

**D40W01**  
**Department of Planning**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$14,439	\$14,221	\$13,543	-\$678	-4.8%
Contingent & Back of Bill Reductions	0	0	-452	-452	
<b>Adjusted General Fund</b>	<b>\$14,439</b>	<b>\$14,221</b>	<b>\$13,091</b>	<b>-\$1,130</b>	<b>-7.9%</b>
Special Fund	3,668	4,023	4,379	356	8.9%
Contingent & Back of Bill Reductions	0	0	-7	-7	
<b>Adjusted Special Fund</b>	<b>\$3,668</b>	<b>\$4,023</b>	<b>\$4,373</b>	<b>\$350</b>	<b>8.7%</b>
Federal Fund	1,016	1,054	1,093	39	3.7%
Contingent & Back of Bill Reductions	0	0	-5	-5	
<b>Adjusted Federal Fund</b>	<b>\$1,016</b>	<b>\$1,054</b>	<b>\$1,088</b>	<b>\$34</b>	<b>3.2%</b>
Reimbursable Fund	1,215	1,136	1,195	59	5.2%
Contingent & Back of Bill Reductions	0	0	-8	-8	
<b>Adjusted Reimbursable Fund</b>	<b>\$1,215</b>	<b>\$1,136</b>	<b>\$1,187</b>	<b>\$52</b>	<b>4.5%</b>
<b>Adjusted Grand Total</b>	<b>\$20,338</b>	<b>\$20,434</b>	<b>\$19,739</b>	<b>-\$695</b>	<b>-3.4%</b>

- The overall change in the Maryland Department of Planning's (MDP) budget is a decrease of \$695,000, or 3.4%. The major change is a decrease of \$1.1 million general funds, which includes \$931,000 in reduced museum assistance program (\$613,000) and non-capital historic preservation grant program (\$318,000).
- One contingent reduction of \$101,994 is included in the allowance as part of a statewide Back of the Bill reduction for deferred compensation.

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

For further information contact: Andrew D. Gray

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- Across-the-board reductions impact MDP’s budget. The total reduction is \$369,436 in general funds. Reductions detailed for MDP include 6 positions and \$311,676 as part of the abolition of 1,000 positions, \$21,978 to reduce full-time equivalents (FTEs), and \$35,782 in the expectation of savings in contracted services based on a favorable bidding climate. Additional personnel actions may occur in MDP as part of a statewide \$30 million general fund unallocated across-the-board general fund reduction.

***Personnel Data***

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	<b><u>FY 08</u></b>	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>	<b><u>FY 09-10</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	184.00	167.00	161.00	-6.00
Contractual FTEs	<u>13.36</u>	<u>5.20</u>	<u>20.45</u>	<u>15.25</u>
<b>Total Personnel</b>	<b>197.36</b>	<b>172.20</b>	<b>181.45</b>	<b>9.25</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	6.68	4.00%
Positions and Percentage Vacant as of 12/31/08	14.50	8.68%

- The fiscal 2010 allowance provides for 161.0 regular positions, 6 less than the working appropriation.
- The 6 abolished positions are MDP’s share of the 1000 positions eliminated through Back of the Bill language.
- Contractual FTEs increase by 15.25; however, this is due to undercounting 10.0 contractual FTEs at Jefferson Patterson Park and Museum in the fiscal 2009 working appropriation.
- MDP’s turnover rate of 4.00% is 1.18% less than the fiscal 2009 working appropriation turnover rate of 5.18%, and is 4.68% less than the current vacancy rate of 8.68%.

## *Analysis in Brief*

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### Major Trends

***Additional Funding For the 2010 Census Not Included In Allowance:*** The 2010 Census activities increase in fiscal 2010; however, no additional funding is provided in MDP’s budget for the preparations.

### Issues

***Preparation for the 2010 Census:*** MDP’s involvement in the 2010 Census will increase in fiscal 2010; however, MDP does not have any additional resources in the fiscal 2010 allowance but does have an unfilled position in Planning Data Services that could function as a census outreach coordinator. **DLS recommends that MDP comment on why Planning Data Services has not filled one of the positions transferred from the Office of Smart Growth, how this position could be used for census outreach coordination, what the goal is for the 2010 census mail response rate, and how this goal will be achieved. MDP also should comment on whether it can complete its 2010 census activities without additional resources.**

***Growth Task Force Report Issued:*** The Task Force on the Future for Growth and Development in Maryland issued its report on January 12, 2009, titled “Where Do We Grow From Here?” The report notes that the State’s primary strategy remains the “inside-outside” strategy of incentivizing growth inside priority funding areas and preservation in rural areas despite the lack of a historical baseline for determining whether this strategy has been effective. **DLS recommends that MDP submit a report providing a historical breakdown of all forms of State spending both inside and outside priority funding areas from the time of the 1997 Smart Growth Areas Act to the present. Committee narrative to this effect is included as a recommended action.**

***Land Preservation, Parks, and Recreation Plan Still Not Published:*** The Maryland Land Preservation and Recreation Plan is required to be updated by MDP in cooperation with the Department of Natural Resources every six years and was last updated in 2001. Last year MDP stated that the plan would be published in May 15, 2008; however, the plan publication date now has been pushed back a year to May 2009. **DLS recommends that \$1 million of general funds be restricted in MDP’s fiscal 2010 budget contingent upon the publication of the Maryland Land Preservation and Recreation Plan by July 1, 2009. Budget bill language to this effect is included as a recommended action.**

