

U00A
Department of the Environment

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$31,931	\$30,852	\$31,456	\$604	2.0%
Adjusted General Fund	\$31,931	\$30,852	\$31,456	\$604	2.0%
Special Fund	49,552	52,634	59,238	6,604	12.5%
Adjusted Special Fund	\$49,552	\$52,634	\$59,238	\$6,604	12.5%
Federal Fund	33,157	38,278	36,547	-1,731	-4.5%
Adjusted Federal Fund	\$33,157	\$38,278	\$36,547	-\$1,731	-4.5%
Reimbursable Fund	3,839	3,748	3,689	-59	-1.6%
Adjusted Reimbursable Fund	\$3,839	\$3,748	\$3,689	-\$59	-1.6%
Adjusted Grand Total	\$118,479	\$125,511	\$130,929	\$5,418	4.3%

- The overall change in the Maryland Department of the Environment's (MDE) fiscal 2013 budget is an increase of \$5.4 million, or 4.3%. The major change is an increase of \$5.0 million in a special fund appropriation for Bay Restoration Fund debt service on revenue bonds proposed to be issued.
- Adjusting for the inclusion of \$5.0 million in special funds in fiscal 2013 for Bay Restoration Fund debt service, the budget increases by less than 1% between fiscal 2012 and 2013.

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

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Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Positions	959.00	931.00	931.00	0.00
Contractual FTEs	<u>30.21</u>	<u>50.50</u>	<u>55.50</u>	<u>5.00</u>
Total Personnel	989.21	981.50	986.50	5.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	60.61	6.51%
Positions and Percentage Vacant as of 12/31/11	52.00	5.59%

- Contractual full-time equivalents (FTE) increase by 20.3 between the fiscal 2011 actual and the fiscal 2012 working appropriation through MDE’s ability to add contractual FTEs under its budgetary authority.
- Contractual FTEs increase by a net of 5 between the fiscal 2012 working appropriation and the 2013 allowance. The largest increase is for 5 new contractual FTEs in the Water Supply Program paid for by federal funds from the Safe Drinking Water Initiative.

Analysis in Brief

Major Trends

Eight-hour Ozone Standard Exceedances Spike in Fiscal 2010: Hot weather contributed to the 43 exceedances of the eight-hour ozone standard in fiscal 2010.

Landfill Groundwater Compliance Standards Goal Exceeded in Fiscal 2011: The negotiation of a consent order with Sandy Hill Landfill and closure of the Annapolis landfill allowed for the ground water compliance standard to be exceeded in fiscal 2010.

Public Information Act Response within 30 Days Well Below Goal: MDE responds that declining resources inhibit MDE’s ability to meet the 30-day turnaround requirement.

Issues

Enterprise Environmental Management System Disclosure Shortcomings: MDE characterizes the Enterprise Environmental Management System (EEMS) information technology project as overpromised and underfunded in its response to the Office of Legislative Audits' November 2011 report. The EEMS vision was to provide a comprehensive centralized database to replace approximately 170 disparate legacy databases and associated business applications. This was to include 32 environmental programs at a cost of \$6.4 million. Instead, the EEMS has been successfully implemented for only 12 programs at a cost of \$7.8 million with an indeterminate cost for additional functionality planned for the future. **The Department of Legislative Services (DLS) recommends that MDE comment on (1) the EEMS's actual usage by the programs implemented in the system; (2) all system functionality deficiencies affecting the usefulness of the system; and (3) the funding necessary to fully implement all intended programs and functions of the EEMS. In addition, DLS recommends that MDE comment on whether the contractor providing the Department of Information Technology (DoIT) with general licensing information technology (IT) should take over the EEMS implementation. Finally, DLS recommends that (1) \$1.0 million in general funds be restricted and then released at a rate of \$250,000 per quarter pending the submission of quarterly reports on all MDE information technology projects in terms of usage, functionality, and funding and (2) budget bill language be adopted to prohibit spending on major IT development projects until notification is provided to the budget committees and DoIT on the project details.**

Strategic Energy Investment Fund Revenues and Expenditures Not Forthcoming: MDE receives funding from the Strategic Energy Investment Fund (SEIF) that is deposited into the Maryland Clean Air Fund. The General Assembly was concerned that the revenues from the SEIF – the sale of carbon dioxide allowances – are not explicitly shown through any tracking mechanism and that the uncertainty and year-to-year variability in funding may inhibit MDE's ability to comply with the reporting requirements of Greenhouse Gas Emissions Reduction Act of 2009 (Chapters 171 and 172 of 2009) and recoup the costs of managing Maryland's role in the quarterly carbon dioxide allowance auctions. To date, the required report has not been submitted and no memorandum of understanding (MOU) has been signed between MDE and the Maryland Energy Administration (MEA) despite informing the Office of Legislative Audits that this would be done by March 31, 2011. **DLS recommends that MDE comment on why it has not signed the requested MOU with MEA and why the required report on how it is using SEIF expenditures to further climate change work and to meet the requirements of Chapters 171 and 172 of 2009 was not submitted. In addition, DLS recommends that \$250,000 in general funds be restricted until the submission of a report on how MDE is using SEIF funding.**

Draft Construction-related Permits Report Submitted: The General Assembly was concerned that the State regulatory process is inhibiting the activities of the private sector. Therefore, MDE, the Department of Natural Resources, and the State Highway Administration were required to submit a report to the budget committees providing calendar 2011 permit issuance statistics. MDE submitted draft statistics covering calendar 2011. The draft data shows that MDE issued 72.9% of permits within 30 days, which increased to 92.8% for the percent issued within MDE's standard turnaround

time for its permits. **DLS recommends that MDE comment on how it can increase the number of permits, licenses, certifications, and approvals it can process in 30 days.**

Marcellus Shale Studied: The first of three reports required by the Marcellus Shale Safe Drilling Initiative indicates severance tax revenues could raise between \$27.9 million to \$93.7 million over the total gas extraction timeline. DLS estimates a range of possible severance tax revenues over the first 10 years of production from \$9.0 million under a 1.5% severance tax rate to \$30.0 million under a 5% tax rate. Annual revenues are not estimated to reach \$1.0 million until fiscal 2018. The remaining two studies under the Marcellus Shale Safe Drilling Initiative could have substantial cost implications for MDE. **DLS recommends that MDE comment on the estimated pace of drilling and the production curve of the wells as it relates to the severance tax revenue, the estimated cost to complete each of the three study requirements of the Marcellus Shale Safe Drilling Initiative, and how MDE intends to fund these costs.**

Recommended Actions

	<u>Funds</u>
1. Add budget bill language restricting funding for major information technology development projects until notification is provided to the budget committees and the Department of Information Technology.	
2. Add budget bill language restricting funding until the submission of a report on Strategic Energy Investment Fund expenditures.	
3. Add budget bill language restricting funding until the submission of quarterly information technology reports.	
4. Delete operation and maintenance funding for wastewater treatment plants upgraded to enhanced nutrient removal technology.	\$ 1,500,000
Total Reductions	\$ 1,500,000

