$ 64,835,893	-\$ 12,136,373	-15.8%
Special Fund	65,735,424	74,761,114	99,338,765	24,577,651	32.9%
Federal Fund	22,723,340	25,240,654	23,780,252	-1,460,402	-5.8%
Total Appropriations	\$ 163,845,819	\$ 176,974,034	\$ 187,954,910	\$ 10,980,876	6.2%
Reimbursable Fund	\$ 6,214,796	\$ 10,375,266	\$ 8,509,069	-\$ 1,866,197	-18.0%
Total Funds	\$ 170,060,615	\$ 187,349,300	\$ 196,463,979	\$ 9,114,679	4.9%

Note: The fiscal 2008 appropriation does not include deficiencies.