

**K00A**  
**Department of Natural Resources**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$65,298	\$75,932	\$76,364	\$433	0.6%
Special Fund	67,428	74,371	73,696	-675	-0.9%
Federal Fund	20,083	21,225	22,075	850	4.0%
Reimbursable Fund	<u>4,694</u>	<u>5,807</u>	<u>9,125</u>	<u>3,319</u>	<u>57.2%</u>
<b>Total Funds</b>	<b>\$157,503</b>	<b>\$177,334</b>	<b>\$181,261</b>	<b>\$3,927</b>	<b>2.2%</b>

- The Department of Natural Resources (DNR) has submitted a fiscal 2007 budget deficiency request for \$1.5 million in special funds and \$1.5 million in federal funds. The special fund increase would include \$572,328 for the operation and maintenance of Maryland Park Service facilities and the federal fund increase would include \$340,426 for large-scale submerged aquatic vegetation (SAV) restoration project site assessments.
- DNR's fiscal 2008 allowance exceeds the fiscal 2007 working appropriation by \$3.9 million, or 2.2%. The single largest contributor to this increase is \$2.0 million in reimbursable funds for a Western Maryland Rail Trail construction agreement. However, adjusting for the one-time health insurance cost savings, DNR's underlying budget growth is actually \$9.2 million, or 5.3%.
- DNR's \$76.4 million fiscal 2008 general fund allowance is \$432,597, or 0.6%, more than the fiscal 2007 working appropriation. This increase reflects the following program funding increases: \$1.5 million for fuel and utilities primarily within the Maryland Park Service and Natural Resources Police, \$691,000 for Maryland Environmental Service wastewater treatment plant management fees, \$268,000 for Corsica River pilot project implementation, \$262,000 for Natural Resources Police officer and vehicle outfitting costs, \$171,000 for an ecosystem survey to determine the impact of the Atlantic Menhaden decline, and \$115,000 for a Critical Area Map Initiative and conversion of maps from paper to digital images. These increases were offset by significant decreases for personnel funding and a \$247,000 decrease for one-time truck, boat, trailer, and monitoring equipment purchases associated with SAV restoration.
- The special fund allowance of \$73.7 million decreases \$675,056, or 0.9% relative to the fiscal 2007 working appropriation. Special fund revenue decreases are primarily \$644,297 for the Waterway Improvement Fund, \$492,867 for special fund indirect cost recoveries, \$380,704 for the Forest and Park Reserve Fund, \$289,538 for the Maryland Geological

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

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Survey Account, \$243,486 for the Wildlife Management and Protection Fund, and \$182,477 for Local Land Trust funds. These decreases are offset by \$1.1 million from the Program Open Space (POS) administrative fee, \$398,062 from Maryland Environmental Trust funds, \$265,017 from the State Boat Act funds, \$210,692 from the Somers Cove Marina account, and \$219,440 from Fisheries Research and Development Fund funds. Special fund expenditure increases include \$968,000 for increases in contractual employees in the Maryland Park Service. Expenditure decreases include significant decreases for personnel funding in the Wildlife and Heritage Service, and a \$250,000 decrease in Land Trust Grant Fund revolving loans.

- Federal funds increase in the allowance by \$850,138, or 4.0%, to \$22.1 million. The main revenue increases are \$1.4 million for boating safety financial assistance, \$416,655 for coastal zone management administration awards, and \$196,093 for geologic mapping. These increases are offset by decreases of \$652,520 for State and local first responder terrorism grants, \$232,408 for sport fish restoration grants, and \$215,000 for water pollution project grants.
- An increase of \$3.3 million, or 57.2% change in reimbursable funds is the largest fund increase in DNR's fiscal 2008 allowance. The primary reason for this increase in reimbursable funds is a \$2.0 million increase for a Western Maryland Rail Trail construction agreement with the Maryland Department of Transportation. In addition, the reimbursable fund appropriation increases \$1.6 million in Watershed Services to reflect DNR budgeting reimbursable funds (instead of special funds) for work done by Watershed Services on behalf of other DNR units. Reimbursable fund increases in Watershed Services include \$796,000 for digital imagery purchases for POS easement monitoring, \$469,000 for technical assistance for the Power Plant Research Program, and \$467,000 for POS green infrastructure geographic information system analysis.

## ***Personnel Data***

	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>
Regular Positions	1,366.50	1,368.50	1,366.50	-2.00
Contractual FTEs	<u>345.72</u>	<u>373.77</u>	<u>419.93</u>	<u>46.16</u>
<b>Total Personnel</b>	<b>1,712.22</b>	<b>1,742.27</b>	<b>1,786.43</b>	<b>44.16</b>

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

Turnover, Excluding New Positions	73.79	5.40%
Positions Vacant as of 12/31/06	102.75	7.51%

- DNR's allowance reflects the abolishment of 2 regular positions, 1 in Finance and Administrative Services and 1 in the Maryland Park Service. The fiscal 2007 allowance provides for 46.2 additional contractual positions, primarily for seasonal operations in the State parks.

- DNR's projected fiscal 2008 turnover rate of 5.4% is 2.1% lower than the current vacancy rate. To achieve this turnover rate in fiscal 2007, it will be necessary for DNR to maintain 74 vacancies. DNR has 32.5 positions vacant longer than 13 months which are depicted in **Exhibit 1** below.

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**Exhibit 1**  
**Vacancies Longer Than 13 Months**

<u>Vacancy Length</u>	<u>Number of Positions</u>	<u>Fund</u>	<u>Program</u>	<u>Reason</u>
13-18 months	19	GF (18) and SF (1)	Natural Resources Police	Holding for a new class (18), recruiting now (1)
	2	SF (2)	Engineering and Construction	Recruiting now (1), holding for transition hire (1)
	1	SF	Capital Grants and Loan	Recruiting now
	1	SF	Fisheries Service	Recruiting now
	1	SF	Office of the Secretary	Recruiting now
	1	SF	Resource Assessment Service	Recruiting now
	1	SF	Watershed Services	Recruiting now
19-24 months	1	SF	Fisheries Service	Holding for transition hire
	1	GF	Forestry Service	Holding for transition hire
Over 24 months	3	GF (3)	Maryland Park Service	Holding for transition hire (2), and slated for a reclassification (1)
	1	SF	Watershed Services	Position filled
	0.5	SF	Capital Grants and Loan	Moved into full-time PIN

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

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## *Analysis in Brief*

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### Issues

***State Parks Funding Issues Persist:*** DNR's special fund structural budget problems persist, particularly in the Maryland Park Service. This stems in part from the Maryland Park Service's apparent increased reliance on special funds. In fiscal 2002, special funds comprised 31% of the Maryland Park Service's budget while in fiscal 2006, special funds accounted for 51%. Entrance fees are the primary special fund source used to fund the Maryland Park Service; however, DNR states that fees are at their practical maximum and thus cannot be raised to cover inflationary increases in both personnel and programmatic costs. **The Department of Legislative Services (DLS) recommends that DNR comment on what is an appropriate required fund balance for the Forest and Park Reserve Fund, what creative funding options are possible for parks (e.g., entrepreneurial activity, privatization, endowment funds, dedicated State taxes/fees, etc.), and what lessons can be learned from other states.**

***Changes in the Environmental Protection Agency (EPA) Chesapeake Bay Restoration Progress Reporting Has Lessons for Corsica:*** A number of questions have been raised about the transparency and effectiveness of the EPA's Chesapeake Bay Program oversight, which resonate for Maryland's Bay Restoration Program. **DLS recommends that DNR discuss how it intends to report bay restoration progress in terms of the following: modeling vs. monitoring data, restoration effort vs. actual health measures, bay-wide vs. tributary-specific outcomes, and the need to integrate all of the preceding in BayStat.**

***Tidal Fisheries Management Strategy:*** Committee narrative in the 2006 *Joint Chairmen's Report* required DNR to submit a report on the scientifically based means and user group input process by which DNR researches, develops, and adopts conservation and management measures for tidal fisheries. **DLS recommends that DNR discuss how it proposes to balance recreational and commercial needs when it develops allocation plans for yellow perch and other fisheries and how this may be done such that fisheries management plans are created that reduce the risk of harm to the resource (overfishing) and fishery (economic loss).**

***Waterway Improvement Fund Report:*** Committee narrative in the 2006 *Joint Chairmen's Report* required DNR in collaboration with the Department of Budget and Management to submit a report on a strategy for repaying the \$27.0 million in Waterway Improvement Fund special funds with future year general funds. The report states that the departments are unable to recommend a repayment plan at this time. **DLS recommends that DNR and the Department of Budget and Management revisit the report requirement and provide a strategy for repaying the Waterway Improvement Fund.**

## **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce funding for Critical Area Map Initiative and conversion of paper maps to digital images.	\$ 114,955
2. Reduce funding for Corsica River Pilot Project implementation.	267,622
3. Reduce funding for an ecosystem survey of the impacts of the decline of Atlantic Menhaden.	171,497
<b>Total Reductions</b>	<b>\$ 554,074</b>

## **Updates**

***Oyster Environmental Impact Statement Expected in Summer 2007:*** DNR has engaged in a cooperative process to study the alternatives for increasing the oyster population in the Chesapeake Bay. The specific goal is to determine how the oyster population in the bay may be restored to levels characteristic of the 1920-1970 time period. The study will result in a May or June 2007 printing of an environmental impact statement, which will consider expanding the native oyster population and the introduction of a non-native Asian oyster among the eight alternatives.

