

D40W01
Department of Planning

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$12,893	\$12,880	\$13,005	\$126	1.0%
Adjustments	0	0	-39	-39	
Adjusted General Fund	\$12,893	\$12,880	\$12,966	\$87	0.7%
Special Fund	4,165	4,411	4,364	-46	-1.1%
Adjustments	0	0	-2	-2	
Adjusted Special Fund	\$4,165	\$4,411	\$4,362	-\$49	-1.1%
Federal Fund	1,554	1,464	1,588	123	8.4%
Adjustments	0	0	-3	-3	
Adjusted Federal Fund	\$1,554	\$1,464	\$1,585	\$120	8.2%
Reimbursable Fund	940	959	1,236	278	29.0%
Adjusted Reimbursable Fund	\$940	\$959	\$1,236	\$278	29.0%
Adjusted Grand Total	\$19,552	\$19,713	\$20,149	\$436	2.2%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The overall adjusted change in the Maryland Department of Planning (MDP) 2018 allowance is an increase of \$435,760, or 2.2%. The major changes are a decrease of \$411,306 in personnel expenditures and an increase of \$379,197 in general funds for the Maryland Historical Trust (MHT) Non-Capital Grant Program.

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

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Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Positions	147.00	131.00	131.00	0.00
Contractual FTEs	<u>13.79</u>	<u>18.39</u>	<u>22.04</u>	<u>3.65</u>
Total Personnel	160.79	149.39	153.04	3.65

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	3.28	2.50%
Positions and Percentage Vacant as of 12/31/16	18.00	13.74%

- Overall, regular positions have been reduced from 147.0 in the fiscal 2016 actual to 131.0 in the fiscal 2018 allowance. 2.0 positions were abolished in the fiscal 2017 allowance – a principal planner in Communications and Intergovernmental Affairs and a planner V in Planning Services. Section 20 of the fiscal 2017 budget bill abolished 9.0 regular vacant positions – the highest concentration of abolished positions was 4.0 positions in Planning Data and Research. Then a budget amendment transferred funding to the Department of Information Technology related to 4.0 full-time equivalents (FTE), which were transferred for the Information Technology Enterprise Initiative as authorized by Section 21 of the fiscal 2017 budget bill. Finally, 1.0 position was transferred to the Department of Budget and Management’s Personnel Services Division during fiscal 2017.
- MDP has 18.0 vacant positions as of December 31, 2016. MDP notes that it currently has 12.0 vacancies, 6.0 of which are in active recruitment since there has been recent hiring and promotion activity. Of these vacancies, 2.0 positions have been vacant for more than a year: a program manager senior I since September 1, 2015, in Preservation Services and 1.0 administrator I since November 28, 2014, in Management Planning and Educational Outreach. MDP notes that both positions are in the recruitment process: the program manager senior has interviews scheduled and the job posting for the administrator I closed on February 7, 2017.
- Contractual FTEs increase by a net of 3.65 in the fiscal 2018 allowance. This reflects an increase of 1.0 FTE in Preservation Services, 1.0 FTE in Research Survey and Registration, 1.0 FTE in Museum Services – Jefferson Patterson Park and Museum – Maryland Archaeological Conservation Laboratory Facility, and 0.65 FTE in Museum Services – Jefferson Patterson Park and Museum – Administration.

- The MDP turnover rate has been reduced from 5.42% to 2.50% in the fiscal 2018 allowance reflecting a shift from 7.10 necessary vacancies to 3.28 vacancies. This turnover is currently exceeded given the 18.0 vacancies, or 13.74% vacancy rate, as of December 31, 2016.

Analysis in Brief

Major Trends

Maryland Heritage Areas Authority Grants Leveraging Increased Substantially in Fiscal 2016: Maryland Heritage Areas Authority (MHAA) grants leveraging increased substantially in fiscal 2016. MDP notes that in fiscal 2016 six capital grant projects each leveraged over \$1.0 million in non-State investment, resulting in over \$8.0 in non-State investment leveraged. While MHAA does not control the applications submitted, the leveraging of non-State investment is an important component of the review criteria. MDP also notes that the leveraging of non-State investment may reflect underlying improvements in the economy. **The Department of Legislative Services (DLS) recommends that MDP comment on whether, and when, it will conduct an economic impact study of the Maryland Heritage Areas Program in order to understand better how the grants issued impact the economic viability of heritage tourism.**

National Register Nominations Continue to Decline: The National Register nominations recommended to the Keeper of the National Register continue to decline. MDP notes that National Register nominations documents are prepared by outside sources – property owners, developers, local governments, and other State agencies – since MDP has not received funding to initiate National Register nominations. In addition, MDP notes that nominations are affected by fluctuations in the real estate market since developers may initiate nominations in order to qualify their projects for rehabilitation tax credits. **DLS recommends that MDP comment on why so many National Register nominations are in the pipeline.**

Visitors to Jefferson Patterson Park and Museum Spike in Fiscal 2016: There was a spike in visitors to the Jefferson Patterson Park and Museum in fiscal 2016. MDP notes that the increased visitation in fiscal 2016 more than doubled the monthly figures from December and March in fiscal 2015. MDP attributes the increased visitation to the park's extended hours – expanded to be open 362 days each year from 7:30 a.m. to dusk – and the unseasonably warm weather in what are usually considered out-of-season months – December and March. **DLS recommends that MDP comment on the impact of increased Jefferson Patterson Park and Museum visitation on maintenance and repair costs associated with maintaining the park's infrastructure.**

Issues

Limited Progress on State Development Plan: The Administration does not appear to have made significant progress toward putting its stamp on a new version of the State development plan. This challenges MDP as the State's planning agency and Maryland as a whole to the degree that growth

should be planned. MDP has provided updates on a number of activities related to smart growth and the State development plan, which appear to be stalled due to either staff departures or funding constraints. **DLS recommends that MDP comment on the reasons for the lack of progress toward the Reinvest Maryland website, the Priority Funding Area (PFA) Impacts on Rural Communities spreadsheet, the Local Government Planning Resource Center, and the Sustainable Growth and Conservation Indicators Status Check website.**

Preservation, Survey, and Museum Operating Funding Needs Reported: A report was requested in the 2016 *Joint Chairmen’s Report* on preservation, survey, and museum (operating and capital) grant funding, and future plans to address these statewide needs. The report was requested because the committees were concerned that MDP no longer provides funding for the work done by the Historic Preservation Grant Program through Non-Capital Grants and the Museum Assistance Program through grants. The report noted that the MHT Grant Fund is the umbrella fund that supports the Historic Preservation Grant Program (comprised of the Capital Grant Program and the Non-Capital Grant Program); and the Historical and Cultural Museum Assistance Program (otherwise known as the Museum Assistance Program), and that there are opportunities to identify alternative funding sources, prioritize funding for at-risk resources, support State agency survey needs, and create partnerships to streamline processes. **DLS recommends the deletion of \$379,197 in general funds for the MHT Non-Capital Grant Program in fiscal 2018 due to the State’s fiscal condition.**

Recommended Actions

	<u>Funds</u>
1. Add budget bill language reducing the Maryland Humanities Council appropriation contingent on a Budget Reconciliation and Financing Act provision striking the funding requirement.	
2. Delete funding for the Non-Capital Grant Program.	\$ 379,197
Total Reductions	\$ 379,197

Updates

Governor’s Commission on Maryland Military Monuments Transferred to MDP: The Governor signed Executive Order 01.01.2016.07 (Governor’s Commission on Maryland Military Monuments). The executive order transferred the Military Monuments Commission from the Department of Veterans Affairs to MDP and specified that the Maryland Veterans Trust will transfer \$5,037 previously contributed to the commission to MDP to be held in a special fund account and used for commission purposes. The fiscal 2018 allowance includes \$17,000 in general funds for conservation of monuments, which is level with the fiscal 2017 working appropriation.

