UA.00
Maryland Department of the Environment

Operating Budget Data

($ in Thousands)

	FY 01 Actual	FY 02 Working	FY 03 Allowance	Change	% Change Prior Year
General Fund	$36,993	$44,934	$45,590	$656	1.5%
Special Fund	27,071	27,966	34,078	6,113	21.9%
Federal Fund	20,498	24,263	25,188	925	3.8%
Reimbursable Fund	3,888	4,553	4,525	(28)	(0.6%)
Total Funds	**$88,450**	**$101,716**	**$109,381**	**$7,665**	**7.5%**

- The Maryland Department of the Environment (MDE) general fund increase is largely due to expansion of current programs or enhancements for the Chesapeake 2000 agreement, Smart Growth, Environmental Justice, Medical Monitoring, and Wetlands Inspection Compliance initiatives.

- $4,459,703 of MDE's special fund increase is attributable to new legislation introduced by MDE this session that either increases fees or creates new fees for the following programs: Wetlands Permits, Compliance Inspection, Wastewater Permits, Sediment Control, Community Right-to-Know, Water Appropriations, Solid Waste Management, and Water/Sewer Planning.

Personnel Data

	FY 01 Actual	FY 02 Working	FY 03 Allowance	Change
Regular Positions	1,011.40	1,028.00	1,114.00	86.00
Contractual FTEs	42.20	52.30	54.60	2.30
Total Personnel	**1,053.60**	**1,080.30**	**1,168.60**	**88.30**

Vacancy Data: Regular Positions

Budgeted Turnover: FY 03	59.04	5.30%
Positions Vacant as of 12/31/01	81.00	7.88%

- MDE received 86 new positions in the Governor's allowance. Of the total, 34 are funded with general funds. The generally funded positions will be used for the following tasks: Solid Waste Landfill & Facilities inspectors and monitors (3 positions), shellfish certification (2 positions), beach monitoring

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

For further information contact: Dawn Myers Phone: (410) 946-5530

for bacterial contamination (3 positions), enforcement and compliance inspections (11 positions), Total Maximum Daily Load implementation (4 positions), Chesapeake 2000 and Smart Growth initiatives (4 positions), Environmental Justice and Medical Monitoring of MDE employees (3 positions), and wetlands inspection compliance (4 positions).

- Two emergency response positions are funded with federal funds for homeland security.

- Two positions for mammography equipment inspection are federally funded by the United States Food and Drug Administration.

- Two positions are funded with reimbursable funds from the Maryland Department of Transportation and will be used for Stage II Vapor Recovery. This program regulates 1,500 gasoline dispensing facilities in the State that have installed or are required to install and operate control systems to reduce emissions of volatile organic compounds to the atmosphere.

- Forty-six positions are funded with special funds, and the appropriation for the special funds is contingent on the passage of new fee legislation. The positions will be in the following areas: Wetlands Permits (3 positions), Compliance Inspection (17 positions), Wastewater Permits (3 positions), Sediment Control (2 positions), Community Right-to-Know (5 positions), Water Appropriations (3 positions), Solid Waste Management (11 positions), and Water/Sewer Planning (2 positions).

- MDE also has a net increase in contractual positions. Three new positions are as follows: one administrative specialist to assist staff with completing reports of observation and equipment use reports and two environmental specialists to assist in supporting the State's Ballast Water Management program and to manage all environmental data associated with dredging operations in the State. The environmental specialist positions are funded with federal funds and the administrative specialist position is funded with special funds.

Analysis in Brief

Issues

New Initiatives Increase MDE's Budget: $4,459,703 and 46 positions in MDE's budget are contingent on the enactment of three pieces of legislation. Two bills establish a Community Right-to-Know program and a State Solid Waste Management Fund to be used for specified recycling initiatives and solid waste program activities. The third bill increases existing criminal, civil, and administrative penalty provisions for violations of specified water laws, regulations, orders, and permits. **MDE should be prepared to discuss the need for such a large increase in personnel under Senate Bill 241/House Bill 294 when the legislation establishes permit fees. MDE should also be prepared to discuss what the agency intends to do with the large amount of funds expected to be collected through enactment of Senate Bill 243/House Bill 299.**

The Budget Reconciliation Act of 2002 Has Impact on Agency Operations: The Budget Reconciliation Act of 2002, as proposed, makes three transfers from MDE's special funds to the general fund for a total of $2.1 million. **MDE should be prepared to discuss the impact of the budget reconciliation act transfers on its affected operating programs.**

MDE Moves to Montgomery Park: This budget topic, featured in the fiscal 2002 analysis, makes a return appearance because MDE has not yet moved to Montgomery Park due to financing and construction delays experienced by the owners of Montgomery Park. **MDE should brief the committees on the status of the move to Montgomery Park.**