U00A
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:*** This office provides direction and establishes State environmental policies to be implemented by the operating units.
- ***Operational Services Administration:*** This administration (formerly called the Administrative Services Administration) provides general administrative and fiscal services to the department.
- ***Water Management Administration:*** This administration administers the State's water pollution control program; implements Total Maximum Daily Loads (TMDL) for pollutants in impaired waterways; and regulates industrial/municipal wastewater and stormwater discharge.
- ***Science Services Administration:*** This administration develops and promulgates water quality standards; provides technical support and analysis for TMDLs; monitors shellfish; develops environmental and public health risk assessments; implements nonpoint source pollution programs; and develops and issues fish advisories.
- ***Land Management Administration:*** This administration ensures that all types of hazardous and nonhazardous solid wastes are managed in a manner that protects public health and the environment. It regulates solid waste management facilities, scrap tire recycling facilities, above-ground and below-ground petroleum storage facilities, petroleum distribution, hazardous waste transportation, mining, and both concentrated animal feeding operations and Maryland animal feeding operations.
- ***Air and Radiation Management Administration:*** This administration ensures that air quality and radiation levels in Maryland sustain public health, safety, and the environment. Climate change initiatives are a relatively new component of its operations.
- ***Coordinating Offices:*** This office manages budget matters, the Water Quality and Drinking Water Revolving Loan Funds and other water pollution control program capital projects, and

U00A – Department of the Environment

Board of Public Works' activities; coordinates public information and outreach; provides hazardous chemical and oil spill emergency response services; and provides legal advice.

MDE's four goals are consistent with the goals reported in the fiscal 2012 analysis and illustrate the core efforts to protect and preserve Maryland's natural resources. They are:

- reducing Maryland citizens' exposure to hazards;
- ensuring safe and adequate drinking water;
- ensuring the air is safe to breathe; and
- providing customer service and community outreach.

Performance Analysis: Managing for Results

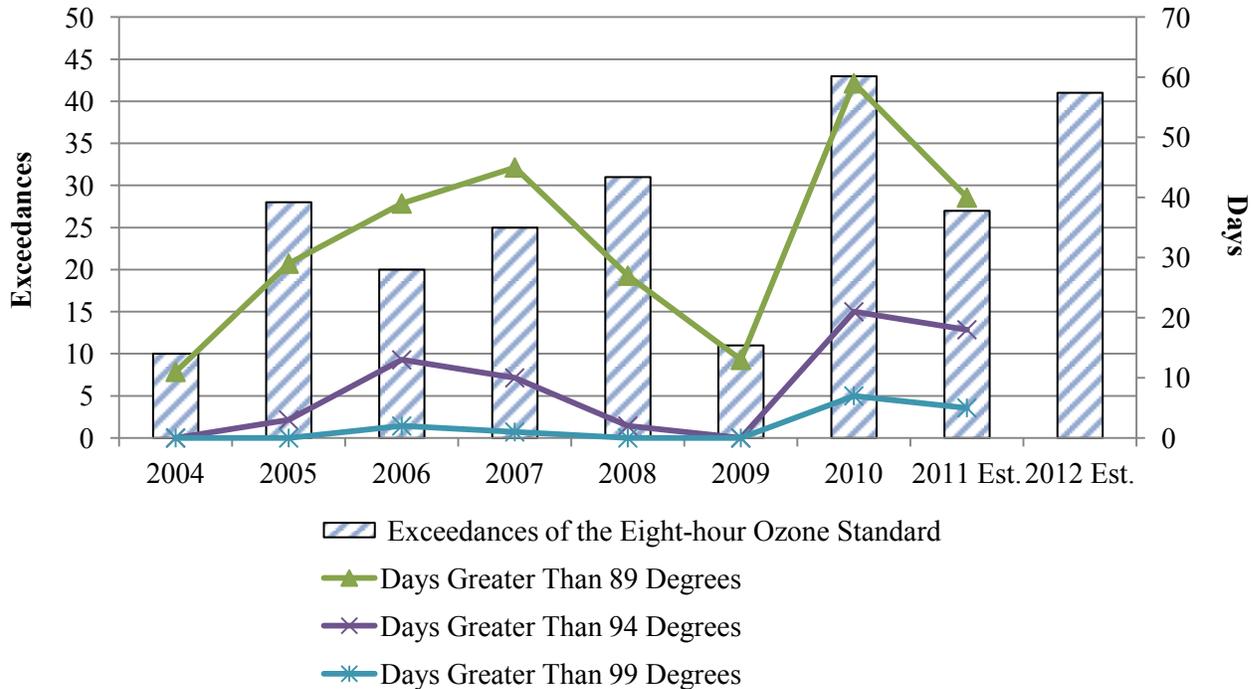
MDE's Managing for Results measures show (1) the impact of temperature on eight-hour ozone standard exceedances; (2) an increase in the percentage of municipal solid waste landfills in significant compliance with groundwater standards; and (3) the percent of Public Information Act responses issued within 30 days falling short of the goal.

Eight-hour Ozone Standard Exceedances Spike in Fiscal 2010

Maintaining air quality is a challenge in Maryland's urbanized core due to local conditions and emissions as well as pollutants transported from the Ohio River Valley and areas south of Maryland. MDE's goal is to achieve attainment with the eight-hour ozone standard in the Baltimore and Washington metropolitan areas and Cecil County. However, the number of exceedances of the eight-hour ozone standard increased from 11 in calendar 2009 to 43 in calendar 2010, as shown in **Exhibit 1**. In addition, MDE estimates that the standard will be exceeded 27 times in calendar 2011 and 41 times in calendar 2012. MDE explains that high temperature days are conducive to the formation of ground-level ozone, which in turn drives the number of exceedances.

National Weather Service data reflects a substantial increase in the number of days that exceeded 89, 94, and 99 degrees Fahrenheit between calendar 2009 and 2010. Although, there is less of a correlation between temperature and the number of exceedances for the calendar 2006 to 2008 time period. **The Department of Legislative Services (DLS) recommends that MDE comment on the other factors besides temperature that contribute to exceedances of the eight-hour ozone standard as well as why calendar 2012 is estimated to have such a high number of exceedances.**

