D40W01
Department of Planning

Operating Budget Data

($ in Thousands)

	FY 05 Actual	FY 06 Working	FY 07 Allowance	FY 06-07 Change	% Change Prior Year
General Fund	$7,668	$10,860	$18,367	$7,507	69.1%
Special Fund	338	1,873	4,286	2,413	128.8%
Federal Fund	183	923	819	-104	-11.2%
Reimbursable Fund	1,288	1,158	1,261	104	8.9%
Total Funds	**$9,477**	**$14,813**	**$24,733**	**$9,920**	**67.0%**

- The Maryland Department of Planning's (MDP) fiscal 2007 allowance of $24.7 million represents a 67.0%, or $9.9 million increase from the fiscal 2006 working appropriation. General funds increase by 69.1%, special funds increase by 128.8%, and federal funds decrease by 11.2%.

- The significant increase in general funds is primarily due to salaries and wages ($2.6 million), additional museum assistance and historic preservation grant funds ($2.1 million), and MDP's proposed relocation to Prince George's County ($2.75 million).

- The $2.4 million, or 128.8% increase in special funds is primarily the result of $2.0 million in additional property transfer tax revenue for the Maryland Heritage Areas Authority (MHAA).

Personnel Data

	FY 05 Actual	FY 06 Working	FY 07 Allowance	FY 06-07 Change
Regular Positions	121.00	184.00	188.00	4.00
Contractual FTEs	4.00	16.30	17.41	1.11
Total Personnel	**125.00**	**200.30**	**205.41**	**5.11**

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	13.39	7.12%
Positions Vacant as of 12/31/05	14.00	7.61%

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

For further information contact: Amanda Mock Phone: (410) 946-5530

- The significant increase in positions between fiscal 2005 and 2006 is due to the transfer of historical and cultural staff from the Department of Housing and Community Development (DHCD) to MDP, in accordance with Chapter 440, Acts of 2005.

- The fiscal 2007 allowance reflects the transfer of two Attorney General positions to MDP from DHCD and the addition of two new planners in General Administration to work on Corsica River watershed restoration efforts.

- MDP's fiscal 2007 turnover rate of 7.1% is slightly lower than the fiscal 2006 working appropriation rate of 7.6%. MDP will be required to hold 13.4 regular positions vacant in fiscal 2007 to achieve this turnover rate.

Analysis in Brief

Major Trends

Projected Decrease in MDP Assistance to Local Governments: MDP anticipates writing fewer comprehensive plans and ordinances for local governments in the future.

Decrease in Museum Visitation: Museum visitation declined in fiscal 2005 largely due to the Banneker Douglass Museum being closed for building renovations.

Issues

MDP Incorporates Historical and Cultural Programs: In accordance with Chapter 440, Acts of 2005, the Division of Historical and Cultural Programs and the Maryland Heritage Areas Authority were transferred from the Department of Housing and Community Development (DHCD) to MDP. **MDP should be prepared to discuss the current status of, as well as the challenges and opportunities associated with, merging DHCD's cultural and historical programs into MDP. Specifically, MDP should address how it plans to integrate and promote relationships among its existing and new programs.**

Questionable Prince George's County Move Proposal: While the fiscal note for the legislation effecting the merger of DHCD's cultural and historical programs into MDP reorganization assumed that MDP would remain at its headquarters in the State Office Complex in Baltimore City, MDP now intends to relocate to Prince George's County. There are numerous practical, fiscal, and policy issues concerning the proposed move that merit close attention. **Both MDP and the Department of General Services (DGS) should be prepared to respond to several stated concerns. In addition, the Department of Legislative Services recommends deleting the proposed $2.75 million in one-time and ongoing costs associated with the proposed move, as well as the proposed $450,000 for retention bonuses. Finally, budget bill language is recommended that would require MDP, DGS, and the Department of Budget and Management to submit a report to the budget committees by July 14, 2006, providing information about MDP's location needs, available State-owned offices, potential economic impacts of the move, alternatives to moving to Prince George's County, and the results of the Request for Expressions of Interest.**

Funding Boost for the Maryland Heritage Areas Authority (MHAA): MHAA is responsible for promoting historic preservation and areas of natural beauty in order to stimulate economic development through tourism. In accordance with Chapter 209, Acts of 2005, (HB 415), the fiscal 2007 allowance includes $2.0 million in additional property transfer tax revenue for MHAA. **MDP should be prepared to discuss how the additional fiscal 2007 funding will impact program performance, how the 10-year time limit will impact future funding needs, what the program specifically hopes to achieve in the next 10 years, and what synergies could be created between heritages areas and the Priority Places Strategy.**

Implementation of the Priority Places Strategy: The Priority Places Strategy is a statewide effort launched over a year ago that seeks to make well-planned development easier to achieve. Specifically, this initiative seeks to foster development, redevelopment, and revitalization efforts that are models for land use patterns that benefit the economy, quality of life, and the environment, and ensures the best possible return on State investments. **MDP should be prepared to describe how it intends to measure the impact of the Priority Places Strategy. Further, MDP should note whether the fiscal 2007 allowance supports implementation of the Priority Places Strategy, by for example, describing which existing State programs will dedicate fiscal 2007 funds to specific Priority Place projects**

Too Many Managers and At-will Positions?: Compared to other State agencies, MDP has a significant number of management service positions relative to its size. Furthermore, when the new historical and cultural personnel are considered, over half of the staff is at-will, and over 20% is in the management service. **MDP should describe the managerial duties performed by the management service positions and defend the need for such a high number of at-will managers. Additionally, MDP should comment on whether there is continued justification for the historical and cultural program positions to be special appointments and thereby not afforded the higher level of rights and protections available to State positions that are not at-will.**

Recommended Actions

		Funds	Positions
1.	Add budget bill language requiring a report providing information about the department's relocation needs, impacts, and opportunities, and outlining alternatives to moving to Prince George's County.		
2.	Delete retention bonus funds.	$ 450,000	
3.	Delete new funding associated with implementation of Corsica River watershed restoration efforts.	66,400	1.0
4.	Delete new funding associated with an unidentified watershed restoration initiative.	66,400	1.0

5.	Delete funds for the proposed move to Prince George's County ($1.75 million) and rent costs associated with the new office space ($1.0 million).	2,750,000	
6.	Reduce funding for the Museum Assistance Grant Program ($1.0 million), and delete funding for a grant to the Maryland Women's Heritage Center ($500,000).	1,500,000	
	Total Reductions	**$ 4,832,800**	**2.0**

D40W01
Department of Planning

Operating Budget Analysis

Program Description

The Maryland Department of Planning (MDP) develops, coordinates, reviews, and monitors public and private sector plans for growth and development in the State. MDP consists of two administrative units and the programmatic units described below.