MDE Submits Noise Inspection Report: MDE submitted a Noise Inspection Report as required by committee narrative in the *Joint Chairmen's Report* for the 2001 session. The committees were concerned about the adequacy of having only one noise inspector for the entire State. In the report, MDE did not make any conclusions as to the adequacy of its one-person staff. Instead, the agency chose to wait until the Environmental Noise Advisory Council and Interagency Noise Advisory Committee recommended changes. **MDE should brief the committees on the conclusions of the Environmental Noise Advisory Council and Interagency Noise Advisory Committee and what changes to MDE's noise program were made.**

Recommended Actions

		Funds	Positions
1.	Add language to delete funding for new special fund PINs and general fund and special fund additional vehicle purchases.		
2.	Add language reducing part of the general fund appropriation contingent on the enactment of Senate Bill 241 or House Bill 294.		
3.	Add language to reduce general funds contingent on the enactment of Senate Bill 243 or House Bill 299.		
4.	Delete new PINs for wetlands permits, wastewater permits, sediment control, water appropriations, and water/sewer planning.		13.0
5.	Delete two PINs for positions contingent on legislation enacting the Community Right-to-Know Program.		2.0
6.	Delete new PINs for enhanced and new compliance/enforcement initiatives.	378,104	28.0
7.	Delete new PINs for wetlands inspection and compliance.	256,300	7.0
8.	Delete PINs for Chesapeake 2000 and Smart Growth initiatives.	154,182	4.0
9.	Delete new PINs for beach monitoring.	99,334	3.0
10.	Delete two new PINs related to Total Maximum Daily Load program.	77,938	2.0
11.	Delete new PINs for solid waste inspection and enforcement.	89,182	10.0
12.	Delete new PINs for Stage II Vapor Recovery.	53,372	2.0
13.	Add language to reduce authorization to expend reimbursable funds from other agencies to match position reduction.		
14.	Reduce Baltimore City's lead enforcement grant.	250,000	
15.	Delete funds for a new contractual position.	28,147	
16.	Reduce general fund increase in out-of-state routine travel.	25,000	
	Total Reductions	**$ 1,411,559**	**71.0**

Updates

Sunset Review of Board of Environmental Sanitarians Completed: During the 2001 interim, the Department of Legislative Services (DLS) completed its evaluation of the Board of Environmental Sanitarians as required by the Maryland Program Evaluation Act. DLS found that there is a continued need for licensing of environmental sanitarians and recommended extending the board's termination date by 10 years.

UA.00
Maryland Department of the Environment

Operating Budget Analysis

Program Description

The Maryland Department of the Environment (MDE) protects and restores the quality of the State's land, air, and water resources and safeguards citizens from health risks associated with pollution. It is responsible for planning, monitoring, controlling, and regulating air, solid, and hazardous wastes; radiation, sewage sludge, sediment, and stormwater; toxicities, sewage treatment, and water supply facilities; and environmental disease control programs. The department is structured into seven major administrative units:

- Office of the Secretary;
- Administrative and Employee Services Administration;
- Water Management Administration;
- Technical and Regulatory Services Administration;
- Waste Management Administration;
- Air and Radiation Management Administration; and
- Coordinating Offices.

Fiscal 2002 Changes

Cost Containment

MDE was required to make $1,278,000 in general fund and $758,000 in special fund reductions for the fiscal 2002 cost containment. The hiring freeze savings comprised $1,070,000 and nonpersonnel expenses $208,000 of the total general fund reduction. Furthermore, the Budget Reconciliation Act of 2002 proposes transferring an additional $2.1 million from the special fund balances for three of MDE's operating programs.

Governor's Proposed Budget

Exhibit 1 indicates that the fiscal 2003 operating allowance for MDE totals $109,380,743, which reflects a 7.5% increase over the fiscal 2002 working appropriation. This increase includes a $655,627 increase in general funds, a $6.1 million increase in special funds, and a $924,809 increase in federal funds. The large special fund increases in MDE are attributable to proposed legislation that creates new fees for solid waste management and a "Community Right-to-Know Fund," and increases existing penalties for drinking water and air quality violations. The proposed legislation also is largely responsible for the 86 position increase in MDE.