**Exhibit 1
Eight-hour Ozone Standard Exceedances and Hot Days
Calendar 2004-2012**



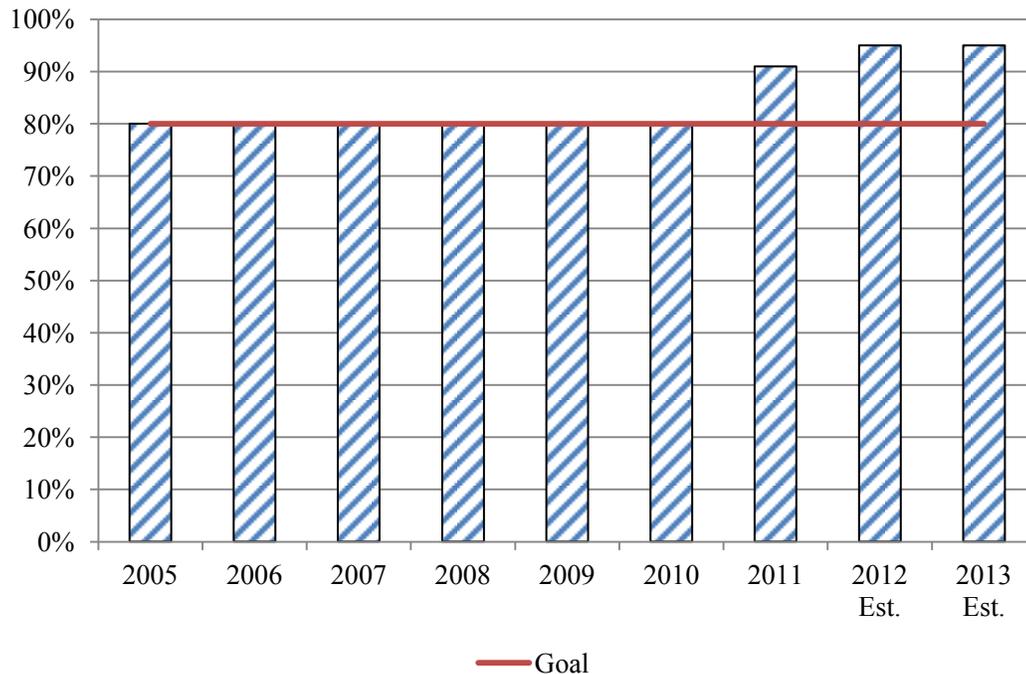
Note: The calendar 2007 data is for greater than 85 parts per billion while the data for calendar 2008 and beyond reflects a more stringent standard of 75 parts per billion. The National Weather Service data is for March through November of each year at Baltimore-Washington International Thurgood Marshall Airport.

Source: Governor’s Budget Books, Fiscal 2007-2013; National Weather Service Baltimore/Washington Forecast Office

Landfill Groundwater Compliance Standards Goal Exceeded in Fiscal 2011

MDE has a goal of maintaining 80% compliance with groundwater standards for all active municipal solid waste landfills each year. The percentage of solid waste landfills in significant compliance with groundwater standards increased substantially between fiscal 2010 and 2011, as shown in **Exhibit 2**. MDE attributes this to changes in the status of four sites. These four sites – Annapolis, Millersville, Sandy Hill, and St. Andrews – were in assessment monitoring without a remedial plan in fiscal 2010. In fiscal 2011, MDE negotiated a consent order for Sandy Hill landfill with an approved remedial plan, which now means Sandy Hill is in compliance. In addition, Sandy Hill and Annapolis landfills have both been closed and were taken off the list. Millersville and St. Andrews are the two remaining active municipal solid waste landfills that are not in significant compliance with groundwater standards. **DLS recommends that MDE comment on the reasons why the remaining active municipal solid waste landfills are not in significant compliance with groundwater standards.**

Exhibit 2
Percent of Municipal Solid Waste Landfills in Significant Compliance with
Groundwater Standards
Fiscal 2005-2013

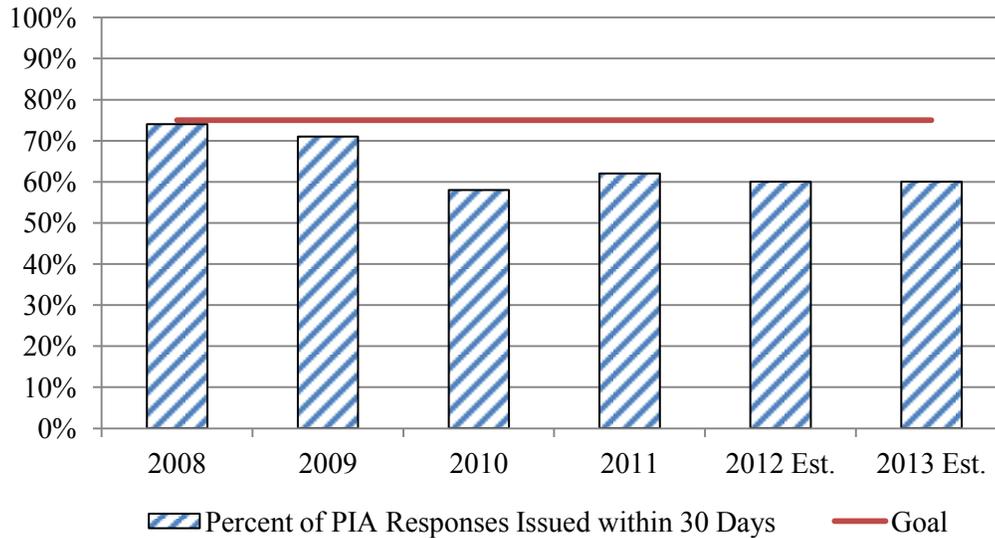


Source: Governor’s Budget Books, Fiscal 2008-2013

Public Information Act Response within 30 Days Well Below Goal

MDE’s goal is to provide a response to 75% of Public Information Act (PIA) requests within 30 days of receipt. In recent years, MDE’s response percent within 30 days has been well below the 75% goal, as shown in **Exhibit 3**. MDE notes that 2,567 requests were received in fiscal 2011, which represents thousands of searches and presumably a substantial amount of time. In addition, MDE responds that declining resources inhibit MDE’s ability to meet the 30-day turnaround requirement. However, MDE is able to recover the costs of PIA requests based on the hourly rate of the reviewer, duplication costs, and postage. **DLS recommends that MDE comment on how it could better align resources in order to more efficiently respond to PIA requests.**

Exhibit 3
Percent of Public Information Act Responses Issued within 30 Days
Fiscal 2008-2013



PIA: Public Information Act

Source: Governor's Budget Books, Fiscal 2011-2013

Fiscal 2012 Actions

Cost Containment

Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 positions as of January 1, 2012. MDE's share of the reduction was 5 positions. All 5 positions are vacant, and of the 5 positions, 3 are in Land Management Administration. The annualized salary savings due to the abolition of these positions is expected to be \$121,563 in special funds and \$75,030 in federal funds for a total of \$196,593.

Reorganization

Natural Resources – Aquaculture (Chapter 411 of 2011) transferred MDE's responsibility for reviewing water column lease applications for commercial aquaculture projects to the Department of Natural Resources (DNR). One position and \$34,000 in general funds were transferred to DNR. MDE notes that aquaculture applications have comprised less than 1% of the applications that the Wetlands and Waterways Program receives.

Budget Reconciliation and Financing Act of 2012

The Budget Reconciliation and Financing Act (BRFA) of 2012 includes two provisions related to MDE. Both provisions seek to expand the flexibility for use of MDE special funds – the Community Right-To-Know Fund and the State Recycling Trust Fund. The Community Right-To-Know provision expands the authorized uses to include MDE emergency response activities and repeals the provision that requires MDE to use 50% of the money in the fund to provide grants to local emergency planning committees; instead, MDE is authorized, but not required, to provide the grants. The State Recycling Trust Fund provision broadens the authorized uses to include the purposes of the Land Management Administration in general, as opposed to just the purposes of the Office of Recycling, which is one division within the Land Management Administration.