**Recommended Actions**

	<u><b>Funds</b></u>
1. Add budget bill language prohibiting the Maryland Department of Planning from expending \$1,000,000 of its general fund appropriation unless the Maryland Land Preservation and Recreation Plan is submitted by July 1, 2009.	
2. Delete funding for Museum Assistance Program grants.	\$ 474,862
3. Adopt committee narrative requesting a report on historical statewide spending inside and outside of Priority Funding Areas.	
<b>Total Reductions</b>	<b>\$ 474,862</b>

**Updates**

**Commission on African American History and Culture which Operates the Banneker-Douglas Museum Transfers to Office of Community Initiatives:** Chapter 521 of 2008 created the Governor’s Office of Community Initiatives and transferred to it MDP’s Commission on African American History and Culture, among other programs, effective July 1, 2008.

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***Operating Budget Analysis***

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**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 two administrative units and the programmatic units described below.

- **Communications and Intergovernmental Affairs** incorporates the State Clearinghouse for Intergovernmental Assistance as well as MDP's education and outreach efforts. The clearinghouse facilitates intergovernmental review and 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. This program also develops and sells computerized property maps on CD-ROM to the public.
- **Planning Services** 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 and provides technical support for the Patuxent River Commission.
- **Office of Museum Services** provides financial and technical assistance to more than 220 historic and cultural museums and operates the Jefferson Patterson Park and Museum in Calvert County.
- **Office of Research, Survey, and Registration** seeks to advance research, documentation, evaluation, and retrieval of information about Maryland's historical and cultural resources.
- **Office of Preservation Services** seeks to protect and enhance historical and cultural properties in Maryland through State and federal regulatory reviews, historic preservation easements, and historical rehabilitation tax credits.
- **Office of Smart Growth** works with local governments and community partners to foster economic growth and prosperity and the development of more livable and sustainable communities in Maryland.

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MDP's primary goals are to:

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

**The Division of Historical and Cultural Programs and the Maryland Heritage Areas Authority were merged with MDP in 2005. DLS has recommended previously that MDP update its MFR materials to recognize this merger, yet it still has not done so. MDP should comment on when it plans to update the MFR materials.**

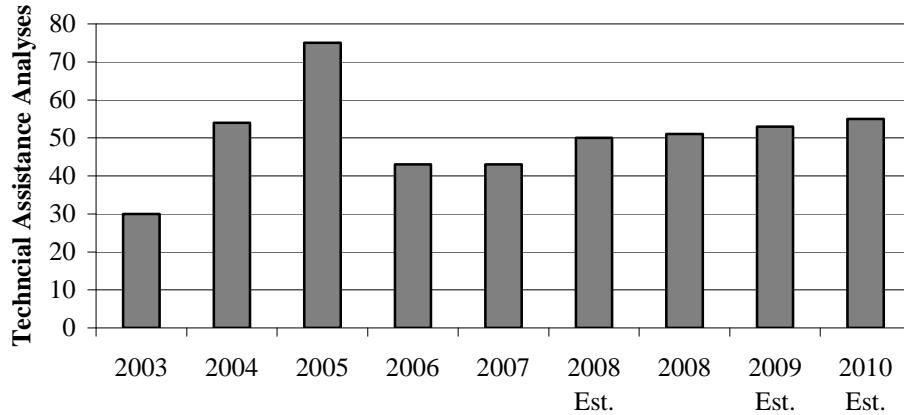
### **Performance Analysis: Managing for Results**

MDP's fiscal 2010 Managing for Results submission shows positive trends in three measures:

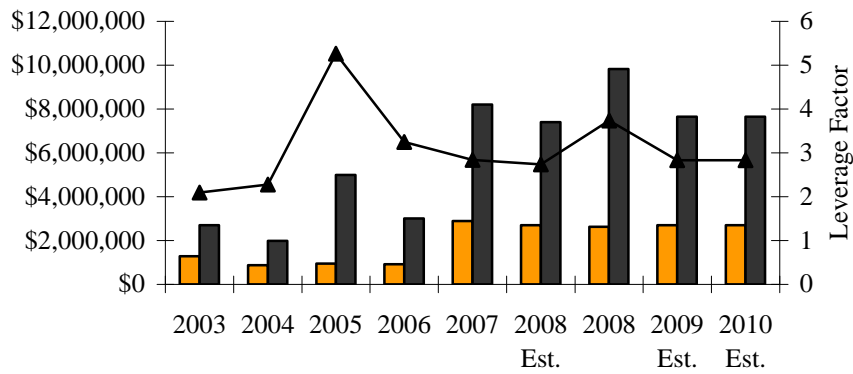
- number of analyses related to smart growth issues where technical assistance was completed – the number of analyses conducted by MDP related to smart growth increased between fiscal 2006 and 2008, perhaps related to the requirement for local governments to include water resources and municipal growth planning elements in their comprehensive plans; however, MDP no longer provides one form of technical assistance – the circuit rider program that works with local governments on meeting the planning requirements for the 1,000-foot Critical Area surrounding the Chesapeake Bay;
- Maryland Heritage Area Authority grants to Certified Heritage Areas – a substantial increase in the total amount of non-State match leveraged by the grants is shown between fiscal 2007 and 2008 and also between the fiscal 2008 estimate and the fiscal 2008 actual; and
- Jefferson Patterson Park and Museum visitors – MDP notes that the fiscal 2007 to 2008 visitation increase at Jefferson Patterson Park and Museum reflects the Indian Village exhibit completion and the Patuxent Encounters event which commemorated Captain John Smith; fiscal 2009 and 2010 visitation increases are anticipated due to the opening of a visitor center exhibit on archaeology and a new War of 1812 exhibit, respectively.

