

K00A
Department of Natural Resources

Executive Summary

The Department of Natural Resources (DNR) leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State's natural resources.

Operating Budget Data

(\$ in Thousands)

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$59,748	\$65,118	\$72,616	\$7,499	11.5%
Adjustments	0	368	3,492	3,124	
Adjusted General Fund	\$59,748	\$65,486	\$76,108	\$10,622	16.2%
Special Fund	159,029	172,279	169,848	-2,431	-1.4%
Adjustments	0	9,573	2,116	-7,457	
Adjusted Special Fund	\$159,029	\$181,852	\$171,964	-\$9,889	-5.4%
Federal Fund	27,343	31,057	28,639	-2,419	-7.8%
Adjustments	0	1,546	271	-1,275	
Adjusted Federal Fund	\$27,343	\$32,603	\$28,909	-\$3,694	-11.3%
Reimbursable Fund	11,711	12,011	11,638	-373	-3.1%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	\$11,711	\$12,011	\$11,638	-\$373	-3.1%
Adjusted Grand Total	\$257,831	\$291,952	\$288,619	-\$3,333	-1.1%

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

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

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- The DNR budget includes fiscal 2019 deficiencies, which would increase DNR’s overall appropriation by \$10,656,229 comprised of an increase of special fund appropriations by \$9,176,000 and an increase of federal fund appropriations by \$1,480,229. The deficiencies primarily would provide for \$9.0 million in private donations to support the development of equine improvements at the Fair Hill Natural Resources Management Area.
- The overall adjusted change in DNR’s budget is a decrease of \$3.3 million, or 1.1%. The major changes are a decrease of \$9.0 million in special funds due to the one-time fiscal 2019 deficiency for the Fair Hill Natural Resources Management Area and an increase of \$4.2 million for the Department of Information Technology fee-for-service business model.

Personnel Data

	<u>FY 18 Actual</u>	<u>FY 19 Working</u>	<u>FY 20 Allowance</u>	<u>FY 19-20 Change</u>
Regular Positions	1,332.50	1,340.25	1,348.25	8.00
Contractual FTEs	<u>322.06</u>	<u>383.15</u>	<u>402.15</u>	<u>19.00</u>
Total Personnel	1,654.56	1,723.40	1,750.40	27.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	71.95	5.94%
Positions and Percentage Vacant as of 12/31/18	117.00	8.73%

- DNR’s regular positions increase by 8.0 between the fiscal 2019 working appropriation and the fiscal 2020 allowance due to contractual full-time equivalent (FTE) conversions. In addition, 3 positions are transferred internally between the fiscal 2019 working appropriation and the fiscal 2020 allowance: (1) 1 position was moved from the Maryland Park Service (MPS) to Human Resources to be a multicultural outreach coordinator in order to implement a diversity and inclusion strategic plan for DNR; (2) 1 position was transferred from the Office of the Secretary to the Forest Service in order to fill a natural resources manager II position due to workload demands; and (3) 1 position was transferred from the Chesapeake and Coastal Service to the Resource Assessment Service to fill an environmental review position due to demands within the Environmental Review Program.
- DNR’s contractual FTEs increase by 19.0 in the fiscal 2020 allowance. The majority of the change is due to an additional 36.19 contractual FTEs in MPS to accommodate increasing visitation and increasing workload on staff. This increase is offset partially by a reduction of 9.48 contractual FTEs in the Forest Service due to contractual conversions and a reduction in seasonal staff and a reduction of 4.00 contractual FTEs in the Office of the Secretary due to a contractual conversion and duties being performed by regular employees.

- DNR had 117.0 vacant positions as of December 31, 2018. Of these vacant positions, 17.0 have been vacant for longer than a year.
- DNR's turnover rate increased from 5.57% in the fiscal 2019 working appropriation to 5.94% in the fiscal 2020 allowance, which reflects an increase in the number of necessary vacancies to approximately 72. DNR has 117 vacancies as of December 31, 2018. The new positions in DNR's fiscal 2020 allowance are budgeted at 6.01% turnover for all but 1 MPS position, which is budgeted at 3.01% turnover. This is because the positions are all contractual FTE conversions.

Key Observations

- ***Submerged Aquatic Vegetation Interim Goal Is within Reach, While Long-term Goal Is Still a Challenge:*** The submerged aquatic vegetation interim goal of 79,800 acres is within reach, but the long-term goal of 114,034 acres is still a challenge.
- ***Maryland Parks Visitors' Satisfaction Remains High Despite Increasing Number of Visitors:*** Maryland parks visitors' satisfaction remains around 90% despite the parks receiving 13.8 million visitors in fiscal 2018 and increasing park shutdowns.
- ***Natural Resources Police Contacts Down Due to Hiring Duties:*** The number of law enforcement officers assigned to patrol functions decreased between fiscal 2017 and 2018 as a result of hiring duties, such as performing background checks. This resulted in a reduction in the number of law enforcement contacts, warnings/citations, and hours spent on waterway patrols but not the number of public land patrols because officers typically work from State parks.
- ***Transfer Tax Repayment Funding Plan for DNR's Operating Budget:*** The transfer tax replacement plan includes \$5.7 million in the Dedicated Purpose Account (DPA) that is allocated to DNR's operating budget for MPS and Engineering and Construction. Of the \$5.7 million, \$2.0 million would replace reductions in MPS's budget that were made to meet revenue projections, since the transfer tax repayment amount was budgeted in the DPA. By leaving \$2.0 million in DNR's operating budget, DNR would receive the funding that would have been supported without the additional funding from the DPA. **The Department of Legislative Services (DLS) recommends that \$3,670,449 in general funds in the DPA currently programmed for DNR be repurposed to defray the need for more expensive taxable debt in the Department of Housing and Community Development.**
- ***Whistleblower Program Report:*** Fiscal 2019 Budget Bill language restricted \$150,000 in general funds pending the submission of a report on how DNR will establish and fund a whistleblower program. The submitted report notes that DNR is working with the nonprofit Maryland Wildlife Crimestoppers to run a new anti-poaching program and that it is transferring money to the nonprofit from the existing anti-poaching account. **DLS recommends that DNR**

comment on the mechanism for the transfer of funding from the Catch-A-Poacher account to the Maryland Wildlife Crimestoppers. In addition, DLS recommends that DNR comment on the reward matrix and frequency of awards for the Maryland Wildlife Crimestoppers and on any measures that it is considering for determining the success of the program.

- ***Contractual FTEs Could Be Converted to Regular Positions:*** DNR has approximately 34.0 contractual FTEs that could be converted to regular positions, since the work has lasted longer than two years. Of these 34.0 contractual FTEs, 1.0 FTE would like to remain in the current status, so 33.0 contractual FTE conversions would be appropriate. **DLS recommends that DNR comment on its future plans for contractual FTE conversions.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- ***Chesapeake and Atlantic Coastal Bays 2010 Trust Fund:*** Chesapeake and Atlantic Coastal Bays 2010 Trust Fund expenditure changes between fiscal 2019 and 2020 are relatively minor. There is an increase of \$683,585 for cost-effective nonpoint source projects that are competitively solicited and \$10,410 for agency direct costs.
- ***MPS Funding Report:*** The 2018 *Joint Chairmen's Report* (JCR) requested a MPS funding report. The submitted report provided information on MPS's funding allocations and progress toward meeting various goals. In addition, the report noted that DNR intends to apply for the 2019 State Park Gold Medal Award from the National Recreation and Parks Association.
- ***State Park Public-private Partnership Pilot Program:*** The 2018 JCR included a request for a report on the development of a pilot program to expand either the camping or cabin facilities, or both, at a single park using a public-private partnership (P3) model. DNR notes that in the short term, it is working on expanding an Assateague State Park pilot program for renting recreational vehicles to visitors as part of the glamping – glamorous camping – movement. In the long term, DNR is considering a P3 for construction and operation of a campground at the newly acquired Wolf Den Run State Park in Garrett County.

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Operating Budget Analysis

Program Description

The Department of Natural Resources (DNR) leads Maryland in securing a sustainable future for its environment, society, and economy by preserving, protecting, restoring, and enhancing the State's natural resources. 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, and legal services.
- ***Forest Service:*** Manages the State forests and supports Maryland's forest and tree resources by providing private forestland management expertise, wildfire protection, and urban and community forestry assistance.
- ***Wildlife and Heritage Service:*** Provides technical assistance and expertise to the public and private sectors for the conservation of Maryland's wildlife resources, including the management of threatened and endangered species, game birds, and mammals and the operation of over 125,000 acres of State-owned lands classified as Wildlife Management Areas.
- ***Maryland Park Service (MPS):*** 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 eight regional service centers (primarily within the Motor Vehicle Administration branch offices) 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 (NRP):*** 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.

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- ***Critical Area Commission:*** 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.
- ***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:*** 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. In addition, with the reorganization in fiscal 2017, the unit also administers the Waterway Improvement Program’s capital projects – public boating access facilities and navigation channel dredging – and coordinates the Clean Marina Initiative and Pumpout Program.
- ***Fishing and Boating Services:*** Manages commercial and recreational harvests to maintain sustainable fisheries and to optimize recreational and economic use of these resources. In addition, with the reorganization in fiscal 2017, the unit also oversees a State-owned marina and places regulatory markers and navigation aids in support of sustainable development, use, and enjoyment of Maryland waterways for the general boating public.

DNR’s mission is to lead Maryland in securing a sustainable future for its environment, society, and economy and by preserving, protecting, and enhancing the State’s natural resources. DNR’s vision is that in a sustainable Maryland, the State recognizes that the health of its society and its economy are dependent on the health of its environment. Therefore, the State chooses to act both collectively and individually to preserve, protect, restore, and enhance the State’s environment for this and future generations. DNR’s goals are as follows.