Exhibit 1

Governor's Proposed Budget
Maryland Department of the Environment
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2002 Working Appropriation	$44,934	$27,966	$24,263	$4,553	$101,716
2003 Governor's Allowance	45,590	34,078	25,188	4,525	109,381
Amount Change	$656	$6,113	$925	($28)	$7,665
Percent Change	1.5%	21.9%	3.8%	(0.6)%	7.5%

Where It Goes:	
Personnel Expenses	
New positions	$2,988
Fiscal 2003 increments	607
Annualize fiscal 2002 general salary increase	1,003
Net fiscal 2003 cost containment	227
Early retirement surcharge	(549)
Turnover	1,041
Health insurance rate increase	326
Other adjustments	(228)
Other Changes	
Total Maximum Daily Load program	1,172
Potomac River litigation	289
Funds for move to Montgomery Park	(4,812)
Additional vehicles	1,018
Rent increase	609
Change in used tire cleanup program activity	2,795
Contractual services related to new legislative initiatives	850
Other	329
Total	**$7,665**

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

Cost Containment

MDE is required to reduce costs by $1,509,002 in general funds in fiscal 2003. **MDE should be prepared to discuss how the agency will meet the cost containment goal.**

General Fund Increase

Over $4 million for one-time moving expenses appeared in MDE's fiscal 2002 general fund budget. As the agency does not need that money again, the general funds in the agency should have decreased – unless enhancements and new initiatives were added to the budget. From outside appearances, MDE only has an 1.5% increase in general funds over the agency's fiscal 2002 working appropriation. However, adjusting for one-time expenses such as the move and the *Potomac River Virginia v. Maryland* lawsuit, the increase is actually 13.7% over the fiscal 2002 working appropriation. **Exhibit 2** shows the impact of one-time expenses on MDE's general fund budget.

Exhibit 2

General Funds Adjusted for One-time Expenses
($ in Millions)

	FY 2002 Working Appropriation	FY 2003 Allowance	Difference between FY 2002 - 2003
General Funds	$44,934	$45,590	$656
Less one-time expenses	5,339	566	(4,773)
Total	**$39,595**	**$45,024**	**$5,429**

Source: Department of Legislative Services

The additional general funds primarily support the following items:

- ongoing personnel costs – $1.1 million;
- Total Maximum Daily Load program – $1.2 million;
- new positions – $1.1 million;
- computer enhancements – $0.8 million;
- additional vehicles – $0.3 million; and
- additional rent – $0.6 million.

Performance Analysis: Managing for Results

Programmatically, MDE's indicators are comprehensive and relevant. As a whole, its Managing for Results (MFR) plan is overwhelming. In general, MDE provides too many indicators to effectively gauge the success of the entire agency. In the Governor's budget books, there is an attempt put a few indicators in the Office of the Secretary to create a "big picture" perspective of the agency's performance. MDE should try to enhance these indicators with more of its core responsibilities: permitting and compliance.

The indicators listed in **Exhibit 3** are highlighted because they seem problematic. The first indicator, "acreage of waterbodies for which fish or crab consumption advisories were issued" estimates that the number of waterbodies with consumption advisories will double. **MDE should be prepared to explain why the agency anticipates an increase in consumption advisories. On the same note, MDE anticipates that for fiscal 2002, the number of fish consumption advisories will almost triple. MDE also should be prepared to explain the rationale for making this estimate.**

Exhibit 3

Program Measurement Data
Maryland Department of the Environment
Fiscal 1999 through 2003

	Actual 1999	Actual 2000	Est. 2001	Actual 2001	Est. 2002	Est. 2003	Ann. Chg. 99-01	Ann. Chg. 01-03
Acreage of waterbodies for which fish or crab consumption advisories were issued	65,643	45,220	55,000	51,684	100,000	100,000	-11.3%	39.1%
# of fish consumption advisories issued or in effect	9	9	12	9	26	30	0.0%	82.6%
# of public water system assessments performed	20,334	31,382	17,000	35,808	20,000	20,000	32.7%	-25.3%
# of acres of property for which applications have been received for the Brownfield/ Voluntary Cleanup Program	n/a	279	350	182	400	400	n/a	48.2%

Source: Governor's fiscal 2003 and 2002 budget books.

For the last two indicators, the estimates for the program seem to contradict the actuals. For instance,

for an indicator that seems benign – number of public water system assessments performed – MDE performed double the number estimated for fiscal 2001. The last indicator, number of acres of property for which applications have been received for the Brownfield/Voluntary Cleanup Program, seems to overestimate the number of landowners who are interested in the program. **MDE should be prepared to discuss the discrepancy between the estimate and the actuals for these two indicators.**

Issues

1. New Initiatives Increase MDE's Budget

$4,459,703 and 46 positions in MDE's budget are contingent on the enactment of three pieces of legislation. The legislation is as follows:

- **Senate Bill 243/House Bill 299** establishes a State Solid Waste Management Fund in MDE to be used for specified recycling initiatives and solid waste program activities. The bill establishes a revenue stream for the new fund, provides for cost recovery from responsible parties, applies criminal penalties to specified violations, and establishes other enforcement mechanisms. MDE expects to receive $3.4 million in revenue for fiscal 2003 and $6.8 million annually beginning in fiscal 2004. The budget bill assumes the cost to run the new program will be only $791,414 and will require 11 new positions. The bill takes effect July 1, 2002.