- **Communications and Intergovernmental Affairs** incorporates the State Clearinghouse for Intergovernmental Assistance as well as MDP's education and outreach efforts. The clearinghouse facilitates intergovernmental review and coordinates review of applications for financial assistance, nominations to the National Register of Historic Places, proposals for direct federal development programs, drafts of environmental impact statements, State plans requiring gubernatorial review, and other actions requiring intergovernmental coordination.

- **Planning Data Services** collects, analyzes, and publishes social, economic, and geographic information relating to the State and its political subdivisions; identifies and evaluates development issues; and prepares reports and studies on specific topics for the Governor and General Assembly. The program also disseminates U.S. Census and U.S. Department of Commerce information to State and local governments and the private sector. This program also develops and sells computerized property maps on CD-ROM to the public.

- **Planning Services** provides technical services to improve the planning and management capacity of local governments. The program's Centreville, Cumberland, Salisbury, and Annapolis offices help local governments with land use planning, zoning, and urban design issues.

- **Comprehensive Planning** prepares studies and plans to guide the State's development, and provides technical support for the Patuxent River Commission.

- **Office of Museum Services** provides financial and technical assistance to more than 220 historic and cultural museums, and operates the Banneker-Douglass Museum in Annapolis and the Jefferson Patterson Park and Museum in Calvert County.

- **Office of Research, Survey, and Registration** seeks to advance research, documentation, evaluation, and retrieval of information about Maryland's historical and cultural resources.

- **Office of Preservation Services** seeks to protect and enhance historical and cultural properties in Maryland through State and federal regulatory reviews, historic preservation easements, and historical rehabilitation tax credits.

MDP's primary goals are to:

- preserve valuable State natural resources including forests and farmland;
- support and enhance the vitality of communities and neighborhoods that have an existing or planned infrastructure;
- increase the return on infrastructure investments by encouraging new residential and employment growth in Priority Funding Areas (PFAs); and
- provide web-enabled information and services to the public over the Internet.

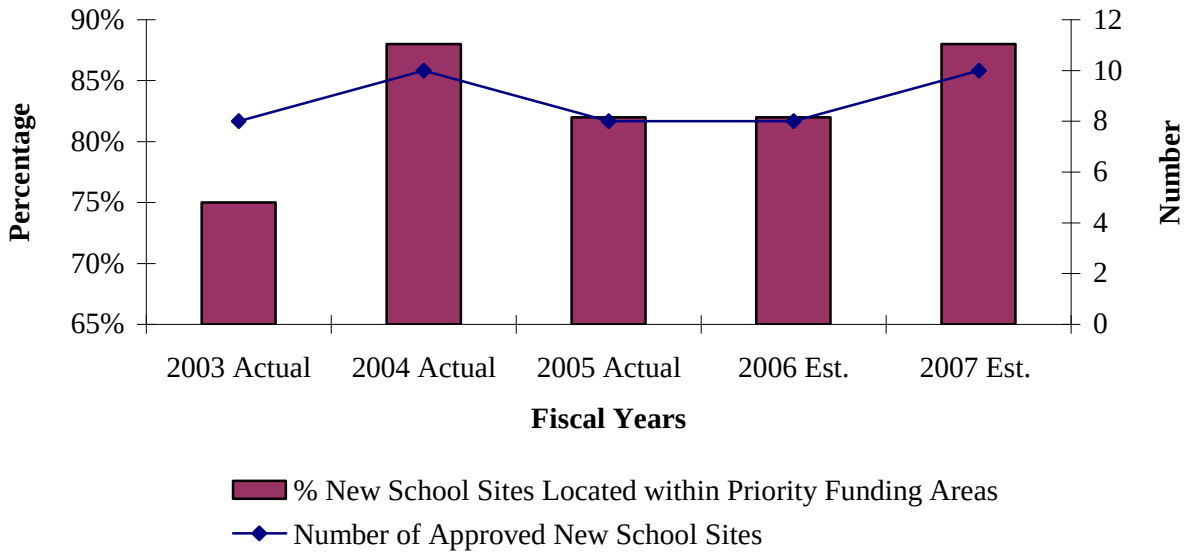
Performance Analysis: Managing for Results

MDP's performance information has increased significantly over the past year to reflect the assimilation of the State's cultural and historical programs into the organization. **Exhibit 1** provides data on performance measurements that reflect key program areas. This data indicates the following performance trends:

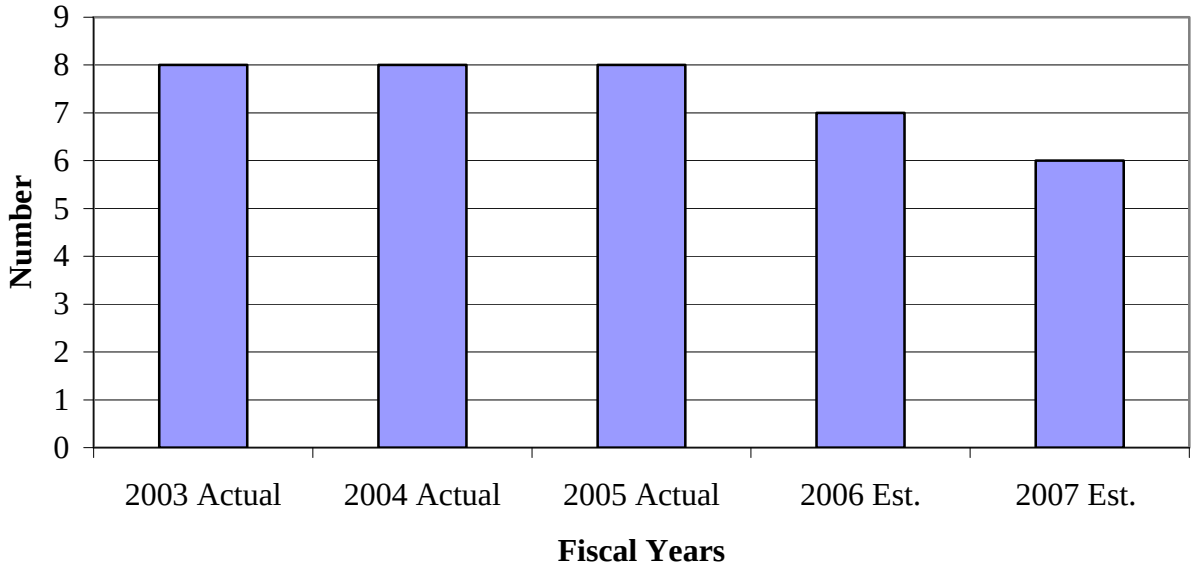
- a decrease in new school sites being located in PFAs, which are existing communities where local governments want State investment to support growth;
- a projected decrease in the number of comprehensive plans and ordinances being written for local governments; and
- a decrease in museum visitation in fiscal 2005 largely due to the Banneker Douglass Museum being closed for building renovations.

MDP should discuss the reasons why fewer new school sites are in PFAs as well as the current status of the Banneker Douglass Museum operations and building renovation.

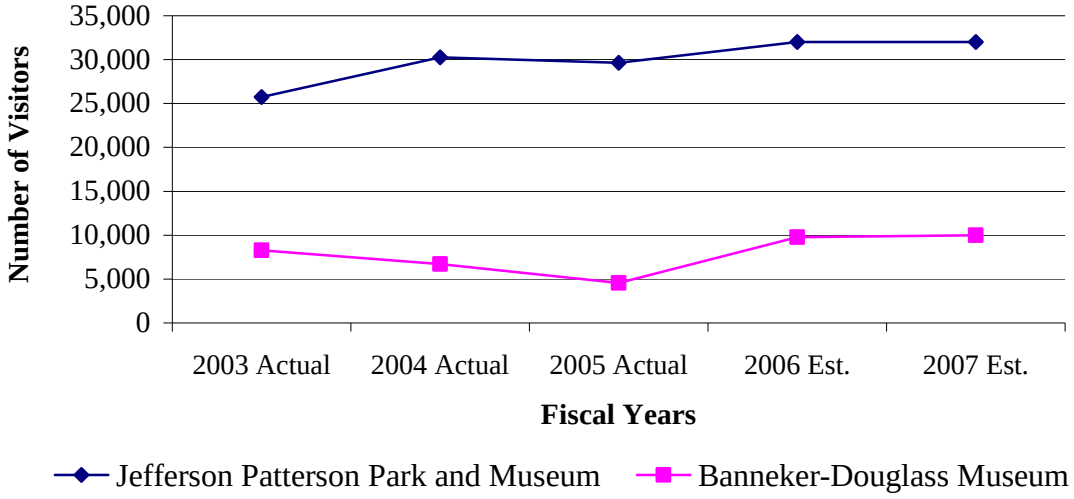
Exhibit 1
New School Sites Located within Priority Funding Areas
Fiscal 2003 – 2007



Comprehensive Plans and Ordinances Written for Local Governments
Fiscal 2003 – 2007



Jefferson Patterson Park and Museum
Banneker-Douglass Museum
Museum Visitation
Fiscal 2003 – 2007



Source: Governor's Budget books, fiscal 2006 and 2007

MDP's Comprehensive Planning staff is spending a significant amount of time implementing statewide and local development capacity analysis efforts. Development capacity or "build out" analysis is an analytical tool that determines the appropriate location for development as well as the development capacity of the natural or infrastructure systems. While these costly and time consuming efforts are a significant MDP priority, MDP lacks performance measures that illustrate its success at integrating and utilizing capacity analysis data. **The Department of Legislative Services recommends that MDP discuss the status of its capacity analysis efforts and include capacity analysis-related performance measurements in future performance plans.**

The MDP web site notes that the transfer of the Division of Historical and Cultural Programs (HCP) will augment MDP's existing programs and efforts to manage growth through community revitalization. Specifically, the web site notes that the merger will result in enhanced coordination of the State's historical and cultural programs due to MDP's regional offices and planners and provide an opportunity to strengthen HCP's role in communities' comprehensive planning process. **MDP should be prepared to discuss whether and if so, how it intends to capture the anticipated benefits within its performance plan.**

Governor's Proposed Budget

As illustrated in **Exhibit 2**, MDP's fiscal 2007 allowance of $24.7 million represents a 67%, or $9.9 million increase from the fiscal 2006 working appropriation. This overall increase in funding reflects significant general and special fund increases, as described below.