- ***Goal 1:*** Healthy terrestrial ecosystems.
- ***Goal 2:*** Healthy aquatic ecosystems.
- ***Goal 3:*** Fiscal responsibility: efficient use of energy and resources; and support of long-term economic prosperity.

- **Goal 4:** Citizen stewardship, outdoor recreation, and opportunities to take action.
- **Goal 5:** Vibrant communities and neighborhoods.

Performance Analysis: Managing for Results

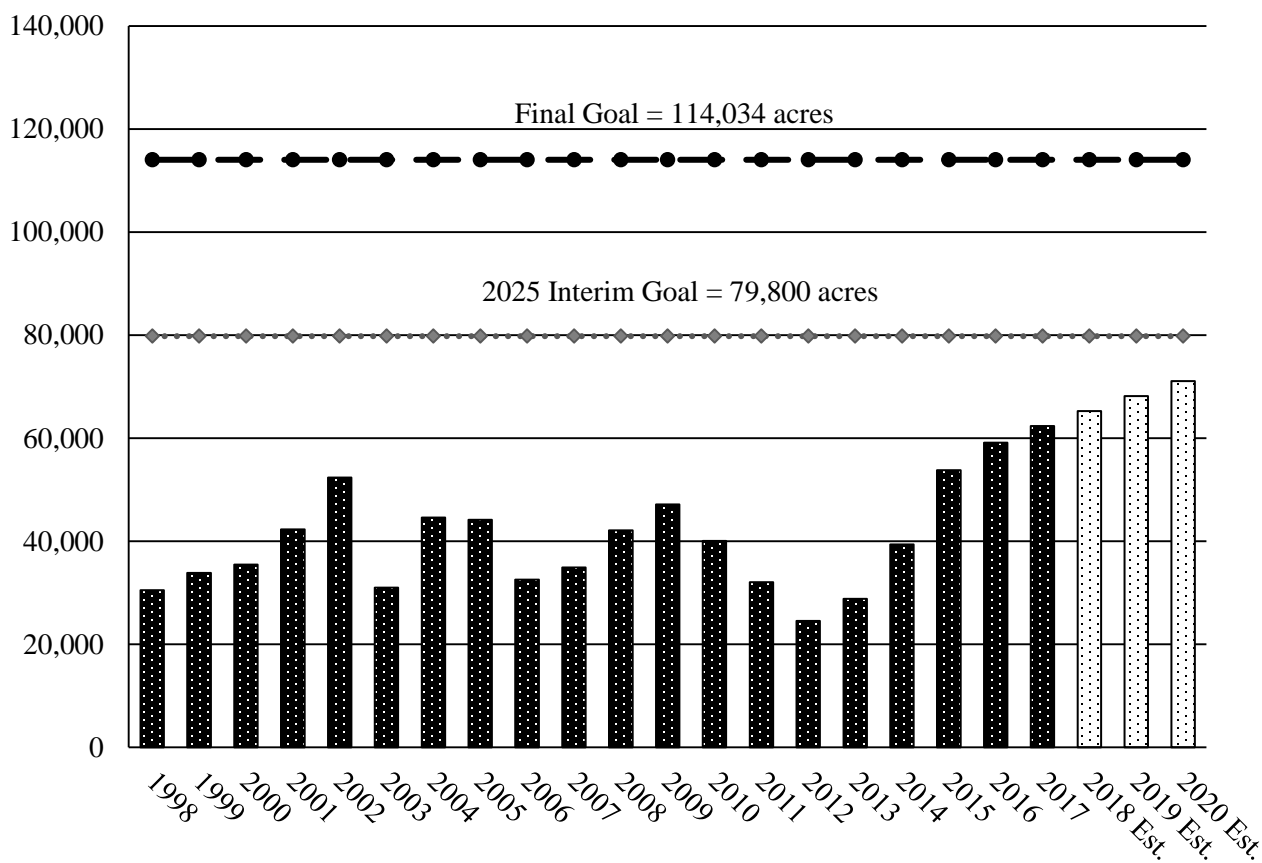
The Managing for Results analysis shows that (1) the submerged aquatic vegetation interim goal of 79,800 acres is within reach, but the long-term goal of 114,034 acres is still a challenge; (2) Maryland parks visitors' satisfaction remains high despite the increasing number of visitors; and (3) NRP contacts were down in fiscal 2018 due to hiring duties.

1. Submerged Aquatic Vegetation Interim Goal Is within Reach, While Long-term Goal Is Still a Challenge

DNR's second goal is healthy aquatic ecosystems. Under this goal, a portion of one of the objectives is to report on the status of key Chesapeake Bay resources as government, commercial, and citizen efforts to restore water and habitat quality of the bay and its watershed through 2025. In turn, one of the measures under this objective is the 2025 interim goal of restoring 79,800 acres, which is based on the Chesapeake Bay Agreement outcomes, and the final goal of restoring 114,034 acres of submerged aquatic vegetation, which is based on Maryland's historical submerged aquatic vegetation coverage and the Chesapeake Bay Agreement.

Exhibit 1 shows that DNR is nearing the 2025 interim goal but still has a long way to go before reaching the final goal, although there has been an upward trend in the number of acres restored since calendar 2012. DNR notes that submerged aquatic vegetation acreage is affected by nutrient and sediment pollution as well as weather and other natural factors and that progress will occur as a result of nutrient reduction activities. In terms of direct actions, DNR's Resource Assessment Service plants or seeds approximately 10 acres of submerged aquatic vegetation each year. The decline in submerged aquatic vegetation in calendar 2011 and 2012 reflects the two major storms that passed over the Chesapeake Bay in late 2011 – Hurricane Irene and Tropical Storm Lee – and that led to a substantial increase in nutrients and sediment reaching the Chesapeake Bay. DNR notes that calendar 2018 was a wet year as well, which could impact submerged aquatic vegetation acres once again.

**Exhibit 1
Submerged Aquatic Vegetation Acres
Calendar 1998-2020 Est.**



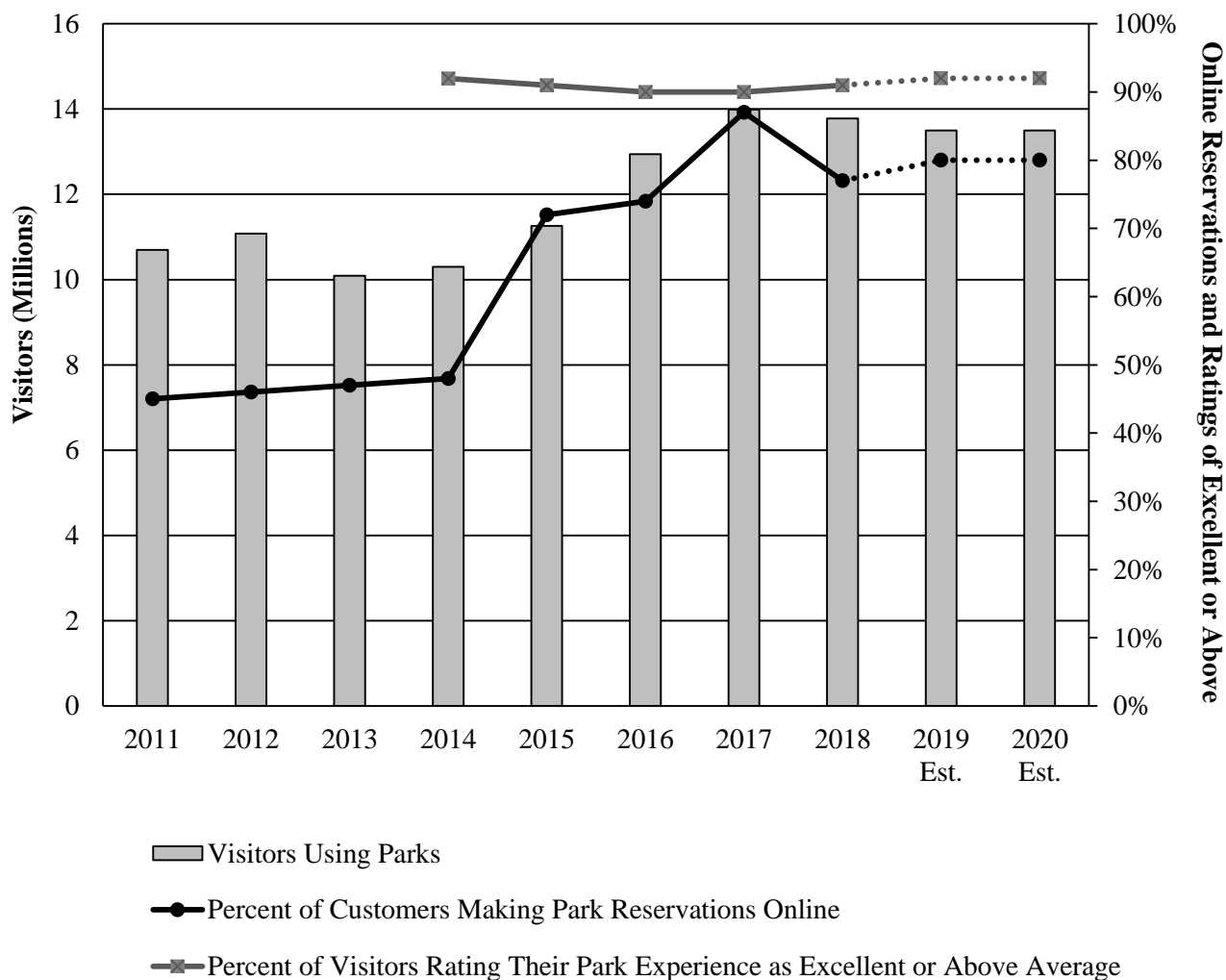
Source: Governor’s Fiscal 2020 Budget Books

2. Maryland Parks Visitors’ Satisfaction Remains High Despite Increasing Number of Visitors

DNR’s fourth goal is citizen stewardship, outdoor recreation, and opportunities to take action. Under this goal, DNR has the objective to annually provide outdoor recreational, historical, and cultural resource experiences for over 10 million visitors to State parks. This goal of 10 million visitors has been exceeded each year since at least fiscal 2011, as shown in **Exhibit 2**. DNR has noted that visitation to particular popular State parks in the peak visitor season has resulted in frequent park closures – the number of closures due to parks being at capacity has increased from 54 in calendar 2010 to 122 in

calendar 2017. However, Exhibit 2 shows that this does not appear to have dampened satisfaction as the percent of visitors rating their park experience as excellent or above average has remained steady at around 90%. The percent of park customers making their reservations online has been steadily increasing in recent years, which may help visitors plan their trips and thus improve satisfaction despite the increasing number of visitors.

