

K00A
Department of Natural Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$72,868	\$56,487	\$59,556	\$3,069	5.4%
Deficiencies and Reductions	0	0	-145	-145	
Adjusted General Fund	\$72,868	\$56,487	\$59,411	\$2,924	5.2%
Special Fund	121,542	147,903	165,118	17,215	11.6%
Deficiencies and Reductions	0	1,114	-203	-1,317	
Adjusted Special Fund	\$121,542	\$149,017	\$164,915	\$15,898	10.7%
Federal Fund	26,824	28,426	28,969	543	1.9%
Deficiencies and Reductions	0	2,158	-28	-2,187	
Adjusted Federal Fund	\$26,824	\$30,584	\$28,940	-\$1,644	-5.4%
Reimbursable Fund	8,584	15,318	10,896	-4,422	-28.9%
Adjusted Reimbursable Fund	\$8,584	\$15,318	\$10,896	-\$4,422	-28.9%
Adjusted Grand Total	\$229,818	\$251,405	\$264,162	\$12,757	5.1%

- The Department of Natural Resources (DNR) budget includes fiscal 2016 deficiencies, which would increase DNR's special fund appropriation by \$1,114,000 for purchasing intelligence sharing-related equipment and distributing gaming revenue, and increase the federal fund appropriation by \$2,158,077 for forest-related activities, Wildlife Management Area operations, environmental monitoring, and watershed planning.
- The overall adjusted change in the DNR budget is an increase of \$12.8 million, or 5.1%. The major change is a special fund increase of \$13.7 million from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. Other major changes include an increase of general fund spending primarily as a result of the need to backfill Forest Service special funds from the Forest or Park Reserve Fund that are now dedicated to the Maryland Park Service by Chapter of 389 of 2015 (Maryland Park Service – Operations Revenue – Mandated Appropriation).

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

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Personnel Data

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>
Regular Positions	1,293.50	1,320.50	1,340.50	20.00
Contractual FTEs	<u>360.76</u>	<u>446.62</u>	<u>423.33</u>	<u>-23.29</u>
Total Personnel	1,654.26	1,767.12	1,763.83	-3.29

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	82.27	6.23%
Positions and Percentage Vacant as of 12/31/15	68.50	5.19%

- DNR's regular positions increase by 20.0 between the fiscal 2016 working appropriation and the fiscal 2017 allowance. The 20.0 new regular positions are contractual conversions as follows: 15.0 are contractual conversions where currently there are filled contractual full-time equivalents (FTE) that will become regular positions, and 5 are for contractual FTEs that will be hired in fiscal 2016 for the opening of the Harriet Tubman Underground Railroad State Park and then will be converted to regular positions in fiscal 2017. All of the new positions are budgeted at 6.01% turnover because they are, or will be, filled.
- DNR's contractual FTEs decrease by a net of 23.29 in the fiscal 2017 allowance. The majority of the contractual FTEs reduced, 19.6 FTEs, reflect the conversion to regular positions.
- DNR's turnover rate decreased from 7.05% in the fiscal 2016 working appropriation to 6.23% in the fiscal 2017 allowance, which reflects a decrease from 93.10 necessary vacancies to 83.51 necessary vacancies (82.27 when new positions are excluded), which DNR may find difficult to handle given there only are 68.50 vacancies as of December 31, 2015.
- DNR has 4.0 regular positions that were moved to the Office of the Secretary as part of fiscal 2016 working appropriation actions. DNR notes that this move was to improve customer service by creating an Office of Citizen Services staffed with 3.0 regular positions and that an additional position was transferred to create a special assistant position for the Assistant Secretary for Lands.
- The Natural Resources Police had its fifty-seventh Academy Class in fiscal 2015. The academy began on April 1, 2015, with 22 recruits and ended on October 31, 2015, with the same number of officers. The next class of 30 is anticipated to start on March 30, 2016.

Analysis in Brief

Major Trends

No Apparent Correlation Between Harmful Algal Blooms and Fish Kills: There does not appear to be a clear correlation between harmful algal blooms and fish or human health events reported/responses. DNR notes that the harmful algal blooms may have one or more of the following impacts: fish kills, toxicity to humans, reduction in water clarity, submerged aquatic vegetation declines, and dissolved oxygen declines.

Power Plant Research Program Projects under Review Fluctuate Due to Electricity Demand and Incentives: DNR attributes the variability in the number of applications for certificates of public convenience and necessity for new/modified power plants/transmissions lines to two main factors: (1) electricity market deregulation in 1999, which resulted in merchant generators responding to electricity market demand; and (2) State and federal incentives such as the Production Tax Credit, Investment Tax Credit, and the Maryland Renewable Portfolio Standard.

Maryland Biological Survey Sampled Sites and Volunteer Samples Processed Are Inversely Correlated Starting in Fiscal 2014: There is an inverse relationship between Maryland Biological Stream Survey (MBSS) sites sampled and volunteer benthic samples. DNR notes that the MBSS competes for laboratory time with its volunteer component – the Stream Waders volunteer benthic sampling program. As a result, DNR notes that it has reduced its effort to process Stream Waders volunteer benthic sampling, primarily as a result of budget and staff limitations.

Female Spawning Crabs Are a Strong Indicator of Total Crab Abundance: Between calendar 1990 and 2015, the female spawning blue crabs were under the 70 million crab threshold in three years – 1999 (53 million), 2001 (61 million), and 2002 (55 million) – and were above the 215 million target in two years – 1991 (227 million) and 2010 (246 million). Of note, there appears to be a correlation between the number of female spawning blue crabs and the total number of crabs.

Issues

Fee Reductions Continue: The Administration implemented fee reductions on September 15, 2015. In addition, the Administration has introduced SB 389 and HB 459 (Fee, Surcharge, and Tax Reduction Act of 2016) in the 2016 session that would eliminate the electricity surcharge funding the Environmental Trust Fund and modify DNR's fishing license fees beginning in fiscal 2018. **DLS recommends that DNR comment on the long-term impact of funding the Power Plant Assessment Program with Strategic Energy Investment Fund revenues and the rationale for reducing angler and coastal sport fishing license fees in fiscal 2018 given the recent effort to make the Fisheries Service more self-sufficient through cost recovery.**

Maryland Park Service Experiences Special Fund Revenue Bump: The Maryland Park Service's revenues appear to have stabilized in the fiscal 2017 allowance. The two main special fund revenues

– the State transfer tax and Forest or Park Reserve Fund revenues – both increase in fiscal 2017. The increased revenues raise the question of whether the Maryland Park Service should pass along some of its new revenue to park users in the form of reduced park fees. **DLS recommends that DNR comment on the status of pursuing the revenue opportunities noted in the Land Preservation Workgroup report requested by the budget committees in the 2015 Joint Chairmen’s Report. DLS also recommends that DNR comment on how full-service cabin, mini-cabin, individual and group camping site, electrical hookup, and park day use fees can be reduced.**

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Allocation Increases Due to the End of Transfers: The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund is financed with a portion of existing revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals. Fiscal 2017 reflects the first time full funding is provided for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. The additional funding primarily will be used for cost-effective nonpoint source projects. **DLS recommends that DNR comment on how it will be using the Genuine Progress Indicator to measure the relative economic, environmental, and social benefits of the Cannery Project, whether the use of the Genuine Progress Indicator will have implications for future project selection; and any preliminary information about the cost-effective nonpoint source project competitive solicitation responses received to date.**

Recommended Actions

	<u>Funds</u>
1. Reduce funding for vehicles in Natural Resources Police – Field Operations.	\$ 382,500
2. Reduce funding for the Maryland Energy Administration contingent on legislation.	
Total Reductions	\$ 382,500

Updates

Baltimore City Unrest Funding Update: In April 2015, there were protests and riots in Baltimore City. As authorized by Section 14-107 of the Public Safety Article, the Governor declared a State of Emergency. In response to the unrest, several State agencies were activated and involved in restoring the peace and promoting safety. Natural Resources Police officers provided assistance from April 27, 2015, to May 3, 2015. The Administration processed budget amendment 114-15, which transferred \$20 million in special funds from the Revenue Stabilization Account (commonly referred to as the Rainy Day Fund) to the Board of Public Works Contingent Fund. The funds are to be used to reimburse State agencies for costs associated with protests and riots in Baltimore City and to aid in recovery. DNR received a transfer of \$210,836 in cash in fiscal 2015 to reflect its eligible costs.

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 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), legal services, and integrated policy and review.
- **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 over 123,000 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.
- **Land Acquisition and Planning:** Administers diverse financial assistance programs that support public land and easement acquisitions and local grants and leads the preparation of the Maryland Land Preservation and Recreation Plan.
- **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 recreational hunting and fishing licenses.
- **Natural Resources Police:** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law; provides primary law enforcement services for Maryland's public lands owned by DNR; and serves as the State's lead on maritime homeland security.
- **Engineering and Construction:** Provides engineering, project management, and in-house construction services.

K00A – Department of Natural Resources

- **Critical Area Commission for the Chesapeake and Atlantic Coastal Bays:** Implements the cooperative resource protection program between the State and local governments in the 1,000-foot wide Critical Area surrounding the Chesapeake Bay by reviewing local development proposals, providing technical planning assistance to local governments, approving amendments to local plans, and providing grants for the implementation of 64 local critical area programs.
- **Boating Services:** Coordinates the Clean Marina Initiative and Pumpout Program, oversees a State-owned and a State-leased marina; funds public boating access facilities and navigation channel dredging; and places regulatory markers and navigation aids in support of sustainable development, use, and enjoyment of Maryland waterways for the general boating public.
- **Resource Assessment Service:** Evaluates and directs implementation of environmental restoration and protection policy for tidal and nontidal 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.
- **Chesapeake and Coastal Service (formerly Watershed Services):** Coordinates State efforts to restore and protect the Chesapeake and Atlantic Coastal Bays by providing technical assistance and financial resources to local governments, State government agencies, nonprofit organizations, and private landowners in order to restore local waterways and prepare for future storms and coastline changes.
- **Fisheries Service:** Manages commercial and recreational harvests to maintain sustainable fisheries and to optimize recreational and economic use of these resources.

DNR's goals included in the fiscal 2017 Governor's Budget Books reflect the removal of the goal to achieve a diverse workforce and efficient operations and the inclusion of the goal to protect Maryland's ecologically valuable lands and waters. DNR's modified goals are to achieve the following:

- accelerated recovery of coastal resources through improved water quality;
- healthy and productive Maryland watershed lands, ocean, estuaries, wetlands, streams, and rivers;
- improvement in environmental literacy to motivate individuals and groups to take actions that benefit Chesapeake, coastal, and ocean resources;

- a conserved and managed statewide network of ecologically valuable private and public lands;
- diverse outdoor recreation opportunities for Maryland citizens and visitors; and
- protection of Maryland’s ecologically valuable lands and waters through effective project review, including permit applications, and policy strategies.

