

K00A
Department of Natural Resources

Operating Budget Data

(\$ in Thousands)

| | <u>FY 09</u> <u>Actual</u> | <u>FY 10</u> <u>Working</u> | <u>FY 11</u> <u>Allowance</u> | <u>FY 10-11</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|--------------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Fund | \$57,718 | \$45,351 | \$45,397 | \$46 | 0.1% |
| Contingent & Back of Bill Reductions | 0 | 0 | -1,291 | -1,291 | |
| Adjusted General Fund | \$57,718 | \$45,351 | \$44,106 | -\$1,245 | -2.7% |
| Special Fund | 91,386 | 110,341 | 145,898 | 35,557 | 32.2% |
| Contingent & Back of Bill Reductions | 0 | 0 | -23,340 | -23,340 | |
| Adjusted Special Fund | \$91,386 | \$110,341 | \$122,558 | \$12,217 | 11.1% |
| Federal Fund | 24,057 | 34,051 | 33,844 | -207 | -0.6% |
| Contingent & Back of Bill Reductions | 0 | 0 | -185 | -185 | |
| Adjusted Federal Fund | \$24,057 | \$34,051 | \$33,659 | -\$392 | -1.2% |
| Reimbursable Fund | 8,110 | 12,087 | 9,983 | -2,104 | -17.4% |
| Contingent & Back of Bill Reductions | 0 | 0 | -83 | -83 | |
| Adjusted Reimbursable Fund | \$8,110 | \$12,087 | \$9,900 | -\$2,187 | -18.1% |
| Adjusted Grand Total | \$181,271 | \$201,830 | \$210,223 | \$8,393 | 4.2% |

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board budget reductions. The actual allocations are to be developed by the Administration.

- The Department of Natural Resources' (DNR) budget includes fiscal 2010 deficiencies of \$1.2 million in special funds, primarily from fiscal 2009 Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for non-point source reduction projects and \$0.6 million in federal funds for invasive species and endangered species programs and signage for a visitor's center.

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

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- The overall adjusted change in the DNR budget is an increase of \$8.4 million, or 4.2%. The major change is an increase of \$34.1 million in Chesapeake and Atlantic Coastal Bays 2010 Trust Fund monies, which is reduced by \$20.0 million contingent on a provision in the Budget Reconciliation and Financing Act of 2010.

Personnel Data

| | <u>FY 09 Actual</u> | <u>FY 10 Working</u> | <u>FY 11 Allowance</u> | <u>FY 10-11 Change</u> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions | 1,358.50 | 1,287.00 | 1,284.00 | -3.00 |
| Contractual FTEs | <u>400.71</u> | <u>389.67</u> | <u>372.96</u> | <u>-16.71</u> |
| Total Personnel | 1,759.21 | 1,676.67 | 1,656.96 | -19.71 |

Vacancy Data: Regular Positions

| | | |
|---|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 64.07 | 4.99% |
| Positions and Percentage Vacant as of 12/31/09 | 56.50 | 4.39% |

- In the fiscal 2011 allowance, 1 program manager senior from Watershed Services is transferred to the Department of Information Technology to run the new statewide geographic information systems iMap initiative. In addition, 2 positions were abolished: a program manager IV in Land Acquisition and Planning and an administrative aide in Watershed Services.
- Contractual full-time equivalent (FTE) positions are reduced by 16.7 in the fiscal 2011 allowance. This primarily reflects the reduction of 9.6 FTEs in the Maryland Park Service, a portion of which can be attributed to the conversion of long-term FTEs to regular positions.
- DNR’s turnover rate is reduced from 6.15 to 4.99%, but this is greater than the current vacancy rate of 4.39%.

Analysis in Brief

Major Trends

Genuine Progress Indicator Developed: DNR's Office for a Sustainable Future has developed an alternative to the Gross State Product. The indicator reflects environmental costs and more tempered growth than the Gross State Product.

Invasive Species and Nature Deficit Disorder Difficult to Measure: Invasive species and nature deficit disorder are two of DNR's interdisciplinary team efforts, and both are difficult to capture in existing Managing for Results measures.

Issues

Civic Justice Corps Seeks Outside Financial Assistance to Expand Program: In addition to expanding the number of youth involved in the Civic Justice Corps program, DNR intends to expand the program's geographic reach statewide. **DLS recommends that budget bill language be incorporated in the fiscal 2011 budget that would prohibit any funding that flows through the State budget to be used for the Civic Justice Corps program. This recommendation is made because (1) Civic Justice Corps is not a core service of State government; (2) Civic Justice Corps is placing a fiscal burden on the Department of Juvenile Services as an add-on to its programs; and (3) youth programming being conducted by Civic Justice Corps is the responsibility of the Department of Juvenile Services. This recommendation would allow for DNR to reprogram its funding to improve State parks.**

Blue Crab Fishery Receives Federal Disaster Designation Funding: DNR has applied for and received federal disaster designation for the blue crab fishery. **DLS recommends that DNR comment on the expected outcomes of federal disaster designation funding for the blue crab fishery (commercial fishermen), the blue crab population, and the progress to date. In particular, DNR should comment on the performance of the license buyback and on why it is committing 43% of the overall federal funds for this purpose despite mixed results with the first reverse auction.**

Recommended Actions

| | <u>Funds</u> | <u>Positions</u> |
|--|---------------------|------------------|
| 1. Delete funding for the Maryland Environmental Trust and recommend its functionality be taken on by Land Acquisition and Planning. | \$ 659,739 | 8.0 |
| 2. Strike the budget bill language on the Watershed Services special fund appropriation. | | |
| 3. Add language to the Watershed Services special fund appropriation. | | |
| 4. Reduce the mandated general fund appropriation for the Fisheries Service. | 1,000,000 | |
| 5. Add language restricting funding for the Civic Justice Corps. | | |
| Total Reductions | \$ 1,659,739 | 8.0 |

Updates

Mitigating Financial Impact from Black Bear Damage: A report on the mitigation of the financial impact from black bear damage was requested in the 2009 *Joint Chairmen's Report*. DNR responds that it has solicited voluntary donations and increased sales of Black Bear Conservation Stamps and other products to decrease the gap between requested assistance and available funding.

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Operating Budget Analysis

Program Description

The Department of Natural Resources (DNR) preserves, protects, enhances, and restores the State's natural resources for the use and enjoyment of all citizens. To accomplish this mission, DNR is structured into the programmatic units described below.

- **Office of the Secretary:** Provides leadership, public outreach, customer service, legislative, financial, administrative, information technology, and legal services.
- **Forest Service:** Manages the State forests and supports Maryland's forest and tree resources by providing private forestland management expertise, wildfire protection, and urban and community forestry assistance.
- **Wildlife and Heritage Service:** Provides technical assistance and expertise to the public and private sectors for the conservation of Maryland's wildlife resources, including the management of threatened and endangered species, game birds and mammals, and the operation of 106,000 acres of State-owned lands classified as Wildlife Management Areas.
- **Park Service:** Manages natural, cultural, historic, and recreational resources in parks across the State, and provides related educational services.
- **Land Acquisition and Planning:** Administers diverse financial assistance programs that support public land and easement acquisitions, local grants, and shoreline protection.
- **Licensing and Registration Service:** Operates seven regional service centers that assist the public with vessel titling and registration, off-road vehicle registration, commercial fishing licenses, and hunting and sport fishing licenses.
- **Natural Resources Police:** Preserves and protects Maryland's natural resources and its citizens through enforcement of conservation, boating, and criminal law.
- **Engineering and Construction:** Provides engineering, project management, and in-house construction services.
- **Chesapeake Bay Critical Areas Commission:** Implements the cooperative resource protection program between the State and local governments in the 1,000-foot wide Critical Area surrounding the Chesapeake Bay by reviewing local development proposals, providing technical planning assistance to local governments, approving amendments to local plans, and providing grants for the implementation of local Critical Area programs.

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- **Boating Services:** Coordinates the Clean Marina Program, oversees two State-owned marinas, funds public boating access facilities and navigation channel dredging, and places regulatory markers and navigation aids in support of sustainable development, use, and enjoyment of Maryland waterways for the general boating public.
- **Resource Assessment Service:** Evaluates and directs implementation of environmental restoration and protection policy for tidal and non-tidal ecosystems, ensures electricity demands are met at reasonable costs while protecting natural resources, and provides scientific assessments and technical guidance for the management of geologic and hydrologic resources.
- **Maryland Environmental Trust:** Negotiates and accepts conservation easements over properties with environmental, scenic, historic, or cultural significance and provides grants, loans, and technical assistance to local land trusts.
- **Watershed Services:** Coordinates State efforts to restore and protect the Chesapeake and Atlantic Coastal Bays by providing financial and technical resources to local governments, State government agencies, nonprofit organizations and private landowners.
- **Fisheries Service:** Manages commercial and recreational harvests to maintain sustainable fisheries, enhance and restore fish species in decline, and promote fishery ethics and public involvement.