Exhibit 2
Governor's Proposed Budget
Maryland Department of Planning
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2006 Working Appropriation	$10,860	$1,873	$923	$1,158	$14,813
2007 Governor's Allowance	18,367	4,286	819	1,261	24,733
Amount Change	$7,507	$2,413	-$104	$104	$9,920
Percent Change	69.1%	128.8%	-11.2%	8.9%	67.0%

Where It Goes:

Personnel Expenses	
Increments and other compensation	$417
Employee and retiree health insurance	472
Employee retirement system	148
Cost containment	150
Funding for salary and wages that stayed at DHCD for July – September 2005	1,333
Other fringe benefit adjustments	111
Other Changes	
Provide the Resources Necessary to Accomplish MDP's Mission	
One-time and ongoing costs associated with moving MDP to Prince George's County: moving costs ($1.75 million), rent ($1.0 million), and retention bonuses ($450,000)	3,200
Encourage Economic Development by Enhancing Historic Resources	
Increase for Museum Assistance Grants Program	1,853
Increase for a grant to establish a Maryland Women's Heritage Center	500
Additional property transfer tax revenue for the Heritage Areas Program	2,000
Reduction in federal grants for museum services	-103
Other adjustments	-161
Total	**$9,920**

DHCD = Department of Housing and Community Development

Note: Numbers may not sum to total due to rounding

The fiscal 2007 allowance provides significant additional funding for personnel expenses, $3.1 million, or 31% of the total increase over the fiscal 2006 working appropriation. The largest personnel cost increases reflect the transfer of the remaining personnel funding for cultural and historical staff ($1.3 million) as well as health insurance ($472,487) and increments and other compensation ($416,973) for 184 existing positions and four new positions.

2007 Program Funding

MDP's $18.4 million fiscal 2007 general fund allowance is $7.5 million, or 69.1%, more than the fiscal 2006 working appropriation. This change reflects additional personnel funding and the following program funding increases:

- $3.2 million for one-time costs associated with moving MDP's headquarters from Baltimore City to Prince George's County ($1.75 million), estimated rent costs associated with the new office ($1.0 million), and employee retention bonus payments ($450,000);
- $1.9 million for the Museum Assistance Program, which provides grants to support the operation of Maryland's historical and cultural museums and organizations;
- $266,000 for the Non-Capital Historic Grants Program, which provides resources to local governments and non-profit organizations to develop and operate successful historic preservation programs at the local level that support the redevelopment of existing communities; and
- $500,000 to provide a grant to a non-profit to establish a Maryland Women's Heritage Center, which will serve as a museum, learning center, archive, showcase for women's artists and performers, and a gathering place for discussions on women's issues.

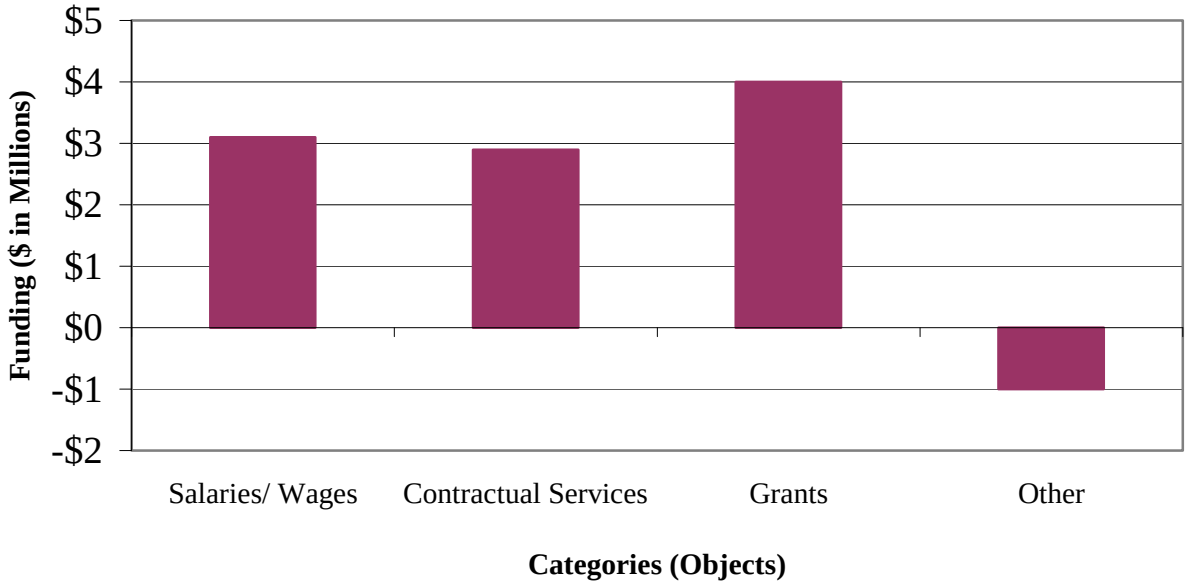
MDP's $4.3 million fiscal 2007 special fund allowance is $2.4 million, or 128.8%, more than the fiscal 2006 working appropriation. This significant increase can be attributed to an additional $2.0 million in real estate transfer tax revenue being allocated to the Maryland Heritage Areas Authority, in accordance with Chapter 209, Acts of 2005. The Maryland Heritage Areas Program will provide grants and loans to help heritage areas and their partners implement management plans.

MDP's $819,479 fiscal 2007 federal fund allowance is $103,576, or 11.2%, less than the fiscal 2006 working appropriation, reflecting less anticipated federal grant funding for museum services.

As illustrated in **Exhibit 3**, the majority of the increases in the fiscal 2007 allowance occur within the three following categories:

- grants (Object 12) increase by $4.0 million or 181.2%;
- salaries and wages (Object 1) increase by $3.1 million or 29.2%; and
- contractual services (Object 8) increase by $2.9 million or 480.5%.

Exhibit 3
Major Categories of Funding Increases



Source: Department of Legislative Services

Issues

1. MDP Incorporates Historical and Cultural Programs

In accordance with Chapter 440, Acts of 2005, (HB 1562) the Division of Historical and Cultural Programs (including the Maryland Historical Trust and the Commission on African American History and Culture) and the Maryland Heritage Authority were transferred from the Department of Housing and Community Development (DHCD) to MDP. This reorganization went into effect on October 1, 2005. To date, historical and cultural program staff have not physically relocated from DHCD office space in Crownsville. However, some information technology-related adjustments have been made by MDP to reflect this reorganization, at an estimated cost of $88,000.