Performance Analysis: Managing for Results

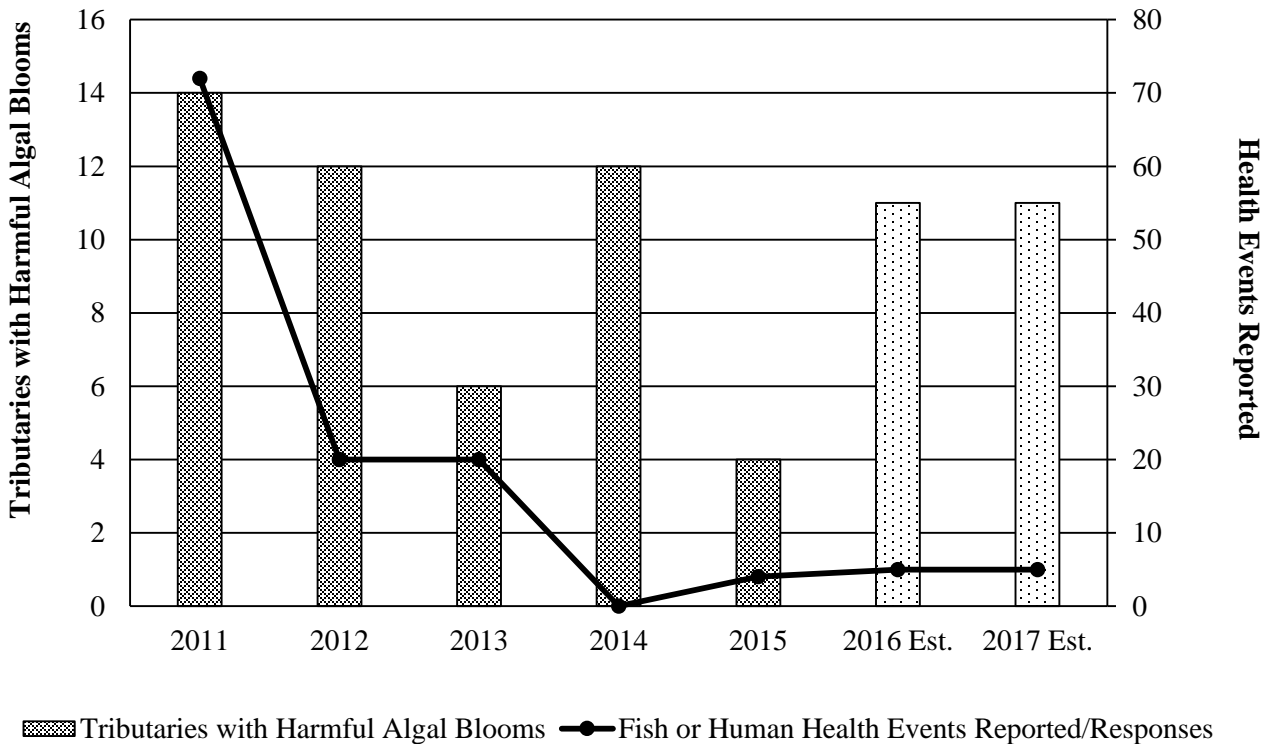
The Managing for Results analysis shows that (1) there is no apparent correlation between harmful algal blooms and fish kills; (2) Power Plant Research Program projects under review fluctuate due to electricity demand and incentives; (3) Maryland Biological Survey sampled sites and volunteer samples processed are recently inversely correlated; and (4) female spawning crabs determine total crab abundance.

1. No Apparent Correlation Between Harmful Algal Blooms and Fish Kills

DNR has the goal of accelerating the recovery of coastal resources through improved water quality. An objective under this goal is to produce technical assessments on harmful algal bloom distribution and prevalence for Maryland’s waters, develop new management strategies, and provide timely information to the public and agencies charged with protecting public health. Performance measures under this goal and objective include (1) the number of tributaries with harmful algal blooms, and (2) the number of fish or human health events reported/responses.

Exhibit 1 reflects the data for both these measures between fiscal 2011 and the estimate for fiscal 2017. Over the time period time shown, there have been approximately 10 harmful algal blooms per year since fiscal 2011 while there were 72 fish kills in fiscal 2011, but then relatively few in recent years. While initially an attractive supposition, there does not appear to be a clear correlation between harmful algal blooms and fish or human health events reported/responses. DNR notes that the harmful algal blooms may have one or more of the following impacts: fish kills, toxicity to humans, reduction in water clarity, submerged aquatic vegetation declines, and dissolved oxygen declines.

Exhibit 1
Harmful Algal Blooms Impact on Health Events
Fiscal 2011-2017 Est.



Source: Department of Budget and Management

2. Power Plant Research Program Projects under Review Fluctuate Due to Electricity Demand and Incentives

DNR has the goal to achieve healthy and productive Maryland watershed lands, ocean, estuaries, wetlands, streams, and rivers. An objective under this goal is to annually issue assessments and recommendations to minimize the environmental, public health, and socioeconomic impacts of electric energy facilities. The performance measure for this objective is the number of new power plant/transmission line projects under review.

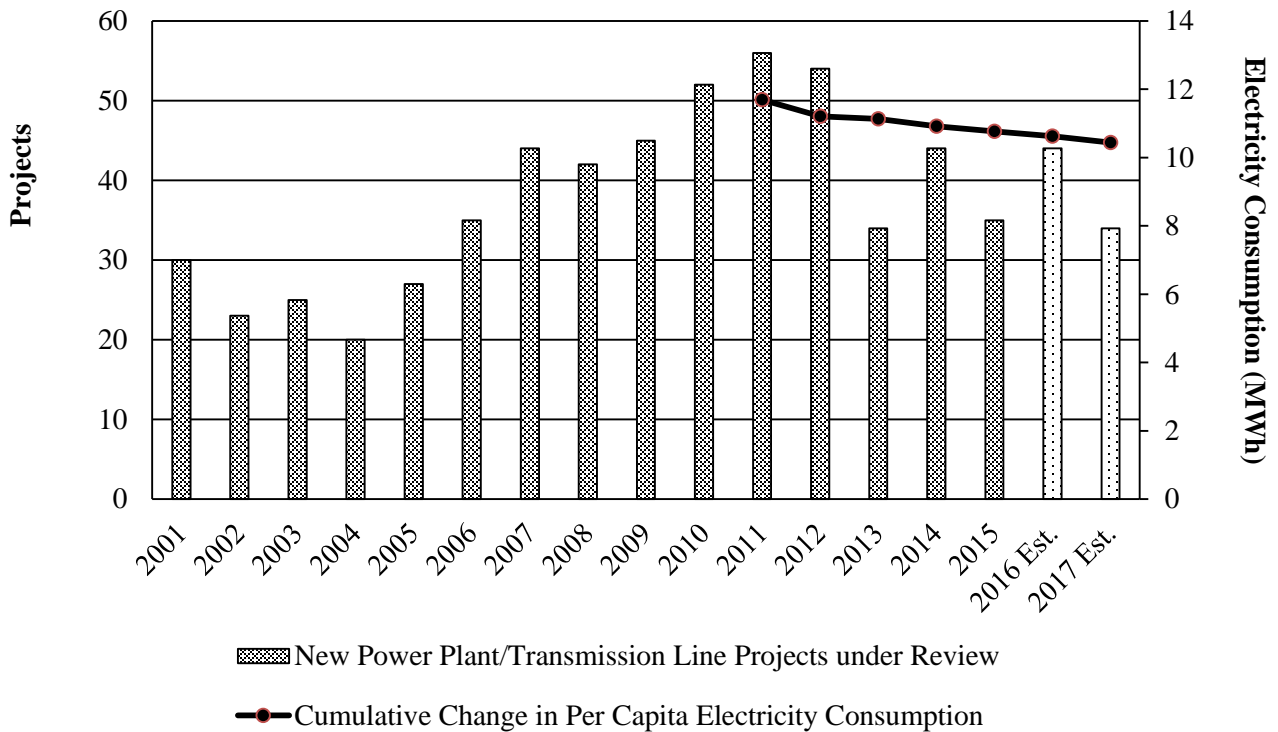
DNR notes that the Power Plant Research Program reviews four types of projects (example projects are described):

K00A – Department of Natural Resources

- **New Power Plants** – an application for a new 1,000 megawatt natural gas generator on a green-field site;
- **Modifications to Existing Power Plants** – an application for the installation of new equipment to accommodate new air quality regulations or a plant upgrade to improve the power output to meet projected economic upward trends;
- **New Transmission Lines** – an application for construction and operation of a new 500 kilovolt line; and
- **Modifications to Transmission Lines** – an application for a rebuild of an existing 138 kilovolt line to accommodate a second line or to upgrade it to a higher voltage to meet increased electrical demand.

As shown in **Exhibit 2**, the number of certificates of public convenience and necessity for new/modified power plants/transmission lines varies from year-to-year from a low of 20 in fiscal 2004 to a high of 56 in fiscal 2011. DNR attributes the variability to two main factors as follows: (1) electricity market deregulation in 1999, which resulted in merchant generators responding to electricity market demand; and (2) State and federal incentives such as the Production Tax Credit, Investment Tax Credit, and the Maryland Renewable Portfolio Standard. As a result of deregulation, recessions, which suppress electricity demand, also reduce the number of applications for certificates of public convenience and necessity. Other factors that reduce applications include tight financing conditions, reduced household growth, and increased implementation of energy efficiency measures. Conversely, State and federal incentives increase the number of applications for particular types of projects such as solar power facilities. Finally, DNR notes that PJM Interconnection, LLC – the regional grid operator – recently approved a performance incentive program, which rewards good plant performance and penalizes poor plant performance. This new program may induce merchant generators to retrofit units to ensure additional reliability during times of peak load or shortages in fuel supply.

Exhibit 2
Number of New Power Plant/Transmission Line Projects
Under Review and Per Capita Electricity Consumption
Fiscal 2001-2017 Est.



MWh: megawatt hours

Note: The baseline is 2007 (12.3773 MWh).