- **Senate Bill 244/House Bill 291** establishes a Community Right-to-Know Fund in MDE, specifies the uses of the fund, and establishes an annual fee for specified hazardous substance facilities. The bill also applies specified enforcement provisions and requires MDE to serve as the information repository for the State Emergency Response Commission (SERC). The bill takes effect July 1, 2002, and the budget bill assumes this new program will cost $835,787 and require five new positions to implement.

- **Senate Bill 241/House Bill 294** expands existing criminal, civil, and administrative penalty provisions for violations of specified water laws, regulations, orders, and permits. The bill authorizes MDE to adopt rules and regulations to establish reasonable fees related to the administration of specified water appropriation permits, nontidal wetlands, and wetlands and riparian rights laws. The bill provides for payment of those fees into the Maryland Clean Water Fund and modifies the allowable uses of that fund. Finally, the bill provides for cost recovery from "responsible parties" for specified actions taken by MDE related to pollutant discharges. The bill also takes effect July 1, 2002, and the budget bill assumes this legislation will cost $2,832,504 and require 30 new positions to implement.

MDE should be prepared to discuss the need for such a large increase in personnel under Senate Bill 241/House Bill 294 when the legislation establishes permit fees. MDE also should be prepared to discuss what the agency intends to do with the large amount of funds expected to be collected through enactment of Senate Bill 243/House Bill 299.

Current general fund forecasts show little if any growth in general fund revenues for fiscal 2002 and 2003. **The Department of Legislative Services (DLS) recommends that if the General Assembly passes the proposed legislation, a portion of the new revenues be utilized to fund the operations of MDE. To implement this, DLS recommends that certain general funds be reduced contingent on the enactment of the legislation.**

2. The Budget Reconciliation Act of 2002 Has Impact on Agency Operations

The Budget Reconciliation Act of 2002, as proposed, makes three transfers from MDE's special funds to the general fund for a total of $2.1 million. The transfers and impacts are listed below:

- $1,000,000 will be transferred from the Used Tire Cleanup and Recycling Fund. The fund is used to clean up used tires and promote used tire recycling projects. As projected revenues are not expected to keep pace with projected expenditures, $1 million worth of projects will have to be cancelled.

	Fiscal 2002	Fiscal 2003
Starting Balance	$6,243,743	$2,326,604
Revenues	2,100,000	2,100,000
Expenditures	5,017,139	4,957,459
Budget Reconciliation Act Transfer	1,000,000	0
Ending Balance	**$2,326,604**	**($530,855)**

- $600,000 will be transferred from the Small Business Pollution Control Fund. The fund is designed to help small business owners fund equipment upgrades to help with air emissions. The transfer effectively eliminates the program.

	Fiscal 2002	Fiscal 2003
Starting Balance	$832,169	$17,169
Revenues	0	0
Expenditures	215,000	350,000
Budget Reconciliation Act Transfer	600,000	0
Ending Balance	**$17,169**	**($332,831)**

- $500,000 will be transferred from the Lead Poisoning Prevention Fund. The fund is designed to support MDE's lead poisoning prevention and lead enforcement programs. The transfer does not have an impact until fiscal 2004. By statute, MDE is required to fund outreach activities at a level of $750,000. In fiscal 2004, if MDE follows the statutory guidelines, the agency will not have sufficient funds to cover its other program costs because revenues for the program are not expected to increase.

	Fiscal 2002	Fiscal 2003
Starting Balance	$3,024,816	$1,536,802

	Fiscal 2002	Fiscal 2003
Revenues	700,000	700,000
Expenditures	1,688,014	1,764,335
Budget Reconciliation Act Transfer	500,000	0
Ending Balance	**$1,536,802**	**$472,467**

MDE should be prepared to discuss the impact of the budget reconciliation act transfers on its affected operating programs.

3. MDE Moves to Montgomery Park

This budget topic, featured in the fiscal 2002 analysis, makes a return appearance because MDE has not yet moved to Montgomery Park due to financing and construction delays experienced by the owners of Montgomery Park.

MDE has been located in leased space at its current location at Broening Highway for 12 years. The original lease for the Broening Highway location expired in fiscal 2000. The Board of Public Works approved a three-year extension to the lease, effective November 1999, with a significant increase in rent. The extension expires in November 2002. Originally, the department was scheduled to terminate the agreement and move into Montgomery Park in November 2001. MDE now anticipates that it will be moving to Montgomery Park in June 2002. The Secretary of the Department of General Services, however, recently testified before the Senate Budget and Taxation Committee that the agency "will occupy Montgomery Park in late summer."

