

**U00A**  
**Department of the Environment**

***Executive Summary***

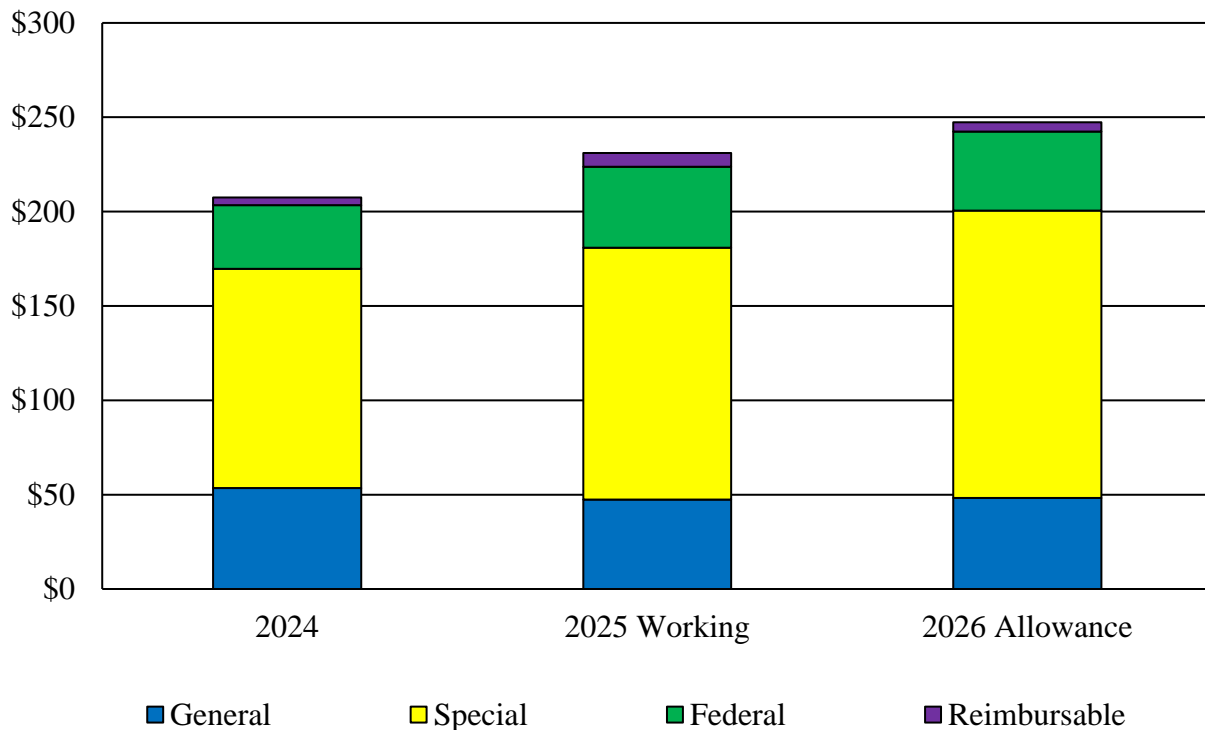
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The Maryland Department of the Environment (MDE) was created to protect and restore the quality of the State’s land, air, and water resources and safeguard citizens from health risks associated with pollution. It is responsible for planning, monitoring, 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.

***Operating Budget Summary***

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**Fiscal 2026 Budget Increases \$16.2 Million, or 7.0%, to \$247.3 Million  
(\$ in Millions)**



Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies, and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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- The significant funding change in the fiscal 2026 allowance is the \$27.7 million increase for personnel expenditures, although this overstates the actual change due to the apparent budgeting of contingent special fund appropriations under personnel expenditures in the miscellaneous adjustments subobject, making the use of the funds less clear.
- The contingent special fund appropriations include net increases for the following due to fee increases or in the Budget Reconciliation and Financing Act (BRFA) of 2025 and other legislation: \$3.6 million for the Oil Contaminated Site Environmental Cleanup Fund; \$3.0 million for the Lead Poisoning Prevention Fund; \$2.3 million for the Maryland Clean Air Fund; \$1.2 million for the State Used Tire Cleanup and Recycling Fund; a net increase of \$1.1 million for the Surface Mined Land Reclamation Fund; \$0.6 million for the new Private Dam Repair Fund; \$375,000 for the Maryland Clean Water Fund; \$160,000 for the Voluntary Cleanup Fund; and \$0.2 million for the State Coal Combustion By-Products Management Fund.
- In addition, the fiscal 2026 budget includes a \$6.1 million general fund reduction for fiscal 2026 and a \$6.6 million general fund reduction in a fiscal 2025 deficiency appropriation, both of which are contingent on the use of Strategic Energy Investment Fund (SEIF) special funds for operating expenses in the Air and Radiation Administration.
- Another large reduction is a total of \$2.0 million in reimbursable funds for MDE’s two Major Information Technology Projects (MITP) due to the timing of when funding from the Department of Information Technology (DoIT) is realized in MDE’s budget.

## ***Key Observations***

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- ***Managing for Results (MFR):*** The MDE MFR measures show that (1) the ozone eight-hour standard was not met in calendar 2023 after being met for the first time in calendar 2022, meaning that all but one National Ambient Air Quality Standards (NAAQS) are met by Maryland; (2) using data from an alternative source, child blood lead levels decreased in calendar 2022, a positive trend, which reversed the increase in calendar 2021 that was due to the COVID-19 pandemic, but data for this year has not been reported by MDE; and (3) no new data was available on the Public Information Act (PIA) responses issued within 30 days, and permit processing responses decreased substantially between fiscal 2023 and 2024 despite an increase in the permits received.
- ***State Climate Change Funding Over \$3.0 Billion:*** In January 2025, the University of Maryland’s Center for Global Sustainability (UMD CGS) released the report *State Spending on Greenhouse Gas Reduction in Maryland in Fiscal Year 2024*. The report notes total State spending of \$3.1 billion in fiscal 2024, the majority of which is by the Maryland Department of Transportation (MDOT) and in particular from its Transmission Emissions subprogram. The \$3.1 billion figure reflects 10% of the total agency budgets and 8% of the

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total State budget, according to the report. The percentage of agency spending that benefitted disproportionately affected communities ranged from 0% to an estimated 100%. The Department of Housing and Community Development (DHCD) and the Department of Juvenile Services (DJS) were both cited as having 100% of their agency spending benefit disproportionately affected communities.

- ***Statewide Recycling Needs Assessment and Advisory Council Recommendations Delayed but Project Oversight Reimbursement Possible:*** The final statewide recycling needs assessment required by Chapter 465 of 2023 was still not public as of February 8, 2024. This has delayed the Producer Responsibility Advisory Council’s ability to provide advice and make recommendations regarding establishing and implementing a producer responsibility program in the State for packaging materials. A potential silver lining is the possibility that the advisory council’s recommendations will include a requirement for the Circular Action Alliance – the producer responsibility organization – to reimburse, presumably MDE, for the current statewide recycling needs assessment and whomever conducts future needs assessments through extended producer responsibility fees.
- ***Building Energy Performance Standards Data Not Available Yet for Letter and Report; Funding Need Unclear:*** Language in the fiscal 2025 Budget Bill restricted Air and Radiation Administration funding for final development and submission of energy use intensity targets and standards regulations until a confirmatory letter and report were submitted. The building energy performance standards were published in the *Maryland Register* on September 6, 2024, and adopted on December 23, 2024, which appeared to conflict with the fiscal 2025 Budget Bill language. MDE notes that it did not expend any funds for final development and submission of energy use intensity targets and standards regulations because it will not receive the data needed to calculate the energy use intensity standards required by the budget bill language until June 30, 2026. During the 2024 session, MDE noted that it may need up to \$1.0 million to develop the building energy performance standards online reporting system and additional positions in the out-years to draft regulations for Clean Heat Standards and Zero-Emission Heating Equipment Standards.
- ***Maryland Used Tire Cleanup and Recycling Fund Annual Report Submitted:*** The fiscal 2024 annual report was submitted on October 30, 2024. The report notes that, in fiscal 2024 (1) the gross tire revenues deposited into the fund decreased by 12.4% from \$3.9 million to \$3.4 million; (2) the fiscal 2024 ending fund balance was \$3.6 million; (3) the Scrap Tire Program continues to oversee the cleanup and recovery of 514,076 scrap tires identified in illegal stockpiles at the end of fiscal 2023; (4) there were no new illegal scrap tire stockpiles identified; and (5) the successful cleanup of one illegal scrap tire stockpile, Docket/Waldorf in Charles County (consisting of approximately 160 scrap tires), was conducted by the responsible parties without using the fund.

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- ***Enforcement and Inspection Position Strength Assessment and Vacant Position Filling:*** Committee narrative in the fiscal 2025 Budget Bill requested the submission of a report from MDE and the Maryland Department of Agriculture (MDA) on compliance and enforcement inspections and positions. The report was requested to be submitted by January 1, 2025. To date, the report has not been submitted.
- ***MDE MITP Changes Suggest Challenges Ahead:*** The MDE Portal and MDE Wells and Septic Portal MITPs aim to modernize MDE’s business operations by bringing paper-based systems online. Since last session, both projects have shifted from using the OneStop vendor to an in-house delivery model using DoIT’s Agile consulting services. This has extended project timelines and increased overall project risk.
- ***MDE Fee Bill Does Not Fully Cover Fiscal 2026 Contingent Special Fund Appropriations:*** SB 250 is a departmental bill introduced in the 2025 session. The bill has a number of provisions but generally increases several fees and penalties that support various programs and special funds within MDE. The following special funds receive appropriations in fiscal 2026, contingent on SB 250, that are higher than the estimated additional revenue from the bill, which may require a fiscal 2026 deficiency of \$1.4 million: Maryland Clean Air; Maryland Oil Disaster Containment; Clean-up and Contingency; and State Coal Combustion By-Products Management.

## **Operating Budget Recommended Actions**

1. Reduce Water and Science Administration operating expenses funded with general funds contingent on a provision in HB 352/SB 321 authorizing the Clean Water Commerce Act’s fiscal 2026 appropriation to support the expenses.
2. Adopt narrative requesting submission of the Maryland Used Tire Cleanup and Recycling Fund annual report.
3. Adopt narrative on an enforcement and inspection position strength assessment.

## **Budget Reconciliation and Financing Act Recommended Actions**

1. Authorize the Clean Water Commerce Account’s fiscal 2026 appropriation to support operating expenses in the Water and Science Administration in fiscal 2026 only.

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***Operating Budget Analysis***

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**Program Description**

MDE was created 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 six major administrative units. Of note, the Operational Services Administration has been renamed the Business Administration and the Coordinating Offices has been renamed Emergency and Support Services.

- ***Office of the Secretary:*** This office provides direction and establishes State environmental policies to be implemented by the operating units.
- ***Business Administration (formerly Operational Services Administration):*** This administration provides general administrative and fiscal services to the department.
- ***Water and Science Administration:*** This administration administers the State’s water pollution control and drinking water protection activities, implements Total Maximum Daily Loads (TMDL) for pollutants in impaired waterways, regulates industrial/municipal wastewater and stormwater discharge, 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 and Materials 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- and below-ground petroleum storage facilities, petroleum distribution, hazardous waste transportation, mining, and both concentrated animal feeding operations and Maryland animal feeding operations. In addition, this administration coordinates lead poisoning prevention efforts.
- ***Air and Radiation Administration:*** This administration ensures that air quality and radiation levels in Maryland sustain public health, safety, and the environment. It operates an air-monitoring network, licenses asbestos removal contractors, provides oversight of the Vehicle Emissions Inspection Program, and monitors radiation use. Climate change initiatives are a relatively new component of its operations.

- ***Emergency and Support Services (formerly 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 Board of Public Works (BPW) activities; coordinates public information and outreach; provides hazardous chemical and oil spill emergency response services; provides legal advice; and provides information technology (IT) services.

MDE’s mission is to protect and restore the environment for the health and wellbeing of all Marylanders. MDE’s vision is for healthy, vibrant, and sustainable communities and ecosystems in Maryland. MDE’s four goals are consistent with efforts to protect and preserve Maryland’s natural resources. The goals are as follows.

- ***Goal 1:*** Equity – increase investments and reduce pollution below federal standards in overburdened communities, aiming to positively influence health.
- ***Goal 2:*** Climate Change – protect all Marylanders from the extremes of climate change by leading the nation with ambitious policies and investments.
- ***Goal 3:*** Organizational Excellence – reduce pollution through aggressive and transparent enforcement, permitting, and regulatory actions, aiming to make Maryland the greenest and bluest state.
- ***Goal 4:*** Chesapeake Bay – accelerate the restoration of the Chesapeake Bay, Atlantic Coastal Bays, and local watersheds to ensure that all Marylanders have clean water.

## ***Performance Analysis: Managing for Results***

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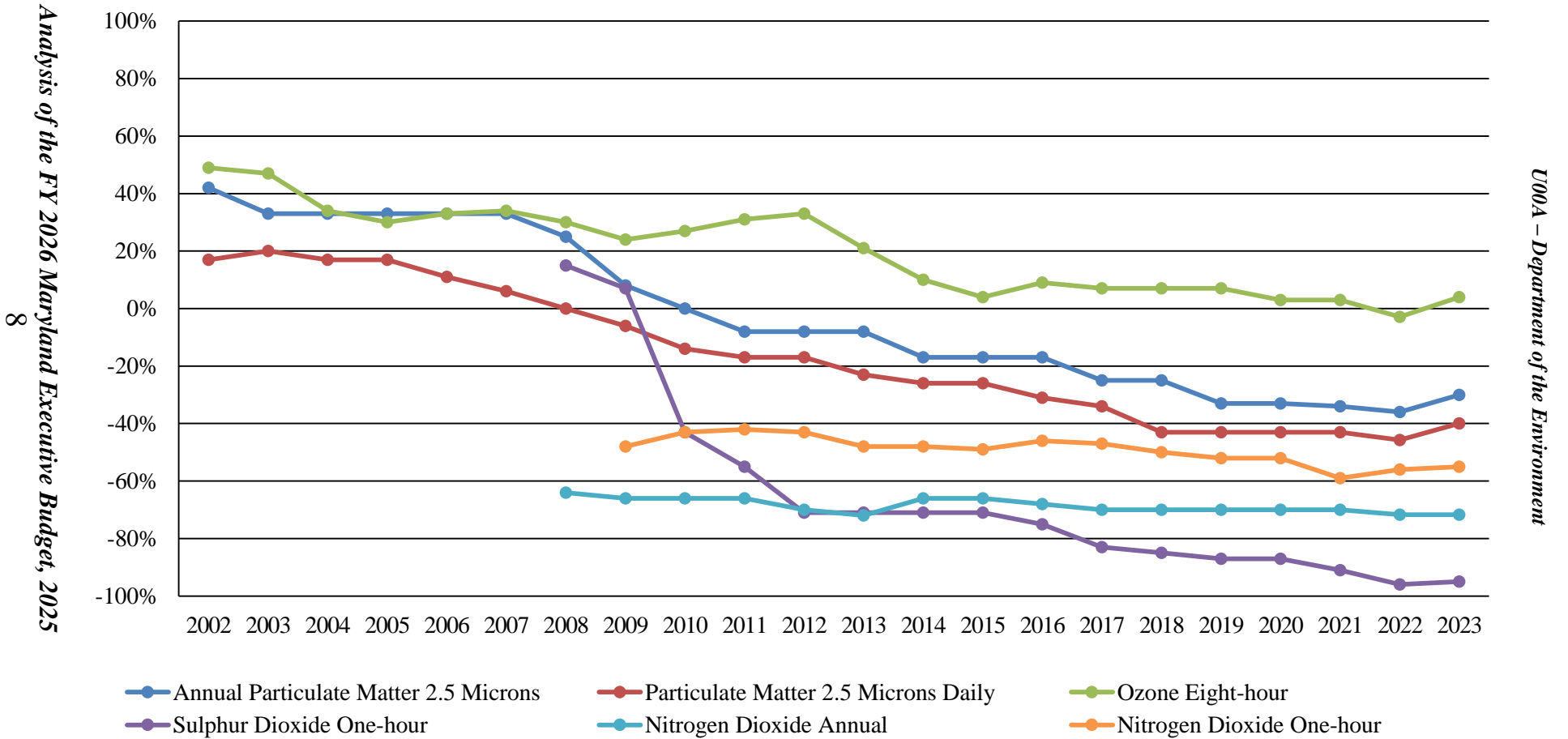
### **1. Ozone Eight-hour Standard Not Met in Calendar 2023 After Being Met in Calendar 2022**

