

U00A
Maryland Department of the Environment

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
General Funds	\$44,934	\$41,581	\$41,985	\$404	1.0%
FY 2003 Cost Containment	0	-166	0	166	
Contingent & Back of Bill Reductions	0	-32	-204	-172	
Adjusted General Funds	\$44,934	\$41,383	\$41,781	\$398	1.0%
Special Funds	22,805	30,388	25,735	-4,654	-15.3%
Contingent & Back of Bill Reductions	0	-15	-108	-92	
Adjusted Special Funds	\$22,805	\$30,373	\$25,627	-\$4,746	-15.6%
Federal Funds	20,790	25,412	24,367	-1,045	-4.1%
Contingent & Back of Bill Reductions	0	-17	-111	-94	
Adjusted Federal Funds	\$20,790	\$25,395	\$24,257	-\$1,138	-4.5%
Reimbursable Funds	4,335	4,476	4,459	-17	-0.4%
Contingent & Back of Bill Reductions	0	0	-22	-22	
Adjusted Reimbursable Funds	\$4,335	\$4,476	\$4,437	-\$39	-0.9%
Adjusted Grand Total	\$92,864	\$101,627	\$96,102	-\$5,525	-5.4%

- The Maryland Department of the Environment's (MDE) general funds increase by \$398,000, or 1%.
- The \$4.7 million, or 15.6% special fund decrease is largely attributable to a \$2.7 million reduction to the scrap tire stockpile cleanup program.

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

For further information contact: Amanda M. Mock

Phone: (410) 946-5530

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	1,028.00	1,032.00	975.00	-57.00
Contractual FTEs	32.30	47.60	43.10	-4.50
Total Personnel	1,060.30	1,079.60	1,018.10	-61.50

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	39.68	4.07%
Positions Vacant as of 12/31/02	78	7.56%

- On July 1, 2002, 11 MDE positions were abolished, consistent with Section 20 of the fiscal 2002 budget bill. MDE lost 57 positions in the fiscal 2004 allowance. The majority of these reductions were mid-range positions. These positions were:
 - 2 in the Administrative and Employee Services Administration;
 - 14 in the Water Management Administration;
 - 14 in the Technical and Regulatory Services Administration;
 - 12 in the Waste Management Administration;
 - 12 in the Air and Radiation Management Administration; and
 - 3 in the Coordinating Offices.
- MDE’s budgeted fiscal 2004 turnover rate of 4.07% is lower than the current fiscal 2003 rate of 5.53%, in effect, making additional funds available for MDE’s personnel expenses.
- MDE advises that two contractual positions were inadvertently left out of the fiscal 2003 working budget and the fiscal 2004 allowance; the total fiscal 2004 allowance should include 45.10 contractual FTEs. Furthermore, 1.5 contractual FTEs are missing from the fiscal 2002 actual budget.

Analysis in Brief

Issues

Implementation of the Community Right-to-Know Act Is Pending: Regulations implementing the Community Right-to-Know Fund were published in the Maryland Register on December 27, 2002, and MDE expects the fees to begin March 1, 2003. **MDE should be prepared to discuss implementation of the Community Right-to-Know program, including projected staffing in light of current hiring limitations; MDE’s legal authority to implement the fees on March 1, 2003; and, how MDE intends to proceed if anticipated fiscal 2003 revenues are not realized.**

Enterprise Environmental Management System Stalls: MDE is currently operating over 177 separate permitting, compliance, and enforcement databases. To respond to the many constraints and inefficiencies of this system, MDE intends to develop and implement an Enterprise Environmental Management System (EEMS). **MDE should brief the committees on why it has been so difficult to implement this project; if, and/or how, funds will be expended in fiscal 2004; the technical merits of the project; and MDE’s rationale for moving forward in spite of limited funding. Also, DLS recommends budget bill language restricting the expenditure of funds and prohibiting the approval of a contract for the EEMS project until MDE submits an EEMS project implementation update to the budget committees.**

Recommended Actions

	<u>Funds</u>
1. Add language restricting funds and contract approval authority for the Enterprise Environmental Management System until the Maryland Department of the Environment submits a report.	
2. Reduce funds for the Susquehanna River Basin Compact.	\$ 100,000
3. Reduce funds for the development of Total Maximum Daily Loads computer models.	227,691
4. Delete funds for Baltimore City’s lead enforcement grant.	250,000
Total Reductions	\$ 577,691

Updates

MDE's Move to the Montgomery Park Building in Baltimore: The status and cost of MDE's recent move to the "green" Montgomery Park Building in Baltimore.

Lead Poisoning Program Update: MDE submitted a report detailing the success of its collaborative lead paint poisoning reduction efforts in Baltimore City and throughout the State.