Exhibit 2
Maryland Park Service Statistics
Fiscal 2011-2020 Est.

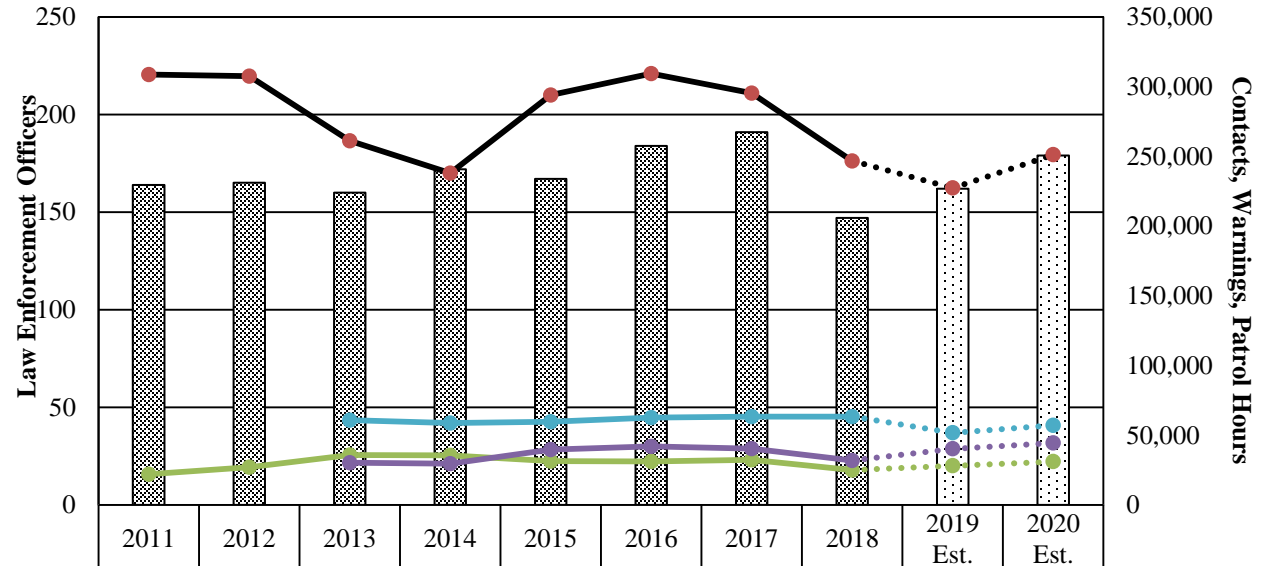


Source: Governor’s Fiscal 2020 Budget Books

3. NRP Contacts Down Due to Hiring Duties

DNR's fourth goal, also has the objective to ensure safe and enjoyable recreational opportunities for boaters, hunters, park visitors, and others participating in outdoor recreation by providing effective law enforcement services as a public safety agency. As shown in **Exhibit 3**, there was a decrease in the number of law enforcement officers assigned to patrol functions between fiscal 2017 and 2018. This resulted in a reduction in the number of law enforcement contacts, warnings and/or citations, and hours spent on waterway patrols. In contrast, the number of hours spent on public land patrols was not affected by the decrease in the number of law enforcement officers assigned to patrol functions. DNR notes that in fiscal 2018, a high number of patrol officers were temporarily assigned to conduct background investigations in order to hire new officers. Officers typically work from State parks, even more so when poor weather keeps them from going out in a vessel, so the number of public land patrols was not affected by the decrease in officers assigned to patrol. On November 5, 2018, DNR announced a 44-officer increase in the NRP force as a result of 32 new graduates from DNR's seven-month academy program and 12 officers who transferred from other law enforcement agencies and received six weeks of environmental and natural resources training.

Exhibit 3
Natural Resources Police Assigned to Patrol Functions
Fiscal 2011-2020 Est.



	2011	2012	2013	2014	2015	2016	2017	2018	2019 Est.	2020 Est.
Law Enforcement Officers Assigned to Patrol Functions	164	165	160	172	167	184	191	147	162	179
Law Enforcement Contacts	308,758	307,496	261,250	237,955	294,075	309,427	295,265	246,781	227,286	251,137
Law Enforcement Citations and/or Warnings	21,930	27,157	35,712	35,603	31,489	31,239	32,446	25,007	28,026	30,967
Hours Spent on Waterway Patrols			30,177	29,517	39,736	42,018	40,457	31,912	40,176	44,392
Hours Spent on Public Land Patrols			60,894	58,741	59,647	62,544	63,272	63,405	51,678	57,101

Source: Governor’s Fiscal 2020 Budget Books

Fiscal 2019 Actions

The Governor has submitted deficiency appropriations for the fiscal 2019 operating budget for three programs that would increase DNR’s appropriation overall by \$10,656,229. The funding increase is comprised of \$9,176,000 in special funds and \$1,480,229 in federal funds. The changes would be as follows.

- ***MPS:*** There is an increase of \$9,000,000 in special funds from anticipated private donations for operating maintenance improvements related to a proposed five-star equestrian event at Fair Hill Natural Resources Management Area. A fiscal 2018 deficiency of \$2,500,000 in special funds from anticipated private donations also was budgeted for the Fair Hill Natural Resources Management Area but was for contractual services related to the design and construction of the equine improvements. Of this amount, \$1.0 million was used for the design phase of the project, and \$1.5 million was canceled due to a change in the project.
- ***NRP – Field Operations:*** An increase of \$250,000 in federal funds for additional equipment funding from the U.S. Department of Justice’s Equitable Sharing Program that provides for the federal government to share federally forfeited property with participating state and local law enforcement agencies on a reimbursement basis in order to foster cooperation. DNR notes that NRP may seek reimbursement for operational expenditures, including overtime work on related activities.
- ***Fishing and Boating Services:*** There is an increase of \$1,230,229 in federal funds and \$176,000 in special funds in Fishing and Boating Services. The \$1,230,229 increase in federal funds is from the U.S. Department of Commerce – National Oceanic and Atmospheric Administration’s Habitat Conservation funding. The funding would be used for contractual services supporting the synchronized oyster recovery effort to produce oyster larvae, support hatchery spat-on-shell planting, and obtain recycled shell to support the production of hatchery spat-on-shell, all of which are critical elements of oyster population and habitat restoration. The \$176,000 increase in special funds is due to private donations for technical and special fees, communications, travel, and contractual services supporting the use of dockside monitors to improve accuracy and identify bias in the electronically reported fishery harvest (\$108,000), and for salaries and wages supporting the development of an oyster fishery cooperative – a group of oystermen that have formed a cooperative to produce and market oysters on private leased bottom (\$68,000).

Fiscal 2020 Allowance

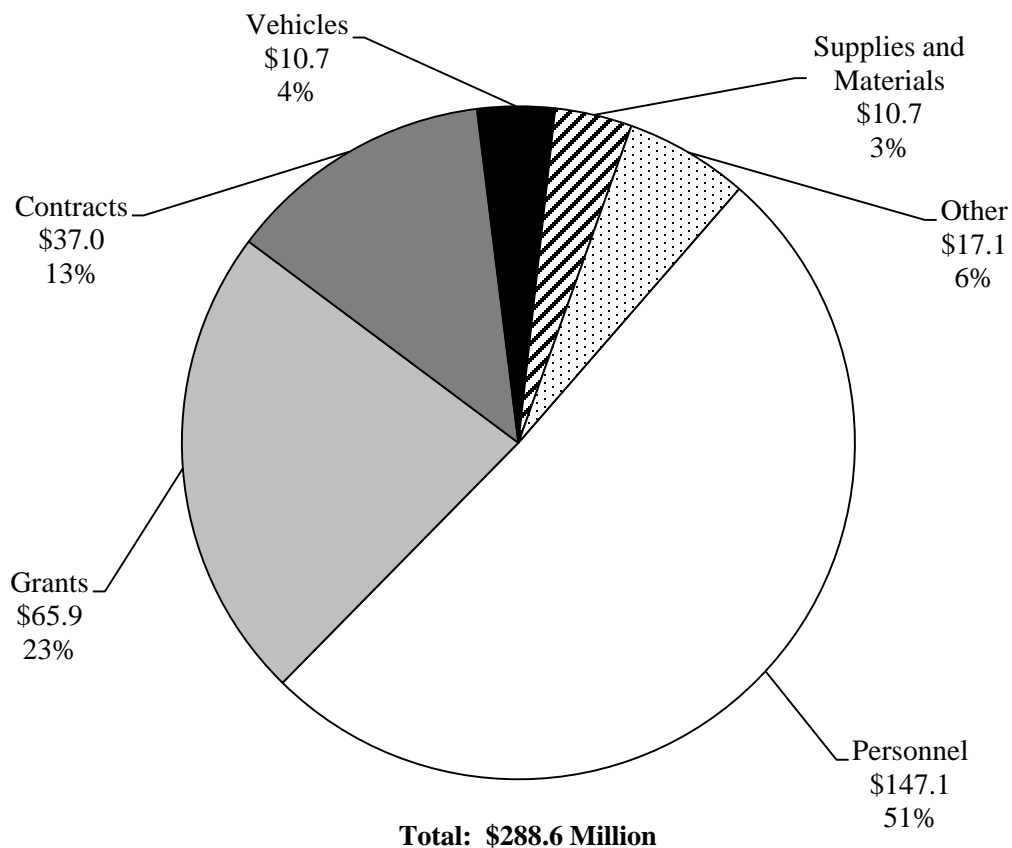
Overview of Agency Spending

DNR’s main expenditure categories are personnel, grants, contracts, vehicles, supplies and materials, and other administrative funding. **Exhibit 4** reflects this breakdown. The largest category is personnel that accounts for \$147.1 million, or 51%, and includes funding for both DNR’s