Smart Growth Funding in PFAs Reported: There is an annual reporting requirement under State Government Article Section 9-1406(i) for growth-related capital programs. The overall trend since fiscal 2011 is an increasing percentage of State capital spending inside PFAs – designated mostly urbanized areas where growth is to be focused – relative to spending outside PFAs. The primary reasons for the spending decrease outside of PFAs between fiscal 2015 and 2016 are \$22.8 million less spent by the Public School Construction Program, primarily for replacement and renovations that increase capacity and \$16.0 million less spent by the Maryland Department of Transportation, primarily for highways.

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Operating Budget Analysis

Program Description

The Maryland Department of Planning (MDP) provides information and services that aid State and local governments and nonprofit organizations in supporting desirable growth in Maryland. MDP consists of an administrative unit and the programmatic units described as follows.

- ***State Clearinghouse (Formerly, Communications and Intergovernmental Affairs)*** – incorporates the State Clearinghouse for Intergovernmental Assistance and formerly also included the MDP intergovernmental affairs unit, which guided education and outreach efforts, which will now be handled in the MDP administrative unit. MDP notes that the State Clearinghouse is functionally included within Planning Coordination’s Resource Conservation and Management Unit. The Clearinghouse facilitates intergovernmental review and coordinates review of applications for federal and State financial assistance, proposals for direct federal development programs, drafts of environmental impact statements, State plans requiring gubernatorial review, and other actions requiring intergovernmental coordination.
- ***Planning Data and Research (Formerly, 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 in support of smart growth; and prepares reports and studies on specific topics for the Governor and the General Assembly. The program also makes available U.S. Census, American Community Survey, and other U.S. Department of Commerce information to State and local governments and the private sector.
- ***Planning Coordination (Formerly, Planning Services)*** – provides technical services to improve the planning and management capacity of local governments. The program, which includes Centreville, Cumberland, and Salisbury regional offices, helps local governments with land-use planning, zoning as well as rural and urban design issues.
- ***Management Planning and Educational Outreach*** – provides administrative support for the Division of Historical and Cultural Programs and administers Non-Capital Grants and the Maryland Heritage Areas Authority (MHAA) Program.
- ***Office of Museum Services*** – provides technical assistance to approximately 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 through the Maryland Inventory of Historic Properties and National Register of Historic Places. The program also handles nominations to the National Register of Historic Places.

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- **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 historic rehabilitation tax credits. The program also administers capital loans and grants.

MDP's primary goals are as follows:

- **Goal 1:** Provide efficient State Clearinghouse review of federal, State, and local plans and projects requiring intergovernmental coordination.
- **Goal 2:** Provide timely data and intelligent tools to aid in implementation of State and local land use, conservation, community enhancement, and business development policies.
- **Goal 3:** Support and enhance the vitality of towns, cities, and rural centers with existing or planned infrastructure.
- **Goal 4:** Encourage economic development by enhancing historical resources and leveraging non-State investment.
- **Goal 5:** Protect and interpret historic resources.

Performance Analysis: Managing for Results

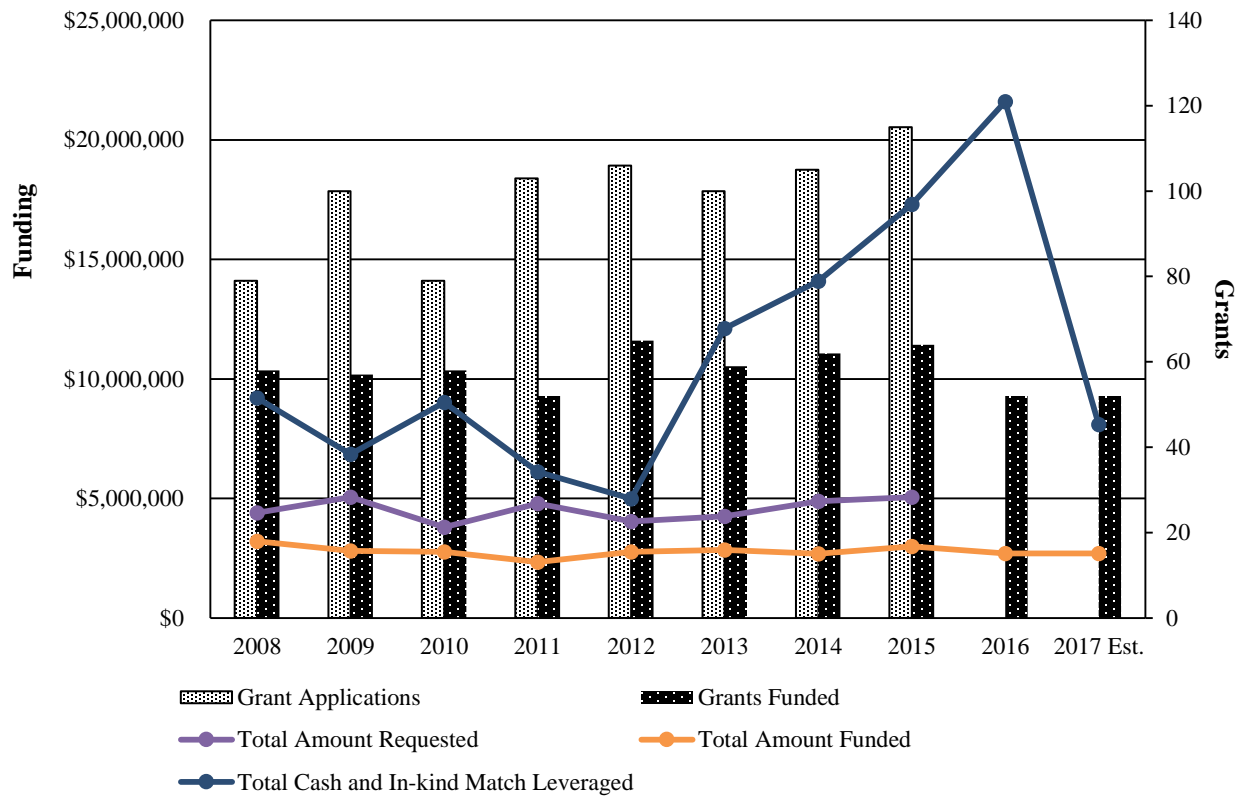
The discussion of the MDP fiscal 2018 Managing for Results (MFR) submission reflects MHAA grants leveraging increases substantially in fiscal 2016, National Register nominations continuing to decline, and a spike in visitors to the Jefferson Patterson Park and Museum in fiscal 2016.

1. Maryland Heritage Areas Authority Grants Leveraging Increased Substantially in Fiscal 2016

MDP's fourth goal is to encourage economic development by enhancing historical resources and leveraging non-State investment. Under this goal, MDP has an objective to achieve a target non-State leverage ratio of 1:1 or greater for MHAA grant awards. As shown in **Exhibit 1**, MDP has met this goal between fiscal 2008 and 2017. In particular, MDP's MFR data indicates that the ratio of non-State investment leveraged to MHAA funds increased from 5:1 in fiscal 2015 to 8:1 in fiscal 2016, which can be seen as the spike in funding leveraged in Exhibit 1. MDP notes that in fiscal 2016 six capital grant projects each leveraged over \$1 million in non-State investment resulting in over \$8 million in non-State investment leveraged. While MHAA does not control the applications submitted, the leveraging of non-State investment is an important component of the review criteria. MDP also notes that the leveraging of non-State investment may reflect underlying improvements in the economy. **The Department of Legislative Services (DLS) recommends that MDP comment on whether, and when, it will conduct an economic impact study of the Maryland Heritage Areas**

program in order to understand better how the grants issued impact the economic viability of heritage tourism.