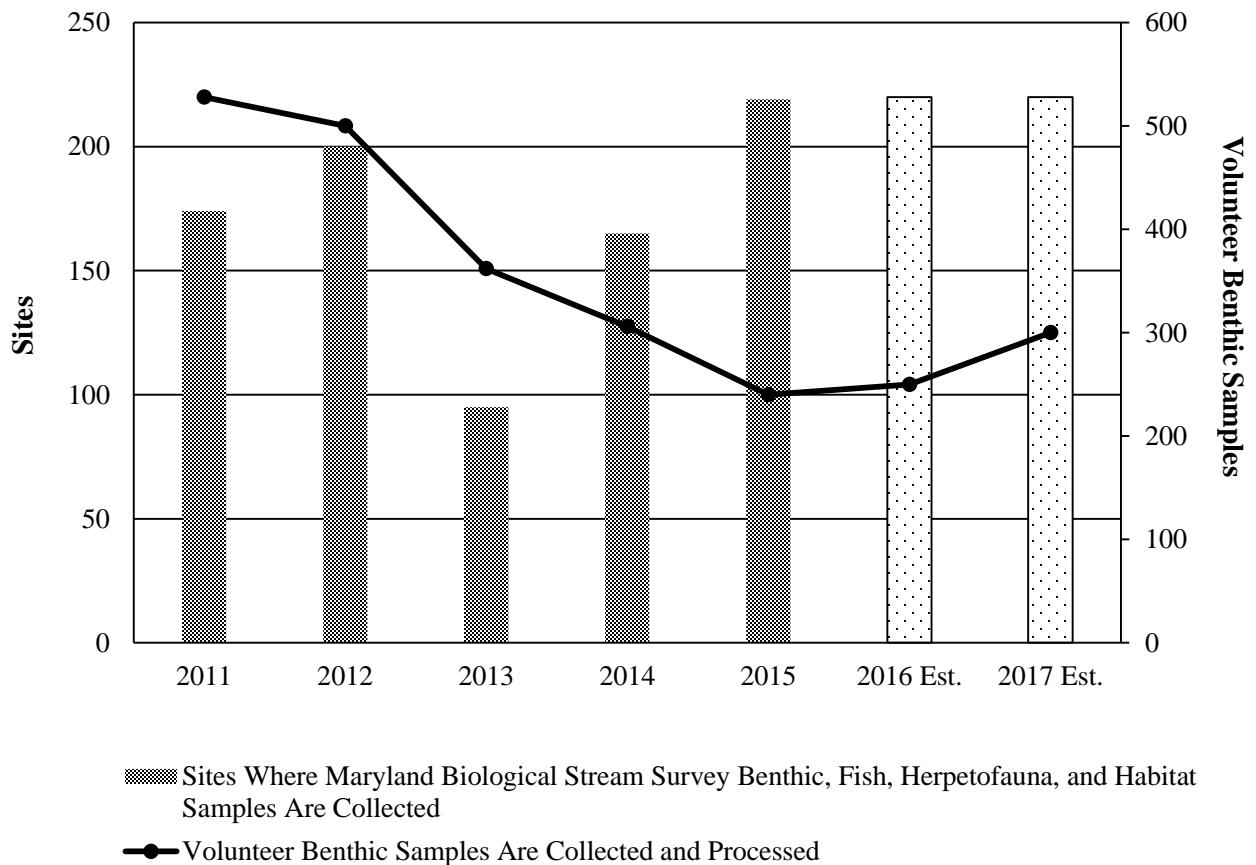
Source: Department of Budget and Management

3. Maryland Biological Survey Sampled Sites and Volunteer Samples Processed Are Inversely Correlated Starting in Fiscal 2014

Under the goal of accelerating the recovery of coastal resources through improved water quality, DNR also has the objective of assessing ecosystem components within nontidal waters to evaluate critical fisheries and habitat elements for protection and/or restoration. Two performance measures are relevant to this objective: (1) the number of sites where Maryland Biological Stream Survey (MBSS) benthic, fish, herpetofauna, and habitat samples are collected; and (2) the number of volunteer benthic samples collected and processed.

Exhibit 3 shows that recently there is an inverse relationship between MBSS sites sampled and volunteer benthic samples. DNR notes that the MBSS, which has been completed three times over multiple years since 1995 and was initiated again in 2014, competes for laboratory time with its volunteer component – the Stream Waders volunteer benthic sampling program. As a result, DNR notes that it has reduced its effort to process Stream Waders volunteer benthic sampling, primarily as a result of budget and staff limitations. DNR also notes that funding to support both the MBSS and the Stream Waders program sampling has declined due to the intent to contain costs. In order to handle this funding decrease, DNR has provided fewer training opportunities for volunteers, which, in turn, has led to fewer samples being submitted by volunteers to DNR’s benthic laboratory.

Exhibit 3
Maryland Biological Stream Survey Sites and
Samples Collected/Processed
Fiscal 2011-2017 Est.



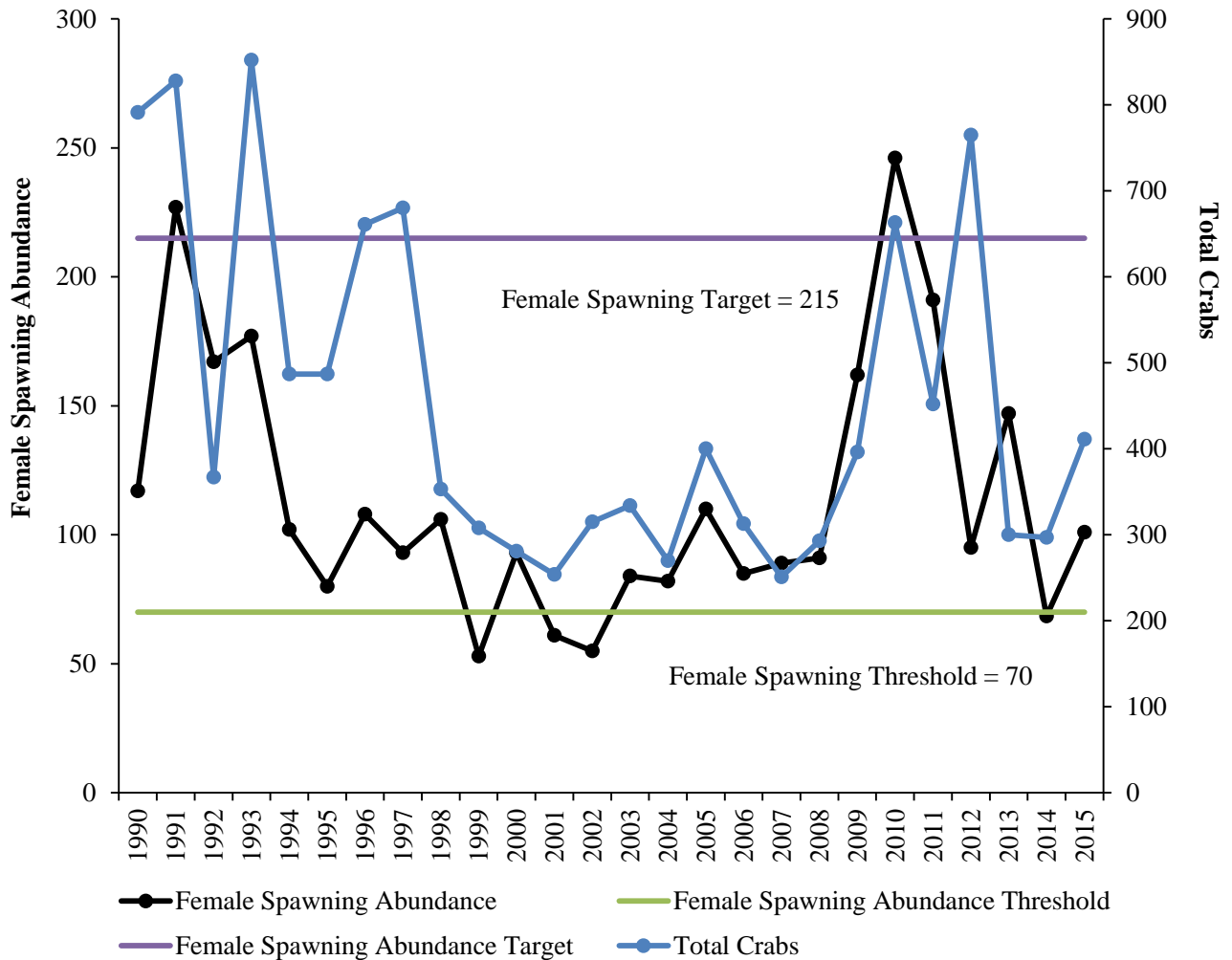
Source: Department of Budget and Management

4. Female Spawning Crabs Are a Strong Indicator of Total Crab Abundance

Under the goal of achieving healthy and productive Maryland watershed lands, ocean, estuaries, wetlands, streams, and rivers, DNR also has the objective annually to achieve fishery sustainability objectives (target fishing level and/or biomass threshold) for blue crab, striped bass, and oyster fisheries. While not included as part of DNR's performance measures, an alternative measure for blue crab sustainability is the goal of being above a threshold of 70 million female spawning crabs and meeting a target of 215 million crabs. More specifically, this measure accounts for female blue crabs bigger than 2.4 inches in carapace width, which are the females that will spawn in a given year and make up the female spawning stock for the Chesapeake Bay population.

Exhibit 4 reflects that between calendar 1990 and 2015, the female spawning blue crabs were under the 70 million crab threshold in three years – 1999 (53 million), 2001 (61 million), and 2002 (55 million) – and were above the target in two years – 1991 (227 million) and 2010 (246 million). Of note, as predicted there appears to be a correlation between the number of female spawning blue crabs and the total number of crabs. DNR notes that maintaining the female spawning stock abundance as close to the target is important for reducing the chances of a low recruitment of crabs. This is because, even though the blue crab has a high reproductive capacity, there are a large number of environmental factors that affect the crabs in the Chesapeake Bay each year.

Exhibit 4
Female Crab Spawning Abundance Impact on Total Crabs
Calendar 1990-2015
(Millions)



Source: Chesapeake Bay Program, *Winter Dredge Survey and Blue Crab Advisory Report*

Fiscal 2016 Actions

Two categories of actions impact the DNR fiscal 2016 budget: proposed deficiencies and a 2% across-the-board reduction.

Proposed Deficiency

The Governor has submitted five deficiency appropriations for the fiscal 2016 operating budget, which would increase DNR's special fund appropriation by \$1,114,000 and increase the federal fund appropriation by \$2,158,077. The appropriation changes would be as follows.

- **Forest Service** – There is an increase of \$477,000 in federal funds for expenses associated with grants for Emerald Ash Borer treatment, technical assistance to increase forest buffer restoration, and wildlife risk reduction using U.S. Department of Agriculture funding from the Farm Service Agency's Conservation Reserve Program (\$177,000), Forest Service's Cooperative Forestry Assistance (\$270,000), and Forest Service's Forest Stewardship Program (\$30,000).
- **Wildlife and Heritage Service** – Funding increases by \$673,796 in federal funds for managing Wildlife Management Areas, conducting research studies and projects, and purchasing a dump truck from the U.S. Department of the Interior – Fish and Wildlife Service's Wildlife Restoration and Basic Hunter Education funding.
- **Land Acquisition and Planning** – Funding from the Calvert County Gaming Tax Fund is increased by \$918,000 in special funds for revenue distributions to the Boys and Girls Club of North Beach (\$50,000), the Town of North Beach (\$276,000), and the Town of Chesapeake Beach (\$592,000). This funding previously was not budgeted in the State budget but was instead paid directly by the Comptroller under Tax – General Article Section 2-202. On a separate but related note, the fiscal 2017 allowance includes an increase of \$249,279 for a total of \$945,242 that represents the funding typically granted by DNR to increase youth recreational opportunities in Calvert County from the State admissions and amusement tax on electronic bingo and electronic tip jars in Calvert County under Natural Resources Article Section 5-1901.
- **Natural Resources Police** – The special fund appropriation is increased by \$196,000 from the donations account for purchasing intelligence sharing-related equipment.
- **Chesapeake and Coastal Service** – There is an increase of \$1,007,281 in federal funds for passive acoustic monitoring of marine mammals as part of offshore wind studies from the U.S. Department of the Interior – Bureau of Ocean Energy Management's Environmental Studies Program (\$768,718), and for assistance to local governments and communities for watershed planning and implementation efforts in the Chesapeake Bay watershed from the U.S. Environmental Protection Agency (EPA) – Office of Water's Chesapeake Bay Program funding (\$238,563).