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1,348.25 regular positions and 402.15 contractual full-time equivalents (FTE) and the general salary increase. The second largest category of spending is for grants, which accounts for \$65.9 million, or 23%. The main allocation is for the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grants that are budgeted at \$52.5 million in fiscal 2020. Contracts account for \$37.0 million, or 13%, of fiscal 2020 expenditures and include \$5.3 million for the Department of Information Technology (DoIT) fee-for-service (FFS) business model and \$3.3 million in special funds for the Power Plant Assessment Program technical assistance. Combined, vehicles and supplies and materials account for \$21.4 million, which is approximately 8% of the fiscal 2020 allowance, and the funding is primarily used by MPS, NRP, and Fishing and Boating Services. The remaining \$17.1 million, or 6%, of expenditures are for other spending.

Exhibit 4
DNR Main Expenditure Categories
Fiscal 2020
(\$ in Millions)



DNR: Department of Natural Resources

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

Proposed Budget Change

DNR’s fiscal 2020 adjusted allowance decreases by \$3.3 million, or 1.1%, relative to the fiscal 2019 adjusted working appropriation, as shown in **Exhibit 5**. The changes by fund reflect an increase of \$10.6 million in general funds, a decrease of \$9.9 million in special funds, a decrease of \$3.7 million in federal funds, and a \$0.4 million decrease in reimbursable funds. The major changes are a decrease of \$9.0 million in special funds due to the one-time fiscal 2019 deficiency for the Fair Hill Natural Resources Management Area and an increase of \$4.2 million for DoIT’s FFS business model. Changes in personnel funding are discussed first, followed by other changes.

Exhibit 5
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 2018 Actual	\$59,748	\$159,029	\$27,343	\$11,711	\$257,831
Fiscal 2019 Working Appropriation	65,486	181,852	32,603	12,011	291,952
Fiscal 2020 Allowance	<u>76,108</u>	<u>171,964</u>	<u>28,909</u>	<u>11,638</u>	<u>288,619</u>
Fiscal 2019-2020 Amount Change	\$10,622	-\$9,889	-\$3,694	-\$373	-\$3,333
Fiscal 2019-2020 Percent Change	16.2%	-5.4%	-11.3%	-3.1%	-1.1%

Where It Goes:

Personnel Expenses

General salary increase net of one-time \$500 bonus	\$2,610
State Law Enforcement Officers Labor Alliance bargaining.....	2,437
Law enforcement officer pension system contributions	1,263
Pension contribution	1,051
8 new positions are all contractual FTE conversions.....	326
Employee and retiree health insurance	139
Workers’ compensation premium assessment	114
One-time salary-related deficiency for oyster fishery cooperative	-68
Temporary adjustment for transfer tax repayment for the Maryland Park Service (MPS) ...	-2,020
Other	70

Other Changes

MPS

Maryland Environmental Service charges increase primarily for Rocky Gap	350
Revenue equity program – Dorchester County included	240
MPS expenditures reduced to match estimated revenues	-1,900

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Where It Goes:

Grants/Contracts

State Lakes Protection and Restoration Fund budgeted.....	952
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grants	602
Chesapeake Bay and Coastal Bay water quality and habitat monitoring by Resource Assessment Service	566
Chesapeake Bay Trust partnership increase	300
Chesapeake and Coastal Services contracts with Chesapeake Bay Implementation Grant	-630
J. Millard Tawes ice breaking buoy tender replacement vessel in Chesapeake and Coastal Service	-850

Routine Operations

Department of Information Technology fee-for-service business model	4,151
Rent overall, particularly Licensing and Registration Service	-140
Contractual FTEs decrease	-436
Vehicle and replacement costs primarily decrease in Natural Resources Police.....	-878
Decrease in supplies for Natural Resources Police homeland security work	-992
One-time deficiency for Fair Hill Natural Resources Management Area equine improvements	-9,000
Other one-time nonsalary deficiencies.....	-1,588
Other	-2

Total **-\$3,333**

FTE: full-time equivalent

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

Personnel

The DNR overall personnel expenditures increase by \$5,922,470 in the fiscal 2020 adjusted allowance. The largest change is an increase of \$2,610,174, which reflects an increase of \$3,309,104 for the general salary increase in fiscal 2020, reduced by \$698,930 for the one-time \$500 employee bonus in fiscal 2019. DNR notes that it received additional general funds for both the salary increases supported by general funds and the salaries supported by special funds that have reduced balances.

The second and third largest increases are reflected in NRP with \$2,437,129 for the 5% State Law Enforcement Officers Labor Alliance employee general salary increase and increments effective July 1, 2019, and \$1,263,122 for law enforcement office pension system contributions. Pension contributions for nonlaw enforcement officer positions increase by \$1,050,814. In addition, there is an increase of \$326,437 for 8 new positions that are contractual FTE conversions. However, this partially reflects a funding shift from contractual FTEs to regular positions. The change in positions is shown in **Exhibit 6**.

Exhibit 6
DNR’s Contractual Full-time Equivalent Conversions to Regular Positions
Fiscal 2019-2020

<u>Program/Subprogram</u>	<u>Position</u>	<u>Change</u>
Office of the Secretary – Human Resource Service	Human Resources Officer I	1.0
Forest Service – Forestry Headquarters	Natural Resources Technician III	1.0
Forest Service – Forestry Western Region	Natural Resources Technician III	1.0
Forest Service – Forestry Western Region	Forester Licensed	1.0
Forest Service – Eastern Region	Conservation Aide	1.0
Forest Service – Ayton Nursery	Office Secretary II	1.0
Wildlife and Heritage Service – Information and Education	Natural Resources Biologist II	1.0
Maryland Park Service – Fair Hill Natural Resources Management Area	Park Technician II	1.0
Total		8.0

DNR: Department of Natural Resources

Source: Department of Budget and Management

In terms of personnel reductions, there is a reduction of \$2,020,051 as a temporary placeholder for \$5.7 million in general funds budgeted in the Dedicated Purpose Account (DPA). This is discussed more as an issue in this analysis. There is also a decrease of \$68,000 for the personnel-related component of the one-time oyster fishery cooperative fiscal 2019 deficiency.

Other Changes

Overall, the nonpersonnel portion of DNR’s fiscal 2019 adjusted allowance decreases by \$9,255,678. The areas of change may be broadly categorized as MPS grants and contracts and routine operations.

MPS

Funding for MPS is reduced by \$1,900,000 due to a reduction in anticipated special fund revenues. This is reflected as a reduction of funding for supplies and materials, replacement equipment, and land and structures. This reduction in funding is offset partially by an increase of \$350,289 in special funds, primarily as a result of an increase for the Maryland Environmental Service charges related to higher water and wastewater plant operating costs at Rocky Gap State Park and an increase

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of \$240,060 in general funds for the Revenue Equity Program created by Chapter 692 of 2017 (State Forest, State Park, and Wildlife Management Area Revenue Equity Program). The four counties receiving funding from the Revenue Equity Program in fiscal 2020 are as follows: Garrett County (\$1,489,466); Allegany County (\$1,001,457); Somerset County (\$467,334); and a new addition – Dorchester County (\$585,173). Dorchester County was added because its property tax rate was changed to meet the threshold of \$1 per \$100 of assessment.

Grants and Contracts

Under grants and contracts, the largest change is an increase of \$952,493 in general funds for the State Lakes Protection and Restoration Fund created by Chapter 698 of 2018, which mandated the inclusion of \$1.0 million for fiscal 2020 and beyond and allowed for the fund to be used to protect and restore State-managed lakes as well as State-owned lakes. The full \$1.0 million is budgeted in fiscal 2020 with the remainder in contractual FTE funding. Funding also increases by \$601,522 in special funds for Chesapeake and Atlantic Coastal Bays 2010 Trust Fund grants, \$565,673 in general funds for Chesapeake Bay and Coastal Bay water quality and habitat monitoring by the Resource Assessment Service, and \$300,000 in special funds for a Chesapeake Bay Trust partnership agreement increase. In terms of reductions, there is a decrease of \$850,000 in reimbursable funds in Fishing and Boating Services for the replacement of the J. Millard Tawes ice breaking buoy tender, and \$630,060 in federal funds in the Chesapeake and Coastal Service for contracts associated with the Chesapeake Bay Implementation Grant based on the fiscal 2020 work plan.