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Maryland Department of the Environment

Operating Budget Analysis

Program Description

The Maryland Department of the Environment (MDE) was created in 1987 to protect and restore the quality of the State's land, air, and water resources and safeguard 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:*** Provides direction and establishes State environmental policies to be implemented by the operating units.
- ***Administrative and Employee Services Administration:*** Provides general administrative and employee services to the department.
- ***Water Management Administration:*** Incorporates all aspects of the State's water pollution control program, including capital project management; implementation of Total Maximum Daily Loads (TMDL) for pollutants in impaired waterways; and industrial/municipal wastewater and storm water discharge regulatory functions.
- ***Technical and Regulatory Services Administration:*** Provides hazardous chemical and oil spill emergency response services; develops and promulgates water quality standards; technical support and analysis for dredging projects; environmental and public health risk assessments; ballast water regulation; and develops and issues fish advisories.
- ***Waste Management Administration:*** Ensures that all types of nonhazardous solid wastes are managed in a manner that protects public health and the environment.
- ***Air and Radiation Management Administration:*** Ensures that air quality and radiation levels in Maryland sustain public health, safety, and the environment.
- ***Coordinating Offices:*** Manages budget matters, the Water Quality Revolving Loan Fund, and Board of Public Works' (BPW) activities; coordinates public information and outreach; and provides legal advice.

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MDE has identified eight goals that illustrate its core efforts to protect and preserve Maryland's natural resources. They are:

- ensuring environmental programs, activities, and regulations support Smart Growth and community revitalization while protecting public health and the environment;
- ensuring safe and adequate drinking water;
- reducing Maryland citizens' exposure to hazards;
- ensuring the safety of fish and shellfish harvested in Maryland;
- improving and protecting Maryland's water quality;
- ensuring the air is safe to breathe;
- providing excellent customer service to achieve environmental protection; and
- maximizing resources to support environmental protection.

Performance Analysis: Managing for Results

MDE provides a broad, yet cohesive picture of its priorities by identifying eight common goals and listing program performance measurements under each of these goals. This structure and approach should allow MDE to provide a broad performance assessment to the public and policy makers, yet maintain the detailed measurements that program managers need to guide and evaluate program performance. Unfortunately, evaluating progress at the macro or goal level is quite difficult, as there is no discernable "composite" measure linked to each goal. It would be helpful to provide summary or "composite" data for each goal to demonstrate whether progress is being made.

Several of MDE's fiscal 2004 performance measurements indicate progress will be made in spite of anticipated funding reductions. For example, while only \$100,000 is provided in fiscal 2004, MDE anticipates 24% of all programs being implemented into the Enterprise Environmental Management System. Also, in spite of a significant reduction in funds, MDE projects that an increased number of illegal scrap tire stockpiles will be identified. **The Department of Legislative Services (DLS) recommends that MDE revisit these and other estimated fiscal 2004 performance measurements to ensure they accurately reflect anticipated performance.**

MDE's Water Pollution Control Program performance measures reference the 2000 Chesapeake Bay Agreement and note when a measure is consistent with goals set forth in the Agreement. This practice of incorporating goals from various State agreements is important and helpful. **DLS recommends that MDE expand its use of the Managing for Results plan as a means of tracking progress towards the Chesapeake Bay Agreement goals.**

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Exhibit 1 provides data on a handful of performance measurements that reflect MDE’s key program areas. The data provided indicates the following trends:

- a reduction in the estimated percent of Marylanders served by public water systems that meet State and federal requirements;
- less water acreage being subject to fish or crab consumption advisories;
- increasingly poor air quality;
- relatively level recycling tonnage;
- significant decreases in childhood lead poisoning; and
- reductions in point source nitrogen loading.

Exhibit 1

**Program Measurement Data
Fiscal 1999 through 2004**

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	FY 00 - 04
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>	<u>Annual</u>
							<u>Change</u>
Percent of Marylanders served by public water systems in significant compliance with federal and State drinking water requirements.	99%	99%	99%	99%	97%	97%	-0.5%
Acreage of water bodies for which fish or crab consumption advisories were issued.	65,643	51,684	51,684	29,008	29,008	29,008	-13.4%
Percent of Maryland population living in areas that do not meet air quality standards.	87%	87%	87%	89%	89%	89%	0.6%
Tons of Maryland Recycling Act materials recycled. (In thousands)	1,874	2,155	2,299	2,405	2,400	2,400	2.7%
Percent of children tested for blood lead and considered “poisoned” (20 micrograms per decilator or more).*	1.30%	0.90%	0.50%	0.40%	0.36%	0.30%	-24.0%

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	<u>FY 99</u> <u>Actual</u>	<u>FY 00</u> <u>Actual</u>	<u>FY 01</u> <u>Actual</u>	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Est.</u>	<u>FY 04</u> <u>Est.</u>	<u>FY 00 - 04</u> <u>Annual</u> <u>Change</u>
Percent reduction in point source nitrogen loading since 1985.	n/a	44%	48%	48%**	49%	49%	2.7%

*Fiscal year data reflects previous calendar year.

**Estimated, since 2002 actual data is not yet available.

Source: Maryland Department of the Environment and the fiscal 2002 and 2003 budget books

Fiscal 2003 Actions

Impact of Cost Containment

MDE anticipates \$1,515,940 in general fund reductions for fiscal 2003 cost containment. This amount reflects:

- \$166,000 in operating reductions;
- \$450,000 in PAYGO reductions; and
- \$899,940 in cancelled encumbrances.

Fiscal 2003 cost containment also reflects the reversion of \$64,414 to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

Governor's Proposed Budget

Exhibit 2 indicates that the fiscal 2004 operating allowance for MDE totals \$96.1 million, which is a \$5.5 million, or 5.4% decrease below the fiscal 2003 working appropriation. This decrease reflects a \$398,000 increase in general funds, \$4.7 million decrease in special funds, and a \$1.1 million decrease in federal funds.