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***Operating Budget Analysis***

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**Program Description**

The Department of Natural Resources (DNR) manages the protection, enhancement, and balanced use of the State's natural resources. To accomplish this mission, DNR is structured into the programmatic units described below.

- **Office of the Secretary:** Provides leadership, public outreach, customer service, legislative, 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 105,000 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.
- **Capital Grants and Loan Administration:** Administers diverse financial assistance programs that support public land and easement acquisitions, local grants, and waterway improvements.
- **Licensing and Registration Service:** Operates six 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.
- **Resource Planning:** Provides technical assistance to land managers in property acquisition, development, and management.
- **Engineering and Construction:** Provides engineering, project management, and in-house construction services.

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- **Chesapeake Bay Critical Areas Commission:** Promulgates criteria to minimize storm water runoff impact, conserve living resources and habitats, and establish land use policies that accommodate growth while addressing the environmental impact of development along sensitive shorelines.
- **Resource Assessment Service:** Evaluates and directs implementation of environmental restoration and protection policy for tidal and non-tidal ecosystems.
- **Maryland Environmental Trust:** Negotiates and accepts conservation easements over properties with environmental, scenic, historic, or cultural significance; provides grants, loans, and technical assistance to local land trusts.
- **Watershed Services:** Develops and supports watershed, greenway, and waterway management strategies for the restoration, protection, and economic vitality of Chesapeake and coastal ecosystems.
- **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:

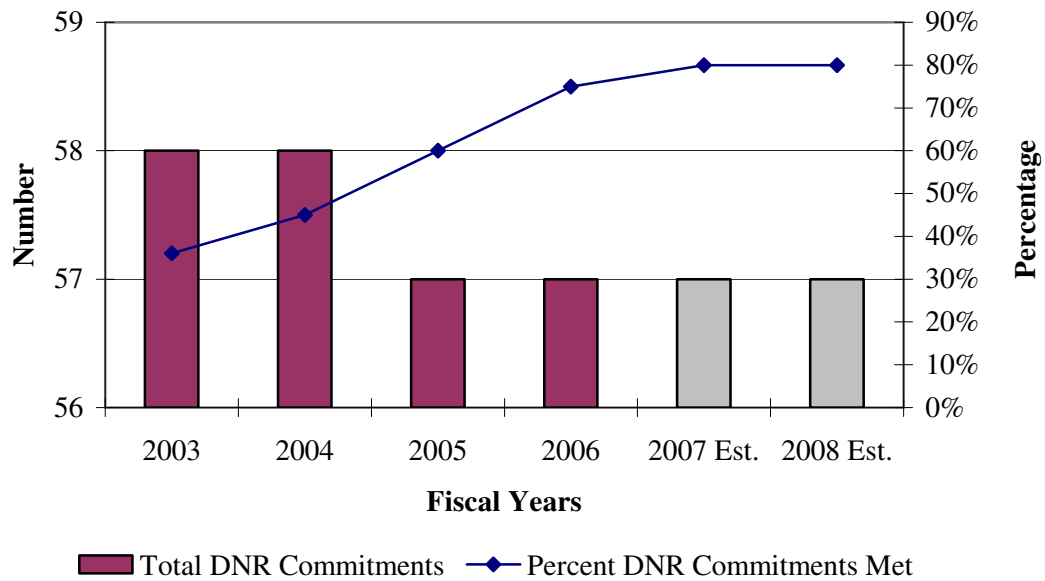
- sustainable populations of living resources and aquatic habitat in the mainstem of the Chesapeake Bay, tidal tributaries, and coastal bays;
- healthy Maryland watershed lands, streams, and non-tidal rivers;
- natural resources stewardship opportunities for Maryland's urban and rural citizens;
- a conserved 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**

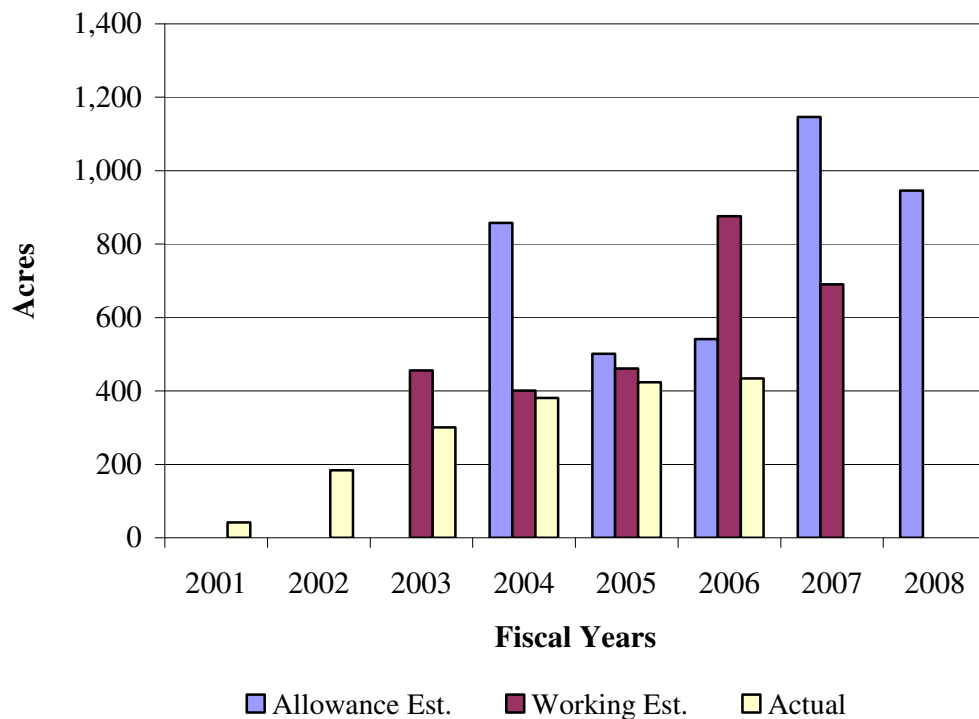
DNR's fiscal 2008 Managing for Results submission is structured around six primary departmental level goals as stated above with numerous objectives and performance measures. **Exhibit 2** illustrates DNR's progress toward three performance goals. These charts indicate the following trends:



### Exhibit 2 Maryland's Chesapeake Bay Agreement Commitments



### Cumulative Wetland Acres Enhanced or Restored



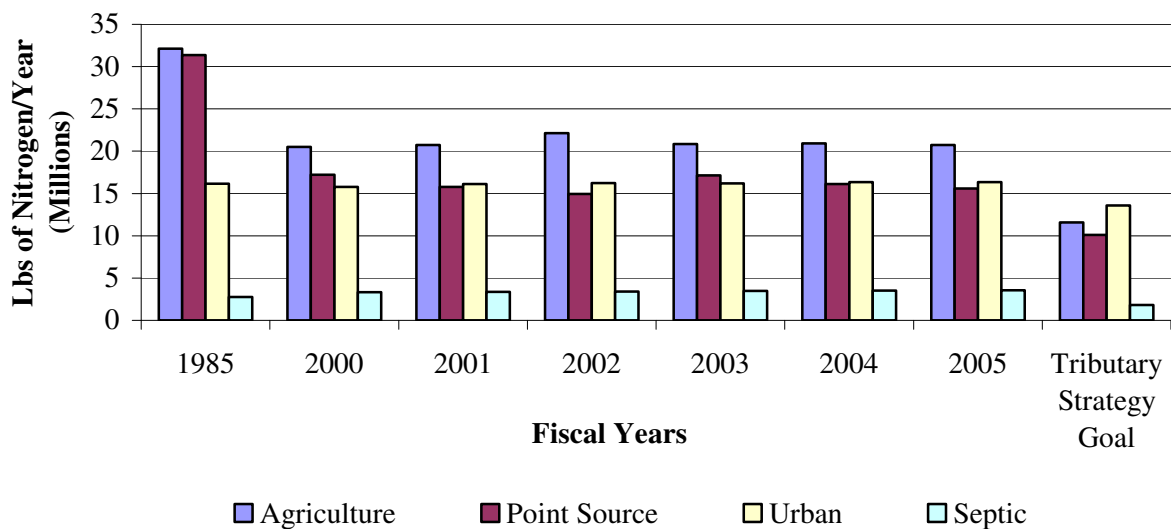
Source: Governor's Budget Books, Fiscal 2005-2008

- Maryland's *Chesapeake 2000* commitments met are projected to plateau at 80% through fiscal 2008; and
- cumulative wetland acres enhanced or restored appears to have leveled off, yet fiscal 2007 and 2008 estimates are for significantly higher levels.