MDE’s second goal is climate change: protect all Marylanders from the extremes of climate change by leading the nation with ambitious policies and investments. MDE’s 2024 Clean Air Progress Report reflects the progress that Maryland has made in managing six air pollutant and time period combinations relative to NAAQS for each pollutant. As shown in **Exhibit 1**, the lines reflect how far above (not meeting the relevant NAAQS) and below (meeting the relevant NAAQS) the x-axis each of the six pollutants is in percentages. In calendar 2022, Maryland met all NAAQS standards, including the ozone eight-hour standard, which was the last standard to be met. However, the calendar 2023 data reflects that Maryland did not meet the ozone eight-hour standard due to the wildfires in Canada; no standard was improved upon, and several other standards were also worse in calendar 2023. In last year’s analysis, MDE noted that the Washington, DC area has submitted a request to the U.S. Environmental Protection Agency (EPA) for a Clean Data Determination for the 2015 ozone eight-hour standard, which is the first step in being redesignated from nonattainment to attainment, meaning the area is at or below the 70 parts

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per billion ozone standard. EPA published a rule in the November 15, 2024 *Federal Register* to recognize the Washington, DC area as being in attainment. MDE further noted in last year's analysis that the Baltimore region will be eligible for a Clean Data Determination in the near future if the area continues to stay at or below the ozone standard. There is no new information on this eligibility determination. Despite the calendar 2023 data, substantial improvements are reflected over the period shown for ozone eight-hour, daily particulate matter 2.5 microns, annual particulate matter 2.5 microns, and sulfur dioxide one-hour standards. While meeting their respective NAAQS, there has been less progress on nitrogen dioxide one-hour and nitrogen dioxide annual.

**Exhibit 1**  
**Maryland Air Pollutant Trends Relative to Air Quality Standards**  
**Calendar 2002-2023**



Source: Maryland Department of the Environment



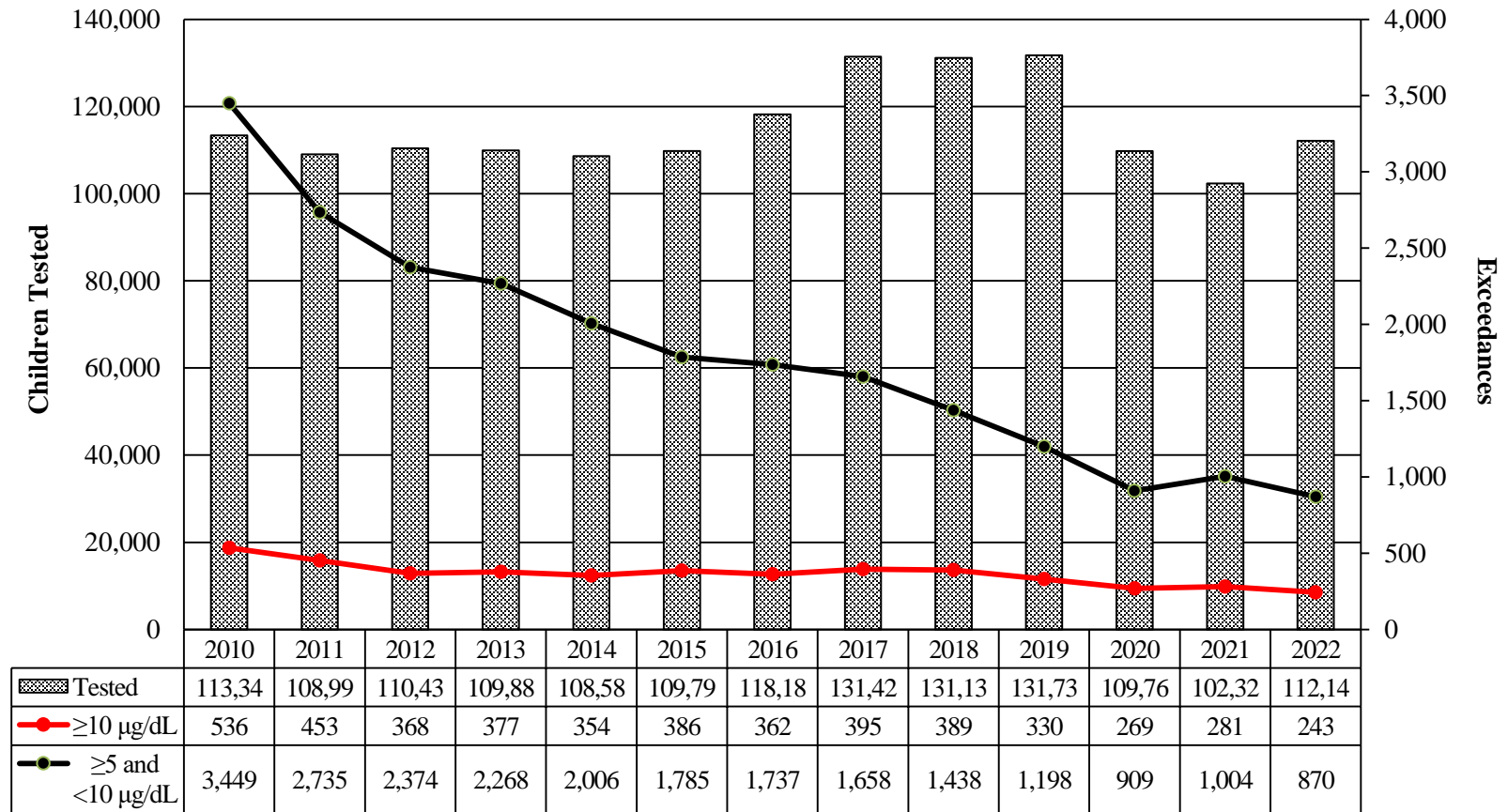
## 2. Child Blood Lead Testing Increased and Exposure Levels Decreased in Calendar 2022; MDE Data Not Forthcoming

MDE’s third goal is organizational excellence: reduce pollution through aggressive and transparent enforcement, permitting, and regulatory actions, aiming to make Maryland the greenest and bluest state. In the past, MDE had the objective to reduce the number of child blood lead levels over 10 micrograms per deciliter found and the number of blood lead levels between 5 and 10 micrograms per deciliter by 10%, annually.

MDE has had continued difficulties with its *Childhood Blood Lead Surveillance in Maryland* annual reports. The 2022 annual report, which typically would have been released in fall 2023, reflecting calendar 2022 data, has not been posted on MDE’s website and does not appear to have been released. In last year’s analysis, MDE noted that the report would not be available until March 2024. This was because MDE found errors in the work of the contractor putting together the 2021 and 2022 reports, which led MDE to validate all data in-house, thus delaying the release of the 2021 and 2022 reports. MDE noted that it has developed a system to ensure the accuracy and timeliness of the *Childhood Blood Lead Surveillance in Maryland* annual reports in the future, but this system does not appear to have worked, given that the 2022 annual report has not been released. The 2023 annual report is also delayed. In addition, there is an ongoing problem of data inconsistency between the following sources of data on childhood blood levels: the annual MFR submission; the *Childhood Blood Lead Surveillance in Maryland* annual reports; and the data available through the Maryland Department of Health’s (MDH) Environmental Public Health Tracking (EPHT) system.

**Exhibit 2** shows updated calendar 2022 data from the MDH EPHT system. The exhibit shows an increase in the number of children between the age of 0 and 72 months tested for elevated blood lead levels, from 102,328 in calendar 2021 to 112,143 in calendar 2022, which is a sign that the impacts of the COVID-19 pandemic closures, which reduced in-person health services, are waning. It should be noted, however, that testing levels are not back to the 132,224 children tested in calendar 2019. The calendar 2022 data also shows positive trends for the child blood lead levels: a decrease from 281 to 243 for the child blood lead levels over 10 micrograms per deciliter and a decrease from 1,004 to 870 for the child blood lead levels between 5 and 10 micrograms per deciliter. **MDE should comment on why it has not posted the *Childhood Blood Lead Surveillance in Maryland* 2022 annual report, given that calendar 2022 data is available from MDH; the status of the 2023 annual report; and why there appear to be discrepancies between the child blood lead data reported between agencies and data submissions.**

**Exhibit 2**  
**Children Under Six Tested for Elevated Blood Lead and Reported Exceedances**  
**Calendar 2010-2022**



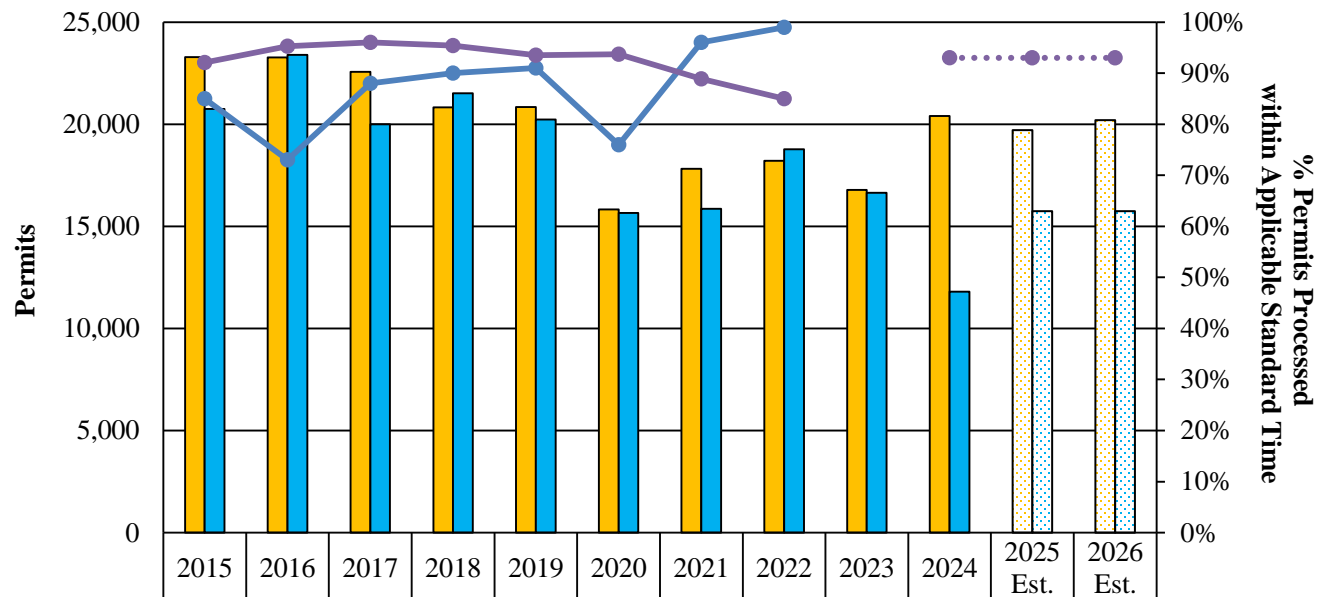
$\mu\text{g/dL}$ : micrograms of lead per deciliter of blood

Source: Maryland Department of Health, Environmental Public Health Tracking

**3. Permits Issued Decreased Substantially in Fiscal 2024 Despite Increase in Permits Received; No New Data on PIA Responses Issued Within 30 Days**

As noted previously, MDE’s third goal is organizational excellence: reduce pollution through aggressive and transparent enforcement, permitting, and regulatory actions, aiming to make Maryland the greenest and bluest state. Previously, MDE’s first goal was to provide excellent customer service and community outreach. Under this goal were two objectives: (1) respond to 80% of PIA requests within 30 days of receipt; and (2) meet permit turnaround times for 90% of the permits processed. As shown in **Exhibit 3**, MDE did not provide new data on the percentage of PIA responses issued within 30 days for the fiscal 2023 and 2024 actuals and fiscal 2025 and 2026 estimates. MDE noted in last year’s analysis that the substantial improvement between fiscal 2020 and 2022 was due to MDE making the PIA responses issued within 30 days a key focus area for executive management and implementing process improvements.

**Exhibit 3  
PIA and Permit Data  
Fiscal 2015-2026 Estimated**



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Permit Applications Received	23,288	23,266	22,560	20,832	20,844	15,833	17,821	18,216	16,791	20,406	19,711	20,200
Permits Issued	20,751	23,396	20,000	21,515	20,237	15,649	15,856	18,767	16,644	11,798	15,743	15,743
% of PIA Responses Issued within 30 Days	85%	73%	88%	90%	91%	76%	96%	99%				
Permits Processed within Applicable Standard Time	92.1%	95.3%	96.0%	95.4%	93.5%	93.7%	88.9%	85.0%		93.0%	93.0%	93.0%
Violations Over 12 Months Old for Which No Enforcement Action Has Been Taken						1,324	1,198	1,144				

PIA: Public Information Act

Source: Department of Budget and Management; Maryland Department of the Environment

While there is new data on the percentage of permits processed within the applicable standard time for the fiscal 2024 actual and the fiscal 2025 and 2026 estimates, this data appears to be estimates or goals of 93% for all three years, and there is no new data for the fiscal 2023 actual. In contrast, the new data for the permits received and permits issued is complete. The data shows an increase of 3,615 permits received between fiscal 2023 (16,791) and 2024 (20,406). For comparison, the fiscal 2024 estimate was 17,000 permits received. The permits issued decreased by 4,846 between fiscal 2023 (16,644) and 2024 (11,798), despite the increase in permits received. The corresponding fiscal 2024 estimate was 17,000 permits issued. **MDE should comment on why the following measures are no longer reported and the most recent data and trends for each measure: percentage of PIA responses issued within 30 days; and permits processed within applicable standard time. MDE also should comment on why the number of permits issued decreased between fiscal 2023 and 2024, despite the increase in the number of permits received.**

## **Fiscal 2025**

### **Budget Amendment**

MDE processed a budget amendment in fiscal 2025 to increase the special fund appropriation by \$6.0 million for the Air and Radiation Administration (\$4.0 million), Water and Science Administration (\$1.1 million), and Land and Materials Administration (\$0.9 million). MDE noted that the budget amendment was necessary because of the failure of HB 245 (MDE – Fees, Penalties, Funding, and Regulation) in the 2024 session. The fiscal 2025 Budget Bill included language on the Air and Radiation Administration and Land and Materials Administration appropriations contingent on the enactment of HB 245. Since HB 245 did not pass, the contingent special fund appropriations for the Air and Radiation Administration and Land and Materials Administration were reduced by \$2,250,000 and \$875,000, respectively. However, MDE needed the additional appropriation supported by the fee increases to fund salary and health insurance costs that could not wait for a fiscal 2025 deficiency appropriation in the fiscal 2026 Budget Bill. MDE estimated at the time that the Air and Radiation Administration and Water and Science Administration would not have any remaining appropriation available after February and March 2025, respectively, if additional special funds were not approved in the budget amendment.