Exhibit 2

**Governor’s Proposed Budget
Maryland Department of the Environment
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
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Adjusted Grand Total	\$92,864	\$101,627	\$96,102	-\$5,525	-5.4%

Where It Goes:

Personnel Expenses

57 abolished positions	-\$2,713
Turnover rate decrease	2,517
Employee and retiree health insurance	1,635
Retirement contribution cost	173
Other changes	-1,235

Reducing Maryland Citizen’s Exposure to Hazards

Scrap tire stockpile clean-up	-2,751
Lead paint poisoning registry and outreach	-455
Federal brownfields clean-up funds	-425
Federal hazardous waste management grant.....	-152

Where It Goes:

Improving and Protecting Maryland’s Water Quality

EPA wetlands protection grant funding	-392
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Mitigation eligible projects in tidal wetlands.....	-295
Water Quality Loan Fund Administration costs match.....	215
Reduction in federal beaches grant program.....	-229
Providing Excellent Customer Service	
Small Business Assistance program.....	-300
Federal One-Stop Reporting grant.....	-214
Other Programs	
Homeland Defense Emergency Equipment procurement.....	-120
Motor vehicles reduction.....	-633
Information technology and Emergency Response Vehicle Lease-purchase costs.....	126
Thailand Air Quality contract.....	-90
Other.....	-187
Total	-\$5,525

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

The \$398,000, or 1% increase in general funds reflects \$126,000 for information technology and emergency vehicles lease-purchase payments, and required State matching funds for Water Quality Loan Fund administration costs (\$215,000).

The large special fund decrease is largely attributable to a \$2.7 million reduction in the scrap tire stockpile cleanup program and a \$455,000 reduction in lead poisoning prevention and outreach activities. The BRFA of 2003 reduced the Used Tire Clean-up and Recycling Fund balance by \$2.5 million, leaving less funding for scrap tire programs. In 2001, owners of properties built after 1950 were no longer required to submit a lead paint registration fee for these properties. This change has resulted in less revenues for the Lead Poisoning Prevention Fund, thus reducing funds available for lead paint programs.

The decrease in federal funds is the result of a reduction in several U.S. Environmental Protection Agency grants, including those for a brownfields cleanup program (\$425,000) and the One-Stop Reporting program (\$214,000). The brownfields cleanup grant was used to address abandoned, idled, or under-used industrial and commercial facilities where expansion or redevelopment was complicated by real or perceived environmental contamination. The One-Stop Reporting program provided support for MDE's efforts to reduce the environmental reporting burden, integrate data and data management processes, and improve public access to information.

While reimbursable funds remain fairly consistent at \$4.4 million, approximately \$3.1 million, or 70% of MDE's reimbursable funds come from the Maryland Department of Transportation (MDOT). Therefore, if MDOT's fiscal 2004 funding levels change significantly, MDE's reimbursable funding level is likely to change as well.

Impact of Cost Containment

The fiscal 2004 allowance reflects the elimination of \$444,880 for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the BRFA of 2003.

Issues

1. Implementation of the Community Right-to-Know Act Is Pending

Background

The federal Emergency Planning and Community Right-to-Know Act (EPCRA) was enacted in 1986 and established an infrastructure at the State and local levels to plan for chemical emergencies. EPCRA requires Governors to appoint a State Emergency Response Commission (SERC), which in turn appoints local emergency planning committees (LEPCs). The Maryland SERC was established by executive order shortly after the law was enacted in 1986, and there are currently 25 LEPCs in the State (in each of the 23 counties, Baltimore City, and Ocean City). The U.S. Environmental Protection Agency and U.S. Department of Transportation provide between \$100,000 and \$150,000 each year to Maryland for chemical emergency-related training and planning efforts.

The Community Right-to-Know fund was established in MDE on July 1, 2002 (Chapter 434, Acts of 2002). This fund is to be used for emergency planning, enforcement, data collection, and other activities related to chemicals and hazardous substances. The bill establishes a fee that may not exceed \$1,000 that applies to facilities that manufacture, store, and use hazardous or toxic chemicals that are subject to the federal EPCRA. The bill also applies civil penalty provisions and requires MDE to serve as the information repository for the SERC. MDE's fiscal 2003 budget included \$800,000 in special funds to reflect the start-up and implementation of this program.

Status of Implementation

Regulations implementing the Community Right-to-Know fund were published in the Maryland Register on December 27, 2002, and MDE expects the fees to begin March 1, 2003. Revenue estimates for fiscal 2003 are still unclear, although a substantial portion of the \$800,000 projected in the budget for fiscal 2003 is anticipated. However, since this will be the first time for fee submissions, there is the possibility that many facilities will claim ignorance of the requirement and fee submissions will be delayed, possibly into the next fiscal year.

The grant allocation process is anticipated to provide a base grant of up to \$10,000 to each LEPC for basic staff support to coordinate local activities. The balance of the \$400,000, planned for distribution to the LEPCs, would be based on a formula to be developed in conjunction with the Maryland SERC and LEPCs. Up to \$25,000 of the funds allocated to the LEPCs is authorized for administrative costs if that activity cannot be absorbed by the existing administrative process associated with the federal grant fund distribution.