As shown in **Exhibit 4**, $26.6 million in fiscal 2006 funding and 74 positions were transferred from DHCD to MDP in fall 2005. Of these 74 positions, 31 are museum employees who will remain off-site at the Banneker-Douglass and Jefferson Patterson museums and two are administrative positions from DHCD's information technology and accounting offices. MDP's fiscal 2007 allowance incorporates all historical and cultural program funds and assumes that two vacant Attorney General positions will be transferred from DHCD to MDP in fiscal 2007 to provide assistance to historical and cultural programs.

Exhibit 4
Distribution of Historical and Cultural Program Resources in Fiscal 2006

	DHCD	MDP Headquarters	MDP Field Locations	Total
Fiscal 2006 Funding	$1.4 million	$6.1 million in operating and $20.5 million in PAYGO capital		$28.0 million
Regular Positions	0	43	31	74
Contractual Positions	0	0	12	12

Note: One historical and cultural program staff person was transferred to the Department of Human Resources in accordance with Chapter 440, Acts of 2005.

Source: Maryland Department of Planning

MDP should be prepared to discuss the current status of as well as the challenges and opportunities associated with merging DHCD's cultural and historical programs into MDP. Specifically, MDP should address how it plans to integrate and promote relationships among its existing and new programs.

2. Questionable Prince George's County Move Proposal

Background

While the fiscal note for the 2005 legislation (HB 1562) effecting the merger of DHCD's cultural and historical programs into MDP reorganization assumed that MDP would remain at its headquarters in the State Office Complex in Baltimore City, MDP now intends to relocate to Prince George's County. Secretary Audrey E. Scott conveyed this intent to move to the General Assembly via a letter to the Speaker of the House and President of the Senate dated November 3, 2005. The November 2005 letter outlines the four following rationale for this move:

- decentralize State assets for security purposes;
- improve planner's access to western, southern, and eastern Maryland communities;
- support the State's Transit Oriented Development goals by locating near one of the underutilized Metro stations in Prince George's County; and
- aid the State Office Complex rehabilitation effort by vacating space that could be used by other State agencies during rehabilitation of its office space.

MDP has already initiated its efforts to move its headquarters to an alternative location. To identify potential locations, the Department of General Services (DGS) issued a Request for Expressions of Interest (REI) in November 2005 from three locations in Prince George's County, including Greenbelt, New Carrollton, and Largo. While DGS advises that the results of this REI may not be shared with the general public, DGS does intend to share the REI results with Prince George's County elected officials.

The fiscal 2007 allowance includes a total of $2.75 million in general funds to implement the proposed move: $1.75 million for one-time moving and build out costs, and $1.0 million for estimated annual rental costs. Since MDP is located in a State office building, it is currently required to pay only minimal rental fees to DGS.

Issues for Consideration

There are numerous practical, fiscal, and policy issues concerning the proposed move that merit close attention. Some of the potential issues are described below:

Inconsistent with Legislative Intent – Since the fiscal note for HB 1562 assumed all staff would be consolidated at the Baltimore State Office Complex and the move would cost $577,600, it appears that the current relocation proposal is inconsistent with the legislature's intent. Further, the General Assembly may not have been supportive of this merger had it known the true costs and MDP's intent to move to a new location.

Significant Estimated One-time and Ongoing Costs – DGS cost estimates relating to MDP's potential relocation are $1.75 million in one-time moving and build-out costs and an estimated $1.0 million in annual rent and utility costs. It is important to note that (1) MDP currently pays minimal rental expenses (approximately $10,000 annually) as the Baltimore State Office Complex, and the DHCD buildings are both State-owned; and (2) the fiscal note for HB 1562 estimated the consolidation costs to be $577,600 in one-time fiscal 2006 costs. Since sufficient State-owned space currently exists, it would be more costly to dedicate limited State resources to establishing new offices in a private building.

Information Inconsistencies – During the 2005 session, concern regarding the lack of sufficient space in the Baltimore State Office Complex, where MDP is currently housed, was not raised. MDP advises that DGS indicated that space would be available but has subsequently advised otherwise. Data indicates that the number of MDP employees housed in the Baltimore State Office Complex in fiscal 2002 totaled approximately 148, and the number that would be housed in MDP once staff is moved from Crownsville would total approximately 153. Accordingly, it seems reasonable that MDP could accommodate a net gain of five employees within its existing space.

MDP's Regional Offices – MDP's regional offices in Centreville, Cumberland, Salisbury and Annapolis exist to facilitate MDP's efforts to improve the planning and management capacity of local governments. Therefore, MDP's rationale that the move would improve planner's access to western, southern, and eastern Maryland communities appears weak.

Potentially Significant Employee Turnover – Since the Baltimore State Office Complex is located near several public transit options and many MDP staff live in the Baltimore City area, MDP employees may seek alternative employment in a more convenient location. This potentially serious retention issue is acknowledged in MDP's fiscal 2007 allowance, as a $450,000 general fund increase is provided for staff retention bonuses.

Premature Selection of Prince George's County – MDP's decision to focus solely on locations in Prince George's County is premature and currently unfounded. If there is consensus that relocating MDP is necessary and justified, MDP has a responsibility to consider other available State office space and locations other than Prince George's County. It appears that the State agency responsible for promoting smart growth failed to implement the due diligence necessary to ensure that its actions were consistent with smart growth principles.

Both MDP and DGS should be prepared to respond to each of the concerns summarized above. In addition, DLS recommends deleting the proposed $2.75 million in one-time and ongoing costs associated with the proposed move, as well as the proposed $450,000 for retention bonuses. Finally, budget bill language is recommended that would require MDP, DGS, and the Department of Budget and Management (DBM) to submit a report to the budget committees by July 14, 2006, providing information about MDP's location needs, available State-owned offices, potential economic impacts of the move, alternatives to moving to Prince George's County, and the results of the REI.