The budget amendment was also noteworthy because it included revenues from two large settlements. The Air and Radiation Administration’s special fund appropriation increase of \$4.0 million was supported by \$1.5 million of the \$8.0 million from the July 2024 settlement agreement with Perdue AgriBusiness LLC for air pollution violations at the company’s Salisbury soybean facility. Of the remaining \$6.5 million from the \$8.0 million Perdue civil penalty, \$2.5 million is anticipated to be received in fiscal 2025, and the final \$4.0 million will be received in fiscal 2026. The Water and Science Administration received a \$1.1 million September 2024 settlement with Fleischmann’s Vinegar Company for unauthorized discharges of pollution in Jones Falls from the company’s Baltimore facility, which was used to support its special fund appropriation increase.

## **Implementation of Legislative Priorities**

Section 21 of the fiscal 2025 Budget Bill added a \$250,000 general fund appropriation within the Water and Science Administration for the purpose of providing a grant to the City of Hagerstown to fund a long-range water and wastewater infrastructure needs study. A public request for proposals (RFP) does not appear to have been issued for the study. **MDE should comment on the current status of the funding.**

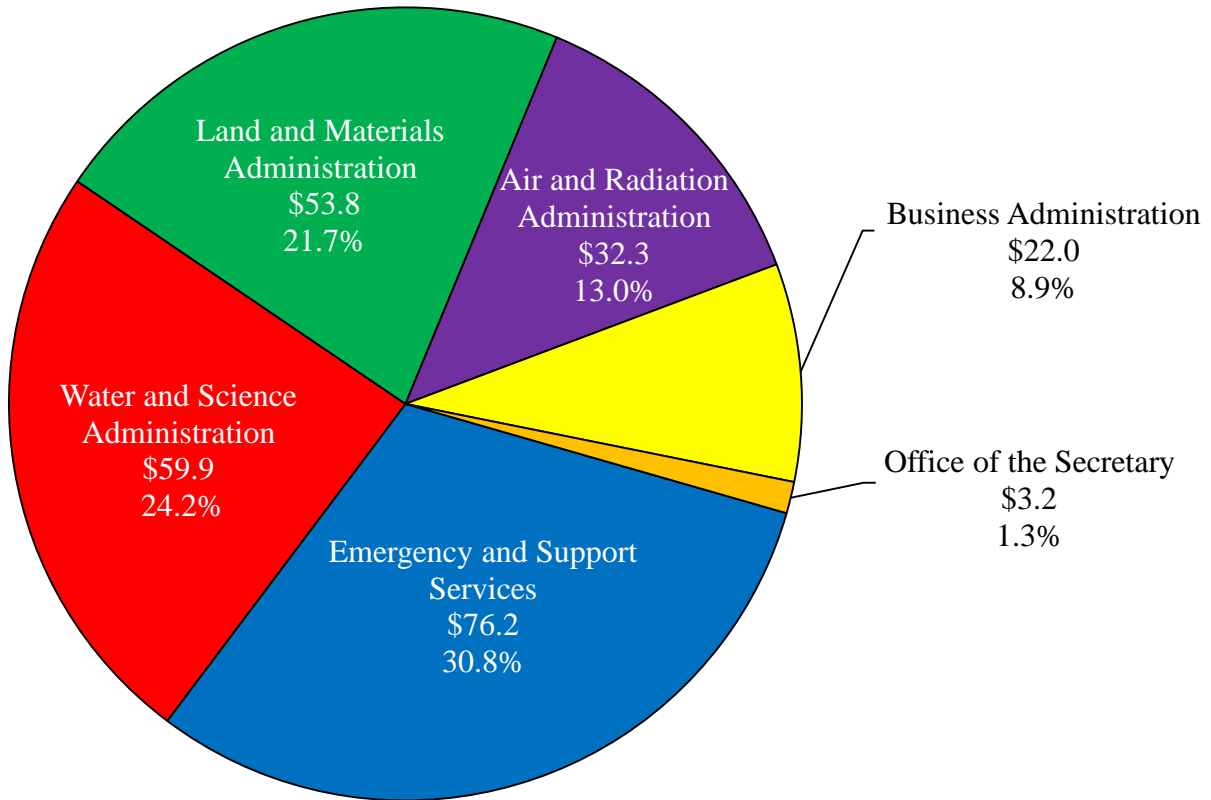
## **Proposed Deficiency**

The fiscal 2026 budget contains a fiscal 2025 deficiency appropriation for the Air and Radiation Administration that would swap special funds for general funds. The fund swap would increase the SEIF special fund appropriation by \$6,565,333 to defray an equal amount of general funds contingent on the enactment of the BRFA, allowing the SEIF to be used for general expenses of the Air and Radiation Administration.

## **Fiscal 2026 Overview of Agency Spending**

MDE is organized into six administrative units. **Exhibit 4** reflects the \$247.3 million fiscal 2026 spending breakdown for the six units as follows.

**Exhibit 4**  
**Overview of Agency Spending**  
**Fiscal 2026 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management; Department of Legislative Services

- **Emergency and Support Services (formerly Coordinating Offices) (\$76.2 Million, 30.8%):** The primary funding is \$28.0 million for debt service on Bay Restoration Fund (BRF) revenue bonds; \$20.0 million for Chapters 694 and 695 of 2021 (Clean Water Commerce Act); \$11.0 million for operations and maintenance grants for wastewater treatment plants (WWTP) upgraded to enhanced nutrient removal technology; \$7.1 million for regular positions; \$5.0 million for DoIT services allocation; \$1.5 million for agreements with local jurisdictions to administer septic system upgrade grants and regulations; and \$0.6 million for Chapters 644 and 645 of 2024 (Radiation and Emergency Preparedness and Protection Act).

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- ***Water and Science Administration (\$59.9 Million, 24%):*** The primary funding is \$46.7 million for regular positions; \$5.6 million for grants, comprised of \$1.6 million for the Water Supply program, \$1.3 million for the Wetlands and Waterways program, \$1.0 million for the Sediment, Stormwater, and Dam Safety program, \$0.8 million for the Integrated Water Planning Program, and \$0.5 million for annual dues to the Interstate Commission on the Potomac River Basin and the Susquehanna River Basin Commission; \$5.3 million for contracts, including \$1.6 million for the Water Supply program, \$1.3 million for the Wetlands and Waterways program, \$1.0 million for Sediment, Stormwater, and Dam Safety program, and \$0.8 million for the Integrated Water Planning Program; and \$0.6 million for contractual full-time equivalents (FTE).
- ***Land and Materials Administration (\$53.8 Million, 22%):*** The primary funding is \$38.1 million for regular positions; \$12.5 million for contracts, of which \$5.3 million is in the Mining Program, \$4.4 million is in Waste Diversion and Utilization, and \$1.4 million is in the Oil Control Program; and \$1.4 million for grants for lead preventive services, site rehabilitation cost reimbursement for underground storage tanks, and lead poisoning prevention case management.
- ***Air and Radiation Administration (\$32.3 Million, 13%):*** The primary funding is \$27.2 million for regular positions; \$3.2 million for contracts, of which \$1.4 million is for implementing Chapter 38 of 2022 (Climate Solutions Now Act); \$0.4 million is for participation in the multistate Regional Greenhouse Gas Initiative; \$0.3 million is for modeling by Towson University to ensure compliance with federal ambient air quality standards; \$0.3 million is for technical analyses by the University of Maryland required under the Clean Air Act; \$0.2 million is for implementation of various diesel retrofit projects by the Maryland Energy Administration; and \$0.3 million is for grants, of which \$0.2 million is for Environmental Justice Program grants to be issued across the State.
- ***Business Administration (Formerly Operational Services Administration) (\$22.0 Million, 9%):*** The primary funding is \$15.0 million for regular positions and \$6.2 million for rent.
- ***Office of the Secretary (\$3.2 Million, 1%):*** The primary funding is \$2.6 million for regular positions and \$0.5 million for contractual services reflecting statewide cost allocations.



**Proposed Budget Change**

The MDE fiscal 2026 allowance increases by \$16.2 million, or 7.0%, relative to the fiscal 2025 working appropriation, as shown in **Exhibit 5**.

**Exhibit 5  
Proposed Budget  
Department of the Environment  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Reimb.</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2024 Actual	\$53,445	\$116,189	\$33,872	\$3,950	\$207,456
Fiscal 2025 Working Appropriation	47,318	133,615	42,919	7,273	231,125
Fiscal 2026 Allowance	<u>48,266</u>	<u>152,233</u>	<u>41,887</u>	<u>4,963</u>	<u>247,350</u>
Fiscal 2025-2026 Amount Change	\$948	\$18,618	-\$1,032	-\$2,309	\$16,225
Fiscal 2025-2026 Percent Change	2.0%	13.9%	-2.4%	-31.8%	7.0%

**Where It Goes:**

**Change**

**Personnel Expenses**

Miscellaneous adjustments including special fund contingent appropriations .....	\$11,291
Salary increases and associated fringe benefits, including fiscal 2025 COLA and increments .....	8,228
Contractual conversions (50.0).....	4,024
New regular positions (3.0) .....	196
Workers’ compensation.....	91
Turnover increases from 7.43% to 7.65% .....	-252
Employee and retiree health insurance.....	-3,207

**Other Changes**

**Environmental Policy**

Chapter 644 and 645 of 2024 implementation funding, special funds.....	600
Baltimore Regional Water Governance Model Workgroup grant, general funds .....	500
Environmental Justice Program grants to local agencies .....	200
Climate Change program supplies, special funds .....	90
Wetlands and Waterways Program contracts, reimbursable funds .....	-971

**Legislative Priority**

City of Hagerstown long-range water/wastewater study .....	-250
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**Routine Operations**

Statewide cost allocations .....	396
Instructional supplies in Water and Science Administration Direction, special funds .....	375

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Vehicle costs, primarily in the Air and Radiation Administration .....	204
Capital lease payments for equipment in Water and Science Administration, federal funds .....	23
Rent paid to DGS .....	22
MDE Wells and Septic Portal MITP, reimbursable funds.....	-904
MDE Portal MITP, reimbursable funds.....	-1,050
Contractual FTE funding decreases across the agency due to conversions.....	-2,930
Other .....	-450
<b>Total</b>	<b>\$16,225</b>

COLA: cost-of-living adjustment  
DGS: Department of General Services  
FTE: full-time equivalents  
MDE: Maryland Department of the Environment  
MITP: Major Information Technology Project

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies and contingent reductions. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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## **Personnel**

MDE’s overall personnel expenditures increase by \$20.4 million in the fiscal 2026 allowance. The largest increase between the adjusted fiscal 2025 working appropriation and the fiscal 2026 allowance is in what is categorized as miscellaneous adjustments. For many years, MDE used the miscellaneous adjustments subobject as a way to temporarily account for in-year changes that would be resolved by the time of closeout. The miscellaneous adjustments correlate to a certain degree with the contingent special fund appropriations in the fiscal 2026 allowance and was accounted for in this way to reflect the contingent special fund appropriations all in one place. Therefore, the miscellaneous adjustments primarily reflect the contingent special fund appropriations.

For a number of years, MDE’s most recent actual fiscal year budget data incorrectly reflected the allocation of funding for personnel expenditures, including the fringe benefit expenditures among others. The expenditures were almost entirely reflected as Social Security contributions, which made it difficult to do historical data comparisons. In addition, MDE budgeted a portion of personnel costs in the miscellaneous adjustments subobject for the working appropriation and then allocated the funding to the relevant subobjects as part of the closeout at the end of the fiscal year. This made year-to-year personnel cost comparisons difficult because the miscellaneous adjustments were not reflected in the upcoming budget year. MDE resolved the

miscellaneous adjustments budgeting issue in the fiscal 2025 budget submission. In addition, MDE has resolved the Social Security contributions budgeting issue in the fiscal 2026 budget submission and submitted the required confirmatory letter but has returned to budgeting personnel expenditures in the miscellaneous adjustments subobject. **MDE should explain the reasons for the miscellaneous adjustments in the fiscal 2026 budget. The Department of Legislative Services (DLS) recommends that the \$200,000 in general funds restricted in MDE’s fiscal 2025 budget be released. A letter to this effect will be processed after the hearings if no objections are raised by the committees.**

The other large increase is for salary increases and associated fringe benefits. The largest increase is due to the fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments, while the fiscal 2025 impacts of those adjustments are budgeted within the Department of Budget and Management (DBM). There are 53.0 new positions in the fiscal 2026 allowance. The funding associated with the new positions is comprised of \$4.0 million for 50.0 contractual conversions and \$0.2 million for 3.0 to-be-hired positions. There is a corresponding decrease of \$2.9 million in contractual FTE funding across the agency due to the 50.0 contractual conversions.

## **Other Changes**

### **Environmental Policy**

The largest increase under the category of environmental policy is \$0.6 million in special funds for implementing Chapter 644 and 645 (Radiation and Emergency Preparedness and Protection Act) in Emergency and Support Services. Chapters 644 and 645 established the Radiation Emergency Response Program. MDE is required to administer the program, prepare a technical emergency radiation response plan, procure protective equipment and more advanced radiological monitoring equipment, and serve as an “off-site response organization.” MDE is also required to serve as the lead State agency for protective actions for all nuclear incidents within the State. Additionally, Chapters 644 and 645 established two annual fees for nuclear power plant owners that must be paid for each nuclear power plant owned: (1) a \$300,000 fee for the operational costs of the program; and (2) a \$60,000 fee that is transferred to the Maryland Department of Emergency Management (MDEM) for radiological emergency response preparedness activities.

The other two large increases are \$0.5 million in general funds for a grant to the Baltimore Regional Water Governance Model Workgroup for hiring consultants to help prepare a mandated report and \$0.2 million in special funds for new Environmental Justice Program grants to local agencies. Chapter 503 of 2024 established the Baltimore Regional Water Governance Model Workgroup. The workgroup generally continues the work from the Baltimore Regional Water Governance Task Force, which was established under Chapters 178 and 179 of 2023, by reviewing and analyzing various topics related to regional governance models for water and wastewater in the Baltimore region. The workgroup must develop a report of its findings by June 30, 2027. The Environmental Justice Program grants will be issued across the State in amounts ranging from \$10,000 to \$20,000.