**Exhibit 1  
Managing for Results Submission  
Fiscal 2003-2010**

**Number of Technical Assistance Analyses Conducted**



**Maryland Heritage Areas Authority Grants to Certified Heritage Areas**



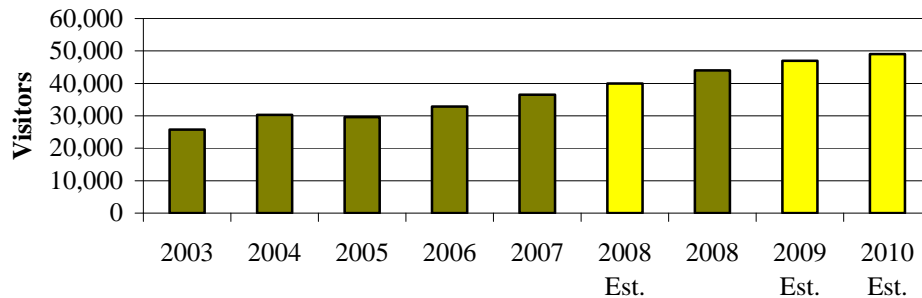
- Amount of MHAA grants awarded to CHAs
- Total amount of non-state match leveraged by MHAA grants
- ▲ Leverage factor

CHA: Certified Heritage Areas  
MHAA: Maryland Heritage Areas Authority

Note: Funding increased from \$1 million in fiscal 2006 to \$3 million in fiscal 2007

Exhibit 1 (Cont.)

Jefferson Patterson Park and Museum



Source: Governor’s Fiscal Books, Fiscal 2006-2010

DLS recommends that MDP comment on the impact of the loss of the circuit rider program on the ability of local jurisdictions to plan for the Critical Area and the reason for the substantial increase in the Maryland Heritage Areas Authority grants leveraged in fiscal 2008. MDP should also comment on the maximum capacity for Jefferson Patterson Park and Museum visitation given budget constraints and existing physical infrastructure.

**Fiscal 2009 Actions**

**Impact of Cost Containment**

The overall impact of the June 25 and October 15, 2008 Board of Public Works (BPW) actions is a reduction of 10 positions, \$1.2 million in general funds, \$5,124 in special funds, and \$4,153 in federal funds. A summary of the reductions follows:

- salaries, wages, and fringe benefits – \$717,543;
- Other Postemployment Benefits (OPEB) prefunding – \$210,072;
- Museum Services grant fund balances – \$162,000;
- statewide employee health insurance balances – \$57,992; and
- travel and vehicles – \$25,892.

In addition, to the BPW actions, MDP’s general fund appropriation is estimated to decrease \$135,100 in fiscal 2009 due to the across-the-board State salary reduction.

*Analysis of the FY 2010 Maryland Executive Budget, 2009*

## **Proposed Budget**

MDP's fiscal 2010 allowance decreases by \$695,000, or 3.4% relative to the fiscal 2009 working appropriation as shown in **Exhibit 2**. The changes by fund are a decrease of \$1.1 million in general funds, an increase of \$350,000 in special funds, an increase of \$34,000 in federal funds, and an increase of \$52,000 in reimbursable funds. The two main categories in the budget are personnel expenses and other changes. In personnel there is a reduction contingent upon the enactment of the Governor's Budget Reconciliation and Financing Act of 2009 (House Bill 101/Senate Bill 166), and in both categories there are across-the-board reductions.

### **Personnel**

Overall, personnel expenses decrease \$91,000 in the fiscal 2010 allowance relative to the fiscal 2009 working appropriation. Increases in employee and retiree health insurance spending of \$266,000, decreased turnover for existing positions of \$139,000, and higher retirement contribution spending of \$74,000 are offset by the following decreases:

- OPEB – the funding of \$125,000 for reducing the unfunded liability for OPEB is deleted;
- Social Security contributions – a reduction of \$34,000;
- workers' compensation premium assessment – a reduction of \$7,000; and
- across-the-board and contingent reductions of \$413,000.

### **Other Changes**

Overall, the non-personnel portion of the fiscal 2010 allowance decreases \$604,000. The areas of change include general planning policy and operations. General planning policy decreases \$380,000 in fiscal 2010. An increase of \$565,000 for contractual positions mostly reflects 5.5 new contractual positions in the Jefferson Patterson Park and Museum. These contractual positions reflect approximately \$210,000 of the \$565,000 increase, and the remaining portion, approximately \$325,000, may be attributed to how the transfer of the Commission on African American History and Culture to the Governor's Office of Community Initiatives was reflected in the budget in fiscal 2009. The increase for contractual positions is offset by a decrease of \$945,000 for Museum Assistance Program (\$613,138) and non-capital Historic Preservation Grant Program (\$332,281) grants.