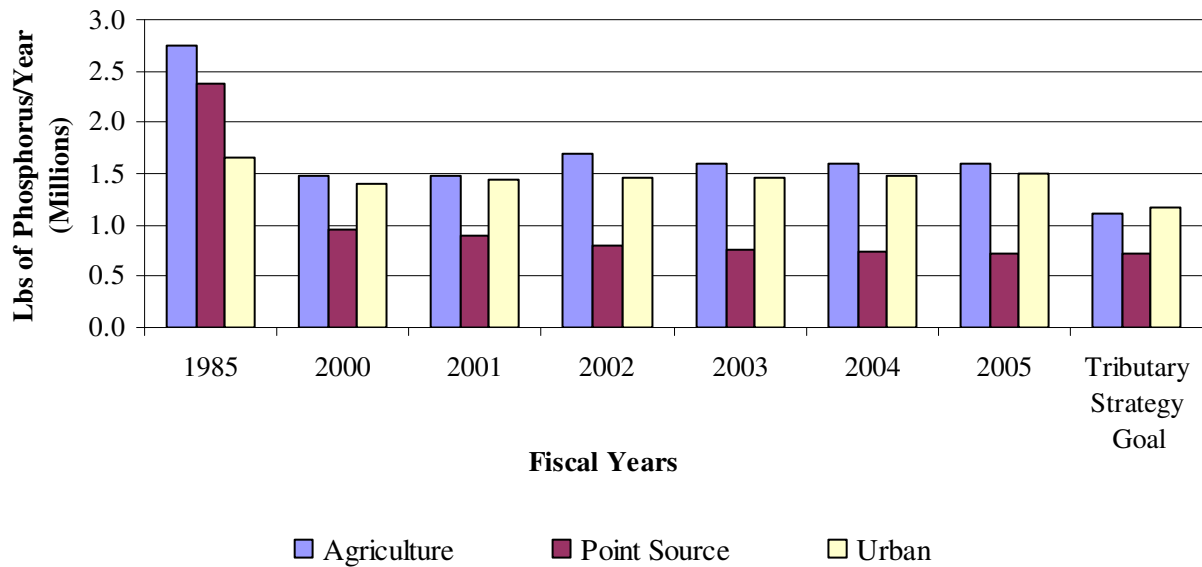
**DLS recommends that DNR comment on what the impact of meeting only 80% of Chesapeake Bay Agreement Commitments in fiscal 2008 means in terms of the 2010 deadline and on the reason for the large discrepancy between the actual and estimate data for cumulative wetland acres enhanced or restored.**

In **Exhibit 3**, data is shown for the sources of nitrogen, phosphorus and sediment flux to the Chesapeake Bay. The data are from the U.S. Environmental Protection Agency's Bay model. The Tributary Strategy goal to which the data may be compared is as of July 25, 2006. Large decreases occurred between fiscal 1985 and 2000 for two of the four sources of nitrogen (agriculture and point source), for two of the three sources of phosphorus (agriculture and point source), and for one of the four sources of sediment (agriculture). However, since fiscal 2000 the only significant improvement in nutrient and sediment flux appears to have occurred in phosphorus reduction from point sources, which most likely can be attributed to the ongoing upgrades of wastewater treatment at Maryland's 66 largest wastewater treatment plants. It should be noted that the model is periodically recalibrated with new assumptions about the effectiveness of various strategies to reduce the nutrient and sediment fluxes, which may help to explain some of the apparent backsliding that occurs between fiscal 2000 and 2005.

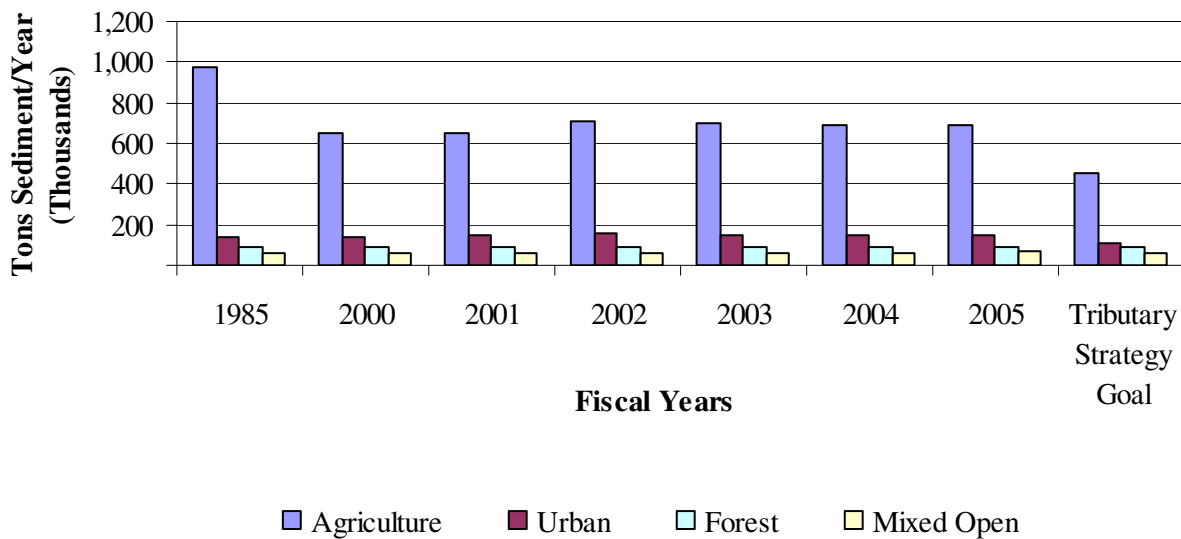
**Exhibit 3**  
**Total Nitrogen Flux by Source**



**Exhibit 3 (Cont.)  
Total Phosphorus Flux by Source**



**Total Sediment Flux by Source**



Source: U.S. Environmental Protection Agency Chesapeake Bay Program; Department of Natural Resources

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To reduce the nitrogen, phosphorus and sediment flux to the Chesapeake Bay, a number of best management practices have been implemented. These best management practices and the percent of the goal set for each of them are depicted in **Exhibit 4**.

**As DNR has overall responsibility for coordinating bay restoration efforts, DLS recommends that DNR discuss the status of best management practice implementation in terms of Maryland meeting its nitrogen, phosphorus, and sediment reduction goals.**

**Exhibit 4**  
**Best Management Practice Status for Chesapeake Bay Restoration**

<b><u>Agricultural BMPs</u></b>	<b><u>Land Use</u></b>	<b><u>Percent of Goal</u></b>
Total Conservation-Tillage (All Types)	Agriculture	102.6%
Total Nutrient Management (All Types)	Agriculture	96.9%
Total Pasture Grazing BMP (All Types)	Agriculture	82.7%
Tree Planting	Agriculture	80.0%
Animal Waste Management Systems (All Types)	Agriculture	78.9%
Grass Buffers	Agriculture	62.3%
Forest Buffers	Agriculture	58.6%
Poultry Phytase	Agriculture	53.1%
Conservation Plans/SCWQP	Agriculture	53.0%
Land Retirement	Agriculture	46.7%
Wetland Restoration	Agriculture	40.2%
Poultry Litter Transport	Agriculture	11.5%
Total Cover Crops (All Types)	Agriculture	7.0%
Poultry Litter Transport	Agriculture	5.8%
Carbon Sequestration/Alternative Crops	Agriculture	0.0%
Ammonia Emission Reduction	Agriculture	0.0%
<b><u>Urban, Mixed Open, Forestry and Septic BMPs</u></b>	<b><u>Land Use</u></b>	<b><u>Percent of Goal</u></b>
Forest Conservation	Pervious Urban	172.3%
Septic Connections (Systems)	Systems	75.8%
Tree Planting	Mixed Open	74.7%
Erosion & Sediment Control	Urban	62.6%
Urban Stream Restoration (feet)	Urban	29.0%
Total Stormwater Management (All Types, Non-federal & Federal)	Urban	26.4%
Forest Buffers	Pervious Urban	25.1%
Septic Denitrification (Systems)	Systems	0.1%
Impervious Surface & Urban Growth Reduction	Urban	0.0%
Tree Planting	Pervious Urban	0.0%
Urban Nutrient Management	Pervious Urban	0.0%
Horse Pasture Management	Mixed Open	0.0%
Mixed Open Nutrient Management	Mixed Open	0.0%

BMP: Best Management Practice

Source: Environmental Protection Agency Chesapeake Bay Program

## **Fiscal 2007 Actions**

### **Proposed Deficiency**

The Governor has submitted a deficiency appropriation for the fiscal 2007 operating budget, which would increase DNR's special fund appropriation by \$1,537,261, and the federal fund appropriation by \$1,479,849.