Exhibit 1
Maryland Heritage Areas Authority Grants History
Fiscal 2008-2017 Est.



Note: The fiscal 2016 and 2017 total cash and in-kind match leveraged reflects a calculation using the reported ratio of non-State investment leveraged to the Maryland Heritage Areas Authority funds awarded. The ratios for fiscal 2016 and 2017 are 8:1 and 3:1, respectively.

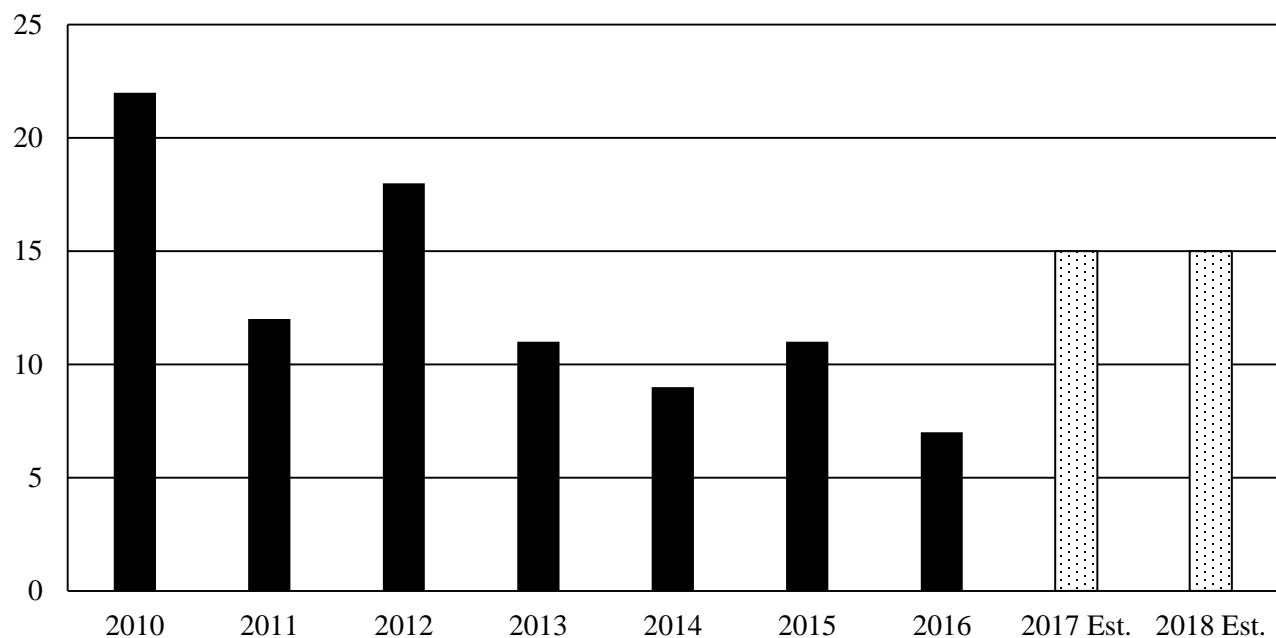
Source: Maryland Department of Planning; Department of Budget and Management; Department of Legislative Services

2. National Register Nominations Continue to Decline

MDP's fifth goal is to protect and interpret historic resources. There is no specific objective under this goal for the particular MFR measure under consideration. As shown in **Exhibit 2**, there has been a decline in the number of National Register nominations recommended to the Keeper of the National Register from a high of 22 in fiscal 2010 to a low of 7 in fiscal 2016. MDP notes that the

National Register nominations documents are prepared by outside sources – property owners, developers, local governments, and other State agencies – since MDP has not received funding to initiate National Register nominations. In addition, MDP notes that nominations are affected by fluctuations in the real estate market since developers may initiate nominations in order to qualify their projects for rehabilitation tax credits. However, MDP notes that there are presently 16 nominations pending submission to the National Park Service and 8 more are awaiting consideration by the Governor’s Consulting Committee, Maryland’s State review board, and that most of these nominations will likely be forwarded to the National Park Service before the end of fiscal 2017. **DLS recommends that MDP comment on why so many National Register nominations are in the pipeline.**

Exhibit 2
National Register Nominations Recommended to Keeper of the National Register
Fiscal 2010-2018 Est.



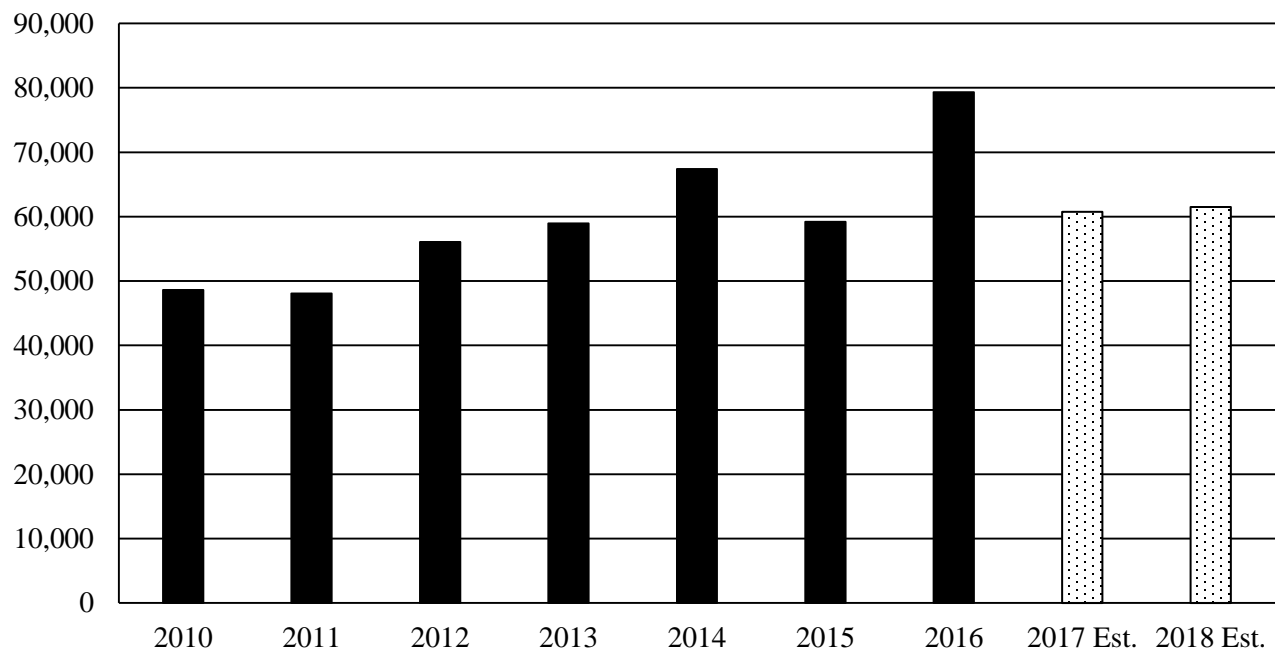
Source: Department of Budget and Management

3. Visitors to Jefferson Patterson Park and Museum Spike in Fiscal 2016

As noted above, MDP’s fifth goal is to protect and interpret historic resources. Under this goal, is the objective to increase annual visitation at Jefferson Patterson Park and Museum. As shown in **Exhibit 3**, the number of visitors increased from 59,203 in fiscal 2015 to 79,303 in fiscal 2016, and thus the objective has been met. MDP notes that the increased visitation more than doubled the monthly figures from December and March in fiscal 2015. MDP attributes the increased visitation to the park’s

extended hours – expanded to be open 362 days each year, from 7:30 a.m. to dusk – and the unseasonably warm weather in what are usually considered out-of-season months – December and March. **DLS recommends that MDP comment on the impact of increased Jefferson Patterson Park and Museum visitation on maintenance and repair costs associated with maintaining the park’s infrastructure.**

Exhibit 3
Visitors to Jefferson Patterson Park and Museum
Fiscal 2010-2018 Est.