**Exhibit 2**  
**Proposed Budget**  
**Department of Planning**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
2009 Working Appropriation	\$14,221	\$4,023	\$1,054	\$1,136	\$20,434
2010 Allowance	<u>13,543</u>	<u>4,379</u>	<u>1,093</u>	<u>1,195</u>	<u>20,211</u>
Amount Change	-\$678	\$356	\$39	\$59	-\$223
Percent Change	-4.8%	8.9%	3.7%	5.2%	-1.1%
Contingent Reduction	-\$452	-\$7	-\$5	-\$8	-\$471
Adjusted Change	-\$1,130	\$350	\$34	\$52	-\$695
Adjusted Percent Change	-7.9%	8.7%	3.2%	4.5%	-3.4%

**Where It Goes:**

**Personnel Expenses**

Employee and retiree health insurance pay-as-you-go costs .....	\$266
Decreased turnover for existing positions .....	139
Retirement contribution .....	74
Reduction of 6 positions and funding (Section 18) .....	-311
Reduction of Other Post Employment Benefits' unfunded liability .....	-125
Contingent reduction of deferred compensation.....	-102
Other compensation .....	-32

**Other Changes**

***Planning Policy***

Contractual funding increase for four contractals and underbudgeted fiscal 2009.....	565
Grant reductions in Maryland History Museum Assistance and Management Planning and Educational Outreach .....	-945

***Operations***

JPPM electricity cost increase .....	83
Travel charges increase.....	11
Other adjustments .....	9
Contractual service cost decreases in JPPM and Planning Data Services .....	-136
Motor vehicle decreases due to a one-time purchase and fleet costs in JPPM .....	-99
Communications charges decrease .....	-34

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**Where It Goes:**

*Across-the-board Reductions*

Reduction for contractual services (Section 24).....	-36
Reduction for contractual full-time equivalents (Section 23).....	-22
<b>Total</b>	<b>-\$695</b>

JJPM: Jefferson Patterson Park and Museum

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

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Spending on operations decreases \$366,000 in the fiscal 2010 allowance. Increases for Jefferson Patterson Park and Museum electricity costs at the Maryland Archaeological Conservation Laboratory and other buildings (\$83,000), travel charges (\$11,000), and other adjustments (\$9,000) are offset by the following decreases that may be partially attributed to how the transfer of the Commission on African American History and Culture was budgeted:

- contractual services – a reduction in Jefferson Patterson Park and Museum and Planning Data Services of \$136,000;
- motor vehicles – a reduction of \$99,000 due to a one-time vehicle purchase and reduced vehicle fleet costs at Jefferson Patterson Park and Museum; and
- communications charges – a reduction of \$34,000.

**Impact of Cost Containment**

Cost containment actions in the fiscal 2010 allowance include contingent reductions and across-the-board reductions. The one contingent reduction in MDP’s budget is the deletion of the deferred compensation match upon enactment of House Bill 101/Senate Bill 166. The deletion of the match reduces MDP’s overall appropriation by \$101,994.

Across-the-board reductions include the following:

- Section 18 – deletion of 6 positions and a reduction of \$311,676 in general funds as part of the abolition of 1,000 positions;
- Section 23 – reduction of \$21,978 in general funds to reduce FTEs; and
- Section 24 – reduction of \$35,782 in general funds in the expectation of savings in contracted services based on a favorable bidding climate.

Additional personnel actions may occur in the Maryland Department of Planning as part of a statewide \$30 million unallocated across-the-board general fund reduction.

## Issues

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### 1. Preparations for the 2010 Census

MDP’s involvement in the 2010 Census will increase in fiscal 2010; however, MDP does not have any additional resources in the fiscal 2010 allowance. MDP notes that it had received additional funding by this point in the two previous census cycles. However, MDP’s Planning Data Services received a transfer of three positions from the Office of Smart Growth in fiscal 2009. Two of these positions are filled doing redistricting work and analyzing population and labor trends, but no census outreach coordinator has been hired.

#### Benefits of the Census

An accurate census is necessary for determining Maryland’s Congressional representation and for receiving federal assistance, which MDP estimates is approximately \$900 per person per year. MDP estimates that every additional 1,000 people properly counted would mean approximately \$9.0 million in federal assistance over a ten-year period.

#### Key to a Successful Census

A key feature of a successful census is the mail response rate. The U.S. Census Bureau notes that census forms completed by the public are more accurate than forms completed by enumerators sent to check on households that have not responded. **Exhibit 3** compares Maryland’s census mail response rate to that of the U.S. average for the last two censuses. Areas or populations with low mail response rates are called hard-to-count and are the target of additional outreach. These areas include Baltimore City and the Washington, DC suburbs, and historically are undercounted.

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**Exhibit 3**  
**Census Mail Response Rate**  
**1990 and 2000 Censuses**

	<u>1990 Census</u>	<u>2000 Census</u>
U.S. Average	65%	67%
Maryland	70%	69%

Source: Maryland Department of Planning

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Exhibit 3 reflects a decrease in the census mail response rate for Maryland between the 1990 and 2000 censuses and an increase in the U.S. average. MDP notes that the decrease in Maryland’s mail response rate may be attributable to Maryland taking a more top-down approach in the 2000 Census, which appears to have been less effective than the more bottom-up approach taken in

the 1990 Census. The Secretary of State led the census effort in 2000 and apparently used approximately 20 FTEs to directly enumerate hard-to-count areas. In contrast, according to MDP, the 1990 Census was conducted as more of a bottom-up approach through complete count committees – partnerships formed to reach people through social networks.