The special fund appropriation would increase by \$1,537,261 for the following:

- \$572,328 for the operation and maintenance of Maryland Park Service facilities in the Maryland Park Service;
- \$500,000 for new power plant related projects in the Power Plant Assessment Program;
- \$204,337 for studying the growth and production of Atlantic Menhaden and Bay Anchovy in the Chesapeake Bay in the Fisheries Service;
- \$200,000 for the State's groundwater and stream gauge monitoring network in the Maryland Geological Survey;
- \$39,000 for a waterfowl habitat restoration project in the Wildlife Heritage Service; and
- \$21,596 for the control of the invasive plant purple loosestrife in the Wildlife Heritage Service.

The federal fund appropriation would increase by \$1,479,849 for the following:

- \$340,426 for large-scale submerged aquatic vegetation restoration project site assessments in the Chesapeake Bay in the Tidewater Ecosystem Assessment;
- \$300,000 for planning and implementation of wildlife conservation and restoration projects in the Wildlife and Heritage Service;
- \$284,839 for costs associated with the Maryland Conservation Corps payroll and operating costs for the Conservation Reserve Enhancement Program in the Maryland Park Service;
- \$152,341 for the restoration of eelgrass in the South River in the Tidewater Ecosystem Assessment;
- \$84,585 for Maryland Soil Survey update projects in the Maryland Geological Survey;
- \$80,000 for the monitoring of Maryland's bird populations for Avian Influenza in the Wildlife and Heritage Service;

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- \$80,000 for the development of a Habitat Conservation Plan for the endangered Delmarva fox squirrel in the Wildlife and Heritage Service;
- \$56,678 for submerged aquatic vegetation restoration in the Potomac River in the Tidewater Ecosystem Assessment;
- \$49,271 for the collection of bathymetric and sediment data in the coastal bays in support of a cooperative agreement from the National Park Service in the Maryland Geological Survey;
- \$30,709 for submerged aquatic vegetation restoration in the Potomac River in Tidewater Ecosystem Assessment; and
- \$21,000 for the monitoring of Maryland's deer populations for chronic wasting disease in the Wildlife and Heritage Service.

## **Governor's Proposed Budget**

As shown in **Exhibit 5**, the Governor's fiscal 2008 allowance of \$181.3 million is \$3.9 million, or 2.2% above DNR's fiscal 2007 working appropriation. This change reflects a \$432,597 increase in general funds, \$675,056 decrease in special funds, \$850,138 million increase in federal funds, and \$3.3 million increase in reimbursable funds.

The major changes between the fiscal 2007 working appropriation and the fiscal 2008 allowance as a percentage of the budget are as follows:

- salaries and wages – decreases 3.5% (60.6% to 57.1%);
- contractual services – increases 2.6% (16.2% to 18.7%); and
- fuel and utilities – increases 0.8% (2.2% to 3.0%).

Salaries and wage changes will be discussed in the personnel funding section; contractual services and fuel and utilities changes will be discussed under program funding.

## **2008 Personnel Funding**

Salaries and wages decrease 3.7% between the fiscal 2007 working appropriation and the fiscal 2008 allowance. Decreases include \$4.2 million for health insurance due to one-time savings, \$1.1 million for turnover adjustments, \$416,000 for miscellaneous adjustments, and \$100,000 for the two abolished positions. These decreases are partially offset by \$1.2 million in employee retirement contributions, \$492,000 for increments and other compensation, and \$176,000 for Social Security and Medicare payments for DNR's 1,366.5 positions.

**Exhibit 5**  
**Governor's Proposed Budget**  
**Department of Natural Resources**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
2007 Working Appropriation	\$75,932	\$74,371	\$21,225	\$5,807	\$177,334
2008 Governor's Allowance	<u>76,364</u>	<u>73,696</u>	<u>22,075</u>	<u>9,125</u>	<u>181,261</u>
Amount Change	\$433	-\$675	\$850	\$3,319	\$3,927
Percent Change	0.6%	-0.9%	4.0%	57.2%	2.2%

**Where It Goes:****Personnel Expenses**

Employee retirement contributions.....	\$1,197
Increments and other compensation.....	492
Social Security and Medicare payments .....	176
Workers' compensation premium assessment .....	98
Health insurance costs decline due to one-time savings .....	-4,191
Turnover adjustments.....	-1,134
Miscellaneous adjustments .....	-416
Abolished/transferred positions .....	-100
Accrued leave payout.....	-99
Natural Resources Law Enforcement Officer Pension System contributions.....	-32
Other fringe benefit adjustments.....	-10

**Other Changes****Diverse outdoor recreation opportunities for Maryland citizens, visitors**

Western MD Rail Trail construction agreement with the Maryland Dept. of Transportation ...	1,950
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**Diverse workforce and efficient operations**

Fuel increases in the Maryland Park Service and Natural Resources Police .....	1,484
Increase in contractual employees primarily in the Maryland Park Service.....	968
Natural Resources Police officer and vehicle equipment replacement costs .....	262
Long-term GIS data management needs study, transition to enterprise system .....	200
Statewide DNR employee information technology networking .....	119
End of capital lease payments for NRP communications equipment .....	-133

**Conserved and managed statewide network of ecologically valuable lands**

Digital imagery purchase for Program Open Space easement monitoring .....	796
Program Open Space green infrastructure GIS analysis, 10 staff salaries.....	467
Program Open Space contracting work including historical document scanning.....	300



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**Where It Goes:**

Critical Area Map Initiative and conversion from paper maps to digital images .....	115
Fewer revolving Land Trust Grant Fund loans as a result of the fund balance .....	-250
<b>Healthy Maryland watershed lands, streams, and non-tidal rivers</b>	
Maryland Environmental Service wastewater treatment plant management fees.....	691
Funds used to insure loans for shore erosion control, stream restoration projects.....	-300
One-time truck, boat, trailer, and monitoring equipment purchases for SAV restoration .....	-247
<b>Natural resources stewardship opportunities for Maryland citizens</b>	
Technical assistance for the Power Plant Research Program.....	469
Maryland's Aquatic Resource Education Program for environmental stewardship.....	452
<b>Sustainable populations of living resources in the bay, and tidal tributaries</b>	
Corsica River Pilot Project ongoing restoration implementation.....	268
Ecosystem survey to determine impact of Atlantic Menhaden decline .....	171
Other adjustments .....	164
<b>Total</b>	<b>\$3,927</b>

DNR: Department of Natural Resources

GIS: Geographic Information System

NRP: Natural Resources Police

SAV: Submerged Aquatic Vegetation

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

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## **2008 Program Funding**

DNR's programmatic funding may be organized under DNR's six goals. Under the goal of providing diverse outdoor recreation opportunities is the single largest budgetary increase, \$2.0 million for a Western Maryland Rail Trail grant construction agreement with the Maryland Department of Transportation.

A number of increases may be attributed to meeting the diverse workforce and efficient operations goal. Fuel increases (primarily in the Maryland Park Service and Natural Resources Police (NRP)) due to rising energy costs account for a \$1.5 million increase. Maryland Park Service has an almost 40 contractual full-time equivalent positions (FTEs) increase in the fiscal 2008 allowance, which is all but 6 of the new contractual FTEs in DNR's allowance and amounts to \$968,000. The Natural Resources Police had a 17-member officer class start in fiscal 2007 (one of the largest classes ever). As a result of this large new class, the officers and their vehicles need to be outfitted with new equipment that is not in disrepair and that will be accommodated by their new vehicles (\$262,000). Information technology costs increase by \$200,000 for a long-term Geographic Information System (GIS) data management needs study and for statewide employee networking costs of \$119,000 but decrease by \$133,000 for the end of NRP capital lease payments on a piece of communications equipment.

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Conservation and management of ecologically valuable lands is promoted by a number of increases related to Program Open Space (POS) and the Critical Area Commission, with an offset from fewer Land Trust Grant Fund loans. Digital imagery for easement monitoring (\$796,000), green infrastructure GIS analysis (\$467,000), and historical document scanning (\$300,000) are all budget increases associated with POS. The Critical Area Map Initiative and paper-to-digital map conversions are budgeted for \$115,000 but are offset by a \$250,000 decrease due to fewer Land Trust Grant Fund loans.