Routine Operations

Under routine operations, there are several large changes. There is an increase of \$4,150,732 for DoIT service charges. DoIT is moving to a FFS funding model that results in declining DoIT general fund appropriations and increasing reimbursable fund appropriations. In terms of reductions, the largest change is the one-time nonpersonnel component of the fiscal 2019 deficiencies – the largest of which is the \$9.0 million in private donations for the Fair Hill Natural Resources Management Area equine improvements project. In addition, there are reductions of \$991,663 in federal funds for NRP homeland security work funded by port security grants, \$878,465 for vehicle replacement costs primarily in NRP, and \$436,384 for contractual FTEs. The changes in contractual FTEs are reflected in **Exhibit 7**. Finally, there is a net decrease of \$139,965 for rent primarily as a result of the Annapolis Licensing Service Center co-locating within the Annapolis Motor Vehicle Administration location and not incurring any rent as part of a statewide initiative.

Exhibit 7
Changes in Contractual Full-time Equivalents
Fiscal 2019-2020

<u>Program</u>	<u>FTEs</u>	<u>Amount</u>	<u>Description</u>
Office of the Secretary	-4.00	-\$15,712	There was a total decrease of 4 FTEs within the Office of the Secretary. One of these was a contractual conversion. The others had duties that are now being performed by regular employees.
Forest Service	-9.48	-15,162	The 9.48 FTEs reduction was due to 5 contractual conversions, a reduction of seasonal staff, and the loss of a long-term contractual FTE that was funded through a grant that has ended.
Wildlife and Heritage Service	-0.64	-205	One seasonal contractual FTE funded with special funds was abolished from the information and education subprogram.
Maryland Park Service	36.19	103,950	The 36.19 FTEs net increase was due to 1 contractual conversion and additional part-time seasonal staffing to accommodate increasing visitation and increasing workload on staff. This estimate assumes an average of 1 to 2 additional staff in fiscal 2020 per park or complex.
Land Acquisition and Planning	2.00	8,091	Two additional FTEs were budgeted in fiscal 2020 to assist in grant administration and monitoring for Program Open Space, Community Parks and Playgrounds, and Land and Water Conservation Fund grants.
Licensing and Registration Service	-1.00	-69,268	One contractual FTE was abolished.
Natural Resources Police	-2.00	-255,733	Two contractual FTEs were abolished: 1 administrator III and 1 administrative officer III.
Engineering and Construction	0.00	-9,400	
Critical Area Commission	0.00	0	
Resource Assessment Service	1.97	-78,805	The increase of 1.97 FTEs is due to seasonal Natural Resources technician III contractual FTEs.
Maryland Environmental Trust	0.00	-19,677	
Chesapeake and Coastal Service	-2.34	219,702	The total reduction of 2.34 FTEs includes decreases in part-time contractual FTEs in the Conservation Education, Chesapeake Bay National Estuarine Research Reserve, and 2010 Trust Fund subprograms.
Fishing and Boating Services	-1.70	-341,088	The total 1.70 FTE reduction is a result of combining part-time duties into other existing FTEs.
Total	19.00	-\$473,307	

FTE: full-time equivalent

Source: Department of Natural Resources

Issues

1. Transfer Tax Repayment Funding Plan for DNR’s Operating Budget

Chapter 10 of 2016 (Program Open Space – Transfer Tax Repayment – Use of Funds) requires the repayment of \$242.2 million in past redirected transfer tax funds by fiscal 2029 of which \$189.6 million would support capital programs. The plan provides for the use of general funds as a source of repayment to be expended as special funds in the budget; for fiscal 2020, a total of \$43.9 million is budgeted in the DPA of which \$38.2 million is allocated to pay-as-you-go (PAYGO) capital programs and \$5.7 million is allocated to DNR’s operating budget for MPS. The remaining \$2.5 million component of the repayment is budgeted directly in the Maryland Department of Agriculture’s budget for the Maryland Agricultural and Resource-Based Industry Development Corporation’s Next Generation Farmland Acquisition Program.

Exhibit 8 reflects how the \$5.7 million in the DPA would be budgeted in DNR’s operating budget. MPS would receive the bulk of the funding – \$5.5 million – and it would be used to backfill a placeholder reduction for salaries, wages, and fringe benefits; provide for public access to several State parks; and for the purchasing of replacement vehicles, heavy equipment, and supplies. In addition, \$190,888 would be provided to DNR’s Engineering and Construction program to manage additional capital development projects.

Exhibit 8
Transfer Tax Repayment Funding Plan
Fiscal 2020

<u>Unit/Object</u>	<u>Backfill Personnel Placeholder Reduction</u>	<u>Additional Funding</u>	<u>Total</u>	<u>Comment</u>
Maryland Park Service				
Contractual Services	\$0	\$500,000	\$500,000	Provide basic public access and visitor services at new areas including Sang Run and Bohemia River State Parks. Newtowne Neck State Park is experiencing growing visitation, as evidenced by parking areas filling on summer weekends, and funding is needed to implement improvements consistent with the park's master plan. Funding will also support the Maryland Park Service's (MPS) plans to provide public access and oversee management of the new, 2,000-acre Wolf Den Run State Park in Garrett County. Funding for roadways, parking, <i>etc.</i> and other park improvements to assist with public access. Procurement and bidding processes to be determined.
Heavy Equipment	500,000	500,000	1,000,000	Procure 10 pieces of heavy equipment, including 3 chipper bodies with 60-foot boom lifts (tree maintenance/chipping vehicles) as well as 4 pieces of additional heavy equipment (<i>e.g.</i> , backhoes, dump trucks, stake-body trucks, skid steers, graders, and tractors). Currently, MPS spends an average of \$200,000 annually renting lifts to complete annual and emergency tree work. These lifts are usually inferior and are difficult to rent when weather events occur. Thus, procuring chipper bodies will eliminate annual rental expenditures and ensure that the appropriate equipment is available when it is needed most. These chipper bodies would be made available to other Department of Natural resources (DNR) units (Forest Service and Wildlife and Heritage Service). MPS has a backlog of maintenance equipment that needs to be replaced in order to ensure staff safety while providing public access to parks, including maintaining roadways, parking, campgrounds, picnic areas and other facilities, plowing snow, and responding to natural disasters.
Supplies	1,123,637	979,561	2,103,198	Purchase more supplies and materials to ensure new park facilities and parks are improved to support safe public access and to replace fire rings, grills, and picnic tables that are experiencing significant deterioration as a result of growing State park visitation. Unprecedented visitation pressure is placing stress on basic day-use area amenities, thus requiring replacement on a more frequent basis.

<u>Unit/Object</u>	<u>Backfill Personnel Placeholder Reduction</u>	<u>Additional Funding</u>	<u>Total</u>	<u>Comment</u>
Land and Structures	0	500,000	500,000	Provide public access for Wolf Den Run State Park and Bohemia River State Park.
Vehicle Replacement	396,378	1,000,000	1,396,378	Replace 65 vehicles that have over 100,000 miles. Park staff relies heavily on vehicles to accomplish a vast majority of their essential tasks on the 140,000 acres of park land. MPS fleet has 75 vehicles with a mileage that exceeds 125,000 and 119 vehicles, nearly 50% of the fleet, with a mileage that exceeds 100,000. Vehicles are an essential tool for responding to park emergencies, providing timely and responsive customer service and ensuring the safety of park staff and visitors.
Subtotal	\$2,020,015	\$3,479,561	\$5,499,576	
Engineering and Construction				
Other Fringe Benefit Costs	\$0	\$170,713	\$170,713	Increase the Engineering and Construction unit's project management staff to manage additional projects. The current Critical Maintenance Program staff plans, designs, and completes approximately \$5 million worth of critical maintenance projects each year. The requested additional staff is necessary to manage and complete additional projects resulting from the additional funding for the Critical Maintenance Program and the Natural Resources Development Fund projects in the capital budget. This proposal adds 2 staff members to manage Critical Maintenance Program projects and bring the average annual encumbrance level up to \$7 million. This proposal would also add 1 position to the Natural Resources Development Fund capital project management staff. Additional staff will provide project management for new projects so that DNR can maintain a high level of performance for each project. The additional funds will help reduce the time that it takes the department to build capital development projects. Proposed expenditures include salaries, office supplies, and computers including engineering software.
Telephone	0	906	906	
Cell Phone Expenditures	0	1,500	1,500	
In-state/Routine Operations	0	600	600	
Building and Household	0	600	600	
Office Equipment	0	3,600	3,600	
Data Processing Equipment – Microcomputer	0	2,700	2,700	
Other Equipment	0	10,269	10,269	
Subtotal	\$0	\$190,888	\$190,888	
Total	\$2,020,015	\$3,670,449	\$5,690,464	

Source: Department of Natural Resources

The Department of Legislative Services (DLS) has made recommendations to replace the \$38.2 million of PAYGO capital funding in the DPA with general obligation bonds in order that the \$38.2 million could be used to defray the need for more expensive taxable debt in the Department of Housing and Community Development (DHCD). There is \$2,020,015 in DNR's operating budget that had to be reduced in order to meet its revenue projections, since the transfer tax repayment amount was budgeted in the DPA. By leaving this amount in DNR's operating budget, DNR would receive the funding that would have been supported without the additional funding from the DPA. **DLS recommends that \$3,670,449 in general funds in the DPA currently programmed for DNR be repurposed to defray the need for more expensive taxable debt in DHCD.**

2. Whistleblower Program Report

Fiscal 2019 Budget Bill language restricted \$150,000 in general funds pending the submission of a report on how DNR will establish and fund a whistleblower program including the following: (1) an analysis of natural resources whistleblower programs in other jurisdictions; (2) an assessment of the funding mechanisms other jurisdictions use to fully fund and deploy whistleblower appropriations; and (3) a proposed funding mechanism, fund deployment schedule, and marketing and promotion strategy for Maryland.