DNR's six primary goals are to achieve:

- sustainable populations of living resources and aquatic habitat in the mainstem of the Chesapeake Bay, tidal tributaries, and coastal bays;
- healthy Maryland watershed lands, streams, and non-tidal rivers;
- natural resources stewardship opportunities for Maryland's urban and rural citizens;
- a conserved and managed statewide network of ecologically valuable private and public lands;
- diverse outdoor recreation opportunities for Maryland citizens and visitors; and
- a diverse workforce and efficient operations.

Performance Analysis: Managing for Results

DNR has three interdisciplinary teams dedicated to invasive species, resource conflict resolution, and the policy goal of leaving no child inside. In addition, DNR has an Office for a

Sustainable Future, which also cuts across disciplines and includes BayStat, Statestat, geographic information systems, and long range planning functions. The Managing for Results (MFR) analysis reviews the MFR measures for the policy goal of leaving no child inside, the status of invasive species control and management, and a new genuine progress indicator that was developed in part by the Office for a Sustainable Future.

Cross-agency Concerns

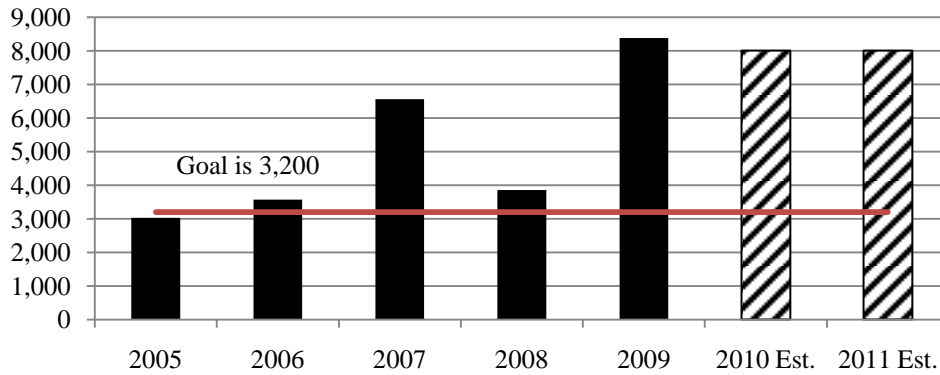
Concerning no child left inside and invasive species control, it appears that the policy issues fall within DNR's mission but also spill over into the missions of other agencies as well, which makes it difficult to ascertain DNR's impact and how it relates to the overall impact of State government in these areas. **The agency should comment on how it plans to measure and report on the effectiveness of its interdisciplinary teams.**

No Child Left Inside

The term nature deficit disorder has been coined to address the condition of today's youth spending less time outdoors in natural surroundings than was spent by previous generations. This condition has been connected to Attention Deficit Hyperactivity Disorder and the rise in childhood obesity. In response, the Maryland Partnership for Children in Nature, co-chaired by DNR Secretary John R. Griffin and State Superintendent Dr. Nancy Grasmick, was formed by executive order in April 2008, and a report was submitted to Governor O'Malley in April 2009. In addition, DNR has formed an internal interdisciplinary team focused on this policy area.

A number of recommendations are made in the Maryland Partnership for Children in Nature report, but no MFR measures in DNR's fiscal 2011 submission appear to directly correlate with the concerns expressed regarding the nature deficit disorder. The closest measure is the number of students participating in aquatic resources education programs, as shown in **Exhibit 1**. The exhibit indicates a rising trend in the number of students participating in the Teaching Environmental Awareness in Maryland program, and since fiscal 2009, the number participating in Hooked on Fishing Not on Drugs. It also indicates that DNR has met its goal of educating 3,200 youth per year since fiscal 2006. **However, the MFR measure represents an output and not an outcome and shows neither how DNR's work relates to the work of the Maryland State Department of Education in this area nor the overall impact on nature deficit disorder.**

Exhibit 1
Students Participating in Aquatic Resources Education Programs
Fiscal 2005-2011



Note: From fiscal 2009 onward, students participating in the Hooked On Fishing Not On Drugs program are included in addition to the baseline numbers for students participating in Teaching Environmental Awareness in Maryland. The Department of Natural Resources’ goal is to provide educational opportunities to 3,200 youth per calendar year.

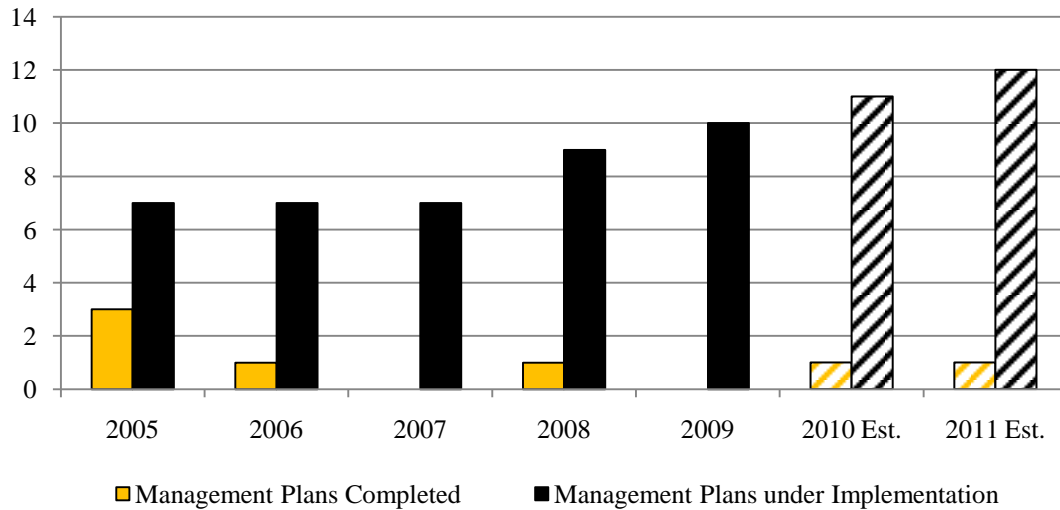
Source: Governor’s Budget Books, Fiscal 2007-2011

Invasive Species Control and Management

In Maryland, invasive species primarily appear to be a concern of DNR and the Maryland Department Agriculture with expertise also supplied by the Maryland Cooperative Extension. DNR defines invasive species as species showing a tremendous capacity for reproduction and distribution throughout the new home and having negative impacts on environmental, economic, or public welfare priorities. The measures are the number of invasive species management plans completed and implemented. Species with approved management plans under DNR management are as follows: Chinese mitten crab, mute swan, common reed, Asian water chestnut, nutria, purple loosestrife, zebra mussel, emerald ash borer, Asian carp, and northern snakehead. As shown in **Exhibit 2**, there is a rising trend for both measures. **However, both measures are outputs and not outcomes. There is no context for what this has meant in terms of invasive species prevention, control, and eradication. In addition, the measure shows neither how DNR’s work relates to the work of the Maryland Department of Agriculture nor the overall impact on invasive species management.**

Both the no child left inside and invasive species measures are outputs and not outcomes. In addition, there is no context for what either measure has meant in terms of improvement in the underlying conditions in the two policy areas. The Department of Legislative Services recommends that DNR comment on (1) how its work impacts the policy areas of no child left inside and invasive spaces management; and (2) how State agencies as a whole are impacting the two policy areas.

Exhibit 2
Invasive Species Management Plans Completed and Implemented
Fiscal 2005-2011



Source: Governor’s Budget Books, Fiscal 2008-2011

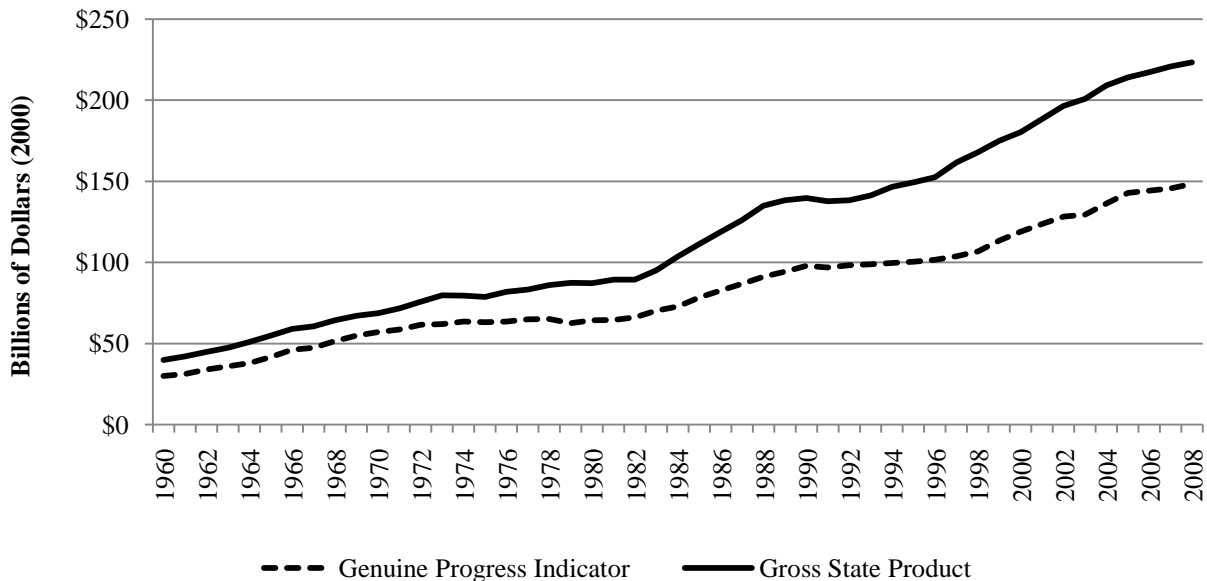
Genuine Progress Indicator

The Office for a Sustainable Future within DNR has helped create what is called a genuine progress indicator, which may at some point help in budget decisionmaking. The genuine progress indicator reflects the concern that economic throughput measures such as Gross Domestic Product and Gross State Product are not necessarily correlated with personal or environmental health.