Cost Containment

The DNR fiscal 2016 budget is reduced by the across-the-board reduction implemented in the 2015 legislative session. The DNR share of the reduction was \$1,126,000 as shown in **Exhibit 5**.

Exhibit 5
2% Across-the-board Cost Containment
Fiscal 2016

<u>Program</u>	<u>Action</u>	<u>Funding</u>
Agencywide	Reduce State-issued cell phones and delete mobile data plans for most tablet devices (\$44,800), and reduce funds for network circuit costs shifted to a controlled object set by the Department of Information Technology (\$487,557).	\$532,357
Forest Service	Use increased special fund revenue from timber harvests on State lands in place of general funds for salaries.	200,000
Natural Resources Police – General Direction	Reduce water craft purchases.	118,763
Fisheries Service	Shift the fund source for the Seafood Marketing Program’s Administrative Officer from general funds to special funds (seafood marketing surcharge funds – \$45,000) and reduce planned offshore monitoring (\$32,300).	77,300
Chesapeake and Coastal Services	Delete remaining funding for the Tributary and Wetland Restoration program dedicated to the on-the-ground wetland restoration projects that may be eligible for Chesapeake and Atlantic Coastal Bays 2010 Trust funding in the future.	54,000
Critical Area Commission	Reduce temporary office services and reduce mapping initiatives.	42,329
Wildlife and Heritage Service	Delete funding for print production of the annual guide to hunting and trapping.	40,000
Office of the Secretary – Audit and Executive Direction, Office of the Attorney General, Finance and Administrative Services	Reduce funding for travel (\$2,500), contractual services (\$6,200), supplies (\$4,531), photocopier costs (\$4,000), and Annapolis Data Center Charges (\$22,000).	39,231
Resource Assessment Service: Maryland Geological Survey	Use Power Plant Research Program funds in place of general funds to support Maryland Geologic Survey salaries for carbon dioxide geologic sequestration activities.	20,000
Engineering and Construction	Reduce office supplies.	2,020
Total		\$1,126,000

Source: Department of Budget and Management

Proposed Budget

DNR's fiscal 2017 adjusted allowance increases by \$12.8 million, or 5.1%, relative to the fiscal 2016 adjusted working appropriation, as shown in **Exhibit 6**. The changes by fund in Exhibit 6 reflect a \$2.9 million increase in general funds, an increase of \$15.9 million in special funds, a decrease of \$1.6 million in federal funds, and a \$4.4 million decrease in reimbursable funds. The major change is an increase of \$13.7 million in funding for nonpoint source pollution reduction from the Chesapeake and Atlantic Coastal Bays 2010 Trust. General fund spending increases primarily as a result of the personnel expense changes in the Natural Resources Police. Special fund spending increases due to the additional Chesapeake and Atlantic Coastal Bays 2010 Trust Fund spending as well as additional transfer tax special funds available in the Maryland Park Service. Changes in personnel funding are discussed first and then other changes.

Employee increments and associated expenses (including Social Security, retirement, unemployment compensation, and turnover) are included in the budget of the Department of Budget and Management (DBM), and \$2,078,214 in total funds comprised of \$1,048,397 in general funds, \$825,793 in special funds, \$137,935 in federal funds, and \$66,090 in reimbursable funds will be distributed to DNR by budget amendment for the start of the fiscal year.

Exhibit 6 Proposed Budget Department of Natural Resources (\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2015 Actual	\$72,868	\$121,542	\$26,824	\$8,584	\$229,818
Fiscal 2016 Working Appropriation	56,487	149,017	30,584	15,318	251,405
Fiscal 2017 Allowance	<u>59,411</u>	<u>164,915</u>	<u>28,940</u>	<u>10,896</u>	<u>264,162</u>
Fiscal 2016-2017 Amount Change	\$2,924	\$15,898	-\$1,644	-\$4,422	\$12,757
Fiscal 2016-2017 Percent Change	5.2%	10.7%	-5.4%	-28.9%	5.1%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	\$1,748
Contractual FTE conversions to 20.0 new positions	1,308
Employee retirement	1,282
Turnover adjustments	888
Other fringe benefit adjustments	-106
Workers' compensation.....	-228

K00A – Department of Natural Resources

Where It Goes:

Salaries and other compensation -2,018

Other Changes

Land and Water Conservation

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund 13,650

State Highway Administration stormwater permit restoration funding 1,320

COMPASS phase II funding -393

Harriet Tubman Underground Railroad State Park -1,490

Natural Resources Police

Vehicle expenses 882

Maritime Law Enforcement Information Network -2,480

Routine Operations

Department of Budget and Management paid telecommunications 798

Other 120

Contractual FTEs decrease by 23.29 -341

One-time deficiencies -2,183

Total **\$12,757**

FTE: full-time equivalent

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

Personnel

Changes by Category

DNR's overall personnel expenditures increase by \$2.9 million in the fiscal 2017 adjusted allowance. The personnel changes are as follows.

- **Employee and Retiree Health Insurance** – Health insurance costs increase by \$1,748,080, which includes the across-the-board reduction for employee health insurance.
- **Contractual Full-time Equivalent Conversions to 20.0 New Positions** – There is an increase of \$1,308,286 to reflect the conversion of 19.6 contractual full-time equivalents (FTE) to 20.0 new regular positions. The new positions are reflected in **Exhibit 7**. DNR notes that existing vacant positions were not used for the contractual conversions because each position has a designated set of duties and responsibilities and that using vacant positions would require hiring additional contractual FTEs to perform the work of the previously vacant position.
- **Employee Retirement** – Retirement contribution costs increase by \$1,282,008.

Exhibit 7
Contractual FTE Conversions to New Positions
Fiscal 2017

<u>Unit</u>	<u>Title</u>	<u>Fund Source</u>	<u>Number</u>	<u>Description</u>
Human Resource Service	Administrative Officer III	SF	2	Ensure recruitment and staffing needs are met given the increase in applications by moving to the online application system JobAps in August 2012 and handle the increase in personnel transactions necessitated by the requirement that all contractual FTEs be processed in the human resources software Workday in November 2014.
Forest Service	Forester I, Administrative Specialist II, Office Secretary III, Natural Resources Technician III	RF, SF, FF	4	Convert employees with two to eight years of service.
Wildlife and Heritage Service	Natural Resources Technician II	FF	1	Convert incumbent who has been employed since March 2014 in order to administer annual hunting permits and daily registrations for several Wildlife Management Areas and State Parks in southern Maryland and to perform habitat management practices and maintenance projects on all Wildlife Management Areas in Southern Maryland.
Maryland Park Service	Park Services Supervisor, Park Services Associate Lead, Park Services Associate I, Administrative Specialist II, Park Technician III	SF	5	Assist with Harriet Tubman Underground Railroad State Park operations and general maintenance since the new visitor center and administrative buildings will be complete and occupied in March 2016.

K00A – Department of Natural Resources

<u>Unit</u>	<u>Title</u>	<u>Fund Source</u>	<u>Number</u>	<u>Description</u>
Engineering and Construction	Agency Project Engineer-Architect I	SF	2	Perform topographic surveys on land and hydrographic surveys on the water for meeting increasing demands from other programs.
Boating Services	Administrative Specialist III	SF	1	Maintain efficient operations of the Boat Tax Enforcement Division.
Chesapeake and Coastal Services	Natural Resources Planner III (2), and Administrative Officer III	SF	3	Accelerate and ensure the fiscal responsibility of Chesapeake and Atlantic Coastal Bays 2010 Trust Fund projects for Chesapeake Bay restoration over at least the next 10 years.
Fisheries Service	Natural Resources Technician III, Natural Resources Biologist II	FF	2	Support production and stocking needs at Albert Powell Hatchery including performing all trout husbandry duties that facilitate approximately 60 children's fishing rodeos throughout the State; and sample for resident and migratory fish, maintain two program databases, and analyze data collected for summer migratory species.
Total			20	

FF: federal funds

FTE: full-time equivalent

RF: reimbursable funds

SF: special funds

Source: Department of Natural Resources; Department of Legislative Services

-
- **Turnover Adjustments** – Turnover is reduced from 7.05% in the fiscal 2016 working appropriation to 6.23% in the fiscal 2017 allowance, which increases available funding by \$887,875. The reduction in the turnover rate means that DNR will need to have 83.51 necessary vacancies instead of 93.10 vacancies. However, DNR only has 68.50 vacancies as of December 31, 2015. DNR notes that it monitors personnel expenditures on a monthly basis and makes strategic decisions related to the filling of vacant positions to ensure turnover is met. DNR's turnover rate for the new positions in the budget is 6.01%, which reflects the conversion of contractual FTEs to regular positions and thus no modification to turnover is necessary.
 - **Workers' Compensation** – Workers' compensation funding decreases by \$228,373 in the fiscal 2017 allowance.

K00A – Department of Natural Resources

- **Salaries and Other Compensation** – There is a decrease of \$2,018,025 for salaries and other compensation, which may reflect a new statewide personnel system budgeting vacant positions at the base level.

Other Changes

Overall, the nonpersonnel portion of DNR's fiscal 2017 adjusted allowance increases by \$9.9 million. The areas of change may be broadly categorized as land and water conservation, Natural Resources Police, and routine operations. The biggest change is an increase of \$13.7 million for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. The nonpersonnel changes in DNR's fiscal 2017 budget are as follows.

Land and Water Conservation

- **Chesapeake and Atlantic Coastal Bays 2010 Trust Fund** – Funding for nonpoint source pollution reduction projects and related activities funded by the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund special funds increase by \$13,649,778 in fiscal 2017. This funding increase reflects the first time that full funding has been provided and will be used to support a recently released competitive solicitation for cost-effective nonpoint source pollution reduction practices. Program funding is discussed further as an issue in this analysis.
- **State Highway Administration Stormwater Permit Restoration Funding** – There is an increase of \$1,320,000 in reimbursable funds for the DNR/State Highway Administration (SHA) Restoration Partnership. The funding reflects the need for SHA to meet stormwater remediation goals in its municipal separate storm sewer system permit, which will be addressed by funding cost-effective restoration practices on State park land.
- **COMPASS Phase II Funding** – There is a decrease of \$393,000 in special funds for one-time funding of Phase II enhancements of the Maryland Outdoor Customer Service Delivery System (COMPASS) IT project.
- **Harriet Tubman Underground Railroad State Park** – Funding decreases by \$1,489,940 in reimbursable funds in Engineering and Construction due to one-time funding transferred from the SHA's Scenic Byways Program funding to DNR for the development of Harriet Tubman Underground Railroad State Park displays and videos.

Natural Resources Police

- **Vehicle Expenses** – Vehicle expenses increase agencywide by \$882,461 primarily due to an increase of \$765,000 in general funds in Natural Resources Police – General Direction for the purchase of vehicles.

K00A – Department of Natural Resources

- **Maritime Law Enforcement Information Network** – There is a decrease of \$2,480,038 in reimbursable funds for radios and electronic equipment in the Office of the Secretary – Information Technology Service (ITS) for one-time Maritime Law Enforcement Information Network funding transferred from the Department of Information Technology’s (DoIT) Major Information Technology Development Project Fund (MITDPF). The funding supported the upgrade of Natural Resources Police radios to Project 25 digital radio communications technology as part of the 700 megahertz (MHz) project implementation plan to ensure interoperability with local jurisdictions and other State law enforcement agencies.