MDE should be prepared to discuss implementation of the Community Right-to-Know program, including projected staffing in light of current hiring limitations; MDE's legal authority to implement the fees on March 1, 2003; and, how MDE intends to proceed if anticipated fiscal 2003 revenues are not realized.

2. Enterprise Environmental Management System Stalls

MDE is currently operating over 177 separate permitting, compliance, and enforcement databases that were developed to support the needs of a specific regulation, business activity, or environmental media (e.g., air, water, waste). The current stand-alone systems have extremely limited interfaces with the systems used to support other media types, or even other business requirements within the same media. This operating environment has resulted in duplicate data entry, redundancy of stored data, and reduced system efficiency. The Office of Legislative Audits released reports in 2000 and 2002 recommending that MDE develop a comprehensive centralized system for permitting and inspections. While MDE concurred with this recommendation, the department highlighted challenges with completing the procurement process, securing adequate funds, and meeting new statewide requirements.

To respond to the many constraints and inefficiencies, MDE intends to procure and implement an Enterprise Environmental Management System (EEMS). When EEMS is fully implemented, it is expected to provide:

- on-line permit application;
- data submission for compliance reporting;
- permit and process status tracking information; and
- a single point of reference for environmental information.

These benefits are anticipated to result in a reduced burden on regulated industries; improved accountability and project management; and better data quality and public access.

Current Status

At present, MDE is in the process of a competitive procurement for EEMS. A request for proposals (RFP) was released September 10, 2002, and closed on November 14, 2002. In response to this RFP, MDE received four proposals for commercial-off-the-shelf software systems. The department is currently reviewing these proposals and anticipates requesting BPW approval of the project in April 2003. With this start date in mind, the Secretary will be required to authorize moving forward with the project by February 14, 2003.

An executive oversight committee and a project team – both composed of MDE employees – are currently providing EEMS project management. To mitigate the risks associated with this project, MDE plans to implement a series of discrete task orders that allow implementation to be driven by available resources, not projected resources. MDE estimates the complete implementation of EEMS will take between three and five years.

According to the Department of Budget and Management's (DBM) fiscal 2004 budget book, the total estimated EEMS cost is \$5.2 million. As shown in **Exhibit 3**, approximately \$2.7 million has been

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dedicated to the development of EEMS since fiscal 1999. This amount includes \$783,466 in fiscal 1999 and 2000 funds appropriated for enhancement of the existing systems that DBM does not reflect in its project development cost tables. Over \$2.3 million of this amount has been encumbered, \$240,786 has been expended, \$125,000 was cancelled, and \$300,000 in encumbrances is being targeted for cost containment. MDE advises that the encumbered and expended funds were dedicated to project start-up costs and a project management contract with Towson University's Regional Economic Studies Institute Research & Consulting, which has been partially completed.

Exhibit 3

Enterprise Environmental Management System Funds
(\$ in Thousands)

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>Total</u>
General Funds	\$100	\$77	\$700	\$595	\$0	\$0	\$1,472
Special Funds	150	37	151	125	0	0	463
Federal Funds	29	389	350	0	100	100	968
Subtotal	\$279	\$503	\$1,201	\$720	\$100	\$100	\$2,903
Cancellations	0	0	0	-125	0	0	-125
FY 2003 Cost Containment	0	-300	0	0	0	0	-300
Total	\$279	\$203	\$1,201	\$595	\$100	\$100	\$2,478

Source: Maryland Department of the Environment

MDE should brief the committees on why it has been so difficult to implement this project; if, and/or how, funds will be expended in fiscal 2004; the technical merits of the project; and MDE's rationale for moving forward in spite of limited funding. Furthermore, MDE should discuss the level of review and approval the EEMS project is subject to, since it is a Major Information Technology Development project.

Also, DLS recommends budget bill language restricting the expenditure of funds and prohibiting the approval of a contract for the EEMS project until MDE submits an EEMS project implementation update to the budget committees. At a minimum, this update should include the following information: total cost by fiscal year; evidence of DBM review and approval; implementation timeline; and, a summary of project deliverables.

Recommended Actions

1. Add the following language:

, provided that the Maryland Department of the Environment shall not expend funds for the Enterprise Environmental Management System (EEMS) or approve contracts for implementation of EEMS until an EEMS project implementation update is submitted to the budget committees. The EEMS project update should include the following information: total estimated cost by fiscal year; evidence of Department of Budget and Management review and approval; implementation timeline; and, a summary of project deliverables. The budget committees should have 45 days to review and comment upon the report.

Explanation: The Maryland Department of the Environment (MDE) is currently operating over 177 separate permitting, compliance and enforcement databases. To respond to the many constraints and inefficiencies of this system, MDE intends to develop and implement an Enterprise Environmental Management System (EEMS). However, efforts to implement EEMS have stalled. While over \$2.3 million has been encumbered for EEMS since 1999, MDE has not yet approved a contract for implementation of a system. Therefore, this language would prohibit the expenditure of funds for EEMS and require MDE and the Department of Budget and Management (DBM) to submit an EEMS project implementation update to the budget committees prior to seeking Board of Public Works approval for the contract. At a minimum, this update would include the following information: total estimated cost by fiscal year; evidence of Department of Budget and Management review and approval; implementation timeline; and, a summary of project deliverables.