Montgomery Park

MDE will occupy about 20% of the Montgomery Park building. The State Lottery Administration also is scheduled to be a tenant. Montgomery Park is located in an Enterprise Zone, an Empowerment Zone, a Directed Growth Area, and a Revitalization Area of Baltimore City. As the Montgomery Ward building has been vacant for 13 years, the adaptive reuse of this site is a high priority for the Department of Business and Economic Development and the City of Baltimore. The building has front door service from three bus lines and immediate access to I-95, I-295, and Route 1. The renovated Montgomery Park site may meet the Leadership in Energy and Environmental Design (LEED) Platinum standards for building design when completed and will include "green building" and sustainable features.

Green Building and Sustainable Features of the Renovated Montgomery Park Site for MDE:

- recycling or salvaging 75% of deconstruction/construction waste;
- recycling existing radiators, window frames, conduit, trash chutes, and elevator shafts;

- using native species for landscaping;
- using a green roof to effectively reduce and delay stormwater runoff and prevent overheating of roof;
- installing reduced wattage lighting (day lighting, sensors, low mercury fluorescent bulbs);
- installing low-E insulated window units filled with argon gas to allow greater light/less heat transmission;
- using 100% recycled floor coverings with zero or low volatile organic compound sealants;
- using 100% recycled paper and 20% recycled core for drywall;
- installing ceramic tile, ceiling tile, and resilient flooring with 70% or more recovered content;
- using storm water collection to supplement toilet flushing and irrigation; and
- installing flushless urinals.

MDE should brief the committees on the status of the move to Montgomery Park.

4. MDE Submits Noise Inspection Report

MDE submitted a Noise Inspection Report as required by committee narrative in the *Joint Chairmen's Report* for the 2001 session. The committees were concerned about the adequacy of having only one noise inspector for the entire State. The Department concluded that many of the noise complaints recorded by the department are "those resulting from local zoning decisions and building approvals where inconsistent uses are located in close proximity to residential properties." According to the agency, efforts have been made to work with local governments to institute local noise control ordinances to address some of the complaints. In the report, MDE did not make any conclusions as to the adequacy of its one-person staff. Instead, the agency chose to wait until the Environmental Noise Advisory Council and Interagency Noise Advisory Committee recommended changes.

MDE did not request any noise inspectors for fiscal 2003. **MDE should brief the committees on the conclusions of the Environmental Noise Advisory Council and Interagency Noise Advisory Committee and what changes to MDE's noise program were made.**

Recommended Actions

1. Add the following language:

   Provided that 39 positions are deleted.

   Further provided that $245,000 in general funds and $774,530 in special funds that are to be used to purchase additional vehicles in budget code 0705 are deleted.

   Explanation: The Maryland Department of the Environment (MDE) has a large number of new special funded positions that are contingent on legislation. This language deletes MDE's authorization for these positions. Additionally, MDE's allowance contained many vehicles for new positions throughout the department. The second part of the language deletes nearly all additional vehicle purchases in the department.

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

   , provided that $750,000 of this appropriation is reduced contingent on the enactment of Senate Bill 241 or House Bill 294.

   Explanation: The language reduces the general fund appropriation for the Maryland Department of the Environment if legislation that increases a revenue stream in the department is enacted. The language allows the new revenues to supplant existing general fund support in the Water Pollution Control Program.

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

   , provided that $400,000 of this appropriation is reduced contingent on the enactment of Senate Bill 243 or House Bill 299.

   Explanation: The language reduces the general fund appropriation for the Maryland Department of the Environment if legislation that creates a new revenue stream in the Department is enacted. The language allows the new revenues to supplant existing general fund support in the Solid Waste Permitting, Compliance, and Enforcement program.

		Amount Reduction	**Position Reduction**
4.	Delete new PINs (NEW085 through NEW097) for wetlands permits, wastewater permits, sediment control, water appropriations, and water/sewer planning. The positions are contingent on the passage of SB 241/HB 294, and it is not clear they are required to implement the legislature. In addition, these		13.0