Routine Operations

- **DBM Paid Telecommunications** – Paid telecommunications spending increases by \$798,325, which reflects a \$907,486 general fund increase offset partially by a \$109,161 special fund decrease.
- **Contractual FTEs Decrease By 23.29** – Contractual FTEs decrease by 23.29 for an overall reduction of \$340,960. The changes are reflected in **Exhibit 8** and reflect the contractual conversion of 19.6 FTEs to 20.0 regular positions. DNR notes that the funding for contractual FTEs does not decrease by an amount roughly equivalent to the increase in salaries for regular positions because of the budgeting of contractual health insurance costs, which do not appear to have been budgeted previously and which increase the fiscal 2017 allowance for contractual FTEs by \$327,621 and thus partially offset the reduction in funding as a result of the contractual conversions to regular positions.
- **One-time Deficiencies** – Funding decreases by \$2,183,077 to reflect the one-time nature of all but one nonpersonnel deficiency for fiscal 2016. The Calvert County Gaming Tax Fund distributions of \$918,000 in special funds to the Boys and Girls Club of North Beach (\$100,000), the Town of North Beach (\$226,000), and the Town of Chesapeake Beach (\$592,000) carry over into fiscal 2017.

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. DNR’s share of these reductions totals \$376,362 comprised of \$144,850 in general funds, \$203,033 in special funds, and \$28,479 in federal funds. There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

Exhibit 8
Contractual FTE Changes
Fiscal 2016-2017

<u>Unit/Program</u>	<u>Change</u>	<u>Description</u>
Maryland Park Service – Statewide Operations	-8.50	Reduction of 5.0 FTEs for contractual conversions, 2.0 FTEs for budgetary reasons, and 1.0 FTE for seasonal positions throughout the State parks.
Chesapeake and Coastal Service	-5.00	Reduction of 3.0 FTEs for contractual conversions, and 2.0 FTEs for Chesapeake and Atlantic Coastal Bays 2010 Trust Fund implementation activities.
Forest Service	-3.93	Reduction of 4.0 FTEs for contractual conversions, and 1.0 FTE for budgetary reasons; and increase of 1.07 FTEs for forest fire protection and Firewise programs.
Human Resource Service	-2.00	Reduction of 2.0 FTEs for contractual conversions.
Engineering and Construction	-2.00	Reduction of 2.0 FTEs for contractual conversions.
Fisheries Service	-1.79	Reduction of 2.0 FTEs for contractual conversions, 1.0 FTE supporting fish hatchery work; and increases of 0.91 FTE for the new Access Point Angler Intercept Survey Program from Atlantic States Marine Fisheries Commission funding, and 0.3 FTE for work at the Cooperative Oxford Laboratory.
Maryland Environmental Trust	-1.00	Reduction of 1.0 FTE due to budget constraints.
Wildlife and Heritage Service	-0.84	Reduction of 1.0 FTE for a contractual conversion and increase of 0.16 FTEs for a new project funded by a federal grant.
Boating Services	-0.60	Reduction of 0.6 FTE for a contractual conversion.
Power Plant Assessment Program	-0.20	Reduction of 0.2 FTE due to a student technical assistant being reduced from eight to seven months.
Chesapeake Bay Critical Area Commission	0.40	Increase of 1.0 FTE natural resources planner and reduction of 0.6 administrative aide not requested in fiscal 2017.
Information Technology Service	1.00	Increase of 1.0 FTE to handle work created by wireless projects including the 700 MHz conversion and the Maritime Law Enforcement Information Network information – camera and radar feeds – received by the Command Center.
Finance and Administrative Service	1.17	Increase of 1.0 FTE to assist with fleet maintenance and support, increase of 1.0 FTE for a management associate position to support the director; and reduction of 0.83 FTE for a position no longer needed.
Total	-23.29	

FTE: full-time equivalent

MHz: megahertz

Source: Department of Natural Resources

Issues

1. Fee Reductions Continue

The Administration implemented fee reductions on September 15, 2015. In addition, the Administration has introduced SB 389 and HB 459 (Fee, Surcharge, and Tax Reduction Act of 2016) in the 2016 session that would eliminate the electricity surcharge funding the Environmental Trust Fund (ETF) and instead fund the Power Plant Research Program from a \$10.0 million allocation off the top of the Strategic Energy Investment Fund (SEIF). SB 389 and HB 459 would also strike the provision requiring the Maryland Energy Administration (MEA) to receive funding from the ETF, presumably because the ETF is now receiving funding from the SEIF and modifies DNR's fishing license fees beginning in fiscal 2018.

Exhibit 9 reflects the impact of the September 15, 2015 fee reductions. These reductions will have a nominal impact on agency operations, which is consistent with the projected fiscal 2016 ending balances for the two funds that receive funding from the fees that have been reduced.

Exhibit 9
Fee Reductions
September 15, 2015

<u>Unit</u>	<u>Fees</u>	<u>DLS Estimated Amount of Revenue Reduction</u>	<u>Comment</u>
Forest Service	Forestry-related	\$11,250	The Forest Service is already receiving more general funds as a result of the mandated appropriation from the Forest or Park Reserve Fund to the Maryland Park Service; however, the overall impact to the programs is expected to be minimal. The Forest or Park Reserve Fund, used by both the Forest Service and the Maryland Park Service, has a fiscal 2016 ending balance of \$1 million.
Maryland Park Service	Park-related	Unknown	
Wildlife and Heritage Service	Game-related	600	The Wildlife Management and Protection Fund has an estimated \$1 million fiscal 2016 ending balance and so the reduction in revenue is not anticipated to impact operations.
Total		\$11,850	

DLS: Department of Legislative Services

Source: Department of Legislative Services

As introduced, SB 389 and HB 459 would eliminate the surcharge on electricity distributed to retail electric customers in Maryland that currently is placed in the ETF for the purposes of the DNR Power Plant Research Program. Instead, the Power Plant Research Program would be funded by a flat \$10 million taken off the top of the Regional Greenhouse Gas Initiative (RGGI) carbon dioxide allowance revenues that are placed in the SEIF. In addition, the legislation would reduce fees beginning in fiscal 2018.

The implications of these changes appear to be as follows:

- **SEIF Activities** – there is a minimal reduction \$0.15 per month for the average homeowner’s electricity bill at the cost of a reduction of \$10 million in revenue that otherwise would have gone toward the possibility of long-term energy efficiency actions for homeowners, although it is noted that the utilities do have a much larger role to play in the energy efficiency arena;
- **Flexibility Reduction** – the Power Plant Research Program funding is now part of the SEIF allocations as opposed to being a separate bill that is submitted at the end of every sunset period. This is of concern because SEIF funding is not a guarantee since the RGGI could be eliminated or incorporated into a national carbon dioxide trading strategy, or be successful in reducing carbon dioxide emissions and thus revenues decline; and
- **Revenue Stabilization** – the electricity surcharge is an unstable source of revenue given that it is based on kilowatt hour usage, which declined during the recent recession. A flat rate of funding could be an advantage except to the extent it limits funding going forward, unless the kilowatt hour surcharge were to be modified so that it provides the amount of funding needed.

Beginning in fiscal 2018, SB 389 and HB 459 as introduced would reduce several resident and nonresident fishing fees. The reduction of fishing fees reflects a change in policy from the intent to make the Fisheries Service self-sufficient by providing for cost recovery as envisioned by Chapter 435 of 2012 (Natural Resources – Commercial Fishing Licenses, Authorizations, and Permits), which required a fair and reasonable allocation of general fund appropriations for fishery management between the recreational and commercial fisheries and a report on cost recovery from the commercial sector. The fishing fees proposed to be reduced are as follows:

- **Angler’s License (Resident)** – reduce from \$20.50 to \$10.50;
- **Angler’s License (Nonresident)** – reduce from a greater of a calculation component of \$30.50 to \$20.50;
- **Coastal Sport Fishing License (Resident)** – reduce from \$15.00 to \$9.00;
- **Coastal Sport Fishing License (Nonresident)** – reduce from \$22.50 to \$14.00; and

- **Coastal Sport Fishing License (Boat Registered in Any State)** – reduce from \$50.00 to \$40.00.

DLS recommends that DNR comment on the long-term impact of funding the Power Plant Assessment Program with SEIF revenues and the rationale for reducing angler and coastal sport fishing license fees in fiscal 2018 given the recent effort to make the Fisheries Service more self-sufficient through cost recovery.

2. Maryland Park Service Experiences Special Fund Revenue Bump

The Maryland Park Service's revenues appear to have stabilized in the fiscal 2017 allowance. The two main special fund revenues – the State transfer tax and Forest or Park Reserve Fund revenues – both increase in fiscal 2017 due to a partial recovery of the real estate market and the own-sourced revenue mandate in Chapter of 389 of 2015 (Maryland Park Service – Operations Revenue – Mandated Appropriation). The increased revenues raises the question of whether the Maryland Park Service should pass along some of its new revenue to park users in the form of reduced park fees.

Chapter of 389 of 2015 Provision

Chapter 389 authorized the use of 60% of Maryland Park Service-sourced revenues in fiscal 2016, 80% in fiscal 2017, and 100% in fiscal 2018 for operating purposes. **Exhibit 10** reflects how this provision has been applied in the fiscal 2017 allowance. As can be seen, the Administration has first taken out the overhead costs for the Office of the Secretary before it has applied what appears to be an 83% allocation, which is greater than the 80% requirement. While DNR was able to handle the 60% mandate in fiscal 2016 without requiring general fund support, there is \$3.9 million in general funds budgeted in the Forest Service for fiscal 2017 in order to maintain current service levels. As shown in **Exhibit 11**, the reason for this increase in general fund support is due to the reduction of \$3.3 million in Forest or Park Reserve Fund special funds for the Forest Service between fiscal 2016 and 2017.