The health of Maryland's natural resources is budgeted for one significant increase and two decreases. The Maryland Environmental Service wastewater treatment plant management fees increase by \$691,000, which reflects increased maintenance costs as the State infrastructure ages. The two decreases are \$300,000 in funds used to insure loans for shore erosion control and stream restoration projects and \$247,000 reflecting fiscal 2007 one-time truck, boat, trailer, and monitoring equipment purchases associated with submerged aquatic vegetation restoration.

Increases in the allowance afford natural resources stewardship opportunities for Maryland citizens and also provide for sustainable bay living resource populations. Technical assistance for the Power Plant Research Program is budgeted for a \$469,000 increase and addresses Maryland resident energy resource needs while Maryland's Aquatic Resource Education Program is intended to foster environmental stewardship and is budgeted for a \$452,000 increase. The Corsica River Pilot Project ongoing restoration implementation receives an additional \$268,000 and an ecosystem survey of Atlantic Menhaden is budgeted at \$171,000 in DNR's fiscal 2008 allowance.

## ***Issues***

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### **1. State Parks Funding Issues Persist**

DNR's special fund structural budget problems persist, particularly in the Maryland Park Service. This stems in part from the Maryland Park Service's apparent increased reliance on special funds. In fiscal 2002, special funds comprised 31% of the Maryland Park Service's budget while in fiscal 2006, special funds accounted for 51%. Entrance fees are the primary special fund source used to fund the Maryland Park Service; however, DNR states that fees are at their practical maximum and thus cannot be raised to cover inflationary increases in both personnel and programmatic costs. According to DNR's special fund file, the Forest and Park Reserve Fund is projected to start fiscal 2008 with a \$2.6 million fund balance. This fund balance is projected to be supplemented by \$14.7 million in revenues, which will then fund \$16.1 million in expenditures. As a result of the \$1.4 million excess of spending over revenues, the ending balance is projected to be \$1.2 million, which is the smallest fund balance that the fund has carried since fiscal 2000.

DNR states that a number of factors contribute to the condition of the Forest and Park Reserve Fund. Overall, expenditures increased by \$2.7 million between fiscal 2006 and 2007. The majority of this increase was due to the requirement to fund 34 civilian positions needed to fill duties previously accomplished by Park Rangers that were transferred to the Natural Resources Police and for which no general funds were provided (\$1.7 million a year). In addition, expenditures increased for cost-of-living allowance increases, salaries and fringe benefits, and rising utility and gas prices (\$1.1 million in total). Finally, the Office of the Secretary received 10.5% of the fund revenue increase from a park entrance fee increase in fiscal 2005, per agreement about special fund overhead allocation. As a result, not all of the revenue increase was available to fund park operations.

### **State Parks Status Report Required**

Committee narrative in the 2006 *Joint Chairmen's Report* required DNR to submit a report on State park operations. The report required a national comparison of State park fees and the following information about each Maryland State park: visitation between fiscal 2004 and 2006; special fund revenues generated between fiscal 2004 and 2006; expenditures by budget object and fund type between fiscal 2004 and 2006; staffing between fiscal 2000 and 2006; law enforcement coverage and "gone on arrival" occurrences between fiscal 2004 and 2006; and special policies to improve access by local citizens.

An analysis of the data in the report yields the following findings:

- State park fees (calendar 2005) – if the variable park fees charged by many states are averaged to obtain one number then Maryland is tied with Connecticut for seventh highest adult individual resident entrance fee and has the fifth highest non-resident entrance fee; it is tied with California for eleventh highest resident passenger vehicle entrance fee and tied with Massachusetts for twelfth highest non-resident passenger vehicle entrance fee.
- Visitation (fiscal 2004 through 2006) – Maryland's nine most visited parks in fiscal 2006 (Assateague, Gunpowder, Rocky Gap, Sandy Point, Patapsco Valley, Elk Neck, Seneca Creek, Point Lookout, and Deep Creek) account for over two-thirds of all Maryland park

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visitation; the parks with the greatest percentage increase in visitation are Rosaryville (175%), Dan's Mountain (133%), Greenwell (109%), St. Mary's (85%), and Cedarville (84%).

- Special fund revenue (fiscal 2004 through 2006) – Maryland parks received \$9.4 million in fiscal 2004, \$10.9 million in fiscal 2005, and \$11.2 million in fiscal 2006; however, 30 of the 41 parks listed in the data experienced a revenue decline in at least one fiscal year.
- Expenditures by park (fiscal 2004 through 2006) – overall the expenditures decreased \$8,558,637 with the biggest decrease in salaries and wages (\$8,067,617) and the biggest increase in technical and special fees (\$195,573); the five parks with the biggest increases in spending are Deep Creek Lake State Park (\$132,018), Calvert Cliffs State Park (\$17,417), Rosaryville State Park (\$16,865), Dan's Mountain State Park (\$15,386), and South Mountain State Park (\$15,011); the five parks with the biggest decreases in spending are Patapsco Valley State Park (\$1,106,187), Gunpowder Falls State Park (\$639,525), Greenbrier State Park (\$613,548), Herrington Manor State Park (\$543,618), and Deep Creek Lake Natural Resources Management Area (\$529,214).
- Geographic allocation of law enforcement officers – 10 of 32 facilities lost one law enforcement officer between fiscal 2004 and the midpoint of fiscal 2006 as follows: Deep Creek Lake Natural Resources Management Area, New Germany State Park, Green Ridge State Park, Fort Frederick State Park, Savage River State Forest, Gunpowder Falls State Park, Deputy Central Regional Manager, Assateague State Park, Pocomoke River State Park, and Tuckahoe/Martinak State Parks.
- Number of “gone on arrival” occurrences (fiscal 2004 through 2006) – a “gone on arrival” occurrence is when no suspect is present when an officer arrives on a service call, they increased from 182 in fiscal 2004, to 202 in fiscal 2005, then to 250 in fiscal 2006; when viewed in terms of the “gone on arrival” occurrences as a percent of all calls the trend is 2.9% in fiscal 2004, 2.2% in fiscal 2005, and 4.9% in fiscal 2006.
- Special policies for park community members – DNR states that such policies would discriminate based upon residence, would raise issues about defining community, and are unnecessary because of the 15% or 25% of park revenue already returned to counties in which parks are sited. DNR does not have any such policies.

### **Additional Data Reviewed**

Data from the National Association of State Park Directors indicates a couple of reasons for why the Maryland Park Service may be experiencing financial difficulties. **Exhibit 6** provides some comparison data for Maryland. The data are from fiscal 2003 – the most recent data available as of April 2006. Maryland appears to be most similar to Virginia in terms of how it funds parks, and Maryland compares favorably with Virginia in terms of operating expenses per acre of parkland. Two things to note are that Maryland does not have any endowment funds, which is an integral part of Delaware's funding strategy, and that it has relatively high pay ceilings for its field unit employees, field unit managers, and maintenance workers. DNR explains that this is mostly a relic of the higher paid law enforcement employees in senior positions of the Maryland Park Service who have either transferred to the Natural Resources Police or are nearing retirement.

**Exhibit 6**  
**Comparison of State Parks Funding**

<u>State</u>	<u>% SF / % GF in Operating Budget</u>	<u>Op. Exp. per Acre of Parkland</u>	<u>Park GF as % of Total State Budget</u>	<u>Other Observations</u>
Maryland	36% / 59%	\$146	.10%	Second highest number of environmental education areas (7); second highest paid field unit employees; highest paid field unit managers; second highest paid maintenance workers
Delaware	34% / 28%	1,023	.19%	Systemwide and individual park endowment funds (14); second highest paid directors
Pennsylvania	21% / 73%	258	.11%	Third highest paid naturalists
Virginia	40% / 60%	301	.04%	
West Virginia	61% / 26%	182	.08%	
Connecticut	7% / 90%	66	.08%	Systemwide and individual park endowment funds (3); second highest paid rangers
New Jersey	11% / 89%	88	.13%	Highest paid field unit employees; second highest paid field unit managers; third highest paid directors; highest paid rangers; highest paid maintenance workers; second highest paid naturalists
<b>National Avg.</b>	<b>42% / 38%</b>	<b>\$128</b>	<b>.07%</b>	

Source: National Association of State Park Directors; Department of Legislative Services

**DLS recommends that DNR comment on what is an appropriate required fund balance for the Forest and Park Reserve Fund, what creative funding options are possible for parks (e.g., entrepreneurial activity, privatization, endowment funds, dedicated State taxes/fees, etc.), and what lessons may be learned from other states.**

## **2. Changes in the Environmental Protection Agency (EPA) Chesapeake Bay Restoration Progress Reporting Has Lessons for Corsica**

A number of questions have been raised about the transparency and effectiveness of the EPA Chesapeake Bay Program oversight, which resonate for Maryland's Bay Restoration Program. First, there has been concern about mixing measurements of restoration efforts and actual bay health. This has resulted in EPA publishing separate documents for restoration efforts and ecosystem health. Second, there has been the question of using modeling data versus monitoring data to determine restoration progress. Modeling data allows for the correlation of best management practices on the ground with decreases in nutrient flow to the bay, but has been found to be overly optimistic about actual nutrient flow decreases.