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The large decrease in the fiscal 2026 allowance is for Wetlands and Waterways Program contracts. There is a decrease of \$0.9 million in reimbursable funds for local government nonpoint source projects and \$0.1 million in reimbursable funds as part of a memorandum of understanding with the Chesapeake Bay Trust for solicitation and implementation of nontidal wetland projects.

### **Routine Operations**

Expenditures that may be categorized as supporting routine operations decrease by \$0.9 million in the fiscal 2026 allowance. The two largest decreases are in reimbursable funds and are comprised of \$1.1 million for the MDE Portal Project and \$0.9 million for the MDE Wells and Septic Portal Project. The reductions are due to the timing of reimbursable funds received from DoIT's Major Information Technology Development Fund. The projects are discussed more as an issue in this analysis and in **Appendix 2** and **Appendix 3**.

### **Clean Water Commerce Account**

The Clean Water Commerce Account receives an annual special fund appropriation of \$20.0 million from the BRF – Wastewater Account to purchase nitrogen reductions from environmental practices with a life of at least 10 years. The BRF Advisory Committee's 2025 annual status report dated January 2025 notes that MDE is in the process of finalizing, scoring, and ranking of projects from the fiscal 2024 Clean Water Commerce Act solicitation. This suggests that there is a delay in soliciting funds for projects. In addition, statute authorizes that any unencumbered funds not used during the fiscal year for projects in specified categories become available in subsequent fiscal years for eligible environmental practices. To help ensure fiscal flexibility, the Clean Water Commerce Act could take a one-year funding hiatus. **DLS recommends adding a provision in the BRFA authorizing the fiscal 2026 funding for the Clean Water Commerce Account to be used to defray operating expenses in the Water and Science Administration in fiscal 2026 only, given the delay in solicitations, the ability to use prior year unencumbered funds, and the fiscal situation of the State.**

### **The BRFA and Other Contingent Legislation**

The BRFA includes a number of provisions related to MDE (some of which impact both fiscal 2025 and 2026), not all of which have corresponding budget contingencies. In addition, MDE has additional special fund appropriations contingent on other legislation. **Exhibit 6** highlights the contingent reductions and appropriations, including which bill(s) the contingency would be met with, along with describing other BRFA provisions that have no corresponding contingencies. The mismatch between certain fiscal 2026 contingent special fund appropriations and the supporting revenues is discussed in the exhibit.

**Exhibit 6**  
**BRFA and Non-BRFA Provisions Impacting MDE**  
**Fiscal 2026**

<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Water and Science Administration	Increase wetlands and waterways fees.	-\$235,996 235,996	BRFA	GF SF	Wetlands and Waterways Program Fund	2026	Defines Tier II High Quality Watershed; increases wetlands and waterways authorization application fees; requires additional application fees for wetlands and waterways authorization applications in a Tier II High Quality Watershed, with exceptions; authorizes MDE to adjust fees for wetlands and waterways authorization applications to reflect changes in the Annual Consumer Price Index for the period ending each December, as published by the Bureau of Labor Statistics of the U.S. Department of Labor, for all “urban consumers” for the expenditure category “all items not seasonally adjusted”, and for all regions; requires MDE to issue a public notice 90 days before the new fee rates take effect; adds Tier II High Quality Waters and Tier II High Quality Watersheds as uses of the Wetlands and Waterways Program Fund.
Emergency and Support Services		-214,004 214,004		GF SF			

<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Land and Materials Administration	Increase mineral, oil, and gas fees.	-250,000 1,300,000	BRFA	GF SF	Surface Mined Land Reclamation Fund	2026	Increases from \$300 to \$500 the surface mining license fee; increases from \$150 to \$300 the annual license renewal fee; increases the surface mining permit application fee from \$12 per acre of affected land for each year of operation not to exceed \$1,000 to \$25 for each acre of affected land for each year of operation not to exceed \$5,000; authorizes a 1.0 cent per ton of mined material sold per year to be increased by 0.25 cent per ton in fiscal 2028 and every two fiscal years thereafter; increases the surface mining permit modification fee from \$100 to \$200 and authorizes the same mined material sold fee as noted previously for the original surface mining permit; increases the application fee for a renewal of a surface permit to same amounts as noted per acre of land and per ton of mined material sold per year; and increases from \$500 to \$1,000 the uncompleted mining operation interest transfer fee for the successor in interest.

<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Land and Materials Administration	Increase the rental property lead registration fee.	3,000,000	BRFA	SF	Lead Poisoning Prevention Fund	2026	Increases from \$30 to \$120 the fee for an affected property – generally properties constructed before lead paint was banned in 1978 – and specifies that the fee will be collected every two years instead of annually; increases from \$10 to \$50 the processing fee required to be included with a report that a rental dwelling unit is lead free; and authorizes MDE to stagger affected property registrations so that registrations are equally divided over sequential calendar years.
Land and Materials Administration	Increase Voluntary Cleanup Program fees.	160,000	BRFA	SF	Voluntary Cleanup Fund	2026	Increases from \$6,000 to \$10,000 the initial application fee for the Voluntary Cleanup Program and authorizes MDE to collect for any additional costs incurred for the review of the application and administration and oversight of the response action plan.
Air and Radiation Administration	Allow SEIF to be used for operating expenses.	-6,565,333 6,565,333 -6,069,452 6,069,452	BRFA	GF SF GF SF	SEIF	2025 2025 2026 2026	Authorizes the SEIF to be used to pay costs associated with the Air and Radiation Administration.
Water and Science Administration	Establish a responsible personnel training program fee.	375,000	SB 250	SF	Maryland Clean Water Fund	2026	Authorizes MDE to establish by regulation a fee for processing and issuing certificates of attendance at an MDE-approved training program for the control of sediment and erosion before the beginning of the project. MDE is authorized to set the fee at a rate that allows for cost recovery.

<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Land and Materials Administration	Increase the oil transfer fee.	3,600,000	SB 250	SF	Oil Contaminated Site Environmental Cleanup Fund	2026	Modifies statutory language to specify that oil transferred “into”, and not “in”, the State is subject to the oil transfer fee; extends and increases the oil transfer fee credited to the Maryland Oil Disaster Containment, Clean-Up and Contingency Fund from 7.75 cents – which had a July 1, 2024 sunset – to 0.09 cents per barrel before July 1, 2030, before the fee sunsets to 0.05 cents per barrel; and removes the provision specifying that 0.25 cents per barrel be credited to the Oil Contaminated Site Environmental Cleanup Fund, which had a July 1, 2024 sunset.
Land and Materials Administration	Increase scrap tire fees.	1,200,000	HB 83	SF	State Used Tire Cleanup and Recycling Fund	2026	Authorizes MDE to set the scrap tire fee, instead of the Board of Public Works, and specifies that the fee be \$1 per tire, with the option to adjust for inflation every two fiscal years based on the consumer price index, subject to a \$2 per tire cap.
Land and Materials Administration	Increase a coal combustion by-products fee.	200,000	SB 250	SF	State Coal Combustion By-Products Management Fund	2026	Adds the following factor to the factors on which the coal combustion by-products fee may be based: the volume of coal combustion by-products that have been disposed of and remain in landfills or other storage units in the State that are subject to inspection and monitoring, not including specific coal combustion by-products.



<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Air and Radiation Administration	Increase clean air emissions fees.	2,250,000	SB 250	SF	Maryland Clean Air Fund	2026	Removes the \$2.0 million cap on the revenues the Maryland Clean Air Fund is allowed to receive and increases from \$50 per ton of regulated emissions to \$200 the fee a stationary air emissions source must pay for a permit.
Air and Radiation Administration	Establish a Building Energy Performance Standards annual reporting fee.	1,000,000	SB 256 / HB 49	SF	SEIF	2026	Provides for modified statutory language concerning building energy performance standards for covered buildings both to go into effect on October 5, 2025, and to continue after the statutory language’s current sunset on December 31, 2029. The modifications are as follows: authorizes an alternative compliance pathway fee to include not only building greenhouse gas emissions but also energy use attributable to the building’s failure to meet energy use intensity targets; imposes an annual reporting fee to cover administrative costs; and requires MDE to deposit an alternative compliance fee into the Maryland SEIF.

<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Emergency and Support Services	Establish dam safety registration and permit fees.	618,000	SB 250	SF	Private Dam Repair Fund	2026	Requires MDE to establish and collect a fee for issuance of a dam safety permit for the construction reconstruction, repair, removal, or modification of a dam. The fee is required to be based on the cost of the applicant's project and the permit administration cost for MDE and to be paid into the new Private Dam Repair Fund. MDE is authorized to adjust dam safety permit fees to ensure cost recovery for permit administration. SB 250 also (1) requires dam owners to register their dams annually with MDE and pay MDE a registration fee that MDE is required to establish based on the dam hazard classification and (2) authorizes the Private Dam Repair Fund, beginning July 1, 2028, to be used to provide loans to owners of private dams for the purpose of repairing or removing private dams deemed to be in an unsafe condition by MDE.
Water and Science Administration	Establish sediment and erosion control training attendance certificate fee.	N/A	BRFA	SF	Maryland Clean Water Fund	N/A	Authorizes MDE to establish by regulation a fee that approximates cost recovery for processing and issuing a certificate for sediment and erosion control training attendance. The fee revenue is deposited in the Maryland Clean Water Fund. There is no corresponding budget bill language.

<u>Administration</u>	<u>Contingency/ Purpose</u>	<u>Cont. Approp. Amount</u>	<u>Bill</u>	<u>Fund Type</u>	<u>Special Fund</u>	<u>Fiscal Year</u>	<u>Description</u>
Water and Science Administration	Establish onsite sewage disposal permit and individual well construction permit fees as specified.	N/A	SB 250	SF	Maryland Clean Water Fund	2026	Authorizes MDE to charge a fee for processing and issuing onsite sewage disposal permits and individual well construction permits in a county if delegated authority is returned to MDE and a licensed environmental health specialist reviews and approves the permits. MDE is required to establish the fee in regulation and, while the fee may not exceed \$575, MDE may increase the fee in accordance with the percentage increase in the consumer price index for all urban consumers for the Washington metropolitan area during the previous year, with a 3% cap on the annual fee increase. There is no corresponding budget bill language.
<b>Total GF Fiscal 2025</b>		<b>-\$6,565,333</b>					
<b>Total SF Fiscal 2025</b>		<b>\$6,565,333</b>					
<b>Total GF Fiscal 2026</b>		<b>-\$6,769,452</b>					
<b>Total SF Fiscal 2026</b>		<b>\$20,222,452</b>					

BRFA: Budget Reconciliation and Financing Act  
 GF: general funds  
 MDE: Maryland Department of the Environment  
 SEIF: Strategic Energy Investment Fund  
 SF: special funds

Source: Department of Budget and Management

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SB 250 is a departmental bill introduced in the 2025 legislative session. The bill has a number of provisions but generally increases several fees and penalties that support various programs and special funds within MDE. The bill also, among other things, (1) authorizes MDE to establish new fees for specified programs and (2) alters and enhances the State’s regulatory framework governing dams and establishes a related special fund. As noted previously, fiscal 2026 Budget Bill language contingent on SB 250 reduces \$700,000 in general funds in fiscal 2026 and supports \$12.0 million in special fund appropriations.

The fiscal note for SB 250 notes that the revenue generated by the fee increases and modifications does not cover the full amount of the fiscal 2026 special fund appropriations contingent on the bill. This is true for the revenues supporting the following special funds:

- **Maryland Clean Air Fund (Air Quality Program):** \$1.9 million increase in revenues and \$2.3 million contingent special fund appropriation, or a shortfall of \$0.4 million;
- **Maryland Oil Disaster Containment, Clean-up and Contingency Fund (Oil Control Fund):** \$2.7 million increase in revenue, due to a delay in revenue receipt until October 2025, and \$3.6 million contingent special fund appropriation, or a shortfall of \$0.9 million;
- **State Coal Combustion By-products Management Fund (Mining Program):** \$0 increase in revenue also due to a delay in collecting revenue and \$0.2 million contingent special fund appropriation, or a shortfall of \$0.2 million; and
- **Surface Mined Land Reclamation Fund (Mining Program):** \$1.2 million increase in revenue and \$1.3 million contingent special fund appropriation, or a shortfall of \$0.1 million; however, the Surface Mined Land Reclamation Fund appears to have sufficient balance to cover the contingent special fund appropriation without the need for additional revenues.

Absent additional revenues to support the associated contingent special fund appropriations, MDE may require general fund deficiencies totaling \$1.4 million in fiscal 2026 to cover the identified shortfalls. **MDE should comment on how it plans to address the estimated shortfalls due to lower revenue estimates compared to the contingent appropriations supported by the Maryland Clean Air Fund, the Maryland Oil Disaster Containment Fund, the Clean-up and Contingency Fund, and the State Coal Combustion By-Products Management Fund.**

### **Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding**

MDE has focused on the federal funding available through the Infrastructure Investment and Jobs Act (IIJA) for use in its pay-as-you-go (PAYGO) programs, which are discussed in the PAYGO capital analysis for UA01 – MDE. The only contract or grant funding explicitly noted as

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IIJA funding in MDE’s operating budget is \$350,000 in both fiscal 2025 and 2026 in the Water Supply Program for grants to local capital projects that address emerging contaminants, which are defined as pollutants that may cause environmental or human health impacts but are not regulated under current federal environmental laws.