The submitted report notes the following.

- ***Whistleblower Programs:*** A number of U.S. states and Canadian provinces use a program called Wildlife Crimestoppers (still called Operation Game Thief in some jurisdictions), operated under the umbrella of the nonprofit anti-poaching organization International Wildlife Crimestoppers. Typically, local nonprofit boards work with agency liaisons to determine the involvement of citizens who report violations through the whistleblower program that secure convictions of fish and wildlife violators. Rewards most often are made using a predetermined matrix and typically come in the form of gift cards to protect whistleblower identities. The industry standard is to issue awards at least quarterly.
- ***Funding Mechanisms:*** Wildlife Crimestoppers programs may use budgeted funds, fees assessed against defendants upon conviction for violations, or funds raised by a nonprofit in order to fund the programs. The nonprofit model is the most successful as it uses an independent board of directors to direct fundraising efforts supporting the program. Examples of nonprofit fundraising include fundraising events, membership opportunities for the public, gifts from conservation organizations, and tax-deductible donations from the public. In addition, grants from International Wildlife Crimestoppers and from government and nongovernment sources are possible.
- ***Maryland's Program:*** DNR has revamped its own original whistleblower program. The original program was called Catch-A-Poacher and functioned for years as a poaching hotline. Over time, the program only received two to three calls per year, so DNR sought to expand the forms of technology used to interact with the program. DNR solicited interest from retired NRP

employees and conservation-minded citizens, which led to the formation of the nonprofit Maryland Wildlife Crimestoppers in 2017. The seven-person board consists of two former NRP law enforcement officers, two NRP reserve officer volunteers, two Maryland outdoors-related business managers/owners, and one concerned citizen. The board is assisted by four current NRP officers who serve as liaisons. So far, Wildlife Crimestoppers of Maryland has received one donation from a convicted violator and will soon receive the balance of funds from the Catch-A-Poacher account. Fundraising events are expected to begin in calendar 2019 with rewards for reported violations to be dispersed in winter 2019. Advertising has consisted of mentions in the Maryland Guide to Hunting and Trapping in summer 2018, display on DNR’s website, and a November 2018 press release. Future advertising possibilities include program contact information being printed on DNR-issued licenses and permits and printing the information on NRP business cards. Since June 2018, the program has received 95 calls, texts, and emails reporting both recreational and commercial violations such as closed-season harvesting, after-hours violations, and failure to comply with size and creel/bag limits.

DLS recommends that DNR comment on the mechanism for the transfer of funding from the Catch-A-Poacher account to the Maryland Wildlife Crimestoppers. In addition, DLS recommends that DNR comment on the reward matrix and frequency of awards for the Maryland Wildlife Crimestoppers and on any measures it is considering for determining the success of the program.

3. Contractual FTEs Could Be Converted to Regular Positions

DNR has approximately 34.0 contractual FTEs that could be converted to regular positions since the work has lasted longer than two years, as shown in **Exhibit 9**. Of these 34.0 contractual FTEs, 1.0 FTE would like to remain in the current status, so 33.0 contractual FTE conversions would be appropriate. **DLS recommends that DNR comment on its future plans for contractual FTE conversions.**

Exhibit 9
Possible Contractual FTE Conversions
Fiscal 2020

<u>Unit</u>	<u>Number</u>	<u>Description</u>
Forestry Service	1.0	Filled by an employee who does not wish to be a regular employee.
Wildlife and Heritage Service	2.0	Filled by the same employees for over two years.
Licensing and Registration Service	1.0	Long-term contractual FTEs.
Natural Resources Police	11.0	Filled by the same employees for over two years.
Resource Assessment Service	4.0	Long-term contractual FTEs.
Chesapeake and Coastal Service	2.0	Long-term contractual FTEs that have been on contract for more than two years. One of them will be evaluated as part of the DNR's fiscal 2021 budget planning for contractual conversions.
Fishing and Boating Services	13.0	Long-term contractual FTEs.
Total	34.0	

FTE: full-time equivalent

Source: Department of Natural Resources

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Chesapeake and Atlantic Coastal Bays 2010 Trust Fund

Chapter 6 of the 2007 special session established the 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 2020 reflects the third year that funding has not been transferred and thus available revenues for programs have exceeded \$50.0 million as originally projected for the fund. Fiscal 2020 revenue is comprised of \$13,327,617 from the motor fuel tax and \$40,297,711 from the sales and use tax on short-term vehicle rentals.

Exhibit 10 provides an overview of the currently planned trust fund allocations for fiscal 2020 as compared with fiscal 2019. Final decisions on allocations typically are made by the BayStat agencies after the final funding levels have been determined. There are relatively minor funding changes between fiscal 2019 and 2020 that include an increase of \$683,585 for cost-effective nonpoint source projects that are competitively solicited and \$10,410 for agency direct costs.

Exhibit 10
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund
Planned Expenditures
Fiscal 2019-2020
(\$ in Millions)

<u>Category/Activity</u>	<u>2019 Current</u>	<u>2020 Request</u>	<u>Difference</u>
Targeted Activity			
Strategic Monitoring and Assessment	\$0.4	\$0.4	\$0.0
Targeted Monitoring Grant Program	0.3	0.3	0.0
Implementation Tracking	0.2	0.2	0.0
Agency Direct Costs (1.5%)	0.8	0.8	0.0
Subtotal	\$1.7	\$1.7	\$0.0
Accelerating Restoration through Research and Development			
Innovative Technology Fund	\$1.0	\$1.0	\$0.0
Manure to Energy through Proven Technology	1.6	1.6	0.0
Agricultural Technical Assistance	3.3	3.3	0.0
Stormwater Permit Expeditors	0.8	0.8	0.0
Field Restoration Specialists	0.8	0.8	0.0
Subtotal	\$7.4	\$7.4	\$0.0

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<u>Category/Activity</u>	<u>2019 Current</u>	<u>2020 Request</u>	<u>Difference</u>
Integrated Targeted Projects to Meet Maryland’s Milestones			
Cover Crops	\$11.3	\$11.3	\$0.0
Conservation Reserve Enhancement Program Bonus Payments	0.5	0.5	0.0
Nutrient Management Best Management Practices	2.0	2.0	0.0
Manure Transport	0.8	0.8	0.0
Governor’s Phosphorus Management Tool Initiative	0.2	0.2	0.0
Subtotal	\$14.7	\$14.7	\$0.0
Implementation of Local Watershed Implementation Plans			
Cost-effective Nonpoint Source Projects	\$23.1	\$23.8	\$0.7
Natural Filters	6.0	6.0	0.0
Subtotal	\$29.1	\$29.8	\$0.7
Total	\$52.9	\$53.6	\$0.7

Source: Department of Natural Resources

2. MPS Funding Report

The 2018 *Joint Chairmen’s Report* (JCR) included a request for a report showing the allocation of both transfer tax and Forest or Park Reserve Fund funding for the fiscal 2018 actual, the fiscal 2019 working appropriation, and the fiscal 2020 allowance. The report was also requested to include MPS-sourced revenue and administrative costs from fiscal 2018, which informs the fiscal 2020 appropriation, and a description of how the appropriations from each of the three years helps to meet the recommendations of the 2016 Five-year Strategic Plan in terms of both personnel and park resources, and the development of a Comprehensive Long Range Strategic Plan as contemplated for achievement of the National Gold Medal Award from the National Recreation and Park Association. The submitted report reflects the following.

- **Allocation of Funding:** The two main sources of funding for MPS are the transfer tax and the Forest or Park Reserve Fund. In addition, there is \$5.7 million in the DPA for fiscal 2020 that has not been allocated to DNR yet. Transfer tax funding provided \$30.1 million in fiscal 2018, \$31.8 million in fiscal 2019, and provides an estimated \$28.2 million in fiscal 2020; the majority of the funding is used for salaries. The Forest or Park Reserve Fund provided \$10.4 million in fiscal 2018, \$13.7 million in fiscal 2019, and provides an estimated \$13.3 million in fiscal 2020; the majority of the funding is used for supplies and materials, contracts, and payment in lieu of taxes to the counties.
- **MPS-sourced Revenue and Administrative Costs:** Chapter 23 of 2017 (Budget Reconciliation and Financing Act) required the Governor to include in the State budget an appropriation to

MPS equal to 100% of own-sourced revenues collected in the Forest or Park Reserve Fund from the second preceding fiscal year, less any administrative costs and prior-year closing fund balance. The report notes that the Forest or Park Reserve Fund provided MPS operations \$10.4 million in fiscal 2018, \$13.7 million in fiscal 2019, and a proposed \$13.3 million in fiscal 2020.