Information Request	Authors	Due Date
Enterprise Environmental Management System Update	MDE DBM	Prior to Board of Public Works EEMS contract approval

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	<u>Amount Reduction</u>	<u>Position Reduction</u>
2. Reduce funds for the Susquehanna River Basin Compact. In 1967 Maryland entered into this compact to formulate a comprehensive plan for the conservation and management of the water resources of the Susquehanna River Basin. This represents a 25% reduction to Maryland's average annual contribution.	\$ 100,000	GF
3. Reduce funds for the development of computer models to calculate Total Maximum Daily Loads (TMDLs) with several vendors. Funding for TMDLs has risen significantly to comply with federal requirements; in fiscal 2002 approximately \$1.0 million was provided for this activity. This cut represents a 10% reduction of the request but is still approximately double the fiscal 2002 funding level.	227,691	GF
4. Delete funds for Baltimore City's lead enforcement grant. MDE has still not been invoiced by Baltimore City for \$500,000 in fiscal 2002 appropriations and \$250,000 in fiscal 2003 appropriations. The need for the final \$250,000 grant installment of former Governor Glendening's Lead Initiative may be reassessed for fiscal 2005.	250,000	GF
Total General Fund Reductions	\$ 577,691	

Updates

1. MDE’s Move to the Montgomery Park Building in Baltimore

In September 2002 MDE moved into nearly 270,000 sq. ft. of the newly renovated Montgomery Park Business Center. Montgomery Park is a large-scale adaptive reuse project of the 1925 Montgomery Ward Catalog Building. The center is listed on the National Register of Historic Places and is located in an enterprise zone, an empowerment zone, and a revitalization area of Baltimore City.

Montgomery Park is being held up as a model of the principles of Smart Growth and urban redevelopment. The building’s “green” characteristics include:

- a green roof that reduces and delays storm water runoff and increases insulation;
- low-water/rainwater bathroom fixtures;
- reduced wattage lighting (day lighting, sensors, low mercury fluorescent bulbs);
- 60,000 glass panes were replaced with low-E insulated windows filled with argon gas allowing greater light and reduced heat transmission;
- old glass was ground and incorporated into glasphalt in the parking lot;
- ceramic tile, ceiling tile, resilient flooring with 70% or more recovered content;
- drywall made from 100% recycled paper and 20% recycled core;
- native species for landscaping; and
- easy access to public transportation with front-door service from three MTA bus lines.

As shown below, MDE spent approximately \$5.4 million to build out and \$300,000 to physically move into this building.

<u>Description</u>	<u>Amount</u>
Telephone/IT Hardware and Cabling	\$1,550,000
Workstations and Equipment	1,630,000
Specialty Rooms and Equipment	1,020,000
Server Room/IT Transition Costs	350,000
Physical Relocation	300,000
High-density Filing Systems	300,000
Design/Relocation Consultants	170,000
Internal Security Systems	100,000
Communications/Forms Reform	280,000

Total

\$5,700,000

As part of Executive Order 01.01.2001.02, all State-owned projects over 7,500 gross sq. ft. must achieve the silver rating of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System. Furthermore, the Executive Order has energy procurement goals for buildings of 6% from green energy sources and no more than 50% of the total green energy procured derived from the combustion of municipal waste. While Montgomery Park does have numerous green building characteristics, it is not clear whether the building meets the LEED standards or the State's energy procurement goals.

2. Lead Poisoning Program Update

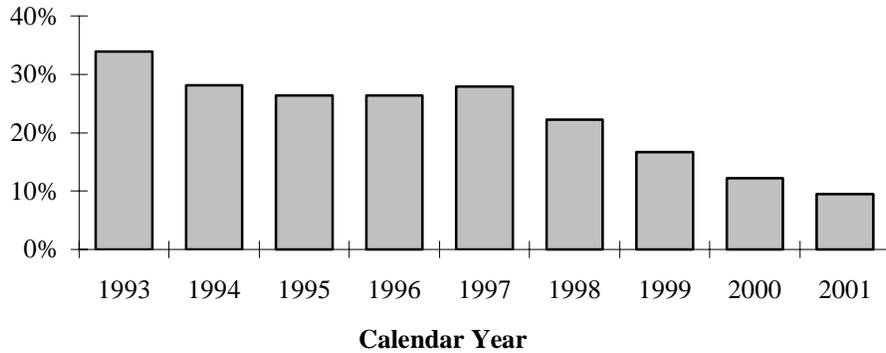
In response to the 2001 *Joint Chairmen's Report*, MDE, the Maryland Department of Health and Hygiene, and the Maryland Department of Housing and Community Development, in coordination with the City of Baltimore, submitted a report detailing the current status of collaborative lead paint poisoning reduction efforts in Baltimore City and throughout the State. The August 2002 report details the significant progress these State departments and Baltimore City have made to prevent childhood lead poisoning throughout the State.

As the following tables illustrate, efforts to reduce childhood lead poisoning have been successful over the past eight years. **Exhibits 4** and **5** show steep reductions in the percent of children tested with elevated blood lead levels between 1993 and 2001: from 33.9% to 9.5% in Baltimore City and from 23.9% to 3.7% statewide. **Exhibits 6** and **7** show reductions in children with lead poisoning between 1993 and 2001: from 4.9% to 1.1% in Baltimore City and from 3.1% to .4% statewide.