**Exhibit 7** shows the federal funding that MDE is pursuing solely and with MDEM through both the IIJA as well as the Inflation Reduction Act (IRA) as reflected in DBM’s October 2024 competitive grant application summary report. MDE has been awarded \$51.4 million solely, none of which requires a match, and \$2.4 million with MDEM, which requires a match of \$0.8 million. Climate pollution reduction is the single largest category of funding for which MDE and MDEM have applied. MDE also applied for an additional \$178.0 million that was not awarded. **MDE should discuss the status, allocation, budgeted funding, timing of budgeted funds, and planned uses for all IIJA and IRA funding.**

**Exhibit 7**  
**MDE Competitive IIJA and IRA Funding**  
**October 2024**

<u>Federal Program</u>	<u>Date Applied</u>	<u>Fund Source</u>	<u>Status</u>	<u>Amount</u>	<u>Period of Performance</u>	<u>State Match</u>	<u>Estimated Match</u>	<u>% Match</u>
<b>MDE Only</b>								
Climate Pollution Reduction Grant	4/1/2024	IRA	Awarded	\$50,000,000	10/1/2024 – 9/30/2029	No	n/a	n/a
Environmental and Climate Justice Block Grants: The Environmental Justice Government-to-Government Program	4/14/2023	IRA	Awarded	1,000,000	12/1/2023 – 12/1/2026	No	n/a	n/a
Pollution Prevention Grant: Environmental Justice Through Safer and More Sustainable Products	6/16/2023	IIJA	Awarded	425,000	1/2/2024 – 3/31/2026	No	n/a	n/a
Fiscal 2023 Building Resilient Infrastructure and Communities	1/20/2023	IIJA	Pending	1,999,998	TBD	Yes	625,001	31%
Technical Assistance for the Adoption of Building Energy Codes	9/11/2024	IRA	Pending	20,000,000	1/1/2025 – 12/31/2033	No	n/a	n/a
<b>MDE and MDEM</b>								
Fiscal 2022 Flood Mitigation Assistance	1/19/2023	IIJA	Awarded	866,250	5/14/2024 – 5/13/2027	Yes	288,750	33%
Fiscal 2022 Flood Mitigation Assistance	1/19/2023	IIJA	Awarded	780,000	5/14/2024 – 5/13/2027	Yes	260,000	33%
Fiscal 2022 Flood Mitigation Assistance	1/19/2023	IIJA	Awarded	778,500	5/14/2024 – 5/13/2027	Yes	259,000	33%
<b>Total</b>				<b>\$75,849,748</b>			<b>\$1,432,751</b>	

IIJA: Infrastructure Investment and Jobs Act  
 IRA: Inflation Reduction Act

MDE: Maryland Department of the Environment  
 MDEM: Maryland Department of Emergency Management

Source: Department of Budget and Management

## ***Personnel Data***

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	<b><u>FY 24</u></b>	<b><u>FY 25</u></b>	<b><u>FY 26</u></b>	<b><u>FY 25-26</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	970.00	981.00	1,034.00	53.00
Contractual FTEs	<u>70.18</u>	<u>80.50</u>	<u>29.50</u>	<u>-51.00</u>
<b>Total Personnel</b>	<b>1,040.18</b>	<b>1,061.50</b>	<b>1,063.50</b>	<b>2.00</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	75.05	7.65%
Positions and Percentage Vacant as of 12/31/24	99.50	10.13%
Vacancies Above Turnover	24.45	

- The Governor’s Budget Books reflect 981.0 regular positions in the fiscal 2025 working appropriation, which is used for this analysis. The fiscal 2026 allowance reflects 1,034.0 positions, an increase of 53.0 positions relative to the fiscal 2025 working appropriation. Of these 53.0 regular positions, 3 are reflected as new positions and are supported by approximately \$196,071 in special funds, and 50 are reflected as contractual conversions and are supported by \$4,024,372, comprised of \$138,439 in general funds, \$3,490,612 in special funds, \$536,337 in federal funds, and \$55,055 in reimbursable funds. The 3 new positions are all in the Climate Change Program.
- The fiscal 2026 allowance reflects large position transfers between programs, which, along with the changes in unit names noted earlier, appears to reflect a reorganization planned between Emergency and Support Services and Support and Business Administration. There is an increase of 79.0 positions in Business Administration and 5.0 positions in the Water and Science Administration. These positions are transferred from the following: Emergency and Support Services – 58 positions; Air and Radiation Administration – 14.0 positions; and Land and Materials Administration – 12.0 positions. Of note, the Land and Materials and Air and Radiation administrations essentially receive the same number of new positions in the fiscal 2026 allowance as the number of positions transferred.
- MDE’s vacancy rate has decreased from 13.20% to 10.13% between December 31, 2023, and December 31, 2024. As of December 31, 2024, MDE had 99.5 positions vacant. Of these positions, 14.0 positions have been vacant for more than a year. Another 10 vacant positions have a vacancy date, suggesting they were recently created.
- MDE contractual FTEs decrease by a net of 51.0 positions in the fiscal 2026 allowance. The FTE decrease roughly correlates with the new positions in the fiscal 2026 allowance.

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The FTE decrease is as follows: Office of the Secretary – 2.0 FTEs; Business Administration – 1.0 FTEs; Water and Science Administration – 14.0 FTEs; Land and Materials Administration – 12.0 FTEs; Air and Radiation Administration – 13.0 FTEs; and Coordinating Offices – 9.0 FTEs.

- The MDE budgeted turnover rate increased from 7.43% in the fiscal 2025 working appropriation to 7.65% in the fiscal 2026 allowance. Therefore, MDE must hold open approximately 75 positions throughout fiscal 2026 to meet turnover. MDE currently has sufficient vacancies to meet the turnover rate.



## Issues

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### 1. State Climate Change Funding Over \$3.0 Billion

Addressing climate change is and will continue to be expensive as Maryland implements more stringent greenhouse gas emission reduction standards. Chapter 38 of 2022 (Climate Solutions Now Act) requires the State to reduce greenhouse gas emissions by 60% from calendar 2006 levels by calendar 2031 and to achieve net-zero statewide greenhouse gas emissions by calendar 2045. *Maryland's Climate Pollution Reduction Plan*, dated December 28, 2023, notes that achieving an equitable transition to a clean energy future under Chapter 38's requirements could require a public sector investment of approximately \$1 billion annually. However, it was not made clear how much the State is already contributing to climate change mitigation.

In January 2025, UMD CGS released the report *State Spending on Greenhouse Gas Reduction in Maryland in Fiscal Year 2024*. This reflects the second iteration of this report and includes both a review of State spending and a review of the impact of this funding on disproportionately affected communities. The State spending was determined by a survey sent to State agencies, of which 17 agencies reported greenhouse gas emission reduction spending, 6 agencies reported no spending, and 2 agencies did not provide data.

**Exhibit 8** shows the total State spending of \$3.1 billion in fiscal 2024 by agency. The majority of this spending, 93%, is from MDOT, and in particular from its Transmission Emissions subprogram. The percentage of agency spending that benefitted disproportionately affected communities ranged from 0% to an estimated 100%. DHCD and DJS were both cited as having 100% of their agency spending benefit disproportionately affected communities. The \$3.1 billion figure reflects 10% of the total agency budgets and 8% of the total State budget, according to the report. The report also notes that the results could be improved by (1) creating a statewide budget code through DBM to track greenhouse gas emission reduction spending in real time and (2) expanding the use of georeferencing tools to determine whether agency projects are in census tracts with disproportionately affected communities. **MDE should comment on how the spending report informs State prioritization of climate change mitigation spending, whether the public sector need to commit \$1 billion to climate change mitigation was considered part of or in addition to the \$3.1 billion noted in the spending study, and whether there has been any discussion about using a statewide budget code to track greenhouse gas emission reduction spending and expanding the use of georeferencing tools to determine whether agency projects are in census tracts with disproportionately affected communities.**

**Exhibit 8**  
**Agency Greenhouse Gas Spending**  
**Fiscal 2024**  
**(\$ in Millions)**

<u>Agency</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount Disprop. Affected</u>	<u>% Disprop. Affected</u>	<u>GHG Reduction Categories</u>	<u>Program</u>	<u>Description</u>
Maryland Department of Transportation	\$2,920.0	93%	\$869.0	30%	Transportation, Forest and Land Use, and Other	Modal Administrations; Transportation Emissions subprogram	Supports transit, active transportation, intelligent transportation systems, advanced traffic management systems, and urban tree plantings.
Maryland Department of Agriculture	59.9	2%	16.9	28%	Agriculture, Forest and Land Use	Office of Resource Conservation	Regulates appropriate nutrient application to reduce emissions and support soil carbon sequestration.
Maryland Department of the Environment	48.2	2%	32.5	68%	Waste Management, Forest and Land Use, Other	Water and Science, Land and Materials, and Air and Radiation Administrations; 5 Million Trees Program	Supports waste diversion, composting, energy use reduction, energy efficiency increase, renewable energy generation at water and wastewater systems, green equipment purchases, and green infrastructure deployment.
Department of Natural Resources	30.6	1%	3.1	10%	Forest and Land Use	Forest Service, 5 Million Trees Program, Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	Reduces emissions or carbon sequestration in forestry and land use, supports tree plantings, and support water quality projects that sequester carbon.
Department of Housing and	27.5	1%	27.5	100%	Buildings	Housing and Building Energy	Retrofits buildings for energy efficiency.

<u>Agency</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount Disprop. Affected</u>	<u>% Disprop. Affected</u>	<u>GHG Reduction Categories</u>	<u>Program</u>	<u>Description</u>
Community Development						Programs, Special Loans Programs	
Maryland Energy Administration	23.4	1%	5.3	23%	Electricity Generation, Transportation, and Buildings	Multiple (see note)	Supports solar energy, offshore wind development, purchase and charging of electric vehicles, energy efficiency in moderate and low income households, and renewable energy in homes and commercial buildings.
Department of General Services	12.3	0%	1.3	11%	Electricity Generation, Transportation, Buildings, Other	Office of Energy and Sustainability	Purchases renewable energy, manages energy efficiency for existing and planned buildings, install electric vehicle infrastructure, and conducts State government green purchasing.
Maryland Department of Planning	10.8	0%	5.0	47%	Transportation, Buildings, Forest and Land Use (carbon sequestration)	Planning Data Services, Planning Services, and Tax Credit Reserve Fund	Supports compact development, which reduces vehicle miles traveled, encourages redevelopment, and sequesters carbon on undeveloped forest or farmland.

<u>Agency</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount Disprop. Affected</u>	<u>% Disprop. Affected</u>	<u>GHG Reduction Categories</u>	<u>Program</u>	<u>Description</u>
Public Service Commission	4.1	0%	0.5	12%	Electricity Generation, Transportation, Buildings, Industry, Fossil Fuel Industry, Industrial Processes and Product Use	EmPOWER Program	Delivers energy efficiency and fossil fuel reduction.
Department of Public Safety and Correctional Services	2.8	0%	1.4	49%	Transportation, Waste Management	n/a	Conducts wastewater management at facilities and deploy vehicle fleet charging stations.
Maryland Department of Health	1.6	0%	N/A	N/A	Buildings	Office of Facilities Management and Development	Modernizes building equipment.
Maryland Department of Aging	0.5	0%	0.1	18%	Waste Management	Durable Medical Equipment Reuse Program	Diverts waste from landfills.
Department of Juvenile Services	0.3	0%	0.3	100%	Transportation	Executive Direction	Purchases electric vehicles for client family transportation.
Maryland State Department of Education	0.2	0%	0.0	13%	Other	n/a	Educates about sustainability and environmental justice.
Department of Veterans and Military Families	0.1	0%	0.0	0%	Waste Management	Charlotte Hall Veterans Home	Manages wastewater.
Maryland Department of Labor	0.0	0%	0.0	49%	Buildings, Industry	Building Codes Administration	Enforces statewide energy efficiency standards.

<u>Agency</u>	<u>Amount</u>	<u>% Total</u>	<u>Amount Disprop. Affected</u>	<u>% Disprop. Affected</u>	<u>GHG Reduction Categories</u>	<u>Program</u>	<u>Description</u>
Maryland State Police	0.0	0%	N/A	N/A	Buildings	Unspecified LED lighting program.	Replaces lighting at select facilities.
<b>Total</b>	<b>\$3,142.7</b>						
<b>% Total Budget for All Agencies</b>		<b>10%</b>					
<b>% Total Budget for State</b>		<b>8%</b>					

GHG: greenhouse gas

Note: Numbers may not sum to total due to rounding. The data reflects the 17 agencies with greenhouse gas emission reduction spending. Federal funds are excluded, but capital spending may be included. The Maryland Energy Administration's programs are as follows: Resilient Maryland; Offshore Wind Development; Offshore Wind Business Development; Maryland Department of Transportation – Electric Vehicle Excise Tax Credit; Low and Moderate Income Community Grants/Energy Efficiency Equity; Commercial and Industrial Deep Energy Retrofit Program; Commercial Clean Energy Rebate Program; Residential Clean Energy Rebate Program; and Electric Vehicle Supply Equipment Rebate Program. The data for the Department of Veterans and Military Families reflected \$609,000, which appears high. The number used is \$69,000.

Greenhouse Gas emission Reduction Categories: (1) Electricity Generation – burning of coal, natural gas, oil, or biomass for grid-level power generation; (2) Transportation – fuel consumption by on-road vehicles, rail, marine, and aviation, as well as non-road consumption of fuel through uses such as lawn care equipment, construction equipment, mining equipment, etc. It also includes transportation-related emissions from lubricants, natural gas, and liquified petroleum gas (LPG); (3) Buildings – use of coal, natural gas, LPG, petroleum, and wood for building services such as heat, etc.; (4) Industry – use of coal, natural gas, LPG, petroleum, wood, and other fuels in industrial facilities. Only energy-based emissions are included here – for process emissions, see Industrial Processes and Produce Use; (5) Industrial Processes and Product use – process emissions (*i.e.*, not from fuel combustion) from cement manufacture, limestone and dolomite, soda ash, iron and steel, semiconductor manufacturing, non-fertilizer production of ammonia and urea, and aluminum production. This category also includes SF6 emissions from electricity, transmission, and distribution systems. Finally, it includes hydrofluorocarbon and perfluorochemical emissions from product use and disposal (*e.g.*, refrigerants, air conditioning, aerosols, and others); (6) Fossil Fuel Industry – natural gas production, transmission, and distribution. Coal mining emissions are also included; (7) Agriculture – enteric fermentation, manure management, agricultural soils, agricultural burning, and urea fertilizer usage and liming; (8) Waste Management – waste combustion, landfills, wastewater management, and residential open burning; (9) Forestry and Land Use – settlement soils, forest fires, and wetlands. Sequestration categories include tree and forest carbon, wood products and landfilled carbon, agricultural soil carbon, and wetlands; and (10) Other.

Source: University of Maryland’s Center for Global Sustainability, *State Spending on Greenhouse Gas Reduction in Maryland in Fiscal Year 2024*

## **2. Statewide Recycling Needs Assessment and Advisory Council Recommendations Delayed but Project Oversight Reimbursement Possible**

Chapter 465 required the Office of Recycling in MDE to hire an independent consultant to conduct a statewide recycling needs assessment. The Office of Recycling was required to report the results of the assessment by July 30, 2024. By October 1, 2023, MDE was required to approve a single producer responsibility organization to represent the interests of producers under the Act. Chapter 465 also established the Producer Responsibility Advisory Council to provide advice and make recommendations regarding establishing and implementing a producer responsibility program in the State for packaging materials. The advisory council was required to report its findings and recommendations by December 1, 2024.

MDE approved the Circular Action Alliance as the producer responsibility organization in October 2023. However, there were funding challenges that delayed the procurement of the statewide recycling needs assessment. The RFP was issued in February 2024, and HDR Engineering, Inc. was approved as the needs assessment consultant at the July 3, 2024 BPW meeting. The original budgeted amount for the statewide recycling needs assessment was \$1,000,000, but the contract with HDR Engineering, Inc. was for only \$667,269.