	positions do not meet the Spending Affordability Committee's guidelines for new positions and should be deleted.			
5.	Delete two PINs (NEW063 and NEW064) for positions contingent on legislation enacting the Community Right-to-Know Program. The positions are contingent on the enactment of SB 244/HB 291, which creates the Community Right-to-Know Program. This reduction in PINs is consistent with the fiscal note on the bill.			2.0
6.	Delete new PINs (NEW013 through NEW023 and NEW068 through NEW084) for enhanced and new compliance/enforcement initiatives. The Spending Affordability Committee (SAC) only allowed new PINs to be created for security, higher education workload, or 24-hour institutional needs. These PINs do not fit the criteria SAC enumerated. Seventeen of these PINs and the related special funds are contingent on the enactment of SB 241/HB 294, which expands MDE's enforcement of certain water management laws. It is not clear the additional positions are required to implement the legislation. As such, there are no funds to cut, only the PINs.	378,104	GF	28.0
7.	Delete new PINs (NEW42 through NEW044 and NEW100 - four positions) for wetlands inspection and compliance. Positions would inspect wetlands during construction activity. As these positions do not meet the requirements of the Spending Affordability Committee for new positions, they should be deleted.	256,300	GF	7.0
8.	Delete PINs (NEW045 through NEW048) for Chesapeake 2000 and Smart Growth initiatives. These PINs do not meet the criteria set out by the Spending Affordability Committee.	154,182	GF	4.0
9.	Delete new PINs (NEW030, NEW031, and NEW032) for beach monitoring. The Maryland Department of the Environment requested these positions to increase bacterial monitoring at beaches. These positions do not meet the Spending Affordability Committee's criteria for new positions.	99,334	GF	3.0
10.	Delete two new PINs (NEW024 and NEW025) related to Total Maximum Daily Load (TMDL) program. The Maryland Department of the Environment	77,938	GF	2.0

	requested these positions to further the State's progress in meeting its agreement with the U.S. Environmental Protection Agency concerning the number of TMDLs performed over the next several years. The agency should be able to meet the State's obligation with two positions.			
11.	Delete new PINs (NEW035 through NEW037 and NEW052 through NEW058) for solid waste inspection and enforcement. These new PINs do not fit the criteria set out by the Spending Affordability Committee. Three of the PINs are generally funded and are needed to increase its solid waste landfill and facility inspections and monitoring capabilities. The remaining seven are contingent on the passage of SB 243/HB 299 which creates a new special fund from the payment of fees by certain solid waste facilities. As the funding of these seven positions is contingent on the passage of legislation, only the PINs have been deleted. Consistent with the fiscal note on the legislation, an additional four positions that are contingent on legislation were not deleted as they were deemed necessary to implement the legislation.	89,182	GF	10.0
12.	Delete new PINs (NEW040 and NEW041) for Stage II Vapor Recovery. This program regulates 1,500 gasoline dispensing facilities in the State that have installed or are required to install and operate control systems to reduce emissions of volatile organic compounds to the atmosphere. The Maryland Department of the Environment believes its current staff is not adequate. These positions are not for security, higher education, or 24-hour facilities. As these positions do not meet the criteria set by the Spending Affordability Committee for new positions, they should be deleted.	53,372	RF	2.0

13. Add the following language:

<u>Provided that the authorization to expend reimbursable funds from other agencies is reduced by $53,372.</u>

Explanation: The positions deleted for Stage II Vapor Recovery were funded by the Maryland Department of Transportation. In order to delete the funding for the positions, this language must be added to the budget bill to reduce MDE's authorization.

		Amount Reduction		Position Reduction
14.	Reduce Baltimore City's lead enforcement grant. The City has failed to spend all of its fiscal 2001 grant money, even with a six-month extension from MDE. The reduction leaves Baltimore City sufficient funds to cover the cost of personnel attached to this grant for fiscal 2003. As the City has purchased the required equipment with fiscal 2001 funds, equipment and other miscellaneous costs should not need funding in fiscal 2003.	250,000	GF	
15.	Delete funds for a new contractual position. The position would assist staff with completing reports of observation and equipment use reports. The position does not meet Spending Affordability Committee guidelines, so the funding should be deleted.	28,147	SF	
16.	Reduce general fund increase in out-of-state routine travel. The Maryland Department of the Environment has a 69.1% increase in routine out-of-state travel expenditures for fiscal 2003. This reduction brings the agency back in line with the fiscal 2002 working appropriation. This reduction should be distributed equitably across agency.	25,000	GF	
	Total Reductions	**$ 1,411,559**		**71.0**
	Total General Fund Reductions	**$ 1,330,040**		
	Total Special Fund Reductions	**$ 28,147**		
	Total Reimbursable Fund Reductions	**$ 53,372**		

Updates

1. Sunset Review of Board of Environmental Sanitarians Completed

During the 2001 interim, DLS completed its evaluation of the Board of Environmental Sanitarians as required by the Maryland Program Evaluation Act. The Board of Environmental Sanitarians is currently housed within the Water Management Administration of MDE. The evaluation process is more commonly known as sunset review since the agencies subject to evaluation are usually subject to termination; typically, legislative action must be taken to re-authorize them.