Exhibit 4

Childhood Blood Lead Surveillance

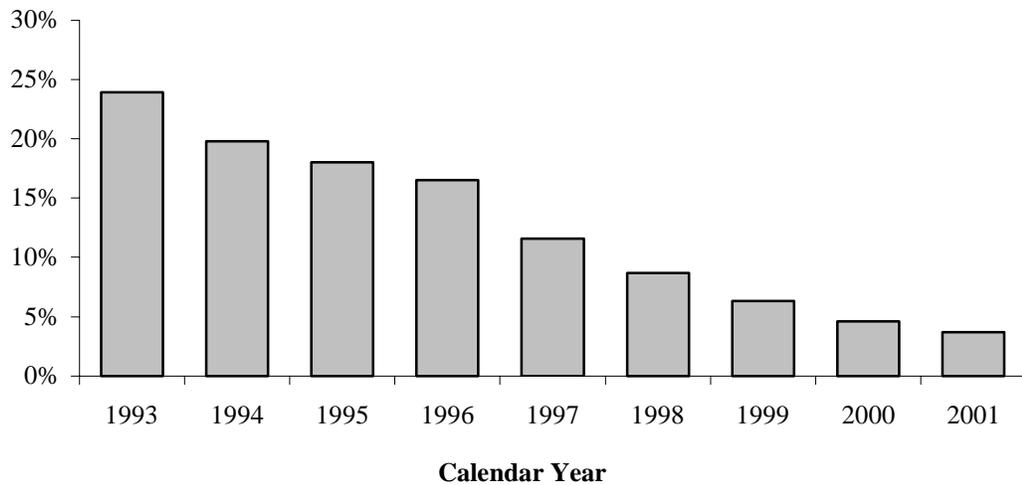
**Percentage of Children Tested with Elevated Blood Lead
Baltimore City 1993 through 2001**



Source: Maryland Department of the Environment

Exhibit 5

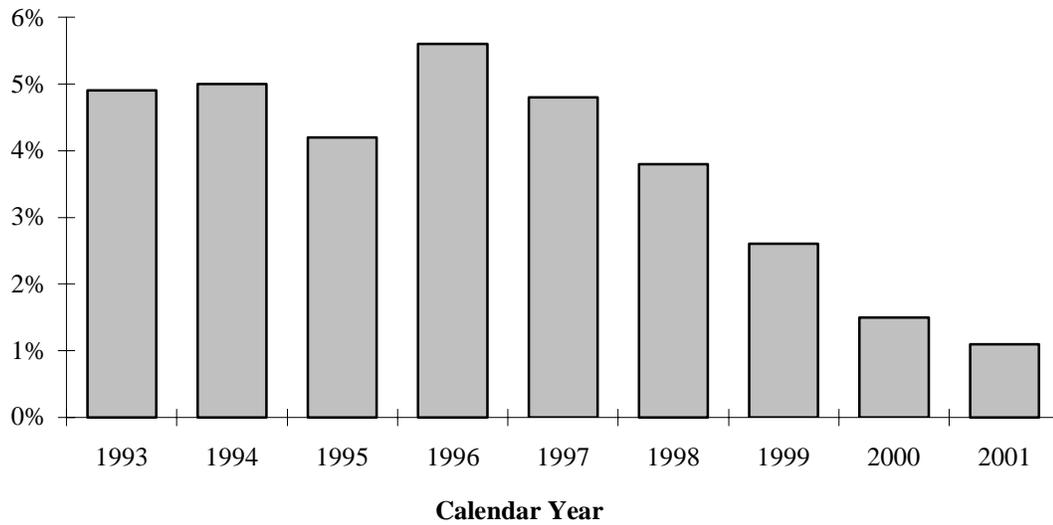
**Childhood Blood Lead Surveillance
Percentage of Children Tested with Elevated Blood Lead
Statewide 1993 through 2001**



Source: Maryland Department of the Environment

Exhibit 6

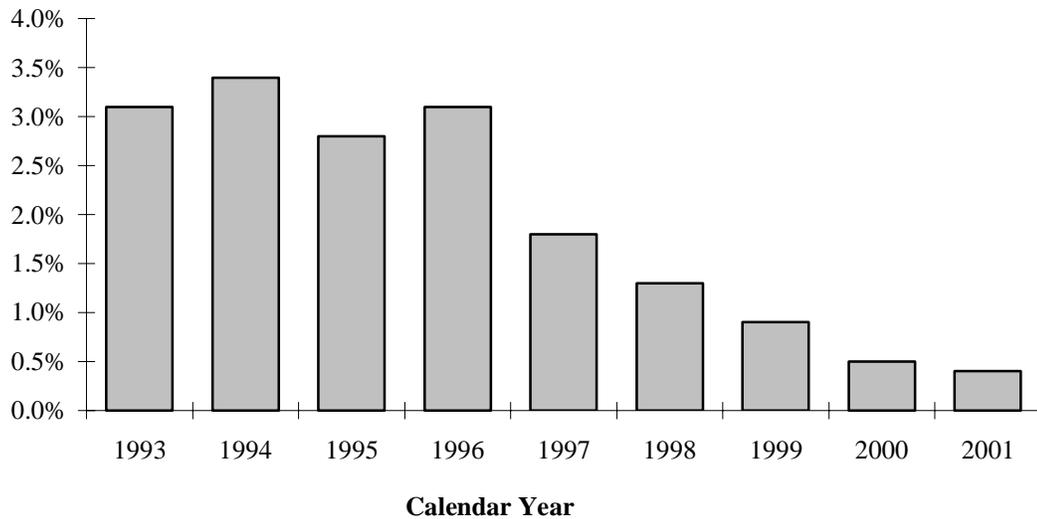
Childhood Blood Lead Surveillance
Percentage of Children Tested with Lead Poisoning
Baltimore City 1993 through 2001



