

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

House Bill 943

(Delegate McIntosh, *et al.*)

Environmental Matters

Education, Health, and Environmental Affairs

Chesapeake Conservation Corps Program

This bill establishes a Chesapeake Conservation Corps Program within the Chesapeake Bay Trust to, among other purposes, provide young adults with meaningful service opportunities and promote, preserve, protect, and conserve the environment. The bill establishes several provisions relating to the funding of the Corps Program, including a requirement that for fiscal 2011 through 2015, \$250,000 annually from the Environmental Trust Fund (ETF) within the Department of Natural Resources (DNR) be provided to the Chesapeake Bay Trust for specified projects.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: The bill shifts \$250,000 in ETF special funds from DNR to the trust annually in FY 2011 through 2015. Thus, DNR general fund expenditures increase by \$250,000 annually in FY 2011 through 2015 for contractual services associated with maintaining current power plant research programs. Revenues are not directly affected, but units of State government could benefit to the extent they receive grants as “qualified organizations.” **This bill establishes a mandated appropriation for FY 2011 through 2015.**

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	250,000	250,000
Higher Ed Exp.	-	-	-	-	-
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: No direct impact on local operations or finances. However, to the extent corps programs provide assistance to local governments and to the extent local governments receive grants as “qualified organizations” under the bill, local governments may benefit.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The program is administered by the trust in consultation with the Corps Board, which is established to advise the trust in the development and implementation of the program.

The bill mandates that, for fiscal 2011 through 2015, \$250,000 annually from ETF be provided to the trust for the purpose of funding specified energy conservation projects through the Corps Program. In addition to those funds, the program must be funded with up to \$250,000 in additional funds that may be allocated by the trust through its annual budget process. Further, for long-term funding of the program, the bill requires the trust and the Corps Board to seek federal and private funds for the Corps Program.

The purpose of the Corps Program is to:

- promote, preserve, protect, and sustain the environment;
- provide young adults with opportunities to become better citizens, students, and workers through meaningful service to their communities and the State;
- mobilize, educate, and train young individuals to work with communities and schools to promote energy conservation and mitigate and prevent threats to the environment;
- provide opportunities to young individuals, especially disadvantaged youth, to be trained for “green collar” careers;
- educate and train people to promote, preserve, protect, and sustain the environment after a corps project is complete;
- coordinate and facilitate efforts to foster public-private partnerships in specified areas; and
- channel available public and private resources to the protection, conservation, and preservation of the State’s environment.

The bill provides for the composition and function of the Corps Board. The bill specifies the initial and ongoing terms for Corps Board members. Board members may not receive

compensation but are entitled to reimbursement for expenses under the standard State travel regulations. The trust must provide staff support for the Corps Board.

In consultation with the Corps Board, the trust must provide grants to “qualified organizations” for the creation or expansion of full- and part-time Chesapeake Conservation Corps Programs that involve citizens of all ages throughout the State. Such programs must engage and develop volunteers and stipend volunteers in environmental and energy projects. “Qualified organization” means a nonprofit organization; a school; a community association; a service, youth, or civic group; an institution of higher education; a county or municipality; or a unit of State government. Eligible expenses include personnel costs, stipends, supplies, and other materials. The trust must also develop guidelines for evaluating applications from qualified organizations. The bill establishes requirements for those guidelines. Grant agreements must specify the allowed use of funds, take into account the need for efficient multi-year funding and administration of funds, and include provisions for verification that corps programs and projects are being implemented as planned.

The bill requires the trust to provide technical assistance to qualified organizations that request assistance. In doing so, the trust is authorized to contract with an organization that meets specified requirements. Further, the trust must convene program participants on a regular basis in order to promote team building, develop an understanding of the overall program purpose, share information, recognize excellence, and provide training and other learning opportunities.

Qualified organizations may not undertake a project if the project will replace regular workers or duplicate or replace an existing service in the same locality.

The bill establishes various requirements for stipend and summer volunteer programs. Stipend volunteers may not engage in partisan political activity, in accordance with federal and State laws or regulations. Stipend volunteers may not receive a salary, but they may receive a stipend as determined by the trust. Volunteers and stipend volunteers may not participate in any regulatory or statutory enforcement activities while engaged in Corps Program duties.

The Corps Program’s projects and activities must meet an identifiable public need, with emphasis on projects that result in long-term preservation, protection, and conservation of the environment, in areas including environmental restoration, agricultural and forestry, infrastructure, and educational improvements. For specified projects and activities, the trust and the Corps Board must seek assistance from and cooperate with the Maryland Clean Energy Center, the Maryland Service Corps, the Governor’s Office on Service and Volunteerism, the Department of Business and Economic Development and other appropriate units of State government, and the University System of Maryland and other

institutions of higher education. Colleges and universities may contract with, assign resources to, and assign faculty and staff to the trust to carry out Corps Program work.