Source: Department of Budget and Management

Fiscal 2017 Actions

There is one action that impacts MDP’s fiscal 2017 budget: the Section 20 position abolitions.

Section 20 Position Abolitions

Section 20 of the fiscal 2017 budget bill authorized the Governor to abolish 657 regular vacant positions, reduce general fund appropriations by at least \$20 million, and reduce special fund appropriations by at least \$5 million. On June 22, 2016, the Board of Public Works abolished 9 MDP positions, as shown in **Exhibit 4**. MDP notes that all 9 positions are vacant. The highest concentration of abolished positions is 4 positions in Planning Data and Research. MDP notes that there will be no

impact on agency operations as a result of the abolishing of the positions because of restructuring and consolidation that the agency has undergone. In addition, MDP notes that it has reclassified positions and revised position descriptions in order to fulfill its mission. The data provided by the Department of Budget and Management (DBM) indicates total salary funding of \$576,853 for the abolished positions while the agency reduction was only \$70,000 in general funds.

Exhibit 4
Section 20 Position Abolitions
June 22, 2016

<u>Program</u>	<u>Title</u>	<u>Fiscal 2017 Salary</u>	<u>Section 20 Reduction</u>	<u>Difference</u>
Operations Division	Principal Planner	\$88,424		
Operations Division	Webmaster II	52,304		
Planning Data and Research	Information Technology Programmer Analyst Supervisor	53,193		
Planning Data and Research	Program Manager Senior II	73,612		
Planning Data and Research	Administrative Officer I	55,662		
Planning Data and Research	Database Specialist Supervisor	85,401		
Planning Coordination	Program Manager III	60,543		
Research Survey and Registration	Office Secretary III	44,343		
Research Survey and Registration	Archaeologist III	63,371		
Total		\$576,853	\$70,000	\$506,853

Source: Department of Legislative Services

Proposed Budget

The MDP fiscal 2018 adjusted allowance increases by \$435,760, or 2.2%, relative to the fiscal 2017 working appropriation, as shown in **Exhibit 5**. The changes by fund in Exhibit 5 reflect an increase of \$86,602 in general funds, a decrease of \$48,790 in special funds, an increase of \$120,373 in federal funds, and an increase of \$277,575 in reimbursable funds. Fiscal 2018 personnel changes and operating expenditures are discussed as follows.

Exhibit 5
Proposed Budget
Department of Planning
(\$ 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 2016 Actual	\$12,893	\$4,165	\$1,554	\$940	\$19,552
Fiscal 2017 Working Appropriation	12,880	4,411	1,464	959	19,713
Fiscal 2018 Allowance	<u>12,966</u>	<u>4,362</u>	<u>1,585</u>	<u>1,236</u>	<u>20,149</u>
Fiscal 2017-2018 Amount Change	\$87	-\$49	\$120	\$278	\$436
Fiscal 2017-2018 Percent Change	0.7%	-1.1%	8.2%	29.0%	2.2%

Where It Goes:**Personnel Expenses**

Turnover adjustments	\$392
Other fringe benefit adjustments.....	5
Social Security contributions	-69
Employee and retiree health insurance	-75
Retirement contribution	-213
Salaries decrease for Section 20 funding and positions budgeted at base	-451

Other Changes**Programmatic Funding**

Grants increase for Non-Capital, Humanities Council, and Maritime Heritage	800
Contractual full-time equivalents increase by 3.65.....	121
Charles County architectural survey printing and publication costs.....	-13
National Park Service Hurricane Sandy survey	-23
National Park Service trails brochures.....	-30
Positive Train Control Cultural Resource Fund.....	-50

Routine Operations

Chemical shed at Maryland Archaeological Conservation Laboratory	70
Equipment repairs and grounds maintenance at Jefferson Patterson Park and Museum.....	68
Office supplies	17
Applications software	13
Statewide controlled subobjects.....	10

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Where It Goes:

Vehicle costs decrease due to one-time vehicle cost in Museum Services.....	-17
Contractual services decrease in Management Planning and Educational Outreach.	-22
Leased equipment spending for underwater equipment in Preservation Services	-28
Fuel oil decreases to fiscal 2016 actual in Museum Services	-68
Total	\$437

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

Personnel

Changes by Category

The MDP overall personnel expenditures decrease by \$411,306 in the fiscal 2018 adjusted allowance. This decrease accounts for an across-the-board contingent reduction for a supplemental pension payment. The personnel changes are as follows.

- ***Salaries Decrease for Section 20 Funding and Positions Budgeted at Base:*** Regular earnings decrease by \$450,516 in the fiscal 2018 allowance. This reflects the abolition of 9 positions in fiscal 2017, as well as budgeting of positions at the base level since a number of positions are being actively recruited, which sets the positions back to base. The budgeting of positions at the base level accounts for a greater reduction than might otherwise be the case because it reduces the increment funding for the vacant positions that was provided in fiscal 2017.
- ***Retirement Contribution Including the Fiscal 2018 Negative Deficiency:*** Retirement contribution costs decrease by \$213,324, which assumes the fiscal 2018 across-the-board contingent reduction of \$44,456 for a supplemental pension payment.
- ***Employee and Retiree Health Insurance:*** Employee and retiree health insurance costs decrease by \$74,770.
- ***Social Security Contributions:*** Social Security contributions decrease by \$69,148.
- ***Turnover Adjustments:*** There is an increase of \$392,394 as a result of the turnover rate being reduced from 5.42% to 2.5%. The reduced turnover rate is intended to help MDP fill vacant positions.

Other Changes

Overall, the nonpersonnel portion of the MDP fiscal 2018 adjusted allowance increases by \$847,066. The areas of change may be broadly categorized as programmatic funding and routine operations. The biggest change is an increase of \$379,197 in general funds for the MHT Non-Capital Grant Program.

Programmatic Funding

The programmatic funding changes in the fiscal 2018 adjusted allowance are as follows.

- ***Grants Increase for Non-Capital, Humanities Council, and Maritime Heritage:*** There is an overall increase of \$800,015 for grants, which is comprised of an increase of \$379,197 in general funds for the MHT Non-Capital Grant Program, an increase of \$270,818 in federal funds for the National Park Service Maritime Heritage grants, and an increase of \$150,000 in reimbursable funds to allocate funding to the Maryland Humanities Council from Chapter 727 of 2016 (The Maryland International and Preakness Stakes Incentive Act of 2016) from the State Lottery Fund. The Non-Capital Grant Program funding will be available for nonprofit organizations and local governments via an application process and will be prioritized for identification, documentation, and evaluation of historic resources. This is the first funding for the program since fiscal 2012. The Maryland Humanities Council funding, which would be used to support Maryland History Day and other programs, is struck by a provision in the Budget Reconciliation and Financing Act (BRFA) of 2017, but is not reflected as a reduction in the fiscal 2018 budget because there is no reimbursable fund appropriation to reduce.
- ***Contractual Full-time Equivalents Increase by 3.65:*** Contractual full-time equivalents (FTE) increase by 3.65, which corresponds with a \$121,160 funding increase in fiscal 2018. This reflects an increase of 1.0 FTE in Preservation Services, 1.0 FTE in Research Survey and Registration, 1.0 FTE in Museum Service – Jefferson Patterson Park and Museum – Maryland Archaeological Conservation Laboratory Facility, and 0.65 FTE in Museum Services – Jefferson Patterson Park and Museum – Administration.
- ***Positive Train Control Cultural Resource Fund:*** There is a decrease of \$50,000 in special funds because the Research Survey and Registration program did not receive an award from the Positive Train Control Cultural Resource Fund, which supported cultural and historic preservation projects carried out by Tribal Nations and State Historic Preservation Offices and was funded via a memorandum of understanding between the Federal Communications Commission and seven Class I freight rail companies.
- ***National Park Service Trails Brochures:*** Funding decreases by \$30,000 in federal funds for a National Park Service trails brochure in Management Planning and Educational Outreach.
- ***National Park Service Hurricane Sandy Survey:*** There is a reduction of \$23,000 in federal funds for a National Park Service Hurricane Sandy survey.