In order to develop the genuine progress indicator, data from 1960 to 2008 was either collected or calculated for 26 indicators using a national model that is intended to capture more of the costs (e.g., pollution) and benefits (e.g., household work) of modern life. The 26 indicators were divided into three groups of elements – economic, natural, and social – and then either added to or subtracted from a base measure of personal consumption that was adjusted by an inequality index.

As shown in **Exhibit 3**, the genuine progress indicator lags behind the growth in the Gross State Product between calendar 1960 and 2008. For the most part, the economic and social elements are a net addition to the base calculation, and the environmental elements were a net reduction from the base calculation. The costs associated with the environmental elements go up over time and help explain the gap between the two indicators. Two of the environmental elements which fall within DNR’s policy scope are the cost of net wetland change and the cost of net forest cover change. **DLS recommends that DNR comment on how the genuine progress indicator will be used to guide its budget decisionmaking process.**

**Exhibit 3
Genuine Progress Indicator Versus Gross State Product
Calendar 1960-2008**



Note: Environmental elements are negative components in the genuine progress indicator. Environmental elements include cost of water pollution, air pollution, noise pollution, net wetland change, net farmland change, net forest cover change, climate change, ozone depletion, and nonrenewable resource depletion. The Department of Natural Resources’ mission goal of achieving healthy Maryland watershed lands, streams, and non-tidal rivers most closely aligns with the wetlands and forest cover elements.

Source: Department of Natural Resources

Fiscal 2010 Actions

Proposed Deficiency

The Governor has submitted a deficiency appropriation for the fiscal 2010 operating budget, which would increase DNR’s special fund appropriation by \$1,152,815 and federal fund appropriation by \$602,873.

The special fund appropriation increases by \$1,152,815 for the following:

- \$810,000 for non-point source reduction projects from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund;
- \$254,831 for executing the Forest Brigade Program from the Forest and Park Reserve Fund; and

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- \$87,984 for covering the first quarter costs of the Phytoplankton Assessment Project from the Environmental Trust Fund.

The federal fund appropriation increases by \$602,873 for the following:

- \$550,000 for controlling the spread of invasive species and protecting endangered species within Maryland; and
- \$52,873 for the Knocks Folly Visitor Center and to continue trail signage work at Elk Neck State Park from the Chesapeake Bay Gateways Network.

Impact of Cost Containment

The net impact of the fiscal 2010 Board of Public Works (BPW) actions is a reduction of 53.5 positions, \$6.8 million in general funds, and \$4.5 million in special funds. Forty-two of the 53.5 positions were filled and will result in reduced coverage for boat tax enforcement, fire suppression, waterway projects, park operations, fisheries management, and general administrative support. A summary of selected reductions follows:

- **Major Reductions** – position reductions that are not connected to other actions or fund swaps (\$2,720,404), across-the-board furlough reductions (\$2,368,568), Chesapeake and Atlantic Coastal Bays 2010 Trust Fund appropriation (\$2,000,000), local Critical Area Commission grants to local governments (\$275,000), and artificial reef creation project (\$200,000);
- **Fund Swap** – special funds replace general funds by eliminating the Wildlife Habitat Incentives Program in Wildlife and Heritage Service (\$230,000) and salary funding in Natural Resources Police (\$167,806), among others; and
- **Operating Expenses** – boat and vehicle replacement delay (\$275,000), across-the-board reduction for non-Department of General Services rent (\$50,000), and across-the-board reduction for travel (\$21,430).

Budget Reconciliation and Financing Act of 2010

Proposed Revenue Redistribution

An action in the Budget Reconciliation and Financing Act (BRFA) of 2010 would redistribute \$8.0 million of Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenues to the general fund in fiscal 2010. The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund's revenues come from a portion of motor fuel tax and short-term vehicle rental sales and use tax and are focused on non-point source pollution control. With the contingent \$8.0 million revenue redistribution, the closing balance is estimated to be \$5,651,795.

Proposed Fund Balance Transfers

Actions in Section 11 of the BRFA of 2010 would transfer fund balances from three of DNR’s operating budget special funds to the general fund in fiscal 2010. The total \$2.8 million of proposed transfers is shown in **Exhibit 4**.

Exhibit 4 Proposed Fiscal 2010 Special Fund Balance Transfers

| <u>Fund</u> | <u>Revenue Source</u> | <u>Purpose</u> | <u>Original 2010 Closing Balance</u> | <u>Contingent Transfer</u> | <u>Contingent 2010 Closing Fund Balance</u> |
|--|--|--|--|--------------------------------|---|
| Waterway Improvement Fund | Vessel excise tax | Fund waterway improvement activities (dredging, marking channels, clearing debris, constructing marine facilities, and local grants) | \$4,915,800 | \$994,450 | \$3,921,350 |
| Land Trust Grant Fund | General assembly appropriations; premiums, fees, and payments on reimbursement of grants, where required | Encourage the preservation and protection of open space and natural areas in the State | 1,255,529 | 1,500,000 | \$0 (assumes reduction in fiscal 2010 expenditures) |
| Shore Erosion Control Construction Loan Fund | General Assembly appropriations; loan repayments | Provide interest-free loans for construction of shore erosion structures | 492,350 | 305,481 | 186,869 |
| Total | | | | \$2,799,931 | |

Note: The closing balance does not reflect interest transfers, and in one case, an ending fund balance of zero may only be assumed if proposed expenditures for fiscal 2010 are decreased. Transfers that impact DNR’s pay-as-you-go capital program are not included here.

Source: Department of Legislative Services

Proposed Budget

DNR’s fiscal 2011 adjusted allowance increases by \$8.4 million, or 4.2%, relative to the fiscal 2010 working appropriation, as shown in **Exhibit 5**. The changes by fund are a decrease of \$1,245,000 in general funds, an increase of \$12,217,000 in special funds, a decrease of \$392,000 in federal funds, and a decrease of \$2,187,000 in reimbursable funds.

Exhibit 5
Proposed Budget
Department of Natural Resources
(\$ in Thousands)

| How Much It Grows: | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------|
| 2010 Working Appropriation | \$45,351 | \$110,341 | \$34,051 | \$12,087 | \$201,830 |
| 2011 Allowance | <u>45,397</u> | <u>145,898</u> | <u>33,844</u> | <u>9,983</u> | <u>235,122</u> |
| Amount Change | \$46 | \$35,557 | -\$207 | -\$2,104 | \$33,292 |
| Percent Change | 0.1% | 32.2% | -0.6% | -17.4% | 16.5% |
| Contingent Reduction | -\$1,291 | -\$23,340 | -\$185 | -\$83 | -\$24,899 |
| Adjusted Change | -\$1,245 | \$12,217 | -\$392 | -\$2,187 | \$8,393 |
| Adjusted Percent Change | -2.7% | 11.1% | -1.2% | -18.1% | 4.2% |

Where It Goes:

Personnel Expenses

| | |
|--|---------|
| Retirement costs | \$1,165 |
| Decrease turnover on existing positions | 919 |
| Workers’ compensation premium assessment reduced by Sections 21 and 23 | 216 |
| Shift differential funding in Natural Resources Police in fiscal 2011 | 198 |
| Salaries and wages offset by Section 18 furlough reduction for fiscal 2011 | -823 |
| Reduction of three positions and funding | -256 |
| Social Security contribution | -125 |
| Uniform funding in Natural Resources Police..... | -105 |
| Other fringe benefit adjustments | -77 |
| Employee and retiree health insurance pay-as-you-go costs reduced by Section 19..... | -58 |

Other Changes

Budget Reconciliation and Financing Act Item

| | |
|--|---------|
| Increase in Chesapeake and Atlantic Coastal Bays 2010 Trust Fund..... | 34,103 |
| Contingent reduction in Chesapeake and Atlantic Coastal Bays 2010 Trust Fund | -22,101 |

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Where It Goes:

Living Resources

| | |
|--|-------|
| Federal funding for crab fishery disaster designation and other fisheries activities | 6,868 |
| Design and construction loans for stream shore erosion control projects | 369 |
| Maryland Environmental Trust reduction in loans to land trusts | -453 |
| One-time reimbursable funding for the Forest Brigade Tree Planting initiative | -344 |

Homeland Security/Information Technology

| | |
|--|--------|
| Federal funding for homeland security information technology | -4,329 |
| Final year of CAD/RMS info. tech. funding partially offset by COMPASS..... | -2,150 |

Operations

| | |
|---|--------|
| Motor vehicles and fuel decreases due to hiatus in replacements | -2,260 |
| State transfer tax administrative expenses funding not included..... | -1,468 |
| Long-term contractual FTE deletions and conversions | -773 |
| Other | -123 |

Total **\$8,393**

CAD/RMS: Computer Aided Dispatch/Records Management System

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

Personnel

Overall, personnel spending increases by \$1.1 million in DNR’s fiscal 2011 allowance. There are spending increases for employee retirement costs of \$1,165,000, turnover due to a decrease in the turnover rate which increases the budget by \$919,000, workers’ compensation of \$216,000 net of Section 21 and Section 23 workers’ compensation across-the-board reductions, and shift differential funding of \$198,000 for the Natural Resources Police that was last budgeted in fiscal 2009. Spending increases partially are offset by an overall net decrease of \$823,000 in salaries due to the fiscal 2011 Section 18 furlough reduction of \$2,281,000, as estimated by DLS; a reduction of 3 positions and funding of \$256,000; reduced Social Security costs of \$125,000; the number of new uniforms for officers in the Natural Resources Police of \$105,000; and a decrease of \$58,000 for employee and retiree health insurance reduced by Section 19.