In developing its programs and seeking federal and State grants, the trust and the Corps Board must coordinate efforts with the Maryland Conservation Corps (MCC) and the Civic Justice Corps (CJC) and must seek assistance and advice from relevant sources.

The trust, in consultation with the Corps Board, must develop specified plans related to the recruitment of volunteers, the central administration of volunteer stipend payments, and the establishment of mechanisms to assist in team building and increase the understanding and sense of commitment to the program by volunteer participants. A draft of the required plans must be provided to specified committees of the General Assembly at least 30 days before the trust adopts and implements them.

The trust, in consultation with the Corps Board, must also submit an annual report, containing specified information, by October 1 to the Governor and the General Assembly.

Current Law:

Chesapeake Bay Trust

The trust is a private, nonprofit grant-making organization established by the General Assembly in 1985 to promote public awareness and participation in the restoration and protection of the water quality and aquatic and land resources of the Chesapeake Bay and other aquatic and land resources of the State. The trust awards grants to community-led environmental education and habitat restoration projects. The trust is governed by a board of trustees. The trust has general powers and duties to, among other things:

- solicit and accept gifts, grants, legacies, or endowment of money from the federal government, the State government, local governments, and private sources;
- provide grants to nonprofit organizations, community associations, civic groups, schools, or public agencies for citizen involvement projects;
- develop projects for sponsorship by corporate and business organizations or private individuals;
- develop criteria for such projects;
- make, execute, and enter into any contracts and other legal instruments; and
- receive appropriations as provided in the State budget.

The trust's funding comes from (1) sales of *Treasure the Chesapeake* commemorative license plates; (2) donations from Maryland's Chesapeake Bay and Endangered Species

Fund income tax check-off program; (3) federal and State government contributions; and (4) private and corporate contributions.

Environmental Trust Fund

ETF was established by Chapter 31 of 1971 to fund electric power plant site evaluation and acquisition and research on environmental and land use consideration associated with power plants. The ETF's revenue is from an environmental surcharge per kilowatt hour of electric energy distributed in the State, which is paid by electric companies. The amount of the surcharge for each account for each retail electric customer may not exceed the lesser of 0.15 mill per kilowatt hour (kWh) or \$1,000 per month, and the surcharge may not continue beyond June 30, 2015, unless legislation is enacted to extend it beyond that date. The customer surcharge rate is currently at the statutorily capped level. As shown in **Exhibit 1**, in recent years the fund has generated approximately \$9.0 million in annual revenues.

Exhibit 1
Environmental Trust Fund
Fiscal 2006-2011
(\$ in Millions)

	2006	2007	2008	2009	2010	2011
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>
Beginning Balance	\$3.03	\$1.99	\$1.76	\$1.29	\$1.48	\$1.21
Annual Revenue	8.31	8.66	8.99	9.08	9.60	9.34
Adjustments	0.24	0.04	0.02	0.05	0	0
Total Available	\$11.58	\$10.69	\$10.77	\$10.42	\$11.08	\$10.55
Expenditures						
Department of Natural Resources						
Power Plant Research Program	\$6.58	\$6.13	\$6.88	\$6.36	\$7.02	\$6.96
Admin. Costs/Other Programs*	2.76	2.55	2.49	2.45	2.85	2.89
Maryland Energy Administration	0.25	0.25	0.11	0.15	0	0.25
Total Expenditures	\$9.59	\$8.93	\$9.48	\$8.96	\$9.87	\$10.10

*Includes funds for the Office of the Secretary, Resource Assessment Service, and Watershed Services.

Source: Department of Natural Resources

Revenue generated from the environmental surcharge is deposited in ETF within DNR and used primarily to support the Power Plant Research Program (PPRP). PPRP, in cooperation with several specified State agencies, evaluates sites for their suitability for use as electric power plants, including related environmental and land use considerations; this information is then used by the Public Service Commission (PSC) in considering

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requests for new power plants and associated transmission lines. PPRP supports 10 positions and the majority of its budget funds salary costs (12%) and contracts for technical services and scientific data collection and analysis (83%). Each year, PSC sets the amount of the surcharge based on the legislative appropriation for DNR. In addition to funding DNR, the Maryland Energy Administration (MEA) may receive administrative and fiscal support from ETF for studies relating to the conservation or production of electric energy, up to \$250,000 in any fiscal year.