**DLS recommends that MDP comment on why Planning Data Services has not filled one of the positions transferred from the Office of Smart Growth, how this position could be used for census outreach coordination, what the goal is for the 2010 census mail response rate, and how this goal will be achieved. MDP also should comment on whether it can complete its 2010 census activities without additional resources.**

## 2. Growth Task Force Report Issued

The Task Force on the Future for Growth and Development in Maryland issued its report on January 12, 2009, titled *Where Do We Grow from Here?* The main feature in the report is the development of two scenarios for describing how Maryland’s projected 1.1 million population increase between 2005 and 2030 may be handled. **Exhibit 4** describes these scenarios.

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### Exhibit 4 Scenarios for Maryland’s Growth through 2030

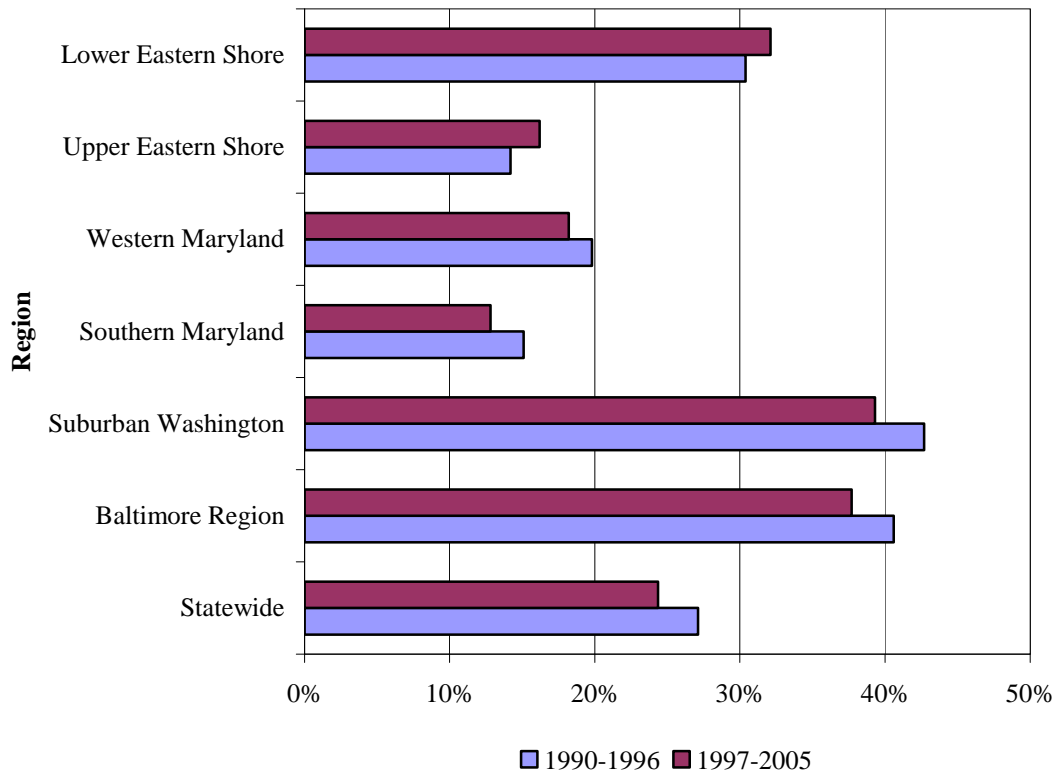
<u>Scenario</u>	<u>Assumptions</u>	<u>Population Growth</u>	<u>Additional Land Converted</u>
Current trends	Existing policies including zoning and sewer service areas	1.1 million	650,000 acres
Smart growth	New growth density of four units per acre, restrictive rural zoning of 1 unit per 20 acres, and 80% of the growth located in Priority Funding Areas	1.1 million	150,000 acres (500,000 acres preserved)

Source: *Where Do We Grow from Here: A Report of the Task Force on the Future for Growth and Development in Maryland, December 1, 2008*

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The task force recommends a number of measures with the intent of realizing the smart growth scenario of fewer acres developed and more acres preserved for the year 2030. However, the State’s primary strategy remains the “inside-outside” strategy of incentivizing growth inside priority funding areas and preservation in rural areas. To date this strategy appears to have had little impact on development patterns. For example, the percent of total residential acreage developed in PFAs was higher prior to the enactment of the Smart Growth Priority Funding Areas Act of 1997, as shown in **Exhibit 5**.

**Exhibit 5  
Percent of Total Residential Acreage Developed in Priority Funding Areas  
by Region and Statewide  
1990-1996 and 1997-2005**



Note: These tables include Priority Funding Area (PFA) Comment Areas, which are certified by a county as part of its PFA but do not meet statutory criteria.

Source: Maryland Department of Planning

While PFAs have been used as a carrot to encourage more compact development, significant resources are still being dedicated to growth projects outside PFAs. Historical data illustrating the percentage of total State expenditures that are (1) required to be in PFAs; and (2) are actually in PFAs, is not available. Furthermore, the State lacks data showing the relationship between non-residential development trends and PFAs, as well as data showing how total PFA acreage by jurisdiction has changed over time. Therefore, it is unclear whether the PFA incentive-based approach in Maryland is being fully implemented and enforced, and whether it can have a significant impact on development patterns.

If the State is to use the “inside-outside” strategy to reach the smart growth scenario for the year 2030, then it needs a baseline of State spending from the time of the enactment of the original smart growth legislation – Smart Growth Priority Funding Areas Act of 1997 – through the present.