Other Changes

Overall, the nonpersonnel portion of the fiscal 2011 allowance increases by \$7,339,000. The budget allows for an increase of \$12.0 million for Chesapeake Bay restoration spending from Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenues. This increase reflects the \$22.1 million reduction proposed by the Governor that is contingent on the transfer of the special funds to the general fund in the Administration’s BRFA of 2010. Before the contingent reduction, there is an increase of \$34.1 million in Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenues reflected in the budget. The BayStat agencies anticipate bringing in a special fund budget amendment to allocate the funding after the legislative appropriation has been determined.

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The components of DNR's budget related to its mission of sustaining living resources increases \$6.4 million in the fiscal 2011 allowance. The changes are as follows:

- **Federal Funding for Crab Fishery Disaster Designation and Other Fisheries Activities** – an increase of \$6.9 million primarily reflects increased federal funding for activities to assist the crab fishery due to the federal disaster designation for the soft and peeler blue crab industry (\$4.4 million), oyster restoration and repletion activities including shell placement and oyster bar analyses (\$0.5 million), and support for the Task Force on Fishery Management's recommendations for methods to improve, modernize, and streamline fishery management;
- **Design and Construction Loans for Stream Shore Erosion Control Projects** – an increase of \$369,000 in Watershed Services for the loan program based on an estimate of \$833,000 in loan repayments in fiscal 2011 and sufficient revenues in fiscal 2011 to cover the transfer of \$305,481 from the Shore Erosion Control Revolving Loan Fund;
- **Maryland Environmental Trust Reduction in Loans to Land Trusts** – a decrease of \$453,000 for zero interest loans to land trusts for land acquisition and easement purchases due to the proposed transfer of \$1.5 million from the Land Trust Grant Fund which will effectively reduce the fund balance to zero given that no loan repayments are estimated for either fiscal 2010 or 2011; and
- **One-time Reimbursable Funding for the Forest Brigade Tree Planting Initiative** – a decrease of \$344,000 due to one-time funding from the Maryland Department of Transportation – State Highway Administration for supplies and contractual services to plant 400,000 trees on State lands as part of a 1,000,000 tree planted goal.

A second significant part of DNR's fiscal 2011 funding reflects federal funding for homeland security and both State and federal spending on information technology projects. The changes are as follows:

- **Federal Funding for Homeland Security Information Technology** – a decrease of \$4.3 million due to one-time federal funding for acquisition of communications and intelligence sharing hardware for homeland security from the federal Port Security Grant; and
- **Final Year of CAD/RMS Information Technology Funding Partially Offset by COMPASS** – a decrease of \$2.2 million reflects the end of all but \$100,000 for an Independent Verification and Validation of the statewide police Computer Aided Dispatch/Records Management System (CAD/RMS) modernization initiative which is partially offset by \$750,000 in new funding proposed for the Maryland Outdoor Customer Service Delivery System (COMPASS) outlined in **Appendix 2**.

A third category of DNR's fiscal 2011 allowance relates to agency operations. Included in this category is funding for all of the activities that support the agency's mission. The changes in operations are as follows:

- **Motor Vehicles and Fuel Decreases Due to Hiatus in Replacements** – a decrease of \$2.3 million due to one-time federal Port Security Grant funding for vessel purchases in fiscal 2010 and an overall restriction on vehicle and vessel replacement;
- **State Transfer Tax Administrative Expenses Funding Not Included** – a decrease of \$1.5 million primarily due to DNR deciding to include by budget amendment the \$1.2 million in State transfer tax allocation for administrative expenses related to State land acquisition, allowed for in the BRFA of 2009; and
- **Long-term Contractual FTE Deletions and Conversions** – a decrease of \$773,000 due to the reduction of 16.7 contractual full-time equivalents (FTEs) in the fiscal 2011 allowance including 9.6 FTEs in the Maryland Park Service as part of long-term contractual FTE conversions to regular positions. This reduces the vacancy rate by filling vacant positions.

DLS recommends that the \$1.2 million for State land acquisition administrative expenses be brought into the fiscal 2011 budget via supplemental budget.

Impact of Cost Containment

The fiscal 2011 budget also reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, DLS has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

BRFA Provisions

- **Revenue Reduction:** The BRFA of 2010 proposes to redistribute \$22.1 million of Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenue contingent on the enactment of a provision to transfer the special funds to the general fund. As introduced, the BRFA would transfer funds from both sources of revenue to the general fund: \$5.0 million from the motor fuel tax and \$17.1 million from the sales and use tax on short-term rental vehicles.
- **Fund Transfers:** \$3.4 million in Waterway Improvement Fund revenues would be transferred to the general fund in fiscal 2011 through Section 13 of the BRFA.

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- ***Transfer of Interest Income:*** Section 28 of the BRFA would transfer net interest on certain special funds or accounts to the general fund, which would reduce DNR's fund balances further.
- ***Repeal Wildlife Habitat Incentives Program:*** Section 9 of the BRFA would repeal Natural Resources Article § 10-301(m) governing the Wildlife Habitat Incentives Program. This is a follow-up to the August 26, 2009 BPW meeting action that reduced \$230,000 in general funds for this program. This would mean that the special funds received from a portion of hunting license fee revenue collected from non-Maryland residents could be used to backfill a general fund reduction in the Wildlife and Heritage Service salaries rather than be used for planting food or cover for upland game birds and mammals and wetland game birds.

Issues

1. Civic Justice Corps Seeks Outside Financial Assistance to Expand Program

The 2009 *Joint Chairmen's Report* (JCR) requested a report from DNR, the Department of Juvenile Services (DJS), and the Maryland State Department of Education (MSDE) identifying alternative sources of funding for the Civic Justice Corps (CJC) program. The CJC program is an urban youth outdoor experience in State parks. The report was requested due to the committees' concern that the CJC program is being funded with special funds that might otherwise be dedicated to the improvement of Maryland parks for the benefit of all citizens. DNR submitted the requested report on December 8, 2009, and has since indicated that, in addition to expanding the number of youth involved, its intent is also to expand the program's geographic reach statewide.

In the JCR report, it indicated that the program has expanded in terms of the number of outside funding opportunities pursued, the amount received, and the number of youth served. For instance, in the summer 2008 program, 118 of 200 participants graduated, while in the summer 2009 program, 202 of 264 youth participants graduated. **Exhibit 6** shows the outside funding sources that provided for the expanded CJC program.

No Direct Funding for CJC from MSDE and DJS

DNR notes that for fiscal 2010 it is collaborating with DJS to obtain AmeriCorps and U.S. Department of Labor federal stimulus grant funds through (1) the Department of Labor, Licensing, and Regulation; and (2) Frostburg State University's A-Star program. This federal funding would be used to support a six-month program in western Maryland for 200 DJS youth.

Despite MSDE's role in administering the instructional program at five DJS residential facilities, MSDE has not developed a partnership with the CJC program because the DJS facilities house youth with an average length of stay of only 17 days. In addition, MSDE notes that it has no funding in either its Juvenile Services program or its Environmental Education program to provide funding for CJC. MSDE recommends that a U.S. Environmental Protection Agency Environmental Education grants program be pursued or that possible Elementary and Secondary Education Act funding for environmental education be pursued if this legislation is passed in 2010.