The final statewide recycling needs assessment was still not public as of February 8, 2024. This has delayed the Producer Responsibility Advisory Council’s ability to provide advice and make recommendations regarding establishing and implementing a producer responsibility program in the State for packaging materials. A potential silver lining is the possibility that the advisory council’s recommendations will include a requirement for the Circular Action Alliance – the producer responsibility organization – to reimburse, presumably MDE, for the current statewide recycling needs assessment and whomever conducts future needs assessments through extended producer responsibility fees. **MDE should comment on the likely timing of the final statewide recycling needs assessment publication. MDE should also comment on whether there will be a recommendation for the Circular Action Alliance -- the producer responsibility organization -- to reimburse the State for the project oversight of the statewide recycling needs assessment, the timing of this reimbursement, and whether there will be future fee revenue to support MDE’s extended producer responsibility work.**

## **3. Building Energy Performance Standards Data Not Available Yet for Letter and Report; Funding Need Unclear**

Language in the fiscal 2025 Budget Bill restricted Air and Radiation Administration funding for final development and submission of energy use intensity targets and standards regulations to the Joint Committee on Administrative, Executive, and Legislative Review until the submission of the following: (1) a letter confirming that building energy performance standards

actions have been taken as required in § 2-1602 of the Environment Article; and (2) a report on energy use intensity costs and the economic feasibility of meeting energy use intensity standards as well as alternatives to energy use intensity for meeting greenhouse gas emission targets. In addition, the language expressed intent about the continuation of the building energy performance regulations.

## **Building Energy Performance Standards**

The building energy performance standards were published in the *Maryland Register* on September 6, 2024, and adopted on December 23, 2024, which appeared to conflict with the fiscal 2025 Budget Bill language. MDE notes that it did not expend any funds for final development and submission of energy use intensity targets and standards regulations because it does not have the data needed to calculate the energy use intensity standards required by the budget bill language. MDE expects to receive the data by June 30, 2026. The data will allow MDE to calculate the energy use intensity standards, complete the required report, and then adopt updated regulations incorporating the energy use intensity standards in calendar 2027. Of note, the budget bill language expires at the end of fiscal 2025 and, therefore, will no longer constrain MDE's ability to complete the final development and submission of energy use intensity targets and standards regulations. However, MDE notes that it will comply with the spirit of the language.

MDE noted in the Governor's Subcabinet on Climate 2024 Annual Report dated December 1, 2024, that it was pursuing legislation in the 2025 session to provide more flexibility to building owners. HB 49/SB 256 of 2025 is departmental legislation that, however, does not appear to provide more flexibility. The legislation provides for modified statutory language concerning building energy performance standards for covered buildings that go into effect on October 5, 2025, and continue after the statutory language's current sunset on December 31, 2029. The modifications authorize an alternative compliance pathway fee to include not only building greenhouse gas emissions but also energy use attributable to the building's failure to meet energy use intensity targets and impose an annual reporting fee to cover administrative costs.

An MDE contractor planned to hold an MDE-sponsored building energy performance standards training on January 21, 2025. The training was intended to present on data preparation for the first building energy performance standards reporting deadline on June 1, 2025. The plan was to present guidance on (1) reporting practices, such as collecting energy use data and building characteristic information; (2) navigating the building energy performance standards portal and covered buildings list; and (3) the State's reporting process. In addition, participants were to receive a checklist to help streamline the process.

## **Funding Need**

During the 2024 session, MDE noted that 9,259 potentially covered buildings were involved in the regulations as opposed to the several thousand buildings originally estimated. In addition, MDE noted that additional funding was needed to implement the building energy performance standards regulations and, separately, new regulations that have yet to be proposed. MDE may need up to \$1.0 million to develop the building energy performance standards online

reporting system and, while 5 positions are budgeted in fiscal 2025 for MDE’s Compliance Program, more positions will likely be needed beyond fiscal 2025 to develop and approve individualized compliance plans and in the event that the proposed regulations are modified. Managing compliance with the performance standards will increase position needs further beginning in fiscal 2030. In addition to the existing regulations, MDE committed to implementing regulations for Clean Heat Standards and Zero-Emission Heating Equipment Standards, which will increase position needs in the Climate Change Program and Compliance Program beginning in fiscal 2026.

**MDE should comment on the outcome of any trainings on building energy performance standards implementation by building owners and the amount in the fiscal 2026 budget that addresses the funding needs identified for implementation of the building energy performance standards regulations and associated proposed regulations.**

#### **4. Maryland Used Tire Cleanup and Recycling Fund Annual Report Submitted**

The committees requested that MDE submit the Maryland Used Tire Cleanup and Recycling Fund annual status report on November 1, 2024. The committees were concerned that § 9-275(c) of the Environment Article, which specifies that an annual status report on the Maryland Used Tire Cleanup and Recycling Fund is due on or before November 1 of each year, was not consistently met before the inclusion of annual budget bill language or committee narrative.

The fiscal 2024 annual report was submitted on October 30, 2024. The report notes that in fiscal 2024 (1) the gross tire revenues deposited into the fund decreased 12.4% from \$3.9 million to \$3.4 million; (2) the fiscal 2024 ending fund balance was \$3.6 million; (3) the Scrap Tire Program continues to oversee the cleanup and recovery of 514,076 scrap tires identified in illegal stockpiles at the end of fiscal 2023; (4) there were no new illegal scrap tire stockpiles identified; and (5) the successful cleanup of one illegal scrap tire stockpile – Docket/Waldorf in Charles County – consisting of approximately 160 scrap tires was conducted by the responsible parties without using the fund. The report made no mention about regional agricultural scrap tire drop-off events that previously were held in cooperation with the Maryland Environmental Service and the Maryland Farm Bureau, so it is assumed that the events did not occur in fiscal 2024.

For fiscal 2025, MDE anticipates continuing or completing the cleanup on 39 illegal scrap tire stockpile sites, mostly funded by responsible parties. The largest pending or ongoing stockpile is the Foys Salvage/Greensboro site in Caroline County, with approximately 400,000 scrap tires. **DLS recommends that committee narrative be adopted on the submission of the Maryland Scrap Tire annual report on November 1, 2025.**

HB 83 authorizes MDE to set the scrap tire fee and adjust it to inflation with a \$2 cap per tire. Corresponding language in the fiscal 2026 Budget Bill on the Land and Materials Administration special fund appropriation makes \$1,200,000 of the appropriation contingent on the enactment of legislation to increase scrap tire fees.



## **5. Enforcement and Inspection Position Strength Assessment and Vacant Position Filling**

Committee narrative in the fiscal 2025 Budget Bill requested the submission of a report from MDE and MDA on compliance and enforcement inspections and positions. The reports were required to include an evaluation of the adequacy of Maryland’s current authorized compliance and enforcement positions; a comparison of the size, roles, responsibilities, and inspection workload of the departments’ compliance and enforcement positions to neighboring or similar states; a list of all inspection activities in certain programs; staffing and funding levels for fiscal 2025 and 2026; and a description of the use and outcomes from any next generation compliance techniques to increase compliance with Maryland’s environmental regulations. The report was requested to be submitted by January 1, 2025. To date, the report has not been submitted. In its 2025 session hearing testimony, MDA noted that it had submitted its part of the report to MDE. **MDE should discuss why the report was not submitted as requested, despite the receipt of MDA’s portion of the report, and the anticipated timeline for submission. In addition, as noted in the MDA operating budget analysis, DLS recommends that committee narrative be adopted requesting the compliance and enforcement inspections and positions information by January 1, 2026.**

## **6. MDE MITP Changes Suggest Challenges Ahead**

The MDE Portal and MDE Wells and Septic Portal MITPs aim to modernize MDE’s business operations by bringing paper-based systems online. Since last session, both projects have shifted from using the OneStop vendor to an in-house delivery model using DoIT’s Agile consulting services. The stated reasoning is cost considerations and that the delivery approach/model did not align with the Secretary of the Environment’s goals. However, DLS notes that reasoning is unclear and potentially untested in terms of the savings from the use of Agile consulting services. In fact, the MDE Wells and Septic Portal project is now estimated to cost more than it did last session. Both project timelines have shifted out due to the four-month lead time for onboarding the Agile consulting services. In addition, the MDE Portal project scope appears to have increased from transforming 200 permits and applications to online versions to 460 permits and applications being transformed and yet the project cost has decreased from \$5.4 million to \$3.7 million. Even with the use of the presumably more cost-effective Agile consulting services, the reduced cost with a larger scope seems questionable.

Further, both projects appear to have taken on more risk. The MDE Portal project shifted from having 1 high risk factor to 8 high risk factors out of the 11 major factors used. Similarly, the MDE Wells and Septic Portal project shifted from having 3 high risk factors to 9 high risk factors. **MDE should discuss the reason for the change, how Agile consulting services are organized to support the projects, and the projected cost savings from using Agile. In addition, MDE should discuss the reason for the cost increase for the MDE Wells and Septic Portal project and the decision to increase the scope of the MDE Portal project. MDE should also discuss the relationship between the two projects and the agency’s overall IT modernization strategy.**

## ***Operating Budget Recommended Actions***

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

Further provided that \$20,000,000 of this appropriation made for the purpose of operating expenses is reduced contingent upon enactment of HB 352/SB 321 authorizing the appropriation for the Clean Water Commerce Account to support operating expenses in the Water and Science Administration in fiscal 2026 only.

**Explanation:** The Clean Water Commerce Account receives an annual special fund appropriation of \$20.0 million from the Bay Restoration Fund (BRF) – Wastewater Account to purchase nitrogen reductions from environmental practices with a life of at least 10 years. The BRF Advisory Committee’s 2025 annual status report – dated January 2025 – notes that the Maryland Department of the Environment is in the process of finalizing, scoring, and ranking of projects from the fiscal 2024 Clean Water Commerce Act solicitation. This suggests that there is a delay in soliciting funds for projects. In addition, statute authorizes that any unencumbered funds not used during the fiscal year for projects in specified categories become available in subsequent fiscal years for eligible environmental practices. Therefore, this action authorizes the fiscal 2026 funding for the Clean Water Commerce Account to be used to defray operating expenses in the Water and Science Administration in fiscal 2026 only, given the delay in solicitations, the ability to use prior year unencumbered funds, and the fiscal situation of the State.

2. Adopt the following narrative:

**Maryland Used Tire Cleanup and Recycling Fund Annual Report:** Section 9-275(c) of the Environment Article specifies that an annual status report on the Maryland Used Tire Cleanup and Recycling Fund is due on or before November 1 of each year, which was not consistently met before the inclusion of annual budget bill language or committee narrative. Therefore, the committees request that the Maryland Department of the Environment (MDE) submit the Maryland Used Tire Cleanup and Recycling Fund annual status report on November 1, 2025.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Maryland Used Tire Cleanup and Recycling Fund annual report	MDE	November 1, 2025

3. Adopt the following narrative:

**Enforcement and Inspection Position Strength Assessment:** The committees are interested in the enforcement and inspection positions strength of the Maryland Department of the Environment (MDE) and the Maryland Department of Agriculture

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(MDA). Therefore, the committees request that MDE and MDA submit a report on the following:

- an evaluation of the adequacy of Maryland’s current authorized compliance and enforcement positions in the departments. In completing the assessment, the departments shall provide information on the delegation of authority by the federal government to the departments, including any evaluations of this delegated authority, and on the delegation of authority by the departments to other entities; and assess the impact of the role that technology has played on compliance and enforcement responsibilities;
- a comparison of the size, roles, responsibilities, and inspection workload of the departments’ compliance and enforcement positions to neighboring or similar states;
- a list of all inspection activities conducted by the MDE Water and Science Administration, the Land and Materials Administration, the Air and Radiation Administration, and the MDA Office of Resource Conservation;
- the number of regular positions and contractual full-time equivalents associated with the inspections, including the number of vacancies for fiscal 2013 through 2025 actuals, and fiscal 2026 current and fiscal 2027 estimated appropriations; and
- a description of the use of and outcomes from any next generation compliance techniques to increase compliance with Maryland’s environmental regulations.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Enforcement and inspection position strength assessment	MDA MDE	January 1, 2026

***Budget Reconciliation and Financing Act Recommended Actions***

1. Authorize the Clean Water Commerce Account’s fiscal 2026 appropriation to support operating expenses in the Water and Science Administration in fiscal 2026 only.

## **Updates**

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### **1. Cybersecurity Audit Findings Update**

The Office of Legislative Audits (OLA) audited MDE in August 2022 – covering December 20, 2016, to April 30, 2021. The audit noted that significant risks existed within MDE’s computer network. These findings were redacted from MDE’s audit to comply with the requirement that OLA redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. Subsequently, fiscal 2024 Budget Bill language restricted DBM funding pending the submission of a report by the State Chief Information Security Officer on corrective actions and a report by OLA reviewing the commitment of eight agencies, including MDE, to correcting each audit finding. OLA’s April 29, 2024 report noted that all eight agencies had either resolved or developed courses of action that demonstrated a commitment to correct their repeat cybersecurity findings.

### **2. Maryland State Certified Sod Standard Enforcement Report**

The budget committees requested that MDE submit a report on actions taken and proposed to ensure consistent enforcement of the Maryland State-certified sod standard. The report was requested to include the efforts by MDE to educate inspectors, delegated local governments, and soil conservation district offices on the State requirements to utilize Maryland State-certified sod at all development sites in the State and to be submitted by December 1, 2024.

The report notes that MDE has conducted two trainings (September 2023 and April 2024) on the requirement that all development projects within the State must use Maryland State certified sod when required for stabilization as part of an approved erosion and sediment control plan. The trainings were presented to the following: State inspectors; Maryland’s soil conservation districts; and MDE-delegated jurisdictions for erosion and sediment control enforcement authority, including 12 counties, Baltimore City, several local jurisdictions, and the Washington Suburban Sanitary Commission (WSSC). In terms of proposed actions, MDE will continue virtual training of new and current inspectors, discuss the Maryland State-certified sod requirement with local programs applying for the delegation of erosion and sediment control enforcement authority and the soil conservation districts during the annual fall field audits, and include the requirement as part of the preconstruction meeting form used by MDE’s Water and Science Administration’s Compliance Program.

### **3. Blue Plains Enhanced Nutrient Removal Upgrade Project Funding Report**

Language in the fiscal 2025 Budget Bill restricted \$100,000 in general funds pending the submission of a report on Blue Plains enhanced nutrient removal upgrade project funding. The report was required to include (1) the amount of capital construction grant funds appropriated and

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then approved by MDE for WSSC Water; (2) the amount of additional funding or spending approvals that MDE obtained from BPW; (3) the amount WSSC Water has expended; (4) the amount WSSC Water has received in reimbursements from MDE; (5) a description of MDE's efforts to meet with WSSC Water's staff for the purpose of reviewing all project costs; (6) a list of any project costs MDE has determined are ineligible for reimbursement, the reasons for that determination, and WSSC Water's responses to MDE's determinations; and (7) the amount of BRF revenue collected from WSSC ratepayers from fiscal 2005 to 2023 per data obtained from the Comptroller. The report was submitted on October 25, 2024, and the funding was released.