This critique of EPA's Bay Program has lessons for Maryland's bay restoration efforts, which DNR appears to be incorporating. An example of this learning process is the reporting for the Corsica River Pilot Project. The Pilot Project began in 2005 and has the goal of removing the Corsica River from the impaired water list (initially focused on nutrients and sediment). As of November 2006, the Corsica River Pilot Project implementation status was as follows (percent of goal reached):

- wastewater treatment (100%) – upgrade and maintain Centreville Sewage Treatment Plant at enhanced nutrient removal treatment;
- commodity cover crops (60%) – establish and maintain 2,000 acres of commodity cover crops each year;
- oyster restoration (20%) – restore 20 acres of oyster beds and 10 acres of submerged aquatic vegetation;
- cover crops (10%) – establish and maintain 4,000 acres of cover crops;
- forest conservation (10%) – establish 200 acres of forested buffers on non-agricultural land;
- wetland restoration (5%) – restore 50 acres of wetlands;
- stream miles restored (0%) – restore 2 miles of stream channel;
- conservation reserve enhancement (0%) – establish 100 acres of Conservation Reserve Enhancement Program buffers;
- horse pasture management (0%) – implement 50 acres of horse pasture management best management practices; and
- storm water management (0%) – treat 300 acres of urban lands with storm water management.

However, these restoration efforts must be matched with monitoring data to determine how the restoration efforts correlate with nutrient reduction progress. DNR has a monitoring regime in place to develop this data, but the environmental baseline will take a while to develop and the data may be confounded by the tidal nature of the Corsica River (Chesapeake Bay mainstem conditions may obscure Corsica River improvements). Therefore, it may take a while to tell how the Corsica restoration effort is going and even then the picture may be somewhat clouded by the tidal influence.

The change in Administration may initially complicate the ability to relate restoration efforts to results. The fiscal 2008 allowance includes no new money for expanding the targeted watershed approach beyond the Corsica River. While this focuses efforts on the Corsica River, it does not allow for the selection of a new non-tidal watershed that may more easily portray how restoration efforts are progressing. It also precludes comparison between the Corsica River and a second watershed that may provide some insight into best management practices. The new Administration has also proposed extending the CityStat concept to the bay through BayStat. It is unclear how this new reporting regime will address the reporting differences between restoration efforts and actual bay health and it is also unclear how it will help improve upon the existing modeling and monitoring reporting scheme.

**DLS recommends that DNR discuss how it intends to report bay restoration progress in terms of the following: modeling vs. monitoring data, restoration effort vs. actual health measures, bay-wide vs. tributary-specific outcomes, and the need to integrate all of the preceding in BayStat.**

### **3. Tidal Fisheries Management Strategy**

Committee narrative in the 2006 *Joint Chairmen's Report* required the Department of Natural Resources to submit a report on the scientifically based means and user group input process by which DNR researches, develops, and adopts conservation and management measures for tidal fisheries. In light of the user group input process requirement, the report was to be submitted in cooperation with the Maryland Watermen's Association, Maryland Charter Boat Association, Maryland Saltwater Sportfishermen's Association, Coastal Conservation Association, and the Maryland Aquatic Resources Coalition. The report was precipitated by the proposed opening of a perch fishery that had been closed for a number of years. Senate Bill 702 (Natural Resources – Yellow Perch – Harvest Restrictions) has been introduced in the 2007 session with language that would restrict perch harvests and would require DNR to report each year on the environmental and economic impact of a number of proposed harvest restrictions on yellow perch.

#### **Stakeholder Interests**

Overall, stakeholders requested a more inclusive regulatory decision-making process and both adequate and consistent conservation enforcement. A public access model based on the Atlantic States Marine Fisheries Commission's (ASMFC) meeting was proposed, which would include initial public meetings prior to the proposal of a regulation followed by the announcement of regulation proposals with options. In addition, the ASMFC model would provide for emergency regulations only in the case of ASMFC or federal mandates.

## **Science-based Means**

DNR states that future fisheries assessments will need to improve upon existing sampling methodology, geographic coverage, and frequency. This would mean moving beyond using commercial or recreational fisheries data for catch per unit effort, mark and recapture, and harvest records; expanding data collection geographically; and sampling more frequently. The desired end would be to have a sufficient amount of quality data to create fisheries management plans that reduce the risk of harm to the resource (overfishing) and fishery (economic loss).

## **User Input Process**

The report proposes a decision-making process for permanent and emergency regulations and mentions the need for development of an allocation policy. Proposed permanent regulations will be posted on the Fisheries Service regulations web page for a 15-day public review and then would either be heard at an open meeting if they are controversial or proceed to the start of the 97-day regulation process if they are not controversial. Emergency regulations will be posted to the Tidal Fisheries and Sports Fisheries Advisory Commissions and then posted on the Fisheries Service web page for a five-day public review, with meetings held as necessary.

Allocation of fisheries resources has been based on historical shares among commercial and recreational fisheries and among commercial fishing gear types within a particular fishery. The report states that allocation policy will need to be developed separately from the report and then incorporated into fisheries management plans.

## **Fisheries Economic Values and Fisheries Service Outlook**

The report concludes with statistics about the recreational and commercial economic values of fisheries and with information about the funding and personnel needs in the Fisheries Service. The recreational and commercial harvest fisheries have economic outputs of \$1.1 billion and \$100.4 million, respectively. However, the report states, fisheries research funding is declining due to a shrinking base of people who fish and thus can be assessed fees. Increased funding is needed to hire quantitatively skilled personnel to conduct expanded geographic sampling using angler creel surveys, harvest surveys, electronic catch reporting, hydro acoustic/aerial survey watershed mapping, and to promote the fishing lifestyle.

**DLS recommends that DNR discuss how it proposes to balance recreational and commercial needs when it develops allocation plans for yellow perch and other fisheries and how this may be done such that fisheries management plans are created that reduce the risk of harm to the resource (overfishing) and fishery (economic loss).**



#### **4. Waterway Improvement Fund Report**

Committee narrative in the 2006 *Joint Chairmen's Report* required DNR in collaboration with the Department of Budget and Management to submit a report on a strategy for repaying the \$27.0 million in Waterway Improvement Fund (WWIF) special funds with future year general funds. During calendar 2002 and 2003 WWIF funds were diverted in order to balance the State operating budget.

The report states that the departments are unable to recommend a repayment plan at this time. The following considerations are noted in the report:

- **Repayment Precedent** – repayment of calendar 2002 and 2003 WWIF diversions would set a precedent (diversions were made in fiscal 1991 through 1993 but no repayment was required).
- **Lack of Support** – repayment legislation introduced previously has not been supported by the budget committees.
- **Rejected Alternative Funding** – alternative funding such as a video lottery program supported by Governor Robert Ehrlich's Administration would have reduced the need for the transfers but was not supported by the legislature.
- **WWIF Increase** – slightly larger fund receipts are expected in the out-years due to both increasing amounts of boat excise tax proceeds since the years of the WWIF diversion, and reduction of DNR's administrative expenses portion; therefore, approximately \$27 million in new funding is estimated to be available by fiscal 2015.
- **Budget Outlook** – Long-term revenue uncertainty and increasing expenditure mandates recommend against repayment.