Concerns about Program Expansion and Lack of Funding Offsets

While DNR has pursued outside funding for the CJC program, neither MSDE nor DJS appear to have any available funding. In addition, it does not appear likely that the funding DNR has received will be used to replace the approximately \$0.9 million in special funds in the fiscal 2011 allowance but instead will be used to expand the program by complementing the programming at the DJS youth residential center in western Maryland. The proposed year-round programming at the western Maryland youth residential center will be supported by a realignment of existing resources

**Exhibit 6
Outside Funding for Civic Justice Corps Programs
Fiscal 2009**

| <u>Entity</u> | <u>Amount</u> | <u>Use of Funding</u> |
|---|--------------------------------------|---|
| Baltimore City Mayor’s Office of Employee Development – Youth Works | \$250,000; and in-kind staff support | 200 Baltimore City youth stipends; in-kind staff support for payroll administration, recruitment, hiring and contract completion. |
| Susquehanna Workforce Network | \$34,909 | Youth stipends and program support for Harford County program at Susquehanna State Park. |
| Lower Shore Workforce Alliance | \$27,000; in-kind staff support | Youth stipends and in-kind staff support for Assateague, Pocomoke, and Jane’s Island State Parks programs. |
| Prince George’s County Economic Development Corporation | \$27,000 | Youth stipends for the Merkle Wildlife Sanctuary program. |
| Chesapeake Bay Trust | \$25,000 | Materials and supplies for tree-planting project at Gunpowder Falls State Park. |
| Macy’s Department Stores | \$8,000 | Cost of graduation ceremony and related expenses at North Point State Park. |
| Total | \$371,909 | |

Note: In-kind staff or volunteer support or both also were provided by the State Highway Administration, Maryland-National Capital Park and Planning Commission, Harford County Sheriff’s Office, Department of Juvenile Services, Harford County Public Schools, Herring Run Watershed Association, and Worcester County Public Schools.

Source: Department of Natural Resources

in DJS’s budget. **DLS recommends that budget bill language be incorporated in the fiscal 2011 budget that would prohibit any funding that flows through the State budget to be used for the Civic Justice Corps program. This recommendation is made because (1) Civic Justice Corps is not a core service of State government; (2) Civic Justice Corps is placing a fiscal burden on the Department of Juvenile Services as an add-on to its programs; and (3) youth programming being conducted by Civic Justice Corps is the responsibility of the Department of Juvenile Services. This recommendation would allow DNR to reprogram its funding to improve State parks.**

2. Blue Crab Fishery Receives Federal Disaster Designation Funding

DNR has applied for and received federal disaster designation for the blue crab fishery. The underlying concern is that watermen have experienced economic hardship as a result of regulations that have been put in place to mitigate the decline in breeding females; other factors include habitat loss, water quality decline, native and non-native predator increases, and prey decreases.

In a letter dated September 22, 2008, the National Oceanic and Atmospheric Administration’s National Marine Fisheries Service declared that the Maryland and Virginia soft and peeler blue crab fishery landing values had decreased by 41%. This declaration qualified the commercial blue crab fishery for federal disaster designation and spurred the commitment of \$15.0 million in federal funding for blue crab fishery disaster relief. **Exhibit 7** shows the \$15.0 million in projected blue crab fishery federal disaster designation funding and DNR’s proposed uses.

Exhibit 7
Blue Crab Fishery Federal Disaster Designation Funding
Fiscal 2010-2012

| <u>Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>Total</u> |
|--|--------------------|--------------------|--------------------|---------------------|
| Crab License Buy-Back | \$500,000 | \$6,005,500 | \$0 | \$6,505,500 |
| Oyster Bar Rehabilitation | 508,848 | 508,847 | 508,847 | 1,526,542 |
| Oyster Aquaculture | 400,000 | 400,000 | 400,000 | 1,200,000 |
| Electronic Commercial Logbook | 500,000 | 500,000 | 0 | 1,000,000 |
| Derelict (Ghost) Crab Pot Removal Program | 483,600 | 258,100 | 258,100 | 999,800 |
| Enforcement | 305,333 | 247,333 | 247,334 | 800,000 |
| Data Collection and Stock Assessment | 380,000 | 180,000 | 180,000 | 740,000 |
| Crabmeat Quality Assurance | 207,000 | 211,150 | 215,508 | 633,658 |
| Maritime and Heritage Geo-Tourism Training | 200,000 | 150,000 | 150,000 | 500,000 |
| Packaging Equipment Upgrades | 392,000 | 0 | 0 | 392,000 |
| Oyster Aquaculture Training and Education | 100,000 | 100,000 | 100,000 | 300,000 |
| Sustainable Fishery Certification | 100,000 | 100,000 | 0 | 200,000 |
| Seafood Marketing for Blue Crab | 100,000 | 0 | 0 | 100,000 |
| Crab Waste Processors | 97,500 | 0 | 0 | 97,500 |
| Total | \$4,274,281 | \$8,660,930 | \$2,059,789 | \$14,995,000 |

Source: Department of Natural Resources

K00A – Department of Natural Resources

The current plan is to bring the federal funding into the State budget over three years with the largest component of funding committed to a blue crab license buy-back. The blue crab license buy-back has been implemented as a reverse auction process in which DNR has established a commercial crab license price in order to buy the licenses and thus reduce the harvest pressure on the blue crab. However, the auction process has experienced difficulties with setting a realistic license buy-back price.

DLS recommends that DNR comment on the expected outcomes of federal disaster designation funding for the blue crab fishery (commercial fishermen) and blue crab population and the progress to date. In particular, DNR should comment on the performance of the license buy-back and on why it is committing 43% of the overall federal funds for this purpose despite mixed results with the first reverse auction.

Recommended Actions

| | Amount Reduction | | Position Reduction |
|---|-----------------------------|----|-------------------------------|
| 1. Delete funding for the Maryland Environmental Trust. An active land trust organization community has grown in the last couple of years; therefore, a separate unit of State government devoted to the promotion of this work is unnecessary. It is also recommended that non-duplicative functionality performed by the Maryland Environmental Trust be folded into the operations of Land Acquisition and Planning. This would require a change in statute through budget reconciliation legislation. | \$ 476,618 | GF | 8.0 |
| | \$ 183,121 | SF | |

2. Strike the following language:

~~, provided that this appropriation shall be reduced by \$22,101,428 contingent upon the enactment of legislation to allocate Chesapeake Bay 2010 Trust Fund revenue to the General Fund.~~

Explanation: Substitute language in subsequent recommended action.

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

, provided that this appropriation shall be reduced by \$32,101,428 contingent upon the enactment of legislation to allocate Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenue to the General Fund.

Further provided that \$9,520,000 of this appropriation made for the purpose of reducing non-point source nutrient loading to the Chesapeake Bay, may not be expended for that purpose in the Department of Natural Resources' budget but instead may be transferred by budget amendment to Maryland Department of Agriculture program L00A15.04 Resource Conservation Grants to be used only for planting cover crops. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose, and shall be cancelled.

Explanation: This action reduces Chesapeake and Atlantic Coastal Bays 2010 Trust Fund expenditures from \$42.1 million to \$10.0 million contingent on the enactment of a provision in the Budget Reconciliation and Financing Act of 2010 transferring \$32.1 million in revenue to the general fund. In addition, this action restricts \$9.5 million of the remaining \$10.0 million to cover crops in the Maryland Department of Agriculture. The remaining \$0.5 million may be used for other non-point source nutrient loading reduction programs benefiting the Chesapeake Bay.

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| | <u>Amount Reduction</u> | <u>Position Reduction</u> |
|--|-----------------------------|-------------------------------|
| 4. Reduce the mandated general fund appropriation for the Fisheries Service. Chapter 6 of the 2007 special session required the inclusion of \$1,794,000 in general funds in the Fisheries Research and Development Fund. This action would reduce this mandated appropriation to \$794,000. The fiscal 2011 allowance includes a Fisheries Research and Development Fund closing balance of \$1,118,605; therefore, this reduction would leave a fund balance of \$118,605. In addition, it is recommended that the \$1,794,000 general fund mandate be repealed by a provision in the Budget Reconciliation and Financing Act of 2010. | 1,000,000 | GF |

5. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That no funds shall be used for the Civic Justice Corps program in the Department of Natural Resources’ Maryland Park Service budget. The funding restriction includes all types of direct and indirect support, including but not limited to in-kind staff and material support from the Department of Juvenile Services; Department of Labor, Licensing, and Regulation; Chesapeake Bay Trust; State Highway Administration; and all non-State government, non-profit organization, private or public business, and private individual funding that flows through the State budget.

Explanation: This action prohibits the expenditure of any funding for the Civic Justice Corps program that flows through the State budget.

| | | |
|--------------------------------------|---------------------|------------|
| Total Reductions | \$ 1,659,739 | 8.0 |
| Total General Fund Reductions | \$ 1,476,618 | |
| Total Special Fund Reductions | \$ 183,121 | |

Updates

1. Mitigating Financial Impact from Black Bear Damage

A report on the mitigation of the financial impact from black bear damage was requested in the 2009 JCR. The report was requested due to the committees' concern that revenues credited from the sale of conservation black bear stamps to Maryland's existing Black Bear Damage Reimbursement Fund (Natural Resources Article §10-423.1) were insufficient to fairly compensate landowners for agricultural damage caused by black bears.

Legislation was considered by the 2009 General Assembly to augment the revenues received by the Black Bear Damage Reimbursement Fund by earmarking permit application fees derived from the annual black bear hunting lottery conducted by DNR (Senate Bill 293 and House Bill 327). However, it was found that the proposed statutory diversion of hunting license fee monies for such purposes violated certain federal and State laws. Therefore, it was the intent of the committees that DNR, in cooperation with the Maryland Legislative Sportsmen's Foundation, develop alternative funding proposals – deemed legally sufficient – for reimbursing landowners who incur agricultural damage caused by black bears. The proposals were to be submitted to the committees no later than November 1, 2009.