Exhibit 10
Allocation of Forest or Park Reserve Fund Revenues
Fiscal 2017

	<u>Forest Service Revenue</u>	<u>Percent of Revenue</u>
Available Revenue Net of Overhead	\$2,791,320	
Revenue to the Forest Service	2,791,320	100%
	<u>Park Service Revenue</u>	<u>Percent of Revenue</u>
Available Revenue Net of Overhead	\$11,631,733	
Revenue to the Park Service	9,692,179	83%
Revenue to the Forest Service	1,939,554	17%

Source: Department of Natural Resources; Department of Legislative Services

Exhibit 11
Maryland Park Service and Forest Service Funding Comparison
Fiscal 2016-2017

	2016		2017		Difference	
	<u>Funding</u>	<u>Percent of Total</u>	<u>Funding</u>	<u>Percent of Total</u>	<u>Funding</u>	<u>Percent of Total</u>
<i>Forest Service</i>						
General Funds	\$667,746	6%	\$3,915,781	31%	\$3,248,035	26%
Forest or Park Reserve Fund	8,030,026	67%	4,761,562	38%	-3,268,464	-28%
All Other Funding	3,362,407	28%	3,776,197	30%	413,790	2%
Total	\$12,060,179	100%	\$12,453,540	100%	\$393,361	0%
<i>Maryland Park Service</i>						
General Funds	\$4,926,898	12%	\$47,999	0%	-\$4,878,899	-12%
Forest or Park Reserve Fund	6,775,760	17%	9,692,179	24%	2,916,419	6%
All Other Funding	27,749,927	70%	31,332,009	76%	3,582,082	6%
Total	\$39,452,585	100%	\$41,072,187	100%	\$1,619,602	0%

Source: Department of Budget and Management; Department of Legislative Services

Source: Governor's Budget Books, Fiscal 2017

Maryland Park Service Fee Reduction Possibility

Maryland Park Service fiscal 2017 funding reflects a substantial increase in transfer tax and Forest or Park Reserve Fund special funds, as shown in **Exhibit 12**. Overall, the Maryland Park Service's budget increases by \$1.6 million between fiscal 2016 and 2017. This raises the question of whether there is the possibility to pass on any of the revenue enhancements provided for by Chapter 389 and the increase in transfer tax revenues due to the real estate market improving. One way this could be handled would be through a reduction of State park fees that were last raised in fiscal 2012. This could be handled in a graduated manner over the next couple of years as transfer tax revenues continue to increase, and the Forest or Park Reserve Fund provides a sound financial base for the Maryland Park Service. **DLS recommends that DNR comment on the status of pursuing the revenue opportunities noted in the Land Preservation Workgroup report requested by the budget committees in the 2015 *Joint Chairmen's Report*. DLS also recommends that DNR comment on how full-service cabin, mini-cabin, individual and group camping site, electrical hookup, and park day use fees can be reduced.**

Exhibit 12
Maryland Park Service Funding
Fiscal 2009-2017
(\$ in Thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Difference</u> <u>2016-2017</u>
General Funds	\$0	\$0	\$0	\$370	\$841	\$2,492	\$23,624	\$4,927	\$48	-\$4,879
Special Funds										
Forest or Park Reserve Fund	7,788	6,706	6,558	8,024	6,123	5,834	5,340	6,776	9,692	2,916
POS Transfer Tax	22,200	22,200	22,204	22,200	22,200	24,927	5,135	24,090	27,568	3,478
Other	2,947	3,523	3,192	2,442	2,679	2,159	2,269	2,776	2,850	74
Subtotal	\$32,935	\$32,429	\$31,954	\$32,666	\$31,002	\$32,920	\$12,743	\$33,642	\$40,110	\$6,468
Federal Funds	461	574	738	685	278	54	208	134	135	1
Reimbursable Funds	409	278	339	355	543	720	601	749	779	30
Total	\$33,805	\$33,280	\$33,031	\$34,076	\$32,663	\$36,186	\$37,177	\$39,453	\$41,072	\$1,620

POS: Program Open Space

Note: The \$23,624,420 in general funds in fiscal 2015 reflects funding to backfill a transfer tax revenue write-down. The fiscal 2016 funding primarily reflects funding for payment in lieu of taxes to local jurisdictions and Maryland Environmental Service charges.

Source: Governor's Budget Books, Fiscal 2011-2017

3. Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Allocation Increases Due to the End of Transfers

Chapter 6 of the 2007 special session (HB 5) established a Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used to implement the State's tributary strategy. The fund is financed with a portion of existing revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals. Subsequently, Chapters 120 and 121 of 2008 established a framework for how the trust fund money must be spent by specifying that it be used for nonpoint source pollution control projects and by expanding it to apply to the Atlantic Coastal Bays. Fiscal 2017 reflects the first time full funding is provided for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.

History

Exhibit 13 shows the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund history, including revenues, transfers, and expenditures. As noted previously, fiscal 2017 reflects the first year that funding has not been transferred and thus available revenues for programs have exceeded \$50.0 million as originally projected for the fund. Of note, the fiscal 2016 revenue has declined from \$52.71 million in last year's analysis to \$51.42 million reflected in Exhibit 13; however, there was a \$2.10 million opening balance for fiscal 2016 that was not previously accounted for that makes up for the lower revenue estimate.

Exhibit 13 Chesapeake and Atlantic Coastal Bays 2010 Trust Fund History Fiscal 2009-2017 Est. (\$ in Millions)

<u>Appropriation</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Est. 2016</u>	<u>Est. 2017</u>
Opening Balance	\$0.00	\$3.63	\$5.84	\$3.23	\$3.43	\$3.44	\$0.00	\$2.10	\$0.84
Revenue	\$38.23	\$41.50	\$43.10	\$41.79	\$44.29	\$49.38	\$52.85	51.42	\$53.00
Transfers to the GF									
Chapter 414 of 2008	-\$25.00								
Chapter 487 of 2009		-\$21.49							
Chapter 484 of 2010		-10.50	-\$22.10						
Chapter 397 of 2011			-0.97	-\$20.17	-\$15.08	-\$11.54	-\$8.05	-\$4.62	
Chapter 1 of 2012 First Special Session					-8.00				
Chapter 464 of 2014						-10.40	-6.20		
BRFA of 2015								-8.64	
Subtotal GF									
Transfers	-\$25.00	-\$31.99	-\$23.07	-\$20.17	-\$23.08	-\$21.94	-\$14.25	-\$13.26	\$0.00

K00A – Department of Natural Resources

<u>Appropriation</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Est.</u> <u>2016</u>	<u>Est.</u> <u>2017</u>
GF Deficiency					2.80				
Available Revenue	\$13.23	\$13.14	\$25.87	\$24.85	\$27.44	\$30.88	\$38.60	\$40.26	\$53.84
Spending									
MDA	-\$6.93	-\$3.92	-\$12.34	-\$13.18	-\$14.50	-\$15.60	-\$19.60	-\$19.60	-\$19.60
MDE	-1.83	-1.65	-2.10	0.00	0.00	-0.75	-0.75	-0.75	-0.75
DNR	-0.84	-1.73	-8.20	-10.40	-10.29	-14.75	-16.15	-19.07	-32.65
Subtotal Agency Spending	-\$9.60	-\$7.30	-\$22.64	-\$23.58	-\$24.79	-\$31.10	-\$36.50	-\$39.42	-\$53.00
Encumbrance Cancellations				\$2.16	\$0.78	\$0.11			
MDA Returned Revenue						0.11			
Available Balance	\$3.63	\$5.84	\$3.23	\$3.43	\$3.44	\$0.00	\$2.10	\$0.84	\$0.84

BRE: Board of Revenue Estimates

BRFA: Budget Reconciliation and Financing Act

DNR: Department of Natural Resources

GF: General Fund

MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment

Note: Under transfers, the \$10.5 million transferred by the BRFA of 2010 included \$8.0 million in fiscal 2010 revenues and \$2.5 million in fund balance. Fiscal 2013 reflects a \$2.8 million general fund deficiency appropriation in order to backstop an estimated decrease in revenues. The BRFA of 2014 transferred \$2.4 million from fund balance and \$8.0 million in revenues in fiscal 2014. Numbers may not sum due to rounding. Fiscal 2014 revenues have been adjusted to reflect the actual. Fiscal 2015 and 2016 revenue has been adjusted to reflect the current estimate.

Source: Department of Natural Resources; Department of Legislative Services

Fiscal 2017 Allocation

Exhibit 14 provides an overview of the currently planned trust fund allocations for fiscal 2017 as compared with fiscal 2016. Of note, Exhibit 14 only reflects special funds from the motor fuel tax and short-term rental vehicle tax since no general obligation bond capital funding, which was provided in fiscal 2013, 2014, and 2015, is provided in the Governor's capital budget. Final decisions on allocations typically are made by the BayStat agencies after the final funding levels have been determined.

Exhibit 14
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Planned Expenditures
Fiscal 2016-2017
(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>Difference 2016-2017</u>
Maryland Department of Agriculture			
Agency Technical Assistance	\$3.29	\$3.29	\$0.00
Cover Crops	11.25	11.25	0.00
Conservation Reserve Enhancement Program Incentive	0.50	0.50	0.00
Animal Waste Management	0.00	0.00	0.00
Manure to Energy Projects with Proven Technology	1.51	1.51	0.00
Manure Transport	0.75	0.75	0.00
Grants to Farmers	2.00	2.00	0.00
Governor's Phosphorus Management Tool	0.30	0.30	0.00
Subtotal	\$19.60	\$19.60	\$0.00
Maryland Department of the Environment			
Urban/Suburban Stormwater management	\$0.00	\$0.00	\$0.00
Stormwater Permit Expeditors	0.75	0.75	0.00
Subtotal	\$0.75	\$0.75	\$0.00
Department of Natural Resources			
Agency Direct Costs	\$0.59	\$0.75	\$0.16
Strategic Monitoring (UM)	0.40	0.40	0.00
Implementation Tracking (DoIT)	0.20	0.20	0.00
Targeted Monitoring	0.30	0.30	0.00
Innovative Technology (UM)	1.00	1.00	0.00
Nutrient and Sediment Reduction on State Lands (Natural Filters)	6.03	6.00	-0.03
Capital Stormwater Infrastructure Projects (Local Governments)	0.00	0.00	0.00
Cost-effective Nonpoint Source Projects (Targeted) ¹	9.81	23.25	13.44
Field Restoration Specialist	0.75	0.75	0.00
Subtotal	\$19.08	\$32.65	\$13.57
Total	\$39.43	\$53.00	\$13.57

DoIT: Department of Information Technology

UM: University of Maryland

¹ Annually, the BayStat agencies issue competitive solicitations to target specific opportunities or challenges as identified. Historically, this included the Stream Restoration Challenge, Urban Tree Canopy, and Local Implementation grants.

Source: Department of Natural Resources; Department of Legislative Services

Soil Conservation District Staff Funding

Fiscal 2016 budget bill language restricted funding for the purpose of providing a grant to the Maryland Department of Agriculture (MDA) to cost-share funding of 14 district managers and 11 secretarial positions in soil conservation districts, due to a reduction in funding. DNR notes that this funding is reflected as the \$3.3 million for agricultural technical assistance in fiscal 2016 and 2017 and that this allowed for the 25 cost-shared positions noted to be added to the 43 positions already funded by the State. In order to make this allocation, MDA decreased the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund appropriation for Manure to Energy Projects from \$2.5 million to \$1.51 million. This reduction allowed for the repurposing of \$0.69 million for the soil conservation district positions and \$0.3 million for the Governor's Phosphorus Management Tool initiative. In turn, the Manure to Energy program was backfilled with funding provided by MEA.

Fiscal 2017 Highlights

Overall, there is one major change in the fiscal 2016 and 2017 allocation of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, which is due to the additional revenue available. The primary changes are as follows.