- ***Five-year Strategic Plan Support:*** DNR notes that fiscal 2018 to 2020 funding will support some of the recommendations in the 2016 Strategic Park Investment Plan. However, the capital development goals of investing \$40.0 million are not being fully met because funding has been diverted to the Bloede Dam demolition, Fair Hill Natural Resources Management Area equestrian improvements, and Greenbrier State Park dam improvement projects, although MPS did allocate funding in fiscal 2019 toward its in-house contractual maintenance crew. The marketing and business manager was hired in 2018 and has worked to make recommendations for concession operation improvements, strengthen collaboration with the Maryland Tourism Coalition, improve electronic communications with visitors, and promote State park events through electronic media and press contacts. To reduce wait times, DNR has shifted the timing of the annual State park passport from a calendar year basis to a one-year from purchase basis to spur more sales and reduce cash handling at gates and is engaging the State’s information technology contractor NIC Maryland on the possible selection of park locations to pilot advance electronic park day-use reservations. In terms of implementing the 2013 Five-year Strategic Plan recommendations, DNR is cognizant of the need to utilize funds for one-time expenditures rather than increasing permanent staffing due to the variability of funding. Finally, DNR has expanded its partnerships to include affiliated foundation agreements with the National Steeplechase Foundation, Turkey Point Lighthouse Station, Catoctin Forest Alliance, Maryland Off-Highway Vehicle Alliance, Piscataway Conoy Tribe, Friends of Patapsco Valley State Park, and West Rhode Riverkeeper, which has allowed for new equipment, access to specialized training, trail planning expertise, grant funding, and special interpretive programming.
- ***National Gold Medal Award Support:*** DNR intends to apply for the 2019 State Park Gold Medal Award from the National Recreation and Parks Association. The application deadline is March 29, 2019, with finalists anticipated to be announced at the end of April 2019 and grand award recipients announced in fall 2019. To prepare for the application, DNR has revamped park websites to improve branding and navigation, initiated development of a Comprehensive Long Range Strategic Plan, and improved program brochures.

3. State Park Public-private Partnership Pilot Program

The 2018 JCR included a request for a report on the development of a pilot program to expand either the camping or cabin facilities, or both, at a single park using a public-private partnership (P3) model. The committees were concerned that MPS has camping and cabin facilities that could be expanded at certain State parks but are constrained by limited capital resources for development of the infrastructure and limited personnel resources for staffing.

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The submitted report notes that DNR currently has approximately 250 revenue leases with private entities that generate \$3 million annually for park operations. Facility management partnership agreements are used for historic sites such as the Steppingstone Museum at Susquehanna State Park in Harford County, Greenwell Manor House at Greenwell State Park in St. Mary's County, and Turkey Point Lighthouse at Elk Neck State Park in Cecil County. In addition, there are concession agreements with eight different private businesses that generate approximately \$200,000 in annual revenue.

DNR notes that it is considering two opportunities to enhance cabin and camping recreation through P3s. The opportunities are as follows.

- ***Assateague State Park Pilot Program:*** In the short term, DNR is looking to expand an Assateague State Park pilot program in which campers rent recreational vehicles – large and small vehicles, travel trailers, pop-up trailers, and tiny home cottages – from multiple private vendors. The program taps into the glamping – glamorous camping – movement.
- ***Wolf Den Run State Park:*** In the long term, DNR is considering a P3 for construction and operation of a campground at the newly acquired Wolf Den Run State Park in Garrett County. The park is to be developed primarily for off-highway and off-road vehicle recreation with 50 miles of trails and supporting infrastructure. A recent DNR survey of nearly 900 vehicle riders indicated that many park users will be traveling long distances, which suggests the need for the development of a campground.

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**Appendix 1
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 2018					
Legislative Appropriation	\$61,004	\$169,077	\$30,909	\$11,607	\$272,598
Deficiency/Withdrawn Appropriation	-421	1,576	487	0	1,641
Cost Containment	-1,020	0	0	0	-1,020
Budget Amendments	506	607	1,922	5,315	8,351
Reversions and Cancellations	-320	-12,231	-5,975	-5,212	-23,739
Actual Expenditures	\$59,748	\$159,029	\$27,343	\$11,711	\$257,831
Fiscal 2019					
Legislative Appropriation	\$62,705	\$171,669	\$30,975	\$12,011	\$277,359
Budget Amendments	2,413	610	82	0	3,106
Working Appropriation	\$65,118	\$172,279	\$31,057	\$12,011	\$280,465

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

Fiscal 2018

The Department of Natural Resources' (DNR) general fund appropriation decreased by \$1,256,058 as follows.

- **Deficiency/Withdrawn Appropriation:** A net decrease of \$421,475 was due to the withdrawn appropriation for health insurance savings in Section 19 of the fiscal 2019 Budget Bill (\$671,475) and a decrease in funding for salaries in the Natural Resources Police (NRP) – Field Operations program in order to recognize fiscal 2018 savings based on vacant law enforcement positions that have been held open prior to the initiation of the next academy class (\$500,000) that were partially offset by an increase in funding for supporting oyster seeding projects in the Fishing and Boating Services program (\$750,000).
- **Cost Containment:** A decrease of \$1,020,000 due to cost containment. The cost containment was allocated through the September 6, 2017 Board of Public Works (BPW) reductions that reduced Forest Service funding in order to be backfilled by Program Open Space (POS) funding from the Maryland Park Service (MPS) (\$1,000,000) and eliminated the print edition of the Fishing Guide in Fishing and Boating Services, since an electronic version will continue to be produced (\$20,000).
- **Budget Amendments:** An increase of \$505,775 comprised of the fiscal 2018 collective bargaining agreement with the State Law Enforcement Officers Labor Alliance (SLEOLA) in NRP (\$448,207), and realigned funds between agencies for telecommunications expenditures as authorized by Section 17 of the fiscal 2018 Budget Bill (\$57,568).
- **Reversions:** A decrease of \$320,358 due to reversions in the Finance and Administrative Services program as a result of savings from reduced vehicle purchases (\$159,576); the Critical Area Commission as a result of salary savings from vacancies and reductions in spending on contracts, rent, and other items (\$130,844); and the Maryland Environmental Trust (MET) as a result of contractual FTE salary savings from vacancies and other items (\$29,939).

DNR's special fund appropriation decreased by \$10,048,372 as follows.

- **Deficiency/Withdrawn Appropriation:** A net increase of \$1,575,665 was due to the deficiency appropriation for the anticipated private donations for contractual services related to the design and construction of improvements to the Fair Hill Natural Resources Management Area for the turf track in order to increase safety and the types of equestrian events that could be held in preparation for a three-star equestrian event in calendar 2018 (\$2,500,000) that was partially offset by the withdrawn appropriation for health insurance savings in Section 19 of the fiscal 2019 Budget Bill (\$924,335).
- **Budget Amendments:** An increase of \$607,238 due to budget amendments in the Wildlife and Heritage Service for salaries from the Wildlife Management and Protection Fund balance in order

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to cover unanticipated federal grant match requirements for the U.S. Department of the Interior – U.S. Fish and Wildlife Service’s State Wildlife Grants (\$230,000); for salaries in the Maryland Geological Survey related to long-term monitoring of the Lower Patapsco River, a Mayo Peninsula aquifer study, and subsidence monitoring in Calvert County from the Maryland Geological Survey Account from Anne Arundel County Health Department and Dominion Cove Point funding (\$153,147); for covering the revenue-sharing payments with affected counties in the Forest Service as a result of additional timber sale revenue being realized from the Forest Service component of the Forest or Park Reserve fund (\$134,029); for signs and tree plantings in MPS – Statewide Operations from the Donations Account (\$65,102); and for allocating the fiscal 2018 collective bargaining agreement with SLEOLA in MPS (\$24,960). There are offsetting budget amendments of \$1,000,000 in POS-backed special fund appropriations to reflect a reduction in MPS – Statewide Operations as part of the September 6, 2017 BPW reductions that was offset by a \$1,000,000 increase in the Forest Service in order to backfill the fiscal 2018 cost containment general fund reduction.

- ***Cancellations:*** A decrease of \$12,231,275 primarily as a result of cancellations in the Chesapeake and Coastal Service related to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (\$3,073,311); Fishing and Boating Services due to a delay in the M/V J.C. Widener buoy tender overhaul, lower grant funding and expenses for abandoned boats and debris clearing due to a mild winter, and reduced Fishery Research and Development Fund expenditures for contractual full-time equivalents (FTE), travel, training, and equipment replacement as a result of weather-related revenue decline (\$2,877,212); MPS – Statewide Operations due to unneeded funding from private donations for the Fair Hill Natural Resources Management Area projects and from the Forest or Park Reserve Fund (\$1,749,190); NRP – Field Operations due to law enforcement officer salaries being funded with general funds (\$1,582,154); the Land Acquisition and Planning program due to encumbrances of POS Administrative Fee funding being lower than anticipated for contractual FTE salaries, software, and equipment (\$479,092); the Monitoring and Ecosystem Assessment program due to service contract and in-State service savings (\$433,457); NRP – General Direction due to matching funding for federal Port Security Grant funding not being used and equipment not being purchased (\$399,047); the Engineering and Construction program related to POS Administrative Fund (\$318,926); the Wildlife and Heritage Service due to salary savings in the western and central regions (\$280,349); the Licensing and Registration Service due to funding for salaries, telephones, postage, and printing that could not be encumbered (\$237,174); and the Office of the Secretary – Secretariat due to vacancies (\$222,216); and other programs (\$579,147).

DNR’s federal fund appropriation decreased by \$3,565,834 as follows.

- ***Deficiency/Withdrawn Appropriation:*** A net increase of \$487,134 is due to deficiency appropriations in NRP – General Direction for equipment replacement funded by High Intensity Drug Trafficking Agreements through the U.S. Department of Justice’s Equitable Sharing Program (\$380,000); the Chesapeake and Coastal Service for contractual services related to implementing projects by the Coastal Zone Management Program from the U.S. Department of Commerce – National Oceanic and Atmospheric Administration’s (NOAA) Coastal Zone Management

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Administration Awards (\$169,205); and the Forest Service for the purchase of three trucks for emergency fire response to out-of-state assignments from various federal contracts reflecting deferred nonbudgeted federal funds received from the Federal Interagency Wildfire Reimbursement (\$80,040) that are offset partially by a decrease due to the withdrawn appropriation for health insurance savings in Section 19 of the fiscal 2019 Budget Bill (\$142,111).