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- ***Charles County Architectural Survey Printing and Publication Costs:*** A one-time Charles County architectural survey printing and publication cost accounts for a reduction of \$13,000 in special funds in Management Planning and Educational Outreach.

Routine Operations

- ***Chemical Storage Shed at Maryland Archaeological Conservation Laboratory:*** There's a \$70,000 general fund increase for a chemical storage shed in Museum Services. The current storage shed had a roof leak that damaged the fire protection capability to the point that the shed cannot be repaired. A storage shed is needed for chemicals used in the conservation of artifacts at the Maryland Archaeological Conservation Laboratory.
- ***Equipment Repairs and Grounds Maintenance at Jefferson Patterson Park and Museum:*** Funding increases by \$67,541 in general funds at Jefferson Patterson Park and Museum for equipment repairs and grounds maintenance – mowing, trimming, and clean up – for 560 acres.
- ***Office Supplies:*** Office supplies increase across the agency by \$16,800 in fiscal 2018 with the biggest increase of \$11,725 in general funds in Planning Data Services.
- ***Applications Software:*** Applications software funding increases by \$13,076 across the agency for programs with Microsoft licenses. The funding is comprised of an increase of \$31,456 in general funds, which is offset partially by decreases of \$10,179 in special funds and \$8,201 in reimbursable funds.
- ***Statewide Controlled Subobjects:*** Statewide controlled subobjects increase overall by \$9,782. The changes include increases for the Department of Information Technology Services Allocation (\$56,214), DBM paid telecommunications (\$3,940), the Office of the Attorney General administrative fee (\$3,048), the Retirement administrative fee (\$1,119), and the Annapolis Data Center charges (\$170), which are offset partially by decreases for the Enterprise Budgeting System (\$22,928), the Statewide Personnel System (\$15,589), the Human Resources Shared Services (\$13,165), and the Office of Administrative Hearings (\$3,027).
- ***Fuel Oil Decreases to Fiscal 2016 Actual in Museum Services:*** Fuel oil is budgeted closer to the fiscal 2016 level in Museum Services, which accounts for a decrease of \$67,180 in general funds.
- ***Leased Equipment Spending for Underwater Equipment in Preservation Services:*** Lease payments to the Treasurer's Office for underwater equipment – a marine magnetometer and dual frequency side scan sonar system – decrease by \$28,169 in general funds in Preservation Services as a result of the end of the payments.

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- ***Economic Impact Study Decrease in Management Planning and Educational Outreach:*** There is a decrease of \$21,530 in general funds for a one-time economic impact study in Management Planning and Educational Outreach.
- ***Vehicle Costs Decrease Due to a One-time Vehicle Cost in Museum Services:*** There is a reduction of \$16,726 for vehicle costs, primarily due to a one-time vehicle purchase during fiscal 2017 in Museum Services.

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. MDP's share of these reductions is \$39,094 in general funds, \$2,405 in special funds, and \$2,957 in federal funds. This action is tied to a provision in the BRFA of 2017.

Issues

1. Limited Progress on State Development Plan

The Administration does not appear to have made significant progress toward putting its stamp on a new version of the State development plan. This challenges MDP as the State's planning agency and Maryland as a whole to the degree that growth should be planned. MDP has provided updates on a number of activities related to smart growth and the State development plan, which appear to be stalled due to either staff departures or funding constraints.

Smart Growth Status

Last year's analysis included a status of the following: the role of Priority Funding Areas (PFA) on rural growth and development, Reinvest Maryland website changes, a new Transfer of Development Rights Ad Hoc Committee Study, a new strategic plan, and a new Sustainable Growth and Conservation Indicators Status Check website. The progress on these policy angles is as follows.

- ***Current Name for PlanMaryland:*** MDP notes that it is continuing to reassess the goals, objectives, and implementation strategies of the former State development plan, also known as PlanMaryland; but since the State development plan is an executive policy, it needs to reflect the priorities and direction of the current Administration. MDP notes that information covering development concerns is on MDP's website and a mapping tool for local- and State-identified growth and conservation areas has been added to MDP's list of interactive maps to improve the coordination of planning at the State and local level. However, there does not appear to be any movement toward the further development of a State development plan under any name.
- ***Reinvest Maryland Website:*** The Governor Martin J. O'Malley Administration requested that the Maryland Sustainable Growth Commission make recommendations to accelerate infill, redevelopment, and revitalization efforts given that this will not happen without a deliberate effort. In last year's analysis, MDP noted that the Reinvest Maryland website was to be evaluated by the new Maryland Sustainable Growth Commission chair. MDP now notes that its intent was to clarify and strengthen the report, but that the departure of MDP's Reinvest Maryland project manager has hampered the updates. MDP is hopeful that the hiring of a new project manager and other key support staff in early calendar 2017 will allow MDP to renew implementation of Reinvest Maryland.
- ***PFA Impacts on Rural Communities Spreadsheet:*** In last year's analysis, it was noted that a spreadsheet showing PFA impacts on rural communities was expected to be ready in draft form in March 2016 to share with the Sustainable Growth Commissions' Rural Economies Workgroup and then with a broader peer review group. MDP notes that staff prepared the spreadsheet and shared it at the Healthy Waters Roundtable in December 2016, and that MDP is also reviewing the possibility of an interactive web-based application that would help with the process of showing PFA impacts on rural communities, although implementation timing will depend on available resources – presumably staff and funding.

- ***Local Government Planning Resource Center:*** In last year's analysis, MDP noted that the creation of a Local Government Planning Resource Center would make planning resources available to county and municipal governments, such as geographic information system data sets, mapping and technical assistance in order to increase collaboration, and implementation of planning best practices. MDP notes that key staff who were working on the center idea left the agency, and that new staff are in the process of being trained. Despite these staffing challenges, MDP indicates that the center will be a major focus and that a new work plan is being developed.
- ***Sustainable Growth and Conservation Indicators Status Check Website:*** In last year's analysis, it was noted that MDP intended to create a Sustainable Growth and Conservation Indicators Status Check website. The website was still under development at the time but was anticipated to provide decision makers with a single comprehensive view of their community profile with the intent to help evaluate progress toward State goals for the following: economic development, agricultural and natural resources conservation, socio-economic stability (including education, health, transportation, and quality of life indicators), and land uses (residential, commercial, and industrial). MDP notes that it conducted a review of the draft Status Check report and found significant opportunities to clarify and strengthen the utility of the site before publishing it, but then the project was deferred as MDP found it necessary to prioritize other projects. As new staff are recruited and assigned, MDP expects to continue its efforts and revisit this issue with the Sustainable Growth Commission.

DLS recommends that MDP comment on the reasons for the lack of progress toward the Reinvest Maryland website, PFA Impacts on Rural Communities spreadsheet, the Local Government Planning Resource Center, and the Sustainable Growth and Conservation Indicators Status Check website.