- **Cost-effective Nonpoint Source Projects (Targeted)** – The largest funding change is an increase of \$13.4 million for cost-effective nonpoint source projects. This funding represents competitively solicited projects and receives \$23.3 million in fiscal 2017.
- **Agency Direct Costs Increase** – There is an increase of \$159,000 for a total of \$750,000 in agency direct costs, which reflects 1.4% of the \$53.0 million revenue estimate. The funding is generally used to provide fiscal oversight; manage grant programs including solicitation development, project review, contract and project development and management; and coordination with the BayStat agencies, the BayStat Scientific Advisory Panel, DBM, and the General Assembly.
- **Nutrient and Sediment Reduction on State Lands** – There is a slight reduction of \$28,340 for nutrient and sediment reduction on State lands. The types of projects funded include forested buffers, reforestation, wetland restoration, stream and floodplain restoration, stormwater retrofits, and other bioremediation projects.
- **Governor's Phosphorus Management Tool** – While not reflected as a change, there is \$300,000 for the Governor's Phosphorus Management Tool in both fiscal 2016 and 2017 that was not reflected in last year's analysis. The funding is provided to support the economic study of utilization of the phosphorus management tool in multiple farm settings, technical assistance through nutrient management advisors for farmers to plan the transition to the phosphorus management tool, and implementation of management changes.

Genuine Progress Indicator to Evaluate Benefits of Restoration Project

The Genuine Progress Indicator was developed to be a more inclusive indicator of combined economic, environmental, and social benefits in contrast to the strictly economic indicator of State domestic product. DNR plans on using the Genuine Progress Indicator to evaluate the Cannery Park project – a recent Chesapeake and Atlantic Coastal Bays 2010 Trust Fund funded project – in Cambridge, Maryland.

The Cannery Park property was taken to the Board of Public Works (BPW) on January 7, 2015, for purchase. The 6.6-acre site is in the heart of Cambridge and is the former Phillips Packing Company site; it includes the headwater stream for Cambridge Creek. As of the January 7, 2015 BPW agenda, the ultimate park design was to be based on contest entries from University of Maryland architecture students. Overall the property purchase reflected a partnership between Cambridge, Dorchester County, DNR, and the Eastern Shore Land Conservancy. The acquisition was funded by \$50,000 in POS – Local share and \$50,000 in POS – State share funding for a total project cost of \$210,550, of which the Eastern Shore Land Conservancy and Cambridge provided the balance of the \$110,550 needed for the project. At the time of purchase, the plans for Cannery Park included stream restoration and development of both active and passive recreation, including nature trails to connect the property to Cambridge's growing pedestrian trail network.

Since the property purchase, the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund funded the Cannery Park Stream Restoration and Riparian Forest project in fiscal 2015. The project is a stream restoration project and the project partner is Cambridge. According to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund project tracking website, the project is currently in the design/planning phase. **DLS recommends that DNR comment on how it will be using the Genuine Progress Indicator to measure the relative economic, environmental, and social benefits of the Cannery Project; whether the use of the Genuine Progress Indicator will have implications for future project selection; and any preliminary information about the cost-effective nonpoint source project competitive solicitation responses received to date.**

Recommended Actions

- | | <u>Amount
Reduction</u> | |
|--|------------------------------------|----|
| 1. Reduce funding for vehicles in Natural Resources Police – Field Operations. The fiscal 2017 allowance includes an increase of \$765,000 for new vehicle purchases in the Natural Resources Police – Field Operations. This reduction reflects a more measured increase in funding for this purpose. | \$ 382,500 | GF |
| 2. Add the following language to the special fund appropriation: | | |
| <p><u>, provided that \$250,000 of this appropriation made for the purposes of providing funding to the Maryland Energy Administration (MEA) for administrative and fiscal support for studies relating to the conservation or production of electric energy shall be reduced contingent upon the enactment of SB 389 or HB 459 repealing the requirement to provide support to MEA.</u></p> | | |

Explanation: SB 389 and HB 459 (Fee, Surcharge, and Tax Reduction Act of 2016) have been introduced in the 2016 legislative session to, among other actions, repeal the requirement that MEA receive annual funding from the Environmental Trust Fund (ETF) – up to \$250,000 – for studies relating to the conservation or production of electric energy. This action reduces the funding the Power Plant Research Program provides MEA from the ETF contingent on the enactment of SB 389 or HB 459 repealing the requirement to provide the specified support to MEA.

Total General Fund Reductions	\$ 382,500
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Updates

1. Baltimore City Unrest Funding Update

In April 2015, there were protests and riots in Baltimore City. As authorized by Section 14-107 of the Public Safety Article, the Governor declared a State of Emergency. In response to the unrest, several State agencies were activated and involved in restoring the peace and promoting safety. Natural Resources Police officers provided assistance from April 27, 2015, to May 3, 2015. **Exhibit 15** reflects the eligible overtime, overtime shift differential, vessel and vehicle fuel costs, and the ineligible regular shift costs.

Exhibit 15
Natural Resources Police Costs for the Baltimore City Unrest
April 27, 2015, to May 3, 2015

	<u>Amount</u>	<u>Cost</u>
<i>Eligible Costs</i>		
Vessel Fuel (Gallons)	416	\$1,664
Vehicle Fuel (Gallons)	2,781	7,001
Overtime (Hours)	4,394	196,655
Overtime Shift Differential (Hours)	3,685	5,516
Subtotal		\$210,836
<i>Ineligible Costs</i>		
Regular Shift (Hours)	5,315	\$170,135
Subtotal		\$170,135
Total		\$380,971

Source: Department of Natural Resources

The Administration processed budget amendment 114-15, which transferred \$20 million in special funds from the Revenue Stabilization Account (commonly referred to as the Rainy Day Fund) to the BPW Contingent Fund. The funds were used to reimburse State agencies for costs associated with protests and riots in Baltimore City and to aid in recovery. DNR received a transfer of \$210,836 in cash in fiscal 2015 to reflect the eligible costs in Exhibit 15.

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 2015					
Legislative Appropriation	\$52,318	\$150,327	\$27,018	\$10,117	\$239,779
Deficiency Appropriation	22,784	-24,796	1,059	0	-953
Cost Containment	-2,683	0	0	0	-2,683
Budget Amendments	574	4,226	4,086	1,606	10,493
Reversions and Cancellations	-125	-8,215	-5,339	-3,138	-16,817
Actual Expenditures	\$72,868	\$121,542	\$26,824	\$8,584	\$229,818
Fiscal 2016					
Legislative Appropriation	\$55,769	\$143,891	\$26,049	\$10,890	\$236,599
Budget Amendments	718	4,012	2,377	4,427	11,534
Working Appropriation	\$56,487	\$147,903	\$28,426	\$15,318	\$248,133

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

DNR's general fund appropriation increased by \$20,550,429 as follows.

- **Deficiency Appropriation** – An increase of \$22,783,636 in order to backfill a shortfall in transfer tax revenue attainment in the Maryland Park Service; there is a corresponding action that reduces a greater amount of special funds.
- **Cost Containment** – A decrease of \$2,682,780 to reflect July 2014 BPW actions that reduced funding across the agency for vehicle maintenance, vehicle replacement, IT costs, equipment, contractual services, maintenance, printing costs, routine travel, office supplies, harvest tags, training, and salaries by holding positions vacant, replaced general funds with Chesapeake and Atlantic Coastal Bays 2010 Trust Fund special funds in order to monitor funded projects, and replaced general funds with special funds to support positions in the Resource Assessment Service and Fisheries Service programs (\$1,662,500); and the January 2015 BPW 2% reduction (\$1,020,280).
- **Budget Amendments** – A net increase of \$574,308 due to increases for budget amendments allocating the cost-of-living adjustment (COLA) effective January 1, 2015 (\$358,849), and to realign appropriations between State agencies based on the fiscal 2015 estimated expenditures for telecommunications (\$290,459), which were offset partially by a decrease to reflect the State Employee Voluntary Separation Program as authorized by Section 22 of the fiscal 2016 operating budget bill (\$75,000).
- **Reversions** – A decrease of \$124,735 due to funding not being needed in the Office of the Secretary – Finance and Administrative Services (\$100,664), Critical Area Commission (\$17,874), and Maryland Environmental Trust (\$6,197).

DNR's special fund appropriation decreased by \$28,784,887 as follows.

- **Deficiency Appropriation** – A net decrease of \$24,795,636 primarily due to the shortfall in estimated transfer tax revenue attainment (\$24,805,636), which was offset partially by an increase in the Chesapeake and Coastal Service to provide funds for support of the Explore and Restore Your Schoolshed Initiative, which involves approximately 110 teachers representing schools in 22 counties leading students in stream investigations (\$10,000).
- **Budget Amendments** – An increase of \$4,226,133 due to budget amendments. Funding is reflected for the proper accounting of the Shoreline Erosion Control Revolving Loan Fund since the program was moved out of the PAYGO budget in fiscal 2009, and funding was still encumbered in that former PAYGO program but is now budgeted in the Chesapeake and Coastal Services (\$1,806,487); for DNR's COMPASS online licensing and registration system's Licensing and Registration Service application component due to a procurement delay in fiscal 2014 that required the cancellation of funding that is now available from a number of

K00A – Department of Natural Resources

funds and is budgeted in Office of the Secretary – ITS (\$650,000); for allocation of the COLA effective January 1, 2015, (\$486,980); for purchasing four patrol vessels for which procurement requests were initiated and awarded in fiscal 2015 in the Natural Resources Police – Field Operations program from the Private Donation account (\$297,052); for tree planting crew contracting and tree planting material purchases in the Forest Service to mitigate State construction projects from the Restoration Fund (\$220,800); for replacing general funds related to July 2014 and January 2015 cost containment actions for Chesapeake and Atlantic Coastal Bays 2010 Trust Fund project oversight monitoring, a 1% turnover increase departmentwide, and reductions to the Power Plant Research Program (\$215,000); for costs incurred for personnel, overtime, and vehicles by the Natural Resources Police as part of the State’s response to the civil unrest in Baltimore City during the period of April 27, 2015, to May 6, 2015 (\$210,836); for park concession operations as a result of an increased number of seasonal staff and supplies needed to accommodate park visitors during the peak June 2015 attendance in the Maryland Park Service – Revenue Operations program (\$189,000); for construction of a pole barn at the new Forest Service office in Rocky Gap State Park for storage and maintenance equipment associated with operations in Allegany County from the Forest or Park Reserve Fund (\$101,000); and for allocation of the position classifications for Park Technicians as part of the Annual Salary Review (\$48,978).

- **Cancellations** – A decrease of \$8,215,384 as a result of cancellations primarily due to appropriations not being needed in Chesapeake and Coastal Service (\$3,749,445), Wildlife and Heritage Service (\$976,912), Boating Services (\$941,882), Fisheries Service (\$465,279), Natural Resources Police – Field Operations (\$360,737), Maryland Park Service (\$345,930), Land Acquisition and Planning (\$292,684), and Office of the Secretary – Finance and Administrative Services (\$250,997).

DNR’s federal fund appropriation decreased by \$193,919 as follows.