3. Funding Boost for the Maryland Heritage Areas Authority

Background

The Maryland Heritage Areas Authority is an independent government unit that recently joined MDP as part of the fall 2005 reorganization. The Maryland Heritage Areas Program was created by legislation in 1996 to help communities use heritage tourism to build their economies while protecting, developing, and promoting their cultural, historical, and natural resources. The Authority does this by targeting financial and technical assistance to a limited number of areas designated across the State. To date, there are 3 recognized heritage areas (RHAs) that are developing management plans and 10 certified heritage areas (CHAs) that are implementing management plans. Since 2 (Heart of the Civil War and Garrett County) of the 3 RHAs are expected to be certified within the next two years, the authority believes that the Heritage Areas Program will shift its attention away from developing management plans and towards implementation of existing plans. Approximately $7.1 million in grants and loans has been committed to Heritage Area projects since 1997. In fiscal 2005, the authority estimates that the $947,996 in grants it provided to CHAs leveraged $5.0 million in non-state investment.

Funding Enhancement

To date, an important source of funding for the authority has been $1.0 million of State real estate transfer tax revenue transferred through Program Open Space. Since 1996, the authority has been permitted to use up to 10% of this revenue to pay for operating expenses and up to 50% for debt service on revenue bonds. To date, no revenue bonds have been issued. In accordance with Chapter 209, Acts of 2005 (HB 415) the fiscal 2007 allowance includes $3.0 million in transfer tax revenue for the authority, a $2.0 million or 200% increase. This new revenue will be used to provide additional special project grants and loan assistance for acquisition, development, public interpretation, and programming.

The authority's 2005 annual report outlines the following rationale supporting the need for this $2.0 million increase in program funding:

- ***Readiness to Proceed:*** The demand for grants to fund projects has risen dramatically as CHAs and their partners are increasingly ready to move forward with the capital and non-capital projects necessary to implement their management plans.

- ***Additional CHAs:*** As the number of CHAs has grown over the years, the demand for operating assistance grants has increased. However, this increased demand will ultimately decline, as CHAs are only eligible to receive a maximum of 10 years of State operating support funding.

- ***Report Recommendations:*** A study completed by the Department of Business and Economic Development (DBED) and DHCD in 2003 concluded that the optimum annual amount of funding for the program would be $3.3 million.

MDP should be prepared to discuss how the additional fiscal 2007 funding will impact program performance, how the 10-year time limit will impact future funding needs, what the program specifically hopes to achieve in the next 10 years, and what synergies could be created between heritages areas and the Priority Places Strategy.

4. Implementation of the Priority Places Strategy

The Priority Places Strategy is a statewide effort launched over a year ago that seeks to make well-planned development easier to achieve. Specifically, this initiative seeks to foster development, redevelopment, and revitalization efforts that are models for land use patterns that benefit the economy, quality of life, and the environment, and ensure the best possible return on State investments. Designated Priority Places will apparently benefit from a multiple-agency commitment to streamlined reviews and coordination as well as planning and technical assistance, targeted grant or loan funds, and expedited environmental review.

To date, four Priority Places have been identified, as described in **Exhibit 5**. MDP is in the process of coordinating technical, regulatory, and financial assistance from numerous State agencies. MDP has created an online tracking system to monitor State assistance and oversee the creation of State work plans and project management teams for the designees. Each Priority Place is assigned a State project manager to serve as the primary liaison, develop implementation schedules, and coordinate project interactions. The average timeline for each designated project is between three to five years. The Priority Places designation expires in five years.

Exhibit 5
Priority Places
(As of December 2005)

Project Name	Location	Purpose/Goal
Poppleton Neighborhood	Baltimore City	To develop mixed income housing in a neighborhood that is poised for a turnaround after losing 37% of its population in the 1990s. The revitalization plan will leverage existing investment in the Hippodrome Theater and University of Maryland BioPark.
Leonardtown Wharf	Leonardtown, St. Mary's County	To develop 5.5 acres along Breton Bay with offices, shops, apartments, and a park, and thus create an attractive waterfront destination on a site that has been vacant since the 1980s.
Hyattsville's Route 1 Corridor	Hyattsville, Prince George's County	To develop a downtown revitalization plan that spurs economic development, mixed housing, a YMCA, and general redevelopment along the Route 1 corridor.
City of Crisfield	Crisfield, Somerset County	To help the city position itself for an economic rebound after losing 600 jobs over the past 15 years by developing and implementing a plan to prepare for future growth near the State-owned Somers Cove marina and adjacent downtown area.

Note: In early January 2006, the Smart Growth Sub Cabinet recommended that the Governor designate two additional Priority Places: Long Branch in Montgomery County and Carroll Creek Park in Frederick County. A final determination and announcement is expected by mid-February 2006.

Source: Maryland Department of Planning

While Interagency Coordinating Committee members have expressed the need for a dedicated funding source for Priority Places, no funds have been allocated to this program. However, MDP advises that funding will be awarded to Priority Places through other existing State agency programs.

MDP should be prepared to describe how it intends to measure the impact of the Priority Places Strategy. Further, MDP should note whether the fiscal 2007 allowance supports implementation of the Priority Places Strategy by, for example, describing which existing State programs, including those administered by the Maryland Department of Transportation, DHCD and DBED, will dedicate fiscal 2007 funds to specific Priority Place projects.

5. Too Many Managers and At-Will Positions?

Background

Most Maryland Executive Branch employees are in the State Personnel Management System (SPMS). Within SPMS, 10% of the employees are categorized in the executive service and management service, and the remaining 90% are categorized in professional or skilled service. These different categories are briefly described below.

- ***Executive service*** positions are the highest level administrators, such as secretaries and deputy secretaries, of the various Executive Branch agencies.
- ***Management service*** positions involve direct responsibility for oversight of and management of personnel and financial resources and require the exercise of discretion and independent judgment.
- ***Professional service*** positions represent all positions in the Executive Branch, unless otherwise provided, and enjoy the full range of rights and protections regarding personnel actions under State law.
- ***Skilled service*** positions require advanced knowledge in a specific field, normally require a professional license and/or advanced degree, and enjoy the full range of rights and protections regarding personnel actions under State law

There are two additional personnel designations that impact State personnel: special appointments and at-will.