2. Preservation, Survey, and Museum Operating Funding Needs Reported

A report was requested in the 2016 *Joint Chairmen's Report* (JCR) on preservation, survey, and museum (operating and capital) grant funding and future plans to address these statewide needs. The report was requested because the committees were concerned that MDP no longer provides funding for the work done by the Historic Preservation Grant Program through Non-Capital Grants, and the Museum Assistance Program through grants. In response MHT convened a working group in May 2016 consisting of DBM and a number of stakeholder groups representing other State agencies and statewide historical and cultural organizations. Following the meeting, MHT developed a survey instrument to gather additional feedback from stakeholders and reached out to historic preservation officers from other states in order to understand alternative funding models.

The report noted that the MHT Grant Fund is the umbrella fund that supports the Historic Preservation Grant Program (comprised of the Capital Grant Program and the Non-Capital Grant Program); and the Historical and Cultural Museum Assistance Program (otherwise known as the Museum Assistance Program). **Exhibit 6** shows the purpose of each of the three MHT Grant Fund components described in the JCR report and the associated recommendations. **DLS recommends the**

deletion of \$379,197 in general funds for the Maryland Historical Trust Non-Capital Grant Program in fiscal 2018 due to the State's fiscal condition.

Exhibit 6
MHT Grant Fund Recommendations
October 2016 Report

	<u>Non-Capital Grant Program</u>	<u>Capital Grant Program</u>	<u>Museum Assistance Program</u>
Purpose	Fund the historic site survey work that is the foundation for all other preservation activities (last received funding in fiscal 2012 but receives \$379,197 in general funds in fiscal 2018).	Fund preservation construction projects (last received funding in fiscal 2009 but receives \$600,000 in general obligation bonds in fiscal 2018).	Provide funding and technical assistance to museums (last received funding in fiscal 2011).
Identify Alternative Funding Sources	Fund with real estate transfer taxes, a portion of the State sales tax, or gaming revenues.	Stabilize the funding source and potentially increase the funding for the existing program; fund with real estate transfer taxes, a portion of the State sales tax, or gaming revenues.	Reestablish the existing program, award block grants to nonprofit partners if no State program is reestablished; seek new partnerships with education agencies.
Prioritize Funding for At-risk Resources	Focus on erosion, sediment, or neglect; underserved geographies or communities; or create single-focus programs.	Focus on particular property types or themes.	
Support State Agency Survey Needs	Conduct a multi-disciplinary survey of buildings, structures, objects, archaeological sites, cultural traditions, and heritage landscapes on State lands given the preponderance of archaeological and historic sites.		
Create Partnerships to Streamline Processes	Award block grants to nonprofit partners for streamlining applications; provide cost-share agreements or direct administrative support to support heritage tourism overhead costs.		

Source: Maryland Department of Planning; Department of Legislative Services

Recommended Actions

1. Add the following language:

Contingent upon enactment of HB 152 with a provision to repeal a grant to the Maryland Humanities Council, authorization to expend reimbursable funds is reduced by \$150,000.

Explanation: The Budget Reconciliation and Financing Act (BRFA) of 2017 strikes the requirement that funding be allocated to the Maryland Humanities Council from the State Lottery Fund per Chapter 727 of 2016 (The Maryland International and Preakness Stakes Incentive Act of 2016). This action reduces the reimbursable fund appropriation if the BRFA provision is enacted.

	<u>Amount Reduction</u>
2. Delete funding for the Non-Capital Grant Program. The fiscal 2018 allowance includes \$379,197 in general funds – the first such funding for the Non-Capital Grant Program since fiscal 2012. The State’s current fiscal situation does not support an increase in funding for new or reestablished initiatives.	\$ 379,197 GF
Total General Fund Reductions	\$ 379,197

Updates

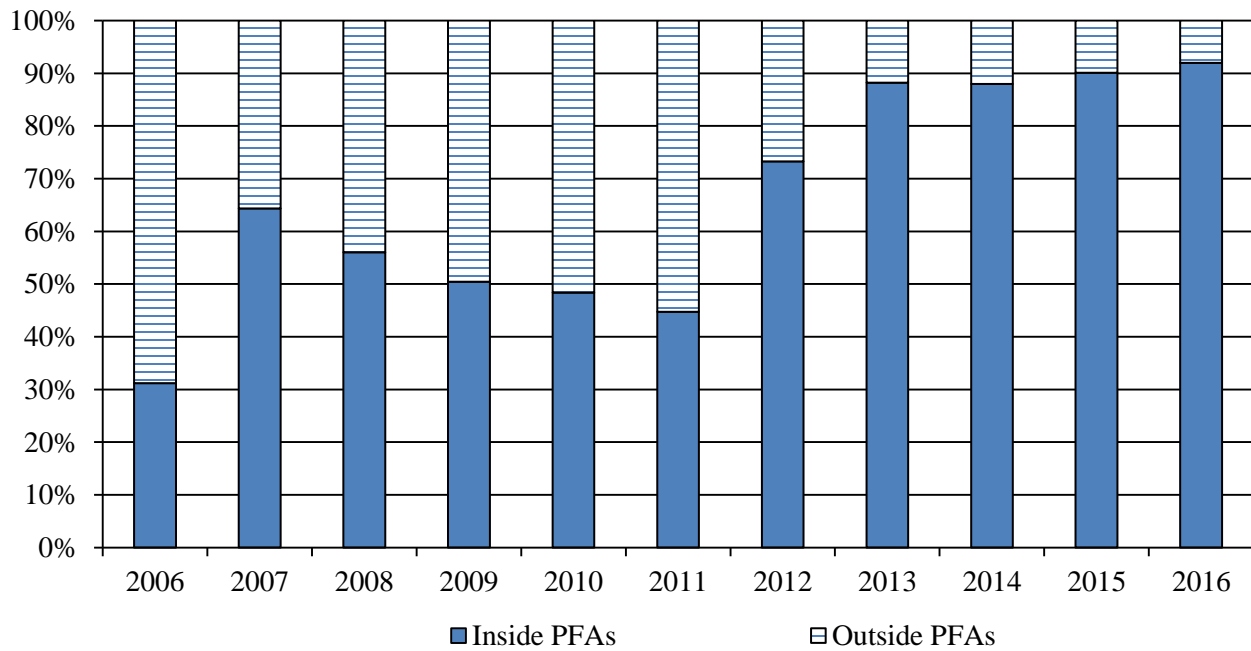
1. Governor’s Commission on Maryland Military Monuments Transferred to MDP

The Governor signed Executive Order 01.01.2016.07 (Governor’s Commission on Maryland Military Monuments). The executive order transferred the Military Monuments Commission from the Department of Veterans Affairs to MDP, and specified that the Maryland Veterans Trust will transfer \$5,037 previously contributed to the commission to MDP to be held in a special fund account and used for commission purposes. The fiscal 2018 allowance includes \$17,000 in general funds for conservation of monuments, which is level with the fiscal 2017 working appropriation.

2. Smart Growth Funding in PFAs Reported

There is an annual reporting requirement under State Government Article Section 9-1406(i) for growth-related capital programs. The overall trend since fiscal 2011 is an increasing percentage of State capital spending inside PFAs – designated mostly urbanized areas where growth is to be focused – relative to spending outside PFAs. As shown in **Exhibit 7**, State spending declined to a low of 45% inside PFAs in fiscal 2011 and since then increased to 92% in fiscal 2016. Between fiscal 2015 and 2016, State spending inside PFAs increased by two percentage points from 90% to 92%.