Background: Several existing programs in the State seek to engage young adults in service projects in Maryland, including AmeriCorps, MCC, and CJC. MCC was established by Chapter 297 of 1982, and CJC was established in 2008 by the Governor. Both programs employ youth in conservation service projects and rely on approximately \$1.0 million of in-kind and leveraged support from federal, State, and local sources. Another State volunteer resource is the Governor's Office on Service and Volunteerism, which supports and promotes service and volunteer efforts by, among other things, providing training and technical assistance to volunteer organizations.

State Revenues: Revenues are not directly affected. As noted above, ETF receives revenue from a surcharge on retail electric customers, which may not exceed the lesser of 0.15 mill per kWh or \$1,000 per month for any customer. The current surcharge is set at the highest rate and thus cannot be increased to offset the \$250,000 mandated appropriation to the trust. In addition, because the bill establishes new requirements that place additional burden on ETF, it reduces the likelihood that the surcharge rate will decrease in the future.

Units of State government could benefit to the extent they receive grants for corps programs under the bill, since they are included in the definition of a qualified organization.

State Expenditures:

DNR

Shifting \$250,000 in special funds from DNR's ETF to the trust will reduce DNR's ability to research and monitor power plant's environmental impacts and inform PSC's decision making about the impact various power plant and transmission line proposals may have on the State's natural resources. Therefore, this estimate assumes that DNR's general fund expenditures increase by \$250,000 annually in fiscal 2011 through 2015 to maintain PPRP's current efforts.

To the extent the trust competes against MCC and CJC for the limited federal and State resources for service programs, additional funds may shift from DNR to the trust.

Maryland Department of the Environment (MDE)

DNR allocates approximately \$700,000 in ETF revenue annually to MDE for, among other things, power plant permitting and compliance reviews, acid mine drainage correction projects, and atmospheric monitoring and modeling to determine the impact of power plant emissions on air quality. Since the bill shifts resources away from DNR's PPRP, MDE's ETF funding allocation may be reduced as well, unless DNR receives sufficient general funds to offset the loss of special funds under the bill.

Maryland Energy Administration (MEA)

DNR may allocate up to \$250,000 in ETF revenue annually to MEA for technical research efforts. Most recently, MEA received \$150,000 in ETF revenue in fiscal 2009. Since the bill shifts resources away from DNR's PPRP, MEA's ETF funding allocation may be reduced as well, unless DNR receives sufficient general funds to offset the loss of special funds under the bill.

University System of Maryland

The bill (1) authorizes colleges and universities to contract with and assign resources, faculty, and staff to the trust for Corps Program work; and (2) requires the trust and the Corps Board to develop specified course credit arrangements for students who participate in volunteer corps programs. Therefore, the University System of Maryland's expenditures may increase to the extent resources are allocated to corps programs.

Other State Entities

This estimate assumes the Department of Business and Economic Development, the Maryland Clean Energy Center, DNR, and other affected units of State government can absorb the bill's requirements within existing budgeted resources.

Small Business Impact: The trust and the Corps Board are required to seek assistance from units of State government and private-sector entities to develop opportunities for student participation in private-sector activities. To the extent corps programs provide assistance to small businesses, small businesses benefit.

Additional Comments: The bill requires the trust to assume responsibility for administering the Corps Program as both a competitive grant program and as a centrally administered stipend volunteer program. In addition, the bill authorizes the trust to address a fairly broad set of issues through the Corps Program, including energy efficiency, agricultural, and forestry projects. Since the trust has served primarily as a

grant-making entity focused on habitat restoration and environmental education, the bill significantly expands its mission and responsibilities.

The trust's expenditures increase by \$500,000 annually in fiscal 2011 through 2015 to administer the Corps Program and provide grants and volunteer stipends. This estimate assumes (1) \$100,000 in program costs for a part-time position to manage the Corps Program; participant training; advertising, legal, and consulting services; and other administrative services; and (2) \$400,000 for Corps Program grants and volunteer stipends.

The trust's revenues increase by at least \$250,000 annually in fiscal 2011 through 2015 due to the mandated allocation of ETF revenue. The trust anticipates redirecting existing unrestricted revenue to the Corps Program in fiscal 2011 through 2015 to provide an additional \$250,000 in Corps Program funding, as authorized by the bill. However, to the extent the trust is able to secure new private, State, or federal revenue for the Corps Program, trust revenues increase, but are offset by additional expenditures under the program.

Additional Information

Prior Introductions: None.

Cross File: SB 311 (Senator Miller, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2010
ncs/lgc Revised - House Third Reader - March 29, 2010

Analysis by: Amanda Mock

Direct Inquiries to:
(410) 946-5510
(301) 970-5510