- **Deficiency Appropriation** – An increase of \$1,058,745 in the Fisheries Service for contracted projects under the final year of National Oceanic and Atmospheric Administration’s Blue Crab Disaster Assistance Grant.
- **Budget Amendments** – An increase of \$4,085,952 for truck, tractor, outboard motor, and other vehicle-related purchases, contractual services for 11 animal research studies and construction of four buildings and a security gate, salary costs related to turnover, agricultural equipment purchases, and a seasonal bird monitoring data entry employee from the U.S. Department of the Interior’s Wildlife Restoration and Basic Hunter Education funding in the Wildlife and Heritage Service (\$1,629,146); for Maritime Law Enforcement Information Network vessel video project costs and Maritime Tactical Equipment Initiative purchases from the U.S. Department of Homeland Security’s Port Security Grant Program in the Natural Resources Police – General Direction (\$956,984); for the purchase of services and equipment and matching other federal awards as allowed for seized and forfeited asset revenue from the U.S. Department of Justice’s Equitable Sharing Program (High Intensity Drug Trafficking Areas), for salary expenses from the U.S. Department of Homeland Security’s Boating Safety Financial Assistance funding, and

K00A – Department of Natural Resources

for overtime expenses and equipment purchases as part of fishery law enforcement from the U.S. Department of Commerce's Financial Assistance for National Centers for Coastal Ocean Science in the Natural Resources Police – Field Operations (\$919,858); for salaries and wages and motor vehicle operations related to covering a greater number of out-of-state fires than expected in the Forest Service – Headquarters program (\$300,000); for salaries and wages, contractual services, and supplies and materials expenses that have been incurred for water quality sampling surveys and contracting for research studies in the Monitoring and Ecosystem Assessment program using EPA's Chesapeake Bay Program funding (\$210,000); and for the allocation of the COLA effective January 1, 2015 (\$69,964).

- **Cancellations** – A decrease of \$5,338,616 as a result of cancellations primarily due to grants costs and revenues being less than anticipated in Fisheries Service (\$2,442,328), Natural Resources Police – General Direction (\$1,854,751), Natural Resources Police – Field Operations (\$404,898), Chesapeake and Coastal Service (\$353,024), and Maryland Park Service (\$218,536).

DNR's reimbursable fund appropriation decreased by \$1,532,038 as follows.

- **Budget Amendments** – An increase of \$1,606,217 for the Saving Maryland's Critical Civil War Battlefields project as part of a multi-year grant to purchase six fee-simple acquisitions and one conservation easement in Frederick County transferred from SHA to the Maryland Environmental Trust (\$742,703); for supporting local oyster restoration projects and oyster spat production in fiscal 2015 due to delays in fiscal 2014 using Maryland Port Administration funding (\$400,000); for supporting AmeriCorps activities from funding transferred from the Governor's Office of Community Initiatives to the Maryland Park Service (\$305,442); for the Horsebridge Creek Riparian Wetland Forest Enhancement, Phase II project from funding transferred internally from the Chesapeake and Coastal Service to Engineering and Construction (\$63,706); for additional stream restoration monitoring assistance transferred internally from Monitoring and Ecosystem Assessment to the Maryland Geological Survey (\$50,366); and for contractual services related to designing a new framework to address climate change as it relates to the water quality, habitat, and development goals of the Chesapeake Bay Critical Area Protection Act transferred internally from the Chesapeake and Coastal Service to the Critical Area Commission (\$44,000).
- **Cancellations** – A decrease of \$3,138,255 as a result of cancellations primarily due to grant costs and revenues being less than anticipated in Chesapeake and Coastal Service (\$1,546,822), Maryland Environmental Trust (\$756,004), Maryland Geological Survey (\$191,626), Maryland Park Service (\$172,558), Fisheries Service (\$162,651), and Monitoring and Ecosystem Assessment (\$132,163).

Fiscal 2016

DNR's general fund appropriation increases by \$718,000 due to a budget amendment allocating the funding in Section 48 of the fiscal 2016 budget bill that restored the 2% State salary reduction.

K00A – Department of Natural Resources

DNR's special fund appropriation increases by \$4,011,571 due to budget amendments. The budget amendments increase appropriation for allocating the funding in Section 48 of the fiscal 2016 budget bill that restored the 2% State salary reduction (\$970,000); for covering Office of the Secretary contingent general fund reductions in administrative expenses allowed for by Chapter 489 using Waterway Improvement Fund funding (\$875,000); for salary costs in the Office of the Secretary and Land Acquisition and Planning from transfer tax revenue authorized by Chapter 489 in order to allow an equivalent amount of Forest or Park Reserve Fund special fund revenue funding those programs to be available instead for the Maryland Park Service (\$711,571); for hiring seasonal staff, additional equipment, and office supplies in the Maryland Park Service – Statewide Operations (\$600,000); for Phase II of the Maryland Outdoor Customer Service Delivery System (COMPASS) IT project in the Office of the Secretary – ITS program (\$393,000); for replacing general fund cost containment in the Forest Service with Forest or Park Reserve Fund special funds and in the Fisheries Service with Fisheries Research and Development Fund special funds (\$245,000); for hiring seasonal workers and supplies in the Maryland Park Service – Revenue Operations program (\$150,000); and for contractual services to complete construction of a pole barn for storage of supplies at the Pleasant Valley Forest Service Office (\$67,000).

DNR's federal fund appropriation increases by \$2,377,061 by budget amendment. Funding is reflected for additional equipment, motor vehicles, and travel in the Natural Resources Police – General Direction related to protecting critical port infrastructure from terrorism using funding from the U.S. Department of Homeland Security's Port Security Grant Program (\$1,210,767); for additional equipment supported by the Asset Forfeiture and Seizure Program aimed at High Intensity Drug Trafficking, for motor vehicles supported by the U.S. Department of Homeland Security – U.S. Coast Guard's Boating Safety Financial Assistance funding, and fishery law enforcement salaries supported by U.S. Department of Commerce – National Oceanic and Atmospheric Administration's Financial Assistance for National Centers for Coastal Ocean Science funding (\$1,030,294); and allocating the funding in Section 48 of the fiscal 2016 budget bill that restored the 2% State salary reduction (\$136,000).

DNR's reimbursable fund appropriation increases by \$4,427,478 by budget amendment. Funding is transferred from DoIT's MITDPF to DNR's Office of the Secretary – ITS for upgrading the Natural Resources Police to P25 radios as part of the 700 MHz project implementation plan to ensure interoperability with local jurisdictions and other State law enforcement agencies (\$2,480,038); from the SHA to DNR's Engineering and Construction program for the development of the Harriet Tubman Underground Railroad State Park as part of the Scenic Byways Program (\$1,489,940); from MEA to the Power Plant Assessment Program for identifying and evaluating potential sites for distributed generation development in Maryland (\$300,000); from the Maryland Historical Trust to DNR's Engineering and Construction program for carrying out an Interdepartmental Agreement involving surveying and documenting historic structures located in State parks in the Eastern and Western regions which are owned and operated by DNR (\$112,500); and transferred internally from the Chesapeake and Coastal Service to the Critical Area Commission for developing a local framework for climate change adaptation strategies for Critical Area jurisdictions (\$45,000).

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,293.50	1,320.50	1,340.50	20.00	1.5%
02 Contractual	360.76	446.62	423.33	-23.29	-5.2%
Total Positions	1,654.26	1,767.12	1,763.83	-3.29	-0.2%
Objects					
01 Salaries and Wages	\$ 114,695,337	\$ 119,794,256	\$ 123,215,469	\$ 3,421,213	2.9%
02 Technical and Spec. Fees	10,239,079	12,502,867	12,161,907	-340,960	-2.7%
03 Communication	2,742,971	2,883,472	3,684,645	801,173	27.8%
04 Travel	463,839	738,473	546,051	-192,422	-26.1%
06 Fuel and Utilities	5,233,429	5,012,118	5,116,893	104,775	2.1%
07 Motor Vehicles	9,282,094	10,737,241	11,619,702	882,461	8.2%
08 Contractual Services	53,099,804	33,452,311	31,711,164	-1,741,147	-5.2%
09 Supplies and Materials	7,292,205	7,206,091	7,536,410	330,319	4.6%
10 Equipment – Replacement	1,312,478	3,764,057	1,548,885	-2,215,172	-58.9%
11 Equipment – Additional	804,365	2,618,406	1,217,355	-1,401,051	-53.5%
12 Grants, Subsidies, and Contributions	19,868,383	46,201,762	62,627,782	16,426,020	35.6%
13 Fixed Charges	4,411,855	3,105,001	3,206,589	101,588	3.3%
14 Land and Structures	372,345	117,172	345,502	228,330	194.9%
Total Objects	\$ 229,818,184	\$ 248,133,227	\$ 264,538,354	\$ 16,405,127	6.6%
Funds					
01 General Fund	\$ 72,868,125	\$ 56,486,661	\$ 59,555,696	\$ 3,069,035	5.4%
03 Special Fund	121,541,954	147,902,833	165,118,023	17,215,190	11.6%
05 Federal Fund	26,823,638	28,426,050	28,968,945	542,895	1.9%
09 Reimbursable Fund	8,584,467	15,317,683	10,895,690	-4,421,993	-28.9%
Total Funds	\$ 229,818,184	\$ 248,133,227	\$ 264,538,354	\$ 16,405,127	6.6%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Fiscal Summary
Department of Natural Resources

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Office of the Secretary	\$ 17,645,820	\$ 20,991,329	\$ 19,559,239	-\$ 1,432,090	-6.8%
02 Forest Service	12,280,673	12,060,179	12,453,540	393,361	3.3%
03 Wildlife and Heritage Service	10,893,291	12,188,902	12,564,164	375,262	3.1%
04 Maryland Park Service	38,980,332	41,305,879	42,972,189	1,666,310	4.0%
05 Land Acquisition and Planning	4,965,940	5,068,644	5,982,619	913,975	18.0%
06 Licensing and Registration Service	3,713,715	3,794,515	3,850,568	56,053	1.5%
07 Natural Resources Police	38,689,627	44,353,630	45,637,652	1,284,022	2.9%
09 Engineering and Construction	4,432,097	6,282,129	5,912,699	-369,430	-5.9%
10 Chesapeake Bay Critical Area Commission	1,902,121	2,074,399	2,080,667	6,268	0.3%
11 Boating Services	5,972,537	7,057,164	7,314,439	257,275	3.6%
12 Resource Assessment Service	17,214,032	18,371,820	17,444,483	-927,337	-5.0%
13 Maryland Environmental Trust	823,318	1,357,559	1,372,742	15,183	1.1%
14 Chesapeake and Coastal Services	48,593,097	49,348,035	64,256,273	14,908,238	30.2%
17 Fisheries Service	23,711,584	23,879,043	23,137,080	-741,963	-3.1%
Total Expenditures	\$ 229,818,184	\$ 248,133,227	\$ 264,538,354	\$ 16,405,127	6.6%
General Fund	\$ 72,868,125	\$ 56,486,661	\$ 59,555,696	\$ 3,069,035	5.4%
Special Fund	121,541,954	147,902,833	165,118,023	17,215,190	11.6%
Federal Fund	26,823,638	28,426,050	28,968,945	542,895	1.9%
Total Appropriations	\$ 221,233,717	\$ 232,815,544	\$ 253,642,664	\$ 20,827,120	8.9%
Reimbursable Fund	\$ 8,584,467	\$ 15,317,683	\$ 10,895,690	-\$ 4,421,993	-28.9%
Total Funds	\$ 229,818,184	\$ 248,133,227	\$ 264,538,354	\$ 16,405,127	6.6%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.