MDP and the Smart Growth Subcabinet have provided fiscal 2008 data across State agencies in response to the reporting requirement of State Government Article Section 9-1406(i), but what is needed is historical data and the inclusion of all State operating and capital budget expenditures including local obligation bonds. **DLS recommends that MDP submit a report providing a historical breakdown of all forms of State spending both inside and outside priority funding areas from the time of the Smart Growth Priority Funding Areas Act of 1997 to the present.**

### **3. Land Preservation, Parks, and Recreation Plan Still Not Published**

The Maryland Land Preservation and Recreation Plan provides guidance on Program Open Space (POS) acquisition and development projects for local governments. It is required to be updated by MDP in cooperation with the Department of Natural Resources (DNR) every six years and was last updated in 2001. In addition, uncodified Section 2(b) of Natural Resources Article Section 5-906 required the submission of the plan by July 1, 2006.

Last year, MDP stated that the plan would be published in May 15, 2008, because of delays in the completion of county plans; however, county plans were completed by mid-2007, and yet the State plan publication date now has been pushed back a year to May 2009.

MDP indicates that the plan publication date has been pushed back due to the editorial decision to combine chapters in the plan and the decision, made jointly with DNR, to incorporate the following land use policy changes:

- implementation of the POS acquisition targeting process;
- revisions to the Maryland Agricultural Land Preservation Program easement valuation and State Agricultural Certification Program; and
- revised allocation of the new real estate transfer tax to State agencies and local governments.

**DLS recommends that \$1 million in general funds be restricted in MDP's fiscal 2010 budget contingent upon the publication of the Maryland Land Preservation and Recreation Plan by July 1, 2009.**

## ***Recommended Actions***

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1. Add the following language to the general fund appropriation:

, provided that \$1,000,000 of this appropriation may not be expended unless the Maryland Department of Planning (MDP) submits the Maryland Land Preservation and Recreation Plan to the budget committees by July 1, 2009. The budget committees shall have 45 days to review and comment.

**Explanation:** The Maryland Land Preservation and Recreation Plan is required to be updated by the Maryland Department of Planning (MDP) in cooperation with the Department of Natural Resources (DNR) every six years and was last updated in 2001. Last year MDP stated that the plan would be published May 15, 2008; however, the plan publication date now has been pushed back a year to May 2009. Therefore, \$1,000,000 in general funds may not be expended in MDP’s fiscal 2010 budget unless the Maryland Land Preservation and Recreation Plan is submitted by July 1, 2009.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Maryland Land Preservation and Recreation Plan	MDP	July 1, 2009

**Amount Reduction**

- |  |            |    |
|--|------------|----|
| 2. Delete funding for Museum Assistance Program grants. The Museum Assistance Program funding decreased \$613,138 between the fiscal 2009 working appropriation and the fiscal 2010 allowance. This recommended reduction deletes funding for the remaining \$474,862 in fiscal 2010, which would eliminate the grant to support the Women’s History Museum project and other projects. The Maryland Department of Planning reports that approximately \$1.0 million in grant interest has been expressed for fiscal 2010. | \$ 474,862 | GF |
|--|------------|----|
3. Adopt the following narrative:

**Report on Statewide Spending Related to Priority Funding Areas:** The committees are concerned that no historical baseline of statewide spending inside and outside of Priority Funding Areas is available. This spending would provide a better understanding of how the State’s primary smart growth tool – the focusing of State spending in Priority Funding Areas – is functioning. Therefore, the Maryland Department of Planning, in conjunction with

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the Smart Growth Subcabinet, should report to the committees on the amount of all State operating and capital budget spending (including local general obligation bonds) for each year from the inception of the 1997 Smart Growth Areas Act to the present. This report may be considered as additional information to that provided in fiscal 2009 by the Smart Growth Subcabinet as required under the reporting requirements of State Government Article Section 9-1406(i).

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on historical statewide spending related to Priority Funding Areas	MDP	Fiscal 2011 State budget submission
<b>Total General Fund Reductions</b>		<b>\$ 474,862</b>

## ***Updates***

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### **1. Commission on African American History and Culture which Operates the Banneker-Douglas Museum Transfers to Office of Community Initiatives**

Chapter 521 of 2008 created the Governor's Office of Community Initiatives and transferred to it MDP's Commission on African American History and Culture, among other programs, effective July 1, 2008. The duties of the Commission on African American History and Culture include the following:

- initiating projects that further the understanding of African American history and culture;
- coordinating the State's observance of the Martin Luther King, Jr. holiday;
- operating the Banneker-Douglas Museum in Annapolis; and
- preserving significant buildings and sites related to African American history.