A response was received from DNR on November 6, 2009, indicating that DNR had worked with legislators and that a preferred alternative was to provide additional money for the Black Bear Damage Reimbursement Fund. Alternatives for increasing revenue to the fund and the implications were noted as follows:

- **Allocate Black Bear Hunting Permit Lottery Proceeds** – would disqualify Maryland from receiving wildlife restoration funding under the requirements of the Pittman-Robertson Federal Aid in Wildlife Restoration Act;
- **Solicit Voluntary Donations** – a voluntary donation of \$5 to the fund has been implemented which generated an additional \$1,520, a 79% increase, in 2009; and
- **Increase Sales of Black Bear Conservation Stamps and Other Products** – appears to be increasing revenues to the fund.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Natural Resources (\$ in Thousands)

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u> |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------|
| Fiscal 2009 | | | | | |
| Legislative Appropriation | \$63,717 | \$98,308 | \$23,610 | \$8,509 | \$194,145 |
| Deficiency Appropriation | 0 | 1,413 | 3,311 | 0 | 4,724 |
| Budget Amendments | 1,286 | 3,103 | 1,102 | 1,744 | 7,234 |
| Cost Containment | -7,148 | -910 | -52 | 0 | -8,110 |
| Reversions and Cancellations | -137 | -10,528 | -3,915 | -2,143 | -16,722 |
| Actual Expenditures | \$57,718 | \$91,386 | \$24,057 | \$8,110 | \$181,271 |
| Fiscal 2010 | | | | | |
| Legislative Appropriation | \$52,174 | \$109,134 | \$26,459 | \$8,078 | \$195,845 |
| Cost Containment | -6,822 | -4,543 | 0 | 0 | -11,365 |
| Budget Amendments | 0 | 5,749 | 7,592 | 4,008 | 17,350 |
| Working Appropriation | \$45,351 | \$110,341 | \$34,051 | \$12,087 | \$201,830 |

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

Fiscal 2009

The general fund appropriation decreased by \$6.0 million. The changes are as follows:

- **Budget Amendments** – an increase of \$1.3 million for allocation of the cost-of-living adjustment (COLA) general fund appropriation as authorized in the fiscal 2009 budget bill (\$0.8 million) and for allocation of the Annual Salary Review for the scientist and engineer series (\$0.4 million).
- **Cost Containment** – a decrease of \$7.1 million:
 - **June 25, 2008 Board of Public Works (BPW)** – salaries, wages, and fringe benefits reductions (\$1.0 million);
 - **October 15, 2008 BPW** – reductions for wetland restoration, abolishing 46 positions, vehicles and out-of-state travel, and using State Boat Act and Wildlife Management and Protection Fund special funds to supplant general funds (\$4.1 million); and fringe benefit appropriations being reduced as Other Post Employment Benefit prefunding (\$0.9 million) was ceased and statewide employee health insurance balances were used in lieu of budgeted funds (\$0.2 million); and
 - **March 4, 2009 BPW** – furlough reductions (\$467,007), reduction of 13 positions originally planned for reduction in Section 18 of the fiscal 2010 allowance (\$214,256), reduction of the mandated general fund grant to the Waterway Improvement Fund (\$157,256), reduction of overbudgeted utility costs in Forest Service and Natural Resources Police (\$70,000), elimination of a non-essential temporary services contract in Land Acquisition and Planning (\$32,000).
- **Reversions** – a decrease of \$136,622 due to meeting reversion targets in Land Acquisition and Planning (\$93,593), and Critical Area Commission (\$43,030).

The special fund appropriation decreased by \$6.9 million. The changes are as follows:

- **Deficiency Appropriation** – an increase of \$1.4 million for Maryland Maritime Task Force activities in the Natural Resources Police (\$357,698), for communications expenses from donations in the Natural Resources Police (\$297,915), for continuation of water studies, improvements to phone lines and safety features in campsites at Deep Creek Lake Natural Resources Management Area in the Maryland Park Service (\$275,000), for the operation of the Maryland Park Service Concession Program from the Forest and Park Concession Fund in the Maryland Park Service (\$250,000), and for surveillance of avian influenza in the Wildlife and Heritage Service (\$109,932).
- **Budget Amendments** – an increase of \$3.1 million for allocation of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund monies for targeted innovative practices in Howard

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County and the innovative technology program and strategic monitoring (\$0.8 million), for allocation of the COLA special fund appropriation as authorized in the fiscal 2009 budget bill (\$0.8 million), for allocation of the Annual Salary Review for the scientist and engineer series (\$0.5 million), for transferring the Shoreline Erosion Control Loan Program from the pay-as-you-go capital budget to the operating budget (\$0.5 million), for completing the transfer of the unencumbered Somers Cove Marina Improvement Fund balance to the Somers Cove Marina Commission (\$0.3 million), and for funding the Marylanders Plant Trees Program (\$0.2 million).

- **Cost Containment** – a decrease of \$0.9 million:
 - **June 25, 2008 BPW** – for salaries, wages, and fringe benefits reductions (\$0.3 million); and
 - **March 4, 2009 BPW** – furlough reductions (\$0.6 million).
- **Cancellations** – a decrease of \$10.5 million due to lower revenue projections and expenditures in Maryland Park Service (\$2.2 million), Land Acquisition and Planning (\$1.2 million), Natural Resources Police (\$1.2 million), Forest Service (\$0.9 million), Wildlife and Heritage Service (\$0.8 million), and Watershed Services (\$0.7 million).

The federal fund appropriation increases by \$446,686. The changes are as follows:

- **Deficiency Appropriation** – an increase of \$3.3 million for purchasing five vessels to be used in support of Natural Resources Police homeland security program activities (\$1.2 million), for Maryland Maritime Task Force activities in the Natural Resources Police (\$1.1 million), for purchase of additional watercraft from the Boating Safety Financial Assistance funding in Natural Resources Police, and for cooperative federal and State law enforcement expenses in the Natural Resources Police (\$329,985).
- **Budget Amendments** – an increase of \$1.1 million for Natural Resources Police salaries associated with boat safety enforcement (\$575,000), additional revenue for the Wildlife and Heritage Service (\$400,000), a submerged aquatic vegetation site assessment project in the Chesapeake Bay (\$121,862), and reimbursement of Natural Resources Police overtime connected with the Organized Crime Drug Enforcement Task Force (\$5,300).
- **Cost Containment** – for salaries, wages, and fringe benefits reductions as part of June 25, 2008 BPW actions (\$51,800).
- **Cancellations** – a decrease of \$3.9 million due to lower revenues and expenditures in Natural Resources Police (\$2.0 million), Fisheries Service (\$0.7 million), and Watershed Services (\$0.5 million).

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The reimbursable fund appropriation decreased by \$399,185. The changes are as follows:

- **Budget Amendments** – an increase of \$1.7 million including funding for a study on water supply in the Fort Meade area affected by the federal Base Realignment and Closure process (\$444,000), for completing the relocation and equipping of the Natural Resources Police Communication Center at Sandy Point State Park (\$417,924), for the collection of data from stream gauges and groundwater observation wells in Maryland (\$225,000), for recreational trail projects using Maryland Department of Transportation – State Highway Administration funding (\$150,000), and for an internal transfer of funds to conduct bottom mapping and analysis related to oyster bar rehabilitation and monitoring (\$100,000).
- **Cancellations** – a decrease of \$2.1 million mostly due to unneeded appropriation in Watershed Services (\$671,282), Engineering and Construction (\$640,572), and Boating Services (\$369,037).

Fiscal 2010

DNR's general fund appropriation decreases by \$6.8 million. The change is due to cost containment actions as follows:

- **July 22, 2009 BPW** – elimination of 5 positions and funding in Fisheries Service (\$471,505), elimination of 3 positions and funding in Forestry Service (\$357,788), elimination of 3.5 positions in Land Acquisition and Planning (\$294,829), elimination of 1 position and funding for a non-essential phytoplankton monitoring program in Resource Assessment Service (\$238,256), elimination of salary funding as a result of a fund swap in Natural Resources Police (\$167,806), elimination of 2 positions and funding in Wildlife and Heritage Service (\$146,057), elimination of 1 position and funding in Maryland Geological Survey (\$123,094), elimination of 1 position and funding in Engineering and Construction (\$106,817), elimination of 1 position and funding in Watershed Services (\$100,244), elimination of 1 position and funding in Information Technology Service (\$70,354), elimination of 1 position and funding in Finance and Administrative Service (\$68,492), and across-the-board reductions for non-Department of General Services rent (\$50,000) and communications funding in Finance and Administrative Service (\$230).
- **August 26, 2009 BPW** – across-the-board furlough reductions (\$1,191,771); reduction of funding for 1 position and funding and a fund swap in the Forestry Service (\$571,701); Natural Resources Police reductions for vehicle/boat replacement, telecommuting, a fund swap, and firearms training (\$519,535); elimination of the Wildlife Habitat Incentives Program and invasive/endangered insect surveys in Wildlife and Heritage Service (\$275,000); a reduction in local Critical Area Commission grants (\$275,000); elimination of an artificial reef creation project (\$200,000); elimination of 2 positions and funding in Resource Assessment Service (\$129,163); elimination of 2 positions and funding in Information Technology Service (\$128,195); reduction of contractual costs in Finance and Administrative

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Service (\$74,220); elimination of 1 position and funding in Maryland Environmental Trust (\$66,247); elimination of 1 position and funding in Human Resource Service (\$43,448); reduction of contractual position funding in Engineering and Construction (\$39,055); reduction of contractual position funding in Land Acquisition and Planning (\$38,000); and reduction of contractual services in Watershed Services (\$37,000).