Exhibit 7
State Spending Inside and Outside of the Priority Funding Areas
Fiscal 2006-2016



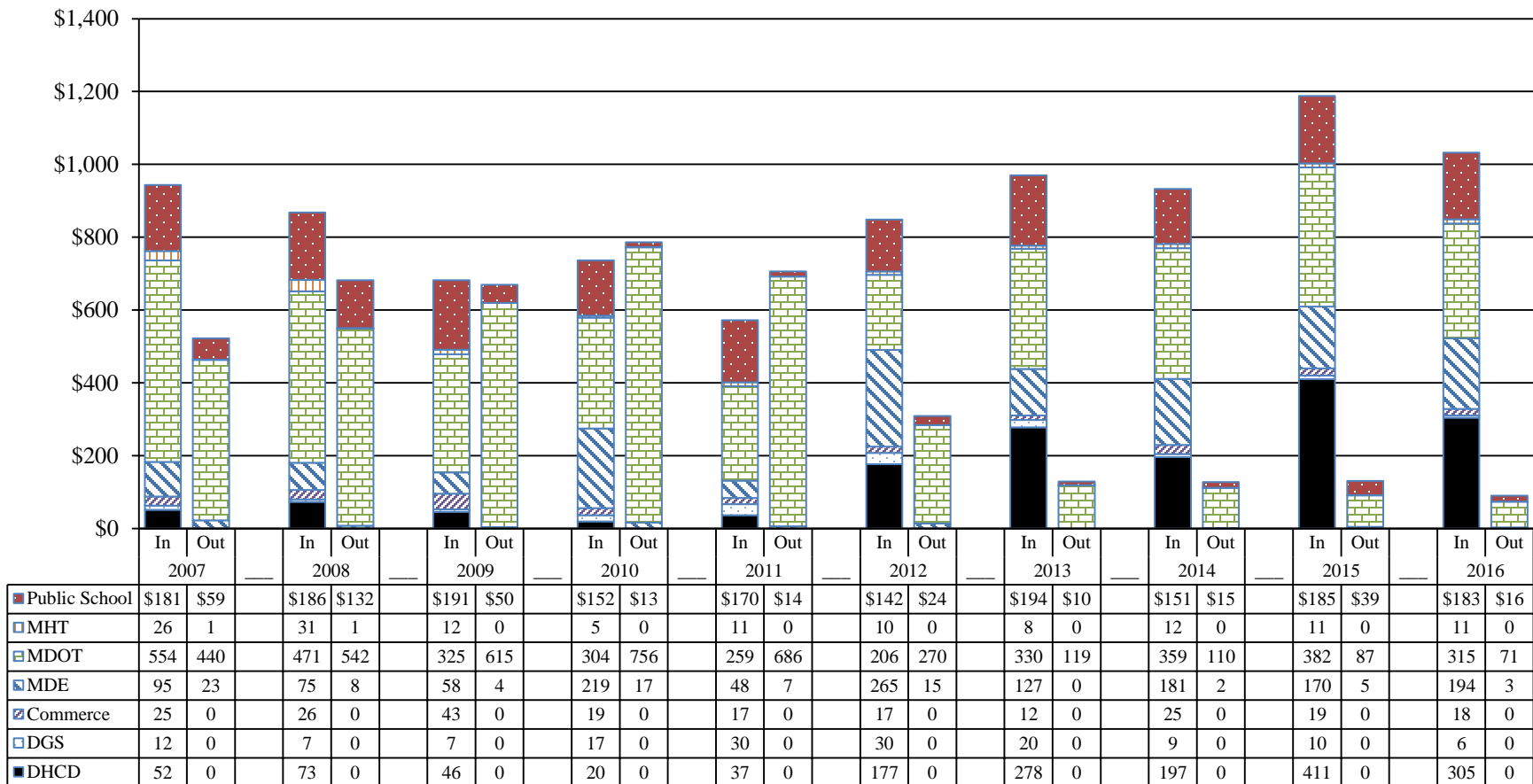
PFA: Priority Funding Area

Note: The data includes Maryland Historical Trust programs and public school construction even though these expenditures are not mandated to be included in Priority Funding Areas spending disclosure. The data does not include Maryland Department of Transportation spending that could not be tied to a particular place.

Source: Maryland Department of Planning

Between fiscal 2015 and 2016, overall spending decreases for the programs, as shown in **Exhibit 8**. However, the spending outside of PFAs decreases by a greater percent than does the spending inside PFAs. The primary reasons for the spending decrease outside of PFAs are \$22.8 million less spent by the Public School Construction Program, primarily for replacement and renovations that increase capacity and \$16.0 million less spent by the Maryland Department of Transportation (MDOT), primarily for highways. An ongoing positive trend is reflected in MDOT spending, which increased inside PFAs as a percentage of overall MDOT spending for the fourth straight year. Over the time period shown, the primary reason for the increase in the percentage of funding inside PFAs is spending by MDOT. For instance, MDOT spent \$685.7 million outside of PFAs in fiscal 2011, primarily due to InterCounty Connector spending, while spending outside of PFAs was down to \$70.8 million in fiscal 2016.

Exhibit 8
Funding Inside and Outside of Priority Funding Areas
Fiscal 2007-2016
(\$ in Millions)



DGS: Department of General Services
 DHCD: Department of Housing and Community Development
 MDE: Maryland Department of the Environment
 Source: Maryland Department of Planning

MDOT: Maryland Department of Transportation
 MHT: Maryland Historical Trust

Appendix 1
Current and Prior Year Budgets
Department of Planning
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2016					
Legislative Appropriation	\$12,631	\$4,272	\$1,491	\$1,006	\$19,399
Deficiency Appropriation	200	0	160	0	360
Budget Amendments	224	241	105	34	603
Reversions and Cancellations	-162	-348	-201	-100	-810
Actual Expenditures	\$12,893	\$4,165	\$1,554	\$940	\$19,552
Fiscal 2017					
Legislative Appropriation	\$13,056	\$4,399	\$1,453	\$959	\$19,866
Cost Containment	0	0	0	0	0
Budget Amendments	-176	11	12	0	-153
Working Appropriation	\$12,880	\$4,411	\$1,464	\$959	\$19,713

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The general fund appropriation increased by \$261,900. The changes are as follows.

- **Deficiency Appropriation:** An increase of \$200,000 for the Planning Data and Research program to support personnel expenses as a result of a January 2015 Board of Public Works action that swapped out special funds for general funds in the fiscal 2015 budget, which meant that the special fund balance was not available to support fiscal 2016 spending.
- **Budget Amendments:** An increase of \$223,454 due to budget amendments allocating the funding in Section 48 of the fiscal 2016 budget bill that restored the 2% State salary reduction (\$190,000) and to realign appropriation between State agencies based on fiscal 2016 estimated expenditures for telecommunications as provided for in Section 17 of the fiscal 2017 budget bill (\$33,454).
- **Reversions:** A decrease of \$161,554 as a result of reversions in Planning Data and Research (\$102,084), Planning Coordination (\$52,943), and Operations Division (\$6,527).

The special fund appropriation decreased by \$106,591. The changes follow.

- **Budget Amendments:** An increase of \$241,265 in the Management Planning and Education Outreach program appropriation in order to allocate Maryland Heritage Areas Authority grants to nine recipients on the fiscal 2016 Reserve List and two emergency grant recipients since prior grants have been completed under budget or have been canceled (\$229,265); and to allocate the funding in Section 48 of the fiscal 2016 budget bill that restored the 2% State salary reduction (\$12,000).
- **Cancellations:** A decrease of \$347,856 due to cancellations in the Preservation Services program as a result of 2.0 positions and 2.0 contractual full-time equivalents (FTE) being vacant and as a result of lower than expected expenditures for travel, contractual services, and supplies (\$121,646); the Research Survey and Registration program due to delays in filling 2.0 contractual FTEs and delays in expenditures of the match for the State Highway Administration's (SHA) Transportation Enhancement program grant for the archaeology synthesis project (\$91,055); the Museum Services program due to 2.4 contractual FTEs being vacant for portions of fiscal 2016 and 2.0 contractual FTEs being funded mostly with reimbursable funds instead of special funds (\$87,100); the Management Planning and Educational Outreach program due to two grants having reduced awards and a regular position being vacant for part of the year (\$45,921); and the Planning Data and Research program (\$2,134).