## *Current and Prior Year Budgets*

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

	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
<b>Fiscal 2008</b>					
Legislative Appropriation	\$14,756	\$4,119	\$937	\$1,172	\$20,984
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	190	14	191	198	593
Cost Containment	-295	0	0	-47	-342
Reversions and Cancellations	-213	-465	-112	-108	-898
<b>Actual Expenditures</b>	<b>\$14,438</b>	<b>\$3,668</b>	<b>\$1,016</b>	<b>\$1,215</b>	<b>\$20,337</b>
<b>Fiscal 2009</b>					
Legislative Appropriation	\$15,374	\$3,838	\$976	\$1,131	\$21,319
Cost Containment	-1,173	-5	-4	0	-1,182
Budget Amendments	20	190	82	5	297
<b>Working Appropriation</b>	<b>\$14,221</b>	<b>\$4,023</b>	<b>\$1,054</b>	<b>\$1,136</b>	<b>\$20,434</b>

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

## **Fiscal 2008**

MDP's general fund appropriation decreased by a net of \$0.3 million. The changes are as follows:

- Budget amendments – an increase of \$190,385 for allocation of the cost-of-living adjustment (COLA) general fund appropriation as authorized in the fiscal 2008 budget bill;
- Cost containment – a decrease of \$294,846 for cost containment actions including reductions in salaries, wages, and fringe benefits for three positions (\$194,846) and reductions of Museum Assistance Program grants (\$100,000) approved by BPW on July 11, 2007; and
- Reversions and cancellations – a decrease of \$213,000 mostly due to funds being targeted for reversion at the end of fiscal 2008 in Planning Services (\$102,217), Museum Services (\$44,778), and Administration (\$34,756).

MDP's special fund appropriation decreased by a net of \$0.5 million. The changes are as follows:

- Budget amendments – an increase of \$13,920 for allocation of the COLA special fund appropriation as authorized in the fiscal 2008 budget bill; and
- Reversions and cancellations – a decrease of \$465,000 mostly due to Maryland Heritage Areas Authority special fund grants not being encumbered in fiscal 2008 (\$303,371) and cancellations in Planning Data Services (\$113,914).

MDP's federal fund appropriation increased by a net of \$79,000. The changes are as follows:

- Budget amendments – an increase of \$190,885 for State Historic Preservation Office salary funding from the Historic Preservation Fund Grants-in-aid grant (\$80,000), an unspecified federal fund grant (\$75,001), creation of an environmental science curriculum focused on the Chesapeake Bay for middle school students (\$25,000), and printing of a new paperback edition and a second hardcover edition of the book "John Smith's Chesapeake Voyages" (\$10,884); and
- Reversions and cancellations – a decrease of \$112,000 million mostly due to the shifting of a federal fund encumbrance from fiscal 2008 to fiscal 2009 and thus shown as a cancellation in fiscal 2009 (\$75,001) and a cancellation of funds in Planning Data Services (\$28,698).

MDP's reimbursable fund appropriation increased by a net of \$43,000. The changes are as follows:

- Budget amendments – an increase of \$198,147 due to funds transferred from the Department of Business and Economic Development for the development of a strategy and benchmarks to

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promote Smart Growth as part of the Base Realignment and Closure process (\$88,050), for funding transferred from DNR for conducting archival archaeological review of potential submerged features and an underwater remote sensing survey from the Ocean City inlet to the Delaware state line (\$48,065), for a transfer from the Governor’s Office of Children for staff salaries associated with basic network maintenance (\$45,864), and for a transfer of funds from the State Highway Administration for staff and salaries associated with a project to develop a database and digital map of archaeological sites and to design and implement a website for Maryland roadside historic markers (\$16,168);

- Cost containment – a decrease of \$46,980 due to reductions for salaries, wages, and fringe benefits to reflect the reduction of two positions across all funds as part of the statewide 500.15 position reduction approved by BPW at the January 30, 2008 meeting; and
- Reversions and cancellations – a decrease of \$107,513 mostly due to cancellations in Planning Services (\$93,764) and Administration (\$12,845).

**Fiscal 2009**

The general fund appropriation decreases by a net of \$1.2 million. The changes are as follows:

- Cost containment – a decrease of \$1.2 million due to salaries, wages, and fringe benefits reductions at the June 25, 2008, BPW meeting (\$319,300); abolition of 10 vacant positions and reductions for Museum Services grants, vehicles, and out-of-state travel approved at the October 15, 2008, BPW meeting (\$586,135); and fringe benefit appropriations being reduced as OPEB prefunding of \$210,072 was ceased and statewide employee health insurance balances of \$57,992 were used in lieu of budgeted funds, also approved at the October BPW meeting; and
- Budget amendments – an increase of \$20,023. Allocation of the COLA general fund appropriation as authorized in the fiscal 2009 budget bill (\$192,264) was partially offset by a decrease for a technical correction to funding for the transfer of the Commission on African American History and Culture from MDP to the Governor’s Office of Community Initiatives pursuant to Chapter 521 of 2008 (\$172,241).

The special fund appropriation increases by a net of \$0.2 million. The changes are as follows:

- Cost containment – a decrease of \$5,124 for cost containment actions relating to salaries, wages, and fringe benefits as part of BPW actions on June 25, 2008; and
- Budget amendments – an increase of \$189,754 for a technical correction to funding for the transfer of the Commission on African American History and Culture from MDP to the Governor’s Office of Community Initiatives pursuant to Chapter 521 of 2008 (\$175,532) and

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for allocation of the COLA special fund appropriation as authorized in the fiscal 2009 budget bill (\$14,222).

The federal fund appropriation increases by a net of \$78,000. The changes are as follows:

- Cost containment – a decrease of \$4,153 for cost containment actions relating to salaries, wages, and fringe benefits as part of BPW actions on June 25, 2008; and
- Budget amendments -- an increase of \$82,493 for a technical correction to funding for the transfer of the Commission on African American History and Culture from MDP to the Governor's Office of Community Initiatives pursuant to Chapter 521 of 2008.