Both provisions provide MDE with more flexibility in case of special fund shortfalls from other sources. However, the Community Right-To-Know Fund provision is accompanied by a \$200,000 reduction in special funds for local emergency planning committee grants in the fiscal 2013 allowance, which is not legal since the BRFA of 2012 provision repealing the 50% requirement has not been enacted. **DLS recommends that MDE work with the Department of Budget and Management (DBM) on a supplemental budget item bringing in the necessary \$200,000 appropriation in special funds, which may include a contingent reduction in order to be consistent with the BRFA of 2012 provision.**

Proposed Budget

MDE's fiscal 2013 allowance increases by \$5.4 million, or 9.3%, relative to the fiscal 2012 working appropriation, as shown in **Exhibit 4**. The changes by fund in Exhibit 4 reflect an increase of \$0.6 million in general funds, an increase of \$6.6 million in special funds, a decrease of \$1.7 million in federal funds, and a decrease of \$0.1 million in reimbursable funds. The largest change is an increase of \$5.0 million in special funds for Bay Restoration Fund revenue bond debt service. Personnel changes are discussed first and then operating expenditures.

**Exhibit 4
Proposed Budget
Department of the Environment
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2012 Working Appropriation	\$30,852	\$52,634	\$38,278	\$3,748	\$125,511
2013 Allowance	<u>31,456</u>	<u>59,238</u>	<u>36,547</u>	<u>3,689</u>	<u>130,929</u>
Amount Change	\$604	\$6,604	-\$1,731	-\$59	\$5,418
Percent Change	2.0%	12.5%	-4.5%	-1.6%	4.3%
 Contingent Reduction	\$0	\$0	\$0	\$0	\$0
Adjusted Change	\$604	\$6,604	-\$1,731	-\$59	\$5,418
Adjusted Percent Change	2.0%	12.5%	-4.5%	-1.6%	4.3%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance.....	\$811
Retirement contribution.....	751
Salaries and wages.....	-303
One-time fiscal 2012 bonus.....	-696
Overtime earnings.....	-41
Other fringe benefit adjustments.....	-11

Other Changes

Water Quality

Bay Restoration Fund debt service.....	5,000
Operation and maintenance grants for wastewater treatment plants.....	1,500
Wetland mitigation.....	630
Nonpoint source pollution control projects.....	250
Public water supply systems and well inventory.....	-650
Water supply studies.....	-500
Operator training and certification activities.....	-424
Total maximum daily load development.....	-356
Wellhead protection hydrogeological services.....	-150

Information Technology

Environmental Protection Agency data exchange.....	-506
Website revamp phase 2 final funding.....	-400
Water Supply Program Tracking System.....	-200

U00A – Department of the Environment

Where It Goes:

Land Management and Emergencies

Underground storage tank remediation	-390
Mining projects	-254
Local Emergency Planning Committee grants	-200
Abandoned Mine Reclamation projects	-174

Routine Operations

Statewide cost allocations	748
Contractual full-time equivalents primarily in Water Management Administration.....	603
Vehicle replacement	280
Fixed charges.....	133
Supplies and materials.....	106
Air monitoring equipment.....	103
Maryland Center for Environmental Training assistance.....	-210
Other.....	-32

Total	\$5,418
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Note: Numbers may not sum to total due to rounding.

Personnel

MDE’s overall personnel expenditures increase by \$0.5 million. The changes in personnel expenditures are comprised of the following.

- ***Employee and Retiree Health Insurance:*** Health insurance costs increase by \$811,000 due to health care inflation.
- ***Retirement Contribution:*** Retirement contribution increases by \$751,000.
- ***Salaries and Wages:*** Salaries and wages decrease by \$303,000.
- ***One-time Fiscal 2012 Bonus:*** State employees were provided a one-time \$750 bonus during fiscal 2012 as part of the collective bargaining agreement; therefore, personnel funding decreases by \$696,000 in fiscal 2013.
- ***Overtime Earnings:*** Overtime earnings decrease by \$41,000, primarily in the Office of Emergency Preparedness and Planning.

Other Changes

Overall, the nonpersonnel portion of the fiscal 2013 allowance increases by \$4,908,000. The areas of change include water quality, information technology (IT), land management and emergencies, and routine operations. The biggest change is an increase of \$5.0 million for Bay Restoration Fund debt service payments due to the anticipation that revenue bonds will be issued in either fiscal 2012 or 2013. This distorts the change between fiscal 2012 and 2013. This is discussed further in the MDE pay-as-you-go budget analysis. Adjusting for the \$5.0 million increase in debt service payments, the nonpersonnel portion of the fiscal 2013 allowance decreases by \$92,000. The changes are as follows.

Water Quality

- ***Bay Restoration Fund Debt Service:*** Bay Restoration Fund debt service increases by \$5.0 million to reflect the anticipated issuance of revenue bonds in late fiscal 2012 in order to provide for sufficient cashflow for enhanced nutrient removal upgrades to wastewater treatment plants. MDE indicates that the revenue bond issuance schedule is contingent on whether the proposed doubling of the Bay Restoration Fund fee occurs.
- ***Operation and Maintenance Funding for Wastewater Treatment Plants:*** MDE is required by the Bay Restoration Fund legislation to use up to 10% of the annual fee revenue collected from wastewater treatment plant users for operation and maintenance funding for wastewater treatment plants upgraded to enhanced nutrient removal technology. This accounts for a \$1.5 million increase in MDE's fiscal 2013 budget since the funding was deleted in the fiscal 2012 legislative appropriation. **DLS recommends that this funding be reduced again in order to provide more funding for upgrading the State's 67 major wastewater treatment plants.**
- ***Wetland Mitigation:*** Wetland mitigation project costs increase by a net of \$630,000 from Nontidal Wetlands Compensation Fund revenue in order to comply with the 2008 federal Mitigation Rule for the operation of payment-in-lieu of fee programs. This involves the creation of projects in two of the five recently created project areas – Coastal Bays Service Area Project and Western Chesapeake Bay Service Area Project.
- ***Nonpoint Source Pollution Control Projects:*** Funding increases by \$250,300 for nonpoint source pollution control projects in the Water Quality Protection and Restoration Program from Clean Water Act Section 319 Nonpoint Source Management Program federal grant funding.
- ***Public Water Supply Systems and Well Inventory:*** Funding decreases by \$650,000 due to a one-time \$500,000 federal grant in the fiscal 2012 supplemental budget for developing a database to track and report on public water supply systems and a decrease of \$150,000 for one-time contractor assistance for developing a geographic information system-based website for Maryland's well inventory data.

U00A – Department of the Environment

- ***Water Supply Studies:*** The fiscal 2013 allowance reflects the elimination of \$500,000 in general funds that was provided for multi-year funding of the Coastal Plain Aquifer Study and Fractured Rock Water Supply Study recommended by the Advisory Committee on the Management and Protection of the State’s Water Resources.
- ***Operator Training and Certification Activities:*** A decrease of \$423,750 primarily reflects reduced activity levels for transient non-community water supply and water supply operator training and certification activities.
- ***Total Maximum Daily Load Development:*** There is a net decrease of \$356,460 for Total Maximum Daily Load development activity.
- ***Wellhead Protection Hydrogeological Services:*** The end of a contract with Maryland Environmental Service for wellhead protection hydrogeologic services leads to a decrease of \$150,000.

Information Technology

- ***Environmental Protection Agency Data Exchange:*** A net decrease of \$506,000 due to a reduction of \$680,000 in one-time federal grant funding in the fiscal 2012 supplemental budget for linking IT systems between MDE and federal partner agencies, which is partially mitigated by federal grant funding of \$174,404 to provide for the same data integration between MDE’s Enterprise Environmental Management System and the U.S. Environmental Protection Agency’s Central Data Exchange.
- ***Website Revamp Phase 2 Final Funding:*** A decrease of \$400,000 for the Website Revamp IT project due to final funding in fiscal 2012.
- ***Water Supply Program Tracking System:*** A decrease of \$200,000 for the Water Supply Program Tracking System IT project. The total project cost is still estimated to be \$1,800,000. The project is discussed further in the Major IT Projects section of this analysis.