DLS found that there is a continued need for licensing of environmental sanitarians and recommended extending the board's termination date by 10 years. DLS also found that, despite geographic representation requirements, certain counties may not have an opportunity for representation under the current board structure. Therefore, DLS recommended altering the membership of the board to allow for representation of all counties as well as the Department of Health and Mental Hygiene. Further, DLS found that certain exemptions to licensure may no longer be required and recommended that the board, in conjunction with appropriate agencies, determine which exemptions could be eliminated. DLS also recommended that the board's code of ethics be adopted into the Code of Maryland Regulations so that the board can pursue disciplinary actions for a violation of its code of ethics. Finally, DLS recommended that MDE both manage and budget the board through the Office of the Secretary but leave the staffing and physical location of the board in the Water Management Administration since staff are shared with other boards also located in that administration.

DLS published its findings and recommendations in a report titled *Sunset Review: Evaluation of the State Board of Environmental Sanitarians*. These recommendations have been embodied in legislation introduced in both Houses as SB 490 and HB 519.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Maryland Department of the Environment
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2001					
Legislative Appropriation	$36,322	$26,145	$20,405	$4,309	$87,181
Deficiency Appropriation	462	0	0	0	462
Budget Amendments	209	8,593	3,857	358	13,017
Reversions and Cancellations	0	(7,666)	(3,763)	(779)	(12,208)
Actual Expenditures	**$36,993**	**$27,072**	**$20,499**	**$3,888**	**$88,452**
Fiscal 2002					
Legislative Appropriation	$46,203	$28,612	$23,584	$4,468	$102,868
Budget Amendments	(1,269)	(646)	679	85	(1,152)
Working Appropriation	**$44,934**	**$27,966**	**$24,263**	**$4,553**	**$101,716**

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

Fiscal 2001 Budget Changes

Special funds were increased by $8,593,000 and were offset by $7,666,000 in cancellations. The major increases were:

- $3,866,010 from the Used Tire Cleanup and Recycling Fund. The funds were used to clean up scrap tire sites and fund four additional tire recycling projects.

- $2,710,000 from Special Indirect Cost Recoveries was used to fund salary and fringe benefit costs for both regular and contractual employees and an increase in Financial Management Information System charges.

The special fund cancellations were:

- $1,800,000 was Special Fund Indirect Cost Recoveries that were cancelled due to overestimation of the amount required.

- $1,573,000 from the Clean Air Fund was cancelled due to lower than anticipated revenues.

- $1,400,000 from the Used Tire Clean Up and Recycling Fund was cancelled because cleanup at the Gardner Tire Site was postponed.

- $1,265,000 from the Oil Contaminated Site Clean Up Fund was cancelled because applicants for the program did not request full reimbursement.

- $445,000 from the Sewage/Sludge Fund was cancelled due to lower than expected revenues.

Federal funds were increased by $3,857,000 and were offset by $3,763,000 in cancellations. The major increases were:

- $1,040,000 in federal funds are from Federal Indirect Cost Recoveries and was used to fund salary and fringe benefit costs and to continue development of the departmental Enterprise System for permitting, compliance, and enforcement activities.

- $511,500 from the EPA's Water Pollution Control State & Interstate Program and $215,874 from the EPA's Water Quality Management Planning Program was used to fund (1) salary and fringe benefit costs for the compliance and enforcement efforts associated with Combined Sewer Overflows and Sanitary Sewer Overflows; (2) salary and fringe benefit costs for Total Maximum Daily Load Development work; (3) contractual services performed by DNR for the Pocomoke River Input Monitoring at Chain Bridge; and (4) contractual services performed by contract by the University of Maryland to perform work associated with the Water Quality Management Planning Grant.

- $493,034 from EPA's Surveys, Studies, Investigations, and Special Purposes Grants was used to fund Particulate Matter Fine Ambient Air Monitoring activities and Environmental Performance Track Program activities.

- $459,910 from the EPA's Air Pollution Control Program was used to maintain and upgrade the statewide ambient air monitoring system.

The major cancellations were:

- $1,600,000 from the EPA's Abandoned Mines Lands fund was cancelled due to delays in construction projects.

- $1,098,000 from Federal Indirect Cost Recoveries was cancelled due to overestimation of the amount required.

- $590,000 from the EPA's Safe Drinking Water fund was cancelled due to delays in the bid process.

Fiscal 2002

The major changes in MDE's fiscal 2002 budget occur because of the cost containment measures implemented by the Department of Budget and Management, explained earlier in this analysis.