The reimbursable fund appropriation increases by \$4,403 for a budget amendment that makes a technical correction to funding for the transfer of the Commission on African American History and Culture from MDP to the Governor's Office of Community Initiatives pursuant to Chapter 521 of 2008.

## ***Audit Findings***

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Audit Period for Last Audit:	March 28, 2005 – October 31, 2007
Issue Date:	July 2008
Number of Findings:	4
Number of Repeat Findings:	1
% of Repeat Findings:	25%
Rating: (if applicable)	n/a

***Finding 1:*** Adequate procedures for certifying Heritage Structure Rehabilitation Tax Credit Program tax credits lacking.

***Finding 2:*** **Proper spending of grant funds and compliance with related reporting requirements not ensured.**

***Finding 3:*** Certain equipment totaling \$537,000 could not be located after the transfer of the Division of Historical and Cultural Programs from the Department of Housing and Community Development and physical inventories were not conducted as required.

***Finding 4:*** Certain critical disbursement transactions were not adequately controlled.

\*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	184.00	167.00	167.00	0	0%
02 Contractual	13.36	5.20	20.45	15.25	293.3%
<b>Total Positions</b>	<b>197.36</b>	<b>172.20</b>	<b>187.45</b>	<b>15.25</b>	<b>8.9%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 12,675,633	\$ 13,307,263	\$ 13,629,713	\$ 322,450	2.4%
02 Technical and Spec. Fees	471,773	177,414	742,213	564,799	318.4%
03 Communication	188,214	234,867	201,261	-33,606	-14.3%
04 Travel	289,697	123,679	135,100	11,421	9.2%
06 Fuel and Utilities	379,624	344,546	423,623	79,077	23.0%
07 Motor Vehicles	48,455	178,857	78,633	-100,224	-56.0%
08 Contractual Services	1,004,123	898,626	806,115	-92,511	-10.3%
09 Supplies and Materials	316,096	185,606	170,556	-15,050	-8.1%
10 Equipment – Replacement	226,030	81,466	81,466	0	0%
11 Equipment – Additional	247,720	14,048	14,048	0	0%
12 Grants, Subsidies, and Contributions	4,357,840	4,776,750	3,831,331	-945,419	-19.8%
13 Fixed Charges	94,989	110,877	96,461	-14,416	-13.0%
14 Land and Structures	38,175	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 20,338,369</b>	<b>\$ 20,433,999</b>	<b>\$ 20,210,520</b>	<b>-\$ 223,479</b>	<b>-1.1%</b>
<b>Funds</b>					
01 General Fund	\$ 14,438,961	\$ 14,220,744	\$ 13,542,999	-\$ 677,745	-4.8%
03 Special Fund	3,668,258	4,023,029	4,379,440	356,411	8.9%
05 Federal Fund	1,015,794	1,054,491	1,093,163	38,672	3.7%
09 Reimbursable Fund	1,215,356	1,135,735	1,194,918	59,183	5.2%
<b>Total Funds</b>	<b>\$ 20,338,369</b>	<b>\$ 20,433,999</b>	<b>\$ 20,210,520</b>	<b>-\$ 223,479</b>	<b>-1.1%</b>

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary  
Department of Planning**

<u>Program/Unit</u>	<u>FY08 Actual</u>	<u>FY09 Wrk. Approp.</u>	<u>FY10 Allowance</u>	<u>Change</u>	<u>FY09 - FY10 % Change</u>
01 Administration	\$ 3,164,287	\$ 3,474,565	\$ 3,534,629	\$ 60,064	1.7%
02 Communications and Intergovernmental Affairs	929,144	916,805	964,229	47,424	5.2%
03 Planning Data Services	1,704,356	1,916,416	1,972,072	55,656	2.9%
04 Planning Services	3,286,965	3,354,419	3,353,547	-872	0%
07 Management Planning and Educational Outreach	4,257,932	4,718,752	4,543,506	-175,246	-3.7%
08 Museum Services	4,604,852	3,525,120	3,284,050	-241,070	-6.8%
09 Research Survey and Registration	1,116,715	1,163,048	1,294,313	131,265	11.3%
10 Preservation Services	933,284	980,791	1,064,305	83,514	8.5%
13 Office of Smart Growth	340,834	384,083	199,869	-184,214	-48.0%
<b>Total Expenditures</b>	<b>\$ 20,338,369</b>	<b>\$ 20,433,999</b>	<b>\$ 20,210,520</b>	<b>-\$ 223,479</b>	<b>-1.1%</b>
General Fund	\$ 14,438,961	\$ 14,220,744	\$ 13,542,999	-\$ 677,745	-4.8%
Special Fund	3,668,258	4,023,029	4,379,440	356,411	8.9%
Federal Fund	1,015,794	1,054,491	1,093,163	38,672	3.7%
<b>Total Appropriations</b>	<b>\$ 19,123,013</b>	<b>\$ 19,298,264</b>	<b>\$ 19,015,602</b>	<b>-\$ 282,662</b>	<b>-1.5%</b>
Reimbursable Fund	\$ 1,215,356	\$ 1,135,735	\$ 1,194,918	\$ 59,183	5.2%
<b>Total Funds</b>	<b>\$ 20,338,369</b>	<b>\$ 20,433,999</b>	<b>\$ 20,210,520</b>	<b>-\$ 223,479</b>	<b>-1.1%</b>

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.