**DLS recommends that DNR and the Department of Budget and Management revisit the report requirements and provide a strategy for repaying the Waterway Improvement Fund.**

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce funding in the Chesapeake Bay Critical Area Commission by \$114,955 in general funds for the Critical Area Map Initiative and for conversion of paper maps to digital images. This reduction leaves \$136,000 in general funds in the appropriation and would require the Department of Natural Resources' geographic information system office to absorb this statutorily mandated work without pay.	\$ 114,955	GF
2. Reduce the Corsica River Pilot Project ongoing restoration implementation funding by \$267,622 in general funds. The reduction would leave \$451,295 in general fund appropriation and would be prudent based on the change in direction of the new administration regarding Chesapeake Bay restoration (as evidenced by the lack of funding for the Corsica II watershed) and on the potential of the availability of significant new funding from the proposed Chesapeake Bay green fund legislation.	267,622	GF
3. Reduce funding by \$171,497 in general funds for an ecosystem survey of the impacts of the decline of Atlantic Menhaden leaving \$132,666 in the appropriation. The Department of Natural Resources has indicated in its Tidal Fisheries Management Strategy report that more specific and comprehensive levels of assessment and analysis are necessary for fisheries research. The funding for this particular study would be more appropriately expended when a more detailed plan for the comprehensive level of assessment and analysis of fisheries has been determined. In addition, the allowance already includes a fiscal 2007 deficiency request for \$204,337 in special funds for studying the growth and production of Atlantic Menhaden and Bay Anchovy in the Chesapeake Bay.	171,497	GF
<b>Total General Fund Reductions</b>	<b>\$ 554,074</b>	

## ***Updates***

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### **1. Oyster Environmental Impact Statement Expected in Summer 2007**

DNR has engaged in a cooperative process to study the alternatives for increasing the oyster population in the Chesapeake Bay. Other agencies included in the cooperative process include the Virginia Department of Natural Resources, U.S. Army Corps of Engineers, Environmental Protection Agency, U.S. Fish and Wildlife Service, National Oceanic and Atmospheric Administration, Potomac River Fisheries Commission, and Atlantic States Marine Fisheries Commission.

The specific goal is to determine how the oyster population in the bay may be restored to levels characteristic of the 1920-1970 time period. The study will result in a May or June 2007 printing of an Environmental Impact Statement (EIS), which will consider expanding the native oyster population and the introduction of a non-native Asian oyster among the eight alternatives. Due to the length of time required for the more than 40 scientific studies being conducted, EIS will likely be printed in draft form with some of the studies still being conducted.

## ***Current and Prior Year Budgets***

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$64,097	\$66,401	\$23,838	\$5,071	\$159,407
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1,432	6,768	2,733	799	11,732
Reversions and Cancellations	-231	-5,741	-6,488	-1,176	-13,636
<b>Actual Expenditures</b>	<b>\$65,298</b>	<b>\$67,428</b>	<b>\$20,083</b>	<b>\$4,694</b>	<b>\$157,503</b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$74,566	\$73,901	\$21,225	\$5,148	\$174,840
Budget Amendments	1,366	471	0	659	2,496
<b>Working Appropriation</b>	<b>\$75,932</b>	<b>\$74,372</b>	<b>\$21,225</b>	<b>\$5,807</b>	<b>\$177,336</b>

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

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## **Fiscal 2006**

DNR's general fund appropriation increased by a net \$1,201,276 due to allocation of the cost-of-living adjustment general fund appropriation (\$690,171) as authorized in the fiscal 2006 budget bill (Budget Amendment 004-06), the allocation of health insurance appropriation to address inflation in health insurance costs (\$738,657) as authorized in the fiscal 2006 budget bill (Budget Amendment 197-06), and realignment of telecommunications appropriations based on estimated fiscal 2006 expenditures (\$3,292). The general fund appropriation increase was offset by the reversion of \$230,844.

Special funds dedicated to operating functions increased by a net of \$1.0 million. This is due in part to the General Assembly approving the use of \$1.3 million in additional property transfer tax revenue for State park operations via budget reconciliation legislation. The following funds were brought in via budget amendment:

- \$995,000 to perform power plant related project assessments required during the 2006 legislative session;
- \$800,000 to pay for a variety of expenditures (primarily fuel, utilities, and contractual services) associated with statewide park training for new employees;
- \$430,590 for fuel and utility costs at State parks;
- \$390,000 to pay for unrealized turnover and increased vehicle gas and maintenance costs;
- \$350,000 to cover higher than anticipated salary and fringe benefit expenses due to a lack of turnover and increased fringe benefits associated with special fund positions;
- \$235,000 for unanticipated studies of yellow perch, menhaden, blue crabs, and striped bass, as well as increased fuel and utilities, motor vehicle operations, and supplies and materials;
- \$206,363 to fund the Maryland Bay Game and the projects assessing sturgeons, sea turtles, and to monitor water quality in Newport Bay;
- \$190,000 for an unanticipated new fish food contract, fuel and utilities, motor vehicle operations, communications and contractual services;
- \$172,850 for unforeseen personnel expenditures due to the need for additional seasonal employees and for unexpected vendor expenses under the Conservation Reserve Enhancement Program;
- \$140,000 to supplant reduced federal funds supporting a project to implement, expand, and maintain shallow water monitoring in the Potomac estuary over a three-year period;

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- \$137,766 to hire seasonal staff, purchase a replacement workboat and motor, and purchase global positioning system units and a computer for the Deep Creek Lake Natural Resource Management Area;
- \$125,381 for technical fees and contractual services associated with the development of a water quality mapping tool;
- \$108,000 for grants to counties to comply with the statutory requirement that counties receive 15 to 25% of the total revenue collected at State forests and parks;
- \$100,000 to support the cost of a reimbursable assistant attorney general position to coordinate DNR legal services at the Department of General Services;
- \$100,000 to replace the crane (needed for buoy operations) aboard the M/V J.M. Tawes;
- \$99,570 to continue work on a carbon sequestration study;
- \$90,350 to cover unexpected equipment expenses at Somers Cove Marina;
- \$80,000 to conduct maintenance work on off-road recreational vehicle trails in Potomac/Garrett, Savage River, Green Ridge and Pocomoke State Forests;
- \$76,560 for a variety of expenditures (primarily salaries and wages) in field operations;
- \$73,500 to purchase a replacement tractor and mower for use at Fair Hill Natural Resource Management Area;
- \$70,000 for unanticipated marine engine repairs to the “Miss Kay,” fuel and utilities, and supplies and materials;
- \$69,858 for technical fees, supplies, grants, and contractual services associated with controlling Purple Loosestrife, replacing a bridge at the Fair Hill Natural Resource Management Area, ensuring adequate oversight of the Maryland Water Monitoring Council, and sponsoring the second annual Maryland Stream Symposium;
- \$63,811 for contractual services, travel, and supplies for efforts to target sites for large-scale submerged aquatic vegetation restoration (SAV) and to implement SAV education programs;
- \$63,339 to fund the cost share reimbursements to private forestland owners for completing the forestry management practice;
- \$62,468 for the salary of the manager at the Somers Cove Marina;

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- \$60,661 for contractual services to perform the stream corridor assessment survey and shoreline surveys of the Magothy River in Anne Arundel County and a portion of the Lower Monacacy River in Frederick County;
- \$47,050 for contractual services associated with creating a marsh at Ship's Point Park in Queen Anne's County and conducting a stream corridor assessment of the Anacostia River;
- \$38,700 to cover unexpected communications and utility expenses at the Fair Hill Natural Resources Management Area;
- \$26,098 to monitor wells for brackish-water intrusion and to conduct sediment oxygen demand measurements at Triadelphia Reservoir;
- \$21,694 to perform several projects including planting a four-acre riparian buffer on a conservation easement at Cochrane Farm; restoring of sand, biologs, plantings, sediment, erosion control and signage at Discovery Village; restoring materials at Carroll Creek in Frederick County; and for fencing, water quality monitoring equipment, and eel grass test plots at the Chesapeake Bay Environmental Center;
- \$21,570 for canine training, equipment and travel expenses for two Natural Resources Police officers to attend canine training in Florida; and to purchase new equipment for the Natural Resources Police radio room in the southern region;
- \$17,300 for the Upper Potomac Tributary Strategy Roundtable Conference and the Urban Nutrient Management Forum; and to support implementation projects with the Lower Potomac Tributary Strategies Team; and
- \$5,000 for additional rent expense due to the escalation of janitorial and real estate taxes per the rental lease for the administrative offices of the Licensing and Registration Service, Boat Tax Enforcement, and the Safety Education Division of the Natural Resources Police.

These special fund budget amendments were offset by \$5.7 million in cancellations. The majority of the cancellations took place in the following programs: \$1.5 million in the Fisheries Service, \$1.4 million in the State Forest and Park Service, and \$613,267 in the Licensing and Registration Service.