MDE's responses in the report were as follows:

- (1) **The amount of capital construction grant funds appropriated and then approved by MDE for WSSC Water** – The General Assembly appropriated \$20 million in fiscal 2011 and \$181 million in fiscal 2012 for a total of \$201 million. However, this amount was appropriated before the design was completed and construction bid.
- (2) **The amount of additional funding or spending approvals that MDE obtained from BPW** – BPW approved a BRF grant of \$143,632,166 based on WSSC Water's budget for the project. This is less than the \$201 million appropriated by the State that was an estimate prior to the completion of design and construction bidding. The actual grant funding eligibility approved by BPW was refined as the project progressed to construction. This is the same process used for all WWTP enhanced nutrient retrieval (ENR) upgrades funded with BRF grant funding.
- (3) **The amount WSSC Water has expended** – WSSC has documented \$162.7 million in expenditures, but not all the spending is eligible for BRF grant funding. This is because MDE has quality and quantity reimbursement eligibility determination criteria: (a) Quality – work items only attributable to ENR planning, design, construction, and upgrade and (b) Quantity – amounts that are reasonable. Of note, it is not clear what the source of authority is for the reasonable amounts criteria.
- (4) **The amount WSSC Water has received in reimbursements from MDE** – Through October 1, 2024, WSSC Water has been reimbursed \$129,082,164 in BRF grants funding. This leaves \$14,550,002 in remaining budgeted BPW-approved BRF grant funds for documented eligible expenditures. MDE notes that it is willing to request additional funding if WSSC Water is able to document eligible expenditures exceeding the \$14,550,002 BPW-approved BRF grants funding that remains to be reimbursed.
- (5) **A description of MDE's efforts to meet with WSSC Water's staff for the purpose of reviewing all project costs** – MDE has met and exchanged letters with WSSC Water for several years. Since March 2024, MDE and WSSC Water have been in contact almost monthly through July 2024, and then multiple times per month in August and September 2024.

- (6) **A list of any project costs MDE has determined are ineligible for reimbursement, the reasons for that determination, and WSSC Water’s responses to MDE’s determinations** – WSSC Water submitted final documents supporting eligible expenditures that were requested by MDE on September 24, 2024. MDE intended to complete its review of the eligibility reimbursement determinations sometime between mid-October and late November and then meet with WSSC Water to discuss its determinations. As of the date of this writing, MDE has yet to make its final determinations or meet with WSSC Water.
- (7) **The amount of BRF revenue collected from WSSC rate payers from fiscal 2005 to 2023 per data obtained from the Comptroller’s Office** – The Comptroller’s Office does not release individual taxpayer information. However, MDE notes that it can be assumed that the vast majority of the \$558,279,498 in total revenue collected by Prince George’s County over the fiscal 2005 to 2023 time period is attributable to WSSC Water rate payers.

#### **4. Vernal Pool Definition Report**

The committees requested that MDE confer with the Department of Natural Resources (DNR) and other stakeholders on a definition of vernal pool that could be used across State government to clarify the criteria for seasonal pools that should have protective status and submit a report on the definition chosen for vernal pool. The report was requested to be submitted by December 1, 2024.

The submitted report notes that there is an existing definition for vernal pool in § 26.23.01.01.B.87 of the Code of Maryland Regulations (COMAR): a nontidal wetland in a confined depression that has surface water for at least two consecutive months during the growing season, and (1) is free of adult fish populations; (2) provides habitat for amphibians; and (3) lacks abundant herbaceous vegetation. However, there appears to be a concern that the use of the term nontidal wetland in the definition of vernal pool limits the scope of what may be considered a vernal pool. Section 5-901 of the Environment Article defines a nontidal wetland as an area that is inundated or saturated by surface water or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of vegetation typically adapted for life in saturated soil conditions, commonly known as hydrophytic vegetation.

Therefore, the report notes the definition in COMAR is to be retained unchanged and that the focus was on creating a separate definition for vernal pools that are not nontidal wetlands. After soliciting input from stakeholders, MDE and DNR selected a definition for vernal pool. The vernal pool definition includes the term “typical year”, which is defined to mean a year in which rainfall totals meet or exceed average yearly rainfall from the previous 30 years for the county where the vernal pool is located. With typical year defined, the definition for vernal pool is a confined depression that (1) has surface water for at least two consecutive months between November and May in a typical year; (2) experiences a drawdown to six inches or less of water within the depression between June and September in a typical year; (3) provides persistent or breeding

habitat for certain species, particularly native amphibians, and invertebrates that are (a) obligate animal species requiring vernal pools as an essential part of their life cycle or (b) facultative animal species that at least occasionally use vernal pools; (4) contains less than 30% aerial cover of emergent vegetation within the basin when full; (5) is predominantly or partially shaded by woody vegetation; (6) is less than five acres in size; and (7) may have intermittent, nonpermanent connections to other water bodies. Of note, the definition of vernal pool includes vernal pool as part of its own definition.

## **5. Advanced Clean Cars II Program Manufacturers Credit Balance Report**

The budget committees requested that MDE submit a report on the Manufacturer Credit Balances for Maryland for the most recent model year available as identified in California Air Resources Board Zero Emission Vehicle Credits database. The committees requested that the report also include an accompanying key with the definition of each credit category and a conversion of credit balances as a percentage of total vehicles sold to demonstrate progress toward the overall Clean Cars II program goal. The report was requested because there was insufficient information about the progress toward the overall goal for the Advanced Clean Cars II program, given that car manufacturers are allowed to carry a credit balance. The report was requested to be submitted by January 31, 2025.

Section 2-1102 of the Environment Article requires Maryland to adopt California’s motor vehicle emissions standards and compliance requirements as authorized by § 177 of the federal Clean Air Act. California’s Advanced Clean Cars I program has been in effect in Maryland since the 2011 model year and Maryland adopted California’s Advanced Clean Cars II program in February 2023. Implementation of Advanced Clean Cars II will begin with the 2027 model year. The Advanced Clean Cars II program allows vehicle manufacturers to carry forward and use compliance credits generated prior to model year 2027.

The submitted report shows that the Maryland light and heavy-duty vehicle manufacturers have accumulated a credit balance of 257,521.80. As shown in **Exhibit 9**, the largest category of credits is for battery electric vehicles and the manufacturer with the largest credit balance is Tesla, with 133,354.83 credits, or 52% of the total balance.

**Exhibit 9**  
**Maryland Manufacturers Credit Balances**  
**Model Year 2023**

<u>Manufacturer</u>	<u>Battery Electric Vehicle</u>	<u>Plug-in Hybrid Vehicles</u>	<u>Battery Electric With Range Extender</u>	<u>Carryover Credits from ACC I</u>	<u>Fuel Cell Vehicle</u>	<u>Neighborhood Electric Vehicle</u>	<u>Total</u>	<u>% Total</u>
Tesla	133,354.83	0.00	0.00	0.00	0.00	0.00	<b>133,354.83</b>	<b>52%</b>
Toyota	15,011.63	7,964.62	0.00	1,758.43	0.00	0.00	<b>24,734.68</b>	<b>10%</b>
Ford	16,799.51	3.99	0.00	0.00	0.00	767.14	<b>17,570.64</b>	<b>7%</b>
GM	15,291.34	0.00	0.00	0.00	0.00	0.00	<b>15,291.34</b>	<b>6%</b>
Volkswagen	11,541.05	128.10	0.00	0.00	0.00	0.00	<b>11,669.15</b>	<b>5%</b>
Fiat Chrysler	10,078.89	234.99	0.00	0.00	0.00	0.00	<b>10,313.88</b>	<b>4%</b>
Hyundai	8,287.06	0.00	0.00	0.00	0.00	0.00	<b>8,287.06</b>	<b>3%</b>
BMW	5,062.97	508.49	2,576.14	0.00	0.00	0.00	<b>8,147.60</b>	<b>3%</b>
Mercedes-Benz AG	3,228.98	2,954.02	0.00	0.00	0.00	0.00	<b>6,183.00</b>	<b>2%</b>
Volvo	4,920.72	122.00	0.00	0.00	0.00	0.00	<b>5,042.72</b>	<b>2%</b>
Mazda	4,192.02	0.00	0.00	0.00	0.00	0.00	<b>4,192.02</b>	<b>2%</b>
Subaru Corporation	3,515.35	0.00	0.00	0.00	0.00	0.00	<b>3,515.35</b>	<b>1%</b>
KIA	3,137.48	0.00	0.00	0.00	0.00	0.00	<b>3,137.48</b>	<b>1%</b>
RIVIAN	2,826.28	0.00	0.00	0.00	0.00	0.00	<b>2,826.28</b>	<b>1%</b>
Mitsubishi	1,271.24	319.92	0.00	0.00	0.00	0.00	<b>1,591.16</b>	<b>1%</b>
Honda	0.00	1.87	0.00	0.00	1,369.33	0.00	<b>1,371.20</b>	<b>1%</b>
LUCID	160.00	0.00	0.00	0.00	0.00	0.00	<b>160.00</b>	<b>0%</b>
Nissan	133.41	0.00	0.00	0.00	0.00	0.00	<b>133.41</b>	<b>0%</b>
<b>Total</b>	<b>238,812.76</b>	<b>12,238.00</b>	<b>2,576.14</b>	<b>1,758.43</b>	<b>1,369.33</b>	<b>767.14</b>	<b>257,521.80</b>	

ACC I: Advance Clean Cars I

Note: The following manufacturers did not report any credits: BYD Motors Inc., FARADAY & FUTURE Inc, FISKER, Jaguar Land Rover, Lightning Systems, MILES, Polaris, VANTAGE, ZENITH, and Zipcar.

Source: Maryland Department of the Environment



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For Advanced Clean Cars II, credits are authorized for four categories, as shown in **Exhibit 10**. The percentage of credits authorized decreases from a total of 60% in model year 2026 to 20% in model year 2031. **Exhibit 11** shows the percentage requirement for zero-emission vehicles as a total of all vehicles manufactured for Maryland from model year 2016 through 2035. As more of the four credit types are applied, the percentage requirement decreases from 35.0% in model year 2026 to 14.0%. However, use of credits ends with model year 2031 and thus the full percentage requirement starts with model year 2032. MDE is confident in continued compliance with the Advanced Clean Car I and II requirements given the steady increase in the Maryland annual zero-emission vehicle market share and the recent overachievement of the zero-emission vehicle requirement in model years 2021-2023. Of note, in October 2024, DLS published a report titled *Advanced Clean Cars II in Maryland: The Zero-emission Vehicle Requirement*, which includes more information on this topic.

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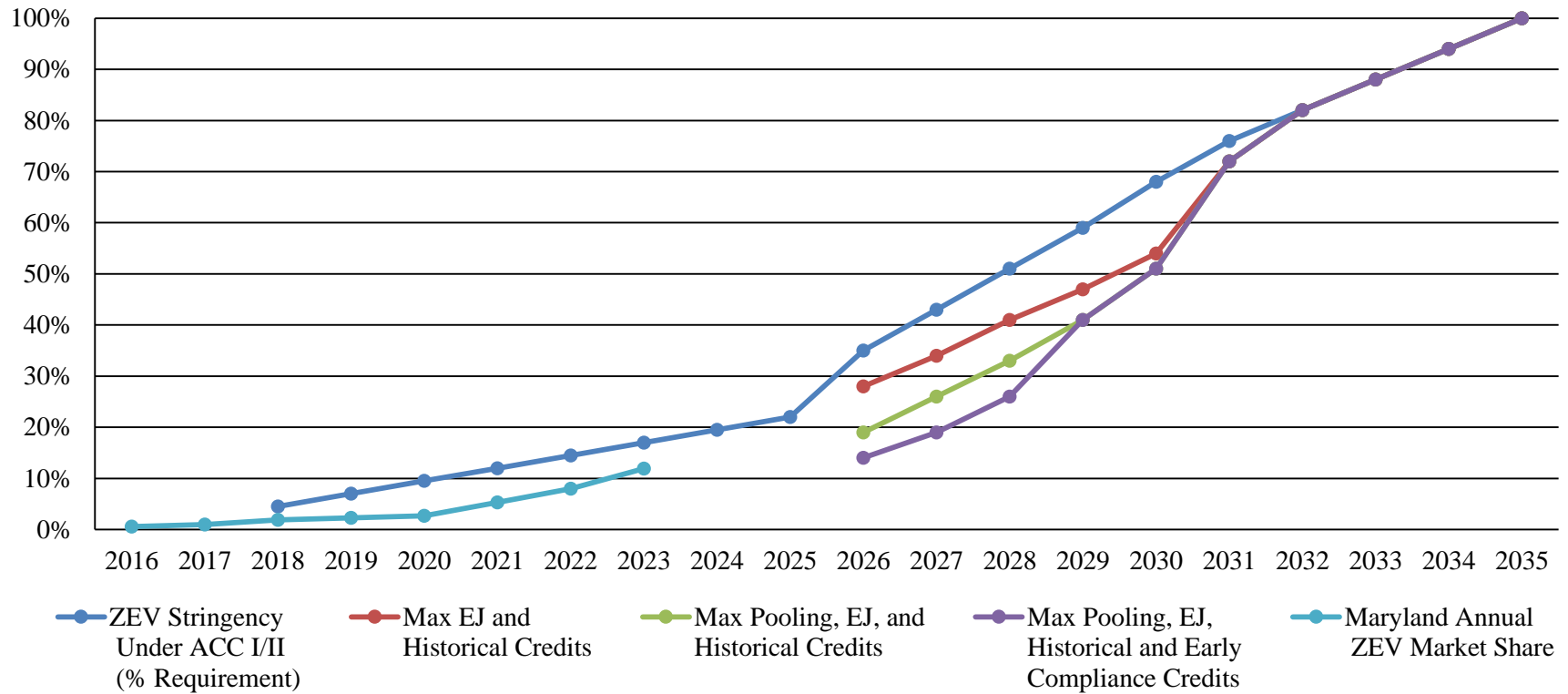
**Exhibit 10**  
**Advanced Clear Car II Credits**  
**Model Year 2026-2031**

<b><u>Credits</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>2029</u></b>	<b><u>2030</u></b>	<b><u>2031</u></b>
Pooling	25%	20%	15%	10%	5%	0%
Environmental Justice Credits	5%	5%	5%	5%	5%	5%
Historical Credits	15%	15%	15%	15%	15%	15%
Early Compliance Credits	15%	15%	15%	0%	0%	0%
<b>Total</b>	<b>60%</b>	<b>55%</b>	<b>50%</b>	<b>30%</b>	<b>25%</b>	<b>20%</b>

Source: Maryland Department of the Environment

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**Exhibit 11**  
**ZEV Stringency (% Requirement) With and Without Credits**  
**Model Year 2016-2035**



ACC: Advanced Clean Cars  
 EJ: environmental justice  
 ZEV: zero-emission vehicle

Source: Maryland Department of the Environment

## **6. Timeline for Environmental Triggers Development and Go-live Date for Environmental Accidents Text Alert System**

The budget committees requested that MDE and MDEM submit a report by October 15, 2024, that established a timeline for the development of the environmental triggers and the go-live date for a text alert system to warn Marylanders of environmental hazards. This reporting requirement followed on a reporting requirement in the *2023 Joint Chairmen's Report (JCR)*, which included a request for a study to determine the feasibility and cost of implementing a text alert system for environmental accidents along the lines of the current weather and AMBER alert systems. The report submitted in response to the 2023 JCR request discussed the need to determine environmental triggers for the text alert system but did not provide a timeline for the development of the triggers or a go-live date for the text alert system.