Land Management and Emergencies

- ***Underground Storage Tank Remediation:*** Underground storage tank remediation costs decrease by \$390,000 due to the anticipated decrease in reimbursements from 80 in fiscal 2012 to 60 in fiscal 2013.
- ***Mining Projects:*** Miscellaneous mining special projects decrease \$254,250 in special funds.
- ***Local Emergency Planning Committee Grants:*** The fiscal 2013 allowance reflects a reduction of \$200,000 in Local Emergency Planning Committee grants that should be made contingent upon the Community Right-To-Know Fund provision in the BRFA of 2012. **DLS**

recommends that DBM submit a supplemental budget item bringing in the mandated special fund appropriation for Local Emergency Planning Committee grants.

- ***Abandoned Mine Reclamation Projects:*** There is a \$174,000 decrease in funding for Abandoned Mine Reclamation projects funded under federal grants.

Routine Operations

- ***Statewide Cost Allocations:*** Statewide cost allocations increase by \$748,000 for the statewide personnel system (\$445,490), Department of Information Technology (DoIT) IT services (\$220,060), retirement administrative fee (\$117,169), and Attorney General administration (\$69,840), which are partially offset by decreases for Office of Administrative Hearings charges (\$62,148), and DBM paid telecommunications (\$42,719).
- ***Contractual Full-time Equivalents Primarily in Water Management Administration:*** Contractual full-time equivalent (FTE) costs increase by \$602,973. While there is a net increase of 5 contractual FTEs in Water Management Administration, MDE indicates that the majority of the funding reflects the fact that fiscal 2012 does not include the appropriation for new contractual FTEs created under its budgetary authority and approved by the DBM.
- ***Vehicle Replacement:*** Vehicle costs increase by \$279,736 due to gas and oil, maintenance and repair, and purchase or lease costs across MDE. MDE notes that vehicle costs increase across the department, and particularly in Water Management Administration, primarily due to substantial increases in repairs and maintenance for the MDE fleet. Cost containment has reduced vehicle replacement funding and now approximately 55 vehicles or 22% of MDE's fleet has in excess of 150,000 miles. Some of the vehicle costs increase include vehicle replacement funding to address this concern.
- ***Fixed Charges:*** Fixed charges increase by \$132,693 primarily for rent and other fixed charges.
- ***Supplies and Materials:*** A number of small increases in supplies and materials partially offset by a decrease in software upgrades in Air and Radiation Management Administration amount to an increase of \$105,812.
- ***Air Monitoring Equipment:*** Air monitoring equipment costs increase by \$103,164 in Air and Radiation Management Administration – Air Monitoring.
- ***Maryland Center for Environmental Training Assistance:*** The fiscal 2013 allowance decreases by \$210,000 due to reporting, data collection, and analysis services provided by the Maryland Center for Environmental Training consultants not being needed in fiscal 2013.

Issues

1. Enterprise Environmental Management System Disclosure Shortcomings

MDE characterizes the Enterprise Environmental Management System (EEMS) IT project as overpromised and underfunded in its response to the Office of Legislative Audits' (OLA) November 2011 report. The EEMS vision was to provide a comprehensive centralized database to replace approximately 170 disparate legacy databases and associated business applications. This was to include 32 environmental programs at a cost of \$6.4 million.

Instead, the EEMS has been successfully implemented for only 12 programs at a cost of \$7.8 million with an indeterminate cost for additional functionality planned for the future. Even the implementation of the 12 programs is suspect given that OLA found in its review of 9 of the 12 programs that MDE did not actually use the EEMS for reporting on a majority of critical permitting, compliance, and enforcement activity and data. In addition, the audit noted that the EEMS status reports submitted by MDE in response to the budget committees have been incomplete.

DLS recommends that MDE comment on (1) EEMS's actual usage by the programs implemented in the system; (2) all system functionality deficiencies affecting the usefulness of the system; and (3) the funding necessary to fully implement all intended programs and functions of the EEMS. In addition, DLS recommends that MDE comment on whether the contractor providing DoIT with general licensing IT should take over the EEMS implementation. Finally, DLS recommends that (1) \$1.0 million in general funds be restricted and then released at a rate of \$250,000 per quarter pending the submission of quarterly reports on all MDE IT projects in terms of usage, functionality, and funding, and (2) budget bill language be adopted to prohibit spending on major IT development projects until notification is provided to the budget committees and DoIT on the project details.

2. Strategic Energy Investment Fund Revenues and Expenditures Not Forthcoming

MDE receives funding from the Strategic Energy Investment Fund (SEIF) that is deposited into the Maryland Clean Air Fund. The General Assembly was concerned that the revenues from the SEIF – the sale of carbon dioxide allowances – are not explicitly shown through any tracking mechanism and that the uncertainty and year-to-year variability in funding may inhibit MDE's ability to comply with the reporting requirements of the Greenhouse Gas Emissions Reduction Act of 2009 (Chapters 171 and 172 of 2009) and recoup the costs of managing Maryland's role in the quarterly carbon dioxide allowance auctions. Therefore, the General Assembly restricted \$250,000 in general funds in fiscal 2012 until the submission of a report on how MDE is using revenues from the SEIF to further climate change work and to meet the requirements of Chapters 171 and 172. **To date, the required report has not been submitted and no memorandum of understanding (MOU) has been signed between MDE and the Maryland Energy Administration (MEA) despite informing OLA that this would be done by March 31, 2011.**

SEIF Funding

Fiscal 2012 budget bill language included the request for MEA to submit SEIF appropriations as an appendix in the fiscal 2013 budget submission. The data is presented as Appendix T in the Governor’s Budget Highlights and is summarized in **Exhibit 5**. As shown in Exhibit 5, MDE notes that the increase in SEIF program funding from fiscal 2012 (\$1,054,223) to fiscal 2013 (\$1,807,743) is a one-time increase for economic analyses and other reporting requirements.

Exhibit 5
SEIF Allocation to MDE
Fiscal 2011-2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Appropriated	\$1,454,840	\$1,504,223	\$2,257,743
Less RGGI Inc. Dues	-450,000	-450,000	-450,000
Available for Programs	\$1,004,840	\$1,054,223	\$1,807,743

MDE: Maryland Department of the Environment
SEIF: Strategic Energy investment Fund
RGGI: Regional Greenhouse Gas Initiative

Source: Governor’s Budget Highlights

Greenhouse Gas Emissions Reduction Act of 2009

Chapters 171 and 172 required the State to develop plans, adopt regulations, and implement programs to reduce greenhouse gas emissions by 25% from 2006 levels, by 2020. MDE’s responsibilities under the bill are as follows:

- implement various measures designed to ensure that greenhouse gas reductions produce economic benefits for the State and do not adversely affect specified communities or economic interests; and
- publish a greenhouse gas emissions inventory for the year 2006, a “business as usual” projection of greenhouse gas emissions inventory for the year 2020, and a triennial inventory update beginning in 2011.