- ***Special appointments status*** can be associated with any of the services and is authorized by a specific statute or designated by the Secretary of DBM. Special appointees designated by DBM either perform a significant policy role or provide direct support to a member of the executive service.
- ***At-will status*** applies to positions in the executive service, management service and most special appointments. Employees in these positions have very limited protections regarding personnel actions beyond first amendment rights and federal and State statutes governing anti-discrimination in the workplace.

MDP Trends

Excluding historical and cultural program positions recently transferred to MDP from DHCD, 33 or over 28% of MDP employees are either in the executive or management service, as shown in **Exhibit 6**. In addition, another 7 positions are special appointments. Under SPMS, therefore, over one-third of these MDP positions are at-will. Furthermore, 61 of the 72 historical and cultural positions recently transferred to MDP have special appointment and at-will status, 1 position is executive service, and 8 positions are management service.

Exhibit 6
MDP Positions by Service
Fiscal 2007 Allowance

	Positions	Percent of Total
Executive Service	2	1.7%
Management Service	31	26.7%
Special Appointments	7	6.0%
Skilled Service	73	62.9%
Undesignated	3	2.6%
Total	**116**	**100%**

Note: Does not include historical and cultural program positions.

Source: Department of Legislative Services

Compared to other State agencies, MDP has a significant number of management service positions relative to its size. Furthermore, when the new historical and cultural personnel are considered, over half of the staff is at-will, and over 20% is in the management service.

MDP should describe the managerial duties performed by the management service positions and defend the need for such a high number of at-will managers. Additionally, MDP should comment on whether there is continued justification for the historical and cultural program positions to be special appointments and thereby not afforded the higher level of rights and protections available to State positions that are not at-will.

Recommended Actions

1. Add the following language:

   Provided that the Maryland Department of Planning (MDP), in consultation with the Department of General Services and Department of Budget and Management, shall submit a report to the budget committees by July 14, 2006, providing the following information:

   1. a description of the best location for MDP's headquarters based on its mission, field work demands, and the location of key partners;

   2. the economic impact the move would have on Baltimore City; and

   3. a complete accounting of available State-owned buildings and land that may fit MDP needs.

   Using this information, MDP should outline several cost-effective alternatives to moving its headquarters to Prince George's County, including the alternative of maintaining the current offices in Baltimore City and Crownsville. The report should convey the potential long- and short-term costs, program impacts, and implementation timelines associated with each alternative as well as information about the results of the Request for Expressions of Interest. The committees shall have 45 days to review and comment upon the report.

   Explanation: This language requires MDP, in consultation with the Department of General Services (DGS) and Department of Budget and Management (DBM), to submit a report to the budget committees that provides the following information: a description of the best location for MDP's headquarters based on its mission, field work demands, and location of key partners; the economic impact the move would have on Baltimore City; and a complete accounting of available State-owned buildings and land that may fit MDP needs. MDP is directed to use this information as a basis for outlining several cost-effective alternatives to moving its headquarters to Prince George's County. The alternatives information should address the potential long- and short-term costs, program impacts, and implementation timelines. One alternative should be maintaining the current offices in Baltimore City and Crownsville. The report should also provide a summary of the results of the recent Request for Expression of Interest (REI) in Prince George's County that includes at least the following data about each response: proximity to public transit, location, cost, and amount of available office space. The report should be submitted to the committees by July 14, 2006.

Information Request	**Authors**	**Due Date**
MDP relocation report	MDP DGS DBM	July 14, 2006

		Amount Reduction		Position Reduction
2.	Delete retention bonus funds. It is not equitable to provide a bonus of this nature to the employees of one State agency.	$ 450,000	GF	
3.	Delete new funding associated with implementation of Corsica River watershed restoration efforts. Funding would be deleted for a new planner position ($45,770) and contractual services ($20,630) associated with supporting the planning and management capacity of local governments in the watershed. The department can implement this initiative with existing resources. Furthermore, the proposed new position is not consistent with the Spending Affordability Committee's recommended position limit for fiscal 2007.	66,400	GF	1.0
4.	Delete new funding associated with an unidentified watershed restoration initiative. Funding would be deleted for a new planner position ($45,770) and contractual services ($20,630) associated with supporting the planning and management capacity of local governments. The department can implement this effort with existing resources. Furthermore, the proposed new position is not consistent with the Spending Affordability Committee's recommended position limit for fiscal 2007.	66,400	GF	1.0
5.	Delete funds for the proposed move to Prince George's County ($1.75 million) and rent costs associated with the new office space ($1.0 million). Moving the department's main office is not consistent with legislative intent. Furthermore, the proposed move would result in significant short- and long-term costs and has not been adequately justified.	2,750,000	GF	
6.	Reduce funding for the Museum Assistance Grant Program ($1.0 million), and delete funding for a grant to establish a Maryland Women's Heritage Center ($500,000). With this reduction, the Museum Assistance Grant Program would still receive a	1,500,000	GF	

$853,616 or more than 200% increase over the fiscal 2006 working appropriation of $387,384. The Maryland Women's Heritage Center project is an effort to establish a place to learn and teach about the contributions of Maryland's women throughout history. This project should be required to compete with other worthy projects for State historic and cultural funding through existing programs. Furthermore, since the Department of Human Resource's (DHR) Maryland Commission for Women is sponsoring this initiative, DHR may be a more appropriate State agency to oversee this nascent effort.		
Total General Fund Reductions	**$ 4,832,800**	**2.0**

Appendix 1

Current and Prior Year Budgets

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2005					
Legislative Appropriation	$7,714	$325	$0	$1,006	$9,045
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	81	150	390	364	985
Reversions and Cancellations	-128	-137	-207	-81	-553
Actual Expenditures	**$7,667**	**$338**	**$183**	**$1,288**	**$9,476**
Fiscal 2006					
Legislative Appropriation	$6,830	$318	$0	$1,036	$8,184
Budget Amendments	4,030	1,555	923	122	6,630
Working Appropriation	**$10,860**	**$1,873**	**$923**	**$1,158**	**$14,814**

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

Fiscal 2005

The general fund appropriation decreased a total of $46,973. This decrease reflects $128,177 in reversions being off-set by an increase of $81,204 due to the allocation of the cost-of-living adjustment general fund appropriation as authorized in the fiscal 2005 budget bill. The general fund reversion is consistent with budget bill language stipulating that the funds could only be expended if a special secretary position and associated funds was transferred to DBED.