- **November 18, 2009 BPW** – reduction of operating expenditures and elimination of 6 regular positions and 8 contractual positions (\$496,105); elimination of 3 positions in Resource Assessment Services and 1 position in Watershed Services and the establishment of reimbursement agreements for Fisheries Service to perform Maryland Biological Stream Survey, oyster mapping, and stream monitoring (\$469,300); and consolidation of management at Elk Neck State Park and Fair Hill Natural Resources Management Area and elimination of 1 park ranger captain position (\$51,800); and across-the-board reductions for travel (\$21,430).

DNR's special fund appropriation increases by \$1.2 million. The changes are as follows:

- **Cost Containment** – a decrease of \$4.5 million:
 - **July 22, 2009 BPW** – a reduction of Chesapeake and Atlantic Coastal Bays 2010 Trust Fund funding (\$2,000,000), elimination of 2 positions and funding in Licensing and Registration Service (\$167,806), elimination of 2 positions and funding in Maryland Park Service (\$157,161), reductions associated with the elimination of a non-essential phytoplankton monitoring program (\$87,984), and elimination of 1 position and funding in Boating Services (\$72,859);
 - **August 26, 2009 BPW** – across-the-board furlough reductions (\$1,176,797); reductions for the Abandoned Boat and Debris Program and 1 position and funding in Boating Services (\$315,000); elimination of the Wildlife Habitat Incentives Program in Wildlife and Heritage Service (\$230,000); and elimination of 1 position and funding in Watershed Services (\$105,481); and
 - **November 18, 2009 BPW** – elimination of 5 positions in Boating Services proposed to be followed up with a transfer of special funds to the general fund (\$229,450).
- **Budget Amendments** – an increase of \$5.7 million for covering administrative expenses from revenue sharing payments originally allocated to counties with State park land as allowed for in Chapter 487 of 2009 (\$1,881,676); for expenses necessary to administer Program Open Space as allowed by the BRFA of 2009 (\$1,217,000); for covering administrative expenses from Waterway Improvement Fund monies allowed for in Chapter 487 of 2009 in Office of the Secretary (\$750,000); for matching federal grants and providing funding directly to the program Communications and Intelligence Sharing Hardware and Technology (\$705,837); for funding discount coupons for native tree purchases by citizens as part of the Marylanders Plant Trees program (\$446,540); for covering fund swaps as part of fiscal 2010 Board of Public Works actions (\$397,826); and for leveraging U.S. Department of Agriculture Natural Resources Conservation Service funds to develop Forest Stewardship Plans as part of Soil Conservation District farm conservation plans in the Forest Service (\$350,000).

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DNR's federal fund appropriation increases by \$7.6 million. The change is due to budget amendments as follows: for mitigating soft shell and peeler crab federal disaster designation in the Fisheries Service (\$4,274,281); for acquiring communications and intelligence sharing hardware for homeland security under the Maritime Law Enforcement Information Network in Natural Resources Police – General Direction (\$2,618,003); and for additional overtime and the purchase of a patrol vehicle and equipment to enforce marine fisheries, matching other federal grant awards, funding patrol vessel fuel and maintenance costs, and reimbursing overtime costs of involvement in the Maryland Coordinating and Analysis Center operation in Natural Resources Police – Field Operations (\$700,161).

DNR's reimbursable fund appropriation increases by \$4.0 million. The change is due to budget amendments as follows:

- **\$3,166,415** – transferred from the Maryland Emergency Management Agency from federal fiscal 2008 Port Security Grant Program funding for Tac-Stack statewide radio interoperability equipment (\$973,299), Maritime Law Enforcement Information Network equipment/software (\$750,000), Mobile Data Terminals (computers) to communicate with central dispatch (\$231,501), Maryland Waterwatch Educational Outreach for teaching recreational and commercial boaters how to recognize and report suspicious activities (\$82,500), Automatic Identification System equipment for shipboard radar display of ships over 299 gross tons carrying a transponder (\$45,000); from federal fiscal 2007 Port Security Grant Program funding to purchase two State and two local vessels (\$804,885), purchase nighttime infrared detection and gamma ray page radiation equipment (\$155,205), and send approximately 12 Natural Resources Police officers to boat operator anti-terrorism and commercial vessel board training programs (\$39,150); and federal fiscal 2007 Law Enforcement Terrorism Prevention funding to purchase personal protective equipment for Natural Resources Police officers (\$84,875);
- **\$500,000** – transferred from the Maryland Department of Transportation – State Highway Administration to the Forest Service for implementing the Governor's Forest Brigade Tree Planting initiative to plant 400,000 new trees on DNR property as part of a 1,000,000 new tree planted goal; and
- **\$341,894** – transferred from the Department of Natural Resources' Fisheries Service to the Natural Resources Police for funding 2 law enforcement officers needed to enforce Maryland's blue crab fishery using National Oceanic and Atmospheric Administration – National Marine Fisheries Service federal funding.

Major Information Technology Projects

Department of Natural Resources Maritime Law Enforcement Information Network

| | | | |
|---|--|-----------------------------------|----------------------------|
| Project Description: | The system is phase I of the Maryland Statewide Communications Interoperability Program and is proposed to perform homeland security and conservation management tasks such as tracking commercial and small vessels on the bay, establishing and monitoring security zones, and providing partners with secure access to maritime information. The intent eventually is to integrate with phase 2 – the Statewide Computer Aided Dispatch/Records Management System (CAD/RMS) – being managed by the Maryland State Police and Department of Information Technology (DoIT). The Maritime Law Enforcement Information network (MLEIN) consists of a proposed system of fixed and mobile photographic cameras and radar, and commercial off-the-shelf integrating software that will allow the Department of Natural Resources (DNR) to monitor the Chesapeake Bay for homeland security, conservation management, search and rescue purposes, and share information with local law enforcement agencies through a secured internet portal. | | |
| Project Business Goals: | To enforce all State natural resources laws, rules and regulations; assist in life/property protection and in making DNR the primary search/rescue agency on the waters and in rural areas of the State; preserve the peace; and perform miscellaneous service functions requested by the citizens of Maryland. | | |
| Estimated Total Project Cost: | \$2,500,000 | New/Ongoing Project: | New |
| Project Start Date: | May 2006 | Projected Completion Data: | June 2010 (implementation) |
| Schedule Status: | The project has been approved and the Department of Information Technology is reviewing the request for proposals. DNR is pursuing the use of an existing State contract with the Johns Hopkins University Applied Physics Lab for the integration of the baseline radar surveillance. Originally, DNR anticipated being able to bid the contract for the systems integrator in January 2010. However, this deadline has now passed and so higher level components of the proposed system may need to be pushed out beyond the originally anticipated June 30 implementation date. | | |
| Cost Status: | The majority of project cost is anticipated to be expended in fiscal 2010 at \$2.4 million. Of the funding available, there is \$675,000 in federal fiscal 2006 Port Security Grant funding that is set to expire on March 31, 2010. However, DNR has requested and received an extension for funding until September 30, 2010, from the Department of Homeland Security. Fiscal 2011 funding is needed to fund the second stage of an Independent Verification and Validation (IV&V). | | |
| Scope Status: | The scope has increased since the project was first conceived from being solely a project involving cameras on the bay to now include radar surveillance as well. Originally, it was hoped that the Computer Aided Dispatch/Records Management System (CAD/RMS) would be developed simultaneously with MLEIN but delays in the CAD/RMS and federal fund grant deadlines have required that MLEIN be developed ahead of the CAD/RMS. DNR is confident that MLEIN will be flexible enough to integrate with a reasonable CAD/RMS and so it remains to be seen if CAD/RMS will be of a similar level of flexibility. | | |
| Project Management Oversight Status: | Johns Hopkins Applied Physics Laboratory has been contracted to assist in evaluating technical responses to the task order request for proposal and to provide IV&V services for the designated system plan. | | |

| | | | | | | | | |
|-----------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------------------|--------------|
| Identifiable Risks: | The Department of Information Technology is concerned that the implementation schedule is too aggressive. | | | | | | | |
| Additional Comments: | DNR submitted multiple Information Technology Project Requests to DOIT which were amended. Decreased response time, increased situation knowledge, and expanded surveillance without additional personnel are all listed as major return on investment risks of the project. | | | | | | | |
| Fiscal Year Funding (000) | Prior Years | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | Balance to Complete | Total |
| Personnel Services | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Professional and Outside Services | 2.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Expenditures | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Funding | \$2.4 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$2.5 |