Source: Maryland Department of the Environment

Exhibit 7

**Childhood Blood Lead Surveillance
Percentage of Children Tested with Lead Poisoning
Statewide 1993 through 2001**



Source: Maryland Department of the Environment

In addition to serving as the coordinating agency of statewide efforts to eliminate childhood lead poisoning, MDE is responsible for ensuring compliance with mandatory requirements for lead risk reduction in rental units built before 1950; maintaining a statewide listing of registered and inspected units; and providing blood lead surveillance through a registry of test results of all children tested in Maryland. Since 1997 enforcement actions have increased from 40 to 422 annually. This reflects MDE's aggressive efforts to implement the laws and craft settlement actions with an emphasis on risk reduction.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$46,203	\$28,612	\$23,584	\$4,468	\$102,868
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8	1,927	2,421	538	4,166
Reversions and Cancellations	-1,277	-7,734	-5,215	-671	-14,170
Actual Expenditures	\$44,934	\$22,805	\$20,790	\$4,335	\$92,864
Fiscal 2003					
Legislative Appropriation	\$41,581	\$30,299	\$24,741	\$4,465	\$101,086
Budget Amendments	-198	74	654	11	541
Working Appropriation	\$41,383	\$30,373	\$25,395	\$4,476	\$101,627

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

Fiscal 2002 Budget Changes

General funds dedicated to operating functions were decreased by \$1,269,188. This major reduction is largely due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No. 124-02).

Special funds dedicated to operating functions were decreased by \$5.8 million. The major changes were:

- \$2.8 million in the Used Tire Clean-up Program was cancelled due to the BRFA of 2002.
- \$800,000 from the Oil Contaminated Site Clean-up Program was cancelled based on program activity.
- a \$758,000 decrease for cost containment.
- \$545,000 from the Sewage Sludge Fund was cancelled due to lower than anticipated revenues.
- \$450,000 from the State Radiation Control Fund for staffing costs associated with Radiological Health Program activities.
- \$1,300,000 from Special Indirect Cost Recoveries was amended in preparation for fiscal 2002 closeout. Once revenues were received and verified, \$1,066,860 of the total appropriation for this funding source was cancelled.

Federal funds were increased by \$2,421,083 and were offset by \$5.2 million in cancellations. The major changes were:

Amendments

- \$560,000 for the Brownfields Revolving Loan Fund program for associated loans and salary expenses.
- \$547,418, primarily from the Environmental Protection Agency (EPA), for activities under various grants for the Water Management Administration and for the Air and Radiation Management Administration for air pollution control activities.

Cancellations

- \$1,000,000 from Federal Indirect Cost Recoveries was amended in preparation for fiscal 2002 closeout. Once revenues were received and verified, \$1.8 million of the total appropriation for this funding source was cancelled.
- \$580,000 in the Mining Program and \$1.2 million from the EPA's Safe Drinking Water Program was cancelled due to programmatic delays.

Fiscal 2003 Budget Changes

MDE was required to reduce general funds by \$166,000 in the operating budget for cost containment in fiscal 2003. A description of these changes is provided earlier in this analysis. The major increases in federal funds to date include:

- \$332,249 from EPA to the Water Quality and Compliance Monitoring program for salaries, a vehicle, grants, and other costs associated with implementing a monitoring and notification program for coastal recreation waters adjacent to beaches.
- \$338,994 from EPA to the Information Systems Technology program for travel, equipment, and grants to implement the Network One Stop program, one component of a broader effort to reduce the environmental reporting burden, integrate data and data management processes, and improve public access to information.