MDE was required to submit two reports: a review of greenhouse gas emissions inventory by June 1, 2011, and reduction plans by December 31, 2011. MDE’s deadline for submitting information was December 31, 2011, but was missed. MDE indicates that funding constraints have delayed the report; although, MDE says that the plan is now to submit the report in February 2012.

The Governor's Budget Highlights book indicates that \$1.8 million in the fiscal 2013 allowance supports a comprehensive economic analysis of the State's energy efficiency program, which will detail the impact of the State's programs on employment and manufacturing and may help to resolve some of the funding issues mentioned above that are keeping reports from being completed on time.

DLS recommends that MDE comment on why it has not signed the requested MOU with MEA and why the required report on how it is using the SEIF expenditures to further climate change work and to meet the requirements of Chapters 171 and 172 of 2011 was not submitted. In addition, DLS recommends that \$250,000 in general funds be restricted until the submission of a report on how MDE is using SEIF funding.

3. Draft Construction-related Permits Report Submitted

The General Assembly was concerned that the State regulatory process is inhibiting the activities of the private sector. Therefore, MDE, DNR, and the State Highway Administration (SHA) were required to submit a report to the budget committees providing calendar 2011 permit issuance statistics. Funding in the amount of \$100,000 in general funds for MDE and DNR and \$100,000 in special funds for SHA was restricted until the submission of a report. The report was requested to include the following:

- the number of construction-related permits requested by the public and governmental entities and issued by each agency;
- the percentage of each type of permit issued within 30 days of permit applications; and
- the percentage of each type of permit issued within published standard turnaround times.

Exhibit 6 reflects MDE's draft permit turnaround statistics from January 1, 2011, to December 31, 2011. The data shows that MDE issued 72.9% of permits within 30 days, which increased to 92.8% for the percent issued within MDE's standard turnaround time for its permits. MDE's standard turnaround time for its permits varies by permit with multiple turnaround times for each permit based on specific industries regulated. Turnaround times vary from 30 days for a general permit to construct to over a year for sewage sludge utilization permits. The greatest number of types of permits, licenses, certifications, or approvals was in the Land Management Administration, but the greatest number of applications received was in the Water Management Administration.

**Exhibit 6
Permit Turnaround Statistics
January 1 through December 31, 2011**

<u>Administration</u>	<u>Number of Types of Permit, License, Certifications, or Approval</u>	<u>Total Applications Received</u>	<u>Total New and Renewal Issued</u>	<u>Number (New and Renewal Combined) Issued Within 30 Days</u>	<u>Percent Issued in 30 Days</u>	<u>Total Issued in Standard Turnaround Time</u>	<u>Percent Issued in Standard Turnaround Time</u>
Air and Radiation Management	18	5,599	6,147	4,249	69.1%	5,156	83.9%
Land Management	34	6,998	7,085	6,316	89.1%	6,820	96.3%
Water Management	21	9,673	9,534	6,036	63.3%	9,145	95.9%
Total	73	22,270	22,766	16,601	72.9%	21,121	92.8%

Note: MDE indicates that applications received in calendar 2010 may not be issued until calendar 2011, which helps to explain why the total applications received is lower than the total number of new and renewal permits issued.

Source: Maryland Department of the Environment

DLS recommends that MDE comment on how it can increase the number of permits, licenses, certifications, and approvals it can process in 30 days.

4. Marcellus Shale Studied

In June 2011, Governor Martin J. O’Malley signed an executive order establishing the Marcellus Shale Safe Drilling Initiative to assist State policymakers and regulators in determining whether and how gas production from the Marcellus Shale in Maryland can be accomplished without unacceptable risks of adverse impacts to public health, safety, and environment. The executive order required a three-part report, the first installment of which noted that a fee and severance tax should be instituted and that the burden of proof that drilling has not caused damages should be put on drillers. DLS also wrote a report on Marcellus Shale concluding that even under the least conservative scenario, a severance tax in Maryland is not anticipated to generate significant revenue on an annual basis when considered in the context of the State’s overall budget for environmental programs.

Executive Order Report

The executive order report includes only the first of three required components. The three requirements are as follows: (1) findings and recommendations regarding sources of revenue and standards of liability for damages caused by gas exploration and production (due by

December 31, 2011); (2) recommendations for best practices for all aspects of natural gas exploration and production in the Marcellus Shale in Maryland (due by August 1, 2012); and (3) findings and recommendations regarding the potential impact of Marcellus Shale drilling in Maryland (due by August 1, 2014).

The recommendations on sources of revenue and liability for damages are as follows:

- **Revenue:** The General Assembly should impose a fee on gas leases to fund the environmental studies mandated by the executive order and enact a State-level severance tax to be credited to a Shale Gas Impact Fund for regional monitoring and addressing adverse impacts that cannot be attributed to specific operators or another responsible entity. The General Assembly also should remove the cap on performance bonds and allow MDE to establish the bond amount through regulation. In terms of revenues, the report noted that each 1% of severance tax could raise between \$27.9 million to \$93.7 million over the total gas extraction timeline. If a 50-year timeline is assumed, then average annual receipts per 1% of severance tax range from \$559,000 to \$1.9 million; although, the report noted that actual receipts would depend on the pace of drilling and the production curve of the wells.
- **Liability:** The General Assembly should enact a law putting the responsibility for proving that damages are not caused by drilling on the drillers and enact a comprehensive Surface Owners Protection Act. In addition, mediation or community benefits agreements should be used to address community impacts.

DLS Report

DLS issued a report in January 2012 estimating a range of possible severance tax revenues over the first 10 years of production from \$9.0 million under a 1.5% severance tax rate to \$30.0 million under a 5% tax rate. However, DLS found that only a small portion of total revenue will be generated during the first 10 years of production and that even at the 5.0% tax rate estimated annual severance tax revenues do not reach \$1.0 million until fiscal 2018. This is due to the gradual increase in the projected number of wells in production. Peak production under these scenarios is not estimate to occur until fiscal 2034.

Costs

Senate Bill 634/House Bill 852 (both failed) were introduced in the 2011 session as the Marcellus Shale Safe Drilling Act of 2011. While not directly comparable to the study requirements under the Marcellus Shale Safe Drilling Initiative, the fiscal note costs for House Bill 852 reflect costs to be borne by MDE and DNR for studying Marcellus Shale drilling impacts. For illustrative purposes, the fiscal note for House Bill 852 reflect an increase in expenditures of \$831,900 in fiscal 2012 and \$817,000 in fiscal 2013 for MDE and DNR to contract with expert consultants and to hire 3 contractual employees to complete a study and report that would have been required. In addition, House Bill 852 estimated revenues for MDE and DNR of approximately \$1 million in each of fiscal 2012 and 2013 due to the collection of fees that would have been established by the bill.

U00A – Department of the Environment

MDE indicates that currently the two other study requirements in the Governor's executive order will be funded within its appropriation.

DLS recommends that MDE comment on the estimated pace of drilling and the production curve of the wells as it relates to the severance tax revenue, the estimated cost to complete each of the three study requirements of the Marcellus Shale Safe Drilling Initiative, and how MDE intends to fund these costs.