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The federal fund appropriation increased by \$63,575. The changes are as follows.

- **Deficiency Appropriation:** An increase of \$160,326 comprised of U.S. Department of the Interior – National Park Service’s National Maritime Heritage grants program funding for a grant to maintain the historic appearance of the U.S.S. Constellation – an historic U.S. frigate – by repairing the spars, fighting tops, and running rigging in the Management Planning and Educational Outreach program (\$94,076); and U.S. Department of the Interior – National Park Service’s Historic Preservation Fund Grants-in-aid for inventorying and providing context for historic properties associated with the women’s suffrage movement, and to prepare a National Historic Landmark nomination for Tolson’s Chapel – an historic African American church located at Sharpsburg in Washington County in the Research Survey and Registration program (\$66,250).
- **Budget Amendments:** An increase of \$104,532 due to budget amendments for increasing the appropriation from the U.S. Environmental Protection Agency’s Environmental Policy and Innovation grants for work related to the Smart Growth Information Clearinghouse (\$92,532); and allocating the funding in Section 48 of the fiscal 2016 budget bill that restored the 2% State salary reduction (\$12,000).
- **Cancellations:** A decrease of \$201,283, primarily as a result of cancellations in the Research Survey and Registration program due to a U.S. Department of the Interior – National Park Service’s Underrepresented Community Grant not being received and 2.0 regular positions partly funded with federal funds being vacant for a portion of the year (\$73,689); the Museum Services program due to an Institute of Museum and Library Services grant not being received (\$70,924); the Management Planning and Educational Outreach program due to U.S. Department of the Interior – National Park Service’s Certified Local Government program grants being encumbered in fiscal 2015, thus lowering spending in fiscal 2016, which was offset partially by an increase in Hurricane Sandy expenditures (\$37,083); and the Preservation Services program due to a vacant regular position (\$18,455); and the Planning Coordination program (\$1,132).

The reimbursable fund appropriation decreased by \$65,990. The changes are as follows.

- **Budget Amendments:** An increase of \$33,534 for funding transferred from the Maryland Department of Transportation – SHA from a federal Transportation Enhancement program grant in order for staff to be hired to compile data from 250 archaeological sites curated at the Maryland Archaeological Conservation Laboratory at the Jefferson Patterson Park and Museum and thus create a searchable database on research potential for each site.
- **Cancellations:** A decrease of \$99,524, primarily as a result of cancellations in the Research Survey and Registration program due to a delay in the approval to hire a contractual FTE working on SHA’s Transportation Enhancement program grant for the archaeology synthesis project (\$32,239), the Planning Data and Research program (\$26,515), the Operations Division

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(\$24,679), and the Museum Services program due to delays in the approval to hire 2 contractual FTEs (\$16,091).

Fiscal 2017

The Maryland Department of Planning (MDP) general fund appropriation decreases by a net of \$176,108 due to a budget amendment that transfers to the Department of Information Technology funding related to 4 FTEs transferred during calendar 2016 for the Information Technology Enterprise Initiative as authorized by Section 21 of the fiscal 2017 budget bill (\$332,259), which is offset partially by an increase to allocate fiscal 2017 increment funding as authorized in the fiscal 2017 budget bill (\$156,151).

The MDP special fund appropriation increases by \$11,099 due to a budget amendment that allocates fiscal 2017 increment funding as authorized in the fiscal 2017 budget bill.

The MDP federal fund appropriation increases by \$11,833 due to a budget amendment that allocates fiscal 2017 increment funding as authorized in the fiscal 2017 budget bill.

The MDP reimbursable fund appropriation has not changed.

Appendix 2
Object/Fund Difference Report
Department of Planning

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	147.00	131.00	131.00	0.00	0%
02 Contractual	13.79	18.39	22.04	3.65	19.8%
Total Positions	160.79	149.39	153.04	3.65	2.4%
Objects					
01 Salaries and Wages	\$ 13,378,206	\$ 13,751,372	\$ 13,384,522	-\$ 366,850	-2.7%
02 Technical and Spec. Fees	496,834	777,523	898,683	121,160	15.6%
03 Communication	197,309	168,198	167,977	-221	-0.1%
04 Travel	117,566	84,990	78,470	-6,520	-7.7%
06 Fuel and Utilities	286,087	365,295	297,899	-67,396	-18.4%
07 Motor Vehicles	133,135	79,416	62,690	-16,726	-21.1%
08 Contractual Services	966,859	938,685	956,258	17,573	1.9%
09 Supplies and Materials	208,953	121,628	151,316	29,688	24.4%
10 Equipment – Replacement	208,574	34,169	6,000	-28,169	-82.4%
11 Equipment – Additional	2,917	5,000	0	-5,000	-100.0%
12 Grants, Subsidies, and Contributions	3,464,678	3,336,973	4,136,988	800,015	24.0%
13 Fixed Charges	90,833	50,041	52,703	2,662	5.3%
Total Objects	\$ 19,551,951	\$ 19,713,290	\$ 20,193,506	\$ 480,216	2.4%
Funds					
01 General Fund	\$ 12,892,834	\$ 12,879,612	\$ 13,005,308	\$ 125,696	1.0%
03 Special Fund	4,165,118	4,410,502	4,364,117	-46,385	-1.1%
05 Federal Fund	1,554,276	1,464,450	1,587,780	123,330	8.4%
09 Reimbursable Fund	939,723	958,726	1,236,301	277,575	29.0%
Total Funds	\$ 19,551,951	\$ 19,713,290	\$ 20,193,506	\$ 480,216	2.4%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

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**Appendix 3
Fiscal Summary
Department of Planning**

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
01 Administration	\$ 2,852,979	\$ 2,926,566	\$ 2,878,189	-\$ 48,377	-1.7%
02 Communications and Intergovernmental Affairs	982,042	545,443	528,626	-16,817	-3.1%
03 Planning Data Services	2,777,337	2,957,787	2,549,169	-408,618	-13.8%
04 Planning Services	2,780,845	2,605,274	2,572,318	-32,956	-1.3%
07 Management Planning and Educational Outreach	5,267,433	5,006,497	5,740,549	734,052	14.7%
08 Museum Services	2,538,549	2,945,338	3,023,537	78,199	2.7%
09 Research Survey and Registration	1,233,074	1,408,598	1,480,070	71,472	5.1%
10 Preservation Services	1,119,692	1,317,787	1,421,048	103,261	7.8%
Total Expenditures	\$ 19,551,951	\$ 19,713,290	\$ 20,193,506	\$ 480,216	2.4%
General Fund	\$ 12,892,834	\$ 12,879,612	\$ 13,005,308	\$ 125,696	1.0%
Special Fund	4,165,118	4,410,502	4,364,117	-46,385	-1.1%
Federal Fund	1,554,276	1,464,450	1,587,780	123,330	8.4%
Total Appropriations	\$ 18,612,228	\$ 18,754,564	\$ 18,957,205	\$ 202,641	1.1%
Reimbursable Fund	\$ 939,723	\$ 958,726	\$ 1,236,301	\$ 277,575	29.0%
Total Funds	\$ 19,551,951	\$ 19,713,290	\$ 20,193,506	\$ 480,216	2.4%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.