The special fund appropriation increased by $13,119. This change was the result of a $150,000 mid-year budget amendment being needed for fewer costs than anticipated and ultimately resulting in $136,881 in cancellations.

The federal fund appropriation increased by $183,071. This change reflects a $390,545 budget amendment for the following purposes:

- $194,300 from the Appalachian Regional Commission (ARC) for several small grants to communities in Western Maryland (Allegany, Garrett, and Washington counties) to implement community development projects; and

- $196,245 from the U.S. Department of Transportation's Maryland Integrating Transportation and Smart (MINTS) Growth grant program for salary and contractual costs associated with the Mondawmin Community Development Project, an effort to promote smart growth and improve air quality in western Baltimore City.

Ultimately, several ARC grants and components of the MINT project were not completed, resulting in $207,474 in cancellations. MDP advises that it will seek appropriation for these federal funds in fiscal 2006.

Reimbursable funds increase $282,747, largely due to budget amendments bringing in funds for a coastal zone management grants, computer networking support, and MdProperty View subscription costs from State agencies.

Fiscal 2006

The vast majority of the changes in the fiscal 2006 budget are due to the assimilation of DHCD's historical and cultural programs into MDP, in accordance with Chapter 440, Acts of 2005. These changes are described in greater detail in the Issues section of this analysis.

Appendix 2

Audit Findings

Audit Period for Last Audit:	November 27, 2001 – March 27, 2005
Issue Date:	August 2005
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

The Office of Legislative Audit's August 2005 audit on MDP found that MDP satisfactorily resolved all three findings contained in the preceding audit report dated April 20, 2002.

Object/Fund Difference Report
Department of Planning

Object/Fund	FY05 Actual	FY06 Working Appropriation	FY07 Allowance	FY06 - FY07 Amount Change	Percent Change
Positions					
01 Regular	121.00	184.00	188.00	4.00	2.2%
02 Contractual	4.00	16.30	17.41	1.11	6.8%
Total Positions	**125.00**	**200.30**	**205.41**	**5.11**	**2.6%**
Objects					
01 Salaries and Wages	$ 8,233,851	$ 10,570,533	$ 13,651,851	$ 3,081,318	29.2%
02 Technical & Spec Fees	80,145	620,323	505,876	-114,447	-18.4%
03 Communication	133,205	224,294	238,981	14,687	6.5%
04 Travel	94,752	63,409	85,943	22,534	35.5%
06 Fuel & Utilities	0	243,300	272,706	29,406	12.1%
07 Motor Vehicles	14,726	25,184	28,481	3,297	13.1%
08 Contractual Services	350,739	600,159	3,484,218	2,884,059	480.5%
09 Supplies & Materials	98,414	153,039	159,307	6,268	4.1%
10 Equip – Replacement	104,147	398	2,993	2,595	652.0%
11 Equip – Additional	179,178	567	899	332	58.6%
12 Grants, Subsidies, and Contributions	128,953	2,212,210	6,219,885	4,007,675	181.2%
13 Fixed Charges	58,498	99,928	82,118	-17,810	-17.8%
Total Objects	**$ 9,476,608**	**$ 14,813,344**	**$ 24,733,258**	**$ 9,919,914**	**67.0%**
Funds					
01 General Fund	$ 7,667,504	$ 10,859,574	$ 18,367,000	$ 7,507,426	69.1%
03 Special Fund	337,729	1,872,999	4,285,512	2,412,513	128.8%
05 Federal Fund	183,071	923,055	819,479	-103,576	-11.2%
09 Reimbursable Fund	1,288,304	1,157,716	1,261,267	103,551	8.9%
Total Funds	**$ 9,476,608**	**$ 14,813,344**	**$ 24,733,258**	**$ 9,919,914**	**67.0%**

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

Fiscal Summary
Department of Planning

Program/Unit	FY05 Actual	FY06 Wrk Approp	FY07 Allowance	Change	FY06 - FY07 % Change
01 General Administration	$ 2,761,343	$ 2,662,822	$ 6,228,264	$ 3,565,442	133.9%
02 State Clearinghouse	626,421	914,078	972,317	58,239	6.4%
03 Planning Data Services	1,469,725	1,181,104	1,736,026	554,922	47.0%
04 Local Planning Assistance	1,970,112	1,066,228	3,386,832	2,320,604	217.6%
05 Comprehensive Planning	1,884,104	2,020,498	0	-2,020,498	-100.0%
06 Parcel Mapping	764,903	607,492	0	-607,492	-100.0%
07 Management Planning and Educational Outreach	0	2,283,421	4,858,621	2,575,200	112.8%
08 Office of Museum Services	0	2,784,609	5,799,953	3,015,344	108.3%
09 Office of Research Survey and Registration	0	694,504	916,792	222,288	32.0%
10 Office of Preservation Services	0	598,588	834,453	235,865	39.4%
Total Expenditures	**$ 9,476,608**	**$ 14,813,344**	**$ 24,733,258**	**$ 9,919,914**	**67.0%**
General Fund	$ 7,667,504	$ 10,859,574	$ 18,367,000	$ 7,507,426	69.1%
Special Fund	337,729	1,872,999	4,285,512	2,412,513	128.8%
Federal Fund	183,071	923,055	819,479	-103,576	-11.2%
Total Appropriations	**$ 8,188,304**	**$ 13,655,628**	**$ 23,471,991**	**$ 9,816,363**	**71.9%**
Reimbursable Fund	$ 1,288,304	$ 1,157,716	$ 1,261,267	$ 103,551	8.9%
Total Funds	**$ 9,476,608**	**$ 14,813,344**	**$ 24,733,258**	**$ 9,919,914**	**67.0%**

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.