Recommended Actions

1. Add the following language:

Provided that no funding for major information technology developments projects may be spent in the Maryland Department of the Environment’s budget until notification is provided to the budget committees and the Department of Information Technology. The notification shall include a project description; business need or justification; benefits; major risks; and funding plan by year, fund source, and specific fund type.

Explanation: The General Assembly is concerned that the Maryland Department of the Environment has not provided adequate information to the budget committees and the Department of Information Technology about major information technology development projects. This action restricts funding for major information technology projects until notification is provided to the budget committees and the Department of Information Technology comprised of a project description; business need or justification; benefits; major risks; and funding plan by year, fund source, and specific fund type.

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

. provided that \$250,000 of this appropriation for the Maryland Department of the Environment’s (MDE) Air and Radiation Management Administration made for the purpose of general operating expenses may not be expended until MDE submits a report on how it is using the revenues from the Strategic Energy Investment Fund to further climate change work, in general, and to meet the requirements of Chapters 171 and 172 of 2009. The budget committees shall have 45 days to review and comment upon the receipt of the report. Funds restricted pending the receipt of the report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: MDE receives funding from the Strategic Energy Investment Fund (SEIF) that is deposited into the Maryland Clean Air Fund. The General Assembly is concerned that the revenues from the SEIF – the sale of carbon dioxide allowances – are subject to uncertainty and year-to-year variability despite the need for MDE to recoup the costs of managing Maryland’s role in the quarterly carbon dioxide allowance auctions and the expenses associated with implementing Chapters 171 and 172 of 2009. In addition, the General Assembly is concerned that it is not clear how the revenues from the SEIF are being used. Finally, the General Assembly is concerned that similar reports were requested in the 2010 *Joint Chairmen’s Report* and the fiscal 2012 budget bill but were never submitted. Therefore, this language restricts funds until MDE submits a report to the budget committees on how it is using the revenues from the SEIF to further climate change work, in general, and to meet

U00A – Department of the Environment

the requirements of Chapters 171 and 172. The report shall cover the fiscal 2010 actual, fiscal 2011 actual, fiscal 2012 actual, fiscal 2013 working appropriation, and fiscal 2014 allowance funding period.

Information Request	Author	Due Date
Report on SEIF expenditures	MDE	Fiscal 2014 budget submission and annually thereafter

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

, provided that \$1,000,000 of this appropriation for the Maryland Department of the Environment’s (MDE) Coordinating Offices made for the purpose of general operating expenses may not be expended until MDE submits quarterly reports on July 1, 2012, October 1, 2012, January 1, 2013, and April 1, 2013, about its information technology projects in terms of usage, functionality, and funding. Funding restricted for this purpose may be released quarterly upon receipt of the required reports. The budget committees shall have 45 days to review and comment upon receipt of the reports. Funds restricted pending the receipt of the reports may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the reports are not submitted to the budget committees.

Explanation: The General Assembly is concerned that information about MDE information technology (IT) projects has not been forthcoming. Therefore, this language restricts funds until MDE submits quarterly reports on usage, functionality, and funding of its IT projects. Restricted funding shall be released quarterly pending receipt of the reports on July 1, 2012, October 1, 2012, January 1, 2013, and April 1, 2013.

Information Request	Author	Due Date
Quarterly information technology updates on usage, functionality, and funding	MDE	July 1, 2012; October 1, 2012; January 1, 2013; April 1, 2013

	<u>Amount Reduction</u>
4. Delete operation and maintenance funding for wastewater treatment plants upgraded to enhanced nutrient removal technology. The agency is required to use up to 10% of the annual fee revenue from wastewater treatment plant users for this purpose.	\$ 1,500,000 SF
Total Special Fund Reductions	\$ 1,500,000

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 2011					
Legislative Appropriation	\$31,931	\$68,752	\$30,307	\$4,142	\$135,132
Deficiency Appropriation	0	-10,000	995	0	-9,005
Budget Amendments	0	0	3,735	0	3,735
Reversions and Cancellations	0	-9,200	-1,880	-303	-11,382
Actual Expenditures	\$31,931	\$49,552	\$33,157	\$3,839	\$118,479
Fiscal 2012					
Legislative Appropriation	\$30,689	\$52,327	\$38,085	\$3,748	\$124,849
Budget Amendments	162	307	193	0	662
Working Appropriation	\$30,852	\$52,634	\$38,278	\$3,748	\$125,511

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

Fiscal 2011

MDE's general fund appropriation does not change.

MDE's special fund appropriation decreases by \$19.2 million. The changes are as follows:

- **Deficiency** – a decrease of \$10.0 million for debt service to reflect the revised issuance schedule for Bay Restoration Fund revenue bonds; and
- **Cancellations** – a decrease of \$9.2 million including cancellations in Bay Restoration Fund Debt Service as a result of the shifting out of projected revenue bond issuances (\$5.0 million), in the Land Management Administration primarily as a result of State Used Tire Cleanup and Recycling Fund projects and recycling grants not occurring (\$2.5 million), in the Air and Radiation Management Administration as a result of Regional Greenhouse Gas Initiative activities being deferred until sufficient revenues were available (\$1.2 million), Coordinating Offices primarily as a result of unneeded death benefits for hazardous materials response team members if killed in the line of duty (\$217,272), and in the Science Services Administration as a result of reduced Community Right-To-Know grant activity (\$154,243).

MDE's federal fund appropriation increases by \$2.8 million. The changes are as follows:

- **Deficiency** – an increase of \$995,000 comprised of \$400,000 for engineering and technical consultants to monitor capital wastewater and drinking water projects supported by American Recovery and Reinvestment Act of 2009 funding, \$310,000 for clean diesel school bus retrofits, and \$285,000 for hydrology studies and to upgrade floodplain project databases;
- **Budget Amendments** – an increase of \$3.7 million primarily for Maryland Department of Agriculture nutrient management plan development (\$1.4 million), salaries and supplies in various programs (\$790,000), Chesapeake Bay Total Maximum Daily Load activities (\$694,600), and upgrading database tracking and reporting public water system activities (\$500,000); and
- **Cancellations** – a decrease of \$1.9 million including cancellations in the Air and Radiation Management Administration as a result of the end of the Performance Partnership Grant (\$1.0 million), Water Management Administration primarily as a result of the delay of the procurement for the Water Supply Program Tracking System (\$589,079), and Coordinating Offices primarily as a result of the reduced need for engineering services for wastewater treatment plants (\$90,421).

MDE's reimbursable fund appropriation decreases by \$302,846. The change is due to cancellations primarily in the Land Management Administration as a result of reduced chromium residue cleanup activity at the Honeywell site in Baltimore City (\$143,467), the Science Services Administration primarily as a result of reduced salaries funding from DNR (\$81,199), and the Water Management Administration primarily as a result of reduced salaries funding from DNR (\$51,574).

Fiscal 2012

MDE's general fund appropriation increases by a net of \$162,102 by budget amendment for allocating the general fund portion of the \$750 bonus as authorized in the fiscal 2012 budget bill (\$196,102), which is partially offset by the realignment to DNR of funds and 1 position associated with the transfer of aquaculture responsibilities per Natural Resources – Aquaculture (Chapter 411 of 2011) (\$34,000). MDE's special fund appropriation increases by \$306,661 by budget amendment for allocating the special fund portion of the \$750 bonus as authorized in the fiscal 2012 budget bill. MDE's federal fund appropriation increases by \$192,874 by budget amendment for allocating the federal fund portion of the \$750 bonus as authorized in the fiscal 2012 budget bill. MDE's reimbursable fund appropriation does not change.