The report submitted in response to the committee narrative in the 2024 JCR notes that MDE and MDEM have not identified the need for a new State-administered text message system. Instead, the report notes that public information and warning is a local authority and that local jurisdictions have multiple ways to communicate hazards and threats. In the context of text alert systems, the report notes that local jurisdictions procure subscription-based services, which are listed in an appendix to the report. Maryland alerting authorities under the national Integrated Public Alert and Warning System are also included in an appendix to the report.

The report notes that MDEM does have alerting authority in specific cases. MDEM will communicate hazards and threats if State leadership decides to preempt local alerts and one of the following conditions holds: a statewide emergency poses an immediate threat to life safety; or a local/regional emergency occurs and local emergency management offices are unable to deliver messages (*e.g.*, a coordinated terrorist attack on local emergency management offices). MDE has notification responsibility for air quality index alerts, air pollution emergencies, community water systems notifications, shellfish harvesting area closures, and drought notification.

**Appendix 1**  
**2024 Joint Chairmen’s Report Responses from Agency**

The 2024 JCR requested that MDE prepare 11 reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Summary of Chesapeake Bay Restoration Spending:*** The budget committees requested that DBM, DNR, and MDE provide a report on Chesapeake Bay restoration spending. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Historical and Projected Chesapeake Bay Restoration:*** The budget committees requested that the Maryland Department of Planning, DNR, MDA, MDE, and DBM submit a report on historical and projected Chesapeake Bay restoration spending and associated impacts and the overall framework needed to meet the calendar 2025 requirement of having all best management practices in place to meet water quality standards for restoring the Chesapeake Bay. Further discussion of this data can be found in the analysis for CHESBAY – Chesapeake Bay Overview.
- ***Maryland State Certified Sod Standard Enforcement Report:*** The budget committees requested that MDE submit a report on actions taken and proposed to ensure consistent enforcement of the Maryland State-certified sod standard. The report was requested to include the efforts by MDE to educate inspectors, delegated local governments, and soil conservation district offices on the State requirements to utilize Maryland State-certified sod at all development sites in the State and to be submitted by December 1, 2024. Further discussion of this data can be found in Update 2 of the analysis.
- ***Vernal Pool Definition Report:*** The budget committees requested that MDE confer with DNR and other stakeholders on a definition of vernal pool that could be used across State government to clarify the criteria for seasonal pools that should have protective status and submit a report on the definition chosen for vernal pool. The report was requested to be submitted by December 1, 2024. Further discussion of this data can be found in Update 4 of the analysis.
- ***Maryland Used Tire Cleanup and Recycling Fund Annual Report:*** The committees requested that MDE submit the Maryland Used Tire Cleanup and Recycling Fund annual status report on November 1, 2024. Section 9-275(c) of the Environment Article specifies that an annual status report is due on or before November 1 of each year. This required annual report was not consistently submitted by MDE prior to the introduction of annual budget bill language or committee narrative. Further discussion of this data can be found in Issue 4 of the analysis.

- ***Energy Use Intensity Costs and Alternatives to Energy Use Intensity for Meeting Greenhouse Gas Emission Targets:*** Language in the fiscal 2025 Budget Bill restricted funds for final development and submission of energy use intensity targets and standards regulations, until the submission of (1) a letter confirming that building energy performance standards actions have been taken as required in § 2-1602 of the Environment Article and (2) a report on energy use intensity costs and the economic feasibility of meeting energy use intensity standards as well as alternatives to energy use intensity for meeting greenhouse gas emission targets. In addition, this language expressed intent about the continuation of the building energy performance regulations. The confirmatory letter was required to be submitted within 30 days following the completion of the building energy performance standards required actions. The report was required to be submitted within 30 days following the submission of the confirmatory letter. Further discussion of this data can be found in Issue 3 of the analysis.
- ***Advanced Clean Cars II Program Manufacturers Credit Balance Report:*** The budget committees requested that MDE submit a report on the Manufacturer Credit Balances for Maryland for the most recent model year available as identified in California Air Resources Board Zero-Emission Vehicle Credits database. The committees requested that the report also include an accompanying key with the definition of each credit category and a conversion of credit balances as a percentage of total vehicles sold to demonstrate progress toward the overall Advanced Clean Cars II program goal. The report was requested to be submitted by January 31, 2025. Further discussion of this data can be found in Update 5 of the analysis.
- ***Budgeting of Fiscal 2024 Actual and Fiscal 2025 Working Appropriation Personnel Expenditures:*** The fiscal 2025 Budget Bill restricted \$100,000 in general funds within MDE’s Coordinating Offices until MDE and DBM submitted a confirmatory letter with the fiscal 2026 budget submission indicating that fiscal 2024 actual personnel expenditures and fiscal 2025 working appropriation personnel expenditures were budgeted in the correct statewide subobjects. Further discussion of this data can be found in the BRFA and Other Contingent Legislation portion of this analysis.
- ***Blue Plains ENR Upgrade Project Funding Report:*** The fiscal 2025 Budget Bill restricted \$100,000 in general funds pending the submission of a report on Blue Plains ENR upgrade project funding. The report was required to be submitted by October 1, 2024. Further discussion of this data can be found in Update 3 of this analysis.
- ***Compliance and Enforcement Position Quarterly Reports:*** The budget committees requested that MDE and MDA submit a report on compliance and enforcement positions. The report was required to include an evaluation of the adequacy of Maryland’s current authorized compliance and enforcement positions; a comparison of the size, roles, responsibilities, and inspection workload of the departments’ compliance and enforcement positions to neighboring or similar states; a list of all inspection activities in certain programs; staffing and funding levels for fiscal 2025 and 2026; and a description of the use

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and outcomes from any next generation compliance techniques to increase compliance with Maryland’s environmental regulations. The report was due January 1, 2025, but has not been submitted as of the writing of this analysis. Further discussion of this data can be found in Issue 5 of the analysis.

- ***Timeline for Environmental Triggers Development and Go-live Date for Environmental Accidents Text Alert System:*** The budget committees requested that MDE and MDEM submit a report that established a timeline for the development of the environmental triggers and the go-live date for the text alert system that was first requested in 2023 session committee narrative. The report was requested to be submitted by October 15, 2024. Further discussion of this data can be found in Update 6 of this analysis.

**Appendix 2**  
**MDE Portal Project**  
**Major Information Technology Development Project**

<b>New/Ongoing:</b> Ongoing								
<b>Start Date:</b> July 1, 2024					<b>Est. Completion Date:</b> June 30, 2027			
<b>Implementation Strategy:</b> Agile								
<b>(\$ in Millions)</b>	<b>Prior Year</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$0.000	\$1.050	\$2.050	\$0.550	\$0.000	\$0.000	\$0.000	\$3.650
<b>Total</b>	<b>\$0.000</b>	<b>\$1.050</b>	<b>\$2.050</b>	<b>\$0.550</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$3.650</b>

- Project Summary:** This project develops an online permit application tool to support the permitting process across MDE’s programs. Due to cost concerns and a lack of support by the Secretary, the project will not be completed by the OneStop vendor, but will instead be completed via internal custom development through DoIT consulting services – a cross-functional group of people anywhere between 2 to 10, (sometimes higher) that are dedicated and contribute to the design, development, testing and quality of an incremental piece of product in delivering iterative cycles. The resulting tool will be integrated with the existing Environmental Tracking System and Lead Rental Certification and Accreditation architecture. The project is broken up into three phases: phase 1 – initial setup; phase 2 – National Pollutant Discharge Elimination System forms transformation; and phase 3 – remaining permit forms transformation. The number of permits and applications to be transformed appears to have increased from 200 to 460.
- Need:** MDE’s current process is paper-based and requires staff input. An online system will expedite the permitting process and allow applicants to track the real time progress status of applications. MDE also lists Chapter 243 of 2022 (State Government – IT and Cybersecurity-Related Infrastructure (Modernize Maryland Act)) as one of the mandates for the project because the project will modernize MDE’s applications and IT systems thus ensuring potential cybersecurity vulnerabilities are addressed and remediated.
- Concerns:** The project has been brought in-house using the DoIT’s Agile team instead of using the OneStop vendor. The reasoning for this decision, which included cost considerations and that the delivery approach/model did not align with the Secretary of the Environment’s goals, is not clear. The project timeline has been extended due to the four-month lead time for onboarding of the Agile consulting services. In addition, the project costs have decreased from \$5.4 million to \$3.7 million despite a shifting out of the project completion date and an apparent increase in scope. Finally, the project has shifted from having 1 high risk factor out of the 11 major factors used, to 8 high risk factors.

**Appendix 3**  
**MDE Wells and Septic Portal Project**  
**Major Information Technology Development Project**

<b>New/Ongoing:</b> Ongoing								
<b>Start Date:</b> July 1, 2024					<b>Est. Completion Date:</b> December 30, 2027			
<b>Implementation Strategy:</b> Agile								
<b>(\$ in Millions)</b>	<b>Prior Year</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Remainder</b>	<b>Total</b>
<b>GF</b>	\$0.000	\$0.904	\$1.100	\$1.103	\$0.481	\$0.000	\$0.000	\$3.435
<b>Total</b>	<b>\$0.000</b>	<b>\$0.904</b>	<b>\$1.100</b>	<b>\$1.103</b>	<b>\$0.481</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$3.435</b>

- Project Summary:** This project develops an online portal/database for Maryland Onsite Sewage Disposal Systems and Well Installation Permits. The project has shifted from development by a OneStop vendor to internal custom development through DoIT Agile consulting services. The project will allow well and septic contactors to submit and pay for well and septic applications/permits and to track their applications in real time. The project also will allow MDE to query the database for permit application informational reports.
- Need:** The current permitting process is paper-based with no centralized oversight and lacks transparency. This project will improve public health and streamline permitting for counties and local health departments thus improving service for businesses and citizens seeking well and septic permit approvals.
- Concerns:** The project has been brought in-house using DoIT’s Agile team instead of using the OneStop vendor. Similar to the MDE Portal project, the stated reasoning for this decision, cost considerations and the delivery approach/model not aligning with the Secretary of the Environment’s goals, is not clear. The project completion date has been shifted from September 30, 2027, to December 30, 2027, due to the four-month lead time for onboarding of the Agile consulting services. In addition, the overall cost has increased from \$3.4 million to \$3.6 million due to the shift in project development responsibility and schedule.
- Other Comments:** Chapters 586 and 587 of 2023 (Private Well Safety Act), subject to the availability of funding, and in consultation with DoIT, required MDE to use an online portal to receive water quality testing results, upload certificates of potability and other water quality testing results, and provide public access to that information.



**Appendix 4  
Object/Fund Difference Report  
Department of the Environment**

<u>Object/Fund</u>	<u>FY 24 Actual</u>	<u>FY 25 Working Appropriation</u>	<u>FY 26 Allowance</u>	<u>FY 25 – FY 26 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	970.00	982.00	1,034.00	52.00	5.3%
02 Contractual	157.68	80.50	29.50	-51.00	-63.4%
<b>Total Positions</b>	<b>1,127.68</b>	<b>1,062.50</b>	<b>1,063.50</b>	<b>1.00</b>	<b>0.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 110,810,010	\$ 116,728,776	\$ 143,418,652	\$ 26,689,876	22.9%
02 Technical and Special Fees	3,738,009	4,330,596	1,400,997	-2,929,599	-67.6%
03 Communication	785,424	487,750	489,864	2,114	0.4%
04 Travel	485,681	105,250	105,250	0	0%
06 Fuel and Utilities	335,450	373,066	373,066	0	0%
07 Motor Vehicles	2,750,489	1,292,287	1,496,281	203,994	15.8%
08 Contractual Services	15,127,960	30,817,034	28,895,512	-1,921,522	-6.2%
09 Supplies and Materials	1,062,840	1,168,746	1,633,432	464,686	39.8%
10 Equipment – Replacement	298,409	493,678	493,678	0	0%
11 Equipment – Additional	371,892	367,812	390,891	23,079	6.3%
12 Grants, Subsidies, and Contributions	37,756,662	40,177,118	40,627,118	450,000	1.1%
13 Fixed Charges	6,717,238	6,782,519	6,794,429	11,910	0.2%
14 Land and Structures	27,216,420	28,000,000	28,000,000	0	0%
<b>Total Objects</b>	<b>\$ 207,456,484</b>	<b>\$ 231,124,632</b>	<b>\$ 254,119,170</b>	<b>\$ 22,994,538</b>	<b>9.9%</b>
<b>Funds</b>					
01 General Fund	\$ 53,445,350	\$ 53,883,554	\$ 55,035,778	\$ 1,152,224	2.1%
03 Special Fund	116,188,963	127,049,647	152,233,172	25,183,525	19.8%
05 Federal Fund	33,872,404	42,918,698	41,886,839	-1,031,859	-2.4%
09 Reimbursable Fund	3,949,767	7,272,733	4,963,381	-2,309,352	-31.8%
<b>Total Funds</b>	<b>\$ 207,456,484</b>	<b>\$ 231,124,632</b>	<b>\$ 254,119,170</b>	<b>\$ 22,994,538</b>	<b>9.9%</b>

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 5  
Fiscal Summary  
Department of the Environment**

<u>Program/Unit</u>	<u>FY 24 Actual</u>	<u>FY 25 Wrk Approp</u>	<u>FY 26 Allowance</u>	<u>Change</u>	<u>FY 25 – FY 26 % Change</u>
01 Office of the Secretary	\$ 3,011,178	\$ 2,736,796	\$ 3,185,568	\$ 448,772	16.4%
02 Business Administration	11,736,446	11,842,360	21,964,047	10,121,687	85.5%
01 Water and Science Administration	54,688,137	59,222,036	60,167,015	944,979	1.6%
01 Land and Materials Administration	34,593,213	45,484,836	54,040,249	8,555,413	18.8%
01 Air and Radiation Administration	24,624,185	27,925,740	38,328,739	10,402,999	37.3%
01 Emergency and Support Services	51,569,387	53,958,452	48,433,552	-5,524,900	-10.2%
02 Major IT Development Projects	17,518	1,954,412	0	-1,954,412	-100.0%
03 Bay Restoration Fund Debt Service	27,216,420	28,000,000	28,000,000	0	0%
<b>Total Expenditures</b>	<b>\$ 207,456,484</b>	<b>\$ 231,124,632</b>	<b>\$ 254,119,170</b>	<b>\$ 22,994,538</b>	<b>9.9%</b>
General Fund	\$ 53,445,350	\$ 53,883,554	\$ 55,035,778	\$ 1,152,224	2.1%
Special Fund	116,188,963	127,049,647	152,233,172	25,183,525	19.8%
Federal Fund	33,872,404	42,918,698	41,886,839	-1,031,859	-2.4%
<b>Total Appropriations</b>	<b>\$ 203,506,717</b>	<b>\$ 223,851,899</b>	<b>\$ 249,155,789</b>	<b>\$ 25,303,890</b>	<b>11.3%</b>
Reimbursable Fund	\$ 3,949,767	\$ 7,272,733	\$ 4,963,381	-\$ 2,309,352	-31.8%
<b>Total Funds</b>	<b>\$ 207,456,484</b>	<b>\$ 231,124,632</b>	<b>\$ 254,119,170</b>	<b>\$ 22,994,538</b>	<b>9.9%</b>

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.