Federal funds dedicated to operating functions decreased by a net of \$3.8 million. The following funds were brought in via budget amendment:

- \$654,885 to purchase a conservation easement on the Aspen Institute property;
- \$410,000 to conserve and project certain wildlife species;

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- \$320,300 to fund personnel overtime, federal fisheries training, the purchase of a 25-foot vessel, a patrol vehicle, and equipment;
- \$230,227 to fund various Forestry Service projects;
- \$200,000 to support the Recreational Boating Safety Program;
- \$142,000 for technical and special fees, contractual services, and equipment to implement the National Wadeable Streams Assessment;
- \$126,000 for technical and special fees associated with implementation of the Conservation Corps Program in Maryland;
- \$124,290 for contractual services associated with the development of interpretive display panels at Pocomoke, Tuckahoe, Elk Neck, and Point Lookout State parks;
- \$80,000 for watershed services to contribute toward the development of a statewide strategy for monitoring and assessing regional wetland condition;
- \$78,567 to purchase equipment for conservation, law enforcement and homeland security related activities; and to purchase an overhead projector system and equipment for search and rescue;
- \$69,775 for fees and contractual services to implement the National Coastal Assessment – an effort to assess the condition of the nation’s estuaries;
- \$68,164 to develop boater safety cards, purchase global positioning system units for the Natural Resources Police, develop an algal bloom prediction system, and implement a Chesapeake Bay demonstration project;
- \$60,000 for habitat restoration activities on private land under the Maryland Landowner Incentive Program;
- \$59,865 to fund the Conservation Reserve Enhancement Program, which, in part, reimburses landowners for the cost of the installation of conservation practices;
- \$59,368 to determine shoreline erosion and sediment volumes in the Choptank River;
- \$18,000 for additional salary costs in the Recreational Boating Safety Program;
- \$11,380 to fund overtime costs for the U.S. Immigration and Customs Enforcement, Special Agent in Charge/Baltimore program;



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- \$10,000 to assist in the production and disbursement of the Maryland Bay Game; and
- \$9,720 for overtime for the High Intensity Drug Trafficking Areas agreement.

These federal fund budget amendments were offset by \$6.5 million in cancellations. The majority of the cancellations (\$4.5 million) took place in the Watershed Services Program.

## **Fiscal 2007**

The general fund appropriation has increased due to allocation of the salary increase general fund appropriation (\$997,523) to State agencies as authorized in the fiscal 2007 budget bill (Budget Amendment 001-07) and due to an annual salary review and other salary adjustments as part of Budget Amendment 028-07 (\$381,233). These increases were slightly offset by a \$13,208 decrease for the costs of a comprehensive salary study.

The special fund appropriation has increased by \$470,666 due to the allocation of the \$451,628 cost-of-living adjustment special fund appropriation as authorized in the fiscal 2007 budget bill (Budget Amendment 011-07), and due to the allocation of an annual salary review and other salary adjustments (\$19,038).

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-Y08 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,366.50	1,368.50	1,366.50	-2.00	-0.1%
02 Contractual	345.72	373.77	419.93	46.16	12.3%
<b>Total Positions</b>	<b>1,712.22</b>	<b>1,742.27</b>	<b>1,786.43</b>	<b>44.16</b>	<b>2.5%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 95,476,777	\$ 107,539,554	\$ 103,520,019	-\$ 4,019,535	-3.7%
02 Technical and Spec. Fees	7,821,522	9,050,040	10,017,722	967,682	10.7%
03 Communication	2,108,637	2,185,063	2,183,703	-1,360	-0.1%
04 Travel	654,501	700,265	739,931	39,666	5.7%
06 Fuel and Utilities	3,717,766	3,903,630	5,449,649	1,546,019	39.6%
07 Motor Vehicles	7,085,250	7,624,583	8,253,407	628,824	8.2%
08 Contractual Services	24,198,016	28,694,893	33,972,795	5,277,902	18.4%
09 Supplies and Materials	5,684,195	5,931,621	6,425,876	494,255	8.3%
10 Equip – Replacement	1,813,680	1,319,489	1,340,013	20,524	1.6%
11 Equip – Additional	1,165,059	1,379,624	983,498	-396,126	-28.7%
12 Grants, Subsidies, and Contributions	5,017,610	5,048,890	4,791,454	-257,436	-5.1%
13 Fixed Charges	2,526,926	2,411,734	2,599,577	187,843	7.8%
14 Land and Structures	233,071	1,545,072	983,337	-561,735	-36.4%
<b>Total Objects</b>	<b>\$ 157,503,010</b>	<b>\$ 177,334,458</b>	<b>\$ 181,260,981</b>	<b>\$ 3,926,523</b>	<b>2.2%</b>
<b>Funds</b>					
01 General Fund	\$ 65,297,850	\$ 75,931,747	\$ 76,364,344	\$ 432,597	0.6%
03 Special Fund	67,428,488	74,371,263	73,696,207	-675,056	-0.9%
05 Federal Fund	20,082,831	21,224,922	22,075,060	850,138	4.0%
09 Reimbursable Fund	4,693,841	5,806,526	9,125,370	3,318,844	57.2%
<b>Total Funds</b>	<b>\$ 157,503,010</b>	<b>\$ 177,334,458</b>	<b>\$ 181,260,981</b>	<b>\$ 3,926,523</b>	<b>2.2%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary  
Department of Natural Resources**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
01 Secretariat	\$ 2,198,784	\$ 3,800,343	\$ 2,456,091	-\$ 1,344,252	-35.4%
02 Office of the Attorney General	1,098,158	1,185,663	1,134,801	-50,862	-4.3%
03 Finance and Administrative Service	3,820,425	4,498,110	3,953,516	-544,594	-12.1%
04 Human Resource Service	949,060	1,145,407	1,165,090	19,683	1.7%
05 Information Technology Service	3,733,553	3,758,492	3,783,843	25,351	0.7%
06 Office of Communications	1,121,477	1,202,033	1,177,451	-24,582	-2.0%
09 Forestry Program	10,723,333	11,212,827	11,512,132	299,305	2.7%
01 Wildlife and Heritage Service	8,951,881	9,175,146	9,489,322	314,176	3.4%
01 Statewide Operation	27,971,623	31,780,391	31,771,088	-9,303	0%
06 Revenue Operations	1,424,069	1,299,697	1,322,258	22,561	1.7%
05 Operations	4,138,703	5,589,850	7,455,961	1,866,111	33.4%
01 Licensing and Registration	3,509,634	3,951,329	4,015,480	64,151	1.6%
01 General Direction	7,799,348	8,413,785	8,550,871	137,086	1.6%
04 Field Operations	27,153,258	29,396,896	29,693,773	296,877	1.0%
05 Waterway Management Services	2,207,995	2,291,766	2,259,766	-32,000	-1.4%
01 Resource Planning Administration	1,187,150	1,320,459	1,337,137	16,678	1.3%
01 General Direction	4,628,016	6,055,835	7,670,803	1,614,968	26.7%
01 Chesapeake Bay Critical Area Commission	1,966,327	2,134,235	2,226,041	91,806	4.3%
01 Support Services	494,819	599,346	606,950	7,604	1.3%
04 Monitoring and Non-tidal Assessment	3,108,748	3,699,705	3,547,429	-152,276	-4.1%
05 Power Plant Assessment Program	6,832,244	6,203,916	6,701,409	497,493	8.0%
06 Tidewater Ecosystem Assessment	4,332,602	5,030,014	5,001,508	-28,506	-0.6%
07 Maryland Geological Survey	2,871,390	2,852,039	3,040,456	188,417	6.6%
01 General Direction	1,323,054	1,461,844	1,286,503	-175,341	-12.0%
01 General Direction	507,431	631,366	705,815	74,449	11.8%
02 Program Development and Operations	4,384,735	6,572,680	6,824,254	251,574	3.8%
05 Coastal Zone Management	5,308,975	5,628,834	5,570,275	-58,559	-1.0%
01 General Direction/Oxford/Po	4,143,430	5,066,010	5,548,271	482,261	9.5%
06 Inland Fisheries Management	3,916,091	4,604,770	4,528,593	-76,177	-1.7%
08 Estuarine and Marine Fisheries	3,259,291	4,234,603	4,341,842	107,239	2.5%
11 Shellfish Restoration and Management	2,437,406	2,537,067	2,582,252	45,185	1.8%
<b>Total Expenditures</b>	<b>\$ 157,503,010</b>	<b>\$ 177,334,458</b>	<b>\$ 181,260,981</b>	<b>\$ 3,926,523</b>	<b>2.2%</b>
General Fund	\$ 65,297,850	\$ 75,931,747	\$ 76,364,344	\$ 432,597	0.6%
Special Fund	67,428,488	74,371,263	73,696,207	-675,056	-0.9%
Federal Fund	20,082,831	21,224,922	22,075,060	850,138	4.0%

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
<b>Total Appropriations</b>	<b>\$ 152,809,169</b>	<b>\$ 171,527,932</b>	<b>\$ 172,135,611</b>	<b>\$ 607,679</b>	<b>0.4%</b>
Reimbursable Fund	\$ 4,693,841	\$ 5,806,526	\$ 9,125,370	\$ 3,318,844	57.2%
<b>Total Funds</b>	<b>\$ 157,503,010</b>	<b>\$ 177,334,458</b>	<b>\$ 181,260,981</b>	<b>\$ 3,926,523</b>	<b>2.2%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.