U00A – Maryland Department of the Environment

Appendix 2

Object/Fund Difference Report
Maryland Department of the Environment

Object/Fund	FY 02	FY 03		FY 04	FY 03 – FY 04	Percent Change
	Actual	Working Appropriation	Allowance	Amount Change		
Positions						
01 Regular	1028.00	1032.00	975.00	-57.00	-5.5%	
02 Contractual	32.30	47.60	43.10	-4.50	-9.5%	
Total Positions	1060.30	1079.60	1018.10	-61.50	-5.7%	
Objects						
01 Salaries and Wages	\$ 60,101,160	\$ 60,125,768	\$ 60,883,317	\$ 757,549	1.3%	
02 Technical & Spec Fees	1,367,523	1,701,511	1,549,456	-152,055	-8.9%	
03 Communication	2,406,700	1,009,227	1,165,117	155,890	15.4%	
04 Travel	548,668	931,367	674,788	-256,579	-27.5%	
06 Fuel & Utilities	369,671	381,806	352,307	-29,499	-7.7%	
07 Motor Vehicles	1,403,710	1,725,155	1,092,376	-632,779	-36.7%	
08 Contractual Services	9,031,109	19,322,280	11,054,348	-8,267,932	-42.8%	
09 Supplies & Materials	1,032,901	1,453,122	1,186,512	-266,610	-18.3%	
10 Equip - Replacement	1,590,503	850,241	793,567	-56,674	-6.7%	
11 Equip - Additional	735,519	1,156,733	731,187	-425,546	-36.8%	
12 Grants, Subsidies, Contr.	10,709,271	8,245,739	12,774,908	4,529,169	54.9%	
13 Fixed Charges	3,037,278	4,179,330	4,238,550	59,220	1.4%	
14 Land & Structures	530,000	775,000	50,000	-725,000	-93.5%	
Total Objects	\$ 92,864,013	\$ 101,857,279	\$ 96,546,433	-\$ 5,310,846	-5.2%	
Funds						
01 General Fund	\$ 44,933,956	\$ 41,581,336	\$ 41,985,409	\$ 404,073	1.0%	
03 Special Fund	22,805,118	30,388,300	25,734,614	-4,653,686	-15.3%	
05 Federal Fund	20,790,419	25,412,006	24,367,470	-1,044,536	-4.1%	
09 Reimbursable Fund	4,334,520	4,475,637	4,458,940	-16,697	-0.4%	
Total Funds	\$ 92,864,013	\$ 101,857,279	\$ 96,546,433	-\$ 5,310,846	-5.2%	

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Fiscal Summary
Maryland Department of the Environment

<u>Unit/Program</u>	FY 02		FY 03		FY 03		FY 02 - FY 03		FY 03 - FY 04	
	<u>Actual</u>	<u>Legislative Appropriation</u>	<u>Working Appropriation</u>	<u>Working Appropriation</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>	
01 Office of the Secretary	\$ 2,023,441	\$ 2,083,109	\$ 2,083,109	\$ 2,083,109	2.9%	\$ 1,979,811	-5.0%	\$ 1,979,811	-5.0%	
02 Administrative and Employee Services	11,643,340	7,528,459	7,528,459	7,528,459	-35.3%	7,444,584	-1.1%	7,444,584	-1.1%	
01 Water Pollution Control Program	23,046,117	26,518,572	26,500,257	26,500,257	15.0%	25,775,332	-2.7%	25,775,332	-2.7%	
02 Water Supply Program	4,177,810	4,301,788	4,301,788	4,301,788	3.0%	4,586,318	6.6%	4,586,318	6.6%	
01 Technical and Regulatory Services	14,945,377	17,403,077	18,152,443	18,152,443	21.5%	16,987,254	-6.4%	16,987,254	-6.4%	
02 Major IT Development Program	594,705	100,000	100,000	100,000	-83.2%	100,000	0%	100,000	0%	
01 Solid Waste Permitting, Compliance and Enforcement	5,140,216	8,195,698	8,195,698	8,195,698	59.4%	5,247,013	-36.0%	5,247,013	-36.0%	
05 Hazardous and Oil Control, Compliance and Cleanup	10,104,978	12,835,233	12,809,563	12,809,563	26.8%	13,397,202	4.6%	13,397,202	4.6%	
07 Lead Poisoning Prevention Program	4,379,401	4,218,535	4,238,535	4,238,535	-3.2%	3,745,300	-11.6%	3,745,300	-11.6%	
01 Air and Radiation Management Administration	13,312,097	13,940,598	13,959,003	13,959,003	4.9%	13,950,219	-0.1%	13,950,219	-0.1%	
01 Coordinating Offices	3,496,531	3,960,482	3,988,424	3,988,424	14.1%	3,333,400	-16.4%	3,333,400	-16.4%	
Total Expenditures	\$ 92,864,013	\$ 101,085,551	\$ 101,857,279	\$ 101,857,279	9.7%	\$ 96,546,433	-5.2%	\$ 96,546,433	-5.2%	
General Fund	\$ 44,933,956	\$ 41,581,336	\$ 41,581,336	\$ 41,581,336	-7.5%	\$ 41,985,409	1.0%	\$ 41,985,409	1.0%	
Special Fund	22,805,118	30,298,700	30,388,300	30,388,300	33.3%	25,734,614	-15.3%	25,734,614	-15.3%	
Federal Fund	20,790,419	24,740,763	25,412,006	25,412,006	22.2%	24,367,470	-4.1%	24,367,470	-4.1%	
Total Appropriations	\$ 88,529,493	\$ 96,620,799	\$ 97,381,642	\$ 97,381,642	10.0%	\$ 92,087,493	-5.4%	\$ 92,087,493	-5.4%	
Reimbursable Fund	\$ 4,334,520	\$ 4,464,752	\$ 4,475,637	\$ 4,475,637	3.3%	\$ 4,458,940	-0.4%	\$ 4,458,940	-0.4%	
Total Funds	\$ 92,864,013	\$ 101,085,551	\$ 101,857,279	\$ 101,857,279	9.7%	\$ 96,546,433	-5.2%	\$ 96,546,433	-5.2%	

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.