Object/Fund Difference Report
Maryland Department of the Environment

Object/Fund	FY01 Actual	FY02 Working Appropriation	FY03 Allowance	FY02 - FY03 Amount Change	Percent Change
Positions					
01 Regular	1011.40	1028.00	1114.00	86.00	8.4%
02 Contractual	42.20	52.30	54.60	2.30	4.4%
Total Positions	**1053.60**	**1080.30**	**1168.60**	**88.30**	**8.2%**
Objects					
01 Salaries and Wages	$ 55,924,030	$ 58,300,766	$ 63,715,899	$ 5,415,133	9.3%
02 Technical & Spec Fees	1,486,129	1,375,429	1,760,858	385,429	28.0%
03 Communication	956,771	986,997	1,032,127	45,130	4.6%
04 Travel	591,364	873,180	907,867	34,687	4.0%
06 Fuel & Utilities	382,502	339,909	381,806	41,897	12.3%
07 Motor Vehicles	1,802,254	1,627,782	2,666,196	1,038,414	63.8%
08 Contractual Services	9,241,399	19,657,933	21,677,525	2,019,592	10.3%
09 Supplies & Materials	1,085,404	1,624,530	1,439,258	(185,272)	(11.4%)
10 Equip - Replacement	763,089	963,376	994,327	30,951	3.2%
11 Equip - Additional	658,732	503,116	1,172,390	669,274	133.0%
12 Grants, Subsidies, Contr	12,525,397	11,181,414	8,678,160	(2,503,254)	(22.4%)
13 Fixed Charges	3,032,985	3,570,128	4,179,330	609,202	17.1%
14 Land & Structures	0	711,000	775,000	64,000	9.0%
Total Objects	**$ 88,450,056**	**$ 101,715,560**	**$ 109,380,743**	**$ 7,665,183**	**7.5%**
Funds					
01 General Fund	$ 36,992,852	$ 44,933,984	$ 45,589,611	$ 655,627	1.5%
03 Special Fund	27,071,041	27,965,637	34,078,458	6,112,821	21.9%
05 Federal Fund	20,498,456	24,262,944	25,187,753	924,809	3.8%
09 Reimbursable Fund	3,887,707	4,552,995	4,524,921	(28,074)	(0.6%)
Total Funds	**$ 88,450,056**	**$ 101,715,560**	**$ 109,380,743**	**$ 7,665,183**	**7.5%**

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary
Department of the Environment

Unit/Program	FY01 Actual	FY02 Legislative Appropriation	FY02 Working Appropriation	FY01 - % Change	FY03 Allowance	FY02 - FY03 % Change
01 Office of the Secretary	$ 1,869,015	$ 1,824,680	$ 1,790,169	(4.2%)	$ 2,112,717	18.0%
02 Administrative and Employee Services	6,451,589	12,483,450	12,275,450	90.3%	7,584,540	(38.2%)
01 Water Pollution Control Program	22,568,807	24,475,060	24,567,480	8.9%	30,313,175	23.4%
02 Water Supply Program	4,343,474	5,025,109	4,966,141	14.3%	4,529,075	(8.8%)
01 Technical and Regulatory Services	14,177,423	16,213,657	15,034,228	6.0%	18,334,489	22.0%
02 Major IT Development Program	1,200,798	0	825,000	(31.3%)	1,600,000	93.9%
01 Solid Waste Permitting, Compliance, and	9,086,881	8,665,268	8,488,890	(6.6%)	9,146,173	7.7%
05 Hazardous and Oil Control, Compliance, and Cleanup	8,584,147	11,801,764	11,681,530	36.1%	13,067,705	11.9%
07 Lead Poisoning Prevention Program	4,247,053	4,539,757	4,586,221	8.0%	4,508,786	(1.7%)
01 Air and Radiation Management Administration	13,031,577	13,926,467	13,424,198	3.0%	14,173,757	5.6%
01 Coordinating Offices	2,889,292	3,912,740	4,076,253	41.1%	4,010,326	(1.6%)
Total Expenditures	**$ 88,450,056**	**$ 102,867,952**	**$ 101,715,560**	**15.0%**	**$ 109,380,743**	**7.5%**
General Fund	$ 36,992,852	$ 46,203,172	$ 44,933,984	21.5%	$ 45,589,611	1.5%
Special Fund	27,071,041	28,612,466	27,965,637	3.3%	34,078,458	21.9%
Federal Fund	20,498,456	23,584,004	24,262,944	18.4%	25,187,753	3.8%
Total Appropriations	**$ 84,562,349**	**$ 98,399,642**	**$ 97,162,565**	**14.9%**	**$ 104,855,822**	**7.9%**
Reimbursable Fund	$ 3,887,707	$ 4,468,310	$ 4,552,995	17.1%	$ 4,524,921	(0.6%)
Total Funds	**$ 88,450,056**	**$ 102,867,952**	**$ 101,715,560**	**15.0%**	**$ 109,380,743**	**7.5%**