- ***Budget Amendments:*** An increase of \$1,922,395 due to budget amendments in the Wildlife and Heritage Service for equipment related to wildlife monitoring investigations and teaching gun/hunter safety classes from the U.S. Department of the Interior – U.S. Fish and Wildlife Service’s Wildlife Restoration and Basic Hunter Education funding and State Wildlife Grants (\$857,710); NRP – Field Operations for additional grant participation costs related to homeland security surveillance and enforcement from the U.S. Department of Homeland Security – U.S. Coast Guard’s Boating Safety Financial Assistance (\$689,685); the Forest Service for expenses incurred during out-of-State firefighting assignments from Various Federal Contracts through the Master Cooperative Wildland Fire Management and Stafford Act Response Agreement under the U.S. Department of Agriculture – Forest Service (\$200,000); and Tidewater Ecosystem Assessment from the U.S. Environmental Protection Agency’s Chesapeake Bay Program for Chesapeake Bay watershed monitoring (\$175,000).
- ***Cancellations:*** A decrease of \$5,975,363 is as a result of cancellations in NRP – General Direction due to a Port Security Grant being denied, and equipment and supplies not being purchased with Boating Safety Financial Assistance funding (\$1,895,179); the Fishing and Boating Services due to studies funded by State Wildlife Grants not starting on the projected date, and various projects funded with Sportfish Restoration and NOAA funding coming in under budget or being delayed (\$1,323,032); the Chesapeake and Coastal Service related to Coastal Zone Management Program and Chesapeake Bay Program funding (\$1,082,285); NRP – Field Operations related to Boating Safety Financial Assistance program and High Intensity Drug Trafficking Area program funding (\$1,058,514); and Wildlife and Heritage Service related to the State Wildlife Grants subprogram funding (\$390,729); and other programs (\$225,624).

DNR’s reimbursable fund appropriation increased by \$103,376 as follows.

- ***Budget Amendments:*** An increase of \$5,315,232 is due to budget amendments that transfer funding from the Department of Information Technology’s Major Information Technology Development Project Fund to DNR’s Major Information Technology Development Projects for the 700 MHz Statewide Public Safety Wireless Communications System – Radios project to use Project 25 portable radios and accessories by NRP and MPS, and the WAVE technology to provide backup dispatch and executive level system access (\$4,010,390); from the Chesapeake and Coastal Service to Fishing and Boating Services for replacement of the JM Tawes ice breaking buoy tender using Waterway Improvement Fund (WIF) funds, the stock assessment of oysters in the Maryland portion of the Chesapeake Bay from the Chesapeake Bay Implementation Grant funding, for the Somers Coves Marina improvements from WIF funds, and for the Harris Creek oyster restoration project from WIF funds (\$938,403); from the Land Acquisition and Planning program to MPS for stabilizing the newly acquired Bohemia River State Park using POS stabilization funding

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(\$250,000); from the Maryland Energy Administration to DNR’s Power Plant Assessment Program for identification and evaluation of potential sites for distributed generation development in Maryland (\$50,000); from the Chesapeake and Coastal Service to NRP – General Direction to finish outfitting a vessel purchased in fiscal 2017 (\$39,573); from MPS to the Power Plant Assessment Program for contractual FTE payroll related to project review services (\$14,303); and from the Chesapeake and Coastal Service to the Office of Communications for salary and contractual services costs related to building the Coastal Training Program Website and User Platform from Chesapeake Bay National Estuarine Research Reserve funding (\$12,563).

- ***Cancellations:*** A decrease of \$5,211,856 as a result of cancellations in Fishing and Boating Services due to rain limiting the planting of oyster spat using Maryland Port Administration funding and delayed projects eligible for Chesapeake and Coastal Service funding such as repairs at Somers Cove Marina, a consulting procurement, and the Harris Creek high spot correction project (\$1,866,028); the Engineering and Construction program due to permitting and other issues keeping waterway and other projects from being completed (\$1,188,804); the Chesapeake and Coastal Service related to State Highway Administration (SHA) funding (\$1,160,485); MET due to a SHA Civil War Trust grant not being fully expended (\$365,648); the Maryland Geological Survey due to projects being completed under budget (\$345,710), and other programs (\$285,181).

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DNR’s general fund appropriation increases by \$2,413,129 due to budget amendments. The budget amendments allocate funding for the fiscal 2019 collective bargaining agreement with SLEOLA in NRP – General Direction and NRP – Field Operations (\$1,939,254), the cost-of-living adjustment (COLA) authorized in the fiscal 2019 Budget Bill (\$410,384), and the Annual Salary Review funding for NRP – General Direction program police communication officers (\$63,491).

DNR’s special fund appropriation increases by \$610,265 due to budget amendments. The budget amendments allocate funding for the COLA authorized in the fiscal 2019 Budget Bill (\$476,126) and the fiscal 2019 collective bargaining agreement with SLEOLA in MPS and NRP – General Direction (\$134,139).

DNR’s federal fund appropriation increases by \$82,465 to allocate funding for the COLA authorized in the fiscal 2019 Budget Bill.

DNR’s reimbursable fund appropriation remains unchanged.

**Appendix 2
Object/Fund Difference Report
Department of Natural Resources**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,332.50	1,340.25	1,348.25	8.00	0.6%
02 Contractual	322.06	383.15	402.15	19.00	5.0%
Total Positions	1,654.56	1,723.40	1,750.40	27.00	1.6%
Objects					
01 Salaries and Wages	\$ 118,615,573	\$ 126,667,669	\$ 127,610,836	\$ 943,167	0.7%
02 Technical and Special Fees	12,143,467	14,062,523	13,626,139	-436,384	-3.1%
03 Communication	3,932,016	3,626,394	2,869,509	-756,885	-20.9%
04 Travel	803,297	640,974	689,910	48,936	7.6%
06 Fuel and Utilities	5,128,002	5,398,849	5,848,968	450,119	8.3%
07 Motor Vehicles	11,037,118	11,599,673	10,721,208	-878,465	-7.6%
08 Contractual Services	27,762,762	35,337,294	37,024,735	1,687,441	4.8%
09 Supplies and Materials	7,315,486	9,792,437	10,695,582	903,145	9.2%
10 Equipment – Replacement	5,903,639	2,245,713	1,644,767	-600,946	-26.8%
11 Equipment – Additional	2,214,228	2,713,284	2,566,916	-146,368	-5.4%
12 Grants, Subsidies, and Contributions	59,098,701	64,484,907	65,932,989	1,448,082	2.2%
13 Fixed Charges	3,514,072	3,435,154	3,389,915	-45,239	-1.3%
14 Land and Structures	362,590	460,388	119,503	-340,885	-74.0%
Total Objects	\$ 257,830,951	\$ 280,465,259	\$ 282,740,977	\$ 2,275,718	0.8%
Funds					
01 General Fund	\$ 59,748,200	\$ 65,117,686	\$ 72,616,409	\$ 7,498,723	11.5%
03 Special Fund	159,028,809	172,279,036	169,847,811	-2,431,225	-1.4%
05 Federal Fund	27,343,126	31,057,343	28,638,510	-2,418,833	-7.8%
09 Reimbursable Fund	11,710,816	12,011,194	11,638,247	-372,947	-3.1%
Total Funds	\$ 257,830,951	\$ 280,465,259	\$ 282,740,977	\$ 2,275,718	0.8%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 3
Fiscal Summary
Department of Natural Resources**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
01 Office of the Secretary	\$ 20,202,300	\$ 16,118,723	\$ 20,736,859	\$ 4,618,136	28.7%
02 Forest Service	12,553,840	12,288,098	12,429,098	141,000	1.1%
03 Wildlife and Heritage Service	12,285,347	11,457,269	11,123,414	-333,855	-2.9%
04 Maryland Park Service	46,611,458	54,086,188	50,510,711	-3,575,477	-6.6%
05 Land Acquisition and Planning	4,700,326	5,465,840	5,625,747	159,907	2.9%
06 Licensing and Registration Service	3,698,704	3,945,686	4,164,545	218,859	5.5%
07 Natural Resources Police	42,988,005	50,319,989	50,360,886	40,897	0.1%
09 Engineering and Construction	5,977,933	7,781,171	7,242,609	-538,562	-6.9%
10 Critical Area Commission	1,849,300	2,088,655	2,101,107	12,452	0.6%
12 Resource Assessment Service	17,458,539	18,237,772	19,538,284	1,300,512	7.1%
13 Maryland Environmental Trust	1,210,655	1,037,409	1,299,010	261,601	25.2%
14 Chesapeake and Coastal Service	64,230,664	67,846,404	68,621,431	775,027	1.1%
17 Fishing and Boating Services	24,063,880	29,792,055	28,987,276	-804,779	-2.7%
Total Expenditures	\$ 257,830,951	\$ 280,465,259	\$ 282,740,977	\$ 2,275,718	0.8%
General Fund	\$ 59,748,200	\$ 65,117,686	\$ 72,616,409	\$ 7,498,723	11.5%
Special Fund	159,028,809	172,279,036	169,847,811	-2,431,225	-1.4%
Federal Fund	27,343,126	31,057,343	28,638,510	-2,418,833	-7.8%
Total Appropriations	\$ 246,120,135	\$ 268,454,065	\$ 271,102,730	\$ 2,648,665	1.0%
Reimbursable Fund	\$ 11,710,816	\$ 12,011,194	\$ 11,638,247	-\$ 372,947	-3.1%
Total Funds	\$ 257,830,951	\$ 280,465,259	\$ 282,740,977	\$ 2,275,718	0.8%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.