Audit Findings

Audit Period for Last Audit:	April 1, 2007 – June 30, 2010
Issue Date:	November 2011
Number of Findings:	10
Number of Repeat Findings:	3
% of Repeat Findings:	30%
Rating: (if applicable)	

- Finding 1:*** Required Enterprise Environmental Management System status reports did not disclose certain significant functionality and cost issues impacting the system’s usefulness.
- Finding 2:*** A process was not established to verify hazardous material facilities are in compliance with security standards.
- Finding 3:*** Inspections of certain construction sites were not being performed as required by State regulations.
- Finding 4:*** Did not establish adequate procedures over the Lead Poisoning Prevention Program to ensure properties were registered and fees paid.
- Finding 5:*** Regulations governing the Bay Restoration Fund programs were not adopted.
- Finding 6:*** The process for reviewing Septic System Program grants lacked oversight and questionable awards were noted.
- Finding 7:*** Paid approximately \$225,000 to a former employee through eight consulting contracts, resulting in potential violations of various State laws.
- Finding 8:*** Logging of certain database activity was incomplete and associated reports were not properly monitored.
- Finding 9:*** User accounts and password controls did not comply with State requirements.
- Finding 10:*** Current and complete disaster recovery plan did not exist.

*Bold denotes item repeated in full or part from preceding audit report.

Major Information Technology Projects

Maryland Department of the Environment Water Supply Program Tracking System

Project Status¹	Implementation	New/Ongoing Project:	Ongoing
Project Description:	The Water Supply Program Tracking System is intended to develop and implement a new system for issuing permits to people, companies, or other entities for use of ground or surface water. Business processes supported will include submission of permit applications, analysis and approval of requests, and subsequent monitoring of compliance with permits. In addition, authorized users will be able to check the status of new or renewed permit applications and issued permits.		
Project Business Goals:	The project will enable the Maryland Department of the Environment (MDE) to achieve operational efficiencies, transparency, and improved customer service.		
Estimated Total Project Cost¹:	\$2,050,000	Estimated Planning Project Cost¹:	The total planning project cost is \$300,000.
Project Start Date:	The project is anticipated to begin in November 2010 with the development of the Task Order request for proposals.	Projected Completion Date:	The Water Supply Tracking System and eCommerce are anticipated to go live on July 29, 2013.
Schedule Status:	MDE received 12 proposals for the project on July 25, 2011, and provided the contract award recommendation to procurement on December 14, 2011. Since then, a vendor has been selected, and a baseline schedule will be completed as part of the deliverables for task 1, project initiation.		
Cost Status:	MDE indicates that no funding has been spent to date, but that \$450,000 of the \$1.0 million appropriation will be spent in fiscal 2012. The remaining amount will be encumbered against a contract. In fiscal 2013, the \$550,000 in funding encumbered in fiscal 2012 and the new \$800,000 appropriation will be spent.		
Scope Status:	The scope does not appear to have changed.		
Project Management Oversight Status:	The Department of Information Technology has approved the information technology request.		
Identifiable Risks:	No risks are identified; although, the project is contingent upon funding.		
Additional Comments:	MDE notes that it has obtained outside support, but did not specify what the assistance was.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1.0	1.1	0.0	0.0	0.0	0.0	0.0	2.1
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$1.0	\$1.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.1

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report
Department of the Environment**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	959.00	931.00	931.00	0.00	0%
02 Contractual	30.21	50.50	55.50	5.00	9.9%
Total Positions	989.21	981.50	986.50	5.00	0.5%
Objects					
01 Salaries and Wages	\$ 77,548,556	\$ 77,549,842	\$ 78,060,411	\$ 510,569	0.7%
02 Technical and Spec. Fees	1,331,862	1,510,592	2,113,565	602,973	39.9%
03 Communication	683,898	704,149	618,877	-85,272	-12.1%
04 Travel	221,248	70,977	87,222	16,245	22.9%
06 Fuel and Utilities	489,822	455,626	511,899	56,273	12.4%
07 Motor Vehicles	1,567,771	1,286,307	1,566,043	279,736	21.7%
08 Contractual Services	11,272,882	22,214,034	20,150,798	-2,063,236	-9.3%
09 Supplies and Materials	1,336,641	1,365,480	1,471,292	105,812	7.7%
10 Equipment – Replacement	796,626	1,332,387	1,360,074	27,687	2.1%
11 Equipment – Additional	648,058	611,036	714,200	103,164	16.9%
12 Grants, Subsidies, and Contributions	13,987,578	9,659,920	10,391,652	731,732	7.6%
13 Fixed Charges	3,978,569	4,135,707	4,268,400	132,693	3.2%
14 Land and Structures	4,615,954	4,615,000	9,615,000	5,000,000	108.3%
Total Objects	\$ 118,479,465	\$ 125,511,057	\$ 130,929,433	\$ 5,418,376	4.3%
Funds					
01 General Fund	\$ 31,931,016	\$ 30,851,564	\$ 31,456,000	\$ 604,436	2.0%
03 Special Fund	49,552,057	52,633,953	59,237,665	6,603,712	12.5%
05 Federal Fund	33,157,183	38,277,846	36,546,985	-1,730,861	-4.5%
09 Reimbursable Fund	3,839,209	3,747,694	3,688,783	-58,911	-1.6%
Total Funds	\$ 118,479,465	\$ 125,511,057	\$ 130,929,433	\$ 5,418,376	4.3%

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary
Department of the Environment**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
01 Office of the Secretary	\$ 2,138,245	\$ 2,117,131	\$ 2,414,284	\$ 297,153	14.0%
02 Administrative and Employee Services Admin.	7,922,437	7,834,189	8,438,723	604,534	7.7%
04 Water Management Administration	29,275,356	29,557,462	29,156,147	-401,315	-1.4%
05 Technical and Regulatory Services Administration	13,139,415	13,345,893	12,996,048	-349,845	-2.6%
06 Land Management Administration	27,450,712	31,139,318	30,381,488	-757,830	-2.4%
07 Air and Radiation Management Administration	18,286,454	19,353,550	19,919,598	566,048	2.9%
10 Coordinating Offices	20,266,846	22,163,514	27,623,145	5,459,631	24.6%
Total Expenditures	\$ 118,479,465	\$ 125,511,057	\$ 130,929,433	\$ 5,418,376	4.3%
General Fund	\$ 31,931,016	\$ 30,851,564	\$ 31,456,000	\$ 604,436	2.0%
Special Fund	49,552,057	52,633,953	59,237,665	6,603,712	12.5%
Federal Fund	33,157,183	38,277,846	36,546,985	-1,730,861	-4.5%
Total Appropriations	\$ 114,640,256	\$ 121,763,363	\$ 127,240,650	\$ 5,477,287	4.5%
Reimbursable Fund	\$ 3,839,209	\$ 3,747,694	\$ 3,688,783	-\$ 58,911	-1.6%
Total Funds	\$ 118,479,465	\$ 125,511,057	\$ 130,929,433	\$ 5,418,376	4.3%

Note: The fiscal 2012 appropriation does not include deficiencies.