Department of Natural Resources
Maryland Outdoor Customer Service Delivery System (COMPASS)

| | | | | | | | | |
|---|--|----------------|----------------|-----------------------------------|-----------------------------|---|----------------------------|--------------|
| Project Description: | The project would replace an unsupported legacy license and registration system with a new system that can handle existing sport licenses, commercial fishing licenses, and boat registrations needs as well as campsite reservations and fishery harvest reporting. The intent also is to have real-time data available for data mining on sport license purchases so that the Natural Resources Police can properly validate licensees in the field. | | | | | | | |
| Project Business Goals: | The business goals include increased access to all licenses, registrations, reservations, and services; improved user interface to allow sales to 90% of customers in one to two minutes; be available anywhere and anytime; and availability of real-time transaction processing. | | | | | | | |
| Estimated Total Project Cost: | \$1.3 million | | | | New/Ongoing Project: | | New | |
| Project Start Date: | The concept proposal was developed August 15, 2007, but the actual release for proposals is not anticipated until February 2010. | | | Projected Completion Data: | | The project is estimated to be in full-time production as of January 3, 2011, with functionality through January 1, 2015. | | |
| Schedule Status: | DNR proposed an update for the existing Customer Oriented Information Network as part of the fiscal 2009 budget deliberations, but the legislature deleted the \$1,950,000 Major Information Technology Project Development Fund general fund allowance and deferred the project to a later date with the idea that the Department of Natural Resources (DNR) would raise revenue for the project through a license surcharge. | | | | | | | |
| Cost Status: | Of the \$750,000 programmed for fiscal 2011, \$200,000 is for an Independent Verification and Validation. The following special funds would be used to fund the project: Fisheries Research and Development Fund (\$175,000), Fisheries Management and Protection Fund (\$175,000), Wildlife Management and Protection Fund (\$175,000), Forest and Park Reserve Fund (\$125,000), and State Boat Act (\$100,000). | | | | | | | |
| Scope Status: | The scope of the project has not changed since it was proposed during the 2008 legislative session. | | | | | | | |
| Project Management Oversight Status: | The project has not reached the stage where project management oversight is necessary. | | | | | | | |
| Identifiable Risks: | The system will need to be accepted by the approximately 250 sports license agents that represent the people in business and retail sales that will sell licenses to customers. This is because DNR is required to provide for license agent access within 20 miles of every citizen in Maryland. | | | | | | | |
| Additional Comments: | DNR indicates that the system is necessary in order to prevent Maryland anglers from having to pay a \$20 annual registration fee for the federal National Saltwater Angler Registry. | | | | | | | |
| Fiscal Year Funding (000) | Prior Years | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | Balance to Complete | Total |
| Personnel Services | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Professional and Outside Services | 0.0 | 0.750 | 0.550 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Expenditures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Funding | \$0.0 | \$0.750 | \$0.550 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$1.3 |

**Object/Fund Difference Report
Department of Natural Resources**

| <u>Object/Fund</u> | <u>FY09 Actual</u> | <u>FY10 Working Appropriation</u> | <u>FY11 Allowance</u> | <u>FY10 - FY11 Amount Change</u> | <u>Percent Change</u> |
|---|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 1,358.50 | 1,287.00 | 1,284.00 | -3.00 | -0.2% |
| 02 Contractual | 400.71 | 389.67 | 372.96 | -16.71 | -4.3% |
| Total Positions | 1759.21 | 1676.67 | 1656.96 | -19.71 | -1.2% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 105,099,302 | \$ 102,446,645 | \$ 107,566,528 | \$ 5,119,883 | 5.0% |
| 02 Technical and Spec. Fees | 9,783,355 | 10,942,803 | 10,126,433 | -816,370 | -7.5% |
| 03 Communication | 1,900,239 | 2,010,786 | 1,991,740 | -19,046 | -0.9% |
| 04 Travel | 756,906 | 775,127 | 369,477 | -405,650 | -52.3% |
| 06 Fuel and Utilities | 5,420,965 | 5,926,764 | 5,499,052 | -427,712 | -7.2% |
| 07 Motor Vehicles | 6,734,309 | 9,067,140 | 6,780,973 | -2,286,167 | -25.2% |
| 08 Contractual Services | 30,488,303 | 43,288,511 | 43,588,371 | 299,860 | 0.7% |
| 09 Supplies and Materials | 7,020,919 | 7,323,948 | 7,076,198 | -247,750 | -3.4% |
| 10 Equipment – Replacement | 1,310,719 | 1,199,235 | 1,279,363 | 80,128 | 6.7% |
| 11 Equipment – Additional | 1,509,945 | 2,871,206 | 1,312,246 | -1,558,960 | -54.3% |
| 12 Grants, Subsidies, and Contributions | 8,046,329 | 12,408,529 | 46,408,435 | 33,999,906 | 274.0% |
| 13 Fixed Charges | 2,596,695 | 2,789,382 | 2,988,715 | 199,333 | 7.1% |
| 14 Land and Structures | 603,167 | 779,700 | 134,703 | -644,997 | -82.7% |
| Total Objects | \$ 181,271,153 | \$ 201,829,776 | \$ 235,122,234 | \$ 33,292,458 | 16.5% |
| Funds | | | | | |
| 01 General Fund | \$ 57,718,298 | \$ 45,351,263 | \$ 45,397,462 | \$ 46,199 | 0.1% |
| 03 Special Fund | 91,386,385 | 110,340,574 | 145,897,764 | 35,557,190 | 32.2% |
| 05 Federal Fund | 24,056,585 | 34,051,397 | 33,844,056 | -207,341 | -0.6% |
| 09 Reimbursable Fund | 8,109,885 | 12,086,542 | 9,982,952 | -2,103,590 | -17.4% |
| Total Funds | \$ 181,271,153 | \$ 201,829,776 | \$ 235,122,234 | \$ 33,292,458 | 16.5% |

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
Department of Natural Resources**

| <u>Program/Unit</u> | <u>FY09 Actual</u> | <u>FY10 Wrk Approp</u> | <u>FY11 Allowance</u> | <u>Change</u> | <u>FY10 - FY11 % Change</u> |
|--|------------------------|----------------------------|---------------------------|----------------------|---------------------------------|
| 01 Office of the Secretary | \$ 13,189,146 | \$ 15,884,096 | \$ 13,532,508 | -\$ 2,351,588 | -14.8% |
| 02 Forestry Service | 10,556,128 | 12,201,873 | 11,991,514 | -210,359 | -1.7% |
| 03 Wildlife and Heritage Service | 10,474,797 | 9,965,577 | 10,572,128 | 606,551 | 6.1% |
| 04 Maryland Park Service | 35,381,073 | 35,663,606 | 35,592,841 | -70,765 | -0.2% |
| 05 Capital Grants and Loan Administration | 5,141,963 | 5,256,061 | 3,744,885 | -1,511,176 | -28.8% |
| 06 Licensing and Registration Service | 3,810,588 | 3,703,157 | 3,642,438 | -60,719 | -1.6% |
| 07 Natural Resources Police | 36,469,904 | 42,144,890 | 36,571,106 | -5,573,784 | -13.2% |
| 09 Engineering and Construction | 4,323,439 | 4,293,554 | 4,229,623 | -63,931 | -1.5% |
| 10 Chesapeake Bay Critical Area Commission | 2,255,839 | 2,057,271 | 2,084,601 | 27,330 | 1.3% |
| 11 Boating Services | 8,348,964 | 6,194,561 | 6,543,067 | 348,506 | 5.6% |
| 12 Resource Assessment Service | 17,814,596 | 17,369,781 | 18,217,104 | 847,323 | 4.9% |
| 13 Maryland Environmental Trust | 739,068 | 1,248,612 | 810,191 | -438,421 | -35.1% |
| 14 Watershed Services | 13,311,302 | 20,238,530 | 54,730,694 | 34,492,164 | 170.4% |
| 17 Fisheries Service | 19,454,346 | 25,608,207 | 32,859,534 | 7,251,327 | 28.3% |
| Total Expenditures | \$ 181,271,153 | \$ 201,829,776 | \$ 235,122,234 | \$ 33,292,458 | 16.5% |
| General Fund | \$ 57,718,298 | \$ 45,351,263 | \$ 45,397,462 | \$ 46,199 | 0.1% |
| Special Fund | 91,386,385 | 110,340,574 | 145,897,764 | 35,557,190 | 32.2% |
| Federal Fund | 24,056,585 | 34,051,397 | 33,844,056 | -207,341 | -0.6% |
| Total Appropriations | \$ 173,161,268 | \$ 189,743,234 | \$ 225,139,282 | \$ 35,396,048 | 18.7% |
| Reimbursable Fund | \$ 8,109,885 | \$ 12,086,542 | \$ 9,982,952 | -\$ 2,103,590 | -17.4% |
| Total Funds | \$ 181,271,153 | \$ 201,829,776 | \$ 235,122,234 | \$ 33,292,458 | 16.5% |

Note: The fiscal 2010 appropriation does not include deficiencies.